

ERM Holdings Limited

Annual Report and Financial Statements

For the year ended 31 March 2010



Registered No 4067993

ERM Holdings Limited

Registered No 4067993

Directors

Andrew Silverbeck
Mark Pearson

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers

Lloyds Banking Group
33 Old Broad Street
London
EC2N 1HZ

Barclays Bank PLC
Level 27
1 Churchill Place
London
E14 5HP

Solicitors

S J Berwin
222 Grays Inn Road
London WC1X 8HB

Registered Office

2nd Floor
Exchequer Court
33 St Mary Axe
London
EC3A 8AA

Directors' report

The directors present their annual report and financial statements for the year ended 31 March 2010

Results and dividends

The profit after taxation for the year ended 31 March 2010 amounted to \$499,000 (2009 - \$3,944,000)
The directors do not recommend the payment of a dividend (2009 - \$nil)

Principal activity of the business

The company is principally engaged as an intermediate group holding company and there is likely to be no change to the company's activities in future periods

Directors and their interests

The directors who served during the year were as follows

Mark Pearson
Andrew Silverbeck

None of the directors had any interests in the shares of the company during the year

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

Interest Rate Risk

The company borrows and/or lends in its base currency and pays and/or receives interest at the LIBOR equivalent of the currency borrowed plus/minus a margin. The current policy is not to hedge any of these transactions. The company does not have a material exposure to investment risk

Directors' report (continued)

Directors' statement as to disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditors

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

On behalf of the board



Andrew Silverbeck
Director

2/11/10

Registered No 4067993

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 their profit or loss 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 its 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.

Independent auditors' report

to the members of ERM Holdings Limited

We have audited the financial statements of ERM Holdings Limited for the year ended 31 March 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 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 31 March 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.

Independent auditors' report

to the members of ERM Holdings Limited (continued)

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



Andrew Marshall (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

2 November 2010

Profit and loss account

for the year ended 31 March 2010

		<i>Year ended 31 March 2010 \$000</i>	<i>Year ended 31 March 2009 \$000</i>
	<i>Notes</i>		
Other operating income	2	196	86
Operating profit		<u>196</u>	<u>86</u>
Interest receivable and similar income	3	83	6,121
Interest payable	4	(7)	(405)
Profit on ordinary activities before taxation		<u>272</u>	<u>5,802</u>
Tax credit/(charge) on profit on ordinary activities	5	227	(1,858)
Profit for the financial year		<u>499</u>	<u>3,944</u>

There are no material differences between those stated above and those under the historical cost basis

The notes on pages 9 to 15 form part of these financial statements

Statement of total recognised gains and losses

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

Balance sheet

at 31 March 2010

	Notes	2010 \$000	2009 \$000
Fixed assets			
Investments	6	61,960	61,960
Current assets			
Debtors	7	134,705	135,947
Cash at bank and in hand		490	355
		135,195	136,302
Creditors: amounts falling due within one year	8	(368)	(1,974)
Net current assets		134,827	134,328
Total assets less current liabilities		196,787	196,288
Capital and reserves			
Called up share capital	9	106	106
Share premium account	10	2,487	2,487
Profit and loss account	10	194,194	193,695
Equity shareholders' funds	10	196,787	196,288

The notes on pages 9 to 15 form part of these financial statements

These financial statements were approved by the board of directors on 2/11/10 and were signed by



Andrew Silverbeck

Notes to the financial statements

at 31 March 2010

1. Accounting policies

Basis of preparation

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

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report on page 2 & 3

The company is an intermediate holding company and is dependent on the central financing arrangements of the ERM Group. The directors, having assessed the response of the directors of the ultimate parent company, ERM Group Holdings Ltd, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of ERM Group Holdings Ltd to continue as a going concern. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of ERM Group Holdings Ltd, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial accounts.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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 400 of the Companies Act 2006 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.

Notes to the financial statements

at 31 March 2010

1. Accounting policies (continued)

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.

2. Other operating income

	<i>Year ended 31 March 2010 \$000</i>	<i>Year ended 31 March 2009 \$000</i>
Foreign exchange gains/(losses)	196	(178)
Write off of intercompany loans	-	264
	<u>196</u>	<u>86</u>

The audit fee for the year ended 31 March 2010 payable to the company's auditors, KPMG LLP, was \$9,940 (2009 - \$9,940)

There were no employees and no other staff related costs

Total aggregate emoluments for directors during the year ended 31 March 2010 comprised \$nil (2009 - \$nil). Their emoluments were borne by another group company.

3. Interest receivable and similar income

	<i>Year ended 31 March 2010 \$000</i>	<i>Year ended 31 March 2009 \$000</i>
Bank interest	17	98
Interest on amounts due from group undertakings	66	4,642
Foreign exchange on retranslation of intercompany loans	-	1,381
	<u>83</u>	<u>6,121</u>

Notes to the financial statements

at 31 March 2010

4. Interest payable

	<i>Year ended 31 March 2010 \$000</i>	<i>Year ended 31 March 2009 \$000</i>
Bank interest	7	405
	<u>7</u>	<u>405</u>

5. Tax (credit)/charge on profit on ordinary activities

(a) Analysis of the tax (credit)/charge for the year

	<i>Year ended 31 March 2010 \$000</i>	<i>Year ended 31 March 2009 \$000</i>
<i>Current tax</i>		
UK Corporation tax – group relief payable	76	1,551
Prior year adjustment	(303)	563
	<u>(227)</u>	<u>2,114</u>
<i>Deferred tax</i>		
Deferred tax (note 5(c))	-	(256)
	<u>(227)</u>	<u>1,858</u>

Total tax (credit)/charge on profit on ordinary activities

Notes to the financial statements

at 31 March 2010

5. Tax (credit)/charge on profit on ordinary activities (continued)

(b) Factors affecting current tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2009 - 28%). The differences are explained below

	<i>Year ended 31 March 2010 \$000</i>	<i>Year ended 31 March 2009 \$000</i>
Profit on ordinary activities before tax	272	5,802
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	76	1,625
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	(74)
Prior year adjustment	(303)	563
Current tax (credit)/charge for the year (note 5 (a))	(227)	2,114

(c) Deferred tax

The movement in the deferred tax asset relating to loan stock interest is as follows

	<i>2010 \$</i>	<i>2009 \$</i>
At 1 April 2009	(256)	-
Credit in the profit and loss account (note 5(a))	-	(256)
At 31 March 2010	(256)	(256)

(d) Factors that may affect future tax charges

The standard rate of UK corporation tax will reduce from 28% to 27% from 1 April 2011, with further 1% reductions in each of the next three years to bring the rate down to 24% by 1 April 2014

Notes to the financial statements

at 31 March 2010

6. Fixed asset investments

	<i>Subsidiary Undertaking \$000</i>
Cost	
At 31 March 2009	61,960
	<u> </u>
At 31 March 2010	61,960
	<u> </u>

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

<i>Company name</i>	<i>Country of Incorporation and operation</i>	<i>Class of shares</i>	<i>Proportion held</i>
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

7. Debtors

	<i>2010 \$000</i>	<i>2009 \$000</i>
Amounts due from group undertakings	134,449	135,691
Deferred tax asset (note 5(c))	256	256
	<u>134,705</u>	<u>135,947</u>

8. Creditors: amounts falling due within one year

	<i>2010 \$000</i>	<i>2009 \$000</i>
Amounts due to group undertakings	292	408
Group relief payable	76	1,566
	<u>368</u>	<u>1,974</u>

Notes to the financial statements

at 31 March 2010

9. Share capital

	<i>Authorised</i>			
	<i>2010 No</i>	<i>2010 \$000</i>	<i>2009 No</i>	<i>2009 \$000</i>
"A" ordinary shares of 10 cents each	954,798	95	954,798	95
"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	1	74,650	1
	<u>3,367,685</u>	<u>119</u>	<u>3,367,685</u>	<u>119</u>

	<i>Allotted, called up and fully paid</i>			
	<i>2010 No</i>	<i>2010 \$000</i>	<i>2009 No</i>	<i>2009 \$000</i>
"A" ordinary shares of 10 cents each	948,579	95	948,579	95
"B" ordinary shares of 1 cent each	1,138,237	11	1,138,237	11
	<u>2,086,816</u>	<u>106</u>	<u>2,086,816</u>	<u>106</u>

10. 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 31 March 2008	106	2,487	189,751	192,344
Profit for the year	–	–	3,944	3,944
At 31 March 2009	<u>106</u>	<u>2,487</u>	<u>193,695</u>	<u>196,288</u>
Profit for the year	–	–	499	499
At 31 March 2010	<u>106</u>	<u>2,487</u>	<u>194,194</u>	<u>196,787</u>

Notes to the financial statements

at 31 March 2010

11. 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 100% owned group undertakings.

12. Ultimate parent company and controlling party

The immediate parent company is Eagle 4 Limited.

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: 2nd Floor, Exchequer Court, 33 St Mary Axe, London, EC3A 8AA.