

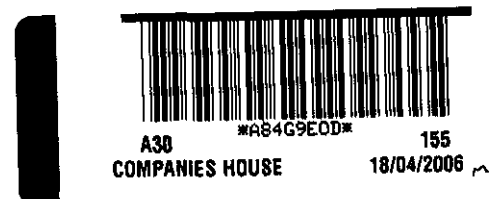
Euler Hermes Risk Services UK Ltd

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

**1 Canada Square
London E14 5DX**

Company Number 2949249



Euler Hermes Risk Services UK Ltd

Year Ended 31 December 2005

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Euler Hermes Risk Services UK Limited

COMPANY DETAILS

DIRECTORS

P P Flanagan
C Lacey
A R Bushell
F Desnos
D D Dhanoo
M Dowle
M R Feldwick
P Mercer
C A White
N J Wyatt

Chairman
Managing Director

SECRETARY

R Moses

AUDITORS

PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London SE1 9SY

REGISTERED OFFICE

1 Canada Square
London E14 5DX

Euler Hermes Risk Services UK Limited

REPORT OF THE DIRECTORS

Year Ended 31 December 2005

The Directors present their report together with the audited Financial Statements of the Company for the year ended 31 December 2005.

Principal Activity

The principal activities of the Company are to provide financial information and to produce credit analysis and financial reports.

Review of the Business and Future Developments

The Directors are pleased with the level of the business with turnover growing by 36%. The successful introduction of the new Credit Intelligence limits service under which the company issues credit limits required by Euler Hermes UK plc has contributed significantly to this increase.

Though operating profit has fallen by 28%, the Directors believe the Company has the infrastructure in place in terms of risk offices and credit assessment systems that should facilitate further enhancement of its competitive position in the market.

Results and Dividends

The results for the year are set out in the Profit and Loss Account.

The Company paid the previous year's proposed dividend of £2,850,000 in the year (2004: £2,850,000). The Directors recommend payment of a dividend for the year ended 31 December 2005 of £1,800,000.

Policy and Practice on Payment of Creditors

It is Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice. The Company is a signatory to the CBI Code of Practice on Prompt Payment, a copy of which can be obtained from DTI Publications, Admail 528, London SW1W 8YT.

Suppliers are paid centrally for the UK Group by Euler Hermes UK plc and the Directors believe it would be helpful to give the disclosures on a Group basis. Trade creditors days of the Group for the year ended 31 December 2005 were 26 days (2004: 8 days).

Euler Hermes Risk Services UK Limited

REPORT OF THE DIRECTORS (Cont'd) Year Ended 31 December 2005

Directors

The Directors who served during the year were as follows:

P P Flanagan
C Lacey
A R Bushell
F Desnos
D D Dhanoo
M Dowle
M R Feldwick
P Mercer
C A White
N J Wyatt

The following interests in the share capital of the holding company, Euler Hermes Holdings UK PLC are declared by Directors in service at 31 December 2005:

Share Options

Director	Number of Options			Exercise Price	Market Price at Date of Exercise
	01.01.05	Exercised	31.12.05		
A R Bushell	35,963	(35,963)	-	0.76p	0.80p
M R Feldwick	44,332	(44,332)	-	0.76p	0.80p
P P Flanagan	65,910	(65,910)	-	0.76p	0.80p
C A White	16,870	(16,870)	-	0.76p	0.80p

None of the other directors held interests in the Company.

Euler Hermes Risk Services UK Limited

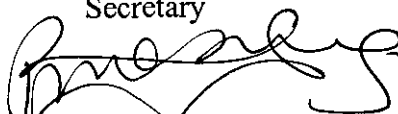
REPORT OF THE DIRECTORS (Cont'd) Year Ended 31 December 2005

Annual General Meetings: Elective Resolution

Pursuant to sections 252, 366A and 386 of the Companies Act 1985, the Company passed an elective resolution on 29 June 1995 to dispense with the laying of accounts and reports before the Company in general meetings, the holding of annual general meetings and the obligation to appoint auditors annually.

By Order of the Board

R Moses
Secretary



Dated:

.....
28.02.2006

Euler Hermes Risk Services UK Ltd

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

Company Law requires the Directors to prepare Financial Statements for each financial period that give a true and fair view of the state of affairs of the Company at the end of the year and of the profit or loss for the year. In preparing those Financial Statements the Directors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for ensuring that proper accounting records are maintained, which disclose with reasonable accuracy at any time the financial position of the Company and 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.

Euler Hermes Risk Services UK Ltd

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE COMPANY

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom generally accepted accounting practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 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' report. 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 judgements 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.

Euler Hermes Risk Services UK Ltd

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

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 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP
Chartered Accountants & Registered Auditors
London

Dated: *28 February 2006*

Euler Hermes Risk Services UK Ltd

PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> <u>restated</u> £
TURNOVER	2	12,821,261	9,400,050
Administrative expenses		<u>(10,436,705)</u>	<u>(6,068,424)</u>
OPERATING PROFIT	3	2,384,556	3,331,626
Interest receivable		143,624	135,744
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,528,180</u>	<u>3,467,370</u>
Tax on profit on ordinary activities	6	<u>(759,000)</u>	<u>(1,047,804)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,769,180	2,419,566
Dividends	7	(2,850,000)	(2,000,000)
RETAINED (LOSS) / PROFIT FOR THE YEAR	15	<u>(1,080,820)</u>	<u>419,566</u>

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

All activities of the Company are regarded as continuing.


Euler Hermes Risk Services UK Ltd

BALANCE SHEET

As at 31 December 2005

	Notes	2005 £	2004 restated £
FIXED ASSETS			
Tangible assets	8	271,950	41,048
CURRENT ASSETS			
Debtors	9	11,079,998	10,635,536
Cash at bank and in hand		130,595	611,138
		<u>11,210,593</u>	<u>11,246,674</u>
CREDITORS - Amounts falling due within one year	11	(9,550,590)	(8,361,791)
NET CURRENT ASSETS		<u>1,660,003</u>	<u>2,884,883</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,931,953</u>	<u>2,925,931</u>
CREDITORS - Amounts falling due after more than one year	12	(113,793)	(26,951)
NET ASSETS		<u><u>1,818,160</u></u>	<u><u>2,898,980</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	2	2
Profit and loss account	15	1,818,158	2,898,978
EQUITY SHAREHOLDERS' FUNDS	16	<u><u>1,818,160</u></u>	<u><u>2,898,980</u></u>

These financial statements were approved by the Board of Directors and signed on its behalf by:


C Lacey
Managing Director

Dated : 28.02.2006


F Desnos
Director

Dated: 28.02.2006

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2005

1. Principal Accounting Policies

a. Basis of preparation

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

b. Turnover

Turnover represents the value, excluding VAT, of services completed in the year.

c. Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation on the relevant assets is charged to operating profit over the period of the lease. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the Profit and Loss Account.

d. Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date. Transactions are translated at the actual rate on the date of the transaction. Realised and unrealised exchange gains and losses from ordinary operations are credited or charged to the Profit and Loss Account.

e. Deferred taxation

Deferred tax is provided in full on all timing differences. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is calculated at the rates at which it is expected that the tax liability or benefit will arise.

f. Change in accounting policy - dividends

The company has adopted Financial Reporting Standard 21, 'Events after the balance sheet date' in these financial statements. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly. The effect of the change in accounting policy was to recognise the final proposed dividends for the years ended 31 December 2004 and 31 December 2003 of £2,850,000 and £2,000,000 in the current year and comparative year respectively. This accounting policy change has had no impact on profit before tax for the current or comparative years.

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2005

2. Turnover	<u>2005</u>	<u>2004</u>
	£	£

Turnover by geographical area of destination:

United Kingdom	7,039,742	4,898,799
Rest of Europe	5,363,359	4,180,904
Rest of the World	418,160	320,347
	<u>12,821,261</u>	<u>9,400,050</u>

Segmental analysis by geographical area of origin is not given as substantially all the Company's turnover was concluded in the UK.

3. Operating Profit	<u>2005</u>	<u>2004</u>
	£	£

The operating profit is stated after charging, inter alia:

Auditors' remuneration:

Audit fees	18,900	4,000
Other services	7,200	5,000
Depreciation	57,991	8,377
Operating lease rentals – land and buildings	<u>255,000</u>	<u>-</u>

4. Staff numbers and costs

The average monthly number of persons employed by Euler Hermes UK plc but made available to the Company in 2005 was 76 (2004: 43) all of whom were primarily involved in the provision of credit analysis and financial reporting services.

	<u>2005</u>	<u>2004</u>
The aggregate staff costs of these persons were as follows:	£	£
Wages and salaries	2,035,254	1,156,833
Social security costs	215,355	113,762
Other pension costs	276,008	175,706
	<u>2,526,617</u>	<u>1,446,301</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2005

5. Directors' Remuneration	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Directors' remuneration comprises:		
Emoluments	<u>65,056</u>	<u>60,961</u>
There was 1 Director for whom retirement benefits were accruing at 31 December 2005 (2004: 1).		
There were 4 Directors who exercised share options during the year (2004: nil).		
6. Tax on Profit on Ordinary Activities	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
The taxation charge in the Profit and Loss Account comprises:		
UK Corporation Tax	764,000	1,046,000
Adjustment in respect of previous periods	(7,000)	(195)
Total current tax	<u>757,000</u>	<u>1,045,805</u>
Deferred Taxation	<u>2,000</u>	<u>1,999</u>
	<u>759,000</u>	<u>1,047,804</u>
Factors affecting the tax charge for the year	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities before tax	<u>2,528,180</u>	<u>3,467,370</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	758,454	1,040,211
Capital allowances for the year in excess of depreciation	(2,000)	(1,999)
Expenses not deductible for tax purposes	7,546	1,051
Adjustment to tax charge in respect of previous periods	(7,000)	(195)
Other differences	-	6,737
Current tax charge for the year	<u>757,000</u>	<u>1,045,805</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2005

7. Dividends	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Equity		
Dividend paid - £1,425,000 per share (2004: £1,000,000 per share)	<u>2,850,000</u>	<u>2,000,000</u>

8. Tangible Fixed Assets

	<u>Equipment</u>	<u>Fixtures & Fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
COST	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1 January 2005	315,427	2,768	49,533	367,728
Transfers from group undertakings	-	-	389,394	389,394
Transfers to group undertakings	-	-	(14,622)	(14,622)
At 31 December 2005	<u>315,427</u>	<u>2,768</u>	<u>424,305</u>	<u>742,500</u>
ACCUMULATED DEPRECIATION				
At 1 January 2005	315,427	2,768	8,485	326,680
Charge for the year	-	-	57,991	57,991
Transfers from group undertakings	-	-	91,363	91,363
Transfers to group undertakings	-	-	(5,484)	(5,484)
At 31 December 2005	<u>315,427</u>	<u>2,768</u>	<u>152,355</u>	<u>470,550</u>
NET BOOK VALUE				
At 31 December 2005	<u>-</u>	<u>-</u>	<u>271,950</u>	<u>271,950</u>
NET BOOK VALUE				
At 31 December 2004	<u>-</u>	<u>-</u>	<u>41,048</u>	<u>41,048</u>

Assets held under finance leases with a cost of £424,305 (2004: £49,533) are included in motor vehicles. Accumulated depreciation on leased assets was £152,355 (2004: £8,485). Depreciation on leased assets of £57,991 (2004: £8,377) has been charged in the year.

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2005

9. Debtors	<u>2005</u> £	<u>2004</u> £
Trade debtors - group	2,434,265	2,125,048
- third party	1,474,952	170,766
Amounts due from group undertakings	7,165,358	8,331,926
Prepayments and accrued income	631	1,004
Deferred taxation	4,792	6,792
	<u>11,079,998</u>	<u>10,635,536</u>
10. Deferred Taxation	<u>2005</u> £	<u>2004</u> £
Accelerated capital allowances		
Asset at 1 January	6,792	8,791
Charge in the profit and loss account for the year	(2,000)	(1,999)
Asset at 31 December	<u>4,792</u>	<u>6,792</u>
11. Creditors - Amounts falling due within one year	<u>2005</u> £	<u>2004</u> restated £
Amounts owed to group undertakings	6,378,418	6,471,800
Finance leases	151,093	10,693
Corporation tax	764,000	1,046,000
Other creditors	245,862	142,030
Accruals and deferred income	2,011,217	691,268
	<u>9,550,590</u>	<u>8,361,791</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2005

12. Creditors - Amounts falling due after more than one year	<u>2005</u> £	<u>2004</u> £
Finance leases	<u>113,793</u>	<u>26,951</u>
13. Finance Leases	<u>2005</u> £	<u>2004</u> £
Future minimum lease payments under finance leases are as follows:		
Within one year	166,028	14,020
In more than one year, but not more than five years	<u>135,038</u>	<u>29,716</u>
Total gross payments	301,066	43,736
Less finance charges included above	<u>(36,180)</u>	<u>(6,092)</u>
	<u>264,886</u>	<u>37,644</u>
14. Share Capital	<u>2005</u> £	<u>2004</u> £
Authorised: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>
15. Profit and Loss Reserve	<u>2005</u> £	<u>2004</u> restated £
At 1 January	48,978	479,412
Prior year adjustment	<u>2,850,000</u>	<u>2,000,000</u>
	2,898,978	2,479,412
Retained (loss)/profit for the year	<u>(1,080,820)</u>	<u>419,566</u>
At 31 December	<u>1,818,158</u>	<u>2,898,978</u>

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) For the Year Ended 31 December 2005

16. Reconciliation of Movements in Shareholders' Funds	<u>2005</u>	<u>2004</u> <u>restated</u>
	<u>£</u>	<u>£</u>
Profit for the financial year	1,769,180	2,419,566
Dividend	(2,850,000)	(2,000,000)
Net (reduction) / increase in shareholders' funds	(1,080,820)	419,566
Opening Shareholders' Funds (originally £48,980 before adding the prior year adjustment of £2,850,000 (2004: originally £479,414 before adding the prior year adjustment of £2,000,000))	2,898,980	2,479,414
Closing Shareholders' Funds	<u>1,818,160</u>	<u>2,898,980</u>

17. Operating Leases

	<u>Land and Buildings</u>	
	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
Leases which expire:		
within 1 year	56,500	-
within 2 – 5 years	61,900	-
after 5 years	197,400	-
	<u>314,800</u>	<u>-</u>

18. Cash Flow Statement

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

19. Related Party Transactions

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

Euler Hermes Risk Services UK Ltd

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) **For the Year Ended 31 December 2005**

20. Ultimate Parent Undertaking

The immediate parent undertaking at 31 December 2005 was Euler Hermes Holdings UK plc, which is incorporated in Great Britain and registered in England and Wales, copies of whose consolidated Financial Statements can be obtained from 1 Canada Square, London, E14 5DX.

The ultimate parent undertaking and controlling party at 31 December 2005 was Allianz A.G., which is incorporated and registered in Germany, copies of whose consolidated Financial Statements can be obtained from Königinstraße 28, 80802 München, Germany.