Aquainvest Holding Company Limited

Accounts for the Year Ended 31 March 2008

Together with Directors' and Independent Auditors' Reports

Company Registration No: 5208607

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and accounts for the year ended 31 March 2008.

Principal Activities

The Company's principal activity is that of an intermediate holding company, which the Directors expect to continue for the foreseeable future. The Directors do not consider there to be any significant risks or uncertainties faced by the Company.

Financial Results and Dividends

The Company's results are shown in the profit and loss account on page 6. The Company's activities and results for the year ended 31 March 2008 were as expected by the Directors. The profit for the financial year ended 31 March 2008 was £15,245,000 (2007: £15,507,000). Dividends for the year ended 31 March 2008 amounted to £15,245,000 (2007: £15,507,000).

Going Concern

The Directors have considered the going concern assumption within the financial statements and note that the Company continues to be profitable and generate positive cash. The Company is part of the Aquainvest Group (see note 8) and the Directors have considered the Group's ability to meet the covenant requirements of the debt held by the Group for a period of 12 months and have not identified any issues. The Directors ensure that the Company has sufficient banking facilities available to meet its obligations as they fall due.

Directors

The Directors who held office during the year, and subsequently, were as follows:

Chris Beale (Appointed 14 November 2007)

Simon Riggall (Appointed 14 November 2007)

Henry Alexander Thompson (Resigned 14 November 2007)

Asim Zafar (Resigned 14 November 2007)

Qaisar Zaman (Resigned 14 November 2007)

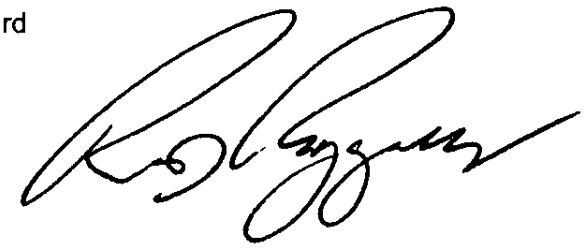
DIRECTORS' REPORT

Auditors

In accordance with the provisions of s234ZA of the Companies Act 1985, the Directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that the Board has taken all reasonable steps to make itself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



S Riggall
Director
30 January 2009
Registered Office: Green Lane, Walsall, West Midlands WS2 7PD
Registered in England and Wales

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors have considered the going concern assumption within the financial statements and ensure that the Company has sufficient banking facilities available to meet its obligations as they fall due for a period of 12 months from the date of the accounts.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

To the member of Aquainvest Holding Company Limited

We have audited the financial statements of Aquainvest Holding Company Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 8. 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' responsibilities for preparing 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).

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 whether in our opinion 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.

INDEPENDENT AUDITORS' REPORT

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.

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 2008 and of its 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Birmingham, UK

4 February 2009

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2008

	2008	2007
	£'000	£'000
Income from shares in UK subsidiary undertakings	**15,245**	15,507
Profit for the financial year	**15,245**	15,507

There were no other recognised gains or losses other than the retained profit before dividends for the financial year.

A statement of movements in reserves is given in note 6 to the financial statements.

The results above are all derived from continuing operations.

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET

As at 31 March 2008

	Note	2008 £'000	2007 £'000
Fixed Assets			
Investments	4	**122,502**	122,502
Net Assets		**122,502**	122,502
Capital and Reserves			
Called up share capital	5	**122,502**	122,502
Shareholders' Funds	7	**122,502**	122,502

The accompanying notes are an integral part of these financial statements.

The accounts were approved by the Board of Directors on 30 January 2009.

S Riggall

Director

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the previous year.

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The accounts have been prepared on a going concern basis. The Company is a wholly owned subsidiary and its immediate parent undertaking is established under the law of a member state of the European Community. Consolidated accounts in which the accounts of the Company are included are publicly available. The Company has therefore not prepared consolidated accounts as it is exempt from doing so under Section 228(2) of the Companies Act 1985.

(b) Fixed Asset Investments

Fixed asset investments are shown at cost less provision for impairment. The cost of investments includes capital contributions made to subsidiary undertakings.

(c) Taxation

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(d) Cash Flow Statement

Under the provisions of Financial Reporting Standard Number One "Cash Flow Statements", the Company has not prepared a cash flow statement because its immediate parent company, Aquainvest Ventures Limited, which holds more than 90% of the Company's share capital, has prepared consolidated accounts. These consolidated accounts include the accounts of the Company for the year ended 31 March 2008, contain a consolidated cash flow statement and are publicly available.

(e) Operating Costs

Operating costs, including audit and non-audit fees are borne by fellow Group undertakings. There were no fees paid to the Company's auditors for non-audit services in either year.

(f) Related Party Disclosures

As at 31 March 2008, the Company was a directly wholly owned subsidiary undertaking of Aquainvest Ventures Limited. As such, the Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from disclosing transactions with other members of the Group headed by Aquainvest Ventures Limited, as consolidated financial statements for this Company for the year ended 31 March 2008, in which the accounts of the Company are included, are publicly available. The Company has no other related party transactions requiring disclosure.

2. Directors' Remuneration

None of the Directors who served during the financial year and the previous year received any remuneration as Directors of the Company or as Directors of any of the companies in the Group headed by Hydriades IV Limited, the ultimate parent company in the United Kingdom.

3. Dividends

	2008	2007
	£'000	£'000
Ordinary dividends paid of 12.4p (2007: 12.7p) per share	**15,245**	15,507

4. Fixed Asset Investments

Cost and Net Book Value	£'000
At 1 April 2007 and 31 March 2008	122,502

Details of the Company's directly held investment, which is incorporated in England and Wales, at 31 March 2008 are provided below:

Name:	Class of Shares	Proportion of shares held	Nature of Business
Aquainvest Acquisitions Limited	Ordinary	100%	Holding Company

Details of the Company's principal indirectly held investments at 31 March 2008 are provided below. With the exception of Onsite India Private Limited which is registered in India, all of the investments are registered in England and Wales or Northern Ireland.

NOTES TO THE ACCOUNTS

Name	Proportion of Shares Held	Nature of Principal Business
South Staffordshire Plc	100%	Holding company
South Staffordshire Water PLC	100%	Water supply
Echo Managed Services Limited	100%	Customer management
Echo Northern Ireland Limited	100%	Customer management
Echo South West Limited	50%	Customer management (joint venture)
Underground Pipeline Services Limited	100%	Repair, maintenance and replacement of water mains
Onsite Central Limited	100%	Sewer inspection, relining, drainage, surveying and flow monitoring
Onsite India Private Limited	100%	Sewer inspection, relining, drainage, surveying and flow monitoring
Integrated Water Services Limited	100%	Water treatment and pump services
Aqua Direct Limited	100%	Supply of spring and mineral water
Office Watercoolers Limited	90%	Rental of water cooling units and sale of spring water
Hydrosave (UK) Limited	100%	Water main leakage detection services
Perco Engineering Services Limited	100%	Trenchless installation and refurbishment of sewer networks
Portadam Limited	100%	Provision of portable dams for waterways

NOTES TO THE ACCOUNTS

5. Called up Share Capital

	2008 £'000	2007 £'000
Authorised:		
125,000,000 ordinary shares of £1 each	**125,000**	125,000
Issued and fully paid:		
122,502,121 ordinary shares of £1 each	**122,502**	122,502

6. Reserves

	Profit and Loss Account £'000
Balance at 1 April 2007	-
Profit for the financial year	**15,245**
Dividends	**(15,245)**
Balance at 31 March 2008	-

7. Reconciliation of Movements in Shareholders' Funds

	2008 £'000	2007 £'000
Profit for the financial year	**15,245**	15,507
Dividends (note 3)	**(15,245)**	(15,507)
Net addition to shareholders' funds	-	-
Opening shareholders' funds	**122,502**	122,502
Closing shareholders' funds	**122,502**	122,502

8. Ultimate controlling party

The immediate parent company in the United Kingdom is Aquainvest Ventures Limited, which is registered in England and Wales. The ultimate controlling party is Alinda Capital Partners LLC a company registered in the United States of America. The accounts of the Company for the year ended 31 March 2008 were consolidated in the accounts of Aquainvest Ventures Limited, a copy of which can be obtained from its registered address, Green Lane, Walsall WS2 7PD.

The ultimate parent undertaking in the United Kingdom is Hydriades IV Limited. Accounts for Hydriades IV Limited have not been prepared as it has yet to reach its first accounting reference period of 31 March 2009.