

Aquainvest Holding Company Limited

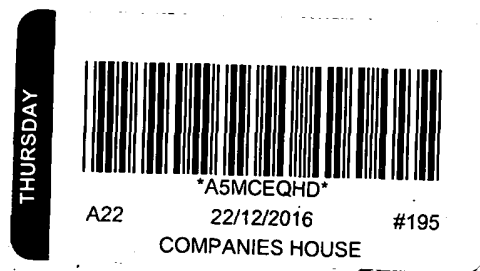
Accounts for the Year Ended 31 March 2016

Together with the Strategic, the Directors'

And

The Independent Auditor's Reports

Company Registration No: 5208607



COMPANY INFORMATION

Company Name

Aquainvest Holding Company Limited

Company Registration No

5208607

Registered Office

Green Lane

Walsall

West Midlands

WS2 7PD

Directors

Adrian Peter Page

Jesus Olmos Clavijo

Ram Saradchandra Kumar

Oleg Igorevich Shamovsky

Secretary

Jason Goodwin

Auditor

Deloitte LLP

Birmingham, UK

STRATEGIC REPORT

Principal Activities

The Company's principal activity is that of an intermediate holding company.

Financial Review

The Company's results for the year ended 31 March 2016 were as expected by the Directors with dividend income from shares in subsidiary companies funding dividends paid to the Company's parent and the Directors expect this to continue in the future. As an intermediary holding company the directors do not consider there to be any key performance indicators relevant to company.

Risk Management and Governance

There is an established risk management and internal control framework in place within the Company. The Directors believe the most significant risk faced by the Company is the financial performance of its subsidiaries. The Directors believe all the significant risks faced by the Company are appropriately managed.

The Strategic Report was approved by the Board of Directors on 16 December 2016.



A P Page
Director

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and accounts for the year ended 31 March 2016. In preparing this Directors' Report, the Directors have complied with S414C(11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the Strategic Report.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

Financial Results and Dividends

The Company's results are shown in the profit and loss account on page 7. The profit after tax for the financial year amounted to £31,984,000 (2015: £25,917,000). The Company made dividend payments of £31,984,000 in the year ended 31 March 2016 (2015: £25,917,000).

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 operating cash flows and expect this to continue for at least 12 months from the date of signing of these financial statements and therefore consider the going concern assumption to be appropriate.

Directors

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

Adrian Peter Page

Jesus Olmos Clavijo

Ram Saradchandra Kumar

Oleg Igorevich Shamovsky (appointed 15 December 2015)

Guido Mitrani (resigned 15 December 2015)

DIRECTORS' REPORT

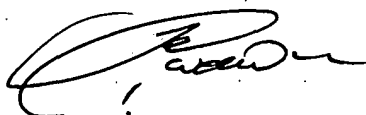
Independent Auditor

In accordance with s418 of the Companies Act 2006, the Directors confirm that as far as they are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution proposing the reappointment of Deloitte LLP as independent auditor will be put to the Board of Directors.

By Order of the Board



J R Goodwin

Company Secretary

16 December 2016

Registered Office: Green Lane, Walsall, West Midlands, WS2 7PD

Registered in England and Wales

DIRECTORS' RESPONSIBILITIES STATEMENT

The following statement, which should be read in conjunction with the independent auditor's statement of its responsibilities set out on the following pages, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the independent auditor in relation to the accounts.

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 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 accounting 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 the financial statements comply with the Companies Act 2006. 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 AUDITOR'S 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 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become

INDEPENDENT AUDITOR'S REPORT

aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

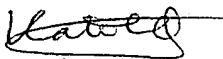
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Kate Hadley

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, UK

20 December 2016

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Income from shares in UK subsidiary undertaking - Dividends receivable		31,984	25,917
Profit on ordinary activities before taxation		31,984	25,917
Taxation on profit on ordinary activities	3	-	-
Profit on ordinary activities after taxation		31,984	25,917

The results above are all derived from continuing operations.

There was no other comprehensive income in either year other than the profit after tax for the financial year.

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

BALANCE SHEET

As at 31 March 2016

	Note	2016 £'000	2015 £'000
Fixed Assets			
Investments	5	122,502	122,502
		122,502	122,502
Total assets		122,502	122,502
Net Assets		122,502	122,502
Capital and Reserves			
Called up share capital	6	122,502	122,502
Shareholders' Funds		122,502	122,502

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

The financial statements of Aquainvest Holding Company Limited, registered number 5208607, were approved by the Board of Directors and authorised for issue on 16 December 2016.



A P Page
Director

STATEMENT OF CHANGES IN EQUITY

As at 31 March 2016

	Called-up Share Capital £'000	Profit & Loss Account £'000	Shareholders' Funds £'000
Balance at 31 March 2014	122,502	-	122,502
Changes in Transition to FRS 102 (Note 7)	-	-	-
Balance at 1 April 2015	122,502	-	122,502
Profit for the financial period	-	25,917	25,917
Dividends (Note 4)	-	(25,917)	(25,917)
Balance at 31 March 2015	122,502	-	122,502
Profit for the financial period	-	31,984	31,984
	122,502	31,984	154,486
Dividends (Note 4)	-	(31,984)	(31,984)
Balance at 31 March 2016	122,502	-	122,502

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

The principal accounting policies are summarised below, which have all been applied consistently throughout the year and the preceding year.

Aquainvest Holding Company Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 3. The nature of the Company's principal activities is set out in the Strategic Report on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

(a) Basis of Accounting

The Company has adopted the accounting standards of FRS 102 for the first time in the year ended 31 March 2016. The impact of the change has been assessed with no transitional adjustments required.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Aquainvest Holding Company Limited is consolidated in the financial statements of its ultimate UK parent, Hydriades IV Limited, which are publicly available. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

(b) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using current tax rates at the balance sheet date. Where it is agreed that the Company will not be paid for tax losses surrendered to other Group undertakings, no credit is reflected for tax losses in the profit and loss account.

(c) Dividends

Dividends are recognised if they have been paid or if they have been approved by shareholders before the year end.

NOTES TO THE FINANCIAL STATEMENTS

(d) Operating Costs

Operating costs, including audit fees of £1,000 (2015: £1,000), are borne by fellow Group undertakings. There were no fees paid by the Company to the Company's auditor for non-audit services in either year.

(e) Fixed Asset Investments

Fixed asset investments are shown at cost less provision for impairment.

(f) Related Party Disclosures

As at 31 March 2016, the Company was an indirectly wholly owned subsidiary undertaking of Hydriades IV Limited, the ultimate parent company in the United Kingdom. As such, the Company has taken advantage of the exemption from disclosing transactions with other members of the group headed by Hydriades IV Limited, as consolidated financial statements for this company in which the accounts of the Company are included, are publicly available.

Principal accounting judgements, estimates and assumptions

In the application of the accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions in respect of the carrying amounts of assets and liabilities recognised in the financial statements. These are based on historical experience, future forecasts and other factors that are considered to be relevant.

It is recognised that historical experience and forecasts change over time and these judgements, estimates and assumptions are therefore reviewed and amended where necessary on a regular basis. However, it is also recognised that the actual outcomes may still differ to the judgements, estimates and assumptions made.

Carrying Values of Fixed Asset Investments

As at 31 March 2016 and 31 March 2015, the main critical judgement that the Directors had made in applying the Company's accounting policies is that in respect of the carrying value of fixed asset investments held in the Company balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

2. Directors' Remuneration

None of the Directors who served during the year or the preceding year received any remuneration from the Company as Directors of the Company. Remuneration paid by other Group companies for the services of certain Directors during the period of service as Directors of the Company amounted to £362,000 (year ended 31 March 2015: £336,000).

3. Taxation on Profit on Ordinary Activities

No tax charge arises in the period.

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are reconciled below.

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	31,984	25,917
Profit on ordinary activities multiplied by standard UK corporation tax rate of 20% (2015: 21%)	6,397	5,443
UK dividends not taxable	(6,397)	(5,443)
Total tax charge	-	-

4. Dividends

	2016 £'000	2015 £'000
Ordinary interim dividends paid of 26.1p (2015: 21.2p) per share	31,984	25,917

NOTES TO THE FINANCIAL STATEMENTS

5. Fixed Asset Investments

Cost and Net Book Value **£'000**

At 1 April 2015 and 31 March 2016 122,502

Details of the Company's directly held investment, which is incorporated in England and Wales, at 31 March 2016 are provided below:

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

As at 31 March 2016, the Company's principal indirectly held subsidiary undertakings, all of which are incorporated in the United Kingdom with the exception of Echo India Private Limited, which is incorporated in India and Onsite Utility Services Canada Limited, which is incorporated in Canada, and all of which have only ordinary shares in issue, were as follows:

NOTES TO THE FINANCIAL STATEMENTS

Name	Proportion of Shares Held	Nature of Principal Business
South Staffordshire Plc	100%	Holding company and management services
South Staffordshire Water PLC	100%	Regulated water supply
Aqua Direct Limited	100%	Supply of spring and mineral water
Office Watercoolers Limited	90%	Rental of water cooling units and sale of spring water
Echo Managed Services Limited	100%	Customer management
Echo Northern Ireland Limited	100%	Customer management
Inter-Credit International Limited	100%	Customer credit management
Grosvenor Services Group Limited	100%	Customer credit management
Echo India Private Limited	100%	Software development support services to UK parent company
SSI Services (UK) Limited	100%	Holding company for those companies listed below
Onsite Central Limited	100%	Sewer and wastewater asset inspection, relining, surveying, cleaning and flow monitoring
Onsite Utility Services Canada Limited	100%	Sewer inspection, relining, drainage, surveying and flow monitoring
Perco Engineering Services Limited	100%	Trenchless installation and refurbishment of pipeline networks
Onsite Specialist Maintenance Limited	100%	Specialist infrastructure maintenance
Integrated Water Services Limited	100%	Clean water asset installation, repair, maintenance and refurbishment, mechanical and electrical and water hygiene services
Hydrosave UK Limited	100%	Water main leak detection services and clean water network management services
Immerse Asset Management Limited	100%	Customer services and asset management

NOTES TO THE FINANCIAL STATEMENTS

Other indirectly held subsidiaries of the Company as at 31 March 2016, which were all non-trading companies as at that date, were as follows:

365 Environmental Services Limited	Greenacre Pumping Systems Limited	Pump Services Limited
Aquaven Limited	Ion Water and Environmental Management Limited	Rapid Systems Limited
Brocol Consultants Limited	IWS M&E Services Limited	Recoup Revenue Management Limited
Cambridge Water Plc	IWS Pipeline Services Limited	South Staffordshire Infrastructure Services Limited
Data Contracts Specialist Maintenance Limited	IWS Water Hygiene Services Limited	South Staffordshire Water Holdings Limited
Debt Action Limited	Lingard Limited	Subaqua Solutions Limited
Freshwater Coolers Plc	Onsite Water & Wastewater Services WLL	Wells Water Treatment Services Limited
Grosvenor Legal Services Limited	Portadam Limited	Woodside Environmental Services Limited

6. Share Capital

	2016 £'000	2015 £'000
Authorised:		
125,000,000 ordinary shares of £1 each	125,000	125,000
Issued, called up and fully paid:		
122,502,121 ordinary shares of £1 each	122,502	122,502

NOTES TO THE FINANCIAL STATEMENTS

7. Explanation of Transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. On adoption of FRS 102, no changes have been noted in the accounting policies applying to Aquainvest Holding Company Limited, and no transition adjustments were required.

8. Ultimate Controlling Party

The immediate parent company is Aquainvest Ventures Limited, which is registered in England and Wales. The ultimate parent company in the United Kingdom is Hydriades IV Limited, also registered in England and Wales which is the largest UK group preparing consolidated accounts that include Aquainvest Holding Company Limited. The consolidated accounts for this company can be obtained from the Company's registered office. The ultimate controlling party is KKR Infrastructure Limited.