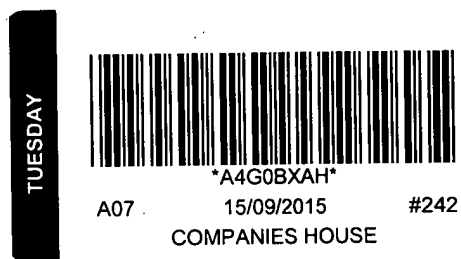


North West Water International Limited

Report and Financial Statements

31 March 2015



Contents

Directors, advisers and other information	2
Directors' report	3
Statement of directors' responsibilities in respect of the directors' report and the financial statements	5
Independent auditor's report	6
Profit and loss account	7
Statement of total recognised gains and losses	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

Registered No: 2374797

Directors, advisers and other information

Directors

DA Hill

UU Secretariat Limited

Secretary

UU Secretariat Limited

Auditor

KPMG LLP

One St Peter's Square

Manchester

M2 3AE

Registered office

Haweswater House

Lingley Mere Business Park

Lingley Green Avenue

Great Sankey

Warrington

WA5 3LP

Directors' report

The directors present their report and financial statements for the year ended 31 March 2015.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Accordingly, no enhanced business review has been prepared.

Strategic report

The company meets the size criteria as a small company and is therefore not required to provide a strategic report.

Principal activities

The principal activity of the company was to develop overseas water and wastewater opportunities for the United Utilities group by way of consulting services and major operating concession contracts, along with holding interests in overseas contracts and investments. The company did not carry out its principal activity during the current or prior year, and does not anticipate doing so in the future, and the only activity now recorded in the company relates to resolution of the matters discussed below.

The company held a beneficial interest in a major contract in Bangkok which was terminated on 6 March 1998. A notice of arbitration was issued against the Bangkok Metropolitan Administration ("BMA") ("the client") on the same date. On 3 June 2011, the dispute was settled and the settlement agreement was signed by both the company and the client.

Going concern

The director's considerations in preparing these financial statements on a going concern basis are set out in note 1.

Business review

The company was a partner in a consortium known as the NOSS Consortium (the "Consortium"), which was engaged in the construction of a sewerage treatment works and associated sewerage network in Bangkok which commenced in late 1993 following the submission of a tender in 1992. The contract value at the time of the award was £150 million and the contract period was 38 months.

The contract was affected by delays and additional work as a result of changes to the specification required by the client's engineer and the failure of the client to provide appropriate possession of essential sites. As a consequence of these problems, a provision of £83 million was charged to the profit and loss account in the year ended 31 March 1997. This reflected a decision by the client to cease negotiations on the increased costs that the project had incurred indicating at that time that the Consortium should register a formal dispute and seek recovery through arbitration.

On 6 March 1998, the Consortium terminated the contract and issued a notice of arbitration against the client. Despite termination of the contract in March 1998 the BMA issued termination notices in June 1999 and purported to terminate the contract in September of the same year. In October 1999, the BMA made a call on the various performance and advance payment bonds to the value of £11.4 million.

An arbitral hearing took place on 3 June 2011, in which this dispute was settled and the settlement agreement was signed by both parties. A letter releasing the company from its performance bond was also received by the company on the same date. On 14 June 2011, a settlement sum of £6.2 million was paid to the client.

On 12 July 2012 the Consortium was dissolved under Thai law.

The Consortium filed liquidation accounts on 22 October 2012. The liquidation of the Consortium is still ongoing.

Directors

The directors who held office during the year and to date are given below:

DA Hill

UU Secretariat Limited

During the year, directors' and officers' liability insurance was in force.

Directors' report (continued)

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director to make themselves 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 section 418 of the Companies Act 2006.

Auditor

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

Approved by the board and signed on its behalf by:



DA Hill
Director

7th. September 2015

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), including FRS 101 *Reduced Disclosure Framework*.

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 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 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 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 auditor's report

to the members of North West Water International Limited

We have audited the financial statements of North West Water International Limited for the year ended 31 March 2015 (set out on pages 7 to 13). The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 statement of directors' responsibilities (set out on page 5), 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its loss 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.

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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



John Luke (Senior Statutory Auditor)

for and on behalf of KPMG LLP

Chartered Accountants

One St Peter's Square

Manchester

M2 3AE

9 September 2015

Profit and loss account

For the year ended 31 March 2015

	Note	2015 £000	2014 £000
Net operating expense		(7)	(7)
Operating loss	2	(7)	(7)
Interest payable and similar charges	4	(958)	(903)
Loss on ordinary activities before taxation		(965)	(910)
Taxation on loss on ordinary activities	5	-	-
Loss after taxation		(965)	(910)

All of the results shown above relate to continuing operations.

Statement of total recognised gains and losses

For the year ended 31 March 2015

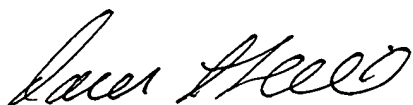
	2015 £000	2014 £000
Loss after taxation	(965)	(910)
Exchange adjustments	3	(7)
Total recognised gains and losses	(962)	(917)

Balance sheet

At 31 March 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments	6	51	51
Current assets			
Debtors: amounts falling due within one year	7	24,625	24,630
Creditors: amounts falling due within one year	8	(112,084)	(111,127)
Net current liabilities		(87,459)	(86,497)
Net liabilities		(87,408)	(86,446)
Capital and reserves			
Called up share capital	9	-	-
Share premium account		45,000	45,000
Profit and loss account		(132,408)	(131,446)
Shareholder's deficit		(87,408)	(86,446)

The financial statements of North West Water International Limited, registered number 2374797, were approved by the board of directors and authorised for issue on 7th September 2015. They were signed on its behalf by:



DA Hill
Director

Statement of changes in equity

For the year ended 31 March 2015

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 April 2013	-	45,000	(130,529)	(85,529)
Loss after taxation	-	-	(910)	(910)
Exchange adjustments	-	-	(7)	(7)
At 31 March 2014	-	45,000	(131,446)	(86,446)
Loss after taxation	-	-	(965)	(965)
Exchange adjustments	-	-	3	3
At 31 March 2015	-	45,000	(132,408)	(87,408)

Notes to the financial statements (continued)

At 31 March 2015

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable law and accounting standards in the United Kingdom Companies Act 2006 ('the Act').

The company has elected to early adopt the new accounting framework issued by the Financial Reporting Council. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100). Accordingly, in the year ended 31 March 2015, the company has adopted FRS 101 'Reduced Disclosure Framework' and has ceased to apply all UK Accounting Standards issued prior to FRS 100. Therefore the recognition and measurement requirements of EU-adopted IFRS have been applied, with amendments where necessary in order to comply with Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) as these are Companies Act 2006 accounts.

The company's date of transition to FRS 101 is 1 April 2013. This has had no impact on the company's performance, financial position or cashflows.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to cash flow statements, accounting policies, related party transactions and certain comparative information.

Where required, equivalent disclosures are given in the group accounts of United Utilities Group PLC. The group accounts of United Utilities Group PLC are available to the public and can be obtained as set out in note 10.

Exemption from preparing group financial statements

The financial statements contain information about North West Water International Limited as an individual company. At 31 March 2015, the company was exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings were included by full consolidation in the financial statements of its ultimate parent United Utilities Group PLC, a company incorporated in Great Britain and registered in England and Wales.

Going concern

The company did not trade during the current or prior year, and does not anticipate trading in the future.

The company has net liabilities and net current liabilities at 31 March 2015. In preparing these accounts on a going concern basis, the directors have had regard to the letter of support provided by the ultimate parent undertaking.

Taxation

Tax on the loss for the year comprises current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Investments

Investments are stated at cost less provision for impairment.

Notes to the financial statements (continued)

At 31 March 2015

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Differences arising from the application of the closing rate to opening net assets, offset by translation differences on foreign currency loans which finance investments in overseas undertakings, together with differences between profits and losses translated at average rates and at closing rates, are recorded as a movement on reserves.

2. Operating loss

Operating loss is stated after charging:

	2015 £000	2014 £000
Impairment of investments	-	(4)

The auditor's remuneration for the statutory audit of the company was borne by another group undertaking in the current and prior year. The amount attributable but not recharged to North West Water International Limited was £2,000 (2014: £2,000). There were no non-audit services provided by the auditor to the company in either year.

3. Directors and employees

There have been no employees of the company during the year, other than the directors (2014: none, other than the directors). The directors' emoluments are borne by other group companies and are not recharged (2014: same). This is because a fair apportionment is not possible as services are provided to multiple entities.

4. Interest payable and similar charges

	2015 £000	2014 £000
Interest payable to immediate parent company	958	903

Notes to the financial statements (continued)

At 31 March 2015

5. Taxation on loss on ordinary activities

(a) Taxation on loss on ordinary activities

The tax charge is made up as follows:

	2015 £000	2014 £000
Current taxation	-	-
Taxation on loss on ordinary activities (note 5(b))	-	-
(b) Factors affecting the charge for the year		
	2015 £000	2014 £000
Loss on ordinary activities before taxation	(965)	(910)
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 21% (2014: 23%)	(203)	(209)
Net expenses not deductible	203	209
Current tax charge (note 5(a))	-	-

The company has no unprovided deferred tax (2014: £nil).

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

6. Investments

Unlisted investments

	Subsidiaries £000
Net book value:	
At 31 March 2014 and 31 March 2015	51

Name	Shares held	Proportion of voting rights held	Nature of business
<i>Subsidiaries</i>			
Water Resources Limited	399,998 THB10.00 ordinary shares	99.999%	Environmental consultancy, training operation and maintenance, project management, capital planning, facilities management and institutional development
Manta Management Services Limited	490,000 THB10.00 ordinary shares	49%	To administrate the formal dispute and legal proceedings against Bangkok Metropolitan Administration

Notes to the financial statements (continued)

At 31 March 2015

6. Investments (continued)

Manta Management Services Limited is considered to be a subsidiary as North West Water International Limited is able to exercise dominant influence over its operating and financial policies.

Both Water Resources Limited and Manta Management Services Limited were incorporated in Thailand.

Consortium

The company had beneficial ownership of 50% of the Consortium based in Thailand although under a Supplementary Agreement all losses relating to the contract are to be borne by the company under contractual indemnities provided by the company to its Consortium partners. Accordingly, all such losses, together with the related trading and net liabilities, are included in these accounts.

The Consortium was dissolved under Thai law on 12 July 2012.

The Consortium filed liquidation accounts on 22 October 2012. The liquidation of the Consortium is still ongoing.

7. Debtors

	2015 £000	2014 £000
Amounts owed by immediate parent undertaking: group relief receivable	24,613	24,613
Other debtors	12	17
	<u>24,625</u>	<u>24,630</u>

8. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Amounts owed to immediate parent undertaking	112,084	111,123
Accruals and deferred income	-	4
	<u>112,084</u>	<u>111,127</u>

9. Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid		
12 ordinary shares of £1.00 each	12	12
	<u>12</u>	<u>12</u>

10. Ultimate parent undertaking

The company's immediate parent undertaking is United Utilities PLC, a company incorporated in Great Britain.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is United Utilities Group PLC, a company incorporated in Great Britain.

The smallest group in which the results of the company are consolidated is that headed by United Utilities PLC. The consolidated accounts of this group are available to the public and may be obtained from: The Company Secretary, United Utilities PLC, Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington, WA5 3LP.

The largest group in which the results of the company are consolidated is that headed by United Utilities Group PLC. The consolidated accounts of this group are available to the public and may be obtained from: The Company Secretary, United Utilities Group PLC, Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington, WA5 3LP.