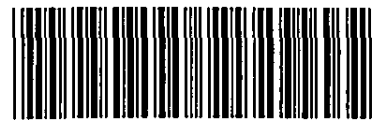


Anglian Water International Limited
(Registered number 2729389)

Annual report and financial statements
For the year ended
31 March 2009

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Anglian Water International Limited

Directors' report

For the year ended 31 March 2009

The Directors present their report, together with the audited financial statements, for the year ended 31 March 2009.

Principal activities

The principal activities of the company comprise incurring costs and receiving income in relation to its subsidiaries who are engaged in water and wastewater operating activities.

Business review

During the year, the company continued the process of disposal or closure of its international investments in line with the parent company's decision to exit international business.

During the year Anglian Water International acted as an agent for two Design, Build and Operate contracts in Ireland. These are Waste Water Treatment Works and are respectively located in Sligo and Waterford. The Design and Build works were performed by sub-contractors and have now completed. Sligo entered into operations in the year and takeover by the operator of Waterford is expected by July 2009. Operations will be undertaken by Celtic Anglian Water, a sister subsidiary company within the group.

Under the agency agreement Anglian Water International Limited has not recognised turnover of £11,447,000 (2008 £23,616,000), and an equivalent amount of cost of sales, on these contracts and no commission has been charged. Turnover is not recognised, in accordance with FRS 5 application note G, as the company is only acting as an intermediary arranging the provision of services, but not performing part of the service.

The company anticipates continuing to assist in the disposal of the international investments within the division as appropriate opportunities arise, except in Ireland where the contracts will continue

The company have received confirmation that financial support will be given as and when required and accordingly the accounts have been prepared on a going concern basis.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately.

Key performance indicators

Given the straightforward nature of the business, the company's Directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development or performance of the business.

Financial risk management

The company does not operate externally to the group and therefore its financial risks are governed by group policies and procedures. These policies and procedures are discussed in the Osprey Holdco Limited consolidated accounts. Recharges made by the company are to other companies within the group and therefore the risk of a debtor defaulting is minimal.

Results and dividends

The results for the company for the year ended 31 March 2009 are set out on page 4. The Directors do not recommend the payment of a dividend (2008: £Nil).

Directors

The Directors who served during the year and to the date of this report were:

J D Forster

C T Russell (appointed 29 July 2008)

D K Walmsley (appointed 30 January 2009)

M D Hampson (resigned 31 July 2008)

Anglian Water International Limited
Directors' report
For the year ended 31 March 2009 (continued)

Statement of directors' responsibilities in respect of the annual report and financial statements

The directors are responsible for preparing the Annual Report and 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 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Statement of disclosure of information to auditors


In the case of each director in office at the date the directors' report is approved under section 234ZA the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and in the absence of a notice proposing that the appointment be terminated, the auditors will be deemed to be re-appointed for the next financial year.

By Order of the Board


J.D. Forster
Director

Date: 23 July 2009

Registered No: 2729389
Registered Office:
Anglian House
Ambury Road
Huntingdon
Cambridgeshire
PE29 3NZ

Independent auditors' report to members of Anglian Water International Limited

We have audited the financial statements of Anglian Water International Limited for the year ended 31 March 2009 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 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 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.

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 2009 and of its loss 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

Date 23 July 2009

Anglian Water International Limited

Profit and loss account For the year ended 31 March 2009

	Notes	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
Administrative expenses		(10)	(13)
Other operating income		3	11
Operating loss	2	<u>(7)</u>	<u>(2)</u>
Exceptional administrative expenses	3	(285)	(205)
Loss on disposal and closure of businesses	3	<u>(3)</u>	<u>(7)</u>
Loss on ordinary activities before interest and taxation		<u>(295)</u>	<u>(214)</u>
Net interest receivable and similar income	4	288	19
Loss on ordinary activities before taxation		<u>(7)</u>	<u>(195)</u>
Tax charge on loss on ordinary activities	5	(80)	(5)
Loss for the financial year	13	<u>(87)</u>	<u>(200)</u>

There is no difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

There are no other gains and losses other than those disclosed within the profit and loss account above, therefore no separate statement of total recognised gains and losses has been presented.

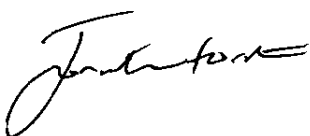
All of the above results relate to continuing operations.

Anglian Water International Limited

Balance sheet As at 31 March 2009

	Notes	<u>2009</u> £'000	<u>2008</u> £'000
Fixed assets			
Tangible assets	7	-	-
Investments	8	-	-
		<u>-</u>	<u>-</u>
Current assets			
Debtors (amounts falling due within one year)	9	332	261
Cash at bank and in hand		216	41
		<u>548</u>	<u>302</u>
Creditors (amounts falling due within one year)	10	(1,473)	(1,140)
Net current liabilities		<u>(925)</u>	<u>(838)</u>
Net liabilities		<u>(925)</u>	<u>(838)</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss reserve	13	(925)	(838)
Total shareholder's deficit	14	<u>(925)</u>	<u>(838)</u>

The financial statements on pages 4 to 12 were approved by the Board of Directors on 23 July 2009 and signed on its behalf by:



J D Forster
Director

Anglian Water International Limited

Notes to the financial statements For the year ended 31 March 2009

1 Accounting policies

a) Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 1985.

The following principal accounting policies and estimation techniques have been applied to the financial statements, on a consistent basis with the previous year, as stated.

b) Consolidated financial statements

As a wholly owned subsidiary of Osprey Holdco Limited and in accordance with Section 228 of the Companies Act 1985, the company has not prepared consolidated financial statements. The results of the company and its subsidiaries are consolidated in the financial statements of Osprey Holdco Limited, a company registered in England.

c) Cash flow statement

The company is a wholly-owned subsidiary of Osprey Holdco Group Limited and is included in the consolidated financial statements of Osprey Holdco Limited. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996).

d) Tangible fixed assets and depreciation

Tangible fixed assets are included at cost less accumulated depreciation.

Tangible fixed assets are depreciated, once they are commissioned, at rates to write-off the cost, less the estimated residual value, evenly over their estimated economic lives, which are principally as follows:

Vehicles, mobile plant and computers 3-10 years

e) Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

f) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the financial year-end exchange rates and are not discounted.

g) Turnover

Turnover is not recognised under the agency agreement for the two contracts in Ireland as the company is acting as agent (as it is not exposed to the majority of the benefits and risks associated with the transaction) and no commission is charged by the company on the contracts.

Anglian Water International Limited

Notes to the financial statements For the year ended 31 March 2009 (continued)

1 Accounting policies (continued)

h) Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment for accounts and taxation purposes of events and transactions recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated that taxation will arise and are not discounted.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future periods.

(i) Going concern

The company has received confirmation from a fellow group undertaking that it will provide financial support as and when required. Accordingly, the Directors believe that it is appropriate for these accounts to be prepared on a going concern basis.

2. Operating loss

The fees for audit services were borne by another group undertaking with no recharge to the company.

3. Exceptional items

	2009 £'000	2008 £'000
Provision for doubtful debts	(83)	(185)
Impairments of investments	(202)	(20)
Exceptional administrative expenses	(285)	(205)
Loss on disposal and closure of businesses	(3)	(7)
Charged against profit before interest	(288)	(212)
Total exceptional items	(288)	(212)

The loss on disposal and closure of business comprises redundancy costs of £3,000 (2008: £7,000) arising from the disposal and closure of international investments.

4. Net interest receivable and similar income

	2009 £'000	2008 £'000
Bank interest receivable	3	-
Interest receivable on loans to group undertakings	39	36
Exchange gains on loans and interest held in non sterling denominations	246	29
Total interest receivable and similar income	288	65
Bank interest payable	-	(46)
Total interest payable	-	(46)
Net interest receivable and similar income	288	19

Anglian Water International Limited

Notes to the financial statements **For the year ended 31 March 2009 (continued)**

5. Tax charge on loss on ordinary activities	2009	2008
	£'000	£'000
Tax on loss on ordinary activities comprises:		
UK Corporation tax at 28% (2008: 30%)	80	6
Total current tax charge	80	6
Deferred tax (see note 11)		
Charge for timing differences arising in the year - UK	-	1
Adjustments in respect of prior years	-	(2)
Total deferred tax credit	-	(1)
Tax on loss on ordinary activities	80	5

Adjustments in respect of prior years arises from the recognition of the deferred tax asset.

Factors affecting tax charge for the year

The tax assessed for the year is higher (2008: higher) than the standard rate of corporation tax in the UK (28%) (2008:30%). The differences are explained below:

	2009	2008
	£'000	£'000
(Loss) / profit on ordinary activities before taxation	(7)	(195)
(Loss) / profit on ordinary activities at the standard UK rate of tax (28%) (2008:30%)	(2)	(59)
Effects of:		
Items not deductible for tax purposes	(4)	9
Capital allowances for the year in excess of depreciation	-	(1)
Short-term timing differences	78	56
Current tax charge for the year	80	5

Anglian Water International Limited

Notes to the financial statements For the year ended 31 March 2009 (continued)

6. Directors' emoluments and employee information

	2009	2008
	£'000	£'000
Employee information		
Staff costs:		
Wages and salaries	6	9
Social security costs	1	(2)
	<u>7</u>	<u>7</u>

Staff costs are stated after charging £3,000 redundancy costs (2008: £7,000).

There was one employee in the year (2008: one).

Directors remuneration

None of the Directors of the company received any emoluments during the year or the preceding year in respect of their services to the company.

Retirement benefits are accruing to 1 (2008: 1) Director under a defined benefit scheme. Details of the scheme and costs to the group are set out in the accounts of Anglian Water Services Limited.

7. Tangible assets

	Vehicles plant and equipment £'000
Cost	
At 1 April 2008	17
Disposal	(17)
At 31 March 2009	<u>-</u>
Depreciation	
At 1 April 2008	(17)
Disposal	17
At 31 March 2009	<u>-</u>
Net book value	
At 31 March 2008 and at 31 March 2009	<u>-</u>

Anglian Water International Limited

Notes to the financial statements **For the year ended 31 March 2009 (continued)**

8. Investments

	Loans to group undertakings
	£'000
Cost	
At 1 April 2008	909
Additions	202
At 31 March 2009	1,111
Provision for impairment	
At 1 April 2008	(909)
Impairment charge	(202)
At 31 March 2009	(1,111)
Net book value at 31 March 2009	-
Net book value at 31 March 2008	-

The company undertakes a review of its investments on an annual basis to determine whether the carrying value of the investment needs to be impaired.

The loan above is to Anglian Water (Thailand) Ltd and has been fully provided against. Anglian Water (Thailand) Limited is incorporated in Thailand operating in the area of leakage reduction and regional development. The impairment has been adjusted to reflect the exchange rate movements.

9. Debtors (amounts falling due within one year)

	2009	2008
	£'000	£'000
Trade debtors	-	65
Amounts owed by group undertakings	320	178
Deferred tax (see note 11)	1	1
Other debtors	11	17
	332	261

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

10. Creditors (amounts falling due within one year)

	2009	2008
	£'000	£'000
Amounts owed to group undertakings	(1,199)	(1,036)
Other creditors	(2)	-
Accruals and deferred income	(268)	(104)
Tax and social security	(4)	-
	(1,473)	(1,140)

Amounts owed to group undertakings include £85,500 (2008: £5,000) in respect of taxation.
Amounts owed to group undertakings are unsecured, interest free and repayable on demand

Anglian Water International Limited

Notes to the financial statements For the year ended 31 March 2009 (continued)

11. Deferred taxation	2009 £'000	2008 £'000
At 1 April	1	-
Charge for the current year	-	(1)
Adjustment in respect of prior years	-	2
At 31 March	1	1
Accelerated capital allowances	1	1
Undiscounted provision for deferred tax	1	1

The deferred tax asset is not recognised as the Directors do not expect that there will be suitable taxable profits against which the deferred tax asset could be recovered.

12. Called up share capital	2009 £	2008 £
Authorised		
100 ordinary shares of £1 each	100	100
	100	100
Allotted and fully paid		
2 ordinary shares of £1 each	2	2

13. Reserves	Profit and loss reserve £'000
At 1 April 2008	(838)
Loss for the financial year	(87)
At 31 March 2009	(925)

14. Reconciliation of movement in shareholder's funds	2009 £'000	2008 £'000
Loss for the financial year	(87)	(200)
Opening shareholder's deficit	(838)	(638)
Closing shareholder's deficit	(925)	(838)

Anglian Water International Limited
Notes to the financial statements
For the year ended 31 March 2009 (continued)

15. Contingent liabilities

The company is party to cross guarantee arrangements relating to certain group companies' accounts at Barclays Bank Plc. Net indebtedness under each of these arrangements at 31 March 2009 was £nil (2008: £nil).

16. Related party transactions

As a wholly-owned subsidiary of Osprey Holdco Limited, advantage has been taken of the exemption granted in FR5 8 not to disclose related party transactions with other members of the group.

17. Ultimate parent company and controlling party

The company's immediate parent undertaking is Anglian Water International Holdings Limited, a company registered in England.

Osprey Acquisitions Limited is the parent company of the smallest group to consolidate the financial statements of the company, copies of which can be obtained from the Company Secretary, Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ.

Anglian Water Group Limited is the parent company of the largest group to consolidate the financial statements of the company, copies of which can be obtained from the Company Secretary, Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE29 3NZ.

The Directors consider Anglian Water Group Limited, a company registered in Jersey, to be the ultimate parent company. Anglian Water Group Limited is itself owned by a consortium of investors consisting of the Canada Pension Plan Investment Board, First State Global Asset Management, Industry Funds Management and 3i Group Plc, who are controlling parties.