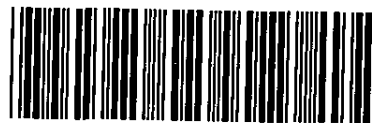


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Biwater Investments Limited

**Report and Financial Statements
Year ended 31 March 2011**

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COMPANIES HOUSE

Registration number 6429017

Biwater Investments Limited

Company Information

Board of Directors

M R A Duffy
JS Lamb

Company Secretary

M R A Duffy

Auditors

BDO LLP

Registered Office

Biwater House
Station Approach
Dorking
Surrey RH4 1TZ

Registered in England and Wales

Company Number 6429017

Biwater Investments Limited

Report of the directors

The directors submit their report and the audited financial statements of the company for the year ended 31 March 2011

Principal activities, business review and future developments

During the year, the company disposed of its remaining investment in trading companies in the Biwater group. The directors do not anticipate that the company will engage in any activity in the coming year.

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. Accordingly, the principal risks and uncertainties of the Biwater group, which include those of the company, are discussed in Biwater Holdings Limited's annual report, which does not form part of this report. Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for any understanding of the development, performance or position of its business.

Results and dividends

The result for the year was a loss absorbed by reserves of £17,151,390 (2010 profit of £552,749). The profit and loss account is shown on page 5. The directors do not recommend the payment of a dividend.

Disposal of investment

On 8 July 2010, the company completed the sale of its entire shareholding in Cascal NV for \$6.75 per share. The proceeds, which amounted to \$120.6m (£80.6m), were lent to the company's ultimate parent undertaking under an interest bearing loan.

Directors

The directors who served throughout the year and up to the date of signing the financial statements (unless otherwise noted) were:

BJ Armstrong (resigned 29 November 2010)

MRA Duffy

SJ Hollinshead (appointed 29 July 2010, resigned 14 March 2011)

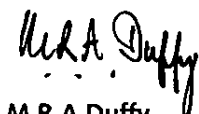
JS Lamb (appointed 1 March 2011)

The ultimate parent undertaking maintains a directors' and officers' insurance policy as permitted by the Companies Act 2006.

Independent auditors

The auditors, BDO LLP, have indicated their willingness to continue in office.

By order of the board



M R A Duffy
Secretary

10 February 2012

Biwater Investments Limited

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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and applicable law. 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 judgements 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,
- 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.

Statement as to disclosure of information to the auditors

So far as each director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware and each director has taken all the steps that he ought to have taken in his duty 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.

Biwater Investments Limited

Independent auditor's report to the shareholders of Biwater Investments Limited

We have audited the financial statements of Biwater Investments Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and related notes. 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).

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 and of the company's result 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 matters 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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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.

BDO LLP

Kevin Cook (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Epsom, United Kingdom

Date

16/02/2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Biwater Investments Limited

Profit and loss account for the year ended 31 March 2011

	Note	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Other external charges		(80,001,804)	(365)
Losses arising on retranslation of foreign currencies		(7,032,161)	(694,314)
Operating loss	1	(87,033,965)	(694,679)
Income from shares in group undertakings		-	1,005,483
Profit on disposal of group undertaking		66,062,093	-
(Loss)/profit on ordinary activities before interest		(20,971,872)	310,804
Interest receivable	2	5,305,520	65,882
(Loss)/profit on ordinary activities before taxation		(15,666,352)	376,686
Taxation	3	(1,485,038)	176,063
(Loss)/profit for the financial year	8	(17,151,390)	552,749

There were no recognised gains or losses other than the profit for the financial year

All activities are derived from continuing operations

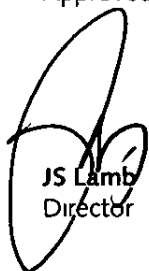
The notes on pages 7 to 10 form part of these accounts

Biwater Investments Limited

Balance sheet As at 31 March 2011

	Note	31 March 2011		31 March 2010	
		£	£	£	£
Fixed assets					
Investment in subsidiary undertaking	4		-		11,241,474
Current assets					
Debtors	5	21,388,835		25,794,658	
Cash at bank and in hand		-		19,028	
		21,388,835		25,813,686	
Creditors: amounts falling due within one year	6	(2,342,288)		(857,223)	
Net current assets			19,046,547		24,956,463
Total assets less current liabilities and net assets			19,046,547		36,197,937
Capital and reserves					
Called up share capital	7	20,000		20,000	
Share premium account	8	19,205,522		19,205,522	
Profit and loss account	8	(178,975)		16,972,415	
Total shareholders' funds			19,046,547		36,197,937

Approved and authorised for issue by the board on 10 February 2012 and signed on its behalf by


JS Lamb
Director

Registration number 6429017

The notes on pages 7 to 10 form part of these accounts

Biwater Investments Limited

Notes to the financial statements

Accounting policies

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently unless otherwise stated below, are as follows:

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

In determining the appropriate basis of preparation of these financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future. The company is reliant on the financial support of its ultimate parent, Biwater Holdings Limited.

The directors of the ultimate parent have prepared detailed cash flow projections to March 2013 that indicate the Biwater Group, as at the date of approval of these financial statements, will have adequate cash resources available to it for the foreseeable future. Furthermore, the directors do not regard the projections as containing any material uncertainties as at the date of these financial statements. Even considering the nature of the international contracting business whereby the timing, quantum and funding under long term contracts could alter unexpectedly, the directors have calculated various worse case scenario outcomes and are confident that there is adequate head room in the Group's cash resources.

Having reviewed the cash flow projections and key assumptions the directors have a reasonable expectation that the Group will be able to meet its liabilities, as they fall due, for the foreseeable future. It is on this basis that the directors consider it appropriate to prepare the company's financial statements on a going concern basis.

Consolidation

The financial statements contain information about Biwater Investments Limited as an individual company and do not contain consolidated financial information as part of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent Biwater Holdings Limited, a company registered in England and Wales.

Investment in subsidiary undertaking

Investment in subsidiary undertaking is stated at cost less amounts written off in respect of permanent diminution in value.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Exchange differences arising in the ordinary course of business are included in the profit and loss account.

Biwater Investments Limited

Notes to the financial statements (continued)

1	Operating loss	Year ended 31 March 2011 £	Year ended 31 March 2010 £
	Operating loss is stated after charging		
	Waiver of loan to ultimate parent undertaking	(80,000,000)	-
	Exchange losses on retranslation of amounts denominated in foreign currencies	(7,032,161)	(694,314)

On 22 March 2011 the company waived £80,000,000 of the interest bearing loan due from its ultimate parent undertaking

The company has no employees and the auditors' remuneration for the year was borne by Biwater Holdings Limited, the ultimate parent company

The emoluments of the directors were paid by the ultimate parent company which made no recharge to the company. The directors were directors of the ultimate parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the 2011 financial statements of the ultimate parent company.

2	Interest receivable	Year ended 31 March 2011 £	Year ended 31 March 2010 £
	Interest received on loan to ultimate parent undertaking	5,303,227	65,882
	Bank interest received	2,293	-
		5,305,520	65,882

3	Taxation	Year ended 31 March 2011 £	Year ended 31 March 2010 £
	UK corporation tax based on the result for the year at 28% (2010 28%)	(1,485,038)	176,063
		(1,485,038)	176,063

The tax for the year is less than (2010 less than) the standard rate of corporation tax in the UK (28%). The differences are explained below

(Loss)/profit on ordinary activities before tax	(15,666,352)	376,686
Standard rate of corporation tax in UK (28% - 2010 28%)	4,386,579	(105,472)
Profit on disposal of group undertaking	18,497,386	-
Expenses disallowed for tax purposes	(24,369,003)	281,535
Group relief (payable)/receivable	(1,485,038)	176,063

Biwater Investments Limited

Notes to the financial statements (continued)

4	Investment in subsidiary undertaking	31 March 2011 £	31 March 2010 £
	Cost and net book value:		
	Balance at 1 April 2010	11,241,474	11,241,474
	Disposal	(11,241,474)	-
	Balance at 31 March 2011	-	11,241,474
	On 8 July 2010, the company disposed of its 58.47% investment in the share capital of Cascal NV for \$120.6m (£80.6m). The profit on disposal of Cascal NV, after deducting related disposal expenses, was £66,062,093.		
5	Debtors – amounts falling due within one year	31 March 2011 £	31 March 2010 £
	Amounts owed by ultimate parent undertaking	21,388,834	25,794,657
	Other debtors	1	1
		21,388,835	25,794,658
	Amounts owed by the ultimate parent undertaking are interest bearing and repayable within one year.		
6	Creditors – amounts falling due within one year	31 March 2011 £	31 March 2010 £
	Bank overdraft	27	-
	Group relief payable	2,342,261	857,223
		2,342,288	857,223
7	Called up share capital	31 March 2011 £	31 March 2010 £
	Allotted and fully paid 20,000 Ordinary shares of £1 each	20,000	20,000

Biwater Investments Limited

Notes to the financial statements (continued)

8 Combined statement of movements in equity shareholders' funds and statement of movements on reserves

	Share capital £	Share premium £	Profit and loss account £	Total £	2010 total £
Balance brought forward	20,000	19,205,522	16,972,415	36,197,937	35,645,188
(Loss)/profit for the financial period	-	-	(17,151,390)	(17,151,390)	552,749
Balance carried forward	20,000	19,205,522	(178,975)	19,046,547	36,197,937

9 Related party transactions

Advantage has been taken of the exemption given in FRS 8 – Related Party Disclosures to wholly owned subsidiaries, not to provide details of transactions and balances with other group members of the Biwater Holdings Limited group

There were no transactions between the company and Cascal NV during the period up to disposal

10 Cash flow statement

The company is exempt from producing a cash flow statement under FRS1 (revised 1996) – Cash Flow Statement, being a wholly owned subsidiary of Biwater Holdings Limited, whose accounts, which are publicly available, include a consolidated cash flow statement

11 Ultimate parent undertaking and controlling party

Biwater Investments Limited is wholly owned by Biwater Holdings Limited which is registered in England and Wales. Biwater Holdings Limited is the only company that consolidates the results of Biwater Investments Limited and is the ultimate parent undertaking. The ultimate controlling party of Biwater Holdings Limited is Mr A E White. Copies of the financial statements of Biwater Holdings Limited can be obtained from The Company Secretary, Biwater Holdings Limited, Biwater House, Station Approach, Dorking, Surrey, RH4 1TZ