

Orderclear Limited

Directors' report and financial statements

31 March 1999

Registered number 3352687



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the 15 month period ended 31 March 1999.

Principal activities

During the financial period the company did not trade. The company has one wholly owned subsidiary undertaking, Aqua-Dial Limited.

Post balance sheet event

On 30 April 1999 the ultimate parent company, US Filter Corporation, was taken over by Vivendi S.A. This is the largest French acquisition ever made in the United States. Vivendi S.A., Generale des Eaux's parent company, is a major player in Europe's commercial and utilities industries.

Directors and directors' interests

The directors who held office during the period were as follows:

S Boyd
J Wicks
E Noble (resigned 18 December 1998)
E Christensen (resigned 18 December 1998)

None of the directors who held office at the end of the period had any disclosable interest in the shares or debentures of group companies.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Year 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of the business depends not only on the company's computer systems, but also to some degree on those of the company's suppliers and customers. This could expose the company to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

A company-wide programme, designed to address the impact of Year 2000 on the business, has been commissioned by the Board and is underway. Resources have been allocated and the Board receives regular reports on progress.

Given the complexity of the problem, it is not possible for the organisation to guarantee that no Year 2000 problems will remain, because at least some level of failure may still occur.

Much of the costs involved in implementing the programme will be subsumed into the recurring activities of the departments involved.

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'J Wicks', with a stylized flourish at the end.

J Wicks
Director

Orderclear Ltd
Protean House
High Street
Lane End
High Wycombe
Buckinghamshire
HP14 3JF

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.



Aquis Court
31 Fishpool Street
St Albans
Hertfordshire, AL3 4RF

Report of the auditors to the members of Orderclear Limited

We have audited the financial statements on pages 5 to 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the company's affairs as at 31 March 1999 and of the result for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG 28 / 1 / 00

KPMG
Chartered Accountants
Registered Auditors

Profit and loss account

for the 15 month period ended 31 March 1999

	15 months ended 31 March 1999 £	Year ended 31 December 1997 £
Income from fixed asset investments	-	218,785
	<hr/>	<hr/>
Profit on ordinary activities before taxation	-	218,785
Tax attributable to franked investment income	-	(43,757)
	<hr/>	<hr/>
Profit for the financial period	-	175,028
Dividends paid	-	(175,028)
	<hr/>	<hr/>
Retained profit for the period	-	-
	<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

The company has no recognised gains or losses in the current or preceding period other than the profit for the period.

Balance sheet
at 31 March 1999

	<i>Note</i>	31 March 1999 £	31 December 1997 £
Fixed assets			
Investment	2	-	-
Current Assets			
Cash at bank and in hand		133	133
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	3	133	133
		<u> </u>	<u> </u>

These financial statements were approved by the board of directors on its behalf by:

27/1/00

and were signed on



J Wicks
Director

Notes

(forming part of the financial statements)

Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements are prepared on the basis that the company is a going concern.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised 1996) to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Investments

Investments in subsidiary undertakings are stated at cost less any permanent diminution in value.

Fixed asset investment

The company has one wholly owned subsidiary undertaking, Aqua-Dial Limited. The shares in Aqua-Dial Limited were gifted to the company and therefore have no cost. The details of the investment are as follows:

	Country of incorporation	Principal activity	Class of shares	Percentage of shares held
Subsidiary undertaking				
Aqua-Dial Limited (acquired 6 November 1997)	England and Wales	Manufacture and sale of water treatment products	Ordinary	100%

Notes (continued)

Called up share capital

	31 March 1999	31 December 1997
	£	£
<i>Authorised</i>		
100,000 ordinary shares of 1p each	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
13,300 ordinary shares of 1p each	133	133
	<u> </u>	<u> </u>

Related parties

The company is a wholly owned subsidiary of Culligan International (UK) Limited. At 31 March 1999 the ultimate parent company and ultimate controlling party was US Filter Corporation. The company is exempt under FRS 8 from disclosure of transactions with other entities that are part of the group headed by US Filter Corporation on the grounds that more than 90% of the voting rights are controlled within the group.

Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary undertaking of Culligan International (UK) Limited, incorporated in England. The largest group in which the results of the company are consolidated is that headed by US Filter Corporation, incorporated in the United States of America. The smallest group in which they are consolidated is that headed by USF Holdings (UK) Limited, incorporated in England. The consolidated accounts of these groups are available to the public and may be obtained from US Filter Corporation, 40004 Cook Street, Palm Desert, California 92211, USA.

Post balance sheet event

On 30 April 1999 the ultimate parent company, US Filter Corporation, was taken over by Vivendi S.A. This is the largest French acquisition ever made in the United States. Vivendi S.A., Generale des Eaux's parent company, is a major player in Europe's commercial and utilities industries.