

COMPANY NUMBER: 04880825

**REPORT OF THE DIRECTORS AND
AMENDING FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2008
FOR
TANA WATER (UK) LIMITED**



TANA WATER (UK) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2008**

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TANA WATER (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2008**

DIRECTORS: D Taragan
N Heane
G Zamir

SECRETARY: B E Macleod

REGISTERED OFFICE: Tana House
Henley Business Park
Pirbright Road, Normandy
Guildford
Surrey
GU3 2DX

REGISTERED NUMBER: 4880825

AUDITORS: CMB Partnership
Chartered Accountants and Registered Auditors
Chapel House
1 Chapel Street
Guildford
Surrey
GU1 3UH

TANA WATER (UK) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008

REVISED ANNUAL FINANCIAL STATEMENTS

The directors present their report together with revised financial statements as attached which replace the original accounts prepared for the year ended 31 December 2008.

These financial statements are now the statutory accounts of the company for the year ended 31 December 2008.

These revised accounts have been prepared as at the date of the original annual accounts and not as at the date of the revision and accordingly do not deal with events between those dates.

The original annual accounts approved by the directors on 29 April 2009 did not comply with the requirements of the Companies Act 1985 as they omitted agreed group charges with the parent undertaking.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale and distribution of water dispensers. The newly formed subsidiary undertaking, Tami 4 Limited, was dormant during the year.

REVIEW OF BUSINESS

The results for the year and financial position of the company are shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2008.

FUTURE DEVELOPMENTS

No changes to the principal activities of the company are anticipated.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2008 to the date of this report.

D Taragan
N Heane
G Zamir

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 International Financial Reporting Standards as adopted for use in the European Union. 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 these 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 that the financial statements comply with IFRS;
- 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 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 AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director 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.

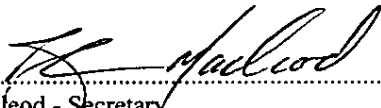
TANA WATER (UK) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008**

AUDITORS

The auditors, CMB Partnership, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
B E Macleod - Secretary

Date: 16/12/09

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF TANA WATER (UK) LIMITED

We have audited the revised financial statements of Tana Water (UK) Limited for the year ended 31 December 2008 on pages five to fifteen. These revised financial statements have been prepared under the accounting policies set out therein and replace the original financial statements approved by the directors on 29 April 2009.

The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Report) Regulations 1990 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 a Report of the Auditors 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 described in the Statement of Directors Responsibilities the company's directors are responsible for the preparation of revised financial statements in accordance with applicable law and International Financial Reporting Standards as adopted for use in the European Union.

Our responsibility is to audit the revised financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the revised financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990. We also report to you whether in our opinion the information given in the revised Report of the Directors 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 revised Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors.

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 revised financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the revised financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

The audit of revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors and have been properly made.

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 revised 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 revised financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
TANA WATER (UK) LIMITED - Continued**

Opinion

In our opinion:

- the revised financial statements give a true and fair view, in accordance with International Financial Reporting Standards, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the revised financial statements have been properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 1990;
- the original financial statements for the year ended 31 December 2008 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in the statement contained in note 1 to these revised financial statements; and
- the information given in the revised Report of the Directors is consistent with the financial statements.

CMB Partnership
Chartered Accountants and Registered Auditors
Chapel House
1 Chapel Street
Guildford
Surrey GU1 3UH

CMB Partnership
16.12.09.

TANA WATER (UK) LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £	2007 £
CONTINUING OPERATIONS			
Revenue		1,748,557	1,287,995
Cost of sales		<u>(894,907)</u>	<u>(838,582)</u>
GROSS PROFIT		853,650	449,413
Distribution costs		(380,283)	(469,021)
Administrative expenses		<u>(403,298)</u>	<u>(307,294)</u>
OPERATING PROFIT/(LOSS)		70,069	(326,902)
Finance costs	3	<u>(62,637)</u>	<u>(11,070)</u>
PROFIT/(LOSS) BEFORE INCOME TAX 4		7,432	(337,972)
Income tax	5	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE YEAR		<u><u>7,432</u></u>	<u><u>(337,972)</u></u>

The notes form part of these financial statements

TANA WATER (UK) LIMITED

**STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 £	2007 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	<u>7,432</u>	<u>(337,972)</u>
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	<u>7,432</u>	(337,972)
Prior year adjustment		<u>(181,252)</u>
TOTAL RECOGNISED INCOME AND EXPENSE SINCE LAST ANNUAL REPORT		<u>(519,224)</u>

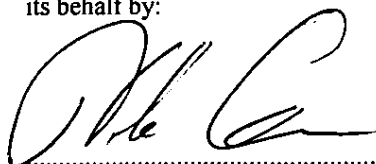
The notes form part of these financial statements

TANA WATER (UK) LIMITED

**BALANCE SHEET
31 DECEMBER 2008**

	Notes	2008 £	2007 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	169,073	84,349
Investments	7	<u>1</u>	<u>-</u>
		<u>169,074</u>	<u>84,349</u>
CURRENT ASSETS			
Inventories	8	85,983	21,715
Trade and other receivables	9	1,029,079	513,854
Cash and cash equivalents	10	<u>62</u>	<u>14,597</u>
		<u>1,115,124</u>	<u>550,166</u>
TOTAL ASSETS		<u><u>1,284,198</u></u>	<u><u>634,515</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	1,260,001	1
Retained earnings	12	<u>(1,366,278)</u>	<u>(1,373,710)</u>
TOTAL EQUITY		<u>(106,277)</u>	<u>(1,373,709)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	13	<u>494,878</u>	<u>243,001</u>
CURRENT LIABILITIES			
Trade and other payables	13	684,386	1,565,484
Financial liabilities - borrowings			
Bank overdrafts	14	<u>211,211</u>	<u>199,739</u>
		<u>895,597</u>	<u>1,765,223</u>
TOTAL LIABILITIES		<u>1,390,475</u>	<u>2,008,224</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,284,198</u></u>	<u><u>634,515</u></u>

The financial statements were approved by the Board of Directors on 16 December 2009 and were signed on its behalf by:



N Heane - Director

The notes form part of these financial statements

TANA WATER (UK) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £	2007 £
Cash flows from operating activities			
Cash generated from operations	1	179,903	94,266
Interest paid		<u>(62,637)</u>	<u>(11,070)</u>
Net cash from operating activities		<u>117,266</u>	<u>83,196</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(143,273)</u>	<u>(80,358)</u>
Net cash from investing activities		<u>(143,273)</u>	<u>(80,358)</u>
 (Decrease)/Increase in cash and cash equivalents		 (26,007)	 2,838
Cash and cash equivalents at beginning of year	2	<u>(185,142)</u>	<u>(187,980)</u>
Cash and cash equivalents at end of year	2	<u>(211,149)</u>	<u>(185,142)</u>

The notes form part of these financial statements

TANA WATER (UK) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2008 £	2007 £
Profit/(loss) before income tax	7,432	(337,972)
Depreciation charges	58,549	46,431
Finance costs	<u>62,637</u>	<u>11,070</u>
	128,618	(280,471)
(Increase)/Decrease in inventories	(64,268)	22,324
Increase in trade and other receivables	(515,226)	(261,328)
Increase in trade and other payables	<u>630,779</u>	<u>613,741</u>
Cash generated from operations	<u>179,903</u>	<u>94,266</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow in respect of cash and cash equivalents are in respect of these balance sheet amounts:

Year ended 31 December 2008

	31/12/08 £	1/1/08 £
Cash and cash equivalents	62	14,597
Bank overdrafts	<u>(211,211)</u>	<u>(199,739)</u>
	<u>(211,149)</u>	<u>(185,142)</u>

Year ended 31 December 2007

	31/12/07 £	1/1/07 £
Cash and cash equivalents	14,597	11,739
Bank overdrafts	<u>(199,739)</u>	<u>(199,719)</u>
	<u>(185,142)</u>	<u>(187,980)</u>

TANA WATER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The original financial statements prepared by the directors were approved on 29 April 2009, but they did not comply with the Companies Act 1985 as they omitted agreed group charges with the parent undertaking. The directors have therefore prepared revised financial statements.

These revised financial statements include information relating to the results of the company. The subsidiary undertaking has been dormant since incorporation and therefore has no results to consolidate at 31 December 2008.

Revenue recognition

Turnover on machine sales is recognised at the point of sale. Associated maintenance revenue is released to the income statement over the duration of the agreement. Revenue is split between machine and maintenance using the fair value method.

Income from the hire of machines under rental agreements in existence prior to 30 June 2007 is shown as income on a straight line basis over the length of the rental agreement. The cost of the machine is included within the rental fleet in fixed assets and depreciated over the lease term. For agreements commencing on or after 1 July 2007, the customer is unable to terminate the agreement until the end of the term. For these agreements, the revenue is split between machine sales and maintenance using the fair value method. The machine revenue is recognised as income and the cost of the machine included within cost of sales. Maintenance income is deferred and released to the profit and loss account over the duration of the agreement.

Property, plant and equipment

Depreciation is provided on a straight line basis at the following annual rates to write off each asset over its estimated useful life:

Computer equipment	Over 3 years
Fixtures and fittings	Over 5 years
Plant and equipment	Over 3 years
Rental units	Over the rental term
Leasehold improvements	Over the lease term

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the income statement.

Going concern

The accounts have been prepared on a going concern basis as the company has received an assurance from the parent undertaking that it will continue to financially support the company for a period of at least 12 months from the date of approval of these accounts.

Cash flow statement

Cash and cash equivalents are considered to be cash at bank together with bank overdrafts.

TANA WATER (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

2. EMPLOYEES AND DIRECTORS

	2008	2007
	£	£
Wages and salaries	898,894	728,787
Social security costs	70,682	54,956
Other pension costs	<u>3,000</u>	<u>2,750</u>
	<u>972,576</u>	<u>786,493</u>

The average monthly number of employees during the year was as follows:

	2008	2007
Total	<u>32</u>	<u>27</u>

	2008	2007
	£	£
Directors' emoluments	84,000	83,000
Directors' pension contributions to money purchase schemes	<u>3,000</u>	<u>2,750</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2008	2007
Money purchase schemes	<u>1</u>	<u>1</u>

3. NET FINANCE COSTS

	2008	2007
	£	£
Finance costs:		
Bank interest	16,137	11,070
Inter company	<u>46,500</u>	<u>-</u>
	<u>62,637</u>	<u>11,070</u>

4. PROFIT/(LOSS) BEFORE INCOME TAX

The profit before income tax (2007 - loss before income tax) is stated after charging:

	2008	2007
	£	£
Cost of inventories recognised as expense	894,907	838,582
Depreciation - owned assets	58,549	46,431
Auditors' remuneration	<u>1,950</u>	<u>1,900</u>

5. INCOME TAX

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2008 nor for the year ended 31 December 2007.

No recognition of a potential deferred tax asset is recognised on accumulated tax losses, on the basis that the company has made losses in the current and previous periods.

TANA WATER (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

6. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £	Plant and machinery £	Totals £
COST			
At 1 January 2008	-	188,350	188,350
Additions	<u>97,673</u>	<u>45,600</u>	<u>143,273</u>
At 31 December 2008	<u>97,673</u>	<u>233,950</u>	<u>331,623</u>
DEPRECIATION			
At 1 January 2008	-	104,001	104,001
Charge for year	<u>1,989</u>	<u>56,560</u>	<u>58,549</u>
At 31 December 2008	<u>1,989</u>	<u>160,561</u>	<u>162,550</u>
NET BOOK VALUE			
At 31 December 2008	<u>95,684</u>	<u>73,389</u>	<u>169,073</u>
At 31 December 2007	<u>-</u>	<u>84,349</u>	<u>84,349</u>

7. INVESTMENTS

	Shares in group undertakings £
COST	
Additions	<u>1</u>
At 31 December 2008	<u>1</u>
NET BOOK VALUE	
At 31 December 2008	<u>1</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

Tami4 Limited

Nature of business: Dormant

	% holding
Class of shares:	
Ordinary	100.00

The subsidiary undertaking was incorporated during the year. No financial statements have been prepared since incorporation.

8. INVENTORIES

	2008 £	2007 £
Finished goods	<u>85,983</u>	<u>21,715</u>

TANA WATER (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

9. TRADE AND OTHER RECEIVABLES

	2008 £	2007 £
Current:		
Trade debtors	977,229	456,213
Other debtors	14,986	14,986
Prepayments and accrued income	<u>36,864</u>	<u>42,655</u>
	<u>1,029,079</u>	<u>513,854</u>

Prepayments includes £17,366 (2007 - £19,166) of deposits which are not recoverable within one year of the balance sheet date. Trade debtors also includes £291,155 of amounts which are not due to be collectable within one year.

10. CASH AND CASH EQUIVALENTS

	2008 £	2007 £
Cash in hand	62	1,161
Bank deposit account	<u>-</u>	<u>13,436</u>
	<u>62</u>	<u>14,597</u>

11. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2008 £	2007 £
3,000,000 (2007 - 1,000)	Ordinary	1	<u>3,000,000</u>	<u>1,000</u>
Allotted, issued and fully paid: Number:	Class:	Nominal value:	2008 £	2007 £
1,260,001 (2007 - 1)	Ordinary	1	<u>1,260,001</u>	<u>1</u>

On 14 October 2008 the company issued 1,260,000 Ordinary £1 shares at par.

12. RESERVES

	Retained earnings £
At 1 January 2008	(1,373,710)
Profit for the year	<u>7,432</u>
At 31 December 2008	<u>(1,366,278)</u>

TANA WATER (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2008**

13. TRADE AND OTHER PAYABLES

	2008 £	2007 £
Current:		
Trade creditors	84,586	947,118
Amounts owed to group undertakings	96,001	202,000
Social security and other taxes	27,831	29,652
Accruals	83,654	45,643
Deferred income	<u>392,314</u>	<u>341,071</u>
	<u>684,386</u>	<u>1,565,484</u>
Non-current:		
Deferred income	<u>494,878</u>	<u>243,001</u>

14. FINANCIAL LIABILITIES - BORROWINGS

	2008 £	2007 £
Current:		
Bank overdrafts	<u>211,211</u>	<u>199,739</u>
Terms and debt repayment schedule		
		1 year or less £
Bank overdrafts		<u>211,211</u>

SECURED DEBT

Bank overdrafts totalling £199,764 are secured debt over the company's assets. The parent undertaking has also guaranteed to repay this amount if called upon by the bank.

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2008 £	2007 £
Within one year	19,442	29,972
Between one and five years	<u>340,235</u>	<u>4,995</u>
	<u>359,677</u>	<u>34,967</u>

16. ULTIMATE PARENT COMPANY

The parent undertaking is Tana Industries Limited, a company incorporated in Israel.

TANA WATER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2008

17. RELATED PARTY DISCLOSURES

At 31 December 2008 an amount of £96,000 (2007: £202,000) was owed to the parent undertaking, Tana Industries Limited. Interest of £46,500 (2007: £nil) is charged on the balances owing throughout the year. Additionally trade creditors includes £11,833 (2007: £920,943) which was owed to Tana Industries Limited. The company also paid a management fee of £36,720 during the year ended 31 December 2008 (2007: £36,720) to the parent undertaking. The company received a contribution of £150,000 during the year ended 31 December 2008 (2007: £150,000) towards marketing expenditure, together with £243,500 (2007 - £nil) towards market penetration support. The parent undertaking also guarantees to repay a bank overdraft of £199,764 if called upon by the bank.

The company also owed Tami4 Limited £1 (2007: £nil) at 31 December 2008.

18. CONTROL

The company is considered to be under the control of the directors of the ultimate parent undertaking.