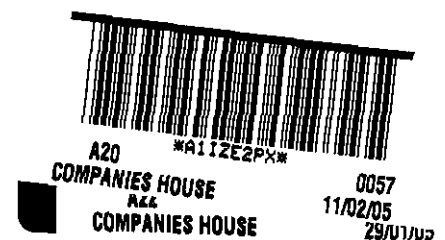


COMPANY REGISTRATION NUMBER 4905293

ENITIAL WATER LIMITED
Financial Statements
31st March 2004

GARRATTS

Chartered Accountants & Registered A
29 Waterloo Road
Wolverhampton
West Midlands
WV1 4DJ



ENITIAL WATER LIMITED

Financial Statements

Period ended 31st March 2004

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ENITIAL WATER LIMITED

Officers and Professional Advisers

The Board of Directors

D A Edwards
G R Seaton

Company Secretary

D J Towell

Registered Office

C/O Enitial
Enterprise Drive
Four Ashes
Wolverhampton
West Midlands
WV10 7DE

Auditors

Garratts
Chartered Accountants
& Registered Auditors
29 Waterloo Road
Wolverhampton
West Midlands
WV1 4DJ

ENITIAL WATER LIMITED

The Directors' Report

Period ended 31st March 2004

The directors have pleasure in presenting their report and the financial statements of the company for the period ended 31st March 2004.

Principal activities and business review

The company was incorporated on 19 September 2003 as Eventgrand Limited. On 20 November 2003 the company changed its name by special resolution to Enitial Water Limited and commenced to trade on the same date.

The principal activity of the company during the period was the supply of control equipment to the water industry.

Results and dividends

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the period were as follows:

D A Edwards	(Appointed 16th October 2003)
G R Seaton	(Appointed 2nd February 2004)

The company is a wholly-owned subsidiary of Initial Projects Limited, and any directors' interest in the shares therein are shown in the accounts of that company.

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 at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

ENITIAL WATER LIMITED

The Directors' Report *(continued)*

Period ended 31st March 2004

Auditors

A resolution to re-appoint Garratts as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
C/O Enitial
Enterprise Drive
Four Ashes
Wolverhampton
West Midlands
WV10 7DE

Signed by order of the directors



D J Towell
Company Secretary

Approved by the directors on 24th June 2004

ENITIAL WATER LIMITED

Independent Auditors' Report to the Shareholders of Enitail Water Limited

Period ended 31st March 2004

We have audited the financial statements of Enitail Water Limited for the period ended 31st March 2004 on pages 6 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders 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 the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom 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.

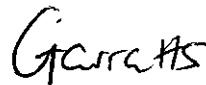
ENITIAL WATER LIMITED

Independent Auditors' Report to the Shareholders of Enitial Water Limited *(continued)*

Period ended 31st March 2004

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2004 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



GARRATTS
Chartered Accountants
& Registered Auditors

29 Waterloo Road
Wolverhampton
West Midlands
WV1 4DJ

24th June 2004

ENITHAL WATER LIMITED

Profit and Loss Account

Period ended 31st March 2004

	Note	2004 £
Turnover		65,730
Cost of sales		53,126
Gross profit		12,604
Administrative expenses		9,035
Profit on ordinary activities before taxation		3,569
Tax on profit on ordinary activities		—
Retained profit for the financial period		3,569

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 8 to 10 form part of these financial statements.

ENITIAL WATER LIMITED

Balance Sheet

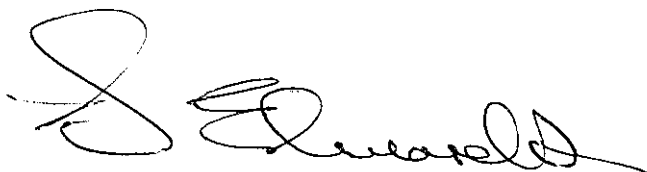
31st March 2004

	Note	2004 £
Current assets		
Debtors	4	77,233
Creditors: Amounts falling due within one year	5	73,663
Net current assets		<u>3,570</u>
Total assets less current liabilities		<u>3,570</u>
Capital and reserves		
Called-up equity share capital	7	1
Profit and loss account	8	<u>3,569</u>
Shareholders' funds	9	<u>3,570</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 24th June 2004 and are signed on their behalf by:

D A Edwards



The notes on pages 8 to 10 form part of these financial statements.

ENITIAL WATER LIMITED

Notes to the Financial Statements

Period ended 31st March 2004

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

2. Operating profit

Operating profit is stated after charging:

	2004
	£
Directors' emoluments	<u>—</u>

3. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the period.

4. Debtors

	2004
	£
Trade debtors	77,232
Other debtors	<u>1</u>
	<u>77,233</u>

INITIAL WATER LIMITED

Notes to the Financial Statements

Period ended 31st March 2004

5. Creditors: Amounts falling due within one year

	2004 £
Trade creditors	73,039
VAT	624
	<u>73,663</u>

6. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

7. Share capital

Authorised share capital:

	2004 £
1 Ordinary shares of £1 each	<u>1</u>

Allotted, called up and fully paid:

	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

8. Profit and loss account

	2004 £
Retained profit for the financial period	3,569
Balance carried forward	<u>3,569</u>

9. Reconciliation of movements in shareholders' funds

	2004 £
Profit for the financial period	3,569
New equity share capital subscribed	1
	<u>3,570</u>
Net addition to shareholders' equity funds	3,570
Closing shareholders' equity funds	<u>3,570</u>

10. Ultimate parent company

The company is a wholly-owned subsidiary of Initial Projects Limited, a company incorporated in England.

ENITIAL WATER LIMITED

Notes to the Financial Statements

Period ended 31st March 2004

11. Accounting period

The accounts cover the period from incorporation on 19 September 2003. Comparative figures are therefore not applicable.

ENITIAL WATER LIMITED

Management Information

Period ended 31st March 2004

**The following page does not form part of the statutory financial statements
which are the subject of the independent auditors' report on pages 4 to 5.**

ENITIAL WATER LIMITED

Detailed Profit and Loss Account

Period ended 31st March 2004

	2004 £
Turnover	65,730
Cost of sales	
Purchases	22,346
Subcontract	30,780
	<u>53,126</u>
Gross profit	12,604
Overheads	
Insurance	4,500
Sundry expenses	4,500
Advertising	35
	<u>9,035</u>
Profit on ordinary activities	<u>3,569</u>