Registered No. 6406455

This Water Limited
Report and Financial Statements

31 December 2008

Registered No. 6406455

Directors
A R Balon
R Reed
J C L Wright
D Lamont

Secretary
A R Balon

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
Bank of Scotland plc
The Mound
Edinburgh EH1 1YZ

Solicitors
Joelson Wilson & Co
30 Portland Place
London W1B 1LZ

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Directors' report

The directors present their report and financial statements for the period 23 October 2007 to 31 December 2008.

This Water Ltd was incorporated on 23rd October 2007. For the period 23 October 2007 to 30 November 2008, This Water Ltd generated royalty income from innocent Ltd, which continued to run the This Water operations. As of 1 December 2008, This Water Ltd assumed full operational responsibilities for This Water and royalty income from innocent Ltd ceased.

Results and dividends

The loss for the 15 month period after taxation amounted to £765,000. The directors do not recommend the payment of a final dividend.

Principal activity, review of the business and future developments

The principal activity of the company is the manufacture and distribution of drinks and the development of new drinks.

The performance of the company during the period was strong for This Water, with month on month sales growing 91% since October 2007.

This Water's product portfolio has expanded to meet the ongoing demand in the market. New products have been launched and This Water entered the On-Trade market in mid 2009. International expansion into continental Europe commenced in 2009.

The products manufactured and sold by the company are designed to minimise environmental impact.

Principal risks and uncertainties

Exposure to credit, liquidity, cash flow, pricing risk and competitive risks

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. This Water policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. This Water aims to mitigate liquidity risk by managing cash generation by its operations, and also via financing facilities.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. Innocent manages this risk, where significant, by use of derivatives as explained below. Additionally, the post Balance Sheet date investment as described below has further mitigated this risk.

Pricing risk is the risk that the movement in the price of key materials will adversely affect the profitability of the business. This Water's parent group aims to manage the risk of movement in the price of fruit by the use of forward purchase contracts.

Competitive risks have continued to increase with the introduction of new multinational competitors and independent brands into the juice drinks category.

Directors' report

Directors

Small company exemption

The report and financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The directors who served during the period are as listed on page 2.

Director	Appointed
Adam Balon	15/11/2007
Richard Reed	15/11/2007
Jon Wright	15/11/2007
Douglas Lamont	11/09/2008

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General

On behalf of the board

Jon Wright, Director Date 21/8/09

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 period. Under that law the directors have elected to prepare the 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; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which 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 on Going Concern

On 29 May 2009, This Water Limited's parent company, Fresh Trading Limited, received a £30m investment from The Coca Cola Company (TCCC). As a result of this investment, This Water Limited's parent group has considerable financial resources together with contracts with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.
After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Independent auditors' report

to the members of This Water Limited

We have audited the company's financial statements (the "financial statements") for the 15 month period ended 31 December 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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).

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 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.

Independent auditors' report

to the members of This Water Limited

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 December 2008 and of its loss for the 15 month period 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.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

21/8/09

Profit and loss account

for the 15 month period ended 31 December 2008

	Notes	*15 months ending 31 December 2008* £000
Turnover	2	496
Cost of sales		(241)
Gross profit		255
Other Income		365
Distribution costs		(115)
Administrative expenses		(1,270)
Operating loss	3	(765)
Loss on ordinary activities before taxation		(765)
Tax on loss on ordinary activities	6	-
Loss for the period	13	(765)

All losses arose from continuing activities.

Statement of total recognised gains and losses

for the 15 month period ended 31 December 2008

There are no recognised gains or losses other than the loss of £765,000 attributable to the shareholders for the 15 month period ended 31 December 2008.

Balance sheet
as at 31 December 2008

	Notes	2008 £000
Current assets		
Stocks	7	18
Debtors	8	598
Cash at bank and in hand		53
		669
Creditors: amounts falling due within one year	9	(205)
Net current assets		464
Total assets less current liabilities		464
Creditors: amounts falling due in more than one year	10	(1,228)
Net liabilities		(764)
Capital and reserves		
Called up share capital	11	1
Profit and loss account	13	(765)
Shareholders' funds	13	(764)

Jon Wright, Director

Date 21/8/09

Notes to the financial statements

at 31 December 2008

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The company's results are included in the consolidated financial statements of the ultimate parent undertaking, Fresh Trading Limited.

Statement of cash flows

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a company producing publicly available group financial statements.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Raw materials	–	purchase cost on a first-in, first-out basis
Finished goods	–	cost of direct materials, blending costs, and attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on receipt of the goods.

Interest income
Revenue is recognised as interest accrues using the effective interest method.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, or at the contracted rate if the transaction is covered by a forward foreign currency contract.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and if appropriate at the forward contract rate.

All differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2008

1 Accounting policies (continued)

Share based payments

The cost of cash-settled transactions is measured at fair value using an appropriate option pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period a liability is recognised representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognised in profit or loss for the period.

Pensions

The company makes contributions to a group personal pension scheme on behalf of its employees. Contributions are charged to the profit and loss account as they become due, in accordance with the rules of the scheme.

Other Income

Other Income relates to royalty income, which is recognised in the period earned according to the dates of the royalty licence agreement.

2 Turnover

Turnover, which is stated net of value added tax, represents the invoiced amounts of goods sold to third parties. Turnover is attributable to the company's continuing principal activity.

An analysis of turnover by geographical market is given below:

	15 months ending 31 December 2008 *£000*
UK	496
	496

3 Operating loss

Auditors' remuneration is paid by the parent company, Fresh Trading Limited.

Operating loss is stated after charging:	*15 months ending 31 December 2008* *£000*
Cash settled share based payment scheme	1,228

Notes to the financial statements
at 31 December 2008

4 Directors' remuneration

	15 months ending 31 December 2008
	£000
Emoluments	35

5 Staff costs

	15 months ending 31 December 2008
	£000
Wages and salaries	87
Social security costs	14
	101

The average monthly number of employees was as follows:

	15 months ending 31 December 2008
	No.
Sales and distribution	1
Administration	-
	1

Notes to the financial statements
at 31 December 2008

6 Taxation
(a) Tax on loss on ordinary activities
The tax is made up as follows:

	15 months ending 31 December 2008 £000
Current tax:	
UK corporation tax	-
Total current tax (note 6(b))	-
Total tax for the period	-

(b) Factors affecting current tax (credit)/charge for the period:
The tax assessed for the period differs from the standard rate of corporation tax in the UK of 28.8% due to the extended period of the accounts.
The differences are explained below:

	2008 £000
Loss on ordinary activities before taxation	(765)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.8%	(220)
Effects of:	
Non–deductible expenses	350
Group tax relief utilised	(130)
Current tax for the period (note 6(a))	-

There is no recognised or unrecognised deferred tax at the balance sheet date.

Notes to the financial statements
as at 31 December 2008

7 Stocks

	2008 £000
Raw materials and consumables	18

8 Debtors

	2008 £000
Prepayments	16
Amounts owed from group undertakings	582
	598

9 Creditors: amounts falling due within one year

	2008 £000
Trade creditors	151
Other taxes and social security costs	54
	205

10 Creditors: amounts falling due in more than one year

	2008 £000
Cash settled share based payment scheme (see note 12)	1,228

Notes to the financial statements
as at 31 December 2008

11 Authorised and issued share capital

Authorised	*2008* £
A Ordinary Shares of £0.01 each	975
B Ordinary Shares of £0.01 each	25
C Ordinary Shares of £0.01 each	150
	1,150

Allotted, called up and fully paid	*2008* £	*2008* *No.*
A Ordinary Shares of £0.01 each	975	97,500
B Ordinary Shares of £0.01 each	25	2,500
	1,000	100,000

On 23 October 2007, upon the incorporation of the company, 1 fully paid Ordinary Share with a nominal value of £0.01 was issued to Fresh Trading Limited.

On 31 January 2008, a further 97,499 Ordinary Shares were allotted to Fresh Trading Limited in exchange for the transfer of Intellectual Property Rights owned by Fresh Trading Limited to the company. The Intellectual Property Rights were valued at £40.00 per share.

On 11 September 2008:

97,500 of the issued Ordinary Shares were converted into fully paid 'A' Ordinary Shares at the rate of 1 'A' Ordinary Share for every 1 Ordinary Share held;

2,500 of the unissued Ordinary Shares were converted into 2,500 'B' Ordinary Shares of £0.01 each;

2,500 'B' Ordinary Shares were issued for deferred consideration pertaining to share premium of £55.99 per share, subject to future call by the company. The nominal value of £0.01 per share was paid in full. The 'B' Ordinary shares are redeemable at the option of the shareholder or the company in accordance with the respective terms and conditions set out in the Articles of Association. 'B' Ordinary shares acquired by employees or officers of the company are subject to a dividend restriction period and a voting restriction period as set out in the Articles of Association. The earliest and latest redemption dates of the 'B' Ordinary shares are determined by the occurrence of certain events, including the date that the company is sold, the date of a listing, the date of disposal, in the event of a Parent Company sale or if the 'B' Shareholder becomes a leaver of the company; and

The authorised share capital of the company was increased by £150 through the creation of 15,000 'C' Ordinary Shares of £0.01 each.

Notes to the financial statements
as at 31 December 2008

12 Share-based payments

Share based payment equity instruments relate to redeemable 'B' Ordinary shares which are accounted for as cash-settled share based payments due to the terms and conditions surrounding their redemption.

Due to the varied terms of redemption, the B Shares carry no fixed vesting or exercise period. The earliest and latest redemption dates of the 'B' Ordinary shares are determined by the occurrence of certain events, including the date that the company is sold, the date of a listing, the date of disposal, in the event of a Parent Company sale or if the 'B' Shareholder becomes a leaver of the company.

The fair value of the share based payment liability is calculated based on the most likely redemption case, which at the year end is considered to be derived from the enterprise value of the entity in which the shares were issued. The charge recognised during the year and the corresponding fair value of the share based payment liability as at 31 December 2008 was £1,228,000.

13 Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	*Profit and loss account £000*	*Total shareholders' funds £000*
At 23 October 2007	-	-	-
Loss for the 15 month period		(765)	(765)
Share Issue	1	-	1
At 31 December 2008	1	(765)	(764)

14 Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary undertaking of Fresh Trading Limited. The result of This Water Limited is consolidated in the group financial statements of Fresh Trading Limited, which is the only group of which the company is a member. The consolidated financial statements of Fresh Trading Limited can be obtained from Companies House, Cardiff, CF14 3UZ.