

ENW CAPITAL FINANCE plc

Half Year Condensed Financial Statements

For the period from incorporation to

30 September 2009

**HALF YEAR CONDENSED FINANCIAL STATEMENTS FROM INCORPORATION
TO 30 SEPTEMBER 2009**

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INTERIM MANAGEMENT REPORT

Cautionary Statement

This interim management report contains certain forward-looking statements with respect to the financial condition and business of ENW Capital Finance plc (the “Company”). Statements or forecasts relating to events in the future necessarily involve risk and uncertainty and are made by the directors in good faith based on the information available at the date of signature of this report. ENW Capital Finance plc undertakes no obligation to update these forward-looking statements. Nothing in this unaudited Interim management report should be construed as a profit forecast nor should past performance be relied upon as a guide to future performance.

Directors

The names of the directors who held office during the period are given below:

J A Gittins	(appointed 16 July 2009)
S Johnson	(appointed 8 April 2009)
N P Mills	(appointed 23 June 2009)
C Thompson	(appointed 24 April 2009)
S S Toor	(appointed 23 June 2009)
M G Sugden	(appointed 8 April 2009, resigned 12 June 2009)

Operations

The company was incorporated on 8 April 2009 as a public limited company. The principal activity of the Company during the period from incorporation to 30 September 2009 was that of a financing company which issued Notes and listed them on the London Stock Exchange. The Company is a financing entity within the North West Electricity Networks (Jersey) Limited group (the “Group”) and following the issue of Notes, it has lent the proceeds to its immediate parent company North West Electricity Networks Limited.

Important Events

On 21 July 2009 the Company:

- (1) issued GBP 300,000,000 6.75 per cent. fixed rate Notes due 2015, guaranteed by North West Electricity Networks Limited (the “Parent Company”) and NWEN Group Limited;
- (2) secured the listing of those Notes on the London Stock Exchange; and
- (3) entered into a loan arrangement with the Parent Company for the proceeds of the Notes on equivalent terms.

Results

The results for the period are included in the Condensed Income Statement on page 3.

Principal risks and uncertainties

As the Company is a financing subsidiary, its principal risks and uncertainties are integral with those of its parent company and the wider Group and are not managed separately. They are discussed on pages 1 to 4 of the 2009 Annual Report and Accounts of North West Electricity Networks Limited and the half year condensed financial statements of North West Electricity Networks Limited on pages 2 to 3, which should be read in conjunction with the principal risks section of the 2009 Annual Report and Accounts of Electricity North West Limited, the principal trading subsidiary, and a fellow subsidiary of North West Electricity Networks Limited. Both of those Reports and Accounts can be found at www.enwpltd.co.uk.

It is the Board’s view that the principal risks and uncertainties surrounding the Group in the second half of the financial year which ends on 31 March 2010 will continue to be those set out in the 2009 Annual Reports and Accounts mentioned above with the exception that the refinancing mentioned in those reports has now been completed. The Company’s listing of Notes forms part of this refinancing.

INTERIM MANAGEMENT REPORT (continued)

Responsibility statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and a description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Registered address:

Dalton House, 104 Dalton Avenue

Birchwood Park, Birchwood

Warrington WA3 6YF

By order of the Board:

S Johnson

Director

26 November 2009

CONDENSED INCOME STATEMENT
For the period from incorporation to 30 September 2009

	Note	Unaudited Period ended 30 September 2009 £000
Operating profit		-
Investment income	3	3,969
Finance expense	4	(3,969)
Profit before taxation		-
Taxation		-
Profit for the period		-

All the results shown in the income statement derive from continuing operations.

There were no other recognised gains and losses in the period, no separate condensed statement of recognised income and expense has been prepared.

CONDENSED BALANCE SHEET
At 30 September 2009

	Note	Unaudited 30 September 2009 £000
ASSETS		
Non-current assets		
Trade and other receivables	6	299,118
		<u>299,118</u>
Current assets		
Trade and other receivables	6	3,939
Cash and cash equivalents		13
		<u>3,952</u>
Total assets		<u><u>303,070</u></u>
LIABILITIES		
Current liabilities		
Trade and other payables	7	(3,939)
		<u>(3,939)</u>
Net current assets		<u>13</u>
Non-current liabilities		
Borrowings	7	(299,118)
		<u>(299,118)</u>
Total liabilities		<u>(303,057)</u>
Net assets		<u><u>13</u></u>
EQUITY		
Share capital	9	13
Retained earnings		-
Total equity		<u><u>13</u></u>

Approved by the board of directors on 25 November 2009 and signed on its behalf by:

S Johnson

Director

26 November 2009

CONDENSED CASHFLOW STATEMENT
For the period from incorporation to 30 September 2009

	Unaudited Period ended 30 September 2009 £000
Financing activities	
Proceeds on issue of ordinary shares	13
Proceeds on issue of Bonds	299,088
Issue of group borrowings	(299,088)
	<hr/>
Net cash generated from financing activities	13
	<hr/>
Net increase in cash and cash equivalents	13
	<hr/>
Cash and cash equivalents at beginning of the period	-
	<hr/>
Cash and cash equivalents at end of the period	13
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**NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
FOR PERIOD FROM INCORPORATION TO 30 SEPTEMBER 2009****1. GENERAL INFORMATION**

The financial information for the period ended 30 September 2009 has neither been audited nor reviewed by the auditors. There is no financial information for any comparative periods as the company was incorporated in April 2009.

2. ACCOUNTING POLICIES**Basis of preparation**

The half year financial statements of the Company have been prepared on the basis of International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34).

Basis of preparation: Going concern

When considering continuing to adopt the going concern basis in preparing the annual report and accounts of the Company, the directors have taken into account a number of factors, including the financial position of the Company and the Group in which it operates. The Directors have updated their going concern consideration at the half year period ended 30 September 2009 in respect of the Group and in particular for North West Electricity Networks Limited group which produces half year condensed consolidated financial statements. Disclosure of the considerations made by the Directors in terms of the Group and company's cash flows, liquidity position and borrowing facilities and covenant compliance can be found in the North West Electricity Networks Limited half year condensed consolidated financial statements. Consequently, after making the appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it is appropriate to adopt the going concern basis in preparing the half yearly report and financial information.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

In the cashflow statement and related notes, cash and cash equivalents includes cash at bank and in hand, deposits, other short-term highly liquid investments which are readily convertible on initial investment into known amounts of cash within three months and which are subject to an insignificant risk of change in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The effective interest rate is a method of calculating the amortised cost of a financial liability and of allocating interest expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS FOR PERIOD FROM INCORPORATION TO 30 SEPTEMBER 2009

2 ACCOUNTING POLICIES (continued)

Borrowing costs and finance income

All borrowing costs and finance income that are not directly attributable to the acquisition, issue or disposal of a financial asset or financial liability are recognised in the profit and loss account in the period in which they are accrued. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are included in the initial fair value of that instrument.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

Current tax, representing UK corporation tax, is based on the taxable profit for the period and is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are provided, using the liability method, on all taxable temporary differences at the balance sheet date. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer more likely than not that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

3. INVESTMENT INCOME

	Unaudited Period ended 30 September 2009 £000
Interest receivable from group companies	3,969

**NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
FOR PERIOD FROM INCORPORATION TO 30 SEPTEMBER 2009**

4. FINANCE EXPENSE

	Unaudited Period ended 30 September 2009 £000
Interest payable	
Interest payable on Bonds issued	3,969
	<hr/> <hr/>

5. TAXATION

Corporation tax is calculated as £nil, being the best estimate for the effective tax rate for the financial period to 31 March 2010.

6. TRADE AND OTHER RECEIVABLES

This note provides information about the contractual terms of the Company's receivables.

	Unaudited 30 September 2009 £000
Non-current assets	
Intercompany - Bonds	299,118
	<hr/> 299,118 <hr/>
Current assets	
Intercompany - Interest	3,939
	<hr/> 3,939 <hr/>
	<hr/> 303,057 <hr/> <hr/>

On 21 July 2009 the Company lent North West Electricity Networks Limited (the "Parent Company"), GBP 300,000,000 at 6.75 per cent. fixed rate due 2015. This was as a result of the Group refinance and Notes issued by the Company on 21 July 2009 which have been on-lent to the immediate Parent Company to enable it to discharge its liabilities.

**NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
FOR PERIOD FROM INCORPORATION TO 30 SEPTEMBER 2009**

7. BORROWINGS

This note provides information about the contractual terms of the Company's loans and borrowings.

	Unaudited 30 September 2009 £000
Non-current liabilities	
Bonds	299,118
	<hr/> 299,118 <hr/>
Current liabilities	
Accrued interest	3,939
	<hr/> 3,939 <hr/>
	<hr/> 303,057 <hr/>

On 21 July 2009 the Company issued GBP 300,000,000 6.75 per cent. fixed rate Notes due 2015, guaranteed by the Company, North West Electricity Networks Limited (the "Parent Company") and NWEN Group Limited;

**8. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD TO
30 SEPTEMBER 2009**

	Called up share capital £	Retained earnings £	Total £
At Incorporation	-	-	-
Profit for the period	-	-	-
Share capital issued in the period	12,500	-	12,500
	<hr/> 12,500 <hr/>	<hr/> - <hr/>	<hr/> 12,500 <hr/>
At 30 September 2009	<hr/> 12,500 <hr/>	<hr/> - <hr/>	<hr/> 12,500 <hr/>

**NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
FOR PERIOD FROM INCORPORATION TO 30 SEPTEMBER 2009**

9. SHARE CAPITAL

	Unaudited 30 September 2009 £
Authorised: 50,000 ordinary shares of £1 each	<u>50,000</u>
	<u>50,000</u>
	Unaudited 30 September 2009 £
Allotted, called up and fully paid: 12,500 ordinary shares of £1 each	<u>12,500</u>
	<u>12,500</u>

The Company issued 12,500 ordinary shares of £1 each at par during the six month period ended 30 September 2009.

10. RELATED PARTIES

The Company entered into the following transactions with related parties:

	Unaudited Six months ended 30 September 2009 £m
Loans to North West Electricity Networks Limited	299.1
Interest receivable	<u>3.9</u>

The loan to North West Electricity Networks Limited carries interest at 6.75% fixed rate and is repayable in 2015.

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is North West Electricity Networks Limited and the ultimate parent undertaking is North West Electricity Networks (Jersey) Limited, a company registered in Jersey. The external address of the ultimate parent company is: Whiteley Chambers, Don Street, St Helier, Jersey, JE4 9WG. There are two joint ultimate controlling parties, each controlling 50% of the company's shares and voting rights. They are IIF Int'l Holding GP Ltd managed by JP Morgan and Commonwealth Bank of Australia.