

**ENW CAPITAL FINANCE plc**

**Half Year Condensed Financial  
Statements**

**For the period ended 30 September 2010**

**HALF YEAR CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER  
2010**

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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

S Johnson

M McCallion (appointed 2 September 2010)

C Thompson (resigned 2 September 2010)

N P Mills

S S Toor

### Operations

The principal activity of the Company is that of a financing company within the North West Electricity Networks (Jersey) Limited group (the "Group"). There have been no significant changes to the activity of the Company in the current period.

### 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 2 to 3 of the 2010 Annual Report and Accounts of North West Electricity Networks Limited and the half year condensed financial statements of North West Electricity Networks Limited on page 2, which should be read in conjunction with the principal risks section of the 2010 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.enwl.co.uk](http://www.enwl.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 2011 will continue to be those set out in the 2010 Annual Reports and Accounts mentioned above, except that the risk attributed to re-negotiations of prices on the asset service agreement with United Utilities Electricity Services Limited (UUES) has concluded with the acquisition of the company by Electricity North West Limited. A new risk now arises in ensuring that UUES, renamed Electricity North West Services Limited, is effectively integrated into the group.

### Going concern

After making enquiries as discussed in the accounting policies on page 7, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed financial statements.

**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:

304 Bridgewater Place

Birchwood Park, Birchwood

Warrington WA3 6XG

By order of the Board:

S Johnson

Director

26 November 2010

**CONDENSED INCOME STATEMENT**

For the period ended 30 September 2010

	<b>Note</b>	<b>Unaudited Period ended 30 September 2010 £000</b>	Unaudited Period ended 30 September 2009 £000	Audited Period 6 April 2009 to 31 March 2010 £000
<b>Operating profit</b>		-	-	-
Investment income	<b>3</b>	<b>10,207</b>	3,969	14,185
Finance expense	<b>4</b>	<b>(10,207)</b>	(3,969)	(14,185)
<b>Profit before taxation</b>		-	-	-
Taxation		-	-	-
<b>Profit for the period</b>		-	-	-

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

There were no other recognised gains and losses in the period; therefore no separate statement of comprehensive income has been prepared.

The notes on pages 7 to 9 form part of the condensed financial statements.

## CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Note	Unaudited 30 September 2010 £000	Unaudited 30 September 2009 £000	Audited 31 March 2010 £000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Trade and other receivables	6	299,206	299,118	299,118
		<u>299,206</u>	<u>299,118</u>	<u>299,118</u>
<b>Current assets</b>				
Trade and other receivables	6	5,682	3,939	5,682
Cash and cash equivalents		14	13	13
		<u>5,696</u>	<u>3,952</u>	<u>5,695</u>
<b>Total assets</b>		<u><b>304,902</b></u>	<u><b>303,070</b></u>	<u><b>304,813</b></u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	7	(5,683)	(3,939)	(5,682)
<b>Net current assets</b>		<u><b>13</b></u>	<u><b>13</b></u>	<u><b>13</b></u>
<b>Non-current liabilities</b>				
Borrowings	7	(299,206)	(299,118)	(299,118)
<b>Total liabilities</b>		<u><b>(304,889)</b></u>	<u><b>(303,057)</b></u>	<u><b>(304,800)</b></u>
<b>Net assets</b>		<u><u><b>13</b></u></u>	<u><u><b>13</b></u></u>	<u><u><b>13</b></u></u>
<b>EQUITY</b>				
Share capital	8	13	13	13
Retained earnings		-	-	-
<b>Total equity</b>		<u><u><b>13</b></u></u>	<u><u><b>13</b></u></u>	<u><u><b>13</b></u></u>

Approved by the board of directors on 26 November 2010 and signed on its behalf by:

S Johnson  
Director

The notes on pages 7 to 9 form part of the condensed financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 September 2010

	<b>Called up share capital</b>	<b>Retained (deficit)/ earnings</b>	<b>Total Equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Total comprehensive result at 30 September 2009 and 1 April 2010	-	-	-
Transactions with owners recorded directly in equity: Share capital issued in the period	13	-	13
<b><i>At 30 September 2009 and 1 April 2010</i></b>	<b>13</b>	<b>-</b>	<b>13</b>
Result for the six months to 30 September 2010	-	-	-
Total comprehensive result at 30 September 2010	-	-	-
<b>At 30 September 2010</b>	<b>13</b>	<b>-</b>	<b>13</b>

The notes on pages 7 to 9 form part of the condensed financial statements.

**CONDENSED STATEMENT OF CASH FLOWS**

For the period ended 30 September 2010

	<b>Unaudited Period ended 30 September 2010 £000</b>	Unaudited Period ended 30 September 2009 £000	Audited Period 6 April 2009 to 31 March 2010 £000
<b>Operating activities</b>			
Interest paid	<b>(10,124)</b>	-	(8,503)
<b>Investing activities</b>			
Interest received and similar income	<b>10,125</b>	-	8,503
<b>Financing activities</b>			
Proceeds on issue of ordinary shares	-	13	13
Proceeds on issue of Bonds	-	299,088	299,088
Issue of group borrowings	-	(299,088)	(299,088)
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>13</b>	<b>13</b>
<b>Net increase in cash and cash equivalents</b>	<b>1</b>	<b>13</b>	<b>13</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>13</b>	-	-
<b>Cash and cash equivalents at end of the period</b>	<b>14</b>	<b>13</b>	<b>13</b>

The notes on pages 7 to 9 form part of the condensed financial statements.



**NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2010****1 GENERAL INFORMATION**

The financial information for the 6 month period ended 30 September 2010 and similarly the period ended 30 September 2009 has neither been audited nor reviewed by the auditors. The financial information for the period ended 31 March 2010 has been based on information in the audited financial statements for that period.

The information for the period ended 31 March 2010 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

**2 ACCOUNTING POLICIES****Basis of preparation**

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

The Directors do not believe that the company is affected by seasonal factors which would have a material effect on the performance of the Company when comparing the interim results to those achieved in the second half of the year.

**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 2010 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.

**Significant accounting policies**

The results for the period ended 30 September 2010 have been prepared on the basis of accounting policies consistent with those set out in the Annual Report and Financial Statements of ENW Capital Finance plc for the period ended 31 March 2010. There are no significant accounting policies to be adopted for the period ended 30 September 2010 or to the year ended 31 March 2011.

## NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2010

## 3 INVESTMENT INCOME

	<b>Unaudited Period ended 30 September 2010 £000</b>	Unaudited Period ended 30 September 2009 £000	Audited Period 6 April 2009 to 31 March 2010 £000
Interest receivable from group companies	<u>10,207</u>	<u>3,969</u>	<u>14,185</u>

## 4 FINANCE EXPENSE

	<b>Unaudited Period ended 30 September 2010 £000</b>	Unaudited Period ended 30 September 2009 £000	Audited Period 6 April 2009 to 31 March 2010 £000
Interest payable on borrowings held at amortised cost	<u>10,207</u>	<u>3,969</u>	<u>14,185</u>

## 5 TAXATION

Corporation tax is calculated as £nil, being the best estimate for the effective tax rate for the financial year to 31 March 2011. Deferred tax is calculated at £nil.

## 6 TRADE AND OTHER RECEIVABLES

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

	<b>Unaudited 30 September 2010 £000</b>	Unaudited 30 September 2009 £000	Audited 31 March 2010 £000
<b>Non-current assets</b>			
Intercompany - Bonds	<u>299,206</u>	<u>299,118</u>	<u>299,118</u>
	<u>299,206</u>	<u>299,118</u>	<u>299,118</u>
<b>Current assets</b>			
Intercompany - Interest	<u>5,682</u>	<u>3,939</u>	<u>5,682</u>
	<u>5,682</u>	<u>3,939</u>	<u>5,682</u>
	<u>304,888</u>	<u>303,057</u>	<u>304,800</u>

The Company has 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 THE PERIOD ENDED 30 SEPTEMBER 2010**

**7 BORROWINGS**

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

	<b>Unaudited 30 September 2010 £000</b>	Unaudited 30 September 2009 £000	Audited 31 March 2010 £000
<b>Non-current liabilities</b>			
Bonds	<b>299,206</b>	299,118	299,118
	<b>299,206</b>	299,118	299,118
<b>Current liabilities</b>			
Accrued interest	<b>5,683</b>	3,939	5,682
	<b>5,683</b>	3,939	5,682
	<b>304,889</b>	303,057	304,800

The Company has in issue 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 RELATED PARTIES**

The Company entered into the following transactions with related parties:

	<b>Unaudited 30 September 2010 £000</b>	Unaudited 30 September 2009 £000	Audited 31 March 2010 £000
Loans to North West Electricity Networks Limited	<b>299,206</b>	299,118	299,118
Interest receivable	<b>5,682</b>	3,989	5,682

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