

ENW Capital Finance plc (the "Company") is pleased to announce its unaudited half year condensed financial statements for the period ended 30 September 2011.

The unaudited half year condensed financial statements, together with those of North West Electricity Networks Limited, guarantor of the bonds listed by the Company on the London Stock Exchange, is available to view on the Company's website at: <http://www.enwl.co.uk/about-us/financial-reports>

For further information please contact Electricity North West's press office on 0844 209 1957 or email jonathan.morgan@enwl.co.uk.

Company Registration No. 6873051

ENW Capital Finance plc
Half Year Condensed Financial Statements
For the period ended 30 September 2011

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

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 6. There have been no significant events in the 6 months ending 30 September 2011 in respect of the Company.

Principal risks and uncertainties

The Company's obligations in respect of the listed Notes are met via income receivable from North West Electricity Networks Limited ("NWEN") and as such the Board considers the principal risks and uncertainties facing the Company to be those that affect NWEN and the larger Group. The principal risks identified in the 2011 Annual Report and Consolidated Financial Statements of NWEN, the parent company, were:

- failure to comply with investor and banking covenants; and
- the ability to refinance.

In addition, further risks in relation to the Group were identified in the 2011 Annual Report and Consolidated Financial Statements of Electricity North West Limited ("ENWL"), the principal trading subsidiary, as follows:

- Retail Price Index ("RPI") fluctuations result in volatility in key metrics;
- the changing Regulatory Framework may adversely affect ENWL;
- the ability to finance ENWL's investment needs;
- the charging policies of ENWL may be judged to be anti-competitive;
- there is a risk that ENWL is in breach of its Licence obligations or other statutory or regulatory obligations;
- the losses incentive mechanism may result in revenue reduction;
- the ability to deliver network investment plans and outputs;
- a major event causing significant service interruptions could adversely affect profitability; and
- the ability to meet pension scheme obligations.

It is the Board's view that the principal risks and uncertainties affecting the Group in the six months ending 31 March 2012 will continue to be those set out above, as updated for the following developments:

The ability to refinance

On 9 August 2011, the Group signed new facility agreements, replacing a £130m capex facility in NWEN and a £75m revolving credit facility in ENWL, which were due to mature in June 2012. The new facilities include a £150m capex facility in NWEN and a £50m revolving credit facility ("RCF") in ENWL, both maturing in August 2016.

The charging policies of ENWL may be judged to be anti-competitive

On 20 January 2009, Ofgem announced that, pursuant to its powers under Section 18 of the Competition Act 1998, it had opened an investigation into allegations of abuse of a dominant position by ENWL. The allegations relate to the terms imposed by ENWL on independent distribution network operators ('IDNOs') connecting to ENWL's pre-existing network, and whether these terms foreclose the market to competitors in the area in which ENWL is the incumbent DNO.

In respect of the specific allegations against ENWL, we submitted to Ofgem on 18 March 2009 a detailed response to the complaint which concluded that, in ENWL's opinion, there were insufficient grounds for Ofgem to continue with its investigation. In July 2010 Ofgem presented an outline of its findings and in November 2010 ENWL provided a comprehensive response that demonstrated there was no substantial case for us to answer.

Since the Annual Report and Consolidated Financial Statements for Electricity North West Limited for the year ended 31 March 2011 was issued, ENWL has had further discussions with Ofgem and expects that the case will be concluded within the next six months.

The losses incentive mechanism may result in revenue reduction

In July 2011, Ofgem agreed to the restatement of the ENWL losses position for 2009/10. This resulted from the use of a revised methodology in assessing settlement data used to determine losses. The methodology adopted had already been used by another DNO group and been approved by Ofgem in late 2010. The revised calculations have resulted in an improved losses incentive position, uplifting the incentive revenue by £21m for the 2009/10 year.

Although ENWL has been allowed to re-state the 2009/10 losses position, an overall close-out calculation for the full DPCR4 period will take place. The outcome of the close out calculation remains uncertain and may reverse the benefit realised in the 2009/10 restatement.

The correction methodology applied for DPCR4 may also impact on the calculation of DPCR5 losses targets as these will be set at the average of the overall DPCR4 performance. These targets will drive the incentives/penalties earned in the DPCR5 period subject to a maximum cap and collar of + or - £4.5m per annum set for ENWL.

All of the Reports and Consolidated Financial Statements referred to above can be found at www.enwl.co.uk.

Going concern

After making enquiries as discussed in the accounting policies on page 10 and after detailed consideration of the principal risks and uncertainties affecting the Company, 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 half year condensed financial statements.

Responsibility statement

We confirm that to the best of our knowledge:

- a. the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R;
- b. the interim management report includes a fair review of the information required by DTR 4.2.7R; and
- c. the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting'.

Registered address:

304 Bridgewater Place

Birchwood Park, Birchwood

Warrington WA3 6XG

On behalf of the Board:

S Johnson

Chief Executive Officer

24 November 2011

M McCallion

Chief Financial Officer

24 November 2011

CONDENSED INCOME STATEMENT For the period ended 30 September 2011

	Unaudited Period ended 30 September 2011 £000	Unaudited Period ended 30 September 2010 £000	Audited Year ended 31 March 2011 £000
Note			

Operating profit		-	-	-
Investment income	3	10,214	10,207	20,304
Finance expense	4	(10,207)	(10,207)	(20,287)
Profit before taxation		7	-	17
Taxation	5	(2)	-	(5)
Profit for the period		5	-	12

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

There were no other recognised gains and losses in the current or preceding periods; therefore no separate condensed statement of comprehensive income has been prepared.

The notes on pages 10 to 13 form part of the condensed financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION At 30 September 2011

	Note	Unaudited 30 September 2011 £000	Unaudited 30 September 2010 £000	Audited 31 March 2011 £000
ASSETS				
Non-current assets				
Trade and other receivables	6	299,317	299,206	299,233
		<u>299,317</u>	<u>299,206</u>	<u>299,233</u>
Current assets				
Trade and other receivables	6	5,704	5,682	5,699
Cash and cash equivalents		14	14	14
		<u>5,718</u>	<u>5,696</u>	<u>5,713</u>
Total assets		<u>305,035</u>	<u>304,902</u>	<u>304,946</u>
LIABILITIES				
Current liabilities				
Trade and other payables	7	(5,682)	(5,683)	(5,683)
Current income tax liabilities		(6)	-	(5)
		<u>(5,688)</u>	<u>(5,683)</u>	<u>(5,688)</u>
Net current assets		<u>30</u>	<u>13</u>	<u>25</u>
Non-current liabilities				
Borrowings	7	(299,317)	(299,206)	(299,233)
Total liabilities		<u>(305,005)</u>	<u>(304,889)</u>	<u>(304,921)</u>
Net assets		<u>30</u>	<u>13</u>	<u>25</u>

EQUITY

Share capital	13	13	13
Retained earnings	17	-	12
Total equity	30	13	25

Approved by the board of directors on 24 November 2011 and signed on its behalf by:

M McCallion
Director

The notes on pages 10 to 13 form part of the condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 September 2011

	Called up share capital £000	Retained earnings £000	Total Equity £000
At 1 April 2010 and 30 September 2010 (unaudited)	13	-	13
Profit for the period	-	12	12
At 31 March 2011 (audited)	13	12	25
Profit for the period	-	5	5
At 30 September 2011 (unaudited)	13	17	30

The notes on pages 10 to 13 form part of the condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS
For the period ended 30 September 2011

	Unaudited Period ended 30 September 2011 £000	Unaudited Period ended 30 September 2010 £000	Audited Year ended 31 March 2011 £000
Operating profit	-	-	-
Cash generated from operations	-	-	-
Net cash from operating activities	-	-	-
Operating activities			
Interest paid	(10,125)	(10,124)	(20,250)

Investing activities

Interest received and similar income	10,125	10,125	20,251
Net increase in cash and cash equivalents	-	1	1
Cash and cash equivalents at beginning of the period	14	13	13
Cash and cash equivalents at end of the period	14	14	14

The notes on pages 10 to 13 form part of the condensed financial statements

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The financial information for the 6 month period ended 30 September 2011 and similarly the period ended 30 September 2010 has neither been audited nor reviewed by the auditors. The financial information for the year ended 31 March 2011 has been based on information in the audited financial statements for that year.

The financial information for the year ended 31 March 2011 does not constitute the statutory accounts for that year, but is derived from those accounts. Statutory accounts for 2011 have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) 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). The results for the period ended 30 September 2011 have been prepared using the same methods of computation and 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 2011.

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 Company's obligations in respect of the listed Notes are met via income receivable from NWEN. The directors have updated their going concern consideration at the half year period ended 30 September 2011 in respect of the Group and in particular for the 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 NWEN 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 year condensed financial statements.

Significant accounting policies

There are no significant accounting policies and standards to be adopted for the six month period ended 30 September 2011 or for the year ended 31 March 2012.

3 INVESTMENT INCOME

	Unaudited Period ended 30 September 2011 £000	Unaudited Period ended 30 September 2010 £000	Audited Year ended 31 March 2011 £000
Interest receivable from group companies	<u>10,214</u>	<u>10,207</u>	<u>20,304</u>

4 FINANCE EXPENSE

	Unaudited Period ended 30 September 2011 £000	Unaudited Period ended 30 September 2010 £000	Audited Year ended 31 March 2011 £000
Interest payable on borrowings held at amortised cost	<u>10,207</u>	<u>10,207</u>	<u>20,287</u>

5 TAXATION

	Unaudited Six months ended 30 September 2011 £000	Unaudited Six months ended 30 September 2010 £000	Audited Year ended 31 March 2011 £000
Current tax:			
UK corporation tax: Current year	<u>2</u>	<u>-</u>	<u>5</u>
	<u>2</u>	<u>-</u>	<u>5</u>

Corporation tax is calculated at 26% for the period to 30 September 2011 being the best estimate for the effective tax rate for the financial year to 31 March 2012. There is no deferred tax in any period.

6 TRADE AND OTHER RECEIVABLES

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

	Unaudited 30 September 2011 £000	Unaudited 30 September 2010 £000	Audited 31 March 2011 £000
Non-current assets			
Intercompany - Bonds	<u>299,317</u>	<u>299,206</u>	<u>299,233</u>

	299,317	299,206	299,233
Current assets			
Intercompany - Interest	5,704	5,682	5,699
	5,704	5,682	5,699
	305,021	304,888	304,932

The Company has loaned 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.

7 BORROWINGS

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

	Unaudited 30 September 2011 £000	Unaudited 30 September 2010 £000	Audited 31 March 2011 £000
Non-current liabilities			
Bonds	299,317	299,206	299,233
	299,317	299,206	299,233
Current liabilities			
Accrued interest	5,682	5,683	5,683
	5,682	5,683	5,683
	304,999	304,889	304,916

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 North West Electricity Networks (Group) Limited.

8 RELATED PARTIES

During the period, group companies entered into the following transactions with related parties:

	Unaudited period ended 30 September 2011 £000	Unaudited period ended 30 September 2010 £000	Audited year ended 31 March 2011 £000
Interest receivable	10,214	10,207	20,304

Amounts outstanding between the Company and other companies within the North West Electricity Networks (Jersey) Group:

	Unaudited period ended 30 September 2011 £000	Unaudited period ended 30 September 2010 £000	Audited year ended 31 March 2011 £000
Loans to North West Electricity Networks Limited	299,317	299,206	299,233
Interest receivable from North West Electricity Networks Limited	5,704	5,682	5,699

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