Company Registration No. 6428375

NORTH WEST ELECTRICITY NETWORKS LIMITED

Half Year Condensed Consolidated Financial Statements

for the period ended 30 September 2012

CONTENTS

INTERIM MANAGEMENT REPORT

Cautionary Statement

This interim management report contains certain forward-looking statements with respect to the consolidated financial condition and business of North West Electricity Networks Limited and its subsidiaries (together referred to as the "Group"). 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. North West Electricity Networks Limited (the "Company") 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 Gittins

S Johnson

M McCallion

P White (resigned 4 July 2012)

Operations

North West Electricity Networks Limited acts as an intermediary holding company only within the North West Electricity Networks (Jersey) Limited Group (the "NWEN (J) Group") and does not conduct any other trading activities.

The Group's principal activity is the operation of electricity distribution assets owned by Electricity North West Limited ("ENWL"), a subsidiary of the Company. The distribution of electricity is regulated by the terms of ENWL's Electricity Distribution Licence granted under the Electricity Act 1989 and monitored by the Gas and Electricity Markets Authority.

Results for six months ended 30 September 2012

	6 months ended 30 Sept 2012	6 months ended 30 Sept 2011	Year ended 31 March 2012
Revenue	**£210m**	£185m	£405m
Operating profit	**£97m**	£79m	£180m
Profit before tax and fair value movements	**£58m**	£34m	£78m
Profit/(loss) before tax	**£20m**	(£19m)	(£1m)
RAV Gearing[1]	**76%**	75%	78%
Interest cover[2]	**2.26**	2.25	2.60

(1) RAV Gearing is measured as borrowings, including accretion, at nominal value net of cash and short-term deposits divided by the allowed Regulatory Asset Value ('RAV') of £1,571m (period ended September 2011: £1,468m year ended March 2012: £1,519m) based on September closing prices.

(2) Interest cover is the number of times the adjusted net interest expense is covered by adjusted operating profit from continuing operations, both being calculated in accordance with the defined terms of the financing agreement.

The Company operates solely as an investment company and therefore it has no non-financial key performance indicators.

Revenue

Total revenue has increased as a result of an increase in allowed DUoS (Distribution Use of System) revenue, rising RPI and the recognition of £5.6m income under the capacity to customers project which is a project funded by Ofgem's Low Carbon Network Fund ('LCNF'). Over the life of the project, the LCNF revenue is offset by costs relating to the scheme.

Operating profit

Operating profit has increased as a result of increased revenues as above, partially offset by an increase in operating costs arising from an increase in the depreciation charge due to the IT Refresh Project which was completed in September 2011.

Profit before tax and fair value movements

Profit before tax and fair value movements has increased as a result of an increase in operating profit and a decrease in interest payable.

Profit before tax

Profit before tax has increased due to an increase in operating profit and a favourable fair value movement compared to prior year.

Net Debt

Total borrowings increased and at 30 September 2012 were £2,026.1m (30 September 2011: £1,988.5m) an increase of £37.6m. At 30 September 2012 cash totalled £70.0m (30 September 2011: £78.5m). Consequently, net debt increased by £46.1m to £1,956.1m at 30 September 2012 (30 September 2011: £1,910.0m) which is largely due to an increase in the fair value of the mark to market bonds.

Dividends

At the date of these financial statements interim dividends of £12.0m have been paid (September 2011: £nil).

Principal risks and uncertainties

The principal trade and activities of the Group are carried out in ENWL and a comprehensive review of the strategy and operating model, the regulatory environment, the resources and principal risks and uncertainties facing that Company, and ultimately the Group, are discussed in the ENWL Annual Report and consolidated financial statements for the year ended 31 March 2012, which are available on our website, www.enwl.co.uk.

The Board considers the following risks to be the principal ones that may affect the Group's performance and results.

Refinancing

The Company is a subsidiary within a group of companies established specifically for the purpose of purchasing ENWL on 19 December 2007. The purchase was financed by a combination of equity and bank acquisition finance. The Group and the Company are financed largely by long-term external funding, and this, together with the present cash position and committed undrawn facilities, provides the appropriate liquidity platform to allow the Company and Group to meet their operational and financial commitments for the foreseeable future.

Failure to comply with investor and banking covenants

The Group has a comprehensive set of covenants contained within the legal agreements surrounding the external borrowings. A detailed review of all the covenants has been undertaken and appropriate owners identified within the business who are responsible for ensuring compliance.

A compliance reporting regime is well established and the compliance status is reviewed and approved by the CFO and CEO, and is reported to the Board on a monthly basis. There have been no covenant breaches in the current year. Further, there are no covenant breaches forecast nor expected in the most recent approved business plan to 31 March 2015.

The losses incentive mechanism may result in revenue reduction

There is a risk that revenues will be adjusted downwards in the remaining years of DPC5 as a result of the Losses Rolling Retention Mechanism ('LRRM'). This mechanism (part of the previous price control, DPC4) allows for losses benefits to be retained for a period of five years, providing the benefits are sustained, i.e. losses were lower at the end of DPC4 than they were at the start.

The final year of DPC4, which is key to the calculation of the LRRM, saw major fluctuations in settlement data due to corrections being applied by electricity suppliers. This has been recognised at an industry level and Ofgem has stated that they will take steps to ensure there are no windfall gains or losses arising from settlement data corrections, by allowing restatement of the 2009/10 data where individual licensees can justify it.

Due to issues relating to the interaction between the LRRM and the incentive mechanism for DPC5, and concerns about the DPC5 mechanism itself, Ofgem have recently proposed that the DPC5 mechanism should not be activated, but that the LRRM process should be concluded, including restated data if justified. Electricity North West is fully engaged in this process and has submitted LRRM proposals, using options for the calculation as defined by Ofgem.

Accounts

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 pages 9 and 10, 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 year condensed consolidated financial statements.

Responsibility statement

We confirm that to the best of our knowledge:

a. the condensed set of consolidated 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 consolidated 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

4 December 2012

CONDENSED CONSOLIDATED INCOME STATEMENT
For the period ended 30 September 2012

	Note	**Unaudited Six months ended 30 September 2012 £m**	Unaudited Six months ended 30 September 2011 £m	Audited Year ended 31 March 2012 £m
Revenue	**3**	**209.6**	184.5	404.6
Employee benefits expense		**(20.7)**	(21.7)	(35.3)
Depreciation and amortisation expense (net)		**(46.7)**	(39.9)	(90.9)
Other operating costs		**(44.9)**	(44.0)	(98.5)
Total operating expenses		**(112.3)**	(105.6)	(224.7)
Operating profit		**97.3**	78.9	179.9
Investment income	**4**	**2.0**	2.3	4.5
Finance expense	**5**	**(78.9)**	(99.9)	(185.3)
Profit/(loss) before taxation		**20.4**	(18.7)	(0.9)
Taxation credit	**6**	**11.3**	20.1	40.0
Profit for the period/year		**31.7**	1.4	39.1

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

The notes on pages 9 to 16 form part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the period ended 30 September 2012

	Unaudited Six months ended 30 September 2012 £m	Unaudited Six months ended 30 September 2011 £m	Audited Year ended 31 March 2012 £m
Profit for the financial period/year	**31.7**	1.4	39.1
Other comprehensive (expense)/income:			
Actuarial (losses)/gains on defined benefit pension scheme	**(0.9)**	(47.5)	(18.6)
Deferred tax on actuarial (gains)/losses on defined benefit pension scheme	**0.4**	11.8	4.4
Deferred tax as a result of future rate changes	**(0.8)**	(0.6)	(1.2)
Other comprehensive (expenses)/income for the period/year	**(1.3)**	(36.3)	(15.4)
Total comprehensive income/(expense) for the period/year and attributable to equity holders	**30.4**	(34.9)	23.7

The notes on pages 9 to 16 form part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2012

	Note	Unaudited 30 September 2012 £m	Unaudited 30 September 2011 £m	Audited 31 March 2012 £m
ASSETS				
Non-current assets				
Intangible assets		**210.0**	205.6	214.3
Goodwill		**10.1**	10.1	10.1
Property, plant and equipment	8	**2,500.5**	2,380.8	2,445.7
		2,720.6	2,596.5	2,670.1
Current assets				
Inventories		**6.9**	6.2	6.8
Trade and other receivables		**54.1**	50.1	54.1
Current Income Tax asset		**-**	-	14.9
Money market deposits		**9.5**	75.5	25.0
Cash and cash equivalents		**70.0**	78.5	59.5
		140.5	210.3	160.3
Total assets		**2,861.1**	2,806.8	2,830.4
LIABILITIES				
Current liabilities				
Borrowings	9	**(658.8)**	(658.0)	(658.0)
Trade and other payables		**(117.6)**	(128.5)	(134.1)
Current income tax liabilities		**(5.5)**	(4.5)	-
		(781.9)	(791.0)	(792.1)
Net current liabilities		**(641.4)**	(580.7)	(631.8)
Non-current liabilities				
Borrowings	9	**(1,367.3)**	(1,330.5)	(1,343.3)
Deferred tax liabilities		**(358.7)**	(370.6)	(369.6)
Customer contributions		**(169.7)**	(148.9)	(157.6)
Refundable customer deposits		**(3.4)**	(1.3)	(3.4)
Retirement benefit obligations	11	**(4.8)**	(78.5)	(14.2)
Derivative financial instruments		**(149.0)**	(121.7)	(142.3)
		(2,052.9)	(2,051.5)	(2,030.4)
Total liabilities		**(2,834.8)**	(2,842.5)	(2,822.5)
Net assets/(liabilities)		**26.3**	(35.7)	7.9
EQUITY				
Share capital		**3.0**	3.0	3.0
Retained earnings		**23.3**	(38.7)	4.9
Total equity		**26.3**	(35.7)	7.9

Approved by the board of directors on 4 December 2012 and signed on its behalf by:

M McCallion
Director

The notes on pages 9 to 16 form part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 September 2012

	Called up share capital £m	Retained (deficit)/ earnings £m	Total Equity £m
At 31 March 2011 (audited)	**3.0**	**(3.8)**	**(0.8)**
Profit for the period	-	1.4	1.4
Actuarial losses on defined benefit schemes	-	(47.5)	(47.5)
Tax on components of comprehensive income	-	11.2	11.2
Total comprehensive income for the period to 30 September 2011	-	**(34.9)**	**(34.9)**
Transactions with owners recorded directly in equity:			
Equity dividends	-	-	-
At 30 September 2011 (unaudited)	**3.0**	**(38.7)**	**(35.7)**
At 31 March 2011 (audited)	**3.0**	**(3.8)**	**(0.8)**
Profit for the year	-	39.1	39.1
Actuarial losses on defined benefit schemes	-	(18.6)	(18.6)
Tax on components of comprehensive income	-	3.2	3.2
Total comprehensive income for the period to 31 March 2012	-	**23.7**	**23.7**
Transactions with owners recorded directly in equity:			
Equity dividends	-	(15.0)	(15.0)
At 31 March 2012 (audited)	**3.0**	**4.9**	**7.9**
Profit for the period	-	31.7	31.7
Actuarial losses on defined benefit schemes	-	(0.9)	(0.9)
Tax on components of comprehensive income	-	(0.4)	(0.4)
Total comprehensive income for the period to 30 September 2012	-	30.4	30.4
Transactions with owners recorded directly in equity:			
Equity Dividends	-	(12.0)	(12.0)
At 30 September 2012 (unaudited)	**3.0**	**23.3**	**26.3**

The notes on pages 9 to 16 form part of the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 September 2012

	Note	Unaudited Six months ended 30 September 2012 £m	Unaudited Six months ended 30 September 2011 £m	Audited Year ended 31 March 2012 £m
Operating activities				
Cash generated from operations	10	90.0	115.9	247.8
Interest paid		(43.8)	(30.8)	(95.2)
Tax received/(paid)		7.1	(7.5)	(15.2)
Net cash generated from operating activities		53.3	77.6	137.4
Investing activities				
Interest received and similar income		4.8	0.6	1.6
Purchase of property, plant and equipment		(94.8)	(94.9)	(222.0)
Purchase of intangible assets		(0.1)	(0.8)	(0.8)
Customer contributions received		42.9	19.5	30.3
Proceeds from sale of property, plant and equipment		-	0.1	0.6
Acquisition of subsidiary, net of cash received		-	-	(2.0)
Net cash used in investing activities		(47.2)	(75.5)	(192.3)
Financing activities				
Dividends paid to equity shareholders of the Company	7	(12.0)	-	(15.0)
Transfer to money market deposits		15.5	-	51.2
Proceeds from borrowings		0.9	-	28.6
Repayment of borrowings		-	(51.4)	(80.0)
Receipt on close out of swap		-	-	1.8
Net cash from/(used in) financing activities		4.4	(51.4)	(13.4)
Net increase/(decrease) in cash and cash equivalents		10.5	(49.3)	(68.3)
Cash and cash equivalents at beginning of the period		59.5	127.8	127.8
Net cash and cash equivalents at end of the period		70.0	78.5	59.5

The notes on pages 9 to 16 form part of the condensed consolidated financial statements.

NOTES TO THE CONDENSED SET OF CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The financial information for the 6 month period ended 30 September 2012 and similarly the period ended 30 September 2011 has neither been audited nor reviewed by the auditors. The financial information for the year ended 31 March 2012 has been based on information in the audited financial statements for that year.

The financial information for the year ended 31 March 2012 does not constitute the statutory accounts for that year, but is derived from those accounts. Statutory accounts for 31 March 2012 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 s498(3) of the Companies Act 2006.

2 ACCOUNTING POLICIES

Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the European Union. The half year condensed consolidated financial statements of the Group which are unaudited, have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34).

The results for the period ended 30 September 2012 have been prepared using the same method of computation and on the basis of accounting policies consistent with those set out in the Annual Report and Consolidated Financial Statements of North West Electricity Networks Limited for the year ended 31 March 2012. No further revised standards or interpretations have been issued which impact the accounts since March 2012.

Although some of the Group's operations may sometimes be affected by seasonal factors such as general weather conditions, the Directors do not feel that this has a material effect on the performance of the Group 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 half year condensed consolidated financial statements for the six months ended 30 September 2012, the directors have taken into account a number of factors, including the following:

- Electricity North West Limited's electricity distribution licence includes the obligation in standard condition 40 to maintain an investment grade issuer credit rating and this has been maintained through the period under review;
- Under section 3A of the Electricity Act 1989, the Gas and Electricity Markets Authority has a duty, in carrying out its functions, to have regard to the need to secure that licence holders are able to finance the activities, which are the subject of obligations imposed by or under Part 1 of the Electricity Act 1989 or the Utilities Act 2000;
- Management has prepared, and the directors have reviewed, updated Group forecasts for the regulatory period to 31 March 2015 which include projections and cash flow forecasts, including covenant compliance considerations. The forecasts include appropriate assumptions on the efficiencies forecast from business transformation. Inherent in forecasting is an element of uncertainty, our forecasts have been sensitised for possible changes in the key assumptions, including inflation (RPI) and over- or under-recoveries of allowed revenue, and demonstrate that there is sufficient headroom to key covenants and that sufficient resources are available within the forecast period;

2 ACCOUNTING POLICIES (CONTINUED)

Going Concern *(continued)*

- The Group and the Company are financed largely by long term external funding. This together with the present cash position and committed un-drawn facilities provides the appropriate liquidity platform to allow the Group and Company to meet their operational and financial commitments for the foreseeable future;
- Short-term liquidity requirements are forecast to be met from the Group's normal operating cash flow. Further liquidity is provided by cash and short-term deposit balances. Furthermore, committed undrawn bank facilities of £55m within ENWL and £216.4m in the Company are available from lenders which have a maturity of more than one year. Whilst the utilisation of these facilities is subject to gearing covenant restrictions, projections to 31 March 2015 indicate there is sufficient covenant headroom;
- The Board has given detailed consideration to the principal risks and uncertainties affecting the Group and Company, as referred to in the interim management report, and all other factors which could impact on the Group and the Company's ability to remain a going concern; and
- The Group Statement of Financial Position shows net current liabilities at 30 September 2012. The net liability position arises due to a number of non-cash items including the defined benefit pension scheme and fair value movement on liabilities.

Consequently, after making enquiries, the directors have a reasonable expectation that the Group and Company 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 year condensed financial statements.

Significant accounting policies

There are no new significant accounting policies and standards to be adopted for the six month period ended 30 September 2012 or for the year ending 31 March 2013.

Notes *(continued)*

3 OPERATING SEGMENTS

Predominately all Group operations arise from electricity distribution in the North West of England and associated activities. Only one significant operating segment is therefore regularly reviewed by the Chief Executive Officer and team.

The geographical origin and destination of revenue is all within the United Kingdom. In addition whilst revenue can fluctuate marginally with weather conditions, revenues are not affected significantly by seasonal trends.

4 INVESTMENT INCOME

	Unaudited Six months ended 30 September 2012 £m	Unaudited Six months ended 30 September 2011 £m	Audited Year ended 31 March 2012 £m
Interest receivable on short-term bank deposits held at amortised cost	**0.3**	1.2	1.9
Expected return on pension scheme assets	**26.3**	25.8	52.4
Interest cost on pension plan obligations	**(24.6)**	(24.7)	(49.8)
Total Investment Income	**2.0**	2.3	4.5

5 FINANCE EXPENSE

	Unaudited 30 September 2012 £000	Unaudited 30 September 2011 £000	Audited 31 March 2012 £000
Interest payable			
Interest payable on group borrowings	**12.6**	13.6	27.0
Interest payable on borrowings held at amortised cost	**29.1**	30.9	59.6
Interest payable on borrowings designated at fair value through profit and loss	**-**	-	22.2
Net receipts on derivatives held for trading	**(3.2)**	(3.5)	(14.1)
Other finance charges related to index linked bonds	**3.1**	6.8	12.3
IAS 23 capitalised interest	**-**	(0.1)	(0.6)
	41.6	47.7	106.4
Fair value losses/(gains) on financial instruments			
Borrowings designated at fair value through profit and loss	**20.1**	24.2	30.2
Derivatives held for trading	**6.9**	29.8	50.5
Cash settlement on close-out of amortising swaps	**-**	(1.8)	(1.8)
Accretion payable on index-linked swaps	**10.3**	-	-
	37.3	52.2	78.9
	78.9	99.9	185.3

Notes *(continued)*

6 TAXATION

	Unaudited Six months ended 30 September 2012 £m	Unaudited Six months ended 30 September 2011 £m	Audited Year ended 31 March 2012 £m
Current tax:			
UK corporation tax:			
Current year	**5.4**	1.7	0.2
Prior year	**-**	-	(9.2)
	5.4	1.7	(9.0)
Deferred tax:			
Current period	**(6.0)**	(6.2)	(0.6)
Prior year	**-**	-	1.9
Impact from future tax rates	**(10.7)**	(15.6)	(32.3)
	(16.7)	(21.8)	(31.0)
Credit for the period	**(11.3)**	(20.1)	(40.0)

Corporation tax is calculated at 24% (period ended 30 September 2011: 26%, year ended 31 March 2012: 26%) being the best estimate of the effective tax rate for the full financial year.

7 DIVIDENDS

Amounts recognised as distributions to equity holders in the period comprise:

	Unaudited Six months ended 30 September 2012 £m	Unaudited Six months ended 30 September 2011 £m	Audited Year ended 31 March 2012 £m
Interim dividends for the period	**12.0**	-	15.0

8 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent £94.8m (period ended 30 September 2011: £94.9m, year ended March 2012: £222.0m) on additions to property, plant and equipment as part of its capital programme for replacing its operating network and capitalised £nil (period ended 30 September 2011: £0.1m, year ended March 2012: £0.6m) of interest, in accordance with IAS 23.

Notes *(continued)*

9 BORROWINGS

	Unaudited 30 September 2012 £m	Unaudited 30 September 2011 £m	Audited 31 March 2012 £m
Non-current liabilities			
Bank and other term borrowings	**170.1**	166.2	168.5
Bonds	**1,197.2**	1,164.3	1,174.8
	1,367.3	1,330.5	1,343.3
Current liabilities			
Amounts owed to parent undertaking	**658.8**	658.0	658.0
	2,026.1	1,988.5	2,001.3

As at 30 September 2012 £216.4m of capex bank facility remains undrawn (period ended 30 September 2011: £176.4m, year ended 31 March 2012: £216.4m).

Notes *(continued)*

10 CASH GENERATED FROM OPERATIONS

	Unaudited Six months ended 30 September 2012 £m	Unaudited Six months ended 30 September 2011 £m	Audited Year ended 31 March 2012 £m
Operating profit	**97.3**	78.9	179.9
Adjustments for:			
Depreciation of property, plant and equipment	**43.2**	38.9	84.3
Amortisation of intangible assets	**4.3**	1.8	8.3
Amortisation of customer contributions[1]	**(1.2)**	(1.7)	(3.6)
Profit on disposal of property, plant and equipment	**-**	(0.1)	(0.6)
Cash contributions in excess of pension charge to operating profit	**(8.9)**	(9.2)	(43.1)
Operating cash flows before movement in working capital	**134.7**	108.6	225.2
Changes in working capital:			
Increase in inventories	**(0.1)**	(0.6)	(1.2)
Decrease in trade and other receivables	**0.1**	29.0	24.4
Decrease in provisions and payables	**(44.7)**	(21.1)	(0.6)
Cash generated from continuing operations	**90.0**	115.9	247.8

[1] In the 6 months ended 30 September 2012 £1.2m (period ended September 2011: £0.9m, year ended March 2012: £1.9m) of customer contributions amortisation has been amortised through revenue as a result of the adoption of IFRIC 18.

11 RETIREMENT BENEFIT SCHEMES

Defined benefit schemes

The defined benefit obligation is calculated using the latest actuarial valuation as at 31 March 2012 and has been projected forward by an independent actuary to take account of the requirements of IAS 19 'Employee Benefits' in order to assess the position at 30 September 2012. The present value of the defined benefit obligation, the related current service cost and the past service cost were measured using the projected unit credit method. The defined benefit plan assets have been updated to reflect their market value as at 30 September 2012.

Differences between the expected return on assets and the actual return on assets have been recognised as an actuarial gain or loss in the Statement of Comprehensive Income in accordance with the Group's accounting policy.

Notes *(continued)*

12 RELATED PARTIES

Loans are made between companies in the North West Electricity Networks (Jersey) Group on which varying rates of interest are chargeable. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the period, the North West Electricity Networks Limited group companies entered into the following transactions with related parties who are not members of that group:

	Unaudited Six months ended 30 September 2012 £m	Unaudited Six months ended 30 September 2011 £m	Audited Year ended 31 March 2012 £m
Interest paid to North West Electricity Networks (Holdings) Ltd	**12.6**	13.6	27.0
Dividends paid to North West Electricity Networks (Holdings) Ltd	**12.0**	-	15.0
Directors' fees to Colonial First State	**0.1**	0.1	0.1

Fees of £60,000 (September 2011: £60,000) were payable to Colonial First State in respect of the provision of Directors' services. Colonial First State is part of the Commonwealth Bank of Australia which is identified as a related party.

Amounts outstanding at 30 September 2012 between the Group and other companies within the North West Electricity Networks (Jersey) Group:

	Unaudited Six months ended 30 September 2012 £m	Unaudited Six months ended 30 September 2011 £m	Audited Year ended 31 March 2012 £m
Loans from related parties	**658.8**	658.0	658.0

The loans from related parties comprise amounts loaned from North West Electricity Networks (Holdings) Limited. £200m carries interest at 10% per annum, £327m is interest free, £121m carries interest at fixed rate 4.97% and £10m carries interest at a floating rate. Amounts are repayable on demand.

13 CONTINGENT LIABILITY

ENWL held the leasehold title to a number of retail properties as a result of its legacy retail operations whilst trading as Norweb Plc. The Company assigned the majority of these to a third party but retains a potential liability for lease obligations for 29 of those premises. The 29 properties have lease expiry dates ranging from 2013 to 2021.

Following the period end, the financial circumstances of the third party changed and in accordance with IAS 10 'Events after the reporting period', the directors have given consideration to whether this change in circumstances affects their views on the likelihood of any future outflow of economic benefit in relation to these leases. After due consideration, the directors have concluded, based on the additional information subsequent to the period end about the conditions prevailing at the balance sheet date, that the risk of a future outflow of economic benefit as at the balance sheet date remained possible rather than probable, and accordingly no provision has been recorded in the financial statements at 30 September 2012 in this regard.

The total annual accommodation cost, which includes rent, rates, service charge, insurance and maintenance, for these 29 properties for the next twelve months is approximately £8m. However based on the favourable location and size of the stores and the directors' expectations regarding the ability to re-let the properties, any exposure is considered to be in the total range of £20m-£25m (pre tax, undiscounted).

This figure is subject to a significant degree of uncertainty as it involves making judgements on 29 individual retail premises, the period of vacant possession and negotiations with individual landlords, letting agents and tenants.