

Company Registration No. 6873051

ENW Capital Finance plc
Half Year Condensed Financial Statements
for the period ended 30 September 2014

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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 Gittins

S Johnson

N Mills

M Walters

Operations

The principal activity of the Company is that of a financing company within the North West Electricity Networks (Jersey) Limited group (the 'Group') and the Company has notes in issue and listed on the London Stock Exchange (the 'Notes'). 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 5. There have been no significant events in the 6 months ended 30 September 2014 in respect of the Company.

Principal risks and uncertainties

The principal risks and uncertainties have not changed from the last annual report. As the Company's obligations in respect of the listed Notes are met via income receivable from North West Electricity Networks Plc (this was a Limited Company until 6th October 2014), the Board considers the principal risks and uncertainties facing the Company to be those that affect North West Electricity Networks Plc and the larger Group. The principal trade and activities of the Group are carried out in Electricity North West Limited ('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 Business Review of the ENWL Annual Report and Consolidated Financial Statements.

All of the Reports and Consolidated Financial Statements within the North West Electricity Networks (Jersey) Limited group can be found at www.enwl.co.uk.

Going concern

After making enquires, and based on the assumptions, sensitivities and uncertainties outlined in the accounting policies on page 9, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. The £300m bond due to expire in June 2015 will be redeemed using the proceeds received from North West Electricity Networks Plc on settlement of the intercompany bond expiring on the same date. North West Electricity Networks Plc will finance this with by a £305m US private placement, agreed in October 2014. The funds will be received denominated in sterling in two tranches, one of £120m in December 2014 and a second of £185m in June 2015.

For this reason, they continue to adopt the going concern basis in preparing the half year 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, 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 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

25 November 2014

CONDENSED INCOME STATEMENT
For the period ended 30 September 2014

	Note	Unaudited Period ended 30 September 2014 £000	Unaudited Period ended 30 September 2013 £000	Audited Year ended 31 March 2014 £000
Operating profit		-	-	-
Investment income	3	10,229	10,224	20,396
Finance expense	4	(10,224)	(10,219)	(20,386)
Profit before taxation		5	5	10
Taxation	5	(1)	(1)	(2)
Profit for the period/year		4	4	8

All the results shown in the condensed 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 9 to 12 form part of the condensed financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	Note	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
ASSETS				
Non-current assets				
Trade and other receivables	6	-	299,626	299,668
		-	299,626	299,668
Current assets				
Trade and other receivables	6	305,501	5,724	5,729
Cash and cash equivalents		14	14	14
		305,515	5,738	5,743
Total assets		305,515	305,364	305,411
LIABILITIES				
Current liabilities				
Trade and other payables	7	(305,449)	(5,682)	(5,682)
Current income tax liabilities	8	(13)	(11)	(12)
		(305,462)	(5,693)	(5,694)
Net current assets		53	45	49
Non-current liabilities				
Borrowings	7	-	(299,626)	(299,668)
Total liabilities		(305,462)	(305,319)	(305,362)
Net assets		53	45	49
EQUITY				
Share capital		13	13	13
Retained earnings		40	32	36
Total equity		53	45	49

Approved by the Board of Directors and signed on its behalf by:

S Johnson

Director

25 November 2014

The notes on pages 9 to 12 form part of the condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2014

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 April 2013	13	28	41
Profit for the period	-	4	4
	<hr/>	<hr/>	<hr/>
At 30 September 2013 (unaudited)	13	32	45
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 April 2013	13	28	41
Profit for the year	-	8	8
	<hr/>	<hr/>	<hr/>
At 31 March 2014 (audited)	13	36	49
Profit for the period	-	4	4
	<hr/>	<hr/>	<hr/>
At 30 September 2014 (unaudited)	13	40	53
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 12 form part of the condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30 September 2014

	Unaudited Period ended 30 September 2014 £000	Unaudited Period ended 30 September 2013 £000	Unaudited* Year ended 31 March 2014 £000
Operating activities			
Operating profit	-	-	-
Interest paid	(10,125)	(10,125)	(20,250)
Net cash used in operating activities	(10,125)	(10,125)	(20,250)
Investing activities			
Interest received and similar income	10,125	10,125	20,250
Net cash generated from investing activities	10,125	10,125	20,250
Net increase in cash and cash equivalents	-	-	-
Cash and cash equivalents brought forward	14	14	14
Cash and cash equivalents at end of the period/year	14	14	14

The notes on pages 9 to 12 form part of the condensed financial statements.

*The March 2014 financial statements were prepared under FRS 101, 'Reduced Disclosure Framework' and therefore a Statement of Cash Flows was neither presented nor audited.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The financial information for the 6 month period ended 30 September 2014 and similarly the period ended 30 September 2013 has neither been audited nor reviewed by the auditor. The financial information for the year ended 31 March 2014 has been based on information in the audited financial statements for that year, with the exception of the cash flow statement which was not presented in the Company's 2014 financial statements as they were prepared under FRS101 'Reduced Disclosure Framework'; accordingly this statement is unaudited.

The financial information for the year ended 31 March 2014 does not constitute the statutory financial statements for that year (as defined in s434 of the Companies Act 2006), but is derived from those financial statements. Statutory financial statements for 31 March 2014 have been delivered to the Registrar of Companies. The auditor reported on those financial statements: 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.

The financial information for the year ended 31 March 2014 is not a direct copy of the 31 March 2014 financial statements because these financial statements were prepared under FRS 101. Therefore although the 31 March 2014 financial information, with the exception of the cash flow statement, does come from audited financial statements the actual presentation and format used in these half year financial statements has not been audited.

2 ACCOUNTING POLICIES

Basis of preparation

The annual financial statements of the Company are prepared in accordance with FRS 101, 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The half year Condensed Financial Statements of the Company have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34') as adopted by the European Union. The results for the period ended 30 September 2014 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 year ended 31 March 2014.

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 Financial Statements 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 North West Electricity Networks Plc. The Directors have updated their going concern consideration at the half year period ended 30 September 2014 in respect of the Group and in particular for the North West Electricity Networks Plc group which produces half year Condensed Consolidated Financial Statements. Disclosure of the considerations made by the Directors in terms of the North West Electricity Networks Plc group and Company's cash flows, liquidity position and borrowing facilities and covenant compliance can be found in the North West Electricity Networks Plc 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 accounting policies and standards to be adopted for the six month period ended 30 September 2014 or for the year ending 31 March 2015 that has a significant impact on the Company.

Notes *(continued)*

3 INVESTMENT INCOME

	Unaudited Period ended 30 September 2014 £000	Unaudited Period ended 30 September 2013 £000	Audited Year ended 31 March 2014 £000
Interest receivable from Group companies	<u>10,229</u>	<u>10,224</u>	<u>20,396</u>

4 FINANCE EXPENSE

	Unaudited Period ended 30 September 2014 £000	Unaudited Period ended 30 September 2013 £000	Audited Year ended 31 March 2014 £000
Interest payable on borrowings held at amortised cost	<u>10,224</u>	<u>10,219</u>	<u>20,386</u>

5 TAXATION

	Unaudited Period ended 30 September 2014 £000	Unaudited Period ended 30 September 2013 £000	Audited Year ended 31 March 2014 £000
Current tax:			
UK corporation tax:			
Current year	<u>1</u>	<u>1</u>	<u>2</u>

Corporation tax is calculated at 21% for the period to 30 September 2014 (30 September 2013: 23%, 31 March 2014: 23%) being the best estimate for the effective tax rate for the financial year to 31 March 2015. There is no deferred tax in any period.

Notes (continued)**6 TRADE AND OTHER RECEIVABLES**

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

	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Non-current assets			
Intercompany - Bonds	-	299,626	299,668
Current assets			
Intercompany - Bonds	299,767	-	-
Intercompany - Interest	5,734	5,724	5,729
	305,501	5,724	5,729

On 21 July 2009 the Company lent North West Electricity Networks Plc (the 'Parent Company') proceeds of £299.1m in relation to the Notes issue of £300.0m at 6.75% fixed rate due June 2015, net of discount on issue. The carrying value of the receivable reflects the amortisation of the discount.

7 BORROWINGS AND TRADE AND OTHER PAYABLES

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

	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Non-current liabilities			
Bonds	-	299,626	299,668
Current liabilities			
Bonds	299,767	-	-
Accrued interest	5,682	5,682	5,682
	305,449	5,682	5,682

The Company has issued £300.0m 6.75% fixed rate Notes due June 2015, guaranteed by the Parent Company and NWEN Group Limited.

Notes (continued)**8 CURRENT INCOME TAX LIABILITIES**

	Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
Current liabilities			
Current income tax liability owed to group undertakings	13	11	12

9 RELATED PARTIES

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

	Unaudited period ended 30 September 2014 £000	Unaudited period ended 30 September 2013 £000	Unaudited* year ended 31 March 2014 £000
Interest receivable from North West Electricity Networks Plc	10,229	10,224	20,396

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

	Unaudited period ended 30 September 2014 £000	Unaudited period ended 30 September 2013 £000	Unaudited* year ended 31 March 2014 £000
Loan to North West Electricity Networks Plc	299,767	299,626	299,668
Interest receivable from North West Electricity Networks Plc (note 6)	5,734	5,724	5,729
Corporation tax payable to North West Electricity Networks Plc (note 8)	13	11	12

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

*As permitted by FRS 101, a related parties note was not presented in the 31 March 2014 financial statements.