

REGISTERED NUMBER: 03476201

NORTHERN POWERGRID HOLDINGS COMPANY

HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2017

Cautionary Statement

This interim management report has been prepared solely to provide additional information to shareholders to assess the business and strategies of Northern Powergrid Holdings Company (the "Company") and its subsidiaries (together the "Group") and should not be relied on by any other party or for any other purpose.

Business Model

The Company's main subsidiary companies are Northern Powergrid (Northeast) Limited and Northern Powergrid (Yorkshire) plc (together "Northern Powergrid"), Integrated Utility Services Limited ("IUS"), CalEnergy Resources Limited ("CE Resources") and Northern Powergrid Metering Limited ("Metering").

Northern Powergrid (Northeast) Limited and Northern Powergrid (Yorkshire) plc are distribution network operators ("DNOs") and distribute electricity to approximately 3.9 million customers connected to their electricity distribution networks, IUS provides engineering contracting services, CE Resources holds interests in hydrocarbon permits in Australia, Poland and the United Kingdom and Metering rents meters to energy suppliers.

Results for the six months ended 30 June 2017

The Group delivered a satisfactory performance for the six months ended 30 June 2017, although profit after tax reduced by £4.3 million when compared to the previous year mainly as a result of higher operating costs including depreciation partially offset by higher revenue, the reasons for which are set out below.

Revenue

Revenue at £387.7 million was £5.2 million higher than for the six months ended 30 June 2016 mainly due to higher smart meter rental income partially offset by lower distribution use of system revenues.

Cash flow

Cash and cash equivalents as at 30 June 2017 were £28.9 million, representing a decrease of £24.0 million when compared with the position at 31 December 2016.

The Group has access to £150 million under a committed revolving credit facility provided by Lloyds Bank plc, Royal Bank of Scotland plc and Abbey National Treasury Services plc, which is due to expire on 30 April 2020, and to a £50 million committed loan facility provided by the European Investment Bank.

In addition, companies in the Group have access to short-term borrowing facilities provided by Yorkshire Electricity Group plc, a company in the Group, and to a £42 million overdraft facility provided by Lloyds Bank plc.

Financial position

Profit before tax at £133.6 million was £9.9 million lower than the six months ended 30 June 2016 mainly as a result of higher operating costs including depreciation partially offset by higher revenues.

Dividends

No dividends were paid during the period resulting in £107.0 million being transferred to reserves.

Related party transactions

Details of the related party transactions entered into by companies in the Group and changes therein are included in Note 9 to this half-yearly financial report.

Strategic review

During the year to 30 June 2017, Northern Powergrid remained focused on delivering activity in support of the achievement of the Group's six core principles and underlying strategic objectives.

Core Principle	Strategic Objective	Activity undertaken to 30 June 2017
Financial strength	Effective stewardship of the Company's financial resources, investing in assets and focusing on long-term opportunities, which contribute to the Company's future strength.	<ul style="list-style-type: none">• Retained a grade A credit rating• Further detail can be found in the 'results for the year ended 30 June 2017' above
Customer service	Delivering reliability, dependability, fair prices and exceptional service.	<ul style="list-style-type: none">• Implemented initiatives from the Company's customer experience improvement plan to improve the Broad Measure of Customer Satisfaction scores• Enhanced the content of written communications and provided a text and email service ahead of planned power cuts• Embedded a revised stakeholder improvement strategy• Invested in technology to support customer relationship management• Further developed services for vulnerable customers• Expanded education initiatives to promote safety and energy conservation
Operational excellence	Setting high standards for the Company's operations, system investment and maintenance.	<ul style="list-style-type: none">• Invested significantly in network improvements including innovative technologies• Utilised the major incident management plan at times of adverse weather to minimise disruption to supply• Continued to deploy the flood defences programme to increase network resilience
Employee commitment	Equipping employees with the resources and support they need to operate successfully and in a safe and rewarding work environment.	<ul style="list-style-type: none">• Promoted safety in all areas of the business at all times• Completed the telematics installation programme• Supported employees by providing dedicated welfare services• Retained and recruited key talent• Continued to instil the values embedded in the Berkshire Hathaway Energy code of business conduct
Environmental respect	Using natural resources wisely and protecting the environment where	<ul style="list-style-type: none">• Replaced fluid filled cables to reduce environmental damage from oil leaks

	it is impacted by the Company's operations.	<ul style="list-style-type: none"> • Improved the distribution networks impact on the landscape by undergrounding overhead lines • Initiated several new innovation projects in the area of fault detection and domestic energy storage • Actively engaged with stakeholders on the Open Networks Project
Regulatory integrity	Adhering to a policy of strict compliance with applicable laws, regulations, standards and policies.	<ul style="list-style-type: none"> • Operated without any material regulatory non-compliances • Commenced preparation for the General Data Protection Regulation • Managed risks through regular meetings of the Governance and Risk Management Group

Principal risks and uncertainties

Information on the principal long-term risks and uncertainties and the internal control system are included in the Group's latest annual reports and accounts for the year to 31 December 2016, which is available at www.northernpowergrid.com.

It is anticipated that these risks will continue to be the principal risks facing the business for the remaining six months of 2017.

Going concern

In the Group's latest annual reports and accounts for the year to 31 December 2016 the directors set out a number of factors they took into account when they considered continuing to adopt the going concern basis in preparing those annual reports and accounts. The directors confirm that no events have occurred during the six months to 30 June 2017, which alter the view expressed in the annual reports and accounts to 31 December 2016.

Future strategy and objectives

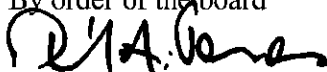
The Company will continue to develop its business as a holding company in a manner that concentrates on the Group's principal activities of electricity distribution, engineering contracting, hydrocarbon exploration and the rental of meters to energy suppliers.

Responsibility Statement

The board of directors confirm that to the best of their knowledge:

- the condensed set of financial statements, which has been prepared in accordance with IAS 34, gives a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation as a whole for the six months to 30 June 2017; and
- the interim management report contains a fair review of the important events that have occurred during the first six months of the year and their impact, if any, on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year.

By order of the board



P A Jones
Director

21 September 2017

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS - SIX MONTHS
ENDED 30 JUNE 2017**

	6 Months ended 30 June 2017 (unaudited) £m	6 Months ended 30 June 2016 (unaudited) £m
Revenue	387.7	382.5
Cost of sales	<u>(27.5)</u>	<u>(27.9)</u>
Gross profit	360.2	354.6
Operating expenses	<u>(177.6)</u>	<u>(162.8)</u>
Operating profit	182.6	191.8
Other gains	0.3	0.4
Finance income	0.3	0.7
Finance costs	<u>(49.6)</u>	<u>(49.4)</u>
Profit before tax	133.6	143.5
Income tax expense	<u>(26.6)</u>	<u>(32.2)</u>
Profit from ordinary activities after tax	<u>107.0</u>	<u>111.3</u>
Owners of the parent	106.0	110.2
Non-controlling interests	<u>1.0</u>	<u>1.1</u>
	<u>107.0</u>	<u>111.3</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS - SIX MONTHS
ENDED 30 JUNE 2017**

	6 Months ended 30 June 2017 Unaudited £m	6 Months ended 30 June 2016 Unaudited £m
PROFIT FOR THE PERIOD	107.0	111.3
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Employee benefit obligation	19.1	15.8
Income tax relating to items of other comprehensive income	(3.2)	(2.9)
	<u>15.9</u>	<u>12.9</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of foreign operations	0.3	3.5
	<u>0.3</u>	<u>3.5</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>16.2</u>	<u>16.4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>123.2</u>	<u>127.7</u>
 Owners of the parent	 122.2	 126.6
Non-controlling interests	<u>1.0</u>	<u>1.1</u>
	<u>123.2</u>	<u>127.7</u>

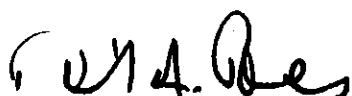
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2017

	30 June 2017	31 December 2016
	Unaudited £m	£m
ASSETS		
NON-CURRENT ASSETS		
Goodwill	248.8	248.8
Intangible assets	49.2	42.4
Property, plant and equipment	5,640.7	5,478.2
Investments	22.4	21.2
Pension asset	64.2	31.5
Tax receivable	0.8	0.6
Trade and other receivables	10.6	8.4
	<u>6,036.7</u>	<u>5,831.1</u>
CURRENT ASSETS		
Inventories	11.8	13.1
Trade and other receivables	124.8	153.4
Tax receivables	0.3	0.8
Cash and cash equivalents	28.9	52.9
	<u>165.8</u>	<u>220.2</u>
TOTAL ASSETS	<u>6,202.5</u>	<u>6,051.3</u>
EQUITY		
SHAREHOLDERS' EQUITY		
Share capital	354.6	354.6
Share premium account	(0.8)	(0.8)
Other reserves	(1.8)	(2.1)
Retained earnings	<u>1,939.8</u>	<u>1,817.9</u>
	2,291.8	2,169.6
Non Controlling Interest	<u>32.2</u>	<u>31.2</u>
TOTAL EQUITY	<u>2,324.0</u>	<u>2,200.8</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SIX MONTHS ENDED 30 JUNE 2017

	30 June 2017	31 December 2016
	Unaudited £m	£m
LIABILITIES		
NON-CURRENT LIABILITIES		
Trade and other payables	1,356.6	1,337.7
Borrowings	1,897.7	1,938.9
Deferred tax	236.7	230.4
Provisions	4.7	4.8
	<u>3,495.7</u>	<u>3,511.8</u>
CURRENT LIABILITIES		
Trade and other payables	259.9	259.5
Borrowings	97.7	54.2
Tax payable	22.4	22.3
Provisions	2.8	2.7
	<u>382.8</u>	<u>338.7</u>
TOTAL LIABILITIES	<u>3,878.5</u>	<u>3,850.5</u>
TOTAL EQUITY AND LIABILITIES	<u>6,202.5</u>	<u>6,051.3</u>

The interim financial statements were approved by the board of directors and authorised for issue on 21 September 2017 and were signed on its behalf by:



P A Jones
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - SIX MONTHS ENDED 30 JUNE 2017

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Total £m
Balance at 1 January 2017	354.6	(0.8)	(2.1)	1,817.9	2,169.6
Profit for the period (unaudited)	-	-	-	106.0	106.0
Other comprehensive income (unaudited)	-	-	-	15.9	15.9
Foreign exchange translation adjustment	-	-	0.3	-	0.3
Balance at 30 June 2017	354.6	(0.8)	(1.8)	1,939.8	2,291.8

	Non- Controlling Interests £m	Total Equity £m
Balance at 1 January 2017	31.2	2,200.8
Profit for the period (unaudited)	1.0	107.0
Other comprehensive income (unaudited)	-	15.9
Foreign exchange translation adjustment	-	0.3
Balance at 30 June 2017	32.2	2,324.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Total £m
Balance at 1 January 2016	354.6	(0.8)	(6.7)	1,636.3	1,983.4
Profit for the period (unaudited)	-	-	-	110.2	110.2
Other comprehensive income (unaudited)	-	-	-	12.9	12.9
Foreign exchange translation adjustment			3.5	-	3.5
Balance at 30 June 2016	354.6	(0.8)	(3.2)	1,759.4	2,110.0

	Non- Controlling Interests £m	Total Equity £m
Balance at 1 January 2016	28.9	2,012.3
Profit for the period (unaudited)	1.1	111.3
Other comprehensive income (unaudited)	-	12.9
Foreign exchange translation adjustment	-	3.5
Balance at 30 June 2016	30.0	2,140.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - SIX MONTHS ENDED 30 JUNE 2017 (CONTINUED)

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Total £m
Balance at 1 January 2016	354.6	(0.8)	(6.7)	1,636.3	1,983.4
Profit for the year	-	-	-	252.0	252.0
Other comprehensive income	-	-	-	(70.4)	(70.4)
Equity dividends paid	-	-	-	-	-
Foreign exchange translation adjustment	-	-	4.6	-	4.6
Balance at 31 December 2016	354.6	(0.8)	(2.1)	1,817.9	2,169.6

	Non- Controlling Interests £m	Total Equity £m
Balance at 1 January 2016	28.9	2,012.3
Profit for the year	2.3	254.3
Other comprehensive income	-	(70.4)
Equity dividends paid	-	-
Foreign exchange translation adjustment	-	4.6
Balance at 31 December 2016	31.2	2,200.8

CONSOLIDATED CASH FLOW STATEMENT

	6 Months ended 30 June 2017 Unaudited £m	6 Months ended 30 June 2016 Unaudited £m
Cash inflow from operating activities	269.2	241.9
Net interest paid	(47.5)	(47.2)
Tax paid	(23.0)	(13.7)
Net cash from operating activities	<u>198.7</u>	<u>181.0</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	0.4	0.4
Purchase of property, plant and equipment	(263.9)	(258.5)
Purchase of intangible assets	(6.6)	(11.4)
Investment in associate	(1.0)	(4.0)
Receipt of customer contributions	48.1	54.9
Net cash used in investing activities	<u>(223.0)</u>	<u>(218.6)</u>
Financing activities		
Dividends paid	-	-
Movement in external loans	0.1	-
Net cash generated by financing activities	<u>0.1</u>	<u>-</u>
Foreign exchange differences	0.2	3.5
Net decrease in cash and cash equivalents	(24.0)	(34.1)
Cash and cash equivalents at beginning of period	<u>52.9</u>	<u>57.9</u>
Cash and cash equivalents at end of period	<u>28.9</u>	<u>23.8</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The information included within these condensed financial statements for the year ended 31 December 2016 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor reported on those accounts and that report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. ACCOUNTING POLICIES

Basis of preparation

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Going concern

In the Group's latest annual reports and accounts for the year to 31 December 2016 the directors set out a number of factors they took into account when they considered continuing to adopt the going concern basis in preparing those annual reports and accounts. The directors confirm that no events have occurred during the six months to 30 June 2017, which alter the view expressed in the annual reports and accounts to 31 December 2016.

Changes in accounting policy

The Group's accounting policies and methods of computation are the same as the accounting policies which are described in the Group's financial statements for the year ended 31 December 2016. The Group has not adopted any new or revised accounting standards in the current year.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENTAL ANALYSIS

The Group operates in the principal area of activity of the distribution of electricity in the United Kingdom.

There has been no change in the basis of segmentation or in the basis of measurement of segment profit or loss in the period.

The following is an analysis of the Group's revenue and results by reportable segment in the six months ended 30 June 2017 (unaudited):

	Distribution £m	Other £m	Total £m
REVENUE			
External sales	354.1	33.6	387.7
Inter-segment sales	0.6	(0.6)	-
Total Revenue	<u>354.7</u>	<u>33.0</u>	<u>387.7</u>
SEGMENT RESULTS			
Operating profit	<u>170.9</u>	<u>11.6</u>	182.6
Other gains			0.3
Finance income			0.3
Finance costs			<u>(49.6)</u>
Profit before tax			<u>133.6</u>
OTHER INFORMATION			
Capital additions	209.6	69.1	278.7
Depreciation and amortisation	91.9	12.6	104.4
Amortisation of deferred revenue	<u>24.9</u>	<u>-</u>	<u>24.9</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENTAL ANALYSIS (CONTINUED)

The following is an analysis of the Group's revenue and results by reportable segment in the six months ended 30 June 2016 (unaudited):

	Distribution £m	Other £m	Total £m
REVENUE			
External sales	357.4	25.1	382.5
Inter-segment sales	0.5	(0.5)	-
Total Revenue	<u>357.9</u>	<u>24.6</u>	<u>382.5</u>
SEGMENT RESULTS			
Operating profit	<u>181.0</u>	<u>10.8</u>	191.8
Other gains			0.4
Finance income			0.7
Finance costs			<u>(49.4)</u>
Profit before tax			<u>143.5</u>
OTHER INFORMATION			
Capital additions	214.2	45.1	259.3
Depreciation and amortisation	85.9	7.0	92.9
Amortisation of deferred revenue	<u>23.2</u>	<u>-</u>	<u>23.2</u>

"Other" comprises engineering contracting, hydrocarbon exploration, smart meter rental and business support units.

Sales and purchases between the different segments are made at commercial prices.

External sales to RWE Npower plc in the six months ended 30 June 2017 represented 21.44% of revenue within the Distribution segment.

External sales to British Gas Ltd in the six months ended 30 June 2017 represented 15.51% of revenue within the Distribution segment.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENTAL ANALYSIS (CONTINUED)

The accounting policies of the reportable segments are the same as the Group's accounting policies which are described in the Group's latest annual financial statements. The segment results represent the profit earned by each segment without allocation of the share of profits of joint ventures, associates, finance income and finance costs and income tax expense

Segment net assets	30 June 2017 Unaudited £m	31 December 2016 £m
Distribution	3,987.1	3,773.8
Other	<u>343.8</u>	<u>334.8</u>
Total net assets by segment	4,330.9	4,108.6
Unallocated net corporate liabilities	<u>(2,006.9)</u>	<u>(1,907.8)</u>
Total net assets	<u>2,324.0</u>	<u>2,200.8</u>

Unallocated net corporate liabilities include cash and cash equivalents of £28.9 million (December 2016: £52.9 million), borrowings of £1,995.4 million (December 2016: £1,993.1 million) and taxation of £258.3 million (December 2016: £252.1 million).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

4. INCOME TAX EXPENSE

Tax for the six month period ended 30 June 2017 is charged at 19.25% (six months ended 30 June 2016: 20.00%; year ended 31 December 2016: 20.00%), which represents the best estimate of the average annual effective tax rate expected for the full year, as applied to the pre-tax income of the six month period.

	6 months ended 30 June 2017 Unaudited £m	6 months ended 30 June 2016 Unaudited £m
Current tax	23.6	25.7
Deferred tax	<u>3.0</u>	<u>6.5</u>
Total income tax expense	<u>26.6</u>	<u>32.2</u>

The Finance No2 Act 2015 reduced the rate of corporation tax to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. The Finance Act 2016, which was substantively enacted on 6 September, 2016 further reduced the rate of corporation tax effective from 1 April 2020 to 17%. Accordingly deferred tax assets and liabilities have been calculated at the tax rates which will be in force when the underlying temporary differences are expected to reverse.

5. DIVIDENDS

No dividends were distributed to the shareholders in the six month period ended 30 June 2017 (six months ended 30 June 2016: £nil)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

6. NOTES TO THE CASH FLOW STATEMENT

	6 Months ended 30 June 2017 Unaudited £m	6 Months ended 30 June 2016 Unaudited £m
Profit before income tax	133.6	143.5
Depreciation charges	104.4	92.9
Profit on disposal of fixed assets	(0.3)	(0.4)
Amortisation of deferred revenue	(24.9)	(23.2)
Retirement benefit obligations	(13.7)	(15.9)
Increase/(decrease) in provisions	0.1	(0.4)
Finance costs	49.6	49.4
Finance income	(0.3)	(0.7)
	<u>248.5</u>	<u>245.2</u>
Decrease in inventories	0.9	1.5
Decrease/ (increase) in trade and other receivables	24.9	(3.5)
Decrease in trade and other payables	(5.1)	(1.3)
	<u>269.2</u>	<u>241.9</u>
Cash generated from operations	<u>269.2</u>	<u>241.9</u>

7. RETIREMENT BENEFIT SCHEMES

The defined benefit obligation as at 30 June 2017 is calculated on a year-to-date basis, using the actuarial valuation as at 31 December 2016. The triennial valuation as at 31 March 2016 was finalised in September 2017. There have not been any significant fluctuations or one-time events since that time that would require adjustment to the actuarial assumptions made at June 2017.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

8. FINANCIAL INSTRUMENTS

Except as detailed in the following table, the directors consider that the carrying value amounts of financial assets and financial liabilities are approximately equal to their fair values:

	Carrying value		Fair value	
	30 June 2017 Unaudited £m	31 December 2016 £m	30 June 2017 Unaudited £m	31 December 2016 £m
Financial liabilities				
Short-term loans	-	0.1	-	0.1
Inter-company short-term loan	-	2.5	-	2.5
Bond 2020 – 8.875% (Northern Electric Finance plc)	105.7	101.2	130.8	130.3
Bond 2020 – 9.25% (Northern Powergrid (Yorkshire) plc)	216.9	227.8	248.7	266.4
Bond 2022 – 7.25% (Northern Powergrid Holdings Company)	204.1	196.6	263.6	259.7
Bond 2025 – 2.5% (Northern Powergrid (Yorkshire) plc)	148.8	150.5	158.5	160.4
Bond 2028 – 7.25% (Yorkshire Power Finance Limited)	201.9	195.3	282.0	276.3
Bond 2032 4.375% (Northern Powergrid (Yorkshire) plc)	153.8	150.5	190.6	187.2
Bond 2035 – 5.125% (Northern Electric Finance plc)	149.3	153.0	203.4	207.5
Bond 2035 – 5.125% (Northern Powergrid (Yorkshire) plc)	199.0	203.9	271.2	276.7
EIB loans 2018-2020*	277.7	277.2	307.1	312.5
EIB loans 2027 – 2.564%	253.5	250.3	272.3	268.2
EIB loans 2025 – 2.073%	50.6	50.1	51.3	50.7
Cumulative preference shares	34.1	34.1	54.9	51.8
	<u>1,995.4</u>	<u>1,993.1</u>	<u>2,434.4</u>	<u>2,450.2</u>

* The Northern Powergrid (Northeast) Limited borrowings from the European Investment Bank were drawn down in twelve tranches, repayable in 2018, 2019 and 2020. The interest rates shown are average rates for those repayment dates. The spread of interest rates is as follows:

2018: 3.901% - 4.283%

2019: 4.077% - 4.455%

2020: 4.227% - 4.586%

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

9. RELATED PARTY TRANSACTIONS

Group

Transactions entered into with related parties and balances outstanding were as follows:

	Sales to related parties £m	Purchases from related parties £m	Amounts owed to related parties £m	Borrowings from related parties £m	Dividends from/(to) related parties £m
Related party					
<i>Six months ended 30 June</i>					
<i>2017:</i>					
Immediate Parent Companies*	-	-	9.3	-	-
Vehicle Lease and Service Limited	0.2	4.0	0.4	-	-
	<u>0.2</u>	<u>4.0</u>	<u>9.7</u>	<u>-</u>	<u>-</u>
<i>Six months ended 30 June</i>					
<i>2016:</i>					
Immediate Parent Companies*	-	-	4.6	-	-
Vehicle Lease and Service Limited	0.1	4.2	0.2	-	-
	<u>0.1</u>	<u>4.5</u>	<u>4.8</u>	<u>-</u>	<u>-</u>
<i>Year ended 31 December</i>					
<i>2016:</i>					
Immediate Parent Companies*	-	-	7.7	-	-
Northern Powergrid Insurance Services Limited	-	-	-	-	-
Vehicle Lease and Service Limited	0.2	8.4	0.7	-	0.3
	<u>0.2</u>	<u>8.4</u>	<u>8.4</u>	<u>-</u>	<u>0.3</u>

Sales and purchases from related parties were made at commercial prices.

Interest on loans from Group companies is charged at a commercial rate.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

9. RELATED PARTY TRANSACTIONS (CONTINUED)

Company

Transactions entered into with related parties and balances outstanding were as follows:

	Borrowings to/(from) related parties £m	Interest from/(to) related parties £m	Dividends from/(to) related parties £m
Related party			
<i>Six months ended 30 June 2017:</i>			
Northern Powergrid UK Holdings	264.2	9.2	-
	<u>264.2</u>	<u>9.2</u>	<u>-</u>
<i>Six months ended 30 June 2016:</i>			
Northern Powergrid UK Holdings	264.2	9.2	-
	<u>264.2</u>	<u>11.6</u>	<u>-</u>
<i>Year ended 31 December 2016:</i>			
Northern Powergrid UK Holdings	289.0	18.6	-
	<u>289.0</u>	<u>18.6</u>	<u>-</u>

* Immediate parent companies are BHE U.K. Electric, Inc., (35%), BHE U.K. Power, Inc. (35%) and BHE U.K. Inc. (30%).

Interest on loans to/from Group companies is charged at a commercial rate.

During the six months ended 30 June 2017 two directors (six months ended 30 June 2016: 2, year ended 31 December 2016: 2) utilised the services provided by Northern Transport Finance Limited, a subsidiary company.

