

YORKSHIRE POWER FINANCE LIMITED

HALF-YEARLY FINANCIAL REPORT

SIX MONTHS ENDED 30 JUNE 2009

YORKSHIRE POWER FINANCE LIMITED

INTERIM MANAGEMENT REPORT

Registered in the Cayman Islands Registered Number: CR 75763
Registered Office: P O Box 309, Ugland House, South Church Street, Georgetown,
Grand Cayman, Cayman Islands

Cautionary Statement

This interim management report has been prepared solely to provide additional information to shareholders to assess the business of Yorkshire Power Finance Limited (the "Company") and should not be relied on by any other party or for any other purpose.

Operations

The Company is registered in the Cayman Islands, is a subsidiary of CE Electric UK Funding Company, which is incorporated in the United Kingdom, and acts as the issuer of long term debt securities. The Company's financial assets are loans advanced to other undertakings in the CE Electric UK Funding Company group of companies (the "CE Group") and trade and other receivables.

Results for the six months ended 30 June 2009

During the period ended 30 June 2009, the Company made a profit after tax of £0.2 million (period ended 30 June 2008: £0.4 million).

Interest on the fixed interest rate loans exposes the Company to fair value interest rate risk. The loans are non-secured and the Company has no undrawn committed borrowing facilities.

This half-yearly report for the Company, which includes non-statutory financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and the provisions of the United Kingdom Companies Act 2006, being the national law of the Member State of the European Union in which CE Electric UK Funding Company is incorporated and which would have been applied if the financial statements were United Kingdom statutory financial statements, has not been subject to audit or review by the Company's auditors.

There were no significant events during the period ended 30 June 2009 and the Company met its obligation to make the annual interest payment on its debt securities on 4 August 2009.

A summary of the key financial results is set out below:

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INTERIM MANAGEMENT REPORT (CONTINUED)

Key financials

Income statement

Investment income and finance costs have decreased by £2.7m compared to the same period in the prior year due to the fall in average interest rates in the period. Finance costs were £2.3m lower due to the repayment of debt in February 2008.

Cash flow

Cash and cash equivalents as at 30 June 2009 were broadly in line with the position at 31 December 2008.

Financial position

Profit before tax at £0.3m was £0.4m lower than the six months ended 30 June 2008 mainly due to a fall in the average interest rate in the period.

Dividends

No ordinary dividends were paid in the period resulting in £0.2m being transferred to reserves.

Related party transactions

Details of the related party transactions entered into by the Company and changes therein are included in Note 2 to this interim management report.

Risks and uncertainties

The principal risk facing the Company for the remainder of 2009 is not having sufficient liquidity to enable the Company to meet its liabilities as they fall due and to provide adequately for contingencies. In this respect, borrowing facilities are made available to the Company by other companies in the CE Group, if required.

Further information on the principal long term risks and uncertainties and the internal control system are included in the CE Group's latest annual report for the year to 31 December 2008, which is available at www.ce-electricuk.com.

Future strategy and objectives

The Company will continue to act as the issuer of long term debt securities.

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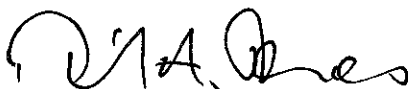
INTERIM MANAGEMENT REPORT (CONTINUED)

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", and gives a true and fair view of the assets, liabilities, financial position and profit of the Company for the six months to 30 June 2009; and
- (b) 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

14 August 2009

YORKSHIRE POWER FINANCE LIMITED**REGISTERED NUMBER CR 75763****INCOME STATEMENT FOR THE PERIOD TO 30 JUNE 2009**

	Six months ended 30 June 2009 Unaudited £m	Six months ended 30 June 2008 Unaudited £m	Year ended 31 December 2008 Audited £m
Investment income	7.1	9.8	17.8
Finance costs	<u>(6.8)</u>	<u>(9.1)</u>	<u>(16.0)</u>
Profit before tax	0.3	0.7	1.8
Income tax expenses	<u>(0.1)</u>	<u>(0.3)</u>	<u>(0.5)</u>
Profit from ordinary activities after tax	<u>0.2</u>	<u>0.4</u>	<u>1.3</u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2009

There is no other comprehensive income for the Company for the six months to 30 June 2009, the comparative six month period in 2008 or the year ended 31 December 2008, other than the profits reported above.

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD TO 30 JUNE 2009

	Share Capital £m	Share Premium Account £m	Retained Earnings £m	Total Equity £m
Balance at 1 January 2009 (audited)	-	20.0	7.9	27.9
Comprehensive income for the period (unaudited)	-	-	0.2	0.2
Balance at 30 June 2009 (unaudited)	-	20.0	8.1	28.1

	Share Capital £m	Share Premium Account £m	Retained Earnings £m	Total Equity £m
Balance at 1 January 2008 (audited)	-	20.0	6.6	26.6
Comprehensive income for the period (unaudited)	-	-	0.4	0.4
Balance at 30 June 2008 (unaudited)	-	20.0	7.0	27.0

	Share Capital £m	Share Premium Account £m	Retained Earnings £m	Total Equity £m
Balance at 1 January 2008 (audited)	-	20.0	6.6	26.6
Comprehensive income for the period (unaudited)	-	-	1.3	1.3
Balance at 31 December 2008 (audited)	-	20.0	7.9	27.9

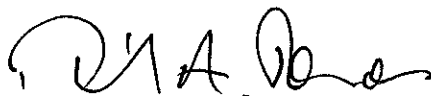
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BALANCE SHEET AS AT 30 JUNE 2009

	30 June 2009 Unaudited £m	30 June 2008 Restated (note 3) Unaudited £m	31 December 2008 Audited £m
Non-current assets			
Trade and other receivables	181.7	181.7	181.7
Current assets			
Trade and other receivables	12.6	12.6	5.7
Cash and cash equivalents	29.4	28.3	29.5
	42.0	40.9	35.2
Total assets	223.7	222.6	216.9
Current liabilities			
Current income tax liabilities	(0.1)	(0.2)	(0.3)
Borrowings	(12.2)	(12.3)	(5.5)
	(12.3)	(12.5)	(5.8)
Net current assets	29.7	28.4	29.4
Non-current liabilities			
Borrowings	(183.3)	(183.1)	(183.2)
Total liabilities	(195.6)	(195.6)	(189.0)
Net assets	28.1	27.0	27.9
EQUITY			
Share capital	-	-	-
Share premium account	20.0	20.0	20.0
Retained earnings	8.1	7.0	7.9
Total equity	28.1	27.0	27.9

The half-yearly financial statements were approved by the board of directors and authorised for issue on 14 August 2009 and were signed on its behalf by:



P A Jones
Director

YORKSHIRE POWER FINANCE LIMITED**REGISTERED NUMBER CR 75763****CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	6 Months ended 30 June 2009 Unaudited £m	6 Months ended 30 June 2008 Unaudited £m	Year ended 31 December 2008 Audited £m
Net cash from operating activities	<u>(0.1)</u>	<u>0.5</u>	<u>1.7</u>
Investing activities			
Receipt of amounts owed by group undertakings	<u>-</u>	<u>141.8</u>	<u>141.8</u>
Net cash used in investing activities	<u>-</u>	<u>141.8</u>	<u>141.8</u>
Financing activities			
Repayment of borrowings	<u>-</u>	<u>(142.8)</u>	<u>(142.8)</u>
Net cash used in financing activities	<u>-</u>	<u>(142.8)</u>	<u>(142.8)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(0.1)</u>	<u>(0.5)</u>	<u>0.7</u>
Cash and cash equivalents at beginning of period	<u>29.5</u>	<u>28.8</u>	<u>28.8</u>
Cash and cash equivalents at end of period	<u>29.4</u>	<u>28.3</u>	<u>29.5</u>

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NOTES TO THE HALF-YEARLY FINANCIAL REPORT

1. ACCOUNTING POLICIES

The Company's accounting policies are the same as the accounting policies which are described in the Company's latest financial statements.

2. RELATED PARTY TRANSACTIONS

The Company has made loans to other companies within the CE Electric UK Funding Company Group (the "CE Group"). The total interest included in investment income in the income statement for the six months ended 30 June 2009 was £7.1m (six months ended 30 June 2008: £9.8m, year ended 31 December 2008: £17.8m).

Included within non current trade and other receivables is £181.7m as at 30 June 2009 (30 June 2008: £181.7m, 31 December 2008: £181.7m) and included within cash and cash equivalents is £29.4m as at 30 June 2009 (30 June 2008: £28.3m, 31 December 2008: £29.5m) in respect of these loans.

Interest on loans to companies within the CE Group is charged at a commercial rate of interest.

3. PRIOR PERIOD RESTATEMENT

A prior period restatement has been made in respect of accrued interest on borrowings. This balance has been reclassified from trade and other payables to short-term borrowings on the face of the balance sheet in line with IAS 39 "Financial Instruments: Recognition and Measurement". The effect of this adjustment is to increase borrowings and decrease trade and other payables in the prior period by £12.3m. The adjustment has no impact on prior period profit.