

YORKSHIRE POWER FINANCE LIMITED

HALF-YEARLY FINANCIAL REPORT

SIX MONTHS ENDED 30 JUNE 2012

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 Northern Powergrid Holdings 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 Northern Powergrid Holdings Company group of companies (the "Northern Powergrid Group") and trade and other receivables.

Results for the six months ended 30 June 2012

During the period ended 30 June 2012, the Company made a profit after tax of £0.1 million (period ended 30 June 2011: £0.1 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 Northern Powergrid Holdings 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 2012 and the Company is scheduled to meet its obligation to make the annual interest payment on its debt securities by 6 August 2012.

YORKSHIRE POWER FINANCE LIMITED

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INTERIM MANAGEMENT REPORT (CONTINUED)

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

Key financials

Income statement

Investment income and finance costs are in line with the same period in the prior year.

Cash flow

Cash equivalents as at 30 June 2012 were in line with the position at 31 December 2011.

Financial position

Profit after tax at £0.1m was in line with the same period in the prior year.

Dividends

No ordinary dividends were paid in the period resulting in £0.1m 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 2012 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 Northern Powergrid Group, if required.

Further information on the principal long term risks and uncertainties and the internal control system are included in Northern Powergrid Holdings Company's latest annual report for the year to 31 December 2011, which is available at www.northernpowergrid.com.

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INTERIM MANAGEMENT REPORT (CONTINUED)

Going concern

In the Company's latest annual report and accounts for the year to 31 December 2011 the directors set out a number of factors taken into account when considering continuing to adopt the going concern basis in preparing those annual report and accounts and would confirm that no events have occurred during the six months to 30 June 2012 to alter the view expressed in those annual report and accounts.

Future strategy and objectives

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

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 2012; 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

19 July 2012

YORKSHIRE POWER FINANCE LIMITED**REGISTERED NUMBER CR 75763****INCOME STATEMENT FOR THE PERIOD TO 30 JUNE 2012**

	Six months ended 30 June 2012 Unaudited £m	Six months ended 30 June 2011 Unaudited £m	Year ended 31 December 2011 Audited £m
Investment income	7.0	7.0	14.1
Finance costs	<u>(6.8)</u>	<u>(6.8)</u>	<u>(13.6)</u>
Profit before tax	0.2	0.2	0.5
Income tax expenses	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>
Profit from ordinary activities after tax	<u>0.1</u>	<u>0.1</u>	<u>0.4</u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2012

There is no other comprehensive income for the Company for the six months to 30 June 2012, the comparative six month period in 2011 or the year ended 31 December 2011, other than the profits reported above.

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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD TO 30 JUNE 2012

	Share Capital £m	Share Premium Account £m	Retained Earnings £m	Total Equity £m
Balance at 1 January 2012	-	20.0	9.1	29.1
Comprehensive income for the period (unaudited)	-	-	0.1	0.1
Balance at 30 June 2012 (unaudited)	-	20.0	9.2	29.2

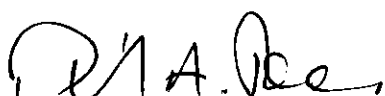
	Share Capital £m	Share Premium Account £m	Retained Earnings £m	Total Equity £m
Balance at 1 January 2011	-	20.0	8.7	28.7
Comprehensive income for the period (unaudited)	-	-	0.1	0.1
Balance at 30 June 2011 (unaudited)	-	20.0	8.8	28.8

	Share Capital £m	Share Premium Account £m	Retained Earnings £m	Total Equity £m
Balance at 1 January 2011	-	20.0	8.7	28.7
Comprehensive income for the period	-	-	0.4	0.4
Balance at 31 December 2011	-	20.0	9.1	29.1

YORKSHIRE POWER FINANCE LIMITED**REGISTERED NUMBER CR 75763****BALANCE SHEET AS AT 30 JUNE 2012**

	30 June 2012 Unaudited £m	30 June 2011 Unaudited £m	31 December 2011 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 equivalents	30.8	30.3	30.8
	43.4	42.9	36.5
Total assets	225.1	224.6	218.2
Current liabilities			
Current income tax liabilities	(0.1)	(0.1)	(0.1)
Borrowings	(12.3)	(12.2)	(5.4)
	(12.4)	(12.3)	(5.5)
Net current assets	31.0	30.6	31.0
Non-current liabilities			
Borrowings	(183.5)	(183.5)	(183.6)
Total liabilities	(195.9)	(195.8)	(189.1)
Net assets	29.2	28.8	29.1
EQUITY			
Share capital	-	-	-
Share premium account	20.0	20.0	20.0
Retained earnings	9.2	8.8	9.1
Total equity	29.2	28.8	29.1

The half-yearly financial statements were approved by the board of directors and authorised for issue on 19 July 2012 and were signed on its behalf by:



P A Jones
Director

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CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

	6 Months ended 30 June 2012 Unaudited £m	6 Months ended 30 June 2011 Unaudited £m	Year ended 31 December 2012 Audited £m
Net cash from operating activities	<u>-</u>	<u>-</u>	<u>0.5</u>
Net (decrease)/increase in cash equivalents	-	-	0.5
Cash equivalents at beginning of period	<u>30.8</u>	<u>30.3</u>	<u>30.3</u>
Cash equivalents at end of period	<u>30.8</u>	<u>30.3</u>	<u>30.8</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 Northern Powergrid Holdings Company Group (the "Northern Powergrid Group"). The total interest included in investment income in the income statement for the six months ended 30 June 2012 was £7.0m (six months ended 30 June 2011: £7.0m, year ended 31 December 2011: £14.1m).

Included within non-current trade and other receivables is £181.7m as at 30 June 2012 (30 June 2011: £181.7m, 31 December 2011: £181.7m) and included within cash and cash equivalents is £30.7m as at 30 June 2012 (30 June 2011: £30.3m, 31 December 2011: £30.8m) in respect of these loans.

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