



Interim Consolidated Accounts (un-audited) for Southern Water Services Ltd

For the six months ended 30 September 2008

Important notice

This report should not be relied on as a guide to future performance, and should not be relied on in deciding whether to undertake investment in the company. It should be noted that the information in this report has not been reviewed by the company's auditors.

Format and basis of consolidation

The abridged accounts contained within this report represent the consolidation of Southern Water Services Ltd and its subsidiary, Southern Water Services (Finance) Ltd. These accounts are presented in fulfilment of a finance document, the Common Terms Agreement, and as such are not presented in full Companies Act format.

FRS 17

The pension deficits shown at 30 September 2008 and 30 September 2007 are based on the valuations at 31 March 2008 and 31 March 2007 respectively updated by actuaries reflecting market yields and asset values. These are not formal interim valuations of the scheme assets and liabilities, however an assessment of the actuarial losses has been made and shown in the STRGL. Actuarial gains and losses for the whole year and the surplus/deficit at the end of the year will be presented in the annual financial statements.

Please note that these Interim Accounts have not been reviewed by the company's auditors

Interim Accounts

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Profit and Loss Account

	Six months ended 30 September	
	2008	2007
	unaudited	unaudited
	£m	£m
Turnover	<u>340.8</u>	<u>315.3</u>
Operating profit before exceptional items	155.4	132.8
Exceptional Items	-	(20.3)
Operating profit after exceptional items	<u>155.4</u>	<u>112.5</u>
Profit on disposal of fixed assets	2.4	5.9
Net interest payable	(87.8)	(73.5)
Profit on ordinary activities before taxation	<u>70.0</u>	<u>44.9</u>
Tax on profit on ordinary activities	(23.0)	(21.6)
Profit on ordinary activities after taxation	<u>47.0</u>	<u>23.3</u>
Dividends	(71.7)	(47.9)
Retained (loss)/profit for the period	<u>(24.7)</u>	<u>(24.6)</u>
STRGL		
Profit for the financial period	47.0	23.3
Actuarial (loss)/gain on pension scheme	(61.7)	29.3
Movement on deferred tax relating to pension liability	17.4	(8.8)
Total gains and losses recognised since last annual report and financial statements	<u>2.7</u>	<u>43.8</u>

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Balance Sheet

	As at 30 September	
	2008 unaudited	2007 unaudited
	£m	£m
Fixed assets	<u>3,566.8</u>	<u>3,397.4</u>
Cash	177.6	366.0
Other net current liabilities	(4.5)	(62.7)
Debtors: amounts falling due after more than one year	812.3	812.3
Creditors: amounts falling due after more than one year	(3,220.7)	(3,161.4)
Provision for liabilities and charges	(434.5)	(472.5)
Pension liability	(102.8)	(52.5)
Grants and contributions	(51.3)	(48.8)
Net assets	<u><u>742.9</u></u>	<u><u>777.8</u></u>
Capital and reserves:		
Called up share capital	0.1	0.1
Share premium	46.3	46.3
Profit and loss account	696.5	731.4
Total equity shareholders' funds	<u><u>742.9</u></u>	<u><u>777.8</u></u>

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Cash Flow

	Six months ended 30 September	
	2008	2007
	unaudited	unaudited
	£m	£m
Net cash inflow from operating activities	228.1	219.9
Ofwat fine	(20.3)	0.0
Net interest paid	(2.5)	(91.9)
Preference share dividends	(6.9)	0.0
Taxation	(11.5)	(8.5)
Capital expenditure and financial investment	(185.2)	(228.3)
Equity dividends paid	(41.2)	(47.9)
Net cash outflow before financing	<u>(39.5)</u>	<u>(156.7)</u>
Financing:		
Issue of Bonds	0.0	298.7
Issue of Preference shares	0.0	0.0
New loans granted	0.0	0.0
Repayment of loans	0.0	0.0
Net cash inflow from financing	<u>0.0</u>	<u>298.7</u>
Increase/(decrease) in cash	<u>(39.5)</u>	<u>142.0</u>

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