



2004 Interim Consolidated Accounts  
for Southern Water Services Ltd

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004



### **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.

### **Basis of Consolidation**

The Accounts contained within this report represent the consolidation of Southern Water Services Ltd and its subsidiary, Southern Water Services (Finance) Ltd.

### **Company Refinancing**

The Company undertook a major refinancing on 23rd July 2003. Part of the comparative period to 30th September 2003 represents the previous company financial structure.

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**  
**2004**                      **2003**  
**£m**                              **£m**

|   |                   |                   |
|---|-------------------|-------------------|
| Turnover  | <u>237.5</u>      | <u>230.0</u>      |
| Operating profit and profit on ordinary activities before interest and taxation | 90.7              | 98.9              |
| Profit on disposal of fixed assets  | 0.9               | 1.0               |
| Net interest payable  | (51.5)            | (41.8)            |
| Profit on ordinary activities before taxation                                   | <u>40.1</u>       | <u>58.1</u>       |
| Tax on profit on ordinary activities  | (12.0)            | (17.4)            |
| Profit on ordinary activities after taxation                                    | <u>28.1</u>       | <u>40.7</u>       |
| Dividends   | (26.9)            | (36.2)            |
| Retained profit for the period  | <u><u>1.2</u></u> | <u><u>4.5</u></u> |

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## Balance Sheet

|   | Six months ended 30 September |                      |
|---|-------------------------------|----------------------|
|   | 2004<br>£m                    | 2003<br>£m           |
| Fixed assets  | <u>2733.9</u>                 | <u>2669.1</u>        |
| Cash  | 294.7                         | 133.9                |
| Other net current assets/(liabilities)                  | (122.3)                       | (75.7)               |
| Debtors: amounts falling due after more than one year   | 816.6                         | 816.6                |
| Creditors: amounts falling due after more than one year | (2,245.3)                     | (2,052.6)            |
| Provision for liabilities and charges                   | (379.0)                       | (383.1)              |
| Grants and contributions                                | (43.1)                        | (41.5)               |
| Net assets  | <u><u>1055.5</u></u>          | <u><u>1066.7</u></u> |
| Capital and reserves:                                   |                               |                      |
| Called up share capital                                 | 0.4                           | 0.4                  |
| Preference share capital                                | 259.7                         | 259.7                |
| Share premium   | 46.3                          | 46.3                 |
| Profit and loss account                                 | 749.1                         | 760.3                |
| Total equity shareholders' funds                        | <u><u>1055.5</u></u>          | <u><u>1066.7</u></u> |

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**Cash Flow**

|  | <b>Six months ended 30 September</b> |                |
|--|--------------------------------------|----------------|
|  | <b>2004</b>                          | <b>2003</b>    |
|  | <b>£m</b>                            | <b>£m</b>      |
| Net cash inflow from operating activities    | 160.2                                | 104.6          |
| Net interest paid                            | (10.8)                               | (36.5)         |
| Non equity dividends paid                    | 0.0                                  | (2.7)          |
| Taxation                                     | (8.6)                                | (21.7)         |
| Capital expenditure and financial investment | (92.8)                               | (114.0)        |
| Equity dividends paid                        | (23.4)                               | (33.5)         |
| Net cash inflow/(outflow) before financing   | <u>24.6</u>                          | <u>(103.8)</u> |
| Financing:                                   |                                      |                |
| Issue of Bonds                               | 174.1                                | 2051.6         |
| Issue of Preference shares                   | 0.0                                  | 260.0          |
| New loans granted                            | 0.0                                  | (816.6)        |
| Repayment of loans                           | 0.0                                  | (1,210.6)      |
| Net cash inflow from financing               | <u>174.1</u>                         | <u>284.4</u>   |
| Increase in cash                             | <u>198.7</u>                         | <u>180.6</u>   |

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