

Registered no: 07516930 (England and Wales)

Thames Water (Kemble) Finance Plc
(Formerly Hackplimco No.120 plc)

Interim report and financial statements

For the 7 months and 27 days period ended 30 September 2011

Thames Water (Kemble) Finance Plc

Contents

	Pages
Directors' report	2
Responsibility statement of the directors	3
Auditors' independent review report	4
Condensed Profit and loss account	5
Condensed Balance sheet	6
Notes to the financial statements	7 - 9

Thames Water (Kemble) Finance Plc

Directors' report for the period ended 30 September 2011

Review of business, principal activities and future developments

Thames Water (Kemble) Finance Plc ("the Company") was incorporated on 4 February 2011 as Hackplimco No.120 plc. On 24 March 2011, the Company changed its name to Thames Water (Kemble) Finance Plc. As a result, this report and the financial statements cover a period of 7 months and 27 days. Since this is the first period since incorporation there are no comparative figures. The Company was established to make certain financing arrangements on behalf of its immediate parent undertaking Kemble Water Finance Ltd. The ultimate parent undertaking is Kemble Water Holdings Limited ("the Group").

The registered company number is 07516930.

The Company's first accounting reference date was selected as 31 March 2012.

The profit after tax for the period was £3,000.

The Group is managed on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

Financial results

Turnover is consistent with the directors' expectations for the half year. Financing costs arising from raising funds on behalf of Kemble Water Finance Limited are recharged. During the period, the Company raised a £400.0m secured bond which was lent to Kemble Water Finance Ltd.

Principal risks and uncertainties

The Company is a financing subsidiary of Kemble Water Finance Limited and accordingly, all financing transactions and obligations were passed to Kemble Water Finance Limited by way of an inter company loan. Risk management relating to the financing obligation of Kemble Water Finance Ltd is managed as part of the overall financial risk management strategy of the Group.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

Directors

The directors who held office during the period and to the date of signing were:

Stuart Ledger (Appointed 24 March 2011)

Andrew Beaumont (Appointed 24 March 2011)



A Beaumont
Director

Thames Water (Kemble) Finance Plc

Responsibility statement of the directors in respect of the half yearly financial report

The directors have voluntarily complied with the Disclosure and Transparency Rules, except in the case of applying DTR 4.2.8R in respect of related party transactions on the grounds that the Company is exempt as it does not issue listed shares, as the Company is required under licence condition 6A.5B to publish information about its interim results as if subject to the Listing Rules of the Financial Services Authority.

The directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with the Statement "Half yearly financial reports" issued by the UK Accounting Standards Board.
- The interim management report includes a fair review of the information required by DTR 4.2.7R of the "Disclosure and Transparency Rules", being an indication of important events that have occurred during the period and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year.

The following persons were directors of the company at the time of approval of these statements:

Stuart Ledger
Andrew Beaumont

The above statement of directors' responsibilities was approved on 24 November 2011.

By order of the Board



A Beaumont
Director

Independent review report to Thames Water (Kemble) Finance PLC for the seven month and 27 day period ended 30 September 2011

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the seven month and 27 day period ended 30 September 2011, which comprises the condensed profit and loss account, the condensed balance sheet and the related explanatory notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors.

The annual financial statements of the Company are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). The condensed set of financial statements included in this half yearly report has been prepared in accordance with the Statement "*Half yearly financial reports*" issued by the UK Accounting Standards Board

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the seven months and 27 day period ended 30 September 2011 is not prepared, in all material respects, in accordance with the Statement "*Half yearly financial reports*" issued by the UK Accounting Standards Board.



W Meredith
For and on behalf of KPMG Audit Plc
Chartered Accountants

24 November 2011

Thames Water (Kemble) Finance Plc

Condensed Profit and loss account for the period ended 30 September

	Note	Period to 30 September 2011 (unaudited)
		£'000
Turnover		15,127
Interest payable and similar charges	2	(15,122)
Profit on ordinary activities before taxation		5
Taxation charge on profit on ordinary activities	3	(2)
Profit for the period		3

All amounts above relate to continuing operations.

The Company has no recognised gains or losses other than the results above therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period as stated above and their historical cost equivalents.

Thames Water (Kemble) Finance Plc

Condensed Balance sheet at 30 September

	Note	Period to 30 September 2011 (unaudited)
		£'000
Current assets		
Debtors:		
Amounts falling due within one year		15,033
Amounts falling due after more than one year		400,000
Total debtors	4	415,033
Cash and cash equivalents		50
		415,083
Creditors: amounts falling due within one year	5	(15,030)
Net current assets		400,053
Creditors: amounts falling due after more than one year	6	(400,000)
Net assets		53
Capital and reserves		
Called up share capital	7	50
Profit and loss account	8	3
Shareholder's funds	9	53

The interim financial statements were approved by the Board of Directors on 24 November 2011 and signed on its behalf by:



Andrew Beaumont
Director

Thames Water (Kemble) Finance Plc

Notes to the financial statements for the period ended 30 September

1. Basis of preparation

These condensed interim financial statements ("the financial statements") for the period ended 30 September 2011 have been prepared in accordance with the historical cost convention and with applicable accounting standards in the United Kingdom.

The financial statements do not include all the information required for full annual financial statements, do not comprise statutory accounts within the meaning of section 396 of the Companies Act 2006. The financial statements have been prepared in accordance with the UK Accounting Standards Board's statement "*Half yearly financial reports*", and the requirements of the "*Disclosure and Transparency Rules*" issued by the Financial Services Authority. These financial statements have been reviewed by KPMG Audit Plc.

2. Interest payable and similar charges

	Period to 30 September 2011 (unaudited)
	£'000
Interest payable on other loans	15,122

3. Taxation

The corporation tax charge is based upon UK corporation tax of 26%.

The interim corporation tax charge for the period to 30 September 2011 is based upon the forecast effective tax rate for the full period to 31 March 2012 applied to the profits earned in the period to September 2011.

During the period, there was a change in law reducing the corporation tax rate from 26% to 25% from 1 April 2012.

Thames Water (Kemble) Finance Plc

Notes to the financial statements for the period ended 30 September

4. Debtors

Included in debtors is an amount of £415.0m comprising principal and interest with regards to a loan to the Company's immediate parent company, Kemble Water Finance Limited, of which £400.0m is falling due after more than one year.

5. Creditors: amounts falling due within one year

	Period to 30 September 2011 (unaudited)
	£'000
Interest payable	15,028
Corporation tax	2
	15,030

6. Creditors: amounts falling due after more than one year

	Period to 30 September 2011 (unaudited)
	£'000
Secured bonds	400,000

The company has in issue £400.0m of secured bonds due 1 April 2019. The net proceeds were loaned to Kemble Water Finance Limited under mirrored interest terms includes a margin of £10,000. Net proceeds of £400.0m are included in amounts owed by the immediate parent company in respect of this loan.

7. Share Capital

	Period to 30 September 2011 (unaudited)
	£'000
Authorised called up and fully paid	13
Authorised called up and unpaid	37
Authorised and called up	50

Thames Water (Kemble) Finance Plc

Notes to the financial statements for the period ended 30 September

8. Profit and loss account

	Period to 30 September 2011 (unaudited)
	£'000
At the beginning of the period	-
Profit for the period	3
At the end of the period	3

9. Reconciliation of movements in shareholder's funds

	Period to 30 September 2011 (unaudited)
	£'000
Opening shareholder's funds	-
Shares issued	50
Profit for the period	3
Closing shareholder's funds	53