7 December 2005

NORTHUMBRIAN WATER GROUP PLC

INTERIM RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2005

HIGHLIGHTS 2005

- Revenue from continuing operations of £295.3 million for the six months to 30 September 2005 (2004: £271.4 million). This increase principally reflects price increases of 9.9% on water and sewerage charges, as a consequence of the recent regulatory price review.

- Profit before tax from continuing operations of £64.3 million; (2004: £41.8 million); net interest charges include a credit of £6.0 million amortisation of debt fair value(2004: £3.2 million).

- Financial position strengthened by the issue of £150 million index linked Eurobonds and the securing of further European Investment Bank (EIB) facilities of £100 million.

- Disposal of Fastflow Pipeline Services Limited (FPS) and Entec UK Limited (Entec) reinforces the focus on the core water and waste water business.

- Ordinary interim dividend of 3.52 pence per share for the six month trading period (2004: 2.87 pence per share).

- Special dividend of 2.82 pence per share in respect of the profit on disposal of subsidiaries.

  Managing Director John Cuthbert said, "Northumbrian Water Limited has made a good start to the new five-year regulatory period and has further strengthened its financial structure. Having successfully delivered our investment programme over the last five years we are now embarking on a new programme for the period ending 2010. We retain the focus on our core water and waste water competence and will continue to build on our track record of service delivery. Planned high levels of investment will allow us to meet the requirements of UK and EU legislation and the priorities highlighted by customers, the Consumer Council for Water and other stakeholders."

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International Financial Reporting Standards (IFRS)
The Company's results for the six months to 30 September 2005 have been prepared under IFRS as required by new regulations that came into effect on 1 January 2005.

NWG confirmed in its presentation to investors and analysts in September 2005 that, under IFRS, the three significant areas to impact the Company's results are:

- non discounting of deferred tax;
- changes in infrastructure accounting for fixed assets; and
- retirement benefits under IAS 19.

There is no impact on the Company's distributable reserves, cash position or dividend policy.

The Group has issued explanatory reconciliations detailing how the transition from UK GAAP to IFRS has affected its results. The policies expected to be applied to the annual report and financial statements for 31 March 2006, together with explanatory reconciliations, were published on 28 November 2005 and can be found on the Group's website at www.nwg.co.uk.

NWG's financial performance
NWG's revenue from continuing operations was £295.3 million for the six months to 30 September 2005. This largely reflects the price increase of 9.9% on water and sewerage charges, following the recent regulatory price review.

Profit on ordinary activities before interest from continuing operations for the period was £116.8 million (2004: £97.4 million). Operating costs for NWG increased by £4.5 million (3%) to £178.5 million.

The net interest charge from continuing operations was £52.4 million (2004: £55.6 million). The net interest charge for the period includes a credit of £6.0 million (2004: £3.2 million) in respect of the amortisation of the debt fair value.

Profit on ordinary activities before tax for the period was £64.3 million (2004: £41.8 million). The tax charge of £17.1 million (2004: £12.7 million) reflects increased profitability and changes in tax rules relating to capitalised maintenance expenditure.

Profit from the sale of subsidiaries contributed £14.6 million to the results for the six months and is included in the discontinued operations result of £15.5 million (see note 4 for further analysis).

The Group's gearing has remained stable with net debt decreasing by £11.7 million to £1,869.3 million over the period. Cash and EBIT interest cover for the Group are 3.0x and 2.2x respectively.

Sale of subsidiaries
In line with its strategy to focus on its core water and waste water business, and following the receipt of several expressions of interest, the Group disposed of FPS on 8 July 2005 and Entec on 5 October 2005.

FPS, which provides infrastructure replacement and rehabilitation services, was sold to a management buy-in for a cash consideration of £0.8 million.

The total consideration for the sale of Entec to its management was £30.0 million, satisfied by £29.0 million in cash and £1.0 million of loan notes. The Group agreed at the time of the sale to meet any potential liability under Section 75 of the Pensions Act 1995. A payment of £9.0 million was made into the defined benefit scheme following the sale. Entec provides environmental and engineering consultancy services.

The Group profit recognised in the six months' results to 30 September 2005 on the disposal of Entec and FPS was £14.0 million and £0.6 million respectively. No tax arises on either disposal due to the availability of the substantial shareholdings exemption.

Capital Structure

In September 2005, NWL's finance subsidiary issued £150 million index linked 2.033% Eurobonds due in 2036. The proceeds, which extend the profile of the debt maturity to over eighteen years, will be used to repay short term loans and fund the continuing capital programme. This was the Group's first index linked debt issue and NWL will benefit from the cash flow advantage from this type of debt.

In November 2005, the EIB entered into a new £100 million facility with NWL. This offers NWL attractive funding for periods up to fifteen years and will be drawn over the next eighteen months.

On 20 April 2005, NWL effectively completed the early redemption of six debenture stocks amounting to £3.7 million. On 6 September 2005, NWL gave formal notice to the holders of the 11.2% redeemable debenture stock (£3.5 million) and the 12% redeemable debenture stock (£2.0 million) that both will be redeemed at par on 31 December 2005.

Northumbrian Water Limited

Revenue was £277.2 million for the six months to 30 September 2005 (2004: £253.7 million). The increase is mainly due to a price increase of 9.9% on water and sewerage charges, following the recent regulatory Periodic Review.

Operating costs for the period were £161.7 million, an increase of £6.8 million. The increase in costs includes £0.9 million of depreciation, driven by the capital investment programme, and an increase of £3.3 million for the amount of infrastructure investment charged as maintenance. Other areas of increased operating costs include manpower, energy, chemicals and abstraction charges, driven by both increased prices and the requirement to meet new obligations. These increases were partially offset by operating efficiencies of about £2.0 million.

Profit on ordinary activities before interest for the period was £115.5 million (2004: £98.8 million).

Capital expenditure for the period was £107.9 million. NWL has established new consultant and contractor frameworks aimed at improving the delivery of the capital investment programme.

Major environmental capital investment projects were completed at Birtley, Hustledown, Sedgefield and Knitsley, in County Durham, and at Hexham and Cramlington, in Northumberland. These will further improve the quality of local watercourses in the region. Also during the period, 28 unsatisfactory storm water overflows have been either replaced or improved and 220 kilometres of water mains have been renewed or relined.

NWL continues to provide its customers with high levels of service. The quality of drinking water supplied in its northern and southern areas remains among the best in the country. Furthermore, measures of customer service and market survey results of customer satisfaction remain very high.

NWL has continued to invest in new and refurbished assets to protect drinking water supplies. The water treatment works at Horsley, in Northumberland, is being upgraded to safeguard the quality of water supplied to the Tyneside area.

Investment in sewage treatment schemes has resulted in much improved bathing water compliance in recent years. However, as in 2004, heavy rainfall during the summer months had a detrimental effect on the quality of bathing waters along the coast of north east England.

The Environment Agency (EA) monitors diffuse pollution from farming and other sources which impact bathing water quality. In its annual review of bathing water performance, the EA recognises that "changes in quality can occur from year to year as a result of differences in the weather".

The exceptional rainfall experienced in 2005, has also caused higher levels of sewer flooding than in any previous year. As a consequence, NWL is unlikely to achieve Ofwat's highest category for sewer flooding performance when the regulator publishes results for 2005/06. However, NWL's sewage treatment works continue to deliver high levels of performance.

NWL's Overall Performance Assessment (OPA) score for 2004/05 showed an underlying improvement that was masked by the impact of the exceptional incident at Hexham in January 2005, where the town's strategic water mains were washed away by floodwater. The company was commended by a range of authorities including the Consumer Council for Water (previously WaterVoice) and the Drinking Water Inspectorate for its handling of this emergency. However, Ofwat's OPA reflected the fact that the interruption to supply for many customers in Hexham was greater than 12 hours.

Water and waste water contracts

Revenue for the Group's water and waste water contracts was £13.0 million for the period (2004: £10.7 million) and profit on ordinary activities before interest was £1.0 million (2004: £0.5 million).

In the Republic of Ireland, Northumbrian Water Projects Limited (NWP), is part of a consortium that designed and built a €70 million waste water treatment plant for Cork City Council. NWP commenced the 20 year operation and maintenance contract in September 2004, following commissioning, and the plant was formally opened in June 2005. The Group's two waste water PFI projects, operated for Scottish Water, in Levenmouth and Ayrshire continue to perform satisfactorily.

Related services
The Group's non-water companies' revenue was £39.3 million (2004: £42.7 million) of which £26.3 million (2004: £27.2 million) was in respect of discontinued operations. Profit on ordinary activities before interest was £1.7 million (2004: £1.4 million), of which £1.4 million (2004: £0.5 million) was in respect of discontinued operations (i.e. FPS and Entec).

Dividend
The Board has declared an ordinary interim dividend for the period of 3.52 pence per share (2004: 2.87 pence) and a special dividend of 2.82 pence per share. The total dividend will be paid on 3 February 2006 to shareholders on the register at the close of business on 23 December 2005. The dividend cover for the period is 1.9x.

The ordinary interim dividend is consistent with the progressive dividend policy announced by the Board in June 2005. The special dividend was agreed by the Board following the profit on the disposal of Entec and FPS.

Financial calendar
2005

21 December	Ex-dividend date
23 December	Record date

2006

3 February	Interim dividend payment
7 June	Preliminary results announcement
27 July	AGM

Board appointments
Ron Lepin was appointed to the NWG board as a non-executive director on 24 October 2005. Ron worked at PricewaterhouseCoopers in Canada, where he advised a number of foreign and domestic governments and companies on privatisations and project finance transactions. He joined Ontario Teachers' Pension Plan Board in 2002 and since March 2003 has been Vice-President of their Infrastructure division. Ontario Teachers Pension Plan Board holds 25% of the issued share capital of NWG and Ron is, therefore, not regarded as an independent director.

On 25 November, the Board announced that its Chairman, Sir Frederick Holliday, has indicated that having reached the age of 70, he intends to retire from the Board at the Annual General Meeting on 27 July 2006. The Board has decided, following consultation with major shareholders, that Sir Derek Wanless will succeed Sir Frederick as Chairman of NWG.

The NWL Board has agreed to appoint the non-executive directors of NWG, Sir Patrick Brown, Ron Lepin, Martin Nègre, Sir Derek Wanless and Jenny Williams, to the Board of NWL on 1 January 2006. Sir Derek will also chair the Board of NWL following Sir Frederick's retirement.

Following the retirement of Richard Allan in July 2005, Alex Scott-Barrett was appointed an independent non-executive director to the board of NWL on 1 November 2005.

Outlook
The Company's operating performance continues to be strong and the financial structure has been further strengthened.

As we shape our investment programme and plans for the new regulatory period, we retain the focus on our core water and waste water competence. We will continue to build on our track record of service delivery, environmental performance and stakeholder value.

John Cuthbert
Managing Director
7 December 2005

CONSOLIDATED INCOME STATEMENT
6 months ended 30 September 2005

	Notes	**1.4.05 to 30.9.05 £m**	1.4.04 to 30.9.04 £m (restated)	1.4.04 to 31.3.05 £m (restated)
Continuing operations				
Revenue	2	**295.3**	271.4	545.0
Operating costs		**(178.5)**	(174.0)	(348.7)
Profit on ordinary activities before interest	2	**116.8**	97.4	196.3
Finance costs payable		**(54.3)**	(56.6)	(108.0)
Finance income receivable		**1.9**	1.0	8.2
Share of profit from associates and jointly controlled entities		**(0.1)**	-	0.1
Profit on ordinary activities before taxation		**64.3**	41.8	96.6
- current taxation		**(10.1)**	(2.3)	0.9
- deferred taxation		**(7.0)**	(10.3)	(21.0)
- overseas tax		**-**	(0.1)	(0.1)
Profit for the year from continuing operations		**47.2**	29.1	76.4
Discontinued operations				
Profit for the year from discontinued operations	4	**15.5**	0.2	1.0
Profit for the year		**62.7**	29.3	77.4
Attributable to:				
Equity shareholders of the company		**62.9**	29.5	77.9
Minority interests		**(0.2)**	(0.2)	(0.5)
		62.7	29.3	77.4
Basic and diluted earnings per share for profit attributable to ordinary equity holders of the parent		**12.1p**	5.6p	14.9p
Basic and diluted earnings per share for profit from continuing operations attributable to ordinary equity holders of the parent	3	**9.1p**	5.6p	14.7p
Adjusted earnings per share for profit from continuing operations attributable to ordinary equity holders of the parent (excluding deferred tax, amortisation of debt fair value and IAS 39 adjustments)	3	**9.3p**	7.5p	16.5p
Ordinary dividend proposed per share		**3.52p**	2.87p	7.13p
Special dividend proposed per share		**2.82p**	-	-
Dividend paid per share		**7.13p**	4.63p	7.50p

CONSOLIDATED BALANCE SHEET
As at 30 September 2005

	30.9.05	30.9.04	31.3.05
	£m	£m	£m
		(restated)	(restated)
ASSETS			
Non-current assets			
Goodwill	**0.1**	0.2	0.1
Other intangible assets	**64.2**	64.2	64.2
Property, plant and equipment	**2,850.0**	2,732.5	2,800.3
Investments in jointly controlled entities	**3.7**	3.5	3.6
Investments in associates	**0.8**	1.5	1.4
Other investments	**0.4**	0.4	0.4
	2,919.2	2,802.3	2,870.0
Current assets			
Inventories	**4.0**	6.8	4.5
Trade and other receivables	**107.0**	117.5	121.9
Cash and cash equivalents	**216.4**	95.6	118.0
	327.4	219.9	244.4
TOTAL ASSETS	**3,246.6**	3,022.2	3,114.4
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	**51.9**	51.9	51.9
Share premium	**446.5**	446.3	446.3
Cash flow reserve	**0.5**	4.3	4.3
Treasury shares	**(0.9)**	(0.5)	(0.9)
Retained earnings	**(249.3)**	(306.4)	(272.4)
	248.7	195.6	229.2
Minority interest	**0.8**	1.6	1.1
TOTAL EQUITY	**249.5**	197.2	230.3
Non-current liabilities			
Interest bearing loans and borrowings	**1,858.1**	1,875.1	1,929.7
Provisions	**3.6**	6.6	5.2
Deferred income tax liabilities	**456.7**	440.4	450.4
Pension liability	**81.6**	74.3	76.4
Other payables	**15.7**	12.8	16.6
Grants	**171.2**	149.0	161.3
	2,586.9	2,558.2	2,639.6
Current liabilities			
Interest bearing loans and borrowings	**232.9**	90.4	73.9
Trade and other payables	**166.3**	170.8	169.4
Income tax payable	**11.0**	5.6	1.2
	410.2	266.8	244.5
TOTAL LIABILITIES	**2,997.1**	2,825.0	2,884.1
TOTAL EQUITY AND LIABILITIES	**3,246.6**	3,022.2	3,114.4

CONSOLIDATED CASH FLOW STATEMENT
6 months ended 30 September 2005

	1.4.05 to 30.9.05 £m	1.4.04 to 30.9.04 £m (restated)	1.4.04 to 31.3.05 £m (restated)
Net cash flows from operating activities	**107.5**	90.3	161.1
Net cash flows from investing activities	**(60.0)**	(67.9)	(147.3)
Net cash flows from financing activities	**83.2**	(17.1)	43.7
Increase in cash and cash equivalents	**130.7**	5.3	57.5
Cash and cash equivalents at start of period	**85.2**	27.7	27.7
Cash and cash equivalents at end of period	**215.9**	33.0	85.2
Net cash flow in respect of discontinued operations			
Cash consideration	**29.8**	-	-
Cash and cash equivalents disposed	**(11.0)**	-	-
Expenses paid in connection with disposals	**(0.1)**	-	-
	18.7	-	-
Reconciliation of profit before tax to net cash flows from operating activities			
Profit on ordinary activities before interest	**116.8**	97.4	196.3
Profit before interest on discontinued operations	**1.4**	0.5	1.6
Depreciation and other similar non-cash charges	**40.6**	39.9	78.9
Net interest paid	**(55.6)**	(47.3)	(113.6)
Net charge for provisions, less payments	**(0.3)**	0.3	(1.1)
Movements in working capital	**4.7**	(0.5)	(7.7)
Income taxes (paid)/received	**(0.1)**	-	6.7
Net cash flows from operating activities	**107.5**	90.3	161.1

Consolidated Statement of Recognised Income and Expense
6 months ended 30 September 2005

	1.4.05 to 30.9.05 £m	1.4.04 to 30.9.04 £m (restated)	1.4.04 to 31.3.05 £m (restated)
Profit for the period	**62.7**	29.3	77.4
Translation differences	**-**	-	0.4
Actuarial (losses)/gains	**(4.3)**	21.2	21.2
Deferred tax on actuarial (losses)/gains	**1.3**	(6.4)	(6.4)
Cash flow hedges	**(3.8)**	7.2	7.2
Tax on cash flow hedges	**-**	(0.9)	(0.9)
Total recognised income and expense	**55.9**	50.4	98.9
Attributable to:			
Equity shareholders of the company	**56.1**	50.6	99.4
Minority interests	**(0.2)**	(0.2)	(0.5)
	55.9	50.4	98.9

1. Basis of preparation

The results for the six months to 30 September 2005 have been prepared using the accounting policies expected to be applied to the annual report and financial statements for 31 March 2006. These accounting policies were published by the company on 28 November 2005 and are available on the Group's website at www.nwg.co.uk.

The Group has also released explanatory reconciliations detailing how the transition from UK GAAP to IFRS has affected its results. These explanatory reconciliations were also released on 28 November 2005 and can be found on the Group's website at www.nwg.co.uk.

The financial information has been prepared on the basis of IFRS expected to be in effect for the year ended 31 March 2006. The IFRS in effect at that date may differ owing to decisions taken by the EC on endorsement, interpretative guidance issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) and the requirements of company legislation. The Group has decided to adopt the amendments to IAS 19 "Employee Benefits" allowing actuarial gains and losses to be recognised in full through reserves. The Group has also adopted IAS 32 and 39 from 1 April 2004.

The results of Northumbrian Water Group plc may change as a result of future changes to IFRS.

The results for the year ended 31 March 2005 have been extracted from the financial statements, which have been delivered to the Registrar of Companies. The independent auditors' report on those financial statements was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985. The financial information contained in the interim financial statements does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The figures for the above periods are unaudited and do not constitute statutory accounts. However, the auditors have carried out a review of the figures to 30 September 2005 and their report is set out in the independent review report.

The interim report was approved by the Board of Directors on 6 December 2005.

2. Segmental analysis of revenue and profit on ordinary activities before interest

Revenue

	Northumbrian Water Limited £m	Water & waste water contracts £m	Related services £m	Total £m	Discontinued operations £m	Total revenue from continuing operations £m
Period ended 30 September 2005						
Segment revenue	**277.2**	**13.0**	**39.3**	**329.5**	**(26.3)**	**303.2**
Inter segment revenue	**-**	**(0.6)**	**(16.6)**	**(17.2)**	**9.3**	**(7.9)**
Revenue to external customers	**277.2**	**12.4**	**22.7**	**312.3**	**(17.0)**	**295.3**
Period ended 30 September 2004						
Segment revenue	253.7	10.7	42.7	307.1	(27.2)	279.9
Inter segment revenue	-	(0.3)	(20.3)	(20.6)	12.1	(8.5)
Revenue to external customers	253.7	10.4	22.4	286.5	(15.1)	271.4
Year ended 31 March 2005						
Segment revenue	508.2	23.1	87.7	619.0	(57.1)	561.9
Inter segment revenue	-	(0.7)	(39.7)	(40.4)	23.5	(16.9)
Revenue to external customers	508.2	22.4	48.0	578.6	(33.6)	545.0

Profit on ordinary activities before interest

	Northumbrian Water Limited £m	Water & waste water contracts £m	Related services £m	Total £m	Discontinued operations £m	Total revenue from continuing operations £m
Period ended 30 September 2005						
Segment profit before interest	**115.5**	**1.0**	**1.7**	**118.2**	**(1.4)**	**116.8**
Central unallocated costs and provisions						**-**
Profit on ordinary activities before interest						**116.8**
Net finance costs						**(52.4)**
Share of loss from associates and jointly controlled entities						**(0.1)**
Profit on ordinary activities before taxation						**64.3**

The trading profit disclosed as discontinued operations is part of related services.

	Northumbrian Water Limited £m	Water & waste water contracts £m	Related services £m	Total £m	Discontinued operations £m	Total revenue from continuing operations £m
Period ended 30 September 2004						
Segment profit before interest	98.8	0.5	1.4	100.7	(0.5)	100.2
Central unallocated costs and provisions						(2.8)
Profit on ordinary activities before interest						97.4
Net finance costs						(55.6)
Profit on ordinary activities before taxation						41.8

Profit on ordinary activities before interest

	Northumbrian Water Limited £m	Water & waste water contracts £m	Related services £m	Total £m	Discontinued operations £m	Total revenue from continuing operations £m
Year ended 31 March 2005						
Segment profit before interest	197.7	2.1	4.3	204.1	(1.6)	202.5
Central unallocated costs and provisions						(6.2)
Profit on ordinary activities before interest						196.3
Net finance costs						(99.8)
Share of profit from associates and jointly controlled entities						0.1
Profit on ordinary activities before taxation						96.6

3. Earnings per share

Basic and diluted earnings per share are calculated using a weighted average number of shares of 518.6 million.

Adjusted earnings per share is considered by the directors to give a better indication of the Group's underlying performance. Adjusted earnings per share have been calculated as follows:

	1.4.05 to 30.9.05 £m	1.4.04 to 30.9.04 £m (restated)	1.4.04 to 31.3.05 £m (restated)
Adjusted earnings from continuing operations			
Profit for the year from continuing operations	**47.2**	29.1	76.4
Deferred tax	**7.0**	10.3	21.0
Amortisation of debt fair value	**(6.0)**	(3.2)	(14.1)
IAS 39 adjustments	**-**	2.7	2.1
Adjusted earnings from continuing operations	**48.2**	38.9	85.4
Basic and diluted EPS from continuing operations	**9.1p**	5.6p	14.7p
Adjusted EPS	**9.3p**	7.5p	16.5p
Profit for the year from discontinued operations	**15.5**	0.2	1.0
EPS from discontinued operations	**3.0p**	0p	0.2p

4. Discontinued operations

The Group disposed of FPS and Entec on 8 July 2005 and 5 October 2005, respectively. The results of FPS and Entec for the period are presented below:

	1.4.05 to 30.9.05 £m	1.4.04 to 30.9.04 £m (restated)	1.4.04 to 31.3.05 £m (restated)
Revenue	**26.3**	27.2	57.1
Inter segment revenue	**(9.3)**	(12.1)	(23.5)
External revenue	**17.0**	15.1	33.6
Operating costs	**(15.6)**	(14.6)	(32.0)
Profit on ordinary activities before interest	**1.4**	0.5	1.6
Profit on disposal of discontinued operations	**14.6**	-	-
Net finance costs	**0.2**	0.1	0.2
Profit on ordinary activities before taxation	**16.2**	0.6	1.8
Taxation	**(0.7)**	(0.4)	(0.8)
Profit for the year from discontinued operations	**15.5**	0.2	1.0

INDEPENDENT REVIEW REPORT TO NORTHUMBRIAN WATER GROUP PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 September 2005 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Recognised Income and Expense, and the related notes 1 to 4. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority.

As disclosed in note 1, the next annual report and financial statements of the group will be prepared in accordance with those IFRS adopted for use by the European Union.

The accounting policies are consistent with those that the directors intend to use in the next financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual report and financial statements for the first time in accordance with those IFRS adopted for use by the European Union.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2005.

Ernst & Young LLP
Newcastle upon Tyne
7 December 2005