

"I'm pleased to announce that the group has delivered a strong set of results for the six months to 30 September. Profit growth in our licensed multi-utility operations business has been maintained. Our support services businesses, United Utilities Contract Solutions and Vertex, have announced a number of substantial contract wins with an expected total value of £3 billion. Although we have not yet received the water and electricity final determinations, we have already started to prepare for the 2005-10 period by planning how to meet some of our expected regulatory challenges. Once we have received both sets of proposals, which are expected in the next few days, we will consider them carefully before announcing our decisions to the market."

John Roberts CBE,  
Chief executive, United Utilities PLC

### Highlights

- Profit before tax<sup>1</sup> – **increased by 13%** to £193 million
- Licensed multi-utility operations – operating profit **increased by 12%** to £285 million
- Infrastructure management – operating profit<sup>1</sup> **increased by 13%** to £36 million
- Business process outsourcing – operating profit<sup>1</sup> **increased by 8%** to £13 million
- Substantial contract wins for support services businesses with **expected value of £3 billion**
- Telecommunications – operating loss<sup>1</sup> **reduced by 47%** to £5 million
- Interim dividend per ordinary share of 14.79 pence, and per A share of 7.395 pence, an **increase of 2.5%**

### Summary consolidated profit and loss account

	6 months ended 30 September 2004 £m	6 months ended 30 September 2003 £m	Year ended 31 March 2004 £m
Turnover <sup>2</sup>	1,162.9	1,024.6	2,115.5
Operating profit before goodwill amortisation and exceptional items	330.5	290.9	597.1
Goodwill amortisation	(7.9)	(4.3)	(8.8)
Exceptional items	-	-	(4.6)
Total operating profit	322.6	286.6	583.7
Non-operating exceptional items	2.8	-	1.9
Profit before interest	325.4	286.6	585.6
Net interest payable	(137.3)	(119.9)	(248.1)
Profit before taxation	188.1	166.7	337.5
Taxation	(18.9)	9.5	25.1
Profit after taxation	169.2	176.2	362.6
Equity minority interest	(1.2)	(1.0)	(1.6)
Profit for the period	168.0	175.2	361.0
Dividends	(105.3)	(102.6)	(315.3)
Retained profit for the period	62.7	72.6	45.7

### Earnings per ordinary share:

	2004	2003	2004
Basic earnings per share <sup>3</sup>	23.6p	28.5p	54.5p
Adjusted basic earnings per share (revised) <sup>4</sup>	26.9p	26.6p	54.2p
Diluted earnings per share <sup>3</sup>	21.6p	28.3p	52.1p
Dividend per ordinary share	14.79p	14.43p	44.31p
Dividend per A share	7.395p	7.215p	22.155p

### Summary consolidated balance sheet

	30 Sept 2004 £m	30 Sept 2003 £m	31 March 2004 £m
Fixed assets	8,208.1	7,528.3	7,958.5
Stocks	17.7	24.9	17.1
Debtors	536.7	507.8	493.9
Investments	642.4	956.3	1,007.8
Cash at bank and in hand	46.8	31.3	42.1
Creditors: amounts falling due within one year	(1,451.8)	(1,161.8)	(1,374.8)
Creditors: amounts falling due after more than one year	(4,474.2)	(4,423.8)	(4,702.0)
Provisions for liabilities and charges	(354.6)	(333.5)	(339.7)
Net assets	3,171.1	3,129.5	3,102.9
Equity shareholders' funds	3,150.3	3,110.8	3,083.3
Equity minority interest	20.8	18.7	19.6
Capital employed	3,171.1	3,129.5	3,102.9

- Notes:
- 1 Stated before goodwill amortisation and exceptional items.
  - 2 Including share of joint ventures' turnover.
  - 3 30 September 2003 and 31 March 2004 earnings per share were restated for the period prior to the rights issue to reflect the bonus element on the first stage.
  - 4 Adjusted for goodwill amortisation, exceptional items and deferred tax. The calculation of adjusted basic earnings per share has been revised to exclude deferred tax to provide a better understanding of the trading position of the group. 30 September 2003 and 31 March 2004 adjusted earnings per share were restated for the period prior to the rights issue to reflect the full bonus element based on the first stage and assumed proceeds from the second stage.

The financial information set out in this advertisement does not constitute statutory accounts for that period. The statutory accounts for the year ended 31 March 2004 (which received an unqualified audit opinion and did not contain a statement under either section 237(2) or (3) of the Companies Act 1985) have been delivered to the Registrar of Companies.

This advertisement is only a summary of the interim results 2004 issued as part of the London Stock Exchange announcement by United Utilities PLC on 25 November 2004. The full London Stock Exchange announcement is available at our web site: [www.unitedutilities.com](http://www.unitedutilities.com) or by writing to the Group Secretary's Department, United Utilities PLC, Dawson House, Great Sankey, Warrington, WA5 3LW.

### Summary consolidated cash flow statement

	6 months ended 30 Sept 2004 £m	6 months ended 30 Sept 2003 £m	Year ended 31 March 2004 £m
Net cash inflow from operating activities	456.4	403.7	923.5
Income from joint ventures	-	0.5	1.2
Returns on investments and servicing of finance	(131.9)	(112.1)	(151.8)
Taxation	0.9	(1.1)	(2.6)
Capital expenditure and financial investment	(472.0)	(473.4)	(1,018.0)
Acquisitions and disposals	-	(3.9)	(46.0)
Equity dividends paid	(211.9)	(178.2)	(281.2)
Cash outflow before use of liquid resources and financing	(358.5)	(364.5)	(574.9)
Management of liquid resources	368.8	(285.2)	(338.4)
Financing	(7.4)	638.4	922.9
Increase/(decrease) in cash	2.9	(11.3)	9.6
Net debt	(3,795.7)	(3,228.0)	(3,438.4)

### Independent Review Report to United Utilities PLC

The full independent review report included in the London Stock Exchange announcement made on 25 November 2004 is as follows:

**Introduction** We have been instructed by the company to review the financial information for the six months ended 30 September 2004 which comprises the consolidated profit and loss account, the statement of total recognised gains and losses, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 8 together with the reconciliation of net cash flow to movement in net debt, the reconciliation of movements in equity shareholders' funds, the net cash inflow from operating activities and the segmental analysis by class of business. 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 Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review 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 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 which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

**Review work performed** We conducted our review in accordance with the guidance contained in Bulletin 1999/4 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 and presentation have been consistently applied unless otherwise disclosed. 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 United Kingdom auditing standards 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 2004.

Deloitte & Touche LLP, Chartered Accountants, Manchester, 25 November 2004.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This interim results statement contains certain forward-looking statements. Statements that are not historical facts, including statements about the company's beliefs and expectations are forward-looking statements. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "potential", "reasonably possible" and variations and similar expressions are intended to identify forward-looking statements. These statements are based on current plans, assumptions, estimates and projections which may be significantly varied, and therefore investors should not rely on them. Forward-looking statements involve known and unknown risks and speak only as of the date they are made, and except as required by the rules of the UK Listing Authority and the London Stock Exchange, the company undertakes no obligation to update any of them publicly.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statements. These factors include but are not limited to: (i) the effect of, and changes in, regulation and government policy; (ii) the effects of competition and price pressures; (iii) the ability of the company to achieve cost savings and operational synergies; (iv) the ability of the company to service its future operations and capital requirements; (v) the timely development and acceptance of new products and services by the company; (vi) the effect of technological changes; and (vii) the company's success at managing the risks of the foregoing.

- Utility services
- Infrastructure management
- Business process outsourcing
- Telecommunications

The interim dividend will be paid on 9 February 2005 to shareholders on the register at the close of business on 24 December 2004.