



Interim report and accounts
for the six months ended 30 September 2015

Chief Executive's Statement

As we prepare to celebrate 15 years since being set up as a not-for-profit company in 2001, I am pleased to report that we have delivered a strong financial and operational performance in the first six months of this new regulatory price control period, for the benefit of our customers and the environment.

Our unique operating model in the water industry gives us a single purpose which is to provide the best possible water and wastewater services at the lowest possible cost. Our focus is on realising our vision which is to earn the trust of our customers every day and this is enabling us to deliver industry leading levels of service across many areas. While we have had a successful six months, we are not yet satisfied with all aspects of our performance and we are ambitious to drive further improvements for our customers in the next five years, through innovation, investment and learning from best practice in the UK and beyond.

Between April and September 2015, we made an underlying profit of £25 million which will all be reinvested for the benefit of our customers. We also invested £123 million in our network to help maintain and improve our services across the area we serve. Some of our key investment schemes included strengthening the resilience of drinking water supplies through connecting a further three new water treatment works to our networks in north Wales - worth an estimated £50 million; continuing our innovative RainScape investment in Llanelli and Gowerton to reduce the risk of local sewer flooding which could adversely impact on our customers and the environment; and introducing new initiatives to measure our performance such as the 'Rant & Rave' system we use for capturing real-time feedback from our customers. This helps us ensure that we can quickly act on customers' feedback and always put them first.

During this period, we also continued to make major investment in renewable energy generation, a key part of our ongoing plans to reduce energy consumption, our carbon footprint and operating costs. Another area of innovation and efficiency within the company over the past six months was our catchment management work; we successfully launched our 'WeedWiper' trials with key stakeholders in mid and west Wales to improve the quality of local water courses by mitigating the impact of herbicides. The trial is aimed at helping us reduce the risks associated with traditional water treatment in many of our catchments.

We have also gone through some considerable changes over the past few months as we have reshaped our core business into three distinct business units - Water, Wastewater and Retail Services. In July, our Dŵr Cymru Customer Services colleagues (now Retail Services) transferred into Welsh Water, allowing us to operate as one single company for the first time. Against this backdrop and the day to day challenges faced by colleagues, we are grateful for their commitment and technical skills which play such a key part in helping us deliver the services our customers expect and deserve. Our success to date has been built on the strong foundations we have built since 2001 and everyone in Welsh Water is involved in our plan to deliver customer-led success which we are confident will enable us to become genuinely customer focussed across all aspects of our business over coming years.

The past year has been an important one for Welsh Water: the conclusion of Ofwat's five-yearly price review has set significant cost challenges for us and we have had to take difficult decisions on the future shape of the business in order to meet them. However, with our unique ownership model combined with our cost reduction and financing efficiency plans, we are determined to deliver our most ambitious investment plan yet, around £1.7 billion over the next five years, which we believe will bring significant benefits to our customers, communities and our environment.



Chris Jones
Chief Executive, Welsh Water

12 November 2015

Performance Overview

We know that many of the decisions we take today will have a major impact on our customers, the environment and the economy for years to come. We know how important it is to be clear about our objectives and how they are to be achieved; and also to be clear and open with our customers in reporting the progress we are making towards achieving those goals.

After consulting extensively our customers about their priorities, we plan and measure our performance around eight key customer 'outcomes'. This offers a consistent and transparent platform for measuring our operational, environmental, financial and customer performance. These latest set of interim results cover the period from 1 April to 30 September 2015 (although it should be noted that our operational performance is generally regulated on the calendar year, from January to September 2015).

(1) Financial Overview / An efficient business

Welsh Water is delivering - through operating and financing the business more efficiently every year - substantial levels of capital investment whilst also reducing customer bills in real terms. In the first six months of the financial year in 2015:

- our revenue was slightly lower at £368 million (2014: £375 million). The reduction reflects the RPI+K price adjustment of 1% allowed by Ofwat and the impact of customers who chose to switch to a metered supply
- customer debt recovery remains challenging (£12.5 million bad debt charge is unchanged from the same period last year), a reflection of the difficult economic circumstances for many of our customers. We are taking steps to ensure that the recovery of customer debt is of paramount focus whilst also helping those who genuinely struggle to pay.
- operating costs (excluding depreciation and infrastructure renewals expenditure) have fallen to £142 million (2014: £144 million): the impact of insourcing, increased renewable energy generation and other cost efficiency initiatives
- we have recognised an exceptional operating cost credit of £20 million, being a refund of historical business rates following our challenge of the 2005 water network assessment
- net interest payable in the period (excluding fair value movements) was £48 million (2014: £54 million). This reduction is mainly due to the impact of lower Retail Prices Index movements on our index-linked debt, partially offset by an £8 million accounting profit recognised in the prior period following the termination of finance leases.
- £123 million has been invested in capital projects that will bring improvements to customer service, environmental quality and drinking water quality and a further £184 million is planned to be invested during the remainder of the financial year
- underlying profit as shown on page 7 was £25 million (2014: £43 million), with the decrease due to the higher depreciation following the re-valuation of our asset base and lower revenues. After allowing for the movement in the fair value of financial instruments, the total profit before tax was £131 million (2014: £2 million). No corporation tax is payable due to the accumulated tax losses of the company, reflecting the size of the company's capital investment programme
- the prudent financing policies followed by the company mean that its bonds continue to trade well relative to those of similar companies. Credit rating agency Moody's has maintained its 'A3' corporate family rating for Welsh Water, with 'A' grade ratings of the senior bonds by Standard and Poor's and Fitch Ratings, all reflecting the quality of the company's creditworthiness. Welsh Water's Class A bonds are guaranteed by MBIA but the ratings of these bonds now reflect the ratings of the underlying business
- as at 30 September 2015, Glas Cymru had cash, short-term deposits and undrawn syndicated bank facilities of £369 million (2014: £232 million), giving the company a high level of financial liquidity
- our regulatory gearing has fallen to 57%, compared to 60% in March 2015 and 93% on the acquisition of Welsh Water in May 2001. The Board's policy is to maintain regulatory gearing at around 60%.

(2) Excellent customer service

With no shareholders, our sole focus remains on providing the best service at the most affordable price so that we realise our vision of earning the trust of our customers every single day. In the first six months of the financial year:

- our latest research (September) shows that:
 - 89% of household customers and 89% of business customers are satisfied with the service they receive from Welsh Water
 - 90% of customers have a favourable opinion of Welsh Water
 - 82% of customers trust Welsh Water to do the right thing
- the Consumer Council for Water (CCWater) revealed that we had the second lowest volume of customer complaints for 2014-15 amongst the 10 water and sewerage companies
- we received nearly twice as many written compliments (1,211) than written complaints (615) in our Water and Wastewater business units. The number of complaints received concerning the Retail Services business unit has increased to 1,890 (2014: 715). This has been caused by specific implementation problems experienced as a result of introducing a new billing system, which replaces the previous system which was 25 years old. In the long term, the new system will enable us to provide a wider range of service options to our customers
- our Developer Services Team were in 1st place after Water UK published its first national league table for measuring new connections to our drinking water and wastewater networks. Our services have been informed by feedback such as our 15th Developers' Forum held in September with over 100 attendees from many of the housebuilders and developers in our area.

Performance Overview cont'd

(3) High quality drinking water

We know that delivering an uninterrupted supply of safe, clean, high-quality drinking water is central to what we do. To help strengthen the resilience of drinking water supplies to customers, we connected a further three new water treatment works to our network in recent months, namely Llyn Conwy, Garreglwyd and Dolbenmaen Water Treatment Works in north Wales - worth a total investment of nearly £50 million. This is part of a £120 million investment being undertaken by the company to upgrade and refurbish 15 water treatment works across the area it serves. Between January and September 2015:

- overall compliance with water quality standards remained high at 99.99%
- our leakage levels have been slightly above target as we had to temporarily divert resources to help manage several large scale incidents (such as the burst on the Pontypridd trunk water main in July) to help minimise the disruption experienced by customers
- we have performed well against our target on the measure of compliance for iron as we have experienced half the number of iron failures compared to the same time last year. The level of customer complaints regarding discolouration or taste issues has improved at 2.5 per 1,000 customers (2014: 2.7) but this remains our weakest aspect of service performance; we are seeking to address this through innovation and a targeted, long-term programme of water mains replacement and other improvements in the supply network
- we are working with over 100 farmers in the upper River Wye and River Teifi catchment areas in mid and West Wales to help protect the quality of local drinking water by offering the free use of innovative technology to control the spread of weeds. This mitigates the impact of herbicides on the local environment through run-off into local water courses.

(4) Protecting the environment

Our sewer network - around 30,000km - has generally performed well between January and September 2015:

- our wastewater treatment sites achieved 99.13% compliance with discharge permits (which regulates the amount of wastewater we can discharge into rivers and coastal waters) – slightly lower than last year (2014: 100%).
- the number of properties suffering from internal flooding fell by 20% compared to the same time last year. We know that flooding from overloaded or blocked sewers is the very worst customer service failing.
- the number of customers who are on the 'at risk' register (where our service has fallen short in terms of repeated odours or sewer flooding) has been halved compared to the first six months of last year.
- we have already installed telemetry at 500 of our combined sewer overflows (out of a total of 3,000) to monitor their performance and impact on the local environment. We are analysing the data and will report on this in 2016.
- we are now well underway in managing the adoption of an estimated 500 private pumping stations by 2016 with 245 private sewer pumping stations having been adopted to date – many of which were in a poor state of repair.
- the total number of pollution incidents was slightly higher than last year at 98 (2014: 93) although we are now self-reporting a record 70% of these pollution incidents which is enabling us to respond more quickly
- a record 41 Blue Flags were awarded to bathing waters in Wales with 'excellent' water quality (compared to 61 for the whole of England).

(5) Responding to climate change

We need to ensure our business adapts to maintain vital services in the face of more volatile weather patterns that could lead to declining water resources, poorer water quality and extreme weather conditions including flooding and higher temperatures. While developing more resilient networks to mitigate the impact of such extreme weather patterns, we are also committed to minimising our contribution to climate change and to reduce our own carbon footprint. Between April and September 2015:

- our Combined Heat and Power energy generation is now at a record high and the process is a very effective and efficient way of generating power. In July alone, we generated 40GWh – enough to power 12,000 homes
- we signed a Power Purchase Agreement for the supply of green energy from a new multi-million pound organic waste treatment centre being developed in cooperation with Kelda Water Services and operated by them, adjacent to our site in Cardiff
- our Energy Park Project at our largest site in North Wales (Five Fords near Wrexham) is progressing well. It will lead to multiple renewable energy technologies located at this one site. With the first phase of the photo-voltaic scheme installed in recent months, the bio-methane (Gas to Grid) scheme is the first of its kind in Wales to be fully operational
- we are continuing to invest in our innovative Sustainable Urban Drainage Systems (SuDS) approach, 'RainScape', in Llanelli and Gowerton. We have started work on a further £25 million investment between 2015 and 2020 which will help remove even more surface water from our combined sewer network in these areas
- we are continuing to invest heavily to address environmental risks in relation to the Loughor Estuary in South Wales and Llyn Padarn in North Wales

Performance Overview cont'd

(6) Affordable bills

Despite improving economic conditions, we know that keeping our bills affordable remains as important as ever given the relatively high cost of living and high levels of water poverty amongst customers in our operating area. As a result:

- our annual price increase in 2015-16 was below the rate of inflation for the sixth consecutive year
- we remain on track to deliver a decade of below-inflation price increases by 2020
- we launched our new social tariff in April called HelpU. This entitles some of our most disadvantaged customers up to 55% or an average of £250 off their water bills
- we now help over 56,000 customers who genuinely struggle to pay their water bills.

(7) Looking after our assets

With tens of thousands of kilometres of pipes as well as thousands of assets, our network needs to be managed efficiently and maintained effectively so that we can continue to provide high quality water and sewerage services now and into the future. Our general performance across above-ground and below-ground assets for water and wastewater was strong between April and September 2015. As part of our work:

- we substantially mitigated the impact of a number of large scale incidents on our customers through engineering innovation and skilled intervention. This included a burst scour pipeline (used to draw down the water levels in the reservoir) in Talybont reservoir in South East Wales; burst trunk water main in Pontypridd in July impacting on water supplies to 43,000 customers; and stormweather conditions impacting on the quality of the raw water feeding our Hereford Water Treatment Works in August)
- we have our new Capital Alliance contractors in place for 2015-20 with a new central design office at Tŷ Awen in Newport enabling optimised delivery of our planned £1.7 billion programme with all regulatory outputs on target
- we were the first utility in the UK to improve the way we design, build and manage our networks by introducing a Building Information Modelling Design Pod that offers 'walk through' simulation of pipeline design and improved efficiency; we are also piloting the use of drones to identify potential issues with difficult to access assets
- we have continued to roll out Lean working practices across a number of our key sites to help us reduce workloads and improve efficiency and productivity
- we have developed a partnership programme to exchange best practice with leading water and wastewater companies in the Netherlands and Denmark.

(8) Developing our people

With around 3,000 colleagues and a further 3,500 roles supported through our contractors, we aim to recruit and retain the best people, training them in their work and helping them to develop and make the most of their abilities. Between April and September 2015:

- whilst we have seen a decrease in the number of lost time injuries and total accidents, there has been an increase in the number RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) injuries; 12 compared to eight in the same period last year
- our Capital Delivery team achieved the Gold level award from the Royal Society for the Prevention of Accidents for how health and safety is managed on our investment programme
- six graduates, 10 trainees and six apprentices joined the company in September to ensure a steady supply of talented people who can learn from experienced colleagues
- over 900 colleagues, capital partners and contractors have been nominated by customers or colleagues since April 2015 as part of our recognition scheme, 'diolch'
- over 500 colleagues have now signed up to our Essential Skills in the Workplace Programme, achieving more than 1,100 qualifications between them in numeracy, literacy and IT skills
- our restructuring plans to reduce our employee numbers (360 voluntary redundancies) and other cost efficiency initiatives such as revised terms and conditions and changes to pensions are progressing in line with our expectations
- we completed the main phase of our accommodation rationalisation strategy, concluding moves for over 500 colleagues which will save the company more than £1.5 million over the next five years.

Key Performance Measures

To measure performance, the Glas Cymru Board set targets independently for Welsh Water that are based on sector benchmarks and to judge where we stand compared with the best performers in the sector.

These targets are a combination of regulatory targets as agreed by the regulator Ofwat in our Business Plan for 2015-20 and also a number of additional targets which make up our overall Performance Scorecard.

Measures of Success	30 Sept 2015	30 Sept 2014	2015/16 Target
* A1a Safety of Drinking Water (<i>% compliance</i>)	99.99%	n/a	99.98%
* A1b Safety of Drinking Water (<i>% Mean zonal compliance</i>)	99.93%	99.95%	99.98%
* A2 Customer acceptability (contacts per 1,000 population)	2.5	2.7	2.9
** A3 Reliability of Supply	11.5 mins	14.4 mins	22 mins
* B1 Abstraction for water for use	100%	100%	100%
* B2 Treating wastewater	99.13%	100%	98.5%
* B3a Preventing pollutions (categories 1,2 & 3)	98	93	131
* B3b Preventing pollutions (category 3 only)	97	88	131
** C1 Responding to climate change (surface water removal)	58	n/a	1,000
** C2 Carbon footprint (renewable energy generation)	41.5	24.2	40
** D1 SIM (customer services)	82	82	Upper quartile
** D2 At Risk Customers [water / wastewater]	355/65	n/a	718/132
** D3 Properties flooded in the year	101	121	295
** D4a Business Customer Satisfaction	89%	n/a	91%
** D4b Non Household Customer Satisfaction [retail]	87%	n/a	88%
** D5 Earning the Trust of Customers (%)	82%	n/a	63%
** E1 Affordable Bills (% below inflation)	1% below Inflation	1% below inflation	1% below inflation
** E2 Help for Disadvantaged Customers [retail]	56,308	n/a	52,000
** F1 Asset Serviceability	Stable(x4)	Stable(x4)	Stable(x4)
** F2 Leakage (megalitres per day)	182.3	176.1	181
** F3 Asset Resilience [water / wastewater]	83.6/74.8	n/a	80/71
** G1 RIDDOR (reportable injuries)	12	8	8
** G2 Competence for Role (%)	86%	n/a	86%
** H1 Operating Efficiency (%)	6%	2%	5%
** H2 Financing Efficiency (credit rating)	A/A3/A	A/A3/A	A/A3/A

A definition of each Measure of Success can be found in Appendix 1 on page 19.

* Measures on the calendar year (January to September 2015)

** Measured on the financial year (April to September 2015)

Statement of directors' responsibilities and other matters

The directors have voluntarily complied with the Disclosure and Transparency Rules. The Company is required under licence condition F to publish information about its interim results as if it was subject to the Listing Rules of the Financial Conduct Authority.

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

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU
- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year 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; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Directors

It was announced on 2 November that the Chairman, Robert Ayling, intends to stand down from the Board after the company's AGM in July 2016.

Joanne Kenrick joined the Board of Glas Cymru as Non-Executive Director with effect from 2 November 2015.

The following directors are responsible for the preparation of these half yearly reports:

Chris Jones - Chief Executive

Peter Bridgewater - Finance Director

Principal risks and uncertainties

The principal risks and uncertainties affecting the group for the six months to 30 September 2015 are materially unchanged from those presented on pages 22 and 25 of the group's published Annual Report and Accounts for the year ended 31 March 2014. The Annual Report and Accounts are published on the group's website, www.dwrcymru.com, and are available from the Company Secretary on request. These key risks faced by the group are as follows: Health and Safety major incident; major public health incident; failure to deliver the outcomes and efficiencies in our Business Plan for 2015-2020; customer debt; failure to adapt to market reforms; increased focus on environmental regulation; deterioration in operational performance; failure to earn the trust and confidence of our customers; organisational capability, succession and culture change; strategic asset failure and ICT risk; relationship with investors; significant disputes with the potential to impact the company.

Going concern

The directors have a reasonable expectation that the group has adequate resources available to it to continue in operational existence for the foreseeable future which exceeds twelve months from signing these interim statements and have therefore continued to adopt the going concern policy in preparing the condensed consolidated interim financial statements. This conclusion is based upon, amongst other matters, a review of the group's financial projections together with a review of the cash and committed borrowing facilities available to the group as well as consideration of the group's capital adequacy. In addition, the directors also considered the primary legal duty of Glas Cymru's economic regulator, to ensure that the companies can finance their functions.

By order of the Board



Nicola Williams
Company Secretary, Welsh Water

12 November 2015

Consolidated interim income statement

		Six months ended 30 September 2015 (unaudited) £m	Six months ended 30 September 2014 (unaudited) £m	Year ended 31 March 2015 (audited) £m
Revenue	2	367.8	374.6	752.5
Operating costs				
- Operational expenditure		(142.2)	(143.9)	(294.7)
- Exceptional items	3	20.0	-	(19.5)
- Infrastructure renewals expenditure		(30.7)	(36.2)	(57.7)
- Depreciation and amortisation		(122.0)	(88.9)	(178.5)
Operating profit		<u>92.9</u>	<u>105.6</u>	<u>202.1</u>
Financing costs				
- Finance costs payable and similar charges	4a	(52.0)	(55.5)	(147.9)
- Finance income receivable	4a	3.9	1.6	3.3
- Fair value gains/(losses) on derivative financial instruments	4b	<u>86.0</u>	<u>(49.5)</u>	<u>(157.1)</u>
		37.9	(103.4)	(301.7)
Profit/(loss) before taxation		<u>130.8</u>	<u>2.2</u>	<u>(99.6)</u>
Taxation (charge)/credit	5	(26.2)	(0.4)	19.5
Profit/(loss) for the period		<u><u>104.6</u></u>	<u><u>1.8</u></u>	<u><u>(80.1)</u></u>

Underlying profit				
Profit/(loss) before taxation per income statement		130.8	2.2	(99.6)
Adjustment for:				
- Fair value (gains)/losses on derivative financial instruments		(86.0)	49.5	157.1
- Swap termination		-	-	8.5
- Accounting profit on termination of leases		-	(8.4)	(8.4)
- Exceptional items	3	(20.0)	-	19.5
Underlying profit for the period		<u><u>24.8</u></u>	<u><u>43.3</u></u>	<u><u>77.1</u></u>

The notes on pages 12 to 17 are an integral part of these condensed consolidated interim financial statements.

Consolidated interim statement of comprehensive income

		Six months ended 30 September 2015 (unaudited) £m	Six months ended 30 September 2014 (unaudited) £m	Year ended 31 March 2015 (audited) £m
Profit/(loss) for the period		104.6	1.8	(80.1)
Items that will not be reclassified to profit or loss:				
Actuarial loss recognised in the pension scheme		(19.0)	(26.2)	(32.2)
Movement on deferred tax asset relating to the pension scheme	5	3.7	5.4	5.9
Revaluation of property, plant and equipment		1,152.0	-	-
Related deferred tax		(230.4)	-	-
Total items that will not be reclassified to profit or loss		<u>1,010.9</u>	<u>(19.0)</u>	<u>(106.4)</u>
Total comprehensive income/(expense) for the period		<u><u>1,010.9</u></u>	<u><u>(19.0)</u></u>	<u><u>(106.4)</u></u>

The notes on pages 12 to 17 are an integral part of these condensed consolidated interim financial statements

Consolidated interim statement of changes in reserves

	Six months ended 30 September 2015 (unaudited) Revaluation reserve £m	Six months ended 30 September 2015 (unaudited) Retained earnings £m	Six months ended 30 September 2015 (unaudited) Total £m	Six months ended 30 September 2014 (unaudited) Total £m	Year ended 31 March 2015 (audited) Total £m
(Deficit)/reserves at start of period	-	(6.4)	(6.4)	100.0	100.0
Revaluation net of tax	6	921.6	921.6	-	-
Profit/(loss) for the period	-	104.6	104.6	1.8	(80.1)
Actuarial loss	-	(15.3)	(15.3)	(20.8)	(26.3)
Transfer to retained earnings	(22.1)	22.1	-	-	-
Reserves/(deficit) at end of period	<u>899.5</u>	<u>105.0</u>	<u>1,004.5</u>	<u>81.0</u>	<u>(6.4)</u>

The notes on pages 12 to 17 are an integral part to these condensed consolidated interim financial statements.

Consolidated interim balance sheet

		At 30 September 2015 (unaudited) £m	At 30 September 2014 (unaudited) £m	At 31 March 2015 (audited) £m
Assets				
Non-current assets				
Property, plant and equipment	7	4,716.5	3,496.3	3,578.4
Intangible assets		97.6	90.1	100.6
		<u>4,814.1</u>	<u>3,586.4</u>	<u>3,679.0</u>
Current assets				
Trade and other receivables	8	336.6	330.8	532.6
Inventory		1.9	2.0	2.0
Financial assets: derivative financial instruments		3.7	3.7	3.7
Cash and cash equivalents		270.5	75.7	272.5
		<u>612.7</u>	<u>412.2</u>	<u>810.8</u>
Total assets		<u>5,426.8</u>	<u>3,998.6</u>	<u>4,489.8</u>
Liabilities				
Current liabilities				
Trade and other payables	9	(329.7)	(331.9)	(539.3)
Financial liabilities:				
- Borrowings		(144.8)	(63.4)	(153.0)
- Derivative financial instruments		(22.6)	(31.8)	(21.5)
Provisions for liabilities and charges		(6.1)	(3.7)	(6.1)
		<u>(503.2)</u>	<u>(430.8)</u>	<u>(719.9)</u>
Net current assets/(liabilities)		109.5	(18.6)	90.9
Non-current liabilities				
Trade and other payables	9	(118.5)	(97.5)	(99.8)
Financial liabilities:				
- Borrowings		(2,944.9)	(2,828.4)	(2,998.4)
- Derivative financial instruments		(317.2)	(286.4)	(404.3)
Post employment benefits		(50.6)	(28.5)	(32.5)
Provisions for liabilities and charges		(15.2)	(9.7)	(21.5)
Deferred tax (net)		(472.7)	(236.3)	(219.8)
		<u>(3,919.1)</u>	<u>(3,486.8)</u>	<u>(3,776.3)</u>
Net assets/(liabilities)		<u>1,004.5</u>	<u>81.0</u>	<u>(6.4)</u>
Reserves/(deficit)		<u>1,004.5</u>	<u>81.0</u>	<u>(6.4)</u>

The condensed consolidated interim financial statements on pages 7 to 17 were approved by the Board of Directors on 12 November 2015 and were signed on its behalf by:

Chris Jones
Chief Executive

Peter Bridgewater
Finance Director

Consolidated interim statement of cash flows

	Six months ended 30 September 2015 (unaudited) £m	Six months ended 30 September 2014 (unaudited) £m	Year ended 31 March 2015 (audited) £m
Cash flows from operating activities			
Profit/(loss) for the period	104.6	1.8	(80.1)
Adjustments for			
- Depreciation and amortisation	122.0	88.9	178.6
- Net finance(credit)/ cost	(37.9)	103.4	301.7
- Net tax charge/(credit)	26.2	0.4	(19.5)
Changes in working capital			
- Decrease/(increase) in trade and other receivables	197.5	195.9	(7.4)
- Decrease in inventory	0.1	0.3	0.3
- Decrease in trade and other payables	(205.2)	(203.2)	(6.8)
- Pension contributions above service cost	(0.8)	(0.7)	(2.4)
- (Decrease)/increase in provisions	(6.3)	(1.5)	12.6
- Other adjustments	-	-	4.0
Cash generated from operating activities	<u>200.2</u>	<u>185.3</u>	<u>381.0</u>
Interest paid	(42.6)	(29.2)	(123.5)
Income tax received	-	1.4	1.6
Net cash from operating activities	<u>157.6</u>	<u>157.5</u>	<u>259.1</u>
Cash flows from investing activities			
Interest received	3.9	1.6	3.2
Purchases of property, plant and equipment	(97.7)	(145.9)	(291.7)
Acquisition of subsidiary	-	-	(19.7)
Grants and contributions received	7.0	8.0	16.2
Net cash out flows used in investing activities	<u>(86.8)</u>	<u>(136.3)</u>	<u>(292.0)</u>
Net cash flow before financing activities	70.8	21.2	(32.9)
Cash flows from financing activities			
Long term loans received	-	-	160.0
Term loan repayments	(39.5)	(6.7)	(15.9)
Finance lease principal payments	-	(46.6)	(57.4)
Other loan repayments	(33.3)	(29.4)	81.5
Net cash flows (used in)/from financing activities	<u>(72.8)</u>	<u>(82.7)</u>	<u>168.2</u>
Net (decrease)/increase in cash and cash equivalents	(2.0)	(61.5)	135.3
Cash and cash equivalents at start of period	272.5	137.2	137.2
Cash and cash equivalents at end of period	<u>270.5</u>	<u>75.7</u>	<u>272.5</u>

The notes on pages 12 to 17 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation

The interim report and accounts are for the six months ended 30 September 2015; they have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union, using accounting policies consistent with International Financial Reporting Standards (IFRS) and IFRS interpretations Committee (IFRS IC) interpretations. The interim report and accounts should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which have been prepared in accordance with IFRS and IFRS IC as adopted by the European Union.

The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those of the previous set of published Annual Report and Accounts for the year ended 31 March 2015 with the exception of a change of accounting policy to fair value property, plant and equipment as at the balance sheet date; further information is provided in note 6.

The following new standards, interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2015 and have not been adopted early:

- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38
- Annual Improvements to IFRSs - 2012-2014 cycle
- Disclosure Initiative - Amendments to IAS 1
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Effective date of IFRS 15 - amendment to IFRS 15

The Annual Report and Accounts are published on the group's website www.dwrcymru.com and are available from the Company Secretary on request.

These condensed consolidated interim financial statements are unaudited but have been formally reviewed by the auditors and their report is set out on page 18. The interim financial results do not comprise the group's statutory accounts within the meaning of Section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 March 2015 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. No events or transactions took place during the current interim period which are material to ones understanding of these financial statements.

The company is limited by guarantee and does not have any share capital. In the event of the company being wound up, the liability of its members is limited to £1 each.

Estimates and Judgements

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2015, with the exception of changes in estimates that are required in determining the provision for income taxes and valuation of property plant and equipment.

The group has reviewed assets held for any indicators of impairment and, none having been noted, has not performed a full impairment review.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

Going concern

The group meets its day to day working capital requirement through its bank facilities. The current economic conditions continue to create uncertainty over the level of demand for the group's services and the availability of bank finance for the foreseeable future. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within its current facilities. After making enquires, the directors have a reasonable expectation that the group has adequate resources to continue operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the condensed consolidated financial statements cont'd

2. Segmental information

The directors consider that there is only one operating segment, being the operation of water and sewerage business in the UK. As the group has only domestic activities there is also only one geographical segment; therefore, the disclosures for this segment have also already been given in these financial statements.

3. Exceptional items

During the period to 30 September 2015, a business rates refund of £20 million was received relating to the 2005 water network assessment. This is treated as exceptional due to its size and not by nature of the item.

On 22 March 2015 Glas Cymru announced a Selective Voluntary Severance Scheme as part of the AMP6 change programme in order to assist the business in meeting Ofwat's Final Determination of revenue controls for the period from April 2015 to March 2020. As a consequence £17.6 million of restructuring costs were considered exceptional by nature and were disclosed separately in the financial statements to 31 March 2015.

A credit of £2.1 million related to the release of unutilised provision in respect of a previous programme of restructuring. A further £4.0 million exceptional charge arose following the write-off of goodwill arising on the acquisition of Hydro assets through an asset purchase vehicle. In total, this gave rise to an exceptional charge for the period to 31 March 2015 of £19.5 million.

4. Financing costs

	Six months ended 30 September 2015 (unaudited) £m	Six months ended 30 September 2014 (unaudited) £m	Year ended 31 March 2015 (audited) £m
a) Financing cost before fair value gains/(losses)			
Interest payable on bonds	(43.6)	(44.1)	(87.2)
Indexation on index - linked bonds	2.2	(12.6)	(28.6)
Interest payable on finance leases	(2.9)	(3.0)	(21.7)
Other loan interest	(8.6)	(6.4)	(13.0)
Other loan interest payable and finance costs	(0.7)	(1.5)	(3.2)
Net interest charge on pension scheme liabilities	(0.5)	(0.1)	(0.1)
Accounting profit on finance lease termination	-	8.4	8.4
Swap terminations	-	-	(8.5)
Capitalisation of borrowing costs under IAS 23	2.1	3.8	6.0
	<u>(52.0)</u>	<u>(55.5)</u>	<u>(147.9)</u>
Interest receivable	3.9	1.6	3.3
Net finance income before fair value adjustments	<u>(48.1)</u>	<u>(53.9)</u>	<u>(144.6)</u>
b) Fair value gains/(losses) on derivative financial instruments			
	Six months ended 30 September 2015 (unaudited) £m	Six months ended 30 September 2014 (unaudited) £m	Year ended 31 March 2015 (audited) £m
Fair value gains/(losses) on interest rate swaps	30.6	(10.7)	(36.7)
Fair value of index-linked swaps terminated	-	-	8.2
Fair value gains/(losses) on index-linked swaps	<u>55.4</u>	<u>(38.8)</u>	<u>(128.6)</u>
Total fair value gains/(losses) on derivative financial instruments	86.0	(49.5)	(157.1)
Deferred tax effect at 20% of fair value gains/(losses) (year to 31 March 2015 at 21%)	(17.1)	10.4	33.0
Net of tax impact of fair value gains/(losses)	<u>68.9</u>	<u>(39.1)</u>	<u>(124.1)</u>

Notes to the condensed consolidated financial statements cont'd

Whilst the group employs an economically effective policy using interest rate and index-linked swaps, the hedge accounting criteria of IAS 39 are not satisfied. Consequently, the group's interest rate and index-linked swaps are fair valued at each balance sheet date with the movement (net gain or loss) disclosed in the income statement. Over the life of these swaps, if held to maturity, these fair value adjustments will reverse and reduce to zero. The notional value of the interest rate swaps is £192 million (2015: £192 million) and the index-linked swaps £552 million (2015: £559 million).

5. Taxation

	30 September 2015 (unaudited) £m	30 September 2014 (unaudited) £m	31 March 2015 (audited) £m
Current tax			
Current tax on profits for the year	-	-	(0.2)
Adjustment in respect of prior periods	-	-	0.5
	-	-	0.3
Deferred tax			
Current year movements	(252.9)	5.0	25.1
	(252.9)	5.0	25.1
Taxation (charge)/ credit	(252.9)	5.0	25.4
Analysed as:			
(Charged)/credited to income statement	(26.2)	(0.4)	19.5
(Charged)/credited to statement of comprehensive income	3.7	5.4	5.9
(Charged)/credited to revaluation reserve	(230.4)	-	-
	(252.9)	5.0	25.4
Profit before tax	130.8	2.2	(99.6)
Profit before tax multiplied by the corporation tax in the UK of 20% (six months to 30 September 2014: 21%)	26.2	0.4	(20.9)
Effects of:			
Other permanent differences	0.1	-	1.0
Effect of pension payments in excess of service charge	(0.1)	-	(0.6)
Effect of tax rate change	-	-	1.0
Movement on deferred tax asset relating to revaluation reserve	230.4	-	-
Movement on deferred tax asset relating to pension scheme	(3.7)	(5.4)	(5.9)
	252.9	(5.0)	(25.4)

The company does not expect to pay corporation tax on its trading profits for the current year due to accumulated trading losses of over £225 million as at 30 September 2015 and the availability of capital allowances on its investment programme.

6. Revaluation reserve

The economic value of the group's water and sewerage business is derived from the regulatory capital value (RCV) set by Ofwat during its five yearly price reviews. Accordingly, the carrying values of the regulatory assets will be revalued to their economic values at annual intervals, starting on 1 April 2015. The group has decided that a fair value approach to valuing its assets better reflects the underlying value of the assets than historical cost accounting which understates the assets current value in use. A previous revaluation of regulated assets was undertaken as at 31 March 2004 and was used as a 'deemed cost' for the group's fixed assets under the transitional rules available on first time adoption of IFRS. The classes of assets impacted are infrastructure assets and operational structures.

Notes to the condensed consolidated financial statements cont'd

Revaluation reserve movement	30 September 2015 (unaudited) £m
Revaluation reserve as at 1 April 2015	-
Revaluation of assets to RCV at 1 April 2015	1,152.0
Depreciation charge on revalued assets	(27.6)
	<u>1,124.4</u>
Deferred tax on revaluation	(230.4)
Deferred tax on depreciation charge	5.5
	<u>(224.9)</u>
Revaluation reserve as at 30 September 2015	<u>899.5</u>

7. Property, plant and equipment

	Freehold land & buildings £m	Infrastructure assets £m	Operational structures £m	Plant, equipment, computer hardware £m	Total £m
Cost					
At 1 April 2015	37.5	1,789.7	3,549.9	257.9	5,635.0
Revaluation	-	195.4	-	-	195.4
Additions net of grants and cash contributions	0.1	30.0	70.0	1.4	101.5
At 30 September 2015	<u>37.6</u>	<u>2,015.1</u>	<u>3,619.9</u>	<u>259.3</u>	<u>5,931.9</u>
Accumulated depreciation					
At 1 April 2015	19.1	290.4	1,494.0	253.1	2,056.6
Revaluation	-	(290.4)	(666.2)	-	(956.6)
Charge for the period	0.3	19.3	91.1	4.7	115.4
At 30 September 2015	<u>19.4</u>	<u>19.3</u>	<u>918.9</u>	<u>257.8</u>	<u>1,215.4</u>
Net book value					
At 30 September 2015 (unaudited)	<u>18.2</u>	<u>1,995.8</u>	<u>2,701.0</u>	<u>1.5</u>	<u>4,716.5</u>
At 31 March 2015 (audited)	<u>18.4</u>	<u>1,499.3</u>	<u>2,055.9</u>	<u>4.8</u>	<u>3,578.4</u>
At 30 September 2015 (unaudited)- historic cost basis	<u>18.2</u>	<u>1,510.2</u>	<u>2,034.7</u>	<u>1.5</u>	<u>3,564.6</u>

The net book value of fixed assets includes £35.5 million (March 2015: £33.4 million) of capitalised interest.

The group forecasts £184 million of capital expenditure over the remainder of the financial year. While only a portion of this amount has been formally contracted for as at 30 September 2015, the group is effectively committed to the total as part of its overall capital expenditure programme approved by its regulator.

8. Trade and other receivables

	30 September 2015 (unaudited) £m	30 September 2014 (unaudited) £m	31 March 2015 (audited) £m
Amounts falling due within one year			
Trade receivables	315.0	313.2	527.9
Less provision for impairment of receivables	(72.7)	(66.2)	(78.9)
Trade receivables - net	<u>242.3</u>	<u>247.0</u>	<u>449.0</u>
Prepayments and accrued income	86.3	80.0	74.3
Other receivables	8.0	3.8	9.3
	<u>336.6</u>	<u>330.8</u>	<u>532.6</u>

Notes to the condensed consolidated financial statements cont'd

9. Trade and other payables

	30 September 2015	30 September 2014	31 March 2015
	(unaudited)	(unaudited)	(audited)
	£m	£m	£m
Current			
Trade payables	36.0	41.9	49.3
Capital payables	36.1	29.8	40.9
Other taxation and social security	4.3	3.9	3.9
Corporation tax	1.5	1.5	-
Accruals and deferred income	251.8	254.8	445.2
	<u>329.7</u>	<u>331.9</u>	<u>539.3</u>
Non-current			
Deferred income	118.5	97.5	99.8

10. Analysis and reconciliation of net debt

a) Net debt at the balance sheet date may be analysed as:

	30 September 2015	30 September 2014	31 March 2015
	(unaudited)	(unaudited)	(audited)
	£m	£m	£m
Cash and cash equivalents	270.5	75.7	272.5
Debt due after one year	(2,400.5)	(2,280.7)	(2,448.7)
Debt due within one year	(110.9)	(27.1)	(136.8)
Finance lease obligation	(507.2)	(516.4)	(507.2)
Accrued interest	(71.1)	(67.6)	(58.7)
	<u>(3,089.7)</u>	<u>(2,891.8)</u>	<u>(3,151.4)</u>
Net debt	<u>(2,819.2)</u>	<u>(2,816.1)</u>	<u>(2,878.9)</u>

b) The movement in net debt during the period may be summarised as:

	30 September 2015	30 September 2014	31 March 2015
	(unaudited)	(unaudited)	(audited)
	£m	£m	£m
Net debt at start of period	(2,878.9)	(2,815.5)	(2,815.5)
Movement in net cash	(2.0)	(61.5)	135.3
Movement in debt arising from cash flows	72.9	82.7	(168.2)
Movement in net debt arising from cash flows	<u>70.9</u>	<u>21.2</u>	<u>(32.9)</u>
Movement in accrued interest	(12.4)	(17.5)	(8.8)
Indexation of index-linked debt	0.9	(12.6)	(28.6)
Accounting profit on lease termination	-	8.4	8.4
Other non-cash movements	0.3	(0.1)	(1.5)
Movement in net debt during the period	<u>59.7</u>	<u>(0.6)</u>	<u>(63.4)</u>
Net debt at end of period	<u>(2,819.2)</u>	<u>(2,816.1)</u>	<u>(2,878.9)</u>

Notes to the condensed consolidated financial statements cont'd

11. Financial risk management and financial instruments

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 March 2015. There have been no changes in the risk management department or in any risk management policies since the year end.

In accordance with IFRS 13 Fair Value Measurement trading and treasury derivatives of the group are categorised into different levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All of the groups trading and treasury derivatives are categorised at Level 2 and as at 30 September 2015 were valued as follows:

- Assets: Trading derivatives £0.0 million, Treasury derivatives £3.7 million. (March 2015: Trading derivatives £0.0 million, Treasury derivatives £3.7 million); and
- Liabilities: Trading derivatives £6.7m, Treasury derivatives £333.2 million. (March 2015: Trading derivatives £3.3 million, Treasury derivatives £318.2 million).

Trading derivatives relate to power price hedges and are recorded on the balance sheet where appropriate. Treasury derivatives relate to interest rate swap contracts and are recorded on the balance sheet at fair value. These have all been assessed as Level 2.

Level 2 debt instruments are valued using a discounted cash flow approach, which discount the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments.

The fair values of derivative financial instruments are provided by swap counterparties. The Bloomberg financial dataset platform allows management to perform an independent valuation of these contracts which is then compared to the counterparty confirmations. The total balance sheet liability at 30 September 2015 amounted to £336 million (31 March 2015 £422 million). These are not readily tradeable instruments and as such the marked to market valuation provided by the swap counterparties is deemed to be the carrying value of the swap.

Independent review report to Glas Cymru Cyfyngedig for the six month period ended 30 September 2015

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2015 which comprises the consolidated interim income statement, consolidated interim statement of comprehensive income, consolidated interim statement of changes in reserves, consolidated interim balance sheet, consolidated interim statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly 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 half-yearly report is the responsibility of, and has been approved by, the directors.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly 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 half-yearly report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU.

James Ledward
for and on behalf of KPMG LLP

Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

12 November 2015

Appendix 1

Measures of Success		Definition
A1a	Safety of Drinking Water (% compliance)	Provide safe drinking water that meets the Drinking Water Inspectorate's standards. The percentage of the sample tests that are compliant with the standards. We take over 250,000 samples tests per year at our water treatment works, service reservoirs and at customer taps.
A1b	Safety of Drinking Water (Mean zonal compliance)	Mean Zonal Compliance (MZC) is published annually in the Drinking Water Inspectorate (DWI) report. The MZC covers 39 different parameters, such as Iron, Lead and Aluminium, which are tested to establish the quality of water as received by customers. MZC is calculated as the average of the compliance levels for each parameter in each of our 87 water quality zones, which range in size from 11 properties to some 40,000 properties.
A2	Customer acceptability	The number of contacts received from customers in the year regarding the appearance, taste or odour of drinking water, expressed as a rate per 1,000 customers.
A3	Reliability of Supply	The average number of minutes that customers are without water within our supply area (includes both planned and unplanned interruptions)
B1	Abstraction for water for use	The percentage compliance with our abstraction licences, as issued by Regulators.
B2	Treating wastewater	For each of our wastewater treatment works there is a permit which regulates the quality of wastewater the company is allowed to discharge into rivers and coastal waters, which is regulated by the NRW. The measure is the % compliance against the discharge permits.
B3a	Preventing pollutions (cat 1,2&3)	Reduce the number of pollution incidents (caused by blockages or collapsed sewers). Pollution incidents are categorised as category 1, 2 or 3 incident and reported by Natural Resources Wales and the Environment Agency. Category 1 are the most severe and have a major or serious impact on the environment, people or property. Category 2 - significant impact or effect on the environment, people or property. Category 3 - minor or minimal impact on the environment, people or property.
B3b	Preventing pollutions (cat 3 only)	As above but only category 3 pollution incidents (minor or minimal impact on the environment, people or property).
C1	Responding to climate change	Reduce the amount of rainwater entering our sewers. The measure is the volume of surface water removed from the system, expressed as the number of equivalent properties.
C2	Carbon footprint	To generate more renewable energy and therefore to offset our carbon emissions and the cost of imported energy (GWh hours per year).
D1	SIM	Service incentive mechanism (SIM) is a measure introduced by the Regulator Ofwat to monitor and report customer service information across all water & wastewater companies as a comparative measure.
D2	At Risk Customer Service	The number of customers who are on our register of "at risk". They are deemed to be "at risk" because their service has repeatedly fallen short in one of the following five areas: discolouration of water, interruptions to supply, low pressure, odour from wastewater assets and sewer flooding.
D3	Properties flooded in the year	The number of properties suffering internal sewer flooding per year.
D4a	Business Customer Satisfaction % satisfied	Business customer satisfaction as measured by either satisfied or very satisfied in the six monthly survey undertaken.

D4b	Non Household Customer Satisfaction	Business customer satisfaction as measured by the average customer score out of a total of 5 then converted to a percentage.
D5	Earning the Trust of Customers	Customer trust as measured in an annual survey we undertake.
E1	Affordable Bills	The company will continue to make bills more affordable by maintaining falling bills in real terms, beating inflation by around 1% a year.
E2	Help for Disadvantaged customers	Help more customers who genuinely struggle to pay their bills by providing assistance through a range of social tariffs and our Customer Assistance Fund.
F1	Asset Serviceability	Maintain our assets. Serviceability includes a basket of sub-measures used by Ofwat to monitor the effectiveness of our asset management and the maintenance of our assets.
F2	Leakage	Reduce our leakage levels – megalitres per day (Ml/d).
F3	Asset Resilience	Improve the resilience score of our most strategic assets. Improve the percentage of strategic assets that are resilient against a set of criteria. Strategic assets are those where failure would have a major impact on service to customers or on the environment.
G1	RIDDOR	The indicator by which we measure performance is the number of reports to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) per annum.
G2	Competence for Role	We have a “Progression in Role” framework and established clear role profiles that define key criteria which we can now use to assess and measure individuals’ knowledge, skills and competence to undertake their respective roles.
H1	Operating Efficiency	To deliver high quality water and wastewater services at least cost, we try to reduce our pertaing costs (as measured in percentage terms compared to the overall operating cost)
H2	Financing Efficiency	This our credit ratings as measured by credit rating agencies.