

# **Helix Acquisition Limited**

## **Unaudited consolidated financial statements**

**Six months ended 30 September 2017**

# Helix Acquisition Limited

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# Helix Acquisition Limited

## Directors' Report

The Directors present their unaudited consolidated financial statements of Helix Acquisition Limited (the "Group") for the six months ended 30 September 2017.

### Principal activity

The Group, through its main operational subsidiary HS1 Limited ("HS1") holds the concession through to 31 December 2040 to operate, maintain and renew the 109 kilometre high speed rail line connecting London's St Pancras International station to Kent and international passenger destinations in Europe such as Paris and Brussels via the Channel Tunnel. As well as St Pancras International, three stations are served along the route - Stratford International, Ebbsfleet International and Ashford International.

### Review of business

Key developments during the six months ended 30 September 2017 are as follows;

- On 6 September 2017, OMERS Administration Corporation and Ontario Teachers' Pension Plan completed the sale of Helix Holdings Limited, the indirect holding company of Helix Acquisition Limited, to a consortium comprised of HICL Infrastructure Company Limited (the listed infrastructure investment company, advised by InfraRed Capital Partners Limited), funds managed by Equitix Investment Management Limited and third party funds managed by InfraRed Capital Partners Limited.
- As part of the sale, RPI swaps were entered into by the new shareholders and then novated to HS1 Limited on 13 September 2017. This fixes inflation on c£116m of Investment Recovery Charge (IRC) income which reduces the volatility of the IRC revenue growth to inflation.
- EBITDA of £95.3m for the six months ended 30 September 2017 vs. £94.3m for the six months ended 30 September 2016.
- Operational performance of the infrastructure remains robust, with the moving annual average ("MAA") delays per train path from the HS1 infrastructure (the Group's primary performance KPI) decreasing to 2.8 seconds from 7.6 seconds at September 2016. The MAA has decreased since March 2017 by 2.33 seconds from 5.03 seconds. Initiatives continue to be delivered to reduce delays and ensure the public's safety.
- Safety performance remains a key business priority with a target of an injury free business. The MAA Fatalities and Weighted Injuries (being a railway industry weighted measure of accidents per 1,000,000 hours worked) has decreased to 0.041 at September 2017 from 0.194 at September 2016.
- St Pancras International was voted number 4 Station in the UK by the Spring 2017 National Passenger Survey (Spring 2016:No 1).

### Approval

This report was approved by the Board of Directors and signed on its behalf by:



Director

7 December 2017

# Helix Acquisition Limited

## Consolidated profit and loss account

For the six months ended 30 September 2017

	Notes	Six months ended 30 September 2017 Unaudited £m	Six months ended 30 September 2016 Unaudited £m	Year ended 31 March 2017 Audited £m
<b>Turnover</b>	2	159.6	152.9	305.5
Other operating expenditure		(104.5)	(98.4)	(200.5)
<b>Operating profit on ordinary activities before interest</b>	3	<b>55.1</b>	<b>54.5</b>	<b>105.0</b>
Interest receivable and similar income	4	20.0	2.9	15.6
Finance charges	5	(72.8)	(77.0)	(151.5)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>2.3</b>	<b>(19.6)</b>	<b>(30.9)</b>
Taxation on loss on ordinary activities	6	(13.4)	(8.9)	(11.3)
<b>Loss for the financial period</b>		<b>(11.1)</b>	<b>(28.5)</b>	<b>(42.2)</b>
<b>Other comprehensive income</b>				
Re-measurement of net defined benefit pension liability		-	-	(0.7)
Amounts recycled to the profit and loss account		1.6	1.2	2.8
Effective portion of changes in fair value of cash flow hedges		(97.2)	(7.3)	(17.6)
Other comprehensive income for the period, net of tax		(95.6)	(6.1)	(15.5)
<b>Total comprehensive income for the period</b>		<b>(106.7)</b>	<b>(34.6)</b>	<b>(57.7)</b>

The notes on pages 6 to 11 form part of these financial statements.

All activities of the Group relate to continuing operations. No activities were discontinued during the period.

# Helix Acquisition Limited


## Consolidated balance sheet

As at 30 September 2017

		30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
<b>Non-current assets</b>				
Tangible fixed assets	7	2,452.5	2,588.1	2,521.2
Debtors: amount falling due after more than one year	8	734.8	376.9	722.6
		<u>3,187.3</u>	<u>2,965.0</u>	<u>3,243.8</u>
<b>Current assets</b>				
Debtors: amounts falling due within one year	9	79.8	45.6	43.1
Cash at bank and in hand		18.6	5.9	2.4
		<u>98.4</u>	<u>51.5</u>	<u>45.5</u>
Creditors: amounts falling due within one year	10	(238.0)	(217.7)	(208.0)
<b>Net current liabilities</b>		<u>(139.6)</u>	<u>(166.2)</u>	<u>(162.5)</u>
<b>Total assets less current liabilities</b>		<u>3,047.7</u>	<u>2,798.8</u>	<u>3,081.3</u>
Creditors: amounts falling due after more than one year	11	(4,029.7)	(3,651.9)	(3,956.6)
<b>Net liabilities excluding pension liability</b>		<u>(982.0)</u>	<u>(853.1)</u>	<u>(875.3)</u>
Net pension liability		(1.6)	(0.7)	(1.6)
<b>Net liabilities</b>		<u>(983.6)</u>	<u>(853.8)</u>	<u>(876.9)</u>
<b>Capital and reserves</b>				
Called up share capital	12	-	-	-
Profit and loss account		(857.1)	(834.8)	(847.6)
Hedging reserve		(126.5)	(19.0)	(29.3)
<b>Shareholders' deficit</b>		<u>(983.6)</u>	<u>(853.8)</u>	<u>(876.9)</u>

The notes on pages 6 to 11 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 7 December 2017. They were signed on its behalf by:

  
 Director

7 December 2017

**Helix Acquisition Limited**  
**Consolidated cash flow statement**

*For the period ended 30 September 2017*

	Six months ended 30 September 2017 Unaudited £m	Six months ended 30 September 2016 Unaudited £m	Year ended 31 March 2017 Audited £m
<b>Cash flows from operating activities</b>			
Loss for the period	(11.1)	(28.5)	(42.2)
<i>Adjustments for</i>			
Depreciation charges	70.9	70.4	141.2
Amortisation of grants	(30.6)	(30.6)	(61.2)
Interest receivable and similar income	(20.0)	(2.9)	(15.6)
Interest payable and similar charges	72.8	77.0	151.5
Taxation	13.4	8.9	11.3
	<b>95.4</b>	<b>94.3</b>	<b>185.0</b>
Increase in debtors	(16.8)	(15.9)	(0.7)
Increase in creditors	0.4	8.2	18.2
<b>Net cash from operating activities</b>	<b>79.0</b>	<b>86.6</b>	<b>202.5</b>
<b>Cash flow from investing activities</b>			
Acquisition of tangible fixed assets	(0.2)	(0.7)	(3.2)
<b>Net cash from investing activities</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>(3.2)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(57.7)	(65.1)	(129.5)
Drawdown of borrowings	-	-	314.0
Loan advanced to parent company	(14.9)	(14.5)	(348.1)
Interest element of finance lease liabilities	(10.3)	(10.0)	(20.0)
Cash outflow of debt finance costs	-	(0.4)	(1.6)
Cash outflow into escrow	(6.7)	(7.9)	(17.6)
<b>Net cash from financing activities</b>	<b>(89.6)</b>	<b>(97.9)</b>	<b>(202.8)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10.8)</b>	<b>(12.0)</b>	<b>(3.5)</b>
Cash and cash equivalents at beginning of period	(7.6)	(4.1)	(4.1)
<b>Cash and cash equivalents at end of period</b>	<b>(18.4)</b>	<b>(16.1)</b>	<b>(7.6)</b>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand	18.6	5.9	2.4
Cash equivalents	(37.0)	(22.0)	(10.0)
<b>Cash and cash equivalents at end of period</b>	<b>(18.4)</b>	<b>(16.1)</b>	<b>(7.6)</b>

The notes on pages 6 to 11 form an integral part of these financial statements.

## Helix Acquisition Limited

### Consolidated statement of changes in equity

As at 30 September 2017

	Called up share capital £m	Cash flow hedging reserve £m	Profit and loss account £m	Total equity £m
At 1 April 2017	-	(29.3)	(847.6)	(876.9)
<b>Total comprehensive income for the period</b>				
Loss for the period	-	-	(11.1)	(11.1)
Other comprehensive income	-	(97.2)	1.6	(95.6)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(97.2)</b>	<b>(9.5)</b>	<b>(106.7)</b>
<b>Transaction with owners, recorded directly in equity</b>				
Dividends paid	-	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 30 September 2017</b>	<b>-</b>	<b>(126.5)</b>	<b>(857.1)</b>	<b>(983.6)</b>
At 1 April 2016	-	(11.7)	(807.5)	(819.2)
<b>Total comprehensive income for the period</b>				
Loss for the period	-	-	(28.5)	(28.5)
Other comprehensive income	-	(7.3)	1.2	(6.1)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(7.3)</b>	<b>(27.3)</b>	<b>(34.6)</b>
<b>Transaction with owners, recorded directly in equity</b>				
Dividends paid	-	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 30 September 2016</b>	<b>-</b>	<b>(19.0)</b>	<b>(834.8)</b>	<b>(853.8)</b>

The notes on pages 6 to 11 form an integral part of these financial statements.

# Helix Acquisition Limited

## Notes to the unaudited financial statements for the six months ended 30 September 2017

### 1. Accounting policies

#### ***Basis of preparation***

The principal accounting policies applied in the preparation of the consolidated financial statements of Helix Acquisition Limited are set out below.

The financial statements are prepared in accordance with the accounting policies set out in the Group's financial statements for the year ended 31 March 2017 in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). All accounting policies have been applied consistently in the current and prior period. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £ hundred thousand.

#### ***Basis of consolidation***

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

### 2. Turnover

All turnover arises in the United Kingdom from operating the High Speed 1 railway network.

### 3. Operating profit on ordinary activities before interest

<b>Operating profit on ordinary activities before interest is stated after charging:</b>	<b>Six months ended 30 September 2017 Unaudited £m</b>	<b>Six months ended 30 September 2016 Unaudited £m</b>	<b>Year ended 31 March 2017 Audited £m</b>
Depreciation – owned assets	69.5	69.1	138.7
Depreciation – leased assets	1.3	1.3	2.6
Operating lease payments - other	0.2	0.2	0.3
Amortisation of government grants	(30.6)	(30.6)	(61.2)



## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2017

#### 4. Interest receivable and similar income

	Six months ended 30 September 2017 Unaudited £m	Six months ended 30 September 2016 Unaudited £m	Year ended 31 March 2017 Audited £m
Other interest receivable	20.0	2.9	15.6
	20.0	2.9	15.6
	20.0	2.9	15.6

#### 5. Interest payable and similar charges

	Six months ended 30 September 2017 Unaudited £m	Six months ended 30 September 2016 Unaudited £m	Year ended 31 March 2017 Audited £m
Interest payable to parent undertaking	27.2	27.2	54.2
Interest payable on bank borrowings	11.2	11.4	24.2
Interest payable on other loans	36.0	29.7	60.8
Interest payable on finance leases	12.3	11.8	23.6
Movement in assets/liabilities measured at fair value	(13.9)	(3.1)	(11.3)
	72.8	77.0	151.5
	72.8	77.0	151.5

#### 6. Taxation on loss on ordinary activities

##### UK corporation tax

	Six months ended 30 September 2017 Unaudited £m	Six months ended 30 September 2016 Unaudited £m	Year ended 31 March 2017 Audited £m
Current tax	-	-	-
Deferred tax	13.4	8.9	11.3
Taxation on ordinary activities	13.4	8.9	11.3
	13.4	8.9	11.3

The enacted tax rate of 17% (31 March 2017: 17%) has been used in the calculation of the deferred tax asset.

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2017

#### 7. Tangible fixed assets

	Land and buildings £m	Plant and equipment £m	Assets under construction £m	Total £m
<b>Cost</b>				
At 1 April 2017	2,403.4	1,008.7	5.7	3,417.8
Additions	-	-	2.2	2.2
Transfers	-	2.3	(2.3)	-
At 30 September 2017	2,403.4	1,011.0	5.6	3,420.0
<b>Accumulated depreciation</b>				
At 1 April 2017	509.8	386.8	-	896.6
Charge for the period	39.9	31.0	-	70.9
At 30 September 2017	549.7	417.8	-	967.5
<b>Net book value</b>				
At 30 September 2017	1,853.7	593.2	5.6	2,452.5
At 31 March 2017	1,893.6	621.9	5.7	2,521.2

#### 8. Debtors: amounts falling due after more than one year

	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Amounts owed by parent undertakings	415.0	66.5	400.1
Other debtors	106.6	90.7	99.8
Deferred tax asset	152.7	147.4	146.9
Prepayments and accrued income	9.1	7.1	8.1
Other financial assets	51.4	65.2	67.7
	734.8	376.9	722.6

Other debtors represent cash amounts held in escrow to fund certain future renewals and replacements, together with railway related spares where the risk of ownership lies with Network Rail (High Speed) Limited.

Access to the escrow funds is restricted under the terms of the concession agreement.

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2017

#### 9. Debtors: amounts falling due within one year

	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Trade debtors	15.1	14.9	14.2
Amounts owed by parent undertakings	39.1	6.4	19.2
Other debtors	0.8	1.0	0.6
Prepayments and accrued income	24.8	23.3	9.1
	<u>79.8</u>	<u>45.6</u>	<u>43.1</u>

#### 10. Creditors: amounts falling due within one year

	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Bank loans and overdrafts	36.4	21.3	9.3
Trade creditors	0.4	0.9	2.7
Amounts due to parent undertaking	13.7	13.8	14.8
Other loans	0.1	0.3	0.1
Finance lease creditor	20.5	20.0	20.5
Other creditors including taxation and social security	8.7	9.3	10.6
Accruals and deferred income	97.2	90.9	89.2
Deferred government grants	61.0	61.2	60.8
	<u>238.0</u>	<u>217.7</u>	<u>208.0</u>

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2017

#### 11. Creditors: amounts falling due after more than one year

	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Bank loans	96.2	95.6	95.9
Amounts due to parent undertakings	555.8	555.8	555.8
Listed bonds	894.3	885.0	888.7
USPP notes	944.4	645.0	974.2
Finance lease creditor	154.4	151.1	152.4
Escrow deferred income	98.7	82.6	91.5
Accruals and deferred income	8.6	5.6	6.8
Deferred government grants	1,013.0	1,073.9	1,043.6
Other financial liabilities	264.3	157.3	147.7
	4,029.7	3,651.9	3,956.6

Escrow deferred income recognises the deferral of income put into escrow. The deferred income is only recognised when expenditure is incurred in the future to offset the operating cost or depreciation on the capital item.

#### **Borrowings**

The Group has drawn down £37.0m of its working capital facility (31 March 2017: £10.0m) and has an undrawn liquidity facility (31 March 2017: undrawn).

The Group's other external borrowings comprise:

	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Bank loan	97.6	97.6	97.6
Listed bonds	901.6	874.0	896.1
US Private Placement notes: issued in GBP	539.0	225.0	539.0
US Private placement notes: issued in USD	340.0	340.0	340.0
	1,878.2	1,536.6	1,872.7

The Group's debt is all denominated in sterling with the exception of the USD element of the US Private Placement notes of \$550.0m (31 March 2017: \$550.0m). The Group uses cross currency derivatives to fully hedge the foreign exchange currency risk.

The Group holds interest rate derivatives with a notional value of £97.6m (31 March 2017: £97.6m) to fully hedge the floating rate interest risk on the bank loan.

The Group holds interest rate derivatives with a notional value of £1,600.0m (31 March 2017: £1,600.0m) which are not held for speculative treasury transactions.

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2017

#### 11. Creditors: amounts falling due after more than one year (continued)

During the period, the Group entered into 23 year RPI revenue swap derivatives with a notional value of c£116m to hedge the inflation growth of a portion of the IRC income.

##### *Borrowings*

The loan advanced to the Group from the parent undertakings carried interest at 9.75% per annum and is repayable by agreement of both the borrower and lender.

#### 12. Capital and reserves

	30 September 2017 Unaudited £	30 September 2016 Unaudited £	31 March 2017 Audited £
<b>Allotted, called up and fully paid</b>			
990 A shares of £1 each	990	990	990
10 B shares of £1 each	10	10	10
	<hr/>	<hr/>	<hr/>
	1,000	1,000	1,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

##### *Cash flow hedging reserve*

The hedging reserve comprises the effective portion of the cumulative net change in the face value of cash flow hedging instruments related to hedged transactions not yet occurred.