

# **Helix Acquisition Limited**

## **Unaudited consolidated financial statements**

**Six months ended 30 September 2018**

# Helix Acquisition Limited

## Contents

	<b>Page</b>
Directors' report	1
Consolidated profit and loss and other comprehensive income	2
Consolidated balance sheet	3
Consolidated cash flow statement	4
Consolidated statement of changes in equity	5
Notes to the financial statements	6-11

# 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 2018.

### 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.

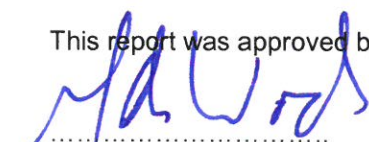
### Review of business

Key developments during the six months ended 30 September 2018 are as follows;

- EBITDA of £103.2m for the six months ended 30 September 2018 vs. £95.3m for the six months ended 30 September 2017.
- 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) increasing to 7.26 seconds at September 2018 from 2.8 seconds at September 2017. The MAA has decreased by 2.20 seconds since March 2018. Initiatives continue to be delivered to reduce delays and maintain safe operations.
- 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 0.032 at September 2018 from 0.041 at September 2017.
- St Pancras International was voted number 1 Station in the UK by the Spring 2018 National Passenger Survey (Spring 2017: No 4).

### Approval

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



.....  
**Director**

6 December 2018

## Helix Acquisition Limited

### Consolidated profit and loss account and other comprehensive income

For the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 Unaudited £m	Six months ended 30 September 2017 Unaudited Restated £m	Year ended 31 March 2018 Audited £m
Turnover	2	170.0	159.6	321.8
Other operating expenditure		(106.9)	(104.5)	(211.1)
<b>Operating profit on ordinary activities before interest</b>	3	<b>63.1</b>	<b>55.1</b>	<b>110.7</b>
Interest receivable and similar income	4	30.1	20.0	50.2
Finance charges	5	(78.3)	(72.8)	(177.9)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>14.9</b>	<b>2.3</b>	<b>(17.0)</b>
Taxation on loss on ordinary activities	6	(0.9)	(13.4)	-
<b>Profit/(loss) for the financial period</b>		<b>14.0</b>	<b>(11.1)</b>	<b>(17.0)</b>
<b>Other comprehensive income</b>				
Re-measurement of net defined benefit pension liability		-	-	0.4
Amounts recycled to the profit and loss account		1.6	1.6	3.2
Effective portion of changes in fair value of cash flow hedges		(35.0)	50.7	38.8
Other comprehensive income for the period, net of tax		(33.4)	52.3	42.4
<b>Total comprehensive income/(expense) for the period</b>		<b>(19.4)</b>	<b>41.2</b>	<b>25.4</b>

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

All activities of the Group relate to continuing operations.

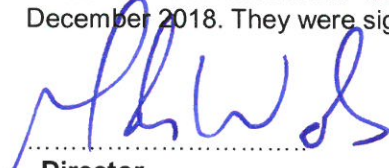
**Helix Acquisition Limited**  
**Consolidated balance sheet**

As at 30 September 2018

		30 September 2018 Unaudited £m	30 September 2017 Unaudited Restated £m	31 March 2018 Audited £m
<b>Non-current assets</b>				
Tangible fixed assets	7	2,314.8	2,452.5	2,384.1
Debtors: amount falling due after more than one year	8	969.7	882.7	901.9
		<hr/>	<hr/>	<hr/>
		3,284.5	3,335.2	3,286.0
<b>Current assets</b>				
Debtors: amounts falling due within one year	9	94.2	79.8	58.7
Cash at bank and in hand		15.0	18.6	7.9
		<hr/>	<hr/>	<hr/>
		109.2	98.4	66.6
Creditors: amounts falling due within one year	10	(258.7)	(238.0)	(228.5)
		<hr/>	<hr/>	<hr/>
<b>Net current liabilities</b>		<b>(149.5)</b>	<b>(139.6)</b>	<b>(161.9)</b>
<b>Total assets less current liabilities</b>		<b>3,135.0</b>	<b>3,195.6</b>	<b>3,124.1</b>
Creditors: amounts falling due after more than one year	11	(4,004.7)	(4,029.7)	(3,974.4)
		<hr/>	<hr/>	<hr/>
<b>Net liabilities excluding pension liability</b>		<b>(869.7)</b>	<b>(834.1)</b>	<b>(850.3)</b>
Net pension liability		(1.2)	(1.6)	(1.2)
		<hr/>	<hr/>	<hr/>
<b>Net liabilities</b>		<b>(870.9)</b>	<b>(835.7)</b>	<b>(851.5)</b>
<b>Capital and reserves</b>				
Called up share capital	12	-	-	-
Profit and loss account		(845.4)	(857.1)	(861.0)
Hedging reserve		(25.5)	21.4	9.5
		<hr/>	<hr/>	<hr/>
<b>Shareholders' deficit</b>		<b>(870.9)</b>	<b>(835.7)</b>	<b>(851.5)</b>

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 6 December 2018. They were signed on its behalf by:

  
 Director

6 December 2018

# Helix Acquisition Limited

## Consolidated cash flow statement

For the period ended 30 September 2018

	Six months ended 30 September 2018 Unaudited £m	Six months ended 30 September 2017 Unaudited £m	Year ended 31 March 2018 Audited £m
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period	14.0	(11.1)	(17.0)
<i>Adjustments for</i>			
Depreciation charges	70.5	70.9	141.7
Amortisation of grants	(30.4)	(30.6)	(61.1)
Interest receivable and similar income	(30.1)	(20.0)	(50.2)
Interest payable and similar charges	78.3	72.8	177.9
Taxation	0.9	13.4	-
	<b>103.2</b>	<b>95.4</b>	<b>191.3</b>
Payments under revenue transaction	(0.3)	-	(0.5)
Increase in debtors	(13.5)	(16.8)	(4.8)
Increase in creditors	12.7	0.4	20.1
Tax paid	(0.2)	-	-
<b>Net cash from operating activities</b>	<b>101.9</b>	<b>79.0</b>	<b>206.1</b>
<b>Cash flow from investing activities</b>			
Acquisition of tangible fixed assets	(0.1)	(0.2)	(1.5)
<b>Net cash from investing activities</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(1.5)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(68.4)	(57.7)	(130.3)
Repayment of borrowings	-	-	(19.6)
Loan advanced to parent company	(14.9)	(14.9)	(18.9)
Interest element of finance lease liabilities	(10.7)	(10.3)	(20.5)
Cash outflow into escrow	(8.7)	(6.7)	(15.8)
<b>Net cash from financing activities</b>	<b>(102.7)</b>	<b>(89.6)</b>	<b>(205.1)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(0.9)</b>	<b>(10.8)</b>	<b>(0.5)</b>
Cash and cash equivalents at beginning of period	(8.1)	(7.6)	(7.6)
<b>Cash and cash equivalents at end of period</b>	<b>(9.0)</b>	<b>(18.4)</b>	<b>(8.1)</b>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand	15.0	18.6	7.9
Cash equivalents	(24.0)	(37.0)	(16.0)
<b>Cash and cash equivalents at end of period</b>	<b>(9.0)</b>	<b>(18.4)</b>	<b>(8.1)</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 2018

	Called up share capital £m	Cash flow hedging reserve Restated £m	Profit and loss account £m	Total equity Restated £m
At 1 April 2018	-	9.5	(861.0)	(851.5)
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	14.0	14.0
Other comprehensive income	-	(35.0)	1.6	(33.4)
<b>Total comprehensive income for the period</b>	-	<b>(35.0)</b>	<b>15.6</b>	<b>(19.4)</b>
<b>Transaction with owners, recorded directly in equity</b>				
Dividends paid	-	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-	-
<b>As at 30 September 2018</b>	<b>-</b>	<b>(25.5)</b>	<b>(845.4)</b>	<b>(870.9)</b>
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)
Prior period adjustment		147.9	-	147.9
<b>Total comprehensive income for the period</b>	-	<b>50.7</b>	<b>(9.5)</b>	<b>41.2</b>
<b>Transaction with owners, recorded directly in equity</b>				
Dividends paid	-	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-	-
<b>As at 30 September 2017</b>	<b>-</b>	<b>21.4</b>	<b>(857.1)</b>	<b>(835.7)</b>

The comparative half year financial statements for the six months ended 30 September 2017 have been restated to reflect the loan advanced from the Group to Betjeman Holdings Limited as a result of the novation of RPI swaps effective 6 September 2017.

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 2018

#### 1. Accounting policies

##### *Basis of preparation*

The principal accounting policies applied in the preparation of the consolidated financial statements of Helix Acquisition Limited (the "Group") 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 2018 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 2018 Unaudited £m</b>	<b>Six months ended 30 September 2017 Unaudited £m</b>	<b>Year ended 31 March 2018 Audited £m</b>
Depreciation – owned assets	69.2	69.5	139.1
Depreciation – leased assets	1.3	1.3	2.6
Operating lease payments - other	0.2	0.2	0.5
Amortisation of government grants	(30.4)	(30.6)	(61.1)



## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2018

#### 4. Interest receivable and similar income

	Six months ended 30 September 2018 Unaudited £m	Six months ended 30 September 2017 Unaudited £m	Year ended 31 March 2018 Audited £m
Other interest receivable	30.1	20.0	50.2
	<u>30.1</u>	<u>20.0</u>	<u>50.2</u>

#### 5. Interest payable and similar charges

	Six months ended 30 September 2018 Unaudited £m	Six months ended 30 September 2017 Unaudited £m	Year ended 31 March 2018 Audited £m
Interest payable to parent undertaking	27.2	27.2	54.2
Interest payable on bank borrowings	11.0	11.2	22.8
Interest payable on other loans	35.9	36.0	70.0
Interest payable on finance leases	12.6	12.3	24.1
Movement in liabilities measured at fair value	(8.4)	(13.9)	6.8
	<u>78.3</u>	<u>72.8</u>	<u>177.9</u>

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

UK corporation tax	Six months ended 30 September 2018 Unaudited £m	Six months ended 30 September 2017 Unaudited £m	Year ended 31 March 2018 Audited £m
Current tax	0.9	-	0.2
Deferred tax	-	13.4	(0.2)
Taxation on ordinary activities	<u>0.9</u>	<u>13.4</u>	<u>-</u>

The enacted tax rate of 17% (31 March 2018: 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 2018

#### 7. Tangible fixed assets

	Land and buildings £m	Plant and equipment £m	Assets under construction £m	Total £m
<b>Cost</b>				
At 1 April 2018	2,403.4	1,011.6	7.4	3,422.4
Additions	-	-	1.2	1.2
Transfer	-	0.3	(0.3)	-
At 30 September 2018	2,403.4	1,011.9	8.3	3,423.6
<b>Accumulated depreciation</b>				
At 1 April 2018	589.6	448.7	-	1,038.3
Charge for the period	39.9	30.6	-	70.5
At 30 September 2018	629.5	479.3	-	1,108.8
<b>Net book value</b>				
<b>At 30 September 2018</b>	<b>1,773.9</b>	<b>532.6</b>	<b>8.3</b>	<b>2,314.8</b>
At 31 March 2018	1,813.8	562.9	7.4	2,384.1

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

	30 September 2018 Unaudited £m	30 September 2017 Unaudited Restated £m	31 March 2018 Audited £m
Amounts owed by parent undertakings	636.6	562.9	605.8
Other debtors	124.0	106.6	115.5
Deferred tax asset	145.4	152.7	138.5
Prepayments and accrued income	10.9	9.1	16.4
Other financial assets	52.8	51.4	25.7
	969.7	882.7	901.9

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.

Amount owed by parent undertakings has been restated for the comparative period ended 30 September 2017 to take account of a loan of £147.9m to Betjeman Holdings Limited, an intermediary parent company to HS1 Limited. This loan is as a result of novating RPI swaps from Betjeman Holdings Limited to HS1 Limited.

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2018

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

	30 September 2018 Unaudited £m	30 September 2017 Unaudited £m	31 March 2018 Audited £m
Trade debtors	18.8	15.1	19.9
Amounts owed by parent undertakings	44.7	39.1	30.4
Other debtors	8.1	0.8	1.6
Prepayments and accrued income	22.6	24.8	6.8
	<u>94.2</u>	<u>79.8</u>	<u>58.7</u>

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

	30 September 2018 Unaudited £m	30 September 2017 Unaudited £m	31 March 2018 Audited £m
Bank loans and overdrafts	35.1	36.4	15.4
Trade creditors	2.8	0.4	3.0
Amounts due to parent undertaking	13.7	13.7	14.8
Other loans	5.3	0.1	0.1
Finance lease creditor	21.3	20.5	21.3
Other creditors including taxation and social security	10.9	8.7	12.5
Accruals and deferred income	109.0	97.2	101.0
Deferred government grants	60.6	61.0	60.4
	<u>258.7</u>	<u>238.0</u>	<u>228.5</u>

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2018

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

	30 September 2018 Unaudited £m	30 September 2017 Unaudited £m	31 March 2018 Audited £m
Bank loans	65.5	96.2	76.9
Amounts due to parent undertakings	555.8	555.8	555.8
Listed bonds	903.2	894.3	897.9
USPP notes	951.2	944.4	926.7
Finance lease creditor	157.1	154.4	155.3
Escrow deferred income	116.6	98.7	108.1
Accruals and deferred income	10.4	8.6	9.5
Deferred government grants	952.7	1,013.0	983.1
Other financial liabilities	292.2	264.3	261.1
	4,004.7	4,029.7	3,974.4

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 £24m of its working capital facility (31 March 2018: £16.0m) and has an undrawn liquidity facility (31 March 2018: undrawn).

The Group's other external borrowings comprise:

	30 September 2018 Unaudited £m	30 September 2017 Unaudited £m	31 March 2018 Audited £m
Bank loan	78.0	97.6	78.0
Listed bonds	910.0	901.6	904.9
US Private Placement notes: issued in GBP	539.0	539.0	539.0
US Private placement notes: issued in USD	340.0	340.0	340.0
	1,867.0	1,878.2	1,816.9

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 2018: \$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 £1,697.6m (31 March 2018: £1,697.6m) which are not held for speculative treasury transactions.

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2018

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

##### *Borrowings*

The loan advanced to the Group from 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 2018 Unaudited £	30 September 2017 Unaudited £	31 March 2018 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/>

#### **Profit and loss account**

The profit and loss account contains the balance of retained earnings to carry forward. Dividends are paid from this reserve. No dividends were paid in respect of ordinary shares during the period.

#### **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