Viridian Group Investments Limited

Unaudited Interim Report and Accounts

Three months ended
30 June 2012

GROUP FINANCIAL HIGHLIGHTS

Underlying Business Results[1]

- Group pro-forma Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for First Quarter 2013 decreased to £24.3m (2012 - £25.5m)[2]

- Group pro-forma operating profit for First Quarter 2013 increased to £19.8m (2012 - £19.4m)

UK GAAP Results[3]

- Turnover for First Quarter 2013 decreased to £371.1m (2012 - £398.5m)

- Group operating profit before goodwill amortisation for First Quarter 2013 increased to £29.6m (2012 - £17.9m)

1 Based on regulated entitlement from continuing operations and before goodwill amortisation and exceptional items.
2 Continuing operations pro-forma operating profit (pre exceptional items) for First Quarter 2013 of £19.8m (2012 - £19.4m) with an add-back for depreciation/amortisation in First Quarter 2013 of £4.5m (2012 - £6.1m).
3 Based on continuing operations and before exceptional items.

Management Report

The directors of Viridian Group Investments Limited present their interim report and accounts for the 3 months ended 30 June 2012 (First Quarter 2013) including comparatives for the 3 months ended 30 June 2011 (First Quarter 2012). All references in this document to 'Group' denote Viridian Group Investments Limited and its subsidiary undertakings and to 'Company' denote Viridian Group Investments Limited, the parent company.

Principal Activities

There were no changes to the principal activities of the Group's businesses during First Quarter 2013. These comprise:

- Energia Group - a vertically integrated energy business consisting of competitive electricity supply to business customers in both Northern Ireland and the Republic of Ireland (ROI) through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants and long-term Power Purchase Agreements (PPAs) with third-party renewable generators (including wind generation assets originally wholly owned by the Group). The Energia Group also supplies natural gas to business customers, principally in the ROI; and

- Power NI Energy - supply of electricity primarily to residential customers in Northern Ireland through Power NI and power procurement through PPB.

On 14 March 2012 the Group effected a restructuring of the operating and in-construction windfarms in which the Energia Group had a direct investment. This involved the sale of 100% of its shares in Viridian Resources Limited (VRL) and 50% of its shares in Eco Wind Power Limited (EWP) to an affiliated entity (Windco) under the control of a subsidiary of the Group's intermediate parent undertaking, ElectricInvest I Limited. These disposals were reflected in the accounts for the year ended 31 March 2012.

On 15 June 2012 the sale of 80% of VRL and 75% of EWP (comprising Windco's 50% holding together with 25% owned by the Group) to AMP Capital Investors (UK) Limited was completed. The immediately available proceeds were used to repay a bridge loan owing by Windco and to make a circa £24m (based on Sterling/Euro exchange rates at 15 June 2012) prepayment on the Junior bank facility A loan owing by the Group's immediate parent undertaking, Viridian Group Holdings Limited. Further proceeds becoming available at completion of the development of the in-construction windfarms or otherwise arising will be used to make further prepayments of Junior bank facility A when and to the extent they may become available. On 15 June 2012, Windco's remaining 20% holding in VRL was transferred back to the Group.

Energia Group has retained existing PPAs with the disposed windfarms and intends to develop its pipeline of further windfarms which were not part of the disposal.

Strategy

The Group's strategy continues to focus on the following five strategic objectives:

- improve profitability and maintain stable cash flows;
- maintain high availability of generation plants;
- continue to drive growth through expansion in renewables;
- focus on customer retention; and
- maintain active engagement with regulators and key lobby groups.

Group pro-forma EBITDA

The Group's pro-forma EBITDA by business for First Quarter 2013 was as follows:

	3 months 30 June 12 £m	3 months 30 June 11 £m	Year end 31 March 12 £m
Energia Group (pre exceptional items)[1]	**18.3**	20.5	91.3
Power NI Energy [2]	**6.0**	5.0	25.3
Other	**-**	-	(2.9)
	24.3	25.5	113.7

[1] As shown in note 2 to the interim accounts. Includes EBITDA from renewable windfarm assets for First Quarter 2013 £nil (First Quarter 2012 £0.9m; year ended 31 March 2012 £5.4m)
[2] As shown in note 2 to the interim accounts

Energia Group EBITDA (pre exceptional carbon revenue levy) for First Quarter 2013 decreased to £18.3m (2012 - £20.5m). Excluding EBITDA from renewable windfarm assets of £nil (2012 - £0.9m) EBITDA for First Quarter 2013 decreased to £18.3m (2012 - £19.6m) primarily as a result of the adverse impact of foreign exchange translation reflecting the strengthening of Sterling to Euro during the period compared to the same period last year. The impact of lower Huntstown plant utilisations, lower sale of carbon allowances to match the exceptional carbon revenue levy, lower renewable wind factors and wholesale prices was largely offset by higher electricity retail margins, higher availability of the Huntstown plant (together with lower operating and maintenance costs) and increased renewable capacity.

Power NI Energy pro-forma EBITDA (based on regulated entitlement) for First Quarter 2013 increased to £6.0m (2012 - £5.0m) reflecting:

- Power NI EBITDA (based on regulated entitlement) for First Quarter 2013 increasing to £4.7m (2012 - £4.0m) reflecting an increase in regulated entitlement associated with the regulated asset base of the billing IT project which was implemented in May 2012, higher Renewable PPA gross margins partly offset by higher operating costs arising from additional resources required on the implementation of the billing IT project.

- PPB EBITDA (based on regulated entitlement) for First Quarter 2013 increasing to £1.3m (2012 - £1.0m) as a result of the phasing of regulated entitlement in 2012.

Business Reviews

Energia Group

	3 months 30 June 12	3 months 30 June 11	Year end 31 March 12
Availability %			
- Huntstown 1	**100.0**	75.4	93.3
- Huntstown 2	**98.5**	85.0	94.1
Utilisation %			
- Huntstown 1	**22.1**	73.7	54.2
- Huntstown 2	**56.2**	82.9	74.5
Energia electricity sales (TWh)	**1.3**	1.3	5.7
Energia gas sales (million therms)	**16**	21	74
Contracted renewable generation capacity in operation in NI & RoI (MW)			
- average during the period	**487**	335	407
- at period end	**510**	336	446

Huntstown 1 availability for First Quarter 2013 (including planned and unplanned outages) was 100% (2012 – 75.4%). First Quarter 2012 availability of 75.4% reflected a 6 day planned outage which was extended by a further 18 days in order to remedy damage caused by the failure of a combustion chamber heat shield fixing.

Huntstown 2 availability for First Quarter 2013 was 98.5% (2012 – 85%) reflecting a 12 day planned outage which commenced on 23 March 2012 and successfully completed with the plant returning to service on 3 April 2012. First Quarter 2012 availability of 85% reflected a 20 day planned turbine inspection outage which commenced on 26 March 2011 with the plant returning to service on 15 April 2011.

Huntstown 1 utilisation for First Quarter 2013 reduced to 22.1% (2012 – 73.7%) reflecting the impact of the commissioning of new wind capacity together with the coal/gas price switch from November 2011 resulting in increased utilisation of coal plant in the SEM partly offset by the impact of lower wind factors.

Huntstown 2 utilisation for First Quarter 2013 reduced to 56.2% (2012 – 82.9%) for the same reasons as noted above for Huntstown 1.

Energia electricity sales remained flat at 1.3TWh (2012 – 1.3TWh) and customer sites supplied were 60,000 at 30 June 2012 (31 March 2012 – 61,400).

Energia gas sales reduced to 16m therms for First Quarter 2013 (2012 – 21m therms) and customer sites supplied were 4,500 at 30 June 2012 (31 March 2012 – 4,600).

Renewable portfolio

Energia Group's renewable portfolio primarily consists of offtake contracts with third party-owned windfarms (including wind generation assets previously owned by the Group) and a development pipeline of windfarm projects in which the Energia Group continue to have a direct investment.

Offtake contracts[1]

Energia has entered into contracts with developers under which it has agreed to purchase the long-term output of a number of windfarm projects and with generators from other renewable sources as shown below:

MW	Operating	Under construction	In development	Total
NI	169	2	101	**272**
RoI	341	68	159	**568**
	510	70	260	**840**

The average contracted renewable generation capacity in operation during First Quarter 2013 was 487MW (2012 – 335MW) with 30 June 2012 capacity at 510MW reflecting the commissioning of new capacity.

During the period the operating capacity under contract in Northern Ireland increased to 169MW as at 30 June 2012 (31 March 2012 – 119MW) and the RoI operating capacity increased to 341MW (31 March 2012 – 327MW) as new wind farms were commissioned.

At 30 June 2012 there were 70MW of contracted windfarm capacity in Northern Ireland and the RoI under construction and 260MW of windfarm capacity in development.

Direct investment

The Energia Group has a direct investment in 80MW of in-development windfarm capacity which comprises 12MW in Northern Ireland and 68MW in the RoI. These assets are expected to become operational in the next three years. The Energia Group also has a further pipeline of projects which are in various stages of obtaining planning permission.

The Energia Group also has a minority share of 25% in the RoI windfarm projects and 20% in the Northern Ireland windfarm projects sold to AMP on 15 June 2012.

[1] Numbers include offtake contracts between Energia and direct investment windfarms

Power NI

	3 months 30 June 2012	3 months 30 June 2011	Year end 31 March 2012
Stage 2 complaints to the Consumer Council (number)	**2**	1	1
Customers (number)			
- Residential	**648,000**	721,000	666,000
- Non-residential	**37,000**	36,000	37,000
	685,000	757,000	703,000
Electricity sales (TWh)	**0.8**	0.9	3.6

During First Quarter 2013 Power NI received 2 (2012 – 1) Stage 2 complaints.

Residential customer numbers reduced to 648,000 at 30 June 2012 (31 March 2012 – 666,000) reflecting continued competition from Airtricity and Budget Energy. Non-residential customer numbers remained flat at 37,000 at 30 June 2012 (31 March 2012 – 37,000).

Electricity sales volumes for First Quarter 2013 reduced to 0.8TWh (2012 – 0.9TWh) reflecting the reduction in residential customer numbers.

During the period Power NI completed the billing IT project to support the full decoupling of NIE and Power NI customer records, and the system went live in May 2012.

PPB

As at 30 June 2012 the generation capacity under contract to PPB for 832MW comprised:

- Ballylumford - 716MW (600MW CCGT, 116MW gasoil);
- Coolkeeragh - 58MW (gasoil); and
- Kilroot - 58MW (gasoil).

Regulation update

Energia Group

Capacity Payment Mechanism (CPM)
On 31 August 2012, the Regulatory Authorities published the final decision on the capacity pot available for calendar year 2013. The pot has been set at €529.9m and the calculation of a Best New Entrant peaking plant is broadly in line with that proposed in the CPM Medium Term Review decision on 6 March 2012.

REFIT1 letters of offer extension
On 7 August, the RoI Government published an update on the REFIT1 renewables support mechanism. This confirmed that as REFIT2 and REFIT3 were now operational the RoI Government would in principle grant no further extensions in time to REFIT1 for projects, but an exception would be made for projects operational by the end of September 2013. The definition of operational is being consulted upon by the RoI Government. Any projects not qualifying for REFIT 1 will be offered REFIT 2.

Power NI

Tariffs
In May 2012 NIAUR published a decision paper entitled "Regulatory Approach to Energy Supply Competition in Northern Ireland" which indicates that they are not anticipating significant deregulation of the Northern Ireland retail market during the next few years. For the moment, price controls remain in all customer categories, except for large customers consuming more than 150MWh per year.

On 23 August 2012 Power NI announced a 14.1% reduction in residential tariffs with effect from 1 October 2012. The reduction, agreed with NIAUR, reflects decreases in commodity prices and wholesale electricity prices.

PPB

Price Control
PPB's previous price control expired on 31 March 2012. On 26 April 2012, NIAUR published final proposals for a three year price control with effect from 1 April 2012. PPB formally accepted NIAUR's proposals on 10 May 2012 and the licence modifications required to reflect the price control were incorporated in August 2012.

Cancellation of contracted generation capacity
On 30 April 2012, NIAUR notified PPB of its intention to exercise cancellation rights in respect of 116MW of contracted capacity with Ballylumford, 58MW with Coolkeeragh and 58MW with Kilroot with effect from 1 November 2012. Following that date PPB will have 600MW of generation capacity with Ballylumford under contract.

Other

NIAUR draft determination on Northern Ireland Electricity price control
On 19 April 2012, NIAUR published its draft determination on the price control of Northern Ireland Electricity Transmission & Distribution (NIE T&D) which was sold by the Group to ESBNI in December 2010. There are a number of aspects of the draft determination regarding the treatment of pension deficits for regulated businesses in Northern Ireland which the Group will follow closely.

On 30 August 2012 NIAUR published its further draft determination relating to an investigation into the capitalisation practices of NIE T&D. NIAUR proposes adjustments to NIE T&D's revenues over the next 2 years and to its regulated asset base reflecting NIAUR's allegation that a significant amount of the reported outperformance against NIE T&D's regulated entitlement for the period 2005/06 to 2011/12 resulted from a change in capitalisation practice by NIE T&D.

Summary of Financial Performance

Group turnover

Turnover from continuing operations for First Quarter 2013 decreased to £371.1m (2012 - £398.5m). The breakdown by business is as follows:

	3 months 30 June 2012 £m	3 months 30 June 2011 £m	Year end 31 March 2012 £m
Energia Group [1]	**226.0**	241.6	1,021.6
Power NI Energy (based on regulated entitlement)	**135.4**	159.0	725.5
Adjustment for (over/under) - recovery	**9.8**	(1.5)	(14.6)
Inter business elimination	**(0.1)**	(0.6)	(1.5)
Total turnover from continuing operations	**371.1**	398.5	1,731.0

[1] *includes turnover from renewable windfarm assets for First Quarter 2013 £nil (First Quarter 2012 - £0.2m, year ended 31 March 2012 £1.4m)*

Energia Group turnover for First Quarter 2013 decreased to £226.0m (2012 - £241.6m). Excluding external turnover from renewable windfarm assets for First Quarter 2013 of £nil (2012 - £0.2m) Energia Group turnover for First Quarter 2013 decreased to £226.0m (2012 - £241.4m) primarily reflecting the impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to the same period last year). The impact of lower Huntstown plant utilisations, lower wholesale electricity and gas prices, lower Energia gas sales volumes and lower renewable PPA revenues associated with lower wind factors and lower wholesale prices were partially offset by higher availability of the Huntstown plant and increased renewable capacity.

Power NI Energy turnover for First Quarter 2013 decreased to £135.4m (2012 - £159.0m). Power NI turnover (based on regulated entitlement) for First Quarter 2013 decreased to £111.1m (2012 - £112.6m) primarily due to a reduction in residential customer numbers partly offset by an increase in tariffs. PPB turnover (based on regulated entitlement) for First Quarter 2013 decreased to £24.5m (2012 - £45.4m) primarily reflecting the expiry of contracts relating to 180MW of generating capacity at Ballylumford on 31 March 2012, lower availability and lower utilisation of the remaining plant under contract as a result of the coal/gas price switch from November 2011.

During First Quarter 2013 the Power NI Energy businesses over-recovered against their regulated entitlement by £9.8m (2012 – under-recovered by £1.5m) and at 30 June 2012 the cumulative under-recovery against regulated entitlement was £3.2m (31 March 2012 - £13.0m cumulative under-recovery). The over/(under)-recovery of regulated entitlement reflects the phasing of tariffs. The cumulative under-recovery at 30 June 2012 is expected to be recovered in the second quarter of the current financial year.

Operating costs

Operating costs (pre exceptional items) for First Quarter 2013 decreased to £341.5m (2012 - £380.6m) and include energy costs, employee costs, depreciation and amortisation and other operating charges.

Energy costs include the cost of wholesale energy purchases from the SEM pool, capacity payments made to the SEM, the cost of natural gas and fixed natural gas capacity costs for the Huntstown plants, emissions costs, use of system charges and costs for third party renewable PPAs. Energy costs for First Quarter 2013 decreased to £319.5m (2012 - £357.0m) primarily reflecting the impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to the same period last year) together with the impact of lower Huntstown plant utilisations, the expiry of contracts with PPB relating to 180MW of generating capacity at Ballylumford on 31 March 2012, lower availability and lower utilisation of the plant under contract to PPB, lower electricity unit sales at Power NI and lower gas unit sales at Energia partly offset by higher availability of the Huntstown plant, higher emissions costs due to the reduced sale of carbon allowances to match the exceptional carbon revenue levy and increased renewable PPA costs with the increase in renewable capacity offsetting the reduction in wind factors.

Employee costs include salaries, social security costs and pension costs. Employee costs for First Quarter 2013 increased to £5.2m (2012 – £4.8m) reflecting higher staff numbers, primarily as a result of in-sourcing of functions to Power NI.

Depreciation and amortisation for First Quarter 2013 decreased to £4.5m (2012 – £6.1m). Excluding renewable assets, depreciation and amortisation for First Quarter 2013 decreased to £4.5m (2012 – £5.2m) primarily due to the timing of Huntstown plant outages and the accelerated depreciation on replaced fixed assets at Huntstown in 2012 partly offset by the commencement of depreciation for Power NI assets relating to the billing IT project which was implemented in May 2012.

Other operating charges include costs such as operating and maintenance costs, insurance, local business taxes, consultancy, marketing, licence fees and IT services. Other operating charges for First Quarter 2013 decreased to £12.2m (2012 - £12.7m) primarily due to lower operating and maintenance costs incurred by the Huntstown plant partly offset by increased costs in Power NI arising from additional resources required on the implementation of the billing IT project.

Group operating profit (pre exceptional items and goodwill amortisation)

Operating profit from continuing operations (pre goodwill amortisation and exceptional items) for First Quarter 2013 increased to £29.6m (2012 - £17.9m) reflecting an increase in Power NI Energy pro-forma operating profit from £5.0m to £5.7m and an over-recovery of regulated entitlement of £9.8m (2012 - under-recovery of £1.5m) partially offset by a decrease in Energia Group operating profit from £14.4m to £14.1m.

	3 months 30 June 2012 £m	3 months 30 June 2011 £m	Year end 31 March 2012 £m
Energia Group operating profit (pre exceptional items)[1]	**14.1**	14.4	66.9
Power NI Energy pro-forma operating profit (pre exceptional items)[2]	**5.7**	5.0	25.3
Other	**-**	-	(2.9)
Group pro-forma operating profit (pre exceptional items)	**19.8**	19.4	89.3
Over/ (under)-recovery of regulated entitlement [2]	**9.8**	(1.5)	(14.6)
Operating profit (pre exceptional items)	**29.6**	17.9	74.7

[1] Includes operating profit from renewable windfarm assets First Quarter 2013 £nil (First Quarter 2012 £nil, year ended 31 March 2012 £2.9m)

[2] *As shown in note 2 to the interim accounts*

Group pro-forma operating profit (pre-exceptional items and goodwill amortisation) for First Quarter 2013 increased to £19.8m (2012 - £19.4m) reflecting a decrease in Energia Group operating profit from £14.4m to £14.1m offset by an increase in Power NI Energy pro-forma operating profit from £5.0m to £5.7m.

Energia Group operating profit (pre exceptional items) for First Quarter 2013 decreased to £14.1m (2012 - £14.4m). Excluding operating profit from renewable wind farm assets of £nil (2012 - £nil) Energia Group operating profit (pre exceptional items) decreased to £14.1m (2012 - £14.4m) reflecting the reduction in EBITDA outlined below partly offset by the reduction in depreciation and amortisation outlined previously.

Power NI Energy pro-forma operating profit for First Quarter 2013 increased to £5.7m (2012 - £5.0m) as a result of an increase in Power NI pro-forma operating profit to £4.4m (2012 - £4.0m) reflecting an increase in regulated entitlement associated with the regulated assets relating to the billing IT project which was implemented in May 2012, higher Renewable PPA gross margins partly offset by higher operating costs arising from additional resources required on the implementation of the billing IT project together with an increase in PPB pro-forma operating profit to £1.3m (2012 - £1.0m) due to the phasing of regulated entitlement in 2011.

Group pro-forma EBITDA

The following table shows the Group pro-forma EBITDA by business.

	3 months 30 June 2012 £m	3 months 30 June 2011 £m	Year end 31 March 2012 £m
Energia Group (pre exceptional items)[1]	**18.3**	20.5	91.3
Power NI Energy [2]	**6.0**	5.0	25.3
Other	**-**	-	(2.9)
	24.3	25.5	113.7

[1] As shown in note 2 to the accounts. Includes EBITDA from renewable windfarm assets First Quarter 2013 £nil (First Quarter 2012 £0.9m; year ended 31 March 2012 £5.4m)
[2] As shown in note 2 to the accounts

Group pro-forma EBITDA for First Quarter 2013 reduced to £24.3m (2012 - £25.5m) due to a decrease in pro-forma EBITDA at Energia Group partially offset by an increase in EBITDA at Power NI Energy. Excluding EBITDA from renewable wind farm assets for the First Quarter 2013 of £nil (2012 - £0.9m) Group pro-forma EBITDA (pre exceptional items) reduced to £24.3m (2012 – £24.6m).

Energia Group EBITDA (pre exceptional items) for First Quarter 2013 reduced to £18.3m (2012 - £20.5m). Excluding EBITDA from renewable wind farm assets sold for the First Quarter 2013 of £nil (2012 - £0.9m) Energia Group EBITDA (pre exceptional items) reduced to £18.3m (2012 - £19.6m) primarily as a result of the adverse impact of foreign exchange translation reflecting the strengthening of Sterling to Euro during the period compared to the same period last year. The impact of lower Huntstown plant utilisations, lower sale of carbon allowances to match the exceptional carbon revenue levy, lower renewable wind factors and wholesale prices was largely offset by higher electricity retail margins, higher availability of the Huntstown plant (together with lower operating and maintenance costs) and increased renewable capacity.

Power NI Energy pro-forma EBITDA for First Quarter 2013 increased to £6.0m (2012 - £5.0m) reflecting an increase in Power NI pro-forma EBITDA to £4.7m (2012 - £4.0m) and an increase in PPB pro-forma EBITDA to £1.3m (2012 - £1.0m) for the same reasons as described above for the increase in pro-forma operating profit.

Exceptional operating costs

Exceptional costs from continuing operations for First Quarter 2013 of £0.6m (2012 - £3.2m) comprise carbon revenue levy costs as set out in note 4 to the accounts. The levy was scheduled to run to 31 December 2012 however the RoI government repealed the legislation enabling the levy and the levy ended on 25 May 2012.

Net finance costs

Net finance costs for First Quarter 2013 (excluding exceptional finance costs of £nil (2012 - £14.0m) increased to £25.8m (2012 - £11.7m) primarily reflecting the higher interest cost of the senior secured notes issued in March 2012 together with foreign exchange translation loss (associated with the strengthening of Sterling to Euro) in respect of the investment in Viridian Group Holdings Limited's junior bank facility.

Tax charge

The total tax charge (pre exceptional items) for First Quarter 2013 was £1.2m (2012 – £3.9m). A summary analysis of the tax charge is given in note 6 to the interim accounts.

Cash flow

Cash flow before interest and tax

Group cash flow before interest and tax of continuing operations is summarised in the following table:

	3 months 30 June 2012 £m	3 months 30 June 2011 £m	Year end 31 March 2012 £m
Group pro-forma EBITDA (1)	**24.3**	25.5	113.7
Defined benefit pension charge less contributions paid	**-**	0.1	(1.0)
Net movement in security deposits	**36.0**	(2.8)	(34.3)
Changes in working capital (2)	**(15.5)**	11.3	24.6
Over/(under)-recovery of regulated entitlement	**9.8**	(1.5)	(14.6)
Foreign exchange translation benefit/(loss)	**0.6**	(0.5)	1.7
Exceptional cash outflows	**(1.2)**	(3.4)	(11.1)
Cash flow from operating activities of continuing operations	**54.0**	28.7	79.0
Gross capital expenditure used in continuing operations (3)	**(2.2)**	(10.4)	(50.8)
Proceeds from sale and purchases of other intangibles	**12.4**	13.5	1.1
Cash flow before interest, acquisitions and disposals and tax of continuing operations	**64.2**	31.8	29.3

(1) Includes EBITDA of renewable wind farm assets for First Quarter 2013 £nil (First Quarter 2012 - £0.9m, year ended 31 March 2012 £5.4m)
(2) Includes working capital of renewable wind farm assets for First Quarter 2013 £nil (First Quarter 2012 £0.4m decrease, year ended 31 March 2012 £4.4m decrease)
(3) Includes capital expenditure on renewable wind farm assets sold for First Quarter 2013 £nil (First Quarter 2012 - £8.7m, year ended 31 March 2012 £40.4m)

The cash flows for the comparative periods include the cash flows of Energia Group's windfarm assets up to the date of disposal of those assets on 14 March 2012. Group cash flow from operating activities for First Quarter 2013 increased to £54.0m (2012 - £28.7m) primarily reflecting a cash inflow from the return of security deposits £36.0m (2012 - cash outflow £2.8m), the over-recovery of regulated entitlement £9.8m (2012 - under-recovery of £1.5m) and a reduction in exceptional cash outflows £1.2m (2012 - £3.4m), partly offset by an increase in working capital of £15.5m (2012 – a decrease of £11.3m).

Net movement in security deposits

The net movement in security deposits for First Quarter 2013 was an inflow of £36.0m (2012 – outflow of £2.8m) as a result of the replacement of cash security deposits with letters of credit following the refinancing of the Group. As at 30 June 2012 there were £3.0m of security deposits in place.

Changes in working capital

Working capital consists of stocks plus trade and other debtors (primarily retail energy sales including unbilled consumption), wholesale energy costs, capacity payment income and ROC sales), prepayments and accrued income less trade and other creditors (primarily wholesale energy costs, capacity payments, natural gas and fixed natural gas capacity costs, renewable PPA costs, ROC costs, emission costs and use of system charges), payments received on account, accruals and tax and social security.

Working capital from continuing operations increased by £15.5m in First Quarter 2013 due to increases in the working capital requirements of the Energia Group and Power NI Energy partly offset by a decrease in the working capital requirements of other Viridian holding companies.

Energia Group working capital increased by £12.1m in First Quarter 2013 primarily due to a reduction in the emissions liability reflecting settlement of the 2012 annual compliance in April 2012, a decrease in trade creditors and accruals (reflecting the seasonal reduction in electricity and gas purchase volumes partly offset by higher gas creditors reflecting higher availability and utilisation for Huntstown 2 in June 2012 relative to March 2012 (with Huntstown 2's planned outage in March 2012)) and the settlement of year end internal group relief balances partly offset by a decrease in trade debtors and accrued income (reflecting the seasonal reduction in electricity and gas sales volumes together with decreased renewable PPA debtors (with lower wind output in June 2012 relative to March 2012 offsetting increased capacity) partly offset by an increase in debtor days and higher SEM accrued income associated with higher availability and utilisation of Huntstown 2).

Working capital at Power NI Energy increased by £5.2m in First Quarter 2013 primarily due to lower trade creditors and accruals in PPB (associated with lower power purchase costs due to the contract cancellation at Ballylumford together with the annual settlement of certain PPA charges), lower energy and use of system creditors in Power NI (associated with the seasonal reduction in sales volumes) and the settlement of year end internal group relief and pension recharge balances, partly offset by a reduction in Power NI trade debtors and accrued income (due to the seasonal reduction in sales volumes partly offset by an increase in debtor days), lower PPB trade debtors and accrued income (with the March 2012 PSO debtor turning to a PSO creditor in June 2012 together with the impact of the Ballylumford contract cancellation) and higher Power NI renewable obligation creditor.

Working capital at other Viridian holding companies decreased by £1.8m in First Quarter 2013 primarily due to the settlement of year end internal group relief and pension recharge balances outlined above partly offset by payment of management fees to Arcapita Ltd.

Working capital from continuing operations decreased by £11.3m in First Quarter 2012 due to a decrease in the working capital requirements of Power NI Energy and other Viridian holding companies partly offset by an increase in the working capital requirements of the Energia Group.

Energia Group working capital increased by £3.9m in First Quarter 2012. Excluding changes in the working capital of renewable wind farm assets, Energia working capital increased by £4.3m primarily due to a reduction in the emissions liability reflecting settlement of the 2011 annual compliance in April 2011 and a decrease in trade creditors and accruals (reflecting the seasonal reduction in electricity and gas purchase volumes partly offset by higher gas creditors reflecting higher availability and utilisation for Huntstown 2 in June 2011 relative to March 2011 (with Huntstown 2's planned outage in March 2011)) partly offset by a decrease in trade debtors and accrued income (reflecting the seasonal reduction in electricity and gas sales volumes partly offset by higher SEM accrued income associated with higher availability and utilisation of Huntstown 2).

Working capital at Power NI Energy decreased by £11.5m in First Quarter 2012 primarily due to a reduction in Power NI trade debtors and accrued income (due to a seasonal reduction in sales volumes and a decrease in debtor days), lower PPB trade debtors and accrued income (with the March 2011 PSO debtor turning to a PSO creditor in June 2011 together with lower plant utilisation) and higher Power NI renewable obligation creditor partly offset by lower trade creditors and accruals in PPB (associated with the annual settlement of certain PPA charges and lower plant utilisation), lower energy and use of system creditors in Power NI (associated with the seasonal reduction in sales volumes) and the settlement of year end internal pension recharge balances.

Working capital at other Viridian holding companies decreased by £3.7m in First Quarter 2012 primarily due to the settlement of year end internal group balances in respect of the annual recharge of pension costs and balances outstanding with Viridian Group Holdings Limited.

(Under)/over-recovery of regulated entitlement

As noted previously during First Quarter 2013 the Power NI Energy businesses over-recovered against their regulated entitlement by £9.8m (2012 – under-recovered by £1.5m) and at 30 June 2012 the cumulative under-recovery against regulated entitlement was £3.2m. The over/(under)-recovery of regulated entitlement reflects the phasing of tariffs. The cumulative under-recovery at 30 June 2012 is expected to be recovered in the second quarter of the current financial year.

Exceptional cash outflows

Exceptional cash outflows of £1.2m (2012 - £3.4m) consisted of payments made in respect of the RoI carbon revenue levy.

Capital expenditure used in continuing operations

Gross capital expenditure in respect of tangible fixed assets and intangible software assets used in continuing operations for First Quarter 2013 decreased to £2.2m (2012 - £10.4m). Excluding capital expenditure on renewable wind farm assets, gross capital expenditure for First Quarter 2013 increased to £1.9m (2012 - £1.7m).

Gross capital expenditure at Energia Group (excluding capital expenditure on renewable wind farm assets) for First Quarter 2013 decreased to £0.9m (2012 - £1.1m).

Gross capital expenditure at Power NI for First Quarter 2013 increased to £1.0m (2012 - £0.6m) reflecting expenditure on the IT billing project system with go-live achieved in May 2012.

Other cash flows

Net interest paid of continuing operations

Net interest paid of continuing operations (excluding issue costs on new long-term loans and exceptional finance costs) for First Quarter 2013 decreased to £0.6m (2012 - £11.8m) primarily due to interest on the shareholder loan with the parent undertaking now being capitalised together with a reduction in swap interest due to the close out of the swaps as part of the refinancing of the Group. Interest is payable on the senior secured notes bi-annually from September 2012.

Dividends

No equity interim dividends were paid in the First Quarter 2013 (2012 - £nil).

Net debt

The Group Cash Flow Statement shows a reduction in net debt of £31.4m from £701.7m at 31 March 2012 to £670.3m at 30 June 2012 primarily reflecting the cash flows noted above.

Defined benefit pension liability

The pension liability in the Group's defined benefit scheme under FRS 17 Retirement Benefits increased from a deficit of £0.4m net of deferred tax at 31 March 2012 to a deficit of £1.3m net of deferred tax at 30 June 2012.

The trustees' actuarial valuation of the Viridian Group Pension Scheme as at 31 March 2012 commenced during the period. The outcome of the actuarial valuation and the impact on employer contributions is expected within 15 months of the valuation date.

Treasury

The Group's treasury function manages liquidity, funding, investment and the Group's financial risk, including risk from volatility in currency, interest rates, commodity prices and counterparty credit risk. The treasury function's objective is to manage risk at optimum cost in line with Group policies and procedures approved by the Board. The treasury function employs a continuous forecasting and monitoring process to manage risk and to ensure that the Group complies with its financial and operating covenants.

An analysis of the Group's net debt is as follows:

	As at 30 June 2012 £m	As at 30 June 2011 £m	As at 31 March 2012 £m
Investments	**41.1**	170.8	26.6
Cash	**6.6**	14.7	8.8
Junior bank facility asset	**333.5**	-	336.9
Senior secured notes	**(374.2)**	-	(380.9)
Senior revolving credit facility	**(8.0)**	-	(55.0)
Subordinated shareholder loan	**(652.9)**	-	(634.7)
Interest accruals	**(16.4)**	(4.1)	(3.4)
Loan receivable from fellow subsidiary	**-**	118.0	-
Loan notes	**-**	(10.7)	-
Project financed bank facilities	**-**	(43.1)	-
Loan from parent undertaking	**-**	(540.7)	-
Senior bank facility	**-**	(468.1)	-
Net Debt	**(670.3)**	**(763.2)**	**(701.7)**

The Group can have significant movements in its liquidity position due to working capital variations such as the movements in commodity prices, the seasonal nature of the business and regulatory under-recoveries. Short term liquidity is reviewed daily by the treasury function and Group cash forecasts, covering a rolling one year period, are reviewed monthly. This monitoring includes reviewing the Net Debt to EBITDA financial covenant, required to be reported quarterly under the Senior Revolving Credit Facility (SRCF), to ensure sufficient headroom is maintained.

At 30 June 2012 the Group had cash drawings under the SRCF of £8.0m (31 March 2012 - £55.0m) and letters of credit issued out of the SRCF of £105.4m (31 March 2012 - £87.6m) resulting in undrawn committed facilities of £111.6m (31 March 2012 - £82.4m).

There have been no significant changes in the Group's exposure to interest rate, foreign currency, commodity and credit risks. A discussion of these risks can be found on pages 31 – 32 of the Group's annual report and accounts for the year ended 31 March 2012.

GROUP PROFIT AND LOSS ACCOUNT

	Pre-Exceptional 3 months ended 30 June 12 Unaudited £m	**Exceptional 3 months ended 30 June 12 Unaudited £m**	**Total 3 months ended 30 June 12 Unaudited £m**	Pre-Exceptional 3 months ended 30 June 11 Unaudited £m	Exceptional 3 months ended 30 June 11 Unaudited £m	Total 3 months ended 30 June 11 Unaudited £m	Pre-Exceptional year ended 31 March 12 Audited £m	Exceptional year ended 31 March 12 Audited £m	Total year ended 31 March 12 Audited £m
GROUP TURNOVER	**371.1**	**-**	**371.1**	398.5	-	398.5	1,731.0	-	1,731.0
Operating costs	**(341.5)**	**(0.6)**	**(342.1)**	(380.6)	(3.2)	(383.8)	(1,656.3)	(9.1)	(1,665.4)
Operating profit/(loss) before goodwill amortisation:	**29.6**	**(0.6)**	**29.0**	17.9	(3.2)	14.7	74.7	(9.1)	65.6
Goodwill amortisation	**(8.2)**	**-**	**(8.2)**	(8.4)	-	(8.4)	(33.8)	(2.0)	(35.8)
GROUP OPERATING PROFIT/(LOSS)	**21.4**	**(0.6)**	**20.8**	9.5	(3.2)	6.3	40.9	(11.1)	29.8
Share of operating profit in associates	**0.1**	**-**	**0.1**	-	-	-	-	-	-
Amortisation of goodwill in associates	**(0.1)**	**-**	**(0.1)**	-	-	-	-	-	-
TOTAL OPERATING PROFIT/(LOSS): GROUP AND SHARE OF ASSOCIATES	**21.4**	**(0.6)**	**20.8**	9.5	(3.2)	6.3	40.9	(11.1)	29.8
Profit on disposal of continuing operations	**-**	**0.4**	**0.4**	-	-	-	-	11.0	11.0
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX	**21.4**	**(0.2)**	**21.2**	9.5	(3.2)	6.3	40.9	(0.1)	40.8
Net interest payable	**(25.8)**	**-**	**(25.8)**	(11.7)	-	(11.7)	(54.0)	-	(54.0)
Exceptional finance costs	**-**	**-**	**-**	-	(14.0)	(14.0)	-	(58.4)	(58.4)
	(25.8)	**-**	**(25.8)**	(11.7)	(14.0)	(25.7)	(54.0)	(58.4)	(112.4)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX	**(4.4)**	**(0.2)**	**(4.6)**	(2.2)	(17.2)	(19.4)	(13.1)	(58.5)	(71.6)
Tax (charge)/credit on loss on ordinary activities	**(1.2)**	**0.1**	**(1.1)**	(3.9)	4.0	0.1	(8.3)	12.3	4.0
LOSS FOR THE FINANCIAL PERIOD	**(5.6)**	**(0.1)**	**(5.7)**	(6.1)	(13.2)	(19.3)	(21.4)	(46.2)	(67.6)

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	3 months ended 30 June 2012 Unaudited £m	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Loss for the financial period:			
Group	**(5.1)**	(19.3)	(67.6)
Associates	**(0.6)**	-	
	(5.7)	(19.3)	(67.6)
Exchange difference on retranslation of foreign subsidiaries	**8.5**	(6.1)	17.0
Exchange difference on loan hedged against foreign subsidiary	**(7.5)**	7.6	(14.2)
Actuarial loss on pension scheme assets and liabilities	**(1.3)**	(0.3)	(0.4)
Deferred tax credit on actuarial loss on pension scheme assets and liabilities	**0.3**	0.1	0.1
Total recognised losses relating to the period	**(5.7)**	(18.0)	(65.1)

GROUP BALANCE SHEET

	Note	As at 30 June 2012 Unaudited £m	As at 30 June 2011 Unaudited £m	As at 31 March 2012 Audited £m
Fixed assets				
Intangible assets		**494.6**	542.6	514.9
Tangible assets		**290.1**	413.4	301.6
Investment in associates	9	**9.8**	-	-
Other investment	9	**334.2**	0.9	337.6
		1,128.7	956.9	1154.1
Current assets				
Stocks		**9.7**	10.6	9.8
Debtors - due within one year	10	**166.9**	179.6	211.7
- due after more than one year		**-**	118.0	-
Investments		**41.1**	170.8	26.6
Cash at bank and in hand		**6.6**	14.7	8.8
		224.3	493.7	256.9
Creditors (amounts falling due within one year)	11	**(249.1)**	(1,273.2)	(311.8)
Net current liabilities		**(24.8)**	(779.5)	(54.9)
Total assets less current liabilities		**1,103.9**	177.4	1,099.2
Creditors (amounts falling due after more than one year):				
External borrowings	11	**(374.2)**	(40.0)	(380.9)
Subordinated shareholder loan		**(652.9)**	-	(634.7)
		(1,027.1)	(40.0)	(1,015.6)
Provisions for liabilities and charges		**(10.4)**	(10.6)	(10.7)
Deferred taxation		**(11.6)**	(19.3)	(13.3)
Deferred income		**-**	(0.2)	-
Net assets excluding pension liability		**54.8**	107.3	59.6
Defined benefit pension liability		**(1.3)**	(1.0)	(0.4)
NET ASSETS		**53.5**	106.3	59.2
Equity				
Called up share capital		**-**	-	-
Share premium		**510.0**	510.0	510.0
Profit and loss account		**(456.5)**	(403.7)	(450.8)
TOTAL EQUITY		**53.5**	106.3	59.2

The interim accounts were approved by the Board of directors and authorised for issue on 11 September 2012. They were signed on its behalf by:

Essa Zainal

Director
Date: 11 September 2012

GROUP CASH FLOW STATEMENT

	Note	**3 months ended 30 June 2012 Unaudited £m**	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Cash flow from operating activities	14	**54.0**	28.7	79.0
Returns on investments and servicing of finance				
Interest received		**0.1**	0.8	4.1
Interest paid		**(0.7)**	(13.2)	(55.6)
Issue costs on new long-term loans		**(2.7)**	(1.3)	(22.0)
Exceptional finance costs		**(0.2)**	(14.0)	(57.2)
		(3.5)	(27.7)	(130.7)
Taxation		**-**	(0.4)	(0.8)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		**(1.2)**	(9.2)	(43.7)
Purchase of intangible assets		**(2.0)**	(2.6)	(30.1)
Proceeds from disposal of intangible assets		**13.4**	14.9	24.1
		10.2	3.1	(49.7)
Acquisitions and disposals				
Sale of subsidiary undertaking		**(0.8)**	(0.5)	(4.1)
Net cash disposed of with subsidiary undertaking		**-**	-	(18.0)
		(0.8)	(0.5)	(22.1)
Cash inflow/(outflow) before use of liquid resources and financing		**59.9**	3.2	(124.3)
Management of liquid resources				
(Increase)/decrease in bank deposits		**(14.9)**	(125.8)	14.7
		(14.9)	(125.8)	14.7
Financing				
Receipts from loans		**-**	127.3	569.0
Repayment of loans		**(47.0)**	(5.7)	(466.4)
		(47.0)	121.6	102.6
Decrease in cash in the period		**(2.0)**	(1.0)	(6.9)
Reconciliation of net cash flow to movement in net debt				
Decrease in cash in the period		**(2.0)**	(1.0)	(6.9)
Cash outflow/(inflow) from movement in net loans		**47.0**	(121.6)	(102.6)
Cash outflow/(inflow) from movement in liquid resources		**14.9**	125.8	(14.7)
Change in net debt resulting from cash flows		**59.9**	3.2	(124.2)
Disposal of subsidiaries		**-**	-	141.7
Capitalisation of interest on shareholder loans		**(5.9)**		
(Increase)/decrease in interest accruals		**(13.0)**	0.1	0.6
Amortisation of financing charges		**(0.7)**	(0.1)	(1.4)
Issue costs on new loans included in net debt		**-**	-	26.0
Renewables restructuring	15	**(12.3)**	-	-
Interest accrued extinguished on acquisition of subsidiary		**-**	-	2.8
Translation difference		**3.4**	(5.1)	14.1
Movement in net debt in the period		**(31.4)**	(1.9)	59.6
Net debt at beginning of period		**(701.7)**	(761.3)	(761.3)
Net debt at end of period		**(670.3)**	(763.2)	(701.7)

1. Basis of Preparation

The interim accounts for the three months ended 30 June 2012 have been prepared in accordance with the Accounting Standards Board (ASB) Statement "Half-Yearly" Financial Reports.

The interim accounts consolidate the results of the Company and its subsidiary undertakings (the Group).

The interim accounts have been prepared on the basis of the accounting policies set out in the accounts for the year ended 31 March 2012.

The interim accounts have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

The information shown for the year ended 31 March 2012 has been extracted from the Group's annual report for the year ended 31 March 2012. The report of the auditors on the accounts contained within the Group's annual report for the year ended 31 March 2012 was unqualified.

2. Segmental Information

The Group's operating businesses are organised and managed separately according to the nature of the goods and services provided as described in the Business Reviews on pages 5 to 7.

Inter-segment pricing is determined on an arm's length basis.

Turnover, profit before depreciation, amortisation, exceptional items, interest and tax, exceptional operating costs, depreciation/amortisation and operating profit/(loss) on ordinary activities before interest and tax are analysed between the businesses as follows:

	External 3 months ended 30 June 2012 Unaudited £m	**Internal 3 months ended 30 June 2012 Unaudited £m**	**Total 3 months ended 30 June 2012 Unaudited £m**	External 3 months ended 30 June 2011 Unaudited £m	Internal 3 months ended 30 June 2011 Unaudited £m	Total 3 months ended 30 June 2011 Unaudited £m	External year ended 31 March 12 Audited £m	Internal year ended 31 March 12 Audited £m	Total year ended 31 March 12 Audited £m
Turnover									
- Energia Group	**225.9**	**0.1**	**226.0**	241.0	0.6	241.6	1,020.1	1.5	1,021.6
- Power NI Energy	**145.2**	**-**	**145.2**	157.5	-	157.5	710.9	-	710.9
- Other	**-**	**-**	**-**	-	-	-	-	-	-
- Inter-group elimination	**-**	**(0.1)**	**(0.1)**	-	(0.6)	(0.6)	-	(1.5)	(1.5)
Group turnover	**371.1**	**-**	**371.1**	398.5	-	398.5	1,731.0	-	1,731.0

2. Segmental Information (continued)

	3 months ended 30 June 2012 Unaudited £m	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Group profit before depreciation, amortisation, exceptional items, interest and tax			
Energia Group	**18.3**	20.5	91.3
Power NI Energy	**15.8**	3.5	10.7
Other	**-**	-	(2.9)
Group profit before depreciation, amortisation, exceptional items, interest and tax	**34.1**	24.0	99.1
Exceptional operating costs			
Energia Group	**(0.6)**	(3.2)	(9.1)
Group exceptional operating costs	**(0.6)**	(3.2)	(9.1)
Depreciation/amortisation			
Energia Group	**(4.3)**	(6.1)	(24.4)
Power NI Energy	**(0.2)**	-	-
Group depreciation/amortisation	**(4.5)**	(6.1)	(24.4)
Group operating profit/(loss) post exceptional operating costs			
Energia Group	**13.4**	11.2	57.8
Power NI Energy	**15.6**	3.5	10.7
Other	**-**	-	(2.9)
Group operating profit post exceptional operating costs	**29.0**	14.7	65.6
Goodwill amortisation	**(8.2)**	(8.4)	(35.8)
Group operating profit	**20.8**	6.3	29.8
Share of operating profit in associates	**0.1**	-	-
Amortisation of goodwill in associates	**(0.1)**	-	-
Total operating profit: Group and share of associates	**20.8**	6.3	29.8
Profit on disposal of continuing operations	**0.4**	-	11.0
Profit on ordinary activities before interest and tax	**21.2**	6.3	40.8
Net interest payable	**(25.8)**	(11.7)	(54.0)
Exceptional finance costs	**-**	(14.0)	(58.4)
	(25.8)	(25.7)	(112.4)
Loss on ordinary activities before tax	**(4.6)**	(19.4)	(71.6)

2. Segmental Information (continued)

In addition to the disclosures given above, the directors believe the following analysis of the Group's regulated businesses' turnover and operating profit according to regulated entitlement is relevant to understanding the Group's results:

The adjustment for over/ (under)-recovery represents the amount by which the regulated businesses over/(under)-recovered against their regulated entitlement.

Based on regulated entitlement:	**Turnover**			**Operating profit/(loss) pre exceptional operating costs**			**Profit/(loss) before depreciation, amortisation, exceptional items, interest and tax**		
	3 months ended 30 June 2012 Unaudited £m	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m	**3 months ended 30 June 2012 Unaudited £m**	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m	**3 months ended 30 June 2012 Unaudited £m**	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Energia Group	**226.0**	241.6	1,021.6	**14.1**	14.4	66.9	**18.3**	20.5	91.3
Power NI	**111.1**	112.6	520.8	**4.4**	4.0	19.6	**4.7**	4.0	19.6
Power Procurement	**24.5**	45.4	203.6	**1.3**	1.0	5.7	**1.3**	1.0	5.7
Inter-business elimination	**(0.2)**	1.0	1.1	**-**	-	-	**-**	-	-
Power NI Energy	**135.4**	159.0	725.5	**5.7**	5.0	25.3	**6.0**	5.0	25.3
Other	**-**	-	-	**-**	-	(2.9)	**-**	-	(2.9)
Inter-group elimination	**(0.1)**	(0.6)	(1.5)	**-**	-	-	**-**	-	-
	361.3	400.0	1,745.6	**19.8**	19.4	89.3	**24.3**	25.5	113.7
Adjustment for over/(under) -recovery	**9.8**	(1.5)	(14.6)	**9.8**	(1.5)	(14.6)	**9.8**	(1.5)	(14.6)
Total continuing operations	**371.1**	398.5	1,731.0	**29.6**	17.9	74.7	**34.1**	24.0	99.1

3. Operating Costs

Operating costs are analysed as follows:

	3 months ended 30 June 2012 Unaudited £m	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Total continuing operations:			
Energy costs	**319.5**	357.0	1,556.0
Employee costs	**5.2**	4.8	19.9
Depreciation and amortisation	**4.5**	6.1	24.4
Other operating charges	**12.3**	12.7	56.0
Total pre exceptional	**341.5**	380.6	1,656.3
Exceptional costs (note 4):			
Energy costs	**0.6**	3.2	9.1
	0.6	3.2	9.1
Total	**342.1**	383.8	1,665.4

4. Exceptional items

	3 months ended 30 June 2012 Unaudited £m	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Recognised before arriving at operating profit:			
- Carbon revenue levy	**(0.6)**	(3.2)	(9.1)
Recognised after arriving at operating profit:			
- Profit on disposal of continuing operations	**0.4**	-	11.0
- Exceptional finance costs	**-**	(14.0)	(58.4)

On 1 July 2010 the RoI Government introduced a carbon revenue levy on generators. The levy is calculated based on 65% of the volume of CO2 emitted by generators multiplied by the average price of CO2. The levy was scheduled to run to 31 December 2012 however the RoI government repealed the legislation enabling the levy and the levy ended on 25 May 2012. The exceptional impact of the carbon revenue levy on operating profit for the First Quarter 2013 was £0.6m (2012 - £3.2m).

Profit on disposal of continuing operations for the First Quarter 2013 of £0.4m relates to the sale of 25% of Eco Wind Power Limited on 15 June 2012 as outlined in note 15.

Profit on disposal of continuing operations for the year ended 31 March 2012 of £11.0m relates to the sale of 100% of Viridian Resources Limited and 50% of Eco Wind Power Limited on 14 March 2012.

Exceptional finance costs for the First Quarter 2012 of £14.0m, arose in respect of the close out of fixed interest rate swaps.

Exceptional finance costs for the year ended 31 March 2012 of £58.4m arose in respect of the refinancing of the Group £21.0m and the close out of fixed interest rate swaps £37.4m.

4. Exceptional items (continued)

The tax credit in the profit and loss account relating to exceptional items is:

	3 months ended 30 June 2012 Unaudited £m	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
- Carbon revenue levy	**0.1**	0.4	1.1
- Exceptional finance costs	**-**	3.6	11.2
	0.1	4.0	12.3

5. Net Interest Payable

	3 months ended 30 June 2012 Unaudited £m	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Interest receivable			
Bank interest	**0.1**	0.3	1.1
Loan to fellow subsidiary	**-**	1.0	6.4
	0.1	1.3	7.5
Interest payable			
Bank loans and borrowings	**(1.9)**	(2.3)	(16.6)
Interest payable to parent undertaking	**(5.9)**	(6.9)	(29.9)
Senior secured notes interest	**(11.8)**	-	(3.2)
	(19.6)	(9.2)	(49.7)
Less: charged to balance sheet	**-**	0.9	3.4
Interest payable charged to the profit and loss account	**(19.6)**	(8.3)	(46.3)
Interest rate swaps	**-**	(3.3)	(6.9)
Exchange on net foreign currency borrowings			
Net exchange (loss)/gain on net foreign currency borrowings	**(12.3)**	7.3	(21.2)
Less: charged/(credited) to the statement of total recognised gains and losses	**7.5**	(7.6)	14.2
Net exchange loss charged to the profit and loss account	**(4.8)**	(0.3)	(6.9)
Other finance costs			
Amortisation of financing charges	**(0.7)**	(0.5)	(1.4)
Unwinding of discount on decommissioning provision	**-**	(0.1)	(0.2)
Other finance (charges)/income	**(0.1)**	(0.5)	0.2
Total other finance costs	**(0.8)**	(1.1)	(1.4)
Group net interest payable	**(25.1)**	(11.7)	(54.0)
Share of associates' interest	**(0.7)**	-	-
Total net interest payable	**(25.8)**	(11.7)	(54.0)

6. Tax (charge)/credit

	3 months ended 30 June 2012 Unaudited £m	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Tax on profit on ordinary activities			
Current tax (charge)/credit			
Corporation tax	**(2.4)**	(0.5)	-
Corporation tax over provided in previous years	**-**	-	0.4
	(2.4)	(0.5)	0.4
Deferred tax (charge)/credit			
Origination and reversal of timing differences in current year	**1.1**	0.6	1.5
Origination and reversal of timing differences in prior year	**0.2**	-	2.4
Effect of decreased rate on opening liability	**-**	-	(0.3)
	1.3	0.6	3.6
Tax (charge)/ credit on profit on ordinary activities	**(1.1)**	0.1	4.0

Deferred tax has been calculated at 24% as at 30 June 2012 reflecting HMRC enactment in March 2012, of a reduction in the corporation tax rate effective from 6 April 2012.

7. Dividends

No interim dividend has been paid or proposed for the First Quarter 2013 (2012 - £nil). No dividends were paid or proposed for the year ended 31 March 2012.

8. Capital Expenditure

	3 months ended 30 June 2012 Unaudited £m	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Property, plant & equipment	**1.2**	9.2	43.7
Intangible assets – computer software	**1.0**	1.2	7.1
	2.2	10.4	50.8

9. Investments

	As at 30 June 2012 Unaudited £m	As at 30 June 2011 Unaudited £m	As at 31 March 2012 Audited £m
Investment in parent undertaking's Junior bank facility	**333.5**	-	336.9
Other investment	**0.7**	0.9	0.7
	334.2	0.9	337.6
Investment in associate undertakings (note 15)	**9.8**	-	-
	344.0	0.9	337.6

10. Debtors

	As at 30 June 2012 Unaudited £m	As at 30 June 2011 Unaudited £m	As at 31 March 2012 Audited £m
Amounts falling due within one year:			
Trade debtors (including unbilled consumption)	**143.4**	141.5	154.5
Other amounts owed by fellow group undertaking	**-**	-	0.2
Prepayments and accrued income	**13.0**	19.3	15.2
Security deposits	**3.0**	-	38.2
Other debtors	**7.5**	18.8	3.6
	166.9	179.6	211.7
Amounts falling due after more than one year:			
Loan receivable from fellow subsidiary	**-**	118.0	-

11. Creditors

	As at 30 June 2012 Unaudited £m	As at 30 June 2011 Unaudited £m	As at 31 March 2012 Audited £m
Amounts falling due within one year:			
Trade creditors	**47.9**	37.6	53.6
Amounts owed to associate undertakings	**0.7**	-	-
Other creditors	**24.9**	27.0	35.4
Payments received on account	**23.1**	24.8	18.9
Interest payable on loans	**16.4**	4.1	3.4
Corporation tax	**8.6**	7.4	6.3
Tax and social security	**3.9**	2.7	3.4
Accruals	**115.6**	147.0	135.8
Senior revolving credit facility	**8.0**	-	55.0
Loan from parent undertaking	**-**	540.7	-
Loan notes	**-**	10.7	-
Senior bank facility	**-**	468.1	-
Project financed bank facility (RoI)	**-**	3.1	-
	249.1	1,273.2	311.8
Amounts falling due after more than one year:			
External borrowings			
Senior secured notes	**374.2**	-	380.9
Project financed bank facility (RoI)	**-**	24.5	-
Project financed bank facility (NI)	**-**	15.5	-
	374.2	40.0	380.9
Subordinated shareholder loan			
Loan from parent undertaking	**652.9**	-	634.7
	652.9	-	634.7
	1,027.1	40.0	1,015.6

12. Net Debt

	As at 30 June 2012 Unaudited £m	As at 30 June 2011 Unaudited £m	As at 31 March 2012 Audited £m
Cash at bank and in hand	**6.6**	14.7	8.8
Current asset investments	**41.1**	170.8	26.6
Loan receivable from fellow subsidiary	**-**	118.0	-
Debt due within one year	**(24.4)**	(1,016.0)	(58.4)
Debt due after more than one year	**(1,027.1)**	(40.0)	(1,015.6)
Investment in Junior bank facility	**333.5**	-	336.9
Loan notes	**-**	` (10.7)	-
	(670.3)	(763.2)	(701.7)

13. Reconciliation of Shareholders' Funds and Movements in Reserves

	Share Capital £m	Share premium £m	Accumulated losses £m	Total £m
At 1 April 2011	**-**	**510.0**	**(385.7)**	**124.3**
Total recognised gains and losses relating to the period	-	-	(18.0)	(18.0)
At 30 June 2011	**-**	**510.0**	**(403.7)**	**106.3**
Total recognised gains and losses relating to the period	-	-	(47.1)	(47.1)
At 31 March 2012	-	**510.0**	**(450.8)**	**59.2**
Total recognised gains and losses relating to the period	**-**	-	(5.7)	(5.7)
At 30 June 2012	**-**	**510.0**	**(456.5)**	**(53.5)**

14. Notes to the Group Cash Flow Statement

Reconciliation of Operating Profit to Cash Flow from Operating Activities:

	3 months ended 30 June 2012 Unaudited £m	3 months ended 30 June 2011 Unaudited £m	Year ended 31 March 2012 Audited £m
Group operating profit	**20.8**	6.3	29.8
Adjustments for:			
Amortisation/impairment of goodwill	**8.2**	8.4	35.8
Depreciation of fixed assets	**4.1**	5.8	23.1
Amortisation of software costs	**0.4**	0.3	1.3
Defined benefit pension charge less contributions paid	**-**	0.1	(1.0)
Operating cash flows before movement in working capital	**33.5**	20.9	89.0
Decrease/(increase) in stock	**0.2**	(0.1)	0.7
Decrease in debtors	**9.4**	35.6	32.8
Decrease/(increase) in security deposits	**36.0**	(2.8)	(34.3)
Decrease in creditors	**(25.7)**	(24.4)	(10.9)
Effects of foreign exchange	**0.6**	(0.5)	1.7
Net cash inflow from operating activities	**54.0**	28.7	79.0

Net cash inflow from operating activities in First Quarter 2013 includes exceptional cash outflows of £1.2m in respect of the payment of carbon revenue levy costs (First Quarter 2012 - £3.4m and year ended 31 March 2012 £11.1m).

15. Renewables Restructuring

On 14 March 2012, the Group completed the sale of 100% of VRL and 50% of EWP and certain of their subsidiaries to an affiliated entity (Windco) as set out in note 12 to the Group's annual accounts for the year ended 31 March 2012.

On 15 June 2012 the sale of 80% of VRL and 75% of EWP (comprising Windco's 50% holding together with 25% owned by the Group) to companies controlled by AMP Capital Investors (UK) Limited was completed. This reduced the Group's holding to 25% of the issued ordinary share capital in EWP and resulted in a profit on disposal of £0.4m reflecting the consideration of £2 and the Group's share of the net liabilities exceeding the unamortised goodwill at the date of disposal.

On 15 June 2012 a further restructuring of the renewable windfarm assets was effected which included:

- the acquisition of 20% of the issued ordinary share capital of VRL from Windco for consideration of £3.3m;
- the acquisition of 25% and 20% shareholder loans to EWP and VRL respectively from Windco for consideration of £6.6m;
- the acquisition from EWP of 100% of the issued ordinary share capital of MD South Windfarm Limited for consideration of £1.2m; and
- the transfer of fixed assets of £0.5m and cash security deposits of £0.7m in respect of renewable development projects.

The total consideration of £12.3m was satisfied by way of non cash subordinated shareholder loans.