

Viridian Group Investments Limited

Unaudited Interim Report and Accounts

Third Quarter
2014



GROUP FINANCIAL HIGHLIGHTS

Underlying Business Results¹

Third Quarter 2014

- Group pro-forma Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for Third Quarter 2014 was £25.6m (2013 - £27.4m)²
- Group pro-forma operating profit for Third Quarter 2014 was £20.5m (2013 - £23.0m)

Nine Months 2014

- Group pro-forma EBITDA for Nine Months 2014 was £71.1m (2013 - £75.6m)²
- Group pro-forma operating profit for Nine Months 2014 was £55.5.0m (2013 - £61.8m)

UK GAAP Results³

Third Quarter 2014

- Turnover for Third Quarter 2014 was £430.0m (2013 - £434.8m)
- Group operating profit before goodwill amortisation for Third Quarter 2014 was £19.6m (2013 - £27.6m)

Nine Months 2014

- Turnover for Nine Months 2014 was £1,166.9m (2013 - £1,165.8m)
- Group operating profit before goodwill amortisation for Nine Months 2014 was £57.7m (2013 - £81.7m)

¹ Based on regulated entitlement and before goodwill amortisation and exceptional items.

² Pro-forma operating profit (pre exceptional items) for Third Quarter 2014 of £20.5m (2013 - £23.0m); Nine Months 2014 £55.5m (2013 - £61.8m) with an add-back for depreciation/amortisation in Third Quarter 2014 of £5.1m (2013 - £4.4m); Nine Months 2014 £15.6m (2013 - £13.8m)

³ Before exceptional items.

MANAGEMENT REPORT

The directors of Viridian Group Investments Limited present their interim report and accounts for the 3 months ended 31 December 2013 (Third Quarter 2014) and the 9 months ended 31 December 2013 (Nine Months 2014) including comparatives for the 3 months ended 31 December 2012 (Third Quarter 2013) and the 9 months ended 31 December 2012 (Nine Months 2013). 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 Third Quarter 2014. These comprised:

- **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 in which the Group has an associate equity interest). 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.

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 principally through expansion in renewables;
- focus on profitable customer retention and look for opportunities to diversify our customer base; and
- maintain active engagement with regulators and key lobby groups.

Group pro-forma EBITDA

The Group's pro-forma EBITDA by business was as follows:

	Third Quarter 2014 £m	Third Quarter 2013 £m	Nine Months 2014 £m	Nine Months 2013 £m	Year end 31 March 2013 £m
Energia Group (pre exceptional items) ¹	18.3	20.7	51.8	58.3	76.6
Power NI Energy ²	7.3	6.7	20.8	18.8	25.8
Other	-	-	(1.5)	(1.5)	(3.1)
	25.6	27.4	71.1	75.6	99.3

¹ As shown in note 2 to the interim accounts. Includes EBITDA from renewable windfarm assets for Third Quarter 2014 £0.1m loss (2013 - £nil); Nine Months 2014 £0.1m loss (2013 - £nil); year ended 31 March 2013 £0.3m loss.

² As shown in note 2 to the interim accounts

Third Quarter 2014

Energia Group EBITDA for Third Quarter 2014 decreased to £18.3m (2013 - £20.7m) as a result of lower utilisation of the Huntstown plant partly offset by a favourable foreign exchange impact reflecting the strengthening of Euro to Sterling during the period compared to the same period last year and higher availability of the Huntstown plant together with lower operating costs.

Power NI Energy pro-forma EBITDA (based on regulated entitlement) for Third Quarter 2014 increased to £7.3m (2013 - £6.7m) reflecting:

- Power NI EBITDA (based on regulated entitlement) for Third Quarter 2014 increasing to £6.2m (2013 - £5.4m) reflecting higher margin contributions from small scale renewable PPAs together with higher unregulated customer margins including higher unregulated sales volumes.
- PPB EBITDA (based on regulated entitlement) for Third Quarter 2014 decreasing to £1.1m (2013 - £1.3m) primarily reflecting the impact of the new price control effective from 1 April 2012 (which reduced entitlement following the cancellation of a number of contracts in in financial year 2012/13) and higher operating costs.

Nine Months 2014

Energia Group EBITDA (pre exceptional items) for Nine Months 2014 decreased to £51.8m (2013 - £58.3m) primarily due to the same reasons noted above for Third Quarter 2014.

Power NI Energy pro-forma EBITDA (based on regulated entitlement) for Nine Months 2014 increased to £20.8m (2013 - £18.8m) reflecting:

- Power NI EBITDA (based on regulated entitlement) for Nine Months 2014 increasing to £17.2m (2013 - £14.8m) primarily due to the same reasons noted above for Third Quarter 2014.
- PPB EBITDA (based on regulated entitlement) for Nine Months 2014 decreasing to £3.6m (2013 - £4.0m) primarily due to the same reasons noted above for Third Quarter 2014.

Business Reviews

Energia Group

	Third Quarter 2014	Third Quarter 2013	Nine Months 2014	Nine Months 2013	Year end 31 March 2013
Availability %					
- Huntstown 1	99.9	96.0	99.9	97.8	98.3
- Huntstown 2	100.0	97.2	98.4	98.5	90.8
Utilisation %					
- Huntstown 1	0.0	1.0	1.3	20.0	15.3
- Huntstown 2	17.3	58.7	30.8	62.0	60.4
Energia electricity sales (TWh)	1.3	1.3	3.9	3.9	5.2
Energia gas sales (million therms)	17	19	46	48	71
Contracted renewable generation capacity in operation in NI & RoI (MW)					
- average during the period	609	556	603	525	541
- at period end	609	575	609	575	582

Huntstown 1 availability for Third Quarter 2014 was 99.9% (2013 – 96.0%). Availability for Third Quarter 2013 reflected a 6 day planned outage which commenced on 29 September 2012. Availability for Nine Months 2014 was 99.9% (2013 – 97.8%).

Huntstown 2 availability for Third Quarter 2014 was 100.0% (2013 – 97.2%). Availability for Nine Months 2014 was 98.4% (2013 – 98.5%) reflecting a 35 day planned outage which commenced on 2 March 2013 in line with its long term service agreement with Mitsubishi. Availability for Nine Months 2013 reflected a 12 day planned outage which commenced on 23 March 2012.

Huntstown 1 utilisation for Third Quarter 2014 reduced to 0.0% (2013 – 1.0%) and for Nine Months 2014 reduced to 1.3% (2013 – 20.0%) reflecting the ongoing impact of the coal/gas price switch, which has resulted in increased utilisation of coal plant in the SEM, together with the commissioning of new wind capacity and the commercial operation of the East/West Interconnector at full capacity from 1 May 2013.

Huntstown 2 utilisation for Third Quarter 2014 reduced to 17.3% (2013 – 58.7%) and for Nine Months 2014 reduced to 30.8% (2013 – 62.0%) for the same reasons as noted above for Huntstown 1.

Energia electricity sales were 1.3 TWh for Third Quarter 2014 (2013 – 1.3TWh) and were 3.9TWh for Nine Months 2014 (2013 – 3.9TWh). Customer sites supplied were 60,800 at 31 December 2013 (30 September 2013 - 60,700; 31 March 2013 – 60,200).

Energia gas sales were 17m therms for Third Quarter 2014 (2013 – 19m therms) and were 46m therms for Nine Months 2014 (2013 – 48m therms). Customer

sites supplied were 3,900 at 31 December 2013 (30 September 2013 – 4,000; 31 March 2013 - 4,300).

Energia has entered the market for residential electricity and gas supply in the RoI. A pilot scheme was undertaken in late 2013 and the full market offering was launched on 30 January 2014. As at 31 December 2013, Energia supplied 2,000 residential customers in the RoI under the pilot scheme.

Renewable portfolio

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

Offtake contracts¹

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:

Renewable offtake contracts: 31 December 2013

MW	Operating	Under construction	In development	Total
NI	173	97	55	325
RoI	436	15	110	561
	609	112	165	886

The average contracted renewable generation capacity in operation during Third Quarter 2014 was 609MW (2013 – 556MW) and during Nine Months 2014 was 603MW (2013 – 575MW) with 31 December 2013 capacity at 609MW (30 September 2013 - 608MW; 31 March 2013 – 582MW) reflecting the commissioning of new capacity.

During the period the operating capacity under contract in Northern Ireland increased to 173MW at 31 December 2013 (30 September 2013 – 172MW; 31 March 2013 – 172MW) and the RoI operating capacity remained at 436MW (30 September 2013 – 436MW; 31 March 2013 – 410MW).

At 31 December 2013 there were 97MW of contracted windfarm capacity in Northern Ireland under construction and 15MW in the RoI under construction.

At 31 December 2013 there was 55MW of contracted windfarm capacity in Northern Ireland in development and 110MW in the RoI in development.

¹ Numbers include offtake contracts between Energia and direct investment windfarms

Direct investment

At 31 December 2013, the Energia Group has a direct investment in 127MW of in-development windfarm capacity which comprises 59MW 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.

In April 2013, the Energia Group completed the acquisition of a 20MW windfarm development project in Northern Ireland and in December 2013 put in place non-recourse project finance facilities of up to £24.1m to fund its construction.

In June 2013, the Energia Group put in place non-recourse project finance facilities of up to €14.4m in respect of a 9MW wind farm currently under construction in the RoI.

In October 2013, the Energia Group completed the acquisition of a 27MW windfarm development project in Northern Ireland.

The Energia Group also has a minority share of 25% in the RoI windfarm projects and 20% in the Northern Ireland windfarm projects, the majority interests in which were sold to AMP on 15 June 2012, as described in the Group's annual report and accounts for the year ended 31 March 2013.

Power NI

	Third Quarter 2014	Third Quarter 2013	Nine Months 2014	Nine Months 2013	Year end 31 March 2013
Stage 2 complaints to the Consumer Council (number)	1	-	2	3	7
Customers (number)					
- Residential	565,000	601,000	565,000	601,000	584,000
- Non-residential	37,000	35,000	37,000	36,000	36,000
	602,000	636,000	602,000	636,000	620,000
Electricity sales (TWh)	0.8	0.9	2.2	2.4	3.4

During Third Quarter 2014 Power NI received 1 (2013 - nil) Stage 2 complaints and during Nine Months 2014 received 2 (2013 - 3) Stage 2 complaints.

During Third Quarter 2014 residential customer numbers reduced to 565,000 (570,000 at 30 September 2013; 584,000 at 31 March 2013) reflecting continued competition in the market.

During Third Quarter 2014 non-residential customer numbers remained at 37,000 (37,000 at 30 September 2013; 36,000 at 31 March 2013).

Electricity sales volumes for Third Quarter 2014 were 0.8TWh (2013 – 0.9TWh) and for Nine Months 2014 were 2.2TWh (2013 – 2.4TWh).

PPB

As at 31 December 2013 the generation capacity under contract to PPB comprised 600MW CCGT with Ballylumford (600MW at 31 March 2013).

Regulation update

Energia Group

Gas capacity bidding in the SEM

On 19 November 2013, Viridian filed judicial review proceedings in respect of the CER's decision to make changes regarding the availability of certain gas capacity products with effect from 2 December 2013. On 20 February 2014, the CER partly rescinded its earlier decision and a within-day gas capacity product will now remain available to generators.

Energy Efficiency Obligation

In December the Department of Communications, Energy & Natural Resources (DCENR), pursuant to the Energy Efficiency Directive, indicated their intention to impose a mandatory Energy Efficiency Obligation on suppliers to achieve 550GWh of primary energy savings annually between January 2014 and December 2020. A set of buyout and penalty mechanisms would impact suppliers not meeting their obligation. Individual supplier obligations have not yet been provided; however, Energia has commenced engagement with DCENR highlighting the cost implications for customers.

Power NI

April 2014 Price Control proposals

The Utility Regulator published a "decision paper" relating to Power NI's 2014 price control on 19 December 2013. The decision proposed a 3 year price control (i.e. 1 April 2014 to 31 March 2017) which confirmed a lower non-domestic deregulated threshold of 50 MWh (currently 150 MWh). The threshold will remain under review during the proposed price control period.

The Utility Regulator is currently consulting on the necessary licence modifications required to effect the price control proposals. Power NI will respond to the proposed licence modifications by 13 March 2014.

Summary of Financial Performance

Group turnover

	Third Quarter 2014 £m	Third Quarter 2013 £m	Nine Months 2014 £m	Nine Months 2013 £m	Year end 31 March 2013 £m
Energia Group ¹	269.0	255.8	751.0	713.6	997.2
Power NI Energy (based on regulated entitlement)	161.9	174.4	413.8	432.5	610.6
Adjustment for (under)/over - recovery	(0.9)	4.6	2.2	19.9	(3.6)
Inter business elimination	-	-	(0.1)	(0.2)	(0.5)
Total turnover	430.0	434.8	1,166.9	1,165.8	1,603.7

¹ includes turnover from renewable windfarm assets for Third Quarter 2014 £nil (2013 - £nil); Nine Months 2014 £nil (2013 - £nil); year ended 31 March 2013 £0.6m.

Third Quarter 2014

Turnover for Third Quarter 2014 decreased to £430.0m (2013 - £434.8m). The breakdown by business is as follows:

Energia Group turnover for Third Quarter 2014 increased to £269.0m (2013 - £255.8m) primarily reflecting increased turnover generated by trading over the East/West Interconnector together with higher electricity retail tariffs associated with higher Use of System pass through costs, higher renewable PPA revenues (associated with higher renewable capacity, higher wind factors and higher ROC sales) and the favourable impact of foreign exchange translation (with the strengthening of Euro to Sterling compared to the same period last year), partly offset by lower Huntstown plant utilisations and lower Energia gas sales volumes.

Power NI Energy turnover for Third Quarter 2014 decreased to £161.9m (2013 - £174.4m). Power NI turnover (based on regulated entitlement) for Third Quarter 2014 decreased to £130.1m (2013 - £138.7m) primarily due to a reduction in residential customer numbers and lower average consumption per customer partly offset by higher average tariff prices and higher unregulated sales volume. PPB turnover (based on regulated entitlement) for Third Quarter 2014 decreased to £32.1m (2013 - £36.3m) primarily reflecting lower utilisation of the Ballylumford plant together with the expiry, on 1 November 2012, of 116MW of contracted capacity at Ballylumford and 58MW of contracted capacity at Kilroot together with 58MW at Coolkeeragh from 1 February 2013.

During Third Quarter 2014 the Power NI Energy businesses under-recovered against their regulated entitlement by £0.9m (2013 - £4.6m over-recovery) and at 31 December 2013 the cumulative under-recovery against regulated entitlement was £14.4m having increased from a £13.5m under-recovery position at 30 September 2013. The over/(under)-recovery of regulated entitlement reflects the phasing of tariffs.

Nine Months 2014

Turnover for Nine Months 2014 decreased to £1,166.9m (2013 - £1,165.8m). The breakdown by business is as follows:

Energia Group turnover for Nine Months 2014 increased to £751.0m (2013 - £713.6m) primarily due to the same reasons noted above for Third Quarter 2014.

Power NI Energy turnover for Nine Months 2014 decreased to £413.8m (2013 - £432.5m). Power NI turnover (based on regulated entitlement) for Nine Months 2014 decreased to £323.3m (2013 - £347.3m) primarily due to a reduction in residential customer numbers and average consumption per customer together with lower average tariffs partly offset by higher unregulated sales volumes. PPB turnover (based on regulated entitlement) for Nine Months 2014 increased to £90.8m (2013 - £86.0m) primarily due to higher constrained utilisation of the Ballylumford plant partly offset by the expiry, on 1 November 2012, of 116MW of contracted capacity at Ballylumford and 58MW of contracted capacity at Kilroot together with 58MW at Coolkeeragh from 1 February 2013

During Nine Months 2014 the Power NI Energy businesses over-recovered against their regulated entitlement by £2.2m (2013 - £19.9m) and at 31 December 2013 the cumulative under-recovery against regulated entitlement was £14.4m (31 March 2013 - £16.6m cumulative under-recovery). The over/(under)-recovery of regulated entitlement reflects the phasing of tariffs.

Operating costs

Operating costs (pre exceptional items) 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 natural gas capacity costs for the Huntstown plants, emissions costs, use of system charges and costs for third party renewable PPAs. Employee costs include salaries, social security costs and pension costs. Other operating charges include costs such as operating and maintenance costs, insurance, local business taxes, consultancy, marketing, licence fees and IT services.

Third Quarter 2014

Operating costs (pre exceptional items) for Third Quarter 2014 increased to £410.4m (2013 - £407.2m).

Energy costs for Third Quarter 2014 increased to £389.1m (2013 - £385.0m) primarily reflecting the impact of foreign exchange translation (with the strengthening of Euro to Sterling compared to the same period last year) together with the impact of higher interconnector trading at Energia, higher use of system charges for Energia and higher renewable PPA costs (associated with higher renewable capacity, higher wind factors and higher ROC sales), partly offset by lower Energia gas sales volumes, lower Power NI electricity sales volumes and

lower Huntstown and Ballylumford plant utilisations together with the expiry of PPB contracts with generators outlined previously.

Employee costs for Third Quarter 2014 increased to £5.6m (2013 – £5.0m) primarily reflecting the impact of foreign exchange translation, together with increased costs associated with domestic market entry.

Depreciation and amortisation for Third Quarter 2014 increased to £5.1m (2013 – £4.4m) primarily due to the impact of foreign exchange translation, increased depreciation for the Huntstown plant, and increased depreciation for Power NI assets relating to the new billing system implemented in May 2012.

Other operating charges for Third Quarter 2014 decreased to £10.6m (2013 - £12.8m) primarily due to lower plant maintenance costs reflecting reduced utilisations together with lower Power NI operating costs associated with the timing of certain pass-through costs in respect of the new billing system implemented in May 2012, partly offset by the impact of foreign exchange translation (with the strengthening of Euro to Sterling compared to the same period last year).

Nine Months 2014

Operating costs (pre exceptional items) for Nine Months 2014 increased to £1,109.2m (2013 - £1,084.1m).

Energy costs for Nine Months 2014 increased to £1,043.6m (2013 - £1,015.4m) primarily reflecting the impact of foreign exchange translation (with the strengthening of Euro to Sterling compared to the same period last year) together with the impact of higher interconnector trading at Energinet, higher use of system charges for Energinet, higher renewable PPA costs (associated with higher renewable capacity and higher wind factors) and higher Ballylumford plant utilisation, partly offset by lower Huntstown plant utilisations, lower electricity sales volumes for Power NI and lower gas sales volumes for Energinet together with the expiry of PPB contracts with generators outlined previously.

Employee costs for Nine Months 2014 increased to £15.9m (2013 - £15.4m) primarily for the same reasons noted for Third Quarter 2014.

Depreciation and amortisation for Nine Months 2014 increased to £15.7m (2013 - £13.8m) primarily for the same reasons noted for Third Quarter 2014.

Other operating charges for Nine Months 2014 decreased to £34.0m (2013 - £39.5m) primarily for the same reasons noted above for Third Quarter 2014.

Group operating profit (pre exceptional items and goodwill amortisation)

	Third Quarter 2014 £m	Third Quarter 2013 £m	Nine Months 2014 £m	Nine Months 2013 £m	Year end 31 March 2013 £m
Energia Group operating profit (pre exceptional items) ¹	13.8	16.8	38.2	45.9	60.4
Power NI Energy pro-forma operating profit (pre exceptional items) ²	6.7	6.2	18.8	17.4	23.6
Other	-	-	(1.5)	(1.5)	(3.1)
Group pro-forma operating profit (pre exceptional items)	20.5	23.0	55.5	61.8	80.9
(Under)/over-recovery of regulated entitlement ²	(0.9)	4.6	2.2	19.9	(3.6)
Operating profit (pre exceptional items)	19.6	27.6	57.7	81.7	77.3

¹ Includes operating profit from renewable windfarm assets Third Quarter 2014 £nil (Third Quarter 2013 £nil) and Nine Months 2014 £nil (Nine Months 2013 £nil); year ended 31 March 2013 £0.3m loss.

² As shown in note 2 to the interim accounts

Third Quarter 2014

Operating profit (pre goodwill amortisation and exceptional items) for Third Quarter 2014 increased to £19.6m (2013 - £27.6m) reflecting an under-recovery of regulated entitlement £0.9m (2013 - £4.6m over-recovery) together with a decrease in Group pro-forma operating profit (pre-exceptional items and goodwill amortisation) to £20.5m (2013 - £23.0m).

Group pro-forma operating profit (pre-exceptional items and goodwill amortisation) for Third Quarter 2014 decreased to £20.5m (2013 - £23.0m) reflecting a decrease in Energia Group operating profit from £16.8m to £13.8m partly offset by an increase in Power NI Energy pro-forma operating profit from £6.2m to £6.7m.

Energia Group operating profit (pre exceptional items) for Third Quarter 2014 decreased to £13.8m (2013 - £16.8m) reflecting the decrease in EBITDA outlined previously.

Power NI Energy pro-forma operating profit for Third Quarter 2014 increased to £6.7m (2013 - £6.2m). Power NI pro-forma operating profit increased to £5.6m (2013 - £4.9m) reflecting the increase in EBITDA outlined previously. PPB pro-forma operating profit decreased to £1.1m (2013 - £1.3m) reflecting the reduction in EBITDA outlined previously.

Nine Months 2014

Operating profit (pre goodwill amortisation and exceptional items) for Nine Months 2014 decreased to £57.7m (2013 - £81.7m) reflecting a decrease in over-recovery of regulated entitlement to £2.2m (2013 - £19.9m) together with a decrease in Group pro-forma operating profit (pre-exceptional items and goodwill amortisation) to £55.5m (2013 - £61.8m).

Group pro-forma operating profit (pre-exceptional items and goodwill amortisation) for Nine Months 2014 decreased to £55.5m (2013 - £61.8m) reflecting a decrease in Energia Group operating profit from £45.9m to £38.2m partly offset by an increase in Power NI Energy pro-forma operating profit from £17.4m to £18.8m.

Energia Group operating profit (pre exceptional items) for Nine Months 2014 decreased to £38.2m (2013 - £45.9m) reflecting the reduction in EBITDA outlined previously.

Power NI Energy pro-forma operating profit for Nine Months 2014 increased to £18.8m (2013 - £17.4m) primarily as a result of an increase in Power NI pro-forma operating profit to £15.3m (2013 - £13.4m) reflecting the reasons noted previously for the increase in EBITDA partly offset by an increase in depreciation and amortisation. PPB pro-forma operating profit decreased to £3.5m (2013 - £4.0m) reflecting the reasons noted previously for the reduction in EBITDA.

Exceptional operating costs

Exceptional costs for Third Quarter 2014 were £3.3m (2013 - £nil) and for Nine Months 2014 were £3.3m (2013 - £0.6m). Exceptional costs in Third Quarter and Nine Months 2014 relate to costs incurred on the Group's bid for Bord Gais Energy. Exceptional costs in Nine Months 2013 comprised the costs relating to the carbon revenue levy which ended on 25 May 2012.

Net finance costs

Net finance costs for Third Quarter 2014 increased to £21.1m (2013 - £16.7m) and net finance costs for Nine Months 2014 decreased to £65.6m (2013 - £66.0m).

Tax credit

The total tax credit for Third Quarter 2014 was £1.1m (2013 – tax charge £1.5m) and for Nine Months 2014 was £3.7m (2013 – tax charge £2.3m) primarily reflecting the decrease in operating profit.

Cash flow

Cash flow before interest and tax

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

	Third Quarter 2014 £m	Third Quarter 2013 £m	Nine Months 2014 £m	Nine Months 2013 £m	Year end 31 March 2013 £m
Group pro-forma EBITDA ⁽¹⁾	25.6	27.4	71.1	75.6	99.3
Defined benefit pension charge less contributions paid	-	-	(0.1)	-	(1.3)
Net movement in security deposits	0.2	(0.4)	0.8	37.0	35.6
Changes in working capital ⁽²⁾	(4.3)	10.4	(14.5)	15.5	5.2
(Under)/over-recovery of regulated entitlement	(0.9)	4.6	2.2	19.9	(3.6)
Foreign exchange translation (loss)/benefit	(0.1)	(0.5)	-	0.6	0.5
Revaluation of emissions assets	-	-	-	-	8.5
Exceptional cash outflows	(1.9)	-	(1.9)	(1.8)	(1.8)
Cash flow from operating activities	18.6	41.5	57.6	146.8	142.4
Net capital expenditure ⁽³⁾	(8.6)	(0.8)	(17.9)	(5.7)	(10.0)
(Investment in)/proceeds from sale and purchases of other intangibles	(3.4)	(8.8)	4.7	5.6	0.3
Cash flow before interest, acquisitions and disposals and tax	6.6	31.9	44.4	146.7	132.7

(1) Includes EBITDA of renewable wind farm assets for Third Quarter 2014 £0.1m loss (2013 - £nil); Nine Months 2014 £0.1 loss (2013 - £nil); year ended 31 March 2013 £0.3m loss

(2) Includes working capital of renewable wind farm assets for Third Quarter 2014 £0.8m increase (2013 - £0.2m increase); Nine Months 2014 £0.8m increase (2013 - £0.7m increase); year ended 31 March 2013 £0.2m increase

(3) Includes capital expenditure on renewable wind farm assets for Third Quarter 2014 £8.2m (2013 - £0.9m); Nine Months 2014 £14.4m (2013 - £1.7m); year ended 31 March 2013 £4.1m.

Group cash flow from operating activities for Third Quarter 2014 decreased to £18.6m (2013 - £41.5m) primarily reflecting an increase in working capital of £4.3m (2013 – a decrease of £10.4m) together with an under-recovery of regulated entitlement £0.9m (2013 - £4.6m over-recovery).

Group cash flow from operating activities for Nine Months 2014 decreased to £57.6m (2013 - £146.8m) primarily reflecting an increase in working capital of £14.5m (2013 – a decrease of £15.5m) and a reduction in the over-recovery of regulated entitlement to £2.2m (2013 - £19.9m) together with a reduced cash inflow from the return of security deposits to £0.8m (2013 - £37.0m).

Net movement in security deposits

The net movement in security deposits for Third Quarter 2014 was an inflow of £0.2m (2013 – £0.4m outflow) and for Nine Months 2014 was an inflow of £0.8m (2013 – £37.0m). The Nine Months 2013 cash flow reflects the replacement of

cash security deposits with letters of credit following the refinancing of the Group in March 2012. As at 31 December 2013 there were £2.7m 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 sales, 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.

Third Quarter 2014

Working capital increased by £4.3m in Third Quarter 2014 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 £4.4m in Third Quarter 2014. Excluding changes in the working capital of renewable wind farm assets, Energia working capital increased by £3.6m primarily due to an increase in trade debtors and accrued income (reflecting the seasonal increase in retail electricity and gas sales volumes together with the seasonal increase in tariffs, increased renewable PPA debtors (reflecting higher wind output in December 2013 relative to September 2013) and higher interconnector trading accrued income, partly offset by reduced accrued income for the Huntstown plant associated with the reduced utilisation of both plant in December 2013 relative to September 2013). This was partly offset by an increase in trade creditors and accruals (reflecting the increase in retail volumes, higher use of system charges, higher renewable PPA volumes and higher interconnector trading charges partly offset by lower gas creditors as a result of reduced utilisation of both Huntstown plant in December 2013 relative to September 2013) and an increase in the emissions liability (reflecting the recognition of December 2013 compliance).

Working capital at Power NI Energy increased by £0.1m in Third Quarter 2014 primarily due to increased trade debtors in Power NI associated with the seasonal increase in sales volumes and tariffs together with increased accrued income in PPB reflecting timing differences in the receipt of PPA income over the Christmas period. This was partly offset by increased trade payables and accruals in Power NI primarily (reflecting the seasonal increases in volumes and tariffs), increased energy creditors in PPB (associated with the seasonal increase in gas prices), together with an increase in the renewable obligation liability in Power NI (reflecting three months of compliance beginning in October 2013).

Working capital at other Viridian holding companies decreased by £0.1m in Third Quarter 2014.

Nine Months 2014

Working capital increased by £14.5m in Nine Months 2014 due to increases in the working capital requirements of the Energia Group and Power NI Energy partly offset by a decrease in working capital requirements of other Viridian holding companies.

Energia Group working capital increased by £14.4m in Nine Months 2014. Excluding changes in the working capital of renewable wind farm assets, Energia working capital increased by £13.6m primarily due to an increase in accrued income (primarily reflecting an increase in renewable PPA debtors reflecting higher wind output in December 2013 relative to March 2013 and higher interconnector trading accrued income, together with increased Huntstown capacity payment debtors associated with higher availability of Huntstown 2 in December 2013 relative to March 2013) and a decrease in trade creditors and accruals (reflecting lower retail volumes and lower plant utilisation in December 2013 relative to March 2013 partly offset by an increase in renewable PPA and interconnector trading creditors).

Working capital at Power NI Energy increased by £4.9m in Nine Months 2014 primarily due to a decrease in trade creditors and accruals in PPB reflecting lower power purchase costs (associated with the impact of contract cancellations and timing differences in the settlement of certain PPA charges over the Easter period in March 2013), the annual settlement of the renewable obligation in September 2013 and the settlement of year end internal group relief and pension recharge balances. This was partly offset by a decrease trade debtors and accrued income in Power NI (associated with lower market prices in December 2013 relative to March 2013, lower customer numbers and lower consumption), and higher trade creditors and accruals in Power NI (reflecting timing differences in the payment of energy costs over the Christmas period and higher use of system prices partly offset by the impact of lower sales volumes and lower market prices).

Working capital at other Viridian holding companies decreased by £4.8m in Nine Months 2014 primarily due to the settlement of year end internal group relief corporation tax and pension recharge balances outlined above.

(Under)/over-recovery of regulated entitlement

As noted previously during Third Quarter 2014 the Power NI Energy businesses under-recovered against their regulated entitlement by £0.9m (2013 – £4.6m over-recovery) and during Nine Months 2014 over-recovered by £2.2m (2013 – £19.9m). At 31 December 2013 the cumulative under-recovery against regulated entitlement was £14.4m. The over/(under)-recovery of regulated entitlement reflects the phasing of tariffs.

Exceptional cash outflows

Exceptional cash outflows for Third Quarter 2014 were £1.9m (2013 - £nil) and for Nine Months 2014 were £1.9m (2013 - £1.8m). Exceptional cash outflows during Third Quarter 2014 and Nine Months 2014 represent bid costs in relation to the

Group's bid for Bord Gais Energy. Exceptional cash outflows during Nine Months 2013 consisted of payments made in respect of the carbon revenue levy.

Net capital expenditure

Net capital expenditure in respect of tangible fixed assets and intangible software assets for Third Quarter 2014 increased to £8.6m (2013 - £0.8m) and for Nine Months 2014 increased to £17.9m (2013 - £5.7m). Excluding capital expenditure on renewable wind farm assets, net capital expenditure for Third Quarter 2014 increased to £0.4m (2013 - £0.1m) and for Nine Months 2014 decreased to £3.5m (2013 - £4.0m).

Net capital expenditure at Energia Group (excluding capital expenditure on renewable wind farm assets) for Third Quarter 2014 decreased to £0.4m (2013 - £0.5m) and for Nine Months 2014 increased to £2.9m (2013 - £2.0m) reflecting capital expenditure in respect of the Domestic Market Entry project.

Net capital expenditure at Power NI for Third Quarter 2014 decreased to £nil (2013 - £0.6m) and for Nine Months 2014 decreased to £0.2m (2013 - £2.0m) reflecting the reduced expenditure in respect of the Enduring Solution billing project with system go-live achieved in May 2012.

Net capital expenditure at other Viridian holding companies for Third Quarter 2014 remained at £nil (2013 - £nil) and for Nine Months 2014 increased to £0.5m (2013 - £nil) reflecting expenditure on the upgrade of the SAP accounting system.

Other cash flows

Net interest paid

Net interest paid (excluding issue costs on new long-term loans and exceptional finance costs) for Third Quarter 2014 decreased to £1.1m (2013 - £1.8m)

Net interest paid (excluding issue costs on new long-term loans and exceptional finance costs) for Nine Months 2014 decreased to £26.4m (2012 - £30.4m) reflecting Nine Months 2013 interest paid including interest accrued from the date of bond issuance 6 March 2012 together with the reduction in interest payable as a result of the redemption of 9.3% of the senior secured notes partly offset by a 3% premium payable on the redemption.

Acquisition of subsidiary undertaking

During Third Quarter 2014 £4.4m was paid primarily in relation to the acquisition of a 27MW windfarm development in Northern Ireland. Deferred consideration of £1.5m is also estimated to be payable in relation to this transaction.

During Nine Months 2014 £8.8m was paid in relation to the acquisition of a 27MW and a 20MW windfarm development project in Northern Ireland. Total deferred consideration of £2.0m is estimated to be payable in relation to both transactions.

Dividends

No equity interim dividends were paid during Third Quarter 2014 (2013 - £nil) or Nine Months 2014 (2013 - £nil).

Net debt

The Group Cash Flow Statement shows a increase in net debt during Third Quarter 2014 of £17.0m from £553.1m at 30 September 2013 to £570.1m at 31 December 2013 and an increase during Nine Months 2014 of £24.7m from £545.4m at 31 March 2013 to £570.1m at 31 December 2013 primarily reflecting the cash flows noted above.

Net debt as at 31 December 2013 includes project financed net debt of £9.5m (30 September 2013 £4.4m; 31 March 2013 £nil). Excluding project finance net debt, net debt was £560.6m at 31 December 2013 (30 September 2013 £548.7m; 31 March 2013 £545.4m).

Defined benefit pension liability

During Nine Months 2014 the valuation of the Group's defined benefit scheme under FRS 17 Retirement Benefits moved from a deficit of £0.4m net of deferred tax at 31 March 2013 to a deficit of £0.1m net of deferred tax at 31 December 2013.

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 31 December 2013 £m	As at 31 December 2012 £m	As at 31 March 2013 £m
Investments	24.6	85.7	25.6
Cash	3.3	4.2	24.7
Junior bank facility asset	343.1	335.7	342.8
Senior secured notes	(354.1)	(378.6)	(392.5)
Interest accruals	(13.4)	(12.8)	(2.4)
Subordinated shareholder loan	(564.1)	(664.5)	(543.6)
Net Debt excluding project finance facilities	(560.6)	(630.3)	(545.4)
Project financed cash	1.2	-	-
Project financed bank facility (RoI)	(8.4)	-	-
Project financed bank facility (NI)	(2.3)	-	-
Net Debt	(570.1)	(630.3)	(545.4)

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 31 December 2013 the Group had cash drawings under the SRCF of £nil (30 September 2013 - £nil; 31 March 2013 - £nil) and letters of credit issued out of the SRCF of £105.3m (30 September 2013 - £102.2m; 31 March 2013 - £123.9m) resulting in undrawn committed facilities of £119.7m (30 September 2013 - £122.8m; 31 March 2013 - £101.1m).

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 30 – 33 of the Group's annual report and accounts for the year ended 31 March 2013.

GROUP PROFIT AND LOSS ACCOUNT

	Note	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
GROUP TURNOVER		430.0	434.8	1,166.9	1,165.8	1,603.7
Operating costs		(410.4)	(407.2)	(1,109.2)	(1,084.1)	(1,526.4)
Exceptional operating costs	4	(3.3)	-	(3.3)	(0.6)	(0.6)
Operating profit before goodwill amortisation		16.3	27.6	54.4	81.1	76.7
Goodwill amortisation		(8.1)	(8.1)	(24.3)	(24.3)	(32.3)
GROUP OPERATING PROFIT		8.2	19.5	30.1	56.8	44.4
Share of operating profit in associates		0.7	0.4	1.2	0.8	1.5
Amortisation of goodwill in associates		(0.1)	(0.1)	(0.2)	(0.3)	(0.4)
TOTAL OPERATING PROFIT: GROUP & SHARE OF ASSOCIATES		8.8	19.8	31.1	57.3	45.5
Profit on disposal of continuing operations		-	-	-	0.4	0.4
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST & TAX		8.8	19.8	31.1	57.7	45.9
Net interest payable		(21.1)	(16.7)	(65.6)	(66.0)	(79.4)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(12.3)	3.1	(34.5)	(8.3)	(33.5)
Tax credit/(charge) on loss on ordinary activities		1.1	(1.5)	3.7	(2.3)	9.3
LOSS FOR THE FINANCIAL PERIOD		(11.2)	1.6	(30.8)	(10.6)	(24.2)

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
(Loss)/profit for the financial period:					
Group	(11.4)	1.8	(30.3)	(9.6)	(23.3)
Associates	0.2	(0.2)	(0.5)	(1.0)	(0.9)
	(11.2)	1.6	(30.8)	(10.6)	(24.2)
Exchange difference on retranslation of foreign subsidiaries	1.5	(5.1)	5.2	7.7	(4.6)
Exchange difference on loan hedged against foreign subsidiary	(1.4)	4.3	(5.8)	(6.8)	3.4
Actuarial (loss)/gain on pension scheme assets and liabilities	(0.1)	1.0	0.4	(0.5)	(1.2)
Deferred tax (charge)/credit on actuarial (loss)/gain on pension scheme assets and liabilities	-	(0.2)	(0.1)	0.2	0.3
Total recognised losses relating to the period	(11.2)	1.6	(31.1)	(10.0)	(26.3)

GROUP BALANCE SHEET

	Note	As at 31 December 2013 Unaudited £m	As at 31 December 2012 Unaudited £m	As at 31 March 2013 Audited £m
Fixed assets				
Intangible assets		453.2	484.0	474.2
Tangible assets		302.0	285.1	301.5
Investment in associates	9	8.3	9.6	9.8
Investments	9	343.8	336.4	343.5
		<u>1,107.3</u>	<u>1,115.1</u>	<u>1,129.0</u>
Current assets				
Stocks		5.1	9.7	5.1
Debtors - due within one year	10	196.5	198.9	202.6
Investments		24.6	85.7	25.6
Cash at bank and in hand		4.5	4.2	24.7
		<u>230.7</u>	<u>298.5</u>	<u>258.0</u>
Creditors (amounts falling due within one year)	11	<u>(264.5)</u>	<u>(297.6)</u>	<u>(272.3)</u>
Net current (liabilities)/assets		<u>(33.8)</u>	<u>0.9</u>	<u>(14.3)</u>
Total assets less current liabilities		1,073.5	1,116.0	1,114.7
Creditors (amounts falling due after more than one year):				
External borrowings		(364.8)	(378.6)	(392.5)
Subordinated shareholder loan		(565.4)	(664.5)	(544.9)
		<u>(930.2)</u>	<u>(1,043.1)</u>	<u>(937.4)</u>
Provisions for liabilities and charges		(11.5)	(10.5)	(11.5)
Deferred taxation		(3.5)	(11.2)	(5.8)
Deferred income		(1.0)	(1.3)	(1.2)
		<u>127.3</u>	49.9	158.8
Net assets excluding pension liability		127.3	49.9	158.8
Defined benefit pension liability		(0.1)	(0.7)	(0.4)
		<u>127.2</u>	<u>49.2</u>	<u>158.4</u>
NET ASSETS		127.2	49.2	158.4
Equity				
Called up share capital		-	-	-
Share premium		510.0	510.0	510.0
Capital contribution reserve		125.5	-	125.5
Profit and loss account		(508.3)	(460.8)	(477.1)
		<u>127.2</u>	<u>49.2</u>	<u>158.4</u>
TOTAL EQUITY		127.2	49.2	158.4

The interim accounts were approved by the Board of directors and authorised for issue on 25th February 2014. They were signed on its behalf by:

Essa Zainal

Director

Date: 25th February 2014

GROUP CASH FLOW STATEMENT

	Note	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year Ended 31 March 2013 Audited £m
Cash flow from operating activities	14	18.6	41.5	57.6	146.8	142.5
Returns on investments and servicing of finance						
Interest received		0.1	0.1	0.4	0.2	0.4
Interest paid		(1.2)	(1.9)	(26.8)	(30.6)	(57.0)
Premium on redemption of senior secured notes		-	-	(1.2)	-	-
Issue costs on new long-term loans		(1.0)	(0.4)	(1.5)	(4.4)	(4.0)
Dividends from associates		0.5	-	1.1	-	-
Exceptional finance costs		-	-	(0.2)	(0.2)	(0.7)
		(1.6)	(2.2)	(28.2)	(35.0)	(61.3)
Taxation		-	(0.3)	(0.1)	(0.2)	(0.3)
Capital expenditure and financial investment						
Purchase of tangible fixed assets		(8.3)	(1.0)	(15.7)	(3.2)	(6.6)
Capital contributions in respect of intangible assets		-	0.8	-	0.8	0.8
Purchase of intangible assets		(8.0)	(15.8)	(18.3)	(26.0)	(28.4)
Proceeds from disposal of intangible assets		4.3	6.4	20.7	28.3	24.5
		(12.0)	(9.6)	(13.3)	(0.1)	(9.7)
Acquisitions and disposals						
Sale of subsidiary undertaking		(0.1)	(0.6)	(0.2)	(1.6)	(1.7)
Acquisition of subsidiary undertaking		(4.4)	-	(8.8)	-	-
		(4.5)	(0.6)	(9.0)	(1.6)	(1.7)
Cash inflow before use of liquid resources and financing		0.5	28.8	7.0	109.9	69.5
Management of liquid resources						
(Increase)/decrease in bank deposits		(10.3)	(31.5)	0.7	(59.4)	1.4
Increase in short term managed funds		-	-	-	-	(0.1)
		(10.3)	(31.5)	0.7	(59.4)	1.3
Financing						
Receipts from loans		3.7	-	30.6	-	-
Repayment of loans		-	-	(58.2)	(55.0)	(55.0)
		3.7	-	(27.6)	(55.0)	(55.0)
(Decrease)/increase in cash in the period		(6.1)	(2.7)	(20.1)	(4.5)	15.8
Reconciliation of net cash flow to movement in net debt						
(Decrease)/increase in cash in the period		(6.1)	(2.7)	(20.1)	(4.5)	15.8
Cash (inflow)/outflow from movement in net loans		(3.7)	-	27.6	55.0	55.0
Cash outflow/(inflow) from movement in liquid resources		10.3	31.5	(0.7)	59.4	(1.3)
Change in net debt resulting from cash flows		0.5	28.8	6.8	109.9	69.5
Capitalisation of interest on junior facility		(7.1)	(6.0)	(20.5)	(17.7)	(22.3)
(Increase)/decrease in interest accruals		(11.3)	(10.7)	(10.6)	(9.1)	1.4
Amortisation of financing charges		(0.7)	(0.7)	(2.8)	(2.7)	(3.8)
Issue costs on new loans included in net debt		1.0	-	1.7	-	-
Restructuring of renewable assets		-	-	-	(12.3)	(12.3)
Equitisation of shareholder loan		-	-	-	-	125.5
Translation difference		0.6	(1.7)	0.7	3.3	(1.7)
Movement in net debt in the period		(17.0)	9.7	(24.7)	71.4	156.3
Net debt at beginning of period		(553.1)	(640.0)	(545.4)	(701.7)	(701.7)
Net debt at end of period		(570.1)	(630.3)	(570.1)	(630.3)	(545.4)

NOTES TO THE ACCOUNTS

1. Basis of Preparation

The interim accounts for the nine months ended 31 December 2013 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 2013.

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 2013 has been extracted from the Group’s annual report for the year ended 31 March 2013. The report of the auditors on the accounts contained within the Group’s annual report for the year ended 31 March 2013 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 Third Quarter 2014 Unaudited £m	Internal Third Quarter 2014 Unaudited £m	Total Third Quarter 2014 Unaudited £m	External Third Quarter 2013 Unaudited £m	Internal Third Quarter 2013 Unaudited £m	Total Third Quarter 2013 Unaudited £m
Turnover						
- Energia Group	269.0	-	269.0	255.8	-	255.8
- Power NI Energy	161.0	-	161.0	179.0	-	179.0
- Inter-group elimination	-	-	-	-	-	-
Group turnover	430.0	-	430.0	434.8	-	434.8

	External Nine Months 2014 Unaudited £m	Internal Nine Months 2014 Unaudited £m	Total Nine Months 2014 Unaudited £m	External Nine Months 2013 Unaudited £m	Internal Nine Months 2013 Unaudited £m	Total Nine Months 2013 Unaudited £m	External Year ended 31 March 2013 Audited £m	Internal Year ended 31 March 2013 Audited £m	Total Year ended 31 March 2013 Audited £m
Turnover									
- Energia Group	751.0	-	751.0	713.4	0.2	713.6	997.0	0.2	997.2
- Power NI Energy	415.9	0.1	416.0	452.4	-	452.4	606.7	0.3	607.0
- Inter-group elimination	-	(0.1)	(0.1)	-	(0.2)	(0.2)	-	(0.5)	(0.5)
Group turnover	1,166.9	-	1,166.9	1,165.8	-	1,165.8	1,603.7	-	1,603.7

2. Segmental Information (continued)

	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
Group profit/(loss) before depreciation, amortisation, exceptional items, interest and tax					
Energia Group	18.3	20.7	51.8	58.3	76.6
Power NI Energy	6.4	11.3	23.0	38.7	22.2
Other	-	-	(1.5)	(1.5)	(3.1)
Group profit before depreciation, amortisation, exceptional items, interest and tax	24.7	32.0	73.3	95.5	95.7
Exceptional operating costs					
Energia Group	-	-	-	(0.6)	(0.6)
Other	(3.3)	-	(3.3)	-	-
Group exceptional operating costs	(3.3)	-	(3.3)	(0.6)	(0.6)
Depreciation/amortisation					
Energia Group	(4.4)	(3.9)	(13.6)	(12.4)	(16.2)
Power NI Energy	(0.7)	(0.5)	(2.0)	(1.4)	(2.2)
Group depreciation/amortisation	(5.1)	(4.4)	(15.6)	(13.8)	(18.4)
Operating profit/(loss) post exceptional operating costs					
Energia Group	13.8	16.8	38.3	45.3	59.8
Power NI Energy	5.8	10.8	21.0	37.3	20.0
Other	(3.3)	-	(4.9)	(1.5)	(3.1)
Group operating profit post exceptional operating costs	16.3	27.6	54.4	81.1	76.7
Goodwill amortisation	(8.1)	(8.1)	(24.3)	(24.3)	(32.3)
Group operating profit	8.2	19.5	30.1	56.8	44.4
Share of operating profit in associates	0.7	0.4	1.2	0.8	1.5
Amortisation of goodwill in associates	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)
Total operating profit: Group and share of associates	8.8	19.8	31.1	57.3	45.5
Profit on disposal of continuing operations	-	-	-	0.4	0.4
Profit on ordinary activities before interest and tax	8.8	19.8	31.1	57.7	45.9
Net interest payable	(21.1)	(16.7)	(65.6)	(66.0)	(79.4)
Loss on ordinary activities before tax	(12.3)	3.1	(34.5)	(8.3)	(33.5)

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	
	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m
Energia Group	269.0	255.8	13.8	16.8	18.3	20.7
Power NI	130.1	138.7	5.6	4.9	6.2	5.4
Power Procurement	32.1	36.3	1.1	1.3	1.1	1.3
Inter-business elimination	(0.3)	(0.6)	-	-	-	-
Power NI Energy	161.9	174.4	6.7	6.2	7.3	6.7
Other	-	-	-	-	-	-
Inter-group elimination	-	-	-	-	-	-
	430.9	430.2	20.5	23.0	25.6	27.4
Adjustment for (under)/over- recovery	(0.9)	4.6	(0.9)	4.6	(0.9)	4.6
Total	430.0	434.8	19.6	27.6	24.7	32.0

2. Segmental Information (continued)

Based on regulated entitlement:	Turnover			Operating profit/(loss) pre exceptional operating costs			Profit/(loss) before depreciation, amortisation, exceptional items, interest and tax		
	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
Energia Group	751.0	713.6	997.2	38.2	45.9	60.4	51.8	58.3	76.6
Power NI	323.3	347.3	491.7	15.3	13.4	18.2	17.2	14.8	20.4
Power Procurement	90.8	86.0	119.8	3.5	4.0	5.4	3.6	4.0	5.4
Inter-business elimination	(0.3)	(0.8)	(0.9)	-	-	-	-	-	-
Power NI Energy	413.8	432.5	610.6	18.8	17.4	23.6	20.8	18.8	25.8
Other	-	-	-	(1.5)	(1.5)	(3.1)	(1.5)	(1.5)	(3.1)
Inter-group elimination	(0.1)	(0.2)	(0.5)	-	-	-	-	-	-
	1,164.7	1,145.9	1,607.3	55.5	61.8	80.9	71.1	75.6	99.3
Adjustment for over/(under) - recovery	2.2	19.9	(3.6)	2.2	19.9	(3.6)	2.2	19.9	(3.6)
Total	1,166.9	1,165.8	1,603.7	57.7	81.7	77.3	73.3	95.5	95.7

3. Operating Costs

Operating costs are analysed as follows:

	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
Energy costs	389.1	385.0	1,043.6	1,015.4	1,432.7
Employee costs	5.6	5.0	15.9	15.4	21.4
Depreciation and amortisation	5.1	4.4	15.7	13.8	18.4
Other operating charges	10.6	12.8	34.0	39.5	53.9
Total pre exceptional	410.4	407.2	1,109.2	1,084.1	1,526.4
Exceptional costs (note 4):					
Bid costs	3.3	-	3.3	-	-
Energy costs	-	-	-	0.6	0.6
	3.3	-	3.3	0.6	0.6
Total	413.7	407.2	1,112.5	1,084.7	1,527.0

4. Exceptional items

	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
Recognised before arriving at operating profit:					
- Bid costs	(3.3)	-	(3.3)	-	-
- Carbon revenue levy	-	-	-	(0.6)	(0.6)
	(3.3)	-	(3.3)	(0.6)	(0.6)
Recognised after arriving at operating profit:					
- Profit on disposal of continuing operations	-	-	-	0.4	0.4

Exceptional bid costs in Third Quarter 2014 and Nine Months 2014 relate to costs incurred on the Group's bid for Bord Gais Energy.

Exceptional energy costs for Nine Months 2013 of £0.6m relate to the carbon revenue levy which ended on 25 May 2012 as outlined in note 5 of the Group's annual report and accounts for the year ended 31 March 2013.

Profit on disposal of continuing operations for Nine Months 2013 of £0.4m relates to the sale of 25% of Eco Wind Power Limited on 15 June 2012 as outlined in note 12 of the Group's annual report and accounts for the year ended 31 March 2013.

4. Exceptional items (continued)

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

	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
- Carbon revenue levy	-	-	-	0.1	0.1
	-	-	-	0.1	0.1

5. Net Interest Payable

	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
Interest receivable					
Bank interest	-	0.1	-	0.2	0.3
Interest from associate	0.2	0.2	0.7	0.4	0.7
	0.2	0.3	0.7	0.6	1.0
Interest payable					
Bank loans and borrowings	(1.4)	(1.0)	(4.4)	(4.7)	(6.1)
Senior secured notes interest	(10.9)	(11.8)	(35.1)	(35.3)	(47.4)
Interest payable to parent undertaking	(7.2)	(5.8)	(20.5)	(17.6)	(23.4)
	(19.5)	(18.6)	(60.0)	(57.6)	(76.9)
Less: charged to balance sheet	0.3	-	0.6	-	-
Interest payable charged to the profit and loss account	(19.2)	(18.6)	(59.4)	(57.6)	(77.1)
Interest rate swaps	-	-	-	-	(0.6)
Exchange on net foreign currency borrowings					
Net exchange (loss)/gain on net foreign currency borrowings	(2.2)	7.5	(8.0)	(10.9)	7.2
Less: charged /(credited) to the statement of total recognised gains and losses	1.4	(4.3)	5.8	6.8	(3.4)
Net exchange (loss)/gain charged to the profit and loss account	(0.8)	3.2	(2.2)	(4.1)	3.8
Other finance costs					
Amortisation of financing charges	(0.6)	(0.7)	(2.5)	(2.7)	(3.7)
Premium on redemption of senior secured notes	-	-	-	-	-
Unwinding of discount on decommissioning provision	(0.1)	-	(0.2)	-	(0.1)
Other finance charges	(0.1)	(0.3)	(0.3)	(0.4)	(0.5)
Total other finance costs	(0.8)	(1.0)	(3.0)	(3.1)	(4.3)
Group net interest payable	(20.6)	(16.1)	(63.9)	(64.2)	(77.0)
Share of associates' interest	(0.5)	(0.6)	(1.7)	(1.8)	(2.4)
Total net interest payable	(21.1)	(16.7)	(65.6)	(66.0)	(79.4)

6. Tax credit/(charge)

	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
Tax on profit on ordinary activities					
Current tax credit/(charge)					
Corporation tax	0.6	(0.8)	1.5	(4.1)	(0.5)
Corporation tax over provided in previous years	-	-	-	-	2.4
	0.6	(0.8)	1.5	(4.1)	1.9
Deferred tax credit/(charge)					
Origination and reversal of timing differences in current year	0.5	(0.7)	2.2	1.6	8.2
Origination and reversal of timing differences in prior year	-	-	-	0.2	(0.8)
Share of associates' tax	-	-	-	-	0.1
Effect of decreased rate on opening liability	-	-	-	-	(0.1)
	0.5	(0.7)	2.2	1.8	7.4
Tax credit /(charge) on profit on ordinary activities	1.1	(1.5)	3.7	(2.3)	9.3

The effective tax rate in the period is based on an estimate of the likely tax charge for the year in each jurisdiction expressed as a percentage of the results expected to arise in each tax jurisdiction for that year.

7. Dividends

No interim dividend has been paid or proposed for Third Quarter 2014 (2013 - £nil) or Nine Months 2014 (2013 - £nil). No dividends were paid or proposed for the year ended 31 March 2013.

8. Gross capital expenditure

	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
Property, plant & equipment	8.3	1.0	15.7	3.2	6.6
Intangible assets – computer software	0.3	0.6	2.2	3.3	3.4
	8.6	1.6	17.9	6.5	10.0

9. Investments

	As at 31 December 2013 Unaudited £m	As at 31 December 2012 Unaudited £m	As at 31 March 2013 Audited £m
Investment in parent undertaking's Junior bank facility	343.1	335.7	342.8
Investment in associate undertakings	8.3	9.6	9.8
Other investment	0.7	0.7	0.7
	<u>352.1</u>	<u>336.4</u>	<u>353.3</u>

10. Debtors

	As at 31 December 2013 Unaudited £m	As at 31 December 2012 Unaudited £m	As at 31 March 2013 Audited £m
Amounts falling due within one year:			
Trade debtors (including unbilled consumption)	164.0	171.2	170.0
Prepayments and accrued income	28.2	23.0	21.0
Security deposits	2.7	2.0	3.5
Other debtors	1.6	2.7	8.0
Amounts owed by associate	-	-	0.1
	<u>196.5</u>	<u>198.9</u>	<u>202.6</u>

11. Creditors

	As at 31 December 2013 Unaudited £m	As at 31 December 2012 Unaudited £m	As at 31 March 2013 Audited £m
Amounts falling due within one year:			
Trade creditors	47.8	62.7	64.5
Amounts owed to associate undertaking	2.7	2.3	2.2
Other creditors	21.9	21.9	28.2
Payments received on account	29.9	29.6	28.4
Interest payable on loans	12.2	12.8	1.1
Corporation tax	2.5	10.1	4.1
Tax and social security	1.6	5.2	2.7
Accruals	143.9	153.0	141.2
Deferred consideration	2.0	-	-
	<u>264.5</u>	<u>297.6</u>	<u>272.4</u>

11. Creditors (continued)

	As at 31 December 2013 Unaudited £m	As at 31 December 2012 Unaudited £m	As at 31 March 2013 Audited £m
Amounts falling due after more than one year:			
External borrowings			
Senior secured notes	354.1	378.6	392.5
Project financed bank facility (NI)	2.3	-	-
Project financed bank facility (RoI)	8.4	-	-
	<u>364.8</u>	<u>378.6</u>	<u>392.5</u>
Subordinate shareholder loan			
Loan from parent undertaking	564.1	664.5	543.6
Interest payable on shareholder loan	1.3	-	1.3
	<u>930.2</u>	<u>1,043.1</u>	<u>937.4</u>

12. Net Debt

	As at 31 December 2013 Unaudited £m	As at 31 December 2012 Unaudited £m	As at 31 March 2013 Audited £m
Cash at bank and in hand	4.5	4.2	24.7
Current asset investments	24.6	85.7	25.6
Debt due within one year	(12.1)	(12.8)	(1.1)
Debt due after more than one year	(930.2)	(1,043.1)	(937.4)
Investment in Junior bank facility	343.1	335.7	342.8
	<u>(570.1)</u>	<u>(630.3)</u>	<u>(545.4)</u>

13. Reconciliation of Shareholders' Funds and Movements in Reserves

	Share capital £m	Share premium £m	Accumulated losses £m	Capital contribution	Total £m
At 1 April 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
Total recognised gains and losses relating to the period	-	-	(5.9)	-	(5.9)
As at 30 September 2012	-	510.0	(462.4)	-	47.6
Total recognised gains and losses relating to the period	-	-	1.6	-	1.6
As at 31 December 2012	-	510.0	(460.8)	-	49.2
Total recognised gains and losses relating to the period	-	-	(16.3)	-	(16.3)
Capital contribution received	-	-	-	125.5	125.5
At 31 March 2013	-	510.0	(477.1)	125.5	158.4
Total recognised gains and losses relating to the period	-	-	(12.6)	-	(12.6)
At 30 June 2013	-	510.0	(489.7)	125.5	145.8
Total recognised gains and losses relating to the period	-	-	(7.4)	-	(7.4)
At 30 September 2013	-	510.0	(497.1)	125.5	138.4
Total recognised gains and losses relating to the period	-	-	(11.2)	-	(11.2)
At 31 December 2013	-	510.0	(508.3)	125.5	127.2

14. Notes to the Group Cash Flow Statement

Reconciliation of Operating Profit to Cash Flow from Operating Activities:

	Third Quarter 2014 Unaudited £m	Third Quarter 2013 Unaudited £m	Nine Months 2014 Unaudited £m	Nine Months 2013 Unaudited £m	Year ended 31 March 2013 Audited £m
Operating profit	8.2	19.5	30.1	56.8	44.4
Adjustments for:					
Amortisation of goodwill	8.1	8.1	24.3	24.3	32.3
Depreciation of fixed assets	4.5	3.9	13.6	12.1	15.9
Amortisation of software costs	0.7	0.7	2.2	1.9	2.8
Amortisation of contributions in respect of tangible fixed assets	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)
Revaluation of emissions assets	-	-	-	-	8.5
Defined benefit pension charge less contributions paid	-	-	(0.1)	-	(1.3)
Operating cash flows before movement in working capital	21.3	32.0	69.9	94.9	102.3
(Increase)/decrease in stock	(0.1)	(0.1)	-	0.1	(0.4)
(Increase)/decrease in debtors	(35.3)	(47.1)	2.0	(24.5)	(26.2)
Decrease/(increase) in security deposits	0.2	(0.4)	0.8	37.0	35.6
Increase/(decrease) in creditors	32.5	57.6	(15.1)	38.7	30.6
Effects of foreign exchange	(0.1)	(0.5)	-	0.6	0.5
Net cash inflow from operating activities	18.6	41.5	57.6	146.8	142.4

Net cash inflow from operating activities in Third Quarter 2014 and Nine Months 2014 includes exceptional cash outflows of £1.9m in respect of the payment of bid costs.

Net cash inflow from operating activities in Nine Months 2014 includes exceptional cash outflows of £nil in respect of the payment of carbon revenue levy costs (Nine Months 2013 - £1.8m and year ended 31 March 2013 - £1.8m).