

CORONA ENERGY RETAIL 3 LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

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CORONA ENERGY RETAIL 3 LIMITED

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CORONA ENERGY RETAIL 3 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010

The directors present their report and the audited financial statements of Corona Energy Retail 3 Limited for the year ended 31 March 2010

Principal activities, review of the business and future developments

The company's principal activity is to purchase, market and sell natural gas to commercial and other end users and it is not anticipated that this will change in the near future

The financial statements show the results for the year ended 31 March 2010 and comparatives for the year ended 31 March 2009

The company's profit after tax for the year was £1.4 million (2009 £2.0 million). This was a good result in a year when demand was slightly below expectations due to warmer than average seasonal temperatures in the first half of the year followed by a cold winter. The directors do not propose a dividend (2009 Nil).

The company will continue to service its existing customer base, benefiting from the reputation of the Corona Energy group as a leading gas supplier to the multi-site and small- and medium-sized enterprise sector of the market.

Principal risks and uncertainties

The key performance indicator used by management is operating profit/loss, which is the measure of performance which is regularly shared with representatives of the ultimate parent company.

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from other suppliers, future gas prices and consumption which is affected by temperature and other demand factors.

Financial risk management

The company is exposed to a variety of financial risks that include changes in market prices, credit risk and liquidity risk. The company is subject to the Macquarie Group Limited group's Risk Management programme that seeks to limit the adverse effects on the financial performance of the company.

Price and volume risk

The company remains exposed to market price and volume risk as a result of its operations. The directors have adopted the risk model used by the Macquarie Group Limited group, as approved by the Risk Management Division. This model is incorporated into the Macquarie Group Limited group's risk management systems to enable the company to manage the risk effectively. The company does this principally by contracting for gas at fixed prices to meet expected demand and then by contracting out the balancing risk between actual and expected demand that remains to a fellow subsidiary, Corona Gas Management Limited.

Credit risk

Credit exposures, approvals and limits are controlled within Macquarie Group Limited group's credit risk framework, as established by the Risk Management Division. In addition, to manage this risk the trade debtors of the company have been sold to another Macquarie Group Limited group company.

Liquidity risk

The company maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations.

Directors

The following directors have held office since 1 April 2009:

C J Coles
M R Gray
P Plewman
G D Russell

Directors' indemnities and insurance

The ultimate parent company has purchased insurance to cover the directors against liabilities in relation to the Company.

CORONA ENERGY RETAIL 3 LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

Creditors payment policy

It is the company's policy to agree the terms of payment to creditors at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations. Trade creditors at the year end represented 0.9 day (2009: 0.8 days) of purchases.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and in the absence of a notice proposing that the appointment be terminated, the auditors will be deemed to be re-appointed for the next financial year.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

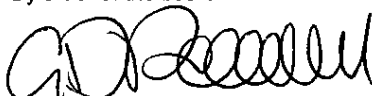
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

So far as each of the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all steps necessary in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



G D Russell
Director
15 October 2010

CORONA ENERGY RETAIL 3 LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CORONA ENERGY RETAIL 3 LIMITED**

We have audited the financial statements of Corona Energy Retail 3 Limited for the year ended 31st March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

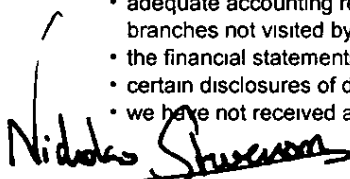
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Nicholas Stevenson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

15 October 2010

CORONA ENERGY RETAIL 3 LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010**

		Year ended 31 March 2010	Year ended 31 March 2009
	Notes	£	£
Turnover	2	22,103,098	34,443,221
Cost of Sales		(19,641,761)	(31,490,860)
Gross Profit		2,461,337	2,952,361
Administrative expenses		(498,736)	(967,795)
Operating Profit	3	1,962,601	1,984,566
Interest receivable and similar income	4	273,171	526,531
Interest payable and similar charges	5	(318,890)	(427,439)
Profit on ordinary activities before taxation		1,916,882	2,083,658
Tax on profit on ordinary activities	6	(536,727)	(48,798)
Profit for the year	10	1,380,155	2,034,860

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses in the current year other than those passing through the profit and loss account

There is no difference between the profit for the year and the retained profit for the year stated above and their historical cost equivalents

The notes on pages 6 to 10 form part of these financial statements

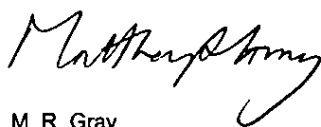
CORONA ENERGY RETAIL 3 LIMITED

BALANCE SHEET
AS AT 31 March 2010

	Notes	2010 £	£	2009 £	£
Current assets					
Debtors	7	12,600,056		16,875,717	
Cash at bank and in hand		1,180,496		294,884	
		13,780,552		17,170,601	
Creditors amounts falling due within one year	8	(10,191,499)		(14,961,703)	
Net current assets			3,589,053		2,208,898
Total assets less current liabilities			3,589,053		2,208,898
Capital and reserves					
Called up share capital	9	2,835,101		2,835,101	
Profit and loss account	10	753,952		(626,203)	
Shareholder funds	11		3,589,053		2,208,898

The notes on pages 6 to 10 form part of these financial statements

The financial statements were approved by the Board on 15 October 2010



M R Gray
Director

CORONA ENERGY RETAIL 3 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

1 Accounting policies

1.1 Accounting Convention

These financial statements have been prepared under the historical cost convention in accordance with the United Kingdom Accounting Standards and the Companies Act 2006. The following policies have been applied consistently to the company's financial statements.

1.2 Going Concern

The holding company, Macquarie Corona Energy Holdings Limited, has confirmed that it will continue to support the company for at least the forthcoming year. Accordingly, the directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

1.3 Exemptions

At 31 March 2010 the company was a wholly-owned subsidiary of Corona Energy Limited, a wholly-owned subsidiary of Macquarie Group Limited, and as a result the company has taken advantage of the exemptions within Financial Reporting Standard No. 1 "Cash Flow Statement" from presenting a cash flow statement, and within Financial Reporting Standards No. 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Macquarie Group Limited group.

1.4 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Turnover for energy supply activities includes an assessment of energy supplies to customers between the date of the last meter read and year end (unread). Unread gas is estimated using weather adjusted historical consumption patterns and is included in accrued revenue.

1.5 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted. Deferred tax is recorded on a non-discounted basis.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

CORONA ENERGY RETAIL 3 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2010**

3	Operating profit	2010 £	2009 £
	Operating profit is stated after charging		
	Auditors remuneration	18,000	14,000
		<hr/>	<hr/>
	Operating costs include management fee recharge from Corona Energy Retail 1 Limited of £400,000 (2009 £799,000)		
4	Interest receivable and similar income	2010 £	2009 £
	Interest receivable on bank deposits	14	91,335
	Interest receivable from group undertakings	273,157	435,196
		<hr/>	<hr/>
		273,171	526,531
		<hr/>	<hr/>
5	Interest payable and similar charges	2010 £	2009 £
	Interest payable to group undertakings	318,891	427,439
		<hr/>	<hr/>
		318,891	427,439
		<hr/>	<hr/>
6	Taxation	2010 £	2009 £
	Domestic current year tax		
	U K corporation tax	536,727	48,798
		<hr/>	<hr/>
	Current tax charge	536,727	48,798
		<hr/>	<hr/>

CORONA ENERGY RETAIL 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2010

6	Taxation (continued)	2010 £	2009 £
Factors affecting the tax charge for the year			
	Profit on ordinary activities before taxation	1,916,882	2,083,658
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28% (2009 28%)	536,727	583,424
	Effects of Tax losses utilised	-	(534,626)
		-	(534,626)
	Current tax charge	536,727	48,798

Subsequent to the balance sheet date, the UK Government has announced changes to Corporation Tax rates which will have an effect on the future tax charges of the Company. The change in corporation tax rate from 28% to 24% reducing by 1% per annum from 1 April 2011 has been announced.

7	Debtors	2010 £	2009 £
	Amounts owed by parent and fellow subsidiary undertakings	12,420,302	16,726,336
	Prepayments and accrued income	149,515	122,639
	Other debtors	30,239	26,742
		12,600,056	16,875,717
8	Creditors amounts falling due within one year	2010 £	2009 £
	Trade creditors	48,967	65,303
	Amounts owed to parent and fellow subsidiary undertakings	7,988,611	12,898,849
	Corporation tax	536,727	48,798
	Other taxes and social security costs	1,255,231	1,676,860
	Accruals and deferred income	361,963	271,893
		10,191,499	14,961,703

CORONA ENERGY RETAIL 3 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2010**

9	Share Capital	2010 £	2009 £
	Authorised		
	2,850,000 'A' Ordinary shares of £1 each	2,850,000	2,850,000
	1 'B' Ordinary shares of £1 each	1	1
		<hr/>	<hr/>
		2,850,001	2,850,001
		<hr/>	<hr/>
	Allotted, called up and fully paid		
	2,835,100 'A' Ordinary shares of £1 each	2,835,100	2,835,100
	1 'B' Ordinary shares of £1 each	1	1
		<hr/>	<hr/>
		2,835,101	2,835,101
		<hr/>	<hr/>

All shares are the same in all respects with the exceptions that the B share is not entitled to dividends and the B shareholder is entitled to appoint its own director

10	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 April 2009	(626,203)
	Retained profit for the year	1,380,155
		<hr/>
	Balance at 31 March 2010	753,952
		<hr/>

11	Reconciliation of movements in shareholders' funds	2010 £	2009 £
	Profit for the financial year	1,380,155	2,034,860
	Opening shareholders funds	2,208,898	174,038
		<hr/>	<hr/>
	Closing shareholders funds	3,589,053	2,208,898
		<hr/>	<hr/>

12 Directors and Employees

Directors' remuneration

None of the directors received any fees or remuneration from the company for services as director of the company during the financial year

Number of employees

There were no employees during the year apart from the directors

CORONA ENERGY RETAIL 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2010

13 Control

At 31 March 2010, the immediate parent undertaking was Corona Energy Limited, and the ultimate parent undertaking and controlling party of Corona Energy Retail 3 Limited, which was the parent undertaking of the smallest and the largest group to prepare consolidated financial statements, was Macquarie Group Limited, a company incorporated in Australia. Copies of group financial statements for Macquarie Group Limited can be obtained from the Company Secretary, Level 7, No 1 Martin Place, Sydney, New South Wales, 2000, Australia.