This document, which comprises a supplementary prospectus in relation to Drax Group plc prepared in accordance with the Prospectus Rules, has been approved by the UK Listing Authority in accordance with section 87 of the Financial Services and Markets Act 2000 and made available to the public in accordance with the Prospectus Rules.

Application has been made to the UK Listing Authority and to the London Stock Exchange for the Ordinary Shares, issued and to be issued, to be admitted (i) to the Official List of the UK Listing Authority and (ii) to trading on the London Stock Exchange's market for listed securities respectively, ("Admission"). It is expected that Admission will become effective and that dealings in the Ordinary Shares on the London Stock Exchange will commence at 8.00 a.m. on 15 December 2005.

This document is supplemental to and must be read in conjunction with the Prospectus, dated 28 October 2005. Your attention is drawn, in particular, to the section headed "Risk factors" in Part II of the Prospectus for a discussion of certain factors that should be considered in connection with an investment in Ordinary Shares. Except where the context otherwise requires, terms defined in the Prospectus have the same meaning when used in this document and your attention is drawn to the definitions set out in Part XV and the Glossary in Part XVI of the Prospectus and the additional definitions set out on page 21 of this document.

DRAX GROUP plc

(incorporated in England and Wales under the Companies Act 1985 with Registered No. 5562053)

Introduction to the Official List of the UK Listing Authority and to trading on the London Stock Exchange of the Ordinary Shares

Sponsor, broker and lead financial adviser

Deutsche Bank

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING LISTING

	Authorised		**Issued and fully paid or creditedfully paid**	
	Number	**Amount**	**Number**	**Amount**
Ordinary Shares of 10 pence each	999,500,020	£99,950,002	406,927,661	£40,692,766

Ordinary Shares to be issued in connection with Admission will rank in full for all dividends and other distributions declared, made or paid after Admission.

No Ordinary Shares have been marketed to, nor are any available for purchase in whole or in part by, the public in the United Kingdom or elsewhere in connection with Admission.

Deutsche Bank AG, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as sponsor, broker and lead financial adviser to certain members of the Group and no-one else in relation to the contents of this document and Admission and is not advising any other person or treating any other person as its client in relation thereto and will not be responsible to any person other than those members of the Group for providing the protections afforded to its clients nor for providing advice in relation thereto.

This document does not constitute or form part of any offer or invitation to sell or issue, or the solicitation to purchase or subscribe for the Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. Securities may not be offered or sold in the United States unless they are registered under the Securities Act or exempt from such registration. The Ordinary Shares to be issued in connection with Admission have not been, and are not required to be, registered with the SEC under the Securities Act in reliance on the exemption provided by Section 3(a)(10) thereof. US Shareholders who are affiliates (within the meaning of the Securities Act) of Drax Group plc at the time of implementation of the Schemes will be subject to timing, manner of sale and volume restrictions on the sale of Ordinary Shares received in connection with the Schemes under Rule 145 of the Securities Act. The Ordinary Shares have not been nor will they be registered under the securities laws of any state of the United States, and therefore persons in the United States will be required to make certain confirmations prior to receiving Ordinary Shares. Persons in the United States should read paragraph 4.3.10 of Part IX of the Prospectus ("United States Securities Laws") for further information in this regard. Neither the SEC nor any US state securities commission has approved or disapproved the Ordinary Shares or passed upon the accuracy or adequacy of the Prospectus or this document. Any representation to the contrary is a criminal offence in the United States. The relevant clearances have not been, and nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; and the Ordinary Shares have not been, and nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Canada, Australia or Japan. Accordingly, the Ordinary Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan. Overseas Shareholders (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the United Kingdom should seek appropriate advice before taking any action.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, ANNOTATED, AS AMENDED ("RSA 421-B"), WITH THE STATE OF NEW HAMPSHIRE, NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING.

NEITHER ANY SUCH FACT, NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED, OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Service of process and enforcement of civil liberties

Drax is a company organised under the laws of the England and Wales. Persons who may have liabilities under the federal securities laws of the United States in connection with the issuance may be residents of England or elsewhere outside the United States, and all or a significant portion of the assets of all of such persons and substantially all of the assets of the Group are located in England. As a result, it may be difficult for investors to effect service of process upon such persons outside England, or to realise judgments of courts outside England predicated upon civil liabilities of such persons or Drax under the laws of jurisdictions other than England, including any judgments predicated upon civil liabilities under the federal securities laws of the United States.

The Group has been advised by its English counsel that there is uncertainty as to the enforceability, in original actions in English courts, of liabilities predicated solely under the United States federal securities laws and as to the enforceability in English courts of judgments of the United States courts obtained in actions predicated upon the civil liability provisions of the United States federal securities laws.

Information not contained in the Prospectus and/or this document

No person has been authorised to give any information or make any representation other than those contained in the Prospectus and/or this document and, if given or made, such information or representation must not be relied upon as having been authorised by Drax or Deutsche Bank AG. The delivery of this document shall not under any circumstances, create any implication that there has been no change in the affairs of Drax since the date of this document or that the information in the Prospectus (as modified and supplemented by this document) is correct as of any time subsequent to the date hereof. If circumstances change prior to Admission, Drax will publish a further supplementary prospectus in connection with Admission if required.

The contents of the Prospectus and this document should not be construed as legal, business or tax advice. You should consult your own legal adviser, financial adviser or tax adviser for advice.

Presentation of financial information

All financial information in this document has been prepared in accordance with IFRS and is unaudited.

No incorporation of website information

The contents of Drax Power's website do not form part of the Prospectus or this document and investors should not rely on it.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

The Prospectus and this document contain statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "plans", "prepares", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout the Prospectus and this document and include statements regarding the intentions, beliefs or current expectations relating to the Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, synergies, strategies and the dividend policy of Drax and the industries in which the Group operates.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, prospects, growth, synergies, strategies and dividend policy and the development of the industries in which it operates may differ materially from the impression created by the forward-looking statements contained in the Prospectus and this document. In addition, even if the results of operations, financial condition, liquidity, prospects, growth, synergies, strategies and the dividend policy of the Group, and the development of the industries in which it operates, are consistent with the forward-looking statements contained in the Prospectus and this document, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause these differences include, but are not limited to:

- fluctuations in relevant commodity prices;
- changes in the competitive and regulatory framework in which Drax operates;
- increased competition from other companies in the industry in which Drax operates;
- the ability of Drax to retain current customers and/or market share;
- the ability of Drax to generate profitable growth;
- operational issues relating to the Power Station;
- tax changes;
- significant changes in interest rates;
- general local and global economic conditions; and
- the impact of changes in accounting standards.

Potential investors are advised to read the Prospectus and this document in their entirety, and, in particular, the sections of the Prospectus entitled Part II "Risk factors", Part V "Electricity industry overview", Part VI "Information on Drax", Part VIII "Operating and financial review", Part XI "Financial information on Drax", Part XII "Pro forma statement of net assets" and Part XIII "Profit forecast" and the section of this document entitled Part I "Significant new information" for a further discussion of the factors that could affect Drax's future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus and this document may not occur.

Other than in accordance with any legal or regulatory obligations (including under the Listing Rules and Prospectus Rules), Drax undertakes no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to any person involved in the preparation of the Prospectus and this document or to persons acting on Drax's behalf are, subject to the requirements of the Listing Rules and Prospectus Rules, expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the Prospectus and this document.

Certain limited information on United Kingdom and United States taxation with regard to the Ordinary Shares is set out in Part XIV of the Prospectus. **If you are in any doubt as to your tax position, or you are resident or subject to tax in any jurisdiction other than the United Kingdom or the United States, you should consult your professional adviser, without delay**.

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PART I
SIGNIFICANT NEW INFORMATION

Since the publication of the Prospectus, Drax Group Limited published on 21 November 2005 its results for the nine months ended 30 September 2005, and on 23 November 2005 an announcement stating that talks with the BCHP Consortium had discontinued. The Company and the Directors regard this information as significant new information and accordingly have prepared and published this document. There have been no other significant changes and no other significant new matters have arisen since the publication of the Prospectus.

1. Results for the nine months ended 30 September 2005

The full text of the unaudited consolidated results of Drax Group Limited for the nine months ended 30 September 2005 including a summary of third party approaches, as announced on 21 November 2005, is set out below.

"PRESS RELEASE

FOR IMMEDIATE RELEASE

21 NOVEMBER 2005

RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2005
AND SUMMARY OF THIRD PARTY APPROACHES

Drax Group Limited ("Drax") today announces its consolidated results for the nine months ended 30 September 2005. The consolidated results, which have been prepared under IFRS, encompass all the operations of Drax Group and its subsidiary undertakings ("Drax Group" or "Group") and are as follows:

	Nine months ended 30 September Unaudited	
	2005	*2004*
	£ million	*£ million*
Revenue		
Revenue from generation	512.0	364.8
Gross-up of revenue for costs of power purchases	61.3	61.1
	573.3	425.9
Fuel costs[(1)]		
Fuel costs in respect of generation	(312.0)	(211.8)
Costs of power purchases	(61.3)	(61.1)
	(373.3)	(272.9)
	200.0	**153.0**
Other operating expenses excluding exceptional items[(2)]	(159.8)	(132.8)
	40.2	**20.2**
Other operating income – exceptional credit related to termination of TXU Contract and financial restructuring	274.8	—
Unrealised losses on derivative contracts	(211.7)	—
Operating profit	**103.3**	**20.2**
Interest receivable	3.9	3.2
Interest payable and similar charges	(81.1)	(74.3)
Profit/(loss) before tax	**26.1**	**(50.9)**
Tax credit	69.8	3.3
Profit/(loss) for the period attributable to equity shareholders from continuing operations	**95.9**	**(47.6)**

(1) Fuel costs comprises the fuel costs incurred in the generation process, predominantly coal, together with oil and, since 2003, biomass costs. Since 1 January 2005, CO_2 emissions allowance costs have also become a substantial part of fuel costs. Fuel costs also include the cost of power purchased to meet power sale commitments.

(2) Other operating expenses excluding exceptional items principally include salaries, maintenance costs, connection charges (BSUoS, TNUoS) and business rates.

Drax Group's revenues from generation during the nine months ended 30 September 2005 were £512.0 million, compared to £364.8 million during the corresponding period in 2004, an increase of £147.2 million (40.4 per cent.). This increase was mainly due to increases in average electricity capture prices over the period. In the nine months to 30 September 2005 15.8 TWh of power was sold, compared to 16.4 TWh in the corresponding period in 2004.

Drax purchases power in the market to cover any shortfall in generation and when the cost of power in the market is below Drax's marginal costs of production in respect of power previously contracted by Drax. The cost of purchased power has remained relatively constant between each of the two nine month periods.

In Drax's historical financial statements (prepared under UK GAAP), revenue has been recorded net of the costs of power purchased to meet power sales commitments. Under IFRS, the costs of power purchased is treated as fuel costs, and revenue has been grossed-up accordingly.

Drax's fuel costs in respect of generation during the nine months ended 30 September 2005 were £312.0 million, compared to £211.8 million during the comparable period in 2004, an increase of £100.2 million (or 47.3 per cent.). This increase was primarily due to the cost of CO_2 emissions allowances and an increase in the cost of coal and other fuels.

Reflecting the above factors, Drax's gross margin, being revenues less fuel costs, increased from £153.0 million in the nine months ended 30 September 2004 to £200.0 million in the nine months ended 30 September 2005, an increase of £47.0 million (or 30.7 per cent.).

Drax's other operating expenses excluding exceptional items increased from £132.8 million in the nine months ended 30 September 2004 to £159.8 million in the corresponding period in 2005, an increase of £27.0 million (or 20.3 per cent.). This increase was largely due to to the charge for LTIP share-based payment transactions in the period of £17.7 million, as well as costs incurred with respect to the Refinancing and Admission of £9.7 million.

Drax had no exceptional operating expenses in the nine months ended 30 September 2004, but had a credit to exceptional operating income in the corresponding period in 2005 totalling £274.8 million, comprised of £19.0 million due to the reversal of provisions relating to impairment of tangible fixed assets and £255.8 million as a result of two distributions received by Drax from the Administrators and Supervisors of TXU EET and TXU EG, pursuant to the company voluntary arrangements for those companies.

IAS 32 and IAS 39, the International Financial Reporting Standards in respect of derivatives and financial instruments, are applicable to Drax for the period from 1 January 2005. As a result of applying these standards, an unrealised loss on derivative contracts of £211.7 million has been recognised for the nine months to 30 September 2005. This unrealised loss reflects the mark-to-market of Drax's power contracts for power yet to be delivered and some coal contracts, which meet the definition of derivatives under IAS 39. Relevant hedge accounting documentation was not in place for the six months to 30 June 2005 and therefore the mark-to-market movement during the period has been reflected in the profit and loss account. From 1 July 2005 the Drax Group has put in place appropriate hedge accounting documentation to enable it to achieve hedge accounting for a large proportion of its commodity contracts. As a result, mark-to-market movements on contracts which are now considered to be effective hedges are recognised through the hedge reserve. The out-of-the-money position mainly reflects prices in Drax's forward sales contracts for power against rising market prices for power.

Interest payable and similar charges in the nine months ended 30 September 2005 were £81.1 million, compared to £74.3 million in the same period in 2004, an increase of £6.8 million (or 9.2 per cent.). This increase was generally due to unrealised losses from derivative contracts accounted for under IAS 39 from 1 January 2005.

Drax's tax credit during the nine months ended 30 September 2005 was £69.8 million, compared to a tax credit of £3.3 million during the comparable period in 2004. The tax credit in 2005 reflects the benefits of the Inpower project finance structure and the utilisation of tax losses brought forward from earlier years which more than offsets the profit before tax for the period. The tax credit for 2004 reflects the loss for the nine months and the effect of the Inpower structure, offset by tax losses not recognised in the period.

Reflecting the above factors, Drax had a profit for the period from continuing operations of £95.9 million in the nine months ended 30 September 2005, compared to a loss of £47.6 million in the nine months ended 30 September 2004.

Current Trading and Prospects

For the nine month period ended 30 September 2005, the Group's turnover was £573.3 million resulting in an operating profit of £103.3 million. On the basis of preparation and principal assumptions set out in Part XIII of the Drax Group plc prospectus published on 28 October 2005, the Directors reconfirm their forecast that for the twelve months ending 31 December 2005, the EBITDA of the Group will be £311 million, the Operating Profit will be £279 million and net profit before interest expense and tax will be £284 million. These forecasts include an exceptional credit relating to termination of the TXU Contract and financial restructuring of £275 million, unrealised losses on derivative contracts of £119 million, LTIP expenses of £38 million and estimated fees of the Refinancing and Admission of £27 million. The forecasts include assumptions on prices for electricity and coal based on average prices prevailing over the five days up to and including 11 November 2005, and that the forced outage rate remains at around 6.5 per cent. The forecast has been prepared in accordance with IFRS.

The first and final quarters of each year normally account for a substantial proportion of Drax's earnings for the year. Accordingly, the results for 2005 will be significantly affected by the final quarter's operating performance, including the impact on margins of unhedged electricity and coal prices for the remainder of the year (i.e. including winter 2005/06 prices for electricity) as well as the impact of any significant forced outages. Drax has previously indicated that Dark Green Spreads were lower than expected during summer 2005 but that winter 2005/06 spreads remained strong. As at 11 November 2005 this continued to be the case.

As at 11 November 2005, the Group had contracted for some 98 per cent. of forecast 2005 electricity net generation at an average price of c.£32.9/MWh and had fixed all of its forecast 2005 CO_2 emissions allowances requirements through a combination of allowances allocated to Drax under the UK National Allocation Plan ("NAP"), market purchases and structured deals. Also, as at 11 November 2005, some 97 per cent. of the Group's forecast 2005 coal requirements had been covered at fixed prices.

As at 11 November 2005, the Group had contracted for some 48 per cent. of estimated 2006 net generation at an average price of c.£42.18/MWh, including the contracts with EDF Trading Limited and Sempra Energy Europe Limited announced recently. On 11 November 2005, the Group had also covered 66 per cent. of estimated 2006 CO_2 emission allowances requirements through a combination of allowances allocated to Drax under the UK NAP, market purchases and structured deals. At the same date, approximately half of the contracted 2006 net generation related to Q1 2006, with progressively lower volumes contracted for subsequent quarters. As at 11 November 2005, the Q1 2006 baseload contract was trading at £60.50/MWh, the summer 2006 baseload contract was trading at £38.10/MWh, the summer 2006 peak load contract was trading at £44.50/MWh, and the winter 2006 baseload contract was trading at £54.95/MWh.

Operational Performance

The forecast forced outage rate for 2005 of 6.4 per cent. is in line with plan and 46 per cent. below 2004. The 2005 forecast rate includes 1.3 per cent. of elective zero cost outages during the summer period to prepare for the critical winter period. The forecast planned outage rate for 2005 of 7.2 per cent. is 0.5 per cent. above plan as a result of Units 2 and 3 making early returns to service but being more than offset by the late return of Unit 6.

Business Enhancement Opportunities

The petroleum coke trial commenced in June 2006 and there has been no elevation in critical emissions. The unit burning petcoke was fed a coal/petcoke blend up to a maximum of 85/15 per cent. by heat during the third quarter of 2005.

The biomass direct injection project has been successfully implemented on Unit 3 with work underway to develop further direct injection units for 2006. Current through the mill biomass burn rates represent a threefold increase against typical fourth quarter 2004 levels.

Conditioned ash rail loading facilities are now in operation, with dry ash facilities under development for execution in 2006. In the procurement area, contractor rationalisation and retendering of existing contracts are progressing well. Property advisers have been engaged to evaluate incremental development opportunities for the Site.

Improvements to forced and planned outage rates are being delivered. Plans are being finalised to deliver a 4.5 per cent. forced outage rate by 2007/2008.

Developments in Trading

Drax has an experienced trading team with deep knowledge of the UK power market, and initiatives are underway to further enhance quantitative tools and capability.

Trading has commenced in financial coal recently and, as previously announced, sulphur. Initial assessment of gas swaps is underway as a potential proxy hedge for power particularly in the winter extended peak period.

Summary of Third Party Approaches

As separately announced, and outlined in the Prospectus, since 13 September 2005, Drax has received indicative proposals to acquire Drax from three consortia, being the BCHP Consortium, the ATT Consortium and the IPM Consortium, each of which the Board believed significantly undervalued the Company.

In order to allow Drax to continue the preparations for the Refinancing and Admission, the Board asked each consortium, and any other interested parties, to submit final terms for a possible offer by early November 2005. The three consortia have been given access to equivalent information relating to Drax, as well as site visits and management meetings.

International Power announced the withdrawal of the IPM Consortium's proposal on 7 November 2005. The Board and its advisers continued to have discussions with the BCHP consortium and the ATT Consortium and also consulted with Greenhill & Co. International LLP and Milbank, Tweed, Hadley & McCloy LLP, advisers to the Shareholder Committee. Following those discussions, the Board decided to investigate further the proposal from the BCHP Consortium and decided not to proceed with the ATT Consortium. To date, the Board has received no other proposals to acquire the Company.

Drax announced on 15 November 2005 that the proposal it has received from the BCHP Consortium to acquire Drax is at a cash price of 377% of par value for the Linked Securities, equating to an enterprise value of approximately £2.23 billion. The cash price of 377% is stated by the BCHP Consortium to be on the basis of a number of valuation assumptions, and on the basis that Drax shareholders commit to take up at least 20% of the ordinary shares in the unlisted BCHP Consortium bid vehicle. In addition, the proposal remains subject to a number of uncertainties with respect to the structure of the transaction and its conditionality, as well as its deliverability and timeliness.

The Board continues to believe that the BCHP Consortium's proposal undervalues Drax. In addition, following consultations with shareholders and with the advisers to the Shareholder Committee (whose members account for more than 80% of the Linked Securities), the Board believes that a majority of shareholders would not accept an offer at this level.

The Board is continuing to engage with the BCHP Consortium and to provide further due diligence material, in order to give the BCHP Consortium the opportunity to increase the value of its proposal and to remove the uncertainties attached to it. However, there can be no certainty of the BCHP Consortium making a satisfactory offer for Drax.

The Board is continuing the process which has been mapped out to deliver the Refinancing and Admission. It is expected that Admission will take place on 15 December 2005.

Drax Group Limited Special Purpose Financial Information
Consolidated profit and loss accounts for the 9 months ended 30 September 2005

	Notes	*9 months ended 30 September* Unaudited 2005 £'m	Unaudited 2004 £'m
Continuing operations			
Revenue		573.3	425.9
Fuel costs		(373.3)	(272.9)
Other operating income excluding exceptional items		(159.8)	(132.8)
Other operating income – exceptional credits related to termination of TXU Contract and financial restructuring		274.8	—
Total other operating income/(expenses)		115.0	(132.8)
Unrealised losses on derivative contracts		(211.7)	—
Operating profit		**103.3**	**20.2**
Interest payable & similar charges		(81.1)	(74.3)
Interest receivable		3.9	3.2
Profit/(loss) before tax		**26.1**	**(50.9)**
Tax credit		69.8	3.3
Profit/(loss) for the period attributable to equity shareholders from continuing operations		**95.9**	**(47.6)**
Earnings per share from continuing operations expressed in pence per share			
Basic and diluted	**2**	101.8	(52.4)

The financial information above may not be representative of the future income statements if the Refinancing and Admission does not take place, as the historical financing and capital structure does not reflect the impact of the Refinancing.

Consolidated statements of recognised income and expense
for the 9 months ended 30 September 2005

	9 months ended 30 September	
	Unaudited	*Unaudited*
	2005	*2004*
	£'m	*£'m*
Profit/(loss) for the period	**95.9**	**(47.6)**
Actuarial losses on defined benefit pension schemes	(0.2)	(2.6)
Deferred tax on actuarial losses on defined benefit pension schemes	0.1	0.8
Initial recognition of net mark to market liability on adoption of IAS 32 and IAS 39	(5.6)	—
Deferred tax recognised on adoption of IAS 32 and IAS 39	1.7	—
Fair value gains on cash flow hedges	62.6	—
Deferred tax recognised on fair value gains on cash flow hedges	(18.8)	—
Net gains/(losses) not recognised in profit and loss account	**39.8**	**(1.8)**
Total recognised income/(expense) for the period attributable to equity shareholders	**135.7**	**(49.4)**

Consolidated balance sheets

	Notes	As at 30 September Unaudited 2005 £'m	Unaudited 2004 £'m	As at 31 December 2004 £'m
Assets				
Non-current assets				
Property, plant & equipment		1,051.8	1,043.5	1,037.7
Current assets				
Inventories		73.4	48.1	45.2
Trade and other receivables		60.8	50.5	69.5
Cash and cash equivalents		110.8	80.7	75.7
		245.0	**179.3**	**190.4**
Liabilities				
Current liabilities				
Financial liabilities:				
– Borrowings		—	—	204.7
– Derivative financial instruments		155.0	—	—
Trade and other payables		140.0	69.5	66.9
Current tax liabilities		—	4.9	2.5
		295.0	**74.4**	**274.1**
Net current (liabilities)/assets		**(50.0)**	**104.9**	**(83.7)**
Non-current liabilities				
Financial liabilities:				
– Borrowings		1,015.7	1,283.3	1,078.6
– Derivative financial instruments		8.6	—	—
Deferred tax liabilities		193.9	277.2	246.7
Retirement benefit obligations		36.9	32.7	36.5
Other non-current liabilities		25.7	27.6	25.8
Provisions		1.7	0.3	0.5
		1,282.5	**1,621.1**	**1,388.1**
Net liabilities		**(280.7)**	**(472.7)**	**(434.1)**
Shareholders' equity				
Issued equity	**4**	445.1	445.1	445.1
Share premium	**4**	0.5	0.5	0.5
Capital reserve	**4**	293.5	293.5	293.5
Hedge reserve	**4**	43.8	—	—
Retained losses	**3**	(1,063.6)	(1,211.8)	(1,173.2)
Total shareholders' equity		**(280.7)**	**(472.7)**	**(434.1)**

Consolidated cash flow statements for the 9 months ended 30 September 2005

	Notes	*9 months ended 30 September* Unaudited 2005 £'m	Unaudited 2004 £'m
Cash generated from operations	**5**	**382.4**	**34.8**
Income taxes paid		(2.8)	(0.3)
(Increase)/decrease in restricted cash		5.6	(17.0)
Interest paid		(59.4)	(36.6)
Interest received		3.9	3.2
Net cash generated from/(used in) operating activities		**329.7**	**(15.9)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(21.4)	(9.1)
Net cash used in investing activities		**(21.4)**	**(9.1)**
Cash flows from financing activities			
Repayment of borrowings		(267.6)	—
Net cash used in financing activities		**(267.6)**	**—**
Net increase/(decrease) in cash at bank and in hand		**40.7**	**(25.0)**
Cash at bank and in hand at beginning of the period		37.5	33.6
Cash at bank and in hand at end of the period	**5**	**78.2**	**8.6**

NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation

Drax Group Limited is a company incorporated in the Cayman Islands but domiciled in the United Kingdom. Drax Group Limited and its subsidiaries operate in the electricity generation industry within the UK. The address of Drax Group Limited's registered office is Walker House, PO Box 908GT, Mary Street, George Town, Grand Cayman.

This financial information has been prepared on the basis of the Group's accounting policies under IFRS as set out on pages 104 to 111 of the Group's Special Purpose Consolidated Financial Information for the period ended 30 June 2005 included in Part XI of the Drax Group plc prospectus dated 28 October 2005.

The financial information has been prepared on the basis of all applicable International Financial Reporting Standards ("IFRS"), including all International Accounting Standards ("IAS"), Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board ("IASB") and endorsed by the EU. As permitted the Group has also early adopted the amendment to IAS 19 "Employee Benefits" published in December 2004. This IAS 19 amendment has not yet been endorsed by the EU.

For IAS 39 "Financial Instruments: Recognition and Measurement" purposes, from 1 July 2005, the Group has put in place appropriate hedge accounting documentation to enable it to achieve hedge accounting for a large proportion of its commodity contracts. As a result, any mark-to-market movements on contracts which are now considered to be effective hedges are recognised through the hedge reserve. For the period from 1 January 2005 to 30 June 2005, any mark-to-market movements on these commodity contracts were reflected directly in the profit and loss account, as appropriate hedge documentation had not been put in place.

Following Admission to the Official List, Drax Group plc will be required to prepare statutory financial statements which comply with accounting standards adopted for use in the EU in respect of the financial year commencing on 1 January 2005 and subsequently.

When the 31 December 2005 financial statements are prepared, they will be the first financial statements prepared by Drax Group plc in accordance with accounting standards as adopted for use in the EU and as such will take account of the requirements and options in IFRS 1 "First-time Adoption of International Financial Reporting Standards" as they relate to the comparative financial information included therein.

The financial statements have been prepared under the historical cost convention basis as modified by the revaluation of financial assets and liabilities following the application of IAS 39 "Financial Instruments — Recognition and Measurement" from 1 January 2005.

Due to the continuing work of the IASB further standards, amendments and interpretations could be applicable for the Group's financial statements for the year ending 31 December 2005 as practice is continuing to evolve. Consequently, the Group's accounting policies may change prior to the publication of those financial statements.

2. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Under IAS 33 "Earnings per share" any contingently issuable shares are treated as outstanding and are included in the calculation of basic earnings per share only from the date when all necessary conditions are satisfied. Shares that are issuable solely after the passage of time are not considered to be contingently issuable shares. The Group has no contingently issuable shares. Accordingly, there is no difference between basic and diluted earnings per share.

Reconciliations of the earnings and weighted average number of shares used in the calculation are set out below.

	9 months ended 30 September	
	Unaudited 2005	*Unaudited 2004*
Earnings attributable to equity holders of the Group (£'m)	95.9	(47.6)
Weighted average number of shares (millions)	94.3	90.9
Basic and diluted earnings per share (pence per share)	**101.8**	**(52.4)**

3. Retained losses

	9 months ended 30 September	
	Unaudited 2005 £'m	*Unaudited 2004 £'m*
At beginning of period	**(1,173.2)**	**(1,162.4)**
Profit/(loss) for the period	95.9	(47.6)
Actuarial losses on defined benefit pension schemes	(0.2)	(2.6)
Deferred tax on actuarial losses on defined benefit pension schemes	0.1	0.8
Initial recognition of net mark to market liability on adoption of IAS 32 and IAS 39	(5.6)	—
Deferred tax recognised on adoption of IAS 32 and IAS 39	1.7	—
LTIP — value of services provided	17.7	—
At end of period	**(1,063.6)**	**(1,211.8)**

4. Shareholders' funds and statement of changes in shareholders' equity

	Share capital £'m	*Share premium £'m*	*Capital reserve £'m*	*Hedge reserve £'m*	*Retained losses £'m*	*Total £'m*
At 1 January 2004	**445.1**	**—**	**293.5**	**—**	**(1,162.4)**	**(423.8)**
Loss for the period	—	—	—	—	(6.5)	(6.5)
Actuarial losses on defined benefit pension schemes	—	—	—	—	(6.1)	(6.1)
Deferred tax on actuarial losses on defined benefit pension schemes	—	—	—	—	1.8	1.8
LTIP — proceeds on shares issued	—	0.5	—	—	—	0.5
At 31 December 2004	**445.1**	**0.5**	**293.5**	**—**	**(1,173.2)**	**(434.1)**
Profit for the period	—	—	—	—	95.9	95.9
Actuarial losses on defined benefit pension schemes	—	—	—	—	(0.2)	(0.2)
Deferred tax on actuarial losses on defined benefit pension schemes	—	—	—	—	0.1	0.1
Initial recognition of net mark to market liability on adoption of IAS 32 and IAS 39	—	—	—	—	(5.6)	(5.6)
Deferred tax recognised on adoption of IAS 32 and IAS 39	—	—	—	—	1.7	1.7
LTIP — value of services provided	—	—	—	—	17.7	17.7
Fair value gains on cash flow hedges	—	—	—	62.6	—	62.6
Deferred tax recognised on fair value gains on cash flow hedges	—	—	—	(18.8)	—	(18.8)
At 30 September 2005	**445.1**	**0.5**	**293.5**	**43.8**	**(1,063.6)**	**(280.7)**

5. Cash flow from operating activities

Cash from operating activities

	9 months ended 30 September	
	Unaudited 2005 £'m	*Unaudited 2004 £'m*
Continuing operations		
Profit/(loss) for the period	**95.9**	**(47.6)**
Adjustments for:		
Interest paid and similar charges	81.1	74.3
Interest received	(3.9)	(3.2)
Tax	(69.8)	(3.3)
Depreciation	24.3	24.9
Impairment reversal of tangible fixed assets	(19.0)	—
Loss on disposal of property, plant and equipment	2.0	—
Decrease in fair value of financial instruments	211.7	—
Value of employee service	17.7	—
Operating cash flows before movement in working capital	**340.0**	**45.1**
Changes in working capital:		
Increase in inventories	(28.2)	(12.7)
Decrease in trade and other receivables	9.0	9.4
Increase/(decrease) in payables	60.2	(8.3)
Increase in pensions	0.2	1.1
Increase in provisions	1.2	0.2
Cash generated from operations	**382.4**	**34.8**

Cash at bank and in hand include the following for the purposes of the cash flow statement:

	As at 30 September		*As at 31 December*
	Unaudited 2005	*Unaudited 2004*	*2004*
Cash and cash equivalents	110.8	80.7	75.7
Less: Debt service reserve account	(32.6)	(72.1)	(38.2)
Cash at bank and in hand at end of the period	**78.2**	**8.6**	**37.5**

6. Reconciliation of net assets and profit under UK GAAP to IFRS

The tables below show the impact of IFRS on the consolidated profit and loss account as well on net assets for the nine month periods ended 30 September 2004 and 2005.

Consolidated profit and loss account for the nine month period ended 30 September 2004

	UK GAAP £'m	*Reclassification £'m*	*IAS 12 Income Taxes £'m*	*IAS 19 Employee Benefits £'m*	*IAS 16 Property, Plant and Equipment £'m*	*Total IFRS Adjustments £'m*	*IFRS £'m*
Revenue	**364.8**	**61.1**	**—**	**—**	**—**	**61.1**	**425.9**
Fuel costs	(211.8)	(61.1)	—	—	—	(61.1)	(272.9)
Other operating expenses	(131.0)	—	—	(1.1)	(0.7)	(1.8)	(132.8)
Operating profit	**22.0**	**—**	**—**	**(1.1)**	**(0.7)**	**(1.8)**	**20.2**
Interest receivable	3.2	—	—	—	—	—	3.2
Interest payable and similar charges	(74.3)	—	—	—	—	—	(74.3)
Loss before tax	**(49.1)**	**—**	**—**	**(1.1)**	**(0.7)**	**(1.8)**	**(50.9)**
Taxation	(3.1)	—	5.9	0.3	0.2	6.4	3.3
Loss for the period	**(52.2)**	**—**	**5.9**	**(0.8)**	**(0.5)**	**4.6**	**(47.6)**

Consolidated profit and loss account for the nine month period ended 30 September 2005

	UK GAAP £'m	*Reclass-ification £'m*	*IAS 12 Income Taxes £'m*	*IAS 19 Employee Benefits £'m*	*IAS 16 Property, Plant and Equipment £'m*	*IFRS 2 Share Based Payment £'m*	*IAS 39 Financial Instruments £'m*	*IAS 36 Impairment £'m*	*Total IFRS Adjustments £'m*	*IFRS £'m*
Revenue	**512.0**	**61.3**	**—**	**—**	**—**	**—**	**—**	**—**	**61.3**	**573.3**
Fuel costs	(312.0)	(61.3)	—	—	—	—	—	—	(61.3)	(373.3)
Other operating expenses excluding exceptional items	(141.8)	—	—	0.1	(0.4)	(17.7)	—	—	(18.0)	(159.8)
Other operating income/ (expenses) — exceptional	282.0	—	—	—	—	—	—	(7.2)	(7.2)	274.8
Unrealised gains and losses on derivative contracts	—	—	—	—	—	—	(211.7)	—	(211.7)	(211.7)
Operating profit	**340.2**	**—**	**—**	**0.1**	**(0.4)**	**(17.7)**	**(211.7)**	**(7.2)**	**(236.9)**	**103.3**
Interest receivable	3.9	—	—	—	—	—	—	—	—	3.9
Interest payable and similar charges	(72.2)	—	—	—	—	—	(8.9)	—	(8.9)	(81.1)
Profit before tax	**271.9**	**—**	**—**	**0.1**	**(0.4)**	**(17.7)**	**(220.6)**	**(7.2)**	**(245.8)**	**26.1**
Taxation	(1.8)	—	(2.0)	—	0.1	5.3	66.0	2.2	71.6	69.8
Profit for the period	**270.1**	**—**	**(2.0)**	**0.1**	**(0.3)**	**(12.4)**	**(154.6)**	**(5.0)**	**(174.2)**	**95.9**

Consolidated balance sheet as at 30 September 2004

	UK GAAP £'m	IAS 12 Income Taxes £'m	IAS 19 Employee Benefits £'m	IAS 16 Property, Plant and Equipment £'m	IAS 38 Goodwill/ IAS 36 Impairment £'m	Total IFRS Adjustments £'m	IFRS £'m
Non-current assets							
Property, plant and equipment	1,045.1	—	—	(10.7)	9.1	(1.6)	1,043.5
Current assets	**179.3**	**—**	**—**	**—**	**—**	**—**	**179.3**
	(74.4)	**—**	**—**	**—**	**—**	**—**	**(74.4)**
Current liabilities	**(1,336.1)**	**(262.6)**	**(22.9)**	**3.2**	**(2.7)**	**(285.0)**	**(1,621.1)**
Non-current liabilities							
Net liabilities	**(186.1)**	**(262.6)**	**(22.9)**	**(7.5)**	**6.4**	**(286.6)**	**(472.7)**
Share capital	445.1	—	—	—	—	—	445.1
Share premium account	0.5	—	—	—	—	—	0.5
Capital reserve	293.5	—	—	—	—	—	293.5
Retained earnings	(925.2)	(262.6)	(22.9)	(7.5)	6.4	(286.6)	(1,211.8)
Total equity	**(186.1)**	**(262.6)**	**(22.9)**	**(7.5)**	**6.4**	**(286.6)**	**(472.7)**

Consolidated balance sheet as at 30 September 2005

	UK GAAP £'m	IAS 12 Income Taxes £'m	IAS 19 Employee Benefits £'m	IAS 16 Property, Plant and Equipment £'m	IAS 38 Goodwill/ IAS 36 Impairment £'m	IFRS 2 Share Based Payment £'m	IAS 39 Financial Instruments £'m	Total IFRS Adjustments £'m	IFRS £'m
Non-current assets									
Property, plant and equipment	1,062.7	—	—	(12.8)	1.9	**—**	**—**	(10.9)	1,051.8
Current assets	**245.0**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**245.0**
Current	**(141.8)**	**—**	**1.8**	**—**	**—**	**—**	**(155.0)**	**(153.2)**	**(295.0)**
liabilities	**(1,042.2)**	**(262.9)**	**(26.4)**	**3.8**	**(0.6)**	**5.3**	**40.5**	**(240.3)**	**(1,282.5)**
Non-current liabilities									
Net assets/ liabilities	**123.7**	**(262.9)**	**(24.6)**	**(9.0)**	**1.3**	**5.3**	**(114.5)**	**(404.4)**	**(280.7)**
Share capital	445.1	—	—	—	—	**—**	**—**	—	445.1
Share premium account	0.5	—	—	—	—	**—**	**—**	—	0.5
Capital reserve	293.5	—	—	—	—	**—**	**—**	—	293.5
Hedge reserve	**—**	**—**	**—**	**—**	**—**	**—**	43.8	43.8	43.8
Retained earnings	(615.4)	(262.9)	(24.6)	(9.0)	1.3	5.3	(158.3)	(448.2)	(1,063.6)
Total equity	**123.7**	**(262.9)**	**(24.6)**	**(9.0)**	**1.3**	**5.3**	**(114.5)**	**(404.4)**	**(280.7)**

INDEPENDENT REVIEW REPORT TO DRAX GROUP LIMITED (the "Company")

Introduction

We have been instructed by the company to review the financial information for the nine months ended 30 September 2005 which comprises the consolidated profit and loss account, the consolidated statement of recognised income and expense, the consolidated balance sheet and the consolidated cash flow statement, and related notes 1 to 6. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made on terms that have been agreed solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report which requires that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the Special Purpose Consolidated Financial Information for the three years ended 31 December 2004 and six months ended 30 June 2005 except where any changes, and the reasons for them, are disclosed.

International Financial Reporting Standards

As disclosed in note 1, the next annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules. The accounting policies are consistent with those that the directors intend to use in the annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRSs as adopted for use in the EU. This is because, as disclosed in note 1, the directors have anticipated that the revised IAS 19, which has yet to be formally adopted for use in the EU, will be so adopted in time to be applicable to the next annual financial statements.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the nine months ended 30 September 2005.

Deloitte & Touche LLP
Chartered Accountants
Leeds
21 November 2005"

2. Announcement regarding the discontinuation of acquisition talks

The full text of the announcement by Drax and the BCHP Consortium regarding the discontinuation of acquisition talks, as announced on 23 November 2005, is set out below.

"PRESS RELEASE

FOR IMMEDIATE RELEASE

23 NOVEMBER 2005

Joint announcement by Drax Group Limited ("Drax" or "the Company"), and Blackstone Group International Limited, Constellation Energy Group Inc, an affiliate of Hellman and Friedman LLC and Perry Capital, LLC (together "the BCHP Consortium")

Drax and the BCHP Consortium discontinue acquisition talks

Further to their respective announcements of 15 November 2005, Drax and the BCHP Consortium announce that they have agreed to discontinue discussions in relation to the BCHP Consortium's proposal to acquire Drax. As a consequence the BCHP Consortium has decided to withdraw its proposal with immediate effect.

The BCHP Consortium recently held a number of meetings with investors in Drax. It is clear from those discussions, and soundings taken of Drax's shareholders by the Company and advisers to the Shareholder Committee, that a significant majority preferred to remain committed to the refinancing and listing of Drax pursuant to the irrevocable undertakings previously given. The Company is continuing preparations for the refinancing and listing of Drax, which is expected to become effective on 15 December 2005."

PART II
ADDITIONAL INFORMATION

1. Persons responsible

The Company and the Directors, whose names appear in paragraph 2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

The Directors of Drax Group plc and their functions are as follows:

Gordon Horsfield	Chairman
Dorothy Thompson	Chief Executive Officer
Gordon Boyd	Finance Director
Peter Emery	Production Director
Michael Grasby	Non-Executive Director
Timothy Barker	Non-Executive Director

Biographical details of each of the Directors are set out in Part X of the Prospectus on pages 89 to 91.

3. Consents

Deutsche Bank AG has given and not withdrawn its written consent to the issue of this document and the references herein to its name in the form and context in which such references appear.

4. Documents for inspection

In addition to those documents set out in paragraph 27 of Part XIV of the Prospectus on page 199 thereof, the following documents will also be available for inspection during normal business hours on Monday to Friday each week (public holidays excepted) from the date of publication of this document until Admission at the Power Station, PO Box 3, Selby, North Yorkshire, YO8 8PQ, United Kingdom and at the offices of Norton Rose, Kempson House, Camomile Street, London, EC3A 7AN, United Kingdom:

(a) this document;

(b) the press release containing the results of Drax Group Limited for the nine months ended 30 September 2005 and summary of third party approaches set out in Part I of this document;

(c) the announcement by Drax and the BCHP Consortium regarding the discontinuation of acquisition talks; and

(d) the letter of consent referred to in paragraph 3 of this Part II.

Dated 23 November 2005

PART III
ADDITIONAL DEFINITIONS

The principal definitions set out in Part XV and in the Glossary in Part XVI of the Prospectus and the following additional definitions apply throughout this document unless the context requires otherwise:

BCHP Consortium	Blackstone Group International Limited, Constellation Energy Group Inc, an affiliate of Hellman and Friedman LLC and Perry Capital, LLC
Prospectus	the prospectus published by Drax Group plc on 28 October 2005 in connection with the Introduction to the Official List of the UK Listing Authority and to trading on the London Stock Exchange of the Ordinary Shares
Supplementary Prospectus	this document

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