Viridian Group Investments Limited

Unaudited Interim Consolidated Financial Statements

Second Quarter 2015



Underlying Business Results¹

Second Quarter 2015

- Group pro-forma Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for Second Quarter 2015 was £24.2m (2014 - £24.0m)
- Group pro-forma operating profit for Second Quarter 2015 was £19.4m (2014 £18.7m)

First Half 2015

- Group pro-forma Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for First Half 2015 was £47.4m (2014 - £45.7m)
- Group pro-forma operating profit for First Half 2015 was £37.7m (2014 £35.1m)

IFRS Results

Second Quarter 2015

- Revenue for Second Quarter 2015 was £313.9m (2014 £374.2m)
- Operating profit before exceptional items and certain remeasurements for Second Quarter 2015 was £28.8m (2014 £25.3m)

First Half 2015

- Revenue for First Half 2015 was £650.2m (2014 £736.9m)
- Operating profit before exceptional items and certain remeasurements for First Half 2015 was £58.0m (2014 £38.2m)

¹ Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 2.

MANAGEMENT REPORT

The directors of Viridian Group Investments Limited present their condensed interim consolidated financial statements for the 3 months ended 30 September 2014 (Second Quarter 2015) and the 6 months ended 30 September 2014 (First Half 2015) including comparatives for the 3 months ended 30 September 2013 (Second Quarter 2014) and the 6 months ended 30 September 2013 (First Half 2014). All references in this document to 'Group' denote Viridian Group Investments Limited and its subsidiary undertakings and to 'Company' denote Viridian Group Investments Limited, the parent company.

Principal Activities

There were no changes to the principal activities of the Group's businesses during First Half 2015. These comprise:

- Energia Group a vertically integrated energy business consisting of competitive electricity supply to business and residential customers in the Republic of Ireland (Rol) and business customers in Northern Ireland 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 equity interest). The Energia Group also supplies natural gas to business and residential customers, principally in the Rol;
- Power NI supply of electricity primarily to residential customers in Northern Ireland; and
- PPB procurement of power under contract with the Ballylumford power station in Northern Ireland.

Strategy

The Group's strategy is focused on leveraging its integrated business model to maintain and enhance its position as a leading independent all-island energy utility and to capture available margin arising in all parts of the value chain in all its businesses, both regulated and unregulated. The Group continually seeks opportunities for margin improvement and will look for growth through complementary acquisition opportunities. Management continues to focus on five strategic objectives which underpin Viridian's strategy:

- improve profitability and maintain stable cash flows;
- maintain high availability of generation plants;
- continue to drive organic growth through expansion principally 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 and Operating Profit

The Group's pro-forma EBITDA (pre exceptional items and certain remeasurements) by business is shown below:

	Second Quarter 2015 £m	Second Quarter 2014 £m	First Half 2015 £m	First Half 2014 £m	Year ended 31 March 2014 £m
Energia Group ¹	15.8	18.0	31.3	33.7	70.8
Power NI ²	7.8	5.6	14.8	11.1	25.0
PPB ²	1.2	1.2	2.5	2.4	5.5
Other	(0.6)	(0.8)	(1.2)	(1.5)	(2.3)
	24.2	24.0	47.4	45.7	99.0

¹ As shown in note 2 to the accounts including EBITDA from renewable windfarm assets for Second Quarter 2015 £0.2m (2014 – £nil); First Half 2015 £0.4m (2014 - £nil); year ended 31 March 2014 £0.4m loss

² As shown in note 2 to the accounts

The Group's pro-forma Operating Profit (pre exceptional items and certain remeasurements) by business is shown below:

	Second Quarter 2015 £m	Second Quarter 2014 £m	First Half 2015 £m	First Half 2014 £m	Year ended 31 March 2014 £m
Energia Group ¹	11.7	13.4	23.0	24.5	52.4
Power NI ²	7.1	4.9	13.5	9.7	22.4
PPB ²	1.2	1.2	2.5	2.4	5.5
Other	(0.6)	(0.8)	(1.3)	(1.5)	(2.4)
	19.4	18.7	37.7	35.1	77.9

¹ As shown in note 2 to the accounts including operating profit from renewable windfarm assets for Second Quarter 2015 £nil (2014 – £nil); First Half 2015 £0.1m (2014 - £nil); year ended 31 March 2014 £0.4m loss

² As shown in note 2 to the accounts

Second Quarter 2015

Energia Group EBITDA (excluding EBITDA from renewable wind farm assets and pre exceptional items and certain remeasurements) decreased to £15.6m (2014 - £18.0m) primarily reflecting increased costs associated with entering the RoI residential market, adverse foreign exchange due to the strengthening of Sterling to Euro during the period compared to the same period last year and lower contribution from renewable PPAs (reflecting lower market prices including lower ROC prices partly offset by higher contracted capacity), partly offset by an increase in Huntstown margin associated with the change in booking variable gas capacity costs versus annual fixed gas capacity costs last year.

Energia Group operating profit (excluding renewable windfarm assets and pre exceptional items and certain remeasurements) decreased to £11.7m (2014 - £13.4m) primarily due to the reasons described above for EBITDA, partly offset by lower depreciation on the Huntstown plant following the impairment recognised in the year ended 31 March 2014.

Power NI EBITDA increased to £7.8m (2014 - £5.6m) primarily reflecting higher unregulated earnings associated with higher unregulated sales together with lower operating costs.

Power NI operating profit increased to £7.1m (2014 - £4.9m) reflecting the increase in EBITDA described above.

PPB EBITDA and operating profit remained flat at £1.2m (2014 - £1.2m).

First Half 2015

Energia Group EBITDA (excluding EBITDA from renewable wind farm assets and pre exceptional items and certain remeasurements) decreased to £30.9m (2014 - £33.7m) primarily reflecting lower contribution from renewable PPAs (reflecting lower ROC sales, lower market prices including lower ROC prices and lower average wind output partly offset by higher contracted capacity), increased costs associated with entering the Rol residential market, adverse foreign exchange due to the strengthening of Sterling to Euro during the period compared to the same period last year, partly offset by an increase in Huntstown margin associated with the change in booking variable gas capacity costs versus annual fixed gas capacity costs last year.

Energia Group operating profit (excluding renewable windfarm assets and pre exceptional items and certain remeasurements) decreased to £22.9m (2014 - £24.5m) primarily due to the reasons described above for EBITDA, partly offset by lower depreciation on the Huntstown plant following the impairment recognised in the year ended 31 March 2014.

Power NI EBITDA increased to £14.8m (2014 - £11.1m) primarily due to the same reasons noted above for Second Quarter 2015.

Power NI operating profit increased to £13.5m (2014 - £9.7m) reflecting the increase in EBITDA described above.

PPB EBITDA and operating profit remained broadly flat at £2.5m (2014 - £2.4m).

Business Reviews

Energia Group

KPIs	Second Quarter 2015	Second Quarter 2014	First Half 2015	First Half 2014	Year end 31 March 2014
Availability (%) - Huntstown 1 - Huntstown 2	100.0 100.0	100.0 99.2	99.9 94.9	100.0 97.7	100.0 98.8
Utilisation (%) - Huntstown 1 - Huntstown 2	3.3 53.0	3.9 42.9	4.6 44.8	1.9 37.9	1.0 24.7
Energia electricity sales (TWh) Energia gas sales (million therms)	1.2 11	1.2 13	2.4 23	2.5 29	5.2 64
Contracted renewable generation capacity in operation in Northern Ireland and the RoI (MW) - average during the period - at end of period	692 692	602 608	691 692	600 608	607 687

Huntstown 1 availability for Second Quarter 2015 was 100.0% (2014 – 100.0%). Availability for First Half 2015 was 99.9% (2014 – 100.0%).

Huntstown 2 availability for Second Quarter 2015 was 100.0% (2014 – 99.2%). Availability for First Half 2015 was 94.9% (2014 – 97.7%).

Huntstown 1 utilisation for Second Quarter 2015 decreased slightly to 3.3% (2014 – 3.9%) and for First Half 2015 increased to 4.6% (2014 - 1.9%).

Huntstown 2 utilisation for Second Quarter 2015 increased to 53.0% (2014 – 42.9%) and for First Half 2015 increased to 44.8% (2014 - 37.9%).

Energia business electricity sales remained flat at 1.2TWh for Second Quarter 2015 (2014 - 1.2TWh) and were 2.4TWh for First Half 2015 (2014 - 2.5TWh). Business customer sites supplied were 61,500 at 30 September 2014 (30 June 2014 - 61,100; 31 March 2014 - 61,100).

Energia business gas sales were 11m therms for Second Quarter 2015 (2014 - 13m therms) and were 23m therms for First Half 2015 (2014 - 29m therms), while the number of business customer sites supplied was 4,300 at 30 September 2014 (30 June 2014 - 4,300; 31 March 2014 - 4,200).

Energia residential electricity and gas sites supplied at 30 September 2014 were 38,800 (30 June 2014 - 21,700; 31 March 2014 – 10,000) following entry into the Rol residential market in January 2014.

Energia Group (continued)

Renewable portfolio

Energia Group's renewable portfolio primarily consists of offtake contracts with third party-owned windfarms (including wind generation assets in which the Group has an equity interest) and a development pipeline of windfarm projects owned by the Energia Group.

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:

MW	Operating	Under construction	In development	Total
NI	249	82	49	380
Rol	443	6	95	544
	692	88	144	924

The average contracted renewable generation capacity in operation during the Second Quarter 2015 was 692MW (2014 - 602MW) and during First Half 2015 was 691MW (2014 - 600MW) with 30 September 2014 capacity of 692MW (30 June 2014 - 692MW; 31 March 2014 - 687MW).

At 30 September 2014, the operating capacity under contract in Northern Ireland was 249MW (30 June 2014 – 249MW; 31 March 2014 – 248MW) and the Rol operating capacity was 443MW (30 June 2014 – 443MW; 31 March 2014 – 439MW). 82MW of contracted capacity in Northern Ireland and 6MW of contracted capacity in the Rol relates to windfarms which are currently under construction. The windfarms being developed (144MW) are expected to become operational in the next three years. Energia is aiming to negotiate further contracts with windfarm developers and generators from other renewable sources in both Northern Ireland and the Rol.

Direct investment – The Group currently owns windfarm projects with the following forecast generation capacity as at 30 September 2014:

MW	Operating	Under construction	In development	Total
NI	0	25	35	60
NI Rol	9	0	35 95 ²	104
	9	25	130	164

At 30 September 2014 the Energia Group has a direct investment in 9MW of operating wind generation capacity in the Rol which was commissioned in February 2014. The Energia Group also has a direct investment in 155MW of fully-consented in-development windfarm capacity which comprises 60MW in Northern Ireland (of which 25MW is in construction) and 95MW in the Rol. These assets are expected to become operational in the next three years.

The Energia Group also has a further pipeline of projects (43MW) which are in various stages of obtaining planning permission and grid connections.

The Energia Group also retains a minority share of 25% in the Rol windfarm projects and 20% in the Northern Ireland windfarm projects sold to AMP in June 2012 with combined minority share capacity of 23.5MW.

¹ Numbers include offtake contracts between Energia and direct investment windfarms

² Includes 64MW majority owned by the Energia Group and 31MW for which the acquisition of the minority partner's share will become effective on project financial close

Power NI

KPI	Second Quarter 2015	Second Quarter 2014	First Half 2015	First Half 2014	Year end 31 March 2014
Stage 2 complaints to the Consumer Council (number)	1	1	4	1	7
Customers (number)					
- Residential	556,000	570,000	556,000	570,000	562,000
- Non-residential	37,000	37,000	37,000	37,000	37,000
	593,000	607,000	593,000	607,000	599,000
		0.7	10		
Electricity sales (TWh)	0.6	0.7	1.3	1.4	3.0

During the Second Quarter 2015 Power NI received 1 (2014 - 1) Stage 2 complaint and during First Half 2015 received 4 (2014 – 1) Stage 2 complaints.

Residential customer numbers decreased slightly to 556,000 at 30 September 2014 (30 June 2014 – 559,000; 31 March 2014 – 562,000). Non-residential customer numbers remained at 37,000 (30 June 2014 – 37,000; 31 March 2014 – 37,000).

Electricity sales for Second Quarter 2015 decreased slightly to 0.6TWh (2014 - 0.7TWh) and for First Half 2015 were 1.3TWh (2014 - 1.4TWh).

During the period, Power NI completed its annual tariff review for 1 October 2014 and has subsequently held its regulated residential tariffs flat. The decision was agreed with the Utility Regulator.

PPB

As at 30 September 2014 the generation capacity remaining under contract to PPB comprised 600MW with Ballylumford (30 June 2014 – 600MW; 31 March 2014 – 600MW).

On 19 March 2014 the Utility Regulator published a consultation paper on the possible cancellation of all remaining generation capacity under contract to PPB with effect from December 2014 based on their economic assessment of the contracts. Following publication of the Utility Regulator's update paper on 31 July 2014, PPB made a revised price control proposal to the Utility Regulator that offered a reduced regulated entitlement together with a gain sharing mechanism. On 10 October 2014 the Utility Regulator published its final decision not to instruct cancellation of the remaining generation capacity at this time. The Utility Regulator will keep the contracts under review from a policy and economic perspective.

Regulation Update

Single Electricity Market

The process of European electricity market integration is underpinned by the EU's Third Energy Package. This set in place provisions for the implementation of the European Electricity Target Model (EU Target Model). The EU Target Model is a set of harmonised arrangements for the cross-border trading of wholesale electricity across Europe. EU Member states will have the responsibility to comply with the requirements of the EU Target Model. Unlike the SEM's mandatory gross pool structure with central dispatch, most electricity markets in Europe are bilateral markets and are broadly compatible with the EU Target Model design. Because of the significant changes required to the SEM, a time limited derogation is being granted to Northern Ireland and the Rol. The Governments of Northern Ireland and the Rol have charged the SEM Committee with responsibility for revising the SEM, through the creation of a new integrated Single Electricity Market (I-SEM), so that trading arrangements for the island of Ireland are compliant with EU requirements.

The SEM Committee published its final I-SEM High Level Design (HLD) decision on 17 September 2014. The HLD is as proposed in the draft decision published on 9 June 2014 i.e. a new, centralised, primary energy market, the Day Ahead Market (DAM), intended to bring about greater integration among European energy markets. Participation in the DAM will be mandatory, with the possibility of a few exceptions, to be finalised during the detailed market design phase. The DAM will provide the initial market position for participants in the energy market, with those positions then able to be refined through optional participation in the common European intra-day electricity market (IDM). Participation in the I-SEM balancing market is mandated and that market will set the single clearing price for settling imbalances as compared to the positions held in the DAM and IDM.

The SEM Committee's final HLD decision has confirmed that a capacity remuneration mechanism (CRM) is to be incorporated in the I-SEM. The CRM for the I-SEM will be quantity-based in the form of "reliability options", which are financial call options issued to capacity providers by a centralised party through a competitive auction. The reliability options will have to be backed by physical capacity. There will be further consideration of other elements of the CRM, including the capacity requirement, the strike and reference prices, eligibility rules, penalty arrangements for non-delivery, auction rules and supplier funding during the detailed market design phase.

The detailed market design phase of the project has commenced and on 10 October 2014 the SEM Committee published its Project Plan Quarterly Update in which it anticipates a delivery date for go-live of I-SEM in Q4 2017.

Summary of Financial Performance

Conversion to IFRS

The Company presented its interim consolidated financial statements during the year ended 31 March 2014 under UK GAAP. The consolidated financial statements for the year ended 31 March 2014 were the first the Group prepared under IFRS. These condensed interim consolidated financial statements for Second Quarter 2015 and First Half 2015 have been prepared under IFRS. Note 19 to the financial statements presents the equivalent income statement and balance sheet for Second Quarter 2014 and First Half 2014 under UK GAAP with reconciliations between UK GAAP and IFRS.

Revenue

	Second	Second	First	First	Year end
	Quarter	Quarter	Half	Half	31 March
	2015	2014	2015	2014	2014
	£m	£m	£m	£m	£m
Energia Group	192.7	242.4	395.5	481.9	1,014.2
Power NI (based on regulated entitlement)	86.1	92.6	182.5	193.2	458.3
PPB (based on regulated entitlement)	26.4	32.6	53.5	58.8	131.3
Adjustment for over/(under)-recovery	9.4	6.6	20.3	3.1	(2.4)
Inter business elimination	(0.7)	-	(1.6)	(0.1)	(1.4) 1,600.0
Total revenue from continuing operations	313.9	374.2	650.2	736.9	

Second Quarter 2015

Revenue from continuing operations decreased to £313.9m (2014 - £374.2m). The breakdown by business is as follows:

Energia Group revenue decreased to £192.7m (2014 - £242.4m) primarily reflecting lower electricity prices (associated with lower gas prices), the adverse impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year) lower trading over the interconnector, lower retail gas sales volumes and lower renewable PPA revenues (associated with lower market prices including lower ROC prices partly offset by higher contracted capacity) partly offset by increased revenue from Energia's entry into the residential domestic market in the Rol.

Power NI revenue (based on regulated entitlement) decreased to £86.1m (2014 - £92.6m) primarily due to the reduction in residential customer numbers combined with lower consumption and lower market prices.

PPB revenue (based on regulated entitlement) decreased to £26.4m (2014 - £32.6m) primarily due to lower availability and utilisation of the Ballylumford plant combined with lower market prices.

During the Second Quarter 2015 the Power NI Energy regulated businesses over-recovered against their regulated entitlement by £9.4m (2014 – over-recovered by £6.6m) and at 30 September 2014 the cumulative over-recovery against regulated entitlement was £1.2m. The over-recovery of regulated entitlement reflects the phasing of tariffs.

First Half 2015

Revenue from continuing operations decreased to £650.2m (2014 - £736.9m). The breakdown by business is as follows:

Energia Group revenue decreased to £395.5m (2014 - £481.9m) primarily reflecting lower electricity prices (associated with lower gas prices), the adverse impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year), lower trading over the interconnector, lower renewable PPA revenues (associated with lower ROC sales, lower market prices including lower ROC prices and lower average wind output partly offset by higher contracted capacity) and lower retail gas sales volumes partly offset by increased revenue from Energia's entry into the residential domestic market in the Rol.

Power NI revenue (based on regulated entitlement) decreased to £182.5m (2014 - £193.2m) primarily due to the same reasons noted above for Second Quarter 2015.

PPB revenue (based on regulated entitlement) decreased to £53.5m (2014 - £58.8m) primarily due to the same reasons noted above for Second Quarter 2015.

During the First Half 2015 the Power NI Energy regulated businesses over-recovered against their regulated entitlement by $\pounds 20.3m$ (2014 – over-recovered by $\pounds 3.1m$) and at 30 September 2014 the cumulative over-recovery against regulated entitlement was $\pounds 1.2m$. The over-recovery of regulated entitlement reflects the phasing of tariffs.

Operating costs

Operating costs (pre exceptional items and certain remeasurements) include energy costs, employee costs, depreciation and amortisation and other operating charges.

Energy costs include the cost of wholesale energy purchases from the SEM pool, capacity payments made to the SEM, the cost of natural gas and fixed and variable 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.

Second Quarter 2015

Operating costs (pre exceptional items and certain remeasurements) for Second Quarter 2015 decreased to £285.1m (2014 - £348.9m).

Energy costs decreased to £263.9m (2014 - £327.6m) primarily reflecting the impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year) together with lower wholesale energy costs (associated with lower gas prices), lower costs from trading over the interconnector and lower retail gas sales volumes.

Employee costs increased to $\pm 5.6m$ (2014 – $\pm 5.4m$) and includes the insourcing of 13 staff from Capita Managed Services effective 1 April 2014.

Depreciation and amortisation decreased to $\pounds 4.8m (2014 - \pounds 5.3m)$ primarily due to a lower depreciation charge on the Huntstown plant following the impairment recognised in the year ended 31 March 2014 and the impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year) partly offset by depreciation of renewable assets which became operational in February 2014.

Other operating charges increased slightly to £10.8m (2014 - £10.6m) primarily due to higher costs associated with Energia's entry into the Rol residential market, partly offset by lower Power NI operating costs, the insourcing of staff from Capita Managed Services and the impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year).

First Half 2015

Operating costs (pre exceptional items and certain remeasurements) for First Half 2015 decreased to £592.2m (2014 - £698.7m).

Energy costs decreased to £548.1m (2014 - £654.4m) primarily reflecting the impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year) together with lower wholesale energy costs (associated with lower gas prices), lower renewable PPA costs (associated with lower average wind output partially offset by higher contracted capacity), lower costs from trading over the interconnector and lower retail gas sales volumes.

Employee costs increased to \pounds 11.1m (2014 – \pounds 10.3m) and includes the insourcing of 13 staff from Capita Managed Services effective 1 April 2014.

Depreciation and amortisation decreased to $\pm 9.7m$ (2014 – $\pm 10.6m$) primarily due to the same reasons noted above for Second Quarter 2015.

Other operating charges were broadly flat at £23.3m (2014 - £23.4m) primarily due to lower Power NI operating costs, the insourcing of staff from Capita Managed Services and the impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year), partly offset by higher plant maintenance costs reflecting an outage in Huntstown 2 in May 2014 and higher costs associated with Energia's entry into the Rol residential market.

Group operating profit

	Second Quarter 2015	Second Quarter 2014	First Half 2015	First Half 2014	Year end 31 March 2014
	£m	£m	£m	£m	£m
Energia Group	11.7	13.4	23.0	24.5	52.4
Power NI	7.1	4.9	13.5	9.7	22.4
PPB	1.2	1.2	2.5	2.4	5.5
Other	(0.6)	(0.8)	(1.3)	(1.5)	(2.4)
Group pro-forma operating profit	19.4	18.7	37.7	35.1	77.9
Over/(under)-recovery of regulated entitlement	9.4	6.6	20.3	3.1	(2.4)
Operating profit	28.8	25.3	58.0	38.2	75.5

All of the above amounts are pre exceptional items and certain remeasurements as shown in note 2 to the accounts

Second Quarter 2015

Operating profit (pre exceptional items and certain remeasurements) increased to £28.8m (2014 - £25.3m) reflecting an increase in Power NI operating profit together with an over-recovery of regulated entitlement.

Group pro-forma operating profit (pre exceptional items and certain remeasurements) for Second Quarter 2015 increased to £19.4m (2014 - £18.7m) reflecting an increase in Power NI operating profit from £4.9m to £7.1m partly offset by a decrease in Energia Group operating profit from £13.4m to £11.7m.

Energia Group operating profit for Second Quarter 2015 decreased to £11.7m (2014 - £13.4m). Excluding operating profit from renewable windfarm assets of £nil (2014 - £nil), Energia Group operating profit decreased to £11.7m (2014 - £13.4m) reflecting the decrease in EBITDA outlined previously partly offset by a lower depreciation charge.

Power NI operating profit increased to £7.1m (2014 - £4.9m) reflecting the increase in EBITDA outlined previously.

PPB operating profit remained flat at £1.2m (2014 - £1.2m).

First Half 2015

Operating profit (pre exceptional items and certain remeasurements) increased to £58.0m (2014 - £38.2m) reflecting an increase in Power NI operating profit together with an over-recovery of regulated entitlement.

Group pro-forma operating profit (pre exceptional items and certain remeasurements) for First Half 2015 increased to £37.7m (2014 - £35.1m) reflecting an increase in Power NI operating profit from £9.7m to £13.5m partly offset by a decrease in Energia Group operating profit from £24.5m to £23.0m.

Energia Group operating profit for First Half 2015 decreased to £23.0m (2014 - £24.5m). Excluding operating profit from renewable windfarm assets of £0.1m (2014 - £nil), Energia Group operating profit decreased to £22.9m (2014 - £24.5m) reflecting the decrease in EBITDA outlined previously partly offset by a lower depreciation charge.

Power NI operating profit increased to £13.5m (2014 - £9.7m) reflecting the increase in EBITDA outlined previously.

PPB operating profit remained broadly flat at £2.5m (2014 - £2.4m).

Exceptional items and certain remeasurements

Certain remeasurements for Second Quarter 2015 were £14.4m gain (2014 - £10.1m loss) and for First Half 2015 were £9.3m gain (2014 - £10.3m loss) and reflect recognition of the fair value movements of derivatives as outlined in note 4 to the accounts.

Net finance costs

Net finance costs (pre exceptional items and certain remeasurements) for Second Quarter 2015 increased from £14.3m to £33.3m primarily reflecting foreign exchange translation losses on the US dollar component of the Senior Secured Notes (with a corresponding gain on the fair value of the cross currency swaps in certain remeasurements outlined previously) and higher interest cost on the interest bearing portion of the subordinated shareholder loan reflecting the capitalisation of PIK interest partly offset by lower interest cost of the senior secured notes as a result of the partial redemption of 9.3% of the original issue amount on 4 June 2013.

Net finance costs (pre exceptional items and certain remeasurements) for First Half 2015 increased from £33.1m to £54.9m primarily due to the same reasons noted above for Second Quarter 2015.

Tax credit

The total tax credit (pre exceptional items and certain remeasurements) for the Second Quarter 2015 was $\pm 0.9m$ (2014 – $\pm 0.6m$) and for First Half 2015 was $\pm 3.6m$ (2014 - $\pm 2.5m$).

Cash flow before acquisitions, disposals, interest and tax

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

	Second	Second	First	First	Year end
	Quarter	Quarter	Half	Half	31 March
	2015	2014	2015	2014	2014
	£m	£m	£m	£m	£m
Group pro-forma EBITDA ⁽¹⁾ Defined benefit pension charge less contributions paid	24.2 -	24.0 -	47.4 (0.1)	45.7 (0.1)	99.0 (1.5)
Net movement in security deposits	3.1	0.8	(0.3)	0.6	1.1
Changes in working capital ⁽²⁾	3.6	(10.3)	3.7	(10.8)	(10.1)
Over/(under)-recovery of regulated	9.4	6.6	20.3	3.1	(2.4)
entitlement Foreign exchange translation Exceptional cash outflows Cash flow from operating activities	(0.4) - 39.9	0.1	(0.7)	(0.2) 	(0.2) (3.3) 82.6
Net capital expenditure ⁽³⁾	(8.0)	(4.9)	(14.2)	(9.3)	(23.5)
Proceeds from sale and purchases of other	10.9	4.9	7.0	8.0	1.1
intangibles Cash flow before acquisitions, disposals, interest and tax	42.8	21.2	63.1	37.0	60.2

(1) Includes EBITDA of renewable windfarm assets for Second Quarter 2015 £0.2m (2014 - £nil); First Half 2015 £0.4m (2014 - £nil); year ended 31 March 2014 £0.4m loss

(2) Includes changes in working capital of renewable windfarm assets for Second Quarter 2015 £0.1m increase (2014 – £0.2m increase); First Half 2015 £0.1m increase (2014 - £0.6m increase); year ended 31 March 2014 £0.3m increase

(3) Includes capital expenditure on renewable windfarm assets for Second Quarter 2015 £7.3m (2014 - £3.8m); First Half 2015 £12.9m (2014 - £6.2m); year ended 31 March 2014 £19.3m

Group cash flow from operating activities for Second Quarter 2015 increased to £39.9m (2014 - £21.2m) primarily reflecting the decrease in working capital of £3.6m (2014 – £10.3m increase), an over-recovery of regulated entitlement £9.4m (2014 – over-recovery £6.6m) and a cash inflow from security deposits £3.1m (2014 - £0.8m).

Group cash flow from operating activities for First Half 2015 increased to \pounds 70.3m (2014 - \pounds 38.3m) primarily reflecting an over-recovery of regulated entitlement \pounds 20.3m (2014 - over-recovery \pounds 3.1m), the decrease in working capital of \pounds 3.7m (2014 - \pounds 10.8m increase) and the increase in Group pro-forma EBITDA of \pounds 47.4m (2014 - \pounds 45.7m).

Net movement in security deposits

The net movement in security deposits for Second Quarter 2015 was an inflow of £3.1m (2014 - £0.8m inflow) and for First Half 2015 was an outflow of £0.3m (2014 - £0.6m inflow). As at 30 September 2014 there were £2.7m of security deposits in place.

Changes in working capital

Working capital consists of inventories plus trade and other receivables (primarily retail energy sales including unbilled consumption, wholesale energy income, 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.

Second Quarter 2015

Working capital decreased by £3.6m (2014 – increase of £10.3m) due to a decrease in working capital requirements of Power NI, Energia Group and other Viridian holding companies partly offset by an increase in the working capital requirements of PPB.

Changes in working capital (continued)

Energia Group working capital decreased by $\pounds 1.9m$ (2014 – increase of $\pounds 9.6m$). Excluding changes in the working capital of renewable windfarm assets, Energia Group working capital decreased by $\pounds 2.0m$ (2014 – increase of $\pounds 9.4m$) primarily due to a decrease in ROC debtors (reflecting the settlement of ROCs sold), an increase in VAT creditors (reflecting timing differences), an increase in gas creditors reflecting higher gas prices (in September 2014 relative to June 2014) and an increase in the emissions liability, partly offset by lower renewable PPA creditors (associated with lower wind output) and a reduction in the ROC liability (due to the settlement of the annual ROC obligation).

Working capital at Power NI decreased by £2.1m (2014 – increase £1.6m) primarily due to lower Power NI trade debtors (net of payments on account) and accrued income (primarily reflecting the seasonal reduction in sales volumes and lower customer numbers) together with a decrease in VAT debtors (reflecting timing differences) partly offset by a decrease in the ROC liability (due to the settlement of the annual ROC obligation) and a reduction in trade creditors and accruals (reflecting seasonal reduction in sales volumes).

Working capital at PPB increased by £0.7m (2014 - £nil) primarily due to higher accrued income (reflecting higher Ballylumford plant output in September 2014 compared to June 2014), an increase in VAT debtors, partly offset by an increase in trade creditors and accruals (primarily reflecting higher running of the Ballylumford plant in September 2014 compared to June 2014) and a higher PSO creditor (in September 2014 relative to June 2014).

Working capital at other Viridian holding companies decreased by £0.4m (2014 – decrease of £0.9m) primarily due to timing differences on the payment of Arcapita management fees.

First Half 2015

Working capital decreased by \pounds 3.7m (2014 – increase of \pounds 10.8m) due to an decrease in the working capital requirements of Power NI and other Viridian holding companies partly offset by an increase in the working capital requirements of PPB and the Energia Group.

Energia Group working capital increased by $\pounds 4.6m$ (2014 – increase of $\pounds 10.6m$). Excluding changes in the working capital of renewable windfarm assets, Energia Group working capital increased by $\pounds 4.5m$ (2014 – increase of $\pounds 9.4m$) primarily due to a reduction in trade creditors and accruals (primarily due to the seasonal reduction in electricity and gas sales volumes, lower market prices including gas prices and lower wind output), a reduction in the ROC liability (due to the settlement of the annual ROC obligation) and a lower emissions liability (reflecting settlement of the 2013 annual compliance in April 2014), partly offset by a reduction in trade debtors and accrued income (due to the seasonal reduction in electricity and gas sales volumes, lower market prices, lower ROC debtors and lower wind output).

Working capital at Power NI decreased by £8.4m (2014 - decrease of £7.1m) primarily due to lower Power NI trade debtors (net of payments on account) and accrued income (primarily reflecting the seasonal reduction in sales volumes and lower customer numbers) together with a decrease in VAT debtors (reflecting timing differences), partly offset by a decrease in the ROC liability (due to the settlement of the annual ROC obligation) and a reduction in trade creditors and accruals (reflecting the seasonal reduction in sales volumes).

Working capital at PPB increased by £5.0m (2014 - increase of £11.9m) primarily due to a reduction in trade creditors and accruals (primarily reflecting lower running of the Ballylumford plant in September 2014 compared to March 2014 together with the settlement of certain PPA charges) partly offset by lower accrued income (reflecting lower Ballylumford plant output in September 2014 compared to March 2014 and lower market prices) together with a higher PSO creditor (reflecting the timing of PSO rebates).

Working capital at other Viridian holding companies decreased by $\pounds 5.0m$ (2014 – decrease of $\pounds 4.6m$) primarily due to timing differences on the payment of Arcapita management fees.

Over/(under)-recovery of regulated entitlement

As noted previously during Second Quarter 2015 the regulated businesses of Power NI and PPB overrecovered against their regulated entitlement by $\pounds 9.4m$ (2014 – over-recovered by $\pounds 6.6m$) and during First Half 2015 over-recovered by $\pounds 20.3m$ (2014 - over-recovered by $\pounds 3.1m$). At 30 September 2014 the cumulative overrecovery against regulated entitlement was $\pounds 1.2m$. The over-recovery of regulated entitlement reflects the phasing of tariffs.

Capital expenditure

Net capital expenditure in respect of tangible fixed assets and intangible software assets for Second Quarter 2015 increased to \pounds 8.0m (2014 - \pounds 4.9m) and for First Half 2015 increased to \pounds 14.2m (2014 - \pounds 9.3m). Excluding capital expenditure on renewable wind farm assets, net capital expenditure for Second Quarter 2015 decreased to \pounds 0.7m (2014 - \pounds 1.1m) and for First Half 2015 decreased to \pounds 1.3m (2014 - \pounds 3.1m).

Net capital expenditure at Energia Group (excluding capital expenditure on renewable windfarm assets) for Second Quarter 2015 decreased to £0.6m (2014 - £0.8m) and for First Half 2015 decreased to £1.1m (2014 - £2.4m) primarily reflecting capital expenditure in respect of the Domestic Market Entry project last year.

Net capital expenditure at Power NI for Second Quarter 2015 remained at £nil (2014 - £nil) and for First Half 2015 decreased to £nil (2014 - £0.2m).

Net capital expenditure at other Group companies for Second Quarter 2015 decreased to £0.2m (2014 - £0.3m) and for First Half 2015 decreased to £0.2m (2014 - £0.5m).

Other cash flows

Net interest paid

Net interest paid (excluding premium on redemption of senior secured notes and exceptional finance costs) for Second Quarter 2015 increased to $\pounds 29.9m$ (2014 - $\pounds 23.4m$) and for First Half 2015 increased to $\pounds 31.6m$ (2014 - $\pounds 25.5m$) primarily reflecting the payment of interest on the subordinated shareholder loan and in turn the Junior bank facility A at Viridian Group Holdings Limited in September 2014.

Dividends

No equity dividends were paid in Second Quarter 2015 (2014 - £nil) or First Half 2015 (2014 - £nil).

Net debt

The Group's net debt decreased during Second Quarter 2015 by £16.8m from £568.5m at 30 June 2014 to £551.7m at 30 September 2014 and decreased during First Half 2015 by £23.0m from £574.7m at 31 March 2014 to £551.7m at 30 September 2014 primarily reflecting the cash flows noted above.

Net debt at 30 September 2014 includes project finance net debt of £24.8m (30 June 2014 - £18.7m; 31 March 2014 - £13.8m). Excluding project financed net debt, net debt was £526.9m (30 June 2014 - £549.8m; 31 March 2014 - £560.9m).

Defined benefit pension liability

The pension liability in the Group's defined benefit scheme under IAS 19 remained flat at £1.1m at 30 September 2014 (30 June 2014 - \pounds 1.1m; 31 March 2014 - \pounds 1.0m).

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	As at	Year end
	30 September	30 September	31 March
	2014	2013	2014
	£m	£m	£m
Investments	1.4	1.4	1.4
Cash and cash equivalents	66.6	20.0	23.5
Senior secured notes	(341.5)	(349.3)	(346.5)
Subordinated shareholder loan	(402.4)	(358.7)	(382.9)
Amounts due from fellow subsidiary	0.2	-	-
Junior bank facility asset	149.7	134.3	144.8
Interest payable	(0.9)	(1.0)	(1.2)
Net debt excluding project finance facilities	(526.9)	(553.3)	(560.9)
Project finance cash	5.4	3.6	2.8
Project finance bank facility (Rol)	(10.1)	(8.0)	(10.8)
Project finance bank facility (NI)	(20.1)	· ·	` (5.8)́
Net debt	(551.7)	(557.7)	(574.7)

The Group is financed through a combination of retained earnings, medium term bond issuance and both medium term and long term bank facilities. A summary of the Group's net debt is set out above and in note 14. Liquidity, including short term working capital requirements, is managed through committed Senior revolving credit bank facilities together with available cash resources.

Viridian continues to assess a number of debt and equity capital market options in order to manage its balance sheet efficiently and support the Group's future growth plans.

In May 2014 non-recourse project finance facilities of £6.8m were put in place in respect of a wind farm in Northern Ireland. It is intended that future wind farm projects will also be financed on a non-recourse basis. The movement in project finance facilities from March 2014 relate to further drawdowns as construction activity progresses.

On 28 October 2014, the Group redeemed 10% of the €313m Euro and \$250m Dollar denominated 5 year Senior Secured notes with €252.6m Euro and \$201.8m Dollar notes remaining in issue thereafter.

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 two 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, to ensure sufficient headroom is maintained.

Cash drawings under the Senior revolving credit facility at 30 September 2014 were £nil (30 June 2014 - £nil; 31 March 2014 - £nil). At 30 September 2014, the Group had letters of credit issued out of the Senior revolving credit facility of £100.1m (30 June 2014 - £113.4m; 31 March 2014 - £108.6m) resulting in undrawn committed facilities of £124.9m (30 June 2014 - £111.6m; 31 March 2014 - £116.4m).

During the period the Group has met all required financial covenants in the Senior revolving credit facility and project finance loans.

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 in the Risk Management and Principal Risks and Uncertainties section of the consolidated financial statements for the year ended 31 March 2014.

CONSOLIDATED INCOME STATEMENT for the three month period ended 30 September 2014

Continuing operations	Notes	Results before exceptional items and certain re- measurements Second Quarter 2015 Unaudited £m	Exceptional items and certain re- measurements (note 4) Second Quarter 2015 Unaudited £m	Total Second Quarter 2015 Unaudited £m	Results before exceptional items and certain re- measurements Second Quarter 2014 Unaudited £m	Exceptional items and certain re- measurements (note 4) Second Quarter 2014 Unaudited £m	Total Second Quarter 2014 Unaudited £m
Revenue	2	313.9	-	313.9	374.2	-	374.2
Operating costs	3	(285.1)	5.5	(279.6)	(348.9)	(0.2)	(349.1)
Operating profit/ (loss)	2	28.8	5.5	34.3	25.3	(0.2)	25.1
Finance costs	5	(40.3)	8.9	(31.4)	(20.7)	(9.9)	(30.6)
Finance income	5	7.0		7.0	6.4		6.4
Net finance cost		(33.3)	8.9	(24.4)	(14.3)	(9.9)	(24.2)
Share of loss in associates		(0.6)	-	(0.6)	(0.5)	-	(0.5)
					· · · · ·		、 <i>、</i> ,
(Loss)/profit before tax		(5.1)	14.4	9.3	10.5	(10.1)	0.4
		()					-
Taxation	6	0.9	(0.6)	0.3	0.6	-	0.6
	Ŭ						
(Loss)/profit for the period		(4.2)	13.8	9.6	11.1	(10.1)	1.0
				010		(10.1)	

CONSOLIDATED INCOME STATEMENT for the six month period ended 30 September 2014

Continuing operations	Notes	Results before exceptional items and certain re- measurements First Half 2015 Unaudited £m	Exceptional items and certain re- measurements (note 4) First Half 2015 Unaudited £m	Total First Half 2015 Unaudited £m	Results before exceptional items and certain re- measurements First Half 2014 Unaudited £m	Exceptional items and certain re- measurements (note 4) First Half 2014 Unaudited £m	Total First Half 2014 Unaudited £m	Results before exceptional items certain re- measurements Year ended 31 March 2014 Audited £m	Exceptional items and certain re- measurements (note 4) Year ended 31 March 2014 Audited £m	Total Year ended 31 March 2014 Audited £m
Revenue	2	650.2	-	650.2	736.9	-	736.9	1,600.0	-	1,600.0
Operating costs	3	(592.2)	2.7	(589.5)	(698.7)	(0.4)	(699.1)	(1,524.5)	(37.1)	(1,561.6)
Operating profit/ (loss)	2	58.0	2.7	60.7	38.2	(0.4)	37.8	75.5	(37.1)	38.4
Finance costs	5	(69.0)	6.6	(62.4)	(45.9)	(9.9)	(55.8)	(96.2)	(13.2)	(109.4)
Finance income	5	14.1	-	14.1	12.8		12.8	25.6		25.6
Net finance cost		(54.9)	6.6	(48.3)	(33.1)	(9.9)	(43.0)	(70.6)	(13.2)	(83.8)
Profit on disposal of continuing operations		-	-	-	-	-	-	-	1.6	1.6
Share of loss in associates		(1.1)		(1.1)	(0.7)	-	(0.7)	(0.4)	-	(0.4)
Profit/(loss) before tax	-	2.0	9.3	11.3	4.4	(10.3)	(5.9)	4.5	(48.7)	(44.2)
Taxation	6	3.6	(0.3)	3.3	2.5		2.5	3.2	4.2	7.4
Profit/ (loss) for the period	=	5.6	9.0	14.6	6.9	(10.3)	(3.4)	7.7	(44.5)	(36.8)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME for the three and six month periods ended 30 September 2014

	Notes		Second		1	Year
		Second	Quarter	First	First	ended
		Quarter	2014	Half	Half	31 March
		2015	Unaudited	2015	2014	2014
		Unaudited	£m	Unaudited	Unaudited	Audited
		£m		£m	£m	£m
Profit/ (loss) for the period		9.6	1.0	14.6	(3.4)	(36.8)
Other comprehensive income/(expense)						
Items that will be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations		9.4	8.0	20.8	3.7	7.2
Net (loss)/ gain on net investment hedge	5	(8.5)	(8.8)	(19.3)	(5.0)	(8.7)
Net loss on cash flow hedges		(3.6)	(1.0)	(9.4)	(5.0)	(13.8)
Transferred loss from equity to income statement on cash						7.0
flow hedges		6.4	0.4	11.1	1.9	7.8
Share of associates net (loss)/gain on cash flow hedges		(0.1)	0.2	(0.2)	0.7	0.8
Income tax effect		(0.7)	0.3	(0.5)	0.8	1.2
		2.0	(0.1)	1.0	(1.6)	(4.0)
Net other comprehensive income/(expense) to be						
reclassified to profit or loss in subsequent periods		2.9	(0.9)	2.5	(2.9)	(5.5)
Items that will not be reclassified to profit or loss:						
Remeasurement (loss)/gain on defined benefit scheme		-	-	(0.1)	0.5	(1.2)
Income tax effect		-	-	-	(0.1)	0.2
Net other comprehensive (expense)/income that will not						
be reclassified to profit or loss in subsequent periods		-		(0.1)	0.4	(1.0)
Other comprehensive income/(expense) for the period,						
net of taxation		2.9	(0.9)	2.4	(2.5)	(6.5)
		40.5	0.4	47.0		(40.0)
Total comprehensive income/(expense) for the period		12.5	0.1	17.0	(5.9)	(43.3)

CONSOLIDATED BALANCE SHEET as at 30 September 2014

		30 September	30 September	31 March
ASSETS		2014	2013	2014
		Unaudited	Unaudited	Audited
	Notes	£m	£m	£m
Non-current assets:				
Property, plant and equipment		266.1	300.5	271.9
Intangible assets		490.9	488.6	499.7
Investment in associates		5.9	7.6	7.9
Derivative financial instruments	12	0.5	-	0.5
Other non-current financial assets		150.3	135.0	145.4
Deferred tax assets		17.6	15.7	16.2
		931.3	947.4	941.6
Current assets:				
Inventories		4.7	5.0	5.1
Trade and other receivables	8	139.6	159.3	180.7
Derivative financial instruments	12	6.9	4.0	8.2
Other current financial assets		4.1	4.3	3.8
Cash and cash equivalents	9	72.0	23.6	26.3
		227.3	196.2	224.1
TOTAL ASSETS		1,158.6	1,143.6	1,165.7
Current liabilities:	40	(400 7)	(0.47.0)	(222.2)
Trade and other payables	10	(199.7)	(217.8)	(236.6)
Income tax payable		(2.4)	(3.1)	(3.8)
Financial liabilities	11	(2.0)	(1.5)	(3.8)
Derivative financial instruments	12	(13.1)	(9.4)	(19.5)
Deferred income		(0.3)	(0.3)	(0.3)
Non-current liabilities:		(217.5)	(232.1)	(264.0)
Financial liabilities	11	(774.7)	(716.0)	(745.6)
Derivative financial instruments	12	(6.6)	(8.8)	(12.9)
Deferred income	12	(0.5)	(0.8)	(0.6)
Net employee defined benefit liabilities		(1.0)	(0.7)	(1.0)
Deferred tax liabilities		(13.2)	(19.6)	(13.6)
Provisions		(11.4)	(11.5)	(11.3)
		(807.4)	(757.4)	(785.0)
TOTAL LIABILITIES		(1,024.9)	(989.5)	(1,049.0)
NET ASSETS		133.7	154.1	116.7
Equity				
Share capital Share premium		- 510.0	- 510.0	510.0
Retained earnings		(488.7)	(468.4)	(503.2)
Capital contribution reserve		(400.7)	(468.4) 115.2	
Hedge reserve				115.2 (6.0)
Foreign currency translation reserve		(5.0) 2.2	(3.6) 0.9	
r oreign currency translation reserve			0.9	0.7
TOTAL EQUITY		133.7	154.1	116.7

The condensed interim consolidated financial statements were approved by the Board of directors and authorised for issue on 23 November 2014.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the six month period ended 30 September 2014

						Foreign	
				Capital		currency	
	Share	Share	Retained	contribution	Hedge	translation	Total
	capital	premium	earnings	reserve	reserve	reserve	equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2013	-	510.0	(465.4)	115.2	(2.0)	2.2	160.0
Loss for the period	-	-	(3.4)	-	-	-	(3.4)
Other comprehensive income /(expense)		-	0.4		(1.6)	(1.3)	(2.5)
Total comprehensive expense		-	(3.0)		(1.6)	(1.3)	(5.9)
At 30 September 2013	-	510.0	(468.4)	115.2	(3.6)	0.9	154.1
At 1 April 2013	-	510.0	(465.4)	115.2	(2.0)	2.2	160.0
Loss for the year	-	-	(36.8)	-	-	-	(36.8)
Other comprehensive (expense)/income	-	-	(1.0)	-	(4.0)	(1.5)	(6.5)
Total comprehensive (expense)/income	-	-	(37.8)		(4.0)	(1.5)	(43.3)
At 31 March 2014	-	510.0	(503.2)	115.2	(6.0)	0.7	116.7
Profit for the period	-	-	14.6	-	-	-	14.6
Other comprehensive (expense)/income	-	-	(0.1)	-	1.0	1.5	2.4
Total comprehensive income	-	-	14.5	-	1.0	1.5	17.0
At 30 September 2014	-	510.0	(488.7)	115.2	(5.0)	2.2	133.7

CONSOLIDATED STATEMENT OF CASH FLOWS for the three and six month periods ended 30 September 2014

	Notes	Second Quarter 2015 Unaudited £m	Second Quarter 2014 Unaudited £m	First Half 2015 Unaudited £m	First Half 2014 Unaudited £m	Year ended 31 March 2014 Audited £m
Cash generated from operations before working capital movements	13	33.6	30.6	67.6	48.7	91.8
Working capital adjustments:						
Decrease in inventories		0.1	0.1	0.4	0.1	-
Decrease/(increase) in trade and other receivables		7.7	(2.8)	41.1	36.5	15.4
Decrease/(increase) in security deposits		3.1	0.8	(0.3)	0.6	1.1
Decrease in trade and other payables		(4.2)	(7.6)	(37.8)	(47.4)	(25.5)
Effects of foreign exchange	_	(0.4)	0.1	(0.7)	(0.2)	(0.2)
		39.9	21.2	70.3	38.3	82.6
Interest received			_	0.1	-	0.7
Interest paid		(29.9)	(23.4)	(31.6)	(25.5)	(50.4)
Exceptional finance costs		-	-	-	(0.2)	(0.6)
Note redemption premium			-	-	(1.2)	(1.2)
	-	(29.9)	(23.4)	(31.5)	(26.9)	(51.5)
Income tax received/(paid)		0.5		0.4		(0.1)
Net cash flows from/(used in) operating activities	-	10.5	(2.2)	39.2	11.4	31.0
Investing activities						
Purchase of property, plant and equipment		(7.8)	(4.2)	(13.7)	(7.4)	(21.8)
Contributions in respect of tangible fixed assets		-	(+· ∠) -	-	-	0.7
Purchase of intangible assets		(8.7)	(5.9)	(16.2)	(10.0)	(21.8)
Proceeds from sale of intangible assets		(0.17)	10.1	22.7	(10.0)	20.5
Disposal of subsidiary, net of cash disposed		-	(0.1)		(0.1)	(0.3)
Dividends received from associates			-	0.5	0.6	0.8
Interest received from associates			-	0.2	0.3	0.6
Acquisition of subsidiary		-	(1.2)	(0.5)	(4.0)	(8.5)
Net cash flows from/(used) in investing activities		2.9	(1.3)	(7.0)	(4.5)	(29.8)
Financing activities						
Proceeds from issue of borrowings		8.9	8.8	14.8	27.1	18.4
Repayment of borrowings			(18.4)	-	(58.2)	(39.8)
Issue costs of new long term loans		-	(0.2)	(0.4)	(0.6)	(1.6)
Net cash flows from/(used in) financing activities	-	8.9	(9.8)	14.4	(31.7)	(23.0)
	-					
Net increase/(decrease) in cash and cash equivalents		22.3	(13.3)	46.6	(24.8)	(21.8)
Net foreign exchange difference		(0.4)	(0.7)	(0.9)	(0.5)	(0.8)
Cash and cash equivalents at period start	9	50.1	37.6	26.3	48.9	48.9
Cash and cash equivalents at period end	9	72.0	23.6	72.0	23.6	26.3

1 BASIS OF PREPARATION

The condensed interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The accounting policies applied by the Group in these condensed interim consolidated financial statements are the same as those applied by the Group in its revised consolidated financial statements for the year ended 31 March 2014 dated 8 September 2014.

A number of new European Union endorsed standards and amendments to existing standards are effective for periods beginning on or after 1 April 2014. However, none of these have a material, if any, impact on the annual or condensed interim consolidated financial statements of the Group in 2014/15.

2. SEGMENTAL ANALYSIS

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- the Energia Group operates as a vertically integrated energy business consisting of competitive electricity and gas supply to domestic and business customers in the RoI and to business customers in Northern Ireland through Energia, its retail supply business, backed by electricity generation from its two Huntstown CCGT plants, and long term PPAs with third-party renewable generators (including wind generation assets in which the Group has an equity interest);
- Power NI is the regulated electricity supplier in Northern Ireland; and
- PPB is a regulated business which administers the contracted generation capacity from the Ballylumford power station in Northern Ireland under legacy generating unit agreements which were originally established in 1992 when the Northern Ireland electricity industry was restructured.

The Group Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The measure of profit used by the Group Board is pro-forma EBITDA which is before exceptional items and certain remeasurements (arising from certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships) and based on regulated entitlement (whereby the adjustment for (under)/over-recovery outlined in the segmental analysis below represents the amount by which the regulated businesses (under)/over-recovered against their regulated entitlement). The Group also monitors revenue on a regulated entitlement basis.

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(a) Revenue by segment

					Year
	Second	Second	First	First	ended
	Quarter	Quarter	Half	Half	31 March
	2015	2014	2015	2014	2014
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	£m	£m	£m	£m	£m
Energia Group	192.7	242.4	395.5	481.9	1,014.2
Power NI	86.1	92.6	182.5	193.2	458.3
PPB	26.4	32.6	53.5	58.8	131.3
Inter-group eliminations	(0.7)	-	(1.6)	(0.1)	(1.4)
Group	304.5	367.6	629.9	733.8	1,602.4
Adjustment for over/(under)-recovery	9.4	6.6	20.3	3.1	(2.4)
Total	313.9	374.2	650.2	736.9	1,600.0

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

2. SEGMENTAL ANALYSIS (continued)

(b) Operating Profit

					Year
	Second	Second	First	First	ended
	Quarter	Quarter	Half	Half	31 March
	2015	2014	2015	2014	2014
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	£m	£m	£m	£m	£m
Segment Pro-Forma EBITDA					
Energia Group	15.8	18.0	31.3	33.7	70.8
Power NI	7.8	5.6	14.8	11.1	25.0
PPB	1.2	1.2	2.5	2.4	5.5
Other	(0.6)	(0.8)	(1.2)	(1.5)	(2.3)
Group Pro-Forma EBITDA	24.2	24.0	47.4	45.7	99.0
Adjustment for over/(under)-recovery	9.4	6.6	20.3	3.1	(2.4)
Group EBITDA	33.6	30.6	67.7	48.8	96.6
Depreciation/amortisation					
Energia Group	(4.1)	(4.6)	(8.3)	(9.2)	(18.4)
Power NI	(0.7)	(0.7)	(1.3)	(1.4)	(2.6)
Other		-	(0.1)	-	(0.1)
Group depreciation and amortisation	(4.8)	(5.3)	(9.7)	(10.6)	(21.1)
Operating profit pre exceptional items and certain remeasurements					
Energia Group	11.7	13.4	23.0	24.5	52.4
Power NI	7.1	4.9	13.5	9.7	22.4
PPB	1.2	1.2	2.5	2.4	5.5
Other	(0.6)	(0.8)	(1.3)	(1.5)	(2.4)
Group Pro-Forma operating profit	19.4	18.7	37.7	35.1	77.9
Adjustment for over/(under)-recovery	9.4	6.6	20.3	3.1	(2.4)
Operating profit pre exceptional items and certain remeasurements	28.8	25.3	58.0	38.2	75.5

2. SEGMENTAL ANALYSIS (continued)

(b) Operating profit (continued)

	Second Quarter 2015 Unaudited £m	Second Quarter 2014 Unaudited £m	First Half 2015 Unaudited £m	First Half 2014 Unaudited £m	Year ended 31 March 2014 Audited £m
Exceptional items and certain					
remeasurements					
Energia Group	5.5	(0.2)	2.7	(0.4)	(33.8)
Other	-	-		-	(3.3)
Group operating profit post-exceptional items and certain remeasurements	34.3	25.1	60.7	37.8	38.4
Finance cost	(31.4)	(30.6)	(62.4)	(55.8)	(109.4)
Finance income	7.0	6.4	14.1	12.8	25.6
	(24.4)	(24.2)	(48.3)	(43.0)	(83.8)
Profit on disposal of continuing operations	-	-	-	-	1.6
Share of loss in associates	(0.6)	(0.5)	(1.1)	(0.7)	(0.4)
Profit/(loss) on ordinary activities before tax	9.3	0.4	11.3	(5.9)	(44.2)

3. OPERATING COSTS

3. OPERATING COSTS					
					Year
	Second	Second	First	First	ended
	Quarter	Quarter	Half	Half	31 March
	2015	2014	2015	2014	2014
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	£m	£m	£m	£m	£m
Operating costs are analysed as follows:					
Energy costs	263.9	327.6	548.1	654.4	1,435.5
Employee costs	5.6	5.4	11.1	10.3	21.3
Depreciation, amortisation and impairment	4.8	5.3	9.7	10.6	21.1
Other operating charges	10.8	10.6	23.3	23.4	46.6
Total pre exceptional items and certain remeasurements	285.1	348.9	592.2	698.7	1,524.5
Exceptional costs and certain remeasurements:					
Energy costs	(5.5)	0.2	(2.7)	0.4	3.8
Depreciation, amortisation and impairment	-	-	-	-	30.0
Other operating charges	-	-	-	-	3.3
Total exceptional costs and certain remeasurements	(5.5)	0.2	(2.7)	0.4	37.1
Total operating costs	279.6	349.1	589.5	699.1	1,561.6

3.1 Depreciation, amortisation and impairment

		1		1	
					Year
	Second	Second	First	First	ended
	Quarter	Quarter	Half	Half	31 March
	2015	2014	2015	2014	2014
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	£m	£m	£m	£m	£m
Depreciation	4.0	4.5	8.1	9.1	18.0
Associated release of contributions in respect o	f				
property plant & equipment	(0.1)	-	(0.2)	(0.1)	(0.3)
Amortisation of intangible assets	0.9	0.8	1.8	1.6	3.4
Pre exceptional items	4.8	5.3	9.7	10.6	21.1
Impairment of property plant & equipment		-	-	-	30.0
	4.8	5.3	9.7	10.6	51.1

4. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

					Year
	Second	Second	First	First	ended
	Quarter	Quarter	Half	Half	31 March
	2015	2014	2015	2014	2014
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	£m	£m	£m	£m	£m
Exceptional items in arriving at profit from					
continuing operations:					
Bid costs ¹	-	-	-	-	(3.3)
Impairment of property, plant and equipment ²		-		-	(30.0)
Profit on disposal of continuing operations ³	-	-	-	-	1.6
	-	-	-	-	(31.7)
Certain remeasurements in arriving at profit					
Net profit/(loss) on derivatives at fair value through					
operating costs	5.5	(0.2)	2.7	(0.4)	(3.8)
Net profit/(loss) on derivatives at fair value through					
finance costs	8.9	(9.9)	6.6	(9.9)	(13.2)
	14.4	(10.1)	9.3	(10.3)	(17.0)
Exceptional items and certain remeasurements	14.4	(10.1)	9.3	(10.3)	(48.7)
Taxation on exceptional items and certain		. ,			
remeasurements	(0.6)	-	(0.3)	-	4.2
Exceptional items and certain remeasurements	13.8	(10.1)	9.0	(10.3)	(44.5)

¹ Exceptional bid costs £3.3m in year ended 31 March 2014 relate to costs incurred on the Group's bid for Bord Gais Energy.

² The Group recognised an impairment of £30.0m in year ended 31 March 2014 in relation to the Huntstown plant associated with the reduced utilisation of the power plant as a result of the ongoing impact of the coal gas switch.

³ Profit on disposal of continuing operations of £1.6m in year ended 31 March 2014, relates to a net benefit arising from residual transaction costs attributable to the sale of NIE and Powerteam to ESB on 21 December 2010 which are no longer expected to occur.

The tax (charge)/credit in the profit and loss account relating to exceptional items and certain remeasurements is:

					Year
	Second	Second	First	First	ended
	Quarter	Quarter	Half	Half	31 March
	2015	2014	2015	2014	2014
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	£m	£m	£m	£m	£m
Impairment of property, plant and equipment	-	-	-	-	3.7
Fair valued derivatives through profit & loss	(0.6)		(0.3)		0.5
	(0.6)		(0.3)	-	4.2

5. FINANCE COSTS/INCOME

Finance Costs	Results before exceptional items and certain remeasure- ments Second Quarter 2015 Unaudited £m	Exceptional items and certain remeasure- ments Second Quarter 2015 Unaudited £m	Total Second Quarter 2015 Unaudited £m	Results before exceptional items and certain remeasure- ments Second Quarter 2014 Unaudited £m	Exceptional items and certain remeasure- ments Second Quarter 2014 Unaudited £m	Total Second Quarter 2014 Unaudited £m
Interest on external bank loans and borrowings	(1.6)	-	(1.6)	(1.6)	-	(1.6)
Interest on senior secured notes	(10.6)	-	(10.6)	(11.2)	-	(11.2)
Interest payable to parent undertaking	(7.8)		(7.8)	(6.7)	-	(6.7)
Total interest expense	(20.0)	-	(20.0)	(19.5)	-	(19.5)
Amortisation of financing charges	(2.9)	-	(2.9)	(1.9)	-	(1.9)
Unwinding of discount on decommissioning provision	(0.1)	-	(0.1)	-	-	-
Unwinding of discount on shareholder loan	(5.6)	-	(5.6)	(4.9)		(4.9)
Other finance charges	-	-	-	(0.1)		(0.1)
Total other finance charges	(8.6)	-	(8.6)	(6.9)	-	(6.9)
Net exchange (loss)/ gain on net foreign currency borrowings	(20.6)	-	(20.6)	(3.3)	-	(3.3)
Net exchange loss/(gain) accounted for as a net investment hedge	8.5	-	8.5	8.8	-	8.8
Net gain/(loss) on financial instruments at fair value through profit or loss	-	8.9	8.9	-	(9.9)	(9.9)
Less interest capitalised in qualifying asset	0.4	-	0.4	0.2	-	0.2
Total finance costs	(40.3)	8.9	(31.4)	(20.7)	(9.9)	(30.6)

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in Second Quarter 2015 was 5.5% (Second Quarter 2014 - 4.6%).

5. FINANCE COSTS/INCOME (continued)

Finance Costs	Results before exceptional items and certain remeasure- ments First Half 2015 Unaudited £m	Exceptional items and certain remeasure- ments First Half 2015 Unaudited £m	Total First Half 2015 Unaudited £m	Results before exceptional items and certain remeasure- ments First Half 2014 Unaudited £m	Exceptional items and certain remeasure- ments First Half 2014 Unaudited £m	Total First Half 2014 Unaudited £m	Results before exceptional items and certain remeasure- ments Year ended 31 March 2014 Audited £m	Exceptional items and certain remeasure- ments Year ended 31 March 2014 Audited £m	Total 2014 Audited £m
Interest on external bank loans and borrowings	(3.4)	-	(3.4)	(3.0)	-	(3.0)	(6.0)	-	(6.0)
Interest on senior secured notes	(21.3)	-	(21.3)	(24.1)	-	(24.1)	(45.7)	-	(45.7)
Interest payable to parent undertaking	(15.3)		(15.3)	(13.2)		(13.2)	(27.7)	-	(27.7)
Total interest expense	(40.0)	-	(40.0)	(40.3)	-	(40.3)	(79.4)	-	(79.4)
Amortisation of financing charges	(4.7)	-	(4.7)	(3.9)	-	(3.9)	(7.6)	-	(7.6)
Unwinding of discount on decommissioning provision	(0.1)	-	(0.1)	-	-	-	(0.2)	-	(0.2)
Unwinding of discount on shareholder loan	(11.2)		(11.2)	(9.9)	-	(9.9)	(19.7)	-	(19.7)
Other finance charges	-	-	-	(0.2)	-	(0.2)	(0.6)	-	(0.6)
Total other finance charges	(16.0)	-	(16.0)	(14.0)	-	(14.0)	(28.1)	-	(28.1)
Net exchange (loss)/ gain on net foreign currency borrowings	(33.1)	-	(33.1)	3.2	-	3.2	1.7	-	1.7
Net exchange loss/(gain) accounted for as a net investment hedge	19.3	-	19.3	5.0	-	5.0	8.7	-	8.7
Net gain/(loss) on financial instruments at fair value through profit or loss	-	6.6	6.6	-	(9.9)	(9.9)	-	(13.2)	(13.2)
Less interest capitalised in qualifying asset	0.8	-	0.8	0.2	-	0.2	0.9	-	0.9
Total finance costs	(69.0)	6.6	(62.4)	(45.9)	(9.9)	(55.8)	(96.2)	(13.2)	(109.4)
=									

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in First Half 2015 was 5.5% (First Half 2014 - 4.6%).

5. FINANCE COSTS/INCOME (continued)

Finance income

	Second Quarter 2015 Unaudited £m	Second Quarter 2014 Unaudited £m	First Half 2015 Unaudited £m	First Half 2014 Unaudited £m	Year ended 31 March 2014 Audited £m
Interest income on loans to a associates	0.2	0.2	0.4	0.4	1.0
Unwinding of discount on junior asset	6.7	6.2	13.6	12.4	24.6
Interest income on bank deposits	0.1		0.1		
Total finance income	7.0	6.4	14.1	12.8	25.6

6. INCOME TAX

The major components of the tax credit/(charge) for the periods ended 30 September 2014, 30 September 2013 and 31 March 2014 are:

	Results before exceptional items and certain remeasure- ments Second Quarter 2015 Unaudited £m	Exceptional items and certain remeasure- ments Second Quarter 2015 Unaudited £m	Total Second Quarter 2015 Unaudited £m	Results before exceptional items and certain remeasure- ments Second Quarter 2014 Unaudited £m	Exceptional items and certain remeasure- ments Second Quarter 2014 Unaudited £m	Total Second Quarter 2014 Unaudited £m
Current tax:						
Current tax credit/(charge)	0.3	(0.6)	(0.3)	(1.1)	-	(1.1)
Total current tax credit/(charge)	0.3	(0.6)	(0.3)	(1.1)	-	(1.1)
Deferred tax:						
Adjustments in respect of current year	0.6		0.6	1.7		1.7
Total deferred tax	0.6	-	0.6	1.7	-	1.7
Total taxation credit	0.9	(0.6)	0.3	0.6	-	0.6

6. INCOME TAX (continued)

Current tax:	Results before exceptional items and certain remeasure- ments First Half 2015 Unaudited £m	Exceptional items and certain remeasure- ments First Half 2015 Unaudited £m	Total First Half Unaudited £m	Results before exceptional items and certain remeasure- ments First Half 2014 Unaudited £m	Exceptional items and certain remeasure- ments First Half 2014 Unaudited £m	Total First Half 2014 Unaudited £m	Results before exceptional items and certain remeasure- ments Year ended 31 March 2014 Audited £m	Exceptional items and certain remeasure- ments Year ended 31 March 2014 Audited £m	Total Year ended 31 March 2014 Audited £m
	(4.0)	(0.0)							
Current tax (charge)/credit	(1.2)	(0.3)	(1.5)	0.9	-	0.9	(0.7)	0.5	(0.2)
Adjustments in respect of prior years	3.1	-	3.1	-	-	-	0.3	-	0.3
Total current tax credit/(charge)	1.9	(0.3)	1.6	0.9	-	0.9	(0.4)	0.5	0.1
Deferred tax:									
Adjustments in respect of current year	1.3	-	1.3	1.6	-	1.6	3.9	3.7	7.6
Adjustments in respect of prior years	0.4	-	0.4	-	-	-	1.0	-	1.0
Effect of decreased rate on opening liability	-	-	-	-	-		(1.3)	-	(1.3)
Total deferred tax	1.7	-	1.7	1.6	-	1.6	3.6	3.7	7.3
Total taxation credit	3.6	(0.3)	3.3	2.5	-	2.5	3.2	4.2	7.4

7. CAPITAL EXPENDITURE

				Year
Second	Second	First	First	ended
Quarter	Quarter	Half	Half	31 March
2015	2014	2015	2014	2014
Unaudited	Unaudited	Unaudited	Unaudited	Audited
£m	£m	£m	£m	£m
9.9	5.0	16.8	9.3	22.0
-	-	-	0.1	0.1
-	-	-	-	0.2
9.9	5.0	16.8	9.4	22.3
	Quarter 2015 Unaudited £m 9.9 -	Quarter Quarter 2015 2014 Unaudited Unaudited £m £m 9.9 5.0 	Quarter Quarter Half 2015 2014 2015 Unaudited Unaudited Unaudited £m £m £m 9.9 5.0 16.8 - - - - - -	Quarter Quarter Half Half 2015 2014 2015 2014 Unaudited Unaudited Unaudited Unaudited £m £m £m £m 9.9 5.0 16.8 9.3 - - - 0.1 - - - -

Capital additions to property, plant and equipment

Capital additions to intangible assets

					Year
	Second	Second	First	First	ended
	Quarter	Quarter	Half	Half	31 March
	2015	2014	2015	2014	2014
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	£m	£m	£m	£m	£m
Energia Group	3.8	2.7	8.6	5.9	18.6
Power NI	3.7	2.5	7.1	3.3	6.7
Other	0.2	0.3	0.4	0.5	0.5
Total	7.7	5.5	16.1	9.7	25.8

8. TRADE AND OTHER RECEIVABLES

	30 September 2014 Unaudited £m	30 September 2013 Unaudited £m	31 March 2014 Audited £m
Trade receivables (including unbilled consumption)	113.6	133.2	150.6
Prepayments and accrued income	24.0	24.2	24.0
Other receivables	1.8	1.9	6.1
Amounts owed by fellow subsidiary	0.2		
	139.6	159.3	180.7

9. CASH AND CASH EQUIVALENTS

	30 September	30 September	31 March
	2014	2013	2014
	Unaudited	Unaudited	Audited
	£m	£m	£m
Cash at bank and on hand	26.7	10.7	6.1
Short-term bank deposits	45.3	12.9	20.2
	72.0	23.6	26.3

10. TRADE AND OTHER PAYABLES

	30 September 2014 Unaudited £m	30 September 2013 Unaudited £m	31 March 2014 Audited £m
Trade creditors	40.4	42.4	54.5
Other creditors	15.7	14.1	26.4
Amounts owed to associate	0.9	1.9	2.4
Payments received on account	30.8	29.0	29.4
Tax and social security	4.3	1.0	2.3
Accruals	107.6	129.4	121.6
	199.7	217.8	236.6

11. FINANCIAL LIABILITIES

	30 September	30 September	31 March
	2014	2013	2014
	Unaudited	Unaudited	Audited
	£m	£m	£m
Current financial liabilities:			
Other interest payable	0.9	1.0	1.2
Project financed bank facilities (NI)	0.2	-	-
Project financed bank facilities (Rol)	0.4	-	0.4
Contingent consideration	0.5	0.5	2.2
Total current financial liabilities	2.0	1.5	3.8
Non-current financial liabilities:			
Senior secured notes	341.5	349.3	346.5
Subordinated shareholder loan	402.4	358.7	382.9
Project financed bank facilities (NI)	19.9	-	5.8
Project financed bank facilities (Rol)	9.7	8.0	10.4
Contingent consideration	1.2	-	-
Total non-current financial liabilities	774.7	716.0	745.6
Total current and non-current financial liabilities	776.7	717.5	749.4

The Senior secured notes are denominated in Euro €283.9m (31 March 2014 and 30 September 2013 - €283.9m) and USD \$226.8m (31 March 2014 and 30 September 2013 - \$226.8m) and interest, which is payable semi–annually, is charged at a fixed rate coupon of 11.125%. The Senior secured notes are repayable in one instalment on 1 April 2017.

The Senior secured notes includes an option for the period to 1 April 2015 to redeem annually up to 10% of the original principal at a redemption price of 103%. On 28 October 2014 the Group redeemed 10% of the €313m Euro and \$250m Dollar denominated 5 year senior secured notes with €252.6m Euro and \$201.8m Dollar notes remaining in issue thereafter.

Interest is charged under the Senior revolving credit facility at floating interest rates based on LIBOR and EURIBOR.

Subordinated shareholder loan

The loan payable to the parent undertaking is subordinated to the repayment of the Senior secured notes, the Senior revolving credit facility, and the Junior bank facility A of the Group's immediate parent undertaking Viridian Group Holdings Limited and becomes repayable on demand once all facilities to which it is subordinated are repaid. Of this loan £171.6m (31 March 2014 - £160.3m; 30 September 2013 - £150.5m) is non-interest bearing and £230.8m (31 March 2014 - £222.6m; 30 September 2013 - £208.2m) accrues interest at 13.5% on a payment in kind basis.

Upon transition to IFRS the Group's shareholder loan has been restated to its fair value in accordance with the accounting policy relating to interest free loans payable outlined in the consolidated financial statements for the year ended 31 March 2014 (note 3 (i) and as detailed in note 15).

Project financed bank facilities

The project financed bank loan facilities are repayable in semi-annual instalments to 2031 and are secured on a non-recourse basis over the assets and shares of the specific project finance companies. Interest on the project finance bank loan facilities has been predominantly fixed through interest rate swaps resulting in an effective rate of interest of 4.03% on project financed bank facilities NI and 5.85% in the project financed bank facilities Rol.

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial assets

Derivatives at fair value through other comprehensive income	30 September 2014 Unaudited £m	30 September 2013 Unaudited £m	31 March 2014 Audited £m
Cash flow hedges:			
Foreign exchange forward contracts	3.0	1.6	1.9
Commodity swap contracts	0.5	1.0	6.5
Interest rate swap contracts	-		0.3
Total derivatives at fair value through other			
comprehensive income	3.5	2.6	8.7
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	2.3	0.1	-
Cross currency swap contracts	0.2	-	-
Commodity swap contracts	1.4	1.3	-
Interest rate swap contracts	-		-
Total derivatives at fair value through profit and loss	3.9	1.4	-
Total derivative financial assets	7.4	4.0	8.7
Total non-current	0.5	-	0.5
Total current	6.9	4.0	8.2

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Derivative financial liabilities

Cash flow hedges:	(1.9)
Cash now nedges.	(1.9)
Foreign exchange forward contracts (2.7) (2.5)	
Commodity swap contracts (1.7) (3.8) (10.6)
Interest rate swap contracts (2.8) (0.2)	(1.5)
Total derivatives at fair value through other comprehensive income(7.2)(6.5)	14.0)
Derivatives at fair value through profit and loss	
Derivatives not designated as hedges:	
Foreign exchange forward contracts (0.6) (1.0)	-
Commodity swap contracts (5.9) (1.6)	(6.0)
Cross currency swap contracts (6.0) (9.1) (12.4)
Total derivatives at fair value through profit and loss(12.5)(11.7)	18.4)
Total derivative financial liabilities(19.7)(18.2)	32.4)
Total non-current (6.6) (8.8) (12.9)
Total current (9.4) (19.5)

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUES

A summary of the financial assets and liabilities of the Group where their fair value differ from their carrying values is as follows:

	30 Septen Carrying value Unaudited £m	nber 2014 Fair value Unaudited £m	30 September 2013 Carrying Fair value value Unaudited Unaudited £m £m		31 Marcl Carrying value Audited £m	h 2014 Fair value Audited £m	
Senior secured notes	(341.5)	(391.5)	(349.3)	(407.5)	(346.5)	(412.8)	

The carrying value of cash, trade receivables, trade payables and other current assets and liabilities is equivalent to fair value due to the short term maturities of these items. Contingent consideration is measured at its fair value.

The fair value of the Group's project financed bank facilities (Rol), project financed bank facilities (NI) and Senior revolving credit facility are determined by using discounted cash flows based on the Group's borrowing rate. The fair value of the Group's Senior secured notes are based on the quoted market price. The fair value of interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

The fair value of the Group's project financed bank facilities (RoI) and project financed bank facilities (NI) are a close approximation to their carrying value.

Included in financial liabilities at 30 September 2014 was a non-interest bearing loan from parent undertaking at a carrying value of \pounds 171.6m (31 March 2014 - \pounds 160.3m; 30 September 2013 - \pounds 150.5m) and an interest bearing loan from parent undertaking at a carrying value of \pounds 230.8m (31 March 2014 - \pounds 222.6m; 30 September 2013 - \pounds 208.2m), both of which are estimated to approximate to their fair value determined by using discounted cash flows based on the Group's borrowing rate.

Included in financial assets at 30 September 2014 was a non-interest bearing asset due from parent undertaking at a carrying value of £149.7m (31 March 2014 - £144.8m; 30 September 2013 - £134.3m) which is estimated to approximate to its fair value determined by using discounted cash flows based on the Group's borrowing rate.

The Group uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosures for determining the fair value of derivatives by valuation technique:

Level 1: quoted unadjusted prices in active markets for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are either observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of Senior secured notes, interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts at 30 September 2014, 30 September 2013 and 31 March 2014 are considered by the Group to fall within the level 2 fair value hierarchy. There have been no transfers between hierarchy.

The fair value of contingent consideration is considered by the Directors to fall within the level 3 fair value hierarchy and is measured using the present value of the probability-weighted average of pay outs associated with each possible outcome arising from the timing and cost milestones associated with grid connection and commissioning timelines set out in the relevant purchase agreement. Management have estimated that using reasonably possible alternative assumptions the amount payable in respect of the remaining contingent consideration obligation would not be materially different to the maximum amount of £1.7m recognised at acquisition. Given the magnitude of the amounts concerned and the expected timing of payments the impact of discounting is not material.

13. NOTES TO GROUP CASH FLOW STATEMENT

13. NOTES TO GROUP CASH FLOW STATE					
					Year
	Second	Second	First	First	ended
	Quarter	Quarter	Half	Half	31 March
	2015	2014	2015	2014	2014
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	£m	£m	£m	£m	£m
Operating activities					
Profit/(loss) before tax from continuing operations	9.3	0.4	11.3	(5.9)	(44.2)
Adjustments to reconcile profit before tax to net					
cash flows:					
Depreciation and impairment of property, plant					10.0
and equipment	4.0	4.5	8.1	9.1	48.0
Amortisation and impairment of intangible assets	0.9	0.8	1.8	1.6	3.4
Amortisation of contributions in respect of					
property, plant and equipment	(0.1)	-	(0.2)	(0.1)	(0.3)
Gain on disposal of continuing operations	-	-	-	-	(1.6)
Derivatives at fair value through income statement	(14.4)	10.1	(9.3)	10.3	17.0
Net finance costs	33.3	14.3	54.9	33.1	70.6
Defined benefit charge less contributions paid	-	-	(0.1)	(0.1)	(1.5)
Share of loss in associates	0.6	0.5	1.1	0.7	0.4
Cash generated from operations before					
working capital movements	33.6	30.6	67.6	48.7	91.8

Net cash flow from operating activities in the year ended 31 March 2014 includes exceptional cash outflows of £3.3m in respect of the payment of bid costs (note 4).

14. ANALYSIS OF NET DEBT

	Cash and cash equivalents £m	Short term managed funds £m	Debt due within one year £m	Debt due after more than one year £m	Junior bank facility asset £m	Total £m
At 1 April 2013	48.9	1.4	(1.1)	(732.7)	123.8	(559.7)
Cash flow	(24.8)	-	25.5	31.1	-	31.8
Non-cash movement	-	-	(25.0)	(3.0)	(0.1)	(28.1)
Capitalisation of interest on subordinated shareholder loan	-	-	-	(13.4)	-	(13.4)
Translation difference	(0.5)	-	(0.4)	11.9	(1.8)	9.2
Unwinding of discount on shareholder loan	-	-	-	(9.9)	-	(9.9)
Unwinding of discount on Junior bank facility asset		-		-	12.4	12.4
At 30 September 2013	23.6	1.4	(1.0)	(716.0)	134.3	(557.7)
At 1 April 2013	48.9	1.4	(1.1)	(732.7)	123.8	(559.7)
Cash flow	(21.8)	-	49.7	21.4	-	49.3
Non-cash movement		-	(50.1)	(5.8)	-	(55.9)
Capitalisation of interest on subordinated shareholder loan	-	-		(27.3)	-	(27.3)
Translation difference	(0.8)	-	(0.1)	18.5	(3.6)	14.0
Unwinding of discount on shareholder loan	-	-	-	(19.7)	-	(19.7)
Unwinding of discount on Junior bank facility asset	-	-	-	- -	24.6	24.6
At 31 March 2014	26.3	1.4	(1.6)	(745.6)	144.8	(574.7)
Cash flow	46.6	-	31.2	(14.5)	-	63.3
Non-cash movement	-	-	(30.9)	(4.0)	-	(34.9)
Capitalisation of interest on subordinated shareholder loan	-	-	-	(8.4)	-	(8.4)
Translation difference	(0.9)	-	-	10.2	(8.7)	0.6
Unwinding of discount on shareholder loan	-	-	-	(11.2)	-	(11.2)
Unwinding of discount on Junior bank facility asset		-	-		13.6	13.6
At 30 September 2014	72.0	1.4	(1.3)	(773.5)	149.7	(551.7)

15. CAPITAL COMMITMENTS

At 30 September 2014 the Group had contracted future capital expenditure in respect of tangible fixed assets of £10.9m (30 September 2013 - £3.2m).

16. DISTRIBUTIONS MADE AND PROPOSED

No dividends have been paid or proposed for the Second Quarter or First Half 2015 (2014 - £nil).

17. RELATED PARTY TRANSACTIONS

The nature and type of related party transactions for the Second Quarter and First Half 2015 do not differ significantly from those in the consolidated financial statements for the year ended 31 March 2014.

18. SEASONALITY OF OPERATIONS

Certain activities of the Group are affected by weather and temperature conditions and seasonal market price fluctuations. As a result of this, the amounts reported for the interim period may not be indicative of the amounts that will be reported for the full year due to seasonal fluctuations in customer demand for gas and electricity, the impact of weather on demand, renewable generation output and commodity prices, market changes in commodity prices and changes in retail tariffs. In retail supply, notable seasonal effects include the impact on customer demand of cooler temperatures in the first half of the financial year. In wholesale generation, there is the impact of lower customer demand on commodity prices, the weather impact on renewable generation and other seasonal effects. The impact of temperature on customer demand for gas is more volatile than the equivalent demand for electricity.

19. FIRST TIME ADOPTION OF IFRS

The consolidated financial statements for the year ended 31 March 2014, were the first the Group has prepared in accordance with IFRS. Note 33 to the consolidated financial statements for the year ended 31 March 2014 sets out the adjustments made by the Group in restating its financial statements previously published under UK GAAP.

This note presents the equivalent income statement and balance sheet for the Second Quarter and First Half 2014 under UK GAAP with reconciliations between UK GAAP and IFRS.

19. FIRST TIME ADOPTION OF IFRS (continued)

Analysis of IFRS adjustments to the Group Balance Sheet at 30 September 2013

		IFRS	IFRS	IFRS as at 30
	UK GAAP*	reclassifications	adjustments	September
	£m	£m	£m	£m
ASSETS				
Non-current assets:				
Property, plant and equipment	300.5	-	-	300.5
Intangible assets	452.7	-	35.9	488.6
Investment in an associate	8.5	-	(0.9)	7.6
Derivative financial instruments	-	-	-	-
Other non-current financial assets	343.6	-	(208.6)	135.0
Deferred tax assets	-	15.1	0.6	15.7
	1,105.3	15.1	(173.0)	947.4
Current assets:				
Inventories	5.0	-	-	5.0
Trade and other receivables	162.2	(2.9)	-	159.3
Derivative financial instruments	-	-	4.0	4.0
Other current financial assets	14.3	(10.0)	-	4.3
Cash and cash equivalents	10.7	12.9		23.6
	192.2	<u>-</u>	4.0	196.2
			<i>(</i> , , , , , , , , , , , , , , , , , , ,	
TOTAL ASSETS	1,297.5	15.1	(169.0)	1,143.6
LIABILITIES				
Current liabilities:				
Trade and other payables	(220.9)	3.1	-	(217.8)
Income tax payable	-	(3.1)	-	(3.1)
Financial liabilities	(1.5)	-	-	(1.5)
Derivative financial instruments		-	(9.4)	(9.4)
Deferred income		(0.3)		(0.3)
	(222.4)	(0.3)	(9.4)	(232.1)
Non-current liabilities:				
Financial liabilities	(919.9)	-	203.9	(716.0)
Derivative financial instruments	-	-	(8.8)	(8.8)
Deferred income	(1.1)	0.3	-	(0.8)
Net employee defined benefit liabilities	-	0.1	(0.8)	(0.7)
Deferred tax liabilities	(4.2)	(15.2)	(0.2)	(19.6)
Provisions	(11.5)	<u> </u>	-	(11.5)
	(936.7)	(14.8)	194.1	(757.4)
TOTAL LIABILITIES	(1,159.1)	(15.1)	184.7	(989.5)
NET ASSETS	138.4		15.7	154.1
Equity:				
Share capital	-	-	-	-
Share premium	510.0	-	-	510.0
Retained earnings	(497.1)	-	28.7	(468.4)
Capital contribution reserve	125.5	-	(10.3)	115.2
Hedge reserve	-	-	(3.6)	(3.6)
Foreign currency translation reserve			0.9	0.9
TOTAL EQUITY	138.4		15.7	154.1

* This column represents previously published results under UK GAAP in IFRS format

19. FIRST TIME ADOPTION OF IFRS (continued)

Group reconciliation of Income Statement for Second Quarter 2014

for Second Quarter 2014			IFRS
			Second
	UK	IFRS	Quarter
	GAAP	adjustments	2014
	£m	£m	£m
Continuing operations:			
Revenue	374.2	-	374.2
Operating costs	(349.6)	0.5	(349.1)
Operating profit/(loss) before goodwill			
amortisation	24.6	0.5	25.1
Goodwill amortisation	(8.1)	8.1	
Operating profit after goodwill amortisation	16.5	8.6	25.1
Finance costs	(24.2)	(6.4)	(30.6)
Finance income	0.2	6.2	6.4
Net finance cost	(24.0)	(0.2)	(24.2)
Share of loss of associates	(0.5)	-	(0.5)
Amortisation of goodwill in associate	(0.1)	0.1	
(Loss)/profit before tax	(8.1)	8.5	0.4
Taxation	0.6		0.6
(Loss)/profit for the period	(7.5)	8.5	1.0

19. FIRST TIME ADOPTION OF IFRS (continued)

Group reconciliation of Income Statement for First Half 2014

	UK GAAP £m	IFRS adjustments £m	IFRS First Half 2014 £m
Continuing operations:	700.0		700.0
Revenue Operating costs	736.9 (698.7)	- (0.4)	736.9 (699.1)
Operating costs	(030.7)	(0.+)	(000.1)
Operating profit/(loss) before goodwill amortisation	38.2	(0.4)	37.8
Goodwill amortisation	(16.2)	16.2	
Operating profit after goodwill amortisation	22.0	15.8	37.8
Finance costs	(43.7)	(12.1)	(55.8)
Finance income	0.4	12.4	12.8
Net finance cost	(43.3)	0.3	(43.0)
Share of loss of associates	(0.7)	-	(0.7)
Amortisation of goodwill in associate	(0.2)	0.2	
(Loss)/profit before tax	(22.2)	16.3	(5.9)
Taxation	2.5		2.5
(Loss)/profit for the period	(19.7)	16.3	(3.4)

Viridian Group Investments Limited Unaudited Interim Consolidated Financial Statements – Second Quarter 2015 45

19. FIRST TIME ADOPTION OF IFRS (continued)

Group reconciliation of other comprehensive income for Second Quarter 2014

for Second Quarter 2014	UK GAAP £m	IFRS adjustments £m	Second Quarter 2014 £m
(Loss)/ profit for the period	(7.5)	8.5	1.0
Other comprehensive income/(loss) Items that will be reclassified subsequently to the profit or loss:			
Exchange differences on translation of foreign operations	7.8	0.2	8.0
Net loss on net investment hedge	(7.7)	(1.1)	(8.8)
Net loss on cash flow hedges	-	(1.0)	(1.0)
Transferred from equity to income statement	-	0.4	0.4
Share of associates net gain on cash flow hedges	-	0.2	0.2
Income tax effect	-	0.3	0.3
		(0.1)	(0.1)
Net other comprehensive loss to be reclassified			
to profit or loss in subsequent periods	0.1	(1.0)	(0.9)
Items that will not be reclassified to the profit or loss:			
Remeasurement gain on defined benefit scheme	-	-	-
Income tax effect	-	-	-
Net other comprehensive income that will not be			
reclassified to profit or loss in subsequent periods		<u> </u>	
Other comprehensive loss for the period, net of taxation	0.1	(1.0)	(0.9)
Total comprehensive (loss)/income for the period	(7.4)	7.5	0.1

IFRS

FIRST TIME ADOPTION OF IFRS (continued) 19.

Group reconciliation of other comprehensive income

Group reconciliation of other comprehensive income for First Half 2014	UK GAAP £m	IFRS adjustments £m	IFRS First Half 2014 £m
(Loss)/ profit for the period	(19.7)	16.3	(3.4)
Other comprehensive income/(loss) Items that will be reclassified subsequently to the profit or loss:			
Exchange differences on translation of foreign operations Net loss on net investment hedge	3.7 (4.4)	- (0.6)	3.7 (5.0)
Net loss on cash flow hedges Transferred from equity to income statement Share of associates net gain on cash flow hedges Income tax effect		(5.0) 1.9 0.7 0.8	(5.0) 1.9 0.7 0.8
Net other comprehensive loss to be reclassified		(1.6)	(1.6)
to profit or loss in subsequent periods	(0.7)	(2.2)	(2.9)
Items that will not be reclassified to the profit or loss: Remeasurement gain on defined benefit scheme Income tax effect	0.5 (0.1)	-	0.5 (0.1)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	0.4		0.4
Other comprehensive loss for the period, net of taxation	(0.3)	(2.2)	(2.5)
Total comprehensive (loss)/income for the period	(20.0)	14.1	(5.9)