Viridian Group Investments Limited

Unaudited Interim Consolidated Financial Statements

Second Quarter 2016

GROUP FINANCIAL HIGHLIGHTS

Underlying Business Results[1]

Second Quarter 2016

- Group pro-forma Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for Second Quarter 2016 was £24.6m (2015 - £24.2m)

- Group pro-forma operating profit for Second Quarter 2016 was £19.5m (2015 - £19.4m)

First Half 2016

- Group pro-forma Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for First Half 2016 was £45.9m (2015 - £47.4m)

- Group pro-forma operating profit for First Half 2016 was £35.7m (2015 - £37.7m)

IFRS Results

Second Quarter 2016

- Revenue for Second Quarter 2016 was £289.2m (2015 - £313.9m)

- Operating profit before exceptional items and certain remeasurements for Second Quarter 2016 was £18.3m (2015 - £28.8m)

First Half 2016

- Revenue for First Half 2016 was £612.6m (2015 - £650.2m)

- Operating profit before exceptional items and certain remeasurements for First Half 2016 was £42.1m (2015 - £58.0m)

[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 2015 (Second Quarter 2016) and the 6 months ended 30 September 2015 (First Half 2016) including comparatives for the 3 months ended 30 September 2014 (Second Quarter 2015) and the 6 months ended 30 September 2014 (First Half 2015). 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 2016. These comprise:

- Energia Group – a vertically integrated energy business consisting of competitive electricity supply to business and residential customers in the Republic of Ireland (RoI) 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) and generation from wholly owned wind generation assets. The Energia Group also supplies natural gas to business and residential customers, principally in the RoI;
- 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[1] (pre exceptional items and certain remeasurements) by business is shown below:

	Second Quarter 2016 £m	Second Quarter 2015 £m	**First Half 2016 £m**	First Half 2015 £m	Year ended 31 March 2015 £m
Energia Group (excluding renewable assets)	**15.0**	15.6	**28.2**	30.9	62.3
Energia renewable assets	**2.0**	0.2	**2.6**	0.4	2.8
Power NI	**7.6**	7.8	**15.0**	14.8	28.6
PPB	**0.8**	1.2	**1.6**	2.5	6.4
Other	**(0.8)**	(0.6)	**(1.5)**	(1.2)	(2.6)
	24.6	24.2	**45.9**	47.4	97.5

The Group's pro-forma Operating Profit[1] (pre exceptional items and certain remeasurements) by business is shown below:

	Second Quarter 2016 £m	Second Quarter 2015 £m	**First Half 2016 £m**	First Half 2015 £m	Year ended 31 March 2015 £m
Energia Group (excluding renewable assets)	**11.4**	11.7	**20.8**	22.9	45.9
Energia renewable assets	**1.3**	-	**1.3**	0.1	1.6
Power NI	**6.9**	7.1	**13.7**	13.5	26.0
PPB	**0.8**	1.2	**1.6**	2.5	6.4
Other	**(0.9)**	(0.6)	**(1.7)**	(1.3)	(2.8)
	19.5	19.4	**35.7**	37.7	77.1

Second Quarter 2016

Energia Group EBITDA (excluding EBITDA from renewable wind farm assets and pre exceptional items and certain remeasurements) decreased to £15.0m (2015 - £15.6m) primarily reflecting adverse foreign exchange due to the strengthening of Sterling to Euro during the period compared to the same period last year together with lower availability of Huntstown 1 associated with the planned outage for the rotor replacement, partly offset by higher residential margins and higher contribution from the renewable PPAs.

Energia Group operating profit (excluding renewable wind farm assets and pre exceptional items and certain remeasurements) decreased to £11.4m (2015 - £11.7m) primarily due to the reasons described above for EBITDA.

Energia renewable assets EBITDA increased to £2.0m (2015 - £0.2m) reflecting the commissioning of new wind farms in December 2014 and May 2015 together with the Second Quarter 2016 benefiting from the sale of surplus connection capacity to a wind farm developer.

Energia renewable assets operating profit increased to £1.3m (2015 - £nil) primarily due to the reasons described above for EBITDA partly offset by an increase in the depreciation charge associated with the commissioning of new wind farms.

Power NI EBITDA decreased to £7.6m (2015 - £7.8m) primarily reflecting higher operating costs partly offset by higher contributions from small scale renewable PPAs.

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

Second Quarter 2016 (continued)

Power NI operating profit decreased to £6.9m (2015 - £7.1m) reflecting the decrease in EBITDA described above.

PPB EBITDA and operating profit decreased to £0.8m (2015 - £1.2m) reflecting lower regulated entitlement proposed under the new price control.

First Half 2016

Energia Group EBITDA (excluding EBITDA from renewable wind farm assets and pre exceptional items and certain remeasurements) decreased to £28.2m (2015 - £30.9m) primarily reflecting the same reasons described above for Second Quarter 2016.

Energia Group operating profit (excluding renewable wind farm assets and pre exceptional items and certain remeasurements) decreased to £20.8m (2015 - £22.9m) primarily due to the reasons described above for Second Quarter 2016.

Energia renewable assets EBITDA increased to £2.6m (2015 - £0.4m) primarily due to the same reasons as described above for Second Quarter 2016.

Energia renewable assets operating profit increased to £1.3m (2015 - £0.1m) primarily due to the reasons described above for Second Quarter 2016.

Power NI EBITDA increased to £15.0m (2015 - £14.8m) primarily reflecting higher contributions from small scale renewable PPAs partly offset by higher operating costs.

Power NI operating profit increased to £13.7m (2015 - £13.5m) reflecting the increase in EBITDA described above.

PPB EBITDA and operating profit decreased to £1.6m (2015 - £2.5m) reflecting the same reason as described above for Second Quarter 2016.

Business Reviews

Energia Group

KPIs	**Second Quarter 2016**	Second Quarter 2015	**First Half 2016**	First Half 2015	Year end 31 March 2015
Availability (%)					
- Huntstown 1	**84.4**	100.0	**92.2**	99.9	100.0
- Huntstown 2	**97.4**	100.0	**97.0**	94.9	97.3
Unconstrained utilisation (%)					
- Huntstown 1	**3.6**	3.3	**1.7**	4.6	2.3
- Huntstown 2	**8.7**	53.0	**5.1**	44.8	24.8
Incremental impact of constrained utilisation (%)					
- Huntstown 1	**1.8**	(1.4)	**3.9**	(2.1)	15.8
- Huntstown 2	**51.5**	(13.9)	**51.0**	(3.3)	3.1
Customer sites (number)					
- Non-residential					
- electricity	**54,600**	61,500	**54,600**	61,500	56,500
- gas	**5,500**	4,300	**5,500**	4,300	4,800
	60,100	65,800	**60,100**	65,800	61,300
- Residental					
- electricity	**65,800**	36,800	**65,800**	36,800	52,700
- gas	**33,600**	20,200	**33,600**	20,200	29,500
	99,400	57,000	**99,400**	57,000	82,200
Energia electricity sales (TWh)	**1.1**	1.2	**2.2**	2.4	5.0
Energia gas sales (million therms)	**14.3**	11.4	**31.7**	24.4	68.0
Contracted renewable generation capacity in operation in Northern Ireland and the RoI (MW)					
- average during the period	**793**	692	**793**	691	727
- at end of period	**793**	692	**793**	692	778

Huntstown 1 availability for Second Quarter 2016 was 84.4% (2015 – 100.0%) reflecting the completion of a 13 day outage in August 2015 whereby a rotor replacement was successfully completed to rectify the previously identified defect in the gas turbine. During the outage a minor defect was identified in the steam turbine generator which will require to be repaired at a future planned maintenance outage depending on the utilisation of the plant. The cost of €0.4m has been agreed with Siemens. The plant was returned to service and remains available. Availability for First Half 2016 was 92.2% (2015 – 99.9%).

Huntstown 2 availability for Second Quarter 2016 was 97.4% (2015 – 100.0%). Availability for First Half 2016 was 97.0% (2015 – 94.9%).

Huntstown 1 unconstrained utilisation for Second Quarter 2016 was 3.6% (2015 – 3.3%) and for First Half 2016 was 1.7% (2015 - 4.6%). The incremental impact of constrained utilisation for Huntstown 1 was 1.8% (2015 – constrained off 1.4%) and for First Half 2016 was 3.9% (2015 – constrained off 2.1%).

Huntstown 2 unconstrained utilisation for Second Quarter 2016 was 8.7% (2015 – 53.0%) and for First Half 2016 decreased to 5.1% (2015 - 44.8%) reflecting the commissioning of the SSE Great Island CCGT in April 2015. The incremental impact of constrained utilisation for Huntstown 2 was 51.5% (2015 – constrained off 13.9%) and for First Half 2016 was 51.0% (2015 – constrained off 3.3%).

Non-residential electricity customer sites were 54,600 at 30 September 2015 (30 June 2015 – 55,000; 31 March 2015 – 56,500). Non-residential gas customer sites were 5,500 at 30 September 2015 (30 June 2015 – 5,300; 31 March 2015 – 4,800).

Residential electricity and gas customer sites increased to 99,400 at 30 September 2015 (30 June 2015 – 91,000; 31 March 2015 – 82,200).

Energia Group (continued)

Total electricity sales volumes were 1.1TWh for Second Quarter 2016 (2015 - 1.2TWh) and 2.2TWh for First Half 2016 (2015 – 2.4TWh). Total gas sales volumes were 14.3m therms for Second Quarter 2016 (2015 – 11.4m therms) and 31.7m therms for First Half 2016 (2015 – 24.4m therms).

Renewable portfolio

Energia Group's renewable portfolio primarily consists of offtake contracts with third party-owned wind farms (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 contracts[1] - Energia has entered into contracts with developers under which it has agreed to purchase the long term output of a number of windfarm projects and with generators from other renewable sources as shown below:

MW	Operating	Under construction	In development	Total
NI	329	52	35	**416**
RoI	464	95	18	**577**
	793	**147**	**53**	**993**

The average contracted renewable generation capacity in operation during the Second Quarter 2016 was 793MW (2015 - 692MW) and during First Half 2016 was 793MW (2015 – 691MW) with 30 September 2015 capacity of 793MW (30 June 2015 - 793MW; 31 March 2015 - 778MW).

At 30 September 2015, the operating capacity under contract in Northern Ireland was 329MW (30 June 2015 – 329MW; 31 March 2015 – 326MW) and the RoI operating capacity was 464MW (30 June 2015 – 464MW; 31 March 2015 – 452MW). 52MW of contracted capacity in Northern Ireland and 95MW of contracted capacity in the ROI relates to wind farms which are currently under construction. The wind farms being developed (53MW) are expected to become operational in the next eighteen months. Energia is aiming to negotiate further contracts with wind farm developers and generators from other renewable sources in both Northern Ireland and the RoI.

Direct investment – The Group currently owns windfarm projects with the following forecast generation capacity as at 30 September 2015:

MW	Operating	Under construction	In development	Total
NI	25	52	21	**98**
RoI	9	95	-	**104**
	34	**147**	**21**	**202**

At 30 September 2015 the Energia Group has a direct investment in 25MW (30 June 2015 – 25MW; 31 March 2015 – 20MW) of operating wind generation capacity in Northern Ireland and 9MW (30 June 2015 – 9MW; 31 March 2015 – 9MW) of operating wind generation capacity in the RoI. The Energia Group also has a direct investment in 52MW (30 June 2015 – nil; 31 March 2015 – nil) of wind generation capacity in Northern Ireland and 95MW (30 June 2015 – 95MW; 31 March 2015 – 95MW) of wind generation capacity in the RoI currently under construction and a further 21MW of wind generation capacity in Northern Ireland which is in development.

The Energia Group also has a further pipeline of wind generation projects with capacity of 31MW which are in various stages of obtaining planning permission and grid connections.

In July and August 2015 the Energia Group completed the acquisition of three fully consented wind farm development projects in Northern Ireland with combined capacity of 38MW. The total cashflows on acquisition were £11.8m together with deferred consideration of £1.8m.

The Energia Group also retains a minority share of 25% in the RoI wind farm projects and 20% in the Northern Ireland wind farm projects of which a majority was sold to the Irish Infrastructure Fund in June 2012.

[1] *Numbers include offtake contracts between Energia and direct investment wind farms*

Power NI

KPI	**Second Quarter 2016**	Second Quarter 2015	**First Half 2016**	First Half 2015	Year end 31 March 2015
Stage 2 complaints to the Consumer Council (number)	**1**	1	**3**	4	4
Customer sites (number)					
- Residential	**528,000**	556,000	**528,000**	556,000	545,000
- Non-residential	**36,000**	37,000	**36,000**	37,000	37,000
	564,000	593,000	**564,000**	593,000	582,000
Electricity sales (TWh)	**0.6**	0.6	**1.2**	1.3	3.0

During the Second Quarter 2016 Power NI received 1 (2015 - 1) Stage 2 complaint and during First Half 2016 received 3 (2015 – 4) Stage 2 complaints.

Residential customer sites decreased to 528,000 at 30 September 2015 (30 June 2015 – 536,000; 31 March 2015 – 545,000). Non-residential customer sites were 36,000 at 30 September 2015 (30 June 2015 – 37,000; 31 March 2015 – 37,000).

Electricity sales for Second Quarter 2016 remained flat at 0.6TWh (2015 – 0.6TWh) and decreased slightly for First Half 2016 to 1.2TWh (2015 – 1.3TWh).

On 27 October 2015 the Utility Regulator published a consultation on its approach to the price controls for electricity and gas regulated companies. The Utility Regulator proposes to retain the current structure and form for the new Power NI price control to be effective from 1 April 2017. Regulation of the SME market for those customers with an annual consumption of less that 50MWh will be reviewed while the Utility Regulator proposes the continuation of price regulation for the domestic market. The Utility Regulator also proposes an alternative option to roll over the existing price control until such time that it can make an informed decision on the impact of I-SEM.

PPB

As at 30 September 2015 the generation capacity remaining under contract to PPB comprised 600MW at Ballylumford (30 June 2015 – 600MW; 31 March 2015 – 600MW).

On 1 July 2015 the Utility Regulator published its final determination for a new price control. The final determination is unchanged from the draft proposals published on 2 April 2015. The price control runs to 31 March 2017 with an option to extend to September 2018. Licence modifications necessary to implement the new price control are expected to be adopted shortly.

Regulation Update

Single Electricity Market

The detailed market design phase of the project is ongoing and in its latest Project Plan Quarterly Update, published on 30 October 2015, the SEM Committee reconfirmed that the project remains on track for go-live in Q4 2017.

Proposed capacity pot for calendar year 2016

On 28 August 2015 the Regulatory Authorities confirmed the final capacity pot for the calendar year 2016 is €514.8m which represents a 10% decrease over the calendar year 2015 capacity pot of €574.2m (a sizeable improvement from their consultation proposal for a 19% reduction).

End of ROC support for onshore wind

On 18 June 2015, the Department of Energy & Climate Change (DECC) announced the UK Government's intention to end ROC support for new onshore wind farms across Great Britain from 1 April 2016, one year earlier than previously planned. On 30 September 2015 the Department of Enterprise, Trade and Investment (DETI) published a consultation on revised proposals that would see Northern Ireland follow the UK Government policy and close existing NIROC support from 1 April 2016 to new onshore wind projects which do not meet specific eligibility criteria. Projects which meet the eligibility criteria will be able to apply for accreditation under the NIROC scheme to 31 March 2017 with a further 12 month grid and radar delay grace period for projects which can demonstrate they meet the relevant criteria. The appropriate legislation required to enact the changes is expected to be passed by the NI Assembly. Energia's portfolio of under construction and in development assets (73MW combined) are expected to meet the eligibility criteria.

Removal of Levy Exemption Certificates for Climate Change Levy exemption

On 8 July 2015, the UK Government announced the end of Levy Exemption Certificates (LECs) attaching to electricity generated from renewable sources with effect from 1 August 2015. Previously LECs had been used to provide exemption from the Climate Change Levy (CCL) borne by UK business customers. A transition period commenced on 1 August 2015 during which electricity suppliers are able to continue to exempt renewable source electricity generated prior to that date.

Revenue

	Second Quarter 2016 £m	Second Quarter 2015 £m	First Half 2016 £m	First Half 2015 £m	Year end 31 March 2015 £m
Energia Group (excluding renewable assets)	**185.9**	192.7	**387.9**	395.5	893.3
Energia renewable assets	**2.0**	0.3	**3.5**	0.6	3.6
Power NI (based on regulated entitlement)	**79.5**	86.1	**164.9**	182.5	420.0
PPB (based on regulated entitlement)	**25.5**	26.4	**55.8**	53.5	121.0
Adjustment for (under)/over-recovery	**(1.2)**	9.4	**6.4**	20.3	30.2
Inter business elimination	**(2.5)**	(1.0)	**(5.9)**	(2.2)	(7.0)
Total revenue from continuing operations	**289.2**	313.9	**612.6**	650.2	1,461.1

Second Quarter 2016

Revenue decreased to £289.2m (2015 - £313.9m). The breakdown by business is as follows:

Energia Group revenue (excluding renewable assets) decreased to £185.9m (2015 - £192.7m) primarily reflecting the adverse impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year) and lower non-residential electricity sales volumes and prices (associated with lower gas prices), partly offset by higher residential and non-residential gas sales volumes, higher residential electricity sales volumes, higher renewable PPA revenues (associated with higher average wind factors and higher contracted capacity partly offset by lower market prices) and higher Huntstown plant output (with the incremental impact of constrained utilisation partly offset by the lower availability of both plant).

Energia renewable assets revenue increased to £2.0m (2015 - £0.3m) reflecting the newly commissioned wind farms in December 2014 and May 2015 together with the sale of surplus connection capacity to a wind farm developer.

Power NI revenue (based on regulated entitlement) decreased to £79.5m (2015 - £86.1m) primarily due to the reduction in residential customer numbers, lower consumption per customer and the 9.2% reduction in tariffs effective 1 April 2015.

PPB revenue (based on regulated entitlement) decreased to £25.5m (2015 - £26.4m) primarily due to a PSO rebate partly offset by higher availability and utilisation of the Ballylumford plant.

During the Second Quarter 2016 the Power NI Energy regulated businesses under-recovered against their regulated entitlement by £1.2m (2015 – over-recovered by £9.4m) and at 30 September 2015 the cumulative over-recovery against regulated entitlement was £17.4m. The over-recovery of regulated entitlement reflects the phasing of tariffs.

First Half 2016

Revenue decreased to £612.6m (2015 - £650.2m). The breakdown by business is as follows:

Energia Group revenue (excluding renewable assets) decreased to £387.9m (2015 - £395.5m) primarily due to the adverse impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year) and lower non-residential electricity sales volumes and prices (associated with lower gas prices), partly offset by higher renewable PPA revenues (associated with higher ROC sales and higher average wind factors, higher contracted capacity partly offset by lower market prices), higher residential and non-residential gas sales volumes, higher residential electricity sales volumes and higher Huntstown plant output (with the incremental impact of constrained utilisation partly offset by the lower availability of both plant).

Energia renewable assets revenue increased to £3.5m (2015 - £0.6m) primarily due to the same reasons noted above for Second Quarter 2016.

Power NI revenue (based on regulated entitlement) decreased to £164.9m (2015 - £182.5m) primarily due to the same reasons noted above for Second Quarter 2016.

First Half 2016 (continued)

PPB revenue (based on regulated entitlement) increased to £55.8m (2015 - £53.5m) primarily due to higher availability and utilisation of the Ballylumford plant.

During the First Half 2016 the Power NI Energy regulated businesses over-recovered against their regulated entitlement by £6.4m (2015 – over-recovered by £20.3m) and at 30 September 2015 the cumulative over-recovery against regulated entitlement was £17.4m. 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 2016

Operating costs (pre exceptional items and certain remeasurements) for Second Quarter 2016 decreased to £270.9m (2015 - £285.1m).

Energy costs decreased to £248.2m (2015 - £263.9m) 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 volumes and lower gas prices) partly offset by higher renewable PPA costs (associated with higher average wind output) and higher Energia residential electricity and gas sales.

Employee costs decreased to £5.2m (2015 – £5.6m) reflecting the favourable impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year) and lower employee costs in Power NI.

Depreciation and amortisation increased to £5.1m (2015 – £4.8m) primarily due to the depreciation of renewable assets which became operational in December 2014 and May 2015 partly offset by the impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year).

Other operating charges increased to £12.4m (2015 - £10.8m) primarily due to higher costs associated with Energia’s growth in the RoI residential market and higher operating costs in Power NI partly offset by the favourable impact of foreign exchange translation (with the strengthening of Sterling to Euro compared to last year).

First Half 2016

Operating costs (pre exceptional items and certain remeasurements) for First Half 2016 decreased to £570.5m (2015 - £592.2m).

Energy costs decreased to £524.6m (2015 - £548.1m) primarily due to the same reasons as noted above for Second Quarter 2016.

Employee costs decreased to £10.6m (2015 – £11.1m) primarily due to the same reasons as noted above for Second Quarter 2016.

Depreciation and amortisation increased to £10.2m (2015 – £9.7m) primarily due to the same reasons noted above for Second Quarter 2016.

Other operating charges increased to £25.1m (2015 - £23.3m) primarily due to the same reasons noted above for Second Quarter 2016.

Group operating profit

	Second Quarter 2016 £m	Second Quarter 2015 £m	**First Half 2016 £m**	First Half 2015 £m	Year end 31 March 2015 £m
Energia Group (excluding renewable assets)	**11.4**	11.7	**20.8**	22.9	45.9
Energia renewable assets	**1.3**	-	**1.3**	0.1	1.6
Power NI	**6.9**	7.1	**13.7**	13.5	26.0
PPB	**0.8**	1.2	**1.6**	2.5	6.4
Other	**(0.9)**	(0.6)	**(1.7)**	(1.3)	(2.8)
Group pro-forma operating profit	**19.5**	19.4	**35.7**	37.7	77.1
(Under)/over-recovery of regulated entitlement	**(1.2)**	9.4	**6.4**	20.3	30.2
Operating profit	**18.3**	28.8	**42.1**	58.0	107.3

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

Second Quarter 2016

Operating profit (pre exceptional items and certain remeasurements) decreased to £18.3m (2015 - £28.8m) primarily reflecting an under-recovery of regulated entitlement of £1.2m (compared to an over-recovery in the same period last year of £9.4m).

Group pro-forma operating profit (pre exceptional items and certain remeasurements) for Second Quarter 2016 increased to £19.5m (2015 - £19.4m).

Energia Group (excluding renewable assets) operating profit for Second Quarter 2016 decreased to £11.4m (2015 - £11.7m) reflecting the decrease in EBITDA outlined previously partly offset by a lower depreciation charge.

Energia renewable assets operating profit for Second Quarter 2016 increased to £1.3m (2015 - £nil) reflecting the increase in EBITDA outlined previously partly offset by a higher depreciation charge associated with the commissioning of new wind farms.

Power NI operating profit decreased to £6.9m (2015 - £7.1m) reflecting the decrease in EBITDA outlined previously.

PPB operating profit decreased to £0.8m (2015 - £1.2m) reflecting the decrease in EBITDA outlined previously.

First Half 2016

Operating profit (pre exceptional items and certain remeasurements) increased to £42.1m (2015 - £58.0m) reflecting a lower over-recovery of regulated entitlement of £6.4m (2015 - £20.3m).

Group pro-forma operating profit (pre exceptional items and certain remeasurements) for First Half 2016 decreased to £35.7m (2015 - £37.7m).

Energia Group (excluding renewable assets) operating profit for First Half 2016 decreased to £20.8m (2015 - £22.9m) reflecting the decrease in EBITDA outlined previously partly offset by a lower depreciation charge.

Energia renewable assets operating profit for First Half 2016 increased to £1.3m (2015 - £0.1m) reflecting the increase in EBITDA outlined previously partly offset by a higher depreciation charge associated with the commissioning of new wind farms.

Power NI operating profit increased to £13.7m (2015 - £13.5m) reflecting the increase in EBITDA outlined previously.

PPB operating profit decreased to £1.6m (2015 - £2.5m) reflecting the decrease in EBITDA outlined previously.

Exceptional items and certain remeasurements

Certain remeasurements for Second Quarter 2016 were £1.2m loss (2015 - £5.5m gain) and for First Half 2016 were £0.6m loss (2015 - £2.7m gain) and reflect the 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 2016 decreased from £33.3m to £7.6m reflecting lower interest cost of the Senior secured notes as a result of the refinancing in February 2015, lower interest cost on the subordinated shareholder loan reflecting the part repayment of principal in February 2015 and favourable foreign exchange due to the weakening of Sterling to Euro during the period compared to the same period last year.

Net finance costs (pre exceptional items and certain remeasurements) for First Half 2016 decreased from £54.9m to £26.1m primarily due to the same reasons noted above for Second Quarter 2016.

Tax (charge)/credit

The total tax charge (pre exceptional items and certain remeasurements) for the Second Quarter 2016 was £1.2m (2015 – £0.9m credit) and for First Half 2016 was £2.3m (2015 - £3.6m credit).

Cash flow before acquisitions, disposals, interest and tax

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

	Second Quarter 2016 £m	Second Quarter 2015 £m	**First Half 2016 £m**	First Half 2015 £m	Year end 31 March 2015 £m
Group pro-forma EBITDA (1)	**24.6**	24.2	**45.9**	47.4	97.5
Defined benefit pension charge less contributions paid	**-**	-	**(1.0)**	(0.1)	(0.5)
Net movement in security deposits	**(0.5)**	3.1	**(0.2)**	(0.3)	-
Changes in working capital (2)	**(7.4)**	3.6	**(1.1)**	3.7	6.8
(Under)/over-recovery of regulated entitlement	**(1.2)**	9.4	**6.4**	20.3	30.2
Foreign exchange translation	**0.4**	(0.4)	**(0.1)**	(0.7)	(2.9)
Cash flow from operating activities	**15.9**	39.9	**49.9**	70.3	131.1
Net capital expenditure (3)	**(17.5)**	(8.0)	**(31.6)**	(14.2)	(30.7)
Proceeds from sale and purchases of other intangibles	**9.7**	10.9	**4.5**	7.0	(8.4)
Cash flow before acquisitions, disposals, interest and tax	**8.1**	42.8	**22.8**	63.1	92.0

(1) Includes EBITDA of renewable wind farm assets for Second Quarter 2016 £2.0m (2015 - £0.2m); First Half 2016 £2.6m (2015 - £0.4m); year ended 31 March 2015 £2.8m
(2) Includes changes in working capital of renewable wind farm assets for Second Quarter 2016 £1.0m decrease (2015 – £0.1m increase); First Half 2016 £0.5m decrease (2015 - £0.1m increase); year ended 31 March 2015 £2.0m increase
(3) Includes capital expenditure on renewable wind farm assets for Second Quarter 2016 £15.5m (2015 - £7.3m); First Half 2016 £29.1m (2015 - £12.9m); year ended 31 March 2015 £1.1m and software expenditure for Second Quarter 2016 £0.4m (2015 - £0.2m); First Half 2016 £0.7m (2015 - £0.5m); year ended 31 March 2015 £1.1m.

Group cash flow from operating activities for Second Quarter 2016 decreased to £15.9m (2015 - £39.9m) primarily reflecting the increase in working capital of £7.3m (2015 – £3.6m decrease) and an under-recovery of regulated entitlement £1.2m (2015 – over-recovery £9.4m).

Cash flow before acquisitions, disposals, interest and tax (continued)

Group cash flow from operating activities for First Half 2016 decreased to £49.9m (2015 - £70.3m) primarily reflecting an over-recovery of regulated entitlement £6.4m (2015 – £20.3m), the increase in working capital of £1.0m (2015 – £3.7m decrease) and the decrease in Group pro-forma EBITDA of £45.9m (2015 - £47.4m).

Net movement in security deposits

The net movement in security deposits for Second Quarter 2016 was an outflow of £0.5m (2015 – £3.1m inflow) and for First Half 2016 was an outflow of £0.2m (2015 – £0.3m). As at 30 September 2015 there were £2.5m 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 2016

Working capital increased by £7.4m (2015 – decrease of £3.6m) due to an increase in working capital requirements of Energia Group (excluding changes in the working capital of renewable wind farm assets) and Power NI partly offset by a decrease in the working capital requirements of PPB, Energia renewable assets and other Viridian holding companies.

Energia Group working capital increased by £12.6m (2015 – decrease of £1.0m) primarily due to an increase in trade debtors and accrued income (reflecting an increase in electricity and gas volumes in September 2015 compared to June 2015), a reduction in trade creditors and accruals (reflecting lower interconnector creditors, lower LEC creditors (with the removal of LECs from 1 August 2015), a reduction in the ROC liability (due to settlement of the annual ROC obligation) and an decrease in the VAT creditor) partly offset by an increase in the emissions liability.

Energia renewable assets working capital decreased by £1.0m (2015 – decrease of £0.8m) primarily due to a increase in creditors.

Working capital at Power NI increased by £1.2m (2015 – decrease of £2.1m) primarily due to a decrease in the ROC liability (due to the settlement of the annual ROC obligation) partly offset by lower Power NI trade debtors (net of payments on account) and accrued income (primarily reflecting a reduction in sales volumes, lower customer numbers and the reduction in tariffs from April 2015) and an increase in trade creditors and accruals (associated with timing differences on the payment of ROCs to generators).

Working capital at PPB decreased by £4.9m (2015 – increase of £0.7m) primarily due to an increase in the PSO creditor (reflecting the timing of PSO rebates) and lower accrued income (primarily reflecting lower Ballylumford output in September 2015 compared to June 2015) partly offset by lower trade creditors and accruals (primarily reflecting lower Ballylumford plant output in September 2015 compared to June 2015) and an increase in the VAT debtor.

Working capital at other Viridian holding companies decreased by £0.5m (2015 – £0.4m).

First Half 2016

Working capital increased by £1.1m (2015 – decrease of £3.7m) due to an increase in the working capital requirements of Energia Group (excluding renewable assets) and other Viridian holding companies partly offset by a decrease in the working capital requirements of Power NI, PPB and Energia renewable assets.

Energia Group (excluding changes in the working capital of renewable wind farm assets) working capital increased by £15.6m (2015 – £4.6m) 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 in September 2015 compared to March 2015), a reduction in the ROC liability (due to the settlement of the annual ROC obligation) and a decrease in the VAT creditor partly offset by a reduction in trade debtors and accrued income (due to the seasonal reduction in electricity and gas sales volumes and lower market prices).

First Half 2016 (continued)

Energia renewable assets working capital decreased by £0.5m (2015 – increase of £0.1m) primarily due to an increase in creditors.

Working capital at Power NI decreased by £8.7m (2015 - £8.4m) primarily due to lower trade debtors (net of payments on account) and accrued income (primarily reflecting the seasonal reduction in sales volumes, lower customer numbers and the reduction in tariffs from April 2015) partly offset by a decrease in the ROC liability (due to the settlement of the annual ROC obligation), a reduction in the trade creditors and accruals (reflecting the seasonal reduction in sales volumes and lower market prices) and a decrease in the VAT creditor.

Working capital at PPB decreased by £5.2m (2015 - increase of £5.0m) primarily due to an increase in the PSO creditor (reflecting the timing of PSO rebates) and an increase in trade creditors and accruals (primarily reflecting higher Ballylumford output in September 2015 compared to March 2015) partly offset by an increase in the VAT debtor.

Working capital at other Viridian holding companies decreased by £0.1m (2015 – £5.0m).

(Under)/over-recovery of regulated entitlement

As noted previously during Second Quarter 2016 the regulated businesses of Power NI and PPB under-recovered against their regulated entitlement by £1.2m (2015 – over-recovered by £9.4m) and during First Half 2016 over-recovered by £6.4m (2015 - £20.3m). At 30 September 2015 the cumulative over-recovery against regulated entitlement was £17.4m. The (under)/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 2016 increased to £17.5m (2015 - £8.0m) and for First Half 2016 increased to £31.6m (2015 – £14.2m). Excluding capital expenditure on renewable wind farm assets, net capital expenditure for Second Quarter 2016 increased to £2.0m (2015 - £0.7m) and for First Half 2016 increased to £2.5m (2015 - £1.3m).

Net capital expenditure at Energia Group (excluding capital expenditure on renewable wind farm assets) for Second Quarter 2016 increased to £1.6m (2015 - £0.6m) and for First Half 2016 increased to £2.0m (2015 - £1.1m) reflecting capital expenditure on Huntstown 1 for the rotor replacement.

Net capital expenditure on renewable wind farm assets for Second Quarter 2016 increased to £15.5m (2015 - £7.3m) and for First Half 2016 increased to £29.1m (2015 - £12.9m) primarily reflecting the ongoing construction and development of the wind farm asset portfolio.

Net capital expenditure at other Group companies for Second Quarter 2016 increased to £0.4m (2015 - £0.2m) and for First Half 2016 increased to £0.5m (2015 - £0.2m).

Other cash flows

Acquisition of subsidiary

Acquisition of subsidiary for Second Quarter 2016 of £11.8m (2015 - £nil) and for First Half 2016 of £11.8m (2015 - £0.5m) reflects the acquisition of three fully consented wind farm development projects in Northern Ireland in July and August 2015.

Net interest paid

Net interest paid (excluding premium on redemption of Senior secured notes and exceptional finance costs) for Second Quarter 2016 decreased to £20.7m (2015 - £29.9m) and for First Half 2016 decreased to £21.7m (2015 – £31.5m) primarily reflecting the lower interest cost of the Senior secured notes as a result of the refinancing in February 2015.

Dividends

No dividends were paid in Second Quarter 2016 (2015 - £nil) or First Half 2016 (2015 - £nil).

Net debt

The Group's net debt increased during Second Quarter 2016 by £34.1m from £580.7m at 30 June 2015 to £614.8m at 30 September 2015 and increased during First Half 2016 by £27.7m from £587.1m at 31 March 2015 to £614.8m at 30 September 2015 primarily reflecting the cash flows noted above.

Net debt at 30 September 2015 includes project finance net debt of £47.8m (30 June 2015 - £39.0m; 31 March 2015 - £33.2m). Excluding project financed net debt, net debt was £567.0m (30 June 2015 - £541.7m; 31 March 2015 - £553.9m).

Defined benefit pension liability

The pension liability in the Group's defined benefit scheme under IAS 19 was £nil at 30 September 2015 (30 June 2015 - £nil; 31 March 2015 – £0.8m).

Treasury

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

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

	As at 30 September 2015 £m	As at 30 September 2014 £m	Year end 31 March 2015 £m
Investments	**1.4**	1.4	1.4
Cash and cash equivalents	**62.2**	66.6	68.7
Senior secured notes (2020)	**(434.5)**	-	(425.2)
Senior secured notes (2017)	**-**	(341.5)	-
Subordinated shareholder loan	**(371.9)**	(402.4)	(356.9)
Junior bank facility asset	**179.0**	149.7	162.6
Interest accruals – Senior secured notes	**(2.8)**	-	(4.1)
Other interest accruals	**(0.7)**	(0.9)	(0.6)
Amounts due from fellow subsidiary	**0.3**	0.2	0.2
Net debt excluding project finance facilities	**(567.0)**	(526.9)	(553.9)
Project finance cash	**8.7**	5.4	3.8
Project finance bank facility (RoI)	**(27.6)**	(10.1)	(9.1)
Project finance bank facility (NI)	**(28.8)**	(20.1)	(27.9)
Project finance interest accruals	**(0.1)**	-	-
Net debt	**(614.8)**	(551.7)	(587.1)

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 15. Liquidity, including short term working capital requirements, is managed through committed Senior revolving credit bank facilities together with available cash resources.

The shareholders are currently assessing strategic options for their interest in Viridian which may or may not lead to a sale in due course.

In April 2015 non-recourse project finance facilities of up to €122.7m were put in place in respect of a wind farm in the RoI. It is intended that future wind farm projects will also be financed on a non-recourse basis.

Treasury (continued)

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 over-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 minimum EBITDA financial covenant, required to be reported quarterly under the Senior revolving credit facility, to ensure sufficient headroom is maintained. The project financed facilities have one main covenant, a debt service cover ratio, which measures available cash against the debt service requirements on a historic annual basis.

At 30 September 2015, the Group had letters of credit issued out of the Senior revolving credit facility of £94.3m resulting in undrawn committed facilities of £130.7m (30 June 2015 - £100.6m; 31 March 2015 - £106.4m). Cash drawings under the Senior revolving credit facility at 30 September 2015 were £nil (30 June 2015 - £nil; 31 March 2015 - £nil).

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

In June 2015 the Group put in place €150.0m foreign exchange forward contracts to hedge the foreign exchange risk on the Euro denominated Senior secured notes associated with the forecast sterling cash generation of the Group.

There have been no other 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 2015.

The Group has not designated a hedging relationship between the Euro-denominated assets on the Group's balance sheet and the Group's Euro borrowings in the current year.

Continuing operations	Notes	Results before exceptional items and certain re-measurements Second Quarter 2016 Unaudited £m	Exceptional items and certain re-measurements (note 4) Second Quarter 2016 Unaudited £m	Total Second Quarter 2016 Unaudited £m	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
Revenue	2	289.2	-	289.2	313.9	-	313.9
Operating costs	3	(270.9)	(1.2)	(272.1)	(285.1)	5.5	(279.6)
Operating profit/(loss)	2	18.3	(1.2)	17.1	28.8	5.5	34.3
Finance costs	5	(15.4)	3.8	(11.6)	(40.3)	8.9	(31.4)
Finance income	5	7.8	-	7.8	7.0	-	7.0
Net finance cost		(7.6)	3.8	(3.8)	(33.3)	8.9	(24.4)
Share of loss in associates		(0.4)	-	(0.4)	(0.6)	-	(0.6)
Profit/(loss) before tax		10.3	2.6	12.9	(5.1)	14.4	9.3
Taxation	6	(1.2)	0.2	(1.0)	0.9	(0.6)	0.3
Profit/(loss) for the period		9.1	2.8	11.9	(4.2)	13.8	9.6

CONSOLIDATED INCOME STATEMENT
for the six month period ended 30 September 2015

Continuing operations	Notes	Results before exceptional items and certain re-measurements First Half 2016 Unaudited £m	Exceptional items and certain re-measurements (note 4) First Half 2016 Unaudited £m	Total First Half 2016 Unaudited £m	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 certain re-measurements Year ended 31 March 2015 Audited £m	Exceptional items and certain re-measurements (note 4) Year ended 31 March 2015 Audited £m	Total Year ended 31 March 2015 Audited £m
Revenue	2	612.6	-	612.6	650.2	-	650.2	1,461.1	-	1,461.1
Operating costs	3	(570.5)	(0.6)	(571.1)	(592.2)	2.7	(589.5)	(1,353.8)	4.9	(1,348.9)
Operating profit/(loss)	2	42.1	(0.6)	41.5	58.0	2.7	60.7	107.3	4.9	112.2
Finance costs	5	(41.8)	2.5	(39.3)	(69.0)	6.6	(62.4)	(125.0)	(27.5)	(152.5)
Finance income	5	15.7	-	15.7	14.1	-	14.1	28.2	-	28.2
Net finance cost		(26.1)	2.5	(23.6)	(54.9)	6.6	(48.3)	(96.8)	(27.5)	(124.3)
Share of loss in associates		(0.7)	-	(0.7)	(1.1)	-	(1.1)	(0.9)	-	(0.9)
Profit/(loss) before tax		15.3	1.9	17.2	2.0	9.3	11.3	9.6	(22.6)	(13.0)
Taxation	6	(2.3)	0.1	(2.2)	3.6	(0.3)	3.3	2.7	0.1	2.8
Profit/(loss) for the period		13.0	2.0	15.0	5.6	9.0	14.6	12.3	(22.5)	(10.2)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the three and six month periods ended 30 September 2015

	Notes	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	First Half 2016 Unaudited £m	First Half 2015 Unaudited £m	Year ended 31 March 2015 Audited £m
Profit/(loss) for the period		**11.9**	9.6	**15.0**	14.6	(10.2)
Items that will be reclassified subsequently to profit or loss:						
Exchange difference on translation of foreign operations		**(13.4)**	9.4	**(6.4)**	20.8	(14.4)
Loss on net investment hedging instruments		**-**	(8.5)	**-**	(19.3)	16.1
Net (loss)/gain on net investment hedge		**(13.4)**	0.9	**(6.4)**	1.5	1.7
Net loss on cash flow hedges		**(10.8)**	(3.6)	**(9.3)**	(9.4)	(14.2)
Transferred loss from equity to income statement on cash flow hedges		**4.0**	6.4	**5.6**	11.1	13.7
Share of associates net (loss)/gain on cash flow hedges		**(0.1)**	(0.1)	**0.2**	(0.2)	(0.5)
Income tax effect		**0.7**	(0.7)	**0.6**	(0.5)	0.4
		(6.2)	2.0	**(2.9)**	1.0	(0.6)
		(19.6)	2.9	**(9.3)**	2.5	1.1
Items that will not be reclassified to profit or loss:						
Remeasurement loss on defined benefit scheme		**-**	-	**(0.2)**	(0.1)	(0.4)
Income tax effect		**-**	-	**-**	-	0.2
		-	-	**(0.2)**	(0.1)	(0.2)
Other comprehensive (expense)/income for the period, net of taxation		**(19.6)**	2.9	**(9.5)**	2.4	0.9
Total comprehensive (expense)/income for the period		**(7.7)**	12.5	**5.5**	17.0	(9.3)

CONSOLIDATED BALANCE SHEET
as at 30 September 2015

ASSETS	Notes	30 September 2015 Unaudited £m	30 September 2014 Unaudited £m	31 March 2015 Audited £m
Non-current assets:				
Property, plant and equipment		**294.3**	266.1	257.4
Intangible assets		**517.3**	490.9	515.4
Investment in associates		**5.9**	5.9	6.1
Derivative financial instruments	13	**3.9**	0.5	0.6
Other non-current financial assets	8	**179.5**	150.3	163.2
Deferred tax assets		**17.6**	17.6	17.5
		1,018.5	931.3	960.2
Current assets:				
Inventories		**4.3**	4.7	4.3
Trade and other receivables	9	**130.1**	139.6	161.3
Derivative financial instruments	13	**3.8**	6.9	8.6
Other current financial assets	8	**3.9**	4.1	3.8
Cash and cash equivalents	10	**70.9**	72.0	72.5
		213.0	227.3	250.5
TOTAL ASSETS		**1,231.5**	1,158.6	1,210.7
LIABILITIES				
Current liabilities:				
Trade and other payables	11	**(204.6)**	(199.7)	(235.3)
Income tax payable		**(3.3)**	(2.4)	(1.1)
Financial liabilities	12	**(8.1)**	(2.0)	(7.7)
Derivative financial instruments	13	**(11.8)**	(13.1)	(10.9)
Deferred income		**(0.3)**	(0.3)	(0.3)
		(228.1)	(217.5)	(255.3)
Non-current liabilities:				
Financial liabilities	12	**(861.8)**	(774.7)	(817.8)
Derivative financial instruments	13	**(4.2)**	(6.6)	(4.8)
Deferred income		**(0.2)**	(0.5)	(0.3)
Net employee defined benefit liabilities		**-**	(1.0)	(0.8)
Deferred tax liabilities		**(12.6)**	(13.2)	(13.0)
Provisions		**(11.7)**	(11.4)	(11.3)
		(890.5)	(807.4)	(848.0)
TOTAL LIABILITIES		**(1,118.6)**	(1,024.9)	(1,103.3)
NET ASSETS		**112.9**	133.7	107.4
Equity				
Share capital		**-**	-	-
Share premium		**510.0**	510.0	510.0
Retained earnings		**(498.8)**	(488.7)	(513.6)
Capital contribution reserve		**115.2**	115.2	115.2
Hedge reserve		**(9.5)**	(5.0)	(6.6)
Foreign currency translation reserve		**(4.0)**	2.2	2.4
TOTAL EQUITY		**112.9**	133.7	107.4

The condensed interim consolidated financial statements were approved by the Board of directors and authorised for issue on 25 November 2015.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six month period ended 30 September 2015

	Share capital £m	Share premium £m	Retained earnings £m	Capital contribution reserve £m	Hedge reserve £m	Foreign currency translation reserve £m	Total equity £m
At 1 April 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**
At 1 April 2014	**-**	**510.0**	**(503.2)**	**115.2**	**(6.0)**	**0.7**	**116.7**
Loss for the year	-	-	(10.2)	-	-	-	(10.2)
Other comprehensive (expense)/income	-	-	(0.2)	-	(0.6)	1.7	0.9
Total comprehensive (expense)/income	-	-	*(10.4)*	-	*(0.6)*	*1.7*	*(9.3)*
At 31 March 2015	**-**	**510.0**	**(513.6)**	**115.2**	**(6.6)**	**2.4**	**107.4**
Profit for the period	-	-	15.0	-	-	-	15.0
Other comprehensive expense	-	-	(0.2)	-	(2.9)	(6.4)	(9.5)
Total comprehensive income/(expense)	-	-	*14.8*	-	*(2.9)*	*(6.4)*	*5.5*
At 30 September 2015	**-**	**510.0**	**(498.8)**	**115.2**	**(9.5)**	**(4.0)**	**112.9**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the three and six month periods ended 30 September 2015

	Notes	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	First Half 2016 Unaudited £m	First Half 2015 Unaudited £m	Year ended 31 March 2015 Audited £m
Cash generated from operations before working capital movements	14	**23.4**	33.6	**51.3**	67.6	127.2
Working capital adjustments:						
(Increase)/decrease in inventories		**(0.1)**	0.1	**-**	0.4	0.8
Decrease in trade and other receivables		**0.8**	7.7	**31.3**	41.1	19.4
(Increase)/decrease in security deposits		**(0.5)**	3.1	**(0.2)**	(0.3)	-
Decrease in trade and other payables		**(8.1)**	(4.2)	**(32.4)**	(37.8)	(13.4)
Effects of foreign exchange		**0.4**	(0.4)	**(0.1)**	(0.7)	(2.9)
		15.9	39.9	**49.9**	70.3	131.1
Interest received		**0.1**	-	**0.1**	0.1	0.2
Interest paid		**(20.8)**	(29.9)	**(21.8)**	(31.6)	(49.1)
Exceptional finance costs		**-**	-	**-**	-	(23.0)
Note redemption premium		**-**	-	**-**	-	(1.2)
		(20.7)	(29.9)	**(21.7)**	(31.5)	(73.1)
Income tax received		**-**	0.5	**-**	0.4	0.4
Net cash flows (used in)/from operating activities		**(4.8)**	10.5	**28.2**	39.2	58.4
Investing activities						
Purchase of property, plant and equipment		**(17.1)**	(7.8)	**(30.9)**	(13.7)	(29.6)
Purchase of intangible assets		**(16.0)**	(8.7)	**(31.1)**	(16.2)	(44.7)
Proceeds from sale of intangible assets		**25.3**	19.4	**34.9**	22.7	35.2
Disposal of subsidiary, net of cash disposed		**-**	-	**(0.1)**	-	(0.2)
Dividends received from associates		**-**	-	**0.2**	0.5	0.5
Interest received from associates		**-**	-	**0.1**	0.2	0.3
Acquisition of subsidiary		**(11.8)**	-	**(11.8)**	(0.5)	(0.5)
Net cash flows (used in)/from investing activities		**(19.6)**	2.9	**(38.7)**	(7.0)	(39.0)
Financing activities						
Proceeds from issue of borrowings		**9.6**	8.9	**26.3**	14.8	466.5
Repayment of borrowings		**(6.3)**	-	**(11.0)**	-	(429.4)
Issue costs of new long term loans		**(0.4)**	-	**(7.1)**	(0.4)	(8.2)
Net cash flows from financing activities		**2.9**	8.9	**8.2**	14.4	28.9
Net (decrease)/increase in cash and cash equivalents		**(21.5)**	22.3	**(2.3)**	46.6	48.3
Net foreign exchange difference		**1.4**	(0.4)	**0.7**	(0.9)	(2.1)
Cash and cash equivalents at period start	10	**91.0**	50.1	**72.5**	26.3	26.3
Cash and cash equivalents at period end	10	**70.9**	72.0	**70.9**	72.0	72.5

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 consolidated financial statements for the year ended 31 March 2015.

A number of new European Union endorsed standards and amendments to existing standards are effective for periods beginning on or after 1 April 2015. However, none of these have a material, if any, impact on the annual or condensed interim consolidated financial statements of the Group in 2015/16.

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 (excluding renewable assets) 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);
- Energia renewable assets comprises generation from wholly owned wind generation assets;
- 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.

Reflecting the Group's continued growth in the renewables sector, the Energia renewable assets business unit has been identified as a separate reportable segment in the current year. This business unit was previously included within the Energia Group reportable segment. Comparative segmental information has been restated reflecting this change.

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.

(a) Revenue by segment

	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	**First Half 2016 Unaudited £m**	First Half 2015 Unaudited £m	Year ended 31 March 2015 Audited £m
Energia Group (excluding renewable assets)	**185.9**	192.7	**387.9**	395.5	893.3
Energia renewable assets	**2.0**	0.3	**3.5**	0.6	3.6
Power NI	**79.5**	86.1	**164.9**	182.5	420.0
PPB	**25.5**	26.4	**55.8**	53.5	121.0
Inter-group eliminations	**(2.5)**	(1.0)	**(5.9)**	(2.2)	(7.0)
Group	**290.4**	304.5	**606.2**	629.9	1,430.9
Adjustment for (under)/over-recovery	**(1.2)**	9.4	**6.4**	20.3	30.2
Total	**289.2**	313.9	**612.6**	650.2	1,461.1

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

2. SEGMENTAL ANALYSIS (continued)

(b) *Operating Profit*

	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	First Half 2016 Unaudited £m	First Half 2015 Unaudited £m	Year ended 31 March 2015 Audited £m
Segment Pro-Forma EBITDA					
Energia Group (excluding renewable assets)	15.0	15.6	28.2	30.9	62.3
Energia renewable assets	2.0	0.2	2.6	0.4	2.8
Power NI	7.6	7.8	15.0	14.8	28.6
PPB	0.8	1.2	1.6	2.5	6.4
Other	(0.8)	(0.6)	(1.5)	(1.2)	(2.6)
Group Pro-Forma EBITDA	24.6	24.2	45.9	47.4	97.5
Adjustment for (under)/over-recovery	(1.2)	9.4	6.4	20.3	30.2
Group EBITDA	23.4	33.6	52.3	67.7	127.7
Depreciation/amortisation					
Energia Group (excluding renewable assets)	(3.6)	(3.9)	(7.4)	(8.0)	(16.4)
Energia renewable assets	(0.7)	(0.2)	(1.3)	(0.3)	(1.2)
Power NI	(0.7)	(0.7)	(1.3)	(1.3)	(2.6)
Other	(0.1)	-	(0.2)	(0.1)	(0.2)
Group depreciation and amortisation	(5.1)	(4.8)	(10.2)	(9.7)	(20.4)
Operating profit pre exceptional items and certain remeasurements					
Energia Group (excluding renewable assets)	11.4	11.7	20.8	22.9	45.9
Energia renewable assets	1.3	-	1.3	0.1	1.6
Power NI	6.9	7.1	13.7	13.5	26.0
PPB	0.8	1.2	1.6	2.5	6.4
Other	(0.9)	(0.6)	(1.7)	(1.3)	(2.8)
Group Pro-Forma operating profit	19.5	19.4	35.7	37.7	77.1
Adjustment for (under)/over-recovery	(1.2)	9.4	6.4	20.3	30.2
Operating profit pre exceptional items and certain remeasurements	18.3	28.8	42.1	58.0	107.3
Exceptional items and certain remeasurements					
Energia Group	(1.2)	5.5	(0.6)	2.7	4.9
Group operating profit post-exceptional items and certain remeasurements	17.1	34.3	41.5	60.7	112.2
Finance cost	(11.6)	(31.4)	(39.3)	(62.4)	(152.5)
Finance income	7.8	7.0	15.7	14.1	28.2
	(3.8)	(24.4)	(23.6)	(48.3)	(124.3)
Share of loss in associates	(0.4)	(0.6)	(0.7)	(1.1)	(0.9)
Profit/(loss) on ordinary activities before tax	12.9	9.3	17.2	11.3	(13.0)

3. OPERATING COSTS

	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	First Half 2016 Unaudited £m	First Half 2015 Unaudited £m	Year ended 31 March 2015 Audited £m
Operating costs are analysed as follows:					
Energy costs	**248.2**	263.9	**524.6**	548.1	1,269.3
Employee costs	**5.2**	5.6	**10.6**	11.1	23.8
Depreciation, amortisation and impairment	**5.1**	4.8	**10.2**	9.7	20.4
Other operating charges	**12.4**	10.8	**25.1**	23.3	40.3
Total pre exceptional items and certain remeasurements	**270.9**	285.1	**570.5**	592.2	1,353.8
Exceptional costs and certain remeasurements:					
Energy costs	**1.2**	(5.5)	**0.6**	(2.7)	(4.9)
Total exceptional costs and certain remeasurements	**1.2**	(5.5)	**0.6**	(2.7)	(4.9)
Total operating costs	**272.1**	279.6	**571.1**	589.5	1,348.9

3.1 Depreciation, amortisation and impairment

	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	First Half 2016 Unaudited £m	First Half 2015 Unaudited £m	Year ended 31 March 2015 Audited £m
Depreciation	**4.1**	4.0	**8.4**	8.1	17.0
Associated release of contributions in respect of property plant & equipment	**(0.1)**	(0.1)	**(0.2)**	(0.2)	(0.3)
Amortisation of intangible assets	**1.1**	0.9	**2.0**	1.8	3.7
	5.1	4.8	**10.2**	9.7	20.4

4. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	**First Half 2016 Unaudited £m**	First Half 2014 Unaudited £m	Year ended 31 March 2015 Audited £m
Exceptional items in arriving at profit from continuing operations:					
Exceptional finance costs[1]	**-**	-	**-**	-	(44.4)
	-	-	**-**	-	(44.4)
Certain remeasurements in arriving at profit					
Net (loss)/profit on derivatives at fair value through operating costs[2]	**(1.2)**	5.5	**(0.6)**	2.7	(4.9)
Net profit/(loss) on derivatives at fair value through finance costs[3]	**3.8**	8.9	**2.5**	6.6	(16.9)
	2.6	14.4	**1.9**	9.3	(21.8)
Exceptional items and certain remeasurements before taxation	**2.6**	14.4	**1.9**	9.3	(22.6)
Taxation on exceptional items and certain remeasurements	**0.2**	(0.6)	**0.1**	(0.3)	0.1
Exceptional items and certain remeasurements	**2.8**	13.8	**2.0**	9.0	(22.5)

[1] Exceptional finance costs of £44.4m in year ended 31 March 2015 relate to the refinancing of the Group on 13 February 2015 and primarily reflect bond make whole payments of £21.7m, accelerated amortisation of bond fees and original issue discount of £16.6m, arrangement fees associated with the revolving credit facility of £4.5m and other costs of £1.6m.

[2] Net loss on derivatives at fair value through operating costs for Second Quarter 2016 of £1.2m (2015 – £5.5m gain) and First Half 2016 of £0.6m (2015 - £2.7m gain) primarily relates to fair value movements in commodity swap contracts and foreign exchange forward contracts.

[3] Net gain on derivatives at fair value through finance costs for Second Quarter 2016 of £3.8m (2015 - £8.9m gain) and First Half 2016 of £2.5m (2015 - £6.6m gain) primarily relates to fair value movements in foreign exchange forward contracts associated with the Senior secured notes (2015 – relates to fair value movement on cross currency swaps).

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

	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	**First Half 2016 Unaudited £m**	First Half 2015 Unaudited £m	Year ended 31 March 2015 Audited £m
Exceptional finance costs	**-**	-	**-**	-	0.7
Impairment of property, plant and equipment	**-**	-	**-**	-	(0.6)
Fair valued derivatives through profit & loss	**0.2**	(0.6)	**0.1**	(0.3)	-
	0.2	(0.6)	**0.1**	(0.3)	0.1

5. FINANCE COSTS/INCOME

Finance Costs	Results before exceptional items and certain remeasure-ments Second Quarter 2016 Unaudited £m	Exceptional items and certain remeasure-ments Second Quarter 2016 Unaudited £m	Total Second Quarter 2016 Unaudited £m	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
Interest on external bank loans and borrowings	(2.1)	-	(2.1)	(1.6)	-	(1.6)
Interest on senior secured notes	(8.4)	-	(8.4)	(10.6)	-	(10.6)
Interest payable to parent undertaking	(6.0)	-	(6.0)	(7.8)	-	(7.8)
Total interest expense	(16.5)	-	(16.5)	(20.0)	-	(20.0)
Amortisation of financing charges	(0.9)	-	(0.9)	(2.9)	-	(2.9)
Unwinding of discount on decommissioning provision	-	-	-	(0.1)	-	(0.1)
Unwinding of discount on shareholder loan	(6.4)	-	(6.4)	(5.6)	-	(5.6)
Total other finance charges	(7.3)	-	(7.3)	(8.6)	-	(8.6)
Net exchange gain/(loss) on net foreign currency borrowings	7.6	-	7.6	(12.1)	-	(12.1)
Net gain on financial instruments at fair value through profit or loss	-	3.8	3.8	-	8.9	8.9
Less interest capitalised in qualifying asset	0.8	-	0.8	0.4	-	0.4
Total finance costs	(15.4)	3.8	(11.6)	(40.3)	8.9	(31.4)
Finance income						
Interest income on loans to an associate	0.2	-	0.2	0.2	-	0.2
Unwinding of discount on junior asset	7.6	-	7.6	6.7	-	6.7
Interest income on bank deposits	-	-	-	0.1	-	0.1
Total finance income	7.8	-	7.8	7.0	-	7.0

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in Second Quarter 2016 was 5.1% (Second Quarter 2015 - 5.5%).

5. FINANCE COSTS/INCOME (continued)

Finance Costs	Results before exceptional items and certain remeasure-ments First Half 2016 Unaudited £m	Exceptional items and certain remeasure-ments First Half 2016 Unaudited £m	Total First Half 2016 Unaudited £m	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 Year ended 31 March 2015 Audited £m	Exceptional items and certain remeasure-ments Year ended 31 March 2015 Audited £m	Total 2015 Audited £m
Interest on external bank loans and borrowings	(3.9)	-	(3.9)	(3.4)	-	(3.4)	(6.9)	-	(6.9)
Interest on senior secured notes	(16.5)	-	(16.5)	(21.3)	-	(21.3)	(40.7)	-	(40.7)
Interest payable to parent undertaking	(11.8)	-	(11.8)	(15.3)	-	(15.3)	(29.7)		(29.7)
Total interest expense	(32.2)	-	(32.2)	(40.0)	-	(40.4)	(77.3)	-	(77.3)
Amortisation of financing charges	(1.4)	-	(1.4)	(4.7)	-	(4.7)	(7.9)	(16.6)	(24.5)
Unwinding of discount on decommissioning provision	(0.1)	-	(0.1)	(0.1)	-	(0.1)	(0.3)	-	(0.3)
Unwinding of discount on shareholder loan	(12.8)	-	(12.8)	(11.2)	-	(11.2)	(22.4)	-	(22.4)
Other finance charges	(0.1)	-	(0.1)	-	-	-	-	(27.8)	(27.8)
Total other finance charges	(14.4)	-	(14.3)	(16.0)	-	(16.0)	(30.6)	(44.4)	(75.0)
Net exchange gain/(loss) on net foreign currency borrowings	3.6	-	3.6	(13.8)	-	(13.8)	(18.4)	-	(18.4)
Net gain on financial instruments at fair value through profit or loss	-	2.5	2.5	-	6.6	6.6	-	16.9	16.9
Less interest capitalised in qualifying asset	1.2	-	1.2	0.8	-	0.8	1.3	-	1.3
Total finance costs	(41.8)	2.5	(39.3)	(69.0)	6.6	(62.4)	(125.0)	(27.5)	(152.5)
Finance income									
Interest income on loans to associates	0.4	-	0.4	0.4	-	0.4	0.9	-	0.9
Unwinding of discount on junior asset	15.2	-	15.2	13.6	-	13.6	27.1	-	27.1
Interest income on bank deposits	0.1	-	0.1	0.1	-	0.1	0.2	-	0.2
Total finance income	15.7	-	15.7	14.1	-	14.1	28.2	-	28.2

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in First Half 2016 was 5.4% (First Half 2015 - 5.5%).

6. INCOME TAX

The major components of the tax (charge)/credit for the periods ended 30 September 2015, 30 September 2014 and 31 March 2015 are:

	Results before exceptional items and certain remeasure-ments Second Quarter 2016 Unaudited £m	Exceptional items and certain remeasure-ments Second Quarter 2016 Unaudited £m	Total Second Quarter 2016 Unaudited £m	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
Current tax:						
Current tax (charge)/credit	**(1.2)**	**0.2**	**(1.0)**	0.3	(0.6)	(0.3)
Total current tax (charge)/credit	**(1.2)**	**0.2**	**(1.0)**	0.3	(0.6)	(0.3)
Deferred tax:						
Adjustments in respect of current year	**-**	**-**	**-**	0.6	-	0.6
Total deferred tax	**-**	**-**	**-**	0.6	-	0.6
Total taxation (charge)/credit	**(1.2)**	**0.2**	**(1.0)**	0.9	(0.6)	0.3

6. INCOME TAX (continued)

	Results before exceptional items and certain remeasure-ments First Half 2016 Unaudited £m	Exceptional items and certain remeasure-ments First Half 2016 Unaudited £m	Total First Half 2016 Unaudited £m	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 Year ended 31 March 2015 Audited £m	Exceptional items and certain remeasure-ments Year ended 31 March 2015 Audited £m	Total Year ended 31 March 2015 Audited £m
Current tax:									
Current tax (charge)/credit	(2.3)	0.1	(2.2)	(1.2)	(0.3)	(1.5)	(0.3)	0.1	(0.2)
Adjustments in respect of prior years	-	-	-	3.1	-	3.1	2.8	-	2.8
Total current tax (charge)/credit	(2.3)	0.1	(2.2)	1.9	(0.3)	1.6	2.5	0.1	2.6
Deferred tax:									
Adjustments in respect of current year	-	-	-	1.3	-	1.3	(0.4)	-	(0.4)
Adjustments in respect of prior years	-	-	-	0.4	-	0.4	0.6	-	0.6
Total deferred tax	-	-	-	1.7	-	1.7	0.2	-	0.2
Total taxation (charge)/credit	(2.3)	0.1	(2.2)	3.6	(0.3)	3.3	2.7	0.1	2.8

7. CAPITAL EXPENDITURE

Capital additions to property, plant and equipment

	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	**First Half 2016 Unaudited £m**	First Half 2015 Unaudited £m	Year ended 31 March 2015 Audited £m
Energia Group (excluding renewable assets)	**0.8**	-	**1.3**	0.8	0.8
Energia renewable assets	**16.5**	9.9	**31.7**	16.0	32.9
Other	**-**	-	**-**	-	0.1
Total	**17.3**	9.9	**33.0**	16.8	33.8

Capital additions to intangible assets

	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	**First Half 2016 Unaudited £m**	First Half 2015 Unaudited £m	Year ended 31 March 2015 Audited £m
Energia Group (excluding renewable assets)	**7.3**	3.8	**14.9**	8.6	29.7
Energia renewable assets	**-**	-	**1.8**	-	-
Power NI	**8.0**	3.7	**15.6**	7.1	25.2
Other	**0.3**	0.2	**0.5**	0.4	0.4
Total	**15.6**	7.7	**32.8**	16.1	55.3

8. OTHER FINANCIAL ASSETS

	30 September 2015 Unaudited £m	30 September 2014 Unaudited £m	31 March 2015 Audited £m
Loans and receivables:			
Security deposits	**2.5**	2.7	2.4
Short term managed funds	**1.4**	1.4	1.4
Total loans and receivables	**3.9**	4.1	3.8
Financial instruments held to maturity:			
Investment in parent undertaking's junior bank facility	**179.0**	149.7	162.6
Viridian Growth Fund	**0.5**	0.6	0.6
Total other financial assets	**183.4**	154.4	167.0
Total non-current	**179.5**	150.3	163.2
Total current	**3.9**	4.1	3.8

9. TRADE AND OTHER RECEIVABLES

	30 September 2015 Unaudited £m	30 September 2014 Unaudited £m	31 March 2015 Audited £m
Trade receivables (including unbilled consumption)	**101.3**	113.6	131.7
Prepayments and accrued income	**25.4**	24.0	26.8
Other receivables	**3.1**	1.8	2.6
Amounts owed by fellow subsidiary	**0.3**	0.2	0.2
	130.1	139.6	161.3

10. CASH AND CASH EQUIVALENTS

	30 September 2015 Unaudited £m	30 September 2014 Unaudited £m	31 March 2015 Audited £m
Cash at bank and on hand	**23.0**	26.7	24.9
Short−term bank deposits	**47.9**	45.3	47.6
	70.9	72.0	72.5

11. TRADE AND OTHER PAYABLES

	30 September 2015 Unaudited £m	30 September 2014 Unaudited £m	31 March 2015 Audited £m
Trade creditors	**42.1**	40.4	42.8
Other creditors	**21.6**	15.7	30.5
Amounts owed to associate	**1.6**	0.9	2.4
Payments received on account	**31.4**	30.8	29.2
Tax and social security	**1.7**	4.3	6.6
Accruals	**106.2**	107.6	123.8
	204.6	199.7	235.3

12. FINANCIAL LIABILITIES

	30 September 2015 Unaudited £m	30 September 2014 Unaudited £m	31 March 2015 Audited £m
Current financial liabilities:			
Senior secured notes interest payable	**2.8**	-	4.1
Other interest payable	**0.7**	0.9	0.6
Project financed bank facilities (NI)	**0.9**	0.2	0.9
Project financed bank facilities (RoI)	**0.1**	0.4	0.4
Project financed interest accruals	**0.1**	-	-
Deferred consideration	**1.8**	-	-
Contingent consideration	**1.7**	0.5	1.7
Total current financial liabilities	**8.1**	2.0	7.7
Non-current financial liabilities:			
Senior secured notes (2020)	**434.5**	-	425.2
Senior secured notes (2017)	**-**	341.5	-
Subordinated shareholder loan	**371.9**	402.4	356.9
Project financed bank facilities (NI)	**27.9**	19.9	27.0
Project financed bank facilities (RoI)	**27.5**	9.7	8.7
Contingent consideration	**-**	1.2	-
Total non−current financial liabilities	**861.8**	774.7	817.8
Total current and non-current financial liabilities	**869.9**	776.7	825.5

The Senior secured notes are denominated in Euro €600.0m (30 June 2015 €600.0m; 31 March 2015 - €600.0m) and interest, which is payable semi−annually, is charged at a fixed rate coupon of 7.5% (30 June 2015 – 7.5%; 31 March 2015 – 7.5%). The Senior secured notes are repayable in one instalment on 1 March 2020.

In June 2015 the Group put in place €150.0m foreign exchange forward contracts to hedge the foreign exchange risk on the Euro denominated Senior secured notes associated with the forecast sterling cash generation of the Group.

The Senior secured notes includes an option for the period to 1 September 2017 to redeem annually up to 10% of the original principal at a redemption price of 103%.

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 and the Senior revolving credit facility and becomes repayable on demand once all facilities to which it is subordinated are repaid. Of this loan £195.6m (31 March 2015 £182.8m; 30 September 2014 - £171.6m) is non-interest bearing and £176.3m (31 March 2015 £174.1m; 30 September 2014 - £230.8m) accrues interest at 13.5% on a payment in kind basis.

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 5.94% on project financed bank facilities NI and 3.81% in the project financed bank facilities RoI.

13. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial assets

Derivatives at fair value through other comprehensive income	**30 September 2015 Unaudited £m**	30 September 2014 Unaudited £m	31 March 2015 Audited £m
Cash flow hedges:			
Foreign exchange forward contracts	**1.2**	3.0	4.4
Commodity swap contracts	**-**	0.5	0.1
Interest rate swap contracts	**0.9**	-	-
Total derivatives at fair value through other comprehensive income	**2.1**	3.5	4.5
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	**3.8**	2.3	2.3
Commodity swap contracts	**1.8**	1.4	2.4
Cross currency swap contracts	**-**	0.2	-
Total derivatives at fair value through profit and loss	**5.6**	3.9	4.7
Total derivative financial assets	**7.7**	7.4	9.2
Total non-current	**3.9**	0.5	0.6
Total current	**3.8**	6.9	8.6

13. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Derivative financial liabilities

Derivatives at fair value through other comprehensive income	**30 September 2015 Unaudited £m**	30 September 2014 Unaudited £m	31 March 2015 Audited £m
Cash flow hedges:			
Foreign exchange forward contracts	**(0.9)**	(2.7)	(2.5)
Commodity swap contracts	**(6.6)**	(1.7)	(2.9)
Interest rate swap contracts	**(4.4)**	(2.8)	(5.1)
Total derivatives at fair value through other comprehensive income	**(11.9)**	(7.2)	(10.5)
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	**(0.7)**	(0.6)	(0.8)
Commodity swap contracts	**(3.4)**	(5.9)	(4.4)
Cross currency swap contracts	**-**	(6.0)	-
Total derivatives at fair value through profit and loss	**(4.1)**	(12.5)	(5.2)
Total derivative financial liabilities	**(16.0)**	(19.7)	(15.7)
Total non-current	**(4.2)**	(6.6)	(4.8)
Total current	**(11.8)**	(13.1)	(10.9)

13. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUES

As indicated in note 3(d) in the consolidated financial statements for the year ended 31 March 2015, the Group uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosures for determining the fair value of derivatives by valuation technique. A summary of the fair values of the financial assets and liabilities of the Group together with their carrying values shown in the balance sheet and their fair value hierarchy is as follows:

	30 September 2015		30 September 2014		31 March 2015	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Level 2						
Non-current assets						
Derivative financial instruments	**3.9**	**3.9**	0.5	0.5	0.6	0.6
Investment in parent undertaking's junior bank facility	**179.0**	**179.0**	149.7	149.7	162.6	162.6
Current assets						
Trade and other receivables	**130.1**	**130.1**	139.6	139.6	161.3	161.3
Derivative financial instruments	**3.8**	**3.8**	6.9	6.9	8.6	8.6
Other current financial assets	**3.9**	**3.9**	4.1	4.1	3.8	3.8
Cash and cash equivalents	**70.9**	**70.9**	72.0	72.0	72.5	72.5
Current liabilities						
Trade and other payables (excluding tax and social security)	**(202.9)**	**(202.9)**	(195.4)	(195.4)	(228.7)	(228.7)
Financial liabilities (excluding contingent consideration)	**(6.4)**	**(6.4)**	(1.5)	(1.5)	(6.0)	(6.0)
Derivative financial instruments	**(11.8)**	**(11.8)**	(13.1)	(13.1)	(10.9)	(10.9)
Non-current liabilities						
Senior secured notes (2020)	**(434.5)**	**(433.3)**	-	-	(425.2)	(446.1)
Senior secured notes (2017)	**-**	**-**	(341.5)	(391.5)	-	-
Subordinated shareholder loan	**(371.9)**	**(371.9)**	(402.4)	(402.4)	(356.9)	(356.9)
Project financed bank facilities (NI)	**(27.9)**	**(27.9)**	(19.9)	(19.9)	(27.0)	(27.0)
Project financed bank facilities (ROI)	**(27.5)**	**(27.5)**	(9.7)	(9.7)	(8.7)	(8.7)
Derivative financial instruments	**(4.2)**	**(4.2)**	(6.6)	(6.6)	(4.8)	(4.8)
Level 3						
Current liabilities						
Financial liabilities (contingent consideration)	**(1.7)**	**(1.7)**	(0.5)	(0.5)	(1.7)	(1.7)
Non-current liabilities						
Financial liabilities (contingent consideration)	**-**	**-**	(1.2)	(1.2)	-	-

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 and derivatives are measured at fair value. There have been no transfers between hierarchy.

The fair value of the Group's project financed bank facilities (RoI), 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 given that they bear interest at floating rates based on Libor/Euribor.

13. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUES (continued)

Included in the subordinated shareholder loan at 30 September 2015 was a non-interest bearing loan from the parent undertaking at a carrying value of £195.6m (31 March 2015 £182.8m; 30 September 2014 - £171.6m) and an interest bearing loan from the parent undertaking at a carrying value of £176.3m (31 March 2015 £174.1m; 30 September 2014 - £230.8m), both of which are estimated to approximate to their fair value determined by using discounted cash flows based on the parent undertaking's borrowing rate.

Included in financial assets at 30 September 2015 was a non-interest bearing asset due from parent undertaking at a carrying value of £179.0m (31 March 2015 £162.6m; 30 September 2014 - £149.7m) which is estimated to approximate to its fair value determined by using discounted cash flows based on the parent undertaking's borrowing rate.

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 is £1.7m with the maximum amount being £2.3m. Given the magnitude of the amounts concerned and the expected timing of payments the impact of discounting is not material.

14. NOTES TO GROUP CASH FLOW STATEMENT

	Second Quarter 2016 Unaudited £m	Second Quarter 2015 Unaudited £m	First Half 2016 Unaudited £m	First Half 2015 Unaudited £m	Year ended 31 March 2015 Audited £m
Operating activities					
Profit before tax from continuing operations	**12.9**	9.3	**17.2**	11.3	(13.0)
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property, plant and equipment	**4.1**	4.0	**8.4**	8.1	17.0
Amortisation and impairment of intangible assets	**1.1**	0.9	**2.0**	1.8	3.7
Amortisation of contributions in respect of property, plant and equipment	**(0.1)**	(0.1)	**(0.2)**	(0.2)	(0.3)
Derivatives at fair value through income statement	**(2.6)**	(14.4)	**(1.9)**	(9.3)	(21.8)
Net finance costs	**7.6**	33.3	**26.1**	54.9	96.8
Exceptional finance costs	**-**	-	**-**	-	44.4
Defined benefit charge less contributions paid	**-**	-	**(1.0)**	(0.1)	(0.5)
Share of loss in associates	**0.4**	0.6	**0.7**	1.1	0.9
Cash generated from operations before working capital movements	**23.4**	33.6	**51.3**	67.6	127.2

15. 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 2014	26.3	1.4	(1.6)	(745.6)	144.8	(574.7)
Net increase in cash and cash equivalents	46.6	-	-	-	-	46.6
Proceeds from issue of borrowings	-	-	-	(14.8)	-	(14.8)
Issue costs on new long term loans	-	-	-	0.4	-	0.4
Decrease in interest accruals	-	-	0.3	0.1	-	0.4
Amortisation	-	-	-	(4.7)	-	(4.7)
Reclassifications	-	-	(0.1)	0.1	-	-
Capitalisation of interest on shareholder loan	-	-	-	(8.4)	-	(8.4)
Translation difference	(0.9)	-	0.1	10.6	(8.7)	1.1
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
At 1 April 2014	26.3	1.4	(1.6)	(745.6)	144.8	(574.7)
Net increase in cash and cash equivalents	48.3	-	-	-	-	48.3
Proceeds from issue of borrowings	-	-	-	(466.5)	-	(466.5)
Repayment of borrowings	-	-	-	429.4	-	429.4
Issue costs on new long term loans	-	-	-	9.5	-	9.5
(Increase)/decrease in interest accruals	-	-	(3.5)	0.6	-	(2.9)
Amortisation	-	-	-	(24.5)	-	(24.5)
Reclassifications	-	-	(0.8)	0.8	-	-
Capitalisation of interest on shareholder loan	-	-	-	(23.2)	-	(23.2)
Translation difference	(2.1)	-	0.1	24.1	(9.3)	12.8
Unwinding of discount on shareholder loan	-	-	-	(22.4)	-	(22.4)
Unwinding of discount on junior bank facility asset	-	-	-	-	27.1	27.1
At 31 March 2015	72.5	1.4	(5.8)	(817.8)	162.6	(587.1)
Net decrease in cash and cash equivalents	(2.3)	-	-	-	-	(2.3)
Proceeds from issue of borrowings	-	-	-	(26.3)	-	(26.3)
Repayment of borrowings	-	-	1.4	9.6	-	11.0
Issue costs on new long term loans	-	-	0.4	5.6	-	6.0
Decrease/(increase) in interest accruals	-	-	1.1	(0.1)	-	1.0
Amortisation	-	-	(0.2)	(1.2)	-	(1.4)
Reclassifications	-	-	(1.1)	1.1	-	-
Capitalisation of interest on shareholder loan	-	-	-	(11.7)	-	(11.7)
Translation difference	0.7	-	(0.1)	(8.2)	1.2	(6.4)
Unwinding of discount on shareholder loan	-	-	-	(12.8)	-	(12.8)
Unwinding of discount on junior bank facility asset	-	-	-	-	15.2	15.2
At 30 September 2015	**70.9**	**1.4**	**(4.3)**	**(861.8)**	**179.0**	**(614.8)**

16. CAPITAL COMMITMENTS

At 30 September 2015 the Group had contracted future capital expenditure in respect of tangible fixed assets of £53.3m (30 September 2014 - £10.9m).

17. DISTRIBUTIONS MADE AND PROPOSED

No dividends have been paid or proposed for the Second Quarter 2016 or First Half 2016 (2015 - £nil).

18. RELATED PARTY TRANSACTIONS

The nature and type of related party transactions for the Second Quarter 2016 and First Half 2016 do not differ significantly from those in the consolidated financial statements for the year ended 31 March 2015.

19. 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.