Viridian Group Investments Limited

Unaudited Interim Consolidated Financial Statements

Second Quarter 2018

GROUP FINANCIAL HIGHLIGHTS

Underlying Business Results[1]

Second Quarter 2018

- Group pro-forma Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for Second Quarter 2018 was £29.7m (2017 - £23.2m)
- Group pro-forma operating profit for Second Quarter 2018 was £21.2m (2017 - £17.6m)

First Half 2018

- Group pro-forma EBITDA for First Half 2018 was £58.0m (2017 - £45.3m)
- Group pro-forma operating profit for First Half 2018 was £41.5m (2017 - £34.4m)

IFRS Results

Second Quarter 2018

- Revenue for Second Quarter 2018 was £345.1m (2017 - £283.8m)
- Operating profit before exceptional items and certain remeasurements for Second Quarter 2018 was £27.0m (2017 - £20.0m)

First Half 2018

- Revenue for First Half 2018 was £659.8m (2017 - £570.5m)
- Operating profit before exceptional items and certain remeasurements for First Half 2018 was £55.8m (2017 - £42.1m)

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

MANAGEMENT REPORT

The director of Viridian Group Investments Limited (VGIL) presents his condensed interim consolidated financial statements for the 3 months ended 30 September 2017 (Second Quarter 2018) and the 6 Months ended 30 September 2017 (First Half 2018) including comparatives for the 3 months ended 30 September 2016 (Second Quarter 2017) and the 6 Months ended 30 September 2016 (First Half 2017). 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 Second Quarter 2018. These comprise:

- Energia Group – a vertically integrated energy business with activities covering supply, generation and renewable supported off-take contracts. Through Energia, its retail supply business, it is active in the competitive supply of electricity to business and residential customers in the Republic of Ireland (RoI), as well as business customers in Northern Ireland. Energia Retail also supplies natural gas to business and residential customers, principally in the RoI. Energia Group also has a generation portfolio comprising of wholly-owned wind generation assets and its two conventional Huntstown combined-cycle gas turbine (CCGT) plants. Energia Group’s retail electricity supply business is supported by long-term PPA off-take contracts with third-party renewable generators and its own wind farm assets;

- 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.

Refinancing

On 25 September 2017, the Group completed the full refinancing of its €600m 7.5% Senior secured notes due in March 2020, replacing them with €350m 4.0% Senior secured notes due in September 2025 and £225m 4.75% Senior secured notes due in September 2024.

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 2018 £m	Second Quarter 2017 £m	**First Half 2018 £m**	First Half 2017 £m	Year ended 31 March 2017 £m
Energia Group (excluding renewable assets)	**16.7**	13.5	**30.6**	27.1	65.1
Energia renewable assets	**4.3**	0.7	**8.8**	1.4	4.9
Power NI	**8.2**	8.3	**17.0**	15.6	32.2
PPB	**0.5**	0.5	**1.4**	1.0	4.0
Other	**-**	0.2	**0.2**	0.2	1.0
	29.7	23.2	**58.0**	45.3	107.2

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

	Second Quarter 2018 £m	Second Quarter 2017 £m	**First Half 2018 £m**	First Half 2017 £m	Year ended 31 March 2017 £m
Energia Group (excluding renewable assets)	**12.4**	9.3	**22.3**	19.0	48.9
Energia renewable assets	**0.7**	-	**1.7**	0.1	1.8
Power NI	**7.8**	7.7	**16.2**	14.3	29.6
PPB	**0.5**	0.5	**1.4**	1.0	4.0
Other	**(0.2)**	0.1	**(0.1)**	-	0.6
	21.2	17.6	**41.5**	34.4	84.9

Second Quarter 2018

Energia Group (excluding renewable assets) EBITDA (pre exceptional items and certain remeasurements) increased to £16.7m (2017 - £13.5m) primarily reflecting higher availability and utilisation of Huntstown 2 (associated with a 29 day outage in the prior year), higher availability and utilisation of Huntstown 1, higher contributions from renewable PPAs (due to the commissioning of renewable generation capacity and higher market prices (including ROC prices), partly offset by lower wind factors) and favourable foreign exchange due to the strengthening of Euro to Sterling during the period compared to the same period last year, partly offset by lower non-residential earnings (with last year benefiting from lower wholesale prices).

Energia Group (excluding renewable assets) operating profit (pre exceptional items and certain remeasurements) increased to £12.4m (2017 - £9.3m) primarily due to the reasons described above for EBITDA.

Energia renewable assets EBITDA increased to £4.3m (2017 - £0.7m) and operating profit increased to £0.7m (2017 - £nil) reflecting commissioning of new wind farms.

Power NI EBITDA decreased to £8.2m (2017 - £8.3m) and operating profit increased to £7.8m (2017 - £7.7m) reflecting higher contributions from small scale renewable PPAs and higher unregulated margins (associated with the full deregulation of business customers from 1 April 2017), partly offset by the corresponding reduction in regulated margins and higher operating costs.

PPB EBITDA and operating profit was in line with the prior year at £0.5m.

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

First Half 2018

Energia Group (excluding renewable assets) EBITDA (pre exceptional items and certain remeasurements) increased to £30.6m (2017 - £27.1m) primarily reflecting higher availability and utilisation of Huntstown 1 (associated with a 31 day outage in the prior year (including lower operating costs)), higher availability of Huntstown 2 (including lower operating costs), higher contributions from renewable PPAs (due to the commissioning of renewable generation capacity and higher market prices) and favourable foreign exchange due to the strengthening of Euro to Sterling during the period compared to the same period last year, partly offset by lower non-residential earnings (reflecting lower volumes together with last year benefiting from lower wholesale prices).

Energia Group (excluding renewable assets) operating profit (pre exceptional items and certain remeasurements) increased to £22.3m (2017 - £19.0m) primarily due to the reasons described above for EBITDA.

Energia renewable assets EBITDA increased to £8.8m (2017 - £1.4m) and operating profit increased to £1.7m (2017 - £0.1m) reflecting commissioning of new wind farms.

Power NI EBITDA increased to £17.0m (2017 - £15.6m) and operating profit increased to £16.2m (2017 – £14.3m) primarily reflecting higher contributions from PPAs and higher unregulated margins (associated with the full deregulation of business customers from 1 April 2017), partly offset by the corresponding reduction in regulated margins and higher operating costs.

PPB EBITDA and operating profit increased to £1.4m (2017 - £1.0m) reflecting lower operating costs (associated with the recovery of I-SEM costs).

Business Reviews

Energia Group (excluding renewable assets)

KPIs	**Second Quarter 2018**	Second Quarter 2017	**First Half 2018**	First Half 2017	Year end 31 March 2017
Availability (%)					
- Huntstown 1	**90.4**	84.1	**95.2**	82.0	89.3
- Huntstown 2	**92.7**	68.0	**85.9**	82.2	91.1
Unconstrained utilisation (%)					
- Huntstown 1	**43.5**	19.3	**41.9**	9.8	8.1
- Huntstown 2	**76.1**	35.3	**46.3**	39.7	29.0
Incremental impact of constrained utilisation (%)					
- Huntstown 1	**11.2**	12.4	**18.7**	7.6	9.7
- Huntstown 2	**(17.1)**	33.8	**(9.1)**	24.5	13.2
Customer sites (number)					
- Non-residential					
- electricity	**55,100**	53,300	**55,100**	53,300	51,800
- gas	**4,500**	5,700	**4,500**	5,700	5,300
	59,600	59,000	**59,600**	59,000	57,100
- Residental					
- electricity	**121,700**	93,500	**121,700**	93,500	106,900
- gas	**42,800**	37,700	**42,800**	37,700	38,400
	164,500	131,200	**164,500**	131,200	145,300
Energia electricity sales (TWh)	**1.2**	1.2	**2.3**	2.3	4.8
Energia gas sales (million therms)	**12.5**	13.2	**27.2**	30.8	81.0
Complaints to the CCNI and CER (number)	**-**	4	**1**	5	4
Contracted renewable generation capacity in operation in Northern Ireland and the RoI (MW)					
- average during the period	**980**	819	**981**	816	849
- at end of period	**978**	825	**978**	825	1,013

Huntstown 1 availability for Second Quarter 2018 was 90.4% (2017 – 84.1%) and for First Half 2018 was 95.2% (2017 – 82.0%) primarily reflecting a 31 day outage in the prior period which commenced on 14 June 2016. A scheduled interim minor inspection of the gas and steam turbine commenced on 2 September 2017. The outage was completed on 12 September 2017 and the plant returned to full availability.

Huntstown 2 availability for Second Quarter 2018 was 92.7% (2017 – 68.0%) primarily reflecting a 29 day outage in the prior period which commenced on 15 August 2016. Availability for First Half 2018 was 85.9% (2017 – 82.2%). On 14 June 2017 work commenced to carry out a weld repair on the high pressure stop valve identified as necessary during last year's outage. The outage was completed on 6 July 2017 and the plant returned to full availability.

Huntstown 1 unconstrained utilisation for Second Quarter 2018 was 43.5% (2017 – 19.3%) and for First Half 2018 was 41.9% (2017 – 9.8%). The incremental impact of constrained utilisation for Huntstown 1 was 11.2% (2017 – 12.4%) and for First Half 2018 was 18.7% (2017 – 7.6%).

Huntstown 2 unconstrained utilisation for Second Quarter 2018 was 76.1% (2017 – 35.3%) and for First Half 2018 was 46.3% (2017 – 39.7%). The incremental impact of constrained utilisation for Huntstown 2 was 17.1% constrained off (2017 – 33.8% constrained on) and for First Half 2018 was 9.1% constrained off (2017 – 24.5% constrained on).

Non-residential electricity customer sites were 55,100 at 30 September 2017 (30 June 2017 – 53,400; 31 March 2017 – 51,800). Non-residential gas customer sites were 4,500 at 30 September 2017 (30 June 2017 – 4,500; 31 March 2017 – 5,300).

Energia Group (continued)

Residential electricity and gas customer sites increased to 164,500 at 30 September 2017 (30 June 2017 – 151,700; 31 March 2017 – 145,300).

Energia received no customer complaints during Second Quarter 2018 (2017 – 4) and 1 for First Half 2018 (2017 - 5).

Total electricity sales volumes were 1.2TWh for Second Quarter 2018 (2017 - 1.2TWh) and 2.3TWh for First Half 2018 (2017 – 2.3TWh). Total gas sales volumes were 12.5m therms for Second Quarter 2018 (2017 – 13.2m therms) and 27.2m therms for First Half 2018 (2017 – 30.8m 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 wind farm projects owned by the Energia Group.

Energia has entered into contracts with developers under which it has agreed to purchase the long term output of a number of wind farm projects and with generators from other renewable sources as shown below:

MW	Operating	Under construction	**Total**
NI	413	-	**413**
RoI	565	20	**585**
	978	**20**	**998**

The average contracted renewable generation capacity in operation during the Second Quarter 2018 was 980MW (2017 - 819MW) and during First Half 2018 was 981MW (2017 – 816MW) with 30 September 2017 capacity of 978MW (30 June 2017 - 981MW; 31 March 2017 – 1,013MW).

At 30 September 2017, the operating capacity under contract in Northern Ireland was 413MW (30 June 2017 – 416MW; 31 March 2017 – 454MW) reflecting the novation of 54MW of renewable PPA operating capacity to Power NI and the RoI operating capacity was 565MW (30 June 2017 – 565MW; 31 March 2017 – 559MW). 20MW of contracted capacity in the RoI relates to wind farms which are currently under construction.

Energia renewable assets

KPIs	**Second Quarter 2018**	Second Quarter 2017	**First Half 2018**	First Half 2017	Year end 31 March 2017
Wind generation capacity in operation in Northern Ireland and the RoI (MW)					
- average during the period	**202**	34	**199**	34	43
- at end of period	**202**	34	**202**	34	202
Availability (%)	**95.9**	98.6	**96.2**	98.8	97.3
Wind factor (%)	**20.3**	25.1	**20.9**	23.4	25.9

Energia renewable assets availability for Second Quarter 2018 was 95.9% (2017 – 98.6%) with a wind factor of 20.3% (2017 – 25.1%). Availability for First Half 2018 was 96.2% (2017 – 98.8%) with a wind factor of 20.9% (2017 – 23.4%).

Energia renewable assets (continued)

The Group currently owns wind farm projects with the following forecast generation capacity as at 30 September 2017:

MW	Operating	Under construction	Total
NI	98	75	**173**
RoI	104	-	**104**
	202	**75**	**277**

The average owned wind generation capacity in operation during the Second Quarter 2018 was 202MW (2017 - 34MW) with 30 September 2017 capacity of 202MW (30 June 2017 – 202MW; 31 March 2017 – 202MW).

The Energia Group also has a further pipeline of wind generation projects with capacity of 34MW which are in various stages of obtaining planning permission.

In April 2017, the Group completed the acquisition of the 11MW Teiges wind farm development project in Northern Ireland. The total cash flows on acquisition were £2.3m and discounted contingent liabilities of £2.2m were recognised (£2.6m undiscounted).

In July 2017, non-recourse project finance facilities of up to £28.4m were put in place in respect of a 21MW wind farm in Northern Ireland and in September 2017, non-recourse project finance facilities of up to £56.7m were put in place in respect of a 36MW wind farm in Northern Ireland.

In July 2017, the Group completed the acquisition of Dargan Road Biogas Limited, a 3.6MW anaerobic digestion development project in Northern Ireland. The total cash flows on acquisition were £0.8m and contingent consideration of £2.5m was recognised.

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.

Power NI

KPIs	**Second Quarter 2018**	Second Quarter 2017	**First Half 2018**	First Half 2017	Year end 31 March 2017
Stage 2 complaints to the Consumer Council (number)	**1**	-	**2**	2	4
Customer sites (number)					
- Residential	**475,000**	494,000	**475,000**	494,000	483,000
- Non-residential	**34,000**	34,000	**34,000**	34,000	34,000
	509,000	528,000	**509,000**	528,000	517,000
Electricity sales (TWh)	**0.5**	0.5	**1.1**	1.1	2.5
Contracted renewable generation capacity in operation (deregulated) (MW)					
- average during the period	**213**	109	**187**	106	112
- at end of period	**215**	112	**215**	112	127

During the Second Quarter 2018 Power NI received 1 (2017 - nil) Stage 2 complaints and during First Half 2018 received 2 (2017 – 2) Stage 2 complaints.

Residential customer sites decreased to 475,000 at 30 September 2017 (30 June 2017 – 479,000; 31 March 2017 – 483,000). Non-residential customer sites were 34,000 at 30 September 2017 (30 June 2017 – 34,000; 31 March 2017 – 34,000).

Power NI (continued)

Electricity sales for Second Quarter 2018 were 0.5TWh (2017 – 0.5TWh) and for First Half 2018 were 1.1TWh (2017 – 1.1TWh).

Power NI's deregulated renewable PPA portfolio consists of contracts with small to medium scale renewable generation sites primarily from wind, anaerobic digestion and biomass technologies. The average contracted generation capacity in operation during the Second Quarter 2018 was 213MW (2017 – 109MW) with 30 September 2017 capacity increasing to 215MW (30 June 2017 – 207MW; 31 March 2017 – 127MW), including the novation of 54MW of renewable PPA contracted operating capacity from the Energia Group.

On 17 August 2017, Power NI announced a 5.6% increase in its regulated electricity tariff, effective 1 October 2017, reflecting an increase in its expected wholesale energy costs. The tariff increase was agreed with the Utility Regulator.

PPB

As at 30 September 2017 the generation capacity remaining under contract to PPB comprised 600MW at Ballylumford (30 June 2017 – 600MW; 31 March 2017 – 600MW).

Regulation Update

Capacity pot for calendar year 2018

On 6 September the SEM committee published its decision on the capacity pot for calendar year 2018 (to apply for the five month period to the commencement of I-SEM on 23 May 2018). The SEM committee has decided to implement Option 1 which is in line with the previous methodology employed and will see the annual capacity pot increase by 5.2% to €546.1m (2017 - €519.2m).

Suspension of modification of generation and supply licences

In October 2017 the Group appealed the Commission for Regulation of Utilities' (CRU) proposed industry wide modifications to all generation and supply licences required to implement I-SEM. Furthermore, on 13 November 2017, the Group filed an application for a judicial review of the proposed licence modifications. The CRU has established an Appeal Panel to consider the appeal and, in light of the process, licence modifications have been suspended pending the decision of the Appeal Panel.

Revenue

	Second Quarter 2018 £m	Second Quarter 2017 £m	First Half 2018 £m	First Half 2017 £m	Year end 31 March 2017 £m
Energia Group (excluding renewable assets)	**235.9**	187.9	**444.2**	377.1	874.4
Energia renewable assets	**6.4**	1.2	**12.8**	2.3	7.7
Power NI (based on regulated entitlement)	**69.8**	67.1	**140.2**	135.0	335.0
PPB (based on regulated entitlement)	**33.7**	27.2	**62.4**	52.4	111.7
Adjustment for over/(under)-recovery	**5.8**	2.4	**14.3**	7.7	(0.5)
Inter business elimination	**(6.5)**	(2.0)	**(14.1)**	(4.0)	(10.7)
Total revenue from continuing operations	**345.1**	283.8	**659.8**	570.5	1,317.6

Second Quarter 2018

Revenue increased to £345.1m (2017 - £283.8m). The breakdown by business is as follows:

Energia Group (excluding renewable assets) revenue increased to £235.9m (2017 - £187.9m) primarily reflecting higher Huntstown plant revenues (due to higher availability and utilisation), the favourable impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year), higher interconnector income, higher residential revenue (associated with the continued growth in the RoI residential market) and higher renewable PPA revenues (associated with the commissioning of renewable generation capacity and higher market prices, partly offset by lower wind factors).

Energia renewable assets revenue increased to £6.4m (2017 - £1.2m) reflecting the commissioning of new wind farms.

Power NI revenue (based on regulated entitlement) increased to £69.8m (2017 - £67.1m) primarily due to higher deregulated revenue (associated with the full deregulation of the business market from 1 April 2017), partly offset by a corresponding decrease in regulated revenue together with a reduction in residential customer numbers.

PPB revenue (based on regulated entitlement) increased to £33.7m (2017 - £27.2m) primarily reflecting higher utilisation of the Ballylumford plant and higher market prices.

During the Second Quarter 2018 the Power NI Energy regulated businesses over-recovered against their regulated entitlement by £5.8m (2017 – £2.4m) and at 30 September 2017 the cumulative over-recovery against regulated entitlement was £29.2m. The over-recovery of regulated entitlement reflects the phasing of tariffs.

First Half 2018

Revenue increased to £659.8m (2017 - £570.5m). The breakdown by business is as follows:

Energia Group (excluding renewable assets) revenue increased to £444.2m (2017 - £377.1m) primarily reflecting higher Huntstown plant revenues (reflecting higher availability and utilisation of Huntstown 1, partly offset by lower constrained utilisation of Huntstown 2), foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year), higher residential revenue (associated with the continued growth in the RoI residential market), higher interconnector revenue, higher renewable PPA revenues (due to the commissioning of renewable generation capacity and higher market prices) partly offset by lower non-residential revenue.

Energia renewable assets revenue increased to £12.8m (2017 - £2.3m) reflecting the commissioning of new wind farms.

Power NI revenue (based on regulated entitlement) increased to £140.2m (2017 - £135.0m) primarily due to the same reasons as described above for Second Quarter 2018.

PPB revenue (based on regulated entitlement) increased to £62.4m (2017 - £52.4m) primarily due to the same reasons as described above for Second Quarter 2018.

First Half 2018 (continued)

During the First Half 2018 the Power NI Energy regulated businesses over-recovered against their regulated entitlement by £14.3m (2017 – £7.7m) and at 30 September 2017 the cumulative over-recovery against regulated entitlement was £29.2m. 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 2018

Operating costs (pre exceptional items and certain remeasurements) for Second Quarter 2018 increased to £318.1m (2017 - £263.8m).

Energy costs increased to £289.4m (2017 - £240.2m) primarily reflecting higher utilisation of both Huntstown plant, higher residential volumes, the impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year), higher utilisation of the Ballylumford plant and higher renewable PPA costs (associated with the commissioning of renewable generation capacity).

Employee costs increased to £7.5m (2017 – £6.0m) reflecting an increase in headcount and the impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year).

Depreciation and amortisation increased to £8.5m (2017 – £5.6m) primarily due to higher depreciation of renewable assets (associated with the commissioning of new assets) and the impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year).

Other operating charges increased to £12.7m (2017 - £12.0m) primarily due to the impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year), higher operating costs for Huntstown 1 (associated with the minor outage in September 2017), higher operating costs for renewable assets, partly offset by lower operating costs for Huntstown 2 associated with the outage in August 2016.

First Half 2018

Operating costs (pre exceptional items and certain remeasurements) for First Half 2018 increased to £604.0m (2017 - £528.4m).

Energy costs increased to £548.8m (2017 - £479.0m) primarily reflecting higher utilisation of Huntstown 1, the impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year), higher renewable PPA costs (associated with the commissioning of renewable generation capacity) and higher residential volumes partly offset by lower constrained utilisation of Huntstown 2.

Employee costs increased to £14.3m (2017 – £11.7m) primarily due to the same reasons as described above for Second Quarter 2018.

Depreciation and amortisation increased to £16.5m (2017 – £10.9m) primarily due to the same reasons as described above for Second Quarter 2018.

Other operating charges decreased to £24.4m (2017 - £26.8m) primarily due to higher operating costs in the prior period associated with the outages of Huntstown 1 and Huntstown 2 in June and August 2016 reflecting the hot gas path inspection for Huntstown 1 and repairs required to the gas turbine in Huntstown 2, partly offset by higher operating costs for renewable assets and the impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year).

Group operating profit

	Second Quarter 2018 £m	Second Quarter 2017 £m	**First Half 2018 £m**	First Half 2017 £m	Year end 31 March 2017 £m
Energia Group (excluding renewable assets)	**12.4**	9.3	**22.3**	19.0	48.9
Energia renewable assets	**0.7**	-	**1.7**	0.1	1.8
Power NI	**7.8**	7.7	**16.2**	14.3	29.6
PPB	**0.5**	0.5	**1.4**	1.0	4.0
Other	**(0.2)**	0.1	**(0.1)**	-	0.6
Group pro-forma operating profit	**21.2**	17.6	**41.5**	34.4	84.9
Over-recovery of regulated entitlement	**5.8**	2.4	**14.3**	7.7	(0.5)
Operating profit	**27.0**	20.0	**55.8**	42.1	84.4

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

Second Quarter 2018

Operating profit (pre exceptional items and certain remeasurements) increased to £27.0m (2017 - £20.0m) primarily reflecting a higher over-recovery of regulated entitlement of £5.8m (2017 – £2.4m), an increase in Energia Group (excluding renewable assets) operating profit from £9.3m to £12.4m and an increase in Energia renewable assets to £0.7m (2017 - £nil).

Group pro-forma operating profit (pre exceptional items and certain remeasurements) for Second Quarter 2018 increased to £21.2m (2017 - £17.6m).

Energia Group (excluding renewable assets) operating profit for Second Quarter 2018 increased to £12.4m (2017 - £9.3m) primarily reflecting the increase in EBITDA outlined previously.

Energia renewable assets operating profit for Second Quarter 2018 increased to £0.7m (2017 - £nil) reflecting the increase in EBITDA outlined previously, partly offset by depreciation associated with the commissioning of new wind farms.

Power NI operating profit increased to £7.8m (2017 - £7.7m) as discussed above for EBITDA and operating profit.

PPB operating profit was in line with the prior year at £0.5m.

First Half 2018

Operating profit (pre exceptional items and certain remeasurements) increased to £55.8m (2017 - £42.1m) primarily reflecting a higher over-recovery of regulated entitlement of £14.3m (2017 – £7.7m), an increase in Energia Group (excluding renewable assets) operating profit from £19.0m to £22.3m, an increase in Power NI operating profit from £14.3m to £16.2m, an increase in Energia renewable assets from £0.1m to £1.7m and an increase in PPB operating profit from £1.0m to £1.4m.

Group pro-forma operating profit (pre exceptional items and certain remeasurements) for First Half 2018 increased to £41.5m (2017 - £37.4m).

Energia Group (excluding renewable assets) operating profit for First Half 2018 increased to £22.3m (2017 - £19.0m) primarily reflecting the increase in EBITDA outlined previously.

Energia renewable assets operating profit for First Half 2018 increased to £1.7m (2017 - £0.1m) reflecting the increase in EBITDA outlined previously, partly offset by depreciation associated with the commissioning of new wind farms.

Power NI operating profit increased to £16.2m (2017 - £14.3m) primarily reflecting the increase in EBITDA outlined previously.

First Half 2018 (continued)

PPB operating profit increased to £1.4m (2017 - £1.0m) reflecting the increase in EBITDA outlined previously.

Exceptional items and certain remeasurements

Exceptional acquisition costs for Second Quarter 2018 of £0.2m (2017 - £nil) and First Half 2018 of £0.3m (2017 - £nil) relate to costs associated with acquisitions whether successful or unsuccessful.

Exceptional finance costs for Second Quarter 2018 of £28.3m (2017 - £nil) and First Half 2018 of £28.3m (2017 - £nil) reflect costs associated with the refinancing of the Group on 25 September 2017.

Certain remeasurements for Second Quarter 2018 were £3.9m gain (2017 - £5.6m) and for First Half 2018 were £6.7m gain (2017 - £19.3m) 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 2018 increased from £4.5m to £14.5m and for First Half 2018 increased from £4.8m to £27.7m primarily reflecting the impact of foreign exchange movements in the period compared to the same period last year and higher project finance interest costs associated with higher project finance facilities in place.

Tax credit/(charge)

The total tax credit/(charge) (pre exceptional items and certain remeasurements) for Second Quarter 2018 was £0.5m credit (2017 - £0.2m charge) and for First Half 2018 was £0.7m charge (2017 - £0.8m).

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 2018 £m	Second Quarter 2017 £m	**First Half 2018 £m**	First Half 2017 £m	Year end 31 March 2017 £m
Group pro-forma EBITDA (1)	**29.7**	23.2	**58.0**	45.3	107.2
Defined benefit pension charge less contributions paid	**-**	-	**-**	-	(1.3)
Net movement in security deposits	**0.4**	3.4	**0.9**	1.2	8.5
Changes in working capital (2)	**(2.6)**	(4.3)	**3.2**	(1.5)	4.1
Over/(under)-recovery of regulated entitlement	**5.8**	2.4	**14.3**	7.7	(0.5)
Foreign exchange translation	**1.5**	1.2	**1.3**	3.6	2.0
Exceptional items	**(0.2)**	-	**(0.3)**	-	(2.4)
Cash flow from operating activities	**34.6**	25.9	**77.4**	56.3	117.6
Net capital expenditure (3)	**(26.5)**	(56.3)	**(49.3)**	(98.2)	(147.6)
Proceeds from sale and purchases of other intangibles	**7.8**	5.0	**4.3**	5.8	0.8
Cash flow before acquisitions, disposals, interest and tax	**15.9**	(25.4)	**32.4**	(36.1)	(29.2)

(1) Includes EBITDA of renewable wind farm assets for Second Quarter 2018 £4.3m (2017 - £0.7m); First Half 2018 £8.8m (2017 - £1.4m); year ended 31 March 2017 £4.9m.
(2) Includes changes in working capital of renewable wind farm assets for Second Quarter 2018 of £2.3m increase (2017 – £3.2m); First Half 2018 £2.0m increase (2017 - £3.7m); year ended 31 March 2017 £1.0m increase.
(3) Includes capital expenditure on renewable wind farm assets for Second Quarter 2018 £23.2m (2017 - £49.6m); First Half 2018 £43.1m (2017 - £88.7m); year ended 31 March 2017 £132.3m and software expenditure for Second Quarter 2018 £1.6m (2017 – £0.5m); First Half 2018 £4.0m (2017 - £1.0m); year ended 31 March 2017 £2.9m.

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

Group cash flow from operating activities for Second Quarter 2018 increased to £34.6m (2017 - £25.9m) primarily reflecting an increase in Group pro-forma EBITDA £29.7m (2017 - £23.2m), a higher over-recovery of regulated entitlement £5.8m (2017 - £2.4m) and a lower increase in working capital £2.6m (2017 - £4.3m), partly offset by a lower decrease in security deposits of £0.4m (2017 - £3.4m).

Group cash flow from operating activities for First Half 2018 increased to £77.4m (2017 - £56.3m) primarily reflecting an increase in Group pro-forma EBITDA £58.0m (2017 - £45.3m), a higher over-recovery of regulated entitlement £14.3m (2017 - £7.7m) and a decrease in working capital £3.2m (2017 - £1.5m increase).

Net movement in security deposits

The net movement in security deposits for Second Quarter 2018 was a decrease of £0.4m (2017 – £3.4m) and for First Half 2018 was a decrease of £0.9m (2017 – £1.2m). As at 30 September 2017 there were £1.5m (30 June 2017 - £1.9m; 31 March 2017 - £2.4m) 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 2018

Working capital increased by £2.6m (2017 – £4.3m) due to an increase in working capital requirements of Power NI and Energia renewable assets partly offset by a decrease in working capital of Energia Group (excluding renewable assets), PPB and other Viridian holding companies.

Energia Group (excluding renewable assets) working capital decreased by £4.6m (2017 – £5.1m) primarily due to an increase in trade creditors and accruals (due to higher volumes and prices and higher plant utilisation), an increase in emissions liability, partly offset by an increase in trade debtors and accrued income (reflecting higher sales volumes and prices and higher plant utilisation, partly offset by a lower REFIT debtors), a decrease in VAT creditor, a decrease in ROC liability (reflecting the settlement of the annual ROC obligation) and an increase in ROC debtors.

Energia renewable assets working capital increased by £2.3m (2017 – £3.2m) primarily due to an increase in the VAT debtor (reflecting the continued construction of the wind farm asset portfolio).

Working capital at Power NI increased by £7.3m (2017 – £8.5m) primarily due to a decrease in the ROC obligation liability (due to the settlement of the annual obligation) and a decrease trade creditors and accruals (associated with lower customer numbers and the seasonal reduction in volumes), partly offset by a decrease in trade debtors (associated with lower customer numbers and the seasonal reduction in volumes).

Working capital at PPB decreased by £2.8m (2017 – £2.5m) primarily reflecting an increase in the emissions liability and lower trade debtors and accrued income (associated with the outage of the plant in September relative to June.

Working capital at other Viridian holding companies increased by £0.4m (2017 – £0.2m).

First Half 2018

Working capital decreased by £3.2m (2017 – £1.5m increase) due to a decrease in the working capital requirements Energia Group (excluding renewable assets) and PPB, partly offset by an increase in working capital requirements of Power NI and Energia renewable assets.

First Half 2018 (continued)

Energia Group (excluding renewable assets) working capital decreased by £6.9m (2017 – £1.8m increase) primarily due to a decrease in trade receivables and accrued income (primarily reflecting a seasonal decrease in electricity and gas sales volumes and a decrease in the REFIT debtor), an increase in trade creditors and accruals (due to higher plant utilisation and higher market prices, partly offset by lower PPA creditors due to lower wind output), partly offset by a decrease in the ROC liability (due to the settlement of the annual obligation), an increase in ROC debtors and a decrease in VAT creditor.

Energia renewable assets working capital increased by £2.0m (2017 – £3.7m) primarily due to a higher VAT debtor (reflecting the continued construction of the wind farm asset portfolio), partly offset by an increase in trade creditors and accruals.

Working capital at Power NI increased by £4.0m (2017 - £0.2m decrease) primarily reflecting a decrease in trade creditors and accruals (associated with the seasonal decrease in sales volumes and lower customer numbers), a decrease in the ROC liability (due to the settlement of the annual obligation), a decrease in the VAT creditor and an increase in ROC debtors (due to settlement timing differences), partly offset by a decrease in trade debtors and accrued income (primarily due to the seasonal decrease in sales volumes and lower customer numbers).

Working capital at PPB decreased by £2.2m (2017 - £3.6m) primarily due to an increase in the emissions liability.

Working capital at other Viridian holding companies decreased by £0.1m (2017 – decrease of £0.1m).

Over/(under)-recovery of regulated entitlement

As noted previously during Second Quarter 2018 the regulated businesses of Power NI and PPB over-recovered against their regulated entitlement by £5.8m (2017 – £2.4m) and during First Half 2018 over-recovered by £14.3m (2017 - £7.7m). At 30 September 2017 the cumulative over-recovery against regulated entitlement was £29.2m. 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 2018 increased to £26.5m (2017 - £56.3m) and for First Half 2018 increased to £49.3m (2017 - £98.2m).

Net capital expenditure at Energia Group (excluding renewable assets) for Second Quarter 2018 decreased to £2.5m (2017 - £5.5m) and for First Half 2018 decreased to £4.1m (2017 - £7.4m) primarily reflecting capital expenditure for Huntstown 1 in relation to the hot gas path inspection outage in June 2016.

Net capital expenditure at Energia renewable assets for Second Quarter 2018 decreased to £23.2m (2017 - £49.6m) and for First Half 2018 decreased to £43.1m (2017 - £88.7m) reflecting the commissioning of new wind farms.

Net capital expenditure at Power NI for Second Quarter 2018 decreased to £0.4m (2017 - £1.0m) and for First Half 2018 decreased to £1.4m (2017 - £1.9m) reflecting the billing system upgrade which went live in May 2017 partly offset by capital expenditure on IT systems in relation to the I-SEM project.

Net capital expenditure at other Group companies for Second Quarter 2018 increased to £0.4m (2017 - £0.2m) and for First Half 2018 increased to £0.7m (2017 - £0.2m).

Other cash flows

Net interest paid

Net interest paid (excluding exceptional finance costs) for Second Quarter 2018 increased to £28.9m (2017 - £22.1m) and for First Half 2018 increased to £30.2m (2017 - £23.9m) primarily reflecting timing differences in Senior secured notes interest payments (due to the final repayment of the previous 2020 Senior secured notes on 25 September 2017) and increased project finance interest payments associated with higher project finance facilities in place.

Acquisition of subsidiary

Acquisition of subsidiary for Second Quarter 2018 of £0.8m (2017 - £4.8m) reflects the acquisition of the Dargan Road anaerobic digestion development project in July 2017 and for First Half 2018 £3.1m (2017 - £6.2m) reflects the acquisition of the Teiges wind farm and the Dargan project.

Dividends

A dividend of £60.0m (2017 - £nil) was paid to the parent undertaking in Second Quarter 2018.

Net debt

The Group's net debt increased during Second Quarter 2018 by £57.6m from £610.9m at 30 June 2017 to £668.5m at 30 September 2017 primarily due to an increase in project finance debt (associated with the ongoing construction and development of the wind farm asset portfolio). The Group's net debt increased during First Half 2018 by £71.3m from £597.2m at 31 March 2017 to £668.5m at 30 September 2017 primarily reflecting the adverse impact of foreign exchange translation and an increase in project finance debt (associated with the ongoing construction and development of the wind farm asset portfolio).

Net debt at 30 September 2017 includes project finance net debt of £237.8m (30 June 2017 - £204.5m; 31 March 2017 - £193.8m). Excluding project financed net debt, net debt was £430.7m (30 June 2017 - £406.4m; 31 March 2017 - £403.4m).

On 25 September 2017, the Group completed a full refinancing of the Euro denominated Senior secured notes (2020) as detailed in the Treasury section of the Summary of Financial Performance report. This included the close out of the foreign exchange forward contracts of €225.0m on the Senior secured notes (2020) which resulted in a cash inflow of £29.4m.

Defined benefit pension liability

The pension liability in the Group's defined benefit scheme under IAS 19 was £nil at 30 September 2017 (30 June 2017 - £0.2m; 31 March 2017 – £nil).

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 2017 £m	As at 30 September 2016 £m	Year end 31 March 2017 £m
Investments	**1.3**	1.4	1.4
Cash and cash equivalents	**91.9**	89.6	106.8
Senior secured notes €350m (2025)	**(302.6)**	-	-
Senior secured notes £225m (2024)	**(220.8)**	-	-
Senior secured notes €600m (2020)	**-**	(513.0)	(507.6)
Interest accruals – Senior secured notes	**(0.4)**	(3.2)	(3.2)
Other interest accruals	**(0.1)**	(0.9)	(0.8)
Net debt excluding project finance facilities	**(430.7)**	(426.1)	(403.4)
Project finance cash	**21.7**	13.4	13.4
Project finance bank facility (RoI)	**(109.4)**	(89.9)	(103.6)
Project finance bank facility (NI)	**(149.9)**	(74.9)	(103.6)
Project finance interest accruals	**(0.2)**	(0.2)	-
Net debt	**(668.5)**	(577.7)	(597.2)
Foreign exchange forward contracts on Senior secured notes	**-**	26.7	23.5
Pro-forma net debt	**(668.5)**	(551.0)	(573.7)

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

In August 2017, the Group redeemed 10% of the €600.0m Senior secured notes (2020) at a redemption price of 103%, with €540.0m remaining in issue at that point.

In September 2017, the Group completed a full refinancing of the Euro denominated €600.0m 7.5% Senior secured notes due in March 2020 through the issuance of a new €350.0m Euro denominated 8 year 4.0% Senior secured note due in September 2025 and a new £225.0m Sterling denominated 7 year 4.75% Senior secured note due in September 2024. At the same time the Group also put in place a new £225.0m Senior revolving credit facility maturing in September 2023 which can be used for both letters of credit and working capital purposes.

In September 2017, the Group closed the foreign exchange forward contracts of €225.0m on the Senior secured notes (2020) which resulted in a cash inflow of £29.4m.

In June and September 2017 non-recourse project finance facilities of up to £85.1m were put in place in respect of combined 57MW of wind farm capacity under construction in Northern Ireland. Project financing for the remaining 18MW of capacity in construction is expected to be put in place and 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 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 minimum EBITDA 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 an historic annual basis.

At 30 September 2017, the Group had letters of credit issued out of the Senior revolving credit facility of £91.4m resulting in undrawn committed facilities of £133.6m (30 June 2017 - £135.0m; 31 March 2017 - £130.6m). Cash drawings under the Senior revolving credit facility at 30 September 2017 were £nil (30 June 2017 - £nil; 31 March 2017 - £nil).

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

At 30 September 2017, there was £21.7m (30 June 2017 - £17.4m; 31 March 2017 - £13.4m) of restricted cash in the project financed wind farms which is subject to bi-annual distribution debt service requirements.

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 2017.

CONSOLIDATED INCOME STATEMENT
for the three month period ended 30 September 2017

Continuing operations	Notes	Results before exceptional items and certain re-measurements Second Quarter 2018 Unaudited £m	Exceptional items and certain re-measurements (note 4) Second Quarter 2018 Unaudited £m	Total Second Quarter 2018 Unaudited £m	Results before exceptional items and certain re-measurements Second Quarter 2017 Unaudited £m	Exceptional items and certain re-measurements (note 4) Second Quarter 2017 Unaudited £m	Total Second Quarter 2017 Unaudited £m
Revenue	2	345.1	-	345.1	283.8	-	283.8
Operating costs	3	(318.1)	3.1	(315.0)	(263.8)	(0.5)	(264.3)
Operating profit/(loss)	2	27.0	3.1	30.1	20.0	(0.5)	19.5
Finance costs	5	(14.8)	(27.7)	(42.5)	(4.7)	6.1	1.4
Finance income	5	0.3	-	0.3	0.2	-	0.2
Net finance cost		(14.5)	(27.7)	(42.2)	(4.5)	6.1	1.6
Share of loss in associates		(0.4)	-	(0.4)	(0.3)	-	(0.3)
Profit/(loss) before tax		12.1	(24.6)	(12.5)	15.2	5.6	20.8
Taxation	6	0.5	(0.4)	0.1	(0.2)	-	(0.2)
Profit/(loss) for the period		12.6	(25.0)	(12.4)	15.0	5.6	20.6

CONSOLIDATED INCOME STATEMENT
for the six month period ended 30 September 2017

Continuing operations	Notes	Results before exceptional items and certain re-measurements First Half 2018 Unaudited £m	Exceptional items and certain re-measurements (note 4) First Half 2018 Unaudited £m	Total First Half 2018 Unaudited £m	Results before exceptional items and certain re-measurements First Half 2017 Unaudited £m	Exceptional items and certain re-measurements (note 4) First Half 2017 Unaudited £m	Total First Half 2017 Unaudited £m	Results before exceptional items certain re-measurements Year ended 31 March 2017 Audited £m	Exceptional items and certain re-measurements (note 4) Year ended 31 March 2017 Audited £m	Total Year ended 31 March 2017 Audited £m
Revenue	2	659.8	-	659.8	570.5	-	570.5	1,317.6	-	1,317.6
Operating costs	3	(604.0)	0.5	(603.5)	(528.4)	2.9	(525.5)	(1,233.2)	(0.8)	(1,234.0)
Operating profit/(loss)	2	55.8	0.5	56.3	42.1	2.9	45.0	84.4	(0.8)	83.6
Finance costs	5	(28.2)	(22.4)	(50.6)	(13.8)	16.4	2.6	(36.8)	13.2	(23.6)
Finance income	5	0.5	-	0.5	9.0	-	9.0	9.6	-	9.6
Net finance cost		(27.7)	(22.4)	(50.1)	(4.8)	16.4	11.6	(27.2)	13.2	(14.0)
Share of loss in associates		(0.7)	-	(0.7)	(0.7)	-	(0.7)	(1.0)	-	(1.0)
Profit/(loss) before tax		27.4	(21.9)	5.5	36.6	19.3	55.9	56.2	12.4	68.6
Taxation	6	(0.7)	(0.1)	(0.8)	(0.8)	(0.4)	(1.2)	(1.0)	(0.2)	(1.2)
Profit/(loss) for the period		26.7	(22.0)	4.7	35.8	18.9	54.7	55.2	12.2	67.4

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the three and six month periods ended 30 September 2017

	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	First Half 2018 Unaudited £m	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
(Loss)/profit for the period	**(12.4)**	20.6	**4.7**	54.7	67.4
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translation of foreign operations	**(0.8)**	(13.7)	**(7.2)**	(32.7)	(30.0)
Net gain/(loss) on cash flow hedges	**3.4**	(9.0)	**(0.4)**	(10.5)	2.5
Transferred loss from equity to income statement on cash flow hedges	**3.8**	4.5	**4.5**	8.8	3.5
Share of associates net gain/(loss) on cash flow hedges	**0.1**	-	**0.2**	(0.3)	0.1
Income tax effect	**(0.9)**	0.2	**0.2**	(1.0)	(1.2)
	6.4	(4.3)	**4.5**	(3.0)	4.9
	5.6	(18.0)	**(2.7)**	(35.7)	(25.1)
Items that will not be reclassified to profit or loss:					
Remeasurement profit/(loss) on defined benefit scheme	**0.2**	0.1	**0.1**	(0.2)	(1.1)
Income tax effect	**-**	-	**-**	0.1	0.2
	0.2	0.1	**0.1**	(0.1)	(0.9)
Other comprehensive income/(expense) for the period, net of taxation	**5.8**	(17.9)	**(2.6)**	(35.8)	(26.0)
Total comprehensive (expense)/income for the period	**(6.6)**	2.7	**2.1**	18.9	41.4

CONSOLIDATED BALANCE SHEET
as at 30 September 2017

ASSETS	Notes	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Non-current assets:				
Property, plant and equipment		**532.2**	445.4	497.9
Intangible assets		**553.9**	526.6	552.6
Investment in associates		**6.1**	5.7	6.2
Derivative financial instruments	14	**5.0**	27.3	20.0
Other non-current financial assets	8	**0.1**	0.1	0.1
Deferred tax assets		**26.9**	24.9	27.3
		1,124.2	1,030.0	1,104.1
Current assets:				
Inventories		**4.9**	4.4	4.8
Trade and other receivables	10	**132.9**	136.7	150.1
Derivative financial instruments	14	**4.9**	8.9	10.1
Other current financial assets	8	**2.8**	11.1	3.8
Cash and cash equivalents	11	**113.6**	103.0	120.2
		259.1	264.1	289.0
TOTAL ASSETS		**1,383.3**	1,294.1	1,393.1
LIABILITIES				
Current liabilities:				
Trade and other payables	12	**(240.6)**	(229.0)	(262.2)
Income tax payable		**(2.3)**	(3.3)	(1.7)
Financial liabilities	13	**(20.6)**	(10.9)	(17.6)
Derivative financial instruments	14	**(7.9)**	(12.7)	(9.6)
Deferred income		**-**	(0.2)	-
		(271.4)	(256.1)	(291.1)
Non-current liabilities:				
Financial liabilities	13	**(784.8)**	(671.2)	(717.7)
Derivative financial instruments	14	**(11.3)**	(17.6)	(11.4)
Net employee defined benefit liabilities		**-**	(0.2)	-
Deferred tax liabilities		**(16.5)**	(12.9)	(16.8)
Provisions		**(12.5)**	(13.9)	(11.4)
		(825.1)	(715.8)	(757.3)
TOTAL LIABILITIES		**(1,096.5)**	(971.9)	(1,048.4)
NET ASSETS		**286.8**	322.2	344.7
Equity				
Share capital		**-**	-	-
Share premium		**660.6**	660.6	660.6
Retained earnings		**(396.9)**	(413.6)	(401.7)
Capital contribution reserve		**101.5**	161.5	161.5
Hedge reserve		**(9.4)**	(21.8)	(13.9)
Foreign currency translation reserve		**(69.0)**	(64.5)	(61.8)
TOTAL EQUITY		**286.8**	322.2	344.7

The condensed interim consolidated financial statements were approved by the Board and authorised for issue on 23 November 2017.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six month period ended 30 September 2017

	Note	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 2016		**-**	**510.0**	**(457.8)**	**115.2**	**(18.8)**	**(31.8)**	**116.8**
Profit for the period		-	-	54.7	-	-	-	54.7
Other comprehensive expense		-	-	(0.1)	-	(3.0)	(32.7)	(35.8)
Total comprehensive income/(expense)		-	-	*54.6*	-	*(3.0)*	*(32.7)*	*18.9*
VGHL/VGIL merger		-	150.6	(10.4)	46.3	-	-	186.5
At 30 September 2016		**-**	**660.6**	**(413.6)**	**161.5**	**(21.8)**	**(64.5)**	**322.2**
At 1 April 2016		**-**	**510.0**	**(457.8)**	**115.2**	**(18.8)**	**(31.8)**	**116.8**
Profit for the year		-	-	67.4	-	-	-	67.4
Other comprehensive (expense)/income		-	-	(0.9)	-	4.9	(30.0)	(26.0)
Total comprehensive income/(expense)		-	-	*66.5*	-	*4.9*	*(30.0)*	*41.4*
VGIL/VGHL merger		-	150.6	(10.4)	46.3	-	-	186.5
At 31 March 2017		**-**	**660.6**	**(401.7)**	**161.5**	**(13.9)**	**(61.8)**	**344.7**
Profit for the period		-	-	4.7	-	-	-	4.7
Other comprehensive income/(expense)		-	-	0.1	-	4.5	(7.2)	(2.6)
Total comprehensive income/(expense)		-	-	*4.8*	-	*4.5*	*(7.2)*	*2.1*
Dividend paid		-	-	-	(60.0)	-	-	(60.0)
At 30 September 2017		**-**	**660.6**	**(396.9)**	**101.5**	**(9.4)**	**(69.0)**	**286.8**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the three and six month periods ended 30 September 2017

	Notes	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	First Half 2018 Unaudited £m	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
Cash generated from operations before working capital movements	15	**35.3**	25.6	**72.0**	53.0	103.0
Working capital adjustments:						
(Increase)/decrease in inventories		**(0.5)**	0.2	**(0.1)**	(0.8)	(1.2)
(Increase)/decrease in trade and other receivables		**(1.5)**	(1.1)	**17.2**	24.1	10.6
Decrease in security deposits		**0.4**	3.4	**0.9**	1.2	8.5
Decrease in trade and other payables		**(0.6)**	(3.4)	**(13.9)**	(24.8)	(5.3)
Effects of foreign exchange		**1.5**	-	**1.3**	2.4	2.0
		34.6	24.7	**77.4**	55.1	117.6
Interest received		**0.1**	0.1	**0.1**	0.1	0.2
Interest paid		**(29.0)**	(22.2)	**(30.3)**	(24.0)	(48.8)
Exceptional finance costs		**(23.1)**	-	**(23.1)**	-	-
		(52.0)	(22.1)	**(53.3)**	(23.9)	(48.6)
Income tax (paid)/received		**(0.1)**	(0.3)	**(0.2)**	0.3	0.1
Net cash flows (used in)/from operating activities		**(17.5)**	2.3	**23.9**	31.5	69.1
Investing activities						
Purchase of property, plant and equipment		**(24.9)**	(55.8)	**(45.3)**	(97.2)	(144.7)
Purchase of intangible assets		**(29.5)**	(21.2)	**(55.1)**	(42.7)	(91.5)
Proceeds from sale of intangible assets		**35.7**	25.7	**55.4**	47.5	89.4
Disposal of subsidiary, net of cash disposed		**-**	-	**(0.2)**	(0.2)	(0.2)
Dividends received from associates		**-**	-	**-**	0.2	0.2
Interest received from associates		**-**	-	**0.2**	0.1	0.1
Acquisition of subsidiaries		**(0.8)**	(4.8)	**(3.1)**	(6.2)	(13.9)
Net cash flows used in investing activities		**(19.5)**	(56.1)	**(48.1)**	(98.5)	(160.6)
Financing activities						
Proceeds from issue of borrowings		**578.9**	45.9	**590.5**	91.6	144.1
Repayment of borrowings		**(508.0)**	(1.6)	**(508.7)**	(2.8)	(11.9)
Dividend paid to parent undertaking		**(60.0)**	-	**(60.0)**	-	-
Issue costs of new long term loans		**(7.4)**	-	**(8.1)**	(0.8)	(1.9)
Net cash flows from financing activities		**3.5**	44.3	**13.7**	88.0	130.3
Net (decrease)/increase in cash and cash equivalents		**(33.5)**	(9.5)	**(10.5)**	21.0	38.8
Net foreign exchange difference		**1.7**	3.7	**3.9**	5.5	4.9
Cash and cash equivalents at period start	11	**145.4**	108.8	**120.2**	76.5	76.5
Cash and cash equivalents at period end	11	**113.6**	103.0	**113.6**	103.0	120.2

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 2017.

A number of amendments to existing standards are effective for periods beginning on or after 1 April 2017. However, none of these have a material, if any, impact on the annual or condensed interim consolidated financial statements of the Group in 2017/18.

2. SEGMENTAL ANALYSIS

For management purposes, the Group is organised into business units based on its products and services and has four 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.

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 over/(under)-recovery outlined in the segmental analysis below represents the amount by which the regulated businesses over/(under)-recovered against their regulated entitlement). The Group also monitors revenue on a regulated entitlement basis.

(a) Revenue by segment

	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	First Half 2018 Unaudited £m	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
Energia Group (excluding renewable assets)	**235.9**	187.9	**444.2**	377.1	874.4
Energia renewable assets	**6.4**	1.2	**12.8**	2.3	7.7
Power NI	**69.8**	67.1	**140.2**	135.0	335.0
PPB	**33.7**	27.2	**62.4**	52.4	111.7
Inter-group eliminations	**(6.5)**	(2.0)	**(14.1)**	(4.0)	(10.7)
Group	**339.3**	281.4	**645.5**	562.8	1,318.1
Adjustment for over/(under) recovery	**5.8**	2.4	**14.3**	7.7	(0.5)
Total	**345.1**	283.8	**659.8**	570.5	1,317.6

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

	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	**First Half 2018 Unaudited £m**	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
Segment Pro-Forma EBITDA					
Energia Group (excluding renewable assets)	**16.7**	13.5	**30.6**	27.1	65.1
Energia renewable assets	**4.3**	0.7	**8.8**	1.4	4.9
Power NI	**8.2**	8.3	**17.0**	15.6	32.2
PPB	**0.5**	0.5	**1.4**	1.0	4.0
Other	**-**	0.2	**0.2**	0.2	1.0
Group Pro-Forma EBITDA	**29.7**	23.2	**58.0**	45.3	107.2
Adjustment for over/(under)-recovery	**5.8**	2.4	**14.3**	7.7	(0.5)
Group EBITDA	**35.5**	25.6	**72.3**	53.0	106.7
Depreciation/amortisation					
Energia Group (excluding renewable assets)	**(4.3)**	(4.2)	**(8.3)**	(8.1)	(16.2)
Energia renewable assets	**(3.6)**	(0.7)	**(7.1)**	(1.3)	(3.1)
Power NI	**(0.4)**	(0.6)	**(0.8)**	(1.3)	(2.6)
Other	**(0.2)**	(0.1)	**(0.3)**	(0.2)	(0.4)
Group depreciation and amortisation	**(8.5)**	(5.6)	**(16.5)**	(10.9)	(22.3)
Operating profit pre exceptional items and certain remeasurements					
Energia Group (excluding renewable assets)	**12.4**	9.3	**22.3**	19.0	48.9
Energia renewable assets	**0.7**	-	**1.7**	0.1	1.8
Power NI	**7.8**	7.7	**16.2**	14.3	29.6
PPB	**0.5**	0.5	**1.4**	1.0	4.0
Other	**(0.2)**	0.1	**(0.1)**	-	0.6
Group Pro-Forma operating profit	**21.2**	17.6	**41.5**	34.4	84.9
Adjustment for over/(under)-recovery	**5.8**	2.4	**14.3**	7.7	(0.5)
Operating profit pre exceptional items and certain remeasurements	**27.0**	20.0	**55.8**	42.1	84.4
Exceptional items and certain remeasurements					
Energia Group (excluding renewable assets)	**3.1**	(0.5)	**0.6**	2.9	1.3
Energia renewable assets	**-**	-	**-**	-	(0.4)
Other	**-**	-	**(0.1)**	-	(1.7)
Group operating profit post-exceptional items and certain remeasurements	**30.1**	19.5	**56.3**	45.0	83.6
Finance cost	**(42.5)**	1.4	**(50.6)**	2.6	(23.6)
Finance income	**0.3**	0.2	**0.5**	9.0	9.6
	(42.2)	1.6	**(50.1)**	11.6	(14.0)
Share of loss in associates	**(0.4)**	(0.3)	**(0.7)**	(0.7)	(1.0)
(Loss)/profit on ordinary activities before tax	**(12.5)**	20.8	**5.5**	55.9	68.6

3. OPERATING COSTS

	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	**First Half 2018 Unaudited £m**	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
Operating costs are analysed as follows:					
Energy costs	**289.4**	240.2	**548.8**	479.0	1,137.8
Employee costs	**7.5**	6.0	**14.3**	11.7	25.4
Depreciation, amortisation and impairment	**8.5**	5.6	**16.5**	10.9	22.3
Other operating charges	**12.7**	12.0	**24.4**	26.8	47.7
Total pre exceptional items and certain remeasurements	**318.1**	263.8	**604.0**	528.4	1,233.2
Exceptional costs and certain remeasurements:					
Energy (income)/costs	**(3.3)**	0.5	**(0.8)**	(2.9)	(1.6)
Other operating charges	**0.2**	-	**0.3**	-	2.4
Total exceptional costs and certain remeasurements	**(3.1)**	0.5	**(0.5)**	(2.9)	0.8
Total operating costs	**315.0**	264.3	**603.5**	525.5	1,234.0

3.1 Depreciation, amortisation and impairment

	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	**First Half 2018 Unaudited £m**	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
Depreciation	**7.8**	4.8	**15.0**	9.3	18.7
Associated release of contributions in respect of property plant & equipment	**-**	(0.1)	**(0.1)**	(0.2)	(0.3)
Amortisation of intangible assets	**0.7**	0.9	**1.6**	1.8	3.9
	8.5	5.6	**16.5**	10.9	22.3

4. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	**First Half 2018 Unaudited £m**	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
Exceptional items in arriving at profit from continuing operations:					
Acquisition costs[1]	**(0.2)**	-	**(0.3)**	-	(2.4)
Exceptional finance costs[2]	**(28.3)**	-	**(28.3)**	-	-
	(28.5)	-	**(28.6)**	-	(2.4)
Certain remeasurements in arriving at profit					
Net profit/(loss) on derivatives at fair value through operating costs[3]	**3.3**	(0.5)	**0.8**	2.9	1.6
Net profit on derivatives at fair value through finance costs[4]	**0.6**	6.1	**5.9**	16.4	13.2
	3.9	5.6	**6.7**	19.3	14.8
Exceptional items and certain remeasurements before taxation	**(24.6)**	5.6	**(21.9)**	19.3	12.4
Taxation on exceptional items and certain remeasurements	**(0.4)**	-	**(0.1)**	(0.4)	(0.2)
Exceptional items and certain remeasurements after taxation	**(25.0)**	5.6	**(22.0)**	18.9	12.2

[1] Exceptional acquisition costs for Second Quarter 2018 of £0.2m (2017 - £nil) and for First Half 2018 of £0.3m (2017 - £nil) relate to costs associated with acquisitions whether successful or unsuccessful.

[2] Exceptional finance costs for Second Quarter 2018 of £28.3m (2017 - £nil) and for First Half 2018 of £28.3m (2017 - £nil) relate to the refinancing of the Group on 25 September 2017 and primarily reflect bond redemption premium of £19.5m, accelerated amortisation of bond fees of £4.8m and fees associated with the revolving credit facility of £4.0m.

[3] Net profit on derivatives at fair value through operating costs for Second Quarter 2018 of £3.3m (2017 – £0.5m loss) and for First Half 2018 of £0.8m (2017 - £2.9m) primarily relates to fair value movements in commodity swap contracts and foreign exchange forward contracts relating to commodity purchases.

[4] Net profit on derivatives at fair value through finance costs for Second Quarter 2018 of £0.6m (2017 - £6.1m) and for First Half 2018 of £5.9m (2017 - £16.4m) relates to fair value movements in foreign exchange forward contracts in respect of the Senior secured notes (2020) which were closed out in September 2017.

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

	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	**First Half 2018 Unaudited £m**	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
Fair valued derivatives through profit & loss	**(0.4)**	-	**(0.1)**	(0.4)	(0.2)
	(0.4)	-	**(0.1)**	(0.4)	(0.2)

5. FINANCE COSTS/INCOME

	Results before exceptional items and certain remeasure-ments Second Quarter 2018 Unaudited £m	Exceptional items and certain remeasure-ments Second Quarter 2018 Unaudited £m	Total Second Quarter 2018 Unaudited £m	Results before exceptional items and certain remeasure-ments Second Quarter 2017 Unaudited £m	Exceptional items and certain remeasure-ments Second Quarter 2017 Unaudited £m	Total Second Quarter 2017 Unaudited £m
Finance costs						
Interest on external bank loans and borrowings	(3.4)	-	(3.4)	(2.4)	-	(2.4)
Interest on senior secured notes	(9.5)	-	(9.5)	(9.5)	-	(9.5)
Interest payable to parent undertaking	-	-	-	-	-	-
Total interest expense	(12.9)	-	(12.9)	(11.9)	-	(11.9)
Amortisation of financing charges	(0.6)	(4.8)	(5.4)	(0.7)	-	(0.7)
Unwinding of discount on decommissioning provision	(0.1)	-	(0.1)	-	-	-
Unwinding of discount on contingent liabilities	(0.4)	-	(0.4)	-	-	-
Other finance charges	-	(23.5)	(23.5)	-	-	-
Total other finance charges	(1.1)	(28.3)	(29.4)	(0.7)	-	(0.7)
Net exchange (loss)/gain on net foreign currency borrowings	(0.9)	-	(0.9)	6.1	-	6.1
Net gain on financial instruments at fair value through profit or loss	-	0.6	0.6	-	6.1	6.1
Less interest capitalised in qualifying asset	0.1	-	0.1	1.8	-	1.8
Total finance costs	(14.8)	(27.7)	(42.5)	(4.7)	6.1	1.4
Finance income						
Interest income on loans to an associate	0.3	-	0.3	0.2	-	0.2
Total finance income	0.3	-	0.3	0.2	-	0.2

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in Second Quarter 2018 was 4.3% (2017 – 4.8%).

5. FINANCE COSTS/INCOME (continued)

Finance Costs

	Results before exceptional items and certain remeasure-ments First Half 2018 Unaudited £m	**Exceptional items and certain remeasure-ments First Half 2018 Unaudited £m**	**Total First Half 2018 Unaudited £m**	Results before exceptional items and certain remeasure-ments First Half 2017 Unaudited £m	Exceptional items and certain remeasure-ments First Half 2017 Unaudited £m	Total First Half 2017 Unaudited £m	Results before exceptional items and certain remeasure-ments Year ended 31 March 2017 Audited £m	Exceptional items and certain remeasure-ments Year ended 31 March 2017 Audited £m	Total 2017 Audited £m
Finance costs									
Interest on external bank loans and borrowings	**(6.4)**	**-**	**(6.4)**	(4.7)	-	(4.7)	(10.1)	-	(10.1)
Interest on senior secured notes	**(19.1)**	**-**	**(19.1)**	(18.3)	-	(18.3)	(37.7)	-	(37.7)
Interest payable to parent undertaking	**-**	**-**	**-**	(5.9)	-	(5.9)	(5.9)		(5.9)
Total interest expense	**(25.5)**	**-**	**(25.5)**	(28.9)	-	(28.9)	(53.7)	-	(53.7)
Amortisation of financing charges	**(1.1)**	**(4.8)**	**(5.9)**	(1.3)	-	(1.3)	(2.0)	-	(2.0)
Unwinding of discount on decommissioning provision	**(0.2)**	**-**	**(0.2)**	(0.1)	-	(0.1)	(0.3)	-	(0.3)
Unwinding of discount on contingent liabilities	**(0.8)**	**-**	**(0.8)**	-	-	-	(0.5)	-	(0.5)
Unwinding of discount on shareholder loan	**-**	**-**	**-**	(7.3)	-	(7.3)	(7.3)	-	(7.3)
Other finance charges	**(0.1)**	**(23.5)**	**(23.6)**	-	-	-	(0.1)	-	(0.1)
Total other finance charges	**(2.2)**	**(28.3)**	**(30.5)**	(8.7)	-	(8.7)	(10.2)	-	(10.2)
Net exchange (loss)/gain on net foreign currency borrowings	**(0.7)**	**-**	**(0.7)**	20.5	-	20.5	20.4	-	20.4
Net gain on financial instruments at fair value through profit or loss	**-**	**5.9**	**5.9**	-	16.4	16.4	-	13.2	13.2
Less interest capitalised in qualifying asset	**0.2**	**-**	**0.2**	3.3	-	3.3	6.7	-	6.7
Total finance costs	**(28.2)**	**(22.4)**	**(50.6)**	(13.8)	16.4	2.6	(36.8)	13.2	(23.6)
Finance income									
Interest income on loans to associates	**0.5**	**-**	**0.5**	0.4	-	0.4	0.9	-	0.9
Unwinding of discount on junior asset	**-**	**-**	**-**	8.5	-	8.5	8.5	-	8.5
Interest income on bank deposits	**-**	**-**	**-**	0.1	-	0.1	0.2	-	0.2
Total finance income	**0.5**	**-**	**0.5**	9.0	-	9.0	9.6	-	9.6

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in First Half 2018 was 4.4% (2017 - 5.3%).

6. INCOME TAX

The major components of the tax credit/(charge) for the periods ended 30 September 2017, 30 September 2016 and 31 March 2017 are:

	Results before exceptional items and certain remeasure-ments Second Quarter 2018 Unaudited £m	**Exceptional items and certain remeasure-ments Second Quarter 2018 Unaudited £m**	**Total Second Quarter 2018 Unaudited £m**	Results before exceptional items and certain remeasure-ments Second Quarter 2017 Unaudited £m	Exceptional items and certain remeasure-ments Second Quarter 2017 Unaudited £m	Total Second Quarter 2017 Unaudited £m
Current tax:						
Current tax (charge)/credit	**0.5**	**(0.4)**	**0.1**	(0.7)	-	(0.7)
Total current tax (charge)/credit	**0.5**	**(0.4)**	**0.1**	(0.7)	-	(0.7)
Deferred tax:						
Adjustments in respect of current year	**-**	**-**	**-**	0.5	-	0.5
Total deferred tax	**-**	**-**	**-**	0.5	-	0.5
Total taxation (charge)/credit	**0.5**	**(0.4)**	**0.1**	(0.2)	-	(0.2)

6. INCOME TAX (continued)

	Results before exceptional items and certain remeasure-ments First Half 2018 Unaudited £m	Exceptional items and certain remeasure-ments First Half 2018 Unaudited £m	Total First Half 2018 Unaudited £m	Results before exceptional items and certain remeasure-ments First Half 2017 Unaudited £m	Exceptional items and certain remeasure-ments First Half 2017 Unaudited £m	Total First Half 2017 Unaudited £m	Results before exceptional items and certain remeasure-ments Year ended 31 March 2017 Audited £m	Exceptional items and certain remeasure-ments Year ended 31 March 2017 Audited £m	Total Year ended 31 March 2017 Audited £m
Current tax:									
Current tax charge	(0.6)	(0.1)	(0.7)	(1.3)	(0.4)	(1.7)	-	(0.2)	(0.2)
Adjustments in respect of prior years	-	-	-	-	-	-	(0.1)	-	(0.1)
Total current tax charge	(0.6)	(0.1)	(0.7)	(1.3)	(0.4)	(1.7)	(0.1)	(0.2)	(0.3)
Deferred tax:									
Adjustments in respect of current year	(0.1)	-	(0.1)	0.5	-	0.5	1.8	-	1.8
Adjustments in respect of prior years	-	-	-	-	-	-	(2.2)	-	(2.2)
Effect of decreased rate on opening liability	-	-	-	-	-	-	(0.5)	-	(0.5)
Total deferred tax	(0.1)	-	(0.1)	0.5	-	0.5	(0.9)	-	(0.9)
Total taxation charge	(0.7)	(0.1)	(0.8)	(0.8)	(0.4)	(1.2)	(1.0)	(0.2)	(1.2)

7. CAPITAL EXPENDITURE

	Capital additions to property, plant and equipment				
	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	**First Half 2018 Unaudited £m**	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
Energia Group (excluding renewable assets)	**1.6**	3.1	**1.7**	4.9	5.5
Energia renewable assets	**25.3**	47.7	**38.6**	86.9	145.0
Power NI	**-**	0.8	**-**	1.6	3.5
Other	**-**	-	**0.3**	-	1.2
Total	**26.9**	51.6	**40.6**	93.4	155.2

	Capital additions to intangible assets				
	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	**First Half 2018 Unaudited £m**	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
Energia Group (excluding renewable assets)	**9.6**	8.7	**21.3**	15.7	43.8
Power NI	**15.0**	15.0	**27.9**	24.4	52.3
Other	**0.1**	0.1	**0.1**	0.3	0.7
Total	**24.7**	23.8	**49.3**	40.4	96.8

8. OTHER FINANCIAL ASSETS

	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Loans and receivables:			
Security deposits	**1.5**	9.7	2.4
Short term managed funds	**1.3**	1.4	1.4
Total loans and receivables	**2.8**	11.1	3.8
Financial instruments held to maturity:			
Viridian Growth Fund	**0.1**	0.1	0.1
Investment in parent undertaking's junior bank facility	**-**	-	-
Total other financial assets	**2.9**	11.2	3.9
Total non-current	**0.1**	0.1	0.1
Total current	**2.8**	11.1	3.8

9. BUSINESS COMBINATIONS AND DISPOSALS

Acquisitions in 2018
In April 2017, the Group acquired 100% of the shares of Teiges Mountain Wind Farm Limited (Teiges), an unlisted wind farm company in Northern Ireland. Total consideration for the acquisition comprised £1.6m discounted contingent consideration (£1.9m undiscounted).

In July 2017, the Group acquired 100% of the shares of Dargan Road Biogas Limited (Dargan Road), an unlisted anaerobic digestion company in Northern Ireland. The total consideration for the acquisition was £0.8m cash and £2.5m contingent consideration.

The acquisitions contribute towards the Group's aim of growing its renewable generation business in Ireland.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of Teiges and Dargan Road as at the date of acquisition were:

	Fair value recognised on acquisition £m
Assets	
Property, plant and equipment	3.4
Other receivables	0.2
	3.6
Liabilities	
Other payables	(2.2)
Other loans and borrowings	(1.4)
Total identifiable net assets at fair value	-
Intangible assets (development assets) arising on acquisition	4.9
Purchase consideration transferred	4.9
Purchase consideration made up of:	
Cash	0.8
Contingent consideration	4.1
	4.9
Analysis of cash flows on acquisition:	
Cash	0.8
Discharge of liabilities	2.3
Net cash flows on acquisition	3.1

No transaction costs were expensed in First Half 2018.

Teiges is currently under construction and has not generated any revenues or profit for the Group during the period. Dargan Road is not operational and is currently under development.

Contingent consideration
On acquisition of Teiges contingent consideration of £1.6m was recognised and reflects the fair value of the maximum amount payable of £1.9m, with the minimum payable being £nil. Contingent consideration relates to the accreditation for Northern Ireland Renewable Obligation Certificates (NIROCs) and earnouts relating to the capital expenditure incurred during the course of the construction of the wind farms and are anticipated to be paid in 2018/19. On acquisition of Dargan Road contingent consideration of £2.5m was recognised and reflects the maximum amount payable, with the minimum amount payable being £nil. Contingent consideration relates to the accreditation for NIROCs, together with the execution of a lease option and the grant of planning and are anticipated to be paid in 2017/18 and 2018/19.

10. TRADE AND OTHER RECEIVABLES

	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Trade receivables (including unbilled consumption)	**111.8**	98.0	124.2
Prepayments and accrued income	**17.3**	32.5	25.5
Other receivables	**3.8**	6.2	0.4
	132.9	136.7	150.1

11. CASH AND CASH EQUIVALENTS

	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Cash at bank and on hand	**39.3**	39.4	33.4
Short−term bank deposits	**74.3**	63.6	86.8
	113.6	103.0	120.2

12. TRADE AND OTHER PAYABLES

	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Trade creditors	**58.5**	63.0	49.9
Other creditors	**23.1**	22.1	35.2
Amounts owed to associate	**2.0**	2.0	2.1
Payments received on account	**26.8**	27.5	24.7
Tax and social security	**2.2**	2.4	9.0
Accruals	**128.0**	112.0	141.3
	240.6	229.0	262.2

13. FINANCIAL LIABILITIES

	30 September 2017 Unaudited £m	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Current financial liabilities:			
Senior secured notes interest payable	0.4	3.2	3.2
Other interest payable	0.1	0.9	0.8
Project financed bank facilities (NI)	7.0	4.6	3.8
Project financed bank facilities (RoI)	10.4	2.0	9.8
Project financed interest accruals	0.2	0.2	-
Contingent consideration	2.5	-	-
Total current financial liabilities	20.6	10.9	17.6
Non-current financial liabilities:			
Senior secured notes €350m (2025)	302.6	-	-
Senior secured notes £225m (2024)	220.8	-	-
Senior secured notes €600m (2020)	-	513.0	507.6
Project financed bank facilities (NI)	142.9	70.3	99.8
Project financed bank facilities (RoI)	99.0	87.9	93.8
Contingent consideration	16.2	-	13.9
Other payables	3.3	-	2.6
Total non−current financial liabilities	784.8	671.2	717.7
Total current and non-current financial liabilities	805.4	682.1	735.3

In September 2017, the Group issued new Senior secured notes due in September 2024 and September 2025 and entered into a new Senior revolving credit facility due in 2023. The proceeds from the issue of the Senior secured notes were used to repay the Senior secured notes (2020). The carrying value of the Senior secured notes (2024 and 2025) include unamortised costs of £10.0m.

The Senior secured notes (2025) are denominated in Euro €350.0m (Euro notes) and the Senior secured notes (2024) are denominated in Sterling £225.0m (Sterling notes). Interest, which is payable semi−annually, is charged at a fixed rate coupon of 4.75% for the Sterling notes and 4.0% for the Euro notes. The Sterling notes are repayable in one instalment on 15 September 2024 and the Euro notes are repayable in one instalment on 15 September 2025.

Both Senior secured notes (2024 and 2025) include an option for the period to 15 September 2020 to redeem annually up to 10% of the original principal at a redemption price of 103%.

At 30 September 2017, the Group had letters of credit issued out of the Senior revolving credit facility of £91.4m resulting in undrawn committed facilities of £133.6m (30 June 2017 – £135.0m, 31 March 2017 - £130.6m). There were no cash drawings under the Senior revolving credit facility at 30 September 2017 (30 June 2017 - £nil, 31 March 2017 - £nil). Interest is charged under the Senior revolving credit facility at floating interest rates based on Libor and Euribor.

Project financed bank facilities

The project financed bank loan facilities are repayable in semi-annual instalments to 2035 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 3.75% on project financed bank facilities NI and 2.80% in the project financed bank facilities RoI.

13. FINANCIAL LIABILITIES (continued)

Contingent consideration

On acquisition of Cornavarrow, Slieveglass and Teiges, contingent consideration of £15.1m was recognised reflecting the fair value of the maximum amount payable of £17.9m, with the minimum payable being £nil. Contingent consideration relates to the accreditation for Northern Ireland Renewable Obligation Certificates (NIROCs) and earnouts relating to the capital expenditure incurred during the course of the construction of the wind farms and are anticipated to be paid in 2018/19. On acquisition of Dargan, contingent consideration of £2.5m was recognised reflecting the maximum amount payable, with the minimum amount payable being £nil. Contingent consideration relates to the accreditation for NIROCs, together with the execution of a lease option and the grant of planning and are anticipated to be paid in 2017/18 and 2018/19.

Other payables

On acquisition of Cornavarrow, a liability of £2.6m was recognised reflecting the fair value of the maximum amount payable of £3.0m, with the minimum payable being £nil and on acquisition of Teiges, a liability of £0.6m was recognised reflecting the fair value of the maximum amount payable of £0.7m, with the minimum payable being £nil. The liabilities relates to pre-acquisition services and are contingent on the accreditation for NIROCs and are anticipated to be paid in 2018/19.

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial assets

Derivatives at fair value through other comprehensive income	**30 September 2017 Unaudited £m**	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Cash flow hedges:			
Foreign exchange forward contracts	**0.9**	3.7	1.5
Commodity swap contracts	**1.7**	3.2	1.2
Interest rate swap contracts	**3.5**	0.3	1.7
Total derivatives at fair value through other comprehensive income	**6.1**	7.2	4.4
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	**0.2**	27.2	23.7
Commodity swap contracts	**3.6**	1.8	2.0
Total derivatives at fair value through profit and loss	**3.8**	29.0	25.7
Total derivative financial assets	**9.9**	36.2	30.1
Total non-current	**5.0**	27.3	20.0
Total current	**4.9**	8.9	10.1

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Derivative financial liabilities

Derivatives at fair value through other comprehensive income	**30 September 2017 Unaudited £m**	30 September 2016 Unaudited £m	31 March 2017 Audited £m
Cash flow hedges:			
Foreign exchange forward contracts	**(3.7)**	(9.0)	(3.2)
Commodity swap contracts	**(0.8)**	(1.4)	(2.0)
Interest rate swap contracts	**(11.7)**	(18.8)	(13.4)
Total derivatives at fair value through other comprehensive income	**(16.2)**	(29.2)	(18.6)
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	**(0.5)**	(0.5)	(0.4)
Commodity swap contracts	**(2.5)**	(0.6)	(2.0)
Total derivatives at fair value through profit and loss	**(3.0)**	(1.1)	(2.4)
Total derivative financial liabilities	**(19.2)**	(30.3)	(21.0)
Total non-current	**(11.3)**	(17.6)	(11.4)
Total current	**(7.9)**	(12.7)	(9.6)

FAIR VALUES

As indicated in note 3(d) in the consolidated financial statements for the year ended 31 March 2017, 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 the ir carrying values shown in the balance sheet and their fair value hierarchy is as follows:

	30 September 2017		**30 September 2016**		**31 March 2017**	
	Carrying value £m	**Fair value £m**	**Carrying value £m**	**Fair value £m**	**Carrying value £m**	**Fair value £m**
Level 1						
Non-current assets						
Senior secured notes (2024 and 2025)	**(523.4)**	**(534.3)**	-	-	-	-
Senior secured notes (2020)	**-**	**-**	(513.0)	(550.5)	(507.6)	(541.2)
Level 2						
Non-current assets						
Viridian Growth Fund	**0.1**	**0.1**	0.1	0.1	0.1	0.1
Non-current liabilities						
Project financed bank facilities (NI)	**(142.9)**	**(142.9)**	(70.3)	(70.3)	(99.8)	(99.8)
Project financed bank facilities (ROI)	**(99.0)**	**(99.0)**	(87.9)	(87.9)	(93.8)	(93.8)
Level 3						
Non-current liabilities						
Financial liabilities (contingent consideration)	**(16.2)**	**(16.2)**	-	-	(13.9)	(13.9)
Other payables	**(3.3)**	**(3.3)**	-	-	(2.6)	(2.6)

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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 estimated as the present value of future cash flows disclosed at the market rate of interest at the reporting date. 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.

The fair value of contingent consideration is considered by the Director to fall within the level 3 fair value hierarchy and is measured using the present value of the pay-out associated with the accreditation for NIROCs and earnouts set out in the relevant purchase agreement. The carrying value of £16.8m is estimated to approximate to its fair value determined by using discounted cash flows based on the Company's borrowing rate.

15. NOTES TO GROUP CASH FLOW STATEMENT

	Second Quarter 2018 Unaudited £m	Second Quarter 2017 Unaudited £m	**First Half 2018 Unaudited £m**	First Half 2017 Unaudited £m	Year ended 31 March 2017 Audited £m
Operating activities					
(Loss)/profit before tax from continuing operations	**(12.5)**	20.8	**5.5**	55.9	68.6
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property, plant and equipment	**7.8**	4.8	**15.0**	9.3	18.7
Amortisation and impairment of intangible assets	**0.7**	0.9	**1.6**	1.8	3.9
Amortisation of contributions in respect of property, plant and equipment	**-**	(0.1)	**(0.1)**	(0.2)	(0.3)
Derivatives at fair value through income statement	**(3.9)**	(5.6)	**(6.7)**	(19.3)	(14.8)
Net finance costs	**14.5**	4.5	**27.7**	4.8	27.2
Exceptional finance costs	**28.3**	-	**28.3**	-	-
Share of loss in associates	**0.4**	0.3	**0.7**	0.7	1.0
Defined benefit charge less contributions paid	**-**	-	**-**	-	(1.3)
Cash generated from operations before working capital movements	**35.3**	25.6	**72.0**	53.0	103.0

16. 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 2016	76.5	1.4	(4.7)	(927.5)	199.4	(654.9)
Net increase in cash and cash equivalents	22.2	-	-	-	-	22.2
Proceeds from issue of borrowings	-	-	-	(91.6)	-	(91.6)
Repayment of borrowings	-	-	2.8	-	-	2.8
Issue costs on new long term loans	-	-	-	0.8	-	0.8
(Increase)/decrease in interest accruals	-	-	(0.5)	1.2	-	0.7
Amortisation	-	-	(0.3)	(1.0)	-	(1.3)
Reclassifications	-	-	(7.8)	7.8	-	-
Capitalisation of interest on shareholder loan	-	-	-	(7.1)	-	(7.1)
Translation difference	4.3	-	-	(46.5)	4.5	(37.7)
Unwinding of discount on shareholder loan	-	-	-	(7.3)	-	(7.3)
Unwinding of discount on junior bank facility asset	-	-	-	-	8.5	8.5
Merger with VGHL	-	-	(0.4)	400.0	(212.4)	187.2
At 30 September 2016	103.0	1.4	(10.9)	(671.2)	-	(577.7)
At 1 April 2016	76.5	1.4	(4.7)	(927.5)	199.4	(654.9)
Net increase in cash and cash equivalents	38.8	-	-	-	-	38.8
Proceeds from issue of borrowings	-	-	-	(144.1)	-	(144.1)
Repayment of borrowings	-	-	11.9	-	-	11.9
Issue costs on new long term loans	-	-	-	1.8	-	1.8
(Increase)/decrease in interest accruals	-	-	(0.2)	1.2	-	1.0
Amortisation	-	-	(0.4)	(1.6)	-	(2.0)
Reclassifications	-	-	(23.7)	23.7	-	-
Capitalisation of interest on shareholder loan	-	-	-	(7.1)	-	(7.1)
Translation difference	4.9	-	(0.1)	(40.3)	4.5	(31.0)
Unwinding of discount on shareholder loan	-	-	-	(7.3)	-	(7.3)
Unwinding of discount on junior bank facility asset	-	-	-	-	8.5	8.5
Merger with VGHL	-	-	(0.4)	400.0	(212.4)	187.2
At 31 March 2017	120.2	1.4	(17.6)	(701.2)	-	(597.2)
Net decrease in cash and cash equivalents	(10.5)	(0.1)	-	-	-	(10.6)
Proceeds from issue of borrowings	-	-	-	(590.5)	-	(590.5)
Repayment of borrowings	-	-	5.0	533.1	-	538.1
Issue costs on new long term loans	-	-	-	12.1	-	12.1
Decrease in interest accruals	-	-	3.3	-	-	3.3
Amortisation	-	-	(0.3)	(5.6)	-	(5.9)
Reclassifications	-	-	(6.2)	6.2	-	-
Translation difference	3.9	-	(2.3)	(19.4)	-	(17.8)
At 30 September 2017	**113.6**	**1.3**	**(18.1)**	**(765.3)**	**-**	**(668.5)**

17. CAPITAL COMMITMENTS

At 30 September 2017 the Group had contracted future capital expenditure in respect of tangible fixed assets of £40.6m (30 September 2016 - £41.2m).

18. DISTRIBUTIONS MADE AND PROPOSED

Dividends of £60.0m (2017 - £nil) were paid to the parent undertaking in Second Quarter 2018.

19. RELATED PARTY TRANSACTIONS

The nature and type of related party transactions for the Second Quarter 2018 and First Half 2018 do not differ significantly from those in the consolidated financial statements for the year ended 31 March 2017.

20. 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 warmer 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.

21. MERGER

On 28 June 2016 VGIL merged with its immediate parent VGHL, with VGIL becoming the surviving entity. As a result of this merger the Group assumed VGHL's Junior bank facility B liability at its fair value of £225.5m, and in doing so fully extinguished this liability against the Junior bank facility asset held by the Group of £213.1m. In addition, this merger resulted in the full extinguishment of the shareholder loan of £399.6m owed by the Group to VGHL. The net gain of £186.5m arising from this merger has been recognised as part of the capital contribution reserve within equity.

A loss of £10.4m has been reclassified from the capital contribution reserve to retained earnings representing the original net loss recognised within the capital contribution reserve on initial recognition of the shareholder loan owed to VGHL and the Junior bank facility asset owed by VGHL at their fair values.

As part of the merger VGIL assumed the share capital structure of VGHL, including the issue of shares at a premium. As a consequence £150.6m of the £186.5m gain referred to above has been reclassified from the capital contribution reserve to share premium.

The net impact of the merger is a £150.6m increase in share premium, a £46.3m increase in the capital contribution reserve and £10.4m reduction in retained earnings at 30 June 2016.