Viridian Group Investments Limited

Unaudited Interim Consolidated Financial Statements

Second Quarter 2017

GROUP FINANCIAL HIGHLIGHTS

Underlying Business Results[1]

Second Quarter 2017

- Group pro-forma Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for Second Quarter 2017 was £23.2m (2016 - £24.6m)

- Group pro-forma operating profit for Second Quarter 2017 was £17.6m (2016 - £19.5m)

First Half 2017

- Group pro-forma EBITDA for First Half 2017 was £45.3m (2016 - £45.9m)

- Group pro-forma operating profit for First Half 2017 was £34.4m (2016 - £35.7m)

IFRS Results

Second Quarter 2017

- Revenue for Second Quarter 2017 was £283.8m (2016 - £289.2m)

- Operating profit before exceptional items and certain remeasurements for Second Quarter 2017 was £20.0m (2016 - £18.3m)

First Half 2017

- Revenue for First Half 2017 was £570.5m (2016 - £612.6m)

- Operating profit before exceptional items and certain remeasurements for First Half 2017 was £42.1m (2016 - £42.1m)

[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 (VGIL) present their condensed interim consolidated financial statements for the 3 months ended 30 September 2016 (Second Quarter 2017) and the 6 months ended 30 September 2016 (First Half 2017) including comparatives for the 3 months ended 30 September 2015 (Second Quarter 2016) and the 6 months ended 30 September 2015 (First Half 2016). 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 2017. 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 combined-cycle gas turbine (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.

Change of Control

On 29 April 2016 I Squared Capital ("I Squared") an independent global infrastructure investment manager completed its acquisition of 100% of the share capital of the Company's parent Viridian Group Holdings Limited (VGHL) from Arcapita. At the same time, I Squared provided equity to the Company's parent to enable the discharge of its Junior Facility A of £148.9m.

Merger

On 28 June 2016 VGIL merged with its immediate parent VGHL, with VGIL becoming the surviving entity. As a result of the merger the Group's Junior bank facility asset and shareholder loan were waived and extinguished in full.

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 2017 £m	Second Quarter 2016 £m	**First Half 2017 £m**	First Half 2016 £m	Year ended 31 March 2016 £m
Energia Group (excluding renewable assets)	**13.5**	15.0	**27.1**	28.2	58.9
Energia renewable assets	**0.7**	2.0	**1.4**	2.6	5.3
Power NI	**8.3**	7.6	**15.6**	15.0	31.6
PPB	**0.5**	0.8	**1.0**	1.6	4.0
Other	**0.2**	(0.8)	**0.2**	(1.5)	(2.7)
	23.2	24.6	**45.3**	45.9	97.1

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

	Second Quarter 2017 £m	Second Quarter 2016 £m	**First Half 2017 £m**	First Half 2016 £m	Year ended 31 March 2016 £m
Energia Group (excluding renewable assets)	**9.3**	11.4	**19.0**	20.8	43.7
Energia renewable assets	**-**	1.3	**0.1**	1.3	2.7
Power NI	**7.7**	6.9	**14.3**	13.7	29.0
PPB	**0.5**	0.8	**1.0**	1.6	4.0
Other	**0.1**	(0.9)	**-**	(1.7)	(3.0)
	17.6	19.5	**34.4**	35.7	76.4

Second Quarter 2017

Energia Group (excluding renewable assets) EBITDA (pre exceptional items and certain remeasurements) decreased to £13.5m (2016 - £15.0m) primarily reflecting lower availability of Huntstown 2 associated with the planned outage in August 2016 (including higher operating costs) and lower contributions from renewable PPAs (due to lower market prices), partly offset by favourable foreign exchange due to the strengthening of Euro to Sterling during the period compared to the same period last year together with higher residential margins (associated with growth in customer sites).

Energia Group (excluding renewable assets) operating profit (pre exceptional items and certain remeasurements) decreased to £9.3m (2016 - £11.4m) primarily due to the reasons described above for EBITDA.

Energia renewable assets EBITDA decreased to £0.7m (2016 - £2.0m) and operating profit decreased to £nil (2016 - £1.3m) with last year benefiting from the sale of surplus connection capacity to a wind farm developer.

Power NI EBITDA increased to £8.3m (2016 - £7.6m) and operating profit increased to £7.7m (2016 - £6.9m) primarily reflecting lower operating costs.

PPB EBITDA and operating profit decreased to £0.5m (2016 - £0.8m) reflecting lower regulated entitlement and higher operating costs.

Other EBITDA increased to £0.2m (2016 - £0.8m loss) and operating profit increased to £0.1m (2016 - £0.9m loss) primarily reflecting the removal of the Arcapita management fee.

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

First Half 2017

Energia Group (excluding renewable assets) EBITDA (pre exceptional items and certain remeasurements) decreased to £27.1m (2016 - £28.2m) primarily reflecting lower availability of both Huntstown plant associated with the planned outages during the First Half 2017 (including higher operating costs) and lower contributions from renewable PPAs (due to lower market prices and wind factors), partly offset by higher non-residential and residential margins, favourable foreign exchange due to the strengthening of Euro to Sterling compared to the same period last year and the revaluation of Huntstown distillate oil stock to current market price.

Energia Group (excluding renewable assets) operating profit (pre exceptional items and certain remeasurements) decreased to £19.0m (2016 - £20.8m) primarily due to the reasons described above for EBITDA.

Energia renewable assets EBITDA decreased to £1.4m (2016 - £2.6m) and operating profit decreased to £0.1m (2016 - £1.3m) due to the same reasons as described above for Second Quarter 2017.

Power NI EBITDA increased to £15.6m (2016 - £15.0m) and operating profit increased to £14.3m (2016 – £13.7m) reflecting the same reason as described above for Second Quarter 2017.

PPB EBITDA and operating profit decreased to £1.0m (2016 - £1.6m) reflecting the same reasons as described above for Second Quarter 2017.

Other EBITDA increased to £0.2m (2016 - £1.5m loss) and operating profit increased to £nil (2016 - £1.7m loss) reflecting the same reason as described above for Second Quarter 2017.

Business Reviews

Energia Group (excluding renewable assets)

KPIs	**Second Quarter 2017**	Second Quarter 2016	**First Half 2017**	First Half 2016	Year end 31 March 2016
Availability (%)					
- Huntstown 1	**84.1**	84.4	**82.0**	92.2	95.8
- Huntstown 2	**68.0**	97.4	**82.2**	97.0	97.5
Unconstrained utilisation (%)					
- Huntstown 1	**19.3**	3.6	**9.8**	1.7	1.0
- Huntstown 2	**35.3**	8.7	**39.7**	5.1	2.9
Incremental impact of constrained utilisation (%)					
- Huntstown 1	**12.4**	1.8	**7.6**	3.9	25.4
- Huntstown 2	**33.8**	51.5	**24.5**	51.0	30.1
Customer sites (number)					
- Non-residential					
- electricity	**53,300**	54,600	**53,300**	54,600	53,800
- gas	**5,700**	5,500	**5,700**	5,500	5,500
	59,000	60,100	**59,000**	60,100	59,300
- Residental					
- electricity	**93,500**	65,800	**93,500**	65,800	81,700
- gas	**37,700**	33,600	**37,700**	33,600	35,900
	131,200	99,400	**131,200**	99,400	117,600
Energia electricity sales (TWh)	**1.2**	1.1	**2.3**	2.2	4.6
Energia gas sales (million therms)	**13.2**	14.3	**30.8**	31.7	80.6
Contracted renewable generation capacity in operation in Northern Ireland and the RoI (MW)					
- average during the period	**819**	793	**816**	793	797
- at end of period	**825**	793	**825**	793	802

Huntstown 1 availability for Second Quarter 2017 was 84.1% (2016 – 84.4%). Availability for First Half 2017 was 82.0% (2016 – 92.2%) reflecting a 31 day outage which commenced on 14 June 2016. The outage was extended by 7 days from the agreed planned outage of 24 days to complete additional works required to the gas turbine and steam turbine.

Huntstown 2 availability for Second Quarter 2017 was 68.0% (2016 – 97.4%) reflecting a 29 day outage which commenced on 15 August. The outage was extended by 9 days from the agreed planned outage of 20 days to complete additional works required to the gas turbine. Availability for First Half 2017 was 82.2% (2016 – 97.0%) due to the same reasons as described above for Second Quarter 2017.

Huntstown 1 unconstrained utilisation for Second Quarter 2017 was 19.3% (2016 – 3.6%) and for First Half 2017 was 9.8% (2016 – 1.7%). The incremental impact of constrained utilisation for Huntstown 1 was 12.4% (2016 – 1.8%) and for First Half 2017 was 7.6% (2016 – 3.9%).

Huntstown 2 unconstrained utilisation for Second Quarter 2017 was 35.3% (2016 – 8.7%) and for First Half 2017 was 39.7% (2016 – 5.1%). The incremental impact of constrained utilisation for Huntstown 2 was 33.8% (2016 – 51.5%) and for First Half 2017 was 24.5% (2016 – 51.0%).

Non-residential electricity customer sites were 53,300 at 30 September 2016 (30 June 2016 – 53,700; 31 March 2016 – 53,800). Non-residential gas customer sites were 5,700 at 30 September 2016 (30 June 2016 – 5,600; 31 March 2016 – 5,500).

Residential electricity and gas customer sites increased to 131,200 at 30 September 2016 (30 June 2016 – 127,800; 31 March 2016 – 117,600).

Energia Group (continued)

Total electricity sales volumes were 1.2TWh for Second Quarter 2017 (2016 - 1.1TWh) and 2.3TWh for First Half 2017 (2016 – 2.2TWh). Total gas sales volumes were 13.2m therms for Second Quarter 2017 (2016 – 14.3m therms) and 30.8m therms for First Half 2017 (2016 – 31.7m 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	361	107	**468**
RoI	464	115	**579**
	825	**222**	**1,047**

The average contracted renewable generation capacity in operation during the Second Quarter 2017 was 819MW (2016 - 793MW) and during First Half 2017 was 816MW (2016 – 793MW) with 30 September 2016 capacity of 825MW (30 June 2016 - 815MW; 31 March 2016 - 802MW).

At 30 September 2016, the operating capacity under contract in Northern Ireland was 361MW (30 June 2016 – 351MW; 31 March 2016 – 338MW) and the RoI operating capacity was 464MW (30 June 2016 – 464MW; 31 March 2016 – 464MW). 107MW of contracted capacity in Northern Ireland and 115MW of contracted capacity in the RoI relates to wind farms which are currently under construction. Energia is aiming to negotiate further contracts with wind farm developers and generators from other renewable sources in both Northern Ireland and the RoI.

Energia renewable assets

KPIs	**Second Quarter 2017**	Second Quarter 2016	**First Half 2017**	First Half 2016	Year end 31 March 2016
Availability (%)	**98.6**	98.6	**98.8**	99.2	97.3
Wind factor (%)	**25.1**	23.6	**23.4**	28.5	32.2

Energia renewable assets availability for Second Quarter 2017 was 98.6% (2016 – 98.6%) with a wind factor of 25.1% (2016 – 23.6%). Availability for First Half 2017 was 98.8% (2016 – 99.2%) with a wind factor of 23.4% (2016 – 28.5%).

The Group currently owns wind farm projects with the following forecast generation capacity as at 30 September 2016:

MW	Operating	Under construction	**Total**
NI	25	94	**119**
RoI	9	95	**104**
	34	**189**	**223**

At 30 September 2016, the Energia Group had a direct investment in 25MW (30 June 2016 – 25MW; 31 March 2016 – 25MW) of operating wind generation capacity in Northern Ireland and 9MW (30 June 2016 – 9MW; 31 March 2016 – 9MW) of operating wind generation capacity in the RoI. The Energia Group also has a direct investment in 94MW (30 June 2016 – 73MW; 31 March 2016 – 73MW) of wind generation capacity in Northern Ireland and 95MW (30 June 2016 – 95MW; 31 March 2016 – 95MW) of wind generation capacity in the RoI currently under construction.

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.

Energia renewable assets (continued)

In June 2016, non-recourse project finance facilities of up to £7.3m were put in place in respect of a 7MW wind farm in Northern Ireland.

In July 2016, the Group acquired 100% of the shares of the Rathsherry wind farm, a 21MW fully consented wind farm development project in Northern Ireland.

In October 2016, the Group acquired 100% of the shares in two fully consented wind farm development projects in Northern Ireland with a combined generation capacity of 43MW.

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 2017**	Second Quarter 2016	**First Half 2017**	First Half 2016	Year end 31 March 2016
Stage 2 complaints to the Consumer Council (number)	**-**	1	**2**	3	3
Customer sites (number)					
- Residential	**494,000**	528,000	**494,000**	528,000	510,000
- Non-residential	**34,000**	36,000	**34,000**	36,000	35,000
	528,000	564,000	**528,000**	564,000	545,000
Electricity sales (TWh)	**0.5**	0.6	**1.1**	1.2	2.7

During the Second Quarter 2017 Power NI received nil (2016 - 1) Stage 2 complaints and during First Half 2017 received 2 (2016 – 3) Stage 2 complaints.

Residential customer sites decreased to 494,000 at 30 September 2016 (30 June 2016 – 501,000; 31 March 2016 – 510,000). Non-residential customer sites were 34,000 at 30 September 2016 (30 June 2016 – 34,000; 31 March 2016 – 35,000).

Electricity sales for Second Quarter 2017 were 0.5TWh (2016 – 0.6TWh) and for First Half 2017 were 1.1TWh (2016 – 1.2TWh).

On 17 November 2016 the Utility Regulator published a paper setting out their final decision on a two year extension of the current price control from 1 April 2017 to 31 March 2019 (with Power NI agreeing to share with customers the benefits of efficiency gains made during the current price control period) and an alteration to the scope by confirming the removal of the remaining price controls for the non-residential sector (ie SEM customers with annual consumption of less than 50MWh) on 1 April 2017.

On 12 February 2016, Power NI announced a 10.3% reduction in its regulated electricity tariff, effective 1 April 2016, reflecting a reduction in its expected wholesale energy costs. The tariff reduction was agreed with the Utility Regulator.

PPB

As at 30 September 2016 the generation capacity remaining under contract to PPB comprised 600MW at Ballylumford (30 June 2016 – 600MW; 31 March 2016 – 600MW).

Regulation Update

Single Electricity Market

The I-SEM project is ongoing. Following completion of an independent stocktake on progress of the I-SEM project, the SEM Committee announced on 23 November 2016 that the project programme would be re-profiled so as to endure all I-SEM systems will be ready by Q4 2017 and to provide an additional period of system trials for market participants. The proposed go-live date for I-SEM is now 23 May 2018.

Capacity pot for calendar year 2017

On 10 August 2016 the RAs confirmed the final value of the capacity payment pot for calendar year 2017 of €519.2m. As the I-SEM will replace the SEM in Q4 2017 the capacity payment mechanism will run from 1 January to 30 September 2017 with capacity payments totalling €366.2m during that period.

PPB contract extension

In September 2016, PPB exercised its option with AES Ballylumford to extend the term of the Generating Unit Agreements covering 600MW of CCGT capacity by five years from September 2018 to September 2023.

Revenue

	Second Quarter 2017 £m	Second Quarter 2016 £m	**First Half 2017 £m**	First Half 2016 £m	Year end 31 March 2016 £m
Energia Group (excluding renewable assets)	**187.9**	185.9	**377.1**	387.9	833.0
Energia renewable assets	**1.2**	2.0	**2.3**	3.5	7.0
Power NI (based on regulated entitlement)	**67.1**	79.5	**135.0**	164.9	373.4
PPB (based on regulated entitlement)	**27.2**	25.5	**52.4**	55.8	114.7
Adjustment for over/(under)-recovery	**2.4**	(1.2)	**7.7**	6.4	4.3
Inter business elimination	**(2.0)**	(2.5)	**(4.0)**	(5.9)	(11.5)
Total revenue from continuing operations	**283.8**	289.2	**570.5**	612.6	1,320.9

Second Quarter 2017

Revenue decreased to £283.8m (2016 - £289.2m). The breakdown by business is as follows:

Energia Group revenue (excluding renewable assets) increased to £187.9m (2016 - £185.9m) primarily reflecting the favourable impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year) and higher residential sales volumes, partly offset by lower non-residential revenue (associated with lower gas prices), lower interconnector revenue and lower availability of Huntstown 2 (reflecting the planned outage in August 2016).

Energia renewable assets revenue decreased to £1.2m (2016 - £2.0m) with last year benefiting from the sale of surplus connection capacity to wind farm developer.

Power NI revenue (based on regulated entitlement) decreased to £67.1m (2016 - £79.5m) primarily due to the reduction in residential and non-residential customer numbers together with lower consumption per customer and the 10.3% reduction in tariffs effective 1 April 2016.

PPB revenue (based on regulated entitlement) increased to £27.2m (2016 - £25.5m) primarily reflecting higher utilisation of the Ballylumford plant, partly offset by lower market prices.

During the Second Quarter 2017 the Power NI Energy regulated businesses over-recovered against their regulated entitlement by £2.4m (2016 – under-recovered by £1.2m) and at 30 September 2016 the cumulative over-recovery against regulated entitlement was £23.1m. The over/(under)-recovery of regulated entitlement reflects the phasing of tariffs.

First Half 2017

Revenue decreased to £570.5m (2016 - £612.6m). The breakdown by business is as follows:

Energia Group revenue (excluding renewable assets) decreased to £377.1m (2016 - £387.9m) primarily reflecting lower non-residential revenue (associated with lower gas prices), lower Huntstown plant revenues (due to lower availability together with lower market prices) and lower interconnector revenue, partly offset by favourable foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year) and higher residential sales volumes.

Energia renewable assets revenue decreased to £2.3m (2016 - £3.5m) primarily due to the same reason as described above for Second Quarter 2017.

Power NI revenue (based on regulated entitlement) decreased to £135.0m (2016 - £164.9m) primarily due to the same reasons as described above for Second Quarter 2017.

PPB revenue (based on regulated entitlement) decreased to £52.4m (2016 - £55.8m) primarily due to lower market prices.

First Half 2017 (continued)

During the First Half 2017 the Power NI Energy regulated businesses over-recovered against their regulated entitlement by £7.7m (2016 – £6.4m) and at 30 September 2016 the cumulative over-recovery against regulated entitlement was £23.1m. 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 2017

Operating costs (pre exceptional items and certain remeasurements) for Second Quarter 2017 decreased to £263.8m (2016 - £270.9m).

Energy costs decreased to £240.2m (2016 - £249.6m) primarily reflecting lower wholesale energy costs (associated with lower volumes and lower gas prices), partly offset by the impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year).

Employee costs increased to £6.0m (2016 – £5.2m) reflecting the impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year) and an increase in headcount (primarily reflecting the continued growth in the RoI residential market).

Depreciation and amortisation increased to £5.6m (2016 – £5.1m) 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).

Other operating charges increased to £12.0m (2016 - £11.0m) 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) and higher operating costs associated with the planned outage of Huntstown 2 in August 2016, partly offset by the removal of the Arcapita management fee and lower Power NI operating costs.

First Half 2017

Operating costs (pre exceptional items and certain remeasurements) for First Half 2017 decreased to £528.4m (2016 - £570.5m).

Energy costs decreased to £479.0m (2016 - £527.8m) primarily due to the same reasons as described above for Second Quarter 2017.

Employee costs increased to £11.7m (2016 – £10.6m) primarily due to the same reasons as described above for Second Quarter 2017.

Depreciation and amortisation increased to £10.9m (2016 – £10.2m) primarily due to the same reasons as described above for Second Quarter 2017.

Other operating charges increased to £26.8m (2016 - £21.9m) 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) together with higher operating costs associated with the planned outages of Huntstown 1 in June 2016 and Huntstown 2 in August 2016, partly offset by the removal of the Arcapita management fee and lower Power NI operating costs.

Group operating profit

	Second Quarter 2017 £m	Second Quarter 2016 £m	First Half 2017 £m	First Half 2016 £m	Year end 31 March 2016 £m
Energia Group (excluding renewable assets)	**9.3**	11.4	**19.0**	20.8	43.7
Energia renewable assets	**-**	1.3	**0.1**	1.3	2.7
Power NI	**7.7**	6.9	**14.3**	13.7	29.0
PPB	**0.5**	0.8	**1.0**	1.6	4.0
Other	**0.1**	(0.9)	**-**	(1.7)	(3.0)
Group pro-forma operating profit	**17.6**	19.5	**34.4**	35.7	76.4
Over/(under)-recovery of regulated entitlement	**2.4**	(1.2)	**7.7**	6.4	4.3
Operating profit	**20.0**	18.3	**42.1**	42.1	80.7

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

Second Quarter 2017

Operating profit (pre exceptional items and certain remeasurements) increased to £20.0m (2016 - £18.3m) reflecting an over-recovery of regulated entitlement of £2.4m (2016 – under-recovery £1.2m).

Group pro-forma operating profit (pre exceptional items and certain remeasurements) for Second Quarter 2017 decreased to £17.6m (2016 - £19.5m).

Energia Group (excluding renewable assets) operating profit for Second Quarter 2017 decreased to £9.3m (2016 - £11.4m) reflecting the decrease in EBITDA outlined previously partly offset by a higher depreciation charge (due to the strengthening of Euro to Sterling during the period compared to the same period last year).

Energia renewable assets operating profit for Second Quarter 2017 decreased to £nil (2016 - £1.3m) reflecting the decrease in EBITDA outlined previously.

Power NI operating profit increased to £7.7m (2016 - £6.9m) reflecting the increase in EBITDA outlined previously.

PPB operating profit decreased to £0.5m (2016 - £0.8m) reflecting the decrease in EBITDA outlined previously.

First Half 2017

Operating profit (pre exceptional items and certain remeasurements) remained in line with last year at £42.1m (2016 - £42.1m).

Group pro-forma operating profit (pre exceptional items and certain remeasurements) for First Half 2017 decreased to £34.4m (2016 - £35.7m).

Energia Group (excluding renewable assets) operating profit for First Half 2017 decreased to £19.0m (2016 - £20.8m) reflecting the decrease in EBITDA outlined previously together with a higher depreciation charge (due to the strengthening of Euro to Sterling during the period compared to the same period last year).

Energia renewable assets operating profit for First Half 2017 decreased to £0.1m (2016 - £1.3m) reflecting the decrease in EBITDA outlined previously.

Power NI operating profit increased to £14.3m (2016 - £13.7m) reflecting the increase in EBITDA outlined previously.

PPB operating profit decreased to £1.0m (2016 - £1.6m) reflecting the decrease in EBITDA outlined previously.

Exceptional items and certain remeasurements

Certain remeasurements for Second Quarter 2017 were £0.5m loss (2016 - £1.2m) and for First Half 2017 were £2.9m gain (2016 - £0.6m loss) 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 2017 decreased from £7.6m to £4.5m reflecting the extinguishment of the subordinated shareholder loan following the VGHL merger in June 2016, partly offset by a lower foreign exchange gain during the period compared to the same period last year.

Net finance costs (pre exceptional items and certain remeasurements) for First Half 2017 decreased from £26.1m to £4.8m primarily due to a higher foreign exchange gain during the period compared to the same period last year together with the extinguishment of the subordinated shareholder loan following the VGHL merger in June 2016.

Tax charge

The total tax charge (pre exceptional items and certain remeasurements) for Second Quarter 2017 was £0.2m (2016 - £1.2m) and for First Half 2017 was £0.8m (2016 - £2.3m).

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 2017 £m	Second Quarter 2016 £m	**First Half 2017 £m**	First Half 2016 £m	Year end 31 March 2016 £m
Group pro-forma EBITDA (1)	**23.2**	24.6	**45.3**	45.9	97.1
Defined benefit pension charge less contributions paid	**-**	-	**-**	(1.0)	(2.3)
Net movement in security deposits	**3.4**	(0.5)	**1.2**	(0.2)	(8.5)
Changes in working capital (2)	**(4.3)**	(7.4)	**(1.5)**	(1.1)	16.5
Over/(under)-recovery of regulated entitlement	**2.4**	(1.2)	**7.7**	6.4	4.3
Foreign exchange translation	**-**	0.4	**2.4**	(0.1)	1.2
Cash flow from operating activities	**24.7**	15.9	**55.1**	49.9	108.3
Net capital expenditure (3)	**(56.3)**	(17.5)	**(98.2)**	(31.6)	(63.5)
Proceeds from sale and purchases of other intangibles	**5.0**	9.7	**5.8**	4.5	(2.1)
Cash flow before acquisitions, disposals, interest and tax	**(26.6)**	8.1	**(37.3)**	22.8	42.7

(1) Includes EBITDA of renewable wind farm assets for Second Quarter 2017 £0.7m (2016 - £2.0m); First Half 2017 £1.4m (2016 - £2.6m); year ended 31 March 2016 £5.3m.
(2) Includes changes in working capital of renewable wind farm assets for Second Quarter 2017 £3.2m increase (2016 – £1.0m decrease); First Half 2017 £3.7m increase (2016 - £0.5m decrease); year ended 31 March 2016 £0.1m decrease.
(3) Includes capital expenditure on renewable wind farm assets for Second Quarter 2017 £49.6m (2016 - £15.5m); First Half 2017 £88.7m (2016 - £29.1m); year ended 31 March 2016 £58.8m (including intangible development expenditure) and software expenditure for Second Quarter 2017 £0.5m (2016 - £0.4m); First Half 2017 £1.0m (2016 - £0.7m); year ended 31 March 2016 £0.4m.

Group cash flow from operating activities for Second Quarter 2017 increased to £24.7m (2016 - £15.9m) primarily reflecting a decrease in security deposits, an over-recovery of regulated entitlement £2.4m (2016 – under-recovery £1.2m) and a lower increase in working capital of £4.3m (2016 – £7.4m).

Group cash flow from operating activities for First Half 2017 increased to £55.1m (2016 - £49.9m) primarily reflecting foreign exchange translation gains £2.4m (2016 - £0.1m loss), a decrease in security deposits £1.2m (2016 - £0.2m increase), a higher over-recovery of regulated entitlement £7.7m (2016 - £6.4m) and lower pension contributions (compared to the same period last year).

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

Net movement in security deposits

The net movement in security deposits for Second Quarter 2017 was a decrease of £3.4m (2016 – £0.5m increase) and for First Half 2017 was a decrease of £1.2m (2016 – £0.2m increase). As at 30 September 2016 there were £9.7m (30 June 2016 - £13.1m; 31 March 2016 - £10.9m) 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 2017

Working capital increased by £4.3m (2016 – £7.4m) due to an increase in working capital requirements of Power NI, Energia renewable assets and other Viridian holding companies, partly offset by a decrease in working capital requirements of Energia Group (excluding renewable assets) and PPB.

Energia Group (excluding renewable assets) working capital decreased by £5.1m (2016 – increase of £12.6m) primarily due an increase in trade creditors and accruals (primarily reflecting settlement timing differences, an increase in PPA creditors reflecting higher volumes and an increase in the emissions liability) and a decrease in ROC debtors, partly offset by an increase in trade debtors and accrued income (reflecting an increase in electricity and gas volumes in September 2016 compared to June 2016), a decrease in the VAT creditor and a decrease in the ROC liability (reflecting the settlement of the annual ROC obligation).

Energia renewable assets working capital increased by £3.2m (2016 – decrease of £1.0m) primarily due to an increase in the VAT debtor (reflecting the ongoing construction of the wind farm asset portfolio).

Working capital at Power NI increased by £8.5m (2016 – £1.2m) primarily due to a decrease in the ROC liability (due to the settlement of the annual ROC obligation), a decrease in the VAT creditor and an increase in ROC debtors, partly offset by a decrease in trade debtors and accrued income (primarily reflecting lower sales volumes (associated with lower customer numbers and the 10.3% reduction in tariffs effective 1 April 2016) and an increase in payments on account.

Working capital at PPB decreased by £2.5m (2016 – £4.9m) primarily reflecting an increase in trade creditors and accruals (primarily due to higher Ballylumford output partly offset by lower market prices), an increase in the PSO creditor (reflecting timing of PSO rebates) and an increase in the emissions liability, partly offset by an increase in the VAT debtor and an increase in trade debtors and accrued income (due to higher availability of Ballylumford).

Working capital at other Viridian holding companies increased by £0.2m (2016 – decrease of £0.5m).

First Half 2017

Working capital increased by £1.5m (2016 – £1.1m) due to an increase in the working capital requirements of Energia renewable assets and Energia Group (excluding renewable assets), partly offset by a decrease in the working capital requirements of PPB and Power NI.

Energia Group (excluding renewable assets) working capital increased by £1.8m (2016 – £15.6m) primarily due a decrease in the VAT creditor, lower ROC liability (reflecting the settlement of the annual ROC obligation) and lower trade creditors and accruals (primarily reflecting a seasonal decrease in electricity and gas sales volumes partly offset by increased operating costs associated with the planned outages in Huntstown 1 and Huntstown 2 together with higher PPA creditors due to higher wind output), partly offset by lower trade debtors and accrued income (reflecting the seasonal impact of lower electricity and gas sales volumes).

Energia renewable assets working capital increased by £3.7m (2016 – decrease of £0.5m) primarily due to a higher VAT debtor (reflecting the continued construction of the wind farm asset portfolio).

First Half 2017 (continued)

Working capital at Power NI decreased by £0.2m (2016 - £8.7m) primarily reflecting lower trade debtors and accrued income reflecting lower sales volumes (primarily due to the seasonal reduction in sales volumes, lower customer numbers and the 10.3% reduction in tariffs effective 1 April 2016), partly offset lower trade creditors and accruals (due to the seasonal reduction in sales volumes and lower market prices), a decrease in the ROC liability (due to the settlement of the annual ROC obligation) and a lower VAT creditor.

Working capital at PPB decreased by £3.6m (2016 - £5.2m) primarily due to higher PSO creditor (reflecting timing of PSO rebates), an increase in emissions creditor, partly offset by an increase in the VAT debtor and lower trade creditors and accruals (primarily reflecting settlement timing differences).

Working capital at other Viridian holding companies decreased by £0.1m (2016 – £0.1m).

Over/(under)-recovery of regulated entitlement

As noted previously during Second Quarter 2017 the regulated businesses of Power NI and PPB over-recovered against their regulated entitlement by £2.4m (2015 – under-recovered by £1.2m) and during First Half 2017 over recovered by £7.7m (2016 - £6.4m). At 30 September 2016 the cumulative over-recovery against regulated entitlement was £23.1m. The over/(under)-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 2017 increased to £56.3m (2016 - £17.5m) and for First Half 2017 increased to £98.2m (2016 - £31.6m).

Net capital expenditure at Energia Group (excluding renewable assets) for Second Quarter 2017 increased to £5.5m (2016 - £1.6m) and for First Half 2017 increased to £7.4m (2016 - £2.0m) 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 2017 increased to £49.6m (2016 - £15.5m) and for First Half 2017 increased to £88.7m (2016 - £29.1m) reflecting the ongoing construction and development of the wind farm asset portfolio.

Net capital expenditure at Power NI for Second Quarter 2017 increased to £1.0m (2016 - £nil) and for First Half 2017 increased to £1.9m (2016 - £nil) reflecting capital expenditure on the billing system upgrade currently being undertaken.

Net capital expenditure at other Group companies for Second Quarter 2017 decreased to £0.2m (2016 - £0.4m) and for First Half 2017 decreased to £0.2m (2016 - £0.5m).

Other cash flows

Acquisition of subsidiary

Acquisition of subsidiary undertakings for Second Quarter 2017 of £4.8m (2016 - £11.8m) reflects the acquisition of the Rathsherry wind farm in July 2016 and for First Half 2017 £6.2m (2016 - £11.8m) reflects the acquisition of Rathsherry together with deferred consideration of £1.4m associated with the acquisition of a wind farm project in July 2015.

Net interest paid

Net interest paid (excluding exceptional finance costs) for Second Quarter 2017 increased to £22.1m (2016 - £20.7m) and for First Half 2017 increased to £23.9m (2016 - £21.7m).

Dividends

No dividends were paid in Second Quarter 2017 (2016 - £nil) or First Half 2017 (2016 - £nil).

Net debt

The Group's net debt increased during Second Quarter 2017 by £62.7m from £515.0m at 30 June 2016 to £577.7m at 30 September 2016 primarily due to an increase in project finance debt (associated with the ongoing construction and development of the wind farm asset portfolio) and the adverse impact of foreign exchange translation. The Group's net debt decreased during First Half 2017 by £77.2m from £654.9m at 31 March 2016 to £577.7m at 30 September 2016 primarily reflecting the extinguishment of the subordinated shareholder loan and the junior bank facility asset as part of the VGHL and VGIL merger, partly offset by an increase in project finance debt (associated with the ongoing construction and development of the wind farm asset portfolio) and the adverse impact of foreign exchange translation.

Net debt at 30 September 2016 includes project finance net debt of £151.6m (30 June 2016 - £107.3m; 31 March 2016 - £65.0m). Excluding project financed net debt, net debt was £426.1m (30 June 2016 - £407.7m; 31 March 2016 - £589.9m).

Including the fair value of the foreign exchange forward contracts of €225.0m on the Senior secured notes (30 June 2016 - €225.0m; 31 March 2016 - €150.0m), net debt was £551.0m (30 June 2016 - £494.4m; 31 March 2016 - £644.6m) including project finance debt and £399.4m (30 June 2016 - £387.1m; 31 March 2016 - £579.6m) excluding project finance net debt.

Defined benefit pension liability

The pension liability in the Group's defined benefit scheme under IAS 19 was £0.2m at 30 September 2016 (30 June 2016 - £nil; 31 March 2016 – £0.1m).

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 2016 £m	As at 30 September 2015 £m	Year end 31 March 2016 £m
Investments	**1.4**	1.4	1.4
Cash and cash equivalents	**89.6**	62.2	67.8
Senior secured notes	**(513.0)**	(434.5)	(468.5)
Interest accruals – Senior secured notes	**(3.2)**	(2.8)	(3.0)
Other interest accruals	**(0.9)**	(0.7)	(0.7)
Subordinated shareholder loan	**-**	(371.9)	(386.8)
Junior bank facility asset	**-**	179.0	199.4
Amounts due from fellow subsidiary	**-**	0.3	0.5
Net debt excluding project finance facilities	**(426.1)**	(567.0)	(589.9)
Project finance cash	**13.4**	8.7	8.7
Project finance bank facility (RoI)	**(89.9)**	(27.6)	(38.9)
Project finance bank facility (NI)	**(74.9)**	(28.8)	(34.7)
Project finance interest accruals	**(0.2)**	(0.1)	(0.1)
Net debt	**(577.7)**	(614.8)	(654.9)
Foreign exchange forward contracts on Senior secured notes	**26.7**	2.6	10.3
Pro-forma net debt	**(551.0)**	(612.2)	(644.6)

Treasury (continued)

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.

On completion of the change of control noted on page 3, on 29 April 2016 I Squared provided equity to the Company's parent undertaking VGHL to enable the discharge of the Junior bank facility A in full, including all accrued interest and fees. Following successful consent processes, the Senior secured notes and the RCF remain in place with existing terms, including maturities. The Group continues to assess options to optimise its capital structure such as buy back or refinancing of its Senior secured notes.

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 within equity.

Pro-forma net debt includes the fair value movement of foreign exchange forward contracts of €225.0m (30 June 2016 - €225.0m; 31 March 2016 - €150.0m) which were put in place to hedge the foreign exchange risk of the Euro denominated Senior secured notes associated with the forecast sterling cash generation of the Group. The foreign exchange forward contracts were £26.7m in the money at 30 September 2016 (30 June 2016 - £20.6m; 31 March 2016 - £10.3m).

In June 2016 non-recourse project finance facilities of up to £7.3m were put in place in respect of a 7MW wind farm in Northern Ireland. Project financing for the remaining 35MW of capacity in construction is expected to be put in place shortly. It is intended that future wind farm projects will also be financed on a non-recourse basis.

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 and, from September 2016, the drawn Senior secured net leverage 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 an historic annual basis.

At 30 September 2016, the Group had letters of credit issued out of the Senior revolving credit facility of £69.6m resulting in undrawn committed facilities of £155.4m (30 June 2016 - £159.4m; 31 March 2016 - £145.5m). Cash drawings under the Senior revolving credit facility at 30 September 2016 were £nil (30 June 2016 - £nil; 31 March 2016 - £nil).

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

There have been no 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 2016.

CONSOLIDATED INCOME STATEMENT
for the three month period ended 30 September 2016

Continuing operations	Notes	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	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
Revenue	2	283.8	-	283.8	289.2	-	289.2
Operating costs	3	(263.8)	(0.5)	(264.3)	(270.9)	(1.2)	(272.1)
Operating profit/(loss)	2	20.0	(0.5)	19.5	18.3	(1.2)	17.1
Finance costs	5	(4.7)	6.1	1.4	(15.4)	3.8	(11.6)
Finance income	5	0.2	-	0.2	7.8	-	7.8
Net finance (cost)/income		(4.5)	6.1	1.6	(7.6)	3.8	(3.8)
Share of loss in associates		(0.3)	-	(0.3)	(0.4)	-	(0.4)
Profit before tax		15.2	5.6	20.8	10.3	2.6	12.9
Taxation	6	(0.2)	-	(0.2)	(1.2)	0.2	(1.0)
Profit for the period		15.0	5.6	20.6	9.1	2.8	11.9

CONSOLIDATED INCOME STATEMENT
for the six month period ended 30 September 2016

Continuing operations	Notes	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 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 certain re-measurements Year ended 31 March 2016 Audited £m	Exceptional items and certain re-measurements (note 4) Year ended 31 March 2016 Audited £m	Total Year ended 31 March 2016 Audited £m
Revenue	2	**570.5**	**-**	**570.5**	612.6	-	612.6	1,320.9	-	1,320.9
Operating costs	3	**(528.4)**	**2.9**	**(525.5)**	(570.5)	(0.6)	(571.1)	(1,240.2)	(1.3)	(1,241.5)
Operating profit/(loss)	2	**42.1**	**2.9**	**45.0**	42.1	(0.6)	41.5	80.7	(1.3)	79.4
Finance costs	5	**(13.8)**	**16.4**	**2.6**	(41.8)	2.5	(39.3)	(69.8)	10.7	(59.1)
Finance income	5	**9.0**	**-**	**9.0**	15.7	-	15.7	31.4	-	31.4
Net finance (cost)/income		**(4.8)**	**16.4**	**11.6**	(26.1)	2.5	(23.6)	(38.4)	10.7	(27.7)
Share of loss in associates		**(0.7)**	**-**	**(0.7)**	(0.7)	-	(0.7)	(1.3)	-	(1.3)
Profit before tax		**36.6**	**19.3**	**55.9**	15.3	1.9	17.2	41.0	9.4	50.4
Taxation	6	**(0.8)**	**(0.4)**	**(1.2)**	(2.3)	0.1	(2.2)	6.4	0.2	6.6
Profit for the period		**35.8**	**18.9**	**54.7**	13.0	2.0	15.0	47.4	9.6	57.0

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the three and six month periods ended 30 September 2016

	Second Quarter 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	First Half 2017 Unaudited £m	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Profit for the period	**20.6**	11.9	**54.7**	15.0	57.0
Items that will be reclassified subsequently to profit or loss:					
Exchange difference on translation of foreign operations	**(13.7)**	(13.4)	**(32.7)**	(6.4)	(34.2)
Net loss on cash flow hedges	**(9.0)**	(10.8)	**(10.5)**	(9.3)	(28.0)
Transferred loss from equity to income statement on cash flow hedges	**4.5**	4.0	**8.8**	5.6	13.8
Share of associates net (loss)/gain on cash flow hedges	**-**	(0.1)	**(0.3)**	0.2	0.6
Income tax effect	**0.2**	0.7	**(1.0)**	0.6	1.4
	(4.3)	(6.2)	**(3.0)**	(2.9)	(12.2)
	(18.0)	(19.6)	**(35.7)**	(9.3)	(46.4)
Items that will not be reclassified to profit or loss:					
Remeasurement gain/(loss) on defined benefit scheme	**0.1**	-	**(0.2)**	(0.2)	(1.6)
Income tax effect	**-**	-	**0.1**	-	0.4
	0.1	-	**(0.1)**	(0.2)	(1.2)
Other comprehensive expense for the period, net of taxation	**(17.9)**	(19.6)	**(35.8)**	(9.5)	(47.6)
Total comprehensive income/(expense) for the period	**2.7**	(7.7)	**18.9**	5.5	9.4

CONSOLIDATED BALANCE SHEET
as at 30 September 2016

ASSETS	Notes	30 September 2016 Unaudited £m	30 September 2015 Unaudited £m	31 March 2016 Audited £m
Non-current assets:				
Property, plant and equipment		**445.4**	294.3	336.1
Intangible assets		**526.6**	517.3	531.3
Investment in associates		**5.7**	5.9	6.2
Derivative financial instruments	14	**27.3**	3.9	11.1
Other non-current financial assets	8	**0.1**	179.5	199.5
Deferred tax assets		**24.9**	17.6	25.6
		1,030.0	1,018.5	1,109.8
Current assets:				
Inventories		**4.4**	4.3	3.6
Trade and other receivables	10	**136.7**	130.1	161.8
Derivative financial instruments	14	**8.9**	3.8	4.0
Other current financial assets	8	**11.1**	3.9	12.3
Cash and cash equivalents	11	**103.0**	70.9	76.5
		264.1	213.0	258.2
TOTAL ASSETS		**1,294.1**	1,231.5	1,368.0
LIABILITIES				
Current liabilities:				
Trade and other payables	12	**(229.0)**	(204.6)	(262.7)
Income tax payable		**(3.3)**	(3.3)	(1.2)
Financial liabilities	13	**(10.9)**	(8.1)	(6.6)
Derivative financial instruments	14	**(12.7)**	(11.8)	(15.7)
Deferred income		**(0.2)**	(0.3)	(0.3)
		(256.1)	(228.1)	(286.5)
Non-current liabilities:				
Financial liabilities	13	**(671.2)**	(861.8)	(927.5)
Derivative financial instruments	14	**(17.6)**	(4.2)	(11.2)
Deferred income		**-**	(0.2)	-
Net employee defined benefit liabilities		**(0.2)**	-	(0.1)
Deferred tax liabilities		**(12.9)**	(12.6)	(13.2)
Provisions		**(13.9)**	(11.7)	(12.7)
		(715.8)	(890.5)	(964.7)
TOTAL LIABILITIES		**(971.9)**	(1,118.6)	(1,251.2)
NET ASSETS		**322.2**	112.9	116.8
Equity				
Share capital		**-**	-	-
Share premium		**660.6**	510.0	510.0
Retained earnings		**(413.6)**	(498.8)	(457.8)
Capital contribution reserve		**161.5**	115.2	115.2
Hedge reserve		**(21.8)**	(9.5)	(18.8)
Foreign currency translation reserve		**(64.5)**	(4.0)	(31.8)
TOTAL EQUITY		**322.2**	112.9	116.8

The condensed interim consolidated financial statements were approved by the Board of directors and authorised for issue on 23 November 2016.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six month period ended 30 September 2016

	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 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**
At 1 April 2015		**-**	**510.0**	**(513.6)**	**115.2**	**(6.6)**	**2.4**	**107.4**
Profit for the year		-	-	57.0	-	-	-	57.0
Other comprehensive expense		-	-	(1.2)	-	(12.2)	(34.2)	(47.6)
Total comprehensive income/(expense)		-	-	*55.8*	-	*(12.2)*	*(34.2)*	*9.4*
At 31 March 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	21	-	150.6	(10.4)	46.3	-	-	186.5
At 30 September 2016		**-**	**660.6**	**(413.6)**	**161.5**	**(21.8)**	**(64.5)**	**322.2**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the three and six month periods ended 30 September 2016

	Notes	Second Quarter 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	First Half 2017 Unaudited £m	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Cash generated from operations before working capital movements	15	**25.6**	23.4	**53.0**	51.3	99.1
Working capital adjustments:						
Decrease/(increase) in inventories		**0.2**	(0.1)	**(0.8)**	-	0.7
(Increase)/decrease in trade and other receivables		**(1.1)**	0.8	**24.1**	31.3	(0.5)
Decrease/(increase) in security deposits		**3.4**	(0.5)	**1.2**	(0.2)	(8.5)
(Decrease)/increase in trade and other payables		**(3.4)**	(8.1)	**(24.8)**	(32.4)	16.3
Effects of foreign exchange		**-**	0.4	**2.4**	(0.1)	1.2
		24.7	15.9	**55.1**	49.9	108.3
Interest received		**0.1**	0.1	**0.1**	0.1	0.2
Interest paid		**(22.2)**	(20.8)	**(24.0)**	(21.8)	(43.4)
Exceptional finance costs		**-**	-	**-**	-	(0.1)
		(22.1)	(20.7)	**(23.9)**	(21.7)	(43.3)
Income tax (paid)/received		**(0.3)**	-	**0.3**	-	(0.1)
Net cash flows from/(used in) operating activities		**2.3**	(4.8)	**31.5**	28.2	64.9
Investing activities						
Purchase of property, plant and equipment		**(55.8)**	(17.1)	**(97.2)**	(30.9)	(63.1)
Purchase of intangible assets		**(21.2)**	(16.0)	**(42.7)**	(31.1)	(67.7)
Proceeds from sale of intangible assets		**25.7**	25.3	**47.5**	34.9	65.2
Return on other non-current financial assets		**-**	-	**-**	-	0.5
Disposal of subsidiary, net of cash disposed		**-**	-	**(0.2)**	(0.1)	(0.2)
Dividends received from associates		**-**	-	**0.2**	0.2	0.3
Interest received from associates		**-**	-	**0.1**	0.1	0.2
Acquisition of subsidiaries		**(4.8)**	(11.8)	**(6.2)**	(11.8)	(14.4)
Net cash flows used in investing activities		**(56.1)**	(19.6)	**(98.5)**	(38.7)	(79.2)
Financing activities						
Proceeds from issue of borrowings		**45.9**	9.6	**91.6**	26.3	45.4
Repayment of borrowings		**(1.6)**	(6.3)	**(2.8)**	(11.0)	(22.2)
Issue costs of new long term loans		**-**	(0.4)	**(0.8)**	(7.1)	(8.7)
Net cash flows from financing activities		**44.3**	2.9	**88.0**	8.2	14.5
Net (decrease)/increase in cash and cash equivalents		**(9.5)**	(21.5)	**21.0**	(2.3)	0.2
Net foreign exchange difference		**3.7**	1.4	**5.5**	0.7	3.8
Cash and cash equivalents at period start	11	**108.8**	91.0	**76.5**	72.5	72.5
Cash and cash equivalents at period end	11	**103.0**	70.9	**103.0**	70.9	76.5

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 2016.

A number of new European Union endorsed standards and amendments to existing standards are effective for periods beginning on or after 1 April 2016. However, none of these have a material, if any, impact on the annual or condensed interim consolidated financial statements of the Group in 2016/17.

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.

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 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	**First Half 2017 Unaudited £m**	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Energia Group (excluding renewable assets)	**187.9**	185.9	**377.1**	387.9	833.0
Energia renewable assets	**1.2**	2.0	**2.3**	3.5	7.0
Power NI	**67.1**	79.5	**135.0**	164.9	373.4
PPB	**27.2**	25.5	**52.4**	55.8	114.7
Inter-group eliminations	**(2.0)**	(2.5)	**(4.0)**	(5.9)	(11.5)
Group	**281.4**	290.4	**562.8**	606.2	1,316.6
Adjustment for over/(under) -recovery	**2.4**	(1.2)	**7.7**	6.4	4.3
Total	**283.8**	289.2	**570.5**	612.6	1,320.9

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 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	First Half 2017 Unaudited £m	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Segment Pro-Forma EBITDA					
Energia Group (excluding renewable assets)	13.5	15.0	27.1	28.2	58.9
Energia renewable assets	0.7	2.0	1.4	2.6	5.3
Power NI	8.3	7.6	15.6	15.0	31.6
PPB	0.5	0.8	1.0	1.6	4.0
Other	0.2	(0.8)	0.2	(1.5)	(2.7)
Group Pro-Forma EBITDA	23.2	24.6	45.3	45.9	97.1
Adjustment for over/(under)-recovery	2.4	(1.2)	7.7	6.4	4.3
Group EBITDA	25.6	23.4	53.0	52.3	101.4
Depreciation/amortisation					
Energia Group (excluding renewable assets)	(4.2)	(3.6)	(8.1)	(7.4)	(15.2)
Energia renewable assets	(0.7)	(0.7)	(1.3)	(1.3)	(2.6)
Power NI	(0.6)	(0.7)	(1.3)	(1.3)	(2.6)
Other	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)
Group depreciation and amortisation	(5.6)	(5.1)	(10.9)	(10.2)	(20.7)
Operating profit pre exceptional items and certain remeasurements					
Energia Group (excluding renewable assets)	9.3	11.4	19.0	20.8	43.7
Energia renewable assets	-	1.3	0.1	1.3	2.7
Power NI	7.7	6.9	14.3	13.7	29.0
PPB	0.5	0.8	1.0	1.6	4.0
Other	0.1	(0.9)	-	(1.7)	(3.0)
Group Pro-Forma operating profit	17.6	19.5	34.4	35.7	76.4
Adjustment for over/(under)-recovery	2.4	(1.2)	7.7	6.4	4.3
Operating profit pre exceptional items and certain remeasurements	20.0	18.3	42.1	42.1	80.7
Exceptional items and certain remeasurements					
Energia Group	(0.5)	(1.2)	2.9	(0.6)	(1.3)
Group operating profit post-exceptional items and certain remeasurements	19.5	17.1	45.0	41.5	79.4
Finance cost	1.4	(11.6)	2.6	(39.3)	(59.1)
Finance income	0.2	7.8	9.0	15.7	31.4
	1.6	(3.8)	11.6	(23.6)	(27.7)
Share of loss in associates	(0.3)	(0.4)	(0.7)	(0.7)	(1.3)
Profit/(loss) on ordinary activities before tax	20.8	12.9	55.9	17.2	(50.4)

3. OPERATING COSTS

	Second Quarter 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	First Half 2017 Unaudited £m	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Operating costs are analysed as follows:					
Energy costs	**240.2**	249.6	**479.0**	527.8	1,151.7
Employee costs	**6.0**	5.2	**11.7**	10.6	22.0
Depreciation, amortisation and impairment	**5.6**	5.1	**10.9**	10.2	20.7
Other operating charges	**12.0**	11.0	**26.8**	21.9	45.8
Total pre exceptional items and certain remeasurements	**263.8**	270.9	**528.4**	570.5	1,240.2
Exceptional costs and certain remeasurements:					
Energy costs	**0.5**	1.2	**(2.9)**	0.6	1.3
Total exceptional costs and certain remeasurements	**0.5**	1.2	**(2.9)**	0.6	1.3
Total operating costs	**264.3**	272.1	**525.5**	571.1	1,241.5

3.1 Depreciation, amortisation and impairment

	Second Quarter 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	First Half 2017 Unaudited £m	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Depreciation	**4.8**	4.1	**9.3**	8.4	17.2
Associated release of contributions in respect of property plant & equipment	**(0.1)**	(0.1)	**(0.2)**	(0.2)	(0.3)
Amortisation of intangible assets	**0.9**	1.1	**1.8**	2.0	3.8
	5.6	5.1	**10.9**	10.2	20.7

4. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

	Second Quarter 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	**First Half 2017 Unaudited £m**	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Exceptional items in arriving at profit from continuing operations:					
Exceptional finance costs[1]	**-**	-	**-**	-	0.4
	-	-	**-**	-	0.4
Certain remeasurements in arriving at profit					
Net (loss)/profit on derivatives at fair value through operating costs[2]	**(0.5)**	(1.2)	**2.9**	(0.6)	(1.3)
Net profit on derivatives at fair value through finance costs[3]	**6.1**	3.8	**16.4**	2.5	10.3
	5.6	2.6	**19.3**	1.9	9.0
Exceptional items and certain remeasurements before taxation	**5.6**	2.6	**19.3**	1.9	9.4
Taxation on exceptional items and certain remeasurements	**-**	0.2	**(0.4)**	0.1	0.2
Exceptional items and certain	**5.6**	2.8	**18.9**	2.0	9.6

[1] Exceptional benefit of £0.4m in year ended 31 March 2016 primarily relates to costs attributable to the refinancing of the Group in 2015 which are no longer expected to occur.

[2] Net loss on derivatives at fair value through operating costs for Second Quarter 2017 of £0.5m (2016 – £1.2m) and net profit for First Half 2017 of £2.9m (2016 - £0.6m net loss) primarily relates to fair value movements in commodity swap contracts and foreign exchange forward contracts relating to commodity purchases.

[3] Net profit on derivatives at fair value through finance costs for Second Quarter 2017 of £6.1m (2016 - £3.8m) and First Half 2017 of £16.4m (2016 - £2.5m) relates to fair value movements in foreign exchange forward contracts in respect of the Senior secured notes.

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

	Second Quarter 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	**First Half 2017 Unaudited £m**	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Fair valued derivatives through profit & loss	**-**	0.2	**(0.4)**	0.1	0.2
	-	0.2	**(0.4)**	0.1	0.2

5. FINANCE COSTS/INCOME

Finance Costs	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	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
Interest on external bank loans and borrowings	(2.4)	-	(2.4)	(2.1)	-	(2.1)
Interest on senior secured notes	(9.5)	-	(9.5)	(8.4)	-	(8.4)
Interest payable to parent undertaking	-	-	-	(6.0)	-	(6.0)
Total interest expense	(11.9)	-	(11.9)	(16.5)	-	(16.5)
Amortisation of financing charges	(0.7)	-	(0.7)	(0.9)	-	(0.9)
Unwinding of discount on shareholder loan	-	-	-	(6.4)	-	(6.4)
Total other finance charges	(0.7)	-	(0.7)	(7.3)	-	(7.3)
Net exchange gain on net foreign currency borrowings	6.1	-	6.1	7.6	-	7.6
Net gain on financial instruments at fair value through profit or loss	-	6.1	6.1	-	3.8	3.8
Less interest capitalised in qualifying asset	1.8	-	1.8	0.8	-	0.8
Total finance costs	(4.7)	6.1	1.4	(15.4)	3.8	(11.6)
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
Total finance income	0.2	-	0.2	7.8	-	7.8

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in Second Quarter 2017 was 4.8% (Second Quarter 2016 - 5.1%).

5. FINANCE COSTS/INCOME (continued)

Finance Costs	Results before exceptional items and certain remeasurements First Half 2017 Unaudited £m	Exceptional items and certain remeasurements First Half 2017 Unaudited £m	Total First Half 2017 Unaudited £m	Results before exceptional items and certain remeasurements First Half 2016 Unaudited £m	Exceptional items and certain remeasurements First Half 2016 Unaudited £m	Total First Half 2016 Unaudited £m	Results before exceptional items and certain remeasurements Year ended 31 March 2016 Audited £m	Exceptional items and certain remeasurements Year ended 31 March 2016 Audited £m	Total 2016 Audited £m
Interest on external bank loans and borrowings	**(4.7)**	**-**	**(4.7)**	(3.9)	-	(3.9)	(8.0)	-	(8.0)
Interest on senior secured notes	**(18.3)**	**-**	**(18.3)**	(16.5)	-	(16.5)	(33.1)	-	(33.1)
Interest payable to parent undertaking	**(5.9)**	**-**	**(5.9)**	(11.8)	-	(11.8)	(23.7)		(23.7)
Total interest expense	**(28.9)**	**-**	**(28.9)**	(32.2)	-	(32.2)	(64.8)	-	(64.8)
Amortisation of financing charges	**(1.3)**	**-**	**(1.3)**	(1.4)	-	(1.4)	(2.2)	-	(2.2)
Unwinding of discount on decommissioning provision	**(0.1)**	**-**	**(0.1)**	(0.1)	-	(0.1)	(0.2)	-	(0.2)
Unwinding of discount on shareholder loan	**(7.3)**	**-**	**(7.3)**	(12.8)	-	(12.8)	(25.6)	-	(25.6)
Other finance charges	**-**	**-**	**-**	(0.1)	-	(0.1)	(0.1)	0.4	0.3
Total other finance charges	**(8.7)**	**-**	**(8.7)**	(14.4)	-	(14.4)	(28.1)	0.4	(27.7)
Net exchange gain on net foreign currency borrowings	**20.5**	**-**	**20.5**	3.6	-	3.6	20.1	-	20.1
Net gain on financial instruments at fair value through profit or loss	**-**	**16.4**	**16.4**	-	2.5	2.5	-	10.3	10.3
Less interest capitalised in qualifying asset	**3.3**	**-**	**3.3**	1.2	-	1.2	3.0	-	3.0
Total finance costs	**(13.8)**	**16.4**	**2.6**	(41.8)	2.5	(39.3)	(69.8)	10.7	(59.1)
Finance income									
Interest income on loans to associates	**0.4**	**-**	**0.4**	0.4	-	0.4	0.8	-	0.8
Unwinding of discount on junior asset	**8.5**	**-**	**8.5**	15.2	-	15.2	30.4	-	30.4
Interest income on bank deposits	**0.1**	**-**	**0.1**	0.1	-	0.1	0.2	-	0.2
Total finance income	**9.0**	**-**	**9.0**	15.7	-	15.7	31.4	-	31.4

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in First Half 2017 was 5.3% (First Half 2016 - 5.4%).

6. INCOME TAX

The major components of the tax (charge)/credit for the periods ended 30 September 2016, 30 September 2015 and 31 March 2016 are:

	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	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
Current tax:						
Current tax (charge)/credit	(0.7)	-	(0.7)	(1.2)	0.2	(1.0)
Total current tax (charge)/credit	(0.7)	-	(0.7)	(1.2)	0.2	(1.0)
Deferred tax:						
Adjustments in respect of current year	0.5	-	0.5	-	-	-
Total deferred tax	0.5	-	0.5	-	-	-
Total taxation (charge)/credit	(0.2)	-	(0.2)	(1.2)	0.2	(1.0)

6. INCOME TAX (continued)

	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 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 Year ended 31 March 2016 Audited £m	Exceptional items and certain remeasure-ments Year ended 31 March 2016 Audited £m	Total Year ended 31 March 2016 Audited £m
Current tax:									
Current tax (charge)/credit	(1.3)	(0.4)	(1.7)	(2.3)	0.1	(2.2)	(0.3)	0.2	(0.1)
Total current tax (charge)/credit	(1.3)	(0.4)	(1.7)	(2.3)	0.1	(2.2)	(0.3)	0.2	(0.1)
Deferred tax:									
Adjustments in respect of current year	0.5	-	0.5	-	-	-	7.5	-	7.5
Adjustments in respect of prior years	-	-	-	-	-	-	0.2	-	0.2
Effect of decreased rate on opening liability	-	-	-	-	-	-	(1.0)	-	(1.0)
Total deferred tax	0.5	-	0.5	-	-	-	6.7	-	6.7
Total taxation (charge)/credit	(0.8)	(0.4)	(1.2)	(2.3)	0.1	(2.2)	6.4	0.2	6.6

7. CAPITAL EXPENDITURE

Capital additions to property, plant and equipment

	Second Quarter 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	**First Half 2017 Unaudited £m**	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Energia Group (excluding renewable assets)	**3.1**	0.8	**4.9**	1.3	2.7
Energia renewable assets	**47.7**	16.5	**86.9**	31.7	63.7
Power NI	**0.8**	-	**1.6**	-	1.6
Other	**-**	-	**-**	-	0.1
Total	**51.6**	17.3	**93.4**	33.0	68.1

Capital additions to intangible assets

	Second Quarter 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	**First Half 2017 Unaudited £m**	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Energia Group (excluding renewable assets)	**8.7**	7.3	**15.7**	14.9	39.1
Energia renewable assets	**-**	-	**-**	1.8	2.0
Power NI	**15.0**	8.0	**24.4**	15.6	37.7
Other	**0.1**	0.3	**0.3**	0.5	-
Total	**23.8**	15.6	**40.4**	32.8	78.8

8. OTHER FINANCIAL ASSETS

	30 September 2016 Unaudited £m	30 September 2015 Unaudited £m	31 March 2016 Audited £m
Loans and receivables:			
Security deposits	**9.7**	2.5	10.9
Short term managed funds	**1.4**	1.4	1.4
Total loans and receivables	**11.1**	3.9	12.3
Financial instruments held to maturity:			
Viridian Growth Fund	**0.1**	0.5	0.1
Investment in parent undertaking's junior bank facility	**-**	179.0	199.4
Total other financial assets	**11.2**	183.4	211.8
Total non-current	**0.1**	179.5	199.5
Total current	**11.1**	3.9	12.3

9. BUSINESS COMBINATIONS AND DISPOSALS

Acquisitions in 2017

In July 2016, the Group acquired 100% of the shares of Wheelhouse Energy Limited (Rathsherry) an unlisted wind farm company in Northern Ireland. The acquisition contributes towards the Group's aim of growing its renewable generation business in Ireland.

Total consideration for the acquisition was £3.7m cash.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Rathsherry as at the date of acquisition were:

	Fair value recognised on acquisition £m
Assets	
Property, plant and equipment	1.4
Other receivables	0.2
	1.6
Liabilities	
Other payables	(0.6)
Other loans and borrowings	(0.5)
Total identifiable net assets at fair value	0.5
Intangible assets (development assets) arising on acquisition	3.2
Purchase consideration transferred	3.7
Purchase consideration made up of:	
Cash	3.7
	3.7
Analysis of cash flows on acquisition:	
Cash paid	3.7
Discharge of liabilities	1.1
Net cash flows on acquisition	4.8

Rathsherry is currently under construction and has not generated any revenues or profit for the Group during the period.

Deferred consideration

Deferred consideration of £1.4m was paid in April 2016 in respect of the acquisition of Altamuskin Windfarm Limited in July 2015.

10. TRADE AND OTHER RECEIVABLES

	30 September 2016 Unaudited £m	30 September 2015 Unaudited £m	31 March 2016 Audited £m
Trade receivables (including unbilled consumption)	**98.0**	101.3	125.1
Prepayments and accrued income	**32.5**	25.4	35.2
Other receivables	**6.2**	3.1	0.8
Amounts owed by fellow subsidiary	**-**	0.3	0.7
	136.7	130.1	161.8

11. CASH AND CASH EQUIVALENTS

	30 September 2016 Unaudited £m	30 September 2015 Unaudited £m	31 March 2016 Audited £m
Cash at bank and on hand	**39.4**	23.0	27.9
Short−term bank deposits	**63.6**	47.9	48.6
	103.0	70.9	76.5

12. TRADE AND OTHER PAYABLES

	30 September 2016 Unaudited £m	30 September 2015 Unaudited £m	31 March 2016 Audited £m
Trade creditors	**63.0**	42.1	51.0
Other creditors	**22.1**	21.6	34.7
Amounts owed to associate	**2.0**	1.6	2.0
Payments received on account	**27.5**	31.4	27.4
Tax and social security	**2.4**	1.7	8.2
Accruals	**112.0**	106.2	139.4
	229.0	204.6	262.7

13. FINANCIAL LIABILITIES

	30 September 2016 Unaudited £m	30 September 2015 Unaudited £m	31 March 2016 Audited £m
Current financial liabilities:			
Senior secured notes interest payable	**3.2**	2.8	3.0
Other interest payable	**0.9**	0.7	0.7
Project financed bank facilities (NI)	**4.6**	0.9	1.1
Project financed bank facilities (RoI)	**2.0**	0.1	0.3
Project financed interest accruals	**0.2**	0.1	0.1
Deferred consideration	**-**	1.8	1.4
Contingent consideration	**-**	1.7	-
Total current financial liabilities	**10.9**	8.1	6.6
Non-current financial liabilities:			
Senior secured notes (2020)	**513.0**	434.5	468.5
Project financed bank facilities (NI)	**70.3**	27.9	33.6
Project financed bank facilities (RoI)	**87.9**	27.5	38.6
Subordinated shareholder loan	**-**	371.9	386.8
Total non−current financial liabilities	**671.2**	861.8	927.5
Total current and non-current financial liabilities	**682.1**	869.9	934.1

The Senior secured notes are denominated in Euro €600.0m (30 June 2016 - €600.0m; 31 March 2016 - €600.0m) and interest, which is payable semi−annually, is charged at a fixed rate coupon of 7.5% (30 June 2016 – 7.5%; 31 March 2016 – 7.5%). The Senior secured notes are repayable in one instalment on 1 March 2020.

In June 2016 the Group put in place a further €75.0m 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 total foreign exchange forward contracts in place at 30 September 2016 was €225.0m (30 June 2016 - €225.0m; 31 March 2016 - €150.0m).

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 VGIL/VGHL merger in June 2016 resulted in the extinguishment of VGIL's shareholder loan payable to VGHL at a carrying value of £399.6m.

Project financed bank facilities
The project financed bank loan facilities are repayable in semi-annual instalments to 2034 and are secured on a non-recourse basis over the assets and shares of the specific project finance companies. Interest on the project finance bank loan facilities has been predominantly fixed through interest rate swaps resulting in an effective rate of interest of 4.6% on project financed bank facilities NI and 2.8% in the project financed bank facilities RoI.

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial assets

Derivatives at fair value through other comprehensive income	**30 September 2016 Unaudited £m**	30 September 2015 Unaudited £m	31 March 2016 Audited £m
Cash flow hedges:			
Foreign exchange forward contracts	**3.7**	1.2	2.3
Commodity swap contracts	**3.2**	-	-
Interest rate swap contracts	**0.3**	0.9	1.1
Total derivatives at fair value through other comprehensive income	**7.2**	2.1	3.4
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	**27.2**	3.8	11.1
Commodity swap contracts	**1.8**	1.8	0.6
Total derivatives at fair value through profit and loss	**29.0**	5.6	11.7
Total derivative financial assets	**36.2**	7.7	15.1
Total non-current	**27.3**	3.9	11.1
Total current	**8.9**	3.8	4.0

Derivative financial liabilities

Derivatives at fair value through other comprehensive income	**30 September 2016 Unaudited £m**	30 September 2015 Unaudited £m	31 March 2016 Audited £m
Cash flow hedges:			
Foreign exchange forward contracts	**(9.0)**	(0.9)	(4.7)
Commodity swap contracts	**(1.4)**	(6.6)	(7.8)
Interest rate swap contracts	**(18.8)**	(4.4)	(11.1)
Total derivatives at fair value through other comprehensive income	**(29.2)**	(11.9)	(23.6)
Derivatives at fair value through profit and loss			
Derivatives not designated as hedges:			
Foreign exchange forward contracts	**(0.5)**	(0.7)	(0.6)
Commodity swap contracts	**(0.6)**	(3.4)	(2.7)
Total derivatives at fair value through profit and loss	**(1.1)**	(4.1)	(3.3)
Total derivative financial liabilities	**(30.3)**	(16.0)	(26.9)
Total non-current	**(17.6)**	(4.2)	(11.2)
Total current	**(12.7)**	(11.8)	(15.7)

14. 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 2016, 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 2016		30 September 2015		31 March 2016	
	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	**27.3**	**27.3**	3.9	3.9	11.1	11.1
Viridian Growth Fund	**0.1**	**0.1**	0.5	0.5	0.1	0.1
Investment in parent undertaking's Junior bank facility	**-**	**-**	179.0	179.0	199.4	202.8
Current assets						
Trade and other receivables	**136.7**	**136.7**	130.1	130.1	161.8	161.8
Derivative financial instruments	**8.9**	**8.9**	3.8	3.8	4.0	4.0
Other current financial assets	**11.1**	**11.1**	3.9	3.9	12.3	12.3
Cash and cash equivalents	**103.0**	**103.0**	70.9	70.9	76.5	76.5
Current liabilities						
Trade and other payables (excluding tax and social security)	**(226.6)**	**(226.6)**	(202.9)	(202.9)	(254.5)	(254.5)
Financial liabilities (excluding contingent consideration)	**(10.9)**	**(10.9)**	(6.4)	(6.4)	(6.6)	(6.6)
Derivative financial instruments	**(12.7)**	**(12.7)**	(11.8)	(11.8)	(15.7)	(15.7)
Non-current liabilities						
Senior secured notes (2020)	**(513.0)**	**(550.5)**	(434.5)	(433.3)	(468.5)	(500.3)
Project financed bank facilities (NI)	**(70.3)**	**(70.3)**	(27.9)	(27.9)	(33.6)	(33.6)
Project financed bank facilities (ROI)	**(87.9)**	**(87.9)**	(27.5)	(27.5)	(38.6)	(38.6)
Derivative financial instruments	**(17.6)**	**(17.6)**	(4.2)	(4.2)	(11.2)	(11.2)
Subordinated shareholder loan	**-**	**-**	(371.9)	(371.9)	(386.8)	(387.5)
Level 3						
Current liabilities						
Financial liabilities (contingent consideration)	**-**	**-**	(1.7)	(1.7)	-	-

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.

The fair value of the non-interest bearing asset due from the parent undertaking at 30 September 2015 and 31 March 2016 was estimated by discounting the cash flows arising from the asset at a rate based on the quoted market price of the parent undertaking's Junior bank facility A.

15. NOTES TO GROUP CASH FLOW STATEMENT

	Second Quarter 2017 Unaudited £m	Second Quarter 2016 Unaudited £m	**First Half 2017 Unaudited £m**	First Half 2016 Unaudited £m	Year ended 31 March 2016 Audited £m
Operating activities					
Profit before tax from continuing operations	**20.8**	12.9	**55.9**	17.2	50.4
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property, plant and equipment	**4.8**	4.1	**9.3**	8.4	17.2
Amortisation and impairment of intangible assets	**0.9**	1.1	**1.8**	2.0	3.8
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	**(5.6)**	(2.6)	**(19.3)**	(1.9)	(9.0)
Net finance costs	**4.5**	7.6	**4.8**	26.1	38.4
Share of loss in associates	**0.3**	0.4	**0.7**	0.7	1.3
Defined benefit charge less contributions paid	**-**	-	**-**	(1.0)	(2.3)
Exceptional finance costs	**-**	-	**-**	-	(0.4)
Cash generated from operations before working capital movements	**25.6**	23.4	**53.0**	51.3	99.1

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 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)
At 1 April 2015	72.5	1.4	(5.8)	(817.8)	162.6	(587.1)
Net increase in cash and cash equivalents	0.2	-	-	-	-	0.2
Proceeds from issue of borrowings	-	-	-	(45.4)	-	(45.4)
Repayment of borrowings	-	-	2.9	19.3	-	22.2
Issue costs on new long term loans	-	-	0.4	7.3	-	7.7
Decrease/(increase) in interest accruals	-	-	0.9	(0.2)	-	0.7
Amortisation	-	-	(0.5)	(1.7)	-	(2.2)
Reclassifications	-	-	(2.6)	2.6	-	-
Capitalisation of interest on shareholder loan	-	-	-	(23.5)	-	(23.5)
Translation difference	3.8	-	-	(42.5)	6.4	(32.3)
Unwinding of discount on shareholder loan	-	-	-	(25.6)	-	(25.6)
Unwinding of discount on junior bank facility asset	-	-	-	-	30.4	30.4
At 31 March 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)**

17. CAPITAL COMMITMENTS

At 30 September 2016 the Group had contracted future capital expenditure in respect of tangible fixed assets of £41.2m (30 September 2015 - £53.3m).

18. DISTRIBUTIONS MADE AND PROPOSED

No dividends have been paid or proposed for the Second Quarter 2017 or First Half 2017 (2016 - £nil).

19. RELATED PARTY TRANSACTIONS

The nature and type of related party transactions for the Second Quarter 2017 and First Half 2017 do not differ significantly from those in the consolidated financial statements for the year ended 31 March 2016.

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.