# Viridian Group Investments Limited

## Unaudited Interim Consolidated Financial Statements

## Second Quarter 2019

# GROUP FINANCIAL HIGHLIGHTS

## Underlying Business Results[1]

*Second Quarter 2019*

- Group pro-forma Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for Second Quarter 2019 was £31.5m (2018 - £30.6m)
- Group pro-forma operating profit for Second Quarter 2019 was £22.0m (2018 - £21.3m)

*First Half 2019*

- Group pro-forma EBITDA for First Half 2019 was £59.8m (2018 - £59.8m)
- Group pro-forma operating profit for First Half 2019 was £41.3m (2018 - £41.7m)

## IFRS Results

*Second Quarter 2019*

- Revenue for Second Quarter 2019 was £418.9m  (2018 - £342.4m)
- Operating profit before exceptional items and certain remeasurements for Second Quarter 2019 was £18.8m (2018 - £27.1m)

*First Half 2019*

- Revenue for First Half 2019 was £811.8m (2018 - £655.1m)
- Operating profit before exceptional items and certain remeasurements for First Half 2019 was £39.7m (2018 - £56.0m)

[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 the condensed interim consolidated financial statements for VGIL for the 3 months ended 30 September 2018 (Second Quarter 2019) and the 6 Months ended 30 September 2018 (First Half 2019) including comparatives for the 3 months ended 30 September 2017 (Second Quarter 2018) and the 6 Months ended 30 September 2017 (First Half 2018). 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 2019. 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 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 and a bioenergy plant under construction. Energia Group’s retail electricity supply business is supported by long-term off-take Power Purchase Agreement (PPA) 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.

## New Accounting Standards

The Group has adopted two new accounting standards, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments which have resulted in the restatement of previous financial statements for the Second Quarter 2018, First Half 2018 and year ended 31 March 2018. The nature and effect of these changes are described in note 1 and detailed in note 22.

## 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 2019 £m** | Restated Second Quarter 2018 £m | **First Half 2019 £m** | Restated First Half 2018 £m | Restated Year ended 31 March 2018 £m |
|---|---|---|---|---|---|
| Energia Group (excluding renewable assets) | **16.2** | 17.6 | **30.2** | 32.4 | 61.4 |
| Energia renewable assets | **5.2** | 4.3 | **10.5** | 8.8 | 27.6 |
| Power NI | **9.4** | 8.2 | **17.9** | 17.0 | 35.1 |
| PPB | **0.2** | 0.5 | **0.7** | 1.4 | 5.9 |
| Other | **0.5** | - | **0.5** | 0.2 | 0.8 |
| | **31.5** | 30.6 | **59.8** | 59.8 | 130.8 |

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

| | **Second Quarter 2019 £m** | Restated Second Quarter 2018 £m | **First Half 2019 £m** | Restated First Half 2018 £m | Restated Year ended 31 March 2018 £m |
|---|---|---|---|---|---|
| Energia Group (excluding renewable assets) | **11.0** | 12.5 | **20.4** | 22.5 | 42.0 |
| Energia renewable assets | **1.2** | 0.7 | **2.5** | 1.7 | 12.9 |
| Power NI | **9.2** | 7.8 | **17.5** | 16.2 | 33.9 |
| PPB | **0.2** | 0.5 | **0.7** | 1.4 | 5.9 |
| Other | **0.4** | (0.2) | **0.2** | (0.1) | 0.2 |
| | **22.0** | 21.3 | **41.3** | 41.7 | 94.9 |

*Second Quarter 2019*

Energia Group (excluding renewable assets) EBITDA (pre exceptional items and certain remeasurements) decreased to £16.2m (2018 - £17.6m) primarily reflecting lower non-residential earnings with higher energy costs (associated with higher gas prices) and lower unconstrained utilisation of both Huntstown plant, partly offset by higher contributions from renewable PPAs (primarily reflecting higher market prices (including ROC prices)) and higher availability of both Huntstown plant including lower maintenance costs in Huntstown 1 (due to higher outage costs in the prior year).

Energia Group (excluding renewable assets) operating profit (pre exceptional items and certain remeasurements) decreased to £11.0m (2018 - £12.5m) primarily due to the reasons described above for EBITDA.

Energia renewable assets EBITDA increased to £5.2m (2018 - £4.3m) and operating profit increased to £1.2m (2018 - £0.7m) reflecting commissioning of new wind farms and higher market prices.

Power NI EBITDA increased to £9.4m (2018 - £8.2m) and operating profit increased to £9.2m (2018 - £7.8m) primarily reflecting higher contributions from small scale renewable PPAs and higher unregulated margins, partly offset by lower regulated margins and higher operating costs.

PPB EBITDA and operating profit decreased to £0.2m (2018 - £0.5m) primarily reflecting higher operating costs.

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

*First Half 2019*

Energia Group (excluding renewable assets) EBITDA (pre exceptional items and certain remeasurements) decreased to £30.2m (2018 - £32.4m) primarily reflecting lower non-residential earnings with higher energy costs (associated with higher gas prices) and lower availability and utilisation of Huntstown 1 (due to the outage in May 2018), partly offset by higher availability and utilisation of Huntstown 2 and higher contributions from renewable PPAs (primarily reflecting higher market prices (including ROC prices)).

Energia Group (excluding renewable assets) operating profit (pre exceptional items and certain remeasurements) decreased to £20.4m (2018 - £22.5m) primarily due to the reasons described above for EBITDA.

Energia renewable assets EBITDA increased to £10.5m (2018 - £8.8m) and operating profit increased to £2.5m (2018 - £1.7m) reflecting commissioning of new wind farms and higher market prices.

Power NI EBITDA increased to £17.9m (2018 - £17.0m) and operating profit increased to £17.5m (2018 – £16.2m) primarily reflecting higher contributions from PPAs, partly offset by higher operating costs and lower regulated margins.

PPB EBITDA and operating profit decreased to £0.7m (2018 - £1.4m) reflecting higher operating costs.

# Business Reviews

## Energia Group (excluding renewable assets)

| *KPIs* | **Second Quarter 2019** | Second Quarter 2018 | **First Half 2019** | First Half 2018 | Year end 31 March 2018 |
|---|---|---|---|---|---|
| Availability (%) | | | | | |
| - Huntstown 1 | **100.0** | 90.4 | **94.2** | 95.2 | 97.5 |
| - Huntstown 2 | **100.0** | 92.7 | **99.8** | 85.9 | 92.9 |
| Unconstrained utilisation (%) | | | | | |
| - Huntstown 1 | **23.0** | 43.5 | **22.1** | 41.9 | 21.3 |
| - Huntstown 2 | **63.2** | 76.1 | **56.8** | 46.3 | 23.2 |
| Incremental impact of constrained utilisation (%) | | | | | |
| - Huntstown 1 | **25.6** | 11.2 | **17.8** | 18.7 | 29.9 |
| - Huntstown 2 | **(6.4)** | (17.1) | **2.9** | (9.1) | 6.7 |
| Customer sites (number) | | | | | |
| - Non-residential | | | | | |
| - electricity | **54,100** | 55,100 | **54,100** | 55,100 | 55,800 |
| - gas | **4,000** | 4,500 | **4,000** | 4,500 | 4,300 |
| | **58,100** | 59,600 | **58,100** | 59,600 | 60,100 |
| - Residental | | | | | |
| - electricity | **147,500** | 121,700 | **147,500** | 121,700 | 141,400 |
| - gas | **53,800** | 42,800 | **53,800** | 42,800 | 50,700 |
| | **201,300** | 164,500 | **201,300** | 164,500 | 192,100 |
| Energia electricity sales (TWh) | **1.4** | 1.2 | **2.9** | 2.3 | 5.3 |
| Energia gas sales (million therms) | **12.0** | 12.5 | **27.7** | 27.2 | 78.3 |
| Complaints to the CCNI and CRU (number) | **1** | - | **1** | 1 | 4 |
| Contracted renewable generation capacity in operation in Northern Ireland and the RoI (MW) | | | | | |
| - average during the period | **998** | 980 | **998** | 981 | 984 |
| - at end of period | **998** | 978 | **998** | 978 | 998 |

Huntstown 1 availability for Second Quarter 2019 was 100.0% (2018 – 90.4%) and for First Half 2019 was 94.2% (2018 – 95.2%). A 10 day planned outage took place in May 2018 in relation to a minor inspection on the gas turbine.

Huntstown 2 availability for Second Quarter 2019 was 100.0% (2018 – 92.7%). Availability for First Half 2019 was 99.8% (2018 – 85.9%). The prior year lower availability reflects a 22 day outage which commenced in June 2017.

Huntstown 1 unconstrained utilisation for Second Quarter 2019 was 23.0% (2018 – 43.5%) and for First Half 2019 was 22.1% (2018 – 41.9%). The incremental impact of constrained utilisation for Huntstown 1 was 25.6% (2018 – 11.2%) and for First Half 2019 was 17.8% (2018 – 18.7%).

Huntstown 2 unconstrained utilisation for Second Quarter 2019 was 63.2% (2018 – 76.1%) and for First Half 2019 was 56.8% (2018 – 46.3%). The incremental impact of constrained utilisation for Huntstown 2 was 6.4% constrained off (2018 – 17.1% constrained off) and for First Half 2019 was 2.9% constrained on (2018 – 9.1% constrained off).

Non-residential electricity customer sites were 54,100 at 30 September 2018 (30 June 2018 – 55,300; 31 March 2018 – 55,800). Non-residential gas customer sites were 4,000 at 30 September 2018 (30 June 2018 – 4,100; 31 March 2018 – 4,300).

## Energia Group (continued)

Residential electricity and gas customer sites increased to 201,300 at 30 September 2018 (30 June 2018 – 195,100; 31 March 2018 – 192,100).

Energia received 1 customer complaint during Second Quarter 2019 (2018 – nil) and 1 for First Half 2019 (2018 - 1).

Total electricity sales volumes were 1.4TWh for Second Quarter 2019 (2018 - 1.2TWh) and 2.9TWh for First Half 2019 (2018 – 2.3TWh). Total gas sales volumes were 12.0m therms for Second Quarter 2019 (2018 – 12.5m therms) and 27.7m therms for First Half 2019 (2018 – 27.2m therms).

### *Renewable PPA 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).

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.

The average contracted renewable generation capacity in operation during the Second Quarter 2019 was 998MW (2018 – 980MW) and during First Half 2019 was 998MW (2018 – 981MW) with 30 September 2018 capacity of 998MW (30 June 2018 - 998MW; 31 March 2018 – 998MW).

At 30 September 2018, the operating capacity under contract in Northern Ireland was 413MW (30 June 2018 – 413MW; 31 March 2018 – 413MW) and the RoI operating capacity was 585MW (30 June 2018 – 585MW; 31 March 2018 – 585MW).

## Energia renewable assets

### *Wind Generation Assets*

| *KPIs* | **Second Quarter 2019** | Second Quarter 2018 | **First Half 2019** | First Half 2018 | Year end 31 March 2018 |
|---|---|---|---|---|---|
| Wind generation capacity in operation in Northern Ireland and the RoI (MW) | | | | | |
| - average during the period | **223** | 202 | **223** | 199 | 203 |
| - at end of period | **223** | 202 | **223** | 202 | 223 |
| Availability (%) | **96.9** | 95.9 | **97.6** | 96.2 | 96.3 |
| Wind factor (%) | **19.0** | 20.3 | **19.6** | 20.9 | 27.3 |

Energia renewable assets availability for Second Quarter 2019 was 96.9% (2018 – 95.9%) with a wind factor of 19.0% (2018 – 20.3%). Availability for First Half 2019 was 97.6% (2018 – 96.2%) with a wind factor of 19.6% (2018 – 20.9%).

The Group currently owns wind farm projects with the following forecast generation capacity as at 30 September 2018:

| MW | Operating | Under construction | **Total** |
|---|---|---|---|
| NI | 119 | 54 | **173** |
| RoI | 104 | - | **104** |
| | **223** | **54** | **277** |

The average owned wind generation capacity in operation during the Second Quarter 2019 was 223MW (2018 - 202MW) with 30 September 2018 capacity of 223MW (30 June 2018 – 223MW; 31 March 2018 – 223MW).

At 30 September 2018, the owned wind generation capacity in operation in Northern Ireland was 119MW (30 June 2018 – 119MW; 31 March 2018 – 119MW) and the RoI operating capacity was104MW (30 September 2018 – 104MW; 31 March 2018 – 104MW). 54MW of owned wind generation capacity in Northern Ireland relates to 3 wind farms which are currently under construction. All sites have since been commissioned in October 2018 with ROC accreditation achieved.

## Energia renewable assets (continued)

In June 2018, non-recourse project finance facilities of up to £24.7m were put in place in respect of the two remaining wind farms with a combined capacity of 18MW in Northern Ireland. All wind farm projects now have project finance facilities in place.

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.

Distributions of £3.0m were made in the First Half 2019 (2018 - £0.1m) from the wholly owned renewable assets to the Restricted Group together with £0.6m (2018 - £0.2m) from the minority assets.

### *Bioenergy Assets*

In May 2018, the Energia Group completed the acquisition of CEHL (Dublin) Bioenergy Limited and subsidiary, Huntstown Bioenergy Limited, from Connective Energy Holdings Limited and entered into an Engineering Procurement Contract (EPC) for the design and build of the state of the art 4.9MW anaerobic digestion facility at Huntstown which will process up to 100,000 tonnes of organic municipal waste from the Dublin region and will produce c32GWh of green renewable electricity on an annual basis. Huntstown Bioenergy Limited has entered into a long term fuel supply agreement to supply the majority of organic waste for the plant over 10 years at fixed prices. The total cash flows on acquisition were £1.1m and total consideration for the acquisition was £0.5m cash and £2.3m discounted contingent consideration (£2.6m undiscounted). It is intended to put project finance facilities in place and commercial operation is expected by December 2019 with the plant benefitting from the Renewable Energy Feed-In Tariff scheme (REFIT) support.

## Power NI

| *KPIs* | **Second Quarter 2019** | Second Quarter 2018 | **First Half 2019** | First Half 2018 | Year end 31 March 2018 |
|---|---|---|---|---|---|
| Stage 2 complaints to the Consumer Council (number) | **1** | 1 | **2** | 2 | 3 |
| Customer sites (number) | | | | | |
| - Residential | **460,000** | 475,000 | **460,000** | 475,000 | 466,000 |
| - Non-residential | **35,000** | 34,000 | **35,000** | 34,000 | 34,000 |
| | **495,000** | 509,000 | **495,000** | 509,000 | 500,000 |
| 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 | **316** | 213 | **288** | 187 | 214 |
| - at end of period | **318** | 215 | **318** | 215 | 251 |

During the Second Quarter 2019 Power NI received 1 (2018 - 1) Stage 2 complaints and during First Half 2019 received 2 (2018 – 2) Stage 2 complaints.

Residential customer sites were 460,000 at 30 September 2018 (30 June 2018 – 463,000; 31 March 2018 – 466,000). Non-residential customer sites were 35,000 at 30 September 2018 (30 June 2018 – 35,000; 31 March 2018 – 34,000).

Electricity sales for Second Quarter 2019 were in line with the prior year at 0.5TWh (2018 – 0.5TWh) and for First Half 2019 were 1.1TWh (2018 – 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 2019 was 316MW (2018 – 213MW) with 30 September 2018 capacity increasing to 318MW (30 June 2018 – 264MW; 31 March 2018 – 251MW).

## Power NI (continued)

On the 25 May 2018, and in light of the delay in the introduction of I-SEM from 23 May 2018 to 1 October 2018, the Utility Regulator confirmed its intention to extend Power NI's current price control a further 2 years, from 1 April 2019 to 31 March 2021, based on Power NI agreeing to share with customers the benefits of annual efficiency gains made during the current price control period. The related licence modifications were published for consultation on 11 October 2018 and on 8 November 2018 the Utility Regulator confirmed that the licence modifications will take effect from 1 April 2019.

On 16 August 2018, Power NI announced a 13.8% increase in its regulated electricity tariff, effective 1 October 2018, reflecting an increase in its expected wholesale energy costs. The tariff increase was agreed with the Utility Regulator.

## PPB

As at 30 September 2018 the generation capacity remaining under contract to PPB comprised 600MW at Ballylumford (30 June 2018 – 600MW; 31 March 2018 – 600MW).

The Utility Regulator ("UR") has set out a timetable for the revision of PPB's price control. The revised price control is scheduled to be effective from May 2019 and expected to run until September 2023 to coincide with the expiry of the Generation Unit Agreement covering 600MW of CCGT capacity at Ballylumford. The UR issued a consultation paper on its proposals for the price control on 26 September 2018. PPB responded to this consultation on 24 October 2018 and will be engaging further with the Utility Regulator.

# Regulation Update

## Regulatory process in respect of I-SEM capacity remuneration mechanism

On 30 September 2018 the Group reached agreement with EirGrid and CRU and entered into Local Reserve Services Agreements ("LRSAs") for the Huntstown plants. The four year LRSAs ensure that the Huntstown plants continue to be available to meet security of supply in the Dublin area whilst providing sufficient remuneration to the plants for the services being provided in the new I-SEM market.

Following expiry of the LRSAs on 30 September 2022, the Group has agreed to potentially make a proportion of Huntstown's firm access rights to the transmission system available to EirGrid for a period of two years to facilitate EirGrid in alleviating the Dublin transmission constraints.

On signing of the LRSAs the Group accepted the I-SEM related generating licence modifications previously challenged by the Group. The protective notice of redundancy was also removed for relevant Huntstown staff thereby ending the period of uncertainty over the future of the Huntstown plants.

## I-SEM market update

Following the SEM Committee's confirmation on 31 August 2018, the new I-SEM market went live on 1 October 2018 as planned. The first T-4 capacity market auction covering the 2022/23 capacity year is scheduled to take place in March 2019.

# Health & Safety Update

In August 2018 the National Standards Authority of Ireland certified the Group to ISO 45001:2018 Occupational Health and Safety Management Standard and ISO 14001:2015 Environmental Management Standard.

## Revenue

| | Second Quarter 2019 £m | Restated Second Quarter 2018 £m | First Half 2019 £m | Restated First Half 2018 £m | Restated Year end 31 March 2018 £m |
|---|---|---|---|---|---|
| Energia Group (excluding renewable assets) | **312.4** | 235.0 | **592.5** | 442.5 | 1,096.9 |
| Energia renewable assets | **8.0** | 6.4 | **15.9** | 12.8 | 35.0 |
| Power NI (based on regulated entitlement) | **81.5** | 68.0 | **161.0** | 137.2 | 334.5 |
| PPB (based on regulated entitlement) | **29.8** | 33.7 | **60.5** | 62.4 | 125.6 |
| Adjustment for (under)/over-recovery | **(3.2)** | 5.8 | **(1.6)** | 14.3 | (4.3) |
| Inter business elimination | **(9.6)** | (6.5) | **(16.5)** | (14.1) | (37.0) |
| Total revenue from continuing operations | **418.9** | 342.4 | **811.8** | 655.1 | 1,550.7 |

*Second Quarter 2019*

Revenue increased to £418.9m (2018 - £342.4m). The breakdown by business is as follows:

Energia Group (excluding renewable assets) revenue increased to £312.4m (2018 - £235.0m) primarily reflecting higher residential and non-residential electricity sales volumes and prices, higher interconnector revenue, higher Huntstown plant revenues (due to higher energy prices and higher availability) and higher renewable PPA revenues (due to higher market prices (including ROC prices)), partly offset by adverse foreign exchange translation (with the weakening of Euro to Sterling during the period compared to the same period last year).

Energia renewable assets revenue increased to £8.0m (2018 - £6.4m) reflecting the commissioning of new wind farms and higher market prices.

Power NI revenue (based on regulated entitlement) increased to £81.5m (2018 - £68.0m) primarily due to higher regulated revenue and higher deregulated revenue (reflecting the tariff increase in October 2017), partly offset by a reduction in residential customer numbers.

PPB revenue (based on regulated entitlement) decreased to £29.8m (2018 - £33.7m) primarily reflecting lower availability and utilisation of the Ballylumford plant.

During the Second Quarter 2019, the Power NI Energy regulated businesses under-recovered against their regulated entitlement by £3.2m (2018 – £5.8m over-recovery) and at 30 September 2018 the cumulative over-recovery against regulated entitlement was £9.0m. The over-recovery of regulated entitlement reflects the phasing of tariffs.

*First Half 2019*

Revenue increased to £811.8m (2018 - £655.1m). The breakdown by business is as follows:

Energia Group (excluding renewable assets) revenue increased to £592.5m (2018 - £442.5m) primarily reflecting higher residential and non-residential electricity sales volumes and prices, higher availability and utilisation of Huntstown 2, higher interconnector revenue, higher renewable PPA revenue (due to higher market prices (including ROC prices)) and favourable foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year), partly offset by lower availability and utilisation of Huntstown 1 (due to the outage in May 2018).

Energia renewable assets revenue increased to £15.9m (2018 - £12.8m) reflecting the commissioning of new wind farms and higher market prices.

Power NI revenue (based on regulated entitlement) increased to £161.0m (2018 - £137.2m) primarily due to the same reasons as described above for Second Quarter 2019.

*First Half 2019 (continued)*

PPB revenue (based on regulated entitlement) decreased to £60.5m (2018 - £62.4m) primarily due to the same reasons as described above for Second Quarter 2019.

During the First Half 2019, the Power NI Energy regulated businesses under-recovered against their regulated entitlement by £1.6m (2018 – £14.3m over-recovery) and at 30 September 2018 the cumulative over-recovery against regulated entitlement was £9.0m. 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 2019*

Operating costs (pre exceptional items and certain remeasurements) for Second Quarter 2019 increased to £400.1m (2018 - £315.3m).

Energy costs increased to £369.9m (2018 - £286.7m) primarily reflecting higher energy costs (associated with higher prices), higher residential and non-residential electricity volumes, partly offset by lower utilisation of the Ballylumford plant and the impact of foreign exchange translation (with the weakening of Euro to Sterling compared to last year).

Employee costs increased to £7.9m (2018 – £7.5m) primarily reflecting an increase in headcount.

Depreciation and amortisation increased to £9.5m (2018 – £9.3m) primarily due to higher depreciation of renewable assets (associated with the commissioning of new assets).

Other operating charges increased to £12.8m (2018 - £11.8m) primarily due to higher operating costs in Power NI and higher maintenance costs in Huntstown 2, partly offset by lower maintenance costs in Huntstown 1 (due to higher outage costs in the prior year).

*First Half 2019*

Operating costs (pre exceptional items and certain remeasurements) for First Half 2019 increased to £772.1m (2018 - £599.1m).

Energy costs increased to £710.9m (2018 - £544.1m) primarily reflecting higher energy costs (associated with higher prices), higher residential and non-residential electricity sales volumes, higher availability and utilisation of Huntstown 2 and the impact of foreign exchange translation (with the strengthening of Euro to Sterling during the period compared to the same period last year), partly offset by lower availability and utilisation of Huntstown 1.

Employee costs increased to £15.7m (2018 – £14.3m) primarily due to the same reasons as described above for Second Quarter 2019.

Depreciation and amortisation increased to £18.5m (2018 – £18.1m) primarily due to the same reasons as described above for Second Quarter 2019.

Other operating charges increased to £27.0m (2018 - £22.6m) primarily due to higher maintenance costs in Huntstown 2 (associated with higher utilisation partly offset by lower outage costs), higher maintenance costs in Huntstown 1 (associated with the outage in May 2018) and higher operating costs in Power NI.

## Group operating profit

| | Second Quarter 2019 £m | Restated Second Quarter 2018 £m | First Half 2019 £m | Restated First Half 2018 £m | Restated Year end 31 March 2018 £m |
|---|---|---|---|---|---|
| Energia Group (excluding renewable assets) | **11.0** | 12.5 | **20.4** | 22.5 | 42.0 |
| Energia renewable assets | **1.2** | 0.7 | **2.5** | 1.7 | 12.9 |
| Power NI | **9.2** | 7.8 | **17.5** | 16.2 | 33.9 |
| PPB | **0.2** | 0.5 | **0.7** | 1.4 | 5.9 |
| Other | **0.4** | (0.2) | **0.2** | (0.1) | 0.2 |
| **Group pro-forma operating profit** | **22.0** | 21.3 | **41.3** | 41.7 | 94.9 |
| (Under)/over-recovery of regulated entitlement | **(3.2)** | 5.8 | **(1.6)** | 14.3 | (4.3) |
| **Operating profit** | **18.8** | 27.1 | **39.7** | 56.0 | 90.6 |

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

*Second Quarter 2019*

Operating profit (pre exceptional items and certain remeasurements) decreased to £18.8m (2018 - £27.1m) primarily reflecting an under-recovery of regulated entitlement of £3.2m (2018 – £5.8m over-recovery).

Group pro-forma operating profit (pre exceptional items and certain remeasurements) for Second Quarter 2019 increased to £22.0m (2018 - £21.3m).

Energia Group (excluding renewable assets) operating profit for Second Quarter 2019 decreased to £11.0m (2018 - £12.5m) primarily reflecting the decrease in EBITDA outlined previously.

Energia renewable assets operating profit for Second Quarter 2019 increased to £1.2m (2018 - £0.7m) reflecting the increase in EBITDA outlined previously.

Power NI operating profit increased to £9.2m (2018 - £7.8m) reflecting the increase in EBITDA outlined previously.

PPB operating profit decreased to £0.2m (2018 - £0.5m) reflecting higher operating costs.

*First Half 2019*

Operating profit (pre exceptional items and certain remeasurements) decreased to £39.7m (2018 - £56.0m) primarily reflecting an under-recovery of regulated entitlement of £1.6m (2018 £14.3m over-recovery) and a decrease in group pro-forma operating profit (pre exceptional items and certain remeasurements) for First Half 2019 to £41.3m (2018 - £41.7m).

Energia Group (excluding renewable assets) operating profit for First Half 2019 decreased to £20.4m (2018 - £22.5m) primarily reflecting the decrease in EBITDA outlined previously.

Energia renewable assets operating profit for First Half 2019 increased to £2.5m (2018 - £1.7m) primarily reflecting the increase in EBITDA outlined previously.

Power NI operating profit increased to £17.5m (2018 - £16.2m) primarily reflecting the increase in EBITDA outlined previously.

PPB operating profit decreased to £0.7m (2018 - £1.4m) reflecting higher operating costs.

## Exceptional items and certain remeasurements

Exceptional items for First Half of £0.2m (2018 - £0.3m) reflect exceptional costs associated with acquisitions whether successful or unsuccessful.

Certain remeasurements for Second Quarter 2019 were £13.6m gain (2018 - £3.9m) and for First Half 2019 were £29.5m gain (2018 - £6.7m) and reflect the recognition of the fair value movements of derivatives as outlined in note 5 to the accounts.

## Net finance costs

Net finance costs (pre exceptional items and certain remeasurements) for Second Quarter 2019 decreased from £14.5m to £7.9m and for First Half 2019 decreased from £27.7m to £15.4m primarily reflecting a decrease in the Senior secured notes interest charge associated with the refinancing undertaken in September 2017 and a higher benefit from the impact of foreign exchange movements in the period compared to the same period last year.

## Tax credit/(charge)

The total tax charge (pre exceptional items and certain remeasurements) for Second Quarter 2019 was £1.4m (2018 - £0.5m credit) and for First Half 2019 was £2.2m (2018 - £0.7m).

## 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 2019 £m** | Restated Second Quarter 2018 £m | **First Half 2019 £m** | Restated First Half 2018 £m | Restated Year end 31 March 2018 £m |
|---|---|---|---|---|---|
| **Group pro-forma EBITDA** (1) | **31.5** | 30.6 | **59.8** | 59.8 | 130.8 |
| Defined benefit pension charge less contributions paid | **-** | - | **-** | - | (1.1) |
| Net movement in security deposits | **(14.6)** | 0.4 | **(12.4)** | 0.9 | (1.7) |
| Changes in working capital (2) | **(11.6)** | (2.6) | **(2.5)** | 3.2 | 24.2 |
| (Under)/over-recovery of regulated entitlement | **(3.2)** | 5.8 | **(1.6)** | 14.3 | (4.3) |
| Foreign exchange translation | **(0.1)** | 1.5 | **(0.2)** | 1.3 | 1.1 |
| Exceptional items | **(0.2)** | (0.2) | **(0.2)** | (0.3) | (0.3) |
| Share based payment | **-** | - | **0.5** | - | - |
| **Cash flow from operating activities** | **1.8** | 35.5 | **43.4** | 79.2 | 148.7 |
| Net capital expenditure (3) | **(22.8)** | (27.4) | **(50.5)** | (51.1) | (74.8) |
| Proceeds from sale and purchases of other intangibles | **18.1** | 7.8 | **14.3** | 4.3 | (7.2) |
| **Cash flow before acquisitions, disposals, interest and tax** | **(2.9)** | 15.9 | **7.2** | 32.4 | 66.7 |

*(1) Includes EBITDA of renewable wind farm assets for Second Quarter 2019 £5.2m (2018 - £4.3m); First Half 2019 £10.5m (2018 - £8.8m); year ended 31 March 2018 £27.6m.*
*(2) Includes changes in working capital of renewable wind farm assets for Second Quarter 2019 of £1.5m increase (2018 – £2.3m); First Half 2019 £3.1m increase (2018 - £2.0m); year ended 31 March 2018 £3.9m increase.*
*(3) Includes capital expenditure on renewable wind farm assets for Second Quarter 2019 £16.3m (2018 - £24.6m); First Half 2019 £39.6m (2018 - £44.5m); year ended 31 March 2018 £61.0m and intangible asset (software and customer acquisition costs) expenditure for Second Quarter 2019 £3.1m (2018 – £2.5m); First Half 2019 £6.0m (2018 - £5.8m); year ended 31 March 2018 £12.4m.*

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

Group cash flow from operating activities for Second Quarter 2019 decreased to £1.8m (2018 - £35.5m) primarily reflecting an increase in security deposits of £14.6m (2018 - £0.4m decrease), a higher increase in working capital of £11.6m (2018 - £2.6m) and an under-recovery of regulated entitlement of £3.2m (2018 - £5.8m over-recovery).

Group cash flow from operating activities for First Half 2019 decreased to £43.4m (2018 - £79.2m) primarily reflecting an under-recovery of regulated entitlement of £1.6m (2018 - £14.3m over-recovery), an increase in security deposits of £12.4m (2018 - £0.9m decrease) and an increase in working capital of £2.5m (2018 - £3.2m decrease).

### *Net movement in security deposits*

The net movement in security deposits for Second Quarter 2019 was an increase of £14.6m (2018 – £0.4m decrease) and for First Half 2019 was an increase of £12.4m (2018 – £0.9m decrease). The increase in security deposits relates to deposits put in place in respect of I-SEM go live on 1 October 2018.

As at 30 September 2018 there were £16.5m (30 June 2018 - £1.9m; 31 March 2018 - £4.1m) 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 2019*

Working capital increased by £11.6m (2018 – £2.6m) 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 of Energia Group (excluding renewable assets) and PPB.

Energia Group (excluding renewable assets) working capital decreased by £3.2m (2018 – £4.6m) primarily due to an increase in trade creditors and accruals (due to higher volumes and prices), an increase in REFIT creditor for renewable PPAs (due to higher market prices) and an increase in emissions liability, partly offset by an increase in trade debtors and accrued income (due to an increase in sales volumes and prices, partly offset by lower plant utilisation), an increase in ROC debtors, a decrease in VAT creditor and a decrease in ROC liability (reflecting the settlement of the annual ROC obligation).

Energia renewable assets working capital increased by £1.5m (2018 – £2.3m) primarily due to higher trade debtors and accrued income, partly offset by a decrease in the VAT debtor.

Working capital at Power NI increased by £14.7m (2018 – £7.3m) primarily due to a decrease in the ROC obligation liability (reflecting the settlement of the annual ROC obligation) and a decrease in trade creditors and accruals (primarily reflecting settlement timing differences), partly offset by a decrease in ROC debtors and a decrease in trade debtors and accrued income.

Working capital at PPB decreased by £2.0m (2018 – £2.8m) primarily reflecting an increase in the emissions liability.

Working capital at other Viridian holding companies increased by £0.6m (2018 – £0.4m).

*First Half 2019*

Working capital increased by £2.5m (2018 – £3.2m decrease) due to an increase in the working capital requirements of Power NI, PPB, Energia renewable assets and other Viridian holding companies, partly offset by a decrease in working capital of Energia Group (excluding renewable assets).

*First Half 2019 (continued)*

Energia Group (excluding renewable assets) working capital decreased by £11.0m (2018 – £6.9m) primarily reflecting an increase in REFIT creditor for renewable PPAs (due to higher market prices) and a decrease in trade receivables and accrued income (reflecting the seasonal decrease in volumes, partly offset by higher prices), partly offset by an increase in ROC debtors, a decrease in the ROC liability (due to the settlement of the annual obligation) and a decrease in VAT creditor.

Energia renewable assets working capital increased by £3.1m (2018 – £2.0m) primarily due to higher trade debtors and accrued income and a higher VAT debtor, partly offset by higher trade creditors and accruals.

Working capital at Power NI increased by £5.3m (2018 - £4.0m) primarily reflecting a decrease in the ROC obligation liability (reflecting the settlement of the annual obligation), an increase in ROC debtors, a decrease in the VAT creditor and a decrease in trade creditors and accruals (associated with the seasonal decrease in sales volumes and lower customer numbers) 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 increased by £4.4m (2018 - £2.2m decrease) primarily due to a decrease in trade payables and accruals (primarily reflecting settlement timing differences), partly offset by an increase in the emissions liability, lower accrued income (due to lower availability and utilisation of the Ballylumford plant) and lower VAT debtor.

Working capital at other Viridian holding companies increased by £0.7m (2018 – decrease of £0.1m).

***Over/(under)-recovery of regulated entitlement***

As noted previously during Second Quarter 2019 the regulated businesses of Power NI and PPB under-recovered against their regulated entitlement by £3.2m (2018 – £5.8m over-recovery) and during First Half 2019 under-recovered by £1.6m (2018 - £14.3m over-recovery). At 30 September 2018 the cumulative over-recovery against regulated entitlement was £9.0m. 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 2019 decreased to £22.8m (2018 - £27.4m) and for First Half 2019 decreased to £50.5m (2018 - £51.1m).

Net capital expenditure at Energia Group (excluding renewable assets) for Second Quarter 2019 increased to £5.7m (2018 - £2.0m) and for First Half 2019 increased to £9.3m (2018 - £4.5m) primarily reflecting higher plant capital expenditure in respect of the outage of Huntstown 1.

Net capital expenditure at Energia renewable assets for Second Quarter 2019 decreased to £16.3m (2018 - £24.6m) and for First Half 2019 decreased to £39.6m (2018 - £44.5m) reflecting the commissioning of new wind farms partly offset by capital expenditure in relation to the development of the bioenergy development assets.

Net capital expenditure at Power NI for Second Quarter 2019 increased to £0.5m (2018 - £0.4m) and for First Half 2019 decreased to £0.7m (2018 - £1.4m) reflecting the billing system upgrade which went live in May 2017.

Net capital expenditure at other Group companies for Second Quarter 2019 decreased to £0.3m (2018 - £0.4m) and for First Half 2019 increased to £0.9m (2018 - £0.7m).

## Other cash flows

*Net interest paid*

Net interest paid (excluding exceptional finance costs) for Second Quarter 2019 decreased to £17.3m (2018 - £28.9m) and for First Half 2019 decreased to £18.2m (2018 - £30.2m) primarily reflecting the reduction in interest on the Senior secured notes following the refinancing in September 2017 partly offset by increased project finance interest payments associated with higher project finance facilities in place.

*Acquisition of subsidiary*

Acquisition of subsidiary for First Half 2019 of £1.1m (2018 - £2.3m) reflects the acquisition of the 4.9MW Bioenergy anaerobic digestion project of the Huntstown site in North Dublin in May 2018.

*Dividends*

No dividends have been paid or proposed for the First Half 2019 (2018 - £60.0m).

## Net debt

The Group's net debt increased during Second Quarter 2019 by £15.3m from £658.8m at 30 June 2018 to £674.1m at 30 September 2018 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 2019 by £18.7m from £655.4m at 31 March 2018 to £674.1m at 30 September 2018 primarily reflecting an increase in project finance debt (associated with the ongoing construction and development of the wind farm asset portfolio), partly offset by a decrease in cash and cash equivalents.

Net debt at 30 September 2018 includes project finance net debt of £271.7m (30 June 2018 - £257.9m; 31 March 2018 - £233.7m). Excluding project financed net debt, net debt was £402.4m (30 June 2018 - £400.9m; 31 March 2018 - £421.7m).

## Defined benefit pension liability

The pension liability in the Group's defined benefit scheme under IAS 19 was £nil at 30 September 2018 (30 June 2018 - £0.2m; 31 March 2018 – £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 2018 £m** | As at 30 September 2017 £m | Year end 31 March 2018 £m |
|---|---|---|---|
| Investments | **1.3** | 1.3 | 1.3 |
| Cash and cash equivalents | **126.2** | 91.9 | 101.4 |
| Senior secured notes €350m (2025) | **(306.7)** | (302.6) | (301.6) |
| Senior secured notes £225m (2024) | **(221.4)** | (220.8) | (221.1) |
| Senior secured notes €600m (2020) | **-** | - | - |
| Interest accruals – Senior secured notes | **(0.8)** | (0.4) | (1.0) |
| Other interest accruals | **(1.0)** | (0.1) | (0.7) |
| Net debt excluding project finance facilities | **(402.4)** | (430.7) | (421.7) |
| Project finance cash | **21.4** | 21.7 | 24.9 |
| Project finance bank facility (RoI) | **(103.1)** | (109.4) | (105.7) |
| Project finance bank facility (NI) | **(189.7)** | (149.9) | (152.5) |
| Project finance interest accruals | **(0.3)** | (0.2) | (0.4) |
| **Net debt** | **(674.1)** | (668.5) | (655.4) |

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 17. Liquidity, including short term working capital requirements, is managed through committed Senior revolving credit bank facilities together with available cash resources. The Group continues to keep its capital structure under review and may from time to time undertake certain transactions such as financing transactions, acquisitions and disposals which affect its capital structure. The Group may also from time to time repurchase its Senior secured notes, whether through tender offers, open market purchases, private purchases or otherwise.

In June 2018 non-recourse project finance facilities of up to £24.9m were put in place in respect of the remaining 18MW of wind farm capacity.

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 2018, the Group had letters of credit issued out of the Senior revolving credit facility of £123.6m resulting in undrawn committed facilities of £101.4m (30 June 2018 - £111.8m; 31 March 2018 - £109.2m). Cash drawings under the Senior revolving credit facility at 30 September 2018 were £nil (30 June 2018 - £nil; 31 March 2018 - £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 2018, there was £21.4m (30 June 2018 - £21.7m; 31 March 2018 - £24.9m) of restricted cash in the project financed wind farms which is subject to bi-annual distribution debt service requirements.

## Treasury (continued)

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 2018.

## CONSOLIDATED INCOME STATEMENT
## for the three month period ended 30 September 2018

| Continuing operations | Notes | Results before exceptional items and certain re-measurements Second Quarter 2019 Unaudited £m | Exceptional items and certain re-measurements (note 5) Second Quarter 2019 Unaudited £m | Total Second Quarter 2019 Unaudited £m | Restated Results before exceptional items and certain re-measurements Second Quarter 2018 Unaudited £m | Exceptional items and certain re-measurements (note 5) Second Quarter 2018 Unaudited £m | Restated Total Second Quarter 2018 Unaudited £m |
|---|---|---|---|---|---|---|---|
| Revenue | 2 | **418.9** | **-** | **418.9** | 342.4 | - | 342.4 |
| Operating costs | 4 | **(400.1)** | **13.6** | **(386.5)** | (315.3) | 3.1 | (312.2) |
| **Operating profit** | 2 | **18.8** | **13.6** | **32.4** | 27.1 | 3.1 | 30.2 |
| | | | | | | | |
| Finance costs | 6 | **(8.2)** | **-** | **(8.2)** | (14.8) | (27.7) | (42.5) |
| Finance income | 6 | **0.3** | **-** | **0.3** | 0.3 | - | 0.3 |
| Net finance cost | | **(7.9)** | **-** | **(7.9)** | (14.5) | (27.7) | (42.2) |
| | | | | | | | |
| Share of loss in associates | | **(0.3)** | **-** | **(0.3)** | (0.4) | - | (0.4) |
| | | | | | | | |
| Profit/(loss) before tax | | **10.6** | **13.6** | **24.2** | 12.2 | (24.6) | (12.4) |
| | | | | | | | |
| Taxation | 7 | **(1.4)** | **(0.2)** | **(1.6)** | 0.5 | (0.4) | 0.1 |
| | | | | | | | |
| **Profit/(loss) for the period** | | **9.2** | **13.4** | **22.6** | 12.7 | (25.0) | (12.3) |

## CONSOLIDATED INCOME STATEMENT
### for the six month period ended 30 September 2018

| Continuing operations | Notes | Results before exceptional items and certain re-measurements First Half 2019 Unaudited £m | Exceptional items and certain re-measurements (note 5) First Half 2019 Unaudited £m | Total First Half 2019 Unaudited £m | Restated Results before exceptional items and certain re-measurements First Half 2018 Unaudited £m | Exceptional items and certain re-measurements (note 5) First Half 2018 Unaudited £m | Restated Total First Half 2018 Unaudited £m | Restated Results before exceptional items certain re-measurements Year ended 31 March 2018 Audited £m | Exceptional items and certain re-measurements (note 5) Year ended 31 March 2018 Audited £m | Restated Total Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 2 | 811.8 | - | 811.8 | 655.1 | - | 655.1 | 1,550.7 | - | 1,550.7 |
| Operating costs | 4 | (772.1) | 29.3 | (742.8) | (599.1) | 0.5 | (598.6) | (1,460.1) | (117.9) | (1,578.0) |
| **Operating profit/(loss)** | 2 | 39.7 | 29.3 | 69.0 | 56.0 | 0.5 | 56.5 | 90.6 | (117.9) | (27.3) |
| Finance costs | 6 | (16.0) | - | (16.0) | (28.2) | (22.4) | (50.6) | (47.7) | (22.4) | (70.1) |
| Finance income | 6 | 0.6 | - | 0.6 | 0.5 | - | 0.5 | 1.1 | - | 1.1 |
| Net finance cost | | (15.4) | - | (15.4) | (27.7) | (22.4) | (50.1) | (46.6) | (22.4) | (69.0) |
| Share of loss in associates | | (0.8) | - | (0.8) | (0.7) | - | (0.7) | (0.6) | - | (0.6) |
| Profit/(loss) before tax | | 23.5 | 29.3 | 52.8 | 27.6 | (21.9) | 5.7 | 43.4 | (140.3) | (96.9) |
| Taxation | 7 | (2.2) | (2.4) | (4.6) | (0.7) | (0.1) | (0.8) | (4.0) | 14.6 | 10.6 |
| **Profit/(loss) for the period** | | 21.3 | 26.9 | 48.2 | 26.9 | (22.0) | 4.9 | 39.4 | (125.7) | (86.3) |

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
## for the three and six month periods ended 30 September 2018

| | Second Quarter 2019 Unaudited £m | Restated Second Quarter 2018 Unaudited £m | First Half 2019 Unaudited £m | Restated First Half 2018 Unaudited £m | Restated Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|
| **Profit/(loss) for the period** | **22.6** | (12.3) | **48.2** | 4.9 | (86.3) |
| **Items that will be reclassified subsequently to profit or loss:** | | | | | |
| Exchange difference on translation of foreign operations | **(2.5)** | (0.7) | **(5.4)** | (7.0) | (4.7) |
| Net gain/(loss) on cash flow hedges | **5.0** | 3.4 | **7.3** | (0.4) | 5.3 |
| Transferred loss from equity to income statement on cash flow hedges | **3.6** | 3.8 | **1.5** | 4.5 | 4.0 |
| Share of associates net gain on cash flow hedges | **0.1** | 0.1 | **0.1** | 0.2 | 0.4 |
| Income tax effect | **(2.9)** | (0.9) | **(2.9)** | 0.2 | (0.6) |
| | **5.8** | 6.4 | **6.0** | 4.5 | 9.1 |
| | **3.3** | 5.7 | **0.6** | (2.5) | 4.4 |
| **Items that will not be reclassified to profit or loss:** | | | | | |
| Remeasurement profit/(loss) on defined benefit scheme | **0.2** | 0.2 | **-** | 0.1 | (1.1) |
| Income tax effect | **-** | - | **-** | - | 0.2 |
| | **0.2** | 0.2 | **-** | 0.1 | (0.9) |
| **Other comprehensive income/(expense) for the period, net of taxation** | **3.5** | 5.9 | **0.6** | (2.4) | 3.5 |
| **Total comprehensive income/(expense) for the period** | **26.1** | (6.4) | **48.8** | 2.5 | (82.8) |

## CONSOLIDATED BALANCE SHEET
## as at 30 September 2018

| ASSETS | Notes | 30 September 2018 Unaudited £m | Restated 30 September 2017 Unaudited £m | Restated 31 March 2018 Audited £m |
|---|---|---|---|---|
| ***Non-current assets:*** | | | | |
| Property, plant and equipment | | **445.5** | 532.2 | 415.1 |
| Intangible assets | | **567.5** | 558.8 | 578.2 |
| Investment in associates | | **6.0** | 6.1 | 6.7 |
| Derivative financial instruments | 15 | **17.5** | 5.0 | 5.3 |
| Other non-current financial assets | 9 | **-** | 0.1 | - |
| Deferred tax assets | | **22.5** | 26.9 | 27.3 |
| | | **1,059.0** | 1,129.1 | 1,032.6 |
| ***Current assets:*** | | | | |
| Inventories | | **4.9** | 4.9 | 4.9 |
| Trade and other receivables | 11 | **189.0** | 132.9 | 191.2 |
| Derivative financial instruments | 15 | **53.4** | 4.9 | 11.0 |
| Other current financial assets | 9 | **17.8** | 2.8 | 5.4 |
| Cash and cash equivalents | 12 | **147.6** | 113.6 | 126.3 |
| | | **412.7** | 259.1 | 338.8 |
| **TOTAL ASSETS** | | **1,471.7** | 1,388.2 | 1,371.4 |
| **LIABILITIES** | | | | |
| ***Current liabilities:*** | | | | |
| Trade and other payables | 13 | **(312.8)** | (240.6) | (323.8) |
| Income tax payable | | **(2.6)** | (2.3) | (2.3) |
| Financial liabilities | 14 | **(44.5)** | (20.6) | (40.8) |
| Derivative financial instruments | 15 | **(23.5)** | (7.9) | (6.6) |
| | | **(383.4)** | (271.4) | (373.5) |
| ***Non-current liabilities:*** | | | | |
| Financial liabilities | 14 | **(803.8)** | (784.8) | (764.2) |
| Derivative financial instruments | 15 | **(7.4)** | (11.3) | (8.3) |
| Net employee defined benefit liabilities | | **-** | - | - |
| Deferred tax liabilities | | **(8.1)** | (16.5) | (5.9) |
| Provisions | | **(13.3)** | (12.5) | (13.1) |
| | | **(832.6)** | (825.1) | (791.5) |
| **TOTAL LIABILITIES** | | **(1,216.0)** | (1,096.5) | (1,165.0) |
| **NET ASSETS** | | **255.7** | 291.7 | 206.4 |
| **Equity** | | | | |
| Share capital | | **-** | - | - |
| Share premium | | **660.6** | 660.6 | 660.6 |
| Retained earnings | | **(436.0)** | (392.5) | (484.7) |
| Capital contribution reserve | | **101.5** | 101.5 | 101.5 |
| Hedge reserve | | **1.2** | (9.4) | (4.8) |
| Foreign currency translation reserve | | **(71.6)** | (68.5) | (66.2) |
| **TOTAL EQUITY** | | **255.7** | 291.7 | 206.4 |

The condensed interim consolidated financial statements were approved by the Board and authorised for issue on 30 November 2018.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
### for the six month period ended 30 September 2018

| | 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 2017 (restated)** | **-** | **660.6** | **(397.5)** | **161.5** | **(13.9)** | **(61.5)** | **349.2** |
| Profit for the period | - | - | 4.9 | - | - | - | 4.9 |
| Other comprehensive expense | - | - | 0.1 | - | 4.5 | (7.0) | (2.4) |
| *Total comprehensive income/(expense)* | - | - | 5.0 | - | 4.5 | (7.0) | (2.5) |
| Dividends paid | - | - | - | (60.0) | - | - | (60.0) |
| **At 30 September 2017 (restated)** | **-** | **660.6** | **(392.5)** | **101.5** | **(9.4)** | **(68.5)** | **291.7** |
| | | | | | | | |
| **At 1 April 2017 (restated)** | **-** | **660.6** | **(397.5)** | **161.5** | **(13.9)** | **(61.5)** | **349.2** |
| Loss for the year | - | - | (86.3) | - | - | - | (86.3) |
| Other comprehensive (expense)/income | - | - | (0.9) | - | 9.1 | (4.7) | 3.5 |
| *Total comprehensive(expense)/ income* | - | - | *(87.2)* | - | *9.1* | *(4.7)* | *(82.8)* |
| Dividends paid | - | - | - | (60.0) | - | - | (60.0) |
| **At 31 March 2018 (restated)** | **-** | **660.6** | **(484.7)** | **101.5** | **(4.8)** | **(66.2)** | **206.4** |
| Profit for the period | - | - | 48.2 | - | - | - | 48.2 |
| Other comprehensive income/(expense) | - | - | - | - | 6.0 | (5.4) | 0.6 |
| Share based payment | - | - | 0.5 | - | - | - | 0.5 |
| *Total comprehensive income/(expense)* | - | - | *48.7* | - | *6.0* | *(5.4)* | *49.3* |
| **At 30 September 2018** | **-** | **660.6** | **(436.0)** | **101.5** | **1.2** | **(71.6)** | **255.7** |

## CONSOLIDATED STATEMENT OF CASH FLOWS
## for the three and six month periods ended 30 September 2018

| | Notes | Second Quarter 2019 Unaudited £m | Restated Second Quarter 2018 Unaudited £m | First Half 2019 Unaudited £m | Restated First Half 2018 Unaudited £m | Restated Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|---|
| **Cash generated from operations before working capital movements** | 16 | **28.1** | 36.2 | **58.5** | 73.8 | 125.1 |
| *Working capital adjustments:* | | | | | | |
| Decrease/(increase) in inventories | | **0.2** | (0.5) | **-** | (0.1) | (0.1) |
| (Increase)/decrease in trade and other receivables | | **(20.3)** | (1.5) | **2.2** | 17.2 | (41.1) |
| (Increase)/decrease in security deposits | | **(14.6)** | 0.4 | **(12.4)** | 0.9 | (1.7) |
| Decrease/(increase) in trade and other payables | | **8.5** | (0.6) | **(4.7)** | (13.9) | 65.4 |
| Effects of foreign exchange | | **(0.1)** | 1.5 | **(0.2)** | 1.3 | 1.1 |
| | | **1.8** | 35.5 | **43.4** | 79.2 | 148.7 |
| Interest received | | **0.1** | 0.1 | **0.1** | 0.1 | 0.2 |
| Interest paid | | **(17.4)** | (29.0) | **(18.3)** | (30.3) | (46.8) |
| Exceptional finance costs | | **-** | (23.1) | **-** | (23.1) | (23.5) |
| | | **(17.3)** | (52.0) | **(18.2)** | (53.3) | (70.1) |
| Income tax paid | | **-** | (0.1) | **(0.1)** | (0.2) | (0.3) |
| **Net cash flows (used in)/from operating activities** | | **(15.5)** | (16.6) | **25.1** | 25.7 | 78.3 |
| **Investing activities** | | | | | | |
| Purchase of property, plant and equipment | | **(19.7)** | (24.9) | **(44.5)** | (45.3) | (62.4) |
| Purchase of intangible assets | | **(27.5)** | (30.4) | **(60.8)** | (56.9) | (110.7) |
| Proceeds from sale of intangible assets | | **42.5** | 35.7 | **69.1** | 55.4 | 91.1 |
| Return on other non-current financial assets | | **-** | - | **-** | - | 0.1 |
| Disposal of subsidiary, net of cash disposed | | **-** | - | **(0.2)** | (0.2) | (0.2) |
| Dividends received from associates | | **-** | - | **0.1** | - | - |
| Interest received from associates | | **-** | - | **0.5** | 0.2 | 0.2 |
| Acquisition of subsidiaries | | **-** | (0.8) | **(1.1)** | (3.1) | (3.1) |
| **Net cash flows used in investing activities** | | **(4.7)** | (20.4) | **(36.9)** | (49.9) | (85.0) |
| **Financing activities** | | | | | | |
| Proceeds from issue of borrowings | | **17.8** | 578.9 | **44.7** | 590.5 | 598.7 |
| Repayment of borrowings | | **(11.2)** | (508.0) | **(11.2)** | (508.7) | (547.1) |
| Close out of foreign exchange forward contracts | | **-** | - | **-** | - | 29.4 |
| Dividend paid to parent undertaking | | **-** | (60.0) | **-** | (60.0) | (60.0) |
| Issue costs of new long term loans | | **-** | (7.4) | **(1.0)** | (8.1) | (11.8) |
| **Net cash flows from financing activities** | | **6.6** | 3.5 | **32.5** | 13.7 | 9.2 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(13.6)** | (33.5) | **20.7** | (10.5) | 2.5 |
| Net foreign exchange difference | | **0.3** | 1.7 | **0.6** | 3.9 | 3.6 |
| Cash and cash equivalents at period start | 12 | **160.9** | 145.4 | **126.3** | 120.2 | 120.2 |
| **Cash and cash equivalents at period end** | 12 | **147.6** | 113.6 | **147.6** | 113.6 | 126.3 |

## 1 BASIS OF PREPARATION

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

The accounting policies applied by the Group in these condensed interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2018 except for the adoption of new standards effective as of 1 April 2018.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments that require restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are described below and further detailed in note 22.

**IFRS 15 *Revenue from Contracts with Customers***

The Group adopted IFRS 15 using the full retrospective method of adoption and the standard is applicable for the Group from 1 April 2018. For the vast majority of the Group's revenue the application of IFRS 15 has no impact on its revenue recognition practices with only the following areas affected:

(a) Principal versus agent considerations

For certain variable price Power Purchase Agreements (PPAs) with renewable generators both Energia and Power NI are deemed to be acting as an agent and therefore revenue is now accounted for on a net basis for these PPAs.

There is no impact in the consolidated balance sheet as at 31 March 2018. The consolidated income statement for the year ended 31 March 2018 and the six months ended 30 September 2017 was restated resulting in decreases in both revenue and operating costs amounting to £9.4m and £4.4m respectively.

(b) Incremental contract costs

The accounting for the incremental costs of obtaining a contract within the Energia supply business has changed with these costs now being capitalised and amortised on a basis that reflects the transfer of goods or services to the customer.

The consolidated balance sheet as at 31 March 2018 was restated, resulting in recognition of contract assets amounting to £5.1m and an increase in retained earnings and foreign currency reserve amounting to £4.7m and £0.4m respectively. The consolidated income statement for the year ended 31 March 2018 was also restated, resulting in a decrease in operating costs amounting to £3.7m and an increase in amortisation of intangible assets amounting to £3.2m.

The consolidated balance sheet as at 30 September 2017 was also restated, resulting in recognition of contract assets amounting to £4.9m and an increase in retained earnings and foreign currency reserve amounting to £4.4m and £0.5m. The consolidated income statement for the six months ended 30 September 2017 was restated, resulting in a decrease in operating costs amounting to £1.8m and an increase in amortisation of intangible assets amounting to £1.6m.

(c) Other

Income in relation to the reimbursement of costs associated with the administration of the Northern Ireland Sustainable Energy Programme (NISEP) within Power NI has been netted with the corresponding operating costs.

There is no impact in the consolidated balance sheet as at 31 March 2018. The consolidated income statement for the year ended 31 March 2018 and the six months ended 30 September 2017 was restated resulting in decreases in both revenue and operating costs amounting to £1.1m and £0.3m respectively.

1. BASIS OF PREPARATION (continued)

**IFRS 9 *Financial Instruments***

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and the Group adopted IFRS 9 on 1 April 2018 with the main impact to the Group being as follows:

(a) Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach with the main impact for the Group being in relation to trade receivables.

For Trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. There is no material impact in the consolidated balance sheet as at 31 March 2018.

(b) Hedge accounting

The Group applied hedge accounting prospectively. At the date of the initial application of 1 April 2018 all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Additionally adoption of IFRS 9 hedge accounting enables the Group to achieve hedge accounting for gas as a proxy to SMP prospectively from 1 April 2018. There is no impact in the consolidated balance sheet as at 31 March 2018.

## 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 wind generation assets and a bioenergy plant under construction;
- 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 2019 Unaudited £m** | Restated Second Quarter 2018 Unaudited £m | **First Half 2019 Unaudited £m** | Restated First Half 2018 Unaudited £m | Restated Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|
| Energia Group (excluding renewable assets) | **312.4** | 235.0 | **592.5** | 442.5 | 1,096.9 |
| Energia renewable assets | **8.0** | 6.4 | **15.9** | 12.8 | 35.0 |
| Power NI | **81.5** | 68.0 | **161.0** | 137.2 | 334.5 |
| PPB | **29.8** | 33.7 | **60.5** | 62.4 | 125.6 |
| Inter-group eliminations | **(9.6)** | (6.5) | **(16.5)** | (14.1) | (37.0) |
| **Group** | **422.1** | 336.6 | **813.4** | 640.8 | 1,555.0 |
| Adjustment for (under)/over recovery | **(3.2)** | 5.8 | **(1.6)** | 14.3 | (4.3) |
| **Total** | **418.9** | 342.4 | **811.8** | 655.1 | 1,550.7 |

The adjustment for (under)/over 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 2019 Unaudited £m | Restated Second Quarter 2018 Unaudited £m | First Half 2019 Unaudited £m | Restated First Half 2018 Unaudited £m | Restated Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|
| **Segment Pro-Forma EBITDA** | | | | | |
| Energia Group (excluding renewable assets) | 16.2 | 17.6 | 30.2 | 32.4 | 61.4 |
| Energia renewable assets | 5.2 | 4.3 | 10.5 | 8.8 | 27.6 |
| Power NI | 9.4 | 8.2 | 17.9 | 17.0 | 35.1 |
| PPB | 0.2 | 0.5 | 0.7 | 1.4 | 5.9 |
| Other | 0.5 | - | 0.5 | 0.2 | 0.8 |
| **Group Pro-Forma EBITDA** | 31.5 | 30.6 | 59.8 | 59.8 | 130.8 |
| Adjustment for (under)/over-recovery | (3.2) | 5.8 | (1.6) | 14.3 | (4.3) |
| **Group EBITDA** | 28.3 | 36.4 | 58.2 | 74.1 | 126.5 |
| **Depreciation/amortisation** | | | | | |
| Energia Group (excluding renewable assets) | (5.2) | (5.1) | (9.8) | (9.9) | (19.4) |
| Energia renewable assets | (4.0) | (3.6) | (8.0) | (7.1) | (14.7) |
| Power NI | (0.2) | (0.4) | (0.4) | (0.8) | (1.2) |
| Other | (0.1) | (0.2) | (0.3) | (0.3) | (0.6) |
| **Group depreciation and amortisation** | (9.5) | (9.3) | (18.5) | (18.1) | (35.9) |
| **Operating profit pre exceptional items and certain remeasurements** | | | | | |
| Energia Group (excluding renewable assets) | 11.0 | 12.5 | 20.4 | 22.5 | 42.0 |
| Energia renewable assets | 1.2 | 0.7 | 2.5 | 1.7 | 12.9 |
| Power NI | 9.2 | 7.8 | 17.5 | 16.2 | 33.9 |
| PPB | 0.2 | 0.5 | 0.7 | 1.4 | 5.9 |
| Other | 0.4 | (0.2) | 0.2 | (0.1) | 0.2 |
| **Group Pro-Forma operating profit** | 22.0 | 21.3 | 41.3 | 41.7 | 94.9 |
| Adjustment for (under)/over-recovery | (3.2) | 5.8 | (1.6) | 14.3 | (4.3) |
| **Operating profit pre exceptional items and certain remeasurements** | 18.8 | 27.1 | 39.7 | 56.0 | 90.6 |
| **Exceptional items and certain remeasurements** | | | | | |
| Energia Group (excluding renewable assets) | 10.9 | 3.1 | 22.5 | 0.6 | (119.0) |
| Energia renewable assets | - | - | - | - | 0.3 |
| Power NI | 2.7 | - | 6.8 | - | 0.9 |
| Other | - | - | - | (0.1) | (0.1) |
| **Group operating profit post-exceptional items and certain remeasurements** | 32.4 | 30.2 | 69.0 | 56.5 | (27.3) |
| Finance cost | (8.2) | (42.5) | (16.0) | (50.6) | (70.1) |
| Finance income | 0.3 | 0.3 | 0.6 | 0.5 | 1.1 |
| | (7.9) | (42.2) | (15.4) | (50.1) | (69.0) |
| Share of loss in associates | (0.3) | (0.4) | (0.8) | (0.7) | (0.6) |
| **Profit/(loss) on ordinary activities before tax** | 24.2 | (12.4) | 52.8 | 5.7 | (96.9) |

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

| | Second Quarter 2019 Unaudited £m | Restated Second Quarter 2018 Unaudited £m | First Half 2019 Unaudited £m | Restated First Half 2018 Unaudited £m | Restated Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|
| **Types of goods or services:** | | | | | |
| Supply of electricity and gas | **295.5** | 224.0 | **570.5** | 434.9 | 1,105.7 |
| Electricity generation | **136.0** | 118.7 | **258.8** | 218.9 | 485.1 |
| Other | **0.3** | 0.4 | **0.7** | 1.1 | 1.2 |
| Inter-group elimination | **(9.7)** | (6.5) | **(16.6)** | (14.1) | (37.0) |
| **Group** | **422.1** | 336.6 | **813.4** | 640.8 | 1,555.0 |
| Adjustment for (under)/over-recovery | **(3.2)** | 5.8 | **(1.6)** | 14.3 | (4.3) |
| **Total** | **418.9** | 342.4 | **811.8** | 655.1 | 1,550.7 |
| **Geographic information:** | | | | | |
| UK | **184.2** | 148.4 | **354.5** | 292.1 | 684.0 |
| ROI | **234.7** | 193.8 | **457.3** | 363.0 | 866.7 |
| **Total** | **418.9** | 342.2 | **811.8** | 655.1 | 1,550.7 |

## 4. OPERATING COSTS

| | Second Quarter 2019 Unaudited £m | Restated Second Quarter 2018 Unaudited £m | First Half 2019 Unaudited £m | Restated First Half 2018 Unaudited £m | Restated Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|
| Operating costs are analysed as follows: | | | | | |
| Energy costs | **369.9** | 286.7 | **710.9** | 544.1 | 1,351.4 |
| Employee costs | **7.9** | 7.5 | **15.7** | 14.3 | 28.7 |
| Depreciation, amortisation and impairment | **9.5** | 9.3 | **18.5** | 18.1 | 35.9 |
| Other operating charges | **12.8** | 11.8 | **27.0** | 22.6 | 44.1 |
| **Total pre exceptional items and certain remeasurements** | **400.1** | 315.3 | **772.1** | 599.1 | 1,460.1 |
| *Exceptional costs and certain remeasurements:* | | | | | |
| Energy income | **(13.7)** | (3.3) | **(29.6)** | (0.8) | (5.4) |
| Depreciation, amortisation & impairment | **-** | - | **-** | - | 124.2 |
| Other operating charges/(income) | **0.1** | 0.2 | **0.3** | 0.3 | (0.9) |
| **Total exceptional costs and certain remeasurements** | **(13.6)** | (3.1) | **(29.3)** | (0.5) | 117.9 |
| **Total operating costs** | **386.5** | 312.2 | **742.8** | 598.6 | 1,578.0 |

## 4. OPERATING COSTS (continued)

### 4.1 Depreciation, amortisation and impairment

| | Second Quarter 2019 Unaudited £m | Restated Second Quarter 2018 Unaudited £m | First Half 2019 Unaudited £m | Restated First Half 2018 Unaudited £m | Restated Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|
| Depreciation | 8.4 | 7.8 | 16.2 | 15.0 | 30.0 |
| Associated release of contributions in respect of property plant & equipment | - | - | - | (0.1) | - |
| Amortisation of intangible assets | 1.1 | 1.5 | 2.3 | 3.2 | 5.9 |
| **Total pre-exceptional items** | 9.5 | 9.3 | 18.5 | 18.1 | 35.9 |
| Impairment of property, plant & equipment | - | - | - | - | 124.2 |
| **Total depreciation, amortisation and impairment** | 9.5 | 9.3 | 18.5 | 18.1 | 160.1 |

## 5. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

| | **Second Quarter 2019 Unaudited £m** | Second Quarter 2018 Unaudited £m | **First Half 2019 Unaudited £m** | First Half 2018 Unaudited £m | Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|
| **Exceptional items in arriving at profit from continuing operations:** | | | | | |
| Acquisition costs[1] | **-** | (0.2) | **(0.2)** | (0.3) | - |
| Exceptional finance costs | **-** | (28.3) | **-** | (28.3) | (28.3) |
| Impairment of property, plant & equipment | **-** | - | **-** | - | (124.2) |
| | **-** | (28.5) | **(0.2)** | (28.6) | (152.5) |
| **Certain remeasurements in arriving at profit** | | | | | |
| Net profit on derivatives at fair value through operating costs[2] | **13.6** | 3.3 | **29.5** | 0.8 | 6.3 |
| Net profit on derivatives at fair value through finance costs | **-** | 0.6 | **-** | 5.9 | 5.9 |
| | **13.6** | 3.9 | **29.5** | 6.7 | 12.2 |
| **Exceptional items and certain remeasurements before taxation** | **13.6** | (24.6) | **29.3** | (21.9) | (140.3) |
| Taxation on exceptional items and certain remeasurements | **(0.2)** | (0.4) | **(2.4)** | (0.1) | 14.6 |
| **Exceptional items and certain remeasurements after taxation** | **13.4** | (25.0) | **26.9** | (22.0) | (125.7) |

[1] Exceptional acquisition costs for First Half 2019 of £0.2m (2018 - £0.3m) relate to costs associated with acquisitions whether successful or unsuccessful.

[3] Net profit on derivatives at fair value through operating costs for Second Quarter 2019 of £13.6m (2018 – £3.3m) and for First Half 2019 of £29.5m (2018 - £0.8m) primarily relates to fair value movements in commodity swap contracts and foreign exchange forward contracts relating to commodity purchases.

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

| | **Second Quarter 2019 Unaudited £m** | Second Quarter 2018 Unaudited £m | **First Half 2019 Unaudited £m** | First Half 2018 Unaudited £m | Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|
| Impairment of property, plant & equipment | | - | | - | 15.5 |
| Fair valued derivatives through profit & loss | **(0.2)** | (0.4) | **(2.4)** | (0.1) | (0.9) |
| | **(0.2)** | (0.4) | **(2.4)** | (0.1) | 14.6 |

## 6. FINANCE COSTS/INCOME

| | Results before exceptional items and certain remeasure-ments Second Quarter 2019 Unaudited £m | Exceptional items and certain remeasure-ments Second Quarter 2019 Unaudited £m | Total Second Quarter 2019 Unaudited £m | 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 |
|---|---|---|---|---|---|---|
| **Finance costs** | | | | | | |
| Interest on external bank loans and borrowings | (3.5) | - | (3.5) | (3.4) | - | (3.4) |
| Interest on senior secured notes | (5.8) | - | (5.8) | (9.5) | - | (9.5) |
| **Total interest expense** | (9.3) | - | (9.3) | (12.9) | - | (12.9) |
| Amortisation of financing charges | (0.5) | - | (0.5) | (0.6) | (4.8) | (5.4) |
| Unwinding of discount on decommissioning provision | - | - | - | (0.1) | - | (0.1) |
| Unwinding of discount on contingent liabilities | (0.5) | - | (0.5) | (0.4) | - | (0.4) |
| Other finance charges | (0.1) | - | (0.1) | - | (23.5) | (23.5) |
| **Total other finance charges** | (1.1) | - | (1.1) | (1.1) | (28.3) | (29.4) |
| Net exchange gain/(loss) on net foreign currency borrowings | 1.3 | - | 1.3 | (0.9) | - | (0.9) |
| Net gain on financial instruments at fair value through profit or loss | - | - | - | - | 0.6 | 0.6 |
| Less interest capitalised in qualifying asset | 0.9 | - | 0.9 | 0.1 | - | 0.1 |
| **Total finance costs** | (8.2) | - | (8.2) | (14.8) | (27.7) | (42.5) |
| **Finance income** | | | | | | |
| Interest income on loans to an associate | 0.3 | - | 0.3 | 0.3 | - | 0.3 |
| **Total finance income** | 0.3 | - | 0.3 | 0.3 | - | 0.3 |

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in Second Quarter 2019 was 4.5% (2018 – 4.3%).

## 6. FINANCE COSTS/INCOME (continued)

**Finance Costs**

| | Results before exceptional items and certain remeasure-ments First Half 2019 Unaudited £m | Exceptional items and certain remeasure-ments First Half 2019 Unaudited £m | Total First Half 2019 Unaudited £m | 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 Year ended 31 March 2018 Audited £m | Exceptional items and certain remeasure-ments Year ended 31 March 2018 Audited £m | Total 2018 Audited £m |
|---|---|---|---|---|---|---|---|---|---|
| **Finance costs** | | | | | | | | | |
| Interest on external bank loans and borrowings | (6.7) | - | (6.7) | (6.4) | - | (6.4) | (12.8) | - | (12.8) |
| Interest on senior secured notes | (11.5) | - | (11.5) | (19.1) | - | (19.1) | (30.7) | - | (30.7) |
| **Total interest expense** | (18.2) | - | (18.2) | (25.5) | - | (25.5) | (43.5) | - | (43.5) |
| Amortisation of financing charges | (1.0) | - | (1.0) | (1.1) | (4.8) | (5.9) | (2.1) | (4.8) | (6.9) |
| Unwinding of discount on decommissioning provision | (0.1) | - | (0.1) | (0.2) | - | (0.2) | (0.2) | - | (0.2) |
| Unwinding of discount on contingent liabilities | (0.9) | - | (0.9) | (0.8) | - | (0.8) | (1.4) | - | (1.4) |
| Unwinding of discount on shareholder loan | - | - | - | - | - | - | (0.2) | (23.5) | (23.7) |
| Other finance charges | (0.1) | - | (0.1) | (0.1) | (23.5) | (23.6) | - | - | - |
| **Total other finance charges** | (2.1) | - | (2.1) | (2.2) | (28.3) | (30.5) | (3.9) | (28.3) | (32.2) |
| Net exchange gain/(loss) on net foreign currency borrowings | 2.9 | - | 2.9 | (0.7) | - | (0.7) | (1.8) | - | (1.8) |
| Net gain on financial instruments at fair value through profit or loss | - | - | - | - | 5.9 | 5.9 | - | 5.9 | 5.9 |
| Less interest capitalised in qualifying asset | 1.4 | - | 1.4 | 0.2 | - | 0.2 | 1.5 | - | 1.5 |
| **Total finance costs** | (16.0) | - | (16.0) | (28.2) | (22.4) | (50.6) | (47.7) | (22.4) | (70.1) |
| **Finance income** | | | | | | | | | |
| Interest income on loans to associates | 0.5 | - | 0.5 | 0.5 | - | 0.5 | 1.0 | - | 1.0 |
| Interest income on bank deposits | 0.1 | - | 0.1 | - | - | - | 0.1 | - | 0.1 |
| **Total finance income** | 0.6 | - | 0.6 | 0.5 | - | 0.5 | 1.1 | - | 1.1 |

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in First Half 2019 was 4.1% (2018 – 4.4%).

## 7. INCOME TAX

The major components of the tax credit/(charge) for the periods ended 30 September 2018, 30 September 2017 and 31 March 2018 are:

| | Results before exceptional items and certain remeasure-ments Second Quarter 2019 Unaudited £m | Exceptional items and certain remeasure-ments Second Quarter 2019 Unaudited £m | Total Second Quarter 2019 Unaudited £m | 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 |
|---|---|---|---|---|---|---|
| **Current tax:** | | | | | | |
| Current tax (charge)/credit | - | (0.2) | (0.2) | 0.5 | (0.4) | 0.1 |
| Total current tax (charge)/credit | - | (0.2) | (0.2) | 0.5 | (0.4) | 0.1 |
| **Deferred tax:** | | | | | | |
| Adjustments in respect of current year | (1.4) | - | (1.4) | - | - | - |
| Total deferred tax | (1.4) | - | (1.4) | - | - | - |
| **Total taxation (charge)/credit** | (1.4) | (0.2) | (1.6) | 0.5 | (0.4) | 0.1 |

## 7. INCOME TAX (continued)

| | Results before exceptional items and certain remeasure-ments First Half 2019 Unaudited £m | Exceptional items and certain remeasure-ments First Half 2019 Unaudited £m | Total First Half 2019 Unaudited £m | 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 Year ended 31 March 2018 Audited £m | Exceptional items and certain remeasure-ments Year ended 31 March 2018 Audited £m | Total Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|---|---|---|---|
| **Current tax:** | | | | | | | | | |
| Current tax credit/(charge) | 2.0 | (2.4) | (0.4) | (0.6) | (0.1) | (0.7) | 0.1 | (0.9) | (0.8) |
| Total current tax credit/(charge) | 2.0 | (2.4) | (0.4) | (0.6) | (0.1) | (0.7) | (0.1) | (0.9) | (0.8) |
| **Deferred tax:** | | | | | | | | | |
| Adjustments in respect of current year | (4.2) | - | (4.2) | (0.1) | - | (0.1) | (3.7) | 15.5 | 11.8 |
| Adjustments in respect of prior years | - | - | - | - | - | - | (0.4) | - | (0.4) |
| Total deferred tax | (4.2) | - | (4.2) | (0.1) | - | (0.1) | (4.1) | 15.5 | 11.4 |
| **Total taxation charge** | (2.2) | (2.4) | (4.6) | (0.7) | (0.1) | (0.8) | (4.0) | 14.6 | 10.6 |

## 8. CAPITAL EXPENDITURE

| | Capital additions to property, plant and equipment | | | | |
|---|---|---|---|---|---|
| | **Second Quarter 2019 Unaudited £m** | Second Quarter 2018 Unaudited £m | **First Half 2019 Unaudited £m** | First Half 2018 Unaudited £m | Year ended 31 March 2018 Audited £m |
| Energia Group (excluding renewable assets) | **0.1** | 1.6 | **3.6** | 1.7 | 0.6 |
| Energia renewable assets | **9.9** | 25.3 | **38.7** | 38.6 | 60.7 |
| Other | **0.2** | - | **0.2** | 0.3 | 0.6 |
| **Total** | **10.2** | 26.9 | **42.5** | 40.6 | 61.9 |

| | Capital additions to intangible assets | | | | |
|---|---|---|---|---|---|
| | **Second Quarter 2019 Unaudited £m** | Restated Second Quarter 2018 Unaudited £m | **First Half 2019 Unaudited £m** | Restated First Half 2018 Unaudited £m | Restated Year ended 31 March 2018 Audited £m |
| Energia Group (excluding renewable assets) | **11.7** | 10.6 | **21.6** | 23.1 | 57.3 |
| Power NI | **17.7** | 15.0 | **35.5** | 27.9 | 60.1 |
| Other | **0.6** | 0.1 | **1.0** | 0.1 | 1.1 |
| **Total** | **30.0** | 25.7 | **58.1** | 51.1 | 118.5 |

## 9. OTHER FINANCIAL ASSETS

| | **30 September 2018 Unaudited £m** | 30 September 2017 Unaudited £m | 31 March 2018 Audited £m |
|---|---|---|---|
| *Loans and receivables:* | | | |
| Security deposits | **16.5** | 1.5 | 4.1 |
| Short term managed funds | **1.3** | 1.3 | 1.3 |
| Total loans and receivables | **17.8** | 2.8 | 5.4 |
| *Financial instruments held to maturity:* | | | |
| Viridian Growth Fund | **-** | 0.1 | - |
| **Total other financial assets** | **-** | 2.9 | 5.4 |
| **Total non-current** | **-** | 0.1 | - |
| **Total current** | **17.8** | 2.8 | 5.4 |

## 10. BUSINESS COMBINATIONS AND DISPOSALS

**Acquisitions in 2019**

In May 2018, the Group acquired 100% of the shares of CEHL (Dublin) Bioenergy Limited together with its subsidiary Huntstown Bioenergy Limited (Huntstown AD), an anaerobic digestion company in North Dublin. The total consideration for the acquisition was £0.5m cash and £2.3m discounted contingent consideration (£2.6m undiscounted).

The acquisition contributes 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 Huntstown AD as at the date of acquisition were:

| | **Fair value recognised on acquisition £m** |
|---|---|
| *Assets* | |
| Property, plant and equipment | 0.7 |
| Intangible assets | 0.1 |
| Other receivables | 0.2 |
| | 1.0 |
| *Liabilities* | |
| Other payables | (0.8) |
| Other loans and borrowings | - |
| Total identifiable net assets at fair value | 0.2 |
| Intangible assets (development assets) arising on acquisition | 2.6 |
| **Purchase consideration transferred** | 2.8 |
| *Purchase consideration made up of:* | |
| Cash | 0.5 |
| Contingent consideration | 2.3 |
| | 2.8 |
| ***Analysis of cash flows on acquisition:*** | |
| Cash | 0.5 |
| Discharge of liabilities | 0.5 |
| Acquisition costs | 0.1 |
| **Net cash flows on acquisition** | 1.1 |

Transaction costs of £0.2m were expensed in First Half 2019.

Huntstown AD is not operational and is currently under development.

***Contingent consideration***

On the acquisition of Huntstown AD, contingent consideration of £2.3m was recognised and reflects the maximum amount payable, with the minimum amount payable being £nil. Contingent consideration is expected to be paid in 2019/20 when construction and commissioning of the plant is achieved.

## 11. TRADE AND OTHER RECEIVABLES

| | 30 September 2018 Unaudited £m | 30 September 2017 Unaudited £m | 31 March 2018 Audited £m |
|---|---|---|---|
| Trade receivables (including unbilled consumption) | 148.6 | 111.8 | 164.9 |
| Prepayments and accrued income | 26.5 | 17.3 | 22.7 |
| Other receivables | 13.9 | 3.8 | 3.6 |
| | 189.0 | 132.9 | 191.2 |

## 12. CASH AND CASH EQUIVALENTS

| | 30 September 2018 Unaudited £m | 30 September 2017 Unaudited £m | 31 March 2018 Audited £m |
|---|---|---|---|
| Cash at bank and on hand | 42.6 | 39.3 | 38.1 |
| Short−term bank deposits | 105.0 | 74.3 | 88.2 |
| | 147.6 | 113.6 | 126.3 |

## 13. TRADE AND OTHER PAYABLES

| | 30 September 2018 Unaudited £m | 30 September 2017 Unaudited £m | 31 March 2018 Audited £m |
|---|---|---|---|
| Trade creditors | 71.9 | 58.5 | 78.5 |
| Other creditors | 32.1 | 23.1 | 44.5 |
| Amounts owed to associate | 2.1 | 2.0 | 2.4 |
| Payments received on account | 25.4 | 26.8 | 23.5 |
| Tax and social security | 8.5 | 2.2 | 11.7 |
| Accruals | 172.8 | 128.0 | 163.2 |
| | 312.8 | 240.6 | 323.8 |

## 14. FINANCIAL LIABILITIES

| | 30 September 2018 Unaudited £m | 30 September 2017 Unaudited £m | 31 March 2018 Audited £m |
|---|---|---|---|
| ***Current financial liabilities:*** | | | |
| Senior secured notes interest payable | **0.8** | 0.4 | 1.0 |
| Other interest payable | **1.0** | 0.1 | 0.7 |
| Project financed bank facilities (NI) | **8.4** | 7.0 | 6.2 |
| Project financed bank facilities (RoI) | **11.2** | 10.4 | 10.5 |
| Project financed interest accruals | **0.3** | 0.2 | 0.4 |
| Contingent consideration | **19.2** | 2.5 | 18.5 |
| Other payables | **3.6** | - | 3.5 |
| ***Total current financial liabilities*** | **44.5** | 20.6 | 40.8 |
| ***Non-current financial liabilities:*** | | | |
| Senior secured notes €350m (2025) | **306.7** | 302.6 | 301.6 |
| Senior secured notes £225m (2024) | **221.4** | 220.8 | 221.1 |
| Project financed bank facilities (NI) | **181.3** | 142.9 | 146.3 |
| Project financed bank facilities (RoI) | **91.9** | 99.0 | 95.2 |
| Contingent consideration | **2.5** | 16.2 | - |
| Other payables | **-** | 3.3 | - |
| **Total non−current financial liabilities** | **803.8** | 784.8 | 764.2 |
| **Total current and non-current financial liabilities** | **848.3** | 805.4 | 805.0 |

The Senior secured notes (2024) are denominated in Sterling £225.0m (Sterling notes) and the Senior secured notes (2025) are denominated in Euro €350.0m (Euro 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 2018, the Group had letters of credit issued out of the Senior revolving credit facility of £123.6m resulting in undrawn committed facilities of £101.4m (30 June 2018 – £111.8m, 31 March 2018 - £109.2m). There were no cash drawings under the Senior revolving credit facility at 30 September 2018 (30 June 2018 - £nil, 31 March 2018 - £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 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 3.71% (2018 – 3.75%) on project financed bank facilities NI and 2.81% (2018 – 2.80%) in the project financed bank facilities RoI.

## 14. FINANCIAL LIABILITIES (continued)

*Contingent consideration*

On acquisition of Cornavarrow, Slieveglass and Teiges, contingent consideration of £14.7m was recognised reflecting the fair value of the maximum amount payable of £17.0m, 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 2018/19. On acquisition of Huntstown AD contingent consideration of £2.3m was recognised and reflects the maximum amount payable, with the minimum amount payable being £nil. Contingent consideration is expected to be paid in 2019/20 when construction and commissioning of the plant is achieved.

*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.

## 15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

**Derivative financial assets**

| *Derivatives at fair value through other comprehensive income* | **30 September 2018 Unaudited £m** | 30 September 2017 Unaudited £m | 31 March 2018 Audited £m |
|---|---|---|---|
| **Cash flow hedges:** | | | |
| Foreign exchange forward contracts | **0.7** | 0.9 | 1.4 |
| Commodity swap contracts | **35.3** | 1.7 | 3.1 |
| Interest rate swap contracts | **3.6** | 3.5 | 2.5 |
| **Total derivatives at fair value through other comprehensive income** | **39.6** | 6.1 | 7.0 |
| *Derivatives at fair value through profit and loss* | | | |
| **Derivatives not designated as hedges:** | | | |
| Foreign exchange forward contracts | **0.5** | 0.2 | 0.1 |
| Commodity swap contracts | **30.8** | 3.6 | 9.2 |
| **Total derivatives at fair value through profit and loss** | **31.3** | 3.8 | 9.3 |
| **Total derivative financial assets** | **70.9** | 9.9 | 16.3 |
| Total non-current | **17.5** | 5.0 | 5.3 |
| Total current | **53.4** | 4.9 | 11.0 |

## 15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

### Derivative financial liabilities

| *Derivatives at fair value through other comprehensive income* | 30 September 2018 Unaudited £m | 30 September 2017 Unaudited £m | 31 March 2018 Audited £m |
|---|---|---|---|
| **Cash flow hedges:** | | | |
| Foreign exchange forward contracts | (1.3) | (3.7) | (1.5) |
| Commodity swap contracts | (16.4) | (0.8) | (0.7) |
| Interest rate swap contracts | (8.6) | (11.7) | (9.6) |
| **Total derivatives at fair value through other comprehensive income** | (26.3) | (16.2) | (11.8) |
| *Derivatives at fair value through profit and loss* | | | |
| **Derivatives not designated as hedges:** | | | |
| Foreign exchange forward contracts | (0.7) | (0.5) | (0.4) |
| Commodity swap contracts | (3.9) | (2.5) | (2.7) |
| **Total derivatives at fair value through profit and loss** | (4.6) | (3.0) | (3.1) |
| **Total derivative financial liabilities** | (30.9) | (19.2) | (14.9) |
| Total non-current | (7.4) | (11.3) | (8.3) |
| Total current | (23.5) | (7.9) | (6.6) |

### FAIR VALUES

As indicated in note 3(d) in the consolidated financial statements for the year ended 31 March 2018, 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 carrying values shown in the balance sheet and their fair value hierarchy is as follows:

| | 30 September 2018 | | 30 September 2017 | | 31 March 2018 | |
|---|---|---|---|---|---|---|
| | 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) | (528.1) | (523.1) | (523.4) | (534.3) | (522.7) | (500.6) |
| **Level 2** | | | | | | |
| ***Non-current assets*** | | | | | | |
| Viridian Growth Fund | - | - | 0.1 | 0.1 | - | - |
| ***Non-current liabilities*** | | | | | | |
| Project financed bank facilities (NI) | (181.3) | (181.3) | (142.9) | (142.9) | (146.3) | (146.3) |
| Project financed bank facilities (ROI) | (92.0) | (92.0) | (99.0) | (99.0) | (95.2) | (95.2) |
| **Level 3** | | | | | | |
| ***Non-current liabilities*** | | | | | | |
| Financial liabilities (contingent consideration) | (2.4) | (2.4) | (16.2) | (16.2) | - | - |
| Other payables | - | - | (3.3) | (3.3) | - | - |
| ***Current liabilities*** | | | | | | |
| Financial liabilities (contingent consideration) | (19.2) | (19.2) | - | - | (18.5) | (18.5) |
| Other payables | (3.6) | (3.6) | - | - | (3.5) | (3.5) |

## 15. 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 £21.6m is estimated to approximate to its fair value determined by using discounted cash flows based on the Company's borrowing rate.

## 16. NOTES TO GROUP CASH FLOW STATEMENT

| | Second Quarter 2019 Unaudited £m | Restated Second Quarter 2018 Unaudited £m | First Half 2019 Unaudited £m | Restated First Half 2018 Unaudited £m | Restated Year ended 31 March 2018 Audited £m |
|---|---|---|---|---|---|
| ***Operating activities*** | | | | | |
| Profit/(loss) before tax from continuing operations | **24.2** | (12.4) | **52.8** | 5.7 | (96.9) |
| *Adjustments to reconcile profit before tax to net cash flows:* | | | | | |
| Depreciation and impairment of property, plant and equipment | **8.4** | 7.8 | **16.2** | 15.0 | 154.2 |
| Amortisation and impairment of intangible assets | **1.1** | 1.5 | **2.3** | 3.2 | 5.9 |
| Amortisation of contributions in respect of property, plant and equipment | **-** | - | **-** | (0.1) | - |
| Derivatives at fair value through income statement | **(13.6)** | (3.9) | **(29.5)** | (6.7) | (12.2) |
| Net finance costs | **7.9** | 14.5 | **15.4** | 27.7 | 46.6 |
| Exceptional finance costs | **-** | 28.3 | **-** | 28.3 | 28.3 |
| Share of loss in associates | **0.3** | 0.4 | **0.8** | 0.7 | 0.6 |
| Acquisition costs | **(0.2)** | - | **-** | - | (0.3) |
| Defined benefit charge less contributions paid | **-** | - | **-** | - | (1.1) |
| Share based payment | **-** | - | **0.5** | - | - |
| ***Cash generated from operations before working capital movements*** | **28.1** | 36.2 | **58.5** | 73.8 | 125.1 |

## 17. 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 | **Total £m** |
|---|---|---|---|---|---|
| **At 1 April 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)** |
| **At 1 April 2017** | 120.2 | 1.4 | (17.6) | (701.2) | (597.2) |
| Net increase in cash and cash equivalents | 2.5 | (0.1) | - | - | 2.4 |
| Proceeds from issue of borrowings | - | - | - | (598.7) | (598.7) |
| Repayment of borrowings | - | - | 14.0 | 533.1 | 547.1 |
| Issue costs on new long term loans | - | - | - | 11.8 | 11.8 |
| (Increase)/decrease in interest accruals | - | - | 1.9 | - | 1.9 |
| Amortisation | - | - | (0.6) | (6.3) | (6.9) |
| Reclassifications | - | - | (16.2) | 16.2 | - |
| Translation difference | 3.6 | - | (0.3) | (19.1) | (15.8) |
| **At 31 March 2018** | 126.3 | 1.3 | (18.8) | (764.2) | (655.4) |
| Net decrease in cash and cash equivalents | 20.7 | - | - | - | 20.7 |
| Proceeds from issue of borrowings | - | - | (5.2) | (39.5) | (44.7) |
| Repayment of borrowings | - | - | 11.2 | - | 11.2 |
| Issue costs on new long term loans | - | - | - | 1.0 | 1.0 |
| Amortisation | - | - | (0.4) | (0.6) | (1.0) |
| Reclassifications | - | - | (8.2) | 8.2 | - |
| Translation difference | 0.6 | - | (0.3) | (6.2) | (5.9) |
| **At 30 September 2018** | **147.6** | **1.3** | **(21.7)** | **(801.3)** | **(674.1)** |

## 18. CAPITAL COMMITMENTS

At 30 September 2018 the Group had contracted future capital expenditure in respect of tangible fixed assets of £3.4m (30 September 2017 - £40.6m).

## 19. DISTRIBUTIONS MADE AND PROPOSED

No dividends have been paid or proposed for the First Half 2019 (2018 - £60.0m).

## 20. RELATED PARTY TRANSACTIONS

The nature and type of related party transactions for the Second Quarter 2019 and First Half 2019 do not differ significantly from those in the consolidated financial statements for the year ended 31 March 2018.

## 21. 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.

## 22. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

Analysis of IFRS adjustments to the Group Balance Sheet at 31 March 2017

| ASSETS | 31 March 2017 Audited £m | IFRS adjustments £m | Restated 31 March 2017 Audited £m |
|---|---|---|---|
| ***Non-current assets:*** | | | |
| Property, plant and equipment | 497.9 | - | 497.9 |
| Intangible assets | 552.6 | 4.5 | 557.1 |
| Investment in associates | 6.2 | - | 6.2 |
| Derivative financial instruments | 20.0 | - | 20.0 |
| Other non-current financial assets | 0.1 | - | 0.1 |
| Deferred tax assets | 27.3 | - | 27.3 |
| | 1,104.1 | 4.5 | 1,108.6 |
| ***Current assets:*** | | | |
| Inventories | 4.8 | - | 4.8 |
| Trade and other receivables | 150.1 | - | 150.1 |
| Derivative financial instruments | 10.1 | - | 10.1 |
| Other current financial assets | 3.8 | - | 3.8 |
| Cash and cash equivalents | 120.2 | - | 120.2 |
| | 289.0 | - | 289.0 |
| **TOTAL ASSETS** | 1,393.1 | 4.5 | 1,397.6 |
| **LIABILITIES** | | | |
| ***Current liabilities:*** | | | |
| Trade and other payables | (262.2) | - | (262.2) |
| Income tax payable | (1.7) | - | (1.7) |
| Financial liabilities | (17.6) | - | (17.6) |
| Derivative financial instruments | (9.6) | - | (9.6) |
| | (291.1) | - | (291.1) |
| ***Non-current liabilities:*** | | | |
| Financial liabilities | (717.7) | - | (717.7) |
| Derivative financial instruments | (11.4) | - | (11.4) |
| Net employee defined benefit liabilities | - | - | - |
| Deferred tax liabilities | (16.8) | - | (16.8) |
| Provisions | (11.4) | - | (11.4) |
| | (757.3) | - | (757.3) |
| **TOTAL LIABILITIES** | (1,048.4) | - | (1,048.4) |
| **NET ASSETS** | 344.7 | 4.5 | 349.2 |
| **Equity** | | | |
| Share capital | - | - | - |
| Share premium | 660.6 | - | 660.6 |
| Retained earnings | (401.7) | 4.2 | (397.5) |
| Capital contribution reserve | 161.5 | - | 161.5 |
| Hedge reserve | (13.9) | - | (13.9) |
| Foreign currency translation reserve | (61.8) | 0.3 | (61.5) |
| **TOTAL EQUITY** | 344.7 | 4.5 | 349.2 |

## 22. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

Analysis of IFRS adjustments to the Group Balance Sheet at 30 September 2017

| ASSETS | 30 September 2017 Unaudited £m | IFRS adjustments £m | Restated 30 September 2017 Unaudited £m |
|---|---|---|---|
| ***Non-current assets:*** | | | |
| Property, plant and equipment | **532.2** | - | 532.2 |
| Intangible assets | **553.9** | 4.9 | 558.8 |
| Investment in associates | **6.1** | - | 6.1 |
| Derivative financial instruments | **5.0** | - | 5.0 |
| Other non-current financial assets | **0.1** | - | 0.1 |
| Deferred tax assets | **26.9** | - | 26.9 |
| | **1,124.2** | 4.9 | 1,129.1 |
| ***Current assets:*** | | | |
| Inventories | **4.9** | - | 4.9 |
| Trade and other receivables | **132.9** | - | 132.9 |
| Derivative financial instruments | **4.9** | - | 4.9 |
| Other current financial assets | **2.8** | - | 2.8 |
| Cash and cash equivalents | **113.6** | - | 113.6 |
| | **259.1** | - | 259.1 |
| **TOTAL ASSETS** | **1,383.3** | 4.9 | 1,388.2 |
| **LIABILITIES** | | | |
| ***Current liabilities:*** | | | |
| Trade and other payables | **(240.6)** | - | (240.6) |
| Income tax payable | **(2.3)** | - | (2.3) |
| Financial liabilities | **(20.6)** | - | (20.6) |
| Derivative financial instruments | **(7.9)** | - | (7.9) |
| Deferred income | **-** | - | - |
| | **(271.4)** | - | (271.4) |
| ***Non-current liabilities:*** | | | |
| Financial liabilities | **(784.8)** | - | (784.8) |
| Derivative financial instruments | **(11.3)** | - | (11.3) |
| Net employee defined benefit liabilities | **-** | - | - |
| Deferred tax liabilities | **(16.5)** | - | (16.5) |
| Provisions | **(12.5)** | - | (12.5) |
| | **(825.1)** | - | (825.1) |
| **TOTAL LIABILITIES** | **(1,096.5)** | - | (1,096.5) |
| **NET ASSETS** | **286.8** | 4.9 | 291.7 |
| **Equity** | | | |
| Share capital | **-** | - | - |
| Share premium | **660.6** | - | 660.6 |
| Retained earnings | **(396.9)** | 4.4 | (392.5) |
| Capital contribution reserve | **101.5** | - | 101.5 |
| Hedge reserve | **(9.4)** | - | (9.4) |
| Foreign currency translation reserve | **(69.0)** | 0.5 | (68.5) |
| **TOTAL EQUITY** | **286.8** | 4.9 | 291.7 |

## 22. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

Analysis of IFRS adjustments to the Group Balance Sheet at 31 March 2018

| ASSETS | 31 March 2018 Audited £m | IFRS adjustments £m | Restated 31 March 2018 Audited £m |
|---|---|---|---|
| ***Non-current assets:*** | | | |
| Property, plant and equipment | 415.1 | - | 415.1 |
| Intangible assets | 573.1 | 5.1 | 578.2 |
| Investment in associates | 6.7 | - | 6.7 |
| Derivative financial instruments | 5.3 | - | 5.3 |
| Other non-current financial assets | - | - | - |
| Deferred tax assets | 27.3 | - | 27.3 |
| | 1,027.5 | 5.1 | 1,032.6 |
| ***Current assets:*** | | | |
| Inventories | 4.9 | - | 4.9 |
| Trade and other receivables | 191.2 | - | 191.2 |
| Derivative financial instruments | 11.0 | - | 11.0 |
| Other current financial assets | 5.4 | - | 5.4 |
| Cash and cash equivalents | 126.3 | - | 126.3 |
| | 338.8 | - | 338.8 |
| **TOTAL ASSETS** | 1,366.3 | 5.1 | 1,371.4 |
| | | | |
| **LIABILITIES** | | | |
| ***Current liabilities:*** | | | |
| Trade and other payables | (323.8) | - | (323.8) |
| Income tax payable | (2.3) | - | (2.3) |
| Financial liabilities | (40.8) | - | (40.8) |
| Derivative financial instruments | (6.6) | - | (6.6) |
| Deferred income | - | - | - |
| | (373.5) | - | (373.5) |
| ***Non-current liabilities:*** | | | |
| Financial liabilities | (764.2) | - | (764.2) |
| Derivative financial instruments | (8.3) | - | (8.3) |
| Net employee defined benefit liabilities | - | - | - |
| Deferred tax liabilities | (5.9) | - | (5.9) |
| Provisions | (13.1) | - | (13.1) |
| | (791.5) | - | (791.5) |
| **TOTAL LIABILITIES** | (1,165.0) | - | (1,165.0) |
| **NET ASSETS** | 201.3 | 5.1 | 206.4 |
| | | | |
| **Equity** | | | |
| Share capital | - | - | - |
| Share premium | 660.6 | - | 660.6 |
| Retained earnings | (489.4) | 4.7 | (484.7) |
| Capital contribution reserve | 101.5 | - | 101.5 |
| Hedge reserve | (4.8) | - | (4.8) |
| Foreign currency translation reserve | (66.6) | 0.4 | (66.2) |
| **TOTAL EQUITY** | 201.3 | 5.1 | 206.4 |

## 22. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

Group reconciliation of Income Statement for the 6 months ended 30 September 2017

| **Continuing operations** | **Total First Half 2018 Unaudited £m** | IFRS adjustments £m | **Restated Total First Half 2018 Unaudited £m** |
|---|---|---|---|
| Revenue | **659.8** | (4.7) | **655.4** |
| Operating costs | **(603.5)** | 4.9 | **(598.9)** |
| **Operating profit** | **56.3** | 0.2 | **56.5** |
| | | | |
| Finance costs | **(50.6)** | - | **(50.6)** |
| Finance income | **0.5** | - | **0.5** |
| Net finance cost | **(50.1)** | - | **(50.1)** |
| | | | |
| Share of loss in associates | **(0.7)** | - | **(0.7)** |
| | | | |
| Profit before tax | **5.5** | 0.2 | **5.7** |
| | | | |
| Taxation | **(0.8)** | - | **(0.8)** |
| | | | |
| **Profit for the period** | **4.7** | 0.2 | **4.9** |
| | | | |
| **Items that will be reclassified subsequently to profit or loss:** | | | |
| Exchange differences on translation of foreign operations | **(7.2)** | 0.2 | **(7.0)** |
| | | | |
| Net loss on cash flow hedges | **(0.4)** | - | **(0.4)** |
| Transferred loss from equity to income statement on cash flow hedges | **4.5** | - | **4.5** |
| Share of associates net gain on cash flow hedges | **0.2** | - | **0.2** |
| Income tax effect | **0.2** | - | **0.2** |
| | **(4.5)** | - | **(4.5)** |
| | **(2.7)** | 0.2 | **(2.5)** |
| | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Remeasurement loss on defined benefit scheme | **0.1** | - | **0.1** |
| Income tax effect | **-** | - | **-** |
| | **0.1** | - | **0.1** |
| **Other comprehensive expense for the period, net of taxation** | **(2.6)** | 0.2 | **(2.4)** |
| | | | |
| **Total comprehensive income for the period** | **2.1** | 0.4 | **2.5** |

## 22. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

Group reconciliation of Income Statement for the year ended 31 March 2018

| Continuing operations | Total 2018 Audited £m | IFRS adjustments £m | Restated Total 2018 Audited £m |
|---|---|---|---|
| Revenue | 1,561.2 | (10.5) | 1,550.7 |
| Operating costs | (1,589.0) | 11.0 | (1,578.0) |
| **Operating loss** | (27.8) | 0.5 | (27.3) |
| Finance costs | (70.1) | - | (70.1) |
| Finance income | 1.1 | - | 1.1 |
| Net finance cost | (69.0) | - | (69.0) |
| Share of loss in associates | (0.6) | - | (0.6) |
| Loss before tax | (97.4) | 0.5 | (96.9) |
| Taxation | 10.6 | - | 10.6 |
| **Loss for the period** | (86.8) | 0.5 | (86.3) |
| **Items that will be reclassified subsequently to profit or loss:** | | | |
| Exchange differences on translation of foreign operations | (4.8) | 0.1 | (4.7) |
| Net gain on cash flow hedges | 5.3 | - | 5.3 |
| Transferred loss from equity to income statement on cash flow hedges | 4.0 | - | 4.0 |
| Share of associates net gain on cash flow hedges | 0.4 | - | 0.4 |
| Income tax effect | (0.6) | - | (0.6) |
| | 9.1 | - | 9.1 |
| | 4.3 | 0.1 | 4.4 |
| **Items that will not be reclassified to profit or loss:** | | | |
| Remeasurement loss on defined benefit scheme | (1.1) | - | (1.1) |
| Income tax effect | 0.2 | - | 0.2 |
| | (0.9) | - | (0.9) |
| **Other comprehensive income for the period, net of taxation** | 3.4 | 0.1 | 3.5 |
| **Total comprehensive expense for the period** | (83.4) | 0.6 | (82.8) |