**Infinis Energy plc (Symbol: INFI)**
**Half Year Financial Results**
**For the six months ended 30 September 2014**

**Operational excellence - delivering clean, affordable electricity**

Infinis Energy plc (Infinis or the Group), the UK's leading independent generator of renewable power, is pleased to announce its results for the half year ended 30 September 2014.

Eric Machiels, Chief Executive Officer of Infinis, commented:

"This set of results and our first interim dividend continue to demonstrate the strength and stability of our business as a leading generator of renewable power in the UK through a diversified portfolio of landfill gas (LFG), onshore wind and hydro assets.

The strong and predictable performance of our LFG business continues to underpin the Group's excellent cash generation. We are also delivering on our growth commitments in onshore wind with construction work underway at our 43MW A'Chruach Wind Farm in Argyll, Scotland."

**Summary Financial Performance**

| | Six months to 30 Sept 2014 £m | Six months to 30 Sept 2013 £m | Year ended 31 March 2014 £m |
|---|---|---|---|
| Revenue | **105.3** | 107.1 | 242.5 |
| EBITDA before operating exceptional items[1] | **59.1** | 63.9 | 148.4 |
| EBITDA | **59.1** | 53.6 | 109.0 |
| Adjusted net income[2] | **10.5** | 12.8 | 41.0 |
| Profit after tax | **2.0** | 2.4 | (11.8) |
| Net debt to EBITDA before operating exceptional items | **3.8x** | 4.2x | 3.7x |
| Net debt[3] | **549.0** | 521.5 | 547.3 |
| Dividend[4] | **6.1p** | N/A | 6.6p |

**Highlights**

- Revenue of £105.3 million driven by a strong operational performance in our LFG business and an increase in the average selling price (ASP) across the Group, partially offsetting lower wind speeds;
- EBITDA before operating exceptional items[1] of £59.1 million, a fall of £4.8 million, principally driven by below average UK wind speeds;
- Strong balance sheet position with leverage at 3.8 times and cash balances of £77.2 million (as at 31 March 2014: 3.7 times and £81.1 million);

- Delivery of our growth plans with new funding facilities of £52 million in place for the construction of A'Chruach wind farm (43MW) and binding agreements signed to supply turbines, balance of plant services and a 15 year power purchase agreement;
- Work on site has commenced and A'Chruach is expected to be in operation by 31 March 2016;
- Procurement processes have commenced in support of the development and construction of Galawhistle wind farm (up to 55 MW);
- Interim dividend of 6.1p / share (equivalent to £18.3 million).

**Outlook**

- Whilst wind speeds trended below average for the six months to 30 September 2014 compared to the comparative period, we are starting to see more usual weather patterns occur in the United Kingdom;
- Our contracted position for Winter 14 protects our LFG business from power prices falling from current levels. We have continued to contract power prices forward into next financial year in line with our contracting strategy;
- We continue to believe that the medium term fundamentals for Infinis remain strong. The most recent instances of plant shutdowns in the UK only serve to highlight the risks of tightening reserve margins and the impact that may have in supporting power prices going forward;
- We expect to declare a dividend in respect of our full year results in accordance with our stated dividend policy of £55 million per annum increasing at least in line with inflation.

**Forward-looking statements**

Certain statements made in this announcement are forward-looking. These represent expectations for the Group's business, and involve risks and uncertainties. The Group has based these forward-looking statements on current expectations and projections about future events. The Group believes that expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which in some cases are beyond the Group's control, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

[1] In the six months to 30 September 2014 there were no operating exceptional items (six months to 30 September 2013: £10.3 million)
[2] Adjusted net income is net income after adjusting for amortisation and impairment of intangible fixed assets, total exceptional items and tax thereon
[3] Net debt is current and non-current interest bearing loans and borrowings less cash and cash equivalents
[4] Interim dividend FY15 is 6.1p (2013:N/A). For full year FY14 the dividend is from the date of admission to the LSE to the end of the financial year

## Investor Relations

### Conference call

Management will host a presentation for analysts at 9:15am (London BST) today at RBC, Thames Court, One Queenhithe, London EC4V 3DX.

A copy of the presentation will be made available from 8:45am (London BST) on 13th November 2014 on our website www.infinis.com.

The meeting can also be accessed via a conference call.

Details for the call are provided below:

UK Number: +44 (0) 207 192 8000
Pass code: 22594011

### Upcoming investor timetable:

| | Date |
|---|---|
| Ex-dividend date | 20 November 2014 |
| Record date | 21 November 2014 |
| Payment date | 11 December 2014 |
| | |
| Interim Management Statement | 16 February 2015 |

### For further information, please contact:

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## Chairman's Introduction

We have continued to deliver a strong operational performance and we remain well placed to deliver on our commitments made at the time of flotation. We remain committed to paying an attractive dividend to our shareholders and delivering on our growth plans for our onshore wind business. Our developments in Scotland remain on track following the outcome of the Scottish referendum decision which has kept the integrated UK energy market intact.

The Group performed well in the first half of this year with a strong operational performance although, as expected, EBITDA was lower than for the same period last year reflecting the below average wind speeds witnessed across the UK. In line with our dividend policy, shareholders will receive an interim ordinary dividend of 6.1 pence per share in December, equivalent to £18.3 million.

We remain convinced of the important role that onshore wind has to play in UK energy supply. Onshore wind delivers renewable power at affordable prices and, we believe, it has an important role to play in securing the nation's supply of power.

On the A'Chruach wind farm development, we announced on 5 November the signing of binding agreements for the supply of turbines, balance of plant works and the purchase of power under a long term power purchase agreement (PPA). Additionally we have secured funding on attractive terms to fund the construction and operations of this key project. Work has already begun on site, laying the ground works for the project.

The progress on A'Chruach and on other developments such as Galawhistle, combined with continued strong operational performance, positions us well to deliver against expectations in both the short and medium term.

**Ian Marchant**

**Chairman**

**Infinis Energy plc**

## Chief Executive's statement

### Overview

Infinis delivered a strong operational performance for the first six months of this financial year. This translated into solid financial results with revenue and EBITDA of £105.3 million and £59.1 million, both slightly down on the prior period due to below average wind speeds. We have recorded our best health and safety record and maintained high levels of availability (97%) and engine reliability (95%) on our operational wind portfolio and LFG business. Our growth strategy remains on track, with construction beginning on site at A'Chruach and procurement processes underway on Galawhistle.

### Earnings

Our earnings for the six months to 30 September 2014 have benefitted from a better than expected performance from our LFG business. This has in part, but not fully, offset the below average wind speeds that we have experienced for most of the period across our operational wind fleet. EBITDA before operating exceptional items was £59.1 million, a decrease of £4.8 million on the prior year.

### Operations

In the six months to 30 September 2014 we exported 1.14 TWh of electricity. Our LFG business contributed 924 GWh or 81% of the total, a decline in LFG exported power of only 15 GWh (1.6%) on the comparative period. The Wind business contributed 203 GWh (18%) of total exported power in the half year, a decline of 51 GWh on the comparative period. The Hydro business contributed the remaining 1% (14 GWh), an increase of 18% over the comparative period.

The proportion of electricity sold under the Renewable Obligations (RO) regime increased as the migration from the Non-Fossil Fuel Obligations (NFFO) regime to the RO regime continued as planned; 87% of the first six months of LFG production was sold under the RO regime compared with 77% for the year to 31 March 2014. This has resulted in a higher adjusted average selling price (ASP) of £90.14 per MWh compared to £85.80 per MWh. The LFG business now has 12 NFFO contracts remaining. All other LFG, Wind and Hydro contracts are RO contracts.

### Health and safety

Our RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrence Regulations) accident frequency rate dropped from 0.3 to 0.2[1]. As health and safety can only be maintained through continued focus and attention, we work hard to maintain a culture of review and improvement. This excellent performance is testament to the dedication and commitment from our staff and our desire to embed a strong health and safety ethic within the Group.

[1] Reporting of Incidents, Diseases and Dangerous Occurrence Regulations (RIDDOR) reportable incidents/hours worked 12 months to 31 March 2014 compared to the 12 months to 30 September 2014

## Future developments

### Growth plans: focus on onshore wind

Work on the 43MW A'Chruach wind farm project has begun on site. We announced on 5 November 2014 that we had signed binding agreements with Senvion SE to provide turbines and ongoing maintenance arrangements, with RJ Mcleod to provide balance of plant services and AXPO trading AG as the buyer of power under a long term PPA. Funding for the project has been secured with two experienced lenders to the renewables sector on competitive terms. We anticipate energisation to occur in Autumn 2015 and commercial operations to begin by March 2016.

Good progress continues to be made on the Galawhistle wind farm development, with procurement processes underway and pre-construction work in progress. We continue to progress our organic wind development pipeline to deliver our target of commissioning 130 to 150MW of new wind capacity by 31 March 2017.

### Regulatory outlook

The Energy Act received Royal Assent in December 2013 and constitutes a major step in the Government's plans to reform the electricity market whilst delivering on its three stated objectives of decarbonising energy generation, ensuring security of supply and providing affordable power to consumers. The new Contract-for-Difference (CfD) regime will not affect Infinis' existing installed capacity which is fully grandfathered under the RO. The RO scheme remains open for new accreditations until March 2017.

The Department for Energy and Climate Change (DECC) announced in December 2013 that it planned to introduce CfD auctions for established technologies such as onshore wind by the end of 2014. The UK Government has now provided more clarity on the transition arrangements between the RO and the CfD schemes, which were in line with market expectations. In relation to the forthcoming first allocation round for CfDs, the Government has allocated the money available to renewable technologies into three amounts directed to established technologies, less established technologies and biomass conversions. Solar, onshore wind, LFG and hydro all fall into the 'established' category. The budget available for projects commissioning in 2016/17 was slightly larger than anticipated at £300 million (at 2012 prices), allocated as £65 million and £235 million between established and less-established technologies respectively. It is widely expected that the October 2014 allocation round will be settled via a competitive auction, which will work on a pay-as-clear basis (via sealed bids), capped at the administrative strike price of £95/MWh (reducing to £90/MWh if commissioning is after 31 March 2017) with a separate clearing price for each delivery year.

We continue to work with the UK Government through industry associations, participating in consultations and providing direct feedback, to ensure that the revised regulatory framework continues to support onshore wind development, which is the most affordable renewable power source after LFG.

We believe that we are well positioned to continue to contribute to the UK's renewable energy targets under both the RO and CfD schemes due to our proven track record of building plants to budget and our procurement, commercial, operational and financing expertise.

**Market outlook**

The Group continues to lock in power prices through forward contracts in the LFG business in line with our forward contracting strategy. Our contracted position as at 31 October 2014 is summarised in the table below. Winter 14 corresponds to the six month period starting on 1 October 2014 and ending 31 March 2015, Summer 15 and Winter 15 correspond with our financial year ending 31 March 2015.

| **Contracted position (LFG)** | **Winter 14** | | **Summer 15** | | **Winter 15** | |
|---|---|---|---|---|---|---|
| | **% of expected output** | **ASP (£/MWh)** | **% of expected output** | **ASP (£/MWh)** | **% of expected output** | **ASP (£/MWh)** |
| NFFO sales (fixed price) | 7% | £42.99 | 7% | £43.86[1] | 7% | £43.82[1] |
| RO sales (power only) | | | | | | |
| - contracted at fixed prices | 77% | £52.73 | 68% | £48.04 | 38% | £52.48 |
| - contracted at prices yet to fix | 16% | - | 16% | - | 27% | - |
| - uncontracted | - | - | 9% | - | 28% | - |
| **Total[2]** | **100%** | **-** | **100%** | **-** | **100%** | **-** |

[1] NFFO prices for Summer 15 and Winter 15 will be set for each contract using a formula that incorporates the October 2014 RPI value. This index value is due to be published by the Office for National Statistics around mid-November. For the purposes of this report we have assumed that RPI increases by 2.0%.
[2] The Group also benefits from the sale of ROCs, LECs and income from embedded benefits.

The onshore wind and hydro businesses continue to operate under long term PPAs with power prices set predominantly at fixed discounts on a day-ahead basis for onshore wind and fixed prices for hydro.

**Eric Machiels**

**Chief Executive**

**Infinis Energy plc**

## Operating and financial performance

The Group exported 1.14 TWh in the six months to 30 September 2014, a decrease of 64 GWh (5.3%) from 1.20 TWh in the comparative period. Group revenue and Group EBITDA (before operating exceptional items) were £105.3 million and £59.1 million respectively compared to £107.1 million and £63.9 million for the prior period. Group adjusted ASP was higher by £4.34/MWh at £90.14/MWh, an increase of 5.1%. The higher ASP has been driven by the increased percentage of RO revenue with RO exported power contributing 87% of LFG's total exported power in the period. Our operations continued to perform strongly with LFG reliability of 95% and availability from our wind farms of 97%.

| **ASPs[1] (£ per MWh)** | **Six months ended 30 September 2014** | | | | **Six months ended 30 September 2013** | | | |
|---|---|---|---|---|---|---|---|---|
| | **LFG** | **Wind** | **Hydro** | **Group** | LFG | Wind | Hydro | Group |
| Unadjusted ASP | **90.23** | **87.65** | **94.44** | **89.82** | 84.39 | 92.29 | 85.25 | 86.10 |
| Recycled ROC[2] | **0.28** | **0.48** | **0.67** | **0.32** | (0.27) | (0.38) | (0.79) | (0.3) |
| **Adjusted ASP** | **90.51** | **88.13** | **95.11** | **90.14** | 84.12 | 91.91 | 84.46 | 85.80 |

EBITDA before operating exceptional items was £59.1 million compared to £63.9 million in the comparative period. The EBITDA margin for the six months to 30 September 2014 was 56.1% compared to 59.7%. The decrease in both EBITDA and EBITDA margin has been driven by the reduction in the contribution from our higher margin wind business due to lower than expected wind yields in the six months to 30 September 2014 and an increase in administrative expenses mainly relating to the costs associated with being a listed company.

[1] The ASP is defined as RO and NFFO revenue recognised in the period divided by exported power
[2] Adjusts the recycled RO revenue to the period to which it relates

| Group income statement | Six months ended 30 Sept 2014 £m | Six months ended 30 Sept 2013 £m | Year ended 31 March 2014 £m |
|---|---|---|---|
| RO revenue | **97.2** | 92.9 | 210.4 |
| NFFO revenue | **5.3** | 10.8 | 19.2 |
| Other | **2.8** | 3.4 | 12.9 |
| **Revenue** | **105.3** | 107.1 | 242.5 |
| **Operating expenses** | **(38.3)** | (36.8) | (78.5) |
| Gross profit | **67.0** | 70.3 | 164.0 |
| Administrative expenses | **(7.9)** | (6.4) | (15.6) |
| **EBITDA before operating exceptional items[1,2]** | **59.1** | 63.9 | 148.4 |
| Operating exceptional items[3] | **-** | (10.3) | (39.4) |
| **EBITDA[1,4]** | **59.1** | 53.6 | 109.0 |
| Depreciation and amortisation | **(37.5)** | (38.1) | (77.6) |
| **Operating profit** | **21.6** | 15.5 | 31.4 |
| Underlying net finance costs[1] | **(18.9)** | (20.4) | (39.4) |
| Exceptional finance costs[1,5] | **-** | - | (19.8) |
| Net finance costs | **(18.9)** | (20.4) | (59.2) |
| Tax (charge)/credit | **(0.7)** | 7.3 | 16.0 |
| Profit/(loss) for the period/year | **2.0** | 2.4 | (11.8) |
| **Adjusted net income[1,6]** | **10.5** | 12.8 | 41.0 |
| Adjusted earnings pence per share[1,7] | **3.5** | 4.3 | 13.7 |

[1] Non-GAAP measure

[2] EBITDA before operating exceptional items: Earnings before interest, tax, depreciation, amortisation, impairment, and before operating exceptional items

[3] For the six months to September 2013 operating exceptional items related to IPO and refinancing costs. For the full year ending 31 March 2014 IPO related costs of £37.1 million included £15.6 million of professional fees and £21.5 million of management remuneration costs incurred in delivering the Company's IPO in November 2013. Operating exceptional refinancing costs of £2.3 million were costs incurred in relation to refinancing the Group's operational wind assets under a single facility in October 2013. For the year ended 31 March 2013, operating exceptional items comprised restructuring costs related to the issue of a new £350 million bond in February 2013 and also the cancellation and prepayment of a bank facility

[4] EBITDA: Earnings before interest, tax, depreciation, amortisation and impairment

[5] Exceptional finance costs: For the year ended 31 March 2014 these comprised £19.8 million of costs incurred in relation to refinancing the Operational Wind portfolio under a single facility and included £12.8 million recycled from the hedging reserve (resulting from swap breakage costs incurred of £21.5 million) and £7.0 million unamortised issue costs related to the ten facilities extinguished as a result of the refinancing

[6] Adjusted net income: Profit before tax from operations before the deduction of amortisation and impairment charges relating to intangible assets, and total exceptional items, net of tax thereon. Total exceptional items comprise operating exceptional items and exceptional finance costs

[7] Adjusted earnings per share: Basic earnings per share calculated using adjusted net income as the numerator rather than earnings/(loss) after tax

## Divisional Performance

### Landfill gas

| Summary LFG performance | 6 months ending 30 September 2014 £'m | 6 months ending 30 September 2013 £'m | Year ended 31 March 2014 £'m |
|---|---|---|---|
| RO revenue | **78.1** | 68.5 | 140.9 |
| NFFO revenue | **5.3** | 10.8 | 19.2 |
| Other | **2.7** | 2.8 | 11.3 |
| **Total revenue** | **86.1** | 82.1 | 171.4 |
| Operating expenses | **(32.4)** | (31.0) | (63.8) |
| **Divisional gross profit** | **53.7** | 51.1 | 107.6 |
| **Divisional gross profit margin** | **62.4%** | 62.2% | 62.8% |

The LFG division has delivered a strong performance in the first half of this financial year. In the six months ended 30 September 2014, the LFG division exported 924 GWh (equivalent to 81% of total Group exported power), compared to 939 GWh for the same period in 2013. The performance in exported power was ahead of management expectations and was largely due to higher availability and collection of gas relating to (i) benign weather conditions that maintained the performance of the landfill caps and (ii) ongoing improvements in gas field infrastructure and management, for example, landfill operators improving site conditions (leachate extraction levels and capping sites appropriately) and greater gas yield from drilling programmes.

Revenue for the six months ended 30 September 2014 increased to £86.1 million from £82.1 million in the comparative period, an increase of £4.0 million or 4.9%. The increase in revenues has been driven by the proportion of RO revenues in the total revenue mix. Total exported power under the RO regime in the LFG business increased to 87% (2013: 75%), and the total adjusted ASP achieved in the first six months of this financial year of £90.51/MWh was £6.39/MWh higher than the comparative period.

Operating expenses were £32.4 million, an increase of £1.4 million on the prior year. The increase was mainly due to an increase in the number of engine decokes and servicing requirements.

## Wind

| Summary wind performance | 6 months ended 30 September 2014 £'m | 6 months ended 30 September 2013 £'m | Year ended 31 March 2014 £'m |
|---|---|---|---|
| RO revenue | **17.7** | 23.4 | 65.7 |
| Other | **0.1** | 0.6 | 1.3 |
| **Total revenue** | **17.8** | 24.0 | 67.0 |
| Operating expenses | **(5.4)** | (5.0) | (12.9) |
| **Divisional gross profit** | **12.5** | 19.0 | 54.1 |
| **Divisional gross profit margin** | **70.2%** | 79.2% | 80.7% |

The wind division contributed 18% of the Group's total exported power in the first half of the financial year (2013: 21%). This equated to exported power of 203 GWh in the six month period to 30 September 2014 compared to 254 GWh in the comparative period.

The adjusted ASP for the period was £88.13 per MWh (2013: £91.91 per MWh) driven mostly by lower wholesale power prices which fell from £45.33 per MWh to £38.53 per MWh.

Our wind business has continued to maintain high levels of availability (97% in both this year and the comparative period) but as indicated in our Interim Management Statement issued in August 2014, a combination of lower day ahead prices during the summer months and low wind speeds across the UK affected our financial results. EBITDA was £6.5m lower at £12.5 million, with the reduction in EBITDA broadly matching the decline in revenue of £6.2 million, from £24.0 million to £17.8 million.

Operating expenses for the Wind division were £5.4 million, an increase of £0.4 million. The gross profit margin of 70.2% reflects the impact of lower power prices and the higher level of fixed costs associated in operational wind farms when compared to our LFG business.

Although wind speeds for the six months to 30 September 2014 were unfavourable, when measured over a 12 month period they were in line with P50 management expectations.

## Hydro

| Summary hydro performance | 6 months ended 30 September 2014 £'m | 6 months ended 30 September 2013 £'m | Year ended 31 March 2014 £'m |
|---|---|---|---|
| RO revenue | **1.2** | 1.0 | 3.8 |
| Other | **0.1** | 0.0 | 0.2 |
| **Total revenue** | **1.3** | 1.0 | 4.0 |
| Operating expenses | **(0.6)** | (0.8) | (1.8) |
| **Divisional gross profit** | **0.7** | 0.2 | 2.2 |
| **Divisional gross profit margin** | **53.8%** | 20.0% | 55.0% |

During the period, exported power from the hydro division amounted to 14 GWh (equivalent to 1% of Group exported power), which was up on the 11 GWh exported in the previous half year.

Revenue increased by 33% to £1.3 million, due to the increase in exported power and an increase in the ASP of 12.6% to £95.12 per MWh. The increase in ASP was driven by an improved realised wholesale power price of £44.41 per MWh (2013: £41.03 per MWh), and improved terms on the discounts achieved under a new PPA.

The gross profit margin on the hydro business was 53.8% for the six months to 30 September 2014. The gross profit margin in the first half of 2013 had been adversely affected by additional costs associated with outages experienced by the division.

### Administrative expenses

Administrative expenses were £7.9 million for the six months ending 30 September 2014 compared to £6.4 million in the comparative period. The increase of £1.5 million year on year is in part due to the increased costs resulting from being a FTSE 250 company. Additionally, we benefited from the recovery of legal fees in respect of the successful outcome of the Candles and Welbeck judicial review in the comparative period.

### Depreciation and amortisation

The combined charge for depreciation and amortisation is £37.5 million, a decrease of £0.6 million on the prior year.

### Net finance costs

Net finance costs have decreased by £1.5 million to £18.9 million. This financial year has benefited from a reduction in interest expense resulting from the refinancing of the operational wind portfolio in October 2013.

## Taxation

The tax charge of £0.7 million assessed for the six months ended 30 September 2014 is based on an estimate of the tax rate expected for the financial year to 31 March 2015. The comparative period showed a half year tax credit of £7.3 million, net of a deferred tax credit of £8.0 million. The deferred tax credit was due to the estimated impact of future reductions in the statutory rate of corporation tax which have been substantively enacted. Excluding this £8.0 million credit the tax charge for the comparative period was £0.7 million.

The effective tax rate of 23.7% for the six months to 30 September 2014 is higher than the rate of corporation tax of 21% because not all of the Group’s income and capital expenditure qualifies for tax relief.

## Cash position and financing facilities

Cash and cash equivalents were £77.2 million at 30 September 2014 compared to £81.1 million at 31 March 2014. An analysis of cash flows is set out below:

| Summary cash flow statement | Six months to 30 September 2014 £m | Six months to 30 September 2013 £m | Year ended 31 March 2014 £m |
|---|---|---|---|
| **EBITDA** | **59.1** | 53.6 | 109.0 |
| Increase/(decrease) in working capital | **3.0** | 14.2 | (2.6) |
| Interest paid | **(17.7)** | (19.8) | (39.1) |
| Tax paid | **(9.4)** | (0.5) | (2.0) |
| **Net cash flow from operating activities** | **35.0** | 47.5 | 65.3 |
| **Cash flow from investing activities** | | | |
| Purchase of property, plant and equipment | **(11.5)** | (25.6) | (38.7) |
| Other investing activities | **(2.9)** | 0.1 | 0.1 |
| **Net cash flow from investing activities** | **(14.4)** | (25.5) | (38.6) |
| **Cash flow from financing activities** | | | |
| Dividends paid | **(19.9)** | - | (44.3) |
| Net (repayments)/proceeds from borrowings | **(4.6)** | 20.2 | 50.4 |
| Issue of new share[1] | **-** | - | 22.6 |
| Swap break costs | **-** | - | (21.5) |
| **Net cash flow from financing activities** | **(24.5)** | 20.2 | 7.2 |
| **Net (decrease)/increase in cash and cash equivalents** | **(3.9)** | 42.2 | 34.0 |
| Cash and cash equivalents at beginning of the financial year | **81.1** | 47.1 | 47.1 |
| **Cash and cash equivalents at period/year end** | **77.2** | 89.3 | 81.1 |

### Net cash flow from operating activities

We have continued to focus on managing working capital and our cash position. Net cash flows from operating activities were £35.0 million, a decrease of £12.5 million on the comparative period. The decrease was primarily due to the settlement of costs relating to the IPO.

The Group paid £9.4 million of corporation tax during the first half of this financial year, which included a payment of £3.7 million relating to the loss of a temporary cash flow benefit following the restructure of the Group prior to the IPO. In the comparative period, cash tax paid was £0.5 million as the Group incurred significant costs associated with the IPO and refinancing of bank

[1] The Group entered into an agreement with Monterey Capital II S.a r.l. whereby Monterey Capital II S.a r.l. agreed to fund the Group's obligations in respect of the restructured cash and share-based incentive arrangements through subscription of capital which resulted in an increase in share capital by £0.01, and a share premium of £22.6 million. Monterey Capital II S.a r.l. was, prior to the IPO, the immediate parent company of Infinis Energy plc and remains the principal shareholder post IPO. The relationship between Infinis Energy plc and Monterey Capital II S.a r.l. is governed by a relationship agreement which ensures that the Company is capable of carrying on its business independently of the principal shareholder for so long as the principal shareholder holds a controlling interest

facilities, most of which were tax deductible, and also benefited from the deferral of taxation on intercompany interest resulting from the Group structure prior to IPO which is no longer applicable.

**Net cash flow from investing activities**

Net cash outflows from investing activities in the six months to 30 September 2014 were £14.4 million, £11.1 million lower than the comparative period. Capital expenditure was £11.5 million in the six month period ended 30 September 2014 (2013: £25.6 million). Capital expenditure was lower than the comparative period principally due to remaining construction spend in the prior period on wind farms which are now operational.

**Net cash flow from financing activities**

Overall cash flow from financing activities for the six months to 30 September 2014 was a net outflow of £24.5 million (2013: an inflow of £20.2 million). In the first six months to 30 September 2014 the Group paid its first dividend as a listed company (£19.9 million). The Group paid £10.6 million of scheduled debt repayments offset by a borrowing of £6.0 million within the operational wind facility in the first six months of this year. In the comparative period the Group borrowed £20.2 million principally to fund the remaining construction of wind farms.

**Balance sheet position**

| **Summary balance sheet** | **As at 30 September 2014 £'m** | **As at 30 September 2013 £'m** | **As at 31 March 2014 £'m** |
|---|---|---|---|
| Non-current assets | **906.4** | 953.7 | 926.8 |
| Cash and cash equivalents | **77.2** | 89.3 | 81.1 |
| Borrowings | **(626.2)** | (610.8) | (628.4) |
| Deferred tax | **(75.2)** | (79.4) | (75.8) |
| Other net assets/(liabilities) | **11.5** | (12.6) | 9.2 |
| **Net assets** | **293.7** | 340.2 | 312.9 |

Non-current assets were £906.4 million as at 30 September 2014, a decrease of £20.4m from the year ended 31 March 2014. The decrease reflects depreciation and amortisation charges in the year of £37.5 million. Capital additions in the six months to 30 September 2014 were £11.8 million, compared to £32.2 million in the year ended 31 March 2014. The reduction was predominantly due to the lower levels of wind construction capital expenditure.

The Group's net deferred tax liability as at 30 September 2014 of £75.2 million comprises a deferred tax asset of £16.2 million relating to tax losses we expect to utilise in the future through the continued operation of the business and deferred tax liabilities of £91.3 million.

## Liquidity and capital resources

As at the balance sheet date, net debt was £549 million compared to £547 million at 31 March 2014 and the EBITDA before operating exceptional items to net debt ratio for the 12 months to 30 September 2014 stood at 3.8 times compared with 3.7 times at 31 March 2014.

The Group has two principal financing facilities: (i) a secured bond on the LFG business totalling £350 million and (ii) a senior term loan provided by five banks on the 274MW operational wind portfolio. The bond and the term loan mature in February 2019 and October 2020, respectively.

In addition, the Group maintains a £50 million revolving credit facility for working capital purposes. This facility was undrawn at 30 September 2014 and matures September 2017.

## Related party transactions

There were no changes in related party transactions from the last Annual Report of Infinis Energy plc that could have had a material effect on the financial position or performance of the Group in the six months ended 30 September 2014. Details on related party transactions are provided in note 9 of the interim financial statements.

## Post balance sheet event

On 4 November 2014, Infinis signed the financing of the A'Chruach wind farm project with facilities totalling £52 million comprising a term loan of £44 million, VAT facility of £5 million and a debt service reserve facility of £3 million. The facility is secured on the wind farm project and matures in November 2020.

## Risks and uncertainties

There are a number of potential risks which could have a material impact on the Group's performance and cause actual results to differ from both historic and expected results. In particular, over the shorter term, the business is exposed to fluctuations in wholesale power prices, mechanical failure and other equipment shutdown, and the impact of weather conditions.

The key risks the business faces were discussed in detail on pages 38 to 43 of the annual report for the financial year ended 31 March 2014. We noted that our ability to execute our growth plans could be threatened in the event of a 'yes' vote in the Scottish Referendum held on 18 September 2014. This risk has now been removed following the decision to remain part of the UK. There have been no other significant changes to the risks identified in our annual report since the year end.

# Infinis Energy plc

Interim Financial Statements

For the six months ended

30 September 2014

**Contents**

**Directors' responsibility statement**

We confirm that, to the best of our knowledge:

1. the condensed set of financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union ("EU");

2. the interim management report includes a fair review of the information required by the Disclosure & Transparency Rules (DTR), specifically:

   (a) DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
   (b) DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

**Directors of Infinis Energy plc**

**Executive:**

Eric Machiels

Gordon Boyd

**Non-Executive:**

Ian Marchant

Alan Bryce

Christopher Cole

Ray King

Mike Kinski

Radu Gruescu

Baroness Sally Morgan

Approved by the Board and signed on its behalf by:

Gordon Boyd
Executive Director and Chief Financial Officer
12 November 2014

## INDEPENDENT REVIEW REPORT TO INFINIS ENERGY PLC

### Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 September 2014, which comprises the condensed unaudited consolidated statement of comprehensive income, the condensed unaudited consolidated statement of financial position, the condensed unaudited consolidated statement of cash flows, the condensed unaudited consolidated statement of changes in shareholders' equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual audited financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the EU.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Ian Griffiths:
(Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
12 November 2014

**Consolidated statement of comprehensive income**
***for the six month period ended 30 September 2014***

| | *Note* | **Six month period ended 30 September 2014 (unaudited) £000** | Six month period ended 30 September 2013 (unaudited) £000 | Year ended 31 March 2014 (audited) £000 |
|---|---|---|---|---|
| **Revenue** | *2* | **105,255** | 107,128 | 242,452 |
| Cost of sales | | **(64,476)** | (62,975) | (131,585) |
| **Gross profit** | | **40,779** | 44,153 | 110,867 |
| Administrative expenses | | **(19,240)** | (28,631) | (79,468) |
| **EBITDA before operating exceptional items** | | **59,051** | 63,859 | 148,385 |
| Operating exceptional items | *3* | **-** | (10,273) | (39,404) |
| **EBITDA** | | **59,051** | 53,586 | 108,981 |
| Depreciation of tangible fixed assets | *6* | **(26,668)** | (26,779) | (54,090) |
| Amortisation of intangible fixed assets | *6* | **(10,844)** | (11,285) | (23,492) |
| **Operating profit** | | **21,539** | 15,522 | 31,399 |
| Finance costs | | **(18,972)** | (20,511) | (59,335) |
| Finance income | | **78** | 76 | 136 |
| **Net finance costs** | | **(18,894)** | (20,435) | (59,199) |
| **Profit/(loss) before tax** | | **2,645** | (4,913) | (27,800) |
| Tax (charge)/credit | *4* | **(686)** | 7,271 | 16,011 |
| **Adjusted net income** | | **10,526** | 12,812 | 41,041 |
| Amortisation of intangible fixed assets and total exceptional items | *3* | **(10,844)** | (21,558) | (82,741) |
| Tax thereon | *3* | **2,277** | 11,104 | 29,911 |
| **Profit/(loss) for the period/year** | | **1,959** | 2,358 | (11,789) |
| **Other comprehensive income/(expense)** | | | | |
| ***Items that may be reclassified subsequently to the profit or loss:*** | | | | |
| Net movement in effective cash flow hedges net of taxation | | **(1,457)** | 13,429 | 26,355 |
| **Total comprehensive income for the period/year** | | **502** | 15,787 | 14,566 |
| Basic earnings/(loss) per share (pence) | *5* | **0.7** | 0.8 | (3.9) |
| Diluted earnings/(loss) per share (pence) | *5* | **0.7** | 0.8 | (3.9) |
| Adjusted earnings per share (pence) | *5* | **3.5** | 4.3 | 13.7 |
| Diluted adjusted earnings per share (pence) | *5* | **3.5** | 4.3 | 13.7 |

**Consolidated statement of financial position**
***at 30 September 2014***

| | *Note* | **At 30 September 2014 (unaudited) £000** | At 30 September 2013 (unaudited) £000 | At 31 March 2014 (audited) £000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | *6* | **428,430** | 457,711 | 443,276 |
| Goodwill | *6* | **149,581** | 150,395 | 149,581 |
| Other intangible assets | *6* | **328,355** | 345,406 | 333,199 |
| Investments | | **57** | 162 | 57 |
| Derivative financial instrument | | **-** | - | 655 |
| | | **906,423** | 953,674 | 926,768 |
| **Current assets** | | | | |
| Inventories | | **3,140** | 2,941 | 2,954 |
| Trade and other receivables | | **62,688** | 68,490 | 76,566 |
| Cash and cash equivalents | | **77,239** | 89,280 | 81,119 |
| | | **143,067** | 160,711 | 160,639 |
| **Total assets** | | **1,049,490** | 1,114,385 | 1,087,407 |
| **Non-current liabilities** | | | | |
| Interest-bearing loans and borrowings | *7* | **604,077** | 599,678 | 610,821 |
| Deferred tax | | **75,155** | 79,405 | 75,752 |
| Provisions | | **2,907** | 3,677 | 3,347 |
| | | **682,139** | 682,760 | 689,920 |
| **Current liabilities** | | | | |
| Interest-bearing loans and borrowings | *7* | **22,107** | 11,124 | 17,596 |
| Trade and other payables | | **51,532** | 80,221 | 66,990 |
| Provisions | | **-** | 50 | - |
| | | **73,639** | 91,395 | 84,586 |
| **Total liabilities** | | **755,778** | 774,155 | 774,506 |
| **Net assets** | | **293,712** | 340,230 | 312,901 |
| **Equity attributable to equity holders** | | | | |
| Share capital | | **3,000** | 3,000 | 3,000 |
| Share premium | | **22,616** | - | 22,616 |
| Hedging reserve | | **(940)** | (12,409) | 517 |
| Merger reserve | | **12,760** | 12,760 | 12,760 |
| Other distributable reserves | | **(22,783)** | (22,783) | (22,783) |
| Retained earnings | | **279,059** | 359,662 | 296,791 |
| **Total equity** | | **293,712** | 340,230 | 312,901 |

**Consolidated statement of changes in equity**

**Six month period ended 30 September 2014 (unaudited)**

| | **Share capital** | **Share premium** | **Hedging reserve** | **Merger reserve** | **Other distributable reserves** | **Retained earnings** | **Total** |
|---|---|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Balance at 1 April 2014** | **3,000** | **22,616** | **517** | **12,760** | **(22,783)** | **296,791** | **312,901** |
| **Profit for the period** | **-** | **-** | **-** | **-** | **-** | **1,959** | **1,959** |
| **Effective portion of changes in fair value of cash flow hedges** | **-** | **-** | **(1,823)** | **-** | **-** | **-** | **(1,823)** |
| **Tax on movement in cash flow hedge** | **-** | **-** | **366** | **-** | **-** | **-** | **366** |
| **Dividends** | **-** | **-** | **-** | **-** | **-** | **(19,890)** | **(19,890)** |
| **Other movements** | **-** | **-** | **-** | **-** | **-** | **199** | **199** |
| **Balance at 30 September 2014** | **3,000** | **22,616** | **(940)** | **12,760** | **(22,783)** | **279,059** | **293,712** |

Six month period ended 30 September 2013 (unaudited)

| | Share capital | Share premium | Hedging reserve | Merger reserve | Other distributable reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 1 April 2013 | 3,000 | - | (25,838) | 12,760 | (22,783) | 360,798 | 327,937 |
| Profit for the period | - | - | - | - | - | 2,358 | 2,358 |
| Effective portion of changes in fair value of cash flow hedges | - | - | 13,429 | - | - | - | 13,429 |
| Other movements | - | - | - | - | - | (3,494) | (3,494) |
| Balance at 30 September 2013 | 3,000 | - | (12,409) | 12,760 | (22,783) | 359,662 | 340,230 |

Year ended 31 March 2014 (audited)

| | Share capital | Share premium | Hedging reserve | Merger reserve | Other distributable reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 1 April 2013 | 3,000 | - | (25,838) | 12,760 | (22,783) | 360,798 | 327,937 |
| Issue of shares | - | 22,616 | - | - | - | - | 22,616 |
| Loss for the year | - | - | - | - | - | (11,789) | (11,789) |
| Effective portion of changes in fair value of cash flow hedges | - | - | 13,669 | - | - | - | 13,669 |
| Settlement of cash flow hedges | - | - | 12,823 | - | - | - | 12,823 |
| Tax on movement in cash flow hedge | - | - | (137) | - | - | - | (137) |
| Dividends | - | - | - | - | - | (44,301) | (44,301) |
| Other movements | - | - | - | - | - | (7,917) | (7,917) |
| Balance at 31 March 2014 | 3,000 | 22,616 | 517 | 12,760 | (22,783) | 296,791 | 312,901 |

**Consolidated cash flow statement**
***For the six month period ended 30 September 2014***

| | **At 30 September 2014 (unaudited) £000** | At 30 September 2013 (unaudited) £000 | At 31 March 2014 (audited) £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) for the period/year | **1,959** | 2,358 | (11,789) |
| *Adjustments for:* | | | |
| Depreciation of tangible fixed assets | **26,668** | 26,779 | 54,090 |
| Amortisation of intangible fixed assets | **10,844** | 11,285 | 23,492 |
| Finance costs | **18,972** | 20,511 | 59,335 |
| Finance income | **(78)** | (76) | (136) |
| Taxation | **686** | (7,271) | (16,011) |
| *Operating cash flow before changes in working capital and provisions* | **59,051** | 53,586 | 108,981 |
| Decrease in trade and other receivables | **13,878** | 12,337 | 4,261 |
| Increase in inventories | **(186)** | (356) | (369) |
| (Decrease)/increase in trade and other payables | **(10,249)** | 2,679 | (6,417) |
| Decrease in provisions | **(440)** | (458) | (25) |
| | **62,054** | 67,788 | 106,431 |
| Interest paid | **(17,663)** | (19,835) | (39,105) |
| Tax paid | **(9,352)** | (491) | (1,987) |
| **Net cash inflow from operating activities** | **35,039** | 47,462 | 65,339 |
| **Cash flows used in investing activities** | | | |
| Interest received | **78** | 76 | 136 |
| Purchase of LFG rights | **(3,000)** | - | - |
| Purchase of property, plant and equipment | **(11,486)** | (25,577) | (38,681) |
| **Net cash outflow from investing activities** | **(14,408)** | (25,501) | (38,545) |
| **Cash flows used in financing activities** | | | |
| Proceeds from other borrowings | **6,000** | 31,434 | 327,289 |
| Repayment of other borrowings | **(10,621)** | (9,921) | (267,062) |
| Arrangement fees on new loans | **-** | - | (8,214) |
| Fees paid on repayment of high yield bond and issue of new bond | **-** | (1,270) | (1,630) |
| Proceeds from issue of new shares | **-** | - | 22,616 |
| Dividends paid | **(19,890)** | **-** | (44,301) |
| Swap break payment | **-** | - | (21,449) |
| **Net cash (used in)/from financing activities** | **(24,511)** | 20,243 | 7,249 |
| **Net (decrease)/increase in cash and cash equivalents** | **(3,880)** | 42,204 | 34,043 |
| Cash and cash equivalents at the beginning of the period/year | **81,119** | 47,076 | 47,076 |
| **Cash and cash equivalents at the end of the period/year** | **77,239** | 89,280 | 81,119 |

***Notes forming part of the interim financial statements***

## 1 Basis of preparation

Infinis Energy plc ("Infinis Energy" or the "Company") is a public limited liability company. These consolidated financial statements comprise the Company and its subsidiaries (together the "Group").

The financial information is presented under the principles of common control accounting, as if Infinis Energy plc had always owned the Infinis Holdings group. Accordingly, the comparative information (30 September 2013) represents the results for Infinis Holdings, which was formerly the holding company of the Infinis Group.

### (a) Statement of compliance

This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the published consolidated financial statements of Infinis Energy plc for the year ended 31 March 2014.

### (b) Prior period adjustment

As disclosed in the 31 March 2014 financial statements, subsequent to approving the interim financial statements for the six month period ended 30 September 2013, the Directors identified that an incorrect amount had been transferred from the hedge reserve to retained earnings on cancellation of certain interest rate swaps during the year ended 31 March 2013. Accordingly the interim financial statements have been adjusted. The impact has been to decrease the hedge reserve as at 31 March 2013 by £10,493,000 with a corresponding increase in retained earnings. Other than this adjustment within reserves, there have been no adjustments to the consolidated statement of financial position, the consolidated statement of comprehensive income or the consolidated cash flow statement.

### (c) Judgments and estimates

In preparing these interim financial statements, Management make judgments, estimates and assumptions that impact the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2014.

***Notes forming part of the interim financial statements (continued)***

**(d) Accounting policies**

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at, and for the year ended, 31 March 2014. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards.

- Amendments to IFRS 7: Financial Instruments: Disclosures and Transfers of Financial Assets
- Amendments to IAS 1: Presentation of Financial Statements
- IAS 27: Separate Financial Statements (revised) (effective for periods commencing 1 January 2014)
- IAS 28: Investments in Associates and Joint Ventures (revised) (effective for periods commencing 1 January 2014)

None of these new accounting standards that had become effective by 1 April 2014 have had an impact on these interim financial statements.

**(e) Non-IFRS measures**

EBITDA before operating exceptional items is a non-IFRS measure defined as earnings before interest, tax, depreciation, amortisation, impairment and before operating exceptional items. Further, adjusted net income is a non-IFRS measure defined as profit or loss for the period/year before amortisation and impairment of intangible fixed assets, total exceptional items and the tax thereon.

While the amounts included in EBITDA before operating exceptional items and adjusted net income are derived from the Group's financial information, they are not financial measures determined in accordance with adopted IFRS and should not be considered as an alternative to net income or operating income as a sole indication of the Group's performance or as an alternative to cash flows as a measure of the Group's liquidity. The Group currently uses EBITDA excluding exceptional items and adjusted net income in its business operations to, among others, evaluate the performance of its operations, develop budgets and measure its performance against those budgets.

***Notes forming part of the interim financial statements (continued)***

**2 Segment information**

| **Six months to 30 September 2014 (unaudited)** | **Landfill gas £000** | **Wind £000** | **Hydro £000** | **Unallocated £000** | **Total £000** |
|---|---|---|---|---|---|
| ***Revenue*** | | | | | |
| External revenue | 86,099 | 17,824 | 1,332 | - | 105,255 |
| Operating expenses[1] | (32,361) | (5,357) | (617) | - | (38,335) |
| Administrative expenses[2] | - | - | - | (7,869) | (7,869) |
| **Divisional EBITDA before operating exceptional items** | 53,738 | 12,467 | 715 | (7,869) | 59,051 |
| Operating exceptional items[3] | - | - | - | - | - |
| **Divisional EBITDA** | 53,738 | 12,467 | 715 | (7,869) | 59,051 |
| Depreciation and amortisation | | | | | (37,512) |
| Net financing costs | | | | | (18,894) |
| Profit before tax | | | | | 2,645 |
| Tax charge | | | | | (686) |
| Profit after tax | | | | | 1,959 |
| Property, plant and equipment additions[4] | 8,443 | 3,379 | - | - | 11,822 |

***Notes forming part of the interim financial statements (continued)***

**2 Segment information** *(continued)*

| **Six months to 30 September 2013 (unaudited)** | **Landfill gas £000** | **Wind £000** | **Hydro £000** | **Unallocated £000** | **Total £000** |
|---|---|---|---|---|---|
| ***Revenue*** | | | | | |
| External revenue | 82,128 | 23,990 | 1,010 | - | 107,128 |
| Operating expenses[1] | (31,013) | (4,973) | (768) | - | (36,754) |
| Administrative expenses[2] | - | - | - | (6,515) | (6,515) |
| **Divisional EBITDA before operating exceptional items** | 51,115 | 19,017 | 242 | (6,515) | 63,859 |
| Operating exceptional items[3] | - | - | - | (10,273) | (10,273) |
| **Divisional EBITDA** | 51,115 | 19,017 | 242 | (16,788) | 53,586 |
| Depreciation and amortisation | | | | | (38,064) |
| Net financing costs | | | | | (20,435) |
| Loss before tax | | | | | (4,913) |
| Tax credit | | | | | 7,271 |
| Profit after tax | | | | | 2,358 |
| Property, plant and equipment additions[4] | 9,359 | 10,010 | - | - | 19,369 |

***Notes forming part of the interim financial statements (continued)***

**2 Segment information** *(continued)*

| **Year ended 31 March 2014 (audited)** | **Landfill gas £000** | **Wind £000** | **Hydro £000** | **Unallocated £000** | **Total £000** |
|---|---|---|---|---|---|
| ***Revenue*** | | | | | |
| External revenue | 171,432 | 66,991 | 4,029 | - | 242,452 |
| Operating expenses[1] | (63,806) | (12,925) | (1,773) | - | (78,504) |
| Administrative expenses[2] | - | - | - | (15,563) | (15,563) |
| **Divisional EBITDA before operating exceptional items** | 107,626 | 54,066 | 2,256 | (15,563) | 148,385 |
| Operating exceptional items[3] | - | - | - | (39,404) | (39,404) |
| **Divisional EBITDA** | 107,626 | 54,066 | 2,256 | (54,967) | 108,981 |
| Depreciation and amortisation | | | | | (77,582) |
| Net financing costs | | | | | (59,199) |
| Loss before tax | | | | | (27,800) |
| Tax credit | | | | | 16,011 |
| Loss after tax | | | | | (11,789) |
| Property, plant and equipment additions[4] | 19,367 | 12,531 | 347 | - | 32,245 |

[1] Operating expenses represent cost of sales excluding depreciation.

[2] Administrative expenses exclude operating exceptional items, amortisation expense and an element of depreciation charged on administrative assets.

[3] Operating exceptional items comprise costs incurred in relation to a refinancing of operations and IPO related expenses in the year ended 31 March 2014.

[4] Property, plant and equipment additions comprise capital additions and assets acquired through acquisitions.

***Notes forming part of the interim financial statements (continued)***

## 3 Exceptional items and adjusted net income

The Group has adjusted for the following items, in order to provide a more appropriate measure of its profitability:

| | **Six month period ended 30 September 2014 (unaudited) £000** | Six month period ended 30 September 2013 (unaudited) £000 | Year ended 31 March 2014 (audited) £000 |
|---|---|---|---|
| Refinancing costs (i) | **-** | 1,222 | 2,318 |
| IPO related third party costs (ii) | **-** | 9,051 | 15,631 |
| IPO related staff costs (ii) | **-** | - | 21,455 |
| **Total operating exceptional items** | **-** | 10,273 | 39,404 |
| Amortisation of intangible fixed assets | **10,844** | 11,285 | 23,492 |
| **Amortisation of intangible fixed assets and operating exceptional items** | **10,844** | 21,558 | 62,896 |
| Exceptional finance costs (iii) | **-** | - | 19,845 |
| **Amortisation of intangible fixed assets and total exceptional items** | **10,844** | 21,558 | 82,741 |
| Tax thereon (iv) | | | |
| Operating exceptional items | **-** | 2,133 | 8,698 |
| Amortisation of intangible assets | **2,277** | 8,971 | 15,589 |
| Exceptional finance costs | **-** | - | 5,624 |
| | **2,277** | 11,104 | 29,911 |

***Operating exceptional items***

*(i) Refinancing costs*
Refinancing costs for the six month period ended 30 September 2014 were £nil. During the year ended 31 March 2014 the Group restructured and refinanced its wind operations incurring costs of £2,318,000 (30 September 2013: £1,222,000). These costs are unusual in nature and have been separately disclosed in the consolidated statement of comprehensive income.

*(ii) IPO related costs*
IPO related costs for the year ended 31 March 2014 were £37,086,000 (six month period ended 30 September 2013: £9,051,000) and incorporated external advisors' fees and bonus payments to Directors and staff. These costs have been separately disclosed in the consolidated statement of comprehensive income. The Directors consider these costs to be unusual in nature. There were no such costs incurred in the six month period ended 30 September 2014.

(iii) *Exceptional finance costs*
Costs associated with the recycling of derivative interest rate swaps from the equity hedging reserve to the income statement were £12,823,000 in the year ended 31 March 2014. The Directors consider these to be unusual in nature.

Exceptional refinancing costs associated with the write-off of unamortised deferred costs and additional fees incurred as a result of the restructuring of the Group were £7,022,000. The Directors consider these to be unusual in nature.

***Notes forming part of the interim financial statements (continued***

## 3 Exceptional items and adjusted net income (continued)

(iv) *Tax thereon*
Deferred tax credits on amortisation of intangible fixed assets represent tax at the standard rate on the amortisation charge and the benefit the Group has received from the falling rate of Corporation tax which requires year end deferred taxes to be re-measured.

Corporation tax on operating exceptional items and exceptional finance costs is calculated based upon whether these costs are deductible for tax purposes.

## 4 Tax

| | **Six month period ended 30 September 2014 (unaudited) £000** | Six month period ended 30 September 2013 (unaudited) £000 | Year ended 31 March 2014 (audited) £000 |
|---|---|---|---|
| **Reconciliation of effective tax rate** | | | |
| Profit/(loss) before tax | **2,645** | (4,913) | (27,800) |
| Tax charge/(credit) at the UK corporation tax rate | **555** | (1,130) | (6,394) |
| Non-deductible expenses | **72** | 762 | 381 |
| Under provided in prior years | **59** | 1,074 | 1,477 |
| Reduction in tax rate on deferred tax balance | **-** | (7,977) | (11,475) |
| **Total tax charge/(credit)** | **686** | (7,271) | (16,011) |

## 5 Earnings per share

| | **Six month period ended 30 September 2014 (unaudited)** | Six month period ended 30 September 2013 (unaudited) | Year ended 31 March 2014 (audited) |
|---|---|---|---|
| Profit/(loss) for the period/year (£000) | **1,959** | 2,358 | (11,789) |
| Weighted average number of shares in issue | **300,000,000** | 300,000,000 | 300,000,000 |
| Basic earnings/(loss) per share (pence) | **0.7** | 0.8 | (3.9) |
| Diluted average number of shares | **300,798,988** | 300,000,000 | 300,227,657 |
| Diluted earnings/(loss) per share (pence) | **0.7** | 0.8 | (3.9) |
| | | | |
| Adjusted net income for the period/year (£000) | **10,526** | 12,812 | 41,041 |
| Weighted average number of shares in issue | **300,000,000** | 300,000,000 | 300,000,000 |
| Adjusted earnings per share (pence) | **3.5** | 4.3 | 13.7 |
| Diluted average number of shares | **300,798,988** | 300,000,000 | 300,227,657 |
| Diluted adjusted earnings per share (pence) | **3.5** | 4.3 | 13.7 |

***Notes forming part of the interim financial statements (continued)***

## 6 Non-current assets

| **At 30 September 2014 (unaudited)** | **Property, plant and equipment £000** | **Goodwill £000** | **Other intangibles £000** |
|---|---|---|---|
| **Net book value at 1 April 2014** | **443,276** | **149,581** | **333,199** |
| **Additions** | **11,822** | **-** | **6,000** |
| **Depreciation/amortisation for the period** | **(26,668)** | **-** | **(10,844)** |
| **Net book value at 30 September 2014** | **428,430** | **149,581** | **328,355** |

| **At 30 September 2013 (unaudited)** | **Property, plant and equipment £000** | **Goodwill £000** | **Other intangibles £000** |
|---|---|---|---|
| Net book value at 1 April 2013 | 465,121 | 150,395 | 356,691 |
| Additions | 19,369 | - | - |
| Depreciation/amortisation for the period | (26,779) | - | (11,285) |
| **Net book value at 30 September 2013** | 457,711 | 150,395 | 345,406 |

| **At 31 March 2014 (audited)** | **Property, plant and equipment £000** | **Goodwill £000** | **Other intangibles £000** |
|---|---|---|---|
| Net book value at 1 April 2013 | 465,121 | 150,395 | 356,691 |
| Additions | 32,245 | - | - |
| Depreciation/amortisation for the year | (54,090) | - | (23,492) |
| Change in deferred consideration | - | (814) | - |
| **Net book value at 31 March 2014** | 443,276 | 149,581 | 333,199 |

***Notes forming part of the interim financial statements (continued)***

## 7 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised cost.

| | **Six month period ended 30 September 2014 (unaudited) £000** | Six month period ended 30 September 2013 (unaudited) £000 | Year ended 31 March 2014 (audited) £000 |
|---|---|---|---|
| **Non-current** | | | |
| Secured loans | **602,909** | 578,642 | 610,821 |
| Derivative financial liabilities | **1,168** | 21,036 | - |
| | **604,077** | 599,678 | 610,821 |
| **Current** | | | |
| Secured loans | **22,107** | 10,971 | 17,596 |
| Share based payments | **-** | 122 | - |
| Finance lease liabilities | **-** | 31 | - |
| | **22,107** | 11,124 | 17,596 |

***Transactions during the year ended 31 March 2014***

On 9 October 2013 the Group entered into a new finance facility comprising (i) a seven year term loan facility of £296,000,000 (floating rate of LIBOR + 2.1%); and (ii) ancillary facilities of £33,300,000. The Group also entered into new interest rate swap agreements to hedge 80% of the interest rate risk. Subsequently, on 10 October 2013, those funds were used to extinguish certain outstanding bank facilities totaling £254,800,000 and related interest rate hedging contract liabilities of £21,500,000.

On 15 October 2013 the Group negotiated a new Revolving Credit Facility of £50,000,000, which at 30 September 2014 was undrawn.

***Security***

Bank facilities are secured against the assets of the entities within the Group that entered into those debt arrangements.

***Undrawn borrowing facilities***

The Group has £63,710,000 undrawn borrowing facilities at 30 September 2014 (30 September 2013: £21,900,000, 31 March 2014: £67,540,000).

***Notes forming part of the interim financial statements (continued)***

## 8 Fair value of financial instruments

| | **30 September 2014 (unaudited) Carrying value £000** | **30 September 2014 (unaudited) Fair value £000** | 30 September 2013 (unaudited) Carrying value £000 | 30 September 2013 (unaudited) Fair value £000 | 31 March 2014 (audited) Carrying value £000 | 31 March 2014 (audited) Fair value £000 |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash and cash equivalents | **77,239** | **77,239** | 89,280 | 89,280 | 81,119 | 81,119 |
| *Loans and receivables:* | | | | | | |
| Trade receivables | **19,219** | **19,219** | 20,008 | 20,008 | 21,679 | 21,679 |
| Amounts receivable from related parties | **746** | **746** | 2,450 | 2,450 | 722 | 722 |
| Other receivables | **580** | **580** | 1,528 | 1,528 | 1,643 | 1,643 |
| *Derivative financial instruments:* | | | | | | |
| Interest rate swap | **-** | **-** | - | - | 655 | 655 |
| **Total financial assets** | **97,784** | **97,784** | **113,266** | **113,266** | **105,818** | **105,818** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | **51,532** | **51,532** | 80,221 | 80,221 | 66,990 | 66,990 |
| Interest bearing loans | **625,016** | **640,829** | 589,613 | 611,359 | 628,417 | 663,179 |
| Provisions | **2,907** | **2,907** | 3,727 | 3,727 | 3,347 | 3,347 |
| *Derivative financial instruments:* | | | | | | |
| Interest rate swap | **1,168** | **1,168** | 21,036 | 21,036 | - | - |
| **Total financial liabilities** | **680,623** | **696,436** | **694,597** | **716,343** | **698,754** | **733,516** |

*Cash and cash equivalents*
The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand.

*Trade and other receivables*
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

*Trade and other payables*
The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

*Interest-bearing loans*
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

*Derivative financial instruments*
The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

***Notes forming part of the interim financial statements (continued***

## 8 Fair value of financial instruments (continued)

*Classification*
The bond is measured at fair value and classified as Level One in respect to the fair value hierarchy based on quoted market prices. The fair values of derivative financial instruments are based on broker quotes and classified as Level Two. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. All other financial liabilities are classified as Level Three.

## 9 Related parties

Full details of related party transactions are disclosed in the annual report of Infinis Energy plc for the year ended 31 March 2014 on pages 166 to 168.

Sales to joint arrangements for the period to 30 September 2014 totalled £24,000 (30 September 2013: £35,000, 31 March 2014: £22,652,000). Receivables from joint arrangements were £746,000 (30 September 2013: £793,000, 31 March 2014: £722,000).

Transactions with Terra Firma relating to the provision of management services for the six months ended 30 September 2014 were £nil (six months ended 30 September 2013: £nil, year ended 31 March 2014: £265,000). Receivables from joint arrangements were £746,000 (30 September 2013: £793,000, 31 March 2014: £722,000). Receivables from Terra Firma were £nil (30 September 2013: £1,657,000, 31 March 2014: £nil).

## 10 Post balance sheet events

On 4 November 2014, Infinis signed a financing agreement for the A'Chruach wind farm construction. The facilities total £52 million; comprising a term loan of £44 million, VAT facility of £5 million and a debt service reserve facility of £3 million. The facility is secured on the wind farm project and matures in November 2020.