MIGHTY RIVER POWER

INTERIM REPORT 2013

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About us

MIGHTY RIVER POWER is one of New Zealand's largest electricity companies – with its core business based on reliable, low fuel-cost electricity generation complemented by sales to homes and businesses.

The Company generates about 17% of New Zealand's electricity from the nine hydro stations on the Waikato River, four geothermal power stations in the Central North Island and a multi-unit gas-fired station in Auckland. More than 90% of its electricity production is from renewable sources. Mighty River Power sells electricity through multiple channels and retail brands, including Mercury Energy, GLO-BUG, Bosco Connect and Tiny Mighty Power. Mighty River Power's metering business, Metrix, provides electricity retailers with advanced metering infrastructure (AMI) solutions for their residential and commercial customers.

Mighty River Power is one of the world's largest geothermal power station owners, and has successfully developed 255MW of renewable geothermal generation since 2008, with the new 82MW Ngatamariki station to be commissioned by mid-2013. The Company is applying this capability and experience – gained through domestic geothermal exploration, development, construction and operations – to invest in international growth opportunities.

AT THE DELOITTE ENERGY EXCELLENCE AWARDS

2012

OVERALL ENERGY COMPANY OF THE YEAR:
Mighty River Power

ENERGY EXECUTIVE OF THE YEAR:
Doug Heffernan

INNOVATION IN ELECTRICITY:
GLO-BUG

2011

ENERGY RETAILER OF THE YEAR:
Mercury Energy

2010

OVERALL ENERGY COMPANY OF THE YEAR:
Mighty River Power

ENERGY PROJECT OF THE YEAR:
Nga Awa Purua

OUR GENERATION ASSETS

GAS-FIRED
1 station, 4 units, Southdown

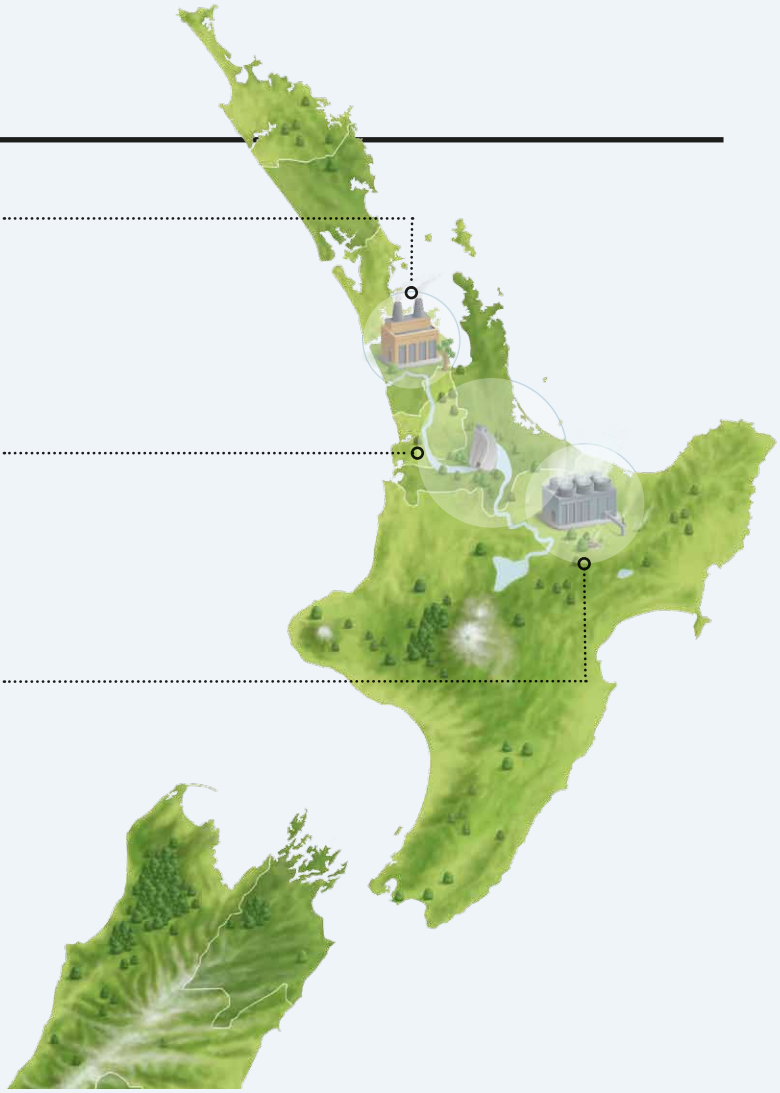
Flexible gas-fired generation can respond to wholesale market opportunities and reduce risk in a dry year.

HYDRO
9 stations on the Waikato River

Flexible and rain-fed, hydro output can be increased or decreased quickly and efficiently.

GEOTHERMAL
5 stations through the central North Island

Steady base-load geothermal runs at full capacity about 95% of the time.



OUR RETAIL PORTFOLIO

Mercury Energy

MERCURY ENERGY is one of New Zealand's longest-established retail electricity brands and our largest, accounting for more than 96% of the Company's end-user sales volume.

GLO BUG

Our pre-pay service **GLO-BUG** provides an industry-leading solution for residential customers to monitor their electricity use and align with their income cycles.

TINY MIGHTY POWER

TINY MIGHTY POWER focuses on servicing customers in smaller regional towns.

BOSCO

BOSCO CONNECT specialises in servicing inner-city apartments, supplying more than half of the contestable Auckland CBD apartment market.

OUR METERING BUSINESS

METRIX™

METRIX provides electricity retailers with advanced metering infrastructure (AMI) solutions for their residential and business customers. As at 31 December 2012, Metrix had deployed more than 300,000 AMI meters.

3,700 GWh

Total generation production, up 1% reflecting strong hydro volumes and geothermal reliability

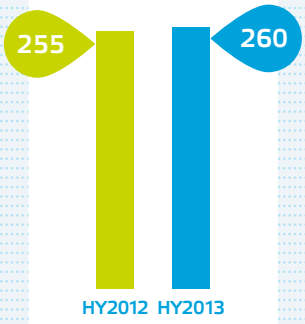
$260 M

EBITDAF increased 2% as a result of market share gains

9 %

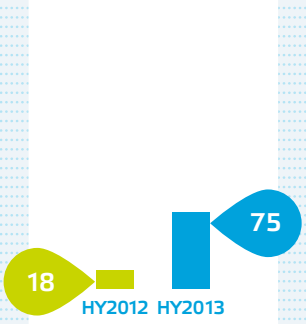
Increase in electricity sales volumes (FPVV) to customers

EBITDAF ($M)



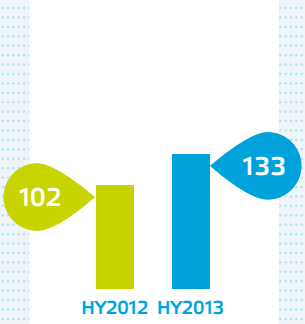
+2%

NPAT ($M)



+328%

UNDERLYING EARNINGS ($M)



+31%

96 %

Availability of geothermal generation plants

$550 M

Undrawn debt facilities available as at 31 December 2012

BBB+ /STABLE/A2

Standard & Poor's credit rating

82 MW

Ngatamariki Geothermal Power Station on track for commissioning mid-2013

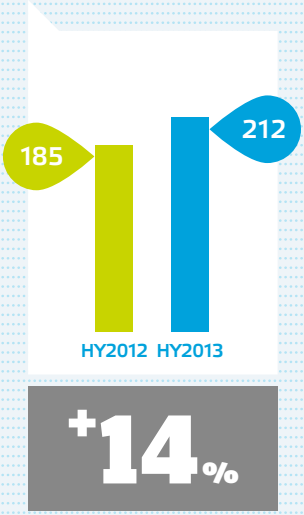
$67 M

Interim dividend, reflecting the new dividend policy

$146 M

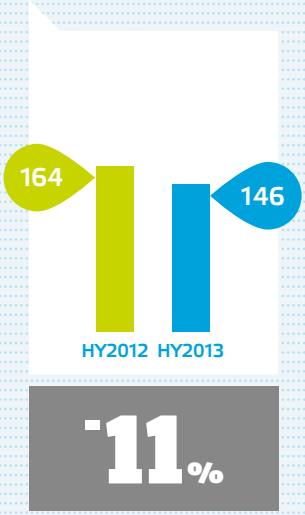
Capital expenditure down 11%

OPERATING CASH FLOW ($M)



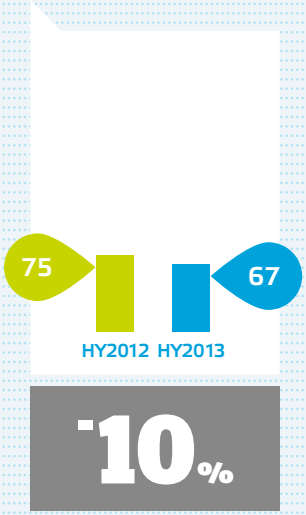
+14%

CAPITAL EXPENDITURE ($M)



-11%

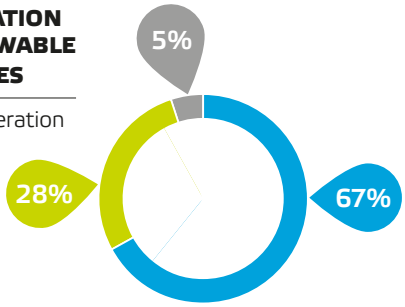
INTERIM DIVIDEND ($M)



-10%

95% GENERATION FROM RENEWABLE FUEL SOURCES

Electricity generation (GWh)



Hydro

Geothermal

Gas-fired

Evolving and adapting to market conditions

Joan Withers Chair

Doug Heffernan Chief Executive

Our results for the six months to 31 December 2012 reflect a business that is in good heart and is evolving and successfully adapting to changing market conditions. We have made a positive start to the 2013 Financial Year, with strong gains in market share achieved in electricity sales and a further lift in the underlying performance of Mighty River Power.

MIGHTY RIVER POWER grew total electricity sales volumes by 9%, with an increase of 22% in the business segment – in a period of flat national demand, where we have seen a continuation of the long-term steady decline in electricity consumption from industrials and low growth in home and business demand. Securing these sales volumes, and lengthening customer contracts, has been a priority for us well in advance of our new Ngatamariki geothermal station coming online in the next few months.

Alongside this, the Company leveraged its large renewables base – which made up 95% of production for the half-year, up from 92% – to achieve an increased share of the New Zealand generation market.

Mighty River Power's electricity output of 3,700GWh was a six-month record, up 1% despite the sale in April 2012 of a 10% interest in the Nga Awa Purua geothermal station, as we made the most of first-quarter inflows to the Waikato River catchments and continued very good reliability of geothermal stations (96% for the period).

The operating performance of the two sides of Mighty River Power's integrated sales and generation portfolio flowed through to Energy Margin (up $21 million to $378 million) and Underlying Earnings (up 31% or $32 million on the prior period to $133 million). This follows a steady growth in underlying earnings over the past three years.

Internationally, we had mixed results. We were pleased to receive the first cash distribution of $140 million during the period from our US$250 million investment in GeoGlobal Energy (GGE Fund), which led to a $57 million favourable impact on Net Profit after tax. However, alongside this, we recognised $89 million of non-cash accounting impairments related to investments in Chile and Germany and our investment in the management company GGE.

The resulting Net Profit After Tax was up $58 million – reflecting strong operating performance, the mixed results from the GGE Fund, and significantly lower fair value adjustments on financial instruments compared with HY2012.

The Board of Directors approved a new dividend policy in November, which increases the dividend pay-out ratio from 75% to between 90-110% of Net Profit After Tax, after adjusting for the impact of NZ IFRS fair value movements (net of tax and any accounting impairments). As announced, this change in policy reflects the current outlook for New Zealand electricity supply and demand. We believe in the foreseeable future there will be a reduced demand for cash to be deployed on new domestic generation assets, and therefore the potential for a greater percentage of earnings being returned to shareholders.

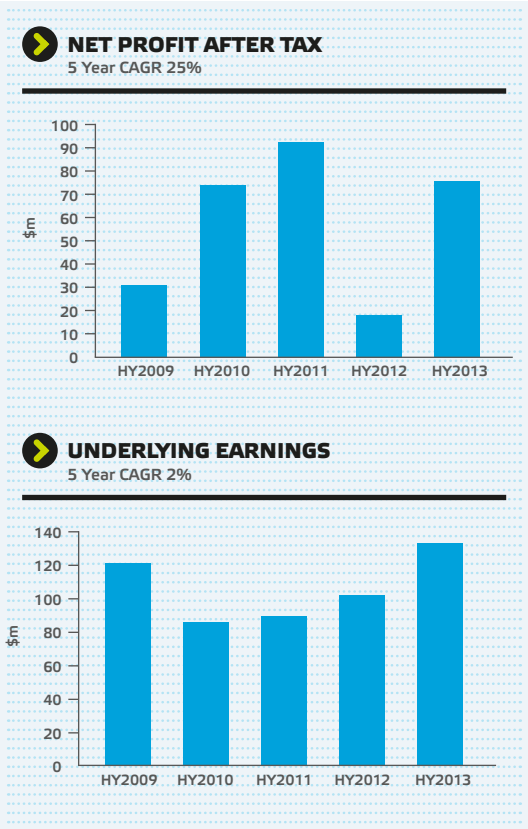
Under the new policy the Interim Dividend targets 40% of the total forecasted dividend for the full year. Under the former policy, Interim Dividends were typically higher than Final Dividends due to seasonality of earnings. In line with the new dividend policy, for the half-year to 31 December 2012, the Board was pleased to declare an Interim Dividend of $67 million. While Net Profit was higher for this half-year, the dividend is down from last year's $75 million as a result of the change in weightings of the interim and final dividend payments. In FY2012 the Interim Dividend was 62% of the total dividend declared.

Safety Focus

Our key Health and Safety performance metrics have continued to show very strong improvement with the Total Recordable Injury Frequency Rate (TRIFR) for employees and contractors down 46% on the prior half and with zero employee Lost Time Injuries (LTI) since July 2011. The improved TRIFR performance includes more than 625,000 hours worked on the Ngatamariki project (over Calendar Year 2012).

Despite the consistent year on year improvement in these metrics, we were extremely disappointed that a significant near miss incident occurred at a drilling rig on the Ngatamariki construction site during the half. No injuries were sustained as a result, but this potentially-serious incident involving two contractors is a powerful reminder of the need for continued vigilance and awareness in identifying potential risks to the safety of people. We are supporting the High Hazard Unit of the Department of Labour with their investigation of this incident.

We are also committed to sharing our work experiences across the industry through the StayLive group which includes all the major generators. A major focus of this industry group is on getting safety standards elevated with contractors, and particularly within the sub-contractor group where the majority of injuries and near misses are occurring.



Financial Results

Mighty River Power's operating earnings (EBITDAF) for the six months ended 31 December 2012 increased by $6 million to $260 million (2012: $254 million), as a result of the market share gains achieved in electricity sales to customers and higher hydro generation.

The financial results from the Company's investment in the GGE Fund were significant to our reported results in HY2013. During the period, Mighty River Power received its first cash distribution of $140 million from the GGE Fund. This converted into a $57 million accounting gain after incorporating foreign exchange losses, reflecting the significant exchange-rate appreciation since the original major investment in 2010.

The non cash accounting impairments relating to the GGE Fund's investments and its management company reflected costs at the Tolhuaca project in Southern Chile being higher than estimated by GGE, following the worst winter in 40 years badly affecting drilling, and only one of the two wells proving on testing to have good production capacity. In Germany, delays in progressing Weilheim due to environment court challenges (now resolved) contributed to the impairment, along with the need to relocate the proposed drilling location following assessment of the results of 3-D seismic testing. A further factor influencing the impairment was that as at the end of the year, GGE had not raised third party capital in the Fund as originally planned, and Mighty River Power declined the opportunity to invest further capital into the existing structure.

It was however pleasing to see the first demonstration of financial success of our international geothermal strategy with a cash return consistent with our business case and providing a good return on the original invested capital.

Operating Performance

Mighty River Power achieved a strong operating performance as the Company continued to achieve gains in market share in electricity sales to customers and benefited from higher hydro volumes, particularly in the first quarter. During the half-year, our average electricity price to customers increased 2% to $115.32/MWh and associated volumes increased by 9% to 2,777GWh as the Company secured more business customers well ahead of the commissioning of the 82MW Ngatamariki geothermal power station.

Total electricity purchase prices fell 22% (from $83.48/MWh to $64.82/MWh), reflecting lower wholesale prices as inflows into other generators' South Island hydro catchments were higher than in 2011, and a less constrained grid. On the transmission front, we welcomed the commissioning of Transpower's North Island Grid Upgrade (NIGUP) during the half. We are already seeing the benefits of lower wholesale price volatility and a greatly-reduced risk of price separation. For the same reason we look forward to the completion of the HVDC Pole 3 upgrade which will significantly increase capacity between the North and South Islands.

Mighty River Power's total generation for the half-year increased by 36GWh due to higher hydro generation and the continued reliability across the Company's geothermal plants (partly offset by the sale of 10% interest in Nga Awa Purua in April 2012). Gas-fired

generation at the Southdown plant in Auckland fell by 130GWh on the prior comparable period as the Company reduced operation of the plant with the generally lower pricing in the wholesale market.

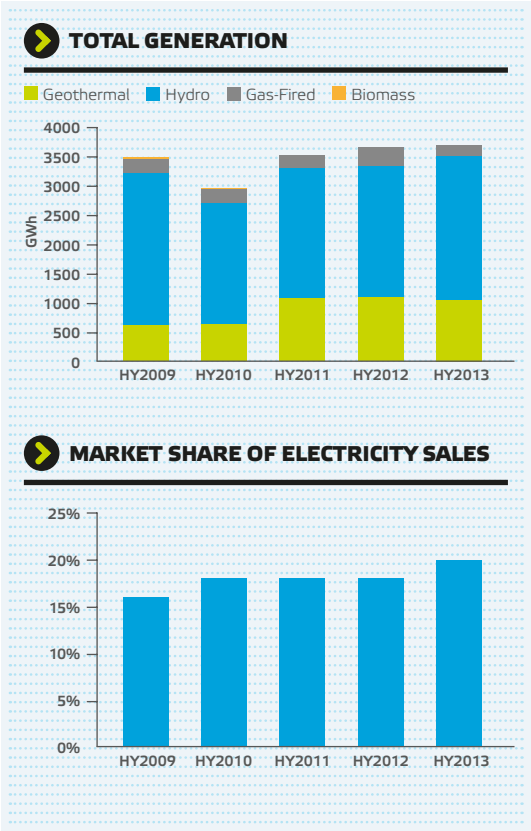
Hydro generation increased by 210GWh on the prior period as a result of higher inflows than average in the first quarter of the financial year. The price received for the Company's generation outperformed the market over the period reflecting the ability to effectively utilise the Company's flexible hydro and gas plants to respond to higher wholesale prices. The planned outage of Southdown was carried out early to ensure availability at a time when national electricity supply was impacted by a number of thermal and transmission outages.

Metrix, the Company's metering business – providing electricity retailers with Advanced Metering Infrastructure (AMI) solutions for their residential and business customers – had deployed more than 305,000 AMI meters in the Greater Auckland area at 31 December. Metrix is the largest supplier of AMI services in the Auckland area and the second largest national supplier of AMI. Metrix has announced its plan to expand beyond its traditional Auckland base, and is now working with local lines company Delta to commence installing smart meters for Mercury in Dunedin to meet the increasing demand for services based on AMI technology.

Regulation

The Company has been reviewing the Electricity Authority's Transmission Pricing Methodology which was issued in October 2012 as a draft proposal for consultation. The proposal describes the most wide ranging changes for transmission pricing in more than two decades. We recognise that cost allocation for the inter-island HVDC link has been an area of contention across the industry for a long time and it was well signalled that HVDC cost allocation could change as a result of the Pole 3 upgrade. However, the Authority's draft proposal applies to all transmission, not just the HVDC. The application of the proposal is also retrospective resulting in a significant reallocation of sunk costs, which is a highly unusual regulatory approach.

Other than for the HVDC expansion, this potential reallocation had not been signalled in advance of recent investments. It is by, any measure, extremely complex and consequently would have a high implementation risk. In our view a robust cost benefit analysis has not been demonstrated and there is a high risk that the

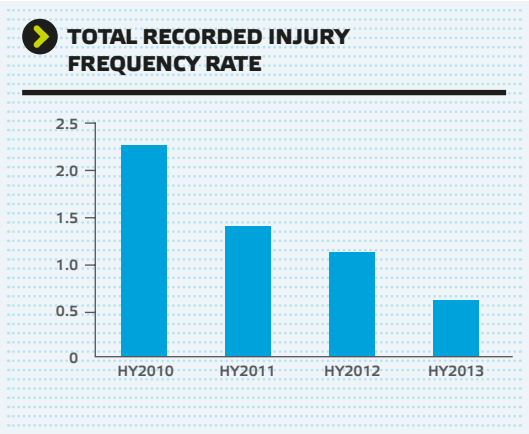


Authority's draft proposal results in higher costs for consumers and a negative impact on retail competition. We believe the best approach would be for the Authority to reconsider their draft proposal in light of these issues and to issue a revised approach for further consultation.

Domestic Development

Construction of the 82MW Ngatamariki geothermal power station progressed well over the period and the plant remains on track for commissioning in mid-2013 and within the $484 million revised budget. Staged commissioning of the four 20.5MW units is now underway, with first power to the grid expected in March.

We're looking forward to the plant coming on stream over the next few months, which will increase the Company's base-load geothermal generation to around



40% of total production, boost our renewable portfolio, providing a contribution to earnings in FY2014 and further improving the stability of the Company's financial performance.

With low electricity demand growth over recent years we do not anticipate any large domestic generation developments in the next three to five years. Nevertheless we will ensure we are well positioned for any recovery in demand.

Funding and Debt Maturities

As at 31 December 2012, the Company had total debt facilities of $1,460 million (31 December 2011: $1,360 million), with $550 million of un-drawn debt facilities. Since balance date, Mighty River Power has established $200 million of new debt facilities that will replace $150 million of facilities that were due to mature in December 2013.

In addition, we have successfully placed a wholesale bond issue of $100 million, with strong demand from a broad range of local institutional investors and banks. This refinancing programme will lengthen our debt maturity profile to more than five years following the Company's repayment of its retail bond in May 2013.

In October 2012, Standard & Poor's reaffirmed Mighty River Power's long-term credit rating of BBB+ with a Stable outlook.

Performance since Balance Date

While the Company saw robust inflows to the Waikato catchment in the first quarter and went into the second quarter with hydro storage of 416GWh (22% above average), severely reduced inflows since November saw Mighty River Power end the half-year with storage at 69% of our historical average.

Despite reducing hydro generation, and increasing output from our gas-fired generation at Southdown, storage had by late February fallen further to around 67% of average for this time of year – and, along with the wider regional community, we look forward to more rainfall in the river catchments. The Company's base-load geothermal production is not weather-dependent, and we will be utilising the flexible gas-fired Southdown plant, along with contracted generation, to manage the reduction in hydro generation.

Wholesale prices have been subdued relative to last year due to significant inflows into other generators' South Island hydro lakes over the summer. South Island storage is now slightly below mean levels and, significantly ahead of the previous year, resulting in average spot and ASX futures prices that are currently below levels of a year ago.

Direct Control of International Geothermal

In February, Mighty River Power reached an agreement with the Managing Partners of GGE to take direct control of the GGE Fund's geothermal interests in Chile and the US-based EnergySource.

Mighty River Power will transfer its ownership interest in GeoGlobal Energy to the Managing Partners and pay them US$24.8 million on final close expected this quarter. Under the terms of the agreement, both parties will now be free from geographic restriction or exclusivity in pursuing future geothermal opportunities. By terminating the existing agreements half-way through the 10-year term of the GGE Fund, Mighty River Power also avoids, among other things, future obligations for management fee payments to GGE.

We believe Mighty River Power's strong New Zealand geothermal operating business and long-term strategic horizons can better leverage our geothermal experience and capabilities for developments in Chile.

We see a lot of potential synergies between our business and EnergySource, given the use of identical technology to our Nga Awa Purua and Kawerau plants in their development programme on the large high-temperature Salton Sea resource in Southern California. EnergySource has successfully developed a 49.9MW geothermal plant and is well-advanced on a potential second development of the same size. We look forward to working closely with the other EnergySource partners, Hannon Armstrong and Catalyst Renewables, on developing the opportunities available on this quality geothermal resource.

The Company's priority in Chile is to develop a strategic plan for the business, utilising the knowledge of the staff in Chile, and the experience we have gained through the GGE relationship, and from the experience gained over the past decade developing a significant geothermal business in New Zealand.

Mighty River Power will maintain a measured and prudent approach to international development opportunities, and any related investment opportunities.

Our Team

There were some changes to the Executive Team during the half-year. Marlene Strawson took up the role as General Manager Human Resources. Marlene has a depth of HR and management experience from a wide range of sectors including telecommunications, banking and health – working with organisations of similar scale and workforce composition to Mighty River Power.

Matthew Olde was appointed General Manager of Business Strategy and Solutions, a new position on the Executive Management Team with responsibility for the Communications and Legal functions, and the Business Strategy function and Group Information Services. With a background in investment banking, and nearly three years in management roles in Mighty River Power, he is well-equipped to contribute to driving performance improvement in Mighty River Power as the business continues to evolve.

Our focus on people now extends beyond New Zealand, with approximately 50 employees in Chile joining Mighty River Power following the agreement reached with GGE. We welcome our new colleagues to our team and look forward to working with them, sharing technical knowledge and expertise, as we review and develop a strategic plan for this business.

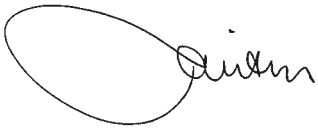
Board Changes

We are fortunate to have such a depth of commercial and governance experience around the Board table, with Directors individually shouldering considerable additional workloads during the period. Among them Prue Flacks, was reappointed by the Shareholder for a further term.

In recent months we have also farewelled two Directors from the Board. In October, we announced that Parekawhia McLean would be leaving the Board to focus on her role as Chief Executive of Waikato-Tainui which will see the continuation of an important relationship with the Company. Jon Hartley, who has been a Director of Mighty River Power since November 2009, unfortunately stepped down in February, a decision brought about by the coincidence of the revised timing of the proposed Initial Public Offering (IPO) and the associated significant increase in the workload, with his other long-standing commitments to World Vision International and its micro finance subsidiary, VisionFund International, of which he is Vice-Chair.

We thank them both. The Company has benefited from Parekawhia and Jon's expertise, contribution and commitment to robust governance.

Our results during HY2013 and progress post balance date evidence the quality and commitment our people around the Board table and across our business. This has been a very good first-half for Mighty River Power as we have worked with the Shareholder to a new timetable for a potential IPO later this financial year.



Joan Withers Chair

Doug Heffernan Chief Executive

Independent Auditor's Report

TO THE SHAREHOLDERS OF MIGHTY RIVER POWER LIMITED
REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF MIGHTY RIVER POWER LIMITED
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2012

The Auditor-General is the auditor of Mighty River Power Limited and its subsidiaries. We have carried out the audit of the condensed consolidated interim financial statements of Mighty River Power Limited (hereafter referred to as the financial statements of the group), on behalf of the Auditor-General.

We have audited the financial statements of the group on pages 14 to 30, that comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six month period ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

Opinion on the financial statements of the group

In our opinion the financial statements of the group on pages 14 to 30:

- comply with generally accepted accounting practice in New Zealand as it relates to interim financial statements;
- comply with International Financial Reporting Standards as it relates to interim financial statements; and
- give a true and fair view of the group's:
  - financial position as at 31 December 2012; and
  - financial performance and cash flows for the six month period ended on that date.

Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the group as far as appears from an examination of those records.

Our audit was completed on 21 February 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence shareholder's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the group's financial statements that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also, we did not evaluate the security and controls over the electronic publication of the financial statements. In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the group's financial position, financial performance and cash flows.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Partners and staff of Ernst & Young may deal with the group on normal terms within the ordinary course of trading activities of the business of the group. Ernst & Young Transaction Advisory Services Limited has also been engaged as investigating accountants in connection with the proposed public offer of shares in the company. Other than these matters and the audit, we have no relationship with or interests in the group.

Brent Penrose Ernst & Young

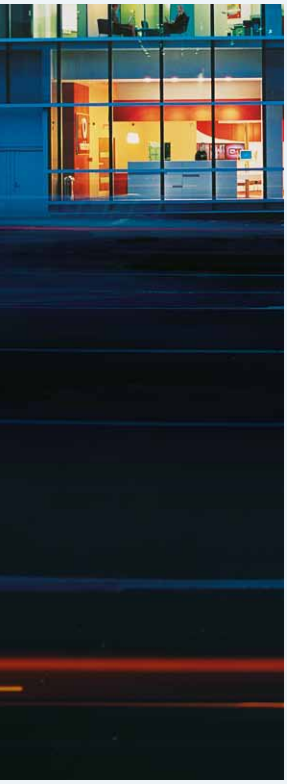
On behalf of the Auditor-General
Auckland, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Mighty River Power Limited group for the six month period ended 31 December 2012 included on the company's website. The Board of Directors is responsible for the maintenance and integrity of the company's website. We have not been engaged to report on the integrity of the company's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 21 February 2013 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.



Condensed Consolidated Interim Financial Statements.

For the six months ended 31 December 2012

CONTENTS

	Note	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Sales		927,237	930,730	1,903,515
Less line charges		(244,348)	(214,359)	(424,247)
Other revenue		23,432	12,686	41,295
Total revenue		706,321	729,057	1,520,563
Energy costs		289,477	344,011	761,158
Other direct cost of sales, including metering		15,229	15,454	33,524
Employee compensation and benefits		38,904	36,554	76,139
Maintenance expenses		29,368	26,612	71,808
Sales and marketing		6,790	8,877	20,898
Contractors' fees		5,894	4,773	11,136
Professional services		10,020	7,732	18,958
Other expenses		50,538	30,587	65,445
Total expenses		446,220	474,600	1,059,066
Earnings before net interest expense, income tax, depreciation, amortisation, change in fair value of financial instruments, impairments and equity accounted earnings (EBITDAF)		260,101	254,457	461,497
Depreciation and amortisation		(75,274)	(73,201)	(158,397)
Change in the fair value of financial instruments	7	(12,427)	(85,746)	(92,751)
Impaired assets	4	(91,390)	(2,727)	(4,004)
Equity accounted earnings of associate companies	9	1,610	2,066	2,852
Equity accounted earnings/(losses) of interest in jointly controlled entities	11	57,236	(21,464)	(27,655)
Earnings before net interest expense and income tax (EBIT)		139,856	73,385	181,542
Interest expense		(33,229)	(38,131)	(75,360)
Interest income		1,739	1,225	2,808
Net interest expense		(31,490)	(36,906)	(72,552)
Profit before income tax		108,366	36,479	108,990
Income tax expense	5	(32,884)	(18,832)	(41,289)
Net profit for the period		75,482	17,647	67,701
NET PROFIT FOR THE PERIOD IS ATTRIBUTABLE TO:				
Owners of the parent		75,404	17,696	67,775
Non-controlling interests		78	(49)	(74)
		75,482	17,647	67,701
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT:				
Basic and diluted earnings per share (cents)	6	5.39	1.26	4.84

The accompanying notes form an integral part of these financial statements.

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Net profit for the period	75,482	17,647	67,701
Other comprehensive income			
Fair value revaluation of hydro and thermal assets	500	–	166,000
Fair value revaluation of other generation assets	–	–	4,000
Equity accounted share of movements in associates' reserves	3,829	(1,347)	1,165
Equity accounted share of movements in jointly controlled entities' reserves	(1,548)	–	31,621
Exchange movements on equity accounted share of movements in jointly controlled entities' reserves	(1,001)	–	–
Movement in available for sale investment reserve	1,476	(429)	(619)
Movements in foreign currency translation reserve	15,631	6,181	(1,531)
Cash flow hedges gain/(loss) taken to or released from equity	62,775	(1,261)	27,758
Income tax on items of other comprehensive income	(17,092)	472	(68,083)
Other comprehensive income for the period, net of taxation	64,570	3,616	160,311
Total comprehensive income for the period	140,052	21,263	228,012
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD IS ATTRIBUTABLE TO:			
Owners of the parent	139,974	21,312	228,090
Non-controlling interests	78	(49)	(78)
	140,052	21,263	228,012

The accompanying notes form an integral part of these financial statements.

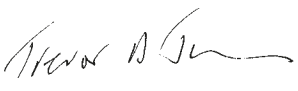
	Issued capital $000	Retained earnings $000	Available for sale investment reserve $000	Foreign currency translation reserve $000	Asset revaluation reserve $000	Cash flow hedge reserve $000	Non-controlling interest $000	Total equity $000
Balance as at 1 July 2011	377,561	540,353	(617)	(30,521)	2,159,494	(140,023)	295	2,906,542
Equity accounted share of movements in associates' reserves	–	–	–	–	–	(1,347)	–	(1,347)
Net loss on available-for-sale investments, net of taxation	–	–	(310)	–	–	–	–	(310)
Movements in foreign currency translation reserve	–	–	–	6,181	–	–	–	6,181
Cash flow hedges gain/(loss) taken to equity, net of taxation	–	–	–	–	–	(908)	–	(908)
Other comprehensive income	–	–	(310)	6,181	–	(2,255)	–	3,616
Net profit for the period	–	17,696	–	–	–	–	(49)	17,647
Total comprehensive income for the period	–	17,696	(310)	6,181	–	(2,255)	(49)	21,263
Non-controlling interest	–	–	–	–	–	–	90	90
Dividend	–	(45,700)	–	–	–	–	–	(45,700)
Balance as at 31 December 2011	377,561	512,349	(927)	(24,340)	2,159,494	(142,278)	336	2,882,195
Balance as at 1 January 2012	377,561	512,349	(927)	(24,340)	2,159,494	(142,278)	336	2,882,195
Fair value revaluation of hydro and gas-fired generation assets, net of taxation	–	–	–	–	119,520	–	–	119,520
Fair value revaluation of other generation assets, net of taxation	–	–	–	–	2,880	–	–	2,880
Equity accounted share of movements in jointly controlled entities' reserves, net of taxation	–	–	–	–	18,758	–	(21)	18,737
Equity accounted share of movements in associates' reserves	–	–	–	–	–	2,512	–	2,512
Net loss on available-for-sale investments, net of taxation	–	–	(136)	–	–	–	–	(136)
Movements in foreign currency translation reserve	–	–	–	(7,708)	–	–	(4)	(7,712)
Cash flow hedges gain/(loss) taken to equity, net of taxation	–	–	–	–	–	19,986	–	19,986
Impact of tax rate change	–	–	–	–	–	908	–	908
Other comprehensive income	–	–	(136)	(7,708)	141,158	23,406	(25)	156,695
Net profit for the period	–	50,079	–	–	–	–	(25)	50,054
Total comprehensive income for the period	–	50,079	(136)	(7,708)	141,158	23,406	(50)	206,749
Non-controlling interest	–	–	–	–	–	–	18	18
Dividend	–	(74,800)	–	–	–	–	–	(74,800)
Balance as at 30 June 2012	377,561	487,628	(1,063)	(32,048)	2,300,652	(118,872)	304	3,014,162
Balance as at 1 July 2012	**377,561**	**487,628**	**(1,063)**	**(32,048)**	**2,300,652**	**(118,872)**	**304**	**3,014,162**
Fair value revaluation of other generation assets, net of taxation	**–**	**–**	**–**	**–**	**360**	**–**	**–**	**360**
Equity accounted share of movements in associates' reserves	**–**	**–**	**–**	**–**	**–**	**3,829**	**–**	**3,829**
Equity accounted share of movements in jointly controlled entities' reserves, net of taxation	**–**	**–**	**–**	**–**	**(1,509)**	**–**	**(2)**	**(1,511)**
Net loss on available-for-sale investments, net of taxation	**–**	**–**	**(34)**	**–**	**–**	**–**	**–**	**(34)**
Release of reserve to the income statement, net of taxation	**–**	**–**	**1,097**	**–**	**–**	**–**	**–**	**1,097**
Movements in foreign currency translation reserve	**–**	**–**	**–**	**15,629**	**–**	**–**	**2**	**15,631**
Release of asset revaluation reserve following disposal of assets	**–**	**2,744**	**–**	**–**	**(2,744)**	**–**	**–**	**–**
Cash flow hedges gain/(loss) taken to equity, net of taxation	**–**	**–**	**–**	**–**	**–**	**45,198**	**–**	**45,198**
Other comprehensive income	**–**	**2,744**	**1,063**	**15,629**	**(3,893)**	**49,027**	**–**	**64,570**
Net profit for the period	**–**	**75,404**	**–**	**–**	**–**	**–**	**78**	**75,482**
Total comprehensive income for the period	**–**	**78,148**	**1,063**	**15,629**	**(3,893)**	**49,027**	**78**	**140,052**
Non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**(120)**	**(120)**
Dividend	**–**	**(45,000)**	**–**	**–**	**–**	**–**	**–**	**(45,000)**
Balance as at 31 December 2012	**377,561**	**520,776**	**–**	**(16,419)**	**2,296,759**	**(69,845)**	**262**	**3,109,094**

The accompanying notes form an integral part of these financial statements.

	Note	31 Dec 2012 $000	31 Dec 2011 $000	30 June 2012 $000
SHAREHOLDERS' EQUITY				
Issued capital		377,561	377,561	377,561
Reserves		2,731,271	2,504,298	2,636,297
Non-controlling interest		262	336	304
Total shareholders' equity		3,109,094	2,882,195	3,014,162
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		62,459	43,185	38,296
Receivables		195,916	214,502	316,097
Inventories		22,161	22,245	24,147
Derivative financial instruments	7	37,138	18,114	15,769
Total current assets		317,674	298,046	394,309
NON-CURRENT ASSETS				
Property, plant and equipment	8	5,045,271	4,827,246	5,064,100
Intangible assets		48,728	45,287	49,795
Emissions units		4,707	794	4,323
Available-for-sale financial assets		524	762	572
Investment and advances to associates	9	71,896	76,917	78,022
Investment in jointly controlled entities	11	31,131	84,500	108,104
Advances		13,438	10,470	13,992
Receivables		15,919	402	5,751
Derivative financial instruments	7	152,683	160,726	158,438
Total non-current assets		5,384,297	5,207,104	5,483,097
TOTAL ASSETS		5,701,971	5,505,150	5,877,406
LIABILITIES				
CURRENT LIABILITIES				
Payables and accruals		186,078	201,268	289,221
Provisions	12	7,729	4,390	6,546
Current portion loans	14	305,701	6,234	305,684
Derivative financial instruments	7	35,234	27,600	23,779
Taxation payable		25,309	20,813	16,887
Total current liabilities		560,051	260,305	642,117
NON-CURRENT LIABILITIES				
Payables and accruals		16,285	21,366	17,163
Derivative financial instruments	7	380,658	444,100	419,910
Loans	14	727,036	1,051,398	875,688
Deferred tax	13	908,847	845,786	908,366
Total non-current liabilities		2,032,826	2,362,650	2,221,127
TOTAL LIABILITIES		2,592,877	2,622,955	2,863,244
NET ASSETS		3,109,094	2,882,195	3,014,162

For and on behalf of the Board of Directors who authorised the issue of the Financial Statements on 21 February 2013.

Joan Withers
Chair
21 February 2013



Trevor Janes
Deputy Chair
21 February 2013

The accompanying notes form an integral part of these financial statements.

	Note	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		799,608	731,419	1,387,480
Payments to suppliers and employees		(502,752)	(473,221)	(964,112)
Interest received		1,740	1,225	2,808
Interest paid		(45,429)	(42,675)	(86,333)
Taxes paid		(41,154)	(31,378)	(62,850)
Net cash provided by operating activities	15	212,013	185,370	276,993
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment		(142,570)	(140,748)	(311,720)
Proceeds from sale of property, plant and equipment		5,394	2	349
Advances to joint venture partner repaid		553	407	891
Partial disposal of interest in jointly controlled assets		–	–	40,526
Investment in jointly controlled entities		(1,488)	(2,188)	(2,001)
Distribution received from jointly controlled entities	11	140,321	–	–
Acquisition of intangibles		(5,129)	(8,560)	(24,904)
Acquisition of emission units		(570)	–	(5,285)
Disposal of emission units		–	–	7,005
Dividends received from associate		1,416	1,613	3,513
Net cash used in investing activities		(2,073)	(149,474)	(291,626)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans		–	30,000	228,728
Repayment of loans		(140,000)	(6,000)	(80,439)
Dividends paid		(45,000)	(45,700)	(120,500)
Net cash (used in)/provided by financing activities		(185,000)	(21,700)	27,789
Net increase in cash and cash equivalents held		24,940	14,196	13,156
Net foreign exchange movements		(777)	267	(3,582)
Cash and cash equivalents at the beginning of the period		38,296	28,722	28,722
Cash and cash equivalents at the end of the period		62,459	43,185	38,296
Cash balance comprises:				
Cash		62,459	43,185	38,296
Cash balance at the end of the period		62,459	43,185	38,296

The accompanying notes form an integral part of these financial statements.

NOTE 1. ACCOUNTING POLICIES

1) Reporting entity

Mighty River Power (the "Company") Limited is a company incorporated in New Zealand, registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993. The condensed consolidated interim financial statements have been prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 1993.

The condensed consolidated interim financial statements are for Mighty River Power Limited Group (the "Group"). The condensed consolidated interim financial statements comprise the Company and its subsidiaries, including its investments in associates and interests in jointly controlled assets and entities.

Mighty River Power Limited is wholly owned by Her Majesty the Queen in Right of New Zealand (the Crown). Consequently, the Company is bound by the requirements of the State-Owned Enterprises Act 1986.

The liabilities of the Company are not guaranteed in any way by the Crown.

The Group's principal activities are to invest in, develop and produce electricity from renewable and other energy sources and to sell energy and energy related services and products to retail and wholesale customers.

2) Basis of preparation

(a) Statement of compliance

The condensed interim financial statements have been prepared in accordance with the New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting. In complying with NZ IAS 34, these statements comply with International Accounting Standard 34 Interim Financial Reporting. For the purposes of financial reporting, Mighty River Power is a profit-oriented entity.

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements. Consequently, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2012.

(b) Accounting policies and methods of computation

Apart from the change in computation below, the accounting policies and methods of computation are consistent with those of the annual financial statements for the year ended 30 June 2012, as described in those annual financial statements.

Valuation of ASX electricity futures contracts

A change in the valuation approach for ASX electricity futures contracts has been adopted. The valuation of these contracts are now taken directly from the Credit Suisse (ASX clearing house) mark-to-market figures for open trades. Previously the valuations had been performed internally based on a future price path which was derived from ASX price information. At the date the valuation approach changed for the ASX futures contracts a valuation difference of $0.1 million existed between the two methodologies which resulted in a decrease in the fair value asset.

(c) Estimates and judgements

The preparation of interim financial statements in conformity with NZ IAS 34 and IAS 34 requires Management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Generation plant and equipment

The Group's generation assets are stated at fair value as determined by an independent valuer. The basis of the valuation is the net present value of the future earnings of the assets, excluding any reduction for costs associated with restoration and environmental rehabilitation. The major inputs and assumptions that are used in the valuation model that require judgement include the forecast of the future electricity price path, sales volume forecasts, projected operational and capital expenditure profiles, capacity and life assumptions for each generation plant and discount rates. The last revaluation was performed in June 2012. Management expect to test the assumptions as at 30 June 2013 and if required engage an independent valuer to determine whether carrying values remain materially consistent with fair value.

Retail revenue

Management has exercised judgement in determining estimated retail sales for unread gas and electricity meters at balance date. Specifically this involves an estimate of consumption for each unread meter, based on the customer's past consumption history. The estimated balance is recorded in sales and as an accrual balance within receivables.

Restoration and environmental rehabilitation

Liabilities are estimated for the abandonment and site restoration of areas from which natural resources are extracted. Such estimates are valued at the present value of the expenditures expected to settle the obligation. Key assumptions have been made as to the expected expenditures to remediate based on the expected life of the assets employed on the sites and an appropriate discount rate.

Valuation of Financial instruments
ASX electricity future contracts are classified as level 1 and valuations are recorded directly from Credit Suisse (ASX clearing house) valuations. Energy contracts classified as level 3 are valued by reference to the Group's financial model for future electricity prices. Foreign exchange and interest rate derivatives are classified as level 2 and are valued based on quoted market prices. Detailed information about assumptions and risk factors relating to financial instruments and their valuation are included in the annual financial statements.

Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Evaluation and exploration assets are assessed for impairment when there is an indication that the carrying amount of the asset may exceed its recoverable amount.

Deferred tax
In May 2010 the Government announced that tax depreciation deductions for buildings would be disallowed effective from 1 July 2011. As there is no definition of a building in the Income Tax Act, Management have had to make an assessment of whether its generation assets, which have historically been classified as buildings, have been appropriately classified or whether they would more appropriately be classified as plant. In the event the Inland Revenue Department disagrees with the position Management takes when filing the 2012 tax returns in March 2013, then an additional deferred tax liability and tax expense of $21.3 million would need to be recognised associated with the portion of powerhouses that Management considered should be more appropriately classified as plant.

(d) Functional and presentation currency
These financial statements are presented in New Zealand Dollars ($). The functional currency of Mighty River Power Limited and all its subsidiaries, apart from Mighty Geothermal Power Limited and its direct subsidiaries and PT ECNZ Services Indonesia, is New Zealand Dollars. The functional currency of PT ECNZ Services Indonesia and Mighty Geothermal Power Limited, and its subsidiaries except the German subsidiaries, is the United States Dollar. The German subsidiaries have a functional currency of Euro. The financial statements of these entities have been translated to the presentation currency for these Group Accounts. All financial information has been rounded to the nearest thousand.

(e) Seasonality of operations
The energy business operates in an environment that is dependent on weather as one of the key drivers of supply and demand. Fluctuations in seasonal weather patterns, particularly over the short term, can have a positive or negative effect on the reported result. It is not possible to consistently predict this seasonality and some variability is common.

(f) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive.

NOTE 2. SEGMENT REPORTING

Identification of reportable segments

The operating segments are identified by Management based on the nature of the products and services provided. Discrete financial information about each of these operating businesses is reported to the chief operating decision-maker on at least a monthly basis.

Operating segments are aggregated into reportable segments only if they share similar economic characteristics.

During the year ended 30 June 2012 Mighty River Power ceased producing and reporting to the chief operating decision maker separate Retail and Wholesale segments to align with the manner in which the Group views and manages its energy business. As a result, the Retail and Wholesale results which have previously been reported separately have been combined into an "Energy Markets" segment. The previously reported Retail and Wholesale segments have been incorporated into the Energy Markets segment in their entirety.

Types of products and services

Energy Markets
The energy markets segment encompasses activity associated with the production, sale and trading of energy and related services and products, and generation development activities.

Other Segments
Other operating segments that are not considered to be reporting segments are grouped together in the "Other Segments" column. Activities include metering, upstream gas and international geothermal development.

Unallocated
Represents other corporate support services and other elimination adjustments.

Accounting Policies and inter-segment transactions

The accounting policies used by the Group in reporting segments are the same as those contained in note 1 to the annual financial statements and in the prior comparative periods. The Chief Executive assesses the performance of the operating segments on a measure of EBITDAF. Segment EBITDAF represents profit earned by each segment exclusive of any allocation of central administration costs, depreciation and amortisation, share of profits of associates and jointly controlled entities, change in fair value of financial instruments, impairments, finance costs and income tax expense.

Transactions between segments are carried out on an arm's length basis.

Six months ended 31 December 2012	Energy Markets $000	Other Segments $000	Unallocated $000	Total $000
Total segment revenue	689,797	31,707	794	722,298
Inter-segment revenue	–	(15,977)	–	(15,977)
Revenue from external customers	689,797	15,730	794	706,321
Segment EBITDAF	290,941	11,091	(41,931)	260,101
Segment Assets	5,324,374	208,992	168,605	5,701,971

Six months ended 31 December 2011	Energy Markets $000	Other Segments $000	Unallocated $000	Total $000
Total segment revenue	724,554	20,702	527	745,783
Inter-segment revenue	–	(16,726)	–	(16,726)
Revenue from external customers	724,554	3,976	527	729,057
Segment EBITDAF	269,337	(838)	(14,042)	254,457
Segment Assets	5,064,722	330,258	110,170	5,505,150

Twelve months to 30 June 2012	Energy Markets $000	Other Segments $000	Unallocated $000	Total $000
Total segment revenue	1,510,922	41,751	951	1,553,624
Inter-segment revenue	–	(33,061)	–	(33,061)
Revenue from external customers	1,510,922	8,690	951	1,520,563
Segment EBITDAF	499,048	680	(38,231)	461,497
Segment Assets	5,309,913	376,422	191,071	5,877,406

Reconciliation of segment revenue to the income statement

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Total segment revenue	722,298	745,783	1,553,624
Inter-segment sales elimination	(15,977)	(16,726)	(33,061)
Total revenue per the income statement	706,321	729,057	1,520,563

Reconciliation of segment assets to total assets

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Segment assets	5,533,366	5,394,980	5,686,335
Unallocated	168,605	110,170	191,071
Total assets	5,701,971	5,505,150	5,877,406

NOTE 3. UNDERLYING EARNINGS

Underlying earnings after tax is presented to enable stakeholders to make an assessment and comparison of earnings after removing one-off and/or infrequently occurring events (exceeding $10 million of net profit before tax), impairments and any changes in the fair value of derivative financial instruments or any equity accounted share of changes in the fair value of derivative financial instruments.

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Net profit for the period	75,482	17,647	67,701
Change in the fair value of financial instruments	12,427	85,746	92,751
Equity accounted share of the change in the fair value of financial instruments of associate entities	1,604	(374)	1,510
Equity accounted share of the change in the fair value of financial instruments of jointly controlled entities	(37,599)	20,601	24,207
Equity accounted share of the income statement impact of the capital return from jointly controlled entities (refer note 11)	(6,021)	–	–
Impaired assets	91,390	2,727	4,004
Adjustments before income tax expense	61,801	108,700	122,472
Income tax expense on adjustments	(4,084)	(24,668)	(27,514)
Adjustments after income tax expense	57,717	84,032	94,958
Underlying earnings after tax	133,199	101,679	162,659

Tax has been applied on all taxable adjustments at 28%.

NOTE 4. OTHER INCOME STATEMENT DISCLOSURES

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Auditing the financial statements – Ernst & Young (New Zealand)	315	383	763
Auditing the financial statements – BDO (United States, Chile & Germany)	305	402	318
Other services – Investigating Accountant role in preparation of IPO – Ernst & Young	383	–	322
Total auditor's remuneration	1,003	785	1,403
Foreign currency exchange (gains)/losses	21,628	516	(217)
Interest charged	47,072	43,704	90,249
Interest capitalised to capital work in progress	(13,843)	(5,573)	(14,889)
Total interest expense	33,229	38,131	75,360
Impaired property, plant and equipment	(46,596)	–	(30)
Impaired exploration and development expenditure	(33,446)	(3,604)	(4,843)
Impaired available for sale financial asset	(1,525)	–	–
Impaired investment in associate	(9,823)	877	869
	(91,390)	(2,727)	(4,004)

Management performed a review of all international geothermal development projects and related interests to identify whether any indicators of impairment exist. Drilling results on the Tolhuaca project in Southern Chile over 2011/12 delivered less productivity than planned and were more expensive than expected. In addition, significant delays in progressing the Weilheim project in Germany due to environmental court challenges (now resolved), combined with the need to move drilling locations, led to increased costs. As a consequence, at 31 December 2012 the Company recognised an impairment charge against the German and Tolhuaca assets. While the carrying value of the interests in Jointly Controlled Entities reduced significantly this period, as a consequence of the cash distribution received, management also assessed these interests for impairment, none were noted. As at 31 December 2012, the GeoGlobal Energy Fund had not raised third party capital as planned and the Company had decided that it would decline the opportunity to invest further capital into the existing structure. This has led to the recognition of an impairment in its investment in the management company GeoGlobal Energy LLC. Impairment charges against international geothermal interests total $88.9 million and adjust these assets to their recoverable value, which is based on management estimates of their fair value less costs to sell, leaving a residual book value of $91.8 million. Impairments against domestic assets total $2.5 million taking total impairments to $91.4 million.

Expenses incurred by the Company during the period relating to the preparation for a potential listing totalled $3.0 million ($3.8 million for the full year to 30 June 2012), comprising $2.4 million ($3.1 million for the full year to 30 June 2012) of direct issue expenses (predominantly professional services including audit costs) and an additional $0.6 million ($0.7 million for the full year to 30 June 2012) relating to employee compensation and benefits and other expenses. An agreement has yet to be reached with the Crown on recovery of issue expenses.

NOTE 5. INCOME TAX EXPENSE

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
(i) Income tax expense			
Profit before income tax	**108,366**	36,479	108,990
Prima facie income tax expense at 28% on profit before tax	**(30,342)**	(10,214)	(30,517)
Increase/(decrease) in income tax due to:			
• share of associates' tax paid earnings	**451**	578	799
• share of jointly controlled entities' tax paid earnings	**16,026**	(6,010)	(7,743)
• foreign entities' losses not recognised for deferred tax	**(23,962)**	(3,725)	(3,598)
• foreign entities' losses recognised for deferred tax	**11,721**	–	–
• non-deductible foreign exchange loss	**(6,273)**	–	–
• other differences	**(498)**	345	(892)
Over/(under) provision in prior period	**(7)**	194	662
Income tax expense attributable to profit from ordinary activities	**(32,884)**	(18,832)	(41,289)
Represented by:			
Current tax expense	**(49,912)**	(46,535)	(74,381)
Deferred tax expense recognised in the consolidated income statement	**17,028**	27,703	33,092
Total income tax expense	**(32,884)**	(18,832)	(41,289)
(ii) Income tax reported in other comprehensive income			
Tax on movements in asset revaluation reserve	**898**	–	(60,484)
Tax on movements in cash flow hedge reserve	**(17,577)**	353	(7,772)
Tax on movements in available for sale investment reserve	**(413)**	119	173
Income tax reported in other comprehensive income	**(17,092)**	472	(68,083)

Tax on movements in the cash flow hedge reserve includes both current and deferred tax. The current tax component arises due to realised foreign exchange gains or losses on hedge transactions that are rolled on an instalment basis which accumulate in the cash flow hedge reserve until the underlying transaction occurs.

NOTE 6. EARNINGS PER SHARE

	6 Months 31 Dec 2012	6 Months 31 Dec 2011	12 Months 30 June 2012
Numerator:			
Net profit for the period ($000)	**75,482**	17,647	67,701
Less net profit attributable to non-controlling interests ($000)	**78**	(49)	(74)
Net profit attributable to owners of the parent ($000)	**75,404**	17,696	67,775
Denominator (thousands of shares)	**1,400,000**	1,400,000	1,400,000
Basic and diluted earnings per share (Cents)	**5.39**	1.26	4.84

On 30 June 2012 the Company made a taxable bonus issue of 1,022,439,546 ordinary shares to its existing shareholders, bringing total shares on issue to 1.4 billion. All shares have equal voting rights and share equally in dividends and any surplus on winding up.

NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets 31 Dec 2012 $000	Liabilities 31 Dec 2012 $000	Assets 31 Dec 2011 $000	Liabilities 31 Dec 2011 $000	Assets 30 June 2012 $000	Liabilities 30 June 2012 $000
Interest rate derivatives	28,695	248,068	31,291	239,418	29,676	249,127
Cross currency interest rate derivatives	8,659	–	19,161	–	19,787	–
Cross currency interest rate derivatives – margin	–	11,326	–	9,507	–	10,014
Electricity price derivatives	152,448	156,056	125,878	216,910	124,744	181,266
Foreign exchange rate derivatives	19	442	2,510	5,865	–	3,282
	189,821	415,892	178,840	471,700	174,207	443,689
Current	37,138	35,234	18,114	27,600	15,769	23,779
Non-current	152,683	380,658	160,726	444,100	158,438	419,910
	189,821	415,892	178,840	471,700	174,207	443,689

Interest rate derivatives, short term low value foreign exchange rate derivatives, and short term low value electricity price derivatives, while economic hedges, are not designated as hedges under NZ IAS 39 but are treated as at fair value through profit and loss. All other foreign exchange rate and electricity price derivatives (except the Tuaropaki Power Company Foundation Hedge, Virtual Asset Swap with Meridian, the Nga Awa Purua outage cover contract and the Genesis swaption) are designated as cash flow hedges under NZ IAS 39. Cross currency interest rate swaps, which are used to manage the combined interest and foreign currency risk on borrowings issued in foreign currency, have been split into two components for the purposes of hedge designation. The hedge of the benchmark interest rate is designated as a fair value hedge and the hedge of the issuance margin is designated as a cash flow hedge.

The changes in fair values of derivative financial instruments and borrowings measured at fair value recognised in the income statement and other comprehensive income are summarised below:

	Income Statement			Other Comprehensive Income		
	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Cross currency interest rate derivatives	(11,105)	49,302	49,235	–	–	–
Borrowings – fair value change	9,011	(47,638)	(46,568)	–	–	–
	(2,094)	1,664	2,667	–	–	–
Interest rate derivatives	(248)	(84,802)	(94,969)	–	–	–
Cross currency interest rate swaps – margin	–	–	–	(941)	3,001	2,765
Electricity price derivatives	(7,644)	(691)	(693)	63,219	(15,766)	21,005
Foreign exchange derivatives	–	108	108	497	11,504	3,988
	(9,986)	(83,721)	(92,887)	62,775	(1,261)	27,758
Ineffectiveness of cash flow hedges	(2,441)	(2,025)	136			
Total fair value movements recognised through the consolidated income statement	(12,427)	(85,746)	(92,751)			

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Significant property plant and equipment related transactions during the period			
Assets acquired at cost	138,592	152,956	329,643
Net book value of assets disposed	5,211	28	4,629
Gain/(loss) on disposal	183	(26)	(4,280)
Asset revaluations	500	–	170,000
Impaired other generation assets	(46,596)	–	(30)
Impaired exploration and development expenditure	(33,446)	(3,604)	(4,843)

NOTE 9. INVESTMENT AND ADVANCES TO ASSOCIATES

	31 Dec 2012 $000	31 Dec 2011 $000	30 June 2012 $000
Balance at the beginning of the period	**78,022**	76,252	76,252
Equity accounted earnings	**1,610**	2,066	2,852
Equity accounted share of movement in other comprehensive income	**3,829**	(1,347)	1,165
Dividends received during the period	**(1,416)**	(1,613)	(3,513)
Exchange movements	**(326)**	682	397
Impaired investment in associate reversed	**–**	877	869
Impaired investment in associate	**(9,823)**	–	–
Balance at the end of the period	**71,896**	76,917	78,022

Associates include:

	Interest Held				
Name of entity	31 Dec 2012	31 Dec 2011	30 June 2012	Principal activity	Country of incorporation
TPC Holdings Limited	25.00%	25.00%	25.00%	Investing in Tuaropaki Power Company Limited	New Zealand
Hot Water Innovations Limited	34.71%	34.71%	34.71%	Development of a hot water storage solution	New Zealand
GeoGlobal Energy LLC	29.23%	29.23%	29.23%	Geothermal development	United States

The investment in TPC Holdings Limited includes a $15 million prepayment made in 2008 for an additional interest which will be acquired upon the commissioning of an expansion, or at another date agreed by both parties. It also includes an $8 million payment in compensation for the extension and variation of the shareholders agreement from 2027 to 2037 at which point the equity in TPC Holdings Limited will revert to Tuaropaki Kaitiaki Limited for $1 plus working capital adjustments. The impairment charge recognised in 2011 was reversed in 2012 following an internal valuation that supported the previous carrying value of the investment.

NOTE 10. INVESTMENT IN JOINTLY CONTROLLED ASSETS

	Interest Held			
Name of joint venture	31 Dec 2012	31 Dec 2011	30 June 2012	Principal activity
Rotokawa	64.80%	74.68%	64.80%	Steamfield operation
Nga Awa Purua	65.00%	75.00%	65.00%	Electricity generation

The joint venture partner in Rotokawa and Nga Awa Purua exercised an option to acquire an additional 9.88% and 10% interest in the respective joint ventures. Proceeds of $40.5 million were recognised on the disposal of the interests which was effective from 31 March 2012.

NOTE 11. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	31 Dec 2012 $000	31 Dec 2011 $000	30 June 2012 $000
Balance at the beginning of the period	**108,104**	98,970	98,970
Additions during the period	**1,487**	2,188	2,001
Equity accounted earnings	**57,236**	(21,464)	(27,655)
Equity accounted share of movements in other comprehensive income	**(1,548)**	–	31,621
Cash distribution received	**(131,534)**	–	–
Exchange movements	**(2,614)**	4,806	3,167
Balance at the end of the period	**31,131**	84,500	108,104

Jointly controlled entities include:

	Economic Interest Held				
Name of entity	31 Dec 2012	31 Dec 2011	30 June 2012	Principal activity	Country of incorporation
Energy Source LLC	20.15%	20.31%	20.31%	Investment holding	United States
Hudson Ranch Holdings LLC	75.00%	75.00%	75.00%	Investment holding	United States

The Group's interest in the above jointly controlled entities is held by GeoGlobal U.S. EnergySource LLC.

Due to the nature of the contractual arrangement that surround these entities, which allows for a reduction in the Group's economic interest once prescribed preferred returns have been achieved, the share of movements in earnings and reserves has been calculated based on the Hypothetical Liquidation at Book Value method. This method more closely aligns the recognition of earnings through time with the expected contractually agreed economic outcomes compared to the recognition of earnings based on a strict percentage of ownership.

In the current period Hudson Ranch Holdings LLC contributed its direct interest in Hudson Ranch Power LLC, the owner of the John L Featherstone plant commissioned last financial year, to a new 100% owned subsidiary Hudson Ranch TE Holdings LLC. Shortly after, a new tax equity investor contributed capital to Hudson Ranch TE Holdings in return for a class B membership interest which entitles it to tax losses which arise as a consequence of accelerated depreciation deductions allowable under the US tax code. In addition, Hudson Ranch Power LLC refinanced its construction loan, closing out its interest rate derivative position at the same time, and replaced it with long term debt. It also received a grant from the government under the American Recovery and Reinvestment Act of 2009. The excess cash from these three sources was used to make distributions to the original joint venture parties. This cash is first applied against the carrying value of the investment with the balance recognised within other revenue in the consolidated income statement.

	$000
Total cash distributed per the consolidated cash flow statement	**140,321**
Cash distribution recognised above	**131,534**
Cash distribution recognised within other revenue in the consolidated income statement	**8,787**
	140,321

The cash distribution has triggered a release of $22.4 million from the foreign currency translation reserve to other expenses within the consolidated income statement. This has arisen as a consequence of the movement in exchange rate between the date of the initial investment and rate on the day the cash was received.

As the distribution is a significant one-off item an adjustment has been made to calculate underlying earnings. The adjustment has been derived as follows:

	$000
Equity accounted earnings as recognised above	**57,236**
Add back fair value gain on derecognition of derivatives, retired as part of debt refinancing, recognised separately	**(37,599)**
Distribution income recognised in the income statement	**8,787**
Impact of the release from the foreign currency translation reserve	**(22,403)**
Adjustment to underlying earnings	**6,021**

NOTE 12. PROVISIONS

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Balance at the beginning of the period	**6,546**	4,200	4,200
Provisions made during the period	**1,013**	9	2,217
Movement in effect of discounting	**184**	181	129
Translation adjustment	**(14)**	–	–
Balance at the end of the period	**7,729**	4,390	6,546

Provisions have been recognised for the abandonment and subsequent restoration of areas from which geothermal resources have been extracted. The provision is calculated based on the present value of management's best estimate of the expenditure required, and the likely timing of settlement. The increase in provision resulting from the passage of time (the discount effect) is recognised as an interest expense.

NOTE 13. DEFERRED TAX

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Balance at the beginning of the period	**(908,366)**	(875,342)	(875,342)
Charged/(credited) to the income statement	**17,028**	27,703	33,092
Charged/(credited) to other comprehensive income	**(17,509)**	1,853	(66,838)
Partial disposal of interest in jointly controlled assets	**–**	–	722
Balance at the end of the period	**(908,847)**	(845,786)	(908,366)

NOTE 14. LOANS

	Borrowing Currency Denomination	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Bank loans (unsecured)	NZD	**–**	115,842	140,144
Fixed Rate Bonds (unsecured)	NZD	**304,254**	304,254	304,254
Floating rate bonds (unsecured)	NZD	**351,121**	351,139	351,076
US Private Placement (unsecured)	USD	**260,882**	260,212	260,906
Commercial paper programme (unsecured)	NZD	**99,657**	–	99,517
Deferred financing costs		**(1,650)**	(2,369)	(2,010)
Fair value adjustments		**18,473**	28,554	27,485
Carrying value of loans		**1,032,737**	1,057,632	1,181,372
Current		**305,701**	6,234	305,684
Non-current		**727,036**	1,051,398	875,688
		1,032,737	1,057,632	1,181,372

Subsequent to 31 December 2012 the Group established new unsecured bank loan facilities totalling $200 million. These facilities replace $150 million of unsecured bank loan facilities maturing in December 2013.

NOTE 15. RECONCILIATION OF PROFIT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Profit for the period	**75,482**	17,647	67,701
Items classified as investing /or financing activities			
Loan charges	**360**	370	1,092
Dividend from jointly controlled entities	**(8,787)**	–	–
Adjustments for:			
Depreciation and amortisation	**75,274**	73,201	158,397
Capitalised interest	**(13,843)**	(5,573)	(14,889)
Net (gain)/loss on sale of property, plant and equipment	**(183)**	26	4,280
Net loss on sale of intangibles	**–**	–	25
Net gain on disposal of emission units	**–**	–	(7,005)
Net gain on disposal of interest in jointly controlled assets	**–**	–	(8,252)
Change in the fair value of financial instruments	**12,427**	85,746	92,751
Impaired assets	**91,390**	2,727	4,004
Movement in effect of discounting on long-term provisions	**184**	190	372
Share of earnings of associate companies	**(1,610)**	(2,066)	(2,852)
Share of earnings of jointly controlled entities	**(57,236)**	21,464	27,655
Release from the foreign currency translation reserve	**22,403**	–	–
Other non-cash items	**(106)**	504	1,652
Net cash provided by operating activities before change in assets and liabilities	**195,755**	194,236	324,931
Change in assets and liabilities during the period:			
• Decrease/(increase) in trade receivables and prepayments	**104,574**	(9,611)	(114,497)
• Decrease/(increase) in inventories	**1,987**	771	(1,363)
• (Decrease)/increase in trade payables and accruals	**(82,028)**	12,508	89,477
• Increase in provision for taxation	**8,325**	16,550	14,637
• Decrease in deferred taxation	**(16,600)**	(29,084)	(36,192)
Net cash inflow from operating activities	**212,013**	185,370	276,993

NOTE 16. RELATED PARTY TRANSACTIONS

Ultimate shareholder

The ultimate shareholder of Mighty River Power Limited is the Crown. All transactions with the Crown and other State-Owned Enterprises are at arms length and at normal market prices and on normal commercial terms. Transactions cover a variety of services including trading energy, postal, travel and tax.

Transactions with related parties

Notes 9, 10 and 11 provide details of associates, jointly controlled assets and jointly controlled entities. All of these entities are related parties.

As these are consolidated financial statements transactions between related parties within the Group have been eliminated. Consequently, only those transactions between entities which have some owners external to the Group have been reported below:

	Transaction Value		
	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Management fees and service agreements received (paid)			
Associates	(5,290)	(4,560)	(6,842)
Jointly controlled assets	2,482	2,429	4,857
Energy contract settlements received (paid)			
Associates	1,209	(183)	6,533
Jointly controlled assets	(10,009)	205	14,013
Interest income (expense)			
Jointly controlled assets	776	863	1,666

For the terms and conditions of these related party transactions refer to note 30 of the 30 June 2012 annual financial statements.

Key management personnel

Key management personnel compensation (paid and payable) comprised:

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Directors' fees	411	317	657
Salary and other short term benefits of the Chief Executive and Senior Management	2,133	1,881	4,560
Long term benefits of the Chief Executive and Senior Management	1,525	290	1,094
	4,069	2,488	6,311

Other transactions with key management personnel

Directors and employees of the Group deal with Mighty River Power Limited as electricity consumers on normal terms and conditions within the ordinary course of trading activities.

A number of key management personnel provide directorship services to direct subsidiaries and other third party entities as part of their employment without receiving any additional remuneration. A number of these entities transacted with the Group on an arms length basis in the reporting period.

NOTE 17. COMMITMENTS AND CONTINGENCIES

	6 Months 31 Dec 2012 $000	6 Months 31 Dec 2011 $000	12 Months 30 June 2012 $000
Commitments			
Commitments for future capital expenditure include:			
Property, plant and equipment	**67,299**	206,696	101,189
Emission units	**104,203**	62,921	98,124
Other commitments			
Commitments for future operating expenditure	**56,508**	39,705	52,240

In the event the emissions trading scheme is terminated the forward purchase agreements for the acquisition of emissions units which cover a 15 year period will also terminate.

Contingencies

The Company holds land and has interests in fresh water and geothermal resources that are subject to claims that have been brought against the Crown. At the time of signing the accounts both claims are before the Supreme Court. In relation to the land claim, the Company has received advice that, if the claim succeeds, it is unlikely that the remedy granted by the Court will impact the Company's ability to operate its hydro assets. A separate claim relating to fresh water and geothermal resources was lodged with the Waitangi Tribunal. The Tribunal concluded that Maori have residual proprietary rights in fresh water and geothermal resources. If this claim succeeds, it will be for the Crown to determine how any rights and interests may best be addressed. The impact of this claim is unknown at this time.

From time to time the Company will issue letters of credit and guarantees to various suppliers in the normal course of business. However, there is no expectation that any outflow of resource relating to these letters of credit or guarantees will be required as a consequence.

Geotermia Curacautin Limitada (formerly GGE Chile SpA), a subsidiary of GeoGlobal Partners I, L.P. and indirectly Mighty River Power Limited, is involved in two contract disputes which are currently before the Courts with a potential liability of up to $2.9 million New Zealand Dollar equivalent.

The group has no other material contingent assets or liabilities.

NOTE 18. SUBSEQUENT EVENTS

The Board has approved an interim dividend of $67.2 million to be paid on 28 March 2013.

The Company announced on 15 February 2013 that it had reached agreement with the managing partners of GeoGlobal Energy LLC (GGE) and GeoGlobal Partners 1. L.P (the Fund) that the Company would acquire the non-controlling interests in the Fund and GeoGlobal US Holdings LLC and that it would transfer its 29.23% interest in GGE to the managing partners. The company will take direct control of investments in Chile, and via GeoGlobal U.S. EnergySource LLC, the interests in jointly controlled entities. GGE will take direct ownership and control of the Fund's German interests and the remaining non-EnergySource related investments in the United States. The Company has retained an option for an economic interest in the German assets but will have no on-going management involvement. Under the terms of the agreement all parties will now be free from geographic restriction or exclusivity in pursuing future geothermal opportunities. By terminating the existing agreements half-way through the 10-year term of the Fund the Company also avoids, among other things, future obligations for management fee payments to GGE. The consideration payable to the managing partners under this agreement is US$24.8 million.

There are no other material events subsequent to balance date that would affect the fair presentation of these financial statements.

Glossary

Average hydrological conditions	Rainfall into the Waikato Hydro System which typically supports generation of 4,000 GWh/year.
Base-load	Producing electricity at a constant rate and running continuously.
CFDs	Financial Contracts for Difference.
EBITDAF	Earnings before net interest expense, income tax, depreciation, amortisation, change in fair value of financial instruments, impairments and equity accounted earnings.
Energy Margin	Sales less lines charges, energy costs and other direct costs of sales, including metering.
Firming	Managing flexible generation output to balance out peaks and troughs in demand.
FPVV	Fixed Price Variable Volume.
GWh	Gigawatt hour. One gigawatt hour is equal to one million kilowatt hours.
kWh	Kilowatt hour. A kilowatt hour is also known as a unit of electricity and is the basis of retail sales of electricity.
Lines company	A company that owns the lines which transport electricity on local low-voltage networks (also called distribution companies or distributors).
MWh	Megawatt hour. One megawatt hour is equal to 1,000 kilowatt hours. A Megawatt hour is the metering standard unit for the wholesale market.
National grid	The transmission network owned by state-owned enterprise, Transpower, that transports high-voltage electricity from the major power stations to the local distribution networks operated by lines companies.
NPAT	Net profit after tax.
Operating Expenses	Total expenses less energy costs and other direct costs of sales including metering.
Peaking	Increasing flexible generation output to meet peak demand.
Spot market / wholesale market	The buying and selling of wholesale electricity is done via a 'pool', where electricity generators offer electricity to the market and retailers bid to buy the electricity. This market is called the spot or physical wholesale market.
Spot price	The half-hour price of wholesale ('spot') market electricity published by the pricing manager.
System Operator	The System Operator (currently Transpower) is the market operation service provider responsible for scheduling and dispatching electricity, in a manner that avoids fluctuations in frequency or disruption of supply.

Directory

Shareholders
The Minister for State Owned Enterprises,
Hon Tony Ryall, and Minister of Finance,
Hon Bill English.

Board of Directors
Joan Withers, Chair
Trevor Janes, Deputy Chair
Dr Michael Allen
Prue Flacks
James Miller
Tania Simpson
Keith Smith

Executive Management Team
Dr Doug Heffernan,
Chief Executive

William Meek,
Chief Financial Officer

James Munro,
General Manager Retail

Matt Olde,
General Manager Business Solutions & Strategy

Marlene Strawson,
General Manager Human Resources

Mark Trigg,
General Manager Development

Fraser Whineray,
General Manager Operations

Company Secretary (Acting)
Glenn Rockell, General Counsel (Acting)

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Credit Rating (as at 31 December 2012)
Long term: BBB+
Outlook: Stable

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The Auditor-General pursuant to section 14 of the Public Audit Act 2001. Brent Penrose of Ernst & Young was appointed to perform the audit on behalf of the Auditor-General.

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Bell Gully

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ASB Bank
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