INTERIM REPORT 2015

FRESH THINKING.

MIGHTY RIVER POWER

Our focus is on delivering our customers a great experience and the value they deserve from their energy services.

We are applying fresh thinking and rapidly-evolving technologies to connect New Zealanders in new ways with electricity.

Mighty River Power is building on the strong foundation and global competitive advantage that this country has in renewable energy resources.

We see opportunities to invest and drive long-term value for our customers, shareholders, communities, business partners and the wider economy.

Value focus.

ZERO-HARM

focus continues in the Company, across the industry

FOCUSED

on customer value and growth

2 YR

dry-spell continues in Waikato River catchment

Exit of

INTERNATIONAL

geothermal development which no longer meets investment criteria

NO INCREASE

in headline energy prices on 1 April 2015

14 cents per share

on-track for forecast FY2015 dividend

A fresh approach – building on our STRENGTHS

The past six months has been an important time for Mighty River Power.

WE HAVE had a successful transition and fresh thinking applied to our business under the leadership of our new Chief Executive, Fraser Whineray, reflecting the market opportunities and challenges.

We have set out clear strategic priorities to enable us to strengthen and drive efficiencies in the way we operate our business, to build on Mighty River Power's commercial strengths and develop longer-term growth options that will deliver value for our shareholders.

I am pleased to be reporting good progress on these multi-year initiatives during the first half of the 2015 financial year.

In line with these priorities, we have taken some deliberate decisions about investment criteria and capital management, leading to the Company's exit from international geothermal development.

There has also been a substantive lift in investor sentiment around the electricity sector following the General Election, with the continuation of a constructive and predictable regulatory regime that is vital for our renewable electricity investment horizons. This business environment supports the delivery of choice and innovation to customers, and environmental and economic benefits to New Zealand.

Financial Results

The financial performance for the period ended 31 December 2014 has been challenged by a lack of rain in the North Island, though we have maintained strong cash flows.

Operating earnings (EBITDAF) for the half year were $258 million, down $12 million on the prior comparable period (pcp), largely due to lower hydro generation and the continuation of the Company's approach of not renewing commercial contracts at low yields.

"This interim EBITDAF result underscores the strength of Mighty River Power's business and the deliberate decisions we have taken..."

This interim EBITDAF result underscores the strength of Mighty River Power's business and the deliberate decisions we have taken to optimise the Company's electricity generation and sales mix through a period of intense competition and adverse North Island hydrology. Our geothermal assets have again proved key, with a large contribution of base-load generation, providing stability in our portfolio – a complementary fuel source that is not dependent on the weather.

Profit for the period (NPAT) was $8 million, with the Company's exit from international geothermal development the primary driver of the $116 million lower result compared with the previous interim period. Key differences to the previous half year include non-cash impairments of $83 million related to the decision to exit international geothermal development, along with the favourable fair value movements of $20 million recognised in the previous half year.

Underlying earnings of $90 million was down $15 million, reflecting the lower operating earnings and higher interest and depreciation costs following the commissioning of our Ngatamariki geothermal station.

Dividends

The inherent strength in Mighty River Power's business has enabled us to maintain our forecast ordinary dividend of 14 cents per share for the full year, which is 4% higher than the previous financial year.

Your Board has declared a fully imputed interim dividend of 5.6 cents per share to be paid to our shareholders on 31 March (up 8% on the previous interim period), in addition to the 5 cent per share special dividend paid in December 2014. This was confirmed as part of Mighty River Power's ongoing capital management.

We have enjoyed remarkable and unwavering shareholder confidence since listing in May 2013, retaining more than 90% of our foundation shareholders from the IPO.

During this time Mighty River Power has paid and declared fully imputed dividends of 31.3 cents per share, and the more than 95,000 eligible shareholders will also receive a 1-for-25 loyalty bonus share transfer from the Crown on 21 May.

5.6¢

Up 8% on last year's interim dividend.

FY2015 Outlook

With rainfall since period end only 60% of average, the Company issued updated earnings guidance at the end of February.

FY2015 EBITDAF is now forecast to be in the range of $480 million to $500 million. This guidance is subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances.

We announced in November that our longest-serving director, Tania Simpson, will be retiring at the end of June 2015. Tania has played a vital role in helping build Mighty River Power's relationships, particularly with iwi and Maori landowners, and we are grateful for her support in helping us with the process to recruit a director with the appropriate skills to join our Board.

Thank you for your continued confidence in Mighty River Power.

Joan Withers Chair

Clear focus on achieving strategic MILESTONES

At the Annual Shareholders' Meeting in November last year, I outlined our strategies to sustain and grow Mighty River Power.

THE THREE STRATEGIC THEMES we have adopted – *Operate, Build, Grow* – reflect the opportunities and challenges in our business environment. In a market with lower growth potential from electricity demand, we remain very focused on lifting performance in our core business and on providing customers choice that delivers value to them.

In a dry and challenging first half of FY2015, there has been an emphasis on both operational performance and the progression of our long-term goals.

New Zealand is endowed with wonderful renewable energy sources that can be converted to electricity without any Government subsidy. This is a rare endowment globally. Mighty River Power has continued to enhance and develop these and today more than 95% of our power is generated from our hydro and geothermal resources in the upper North Island.

The real measure of our success over the long-term will be: how we sustainably manage these natural resources, innovate and connect with our customers in response to their needs; the benefits we drive for New Zealand, and the value we deliver for shareholders.

Establishing momentum on our three strategic themes has been the primary focus of my first six months as Chief Executive. We have made great progress and announced key decisions over the half year.

Safety is a non-negotiable, not just for the Company but also as we work with others in the industry to lift the overall performance through the *StayLive* programme. It is important everyone goes home safely every night and this safety focus extends across all our employees, principal contractors, subcontractors, our customers and the public.

There were no serious harm incidents during the period. However, a small number of low-severity incidents has resulted in our key measure (TRIFR) being higher than at the end of the 2014 financial year. 'Zero-harm' remains our goal. An important initiative over recent months has been our contractor pre-qualification framework that establishes consistent safety standards.

National Demand and Supply

After a number of years of flat or declining electricity consumption, it is encouraging to see a small recent lift in national demand coupled with a very dynamic change to the excess thermal generation.

The reduction in thermal fuel commitments across the country was equivalent to the size of New Zealand's largest single customer, the Tiwai smelter.

The balanced supply-demand situation has contributed to a recent improvement in ASX electricity futures prices for the next three years. We have deliberately continued to reduce commercial sales renewals in what has been a low-yield environment – an approach we have maintained for more than a year as we seek to optimise the value of the portfolio.

The ASX futures market is a liquid exchange for electricity contracts, where generators and retailers can both sell to or buy from. There are now more than 60 independent generators connected to the grid and more than 20 electricity retailers.

At the same time, there are strong competitive pressures remaining on retail prices. These outcomes reflect a well-functioning electricity market.

Business Operations

The national picture of average hydro inflows was a stark contrast to the sustained dry conditions in the North Island. Production from the Waikato Hydro System has been constrained by lower-than-average rainfall that has had broader impacts for different sectors and the national economy.

Despite lower hydro generation, Mighty River Power's total electricity generation for the six months was up more than 4% on the HY2014 to 3,404 GWh, supported by our base-load geothermal production and the use of committed and higher-cost natural gas at the Southdown power station.

40%

of our generation now comes from geothermal generation

The on-going management of operational spend across the business and sale of surplus property has helped reduce the financial impact of the lower hydro output.

Our domestic investment in geothermal over the past decade, with three large projects completed since 2008, means about 40% of our generation now comes from this renewable source. At a national level we saw geothermal overtake gas as New Zealand's second-largest fuel source for electricity generation.

This geothermal investment has come from eight different geothermal companies, including $1.4 billion by Mighty River Power, and has boosted geothermal output from 6.5% of New Zealand's electricity supply to a record of more than 16%.

Hydro and geothermal are now at the front of the grid for the first time in this country's electricity mix, with total renewables meeting about 80% of demand.

This is among the highest in the world – well above Australia's 10%, the United States at 13% and Germany with 26% – and something we see as a competitive advantage for New Zealand that will continue to grow in the future.

80%

of New Zealand's electricity demand is met by renewables

Strategic Priorities

Since the Annual Shareholders' Meeting we have confirmed a number of important achievements against our strategy, and we will continue to deliver on key milestones and report these to shareholders.

In terms of driving efficiencies, we are now preparing for installation of the first of four new replacement turbines at the Whakamaru hydro station to expand its capacity by 20MW to 120MW. This upgrade will also increase conversion of water efficiency by about 5% and is part of the larger refurbishment of key hydro assets on the Waikato River.

We have been reviewing our property holdings and expect to realise additional gains on sales through the balance of the financial year.

In December we announced the exit from international geothermal development. This decision followed a rigorous review and the decision is a reflection that these interests no longer meet our investment criteria. The sale of geothermal interests in Germany is complete and a divestment process of the assets in Chile now well underway.

Through a determined focus on efficiencies and effectiveness, we achieved an additional $10 million of operating expenditure savings over and above the $20 million of permanent cost savings delivered in FY2014.

A central element of our strategy is our focus on customers.

We are setting the benchmark in the pre-pay electricity space. GLOBUG is now matching the flexibility of pre-pay electricity with the offer of market-leading pricing for nearly half a million Community Services Card holders.

Our flagship brand, Mercury Energy, continues to enjoy very good support in a competitive market with a majority of customers saying they are 'highly satisfied'. In the two years since the launch of our online tool Good Energy Monitor (GEM), our customers have saved a total of more than $3 million to date on their electricity usage.

In January, we confirmed that there would be no increase in headline energy pricing for our residential electricity and gas customers on 1 April 2015. We are continuing to reward our customers who commit to a fixed-term contract, with an additional discount, and about a third of residential customers are opting for the certainty of fixed-price contracts.

> "We are setting the benchmark in the pre-pay electricity space. GLOBUG is now matching the flexibility of pre-pay electricity with the offer of market-leading pricing..."

It is important that we provide services that fit with all our customers' needs as electricity is a fundamental service that supports our quality of life, providing value to us in our homes and driving commerce.

GLOBUG has been a key factor in the outstanding success we have achieved in reducing disconnections and customer debt, with our customers saving an average of more than $250 on the annual cost of their electricity supply.

GLOBUG is an example of social responsibility through commercial innovation, and a technology we are proud to have developed in-house.

The Company's metering business, Metrix, is preparing for the roll-out of 'smart' meters in partnership with Trustpower. This is an absolute focus for our team at Metrix, with the deployment scheduled to begin in mid-2015. The Trustpower programme will further increase the penetration of 'smart' meters beyond the current 60% of New Zealand homes.

Water is a critical resource and requires management for the benefit of all users and future generations. With this longer-term view, we were pleased to have confirmed a 52-year agreement with Tuwharetoa Maori Trust Board in December 2014 around the storage of water in Lake Taupo.

We believe New Zealand's renewable electricity can be greatly leveraged over the long-term for the benefit of customers and our country.

Looking to this future growth, we are also encouraged by the support building for the widespread adoption of plug-in electric vehicles in New Zealand which uses our valuable renewable resources.

We will continue to promote this vital opportunity to deliver even better environmental outcomes and greater economic resilience by reducing New Zealand's reliance on imported fossil fuels, which are expensive to the consumer.

This is a compelling proposition that can deliver benefits to our customers, the economy, our society and our environment.

In this my first report to shareholders, my thanks go to my predecessor, Doug Heffernan, for a seamless transition that has supported my objectives of strong continuity with fresh alignment.

I am encouraged every day by the commitment of the passionate and capable people we have moving our business forward, applying fresh thinking and delivering innovation for our customers. I am very grateful for the vision and support of our Board, and my Management Team.

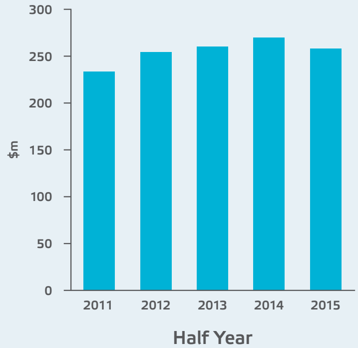
The milestones that we have announced over recent months mark our progress.

Fraser Whineray Chief Executive

Financial highlights.

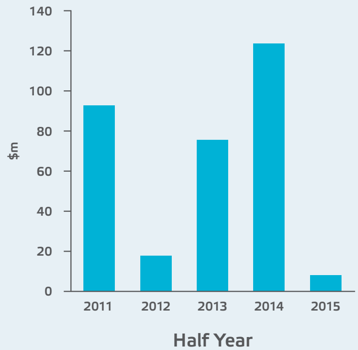
Mighty River Power's financial results demonstrate a sharp focus on multi-year value optimisation.

EBITDAF*



EBITDAF fell $12 million to $258 million, reflecting lower hydro production and maturing higher-yield commercial contracts that the Company opted not to renew at lower prices. These impacts were partly offset by increased deployment of smart meters, property sales and the Company's continued drive for efficiencies leading to a lower cost base.

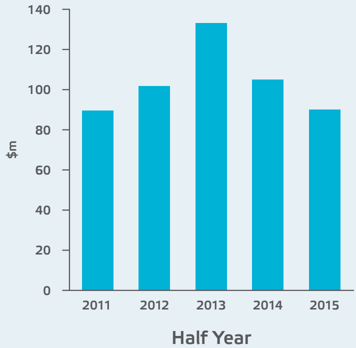
NET PROFIT



Net profit for the period fell $116 million, principally reflecting non-cash impairments of $83 million as a result of the decision to exit international geothermal development options and $20 million of non-cash fair value movements which increased the HY2014 net profit.

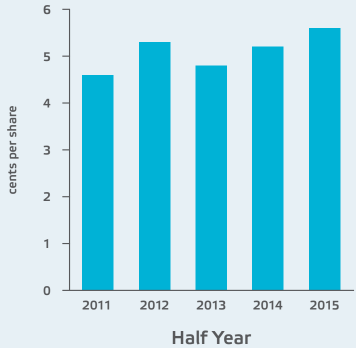
* A description and reconciliation of these Non-GAAP measures can be found on page 10.

UNDERLYING EARNINGS*



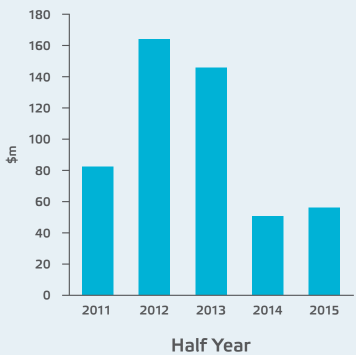
Mighty River Power's underlying earnings were $90 million, $15 million lower than the prior period reflecting lower EBITDAF and additional interest and higher depreciation costs relating to the commissioning of Ngatamariki in 2013.

INTERIM DECLARED DIVIDEND



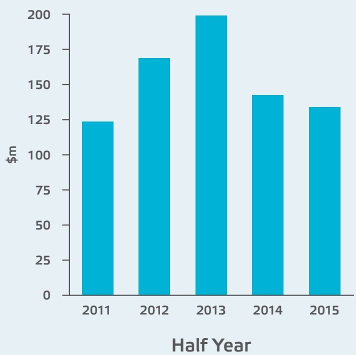
The Board declared a fully imputed interim dividend of 5.6 cents per share – an 8% uplift from the 5.2 cents per share of HY2014. The interim dividend, together with the forecast final dividend represents a total forecast FY2015 dividend of 14 cents per share, a 4% increase on FY2014.

CAPITAL EXPENDITURE



Total capital expenditure increased from $51 million to $56 million. Stay-in-business capital expenditure was higher-than-average at $42 million reflecting the successful drilling of two new wells at Ngatamariki and Rotokawa. Growth capital expenditure mainly related to expenditure by Metrix for the roll-out of 'smart' meters.

FREE CASH FLOW*



Free cash flow fell $9 million from the prior year to $134 million reflecting a higher level of stay-in-business capital expenditure.

Non-GAAP Financial Information

The Company believes that the following Non-GAAP financial information is useful to investors for the reasons set out below. Mighty River Power has reported these measures of financial performance to date and intends to do so in the future, allowing investors to compare periods. The basis of these calculations can either be found below or as part of the Financial Statements.

EBITDAF is reported in the income statement of the Financial Statements (page 14) and is a measure that allows comparison across the electricity industry. EBITDAF is defined as earnings before net interest expense, income tax, depreciation, amortisation, change in fair value of financial instruments, impairments and equity accounted earnings.

ENERGY MARGIN is defined as sales less lines charges, energy costs and other direct cost of sales, including metering. Energy Margin provides a measure that, unlike sales or total revenue, accounts for the variability of the wholesale spot market and the broadly offsetting impact of wholesale prices on the cost of retail electricity purchases and can be derived from the Financial Statements as follows:

Six months ended 31 December

$m	2014	2013
Sales	856	827
Less: lines charges	(223)	(227)
Less: energy costs	(266)	(216)
Less: other direct cost of sales, including metering	(26)	(24)
Energy Margin	341	360

UNDERLYING EARNINGS reported in Note 3 of the Financial Statements, is net profit for the half year adjusted for 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. In contrast to net profit, the exclusion of certain items enables a comparison of the underlying performance across time periods.

NET DEBT is defined as current and non-current loans less cash and cash equivalents and loan fair value adjustments and is a metric commonly used by investors and can be derived from the Financial Statements as follows:

As at 31 December

$m	2014	2013
Current loans at carrying value	10	105
Add: Non-current loans at carrying value	1,127	972
Add: Fair value adjustments US Private Placement	(24)	2
Less: cash and cash equivalents	(33)	(35)
Net debt	1,080	1,044

FREE CASH FLOW is net cash provided by operating activities less reinvestment capital expenditure (including accrued costs). Free cash flow is a measure that the Company uses to evaluate the levels of cash available for debt repayments, growth capital expenditure and dividends.

Six months ended 31 December

$m	2014	2013
Net cash provided by operating activity	176	171
Less: Reinvestment capital expenditure (including accrued costs)	(42)	(28)
Free cash flow	134	143

REVIEW REPORT TO THE SHAREHOLDERS OF MIGHTY RIVER POWER LIMITED

We have reviewed the consolidated interim financial statements of Mighty River Power Limited ("the Company") and its subsidiaries ("the Group") on pages 14 to 29, which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the six months ended on that date, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with the engagement letter. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review 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 and the Company's shareholders as a body, for our engagement, for this report, or for the opinions we have formed.

Directors' Responsibilities

The directors are responsible for the preparation and fair presentation of consolidated interim financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The directors are also responsible for the publication of the consolidated interim financial statements, whether in printed or electronic form.

Reviewer's Responsibilities

The Auditor-General is the auditor of the Group pursuant to section 5(1)(f) of the Public Audit Act 2001. Pursuant to section 32 of the Public Audit Act 2001, the Auditor-General has appointed Simon O'Connor of Ernst & Young to carry out the annual audit of the Group.

Our responsibility is to express a conclusion on the consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of Mighty River Power Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Basis of Conclusion

A review of the consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on the consolidated interim financial statements.

We did not evaluate the security and controls over the electronic presentation of the consolidated interim financial statements.

In addition to this review and the audit of the annual financial statements of the Company and Group, we have performed other engagements in the area of remuneration benchmarking and tax compliance which are compatible with the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. In addition, partners and staff of Ernst & Young may deal with the Group on arm's length terms within the ordinary course of trading activities of the Group. These services have not impaired our independence as auditor of the Company or Group. Other than these engagements and arm's length transactions, and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with, or interests in, the Company or Group.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the consolidated interim financial statements, set out on pages 14 to 29, do not present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and of its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34: *Interim Financial Reporting* and IAS 34: *Interim Financial Reporting*.

Our review was completed on 24 February 2015 and our findings are expressed as at that date.

Simon O'Connor **Ernst & Young**

On behalf of the Auditor-General
24 February 2015
Auckland, New Zealand

Consolidated Interim Financial Statements

For the six months ended 31 December 2014

CONTENTS

Consolidated Income Statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Note	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Total revenue	4	**874**	842	1,705
Total expenses	4	**(616)**	(572)	(1,201)
EBITDAF[1]		**258**	270	504
Depreciation and amortisation		**(85)**	(78)	(161)
Change in the fair value of financial instruments		**1**	20	32
Impairments	4	**(83)**	–	–
Earnings of associates' and joint ventures		**1**	–	4
Net interest expense	4	**(48)**	(39)	(84)
Profit before tax		**44**	173	295
Tax expense		**(36)**	(49)	(83)
Profit for the period		**8**	124	212
Profit for the period attributable to owners of the parent		**8**	124	212
Basic and diluted earnings per share (cents)		**0.58**	8.86	15.27

1 EBITDAF: Earnings before net interest expense, income tax, depreciation, amortisation, change in fair value of financial instruments, impairments and equity accounted earnings.

Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Profit for the period	**8**	124	212
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Fair value revaluation of generation assets	**–**	–	40
Share of movements in associates' and joint ventures' reserves	**(3)**	(8)	(10)
Tax effect	**–**	–	(11)
Items that may be reclassified subsequently to profit or loss			
Movement in cash flow hedges reserve	**(51)**	24	47
Movement in other reserves	**6**	(4)	(7)
Tax effect	**14**	(7)	(13)
Other comprehensive income/(loss) for the period, net of taxation	**(34)**	5	46
Total comprehensive income/(loss) for the period attributable to owners of the parent	**(26)**	129	258

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

Consolidated Balance Sheet

AS AT 31 DECEMBER 2014

	Note	Unaudited 31 Dec 2014 $M	Unaudited 31 Dec 2013 $M	Audited 30 June 2014 $M
SHAREHOLDERS' EQUITY				
Issued capital		**378**	378	378
Treasury shares		**(52)**	(28)	(52)
Reserves		**2,684**	2,835	2,893
Total shareholders' equity		**3,010**	3,185	3,219
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		**33**	35	19
Receivables		**191**	186	218
Inventories		**27**	22	24
Derivative financial instruments	6	**19**	30	31
Total current assets		**270**	273	292
NON-CURRENT ASSETS				
Property, plant and equipment	7	**5,021**	5,110	5,095
Intangible assets		**66**	60	71
Available-for-sale financial assets		**–**	13	12
Investment and advances to associates	8	**73**	76	78
Investment in joint ventures	8	**12**	26	23
Advances		**13**	12	13
Receivables		**4**	7	6
Derivative financial instruments	6	**104**	100	99
Total non-current assets		**5,293**	5,404	5,397
TOTAL ASSETS		**5,563**	5,677	5,689
LIABILITIES				
CURRENT LIABILITIES				
Payables and accruals		**172**	149	169
Provisions		**–**	2	–
Borrowings	9	**10**	105	56
Derivative financial instruments	6	**17**	41	22
Taxation payable		**13**	17	24
Total current liabilities		**212**	314	271
NON-CURRENT LIABILITIES				
Payables and accruals		**7**	12	6
Provisions		**16**	11	16
Derivative financial instruments	6	**228**	220	209
Borrowings	9	**1,127**	972	985
Deferred tax		**963**	963	983
Total non-current liabilities		**2,341**	2,178	2,199
TOTAL LIABILITIES		**2,553**	2,492	2,470
NET ASSETS		**3,010**	3,185	3,219

For and on behalf of the Board of Directors who authorised the issue of the Financial Statements on 24 February 2015.

Joan Withers, **Chair**
24 February 2015

Keith Smith, **Director**
24 February 2015

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

Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Issued capital $M	Retained earnings $M	Asset revaluation reserve $M	Cash flow hedge reserve $M	Other reserves $M	Total equity $M
Balance as at 1 July 2013	378	493	2,363	(39)	(13)	3,182
Movement in cash flow hedges reserve, net of taxation	–	–	–	16	–	16
Movements in other reserves	–	–	–	–	(3)	(3)
Share of movements in associates' and joint ventures' reserves	–	–	(6)	(2)	–	(8)
Other comprehensive income	–	–	(6)	14	(3)	5
Net profit for the period	–	124	–	–	–	124
Total comprehensive income for the period	–	124	(6)	14	(3)	129
Acquisition of treasury shares	–	–	–	–	(25)	(25)
Dividend	–	(101)	–	–	–	(101)
Balance as at 31 December 2013	378	516	2,357	(25)	(41)	3,185
Balance as at 1 January 2014	378	516	2,357	(25)	(41)	3,185
Fair value revaluation of generation assets, net of taxation	–	–	29	–	–	29
Movement in cash flow hedges reserve, net of taxation	–	–	–	18	–	18
Movements in other reserves	–	–	–	–	(4)	(4)
Share of movements in associates' and joint ventures' reserves	–	–	(2)	–	–	(2)
Release of asset revaluation reserve following disposals of assets	–	2	(1)	–	–	1
Other comprehensive income	–	2	26	18	(4)	42
Net profit for the period	–	88	–	–	–	88
Total comprehensive income for the period	–	90	26	18	(4)	130
Acquisition in treasury shares	–	–	–	–	(24)	(24)
Dividend	–	(72)	–	–	–	(72)
Balance as at 30 June 2014	378	534	2,383	(7)	(69)	3,219
Balance as at 1 July 2014	**378**	**534**	**2,383**	**(7)**	**(69)**	**3,219**
Movement in cash flow hedges reserve, net of taxation	**–**	**–**	**–**	**(37)**	**–**	**(37)**
Movements in other reserves	**–**	**–**	**–**	**–**	**7**	**7**
Share of movements in associates' and joint ventures' reserves	**–**	**–**	**–**	**(3)**	**–**	**(3)**
Release of asset revaluation reserve	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Other comprehensive income	**–**	**–**	**(1)**	**(40)**	**7**	**(34)**
Net profit for the period	**–**	**8**	**–**	**–**	**–**	**8**
Total comprehensive loss for the period	**–**	**8**	**(1)**	**(40)**	**7**	**(26)**
Acquisition of treasury shares	**–**	**–**	**–**	**–**	**–**	**–**
Dividend	**–**	**(183)**	**–**	**–**	**–**	**(183)**
Balance as at 31 December 2014	**378**	**359**	**2,382**	**(47)**	**(62)**	**3,010**

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

Consolidated Cash Flow Statement

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	**878**	890	1,706
Payments to suppliers and employees	**(600)**	(614)	(1,214)
Interest received	**3**	1	3
Interest paid	**(51)**	(44)	(90)
Taxes paid	**(54)**	(62)	(88)
Net cash provided by operating activities	**176**	171	317
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	**(54)**	(60)	(82)
Disposal of property, plant and equipment	**4**	–	–
Acquisition of intangibles	**(1)**	(3)	(20)
Advances to joint venture partner repaid	**1**	–	1
Investment in joint ventures	**–**	(3)	(3)
Distributions received from associates and joint ventures	**3**	2	5
Net cash used in investing activities	**(47)**	(64)	(99)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of treasury shares	**–**	(25)	(50)
Proceeds from loans	**300**	40	60
Repayment of loans	**(235)**	–	(50)
Dividends paid	**(183)**	(101)	(173)
Net cash used in financing activities	**(118)**	(86)	(213)
Net increase in cash and cash equivalents held	**11**	21	5
Net foreign exchange movements	**3**	3	3
Cash and cash equivalents at the beginning of the period	**19**	11	11
Cash and cash equivalents at the end of the period	**33**	35	19
Cash balance comprises:			
Cash balance at the end of the period	**33**	35	19

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

NOTE 1. ACCOUNTING POLICIES

1) Reporting entity

Mighty River Power Limited (the "Company") is a company incorporated in New Zealand, registered under the Companies Act 1993, is an FMC reporting entity under the Financial Markets Conduct Act 2013 and is dual listed on the NZSX and ASX.

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

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

2) Basis of preparation

The Group financial statements have been prepared in accordance with the Financial Reporting Act 2013, the Companies Act 1993 and 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.

These Group financial statements, including the accounting policies adopted, do not include all the information and disclosures required in the annual financial statements. Consequently, these Group financial statements should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2014.

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.

The preparation of financial statements requires 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.

Management for the Group is considered to be the Directors and Senior Management.

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 executive, being the chief operating decision-maker, on at least a monthly basis, who 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, share of profits of associates, change in fair value of financial instruments, depreciation and amortisation, impairments, finance costs and income tax expense. Operating segments are aggregated into reportable segments only if they share similar economic characteristics.

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 and international geothermal development and operations.

Unallocated

Represents other corporate support services and other elimination adjustments.

Inter-segment

Transactions between segments are carried out on normal commercial terms and represent charges by Other Segments to Energy Markets.

Segment results

Six months ended 31 December 2014 (unaudited)	Energy Markets $M	Other Segments $M	Unallocated $M	Inter-segment $M	Total $M
Total segment revenue	869	23	(3)	(15)	874
Direct costs	(530)	–	–	15	(515)
Other operating expenses	(67)	(13)	(21)	–	(101)
Segment EBITDAF	272	10	(24)	–	258

Six months ended 31 December 2013 (unaudited)	Energy Markets $M	Other Segments $M	Unallocated $M	Inter-segment $M	Total $M
Total segment revenue	836	23	–	(17)	842
Direct costs	(484)	–	–	17	(467)
Other operating expenses	(75)	(13)	(17)	–	(105)
Segment EBITDAF	277	10	(17)	–	270

Twelve months to 30 June 2014 (audited)	Energy Markets $M	Other Segments $M	Unallocated $M	Inter-segment $M	Total $M
Total segment revenue	1,696	44	(2)	(33)	1,705
Direct costs	(1,018)	–	–	33	(985)
Other operating expenses	(155)	(28)	(33)	–	(216)
Segment EBITDAF	523	16	(35)	–	504

NOTE 3. NON STATUTORY MEASURE – UNDERLYING EARNINGS

	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Profit for the period	8	124	212
Change in the fair value of financial instruments	(1)	(20)	(32)
Change in the fair value of financial instruments of associates and joint ventures	–	(5)	(5)
Impairments	83	–	–
Adjustments before tax expense	82	(25)	(37)
Tax expense	–	6	10
Adjustments after tax expense	82	(19)	(27)
Underlying earnings after tax	90	105	185

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

NOTE 4. OTHER INCOME STATEMENT DISCLOSURES

	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Sales	**856**	827	1,672
Other revenue	**18**	15	33
Total revenue	**874**	842	1,705
Energy costs	**(266)**	(216)	(505)
Line charges	**(223)**	(227)	(431)
Other direct cost of sales, excluding third party metering	**(14)**	(13)	(27)
Third party metering	**(12)**	(11)	(22)
Employee compensation and benefits	**(40)**	(41)	(80)
Maintenance expenses	**(24)**	(24)	(54)
Other expenses	**(37)**	(40)	(82)
Total expenses	**(616)**	(572)	(1,201)
Interest expense	**(51)**	(46)	(93)
Interest income	**3**	1	3
Interest capitalised to capital work in progress	**–**	6	6
Net interest expense	**(48)**	(39)	(84)

Impairments

The Group announced during the period that it will exit its geothermal development interests in Chile and Germany, while keeping its stake in operating US investments with no further material development capital to be committed. This decision was considered by Management to be a potential indicator of impairment and consequently a review of the carrying value of all international geothermal development projects was undertaken. At 31 December 2014, as a result of this review, the Group recognised an impairment charge against its German, Chilean and US investments. A full impairment of the assets of the German and Chilean interests has resulted in a charge of $69 million being booked, to bring the carrying value of the investments in line with their fair value less cost of disposal. In the US, a review of forecast revenues and costs across the plant and steamfield and the flow-on effects to the tax equity financing has reduced the fair value of the investment in Hudson Ranch I Holdings LLC to $12 million resulting in an impairment of $14 million.

NOTE 5. SHARE CAPITAL AND DISTRIBUTION

The share capital of the Company is represented by 1,400,012,517 ordinary shares (30 June 2014: 1,400,012,517) issued and fully paid. These shares do not have a par value. All shares have equal voting rights and share equally in dividends and any surplus on winding up.

	Unaudited 31 Dec 2014 Number of shares (M)	Unaudited 31 Dec 2014 $M	Unaudited 31 Dec 2013 Number of shares (M)	Unaudited 31 Dec 2013 $M	Audited 30 June 2014 Number of shares (M)	Audited 30 June 2014 $M
Treasury shares						
Balance at the beginning of the period	**24**	**52**	1	3	1	3
Acquisition of treasury shares	–	–	12	26	23	50
Disposal of treasury shares	–	–	–	(1)	–	(1)
Balance at the end of the period	**24**	**52**	13	28	24	52

Dividends declared and paid	Cents per share	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Final dividend for 2013	7.20	–	101	101
Interim dividend for 2014	5.20	–	–	72
Final dividend for 2014	8.30	**114**	–	–
Special dividend for 2015	5.00	**69**	–	–
		183	101	173

NOTE 6. FINANCIAL INSTRUMENTS

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to proactively manage these risks with the aim of protecting shareholder wealth. Exposure to price, credit, foreign exchange, liquidity and interest rate risks arise in the normal course of the Group's business and are managed under policies approved by the Board of Directors. The Group's principal financial instruments comprise trade receivables and accruals (not prepayments), cash and cash equivalents, loans, derivatives and financial instruments. Further information on the identified risks can be found within note 21 of the Group's annual financial statements for the year ended 30 June 2014.

Fair Values

The carrying amount of financial assets and liabilities recorded in the financial statements approximates their fair values except for: (i) the Fixed Rate Bonds, the Floating Rate Bonds and the US Private Placement, the fair values for which have been calculated at $212 million (30 June 2014: $207 million), $334 million (30 June 2014: $332 million) and $273 million (30 June 2014: $243 million) respectively; and (ii) the Capital Bonds, issued during the period, the fair value for which has been calculated at $322 million. Fair values are based on quoted market prices and inputs for each bond issue. Refer to note 9 which outlines the values of each of these instruments.

Valuation techniques

The Group uses various methods in estimating the fair value of a financial instrument.
The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets;
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments and exchange traded energy contracts are based on quoted market prices.

Financial instruments that use a valuation technique with only observable market inputs, or unobservable inputs that are not significant to the overall valuation, include interest rate derivatives and foreign exchange rate derivatives not traded on a recognised exchange.

Financial instruments that use a valuation technique which includes non-market observable data include non-exchange traded electricity contracts which are valued using a discounted cash flow methodology using a combination of ASX market prices for the first four years, combined with Management's internal view of forward prices for the remainder of the contract's term. Management's internal view of forward prices incorporates a minimum price of $70/MWh and a maximum price of $95/MWh over the period in question (in real terms) and is determined by a demand supply based fundamental model which takes account of current hydrological conditions, future inflows, an assessment of thermal fuel costs, anticipated demand and supply conditions (including the assumption of the on-going operation of New Zealand Aluminium Smelters Limited at Tiwai Point and the current regulatory environment is retained) and future committed generation capacity.

Notes to the Financial Statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument there are two key variables being used; the forward price curve and the discount rate. Where the derivative is an option, then the volatility of the forward price is another key variable. The selection of the variables requires significant judgement, and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair values of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation technique.

As at 31 December 2014 all of the Group's financial instruments carried at fair value were categorised as level 2, except for electricity price derivatives. Electricity price derivatives assets of $6 million were categorised as level 1 (31 December 2013: $6 million and 30 June 2014 $4 million) and $76 million were categorised as level 3 (31 December 2013: $106 million and 30 June 2014 $109 million).
Further information on the identified risks can be found within note 21 of the Group's annual financial statements for the year ended 30 June 2014. Electricity price derivative liabilities of $3 million were categorised as level 1 (31 December 2013: $3 million and 30 June 2014 $1 million) and $75 million were categorised as level 3 (31 December 2013: $105 million and 30 June 2014 $68 million).

The Group did not hold any available for sale investments categorised as Level 3 (31 December 2013: $13m and 30 June 2014 $12m).

Reconciliation of Level 3 fair value movements

	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Opening balance	**53**	25	25
New contracts	**–**	1	2
Matured contracts	**(14)**	(7)	(4)
Ineffectiveness of electricity derivative cash flow hedges recognised through the income statement	**–**	(1)	–
Gains and losses			
Through the income statement	**(1)**	(26)	(23)
Through other comprehensive income	**(37)**	21	53
Closing balance	**1**	13	53

Deferred 'inception' gains/(losses)

There is a presumption that when derivative contracts are entered into on an arm's length basis, fair value at inception would be zero. The contract price of non exchange traded electricity derivative contracts are agreed on a bilateral basis, the pricing for which may differ from the prevailing derived market price curve for a variety of reasons. In these circumstances an inception adjustment is made to bring the initial fair value of the contract to zero at inception. This inception value is amortised over the life of the contract by adjusting the future price path used to determine the fair value of the derivatives by a constant amount to return the initial fair value to zero.

The movements in inception value gains/(losses) included in the fair value of electricity derivative financial assets and liabilities are as follows:

	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Opening deferred inception gains	**18**	38	38
Deferred inception (losses)/gains on new hedges	**(1)**	4	7
Deferred inception (losses)/gains realised during the period	**(3)**	(24)	(27)
Closing inception gains	**14**	18	18

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Opening net book value	**5,095**	5,141	5,141
Additions	**67**	46	71
Disposals	**(4)**	–	(1)
Revaluation	**–**	–	40
Impaired assets	**(62)**	–	–
Exchange movements	**3**	(3)	(6)
Depreciation charge for the period	**(78)**	(74)	(150)
Closing net book value	**5,021**	5,110	5,095

NOTE 8. INVESTMENT AND ADVANCES TO ASSOCIATES AND JOINT ARRANGEMENTS (JOINT VENTURES AND JOINT OPERATIONS)

Investments include:

			Interest Held			
Name of entity	Principal activity	Type	Unaudited 31 Dec 2014	Unaudited 31 Dec 2013	Audited 30 June 2014	Country
TPC Holdings Limited	Investment holding	Associate	**25.00%**	25.00%	25.00%	New Zealand
Rotokawa	Steamfield operation	Joint Operation	**64.80%**	64.80%	64.80%	New Zealand
Nga Awa Purua	Electricity generation	Joint Operation	**65.00%**	65.00%	65.00%	New Zealand
Energy Source LLC	Investment holding	Joint Venture	**20.86%**	20.86%	20.86%	United States
Hudson Ranch I Holdings LLC	Electricity generation	Joint Venture	**75.00%**	75.00%	75.00%	United States

	Associates:			Joint Ventures:		
	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Balance at the beginning of the period	**78**	82	82	**23**	30	29
Additions during the period	**–**	–	–	**–**	1	1
Advance during the period	**–**	–	–	**–**	1	–
Share of earnings	**1**	4	8	**–**	(4)	(4)
Share of movement in other comprehensive income	**(3)**	(8)	(8)	**–**	–	–
Distributions received during the period	**(3)**	(2)	(4)	**–**	–	–
Impaired investment in joint venture	**–**	–	–	**(14)**	–	–
Exchange movements	**–**	–	–	**3**	(2)	(3)
Balance at the end of the period	**73**	76	78	**12**	26	23

NOTE 9. BORROWINGS

	Borrowing Currency Denomination	Maturity	Coupon	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Bank facilities	NZD	Various	Floating	–	165	185
Commercial Paper Programme	NZD	< 3 months	Floating	–	100	50
Wholesale bonds	NZD	Oct-2016	7.55%	71	71	71
Wholesale bonds	NZD	Oct-2016	Floating	51	50	51
Wholesale bonds	NZD	Mar-2019	5.03%	76	76	76
Wholesale bonds	NZD	Feb-2020	8.21%	31	31	31
USPP – US$125m	USD	Dec-2020	4.25%	164	164	164
Wholesale / Credit wrapper	NZD	Sep-2021	Floating	301	301	301
USPP – US$30m	USD	Dec-2022	4.35%	39	39	39
Wholesale bonds	NZD	Mar-2023	5.79%	25	25	25
USPP – US$45m	USD	Dec-2025	4.60%	58	58	58
Capital Bonds	NZD	Jul-2044	6.90%	305	–	–
Deferred financing costs				(8)	(1)	(1)
Fair value adjustments				24	(2)	(9)
Carrying value of loans				1,137	1,077	1,041
Current				10	105	56
Non-current				1,127	972	985
				1,137	1,077	1,041

In July 2014 the Company issued $300 million of unsecured subordinated Capital Bonds which have a legal maturity of July 2044 and an interest rate of 6.90% to the first reset date being July 2019. The Capital Bonds have a BB+ issue credit rating from Standard & Poor's.

In August 2014 the Company restructured its $520 million bank loan facilities to $300 million of committed and unsecured bank loan facilities, of which $200 million is due in August 2018 and a rolling bank loan of $100 million currently due in June 2016.

NOTE 10. RELATED PARTY TRANSACTIONS

Ultimate shareholder

The majority shareholder of Mighty River Power Limited is the Crown, providing it with significant potential influence over the Group. All transactions with the Crown and other entities wholly or partly owned by the Crown are on normal commercial terms. Transactions cover a variety of services including trading energy, postal, travel and tax.

Transactions with related parties

Mighty River Power Limited has investments in subsidiaries, associates and joint arrangements, all of which are considered 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		
	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Associates			
Management fees and service agreements received	2	3	4
Energy contract settlements received	2	–	4
Joint operations			
Management fees and service agreements received	3	3	5
Energy contract settlements paid	(2)	(10)	(6)
Interest income	1	1	1

	Transaction Value		
	Unaudited 6 Months 31 Dec 2014 $000	Unaudited 6 Months 31 Dec 2013 $000	Audited 12 Months 30 June 2014 $000
Key management personnel compensation (paid and payable)			
Directors' fees	421	396	756
Benefits for the Chief Executive and Senior Management:			
Salary and other short-term benefits	3,274	2,789	6,491
Share-based payments	243	74	501
Long-term benefits	–	124	–
	3,938	3,383	7,748

For the terms and conditions of these related party transactions refer to note 27 of the 30 June 2014 annual financial statements.

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, with staff discounts for employees, within the ordinary course of trading activities. A number of Directors also provide directorship services to other third party entities. A number of these entities transacted with the Group on normal commercial terms during the reporting period.

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. Again, a number of these entities transacted with the Group on normal commercial terms in the reporting period.

NOTE 11. COMMITMENTS AND CONTINGENCIES

	Unaudited 6 Months 31 Dec 2014 $M	Unaudited 6 Months 31 Dec 2013 $M	Audited 12 Months 30 June 2014 $M
Commitments			
Commitments for future capital expenditure include:			
Property, plant and equipment	**39**	58	34
Intangibles	**93**	110	103
Other commitments			
Commitments for future operating expenditure	**128**	46	43

Intangible commitments constitute commitments to purchase emission units. In the event the New Zealand emissions trading scheme is terminated the forward purchase agreements for the acquisition of emissions units which cover a 14 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. On 29 August 2014, the Supreme Court gave its decision in Paki v Attorney-General and dismissed the claimants' action seeking a declaration that the Crown holds those parts of the bed of the Waikato River which adjoin former Pouakani land on trust for the Pouakani people on the basis it was incorrectly advanced. The Supreme Court decision has left open the possibility of further litigation in respect of ownership of that land currently held by the Company. The Company has received advice that it may proceed with a high degree of confidence that future decisions on the matter will not impair the Company's ability to operate its hydro assets. A separate claim by the New Zealand Maori Council relating to fresh water and geothermal resources was lodged in 2012 with the Waitangi Tribunal. The Tribunal concluded that Maori have residual (but as yet undefined) proprietary rights in fresh water and geothermal resources and it will be for the Crown to determine how any such rights and interests may best be addressed. The impact of this claim on the Company's operations 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.

The Company is involved in a contract dispute with New Zealand Carbon Farming (NZCF) over the purchase of carbon credits under a 15 year contract. If NZCF's claim is successful, the Company will be required to buy additional credits over the life of the contract with a notional cost of $6.4 million for previous years and up to $28.3 million over the remaining life of the contract. The dispute is before the Courts and judgement is expected in late February 2015.

MRP Geotermia Curacautín Limitada is involved in a contract dispute which is currently before the Courts with a potential liability of up to $1.6 million New Zealand Dollar equivalent.

The Group has no other material contingent assets or liabilities.

NOTE 12. SUBSEQUENT EVENTS

The Board of Directors has approved an interim dividend of 5.6 cents per share to be paid on 31 March 2015.

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

Glossary

Dividend	The distribution of a proportion of a company's earnings, decided by the board of directors, to its shareholders. The dividend is most often quoted in terms of cents per share
Equity Interest	Where Mighty River Power has equity (investment) in another business entity
GWh	Gigawatt hour. One gigawatt hour is equal to one million kilowatt hours
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
Operating Cash Flow	The amount of cash a company generates from the revenues it brings in, excluding costs associated with long-term investment on capital items or investment in securities
Operating Expenditure	Total costs incurred in the business, less energy costs and other direct costs of sales including metering
Pre-pay	Customers pay for electricity as they use it, rather than receiving a monthly bill, making it much easier to manage their electricity spend, keep on top of payments and budget
'Smart' meters	Advanced electricity meters that are a replacement for analogue meters, and send electronic meter readings to your energy retailer automatically
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
Total Recordable Injury Frequency Rate (TRIFR)	A record of the number of reported medical treatment, restricted work, lost time and serious harm injuries per 100,000 hours, including employees and contractors

Shareholder information

Shareholder enquiries

Changes in address, dividend payment details and investment portfolios can be viewed and updated online. You will need your CSN and FIN numbers to access this service. Enquiries may be addressed to the Share Registrar (see Directory).

www.investorcentre.com/nz

Investor information

Our website is an excellent source of information about what's happening within the Company.

Our Investor Centre allows you to view all regular investor communications, information on our latest operating and financial results, dividend payments, news and share price history.

www.mightyriver.co.nz

Electronic shareholder communication

It is quick and easy to make the change to receiving your reports electronically. This can be done either:

- Online at **www.investorcentre.com/nz** by using your CSN and FIN numbers (when you log in for the first time). Select 'View Portfolio' and log in. Then select 'Update My Details' and select 'Communication Options'; or
- Contacting Computershare Investor Services Limited by email, fax or post.

Please think about the environment and help us save paper and costs

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Chief Executive

Phil Gibson,
General Manager Hydro & Wholesale

Toni Laming,
General Manager Strategy & Communications

William Meek,
Chief Financial Officer

James Munro,
General Manager Customer

Tony Nagel,
General Manager Corporate Affairs

Matt Olde,
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Westpac

Credit Rating (reaffirmed May 2014)
Long term: BBB+
Outlook: Stable

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