INTERIM REPORT
SEPTEMBER 2011

harnessing energy

TRUSTPOWER LIMITED UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

TrustPower's consolidated underlying surplus after tax was $75.6 million for the six months ended 30 September 2011 (an increase of 18 per cent) compared with $63.8 million for the same period last year. Underlying surplus after tax excludes fair value movements on financial instruments and one-off adjustments impacting on the prior period such as the change of company tax rate and the removal of depreciation deductibility for long life buildings both of which took effect from 1 April 2011.

Earnings before interest, tax, depreciation, amortisation and fair value movements on financial instruments ("EBITDAF") increased by 9 per cent to $161.6 million from $147.7 million in the previous year. The primary drivers of increased EBITDAF compared with prior period were higher revenue from the Snowtown Wind Farm, higher NZ generation production and firmer wholesale electricity prices.

Profit after tax attributable to the shareholders of the Company was $68.8 million for the half year compared with $59.7 million for the prior period, an increase of 15 per cent. This includes the impact of fair value movements on financial instruments and the one-off adjustments due to changes to the company tax rate and deductibility of depreciation on buildings as noted above. Unrealised losses on fair value movements on financial instruments amounted to $9.5 million versus a $3.2 million gain in the prior period. This was primarily driven by negative revaluations on New Zealand and Australian interest rate hedges following significant decreases in long term interest rates in both countries during the last quarter.

Operating revenue of $426.6 million was up 6 per cent on the prior period. Total electricity volume sold by the Company in New Zealand was 2,137 GWh compared with 2,142 GWh in the prior year. Electricity customer numbers decreased to 218,000 as at 30 September 2011 from 221,000 as at 31 March 2011. Mass market sales were down 7 per cent versus prior period reflecting lower customer consumption due to a mild winter, while time of use sales were up 6 per cent as the company successfully placed more product into this market. Retail competition remained intense during the period with customer switching at historically high levels.

The Company's total New Zealand generation production of 1,414 GWh for the first six months was up 185 GWh (15 per cent) due to higher hydro and wind production and a 56 GWh contribution from the Mahinerangi Wind Farm which was commissioned during the period. Average wholesale prices were firmer than the prior period as South Island hydro storage levels fell below long term average in the second quarter.

The Snowtown Wind Farm in South Australia produced 177 GWh which was 17 per cent up on prior period but 6 per cent below expected long term average production.

Group operating cash flow was $131.8 million for the half year compared with $108.5 million in the prior period.

Debt (including subordinated bonds) to debt plus equity was 36 per cent at 30 September 2011 versus 35 per cent in the previous year reflecting capital investments made by the Group during the last twelve months.

TrustPower continues to maintain high levels of committed credit facilities. Including subordinated bonds, the Company currently has just over $1.2 billion of committed debt funding in place. As at 30 September 2011 Group net debt was $767 million.

Progress continues be made on a range of growth options in New Zealand and Australia.

Good progress is being made on the detailed design studies and contract tendering for the 3.8 MW Esk Hydro project in Hawkes Bay and the 2.6 MW residual flow project at the existing Arnold Hydro scheme on the West Coast. Both these projects are expected to proceed in the 2012 calendar year subject to confirmation of satisfactory project contracts and economics. The combined capital expenditure of the two projects is expected to be around $28 million.

The Minister for the Environment has confirmed that the proposed amendment of the Rakaia River Water Conservation Order will be heard by a panel appointed by Environment Canterbury. Submissions will close 21 November 2011. The Water Conservation Order amendment is an important step to enable TrustPower to provide greater reliable irrigation supply to landowners in the region.

TrustPower continues to progress negotiations with preferred turbine suppliers and offtake counterparties in relation to the development of Stage 2 of the Snowtown Wind Farm in South Australia. Negotiations are taking longer than expected but TrustPower remains confident that a positive outcome can be achieved on this development opportunity which is likely to be between 215 MW and 270 MW depending on final turbine selection.

The project to replace the Company's customer information systems with Gentrack's Velocity (GTV) solution remains on track for installation in the 2012 calendar year.

The Directors are pleased to announce an interim dividend of 20 cents per share, partially imputed to 16 cents per share, payable 9 December 2011 (record date of 25 November 2011).

The Company remains well positioned to meet its customers' needs and to pursue further development of renewable generation opportunities when it is economically justifiable.

B.J. Harker

BJ Harker - Chairman

Consolidated Income Statement

For the period ended 30 September 2011	Note	**Unaudited 6 Months September 2011 $000**	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Operating Revenue				
Electricity revenue		**404,718**	382,694	722,965
Carbon revenue		**3,066**	4,404	8,928
Meter rental revenue		**3,427**	2,948	6,051
Other customer fees and charges		**1,681**	1,658	3,391
Telecommunications sales		**11,579**	10,933	22,237
Other revenue		**2,095**	894	2,471
		426,566	403,531	766,043
Operating Expenses				
Energy costs		**69,377**	70,289	142,966
Generation production costs		**18,748**	16,697	33,579
Line costs		**124,968**	120,996	221,956
Market fees and costs		**6,378**	7,495	13,550
Meter rental costs		**2,299**	1,771	3,760
Other customer connection costs		**899**	1,081	1,983
Loss/(gain) on sale of property, plant and equipment		**216**	(63)	98
Employee benefits		**16,455**	15,361	30,111
Telecommunications cost of sales		**9,049**	8,672	17,572
Other operating expenses		**16,590**	13,539	26,055
		264,979	255,838	491,630
Earnings Before Interest, Tax, Depreciation, Amortisation and Fair Value Movements of Financial Instruments (EBITDAF)		**161,587**	147,693	274,413
Fair value (gains)/losses on financial instruments		**9,480**	(3,171)	(62)
Amortisation of intangible assets		**2,567**	2,797	5,547
Depreciation		**26,831**	26,083	49,324
Operating Profit		**122,709**	121,984	219,604
Interest paid	5	**31,748**	30,760	62,746
Interest received	5	**(401)**	(443)	(917)
Net finance costs		**31,347**	30,317	61,829
Profit Before Income Tax		**91,362**	91,667	157,775
Income tax expense	6	**22,600**	31,957	45,406
Profit After Tax Attributable to the Shareholders of the Company		**68,762**	59,710	112,369
Earnings per share (cents per share)		**21.9**	18.9	35.7
Diluted earnings per share (cents per share)		**21.8**	18.9	35.7

The Board of TrustPower Limited authorised these Interim Financial Statements for issue on 31 October 2011.

The accompanying notes form part of these interim financial statements

Consolidated Statement of Comprehensive Income

For the period ended 30 September 2011	Note	**Unaudited 6 Months September 2011 $000**	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Profit after tax attributable to the shareholders of the Company		**68,762**	59,710	112,369
Other Comprehensive Income				
Currency translation differences on revaluation reserve	7	**(4,350)**	(157)	1,806
Fair value gains/(losses) on cash flow hedges	8	**16,611**	(36,537)	(33,025)
Other currency translation differences	9	**(4,307)**	1,285	2,767
Movements in employee share option reserve	9	**(17)**	(30)	(90)
Tax effect of the following:				
Disposal of revalued assets	7	**6**	(1)	62
Fair value (gains)/losses on cash flow hedges	8	**(4,651)**	10,814	9,970
Currency translation differences	9	**(3,759)**	442	2,692
Effect of the change in corporate tax rate on the following:				
Revaluation reserve	7	**-**	11,251	11,251
Cash flow hedge reserve	8	**-**	(279)	(223)
Foreign currency translation reserve	9	**-**	(407)	(530)
Total Other Comprehensive Income		**(459)**	(13,619)	(5,320)
Total Comprehensive Income		**68,303**	46,091	107,049

The accompanying notes form part of these interim financial statements

Consolidated Statement of Changes In Equity

For the period ended 30 September 2011	Note	Share capital $000	Revaluation reserve $000	Cash flow hedge reserve $000	Other reserves $000	Retained earnings $000	Total equity $000
Opening balance as at 1 April 2010		176,751	867,493	15,406	15,064	362,432	1,437,146
Total comprehensive income for the period		-	11,093	(26,002)	1,290	59,710	46,091
Disposal of revalued assets		-	3	-	-	(3)	-
Transactions with owners recorded directly in equity							
Own shares repurchased	10	(2,856)	-	-	-	-	(2,856)
Dividends paid	11	-	-	-	-	(60,013)	(60,013)
Total transactions with owners recorded directly in equity		(2,856)	-	-	-	(60,013)	(62,869)
Unaudited closing balance as at 30 September 2010		173,895	878,589	(10,596)	16,354	362,126	1,420,368
Opening balance as at 1 October 2010		173,895	878,589	(10,596)	16,354	362,126	1,420,368
Total comprehensive income for the period		-	2,026	2,724	3,549	52,659	60,958
Disposal of revalued assets		-	(224)	-	-	224	-
Transactions with owners recorded directly in equity							
Own shares repurchased	10	(3,145)	-	-	-	-	(3,145)
Dividends paid	11	-	-	-	-	(59,690)	(59,690)
Total transactions with owners recorded directly in equity		(3,145)	-	-	-	(59,690)	(62,835)
Audited closing balance as at 31 March 2011		170,750	880,391	(7,872)	19,903	355,319	1,418,491

The accompanying notes form part of these interim financial statements

Consolidated Statement of Changes In Equity continued

For the period ended 30 September 2011	Note	Share capital $000	Revaluation reserve $000	Cash flow hedge reserve $000	Other reserves $000	Retained earnings $000	Total equity $000
Opening balance as at 1 April 2011		170,750	880,391	(7,872)	19,903	355,319	1,418,491
Total comprehensive income for the period		-	(4,336)	11,960	(8,083)	68,762	68,303
Disposal of revalued assets		-	(48)	-	-	48	-
Transactions with owners recorded directly in equity							
Own shares repurchased	10	(2,485)	-	-	-	-	(2,485)
Dividends paid	11	-	-	-	-	(62,930)	(62,930)
Total transactions with owners recorded directly in equity		(2,485)	-	-	-	(62,930)	(65,415)
Unaudited closing balance as at 30 September 2011		168,265	876,007	4,088	11,820	361,199	1,421,379

The accompanying notes form part of these interim financial statements

Consolidated Statement of Financial Position

As at 30 September 2011	Note	**Unaudited September 2011 $000**	Unaudited September 2010 $000	Audited March 2011 $000
Equity				
Capital and reserves attributable to shareholders of the Company				
Share capital	10	**168,265**	173,895	170,750
Revaluation reserve	7	**876,007**	878,589	880,391
Retained earnings		**361,199**	362,126	355,319
Cash flow hedge reserve	8	**4,088**	(10,596)	(7,872)
Other reserves	9	**11,820**	16,354	19,903
Total Equity		**1,421,379**	1,420,368	1,418,491
Represented by:				
Current Assets				
Cash at bank		**20,822**	18,043	12,568
Bond deposits on trust		**1,800**	2,000	2,000
Electricity market security deposits		**-**	-	1,234
Accounts receivable and prepayments		**127,601**	99,284	102,473
Derivative financial instruments	12	**3,264**	8,000	2,949
Taxation receivable		**3,831**	-	3,925
		157,318	127,327	125,149
Non Current Assets				
Property, plant and equipment		**2,397,576**	2,371,539	2,435,783
Derivative financial instruments	12	**8,393**	7,159	5,756
Investments		**4,487**	2,186	4,373
Intangible assets		**39,372**	33,733	34,411
		2,449,828	2,414,617	2,480,323
Total Assets		**2,607,146**	2,541,944	2,605,472
Current Liabilities				
Accounts payable and accruals		**110,586**	72,328	91,092
Unsecured subordinated bonds		**108,592**	-	-
Derivative financial instruments	12	**2,238**	9,218	5,201
Taxation payable		**7,296**	8,914	4,186
		228,712	90,460	100,479
Non Current Liabilities				
Unsecured bank loans		**314,185**	349,722	336,327
Unsecured subordinated bonds		**153,417**	261,474	261,742
Bond subscriptions received not yet allotted		**-**	9,176	-
Unsecured senior bonds		**211,848**	137,666	211,518
Derivative financial instruments	12	**18,167**	22,430	19,599
Deferred tax liability	13	**259,438**	250,648	257,316
		957,055	1,031,116	1,086,502
Total Liabilities		**1,185,767**	1,121,576	1,186,981
Net Assets		**1,421,379**	1,420,368	1,418,491
Net Tangible Assets Per Share		**$4.40**	$4.40	$4.40

The accompanying notes form part of these interim financial statements

Consolidated Statement of Cash Flows

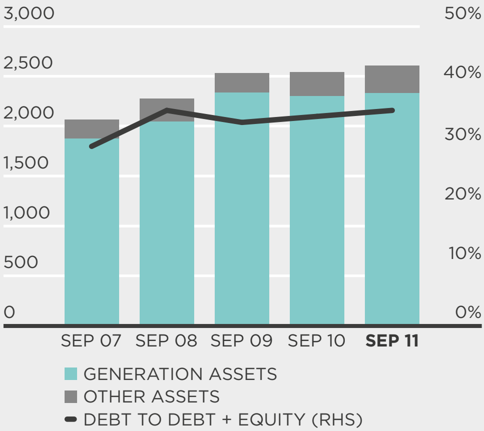
For the period ended 30 September 2011	Note	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Receipts from customers		**411,426**	439,322	814,813
Payments to suppliers and employees		**(255,593)**	(304,824)	(549,523)
Taxation paid		**(23,994)**	(26,089)	(41,252)
Net Cash Flow from Operating Activities		**131,839**	108,409	224,038
Sale of property, plant & equipment		**21**	297	593
Interest received		**401**	720	907
Capitalised interest in construction of property, plant and equipment		**-**	(277)	(1,466)
Net movement in bond deposits on trust		**200**	300	300
Net movement in electricity market security deposits		**1,258**	-	(1,234)
Purchase of property, plant and equipment		**(12,957)**	(25,149)	(89,488)
Sale/(purchase) of other investments		**(114)**	8	(2,179)
Purchase of intangible assets		**(7,528)**	(947)	(4,384)
Net Cash Flow from Investing Activities		**(18,719)**	(25,048)	(96,951)
Bank loan proceeds		**27,764**	95,995	118,639
Net bond movements		**-**	-	75,000
Bond subscriptions received not yet allotted		**-**	9,176	-
Loan establishment costs		**-**	-	(2,250)
Purchase of own shares		**(2,488)**	(2,855)	(6,001)
Bond brokerage costs		**-**	(74)	(1,516)
Bank loan repayments		**(35,979)**	(86,556)	(126,976)
Interest paid		**(30,547)**	(30,558)	(61,712)
Dividends paid		**(62,930)**	(60,014)	(119,703)
Net Cash Flow from Financing Activities		**(104,180)**	(74,886)	(124,519)
Net (Decrease) / Increase in Cash, Cash Equivalents and Bank Overdrafts		**8,940**	8,475	2,568
Cash, cash equivalents and bank overdrafts at beginning of the year		**12,568**	9,492	9,492
Exchange gains/(losses) on cash		**(686)**	76	508
Cash, Cash Equivalents and Bank Overdrafts at End of the Year		**20,822**	18,043	12,568

RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES WITH PROFIT AFTER TAX ATTRIBUTABLE TO THE SHAREHOLDERS

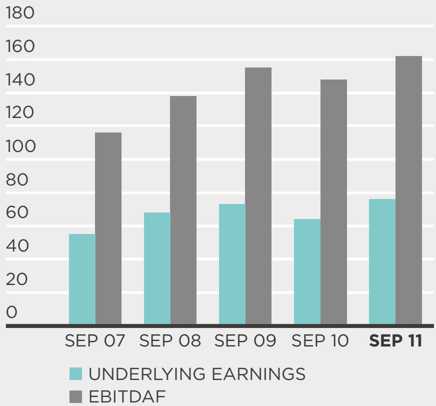
Profit after tax attributable to the shareholders of the Company		**68,762**	59,710	112,369
Interest paid		**30,547**	30,558	61,712
Interest received		**(401)**	(720)	(907)
Amortisation of debt issue costs		**905**	673	1,428
Non-cash transfer from cash flow hedge reserve to interest expense		**(138)**	(145)	(265)
Fixed, intangible and investment asset charges		**29,614**	28,817	54,969
Movements in financial instruments taken to the income statement		**9,480**	(3,171)	(62)
Option expense		**(17)**	(30)	(90)
Increase/(decrease) in deferred tax liability excluding transfers to reserves		**(4,328)**	6,210	13,031
(Increase)/decrease in working capital		**(2,585)**	(13,493)	(18,147)
Net Cash Flow from Operating Activities		**131,839**	108,409	224,038

The accompanying notes form part of these interim financial statements

GEARING ($M)



FINANCIAL PERFORMANCE ($M)



	6 Months September 2011	6 Months September 2010	12 Months March 2011
Operating Statistics			
Electricity customer numbers (000's)	**218**	222	221
Telecommunication services provided (000's)	**36**	34	35
Mass market sales (GWh)	**984**	1,053	1,877
Time of use sales (GWh)	**1,153**	1,089	2,156
Total customer sales (GWh)	**2,137**	2,142	4,033
Average spot price of electricity purchased ($/MWh)	**66**	55	59
North Island hydro generation production (GWh)	**508**	419	780
South Island hydro generation production (GWh)	**570**	545	957
Total hydro generation production (GWh)	**1,078**	964	1,737
North Island wind generation production (GWh)	**280**	265	550
South Island wind generation production (GWh)	**56**	-	-
Total wind generation production (GWh)	**336**	265	550
Total New Zealand generation production (GWh)	**1,414**	1,229	2,287
Average spot price of electricity generated ($/MWh)	**61**	50	51
Australian wind production (GWh)	**177**	151	328
Resource consent non-compliance events	**5**	5	9
Staff numbers (full time equivalents)	**456**	412	424

Notes to the Interim Financial Statements

Note 1: General Information

Reporting Entity

The principal activities of TrustPower Limited (the Company or Parent) and its subsidiaries (together the Group) are the development, ownership and operation of electricity generation facilities from renewable energy sources and the retail sale of electricity to its customers. All significant operations take place within New Zealand and Australia. The consolidated entity is designated as a profit-oriented entity for financial reporting purposes.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Truman Lane, Te Maunga, Mount Maunganui. The Company is listed on the New Zealand Stock Exchange.

Note 2: Accounting Policies

TrustPower Limited is registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

These unaudited interim financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* as well as International Accounting Standard 34 *Interim Financial Reporting* and should be read in conjunction with the previous annual report. Except as described below, the accounting policies and methods of computation are consistent with those used in the most recent annual report which can be obtained from TrustPower's registered office or www.trustpower.co.nz.

The following new standard is mandatory for the first time for the financial year beginning 1 April 2011.

NZ IAS 24: *Related Parties Revised* (mandatory for periods beginning on or after 1 January 2011). This standard further clarifies the definition of a related party which may result in other related parties being identified. The Group has reviewed the proposed clarification and this has not resulted in further related parties being identified for the Group.

The adoption of this standard has not had a material impact on the Group's financial statements.

Note 3: Underlying Earnings

Underlying earnings after tax is presented to allow stakeholders to make an assessment and comparison of underlying earnings after removing the non-cash fair value movements in financial instruments, impairment charges that management consider to be one-off and tax rate and rule changes.

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Underlying Earnings After Tax	**75,588**	63,771	116,458
Underlying earnings per share (cents per share)	**24.0**	20.2	37.0
Diluted underlying earnings per share (cents per share)	**24.0**	20.2	36.9

Note 4: Segment Information

Primary Reporting Format - Business Segments

As at 30 September 2011, the Group is organised into two main business segments:

- development, ownership and operation of electricity generation facilities from renewable energy sources including the trading of energy with Retail and external parties ("Generation")
- purchase of energy from Generation and retail sale of electricity to customers ("Retail")

The remaining activities of the Group are included in Other. This primarily relates to property services and some unallocated head office functions.

The Board has further segregated generation into New Zealand and Australian operations. Generation New Zealand includes the metering business which does not meet the criteria to be disclosed as a separate operating segment Retail operates only in New Zealand and includes telecommunications operations which do not meet the criteria to be disclosed as a separate operating segment.

The unaudited segment results for the six months ended 30 September 2011 are as follows:

	Generation New Zealand $000	**Generation Australia $000**	**Retail $000**	**Other $000**	**Total $000**
Total segment revenue	**146,071**	**17,104**	**391,472**	**1,209**	**555,856**
Inter-segment revenue	**(128,271)**	**-**	**-**	**(1,019)**	**(129,290)**
Revenue from external customers	17,800	17,104	391,472	190	426,566
Adjusted EBITDAF	134,183	12,651	18,264	(898)	164,200
Amortisation of intangible assets	**-**	**-**	**1,904**	**663**	**2,567**
Depreciation	**19,190**	**6,856**	**-**	**785**	**26,831**
Capital expenditure	**11,059**	**31**	**-**	**8,419**	**19,509**

Note 4 continued

The unaudited segment results for the six months ended 30 September 2010 are as follows:

	Generation New Zealand $000	Generation Australia $000	Retail $000	Other $000	Total $000
Total segment revenue	127,879	13,961	373,704	1,100	516,644
Inter-segment revenue	(112,105)	-	-	(1,008)	(113,113)
Revenue from external customers	15,774	13,961	373,704	92	403,531
Adjusted EBITDAF	119,362	10,084	19,485	(1,331)	147,600
Amortisation of intangible assets	-	-	1,904	893	2,797
Depreciation	18,050	7,095	-	938	26,083
Capital expenditure	24,934	-	-	1,277	26,211

The audited segment results for the 12 months ended 31 March 2011 are as follows:

	Generation New Zealand $000	Generation Australia $000	Retail $000	Other $000	Total $000
Total segment revenue	213,208	30,937	701,096	2,261	947,502
Inter-segment revenue	(179,474)	-	-	(1,985)	(181,459)
Revenue from external customers	33,734	30,937	701,096	276	766,043
Adjusted EBITDAF	183,778	22,244	70,672	(1,935)	274,759
Amortisation of intangible assets	-	-	3,808	1,739	5,547
Depreciation	33,855	13,676	-	1,793	49,324
Capital expenditure	101,992	602	-	5,881	108,475

Inter-segment transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties. The Board does not distinguish between revenue from internal or external customers when measuring the performance of segments. All revenue is reported to the Board on a basis consistent with that used in the income statement.

The Board assesses the performance of segments based on a measure of adjusted EBITDAF. This measure excludes the effects of non operational expenditure or gains such as loss/gain on disposal or impairments of property, plant and equipment, fair value changes in foreign currency financial assets/liabilities and costs of major business acquisitions.

Interest income and expenditure and taxation costs are not allocated to segments as this type of activity is driven by the central treasury function which manages them at a Group level.

The Board does not segregate assets and liabilities in assessing Group performance.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Note 4 continued

A reconciliation of adjusted EBITDAF to profit before income tax is as follows:

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Adjusted EBITDAF	**164,200**	147,600	274,759
Depreciation	**(26,831)**	(26,083)	(49,324)
Amortisation	**(2,567)**	(2,797)	(5,547)
Fair value gains/(losses) on financial instruments	**(9,480)**	3,171	62
Foreign exchange gains/(losses)	**(2,397)**	30	(248)
Gain/(loss) on sale of property, plant and equipment	**(216)**	63	(98)
Impairment of assets	**-**	-	-
Interest received	**401**	443	917
Interest paid	**(31,748)**	(30,760)	(62,746)
Profit before income tax	**91,362**	**91,667**	**157,775**

Note 5: Finance Income and Costs

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Amortisation of debt issue costs	**905**	673	1,428
Interest paid on unsecured bank loans	**8,175**	9,657	20,139
Interest paid on unsecured subordinated bonds	**11,171**	11,171	22,281
Interest paid on unsecured senior bonds	**8,112**	5,426	13,423
Other interest costs and fees	**3,385**	4,110	6,941
Interest capitalised in construction of property, plant and equipment	**-**	(277)	(1,466)
Total Interest Paid	**31,748**	30,760	62,746
Interest received on cash at bank	**401**	443	917
Total Interest Received	**401**	443	917

Note 6: Income Tax Expense

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Profit before income tax	**91,362**	91,667	157,775
Tax on profit @ 28% (30% for 2010)	**25,581**	27,500	47,333
Foreign tax rate adjustment	**(141)**	-	-
Tax effect of permanent differences	**(2,384)**	(1,624)	(4,309)
Income tax (over)/under provided in prior year	**(456)**	(200)	(3,599)
Removal of tax depreciation on buildings	**-**	11,079	11,079
Change in corporate income tax rate	**-**	(4,798)	(5,098)
	22,600	31,957	45,406
Represented by:			
Current tax	**27,144**	32,223	32,758
Deferred tax	**(4,544)**	(266)	12,648
	22,600	31,957	45,406

Note 7: Revaluation Reserve

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Balance at beginning of year	**880,391**	867,493	867,493
Transfer (to)/from deferred tax liability	**14**	(1)	62
Transfer (to)/from retained earnings	**(48)**	3	(221)
Foreign exchange movements	**(4,350)**	(157)	1,806
Tax effect of change in corporate tax rate	**-**	11,251	11,251
	876,007	878,589	880,391

Note 8: Cash Flow Hedge Reserve

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Balance at beginning of year	**(7,872)**	15,406	15,406
Fair value gains/(losses)	**8,894**	(46,049)	(51,042)
Transfers to energy cost expense	**7,075**	8,365	17,849
Transfers to property, plant and equipment	**(107)**	-	(1,064)
Transfers to carbon revenue	**728**	1,150	1,238
Transfers to interest paid	**21**	(3)	(6)
	16,611	(36,537)	(33,025)
Tax on fair value gains/(losses)	**(2,490)**	13,668	15,375
Tax on transfers to energy cost expense	**(1,981)**	(2,510)	(5,355)
Tax on transfers to property, plant and equipment	**30**	-	319
Tax on transfers to carbon revenue	**(204)**	(345)	(371)
Tax on transfers to interest paid	**(6)**	1	2
	(4,651)	10,814	9,970
Effect of change in corporate tax rate	**-**	(279)	(223)
	4,088	(10,596)	(7,872)

Note 9: Other Reserves

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Foreign Currency Translation Reserve			
Balance at beginning of year	**19,800**	14,871	14,871
Transfer to deferred tax	**(3,759)**	442	2,692
Currency translation differences	**(4,307)**	1,285	2,767
Effect of change in corporate tax rate	**-**	(407)	(530)
	11,734	16,191	19,800
Employee Share Option Reserve			
Balance at beginning of year	**103**	193	193
Transfer to share capital	**-**	-	-
Fair value movements charged to the income statement	**(17)**	(30)	(90)
	86	163	103
Total Other Reserves	**11,820**	16,354	19,903

Note 10: Share Capital

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Authorised and issued ordinary share capital at beginning of the year	**170,750**	176,751	176,751
Own shares repurchased	**(2,485)**	(2,856)	(6,001)
	168,265	173,895	170,750

	000's of Shares	000's of Shares	000's of Shares
Authorised and issued ordinary shares at beginning of the year	**314,679**	315,516	315,516
Own shares repurchased	**(353)**	(399)	(837)
	314,326	315,117	314,679

Note 11: Dividends on Ordinary Shares

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Dividends (forfeited)/reinstated	**-**	-	(117)
Final dividend prior year	**62,930**	60,013	59,948
Interim dividend current year	**-**	-	59,872
Supplementary dividend paid	**71**	65	131
Foreign investor tax credit	**(71)**	(65)	(131)
	62,930	60,013	119,703
Partially imputed dividend declared subsequent to the end of the reporting period payable 9 December 2011 to all shareholders on the register at 25 November 2011.	**62,865**	59,872	62,936
Cents per share	**20**	19	20

Note 12: Derivative Financial Instruments

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Current			
Interest rate derivative assets	**25**	33	-
Electricity price derivative assets	**1,626**	5,575	1,599
Exchange rate derivative assets	**1,613**	2,392	1,350
	3,264	8,000	2,949
Interest rate derivative liabilities	**332**	2,083	-
Electricity price derivative liabilities	**1,906**	6,812	5,201
Exchange rate derivative liabilities	**-**	323	-
	2,238	9,218	5,201
Non-current			
Interest rate derivative assets	**4,900**	4,256	3,635
Electricity price derivative assets	**1,883**	658	164
Exchange rate derivative assets	**1,610**	2,245	1,957
	8,393	7,159	5,756
Interest rate derivative liabilities	**16,674**	8,161	6,297
Electricity price derivative liabilities	**1,493**	14,269	13,302
	18,167	22,430	19,599

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

Note 13: Deferred Income Tax

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Balance at beginning of year	**257,316**	266,523	266,523
Current period changes in temporary differences affecting tax expense	**(4,088)**	(266)	2,503
Current period changes in temporary differences affecting reserves	**8,397**	(11,722)	(12,724)
Reclassification of prior year temporary differences	**(456)**	-	4,164
Exchange rate movements on foreign denominated deferred tax	**(1,731)**	397	1,367
Effect of announced change in corporate tax rate on:			
Income tax expense	**-**	(4,798)	(5,098)
Revaluation reserve	**-**	(11,251)	(11,251)
Cash flow hedge reserve	**-**	279	223
Foreign currency translation reserve	**-**	407	530
Effect of removal of tax depreciation on buildings on income tax expense	**-**	11,079	11,079
	259,438	250,648	257,316
Deferred tax liabilities consist of temporary differences on:			
Revaluations	**184,996**	185,073	185,010
Other property, plant and equipment movements	**73,197**	69,407	75,691
Employee benefits	**(1,333)**	(1,220)	(1,329)
Provisions	**(770)**	(840)	(504)
Carbon revenue recognition	**3,292**	2,663	3,292
Customer base assets	**6,313**	7,379	6,846
Financial instruments	**(2,540)**	(6,058)	(4,214)
Unrealised losses on Australian dollar loan	**(3,654)**	(5,693)	(7,413)
Other	**(63)**	(63)	(63)
	259,438	250,648	257,316
Net deferred tax liability	**259,438**	250,648	257,316

Note 14: Property, Plant and Equipment

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Assets acquired at cost	**12,462**	25,149	103,053
Net book value of assets disposed	**288**	359	1,411
Gain/(loss) on disposal	**(216)**	63	(98)

Note 15: Commitments

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Capital Commitments	**-**	66,212	750

Electricity Purchase Commitments

TrustPower has a long term contract with Mighty River Power Limited to purchase the output from the Rotokawa geothermal power station until 31 March 2013. This commitment cannot be quantified.

TrustPower has a contract with Pioneer Generation Limited to purchase all of the output from its various generation sites. This commitment cannot be quantified.

Note 16: Seasonal Impact on Revenue

The retail sale of electricity is subject to seasonal fluctuations, with peak demand in the second quarter, and to a lesser extent the first quarter, of each financial year. This is due to higher demand for electricity in colder weather. For the six months ended 30 September 2010, the volume of customer sales was 13% higher than for the six months ended 31 March 2011.

Note 17: Interest Bearing Borrowings

During the six month period ended 30 September 2011, interest bearing borrowings of $27,764,000 (six month period ended 30 September 2010: $95,995,000, year ended 31 March 2011: $193,639,000) were drawn down and repayments of $35,979,000 (six month period ended 30 September 2010: $86,556,000, year ended 31 March 2011: $126,976,000) were made.

Note 18: Contingent Assets and Liabilities

Inland Revenue is currently disputing the tax treatment adopted by the Group in relation to feasibility expenditure in the 2006, 2007 and 2008 financial years. Inland Revenue issued an assessment for the 2006 year during the period. Based on Inland Revenue's original claim for all three years, the resulting liability would give rise to an additional tax payment of $6,779,000 and interest expense of $3,225,000. Based on the principle of the original claim, the Group would need to revise its policy for claiming tax deductions for feasibility expenditure in the 2009 and future years. This would give rise to a further estimated tax payment of $4,767,000 and interest expense of $654,000 in respect of the 2009, 2010, 2011 and 2012 years.

Inland Revenue has now recently provided an adjudication report on the 2007 and 2008 years. The adjudication decision reduces the exposure to the Group noted above and it is now likely that any revised claim that Inland Revenue makes will be reduced for all three years under dispute, however the amount of the reduction is unknown. The Group continues to believe the tax treatment it has adopted is correct and continues to defend its position.

The Group has provided a guarantee to Rangitata Diversion Race Management Limited (RDR) to allow RDR to borrow funds to purchase land. The maximum amount the Group could be liable to pay is $756,000 (30 September 2010: $756,000, 31 March 2011: $756,000). This maximum liability would only be payable if RDR was unable to service its debt and was unable to sell the land.

There are no other contingent assets or liabilities for the Group as at 30 September 2011 (30 September 2010: nil, 31 March 2011: nil). There have been no changes in contingencies since 31 March 2011.

Note 19: Related Party Transactions

The Group is controlled by Infratil Limited (incorporated in New Zealand) which owns 50.7% of the Company's shares. The Tauranga Energy Consumer Trust owns 33.0% and the residual 16.3% are widely held.

A related entity of H.R.L. Morrison & Co Limited manages Infratil Limited and Mr M Bogoievski, a Director of TrustPower Limited, is the Chief Executive of H.R.L. Morrison & Co Limited. Mr HRL Morrison is an alternate Director of TrustPower Limited and is a Director of Infratil Limited. Infratil Limited is a significant shareholder in TrustPower Limited and nothing (30 September 2010: $1,000, 31 March 2011: $40,000) was paid to H.R.L. Morrison & Co Limited and related entities during the period for consultancy services. As at 30 September 2011 none of this amount was outstanding (30 September 2010: nil, 31 March 2011: nil).

For the year ended 31 March 2011 consultancy fees of $24,000 were paid to Lumo Energy Pty Ltd which is a subsidiary of the Group's ultimate parent. As at 31 March 2011 none of this amount was outstanding. No consultancy fees were paid in the six-month period ended 30 September 2011 (30 September 2010: nil).

Mr MJ Cooney, a Director of TrustPower Limited, is a partner in the law firm Cooney Lees Morgan. Nothing was paid to Cooney Lees Morgan for legal services in the six months to 30 September 2011 (30 September 2010: $16,000, 31 March 2011: $18,000). As at 30 September 2011 none of this amount was unpaid (30 September 2010: nil, 31 March 2011: nil).

Mr RH Aitken, a Director of TrustPower Limited, is the Executive Chairman of the engineering firm Beca. $225,000 was paid to Beca for engineering services in the six months to 30 September 2011 (30 September 2010: $380,000, 31 March 2011: $562,000). As at 30 September 2011 $5,000 of this amount was unpaid (30 September 2010: $111,000, 31 March 2011: $126,000).

Mr RWH Farron, Chief Financial Officer and Company Secretary of TrustPower Limited, was appointed a director of the engineering supplies firm Bay Engineers Supplies Limited on 1 August 2011. Since that time $1,000 has been charged by Bay Engineers Supplies Limited. As at 30 September 2011 all of this amount was unpaid.

Key management personnel compensation (including Directors' fees) is as follows:

	Unaudited 6 Months September 2011 $000	Unaudited 6 Months September 2010 $000	Audited 12 Months March 2011 $000
Salaries and other short-term employee benefits	**2,291**	2,353	3,627
Share based payments	**-**	-	28
	2,291	2,353	3,655

Except as noted above, no transactions took place with related parties during the year. All transactions with related parties take place on an arms length basis. No related party debts were forgiven or written off during the period. Except as noted above there are no amounts outstanding at 30 September 2011 (30 September 2010: nil, 31 March 2011: nil).

Note 20: Financial Risk Management

TrustPower's activities expose it to a variety of financial risks: electricity price risk, interest rate risk, exchange rate risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out under policies approved by the Board.

Electricity Price Risk

The Group is required to purchase a percentage of its electricity sold off the electricity spot market. This leaves the Group exposed to fluctuations in the spot price of electricity. The Group has entered into a number of electricity hedge contracts to reduce the risk from price fluctuations on the electricity spot market. These hedge contracts establish the price at which future specified quantities of electricity are purchased. Any resulting differential to be paid or received is recognised as a component of energy costs through the term of the contract. The Group has elected to apply cash flow hedge accounting to those instruments it deems material and which qualify as cash flow hedges while immaterial contracts will not be hedge accounted.

Interest Rate Risk

The Group's bank borrowings are all on floating interest rates. The Group has various interest rate financial instruments to manage exposure to fluctuations in interest rates. Any resulting differential to be paid or received on the instruments is recognised as a component of interest paid. The Group has elected to hedge account for only a limited number of these instruments.

Exchange Rate Risk

The Group has from time to time entered into forward exchange contracts to reduce the risk from price fluctuations of foreign currency costs associated with the construction of generation assets. Any resulting differential to be paid or received is recognised as a component of the cost of the project. The Group has also entered into forward foreign exchange contracts to reduce the risk from price fluctuations of foreign exchange income associated with the sale of emission rights. The Group has elected to apply cash flow hedge accounting to these instruments.

Credit Risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history. Where a potential customer does not have a suitable credit history a bond is required before the customer is accepted. Derivative counterparties and cash transactions are limited to high credit quality financial institutions and other large electricity market participants. The Group has policies that limit the amount of credit exposure to any counterparty.

Liquidity Risk

The Group's ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through, and adequate amount of, committed credit facilities and the spreading of debt maturities.

Liquidity risk is monitored by continuously forecasting actual cash flows and matching the profiles of financial assets and liabilities.

Capital Risk Management Objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

Note 20 continued

Estimation of Fair Values

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities are calculated using market-quoted rates based on discounted cash flow analysis.
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (for the relevant underlying interest rates, foreign exchange rates or commodity prices); and
- discount rates.

The selection of 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 value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques.

Note 21: Subsequent Events

There have been no material events subsequent to 30 September 2011.


TrustPower