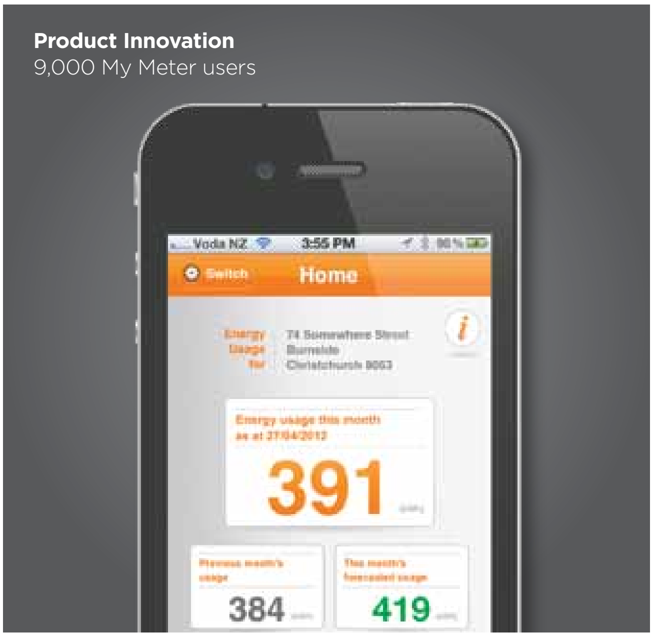
TRANSFORMING

GENESIS POWER LIMITED
INTERIM REPORT
2012/2013

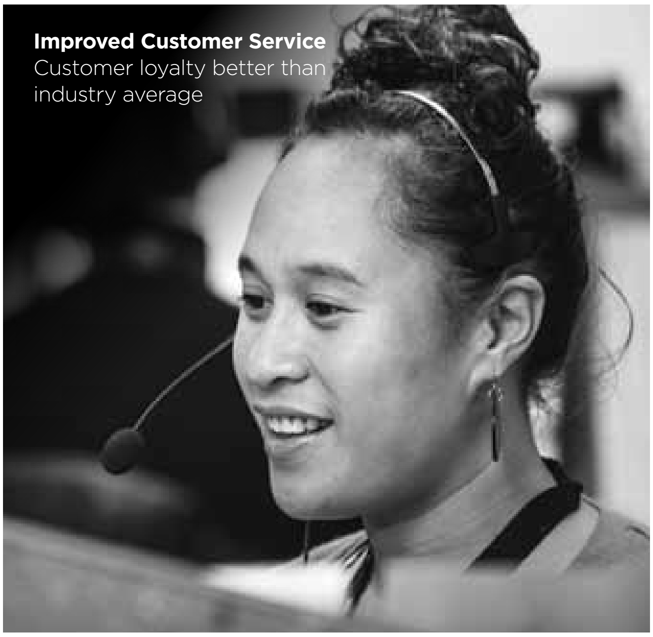
SIX MONTHS
OF CHANGE

BRINGING YOU UP TO SPEED ON OUR JOURNEY TO TRANSFORM OUR COMPANY INTO A TOTALLY CUSTOMER-CENTRED ORGANISATION.

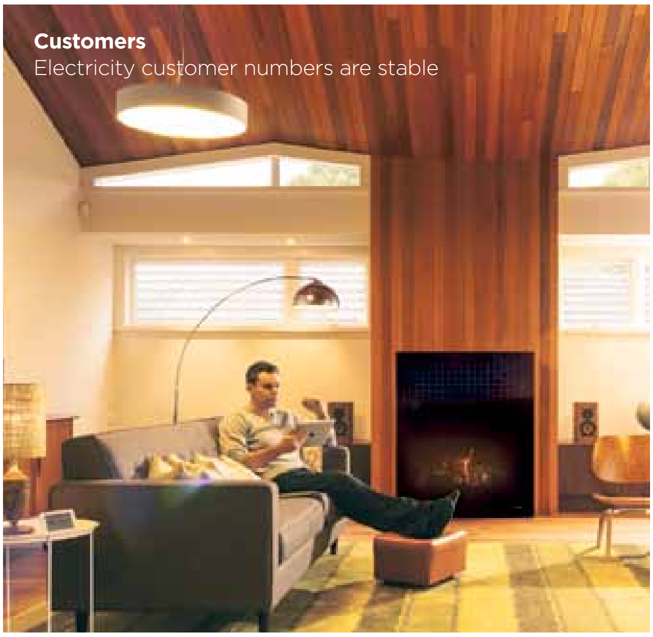


Product Innovation
9,000 My Meter users

Tekapo Canal Remediation
Work began on the canal relining and remediation project



Improved Customer Service
Customer loyalty better than industry average



Customers
Electricity customer numbers are stable

Huntly Performance
Unit 5 overhauled after 50,000 hours

Contents

CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

DAME JENNY SHIPLEY
CHAIRMAN DNZM

ALBERT BRANTLEY
CHIEF EXECUTIVE

> **This result reflects the determination of the Board and senior management to deliver consistent and reliable earnings.**
>
> **Dame Jenny Shipley**
> Chairman DNZM

We are pleased to present our interim financial results.

Genesis Energy has delivered strong and consistent earnings for the six months ended 31 December 2012 as a result of the Company's continued drive to improve customer experience and focus on gaining maximum efficient utilisation of its diverse generation assets.

This result is particularly pleasing, and clearly demonstrates Genesis Energy's ability to maintain consistent earnings during a period of both increased competition for customers and at a time when the Company undertook significant planned outages of some of the Company's generation assets. These outages were undertaken to ensure the Company's assets will remain reliable and deliver into the future. Genesis Energy's ability to successfully negotiate these factors demonstrates the flexibility of the Company's approach to successfully meet market demands.

Financial results to 31 December 2012

Earnings before net finance expense, income tax, depreciation, amortisation, fair value changes and other gains and losses (EBITDAF) was $195.9 million compared to $190.5 million in the same period to the end of 2011. The three per cent growth in EBITDAF reflects the growing strength of the Company's retail business and the diversity of its generation portfolio which are driving earnings stability.

The Company is pleased to report an Interim Net Profit After Tax (NPAT) of $70.8 million, up 85 per cent from $38.3 million in the same period of 2011. Given EBITDAF was in line with the comparable period, the significant increase in NPAT is a result of 'below the line' items such as Depreciation, Amortisation and Fair Value Changes. The latter was, on its own, responsible for a $25.4 million swing in pre-tax profit and reflected the value of the Company's hedge portfolio against current wholesale electricity prices.

Generating for customers

The key metrics signalled consistency and stability in the business. Customer numbers in both the electricity and gas markets were stable at 664,154, down only 0.7 per cent from 669,138 in December 2011. The Company's bottled LPG business continued to grow – up 25.1 per cent to 8,359 customers at the end of the half-year from 6,684 in December 2011.

Retail electricity sales volumes increased 1.6 per cent to 1,255GWh, compared to 1,234GWh in the same period in 2011. Retail gas sales were down from 1PJ to 0.9PJ and retail LPG sales were up 16.2 per cent to 488 tonnes from 419 tonnes.

Genesis Energy's total generation in the half-year was down five per cent at 3,786GWh, compared to 3,983GWh in the same period last year. This was due to a combination of significantly lower wholesale market prices and flat consumer demand.

Thermal generation was down to 2,273GWh compared to 2,524GWh last year, reflecting lower generation from Huntly Units 1 to 4 and the planned maintenance outage of Huntly's combined cycle gas turbine, Unit 5, after 50,000 hours of reliable service.

Renewable generation was up 3.6 per cent at 1,513GWh, compared to 1,460GWh for the same period last year. This was predominantly a result of the higher inflows of water into the Waikaremoana Power Scheme, and of running the Tekapo A and B hydro stations at higher capacities than normal in order to reduce storage in Lake Tekapo ahead of the planned shutdown to undertake remediation work on the Tekapo canal.

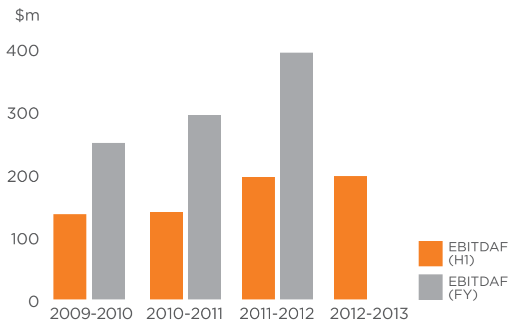
Delivering on a strategic plan

Genesis Energy's strategic direction and commercial success over the next five to 10 years will be a result of how well the Company can deliver the best practical and innovative energy and energy-related solutions to meet the changing needs of its customers, while at the same time increasing the flexibility and improved utilisation of existing generation to respond effectively to opportunities in the market.

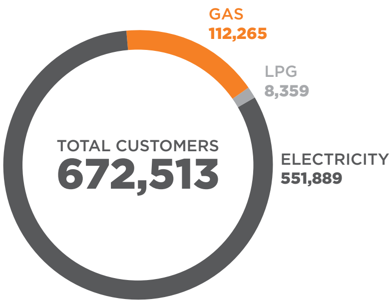
The expected flattening in demand and soft prices for the next few years means that building new generation right now is neither economic nor necessary. However, Genesis Energy will continue to maintain options to construct significant wind and thermal generation should market conditions change. But, right now, the Company's focus is on ensuring effective delivery of energy to its customers in a way that will see the business maintain positive growth.

Improved customer experiences have resulted in a reduction in churn through enhanced customer loyalty.

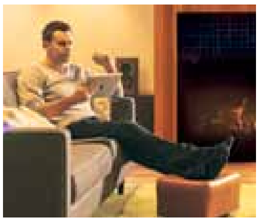
EBITDAF



Customer Numbers



Business Performance



$71m

Net Profit After Tax

$1.03b

Total Revenue

"**Our focus on customer experience is delivering tangible benefits to the business.**"

Albert Brantley
Chief Executive

Performance Summary

3.6%

Increase in renewable generation

1,513GWh (1,460GWh)

CO_2 Emissions Kilotonnes

1,537

a decrease of 5% from 1,614kt

Total Recordable Injury Frequency Rate

3.47

TRIFR (total recordable injuries x1m/actual hours) down 43% on last period

Advanced Meters

300k

Installed

Unit 5 Outage

38 days

no Lost Time Injuries

Community Support

Genesis Oncology Trust

10yrs

$8m

Grants Awarded

Realise the Dream
22 students selected and three received special awards for innovation

Schoolgen
46 schools with 2kW solar panels

Whio Forever
199 new chicks in the Tongariro Forest Security site in Summer 2012-13

Outdoor Pursuits Centres
Seven schools won scholarships for a five day trip to Sir Edmund Hillary Outdoor Pursuits Centres of New Zealand

CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

CONTINUED

Tomorrow Streeters Enjoy Savings

ANNA RENNIE
TOMORROW STREET CASE STUDY

"We recently moved from a better home in terms of insulation to a 1910 villa that looked like it was completely renovated. I had no idea that it needed quite a bit more insulation until the energy assessment was done by Genesis Energy. My gas bill went down $60 a month after insulation was installed.

My most surprising learning from being part of the Tomorrow Street programme is that I don't need a tumble drier. I have disconnected it, put it in the shed and realise now that I don't miss it at all.

I am using the homeiQ system to control a lot of appliances. Everything goes off completely, including standby, when I leave the house. I'm very pleased how all the family could benefit. I have eight-year-old twin girls – they love it. They took to the new technology immediately. My other big learning is that I found that I can be pushed a lot harder to save energy. I would love an automated house with minimal input from me – the homeiQ is a great start but I would want even more control."

New initiatives and the continued focus on customers resulted in Genesis Energy maintaining an average churn rate of its electricity customers of approximately 16.0 per cent in the half year, which was three percentage points lower than the industry average, and delivered tangible benefits to Genesis Energy's retail business.

The Company's customers rightly expect a secure and reliable supply of energy, and Genesis Energy is ensuring its assets continue to provide a strong platform for the business in the long term. This is being achieved by continuing to invest in current assets to ensure they will deliver for decades to come. That means focusing on sensible investment that ensures long-term reliability and efficiency to look after what the Company has.

Ensuring the safety of the Genesis Energy team

Underpinning this strategy is the safety and performance of Genesis Energy's people. The Company is committed to a zero harm culture and target, and Genesis Energy is investing substantially in comprehensive safety training for its staff through the use of the Sentis ZIP (Zero Incidents Process) training system. In the half-year 112 staff undertook ZIP Leaders' training, bringing the total number of staff trained to 486.

Genesis Energy employees suffered one lost-time injury and two medically treated injuries in the half-year to 31 December 2012, compared with two lost-time injuries and three medically treated injuries for the same period last year. Genesis Energy had a total of 958 full-time-equivalent employees at 31 December 2012, compared to 910 at 31 December 2011.

Ticking over 300,000 installed Advanced Meters

Genesis Energy has continued its drive to ensure New Zealanders have access to the benefits of Advanced Meters and now 54 per cent of its electricity customers are ready for the future.

In addition, a trial of Advanced Meters for reticulated gas customers is under way. The Advanced Meter penetration, supported by a modern customer information and billing system, gives the Company first mover advantage in providing new products and services for its customers.

Meeting the needs of customers

In July 2012, Genesis Energy expanded its Advanced Meter pricing tariff trial. The new tariffs became effective from 1 August 2012 for the 44 customers who elected to participate in the trial. Genesis Energy will monitor the customers' energy-usage patterns over the coming months to gauge the impact of the pricing trial.

One of the multi-rate tariff trials also involves customers in the Tomorrow Street advanced energy neighbourhood programme. Genesis Energy has installed several innovative energy efficient improvements into Tomorrow Street participants' homes over the last six months, as well as continuing the trial of the homeiQ home energy management system.

Phase two of the homeiQ trial was launched during the half-year with the objective of recruiting 430 Genesis Energy customers and 50 staff members to test the energy management system.

As part of the strategy to effectively partner with organisations that will help Genesis Energy deliver better outcomes for customers, the Company partnered with EnerNOC, a United States-based organisation, to launch in August 2012 a new corporate and industrial demand management product trademarked as 'Demand Smart'.

Ensuring the future reliability of Genesis Energy generation

Genesis Energy's strategic plan of optimising its assets includes ensuring that its assets are well maintained and perform to the highest standards. In October 2012, the Company's 400MW combined cycle gas turbine at the Huntly Power Station, known as Unit 5, was shut down and disassembled for the first time after 50,000 hours of generation. The 38-day outage went to plan, involved 65,000 man-hours of work and resulted in not one lost-time injury. The condition of Unit 5, which is now back in service, was found to be very good.

Work also began, during the reporting period, on the Company's most significant engineering programme for several years – the Tekapo Canal Remediation Project.

Phase 2 of homeiQ has begun
homeiQ is now being trialled by almost 500 Genesis Energy customers.

TRANSFORMING the user experience

We have an active programme to source and offer practical innovations to our customers.

Albert Brantley
Chief Executive

UPDATE

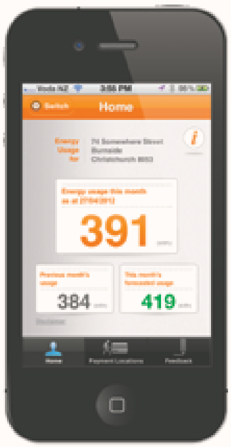
Tomorrow Street residents have saved, on average, 13 per cent of their energy costs.

NEXT YEAR

More practical innovations are in the pipeline.

CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

CONTINUED



Increasingly, our customers are appreciating the efforts we are making to improve our services and products.

Albert Brantley
Chief Executive

The Genesis Energy Tekapo Canal Remediation Project includes the building of temporary coffer dams, bridge repairs, the dewatering of three sections of the man-made canal, the repair of the canal surface and installation of a new liner material. The remediation involves civil works activity over two years and, as part of the works, sections of the canal will be dewatered over two 14 week periods; the first started on 14 January 2013 and the second is expected to occur in the following summer.

After inspection of the dewatered sections of the canal to be repaired in early January 2013, the Company can confirm that the repairs are expected to cost in the range of $145 million to $155 million.

The Company's Volcano Action Plan was successfully initiated in response to a volcanic eruption on Mount Tongariro in early August 2012. The Tongariro Power Scheme was shut down for 13 hours to ensure protection of the asset. During this time, water quality in adjacent streams and the feedwaters of the hydro scheme was assessed before the recommencement of generation at the power scheme was allowed.

Preparing for future generation needs

Genesis Energy received a final resource consent decision for the large-scale Castle Hill Wind Farm development on 11 June 2012. The decision granted all consents sought by Genesis Energy. However, some limitations in relation to turbine proximity to some boundaries and the failure to grant seven kilometres of the proposed 28-kilometre internal 220kv transmission line, resulted in the lodging of an appeal to the Environment Court. Negotiations with the appellants are continuing.

The Huntly Power Station has a total of six generating units, with the efficient gas-fired, combined cycle Unit 5 being just five years old.

In 2009, Genesis Energy indicated that a crucial issue facing the Company was how to derive a commercial return from the older coal or gas-fuelled Units 1 to 4 in the face of construction of 'must run' renewable generation. It was clearly indicated that, unless commercial arrangements were made to underpin the continued availability of these units, a retirement programme would be developed. In December 2012, after little progress from the wholesale electricity market on this issue, the Company placed the 250MW Unit 3 into long-term storage.

On the horizon

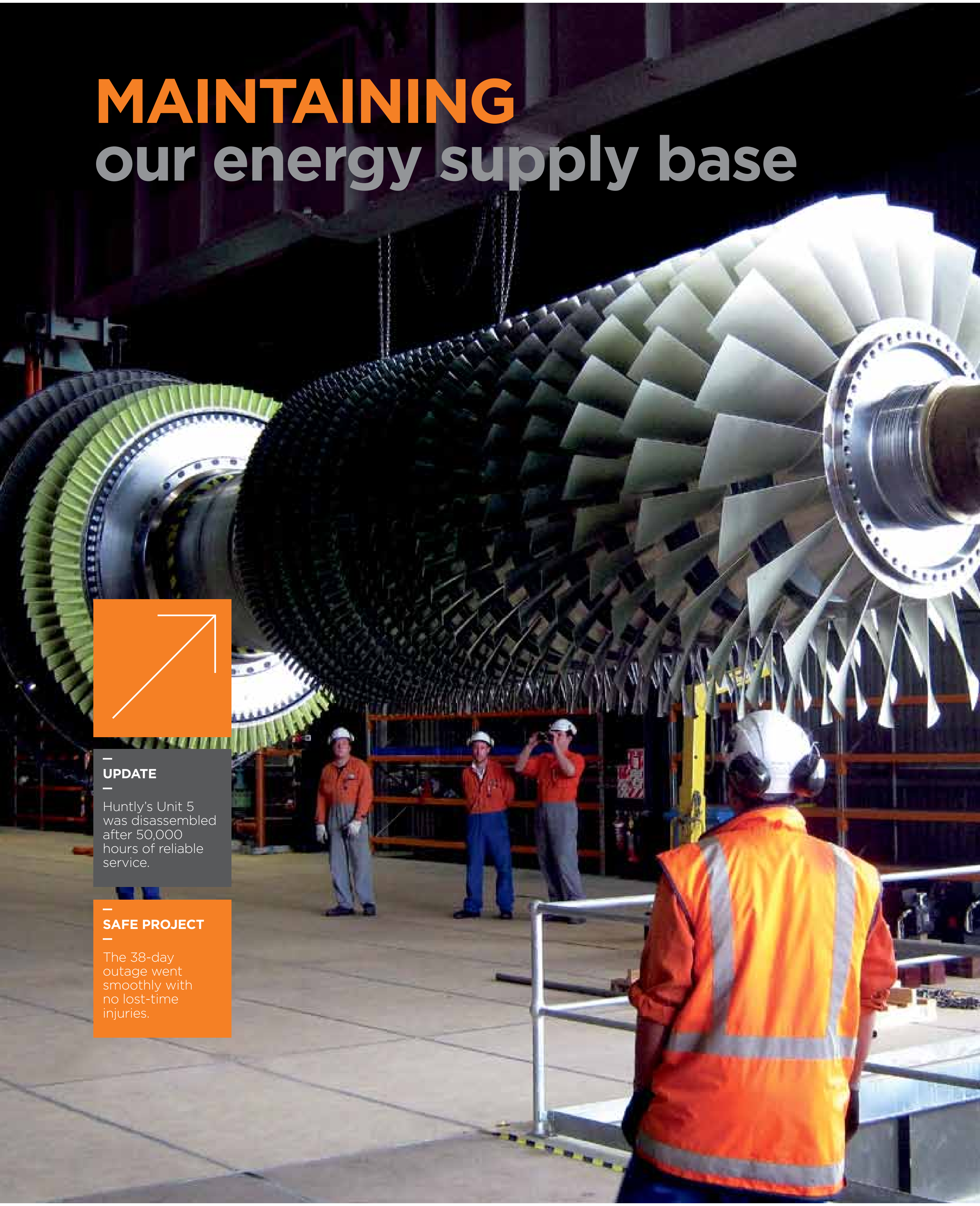
Genesis Energy, as one of the three State-owned energy companies that the Government has indicated may be partially sold down in the near future, continues to engage as appropriate with Treasury and the investment community in readiness for such an event, and the Company is well advanced in its preparation for a partial listing.

Given the expected climatic conditions, high storage levels in South Island lakes and flat demand, the outlook is for lower wholesale electricity prices in the near term. EBITDAF in the second half of FY 2013 will be impacted by the outage of the Tekapo A and B hydro stations, but the Company expects NPAT for the financial year ending 30 June 2013 to exceed NPAT reported in the prior year.

Genesis Energy is committed to building shareholder value and customer loyalty through the proactive implementation of its current business plan and to successfully achieving its targets as outlined in the Statement of Corporate Intent.

DAME JENNY SHIPLEY, DNZM
CHAIRMAN

ALBERT BRANTLEY
CHIEF EXECUTIVE



MAINTAINING our energy supply base

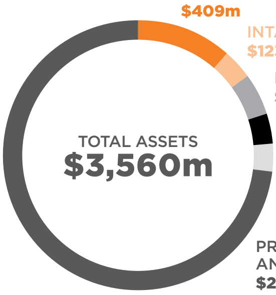
UPDATE

Huntly's Unit 5 was disassembled after 50,000 hours of reliable service.

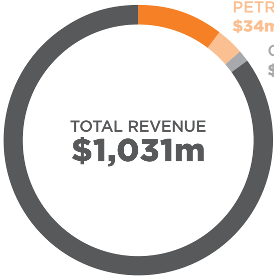
SAFE PROJECT

The 38-day outage went smoothly with no lost-time injuries.

Total Assets



Total Revenue



Performance Summaries

Retail	6 months to 31 December 2012	6 months to 31 December 2011
Electricity customers	**551,889**	553,853
Retail electricity sales GWh	**2,797**	2,862
Gas customers	**112,265**	115,285
Retail gas sales PJ	**2.9**	3.0
LPG customers	**8,359**	6,684
Retail LPG sales tonnes	**1,289**	1,050
Retail electricity purchases GWh	**2,960**	3,031
Average retail electricity purchase price ($.MWh)	**65.53**	84.02

Generation	6 months to 31 December 2012	6 months to 31 December 2011
Generation gas GWh	**1,212**	1,507
Generation coal GWh	**1,061**	1,017
Generation hydro GWh	**2,273**	2,524
Generation wind GWh	**11**	13
Total generation GWh	**3,786**	3,983
Average price received for generation ($/MWh)	**64.77**	79.89

Fuel	6 months to 31 December 2012	6 months to 31 December 2011
Gas used for generation PJ	**9.8**	11.5
Coal used for generation PJ	**11.8**	11.4
Coal stockpile, closing balance Kt	**1,003**	1,481

Kupe Oil and Gas Field – Genesis Energy Sales Share	6 months to 31 December 2012	6 months to 31 December 2011
Gas sales PJ	**2.7**	3.0
Oil sales kbbl	**201.8**	278.9
LPG sales Kt	**10.8**	12.9

Gearing

Fell from 35.4% to

32.4%

in December 2012

Capital Expenditure

$51.4m

on the Tekapo Canal Remediation Project

Some key facts about us

Established in 1999

As a State-owned Enterprise

958 Total Staff

Full-time equivalent

“**Genesis Energy is focused on producing consistent and stable earnings from our diverse business base.**”

Andrew Donaldson
Chief Financial Officer

5 offices in 5 centres

Auckland, Huntly, Hamilton, Wellington and Christchurch

Generation Assets

Hydro power stations

185MW
Tekapo

362MW
Tongariro

138MW
Waikaremoana

Kupe Oil and Gas Field

31%
share

Thermal power station

1,448MW
Huntly

Wind farm

8.65MW
Hau Nui

CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED INTERIM COMPREHENSIVE INCOME STATEMENT

Genesis Power Limited Group

For the six-month period ended 31 December 2012

	Note	6 months ended 31 December 2012 Unaudited $000	6 months ended 31 December 2011 Unaudited $000
Operating revenue			
Electricity revenue		**877,007**	929,128
Gas revenue		**108,385**	125,017
Petroleum revenue		**34,209**	42,989
Other revenue		**11,659**	14,643
		1,031,260	1,111,777
Operating expenses			
Electricity purchases, transmission and distribution		**(449,545)**	(488,545)
Gas purchases and transmission		**(109,657)**	(139,285)
Petroleum production, marketing and distribution		**(14,538)**	(20,131)
Fuels consumed		**(112,563)**	(129,627)
Employee benefits		**(41,462)**	(40,010)
Other operating expenses		**(107,603)**	(103,682)
		(835,368)	(921,280)
Earnings before net finance expense, income tax, depreciation, amortisation, fair value changes and other gains and losses		**195,892**	190,497
Depreciation, depletion and amortisation		**(66,957)**	(74,964)
Impairment of non-current assets	3	**(662)**	(2,256)
Change in fair value of financial instruments		**10,137**	(15,228)
Other gains (losses)		**(1,696)**	(1,338)
		(59,178)	(93,786)
Profit before net finance expense and income tax		**136,714**	96,711
Finance revenue		**305**	319
Finance expense	4	**(38,330)**	(45,027)
Profit before income tax		**98,689**	52,003
Income tax expense		**(27,914)**	(13,676)
Profit for the period		**70,775**	38,327
Other comprehensive income			
Change in cash flow hedge reserve		**8,473**	(9,713)
Total other comprehensive income before tax		**8,473**	(9,713)
Income tax (expense) credit relating to other comprehensive income		**(2,372)**	2,720
Total other comprehensive income for the period		**6,101**	(6,993)
Total comprehensive income for the year		**76,876**	31,334

The above statements should be read in conjunction with the accompanying notes.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

Genesis Power Limited Group

For the six-month period ended 31 December 2012

	Share capital $000	Asset revaluation reserve $000	Cash flow hedge reserve $000	Retained earnings $000	Total $000
Balance as at 1 July 2012	**540,565**	**694,232**	**(2,808)**	**568,422**	**1,800,411**
Profit for the period	**–**	**–**	**–**	**70,775**	**70,775**
Other comprehensive income					
Change in cash flow hedge reserve	**–**	**–**	**8,473**	**–**	**8,473**
Income tax (expense) credit relating to other comprehensive income	**–**	**–**	**(2,372)**	**–**	**(2,372)**
Total comprehensive income for the period	**–**	**–**	**6,101**	**70,775**	**76,876**
Balance as at 31 December 2012	**540,565**	**694,232**	**3,293**	**639,197**	**1,877,287**
Balance as at 1 July 2011	540,565	694,781	(957)	477,623	1,712,012
Profit for the period	–	–	–	38,327	38,327
Other comprehensive income					
Change in cash flow hedge reserve	–	–	(9,713)	–	(9,713)
Income tax (expense) credit relating to other comprehensive income	–	–	2,720	–	2,720
Total comprehensive income for the period	–	–	(6,993)	38,327	31,334
Balance as at 31 December 2011	540,565	694,781	(7,950)	515,950	1,743,346

The above statements should be read in conjunction with the accompanying notes.

CONDENSED INTERIM BALANCE SHEET

Genesis Power Limited Group

As at 31 December 2012

	Note	31 December 2012 Unaudited $000	30 June 2012 Audited $000
Current assets			
Cash and cash equivalents		**44,342**	30,185
Receivables and prepayments		**182,438**	309,843
Inventories		**105,445**	127,146
Emission units on hand		**2,291**	868
Derivatives	12	**17,464**	15,377
Total current assets		**351,980**	483,419
Non-current assets			
Property, plant and equipment	6	**2,603,516**	2,580,654
Oil and gas assets	7	**409,374**	429,150
Intangible assets		**122,719**	118,232
Inventories		**22,617**	–
Receivables and prepayments		**941**	1,171
Derivatives	12	**49,284**	22,913
Total non-current assets		**3,208,451**	3,152,120
Total assets		**3,560,431**	3,635,539
Current liabilities			
Payables and accruals		**197,033**	288,342
Tax payable		**4,865**	7,215
Borrowings	10	**15,272**	16,494
Provisions	11	**17,030**	12,925
Derivatives	12	**24,127**	11,425
Total current liabilities		**258,327**	336,401
Non-current liabilities			
Payables and accruals		**470**	479
Borrowings	10	**929,972**	1,002,986
Provisions	11	**106,427**	110,247
Deferred tax liability		**331,656**	320,723
Derivatives	12	**56,292**	64,292
Total non-current liabilities		**1,424,817**	1,498,727
Total liabilities		**1,683,144**	1,835,128
Shareholders' equity			
Share capital		**540,565**	540,565
Reserves		**1,336,722**	1,259,846
Total equity		**1,877,287**	1,800,411
Total equity and liabilities		**3,560,431**	3,635,539

The Directors of Genesis Power Limited authorise these condensed interim financial statements for issue on behalf of the Board.

Rt Hon Dame Jenny Shipley DNZM
Chairman of the Board
Date: 25 February 2013

Joanna Perry MNZM
Chairman of the Audit Committee
Date: 25 February 2013

The above statements should be read in conjunction with the accompanying notes.

CONDENSED INTERIM CASH FLOW STATEMENT

Genesis Power Limited Group

For the six-month period ended 31 December 2012

	6 months ended 31 December 2012 Unaudited $000	6 months ended 31 December 2011 Unaudited $000
Cash flows from operating activities		
Cash was provided from:		
Receipts from customers	**1,146,683**	1,102,428
Interest received	**305**	319
	1,146,988	1,102,747
Cash was applied to:		
Payments to suppliers	**864,805**	889,781
Payments to employees	**42,532**	40,080
Tax paid	**21,703**	27,263
	929,040	957,124
Net cash inflows from operating activities	**217,948**	145,623
Cash flows from investing activities		
Cash was provided from:		
Receipts of principal from finance lease receivable	**4,773**	4,069
	4,773	4,069
Cash was applied to:		
Purchase of property, plant and equipment	**86,720**	30,314
Purchase of oil and gas assets	**150**	2,939
Purchase of intangibles (excluding emission units)	**11,061**	6,288
	97,931	39,541
Net cash outflows from investing activities	**(93,158)**	(35,472)
Cash flows from financing activities		
Cash was provided from:		
Proceeds from borrowings	**50,000**	–
	50,000	–
Cash was applied to:		
Repayment of borrowings	**122,000**	63,000
Interest paid and other finance charges	**36,793**	39,199
Repayment of principal on finance lease liabilities	**1,840**	1,751
	160,633	103,950
Net cash outflows from financing activities	**(110,633)**	(103,950)
Net increase in cash and cash equivalents	**14,157**	6,201
Cash and cash equivalents at the beginning of the period	**30,185**	21,108
Cash and cash equivalents at the end of the period	**44,342**	27,309

The above statements should be read in conjunction with the accompanying notes.

CONDENSED INTERIM CASH FLOW STATEMENT continued
Genesis Power Limited Group

For the six-month period ended 31 December 2012

Reconciliation of profit to net cash inflow from operating activities	6 months ended 31 December 2012 Unaudited $000	6 months ended 31 December 2011 Unaudited $000
Profit for the period	**70,775**	38,327
Items classified as investing/financing activities		
Net loss on disposal of property, plant and equipment	**189**	–
Interest and other finance charges paid	**35,699**	42,664
Other items classified as investing/financing activities	**(4,336)**	(3,381)
	31,552	39,283
Non-cash items		
Depreciation, depletion and amortisation expense	**66,957**	74,964
Impairment of non-current assets	**662**	2,256
Change in fair value of financial instruments	**(10,137)**	15,228
Deferred tax expense	**8,561**	3,212
Change in capital expenditure accruals	**20,827**	20,513
Change in rehabilitation and contractual arrangement provisions	**2,687**	–
	89,557	116,173
Movements in working capital		
Change in receivables and prepayments (excluding finance lease receivable)	**121,786**	(7,801)
Change in inventories	**(916)**	2,454
Change in emission units on hand	**(1,423)**	2,385
Change in payables and accruals	**(91,318)**	(26,488)
Change in tax receivable/payable	**(2,350)**	(16,801)
Change in provisions	**285**	(1,909)
	26,064	(48,160)
Net cash inflow from operating activities	**217,948**	145,623

The above statements should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

Genesis Power Limited (the "Parent") is a company registered under the Companies Act 1993. The Parent became a State-owned enterprise on 16 December 1998 pursuant to the State-Owned Enterprises Act 1986 and is wholly owned by Her Majesty the Queen in Right of New Zealand ("the Crown"). The liabilities of the Parent are not guaranteed in any way by the Crown. The Parent is an issuer for the purposes of the Financial Reporting Act 1993.

The condensed interim financial statements comprise Genesis Power Limited (the "Parent") and its subsidiaries, interests in associates and jointly controlled entities (together the "Group"). The condensed interim financial statements cover the six-month period ended 31 December 2012.

The Group is designated as a profit-oriented entity for financial reporting purposes.

The Group's core business is located in New Zealand and involves the generation of electricity, retailing and trading of energy, and the development and procurement of fuel sources. To support these functions, the Group's scope of business includes retailing and trading of related complementary products designed to support its key energy business.

Basis of preparation

The condensed interim financial statements have been prepared in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting ("NZ IAS 34"). In complying with NZ IAS 34, these statements comply with International Accounting Standard 34 Interim Financial Reporting.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements. Consequently, these condensed interim financial statements should be read in conjunction with the annual financial statements and related notes included in Genesis Energy's Annual Report for the year ended 30 June 2012.

The condensed interim financial statements are presented in New Zealand dollars rounded to the nearest thousand.

Changes in accounting policies

There have been no changes in accounting policies since 30 June 2012. The accounting policies set out in Genesis Energy's Annual Report for the year ended 30 June 2012 have been applied consistently to all periods presented in these condensed interim financial statements.

Critical accounting estimates and judgements

The preparation of the Group's condensed interim financial statements requires management to make estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The Group's significant areas of estimation and critical judgements in the condensed interim financial statements are the same as those disclosed in Genesis Energy's annual financial statements included in Genesis Energy's Annual Report for the year ended 30 June 2012.

Seasonality of operations

Fluctuations in seasonal weather patterns can have a significant impact on supply and demand and therefore the generation of electricity which in turn can have a positive or negative impact on the reported result.

2. Segment reporting

For management purposes the Group is currently organised into four segments as follows:

Segment	Activity
Customer Experience	Supply of energy (electricity, gas and LPG) to end-user customers as well as related services.
Energy Management	Generation and trading of electricity and related products. The segment includes electricity sales to the wholesale electricity market, derivatives entered into to fix the price of electricity, and wholesale gas and coal sales.
Oil and Gas	Exploration, development, production and sale of gas, LPG and light oil.
Corporate	Head-office functions including new-generation investigation and development, fuel management, information systems, human resources, finance, corporate relations, property management, legal, corporate governance and the finance lease receivable relating to the Kinleith cogeneration plant. Corporate revenue is made up of finance lease income, property rental and miscellaneous income.

The segments are based on the different products and services offered by the Group. No operating segments are aggregated.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS continued

2. Segment reporting continued

Six months ended 31 December 2012

Unaudited	Customer Experience $000	Energy Management $000	Oil and Gas $000	Corporate $000	Inter-Segment Items $000	Total $000
Operating revenue						
Electricity revenue	**575,372**	**558,075**	**–**	**–**	**(256,440)**	**877,007**
Gas revenue	**68,669**	**66,398**	**22,767**	**–**	**(49,449)**	**108,385**
Petroleum revenue	**–**	**–**	**34,209**	**–**	**–**	**34,209**
Other revenue	**1,491**	**8,052**	**51**	**2,065**	**–**	**11,659**
Total revenue	**645,532**	**632,525**	**57,027**	**2,065**	**(305,889)**	**1,031,260**
Operating expenses						
Electricity purchase, transmission and distribution	**(495,171)**	**(210,814)**	**–**	**–**	**256,440**	**(449,545)**
Gas purchase and transmission	**(63,761)**	**(74,255)**	**–**	**–**	**28,359**	**(109,657)**
Petroleum production, marketing and distribution	**–**	**–**	**(14,538)**	**–**	**–**	**(14,538)**
Fuel consumed	**–**	**(133,653)**	**–**	**–**	**21,090**	**(112,563)**
Employee benefits	**(12,564)**	**(16,728)**	**–**	**(12,170)**	**–**	**(41,462)**
Other operating expenses	**(55,435)**	**(42,465)**	**(2,609)**	**(7,094)**	**–**	**(107,603)**
Earnings before net finance expense, income tax, depreciation, amortisation, fair value changes and other gains and losses	**18,601**	**154,610**	**39,880**	**(17,199)**	**–**	**195,892**
Depreciation, depletion and amortisation	**(2,226)**	**(38,049)**	**(19,926)**	**(6,756)**	**–**	**(66,957)**
Impairment of non-current assets	**–**	**(662)**	**–**	**–**	**–**	**(662)**
Change in fair value of financial instruments	**–**	**13,520**	**(3,346)**	**(37)**	**–**	**10,137**
Other gains (losses)	**–**	**(1,497)**	**(225)**	**26**	**–**	**(1,696)**
Profit (loss) before net finance expense and income tax	**16,375**	**127,922**	**16,383**	**(23,966)**	**–**	**136,714**
Finance revenue	**53**	**–**	**49**	**203**	**–**	**305**
Finance expense	**(156)**	**(1,627)**	**(1,302)**	**(35,245)**	**–**	**(38,330)**
Profit (loss) before income tax	**16,272**	**126,295**	**15,130**	**(59,008)**	**–**	**98,689**
Other segment information						
Capital expenditure	**1,317**	**67,238**	**150**	**5,418**	**–**	**74,123**

Six months ended 31 December 2011

Unaudited	Customer Experience $000	Energy Management $000	Oil and Gas $000	Corporate $000	Inter-Segment Items $000	Total $000
Operating revenue						
Electricity revenue	563,901	612,761	–	–	(247,534)	929,128
Gas revenue	63,171	89,170	24,016	–	(51,340)	125,017
Petroleum revenue	–	–	42,989	–	–	42,989
Other revenue	1,958	10,017	52	2,616	–	14,643
Total revenue	629,030	711,948	67,057	2,616	(298,874)	1,111,777
Operating expenses						
Electricity purchase, transmission and distribution	(469,771)	(266,307)	–	–	247,533	(488,545)
Gas purchase and transmission	(65,380)	(102,571)	(26)	–	28,692	(139,285)
Petroleum production, marketing and distribution	–	–	(20,131)	–	–	(20,131)
Fuel consumed	–	(152,276)	–	–	22,649	(129,627)
Employee benefits	(14,829)	(15,617)	–	(9,564)	–	(40,010)
Other operating expenses	(53,432)	(40,948)	(2,170)	(7,132)	–	(103,682)
Earnings before net finance expense, income tax, depreciation, amortisation, fair value changes and other gains and losses	25,618	134,229	44,730	(14,080)	–	190,497
Depreciation, depletion and amortisation	(2,740)	(37,704)	(28,028)	(6,492)	–	(74,964)
Impairment of non-current assets	–	(2,256)	–	–	–	(2,256)
Change in fair value of financial instruments	–	(18,169)	4,994	(2,053)	–	(15,228)
Other gains (losses)	–	(516)	343	(1,165)	–	(1,338)
Profit (loss) before net finance expense and income tax	22,878	75,584	22,039	(23,790)	–	96,711
Finance revenue	21	–	43	255	–	319
Finance expense	(248)	(1,900)	(774)	(42,105)	–	(45,027)
Profit (loss) before income tax	22,651	73,684	21,308	(65,640)	–	52,003
Other segment information						
Capital expenditure	1,191	8,388	836	6,504	–	16,919

3. Impairment of non-current assets

Impairment for the six months ended 31 December 2012 and 31 December 2011 consists of impairment of property, plant and equipment. The impairment relates to expenditure of a capital nature on Huntly Units 1 to 4 and 6 included in the Energy Management segment. The expenditure is immediately impaired when incurred as the book value of these Units is nil.

4. Finance expense

	6 months ended 31 December 2012 Unaudited $000	6 months ended 31 December 2011 Unaudited $000
Interest on borrowings (excluding capital bonds)	**23,187**	29,658
Interest on capital bonds	**12,391**	11,770
Interest on finance lease liabilities	**299**	389
Interest on other loans and payables	**144**	129
Total interest expense	**36,021**	41,946
Other finance charges	**386**	880
Time value of money adjustments on provisions	**2,631**	2,363
	39,038	45,189
Capitalised finance expenses	**(708)**	(162)
	38,330	45,027

The decrease in finance expense for the six months ended 31 December 2012 relates to strong operating cash flows, resulting in the repayment of debt.

5. Dividends

No dividends were paid or declared during the period (31 December 2011: nil).

In February 2013, the Board authorised an interim dividend for the 2013 year of $57.0 million.

6. Property, plant and equipment

	6 months ended 31 December 2012 Unaudited $000	Year ended 30 June 2012 Audited $000
Opening balance	**2,580,654**	2,627,413
Additions	**62,204**	47,233
Capitalised finance expenses	**708**	453
Change in rehabilitation and contractual arrangement assets	**–**	(927)
Disposals (net book value)	**–**	(800)
Impairment	**(662)**	(12,345)
Depreciation expense	**(39,388)**	(80,373)
Closing balance	**2,603,516**	2,580,654

Additions for the six months ended 31 December 2012 largely comprise capital expenditure incurred on the Tekapo Canal Remediation Project and the Huntly Unit 5 major inspection. Capital expenditure incurred on the Tekapo Canal Remediation Project to date totals $51.4 million.

7. Oil and gas assets

	6 months ended 31 December 2012 Unaudited $000	Year ended 30 June 2012 Audited $000
Opening balance	**429,150**	462,790
Additions	**150**	2,589
Change in rehabilitation asset	**–**	20,092
Impairment	**–**	(24)
Depreciation expense	**(19,926)**	(56,297)
Closing balance	**409,374**	429,150

Kupe's proven oil and gas reserves ("P90") were re-estimated at 30 June 2012 using volumetrics techniques at 379.7 Petajoules equivalent (PJe). As a result, unit of production depletion rates have been recalculated prospectively as a change in accounting estimate effective 1 July 2012, in line with the Group's accounting policy. This has decreased depletion charges by approximately $5.2 million for the six months ended 31 December 2012. A decrease in production volumes in the six-month period also reduced the depreciation and depletion expense for the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS continued

8. Jointly controlled assets and entities

The Group has a 31% interest in the Kupe production facility and Petroleum Mining Permit 38146 held by the Kupe Joint Venture.

The Group has a 50% interest in the Gasbridge Joint Venture. The Gasbridge Joint Venture was established to investigate the feasibility of developing facilities to import Liquefied Natural Gas at the Port of Taranaki. The Joint Venture has delayed this investigation until further notice.

Name of entity	Principal activity	Interest held 31 December 2012 %	Interest held 30 June 2012 %
Kupe Joint Venture	Petroleum production and sale	**31**	31
Gasbridge Joint Venture	Liquefied natural gas importation development	**50**	50

The tables below reflect the Group's share of jointly controlled assets and entities.

	31 December 2012 Unaudited $000	30 June 2012 Audited $000
Current assets		
Cash and cash equivalents	**7,225**	8,054
Receivables and prepayments	**767**	615
Inventories	**890**	895
Total current assets	**8,882**	9,564
Non-current assets		
Oil and gas assets	**460,365**	459,194
Total non-current assets	**460,365**	459,194
Total share of assets employed in joint venture	**469,247**	468,758
Current liabilities		
Payables and accruals	**(8,345)**	(8,613)
Total share of liabilities employed in joint venture	**(8,345)**	(8,613)

	6 months ended 31 December 2012 Unaudited $000	Year ended 30 June 2012 Audited $000
Revenue	**101**	282
Petroleum production, marketing and distribution	**(11,377)**	(24,668)
Share of profit (loss)	**(11,276)**	(24,386)

The Group's share of capital expenditure commitments relating to joint ventures is disclosed in note 13.

9. Material related party transactions

No material transactions took place between related parties and the Group during the six months ended 31 December 2012. For a list and description of transactions with related parties refer to Genesis Energy's annual financial statements included in Genesis Energy's Annual Report for the year ended 30 June 2012.

10. Borrowings

	31 December 2012 Unaudited $000	30 June 2012 Audited $000
Revolving credit	**183,535**	307,438
Wholesale term notes	**251,089**	200,699
Retail term notes	**228,418**	228,005
Capital bonds	**274,762**	274,058
Finance lease liabilities	**7,440**	9,280
Total	**945,244**	1,019,480
Current	**15,272**	16,494
Non-current	**929,972**	1,002,986
Total	**945,244**	1,019,480

Refinancing of current borrowings

During the six months ended 31 December 2012 the Group issued a fixed rate wholesale term note totalling $50.0 million. The wholesale term note pays a six-monthly coupon of 5.21 per cent per annum. The bond matures on 1 November 2019.

Revolving credit

As at 31 December 2012 the Group had drawn down $183.0 million (30 June 2012: $305.0 million) (excluding interest accrued and unamortised issue costs) and had available undrawn funding of $292.0 million (30 June 2012: $220.0 million).

11. Provisions

	6 months ended 31 December 2012 Unaudited $000	Year ended 30 June 2012 Audited $000
Opening balance	**123,172**	104,529
Provisions made during the period	**4,644**	33,322
Provisions reversed during the period	**(2,379)**	(6,828)
Provisions used during the period	**(4,611)**	(12,144)
Time value of money adjustment	**2,631**	4,293
Closing balance	**123,457**	123,172
Current	**17,030**	12,925
Non-current	**106,427**	110,247
Total	**123,457**	123,172

12. Derivatives

Net carrying value of derivatives	31 December 2012 Unaudited $000	30 June 2012 Audited $000
Cash flow hedges designated at fair value through profit or loss		
Foreign exchange swaps	**517**	1,082
Interest rate swaps	**(10,824)**	(10,066)
Electricity swaps	**15,617**	4,189
Oil swaps	**(242)**	645
Fair value hedges designated at fair value through profit or loss		
Interest rate swaps	**3,251**	3,338
Derivatives not designated as hedges		
Foreign exchange options	**–**	20
Electricity swaps and options	**(21,176)**	(39,109)
Oil swaps and options	**(814)**	2,474
Total	**(13,671)**	(37,427)
Carrying value of derivatives by balance sheet classification		
Current assets	**17,464**	15,377
Non-current assets	**49,284**	22,913
Current liabilities	**(24,127)**	(11,425)
Non-current liabilities	**(56,292)**	(64,292)
Total	**(13,671)**	(37,427)

Electricity swaps and options

The method of valuing electricity swaps and options is outlined in Genesis Energy's annual financial statements included in Genesis Energy's Annual Report for the year ended 30 June 2012. Key assumptions driving potential changes to the forecast internally generated price path are changes in demand, hydrology and new-generation build. Any of these factors could result in a change to the price path. The key factor affecting the movement in value between 30 June 2012 and 31 December 2012 relates to anticipated changes in demand and new-generation build.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS continued

12. Derivatives continued

Interest rate swaps

The method of valuing interest rate swaps is outlined in Genesis Energy's annual financial statements included in Genesis Energy's Annual Report for the year ended 30 June 2012.

Change in carrying value of derivatives	6 months ended 31 December 2012 Unaudited $000	Year ended 30 June 2012 Audited $000
Opening balance	**(37,427)**	(26,250)
Total change recognised in electricity and petroleum revenue	**19,438**	27,450
Net change in derivatives not designated as hedges	**10,146**	(11,318)
Net change in fair value hedges	**(87)**	3,338
Ineffective gain (loss) on cash flow hedges	**(9)**	–
Total change recognised in the change in fair value of financial instruments	**10,050**	(7,980)
Gain (loss) recognised in other comprehensive income	**50,326**	6,122
Settlements (gain) loss	**(33,871)**	4,336
Sales (option fees received)	**(22,188)**	(41,453)
Purchases (option fees paid)	**–**	348
Closing balance	**(13,671)**	(37,427)

13. Commitments

	31 December 2012 Unaudited $000	30 June 2012 Audited $000
Total capital commitments	**45,511**	30,964
Total operating lessee commitments	**60,782**	56,144
	106,293	87,108

Total capital commitments as at 31 December 2012 includes Tekapo Canal Remediation Project commitments of $15.6 million.

14. Contingent assets and liabilities

The Group's contingent assets and liabilities were disclosed in Genesis Energy's Annual Report for the year ended 30 June 2012. There has been no change in the nature or status of these contingent assets and liabilities.

15. Events occurring after balance date

In February 2013, the Board authorised an interim dividend for the 2013 year of $57.0 million.

There have been no other significant events subsequent to the reporting date.

DIRECTORY

BOARD OF DIRECTORS

Chairman
Rt Hon Dame Jenny Shipley, DNZM

Directors
Joanna Perry, MNZM (Deputy Chair)
Alison Andrew
Andrew Clements
John Dell
John Leuchars
Graeme Milne
Rukumoana Schaafhausen

EXECUTIVE MANAGEMENT TEAM

Chief Executive
Albert Brantley

Chief Financial Officer
Andrew Donaldson

General Counsel and Company Secretary
Maureen Shaddick

Chief Operating Officer
Mike Fuge

GM Strategy and Business Technology
Sheridan Broadbent

GM Corporate Affairs
Dean Schmidt

GM People and Safety
Andrew Steele

GM Customer Experience
Jamie Reid

GM Finance
Audrey Scheurich

GM Marketing
Chris Watney

GM Generation Assets
Tracey Hickman

ADDRESS OF OFFICE

Corporate Office
602 Great South Road
PO Box 17188, Greenlane 1546
Auckland, New Zealand
Telephone: 64 9 580 2094
Facsimile: 64 9 580 4894

AUDITOR

Ian Marshall of Deloitte has been appointed to perform the audit on behalf of the Auditor-General.

BANK

Westpac New Zealand

SOLICITORS

Russell McVeagh

For further information
email: feedback@genesisenergy.co.nz

www.genesisenergy.co.nz

This report is printed on:

Cover stock:
Tudor Ivory Board contains FSC certified pulp and is manufactured under the ISO 14001 Environmental Management System. The pulp is Elemental Chlorine Free (ECF).

Text stock:
Advance Laser produced from ECF (Elemental Chlorine Free) pulp sourced from farmed Eucalyptus trees. It is manufactured under the ISO 14001 Environmental Management System.