

Notes to Support Financial Statements

1. Operating Surplus Before Taxation

Twelve Months 31.3.05 \$000		Consolidated Six Months 30.9.05 \$000	Consolidated Six Months 30.9.04 \$000
6,545	Operating Surplus Before Taxation	4,647	4,014
	After Charging:		
7,171	Rebates	3,596	3,538
6,246	Depreciation and Amortisation	3,183	2,718
-	Interest	-	4
	After Crediting:		
26,461	Line Revenue	13,266	13,292
20,236	Contracting Revenue	11,998	10,207
1,120	Interest Received	507	505
3,842	Consumer Contributions	2,072	1,835

2. Reconciliation of Net Cash Inflow from Operating Activities to Net Surplus

Twelve Months 31.3.05 \$000		Consolidated Six Months 30.9.05 \$000	Consolidated Six Months 30.9.04 \$000
4,848	Net Surplus After Tax	3,450	2,850
96	Associate Company Share of Retained Surplus	-	-
4,944		3,450	2,850
	Non Cash Items		
6,246	Depreciation and Amortisation	3,183	2,718
(3,842)	Customer Contributions	(2,072)	(1,835)
(6)	Movement in Staff Entitlements	-	5
2,398		1,111	888
	Movements in Working Capital Items		
	(Increase)/Decrease Accounts		
(163)	Receivable	670	1,066
(66)	(Increase)/Decrease Inventory	(317)	(365)
1,327	Increase/(Decrease) Accounts Payable	(475)	570
1,098		(122)	1,271
29	Items Classified as Investing Activities	-	-
8,469	Net Cash Inflow from Operations	4,439	5,009

Notes to Support Financial Statements (cont'd..)

- The results for the six month period ended September 2005 are unaudited.
- The results for the 12-month period ended March 2005 and the 6-month periods ended September 2004 and 2005 have been consolidated to include the performance of:
 - MainPower Contracting Limited and Tasman Electrical Limited (100% owned by MainPower New Zealand Limited);
 - VirCom Energy Management Services Limited (77% owned by MainPower New Zealand Limited).
- The Interim Financial Statements have been prepared in accordance with the Financial Reporting Standard (FRS-24) as adopted by the Institute of Chartered Accountants of New Zealand.
- The Accounting Policies as published in the 31 March 2005 Annual Report have been consistently applied in determining the Earnings and Cash Flows for the six months ended 30 September 2005 and the Financial Statements as at that date.
- The Financial Statements should be read in conjunction with the audited Annual Report for the year ended 31 March 2005. Comparative figures for the 12 months ended 31 March 2005 have been extracted from the audited Annual Report.
- Commitments and Contingent Liabilities**
There are no significant commitments or contingent liabilities as at 30 September 2005.
- Significant Events After Balance Date**
There are no events subsequent to balance date that would have or may have an effect on the operation of MainPower, the results of MainPower's operations or the state of the affairs of MainPower.
- International Financial Reporting Standards (IFRS)**
MainPower will be required to adopt IFRS for the first time in the Financial Statements for the year ending 31 March 2008. These Standards will have a significant impact on the Company's reported Statement of Financial Position, in particular the reporting of the deferred tax liability; i.e. the tax effect of the difference between the Company's carrying value for fixed assets and the equivalent tax carrying value for the same assets. This difference principally arises from the revaluation of the Company's electricity distribution network in accordance with the requirements of the Commerce Act (Electricity Information Disclosure Requirements) Notice 2004, pursuant to Part 4A of the Commerce Act 1986.
MainPower will provide further information, including quantifying the impacts of transitioning to IFRS in the 2006 Annual Report.

MainPower New Zealand Limited, 5 High Street, Rangiora
P O Box 346, Rangiora, New Zealand
Telephone +64 3 311 8300 Facsimile +64 3 311 8301



Interim Report
and
Financial
Statements

Six Months Ended
30 September 2005



Chairman's Review



Gill Cox,
Chairman

The Board of MainPower is pleased to report on a very successful six-month period of operation.

Financial Performance and Financial Position

The unaudited Consolidated Net Surplus for the six months ended 30 September 2005, after providing for tax of \$1.197 million and after Qualifying Customer Rebates of \$3.596 million, is \$3.450 million (2004 \$2.850 million).

It is expected that the Net Tax Paid Surplus after Rebates for the full year through to 31 March 2006 will exceed \$3.904 million or approximately \$600,000 above budget. This excellent result reflects a buoyant regional economy. MainPower's subsidiary companies, MainPower Contracting Limited and VirCom Energy Management Services Limited, continue to make a positive contribution to the Company's financial performance.

The MainPower Group of Companies' Total Equity at 30 September is \$153.678 million.

Electricity Network Development and Security of Supply

Customer requests for electricity supply, and demand for line services across the established network continue at record levels. All major upgrades are progressing in accordance with the Company's approved Asset Management Plan. Major projects involving the upgrade from 11kV to 66kV on the line between Waipara and Kaikoura, and the conversion from 11kV to 22kV of the Company's network in the Waiiau/Rotherham area are well advanced.

The demand for the Company's services in respect of new subdivisions in all three districts also continues at high levels.

Changes to the Board

Rex Williams joined the Board on 30 August and replaces George Bellew who resigned to take up a position overseas. A further appointment is expected prior to Christmas to fill the remaining vacancy on the Board.

Looking Forward

The remaining six months of the year will continue to be challenging for the Board and Staff. Safety, quality and superior customer service will continue to be the principal drivers for the Company as we deliver on these challenges.

W G Cox
Chairman

Statement of Financial Performance For Six Month Period Ended 30 September 2005

Twelve Months 31.3.05 \$000		Consolidated Six Months 30.9.05 \$000	Consolidated Six Months 30.9.04 \$000
51,977	Operating Revenue	28,092	26,031
6,545	Operating Surplus Before Taxation (After Rebates)	4,647	4,014
(1,697)	Taxation	(1,197)	(1,164)
\$4,848	Net Surplus	\$3,450	\$2,850
Net Surplus comprises:			
4,830	Shareholders' Interest	3,325	2,832
18	Minority Interest	125	18

Statement of Financial Position As At 30 September 2005

Twelve Months 31.3.05 \$000		Consolidated Six Months 30.9.05 \$000	Consolidated Six Months 30.9.04 \$000
Equity			
114,524	Share Capital and Reserves	114,524	94,978
34,697	Retained Earnings	38,022	32,699
149,221	Shareholder's Interest	152,546	127,677
1,007	Minority Interest	1,132	1,007
150,228	Total Equity	153,678	128,684
649	Non Current Liabilities	646	668
5,430	Current Liabilities	4,955	4,673
\$156,307	Total Equity and Liabilities	\$159,279	\$134,025
Non Current Assets			
131,006	Fixed Assets	134,501	109,232
2,389	Investments	2,451	2,303
132	Investment in Associates	65	188
133,527	Total Non Current Assets	137,017	111,723
Current Assets			
15,917	Bank & Short Term Deposits	15,752	16,369
5,872	Accounts Receivable	5,202	4,643
991	Inventory	1,308	1,290
22,780	Total Current Assets	22,262	22,302
\$156,307	Total Assets	\$159,279	\$134,025

Summary Statement of Cash Flows For Six Month Period Ended 30 September 2005

Twelve Months 31.3.05 \$000		Consolidated Six Months 30.9.05 \$000	Consolidated Six Months 30.9.04 \$000
Operating Activities			
40,837	Cash Inflows	23,025	21,640
(32,368)	Cash Outflows	(18,586)	(16,631)
8,469		4,439	5,009
Investing Activities			
131	Cash Inflows	88	103
(12,437)	Cash Outflows	(4,689)	(8,505)
(12,306)		(4,601)	(8,402)
Financing Activities			
85	Cash Inflows	-	85
(21)	Cash Outflows	(3)	(13)
64		(3)	72
(3,773)	Net Increase/(Decrease) in Cash Holdings	(165)	(3,321)
19,690	Opening Bank and Short Term Deposits	15,917	19,690
\$15,917	Closing Bank and Short Term Deposits	\$15,752	\$16,369

Statement of Movements in Equity For Six Month Period Ended 30 September 2005

Twelve Months 31.3.05 \$000		Consolidated Six Months 30.9.05 \$000	Consolidated Six Months 30.9.04 \$000
125,551	Equity at the Start	150,228	125,551
Net Surplus			
4,830	Parent	3,325	2,832
18	Minority Interest	125	18
19,546	Increase in Asset Revaluation Reserve	-	-
24,394	Total Recognised Revenues and Expenses	3,450	2,850
283	Contribution from Minority Interests	-	283
\$150,228	Equity at the End of the Period	\$153,678	\$128,684
149,221	Shareholders' Interest	152,546	127,677
1,007	Minority Interest	1,132	1,007