



TRANSPOWER NEW ZEALAND LIMITED	
Half year results for announcement to the market – 29 February 2012	
Reporting Period	6 months to 31 December 2011
Previous Reporting Period	6 months to 31 December 2010

	Amount (millions) 6 months to 31 December 2011	Percentage Change from 6 months to 31 December 2010
Revenue from ordinary activities	\$NZ378.9	5% increase
Profit (loss) from ordinary activities after tax	\$NZ77.1	4% decrease
Net profit (loss)	\$NZ(51.5)	\$NZ92.3

Interim /Final Dividend	\$110.0	Nil
Dividend Payment Date	09 March 2012	

Comments: (including: (i) a brief explanation of any of the above figures necessary to enable them to be understood	<p>Transpower's earnings before net changes in the fair value of financial instruments and debt, was \$77.1 million for the first six months of the financial year 2011/12 (Dec 2010: \$80.4 million).</p> <p>Operating revenue increased by 5 per cent to \$379.0</p>
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million (Dec 2010: \$360.1 million).

Operating expenses increased by 6 per cent to \$136.5 million (Dec 2010: \$129.3 million). The principal increases were in maintenance expenditure on the grid, which rose to \$49.4 million (Dec 2010: \$46.9 million).

Depreciation and write-offs increased by 19 per cent to \$90.0 million (Dec 2010: \$75.5 million). This increase reflected the depreciation charges from newly commissioned assets and a one-off depreciation adjustment of \$6.0 million following an independent external review of assets lives in June 2011.

After changes in the fair value of financial instruments, Transpower recorded a net loss of \$51.5 million (Dec 2010: \$92.3 million profit). The changes in fair value of financial instruments predominantly result from fluctuations in market interest rates. The fair value movements are non-cash in nature and therefore do not reflect the underlying operating performance of the business.

Capital expenditure was \$424.0 million (Dec 2010: \$234.0 million). The substantial increase reflected the significant reinvestment programme underway.

Transpower Chairman Mark Verbiest said that reinvestment is required, following a long period of low investment.

“We are seeking to extract greater and more cost effective capacity from our existing grid, and where possible, minimise the need to build new lines. However, there is still a need to upgrade and maintain existing assets, replace outdated equipment, and put in place new technology platforms to operate the power system.”

Transpower will recommence dividend payments to the Crown in March 2012. It will pay an interim dividend of \$110.0 million.

“This is our first dividend payment since the 2004/05 financial year. During that time, the operating surplus has been reinvested into our significant capital programme,” said Mr Verbiest.

<p>(ii) in respect of each half-year period, commentary on the outlook for the remainder of the financial year, including whether the SOE considers it will achieve the financial performance targets in its SCI)</p>	<p>Transpower's full half year accounts will be published once they are tabled in the House in March 2012.</p> <p>Transpower considers that it will be materially in line with the financial performance targets in its SCI for the year ending 30 June 2012.</p>
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