TrustPower Interim Report

SEPTEMBER 2009

TrustPower

TrustPower Limited Unaudited Financial Results for the Six Months Ended 30 September 2009

TrustPower's consolidated underlying surplus after tax excluding fair value movements on financial instruments, which are inherently volatile, was $72.5 million for the six months ended 30 September 2009. This represents an increase of 6 per cent compared with $68.3 million for the same period last year.

Earnings before interest, tax, depreciation, amortisation and fair value movements on financial instruments ("EBITDAF") grew by 13 per cent to $154.9 million from $136.7 million in the previous year.

Profit after tax attributable to the shareholders of the Company was $82.4 million for the half year compared with $66.8 million for the prior period, an increase of 23%. This includes the impact of fair value movements on financial instruments.

Operating revenue of $408.9 million was down 13 per cent on the previous year due to significantly lower electricity prices charged to those customers paying spot market prices. Spot electricity prices were significantly lower during this period as the result of plentiful hydro storage and inflows throughout the winter months of 2009.

Total electricity volume sold by the Company in New Zealand was 2,206 GWh compared with 2,253 GWh in the prior year. Customer numbers increased to 229,000 as at 30 September 2009 from 227,000 as at 31 March 2009.

The Company's total New Zealand generation production of 1,055 GWh for the first six months was down 106 GWh on the previous year, mainly driven by lower North Island hydro production which was down 111 GWh on prior year. However, given low spot electricity prices for most of the reporting period, TrustPower did at times have the choice between procuring electricity in the spot market at low prices to meet customer demand in preference to running its own hydro generation harder.

The Snowtown Wind Farm had a good second quarter and produced 186 GWh over the first six months which was close to long term expectation.

Group operating cash flow was $110.1 million for the period versus $100.1 million in the previous year.

Debt (including subordinated bonds) to debt plus equity was 34 per cent at 30 September 2009 versus 36 per cent in the previous year.

TrustPower continues to maintain high levels of committed credit facilities. Including subordinated bonds the Company currently has just over NZD equivalent of 1 billion of committed debt funding in place. As at 30 September 2009 Group net debt was $721.3 million.

TrustPower is currently considering making an offer of senior bonds to New Zealand retail investors. If the offer proceeds, it is intended that the bonds will be unsecured unsubordinated bonds which would rank equally with TrustPower's existing bank lenders. If the offer proceeds, more information on the offer is expected to be provided over the next few weeks.

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

TrustPower currently has consents for 420MW of wind farm development in the South Island and is well advanced with a further 118 MW of South Island hydro consents at Arnold and Wairau.

In Australia, the TrustPower Group has planning consent for up to another 235 MW of capacity at the Snowtown Wind Farm and has commenced further studies in relation to a Stage II development.

The Wairau hydro consent appeal is scheduled to be heard in the Environment Court next month and there are currently four appellants remaining in the process.

A hearing in the Environment Court for the Arnold hydro consent is set down for March 2010 where there is one appellant left in the process.

A business case is being prepared for a 30MW first stage at the Mahinerangi Wind Farm which is located near TrustPower's Waipori hydro scheme. It is intended that existing transmission capacity will be able to be utilised which will assist the economics of the project.

Progress continues to be made in reaching agreement with landowners for potential wind farm developments at a number of sites in New South Wales, Victoria, Queensland and South Australia.

The design phase of the customer care and billing replacement project is close to completion and the detailed plan for the implementation phase is currently being worked through with Oracle.

The Government has announced proposed changes to the Emissions Trading Scheme. If the proposal is adopted, carbon emitters will face a 50% obligation on their emissions for the period 1 July 2010 to 1 January 2013 with a cap of $25 / tonne of CO_2. TrustPower sees the introduction of a mechanism to incorporate the pricing of carbon as key to securing New Zealand's renewable energy future and that the Company's position as a renewable generator will be strengthened as a result.

The submission process following the Ministerial Review of the electricity sector has now closed and the Government is considering what policy initiatives will be required. TrustPower's submission was broadly supportive and TrustPower welcomes confirmation of the Government's commitment to a competitive electricity market. Any legislation changes are not expected to be enacted until mid 2010.

The process of recruiting a new Chief Executive is well advanced.

The Directors are pleased to announce an interim dividend of 19 cents per share, partially imputed to 14 cents per share, payable 11 December 2009 (record date of 27 November 2009).

The first half result for the 2010 financial year was pleasing. 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

Bruce Harker
Chairman

Consolidated Income Statement

For the period ended 30 September 2009	Note	**Unaudited 6 Months Sep 2009 $000**	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Operating Revenue				
Electricity sales		**387,780**	447,796	744,762
Carbon revenue		**5,535**	4,907	8,377
Meter rental revenue		**2,537**	2,211	4,473
Other customer fees and charges		**1,966**	1,691	3,518
Telecommunications sales		**9,436**	8,115	17,024
Other revenue		**1,713**	4,415	7,242
		408,967	469,135	785,396
Operating Expenses				
Energy costs		**69,985**	160,431	207,525
Generation production costs		**15,893**	15,042	30,341
Line costs		**124,092**	110,259	202,284
Market fees and costs		**8,227**	11,842	15,244
Meter rental costs		**1,564**	1,333	2,716
Other customer connection costs		**993**	1,114	1,613
Other fixed, intangible and investment asset charges		**7**	1,060	1,552
Salary and wage costs		**14,109**	12,534	26,263
Telecommunications cost of sales		**7,405**	6,244	13,143
Other operating expenses		**11,818**	12,556	24,746
		254,093	332,415	525,427
Earnings Before Interest, Tax, Depreciation, Amortisation and Fair Value Movements of Financial Instruments (EBITDAF)		**154,874**	136,720	259,969
Fair value (gains)/losses on financial instruments		**(14,138)**	2,134	19,567
Amortisation of intangible assets		**2,821**	2,860	5,690
Depreciation		**22,868**	17,915	38,678
Operating Profit		**143,323**	113,811	196,034
Interest paid	5	**28,513**	25,789	53,366
Interest received	5	**(280)**	(997)	(999)
Net finance costs		**28,233**	24,792	52,367
Profit Before Income Tax		**115,090**	89,019	143,667
Income tax expense	6	**32,673**	22,206	38,592
Profit After Tax Attributable to the Shareholders of the Company		**82,417**	66,813	105,075
Earnings per share (cents per share)		**26.1**	21.2	33.3
Diluted earnings per share (cents per share)		**26.1**	21.1	33.2

The Board of TrustPower Limited authorised these Interim Financial Statements for issue on 30 October 2009.

The accompanying notes form part of these interim financial statements

Consolidated Statement of Comprehensive Income

For the period ended 30 September 2009	Note	**Unaudited 6 Months Sep 2009 $000**	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Profit after tax attributable to the shareholders of the Company		**82,417**	66,813	105,075
Fair value gains on generation assets	7	**298**	(3,247)	259,684
Fair value gains/(losses) on cash flow hedges	8	**1,135**	(8,970)	(16,309)
Currency translation differences	9	**227**	2,940	3,681
Movements in employee share option reserve	9	**10**	-	65
Tax effect of the following:				
Fair value gains on generation assets	7	**-**	974	(55,599)
Fair value gains /(losses) on cash flow hedges	8	**(340)**	2,373	4,882
Currency translation differences	9	**3,044**	-	1,838
Total Comprehensive Income		**86,791**	60,883	303,317

Consolidated Statement of Changes in Equity

For the period ended 30 September 2009		**Unaudited 6 Months Sep 2009 $000**	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Total Comprehensive Income		**86,791**	60,883	303,317
Issue of shares pursuant to the employee share option scheme	10	**415**	119	333
Own shares repurchased	10	**-**	-	(1,634)
Dividends paid	11	**(85,114)**	(47,313)	(129,273)
Total Movements in Equity		**2,092**	13,689	172,743
Equity at the beginning of the period		**1,430,069**	1,257,326	1,257,326
Equity at the end of the period		**1,432,161**	1,271,015	1,430,069

The accompanying notes form part of these interim financial statements

Consolidated Statement of Financial Position

As at 30 September 2009	Note	Unaudited Sep 2009 $000	Unaudited Sep 2008 $000	Audited Mar 2009 $000
Equity				
Capital and reserves attributable to shareholders of the Company				
Share capital	10	**175,169**	176,174	174,754
Revaluation reserve	7	**862,668**	656,302	862,370
Retained earnings		**384,969**	431,074	387,666
Cash flow hedge reserve	8	**(363)**	3,672	(1,158)
Other reserves	9	**9,718**	3,793	6,437
Total Equity		**1,432,161**	1,271,015	1,430,069
Represented by:				
Current Assets				
Cash and cash equivalents		**20,630**	36,762	27,416
Bond deposits on trust		**2,500**	2,700	2,700
Accounts receivable and prepayments		**115,904**	101,582	73,750
Derivative financial instruments	12	**4,493**	4,892	2,738
Taxation receivable		**-**	301	-
		143,527	146,237	106,604
Non Current Assets				
Term receivable		**1,098**	2,504	4,039
Property, plant and equipment		**2,362,157**	2,092,491	2,372,896
Derivative financial instruments	12	**11,151**	10,225	3,542
Investments		**1,731**	830	521
Intangible assets		**37,877**	38,441	39,516
Deferred tax asset	13	**-**	667	-
		2,414,014	2,145,158	2,420,514
Total Assets		**2,557,541**	2,291,395	2,527,118
Current Liabilities				
Accounts payable and accruals		**95,500**	96,781	84,695
Current portion unsecured subordinated bonds		**-**	50,511	-
Derivative financial instruments	12	**5,332**	4,668	3,501
Taxation payable		**12,084**	-	3,220
		112,916	151,960	91,416
Non Current Liabilities				
Unsecured bank loans		**481,002**	495,800	471,473
Unsecured subordinated bonds		**260,938**	161,778	260,671
Derivative financial instruments	12	**14,820**	5,286	22,352
Deferred tax liability	13	**255,704**	205,556	251,137
		1,012,464	868,420	1,005,633
Total Liabilities		**1,125,380**	1,020,380	1,097,049
Net Assets		**1,432,161**	1,271,015	1,430,069
Net Tangible Assets Per Share		**$4.42**	$3.91	$4.41

The accompanying notes form part of these interim financial statements

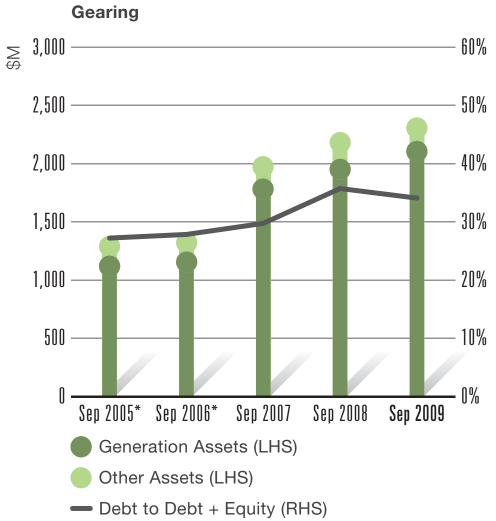
Consolidated Statement of Cash Flows

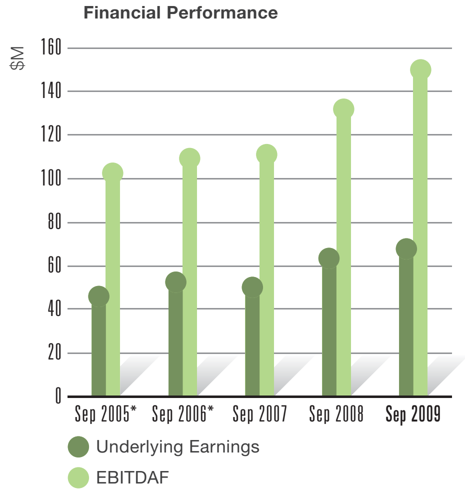
For the period ended 30 September 2009	Note	Unaudited 6 Months Sep 2009 $000	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Receipts from customers		**390,815**	465,912	808,204
Payments to suppliers and employees		**(264,125)**	(352,136)	(563,400)
Taxation paid		**(16,640)**	(13,664)	(30,587)
Net Cash Flow from Operating Activities		**110,050**	100,112	214,217
Sale of property, plant & equipment		**49**	379	494
Interest received		**280**	946	1,393
Capitalised interest in construction of property, plant and equipment		**-**	(4,663)	(3,556)
Net movement in bond deposits on trust		**200**	-	-
Purchase of property, plant and equipment		**(11,489)**	(149,560)	(191,562)
Purchase of intangible assets		**(1,183)**	(1,036)	(4,941)
Net Cash Flow from Investing Activities		**(12,143)**	(153,934)	(198,172)
Bank loan proceeds		**114,346**	302,608	319,355
Net bond movements		**-**	-	49,489
Issue of shares		**415**	119	333
Purchase of own shares		**-**	-	(1,634)
Bond brokerage costs		**-**	-	(1,317)
Bank loan repayments		**(105,900)**	(256,153)	(298,357)
Interest paid		**(28,619)**	(30,393)	(53,748)
Dividends paid		**(85,114)**	(47,313)	(129,273)
Net Cash Flow from Financing Activities		**(104,872)**	(31,132)	(115,152)
Net (Decrease) / Increase in Cash, Cash Equivalents and Bank Overdrafts Held		**(6,965)**	(84,954)	(99,107)
Cash, Cash Equivalents and Bank Overdrafts at Beginning of the Period		**27,416**	115,198	115,198
Exchange gains/(losses) on cash		**179**	6,518	11,325
Cash, Cash Equivalents and Bank Overdrafts at End of the Period		**20,630**	36,762	27,416

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		**82,417**	66,813	105,075
Interest paid		**28,619**	30,393	53,748
Interest received		**(280)**	(946)	(1,393)
Amortisation of debt issue costs		**268**	540	958
Fixed, intangible and investment asset charges		**25,680**	21,835	45,920
Movements in financial instruments taken to the income statement		**(14,138)**	2,134	19,567
Option expense		**10**	-	65
Increase/(decrease) in deferred tax liability excluding transfers to reserves		**7,187**	3,444	(2,481)
(Increase)/decrease in working capital		**(19,713)**	(24,101)	(7,242)
Net Cash Flow from Operating Activities		**110,050**	100,112	214,217

The accompanying notes form part of these interim financial statements





** Information for years prior to the Group's transition date of 1 April 2006 to NZ IFRS have been prepared under previous NZ FRS and have not been translated to equivalent NZ IFRS amounts.*

	6 Months Sep 2009	6 Months Sep 2008	12 Months Mar 2009
Operating Statistics			
Electricity customer numbers (000's)	**229**	219	227
Telecommunication services provided (000's)	**32**	29	30
Mass market sales (GWh)	**1,173**	1,114	2,007
Time of use sales (GWh)	**1,034**	1,139	2,025
Total customer sales (GWh)	**2,207**	2,253	4,032
Weighted average spot price of electricity purchased ($/MWh)	**43**	184	120
North Island hydro generation production (GWh)	**325**	436	750
South Island hydro generation production (GWh)	**466**	471	819
Total hydro generation production (GWh)	**791**	907	1,569
Wind generation production (GWh)	**265**	254	558
Total New Zealand generation production (GWh)	**1,056**	1,161	2,127
Weighted average spot price of electricity generated ($/MWh)	**39**	170	112
Australian wind production (GWh)	**186**	79	254
Resource consent non-compliance events	**2**	2	5
Staff numbers (full time equivalents)	**403**	379	394

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 Road, 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 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 standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2009.

- NZ IAS 1 (revised), *Presentation of Financial Statements.* The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- NZ IFRS 8, *Operating Segments.* NZ IFRS 8 replaces IAS 14, *Segment Reporting*. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in three reportable segments being presented.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. Comparatives for 2008 have been restated.

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.

	Unaudited 6 Months Sep 2009 $000	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Underlying Earnings After Tax	**72,520**	68,307	118,772
Underlying earnings per share (cents per share)	**23.0**	21.7	37.7
Diluted underlying earnings per share (cents per share)	**23.0**	21.6	37.6

Note 4:

Segment Information

Primary Reporting Format - Business Segments

As at 30 September 2009, 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 2009 are as follows:

	Generation New Zealand $000	Generation Australia $000	Retail $000	Other $000	Total $000
Total segment revenue	112,440	17,719	371,829	1,111	503,099
Inter-segment revenue	(93,072)	-	-	(1,060)	(94,132)
Revenue from external customers	19,368	17,719	371,829	51	408,967
Adjusted EBITDAF	113,444	13,585	28,560	(708)	154,881
Amortisation of intangible assets	-	-	1,904	917	2,821
Depreciation	15,731	6,292	-	845	22,868
Capital expenditure	5,658	-	-	4,175	9,833

The unaudited segment results for the six months ended 30 September 2008 are as follows:

	Generation New Zealand $000	Generation Australia $000	Retail $000	Other $000	Total $000
Total segment revenue	114,179	6,794	444,371	1,221	566,565
Inter-segment revenue	(96,307)	-	-	(1,123)	(97,430)
Revenue from external customers	17,872	6,794	444,371	98	469,135
Adjusted EBITDAF	100,455	4,969	32,379	(38)	137,765
Amortisation of intangible assets	-	-	1,904	956	2,860
Depreciation	13,337	3,600	-	978	17,915
Capital expenditure	6,772	31,599	-	2,361	40,732

The audited segment results for the 12 months ended 31 March 2009 are as follows:

	Generation New Zealand $000	Generation Australia $000	Retail $000	Other $000	Total $000
Total segment revenue	197,087	24,191	719,498	2,478	943,254
Inter-segment revenue	(155,614)	-	-	(2,244)	(157,858)
Revenue from external customers	41,473	24,191	719,498	234	785,395
Adjusted EBITDAF	172,169	18,032	73,222	(2,130)	261,294
Amortisation of intangible assets	-	-	3,808	1,882	5,690
Depreciation	28,478	8,255	-	1,945	38,678
Capital expenditure	22,056	62,221	-	7,978	92,255

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.

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

	Unaudited 6 Months Sep 2009 $000	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Adjusted EBITDAF	**154,881**	137,765	261,294
Depreciation	**(22,868)**	(17,915)	(38,678)
Amortisation	**(2,821)**	(2,860)	(5,690)
Fair value gains/(losses) on financial instruments	**14,138**	(2,134)	(19,567)
Foreign exchange gains/(losses)	**-**	15	227
Other fixed and investment assets (charges)/gains	**(7)**	(1,060)	(1,552)
Interest received	**280**	997	999
Interest paid	**(28,513)**	(25,789)	(53,366)
Profit before income tax	**115,090**	89,019	143,667

Note 5:

Finance Income and Costs	**Unaudited 6 Months Sep 2009 $000**	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Amortisation of debt issue costs	**268**	540	958
Interest paid on unsecured bank loans	**11,172**	21,678	36,885
Interest paid on unsecured subordinated bonds	**11,171**	9,061	19,804
Other interest costs and fees	**5,902**	(827)	1,620
Interest capitalised in construction of property, plant and equipment	**-**	(4,663)	(5,901)
Total Interest Paid	**28,513**	25,789	53,366
Interest received on cash at bank	**280**	997	999
Total Interest Received	**280**	997	999

Note 6:

Income Tax Expense	**Unaudited 6 Months Sep 2009 $000**	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Profit before income tax	**115,090**	89,019	143,667
Tax on profit @ 30%	**34,527**	26,706	43,100
Tax effect of permanent differences	**(1,854)**	(4,458)	(4,379)
Income tax over provided in prior year	**-**	(42)	(129)
	32,673	22,206	38,592
Represented by:			
Current tax	**25,486**	18,762	41,169
Deferred tax	**7,187**	3,444	(2,577)
	32,673	22,206	38,592

Note 7:

Revaluation Reserve	**Unaudited 6 Months Sep 2009 $000**	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Balance at beginning of period	**862,370**	658,575	658,575
Revaluation of generation assets	**-**	(3,247)	259,684
Transfer (to)/from deferred tax liability	**-**	974	(55,599)
Transfer (to)/from retained earnings	**-**	-	(290)
Foreign exchange movements	**298**	-	-
	862,668	656,302	862,370

Note 8:

Cash Flow Hedge Reserve

	Unaudited 6 Months Sep 2009 $000	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Balance at beginning of period	**(1,158)**	10,269	10,269
Fair value gains/(losses)	**(7,704)**	19,177	13,271
Tax on fair value gains/(losses)	**2,312**	(6,072)	(3,993)
Transfers to energy cost expense	**8,407**	(20,742)	(22,175)
Tax on transfers to energy cost expense	**(2,522)**	6,223	6,653
Transfers to carbon revenue	**432**	-	-
Tax on transfers to carbon revenue	**(130)**	-	-
Transfers to property, plant and equipment	**-**	(7,405)	(7,405)
Tax on transfers to property, plant and equipment	**-**	2,222	2,222
	(363)	3,672	(1,158)

Note 9:

Other Reserves

	Unaudited 6 Months Sep 2009 $000	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Foreign Currency Translation Reserve			
Balance at beginning of year	**6,114**	595	595
Transfer to deferred tax	**3,044**	-	1,838
Currency translation differences	**227**	2,940	3,681
	9,385	3,535	6,114
Employee Share Option Reserve			
Balance at beginning of year	**323**	258	258
Fair value movements	**10**	-	65
	333	258	323
Total	**9,718**	3,793	6,437

Note 10:

Share Capital

	Unaudited 6 Months Sep 2009 $000	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Authorised and issued ordinary share capital at beginning of the year	**174,754**	176,055	176,055
Issue of share capital pursuant to the employee share option scheme	**415**	119	333
Own shares repurchased	**-**	-	(1,634)
	175,169	176,174	174,754

	000's of Shares	000's of Shares	000's of Shares
Authorised and issued ordinary shares at beginning of the year	**315,236**	315,417	315,417
Issue of shares pursuant to the employee share option scheme	**70**	20	55
Own shares repurchased	**-**	-	(236)
	315,306	315,437	315,236

Note 11:

Dividends on Ordinary Shares

	Unaudited 6 Months Sep 2009 $000	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Final dividend prior year	**53,590**	47,313	47,313
Interim dividend current year	**-**	-	50,432
Special dividend paid during the year	**31,524**	-	31,528
Supplementary dividend paid	**69**	2,073	4,135
Foreign investor tax credit	**(69)**	(2,073)	(4,135)
	85,114	47,313	129,273

Note 12:

Derivative Financial Instruments

	Unaudited 6 Months Sep 2009 $000	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Current			
Interest rate derivative assets	**-**	-	-
Electricity price derivative assets	**4,395**	4,892	2,738
Exchange rate derivative assets	**98**	-	-
	4,493	4,892	2,738
Interest rate derivative liabilities	**3,047**	343	1,683
Electricity price derivative liabilities	**2,285**	4,024	1,456
Exchange rate derivative liabilities	**-**	301	362
	5,332	4,668	3,501
Non-current			
Interest rate derivative assets	**4,933**	598	3,156
Electricity price derivative assets	**4,802**	9,627	386
Exchange rate derivative assets	**1,416**	-	-
	11,151	10,225	3,542
Interest rate derivative liabilities	**6,895**	3,393	18,416
Electricity price derivative liabilities	**7,925**	1,893	1,848
Exchange rate derivative liabilities	**-**	-	2,088
	14,820	5,286	22,352

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 Sep 2009 $000**	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Balance at beginning of period	**251,137**	204,835	204,835
Current period changes in temporary differences affecting tax expense	**7,187**	3,444	(2,577)
Current period changes in temporary differences affecting reserves	**(2,704)**	(3,390)	48,879
Exchange rate movements on foreign denominated deferred tax	**84**	-	-
	255,704	204,889	251,137
Deferred tax liabilities consist of temporary differences on:			
Revaluations	**196,598**	140,860	196,459
Other property, plant and equipment movements	**57,409**	54,417	54,496
Employee benefits	**(1,123)**	(956)	(1,278)
Provisions	**(90)**	(478)	156
Customer base assets	**9,048**	10,191	9,620
Financial instruments	**(1,707)**	1,467	(6,409)
Unrealised losses on Australian dollar loan	**(4,882)**	-	(1,838)
Other	**451**	55	(69)
	255,704	205,556	251,137
Deferred tax assets consist of temporary differences on:			
Revaluations	**-**	-	-
Other property, plant and equipment movements	**-**	(808)	-
Financial instruments	**-**	518	-
Tax losses unlikely to be utilised within one year	**-**	957	-
	-	667	-
Net deferred tax liability	**255,704**	204,889	251,137

Note 14:

Property, Plant and Equipment	**Unaudited 6 Months Sep 2009 $000**	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Assets acquired at cost	**6,954**	40,732	86,987
Net book value of assets disposed	**33**	151	587
Gain/(loss) on disposal	**16**	88	(93)

Note 15:

Commitments

	Unaudited 6 Months Sep 2009 $000	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Capital Commitments	-	16,036	-

The comparative figures relate to the construction of the Snowtown Wind Farm in South Australia which has now been completed.

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.

TrustPower has a contract with Ngawha Generation Limited to purchase all of the output from its Ngawha power station. 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 2008, the volume of customer sales represented 56% of the annual level of retail electricity sales in the year ended 31 March 2009.

Note 17:

Interest Bearing Borrowings

During the six month period ended 30 September 2009, interest bearing borrowings of $114,346,000 (six month period ended 30 September 2008: $302,608,000, year ended 31 March 2009: $319,355,000) were drawn down and repayments of $105,900,000 (six month period ended 30 September 2008: $256,153,000, year ended 31 March 2009: $298,357,000) were made.

Note 18:

Contingent Assets and Liabilities

There are no contingent assets or liabilities for the Group as at 30 September 2009 (30 September 2008: nil, 31 March 2009: nil). There have been no changes in contingencies since 31 March 2009.

Note 19:

Related Party Transactions

The Group is controlled by Infratil Limited (incorporated in New Zealand) which owns 50.5% of the Company's shares. The Tauranga Energy Consumer Trust owns 33.0% and the residual 16.5% are widely held.

A related entity of H.R.L. Morrison & Co Limited manages Infratil Limited and Mr HRL Morrison, a Director of TrustPower Limited, is the Chief Executive of H.R.L. Morrison & Co Limited and a Director of Infratil Limited. Mr M Bogoievski is currently fulfilling Mr Morrison's roles as TrustPower Director and Chief Executive of H.R.L. Morrison & Co Limited while Mr Morrison is on an extended leave of absence. Infratil Limited is a significant shareholder in TrustPower Limited and $5,000 (30 September 2008: $68,000, 31 March 2009: $112,000) was paid to H.R.L. Morrison & Co Limited and related entities during the period for consultancy services. As at 30 September 2009 none of this amount was outstanding (30 September 2008: $35,000, 31 March 2009: nil).

Mr JG Schultz was a Director of a number of the Australian subsidiaries of the Company until 31 May 2008 and is a partner in the Adelaide based law firm of Finlaysons. $56,000 was paid to Finlaysons up to 31 May 2008 for legal services.

For the year ended 31 March 2009 consultancy fees of $ 8,800 were paid to Victoria Electricity Pty Ltd which is a subsidiary of the Group's ultimate parent. As at 31 March 2009 none of this amount was outstanding. No consultancy fees were paid in the six-month period ended 30 September 2009 (30 September 2008: nil).

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

	Unaudited 6 Months Sep 2009 $000	Unaudited 6 Months Sep 2008 $000	Audited 12 Months Mar 2009 $000
Salaries and other short-term employee benefits	**2,588**	2,350	3,956
Share based payments	**10**	-	58
	2,598	2,350	4,014

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 2009 (30 September 2008: nil, 31 March 2009: 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 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.

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 2009.

TrustPower