



**2020**

**CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

SIX MONTHS ENDED 30 SEPTEMBER 2020





The Directors are pleased to present the Consolidated Interim Financial Statements of MainPower New Zealand Limited and its Subsidiaries for the six months ended 30 September 2020.



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# CHAIR'S REVIEW

This review covers the operations of MainPower New Zealand Limited ("MainPower") and its subsidiaries ("the Group") for the six months ended 30 September 2020.

MainPower plays an important role in North Canterbury, powering the lives of residents and businesses while contributing towards a positive future for the region.

MainPower has endured the effects of COVID-19 with little impact to the business. As an essential service, our priority is to continue to provide a safe, secure and reliable supply of electricity to our consumers in an economically sustainable way. Our employees take this seriously and we are grateful for the ongoing efforts they have put in through these challenging times to ensure our customers can access power and the network maintenance is upheld.

The reinvigoration of MainPower's asset maintenance programme is progressing well. As we experienced last year, the consistent SAIFI figure is due to the continued intensive planned works programme, the rural nature of our network with many areas that cannot have power redirected to them, and the better recording of outage data through our new Advanced Distribution Management System (ADMS).

We are pleased to report a decrease in SAIDI (compared to the six months ending 30 September 2019). With improved reporting from the ADMS we still expect to see an increase in SAIFI and SAIDI figures shorter-term as reporting accuracy improves, however we still expect longer-term we should see a reduced impact on network performance. This reduction in SAIFI and SAIDI will be due to increased asset renewals, as well as the ADMS providing better network visibility and data required for improved risk-based decision making and works planning.

Efforts over the last three years have focussed on improving the stability of the business and identifying and addressing

opportunities to make the business more efficient. We believe we have achieved a significant amount and have moved the business to a healthier position. We have adopted and refined systems and processes to ensure we can continue to manage an effective network business.

Given this position, we believe it is time to introduce a longer-term strategic intent - 'MPowered Future'. MPowered Future requires the development and implementation of a longer-term framework. The basis of this framework includes four core functions: Networks, Services, Investments and Generation. The MPowered Future strategic framework has been developed and the implementation plan is being worked on. We want to be able to provide our customers, consumers and communities with choice about their future electricity consumption and the technologies they may wish to adopt. We also want to ensure our shareholders are receiving value from MainPower and we look forward to providing further updates on how this is progressing.

Renewable generation is still a priority for us and the Mt Cass Wind Farm project is progressing well, despite financial close being moved to early 2021 due to delays caused by COVID-19. We believe this project will add economic value to our shareholders and North Canterbury, while also benefitting wider New Zealand by providing increased security of electricity supply. We will continue to monitor how the Tiwai Point situation evolves, however the financial modelling still reinforces the long-term viability of the wind farm.

## Financial Performance

For the six months ended 30 September 2020, the Group earned revenues of \$26.5m from continuing operations, down \$1.2m on the corresponding period last



**Tony King**  
Chair of Directors

year. This was principally due to a fall in external revenue as other revenue lines have held up well during COVID-19.

Profit and Total Comprehensive Income after Tax of the Group amounted to \$2.5m, which is above budget and better than the same period last year due to costs being deferred until later in the year due to COVID-19.

Customer rebates for the period amounted to \$4.2m (September 2019: \$4.7m).

The Group has continued to generate a healthy cash surplus from operations in the past six months. The operating cash surplus of \$9.5m has allowed the Company to further reinvest \$12.1m in the expansion of network and other assets to meet the future needs of our region.

Debt remained steady at \$22m, the same as September 2019.

The following is a summary of both the Consolidated Financial Performance and Consolidated Financial Position of the Group for the six months ended 30 September 2020, and the Service Performance of the network for that period.

A copy of MainPower's Consolidated Interim Financial Statements and Report for the period ended 30 September 2020 can be obtained via [mainpower.co.nz](http://mainpower.co.nz).

**A C King**  
Chair of Directors  
MainPower New Zealand Limited  
19 November 2020

## This Statement has not been Audited

	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000	12 Months 31 Mar 20 \$000
<b>Financial Performance</b>			
Operating Revenue	26,533	27,755	59,399
Income Tax Expense	834	441	1,760
Customer Rebates	4,240	4,745	10,546
Profit and Total Comprehensive Income	2,528	1,049	10,732
Equity	241,718	229,507	239,190
Liabilities	92,547	76,229	97,361
Assets	334,265	305,736	336,551
<b>Net Cash Flows</b>			
From Operating Activities	9,484	8,505	24,348
From Investing Activities	(12,067)	(10,174)	(24,986)
From Financing Activities	(416)	-	(2,121)
Net Decrease in Cash Held	(2,999)	(1,669)	(2,759)
Closing Cash Balance	3,035	7,124	6,034
	<b>6 Months 30 Sep 20</b>	<b>6 Months 30 Sep 19</b>	<b>12 Months 31 Mar 20</b>
<b>Customer Service Statistics</b>			
SAIDI – Average Number of Minutes that a Customer has been without power because of planned and unplanned outages	165.5	181.9	343.3
SAIFI – Average Number of Interruptions experienced by a Customer during the six months because of planned and unplanned outages	1.1	1.1	2.3
Total Units Delivered to Customers (GWhs)	311.6	294.5	634.4



## CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the periods ended

**This Statement has not been audited**

	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000	12 Months 31 Mar 20 \$000
Operating Revenue	26,533	27,755	59,399
Operating Expenses	(14,350)	(18,153)	(33,874)
Depreciation and Amortisation	(7,888)	(6,796)	(16,487)
Finance Expenses	(933)	(1,316)	(2,332)
	(23,171)	(26,265)	(52,693)
<b>Profit Before Income Tax Expense</b>	<b>3,362</b>	<b>1,490</b>	<b>6,706</b>
Income Tax Expense	(834)	(441)	(1,760)
<b>Profit and Other Comprehensive Income</b>	<b>2,528</b>	<b>1,049</b>	<b>4,946</b>
Gain on Revaluation, Net of Deferred Tax	-	-	5,786
<b>Total Comprehensive Income</b>	<b>2,528</b>	<b>1,049</b>	<b>10,732</b>

The accompanying notes form part of, and should be read in conjunction with, these Consolidated Interim Financial Statements.

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the periods ended

**This Statement has not been audited**

	Share Capital \$000	Retained Earnings \$000	Asset Revaluation Reserve \$000	Total Equity \$000
<b>Balance as at 31 March 2019</b>	56,774	137,715	33,969	228,458
Profit and Other Comprehensive Income	-	1,049	-	1,049
Gain on Revaluation, Net of Deferred Tax	-	-	-	-
	-	1,049	-	1,049
<b>Balance as at 30 September 2019</b>	<b>56,774</b>	<b>138,764</b>	<b>33,969</b>	<b>229,507</b>
Profit and Other Comprehensive Income	-	3,897	-	3,897
Gain on Revaluation, Net of Deferred Tax	-	-	5,786	5,786
	-	3,897	5,786	9,683
<b>Balance as at 31 March 2020</b>	<b>56,774</b>	<b>142,661</b>	<b>39,755</b>	<b>239,190</b>
Profit and Other Comprehensive Income	-	2,528	-	2,528
Gain on Revaluation, Net of Deferred Tax	-	-	-	-
	-	2,528	-	2,528
<b>Balance as at 30 September 2020</b>	<b>56,774</b>	<b>145,189</b>	<b>39,755</b>	<b>241,718</b>

The accompanying notes form part of, and should be read in conjunction with, these Consolidated Interim Financial Statements.



## CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

For the periods ended

This Statement has not been audited

	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000	12 Months 31 Mar 20 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3,035	7,124	6,034
Current Tax Asset	-	622	-
Trade and Other Receivables	4,618	5,631	7,212
Inventories	3,260	2,616	3,180
Prepayments	1,449	1,125	1,332
Other Current Financial Assets	3,028	3,000	3,012
<b>Total Current Assets</b>	<b>15,390</b>	<b>20,118</b>	<b>20,770</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	285,056	274,957	286,983
Capital Works Under Construction	15,882	8,005	8,578
Intangible Assets	3,445	2,656	2,963
Right-of-Use Assets	14,370	-	17,257
Investments	122	-	-
<b>Total Non-Current Assets</b>	<b>318,875</b>	<b>285,618</b>	<b>315,781</b>
<b>Total Assets</b>	<b>334,265</b>	<b>305,736</b>	<b>336,551</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	7,400	5,022	8,820
Current Tax Liability	912	-	1,110
Current Borrowings	-	22,000	-
Other Current Financial Liabilities	1,774	-	1,920
<b>Total Current Liabilities</b>	<b>10,086</b>	<b>27,022</b>	<b>11,850</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities	43,319	43,815	43,891
Non-Current Borrowings	22,000	-	22,000
Interest Rate Swaps	3,273	3,270	3,206
Non-Current Provisions	899	2,116	890
Other Non-Current Financial Liabilities	12,970	6	15,524
<b>Total Non-Current Liabilities</b>	<b>82,461</b>	<b>49,207</b>	<b>85,511</b>
<b>Total Liabilities</b>	<b>92,547</b>	<b>76,229</b>	<b>97,361</b>
<b>Equity</b>			
Share Capital	56,774	56,774	56,774
Reserves	39,755	33,969	39,755
Retained Earnings	145,189	138,764	142,661
<b>Total Equity</b>	<b>241,718</b>	<b>229,507</b>	<b>239,190</b>
<b>Total Equity and Liabilities</b>	<b>334,265</b>	<b>305,736</b>	<b>336,551</b>

The accompanying notes form part of, and should be read in conjunction with, these Consolidated Interim Financial Statements.

## CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

For the periods ended

This Statement has not been audited

	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000	12 Months 31 Mar 20 \$000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	28,898	28,334	58,490
Interest Received	85	65	188
Payments to Suppliers and Employees	(17,217)	(18,287)	(31,555)
Interest and Other Finance Expenses Paid	(678)	(735)	(1,417)
Income Tax Paid	(1,604)	(873)	(1,358)
<b>Net Cash Provided from Operating Activities</b>	<b>9,484</b>	<b>8,505</b>	<b>24,348</b>
<b>Cash Flows from Investing Activities</b>			
Payments for the Purchase of Investments	(116)	-	(12)
Payments for the Purchase of Property, Plant and Equipment	(11,230)	(9,665)	(22,919)
Proceeds from the Sale of Property, Plant and Equipment	86	118	195
Payments for the Purchase of Intangible Assets	(807)	(627)	(2,250)
<b>Net Cash Used in Investing Activities</b>	<b>(12,067)</b>	<b>(10,174)</b>	<b>(24,986)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of Lease Liabilities	(416)	-	(2,121)
Repayment of Borrowings	-	-	-
<b>Net Cash Used in Financing Activities</b>	<b>(416)</b>	<b>-</b>	<b>(2,121)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(2,999)</b>	<b>(1,669)</b>	<b>(2,759)</b>
<b>Summary</b>			
Cash and Cash Equivalents at Beginning of Year	6,034	8,793	8,793
Net Decrease in Cash and Cash Equivalents	(2,999)	(1,669)	(2,759)
<b>Cash and Cash Equivalents at End of Year</b>	<b>3,035</b>	<b>7,124</b>	<b>6,034</b>

The accompanying notes form part of, and should be read in conjunction with, these Consolidated Interim Financial Statements.



## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 2020

### 1. Statement of Accounting Policies

#### Reporting Entity

MainPower New Zealand Limited (MainPower) is a profit-oriented company incorporated in New Zealand under the Companies Act 1993 and the Energy Companies Act 1992. The Group consists of MainPower and its Subsidiaries.

MainPower's ultimate controlling entity is the MainPower Trust. These Consolidated Interim Financial Statements comply with the Companies Act 1993 and section 44 of the Energy Companies Act 1992.

#### Statement of Compliance

The Group has adopted External Reporting Board Standard A1 'Accounting Standards Framework (For-Profit Entities Update)' ('XRB A1'). For the purposes of complying with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), the Group is eligible to apply Tier 2 For-Profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and it is not a large for-profit public sector entity.

These Consolidated Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements and related Notes included in MainPower's Annual Report for the year ended 31 March 2020.

#### Basis of Preparation

The Consolidated Interim Financial Statements have been prepared in accordance with NZ GAAP and NZ IFRS RDR.

The Consolidated Interim Financial Statements for the six months ended 30 September 2020 and the six months ended 30 September 2019 are unaudited.

These Consolidated Interim Financial Statements are presented in New Zealand dollars, rounded to the nearest thousand.

#### Measurement Base

These Consolidated Interim Financial Statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments as outlined in the 2020 Annual Report, Statement of Accounting Policies, Note 1(m) and property, plant and equipment as outlined in Statement of Accounting Policies, Note 1(e). Cost is based on the fair value of the consideration given in exchange for assets.

#### Approval

The Consolidated Interim Financial Statements were approved by the Board of Directors on 19 November 2020.

#### Seasonality

The Group primarily operates in one segment, owning and managing the electricity distribution network throughout North Canterbury. As such, its business activities are seasonally affected by demand for electricity during periods of cold weather requiring heating, and dry conditions during the summer requiring cooling and irrigation. To reduce the fluctuation in revenue, a new pricing methodology was introduced on 1 April 2020, providing a higher ratio of fixed revenue and a smaller component subject to variations in electricity consumption.

COVID-19 and the subsequent Alert Level 4 lockdown of New Zealand occurred in the first two months of the reporting period. This resulted in a change in the expected mix of customer consumption with lower than budgeted commercial consumption offset by an increase in residential consumption for this period.

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2. Property, Plant and Equipment

	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000	12 Months 31 Mar 20 \$000
<u>Additions</u>			
Buildings	23	-	494
Electricity Distribution Network	4,236	4,640	16,365
Plant, Equipment, Vehicles, Furniture and Fittings	502	271	596
	<u>4,761</u>	<u>4,911</u>	<u>17,455</u>
<u>Disposals</u>			
Electricity Distribution Network	(178)	(319)	(628)
Plant, Equipment, Vehicles, Furniture and Fittings	(560)	(53)	(1,253)
	<u>(738)</u>	<u>(372)</u>	<u>(1,881)</u>

### 3. Intangible Assets

	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000	12 Months 31 Mar 20 \$000
<u>Additions</u>			
Computer Software	808	443	2,250

### 4. Right-of-Use Assets

	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000	12 Months 31 Mar 20 \$000
<u>Recognised on transition</u>			
Sites, Accessways and Concessions	-	236	236
Plant, Equipment and Vehicles	-	4,312	4,312
Electricity Distribution Equipment	-	13,594	13,594
	<u>-</u>	<u>18,142</u>	<u>18,142</u>
<u>Additions</u>			
Sites, Accessways and Concessions	23	-	-
Plant, Equipment and Vehicles	30	658	1,018
Electricity Distribution Equipment	-	-	-
	<u>53</u>	<u>658</u>	<u>1,018</u>
<u>Lease Modifications</u>			
Sites, Accessways and Concessions	-	-	-
Plant, Equipment and Vehicles	(4)	-	-
Electricity Distribution Equipment	(1,885)	-	-
	<u>(1,889)</u>	<u>-</u>	<u>-</u>



## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5. Subsidiaries

Details of the Group's material subsidiaries as at 30 September 2020 are as follows:

Name	Principal Activity	Place of Operation	Ownership Interest and Voting Power	
			30 Sep 20	30 Sep 19
MPNZ Investments Limited	Provision of loan funding to MainPower	New Zealand	100%	100%
GreenPower New Zealand Limited	Non-trading 100% owner of Mt Cass Wind Farm Limited	New Zealand	100%	100%
Mt Cass Wind Farm Limited	Construction and operation of wind turbine farm	New Zealand	100% (as 100% owner of GreenPower New Zealand Limited)	100% (as 100% owner of GreenPower New Zealand Limited)

### 6. Investments

On 17 April 2020 MPNZ Investments Ltd purchased 315,790 shares in Solagri Energy Limited, a solar energy farm. The Group's interest in Solagri Energy Limited is recognised at fair value in accordance with NZ IFRS 9: Financial Instruments. At 30 September 2020, the investment's fair value was deemed to approximate cost.

Details of the Group's investments as at 30 September 2020 are as follows:

Name	Principal Activity	Place of Operation	Shares	Interest
Solagri Energy Limited	Solar Energy Farm	New Zealand	315,790	5%

### 7. Commitments

#### Leases through Profit and Loss

	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000	12 Months 31 Mar 20 \$000
Within 1 Year	27	22	33
1-5 Years	25	34	16
5+ Years	-	5	25
	<u>52</u>	<u>60</u>	<u>74</u>

Outside those already recognised in the Consolidated Interim Financial Statements, there were no significant contracted capital commitments as at 30 September 2020 (30 September 2019: Nil).

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 8. Contingent Assets and Liabilities

The Group had no significant contingent assets or liabilities on 30 September 2020 (30 September 2019: Nil).

### 9. Significant Events after Balance Date

The Group is not aware of any significant events between the preparation and publication of these Consolidated Interim Financial Statements.

### 10. Related Party Transactions

#### Group Structure

The Parent is MainPower New Zealand Limited, of which 100% is owned by the MainPower Trust. There were no related party transactions with the MainPower Trust during the year (30 September 2019: Nil).

The Group amounts shown below represent the related party transactions that have been eliminated on consolidation.

	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000	12 Months 31 Mar 20 \$000
<b>Transactions During the Year</b>			
Revenues from Subsidiaries	20	-	-
Expenses paid to Subsidiaries	66	58	127
<b>Outstanding Balances</b>			
Loans to Subsidiaries	1,192	-	168
Loans from Subsidiaries	4,671	4,395	4,640
Accounts Receivable from Subsidiaries	326	-	194
Taxation Owning to Subsidiaries	-	-	-



## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 11. Financial Instruments

The Group has exposure to the following risks in the normal course of business:

- Liquidity risk
- Interest rate risk
- Credit risk

#### Liquidity risk management

MainPower holds an unsecured multi option credit facility with Westpac New Zealand Limited. As at 30 September 2020 the values and maturities were as follows:

Tranche A: \$30m on 31 December 2022

Tranche B: \$15m on 30 June 2021

#### Interest rate risk management

Interest rate swaps are used to manage the Group's interest rate exposure on long term floating rate borrowings. As at 30 September 2020 MainPower had entered into the following interest rate swap contracts:

Swap Maturity Dates	Average Contracted Fixed Interest Rates	Notional Principal Swap Amounts	Carrying Value Liability		
			30 Sep 20 \$000	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000
	%				
31 March 2022	4.98	5,000	366	498	438
29 September 2022	4.50	5,000	443	525	485
30 June 2023	4.72	5,000	637	691	658
31 March 2024	4.76	5,000	814	829	808
31 March 2026	3.91	7,000	1,013	727	817
		<b>27,000</b>	<b>3,273</b>	<b>3,270</b>	<b>3,206</b>

#### Disclosed as:

Non-Current Liabilities		3,273	3,270	3,206
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### 12. New and Revised Standards and Interpretations

The accounting standards and interpretations adopted in the preparation of the Consolidated Interim Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Annual Financial Statements for the year ended 31 March 2020.

The Group is not aware of any other standards or interpretations in issue but not yet effective which would materially impact on the amounts recognised or disclosed in the Consolidated Interim Financial Statements.

## TRENDS

For the periods ended

### This Statement has not been audited

	6 Months 30 Sep 20 \$000	6 Months 30 Sep 19 \$000	12 Months 31 Mar 20 \$000	12 Months 31 Mar 19 \$000
<b>Statement of Comprehensive Income</b>				
Gross Operating Revenue	30,773	32,500	69,945	65,891
Customer Rebates	(4,240)	(4,745)	(10,546)	(9,677)
Net Operating Revenue	26,533	27,755	59,399	56,214
Operating Expenses	(23,171)	(26,265)	(52,693)	(53,844)
Net Profit Before Income Tax Expense	3,362	1,490	6,706	2,370
Income Tax Expense	(834)	(441)	(1,760)	(809)
	2,528	1,049	4,946	1,561
Loss from Discontinued Operations	-	-	-	(913)
Net Profit After Income Tax Expense	2,528	1,049	4,946	648
Maintenance Expenditure	2,608	3,012	5,429	5,526
<b>Statement of Financial Position</b>				
Net Working Capital	5,304	(6,904)	8,920	(5,944)
Non-Current Assets	318,875	285,618	315,781	281,729
	324,179	278,714	324,701	275,785
Non-Current Liabilities	(82,461)	(49,207)	(85,511)	(47,327)
Total Equity	241,718	229,507	239,190	228,458
Capital Development Expenditure	12,873	10,245	25,169	10,239
<b>Statement of Cash Flows</b>				
Net Cash Provided in Operating Activities	9,484	8,505	24,348	12,062
Net Cash Used in Investing Activities	(12,067)	(10,174)	(24,986)	(3,522)
Net Cash Used in Financing Activities	(416)	-	(2,121)	(900)
<b>Financial Measures</b>				
Profit Before Income Tax Expense / Total Equity	1.39	0.65	2.80	1.04
Profit After Income Tax Expense / Total Assets	0.76	0.34	1.47	0.51
Profit After Income Tax Expense / Total Equity	1.05	0.46	2.07	0.68
Total Equity / Total Assets	72.31	75.07	71.07	75.16

For information on the Group's future forecasted results, please refer to the Statement of Corporate Intent published on the MainPower Trust website.