



# 2021 CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 SEPTEMBER 2021  
MAINPOWER NEW ZEALAND LIMITED



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 2021.

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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 2021.



MainPower is making continued progress towards providing a smarter future and delivering local value to our communities. We have several major projects underway including the Southbrook 66 kV substation upgrade, Hanmer substation line upgrade, Kippenberger Avenue kiosk project and Amberley North regulator project. These projects are all contributing to the improved reliability, resilience and security of the network. More information on these projects can be found online at [mainpower.co.nz](http://mainpower.co.nz).

The weather is a factor that can impact us greatly as a network and this has been evident in recent months. The windstorms in September resulted in widespread damage across our network. Our teams held true to our values and worked together, with other lines companies coming in to assist, to restore power to more than 7,000 customers across four days.

The ongoing improvements made to our online services, including the interactive website outage map, proved incredibly valuable during these events. The outage map allowed customers greater visibility of what was happening across the network and many thousands of customers accessed this information. This information enables customers to better comprehend the overall situation and make their own plans based on outage information related to their address. It is always available with real time updates from the front page of [mainpower.co.nz](http://mainpower.co.nz).

These weather events reinforce the importance of our network maintenance, upgrade and replacement programmes to ensure a safe and resilient network that can better tolerate the weather extremes we seem to be encountering more frequently.

The need for customers to take responsibility for trees and vegetation on their properties has also been apparent. Trees and flying debris caused the majority of damage during the recent storms. We are continuing our safety and education campaigns to encourage customers to meet their obligations to maintain trees on their properties and consider the 'fall zone' of trees near power lines as this is a major issue.

MainPower has been continuing to navigate the ongoing COVID-19 impacts and is grateful for the flexibility our teams have shown throughout changing Alert Levels to prioritise the safety of our communities while addressing faults and completing critical work.

MainPower is taking a strong stance on getting our workforce vaccinated. If we reach our target of 90% of our workforce fully vaccinated by 1 December 2021, the company will give a day of special leave to every fully vaccinated employee. The 'Take two for the team' challenge is important as we are an essential service provider and we recognise the importance of protecting our employees, their families and our communities.

The Mt Cass Wind Farm project is continuing to progress, albeit slower than originally anticipated due to the effects and risks associated with COVID-19. Following the decision to transition the project from a single turnkey Engineer, Procure and Construct contract to a multi-contract delivery model, the Mt Cass Wind Farm team are now in advanced discussions with the preferred civil and electrical contractors with an aim to complete remaining due diligence and reach financial close in 2022.

The MPowered Future strategic intent is continuing to develop and multiple workstreams are being worked on within each of the four key functions: Networks, Services, Generation and Investments. The MPowered Future strategic intent is designed to meet the technological and other changes facing the industry. This ensures we are focusing on enabling choice and delivering greater value to both our current shareholders and future generations.

## Financial Performance

For the six months ended 30 September 2021, MainPower earned revenues of \$31.3m from continuing operations, up \$4.8m on the corresponding period last year. This was due to population growth in North Canterbury from many residential and commercial land developments, and customer connections.

The Pegasus and Ravenswood subdivisions are continuing to grow, requiring more capacity from the network. We are working on a project to extend two high-capacity feeders into these areas to provide extra capacity to support this growth as well as an alternative back-feed supply.

Profit and Total Comprehensive Income from Continuing Operations of MainPower amounted to \$4.1m, this is better than expected and an improvement on the same period last year. Customer rebates for the period amounted to \$3.3m.

The Group has continued to generate a healthy cash surplus from operations in the past six months. The operating cash surplus of \$10.5m has allowed the Company to further reinvest \$14.6m in the expansion of network, with the balance funded by debt which increased to \$26.8m, up from \$22.0m in September 2020.

The following is a summary of both the Consolidated Financial Performance and Consolidated Financial Position of the MainPower Group for the six months ended 30 September 2021, 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 2021 can be obtained via [mainpower.co.nz](http://mainpower.co.nz).

**A C (Tony) King**  
Chair of Directors  
MainPower New Zealand Limited  
25 November 2021

## This Statement has not been Audited

### Financial Performance

	6 Months 30 Sep 21 \$000	6 Months 30 Sep 20 \$000	12 Months 31 Mar 21 \$000
Operating Revenue	31,334	26,533	59,569
Income Tax Expense	1,604	834	3,198
Customer Rebates	3,330	4,240	8,224
Profit and Total Comprehensive Income	4,077	2,528	7,718
Equity	250,985	241,718	246,908
Liabilities	94,437	92,547	93,259
Assets	345,422	334,265	340,167

### Net Cash Flows

From Operating Activities	10,459	9,484	23,940
From Investing Activities	(14,890)	(12,067)	(26,703)
From Financing Activities	3,778	(416)	(2,049)
Net Decrease in Cash Held	(653)	(2,999)	(4,812)
Closing Cash Balance	569	3,035	1,222

### Customer Service Statistics

	6 Months 30 Sep 21	6 Months 30 Sep 20	12 Months 31 Mar 21
SAIDI – Average Number of Minutes that a Customer has been without power because of planned and unplanned outages	149.22	165.50	297.35
SAIFI – Average Number of Interruptions experienced by a Customer during the six months because of planned and unplanned outages	1.11	1.10	2.17
Total Units Delivered to Customers (GW/h)	320.54	311.60	622.72



## CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the periods ended

<b>This Statement has not been audited</b>	<b>6 Months 30 Sep 21 \$000</b>	<b>6 Months 30 Sep 20 \$000</b>	<b>12 Months 31 Mar 21 \$000</b>
Operating Revenue	31,334	26,533	59,569
Operating Expenses	(17,418)	(14,350)	(31,795)
Depreciation and Amortisation	(8,185)	(7,888)	(16,054)
Finance Expenses	(50)	(933)	(804)
	(25,653)	(23,171)	(48,653)
<b>Profit Before Income Tax Expense</b>	<b>5,681</b>	<b>3,362</b>	<b>10,916</b>
Income Tax Expense	(1,604)	(834)	(3,198)
<b>Profit After Income Tax Expense</b>	<b>4,077</b>	<b>2,528</b>	<b>7,718</b>
Gain on Revaluation, Net of Deferred Tax	-	-	-
<b>Total Comprehensive Income</b>	<b>4,077</b>	<b>2,528</b>	<b>7,718</b>

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the periods ended

<b>This Statement has not been audited</b>	<b>Share Capital \$000</b>	<b>Retained Earnings \$000</b>	<b>Asset Revaluation Reserve \$000</b>	<b>Total Equity \$000</b>
<b>Balance as at 31 March 2020</b>	56,774	142,661	39,755	239,190
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>
Profit and Other Comprehensive Income	-	5,190	-	5,190
Gain on Revaluation, Net of Deferred Tax	-	-	-	-
	-	5,190	-	5,190
<b>Balance as at 31 March 2021</b>	<b>56,774</b>	<b>150,379</b>	<b>39,755</b>	<b>246,908</b>
Profit and Other Comprehensive Income	-	4,077	-	4,077
Gain on Revaluation, Net of Deferred Tax	-	-	-	-
	-	4,077	-	4,077
<b>Balance as at 30 September 2021</b>	<b>56,774</b>	<b>154,456</b>	<b>39,755</b>	<b>250,985</b>

# CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

For the periods ended

**This Statement has not been audited**

	6 Months 30 Sep 21 \$000	6 Months 30 Sep 20 \$000	12 Months 31 Mar 21 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	569	3,035	1,222
Trade and Other Receivables	4,898	4,618	6,650
Inventories	3,902	3,260	3,422
Prepayments	2,001	1,449	983
Other Current Financial Assets	3,040	3,028	3,035
Total Current Assets	14,410	15,390	15,312
<b>Non-Current Assets</b>			
Property, Plant and Equipment	293,683	285,056	290,892
Capital Works Under Construction	20,832	15,882	16,393
Intangible Assets	2,904	3,445	3,076
Right-of-Use Assets	13,593	14,370	14,494
Investments	-	122	-
Total Non-Current Assets	331,012	318,875	324,855
<b>Total Assets</b>	<b>345,422</b>	<b>334,265</b>	<b>340,167</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	7,287	7,400	7,304
Current Tax Liability	798	912	2,347
Current Interest Rate Swaps	104	-	231
Other Current Financial Liabilities	1,989	1,774	1,985
Total Current Liabilities	10,178	10,086	11,867
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities	43,417	43,319	43,671
Non-Current Borrowings	26,800	22,000	22,000
Non-Current Interest Rate Swaps	1,379	3,273	2,085
Non-Current Provisions	794	899	918
Other Non-Current Financial Liabilities	11,869	12,970	12,718
Total Non-Current Liabilities	84,259	82,461	81,392
<b>Total Liabilities</b>	<b>94,437</b>	<b>92,547</b>	<b>93,259</b>
<b>Equity</b>			
Share Capital	56,774	56,774	56,774
Reserves	39,755	39,755	39,755
Retained Earnings	154,456	145,189	150,379
<b>Total Equity</b>	<b>250,985</b>	<b>241,718</b>	<b>246,908</b>
<b>Total Equity and Liabilities</b>	<b>345,422</b>	<b>334,265</b>	<b>340,167</b>

# CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the periods ended

**This Statement has not been audited**

	6 Months 30 Sep 21 \$000	6 Months 30 Sep 20 \$000	12 Months 31 Mar 21 \$000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	32,877	28,898	59,969
Interest Received	6	85	56
Payments to Suppliers and Employees	(18,359)	(17,217)	(32,557)
Interest and Other Finance Expenses Paid	(658)	(678)	(1,347)
Income Tax Paid	(3,407)	(1,604)	(2,181)
Net Cash Provided from Operating Activities	10,459	9,484	23,940
<b>Cash Flows from Investing Activities</b>			
Proceeds from / (Payments to) Investments	(5)	(116)	(48)
Payments for the Purchase of Property, Plant and Equipment, and Capital Works Under Construction	(14,625)	(11,230)	(25,998)
Proceeds from the Sale of Property, Plant and Equipment	35	86	295
Payments for the Purchase of Intangible Assets	(295)	(807)	(952)
Net Cash Used in Investing Activities	(14,890)	(12,067)	(26,703)
<b>Cash Flows from Financing Activities</b>			
Repayment of Lease Liabilities	(1,022)	(416)	(2,049)
Drawdown / (Repayment) of Borrowings	4,800	-	-
Net Cash Used in Financing Activities	3,778	(416)	(2,049)
Net (Decrease) / Increase in Cash and Cash Equivalents	(653)	(2,999)	(4,812)
<b>Summary</b>			
Cash and Cash Equivalents at Beginning of Year	1,222	6,034	6,034
Net (Decrease) / Increase in Cash and Cash Equivalents	(653)	(2,999)	(4,812)
<b>Cash and Cash Equivalents at End of Year</b>	<b>569</b>	<b>3,035</b>	<b>1,222</b>



# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 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 2021.

### 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 2021 and the six months ended 30 September 2020 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 2021 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 25 November 2021.

### 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.

### Significant Events and Transactions

North Canterbury experienced a severe windstorm event in mid-September resulting in power outages that affected around 7,000 customers.

As noted in the recent press release, the Mt Cass generation project is transitioning to a multi-contract model. This is not expected to have a material impact on the carrying values of Mt Cass assets in these financial statements.

The re-emergence of community transmission of COVID-19 in New Zealand resulted in Level 4 and Level 3 lockdowns in the reporting period. To date the uncertainty caused by this has had minimal impact on the business and accordingly does not impact the going concern assumption. The lockdowns resulted in increased residential electricity consumption and decreased commercial electricity consumption as compared to expectations.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the periods ended

	6 Months 30 Sep 21 \$000	6 Months 30 Sep 20 \$000	12 Months 31 Mar 21 \$000
<b>2. Property, Plant and Equipment</b>			
<b>Additions</b>			
Buildings	63	23	32
Electricity Distribution Network	9,816	4,236	16,997
Plant, Equipment, Vehicles, Furniture and Fittings	307	502	902
Generation Assets	-	-	252
	10,186	4,761	18,183
<b>Disposals</b>			
Electricity Distribution Network	(556)	(178)	(614)
Plant, Equipment, Vehicles, Furniture and Fittings	(137)	(560)	(1,878)
Generation Assets	(38)	-	-
	(731)	(738)	(2,492)
	<b>6 Months 30 Sep 21 \$000</b>	<b>6 Months 30 Sep 20 \$000</b>	<b>12 Months 31 Mar 21 \$000</b>
<b>3. Intangible Assets</b>			
<b>Additions</b>			
Computer Software	295	808	952
<b>Disposals</b>			
Computer Software	(1,554)	-	(797)
	<b>6 Months 30 Sep 21 \$000</b>	<b>6 Months 30 Sep 20 \$000</b>	<b>12 Months 31 Mar 21 \$000</b>
<b>4. Right-of-Use Assets</b>			
<b>Additions/(Disposals)</b>			
Sites, Accessways and Concessions	52	23	742
Plant, Equipment and Vehicles	(16)	30	49
Electricity Distribution Equipment	-	-	-
	36	53	791
<b>Lease Modifications</b>			
Sites, Accessways and Concessions	-	-	-
Plant, Equipment and Vehicles	(3)	(4)	(16)
Electricity Distribution Equipment	(54)	(1,885)	(1,790)
	(57)	(1,889)	(1,806)

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

## 5. Subsidiaries

Details of the Group's material subsidiaries as at 30 September 2021 are as follows:

Name	Principal Activity	Place of Operation	Ownership Interest and Voting Power	
			30 Sep 21	30 Sep 20
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% owned by GreenPower New Zealand Limited)	100% (as 100% owned by GreenPower New Zealand Limited)

## 6. Commitments

The Group was committed to capital expenditure amounting to \$3.4m at the reporting date (31 March 2021: \$3.6m; 30 September 2020: \$nil).

## 7. Contingent Assets and Liabilities

The Group had no significant contingent assets or liabilities on 30 September 2021 (31 March 2021: Nil; 30 September 2020: Nil).

## 8. 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.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)



## 9. 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 period (30 September 2020: Nil).

### Other Transactions Involving Related Parties

During the period, no transactions were entered into with any of the Company Directors other than the payment of Director Fees and emoluments disclosed separately, and the reimbursement of valid company related expenses such as travel costs to Board meetings.

The Group may transact on an arm's length basis with companies in which Directors have a disclosed interest. During the period an amount of \$56,000 was spent with Delta Utility Services for emergency labour during the September windstorm event and \$4,000 with Civil Aviation Authority of New Zealand for Aeronautical studies relating to Mt Cass Wind farm.

The Group paid Director Fees totalling \$188,000 (30 September 2020: \$184,000).

Key Management Personnel of the Group purchased sundry goods and services from the Group during the period. The Group offers all employees and directors the option of joining its electricity retailer, Kākāriki Power, and some Key Management Personnel have taken this up. Excluding Kākāriki Power all other purchases by Key Management Personnel did not exceed \$1,000 for any individual (30 September 2020: all less than \$1,000). There were no significant outstanding balances with Key Management Personnel at the end of the period (31 March 2021: Nil; 30 September 2020: Nil). All transactions were conducted on standard commercial terms.

## 10. Financial Instruments

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

- Liquidity risk
- Interest rate risk
- Credit risk

### Liquidity risk management

MainPower holds an unsecured multi option credit facility with Westpac New Limited. As of 30 September 2021 the values and maturities were as follows:

Tranche A: \$30m on 31 December 2022

Tranche B: \$15m on 30 June 2024

Tranche B was renewed on 30 June 2021 with no material changes to conditions or covenants.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 10. Financial Instruments (continued)

### 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 2021 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 21 \$000	6 Months 30 Sep 21 \$000	6 Months 30 Sep 20 \$000
31 March 2022	4.98	5,000	104	366	231
29 September 2022	4.50	5,000	170	443	306
30 June 2023	4.72	5,000	290	637	467
31 March 2024	4.76	5,000	395	814	609
31 March 2026	3.91	7,000	524	1,013	703
		<b>27,000</b>	<b>1,483</b>	<b>3,273</b>	<b>2,316</b>

### Disclosed as:

Current Liabilities	104	-	231
Non-Current Liabilities	1,379	3,273	2,085

## 11. New and Revised Standards and Interpretations

The accounting policies 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 2021.

The Group carried out a review of all computer software assets following the International Financial Reporting Interpretations Committee's ("IFRIC") agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38). No material adjustments were deemed necessary following the completion of this review.

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 21 \$000	6 Months 30 Sep 20 \$000	12 Months 31 Mar 21 \$000	12 Months 31 Mar 20 \$000
<b>Statement of Comprehensive Income</b>				
Gross Operating Revenue	34,664	30,773	67,793	69,945
Customer Rebates	(3,330)	(4,240)	(8,224)	(10,546)
Net Operating Revenue	31,334	26,533	59,569	59,399
Operating Expenses	(25,653)	(23,171)	(48,653)	(52,693)
Net Profit Before Income Tax Expense	5,681	3,362	10,916	6,706
Income Tax Expense	(1,604)	(834)	(3,198)	(1,760)
	4,077	2,528	7,718	4,946
Loss from Discontinued Operations	-	-	-	-
Net Profit After Income Tax Expense	4,077	2,528	7,718	4,946
Maintenance Expenditure	3,194	2,608	5,706	5,429
<b>Statement of Financial Position</b>				
Net Working Capital	4,232	5,304	3,445	8,920
Non-Current Assets	331,012	318,875	324,855	315,781
Total Assets	345,422	334,265	340,167	336,551
Non-Current Liabilities	(84,259)	(82,461)	(81,392)	(85,511)
Total Equity	250,985	241,718	246,908	239,190
Capital Development Expenditure	13,739	12,873	22,934	25,169
<b>Statement of Cash Flows</b>				
Net Cash Provided in Operating Activities	10,459	9,484	23,940	24,348
Net Cash Used in Investing Activities	(14,890)	(12,067)	(26,703)	(24,986)
Net Cash Used in Financing Activities	3,778	(416)	(2,049)	(2,121)
<b>Financial Measures</b>				
Profit Before Income Tax Expense / Total Equity	2.26	1.39	4.42	2.80
Profit After Income Tax Expense / Total Assets	1.18	0.76	2.27	1.47
Profit After Income Tax Expense / Total Equity	1.62	1.05	3.13	2.07
Total Equity / Total Assets	72.66	72.31	72.58	71.07

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