



MIGHTY RIVER POWER LIMITED

Results for Announcement to the Market

Reporting Period: 12 months to 30 June 2010

Previous Reporting Period: 12 months to 30 June 2009

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	30 June 2010 \$000s	30 June 2009 \$000s	% Change
Revenue from ordinary activities	1,104,575	1,119,891	(1)%
Profit from ordinary activities after tax	84,614	159,618	(47)%
Net Profit after tax	84,614	159,618	(47)%
Underlying earnings after tax	139,554	211,655	(34)%
Dividend			
- Final	30,300	79,800	-
- Interim	56,200	-	
- Special	-	150,000	
Interim dividend payment date	30 March 2010	-	-
Final dividend payment date	30 September 2010	30 September 2010	

Commentary

1. Revenue from ordinary activities is down 1 percent on the previous year. This is due to lower hydro volumes as a result of an extended period of drought over Summer/Autumn in the Waikato region, and the timing of generation production with wholesale spot prices. In the 2009 financial year Mighty River Power enjoyed record inflows into the Waikato catchment at a time when electricity spot prices were high. This equation was reversed in 2010, with the severe Waikato drought depleting hydro storage and forcing a cut to hydro production in April, when spot prices had reached their highest point over the year.
2. The reduced hydro production was partially offset by higher geothermal generation and increased customer sales. The 140MW Nga Awa Purua Geothermal Power Station – a joint venture with the Tauhara North No.2 Trust- was opened in May 2010. Geothermal generation now makes up 27 percent of Mighty River Power's total electricity production, compared to 21 percent in the prior year, and just 9 percent two years ago.

3. Mighty River Power's retail businesses, Mercury Energy and Bosco Connect, showed strong growth in 2010, with customer numbers increasing by 30,000 to reach a total of 412,000, and market share growing to 21 percent.
4. Profit from ordinary activities after tax and net profit after tax are 47 percent lower than FY2009. This change was driven by reductions in energy margin (the difference between generation and customer sales less direct costs), the profit on sale of the Marsden B power station equipment in FY2009, and higher operating costs in FY2010. This profit reduction was partially offset by net favourable movements in the fair value of derivatives, and lower impairment charges compared with the previous period.
5. Underlying earnings after tax are 34 percent lower than the previous year as a result of reductions in energy margin and additional operating costs.
6. A final dividend of \$30.3m will be paid in September taking full year dividends for the 2010 financial year to \$86.5m