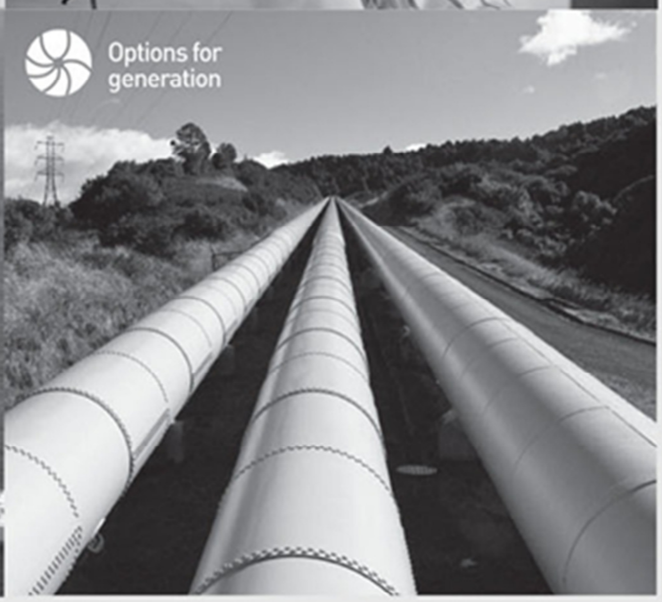
1 July 2011 to 30 September 2011

First Quarter Report 2011/2012



EXECUTIVE SUMMARY

Key Indicators	Unit	Quarter ended 30 September 2011			
		Actual	Budget	Variance	Last Year
Gross Margin	$m	188.7	186.1	2.7	152.5
EBITDAF	$m	126.3	121.5	4.9	97.3
NPAT	$m	44.9	39.8	5.1	29.3
Underlying Profit	$m	45.7	38.6	7.1	31.8
Return on Equity	%	2.6	2.2	0.4	2.0
Free Cash Flow	$m	29.7	48.0	(18.3)	39.7
Capital Expenditure	$m	4.8	15.5	(10.7)	8.3
Total Shareholder Returns	%	2.1	1.9	0.2	1.8

Genesis Energy's unaudited EBITDAF result for the quarter ending 30 September 2011 ("**first quarter**") of $126.3m was $4.9m above budget with favourable variances in the Customer Experience gross margin and Energy Management operating costs, partly offset by a lower EBITDAF from Kupe oil and gas.

Underlying profit for the first quarter of $45.7m was above budget ($7.1m) resulting from the favourable EBITDAF variance of $4.9m, savings in Impairment of $0.6m, Depreciation, Depletion and Amortisation ("**DDA**") of $2.0m, and Borrowing costs of $2.4m partly offset by a larger tax expense ($1.8m).

The Company's unaudited NPAT result for the first quarter of $44.9m was $5.1m above budget. The higher profit was due to higher retail electricity sales reflecting colder weather, higher customer numbers and savings in operating costs, partly offset by Kupe Oil and Gas being below budget and unfavourable fair value changes.

Genesis Energy's focus on customer experience is reflected in its customer satisfaction result of 91% for the first quarter period. In the first quarter, the Company continued to rollout new innovative products and services and has now installed over 207,000 advanced meters[1].

On 1 August 2011, Genesis Energy submitted resource consent applications for the Castle Hill Wind Farm project ("**CHWF**") and the consent applications were formally accepted by the Greater Wellington Regional Council, the Horizons Regional Council, the Tararua District Council and the Masterton District Council. The applications were publicly notified on 29 August 2011. The resource consent application hearing will commence on 28 November 2011.

As per the Genesis Energy 2011/12 to 2014 Statement of Corporate Intent ("**SCI**"'), the Board does not intend to declare an interim or a final dividend in respect of the 2011/12 financial year due to the acquisition of the Tekapo A and B power stations on 1 June 2011.

While there are a range of operating and financial scenarios that might eventuate during the 2011/12 financial year, based on the financial and operating performance for the first quarter the Company expects to achieve or exceed the targets set out in its SCI for the 2011/12 financial year.

[1] As at 30 September 2011.

STATEMENT OF CORPORATE INTENT

Genesis Energy's SCI for 2011/12-2014 issued pursuant to section 14 of the State Owned Enterprises Act 1986 incorporates financial and non-financial performance targets for the year ended 30 June 2011. Appendix A provides the year end targets and the results achieved during the first quarter.

In the first quarter, Genesis Energy met or exceeded all the financial targets in the SCI performance targets except for the solvency target, and performed well against most of its non-financial SCI performance targets.

Financial Performance Targets

Total shareholder returns at 2.1% were on budget for the first quarter. Return on equity was 2.6% compared with the first quarter budget of 2.2% and the adjusted return on equity (after adding back fair value movements and asset revaluations) was 2.6% compared to first quarter budget of 2.5%. These results reflect favourable earnings and lower borrowing costs compared to budget for the period.

Return on capital employed was 2.9% compared to the first quarter budget of 2.6% due to favourable earnings and Depreciation, Depletion and Amortisation costs and lower capital employed. The other profitability and efficiency performance measures were also above budget.

The solvency target result at 0.7 was below budget due to higher current debt levels which included $395 million drawn down from a maturing revolving credit facility that expired on 6 October 2011.

As indicated in the SCI, the Board does not intend to declare an interim or a final dividend in respect of the 2011/12 financial year due to the acquisition of the Tekapo A and B power stations on 1 June 2011.

Non-Financial Performance Targets

There were no lost time injuries in the first quarter.

Customer satisfaction at 91% for the first quarter was above the SCI target of 90% reflecting favourable responses about customer service and the customer experience.
Genesis Energy's generation asset portfolio performed well against the first quarter availability performance targets with the exception of Huntly Units 1 to 4. Huntly Unit 3 had an unplanned outage to progress plant modifications necessary for dry storage in July 2011. Huntly Units 2 and 4 had a few minor operational issues lowering plant availability over the period.

The Company's carbon intensity at 401ktCO_2 was above the first quarter target due to higher thermal generation as a result of below normal hydrological conditions over the first quarter. There were no abatement, infringement and enforcement notices under the Resource Management Act in the first quarter.

BUSINESS PERFORMANCE METRICS

The following commentary highlights financial and operational developments over the first quarter.

The Genesis Energy Performance Metrics for the first quarter, which incorporates all the 2011/12 Business Plan financial and non-financial performance indicators, is attached as Appendix B.

The first quarter Operational Information to be disclosed to the public is attached as Appendix C.

FINANCIAL STATEMENTS

Income Statement

$ million	Quarter ended 30 September 2011			
	Actual	Budget	Variance	Last Year
External Revenue	623.9	628.5	(4.6)	507.0
Inter Segment Revenue	171.3	163.4	7.9	172.1
Cost of Sales	606.4	605.7	(0.6)	526.7
Gross Margin	**188.7**	**186.1**	**2.7**	**152.5**
Operating Expenses	62.4	64.6	2.2	55.2
EBITDAF	**126.3**	**121.5**	**4.9**	**97.3**
Impairment	0.7	1.3	0.6	1.9
DDA	40.1	42.0	2.0	38.4
Fair Value Change	1.1	(1.7)	(2.8)	3.9
Revaluation	(0.0)	-	0.0	0.0
EBIT	**84.4**	**79.8**	**4.6**	**53.2**
Borrowing Costs	22.2	24.6	2.4	11.1
Taxation	17.3	15.4	(1.9)	12.8
NPAT	**44.9**	**39.8**	**5.1**	**29.3**

The first quarter profit of $44.9m was $5.1m above budget due to higher ancillary revenue, colder weather increasing electricity sales, higher customer numbers and savings in operating costs, partly offset by Kupe Oil and Gas being below budget and unfavourable fair value changes.

EBITDAF for the first quarter was $4.9m above budget with favourable variances in Customer Experience EBITDAF and Energy Management operating costs being offset by a lower EBITDAF from Kupe Oil and Gas.

The Kupe Oil and Gas EBITDAF of $26.2m was $3.5m below budget for the first quarter mainly due to there being one less oil shipment in the first quarter than anticipated. DDA was $0.8m below budget and Fair Value Changes were $5.6m favourable. The overall result was that Kupe Oil and Gas EBIT was $2.8m unfavourable.

Revenue

$ million	Quarter ended 30 September 2011			
	Actual	Budget	Variance	Last Year
Wholesale Electricity	190.4	228.8	(38.4)	119.1
Retail Electricity	318.0	305.3	12.7	315.9
Retail Gas	40.3	35.1	5.2	34.6
Kupe Oil and LPG	18.9	25.7	(6.8)	23.0
Other	56.3	33.6	22.7	14.5
External Revenue	**623.9**	**628.5**	**(4.6)**	**507.0**
Inter Segment	171.3	163.4	7.9	172.1
Total Revenue (including Inter Segment)	**795.1**	**791.8**	**3.3**	**679.1**

Wholesale Electricity revenue was $38.4m below budget due to lower wholesale electricity prices and lower generation in the first quarter. The unfavourable variance resulted from total generation being 5.1% below budget and average spot prices 17.6% below budget. This was partly offset by wholesale contract revenue being favourable due to Contact Energy and Meridian Energy calling lower volumes on contract hedges as a result of lower wholesale prices.

Retail Electricity revenue was $12.7m above budget with sales volume 5% above budget and lines revenue on budget. Prompt payment discounts were 13% more than budget due to the increased customer revenues. Electricity prices were on budget.

Retail Gas was $5.2m above budget due to higher average prices and higher volumes sold. Mass market customer numbers were 2% above budget and consumption per customer was 12% above budget due to colder weather. The average selling price, after discounts, was 4% above budget.

Kupe Oil and LPG revenue was $6.8m below budget for the first quarter largely due to there being one less oil shipment in the first quarter. Oil revenue was $5.8m below budget. The average hedged oil price received of NZ$115.61/bbl was in line with the budgeted price of NZ$115.44/bbl, while oil sales volume was 30% below budget.[2]

Kupe LPG revenue was $6.2m below budget with sales volume down 6.5% and budgeted price 7.0% below budget.

Kupe gas revenue of $13.3m was $0.5m above budget due to higher production. Kupe gas revenue is included in Inter Segment Revenue as all the gas is sold to Energy Management.

Other Revenue was $22.7m above budget due to higher ancillary revenue ($9.7m) and wholesale gas sales ($13.3m) partly offset by other items ($0.3m) which was below budget.

Inter Segment Revenue was $7.9m above budget due to higher electricity transfers to Customer Experience ($5.3m) and higher gas sales from Kupe to Customer Experience ($2.0m) and Energy Management ($0.5m) due to higher Kupe gas production.

[2] The unhedged oil price received of US$112.71/bbl was 18.6% above the budget of US$95.00/bbl, and the average NZD/USD exchange rate received of 0.85 was 9% above the budget rate of 0.78. Hedging reduced the income by NZ$2.8m. Production for the first quarter was 171,986bbl compared to a budget of 172,991bbl and inventory increase was 55,260bbl compared to a budget of 5,591bbl.

Cost of Sales

Cost of sales for the first quarter was $0.6m more than budget.

Customer Experience electricity purchases were $7.9m more than budget due to the higher volumes of retail electricity sold in the first quarter.

Customer Experience gas purchases were $2.7m more than budget due to the higher volumes sold with the generally colder weather of the first quarter.

Energy Management electricity spot purchases were $18.4m less than budget due to the average price being $85.43/MWh, compared to the budget of $99.65/MWh for the first quarter.

Fuel burn was $4.9m less than budget due to lower than budget thermal generation and lower thermal costs of $59.44/MWh were largely due to more coal being burnt in the first quarter.

Wholesale Emissions charges of $2.4m were $1.2m above budget due to less units being receivable from Contact Energy and Meridian Energy because they called less volume under hedging arrangements than forecast.

Kupe cost of sales was $2.9m less than budget due to inventory increasing during the first quarter.

Operating Expenses

Operating Expenses of $62.4m were $2.2m below budget for the first quarter.

Customer Experience operating costs were on budget.

Energy Management operating costs were $2.7m under budget largely due to favourable variances in timing of projects ($1.6m) and timing of maintenance activity ($1.0m).

Kupe Oil and Gas operating costs were $0.2m over budget due to higher operating costs incurred by the Operator.

Corporate operating costs were $0.2m above budget due to the IPO scoping costs.

Impairment

The impairment expense was $0.6m under budget for the first quarter due to the timing of capital expenditure on Huntly Units 1 to 4 and 6.

Depreciation, Depletion and Amortisation

Depreciation, depletion and amortisation was $2.0m below budget. Depreciation was below budget ($1.7m) due to the extension of asset lives in Energy Management and Kupe oil and gas field depletion which was below budget ($0.7m) being partly offset by Amortisation which was above budget ($0.4m).

Fair Value Changes

Fair Value Changes for derivatives was $2.9m unfavourable for the first quarter mainly due to electricity options decreasing in value ($7.0m) which is partly offset by oil commodity hedges increasing in value ($4.5m).

Borrowing Costs

Borrowing costs of $22.2m for the first quarter were below budget ($2.4m) due to lower average interest rates and lower average borrowings as a result of a better financial performance last year.

Tax Expense

Tax expense for the quarter was $1.9m higher than budget due to the higher than budgeted net profit before tax.

Statement of Cash Flow

$ million	Quarter ended 30 September 2011		
	Actual	Budget	Variance
Receipts from Customers	554.6	660.7	(106.2)
Payments to Suppliers & Employees	(459.3)	(541.9)	82.6
Interest Received	0.1	0.1	0.1
Tax	(19.5)	(20.2)	0.7
Net Cash from/(to) Operating Activities	**75.9**	**98.7**	**(22.8)**
Capital Expenditure	(25.5)	(27.4)	1.9
Other Investing	2.0	2.1	(0.1)
Net Cash from/(to) Investing Activities	**(23.5)**	**(25.3)**	**1.7**
Debt Financing	(25.0)	(47.1)	22.1
Dividends	0.0	0.0	-
Interest Paid	(22.7)	(25.4)	2.7
Other Financing	(4.6)	(0.9)	(3.7)
Net Cash from/(to) Financing Activities	**(52.3)**	**(73.4)**	**21.1**
Net Cash movement	**0.1**	**0.0**	**0.1**
Free Cash Flow *	**29.7**	**48.0**	**(18.3)**
* Free Cash Flow is Operating plus Investing plus Interest cash flows.			

First quarter cash flow was $0.1m more than budget.

Net Cashflows from Operating Activities was $23m below budget. Receipts from customers was $106m below budget due to lower wholesale electricity revenue, lower Kupe oil and gas sales with increases in debtor and accrued income balances at month end. Payments to suppliers and employees were lower than budget with payments to suppliers being $82.6m less than budget.

Cash from Net Investing activities was close to budget ($1.7m) with the variance mainly driven by timing of capital expenditure. Capital Expenditure was $4.8m compared to the budget of $15.5m.

Net Cash from Financing Activities was $21.1m below budget reflecting the unfavourable operating cashflow.

Balance Sheet

$ million	As at 30 September 2011			
	Actual	Budget	Variance	Actual Last Year
Cash	16	15	1	21
Other Current Assets	429	395	34	330
Term Assets	184	162	22	155
Fixed Assets	3,053	3,123	(70)	1,997
Total Assets	**3,682**	**3,695**	**(14)**	**2,503**
Current Liabilities	247	245	2	222
Borrowings	1,185	1,208	(23)	505
Other Term Liabilities	493	457	36	302
Shareholders Equity	**1,757**	**1,785**	**(28)**	**1,475**
Total Liabilities and Equity	**3,682**	**3,695**	**(14)**	**2,503**

Other Current Assets of $429m are $34m above budget. Debtors and accrued income of $237m are $30m above budget due to higher consumer consumption. The wholesale price averaged $94.87/MWh during the month of September 2011 compared to the budget of $90.81/MWh and total generation of 730GWh was 46GWh above budget.

The coal stockpile value of $144m (1.5m tonnes) is above budget by $0.5m. Coal burn for the first quarter was 6,047TJ, 124TJ above budget. The total change in stockpile value for the quarter was a reduction of 47k tonnes.

Fixed Assets of $3,053m are $70m below budget largely due to the revaluation of generation assets at the end of last year being $55m less than budget and total capital expenditure being $12m less than planned for the last three months of 2010/11. Expenditure is $10m below budget for the first quarter.

Current Liabilities of $247m are $2m above budget due to Lines and Energy accruals being $10m above budget which is partly offset by Accruals Other ($6m) and Income Tax Owing ($3m). The wholesale price payable for Customer Experience purchases averaged $99.41/MWh during the month compared to the budget of $89.11/MWh and volumes were 522GWh which were higher than planned (27GWh). Accruals Other decreased as a result of retentions being paid to Mitsubishi during the first quarter.

Borrowings of $1,185m are $23m below budget due to lower borrowings than planned at 1 July 2011. Net operating activities in the last three months of last year were $40m more than forecast as a result of better than expected trading conditions.

Other Term Liabilities of $493m are $36m above budget largely due to provisions ($13m) and values in derivatives stated at fair value ($29m) being more than budget partly offset by platform removal provisions ($4m) and deferred tax ($3m).

Shareholder's Equity is $28m below budget due to Asset Revaluation Reserves being lower ($34m) than forecast and Hedge Reserves ($6m) being below budget partly offset by Retained Earnings being $12m above budget.

Capital Expenditure

$ million	Quarter ended 30 September 2011			Full Year
	Actual	Budget	Variance	Budget
Wind Development	0.8	0.8	(0.1)	5.5
Hydro Development	0.0	0.6	(0.6)	2.1
U1-4 Rotor & Exciter Refurbishment	0.3	0.1	0.2	4.9
Huntly Consents	0.5	1.5	(1.1)	5.0
Tekapo	0.4	1.8	(1.4)	7.8
Tokaanu Transformers Replacement	0.1	2.2	(2.0)	13.9
Gentrack Upgrade	0.0	1.1	(1.1)	4.5
Other	2.8	7.4	(4.7)	30.2
Total Capital Expenditure	**4.8**	**15.5**	**(10.7)**	**73.8**

Capital expenditure for the first quarter was $10.7m under budget due to timing on a number of projects. Cashflow of capital expenditure of $25.5m was higher than the $4.8m capital expenditure reported here due to the timing of payments.

OPERATIONAL HIGHLIGHTS

The following commentary highlights operational developments over the first quarter period.

CUSTOMER EXPERIENCE

Customer Satisfaction

Genesis Energy's customer satisfaction result at 91% in the first quarter remains high and reflects the Company's focus on delivering an excellent customer experience and improving service levels.

Innovation

During the first quarter, Genesis Energy launched two new services to further improve the customer experience:

- The "My Account" service which customers use to view and manage their account online has been enhanced to provide customers with more choices and control. New online account services enable customers to add additional products (gas or LPG) to their account, as well as additional properties and the ability to move house online.

- 'Pick Your Own Payment Date' was also launched which enables commercial customers with advanced meters to select their preferred day of the month to pay their energy account. Customers add this service to their account either online by using My Account or through calling the Company's contact centre.

At the end of the first quarter, Genesis Energy had installed a total of 207,066 advanced meters with nearly 29,000 advanced meters installed over the first quarter period.

Market Activities

Customer switching levels remained high over most of the first quarter buoyed by the Electricity Authority's 'What's My Number' campaign, before falling back in September 2011.

Genesis Energy's acquisition campaign in the South Island has continued to progress well with approximately 8,000 new customers acquired in the first quarter.

The number of electricity customers is up by 13,186 (2.4%) to 555,448 in the first quarter compared to 542,262 in the first quarter last year. Gas customer numbers are up by 5,104 (4.6%) at 115,746 in the first quarter compared to 110,642 in the first quarter last year. LPG customers are also up by 3,769 at 6,168 in the first quarter compared to 2,399 in the same quarter last year.

In the first quarter, retail electricity sales at 1,628GWh were down by 70GWh on the first quarter last year, gas sales at 2.0PJ in the first quarter were up 0.4PJ on the first quarter last year and LPG sales were up 413tonnes to 630tonnes in the first quarter compared to 217 in the first quarter period last year.

In October 2011, the Company commenced a Price Plan Check campaign to verify that residential electricity customers are on the best pricing plan. Notifications were sent to all residential electricity customers, which included details of their power consumption over the last 12 month period and of various pricing plan options.

PORTFOLIO OPTIMISATION AND MANAGEMENT

Wholesale Market Conditions

The first quarter was very sunny and very dry for many regions, due to the higher than normal pressure systems over New Zealand.

Below normal rainfall was observed in the north of the North Island and the west of the South Island. Coastal Southland received well above normal rainfalls, while inland Southland experienced close to normal precipitation. Rainfall in the eastern North Island was near normal. Nelson/Marlborough and the eastern South Island had below normal rainfall.

Lake storage levels and river inflows were above average during July 2011. However, hydrological conditions from early August have contributed towards below average river inflows and lake storage levels.

Below average temperatures were recorded in the North Island except Auckland, Northland, south Taranaki, Bay of Plenty, as well as areas north of Gisborne. Nelson, the West Coast, inland parts of Southland, coastal Otago and coastal South Canterbury were also colder than normal, while the rest of the South Island experienced near average temperatures.

The sunny and dry conditions contributed to moderate to high average prices in the wholesale market over the first quarter period. The average Haywards reference prices were $50.99/MWh in July, $95.03/MWh in August and $95.51 in September 2011.

Electricity Generation and Trading

Generation Performance

Genesis Energy's total generation at 2,193GWh in the first quarter was up 13% compared to 1,942GWh in the same quarter last year.

Thermal generation at 1,380GWh was up 8% compared to 1,277GWh last year, reflecting higher generation from Huntly Units 1 to 4. Specifically, generation output from Huntly Units 1 to 4 of 621GWh in the first quarter was up 103GWh (20%) on 519GWh in the same quarter last year. Huntly Unit 5 at 751GWh and Huntly Unit 6 at 7GWh in the first quarter were at similar levels to the same period last year.

Renewable generation was up 22.4% at 813GWh for the first quarter compared to 665GWh in the same quarter last year. The addition of Tekapo A and B power stations (247GWh) offset lower output from the Tongariro Power Scheme at 395GWh (down 8%) and the Waikaremoana Power Scheme at 164GWh (down 28%).

Lake Moawhango on the Tongariro Power Scheme started the first quarter 49% full and ended 50% full, and storage on the Waikaremoana Hydro Scheme started 68% full and ended 42% full. Rainfall over the first quarter was well below average.

The average price received for generation at $81.11MWh in the first quarter of 2011/12 was up $26.26MWh on the same period last year.

Genesis Energy's generation emissions at 879ktCO_2 in the first quarter were up 28% on 684 ktCO_2 in the first quarter last year. Genesis Energy's carbon intensity for the first quarter was 401tCO_2/GWh which is up 20% compared to the same quarter last year (334tCO_2/GWh).

Portfolio Optimisation and Management

The Company's work programme to prepare Huntly Unit 3 for long term storage is progressing well. The current programme involves re-certifying the Unit at the end of 2011 and placing it in storage by early to mid-2012. Huntly Unit 3 will be stored in a way that will allow it to be recalled should the need arise to respond to changing demand conditions or commercial contract requirements. However, the costs and time required to bring the Unit back into service escalate significantly the longer the unit remains in storage. At some time final decommissioning will occur, at which point a return to service will be very costly and will require a great deal of time.

Consultation has continued with stakeholders on the Huntly Power Station site Resource Consent Project. The draft Assessment of Environmental Effects ("**AEE**") has been circulated for comment to the Waikato District Council and extensive consultation with significant stakeholders has been held. The Company intends to lodge the resource consent applications with the Waikato District Council before the end of 2011.

A comprehensive option study identifying the need as well as the alternatives to remediate leakage and long term serviceability issues with the canal connecting the Tekapo A and B power stations has been completed and presented to the Board. Further work has been approved to define costs, prepare tender specifications for selected options, and gain resource consents for the work required. A final decision by the Board on the work to be undertaken will take place in early 2012 after peer review of the design work has been completed on the possible alternatives. Construction is unlikely to commence before late 2012. Preliminary consultation with affected stakeholders has commenced.

Trading

Genesis Energy, along with four of the five major Gentailers, has entered into a Liquidity Provider agreement with the Australian Stock Exchange ("**ASX**"). The agreement replaces the previous Market-Making Agreement.

During September 2011, Genesis Energy entered into a repurchase agreement with Westpac Institutional Bank to reduce the carry cost of carbon units held.

Fuel Supply

The total amount of fuel used for generation was up 1.1PJ at 12.4PJ in the first quarter compared to 11.3PJ in the same quarter last year. Genesis Energy used relatively more coal than gas to generate electricity in the first quarter compared to last year.

Gas purchases were up 1.2PJ (9.7%) at 13.5PJ in the first quarter compared to 12.3PJ in the first quarter last year. Coal purchases at 5.8PJ in the first quarter were up 0.2PJ (3.5%) on the same time last year.

The level of the coal stockpile was 1,484 kilotonnes at 30 September 2011 compared to 1,239 kilotonnes at 30 September 2010. The level of the stockpile is likely to vary under different hydrological conditions.

Genesis Energy has continued to pursue a number of options to manage its fuel position and reduce the build-up of the coal stockpile. In particular, the Company has focussed on coal sales to third parties such as Golden Bay Cement and discussions have been held with Glencore regarding a reduction in the 2012 import contract quantity (210,000 tonnes).

STRATEGIC INVESTMENTS

Kupe Investment

During the first quarter, gas production rates at the Kupe oil and gas plant were back at their maximum (70TJ/day) from reduced levels of 55TJ/day in the middle of July 2011. However, maximum flow rates were curtailed to 65TJ/day again from the middle of August to early September 2011 due to speed restrictions being placed on the flash gas compressors.

Genesis Energy's share of Kupe production over the period included 172 kilo-barrels of light oil, 1.80PJ of gas and 7.85 kilotonnes of LPG. Kupe sales included 116 kilo-barrels of oil, 1.80PJ of gas and 7.3 kilotonnes of LPG. There were no export oil sales in September 2011.

OPERATIONAL TRANSFORMATION

Genesis Energy continues to progress its transformation programme to support the Company's new vision and strategy.

Full-time Equivalent Staff

Genesis Energy had a total of 971 full-time equivalent staff members as at 30 September 2011, compared with 962 as at 30 September 2011.

Health and Safety

In the first quarter, Genesis Energy had a Total Recordable Injury Frequency Rate ("**TRIFR**")[3] of 26.39. The TRIFR for the first quarter period included two recordable safety incidents (one Medically Treated Injury and one Lost Time Injury) compared to 13 for the same period last year. The Company expects to exceed its company-wide TRIFR improvement target for 2011/12, supported by a focus on Near Miss Reporting to improve safety performance.

A Zero Incident Process ('ZIP') safety training programme was held in July 2011.

[3] TRIFR = (Lost Time Injuries + Restricted Work Injuries + Medically Treated Injuries) per million hours worked

Organisational Performance and Capability

Genesis Energy's first annual review under its 'Power Up' performance programme for employees was completed in September 2011. Power Up will be supported by Company Values and behaviour based workshops planned for late 2011 and early 2012.

Genesis Energy has continued to broaden the scope of the Lean Six Sigma business improvement programme over the first quarter. The Company's expertise in this area has also grown with 2.6% of all employees now trained as Lean Six Sigma Green Belts. Lean Six Sigma projects continue to deliver operational innovation across a range of business activities and these business activities are performing well against financial performance targets.

Governance and Benchmarking

Genesis Energy has released its integrated 2011 Annual Report, containing both financial and non-financial performance data. Genesis Energy successfully followed the B+ application level of the internationally recognised Global Reporting Initiative ('GRI') framework in the 2011 Annual Report. In 2009 and 2010, Genesis Energy applied a C+ application level.

For the third consecutive year, the 2011 Annual Report was the subject of a third party assurance review by Deloitte.

BUSINESS OUTLOOK

Market Outlook

NIWA's October 2011 Seasonal Climate Outlook[4] for early summer indicates that La Nina conditions have redeveloped in the tropical Pacific, and that weak to moderate La Nina conditions are likely to continue through the summer.

The outlook for November 2011 to January 2012 indicates that temperatures are likely to be near average across all of the North Island and average or above average in the South Island.

Seasonal rainfalls, soil moisture levels and river flows are all likely to be near normal in all regions of the country.

Electricity futures prices published on the ASX website indicate that wholesale electricity prices may range between $79/MWh in the North Island and $82MWh in the South Island by December 2011[5].

Strong levels of competition in the energy retail market are expected to continue over the next quarter.

Business Outlook

On 1 August 2011, Genesis Energy submitted resource consent applications for the Castle Hill Wind Farm project. The consent applications, together with an assessment of environmental effects were submitted to the Greater Wellington Regional Council, the Horizons Regional Council, the Tararua District Council and the Masterton District Council.

On 29 August 2011, the consent applications were formally accepted by all four Councils, and publicly notified. Public submissions closed on 26 September 2011. The Councils did accept late submissions. The Council has received 102 submissions, with 18 in support, 66 in opposition and 18 neutral. The majority of those opposed cite concerns relating to traffic effects, with some opposition based on visual and landscape issues. Preparation is underway for a resource consent application hearing commencing on 28 November 2011.

During the first quarter, Genesis Energy continued extensive discussions with Mighty River Power and Contact Energy (which also have wind farm development options in the region) regarding all parties jointly developing a single transmission line into the Northern Wairarapa.

Investigations, assessments and preliminary design activities are continuing in relation to the Slopedown Wind Farm project. Genesis Energy expects to be in a position to make a decision whether to seek resource consent for this project late in the third quarter of this year.

Financial Outlook

While there are a range of operating and financial scenarios that might eventuate during the 2011/12 financial year, based on the financial and operating performance for the first quarter, the Company expects to achieve or exceed the targets set out in its SCI for the 2011/12 financial year.

[4] Dated 28 October 2011.

[5] Update as at 9.40am, 31 October 2011.

Performance Results: Statement of Corporate Intent

Financial Performance Targets	First Quarter Actual	2011/12 Financial Year First Quarter Target [1]	Full Year Target
Shareholder Returns			
Total shareholder returns (%)	2.1	1.9	4.2
Dividend yield (%)	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0
Return on equity (%)	2.6	2.2	5.0
Return on equity adjusted for fair value movements and asset revaluations (%)	2.6	2.5	5.4
Profitability and Efficiency			
Return on capital employed (%)	2.9	2.6	7.2
Operating margin (%)	20.0	19.2	17.5
Generator efficiency ($/MWh)	57.62	52.55	46.81
Earnings before interest and tax to average total assets (%)	2.3	2.1	5.9
Solvency			
Interest cover (#)	5.6	4.8	4.4
Solvency (#)	0.7	0.5	1.3

Non-Financial Performance Targets	First Quarter Actual	2011/12 Financial Year First Quarter Target [1]	Full Year Target
Abatement, infringement and enforcement notices under the Resource Management Act	0	0	0
Reduce carbon intensity (tCO_2/GWh) [2]	401	346	346
Customer satisfaction (%) [3]	91	90	90
Power Station Availability			
Hydro (%)	96.5	92.3	88
Thermal			
Huntly Units 1 to 4 (%)	86.9	93.4	79
Huntly Unit 5 (%)	100.0	97.0	94
Huntly Unit 6 (%)	97.9	95.0	80
Lost Time Injuries (#)	0	0	0

Notes:

[1] Quarter Targets are not published SCI targets.

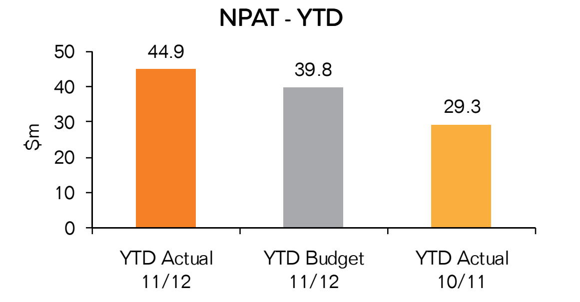
[2] The quarter and full year target of 346 tCO2/GWh represents a reduction in carbon intensity of 50% below 2005/06 levels by 2015/16. The carbon intensity result is subject to a range of market factors including seasonal effects and the level of hydrology.

[3] Based on the survey question: "Thinking about all aspects of the service provided to you, how satisfied are you with the overall performance of Genesis Energy, where 0 is extremely dissatisfied and 10 is extremely satisfied.".

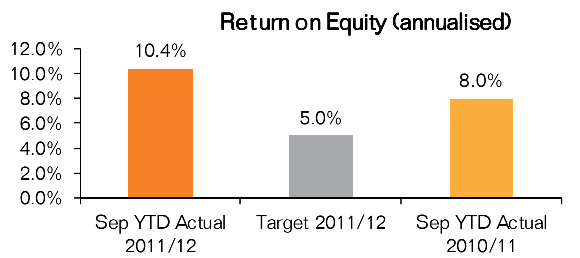
APPENDIX B: BUSINESS PERFORMANCE METRICS

BUSINESS PERFORMANCE METRICS 2011 / 2012 - First Quarter (July to September) Update

Financial - To be fiscally responsible while delivering on shareholder value and performance expectations



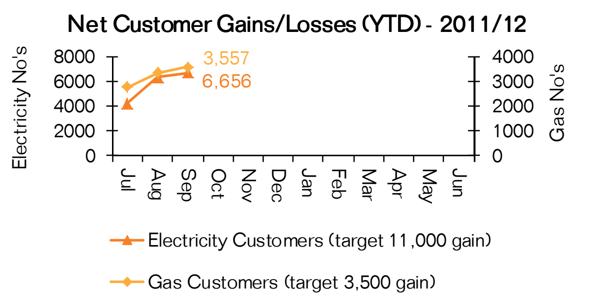
Measure (*annualised)	Actual YTD	Target 2011/12
Profitability/Efficiency		
Return on capital*	8.3%	5.2%
Return on capital employed*	11.7%	7.2%
Earnings before interest and tax to average total assets*	9.2%	5.9%
Operating margin (EBITDAF/Revenue)*	20.0%	17.5%
Energy Management gross margin $m	$ 107.4	$371
Customer Experience net contribution c/kWh	$ 0.95	$0.80
Operating expense $m	$ 62.4	$279
Generator efficiency ($ EBITDAF/MWh Generation)	$ 57.62	$46.81



Measure (*annualised)	Actual YTD	Target 2011/12
Shareholder Returns		
Total shareholder returns	2.1%	4.2%
Dividend yield	0%	0.0%
Dividend payout	0%	0.0%
Return on equity adjusted for fair value movements and asset revaluations*	10.5%	5.4%
Leverage/Solvency		
Gearing ratio (Net Debt to Net Debt plus Equity)	39.9%	37.7%
Consolidated Shareholders' Funds: Total Assets	47.7%	46.9%
Interest cover: EBITDAF/finance costs	5.6	4.4
Solvency	0.7	1.3

Customers - To be recognised as the leading New Zealand energy provider with excellent customer service and innovative products that provide value, choice and control of consumption

Measure	Actual YTD 2011/12	Target 2011/12	Actual YTD 2010/11
'Dual fuel' penetration rate	68%	72%	71%
Brand preference – Measure of customer affinity with the brand	11%	13%	N/A
Advanced Meter Deployed (Number of Installations)	207,066	384,000 by June 2012	89,277
Advanced Meter billing data correct	99%	Above 98%	99%
Net Promoter Score – % of customers that are 'promoters' of Genesis Energy	-16%	1% either side of competitor scores	-17%
Customer Satisfaction	91%	90%	91%



Employees - To Partner with the Company's employees for success

Measure	Actual First Quarter (July to September)	Target 2011/12
LTI Frequency	0.00	Nil
LTI Severity	0.00	Nil
Zero Incident Process (ZIP) safety training programmes	July 2011 ZIP safety training held on 12/13 July (15 employees)	July 2011 October 2011
Employee objectives and 'Power Up' performance reviews	Six month PEP assessment due to be completed in Jan 2012	Semi annual measure
Employee Volunteer Programme participation	58 volunteers (YTD 6% of staff)	40% of staff

Community and Stakeholders - To manage impacts on communities in which the Company operates and to engage meaningfully with key stakeholders including iwi in the areas in which the Company operates

Measure	Status	Target
Implement stakeholder engagement plan	Draft for approval/near completion	June, 2012
Improve UMR reputation measure	Stakeholder survey planned for March 2012	June, 2012

Portfolio Optimisation - **To provide economic trading, production and new generation solutions that demonstrate strong sustainable performance**

Castle Hill wind farm project - First Quarter (July to September)			
1. Resource consent applications - June, 2011 2. Consent hearing process Q2, 2012	Resource consent applications lodged on 1 August 2011 Consent hearing will commence on 28 November 2011		
Measure	Actual YTD 2011/12	Target 2011/12	Actual YTD 2010/11
Thermal Reliability:			
Forced outage frequency	0.09%	1.00%	2.76%
Start-up reliability factor	98.68%	99.00%	96.21%
Hydro Reliability:			
Forced outage frequency	0.03%	1.54%	0.15%
Start-up reliability factor	99.77%	99.00%	98.68%
Equivalent Availability Factor			
Huntly Unit 1 to 4	86.87%	93.39%	85.76%
Huntly Unit 5	100.00%	97.00%	98.03%
Huntly Unit 6	97.88%	95.00%	95.64%
Tongariro Power Scheme	93.71%	93.95%	98.73%
Waikaremoana Power Scheme	99.70%	91.86%	89.41%
Tekapo A and B	99.37%	89.47%	N/A
Hydro (ALL)	96.47%	92.31%	96.09%
Hau Nui	99.02%	97.00%	97.96%

Environmental Impact - **To manage responsibly Genesis Energy's environmental impact while growing its business**

Abatement, infringement and enforcement notices ('AIE') under the RMA	No notices	Nil
Publish 'Environmental Performance Reports' (EPR)	Renewable EPR completed in late August 2011 (on target)	Annually
Reduce carbon intensity by 50% below 2005/06 levels by 2015 (tCO_2/GWh)	401	346

Governance and Benchmarking - **To follow best practice in corporate governance and benchmark the Company's performance**

Continuous Disclosure Policy - No breaches	Eleven disclosures	No breaches
Assurance of sustainability performance -Completed independent audit	Completed in September Achieved B+ Application Level	by September 2011

EAF Comments:

Huntly Unit 3 had an unplanned outage to progress plant modification for dry storage in July 2011. Huntly Units 2 and 4 had a few minor operational issues lowering plant availability over the period.

APPENDIX C: OPERATIONAL INFORMATION

Genesis Energy Operational Information#	First Quarter (July to September) 2011/12	2010/11
Market Information		
Customer-focus		
Electricity Market Share [1]	27.0%	26.6%
Gas Market Share [1]	44.2%	42.9%
Customer Experience		
Customer-focus		
Customer Satisfaction (%) [2]	91	91
Total Advanced Meters Installed During Quarter	28,964	29,417
Total Advanced Meters Installed To Date (#)	207,066	89,277
Customer Numbers		
Total Customer Numbers [3]	671,194	652,904
Total Customers by Product:		
Electricity Customer Numbers	555,448	542,262
Gas Customer Numbers	115,746	110,642
LPG Customer Numbers	6,168	2,399
Total Electricity Customers by Location:		
North Island Electricity Customer Numbers	500,190	517,209
South Island Electricity Customer Numbers [4]	55,258	25,053
Customer Volumes and Price		
Retail Electricity Sales (GWh)	1,628	1,698
Retail Gas Sales (PJ)	2.0	1.6
Retail LPG Sales (tonnes)	630	217
Retail Electricity Purchases (GWh)	1,708	1,822
Retail Gas Purchases (PJ)	2.0	1.6
Average Retail Electricity Purchase Price ($/MWh) [5]	85.43	54.96
Energy Management		
Generation		
Total Generation (GWh)	2,193	1,942
Generation by Fuel Source:		
Gas (GWh)	819	1,079
Coal (GWh)	561	198
Hydro (GWh)	806	657
Wind (GWh)	7	7
Generation by Fuel Type:		
Thermal (GWh)	1,380	1,277
Renewable (GWh)	813	665
Generation by Location:		
North Island (GWh)	1,946	1,942
South Island (GWh)	247	0
Average Price Received for Generation ($/MWh) [5]	81.1	54.9
Generation Emissions (ktCO_2)	879	684
Generation Carbon Intensity (ktCO2/GWh)	401	334

Fuel		
Gas Purchases (PJ)	13.5	12.3
Coal Purchases (PJ)	5.8	5.7
Wholesale Gas Sales (PJ)	5.2	1.6
Wholesale Coal Sales (PJ)	0.9	0.3
Gas Used In Internal Generation (PJ)	6.3	9.2
Coal Used In Internal Generation (PJ)	6.0	2.2
Coal Stockpile - closing balance (kilotonnes)	1,484	1,239

Kupe Oil and Gas Field Investment

Genesis Energy Sales Share		
Gas Sales (PJ)	1.8	1.8
Oil Sales (kbbl)	117	175
LPG Sales (kilotonnes)	7.3	8.4

Notes:

[1] September 2010 and 2011 market shares based on published customer records from the Electricity Authority (includes active accounts only) and Gas Industry Company.

[2] Based on the survey question: "Thinking about all aspects of the service provided to you, how satisfied are you with the overall performance of Genesis Energy, where 0 is extremely dissatisfied and 10 is extremely satisfied.".
Note: This new customer satisfaction survey question applied from August 2010. As a result, the First Quarter result for 2010/11 includes only August and September 2010 results.

[3] Based on Genesis Energy customer records. Includes vacant accounts. Excludes LPG customers.
Note: Electricity and gas customers are defined by number of connections. LPG is defined by number
[4] 2010/11 South Island numbers based on October 2010 due to code changes.
[5] Excludes settlements from electricity derivatives.

Customer Experience segment covers retail activities.
Energy Management segment covers generation and trading activities.