Interim Report
2017 / 2018

GENESIS ENERGY

— A letter from our Chair and CEO.

CHAIR
Dame Jenny Shipley DNZM

CHIEF EXECUTIVE OFFICER
Marc England

Genesis has had a successful half year in which we've stuck to our strategic vision, built the momentum for future growth and delivered an impressive total shareholder return.

We have delivered a solid financial performance and strengthened our position as New Zealand's only fully integrated energy management company. This positions us well to understand the needs of our customers and to give more New Zealanders control over the energy they use in their homes and businesses.

The refreshed strategy your Board and Executive unveiled in FY17 is on track. Our Kupe joint venture extension and LPG acquisition are well embedded into our business and we have identified opportunities for future growth.

It's our pleasure to report on the achievements of note for HY18, notably a 28 per cent increase in EBITDAF[1] to $200 million. NPAT[2] of $28 million was down 24 per cent due partly to non-cash fair value adjustments, with underlying earnings increasing 14 per cent to $43 million.

The first half of FY18 saw Genesis improve free cash flow as a result of our acquisitions, continued capital discipline and strong wholesale and Kupe performance, up 37 per cent to $129 million.

Operating costs[3] for the half year were in line with market guidance, up 16 per cent on HY17. This is the result of targeted investment in our growth priorities along with the costs associated with the LPG distribution business acquired in June 2017. Capital expenditure has also been focused on priority growth segments and remains disciplined.

A dividend of 8.3 cents per share will be paid for the six months to December, up 1 per cent on HY17 and representing a gross yield of 8.6 per cent on our closing December share price of $2.52. Pleasingly, Genesis has delivered a 12-month total shareholder return 7 per cent above the NZX50 average of 22 per cent.

We are also pleased to announce the introduction of the Genesis Dividend Reinvestment Plan (DRP). Our DRP provides a cost-effective way for shareholders to reinvest dividends and further participate in Genesis' growth strategy.

HY18 EBITDAF
$200m
HY17 $156m

HY18 NPAT
$28m
HY17 $37m

HY18 Dividend
8.3cps
UP 1%

HY18 Free cash flow
$129m
HY17 $95M

1 Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses.

2 Net profit after tax.

3 Operating costs refers to "other operating expenses and employee benefits".

Don Banham
Local Energy Project Customer

Information on the DRP will be sent to you by Computershare via your nominated form of communication (email/post).

Our challenger brand, Energy Online, had a 176 per cent increase in LPG customers in the last 12 months, a 28 per cent increase in gas customers and a 5 per cent increase in total customers and is now providing energy to nearly 100,000 customer accounts.

Genesis' new brand campaign got under way in October; the direct, digital and on-air advertising highlights to New Zealanders that energy is changing, and the way we work with customers is changing too. Early indications are that customers are responding well to the campaign with an increase of five percentage points in 'Consideration' – a measure of the number of those surveyed who put Genesis in their top two energy providers for consideration. The number of respondents who say they are highly likely to recommend Genesis to friends and family has increased two percentage points in the same period. Brands take time to affect, however, these are encouraging results as we seek to shift perceptions of Genesis.

Although Genesis' residential customer numbers declined by 2.5 per cent to 440,100 for the period, the changes in our strategic focus has led to a greater skew towards high-value customers. Our focus on growing our capabilities to attract small and medium business is also a key feature of our strategy. Sales volumes for business customers for the period are up by 17 per cent to 1,365 GWh. We will continue to see value growth as more customers take up our dual fuel offering and we continue to focus on cross-sell opportunities towards higher-value customers.

Genesis now has a nationwide LPG network in 23 locations across the North and South Islands. This wide footprint has enabled Genesis to bring forward the exit of our previous third-party distributor arrangement by six months. The LPG product is fully integrated into all Genesis' systems and we remain the only New Zealand energy company with three fuels on one platform – bottled LPG, natural gas and electricity. Consequently, we are delighted to be seeing significant organic growth of our LPG customer base, up 27 per cent.

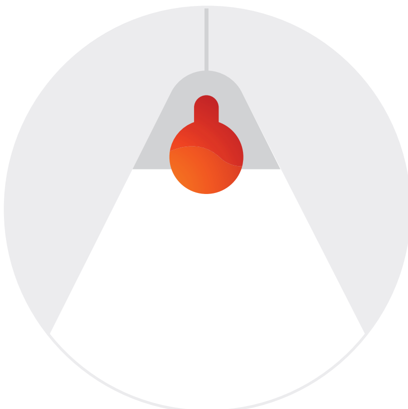
Our 'agile' way of working is well established in our business and has seen us accelerate the pace and availability of energy management solutions for customers.

More than 25,000 early adopters have opted in to our Energy IQ 'beta' launch, designed to give customers unprecedented visibility of their energy usage. The customer feedback from these new services has been overwhelmingly positive and are a significant step in working with our customers and learning from them. The customers taking part will get a deeper understanding of their personal energy use and the choices attached to it - while at Genesis we get to quickly learn people's preferences in a real-world environment.

We're the only energy company in New Zealand that offers daily energy forecasting for residential customers and it is now available for all qualifying customers, along with Home Comparison and Energy Mix. These services and others are planned to be rolled out more widely in the coming months.

Genesis' Local Energy Project will reach its first anniversary in April 2018. This in-market research initiative of more than 100 homes and businesses in the South Wairarapa is now helping to shape the future of energy management. Participants are connected to a range of services, including solar, electric vehicle chargers, battery storage and home and business energy monitoring – the largest research project of its kind in New Zealand.

In November, our 500-strong Hamilton team moved into the new Genesis Energy Building at 94 Bryce Street. Appropriately, the building is a showcase for a range of sophisticated energy-efficient technologies. Its layout will also support the agile approaches and collaboration that ultimately help us to deliver better experiences and products for our customers.



Wholesale performance was very strong for the half year as Genesis responded well to wet and dry conditions, record wholesale prices for November and December and higher than average generation. As expected, the swaption agreements we have with other companies were called on during this period.

When hydro lake storage was low at the beginning and end of the half-year period, Genesis' diverse generation portfolio played a central role in maintaining the reliable supply of electricity to New Zealand communities and businesses. Planned outages at Huntly were managed and reduced in November when unseasonable dry weather conditions, combined with low snow melt, meant additional thermal plant was required to help 'keep the lights on' for New Zealanders.

This diversity also helped to offset the loss of generation capacity caused by the unplanned outage of one unit at Tekapo B. Teams on site are working to restore the unit to full service.

Our generation facilities have been managed to optimise their performance. In the past 12 months Genesis has delivered $5-7 million of extra value from improved price responsiveness of generation activities, one of the benefits of the diverse generation portfolio.

The Kupe gas field, New Zealand's third largest production facility, has performed strongly for the half year. Overall production was up, with plant utilisation at 94 per cent of capacity relative to 86 per cent in the prior period.

The oil price has increased from USD 56/bbl to USD 67/bbl by the end of 2017, although hedging in place will limit upside in the short term. LPG production yield recovered from last year's low levels, following corrosion rectification and compression system repairs.

Kupe gas production is supporting generation requirements at Huntly and ensures a flexible mix of fuels is available to generation teams in a volatile wholesale market. The synergy between Genesis' Kupe LPG production asset and our growing retail position also provides continued benefit to the Company.

Genesis is pleased to note Kupe will benefit from the certainty of a new shareholder. Australasian oil and gas company Beach Energy's acquisition of a 50 per cent interest from Origin's Lattice Energy took effect on 31 January. This is expected to allow us to accelerate the planning for Phase 2 of the site, including compression and the potential drilling of a new well.

Genesis' ongoing transformation is creating an innovative, future-focused and customer-centric company. For the remainder of FY18 your Board and Executive, together with the 960 people who choose to work at Genesis, will build on the achievements of the past six months and remain focused on our goal of becoming a $400+ million EBITDAF company by 2021.

Dame Jenny Shipley DNZM
Chair

Marc England
Chief Executive Officer

AT A GLANCE

Our people

Commitment to being an inclusive and diverse employer.

Gender mix

55% male

45% female

40% of senior management including Directors are female.

Minding the Gap
- gender pay gap has dropped from

3.8% to 2.9%

Genesis people identify with more than 50 ethnicities

Our communities

More than 1,000 **NZ families assisted in HY18** through Genesis' partnership with curtain banks in Auckland, Wellington and Christchurch.

40,000 **children at 92 schools** provided with real time updates of their school's solar electricity generation from School-gen.

10 **Iwi relationships in place** alongside several hapu/runanga relationships within the rohe of the Company's generation assets and offices, all of which are highly valued by Genesis.

Our environment

700 **hectares of forest** supported in Whanganui, the Coromandel peninsula, Marlborough and Canterbury through an agreement with Green Growth Forests Ltd that serves to diversify Genesis' carbon offset investments, whilst supporting the regeneration of native forest in New Zealand.

Whio Bootcamp game was played 121,000 times meaning more people are learning about whio and why they are an indicator of healthy water.

Condensed Consolidated Interim Financial Statements

For the six month period ended
31 December 2017

Contents

Notes to the condensed consolidated interim financial statements

Consolidated interim comprehensive income statement

For the six month period ended 31 December 2017

	Note	6 months ended 31 Dec 2017 unaudited $ million	31 Dec 2016 unaudited $ million
Operating revenue			
Electricity revenue		**998.2**	798.3
Gas revenue		**119.5**	133.6
Petroleum revenue		**64.1**	15.5
Other revenue		**32.7**	17.9
		1,214.5	965.3
Operating expenses			
Electricity purchases, transmission and distribution		**(595.0)**	(442.8)
Gas purchases, transmission and distribution		**(118.3)**	(141.1)
Petroleum production, marketing and distribution		**(32.7)**	(8.9)
Fuels consumed		**(96.0)**	(67.9)
Employee benefits		**(44.0)**	(39.8)
Other operating expenses		**(129.0)**	(109.1)
		(1,015.0)	(809.6)
Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses (EBITDAF)		**199.5**	155.7
Depreciation, depletion and amortisation	4	**(103.5)**	(73.6)
Impairment of non-current assets		**-**	(0.8)
Change in fair value of financial instruments	5	**(19.7)**	1.9
Other gains (losses)		**0.9**	(1.6)
		(122.3)	(74.1)
Profit before net finance expense and income tax		**77.2**	81.6
Finance revenue		**0.4**	0.9
Finance expense	6	**(37.8)**	(29.6)
Profit before income tax		**39.8**	52.9
Income tax (expense)		**(11.4)**	(15.5)
Net profit for the period		**28.4**	37.4
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in cash flow hedge reserve		**(17.7)**	22.7
Income tax credit (expense) relating to items that may be reclassified		**5.0**	(6.4)
Total items that may be reclassified subsequently to profit or loss		**(12.7)**	16.3
Total other comprehensive income (expense) for the period		**(12.7)**	16.3
Total comprehensive income for the period		**15.7**	53.7
Earnings per share from operations attributable to shareholders of the Parent			
Basic and diluted earnings per share (cents)		**2.84**	3.74

The above statement should be read in conjunction with the accompanying notes.

Consolidated interim statement of changes in equity

For the six month period ended 31 December 2017

	Note	Share capital unaudited $ million	Share-based payments reserve unaudited $ million	Asset revaluation reserve unaudited $ million	Cash flow hedge reserve unaudited $ million	Retained earnings unaudited $ million	Total unaudited $ million
Balance as at 1 July 2017		**539.7**	**1.0**	**987.2**	**(22.6)**	**476.6**	**1,981.9**
Net profit for the period		**-**	**-**	**-**	**-**	**28.4**	**28.4**
Other comprehensive income							
Change in cash flow hedge reserve		**-**	**-**	**-**	**(17.7)**	**-**	**(17.7)**
Income tax credit relating to other comprehensive income		**-**	**-**	**-**	**5.0**	**-**	**5.0**
Total comprehensive income for the period		**-**	**-**	**-**	**(12.7)**	**28.4**	**15.7**
Revaluation reserve reclassified to retained earnings on disposal of assets		**-**	**-**	**(0.6)**	**-**	**0.6**	**-**
Share-based payments		**-**	**0.3**	**-**	**-**	**-**	**0.3**
Acquisition of treasury shares		**(1.1)**	**-**	**-**	**-**	**-**	**(1.1)**
Dividends	7	**-**	**-**	**-**	**-**	**(83.9)**	**(83.9)**
Balance as at 31 December 2017		**538.6**	**1.3**	**986.6**	**(35.3)**	**421.7**	**1,912.9**

	Note	Share capital unaudited $ million	Share-based payments reserve unaudited $ million	Asset revaluation reserve unaudited $ million	Cash flow hedge reserve unaudited $ million	Retained earnings unaudited $ million	Total unaudited $ million
Balance as at 1 July 2016		539.7	0.5	972.9	(43.8)	521.9	1,991.2
Net profit for the period		-	-	-	-	37.4	37.4
Other comprehensive income							
Change in cash flow hedge reserve		-	-	-	22.7	-	22.7
Income tax expense relating to other comprehensive income		-	-	-	(6.4)	-	(6.4)
Total comprehensive income for the period		-	-	-	16.3	37.4	53.7
Share-based payments		-	0.2	-	-	-	0.2
Dividends	7	-	-	-	-	(82.0)	(82.0)
Balance as at 31 December 2016		539.7	0.7	972.9	(27.5)	477.3	1,963.1

The above statement should be read in conjunction with the accompanying notes.

Consolidated interim balance sheet

As at 31 December 2017

	Note	31 Dec 2017 unaudited $ million	Restated 30 Jun 2017 audited $ million
Current assets			
Cash and cash equivalents		**40.6**	27.8
Receivables and prepayments		**217.4**	225.2
Inventories		**64.5**	79.8
Intangible assets		**8.1**	6.7
Tax receivable		**-**	6.4
Derivatives	13	**19.5**	26.4
Total current assets		**350.1**	372.3
Non-current assets			
Receivables and prepayments		**4.8**	3.5
Property, plant and equipment	8	**2,962.6**	3,004.0
Oil and gas assets	9	**405.4**	434.8
Intangible assets		**361.0**	364.8
Derivatives	13	**36.5**	39.9
Total non-current assets		**3,770.3**	3,847.0
Total assets		**4,120.4**	4,219.3
Current liabilities			
Payables and accruals		**169.7**	180.3
Tax payable		**16.1**	-
Borrowings	12	**10.1**	11.0
Provisions		**13.1**	13.7
Derivatives	13	**42.4**	23.2
Total current liabilities		**251.4**	228.2
Non-current liabilities			
Payables and accruals		**0.8**	0.7
Borrowings	12	**1,219.0**	1,248.8
Provisions		**157.5**	158.9
Deferred tax liability		**549.3**	575.1
Derivatives	13	**29.5**	25.7
Total non-current liabilities		**1,956.1**	2,009.2
Total liabilities		**2,207.5**	2,237.4
Shareholders' equity			
Share capital		**538.6**	539.7
Reserves		**1,374.3**	1,442.2
Total equity		**1,912.9**	1,981.9
Total equity and liabilities		**4,120.4**	4,219.3

The Directors of Genesis Energy Limited authorise these condensed consolidated interim financial statements for issue on behalf of the Board.

Rt Hon Dame Jenny Shipley, DNZM
Chairman of the Board

Date 14 February 2018

Joanna Perry, MNZM
Chairman of the Audit and Risk Committee

Date 14 February 2018

The above statement should be read in conjunction with the accompanying notes.

Consolidated interim cash flow statement

For the six month period ended 31 December 2017

	Note	6 months ended 31 Dec 2017 unaudited $ million	31 Dec 2016 unaudited $ million
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		**1,227.7**	976.6
Interest received		**0.4**	0.9
Tax received		**-**	0.6
		1,228.1	978.1
Cash was applied to:			
Payments to suppliers and related parties		**976.4**	794.0
Payments to employees		**43.0**	39.9
Tax paid		**9.8**	17.7
		1,029.2	851.6
Net cash inflows from operating activities		**198.9**	126.5
Cash flows from investing activities			
Cash was provided from:			
Proceeds from disposal of property, plant and equipment		**0.2**	-
		0.2	-
Cash was applied to:			
Purchase of property, plant and equipment		**20.9**	17.1
Purchase of oil and gas assets		**1.9**	3.1
Purchase of intangibles (excluding emission units and deferred customer acquisition costs)		**8.1**	9.6
		30.9	29.8
Net cash (outflows) from investing activities		**(30.7)**	(29.8)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from borrowings		**-**	262.2
		-	262.2
Cash was applied to:			
Repayment of borrowings		**35.6**	75.0
Interest paid and other finance charges		**34.8**	27.1
Dividends	7	**83.9**	82.0
Acquisition of treasury shares		**1.1**	-
		155.4	184.1
Net cash inflows (outflows) from financing activities		**(155.4)**	78.1
Net increase in cash and cash equivalents		**12.8**	174.8
Cash and cash equivalents at 1 July		**27.8**	34.9
Cash and cash equivalents at 31 December		**40.6**	209.7

The above statement should be read in conjunction with the accompanying notes.

Consolidated interim cash flow statement (continued)

For the six month period ended 31 December 2017

Reconciliation of net profit to net cash inflow from operating activities	Note	6 months ended 31 Dec 2017 unaudited $ million	31 Dec 2016 unaudited $ million
Net profit for the period		**28.4**	37.4
Items classified as investing/financing activities			
Net loss on disposal of property, plant and equipment		**0.1**	-
Interest and other finance charges paid		**34.9**	27.2
		35.0	27.2
Non-cash items			
Depreciation, depletion and amortisation expense	4	**103.5**	73.6
Impairment of non-current assets		**-**	0.8
Change in fair value of financial instruments	5	**19.7**	(1.9)
Deferred tax expense		**(20.8)**	(7.1)
Change in capital expenditure accruals		**(1.0)**	4.4
Change in rehabilitation and contractual arrangement provisions		**4.1**	(0.6)
Other non-cash items		**1.2**	(1.1)
		106.7	68.1
Movements in working capital			
Change in receivables and prepayments		**6.5**	17.8
Change in inventories		**15.3**	1.4
Change in emission units on hand		**(2.8)**	-
Change in deferred customer acquisition costs		**(0.2)**	(0.6)
Change in payables and accruals		**(10.5)**	(30.4)
Change in tax receivable/payable		**22.5**	5.4
Change in provisions		**(2.0)**	0.2
		28.8	(6.2)
Net cash inflow from operating activities		**198.9**	126.5

The above statement should be read in conjunction with the accompanying notes.

Notes to the condensed consolidated interim financial statements

For the six month period ended 31 December 2017

1. General information

Genesis Energy Limited (the 'Parent') is a company registered under the Companies Act 1993. The Parent is majority owned by Her Majesty the Queen in Right of New Zealand (the 'Crown') and is listed on the NZSX, NZDX and ASX. The Parent, as a mixed ownership model company, is bound by the requirements of the Public Finance Act 1989. The liabilities of the Parent are not guaranteed in any way by the Crown. The Parent is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The condensed consolidated interim financial statements comprise the Parent, its subsidiaries and the Group's interests in joint operations (together, the 'Group'). The condensed consolidated interim financial statements cover the six month period ended 31 December 2017.

These interim financial statements have not been audited.

The Group is designated as a profit-oriented entity for financial reporting purposes.

The Group's core business is located in New Zealand and involves the generation of electricity, retailing and trading of energy, and the development and procurement of fuel sources. To support these functions, the Group's scope of business includes retailing and trading of related complementary products designed to support its key energy business.

Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with, and comply with, New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* ('NZ IAS 34'). In complying with NZ IAS 34, these statements comply with International Accounting Standard 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements. Consequently, these condensed consolidated interim financial statements should be read in conjunction with the annual financial statements and related notes included in Genesis Energy's Annual Report for the year ended 30 June 2017.

The condensed consolidated interim financial statements are presented in New Zealand dollars rounded to the nearest 100,000.

Application of new and revised accounting standards, interpretations and amendments

There have been no new or revised accounting standards, interpretations and amendments effective during the period have a material impact on the Group's accounting policies or disclosures.

There have been no significant changes in accounting policies or methods of computation since 30 June 2017. The accounting policies set out in Genesis Energy's Annual Report for the year ended 30 June 2017 have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

Critical accounting estimates and judgements

The preparation of the Group's condensed consolidated interim financial statements requires Management to make estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Significant areas of estimation and judgement in these condensed consolidated interim financial statements are the same as those disclosed in Genesis Energy's annual financial statements included in Genesis Energy's Annual Report for the year ended 30 June 2017.

Seasonality of operations

Fluctuations in seasonal weather patterns can have a significant impact on supply and demand and therefore the generation of electricity, which in turn can have a positive or negative impact on the reported result.

2. Underlying EBITDAF and underlying earnings

Underlying EBITDAF and underlying earnings are performance measures that are not defined in New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and therefore are considered to be non GAAP (Generally Accepted Accounting Practice) performance measures. These performance measures are used internally to provide more insight into the operating performance of the Group by adjusting for items that are outside Management's control or items that relate to strategic rather than operational decisions. These measures should not be viewed in isolation, nor considered a substitute for measures reported in accordance with NZ IFRS. Underlying EBITDAF and underlying earnings are used by many companies, however, because these measures are not defined by NZ IFRS they may not be uniformly defined or calculated by all companies. Accordingly these measures may not be comparable with similarly titled measures used by other companies.

The table below provides a reconciliation of reported EBITDAF to underlying EBITDAF, and reported net profit for the period to underlying earnings for the period. Significant items are excluded from underlying EBITDAF and underlying earnings when they meet the criteria outlined in the Group's non GAAP financial information policy.

	6 months ended	
	31 Dec 2017 unaudited $ million	31 Dec 2016 unaudited $ million
Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses (EBITDAF)	**199.5**	155.7
Business acquisition costs	-	0.8
Adjustments before tax expense	-	0.8
Underlying EBITDAF	**199.5**	156.5

Business acquisition costs – the costs incurred to acquire an additional 15.0 per cent share of Kupe and Nova Energy's retail LPG business have been removed as the costs relate specifically to the acquisition rather than the ongoing operations of the businesses acquired.

	6 months ended	
	31 Dec 2017 unaudited $ million	31 Dec 2016 unaudited $ million
Net profit for the period	**28.4**	37.4
EBITDAF adjustments before tax outlined above	-	0.8
Change in fair value of financial instruments	**19.7**	(1.9)
Impairment of non-current assets	-	0.8
Adjustments before tax expense	**19.7**	(0.3)
Tax expense on adjustments	**(5.5)**	0.3
Adjustments after tax expense	**14.2**	-
Underlying earnings	**42.6**	37.4
Underlying earnings per share (cents)	**4.26**	3.74

Change in fair value of financial instruments - these changes are excluded as the change in fair value often relates to circumstances outside Management's control and do not necessarily reflect the cash flows that will be received or paid when the arrangement is settled.

Impairment of non-current assets – impairment of non-current assets has been removed from underlying earnings on the basis that impairments occur infrequently and usually relate to strategic decisions rather than operating activities.

Tax expense on adjustments – the tax impact of the adjustments noted above is adjusted to determine the underlying earnings for the business excluding these transactions.

3. Segment reporting

The Group is currently organised into four segments as follows:

Segment	Activity
Customer	Supply of energy (electricity, gas and LPG) and related services to end-users.
Wholesale	Supply of electricity to the wholesale electricity market and supply of gas, LPG and coal to wholesale customers and the Customer segment and the sale and purchase of derivatives to fix the price of electricity.
Kupe	Exploration, development and production of gas and petroleum products. Supply of gas and LPG to the Wholesale segment and supply of light oil.
Corporate	Head-office functions, including new generation investigation and development, fuel management, information systems, human resources, finance, corporate relations, property management, legal and corporate governance. Corporate revenue is made up of property rental and miscellaneous income.

The segments are based on the different products and services offered by the Group. No operating segments have been aggregated.

Six months ended 31 December 2017	Customer unaudited $ million	Wholesale unaudited $ million	Kupe unaudited $ million	Corporate unaudited $ million	Inter-segment items unaudited $ million	Total unaudited $ million
Operating revenue						
Electricity revenue	625.6	622.6	-	-	(250.0)	998.2
Gas revenue	78.5	65.4	42.1	-	(66.5)	119.5
Petroleum revenue	33.3	15.7	31.8	-	(16.7)	64.1
Other revenue	6.0	25.8	0.4	0.5	-	32.7
	743.4	729.5	74.3	0.5	(333.2)	1,214.5
Operating expenses						
Electricity purchase, transmission and distribution	(520.8)	(324.2)	-	-	250.0	(595.0)
Gas purchase, transmission and distribution	(61.7)	(80.9)	-	-	24.3	(118.3)
Petroleum production, marketing and distribution	(17.9)	(15.3)	(16.2)	-	16.7	(32.7)
Fuel consumed	-	(138.2)	-	-	42.2	(96.0)
Employee benefits	(19.2)	(14.0)	(0.1)	(10.7)	-	(44.0)
Other operating expenses	(66.6)	(50.5)	(2.3)	(9.6)	-	(129.0)
	(686.2)	(623.1)	(18.6)	(20.3)	333.2	(1,015.0)
Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses	57.2	106.4	55.7	(19.8)	-	199.5
Depreciation, depletion and amortisation	(6.7)	(55.9)	(34.2)	(6.7)	-	(103.5)
Change in fair value of financial instruments	-	(13.0)	(7.3)	0.6	-	(19.7)
Other gains (losses)	-	0.9	(0.1)	0.1	-	0.9
Profit (loss) before net finance expense and income tax	50.5	38.4	14.1	(25.8)	-	77.2
Finance revenue	-	-	-	0.4	-	0.4
Finance expense	(0.2)	(1.2)	(1.8)	(34.6)	-	(37.8)
Profit (loss) before income tax	50.3	37.2	12.3	(60.0)	-	39.8
Other segment information						
Capital expenditure	10.5	4.0	2.2	10.3	-	27.0

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For the six month period ended 31 December 2017

3. Segment reporting (continued)

Six months ended 31 December 2016	Customer unaudited $ million	Wholesale unaudited $ million	Kupe unaudited $ million	Corporate unaudited $ million	Inter-segment items unaudited $ million	Total unaudited $ million
Operating revenue						
Electricity revenue	624.0	422.1	-	-	(247.8)	798.3
Gas revenue	87.9	72.4	27.6	-	(54.3)	133.6
Petroleum revenue	-	4.9	15.4	-	(4.8)	15.5
Other revenue	5.6	11.7	-	0.6	-	17.9
	717.5	511.1	43.0	0.6	(306.9)	965.3
Operating expenses						
Electricity purchase, transmission and distribution	(512.6)	(178.0)	-	-	247.8	(442.8)
Gas purchase, transmission and distribution	(69.0)	(98.8)	-	-	26.7	(141.1)
Petroleum production, marketing and distribution	-	(4.7)	(9.0)	-	4.8	(8.9)
Fuel consumed	-	(95.5)	-	-	27.6	(67.9)
Employee benefits	(14.1)	(15.0)	(0.1)	(10.6)	-	(39.8)
Other operating expenses	(59.1)	(36.3)	(2.0)	(11.7)	-	(109.1)
	(654.8)	(428.3)	(11.1)	(22.3)	306.9	(809.6)
Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses	62.7	82.8	31.9	(21.7)	-	155.7
Depreciation, depletion and amortisation	(2.2)	(50.5)	(15.6)	(5.3)	-	(73.6)
Impairment of non-current assets	(0.8)	-	-	-	-	(0.8)
Change in fair value of financial instruments	-	0.2	(0.7)	2.4	-	1.9
Other losses	-	(1.0)	(0.5)	(0.1)	-	(1.6)
Profit (loss) before net finance expense and income tax	59.7	31.5	15.1	(24.7)	-	81.6
Finance revenue	-	-	0.1	0.8	-	0.9
Finance expense	(0.2)	(1.3)	(1.1)	(27.0)	-	(29.6)
Profit (loss) before income tax	59.5	30.2	14.1	(50.9)	-	52.9
Other segment information						
Capital expenditure	6.9	8.8	3.1	4.2	-	23.0

Inter-segment revenue

Sales between segments is based on transfer prices developed in the context of long-term contracts. The electricity transfer price per MWh charged between Wholesale and Customer was $79.11 (31 December 2016: $81.00). Inter-segment gas and petroleum revenue includes the Group's share of Kupe gas and LPG sales to Wholesale and gas and LPG on-sold from Wholesale to Customer.

Geographic information

All business segments operate within New Zealand.

Major customer information

The Group has no individual customers that account for 10.0 per cent or more of the Group's external revenue (31 December 2016: none).

4. Depreciation, depletion and amortisation

	6 months ended 31 Dec 2017 unaudited $ million	31 Dec 2016 unaudited $ million
Depreciation of property, plant and equipment	**59.4**	52.0
Depreciation and depletion of oil and gas assets	**31.6**	15.7
Amortisation of intangibles (excluding amortisation of deferred customer acquisition costs)	**12.5**	5.9
	103.5	73.6

Depreciation, depletion and amortisation has increased by $29.9 million in comparison to the six months ended 31 December 2016. The increase is primarily due to the acquisition of the Kupe subsidiaries and the LPG business during the 2017 financial year and the revaluation of the generation assets at 30 June 2017.

5. Change in fair value of financial instruments

	6 months ended 31 Dec 2017 unaudited $ million	31 Dec 2016 unaudited $ million
Change in fair value of derivatives - gain (loss)	**(21.7)**	(17.9)
Fair value interest rate risk adjustment on borrowings - gain (loss)	**2.0**	19.8
	(19.7)	1.9

The change in the fair value of derivatives for the current period mainly relates to the movement in the fair value of electricity swaps and options ($12.8 million loss), oil swaps ($6.9 million loss) and cross-currency interest rate swaps ('CCIRS') ($2.1 million loss). The movement in the fair value of the electricity swaps and options primarily reflects movements in the electricity price path between either the date the contract was entered into, if it's a new contract in the period, or since the previous reporting date. The movement in the fair value of oil swaps primarily reflects the movement in oil prices and foreign exchange rates between the date the contract was entered into, if it's a new contract in the period, or since the previous reporting date. The movement in the fair value of the CCIRS relates to movements in interest and foreign exchange rates between 30 June 2017 and the reporting date. The movement in the fair value of the CCIRS was offset by the change in the fair value interest rate risk adjustment on the United States Private Placement ('USPP') ($2.0 million gain). The net impact on net profit of the CCIRS and USPP was a $0.1 million loss.

The change in the fair value of derivatives for the previous period mainly relates to the movement in the fair value of CCIRS ($18.4 million loss). The movement in the fair value of the CCIRS relates to movements in interest and foreign exchange rates between 30 June 2016 and 31 December 2016. The movement in the fair value of the CCIRS was offset by the change in the fair value interest rate risk adjustment on the USPP ($19.3 million gain). The net impact on net profit of the CCIRS and USPP was a $0.9 million gain for the six months ended 31 December 2016.

6. Finance expense

	6 months ended 31 Dec 2017 unaudited $ million	31 Dec 2016 unaudited $ million
Interest on borrowings (excluding capital bonds)	**21.7**	20.8
Interest on capital bonds	**13.0**	6.2
Total interest on borrowings	**34.7**	27.0
Other interest and finance charges	**0.3**	0.4
Time value of money adjustments on provisions	**2.9**	2.4
	37.9	29.8
Capitalised finance expenses	**(0.1)**	(0.2)
	37.8	29.6

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For the six month period ended 31 December 2017

7. Dividends

	6 months ended 31 Dec 2017 imputation unaudited	6 months ended 31 Dec 2017 unaudited $ million	6 months ended 31 Dec 2017 cents per share unaudited	6 months ended 31 Dec 2016 imputation unaudited	6 months ended 31 Dec 2016 unaudited $ million	6 months ended 31 Dec 2016 cents per share unaudited
Dividends declared and paid during the period						
Previous period final dividend	**80%**	**83.9**	**8.40**	80%	82.0	8.20
Dividends declared subsequent to reporting date						
Current period interim dividend	**80%**	**82.9**	**8.30**	80%	82.0	8.20

8. Property, plant and equipment

	Note	6 months ended 31 Dec 2017 unaudited $ million	Restated year ended 30 Jun 2017 audited $ million
Opening balance		**3,004.0**	2,988.0
Additions		**24.9**	41.1
Additions acquired through business acquisitions	10	**-**	39.2
Revaluation gains		**-**	71.3
Capitalised finance expenses		**0.1**	0.3
Change in rehabilitation and contractual arrangement assets		**-**	3.0
Transfer to intangible assets		**(6.9)**	(22.2)
Disposals		**(0.1)**	-
Impairment		**-**	(2.4)
Depreciation expense		**(59.4)**	(114.3)
Closing balance		**2,962.6**	3,004.0

9. Oil and gas assets

	6 months ended 31 Dec 2017 unaudited $ million	Year ended 30 Jun 2017 audited $ million
Opening balance	**434.8**	267.5
Additions	**2.2**	5.4
Additions acquired through business acquisitions	**-**	205.1
Change in rehabilitation assets	**-**	1.9
Depreciation and depletion expense	**(31.6)**	(45.1)
Closing balance	**405.4**	434.8

During the 2017 financial year, the Group reviewed the method used to deplete oil and gas-producing assets (excluding major inspection costs). Based on the results of the review, the Group amended the method used to deplete the cost of producing wells to better reflect the way in which the asset is being used. The reserves estimate used to calculate depletion expense was also revised to align with those used by the Joint Venture Operator, as the Joint Venture Operator's reserve estimate was unavailable at the time the 30 June 2016 result was compiled. The change in method and reserves estimate was applied prospectively from 1 July 2016, which resulted in a $0.4 million increase in depletion expense for the year ended 30 June 2017.

In August 2017 the Joint Venture Operator included a revised reserves estimate in their financial statements. A Joint Venture Operating Committee review of their reserves estimate is ongoing. Accordingly the Group has not changed the reserves estimate at 31 December 2017.

9. Oil and gas assets (continued)

	Proved reserves (1P) 31 Dec 2017 PJe	30 Jun 2017 PJe	Proved and probable reserves (2P) 31 Dec 2017 PJe	30 Jun 2017 PJe
Opening remaining field reserves at 1 July	**250.5**	288.5	**373.1**	387.9
Alignment of opening remaining field reserves to Joint Venture Operator's estimate	**-**	(2.9)	**-**	20.3
Production	**(18.9)**	(35.1)	**(18.9)**	(35.1)
Closing remaining field reserves	**231.6**	250.5	**354.2**	373.1
Developed	**141.2**	160.1	**180.6**	199.5
Undeveloped	**90.4**	90.4	**173.6**	173.6
Closing remaining field reserves	**231.6**	250.5	**354.2**	373.1

10. Business acquisition

LPG business acquired

On 1 June 2017 the Parent acquired Nova Energy Limited's LPG business. The business was acquired as a result of the Group's strategy to grow its LPG capability.

The accounting for the acquisition of the LPG business was prepared on a provisional basis at 30 June 2017. Due to the timing of the acquisition, the calculations of the fair values of property, plant and equipment, customer contracts and relationships and goodwill were finalised during the six months ended 31 December 2017. A comparison between the provisional values assigned at 30 June 2017 and final values is provided below. The 30 June 2017 numbers within these financial statements have been restated to reflect the final fair values.

	Note	Provisional value 30 Jun 2017 $ million	Change 30 June 2017 $ million	Final value 30 June 2017 $ million
Current Assets				
Receivables		-	**0.3**	**0.3**
Inventories		0.3	**-**	**0.3**
Total current assets		0.3	**0.3**	**0.6**
Non-current assets				
Property, plant and equipment	8	31.9	**7.3**	**39.2**
Customer contracts and relationships		67.9	**(5.7)**	**62.2**
Total non-current assets		99.8	**1.6**	**101.4**
Total assets		100.1	**1.9**	**102.0**
Current liabilities				
Payables and accruals		2.0	**0.1**	**2.1**
Total current liabilities		2.0	**0.1**	**2.1**
Non-current liabilities				
Deferred tax liability		22.5	**0.4**	**22.9**
Total non-current liabilities		22.5	**0.4**	**22.9**
Total liabilities		24.5	**0.5**	**25.0**
Net identifiable assets acquired		75.6	**1.4**	**77.0**
Goodwill		114.0	**(1.4)**	**112.6**
Purchase Price		189.6	**-**	**189.6**

The changes above had no material impact to the Income Statement, as a result no change has been made to the net profit reported for 30 June 2017.

11. Material related party transactions

The majority shareholder of the Parent is the Crown. The Parent and Group transact with Crown-controlled and related entities independently and on an arm's-length basis for emission activities comprising emission unit purchases and sales, royalties, scientific consultancy services, electricity transmission, postal services, rail services and energy-related products (including electricity derivatives). All transactions with Crown-controlled and related entities are based on commercial terms and conditions and relevant market drivers.

The Group has two significant transactions with Meridian Energy, a Crown-controlled entity, being: a 150MW contract to provide dry-year cover for four years from 1 January 2015, with a further four-year extension from 1 January 2019 and a 50MW contract to supply electricity to the Huntly node from 1 January 2017 to 31 December 2018.

Dividends paid to the Crown during the period were $43.0 million (31 December 2016: $42.0 million). There were no other individually significant transactions with the Crown and Crown-controlled and related entities during the period (31 December 2016: nil).

Other transactions with Crown-controlled and related entities which are collectively, but not individually, significant relate to the sale of electricity derivatives. Approximately 51 per cent of the value of electricity derivative assets and approximately 45 per cent of the value of electricity derivative liabilities held by the Group at the reporting date were held with Crown-controlled and related entities (31 December 2016: 79 per cent and 61 per cent, respectively). The contracts expire at various times; the latest expiry date is December 2025.

For a list and description of transactions with related parties, refer to Genesis Energy's annual financial statements included in Genesis Energy's Annual Report for the year ended 30 June 2017.

12. Borrowings

	31 Dec 2017 unaudited $ million	30 Jun 2017 audited $ million
Revolving credit and money market	**160.5**	196.7
Term loan facility	**30.0**	30.0
Wholesale term notes	**292.9**	292.8
Retail term notes	**100.5**	100.3
Capital bonds	**424.9**	424.4
USPP	**220.3**	215.6
Total	**1,229.1**	1,259.8
Current	**10.1**	11.0
Non-current	**1,219.0**	1,248.8
Total	**1,229.1**	1,259.8

Revolving credit

As at 31 December 2017 the Group had drawn down $160.0 million (30 June 2017: $196.0 million) from the revolving credit facility and had available undrawn funding of $295.0 million (30 June 2017: $260.0 million).

13. Derivatives

Net carrying value of derivatives	31 Dec 2017 unaudited $ million	30 Jun 2017 audited $ million
Derivatives designated in a cash flow hedge relationship		
Foreign exchange swaps	**1.7**	3.6
Interest rate swaps	**(24.4)**	(22.0)
Electricity swaps	**(17.3)**	(9.4)
Oil swaps	**(8.4)**	5.3
CCIRS	**15.1**	7.9
Derivatives designated in a fair value hedge relationship		
CCIRS	**3.6**	5.6
Derivatives not designated as hedges		
Interest rate swaps	**(2.6)**	(2.9)
Electricity swaps and options	**16.5**	29.2
Forward sale-and-purchase agreements of emission units held for trading	**(0.1)**	0.1
Total	**(15.9)**	17.4
Carrying value of derivatives by balance sheet classification		
Current assets	**19.5**	26.4
Non-current assets	**36.5**	39.9
Current liabilities	**(42.4)**	(23.2)
Non-current liabilities	**(29.5)**	(25.7)
Total	**(15.9)**	17.4

The process and method of valuing derivatives is outlined in note 14.

Change in carrying value of derivatives	6 months ended 31 Dec 2017 unaudited $ million	Year ended 30 Jun 2017 audited $ million
Opening balance	**17.4**	(11.5)
Total change recognised in revenue	**10.2**	21.0
Net change in derivatives not designated as hedges	**(12.6)**	19.7
Net change in fair value hedges	**(2.0)**	(18.2)
Ineffective gain (loss) on cash flow hedges	**(7.1)**	2.0
Total change recognised in the change in fair value of financial instruments	**(21.7)**	3.5
Gain (loss) recognised in other comprehensive income	**(28.7)**	14.5
Settlements	**17.0**	10.0
Sales (option fees)	**(10.1)**	(20.3)
Purchases (option fees)	**-**	0.2
Closing balance	**(15.9)**	17.4

14. Fair value

Fair value hierarchy

The Group's assets and liabilities measured at fair value are categorised into one of three levels. The levels are outlined in Genesis Energy's annual financial statements included in Genesis Energy's Annual Report for the year ended 30 June 2017.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There were no transfers between levels one, two and three during the period (31 December 2016: nil).

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14. Fair value (continued)

Level two items carried at fair value Recurring fair value measurements	31 Dec 2017 unaudited $ million	30 Jun 2017 audited $ million
Level two		
Derivatives		
Interest rate swaps	**(27.0)**	(24.9)
Foreign exchange swaps	**1.7**	3.6
Oil swaps	**(8.4)**	5.3
Electricity swaps (cash flow hedges)	**(0.1)**	0.3
Electricity swaps and options (not designated as hedges)	**2.2**	(1.7)
CCIRS	**18.7**	13.5
Forward sale-and-purchase agreements of emission units held for trading	**(0.1)**	0.1
	(13.0)	(3.8)
Inventory		
Emission units held for trading	**6.9**	9.3

Valuation of level two items carried at fair value

The fair values of level two derivatives and emission units held for trading carried at fair value are determined using discounted cash flow models. The key inputs in the valuation models were:

Item	Valuation input
Interest rate swaps	Forward interest rate price curve
Foreign exchange swaps	Forward foreign exchange rate curves
Oil swaps	Forward oil price and foreign exchange rate curves
Electricity swaps and options	ASX forward price curve
CCIRS	Forward interest rate price curve and foreign exchange rate curves
Forward sale-and-purchase agreements of emission units held for trading	OM Financial forward curve
Emission units held for trading	OM Financial forward curve

Level three items carried at fair value Recurring fair value measurements	31 Dec 2017 unaudited $ million	30 Jun 2017 audited $ million
Level three		
Derivatives		
Electricity swaps (cash flow hedges)	**(17.2)**	(9.7)
Electricity swaps and options (not designated as hedges)	**14.3**	30.9
	(2.9)	21.2
Property, plant and equipment		
Generation assets	**2,853.4**	2,903.9

Valuation of level three items carried at fair value

Valuation processes of the Group

The process used to value level three generation assets and derivatives has been disclosed in Genesis Energy's annual financial statements included in Genesis Energy's Annual Report for the year ended 30 June 2017. The process used as at 31 December 2017 is consistent with that used at 30 June 2017.

Valuation method of the Group

The valuation method used to value level three generation assets and derivatives has been disclosed in Genesis Energy's annual financial statements included in Genesis Energy's Annual Report for the year ended 30 June 2017. The valuation method used as at 31 December 2017 is consistent with that used at 30 June 2017.

Valuation of electricity swaps and options

The valuation of electricity swaps and options in level three is based on a discounted cash flow model over the life of the agreement.

14. Fair value (continued)

The key assumptions in the model are: the callable volumes, strike price and option fees outlined in the agreement, the wholesale electricity price path ('price path'), 'day one' gains and losses, emission credits and the discount rate. The wholesale electricity price path used is an average of the internally and externally generated price paths. The options are deemed to be called when the price path is higher than the strike prices after taking into account obligations relating to the specific terms of each contract. The swaps do not require calling and do not have any option fees.

The key unobservable inputs, range of assumptions and third-party inputs combine to determine the wholesale electricity price path. The wholesale electricity price paths used to value level three electricity swaps and options range from $75 per MWh to $106 per MWh over the period from 1 January 2018 to 31 December 2025 (30 June 2017: $74 per MWh to $101 per MWh over the period from 1 July 2017 to 31 December 2025). The discount rate used in the model ranged from 2.0 per cent to 5.0 per cent (30 June 2017: 2.0 per cent to 2.8 per cent) and the emission credit price used ranged between $20.25 and $25.00 (30 June 2017: $17.50 and $23.50).

If the price path increased by 10.0 per cent while holding the discount rate constant, this would result in the carrying value of the electricity derivatives decreasing to a $16.7 million liability (30 June 2017: $6.4 million asset). If the price path decreased by 10.0 per cent while holding the discount rate constant, the carrying value would increase to a $17.7 million asset (30 June 2017: $28.8 million asset).

Reconciliation of level three electricity swaps and options	6 months ended 31 Dec 2017 unaudited $ million	Year ended 30 Jun 2017 audited $ million
Opening balance	**21.2**	(16.0)
Total gain (loss)		
Electricity revenue	**10.2**	21.2
Change in fair value of financial instruments	**(16.3)**	17.8
Total gain (loss) in profit or loss	**(6.1)**	39.0
Total gain (loss) recognised in other comprehensive income	**(24.1)**	15.4
Settlements (gain) loss	**16.2**	3.1
Sales	**(10.1)**	(20.3)
Closing balance	**(2.9)**	21.2

The change in fair value of financial instruments disclosed above includes an unrealised loss of $16.3 million (30 June 2017: $17.8 million gain) on level three derivatives held at the end of the reporting period.

Deferred 'day one' gains (losses)

There is a presumption that when derivative contracts are entered into on an arm's-length basis, and no payment is received or paid on day one, the fair value at inception would be nil. The contract price of non-exchange traded electricity derivative contracts are agreed on a bilateral basis, the pricing for which may differ from the prevailing derived market price for a variety of reasons. In these circumstances, an adjustment is made to bring the initial fair value of the contract to zero at inception. The adjustment is called a 'day one' gain (loss) and is deferred and amortised, based on expected call volumes over the term of the contract. The 'day one' adjustment below is included in the level three electricity swaps and options' carrying value at the reporting date.

The following table details the movements and amounts of deferred 'day one' gains (losses) included in the fair value of level three electricity swaps and options held at the reporting date:

	6 months ended 31 Dec 2017 unaudited $ million	Year ended 30 Jun 2017 audited $ million
Opening balance	**71.6**	72.7
Deferred 'day one' gains on new derivatives	**-**	1.7
Deferred 'day one' losses realised during the period	**(3.2)**	(2.8)
Closing balance	**68.4**	71.6

Items disclosed at fair value	Carrying value 31 Dec 2017 unaudited $ million	Carrying value 30 Jun 2017 audited $ million	Fair value 31 Dec 2017 unaudited $ million	Fair value 30 Jun 2017 audited $ million
Level one				
Retail term notes	**(100.5)**	(100.3)	**(103.2)**	(102.2)
Capital bonds	**(424.9)**	(424.4)	**(443.6)**	(436.2)
Level two				
Wholesale term notes	**(292.9)**	(292.8)	**(312.4)**	(320.3)
USPP	**(220.3)**	(215.6)	**(221.4)**	(215.3)

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14. Fair value (continued)

The carrying value of all other financial assets and liabilities in the balance sheet approximates their fair values.

Valuation of wholesale term notes

The valuation of wholesale term notes is based on estimated discounted cash flow analyses, using applicable market yield curves adjusted for the Group's credit rating. Market yield curves at the reporting date used in the valuation ranged from 3.0 per cent to 4.4 per cent (30 June 2017: 3.2 per cent to 3.9 per cent).

Valuation of USPP

The valuation of USPP is based on estimated discounted cash flow analyses, using applicable United States market yield curves adjusted for the Group's credit rating. The credit-adjusted market yield at the reporting date used in the valuation was 3.2 per cent (30 June 2017: 3.2 per cent).

15. Commitments

	31 Dec 2017 unaudited $ million	30 Jun 2017 audited $ million
Total capital commitments	**25.2**	24.6
Total operating lease commitments	**62.0**	61.5
	87.2	86.1

16. Contingent assets and liabilities

At 31 December 2017 the Group had contingent assets and liabilities in respect of:

Land claims, lawsuits and other claims

The Parent acquired interests in land and leases from Electricity Corporation of New Zealand Limited ('ECNZ') on 1 April 1999. These interests in land and leases may be subject to claims to the Waitangi Tribunal and may be resumed by the Crown. The Parent would expect to negotiate with the new Maori owners for occupancy and usage rights of any sites resumed by the Crown. Certain claims have been brought to or are pending against the Parent, ECNZ and the Crown under the Treaty of Waitangi Act 1975. Some of these claims may affect land and leases purchased by the Parent or its subsidiaries from ECNZ. In the event that land is resumed by the Crown, the resumption would be effected by the Crown under the Public Works Act 1981 and compensation would be payable to the Parent.

The Board of Directors cannot reasonably estimate the adverse effect (if any) on the Parent if any of the foregoing claims are ultimately resolved against it if or any contingent or currently unknown costs or liabilities crystallise. There can be no assurances that these claims will not have a material adverse effect on the Group's business, financial condition or results of operations (30 June 2017: no reasonable estimate).

Contingent asset

The Group has an insurance claim outstanding in relation to the Tekapo B power station. The Board of Directors believe there are reasonable grounds for a successful claim. At this stage the amount that could be successfully recovered is uncertain.

There are no other known material contingent assets or liabilities (30 June 2017: nil).

17. Events occurring after balance date

Subsequent to balance date:

- The Parent declared an interim dividend of 8.3 cents per share, which will result in a payment of $82.9 million.
- The Board approved the establishment of a Dividend Reinvestment Plan to provide capital support for the Group's growth strategy and to provide a cost effective way for shareholders to reinvest dividends. This gives shareholders the option to receive additional shares in the Company rather than, or in combination with, receiving dividends. The price of the shares issued under the Plan will be based on an average market price prior to the issue date. The Board may choose to offer the shares to shareholders at a discounted price. If a discount is to apply, it will be announced at the same time as details of the dividend are announced. The Board have determined that a 2.5 per cent discount will apply to the average share price for shareholders opting to reinvest their interim dividend which is due to be paid on 20 April 2018.

There have been no other significant events subsequent to balance date.

Deloitte.

Independent review report to the shareholders of Genesis Energy Limited

We have reviewed the condensed consolidated interim financial statements ("the financial statements") of Genesis Energy Limited ("the Company") and its subsidiaries ("the Group") which comprise the consolidated interim balance sheet as at 31 December 2017, and the consolidated interim comprehensive income statement, statement of changes in equity and cash flow statement for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 6 to 22.

This report is made solely to the Company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our engagement, for this report, or for the opinions we have formed.

Board of Directors' Responsibilities

The Board of Directors are responsible for the preparation and fair presentation of the financial statements, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors are also responsible for the publication of the financial statements, whether in printed or electronic form.

Our Responsibilities

The Auditor-General is the auditor of the Group pursuant to section 5(1)(f) of the Public Audit Act 2001. Pursuant to section 32 of the Public Audit Act 2001, the Auditor-General has appointed me, Andrew Dick, using the staff and resources of Deloitte Limited, to carry out the annual audit of the Group on his behalf.

Our responsibility is to express a conclusion on the financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410'). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting.* As the auditor of Genesis Energy Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

In addition to this review and the audit of the Group's annual financial statements, we have carried out assignments in the areas of trustee reporting, scrutineer's notice and secretarial services for the corporate tax payer group which are compatible with those independence requirements. These services have not impaired our independence as auditor of the Group.

In addition to these assignments, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the Group. Other than these assignments and trading activities, we have no relationship with, or interests in the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2017 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting.*

13 February 2018
Andrew Dick
for Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand

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