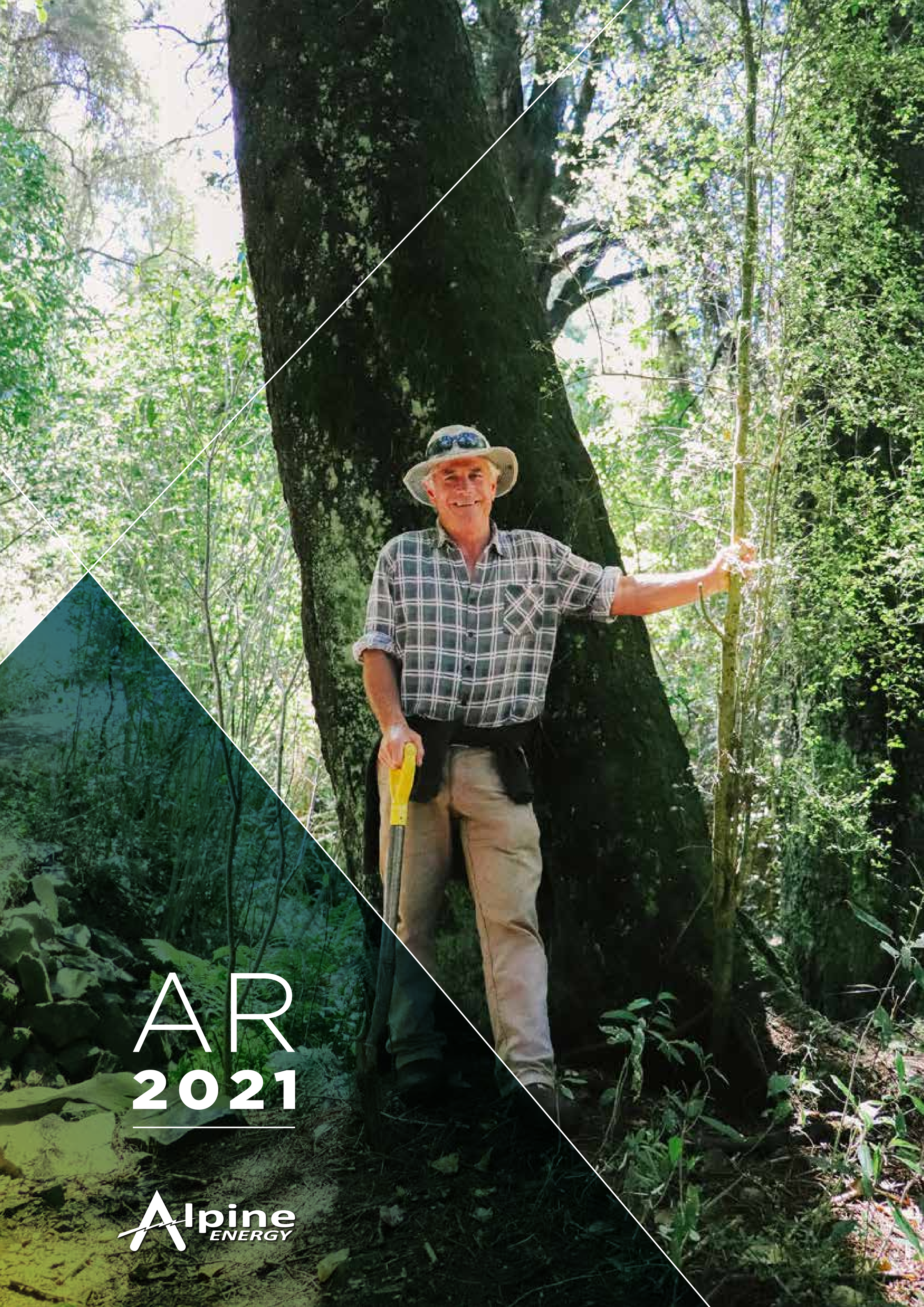


AR
2021

Alpine ENERGY

“ **A source of reliable and efficient electricity supply is of paramount importance to us as we have a Guest Lodge and Visitor Centre in addition to the Ecosanctuary, so we do rely on efficient electricity supply.”**

ANN & GARY DENNISON
Waimate Point Bush Ecosanctuary

Contents

Financial Highlights

$81.2M
Revenue

$22.3M
Earnings before interest and tax

$17.8M
Profit after tax

$2.5M
Fully imputed dividend

$24.0M
Group capital expenditure

$74.8M
Borrowings

"With a climate ranging from +30° to -20° reliable & efficient electricity supply is pivotal to the comfort and safety of our guests."

SIMON TOCKER
Peppers Bluewater Resort, Tekapo

Network Highlights

33,826 Customer connections	**836** Gigawatt hours of electricity delivered	**144MW** Network maximum demand
815km of distribution & LV cables	**3,500km** of distribution & LV overhead lines	**44,900** wood & concrete poles
26 zone substations	**28** zone substation power transformers	**172** indoor circuit breakers
421 ring main units	**1,041** ground mounted transformers	**4,957** pole mounted transformers

“ Alpine Energy’s relationship with us is very important to our security and our 24/7 operation.”

DEBBI-KAYE GARDNER
St John, Timaru

Chair Report

WARREN MCNABB

A Year of Strategic Repositioning

We will remember this year for the remarkable flexibility of our people adjusting to COVID-19 related restrictions. Our staff at Alpine and NETcon demonstrated true resilience and tenacity while safely delivering essential services to our community and businesses during a challenging start to the year.

The major financial change to the business this year was a materially lower regulatory revenue allowance with the commencement of the Commerce Commission's Default Price Path 3 (DPP3) on 1 April 2020. Notwithstanding this change, the Alpine Energy Group ('the Group') continued to deliver strong financial performance that underpins our ability to deliver to the community. The Group's operating surplus before tax for the year was $23 million. Shareholder equity grew by $16.5 million during the year. Outperforming budget expectations have allowed us to reduce our debt by $10.2 million below the forecast balance, while maintaining the interim dividends to our Shareholders and the targeted level of community sponsorship.

The Group remains committed to operational excellence as it reliably and cost effectively delivers electricity to its customers. We have introduced a rigorous focus on operational efficiency as a foundation to continue this track record of strong financial performance for the remaining term of DPP3 until 31 March 2025. To do this, we are investing and innovating across our business. We have started with the adoption of a complete business transformation driven through our digital strategy. We recognise the critical role that data and technology will play in our future financial performance.

The changes to our operating model have been embraced by contractors on our network including NETcon. NETcon's employees have worked cooperatively with Alpine to exceed our expectations for reliably delivering the majority of our operating and capital expenditure programmes.

On 3 December 2020, we completed the sale of the New Zealand Infratec assets and employees to a subsidiary of WEL Networks Limited for cash consideration of $3.9 million. We have retained the delivery of several significant South Pacific contracts, which will be completed under a secondment services agreement. Once delivered, these will provide significant value to Alpine Energy.

COVID-19 posed significant challenges to Infratec, with the business being unable to travel to the Pacific to construct these projects over the last year, however, the structure of the sale transaction has enabled us to largely preserve the value of these projects. We would like to thank the employees who showed resilience and passion to look at innovative ways to deliver the projects remotely by using local resources where possible. The Group's core growth strategy is now focused on its electricity distribution design and build activities and initiatives which are relevant to our core capabilities.

In 2020 we welcomed Linda Robertson to the Board. Linda has a successful background in the electricity industry and in corporate governance roles and has been appointed Chair of our Audit and Risk Committee. Steve Thompson also retired from the Board after 20 years of service. We want to thank him for the substantial contribution he made to the Group.

I would like to thank my fellow Directors for their contribution over the year and in guiding the Group and, with a dedicated and agile management, leading its strategy. We are determined to ensure that Alpine remains one of the best performing electricity distribution businesses in New Zealand and an essential part of the South Canterbury community.

Lastly, I would like to thank our Shareholders for their trust and support as the business navigates New Zealand's rapidly changing energy future. Transpower has described this situation as a "once in a generation change to decarbonise and become the platform upon which tomorrow's net-zero economy will be built." With this challenge in mind, the Group is shifting its focus firmly to climate change and working out how to plan for the future electrification on our network. We are encouraged by the ambition and targets set out in the Climate Change Commission's advice to the Government and are committed to playing our part by investing in critical infrastructure and continuing to provide energy solutions for our customers. We intend to enable our customers' choices in their energy future.

Ngā mihi
Warren McNabb

CEO Report

ANDREW TOMBS

It is with pleasure that we present the 2020/21 annual report for the Group. This year's report focuses on the people in our community, showcasing their commitment to our beautiful region. Alpine remains committed to delivering safe and reliable energy to the people and businesses of South Canterbury.

Our industry's role continues to be defined by New Zealand's vision of a low-carbon future. Our sector will be a central player in distributing clean energy and infrastructure to help mitigate climate change. It is part of our strategy to be a leader in that area, and we will play a vital role in the solution for South Canterbury. As such, 2021 has seen a year of significant change at Alpine. As with any company, a large part of the role involves having the right team of people working with a common purpose for the right goals. We welcomed Damien Whiffen, GM Service Delivery, and John Creagh, Safety & Risk Manager, to the Executive Team during the year. The refreshed team has spent a significant amount of time in the last year establishing our future goals, and with the input of our Board, we are reworking our strategy for a new energy future.

2021 was also a year significantly impacted by entering a new default price-quality path (DPP) period, with the resulting revenue earned in our regulated business reducing by $19M. Despite this decrease, strong financial performance is evident in our key performance metrics, which outperformed financial years 2017 through 2019. Our financial stability and performance continue to empower our community through our ownership structure, and we are pleased to have delivered a solid planned financial result for the year.

The reliability performance of our network once again exceeded regulatory expectations with our unplanned outages being under target by 15%. We have completed several major projects on our network, continuing to ensure a reliable, secure energy supply to our region:

- Twizel township overhead infrastructure renewal: we removed 9.5 km of redundant hot water wire while maintaining 375 poles, securing supply to 697 customers.
- Geraldine township overhead infrastructure renewal: we replaced 60 house services, maintained 243 poles, securing supply to the town. In addition, the main transformer, which had come to end of life, was replaced and upgraded to allow for future growth in the region.
- Undergrounding remaining overhead structure leading into the Timaru Port to remove safety hazards of the infrastructure in a busy truck traffic area. In addition, we built a new connection for Prime Port's expansion of its logging area, which incorporated a new 11 kV ring circuit.

In the delivery of the above projects, our subsidiary, NETcon, has also performed, ending the year with an EBIT level three times higher than budget. Under the new leadership of CEO Pete Theron, the subsidiary continues to work on delivering efficiency and optimisation. This while providing the expertise required to safely operate and maintain our infrastructure.

Climate change and decarbonisation is having a significant impact on New Zealand. The emergence of the COVID-19 pandemic has had an unprecedented impact on the world and specific business activities. Utilities will always play a critical role in response to these changes. We believe that Alpine is well-positioned to respond to our community during these challenging times. We are confident that while the company's future may look very different, it will continue to be grounded by our core strengths in our infrastructure, our people, our values, and our prosperous past. Thank you to our customers, supporters, and employees for their contributions in 2021. Thank you to the Board of Directors for their leadership and oversight of the Alpine Energy Group.

Ngā mihi
Andrew Tombs

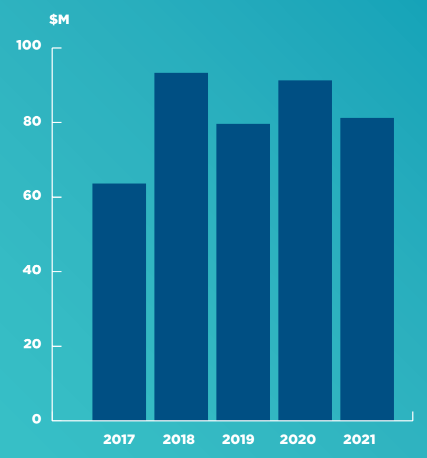
Financial Summary

PERFORMANCE AGAINST STATEMENT OF CORPORATE INTENT

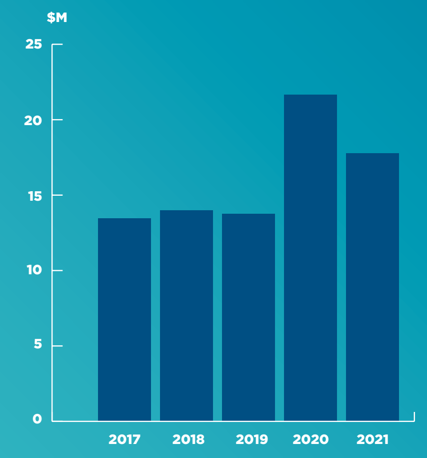
	Actual			SCI 2021 -2023	
	FY19	FY20	FY21	FY21	
(i) Ratio of shareholders' funds to total assets	49%	51%	56%	54%	ʌ
(ii) Rate of return on shareholders' funds	9.72%	14.70%	11.09%	7.34%	ʌ
(iii) Net tangible assets per share $	7.09	7.25	7.25	7.45	V
(iv) Earnings per share (cents per share)	33.27	52.35	42.97	28.76	ʌ
(v) Ordinary dividend per share (cents per share)	24.00	24.00	6.00	6.00	>
Financial Projections	**$M**	**$M**	**$M**	**$M**	
Revenue	79.7	91.3	81.2	84.3	
Operating Expenses	60.2	62.2	58.0	68.6	
Operating Surplus Before Tax	**19.5**	**29.1**	**23.2**	**15.7**	ʌ
Net Operating Surplus After Tax	**13.8**	**21.6**	**17.8**	**11.9**	ʌ
Shareholder Funds	**142.5**	**151.9**	**168.4**	**166.6**	ʌ
Current Assets	17.9	24.6	18.2	13.2	
Non-current Assets	282.9	299.0	300.6	294.6	
Total Assets	**300.8**	**323.6**	**318.8**	**307.8**	ʌ
Current Liabilities	17.9	27.2	19.3	14.0	
Non-current Liabilities	140.4	144.5	131.1	127.2	
Total Liabilities	**158.3**	**171.7**	**150.4**	**141.2**	
Term debt included in above	*100.0*	*85.0*	*74.8*	*89.7*	ʌ
Net Assets	**142.5**	**151.9**	**168.4**	**166.6**	ʌ
Customer Capital Contributions	4.2	3.1	3.4	2.1	ʌ
Capital Expenditure	**31.4**	**13.8**	**24.0**	**20.4**	
Asset Management Plan (Network)	24.6	7.8	22.5	16.6	
Other (Non-network)	6.8	6.0	1.5	3.8	
Interest Cover - Parent (Target > 3.0 times)	9.07	9.02	6.48	5.09	ʌ
Interest Cover - Group	7.85	8.60	6.49	5.11	ʌ
Shareholder Funds to total assets (Parent) to be 45% or greater	48%	49%	54%	55%	>

Financial Performance

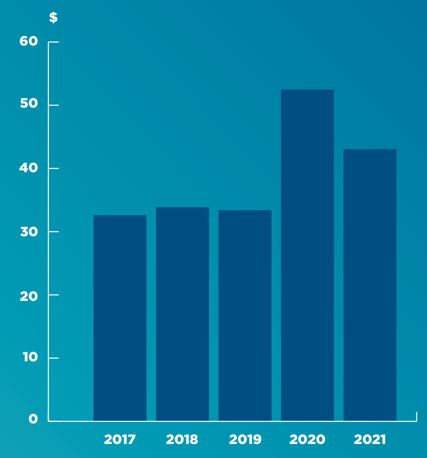
TOTAL GROUP REVENUE



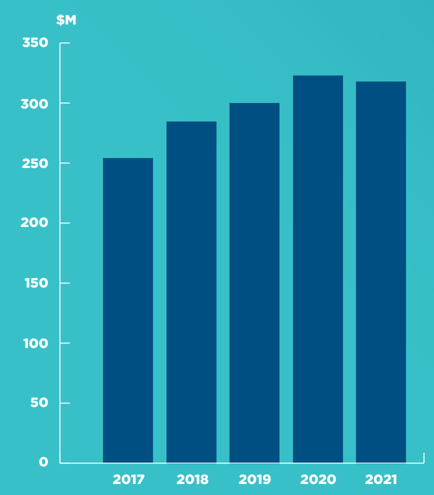
OPERATING PROFIT AFTER TAX



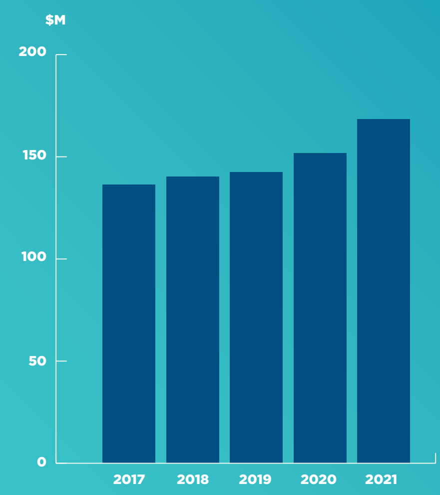
EARNINGS PER SHARE



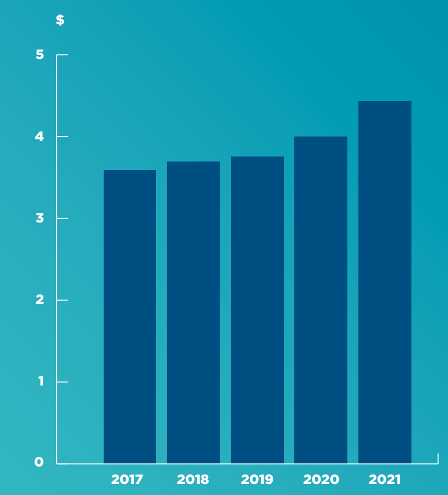
TOTAL ASSETS



TOTAL SHAREHOLDERS' FUNDS



NET ASSET BACKING PER SHARE



We delivered a robust set of financial results for the year ended 31 March 2021, with strong underlying performance while maintaining a responsible level of gearing.

As reported in the CEO report, key performance metrics outperformed Statement of Corporate Intent (SCI) targets for the year despite our decreased regulatory revenue as a consequence of moving into the DPP3 regulatory period. We have made great strides in working towards improved efficiencies in the business and intend to continue our drive to a sustainable cost base. In addition, effective debt management has substantially reduced our debt levels by $25 million over the past three years.

COVID-19 restrictions initially saw a decrease in revenue at the start of the year while businesses closed. This was followed by a dry spring and increased irrigation levels resulting in revenue exceeding budget at year-end.

The Operating surplus of $23 million was $7.5 million above our SCI target, primarily driven by factors:

- Increased customer contribution revenue due to large projects completed during the year. Customer revenue grew by 10% year on year, resulting from increased subdivision growth and infrastructure development.
- Expenditure savings due to specific projects constrained by COVID-19. These are scheduled for the current year.
- Proceeds from the sale of Infratec.

At $22.5 million, our network capital expenditure was $5.9 million higher than our SCI target. This was due to two large customer capital projects, namely:

- Undergrounding of overhead lines at the Port of Timaru.
- New commercial subdivision in Washdyke.

We continue to present a strong balance sheet with both Shareholder Funds and Net Asset Backing per Share reflecting this growth.

Our Vision

Empowering Our Community

Our Purpose

Infrastructure providing a secure and reliable electricity supply in South Canterbury

Always built on a foundation of respect

Our Values

Safety
We value health & safety always

Accountability
We accept responsibility

Integrity
We are honest and sincere; we mean what we say and say what we mean

Empowering Our People

The future of our business depends on the ongoing and future investment in our people. We continue to drive our strategic objective of "high performing teams performing highly", recognising the critical importance of leadership in building and maintaining a strong culture and positive working environment, and in extracting the best from our people.

Building stronger leaders and high performing teams

We recognise the critical importance of leadership in building and maintaining a strong culture and positive working environment. Over the last year we have increased our focus on leadership development. This has included delivering training for the Executive Team on leadership fundamentals and personal development, which is now extended to our Management Team. This with the intention on building on this investment in our leadership layer through a comprehensive, multi-module leadership programme, designed specifically for our context and needs.

Developing our people

This year has seen the successful focus on personal development reviews, supported by access to a training catalogue available to all employees. Developing talent from within remains a core focus for our future.

Investing in our future

During 2021 a graduate programme was introduced to Alpine. Four students joined us from the University of Canterbury for the summer break to experience the application of their studies. We ensure that the students get exposure to all levels of our teams, including the expectation of delivering a presentation on their experiences whilst with us, to Managers and the Executive Team.

This was a large success, with the students providing valuable input on improvements to the programme for the future. We intend to collaborate with the tertiary institutions and local schools to further extend this programme.

Recruiting the right talent

We have completed the implementation of a new recruitment process throughout the business. This model involves an uplift to attract, assess and engage the talents we need to deliver against our growth agenda. We are also taking steps to redesign our careers' web portal for prospective employees.

Supporting a diverse workforce

At Alpine we recognise the business value of having a diverse workforce while recruiting for the right skill sets. We are proud of the progress we are making in creating a vibrant, healthy balance in our workforce in terms of age, gender, nationality, and many other personal factors.

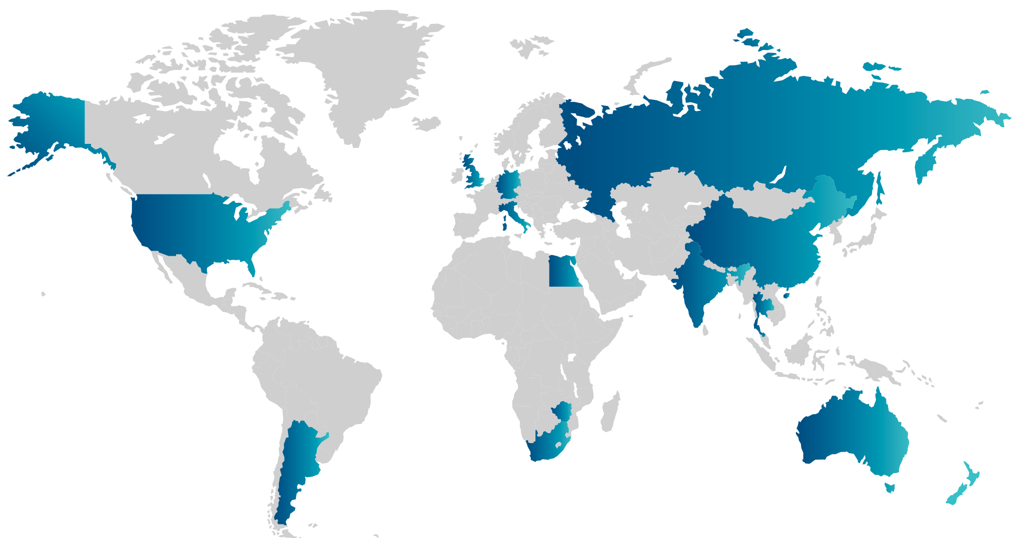
Engaging our people

Various opportunities were created during the year to hear from our people. Our people were highly engaged with high participation rate in employee surveys for the year. We continue to develop our annual engagement programmes strongly in line with the feedback received.

The first iteration of our strategy was rolled out to all team members in offsite meetings held through September. This has helped ensure that all areas have begun to focus their daily activity on what they contribute to achieving the strategy. A further understanding of our regulated environment was also gained through these workshops which has since being integrated into our on-boarding programme.

Alpine is now 76 people strong.

Where our people are from



“ Our operation is 365 days of the year so without power the disruption can have a huge impact on our business.”

HAMISH AND LIZ MUNRO
Pleasant Point Farm

Empowering Our Safety

Supporting the health and wellbeing of our people and entrenching this more deeply within our company culture, is the focus of a new Safety and Culture forum.

Safety and Health Culture

This financial year has seen the continuing journey in refreshing our health and safety culture, which has not been without its difficulties given the impact COVID-19 has had on our communities. The journey started with a newly formed Safety and Culture forum, with representatives from the business making up forum membership. The forum has developed a 'Purpose' and set of 'Objectives':

Purpose

To foster a collaborative approach to health, safety and well-being, and support a culture of healthy, engaged, inspired and invigorated people.

Objectives

- To widen and deepen our understanding of the concept of health and wellness and its impact on our company culture
- To share ideas on how the Group can move from projects to sustainable practices in the areas of safety and wellbeing
- Join forces in imagining new ways to better impact our culture through well-being activities and share and co-create ideas on how to work across our Mini Business Units to improve our team members' quality of life

The forum acknowledges we have an improving safety culture, and while not losing focus, attention should turn to supporting the mental health and well-being initiatives the company has embarked on.

COVID-19 was very challenging for everyone throughout New Zealand with companies managing their employees from their homes and ensuring they were coping. We received positive feedback from our people in how we managed this situation, which led us to believe that a formal, structured wellbeing plan (including resilience) would contribute to our employee's personal and work wellness.

We refer to wellbeing as 'the state of being comfortable, health and happy', and have adopted the Ministry of Health's 'Te Whare Tapa Wha' wellness model. This holistic model reminds us to take care of all the different aspects of our lives, to support our wellbeing and focus on the areas of spiritual, physical, lands and roots, mental and emotional, and family and social connections.

To this end, we have recently trained our executive, management, safety and culture forum members and a number of employees in resilience and wellness. Following this, we conducted a survey on wellness that has led to a number of wellness initiatives being delivered. We have an occupational nurse and workplace support team visit monthly and we offer free counselling sessions to all employees where requested.

COVID-19

We are well positioned to respond to the government's decisions of moving up and down levels and have in place 5 basic COVID principles that we always abide by when we are at Level 1 and 2:

Principle 1 – Hygiene, Hygiene, Hygiene

Principle 2 – Maintain a controlled environment (distancing rules and if you are unwell, stay at home)

Principle 3 – Those with underlying health conditions may work from home

Principle 4 – Areas for interaction with external parties to be well defined and partitioned

Principle 5 – Use the government contact-tracing app at all times, no exceptions

For the higher Levels, 3 and 4, we have further protocols that in part are mandated by the government.

Improvement

Our journey to conform to the principles of Lean continues. This journey has greatly improved our team communications, especially in the areas of raising safety and health improvement ideas that benefit the business. We recognise that our teams have adapted to this way of working and continue to contribute to building our values daily.

With continued improvement has come increased participation, engagement and enthusiasm from our people; this extends from wanting to be actively involved in updating procedures and guides to being part of small safety project teams. This complements our strategic objective of ensuring our people are safe and risks are appropriately assessed and managed.

This also extends to public safety where we have undertaken a number of educational sessions with various industry groups. This has helped them understand the safety requirements when working around low voltage lines on private properties. These sessions will continue in the new financial year with other industry groups. To support public safety awareness, we have in place an extensive media campaign via different media outlets to inform the public about different safety hazards and the rules that apply to managing these hazards.

We continue to work closely with our contractors to ensure they have the competencies required to work safely on our network. We encourage and support our contractors to implement initiatives that will improve and enhance their safety performance, awareness and culture. NETcon have implemented "FUSE" – Fail safely, Understand our risk, Successful risk control, Employee participation.

For other contractors that work close to our network, we have formal processes in place to ensure they are aware of the hazards they will be exposed to and the safe operating parameters they can work within e.g. BeforeUDig, Close Approach.

Looking forward

The journey will continue in improving the way in which we manage health and safety.

As technology advances, we can speed up the process in how we report events, identify and mitigate hazards and capture our site safety observations and conversations.

Across the Group, an improved set of key performance indicators will be implemented. Continued collaboration with key stakeholders will be our focus in delivering our core value of health and safety always.

From using drones as an efficient way to check on our network, to supporting commercial radar tracking in space, our focus on technological developments continues to aim high.

Drones

Providing a new network perspective in South Canterbury.

We have gone to the air with drones around South Canterbury in a move to drive efficiency and productivity, whilst enhancing our core value of Safety first.

Drones will be used to capture images of the tops of power poles, substations and vegetation in a faster and safer manner. These drones will offer us a 360-degree view from above and taking photos from every conceivable angle. This greatly reduces the need to access private property, drive in and out of rural areas and in turn allows quicker restoration of unplanned power outages.

The drones will capture a large amount of data including vegetation proximity to infrastructure assets, individual components such as insulators on transformers; proactively identifying more defects and reducing potential outages.

Successful trials have shown the value drones add by putting employee's safety at the forefront, delivering productivity outcomes and returning vital data on the condition of the network assets. Their use has positive returns, both in cost and safety in reducing the need to climb poles or towers in areas that were often inaccessible for vehicles or equipment.

Our people own our drone programme, and are guided by sound policy and training programmes. Any asset images gathered by the drones are stored securely and used for network management purposes only.

"The use of drones has positive returns, both in cost and safety in reducing the need to climb poles or towers in areas that were often inaccessible for vehicles or equipment."

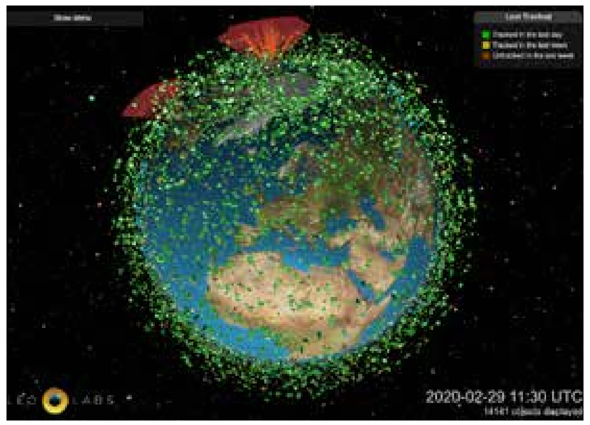
Kiwi Space Radar and Alpine Data Networks

LeoLabs, the world's first and only supplier of commercial radar tracking services for objects in Low Earth Orbit, is our second commercial customer to use Alpine's fibre link between Naseby, Clyde and Alexandra in Central Otago.

The California-based Company launched its Kiwi Space Radar (KSR) at an official opening on 16 October 2019, which our CEO Andrew Tombs attended. LeoLabs is a leading commercial provider of LEO mapping and 'space situational awareness' (SSA) services. It was founded in 2016 by scientists and space industry veterans committed to securing LEO operations.

This US based Company specialises in the tracking of debris and objects in low earth orbit (leo) in space. The Kiwi Space Radar (KSR) in Naseby is the most sophisticated radar in the southern hemisphere and the first of LeoLabs next generation of radar, it can track objects as small as 2cm in size, up to 1200km up in space and travelling at 7km per second! LeoLabs is committed to providing Space situational Awareness (SSA) services to Space Agencies, Satellite constellation operators and launch providers and the Kiwi Space radar is a core piece of their network.

"Alpine Energy were an invaluable partner during our build process, their fibre connection provides us with the vital pathway to transfer data back to our data processing centre in San Francisco and the provision of this service was a critical pathway for the project.



" Alpine Energy were an invaluable partner during our build process, their fibre connection provides us with the vital pathway to transfer data back to our data processing centre in San Francisco..."

Empowering Our Network

In 2021 we have been proud to empower Twizel and Geraldine through their township network upgrades. We have invested in the permanence, resilience, and reliability of our network through replacement and renewal projects in both towns.

Twizel Township Overhead Infrastructure Renewal

Twizel was established by the Government in the late 1960s to support the Upper Waitaki hydroelectric scheme in the Mackenzie Basin. Although it was only intended to be a temporary settlement, the public opposed its dismantling and Twizel prevailed. It has now become the largest town in the Mackenzie District, with a population of around 1650 in 2020, and is an attractive visitor destination.

The town's power network was initially designed and erected with the temporary plan in mind, Alpine Energy has inspected and maintained the overhead assets since construction and these assets have now reached end of life. Our overhead infrastructure condition assessment programme aims to complete a thorough condition assessment on every pole throughout the assets life. Overhead assets have an average life of 50 years, Therefore, 2020 saw a start to the replacement and renewal project of the Twizel overhead power network, increasing the permanence, resilience, and reliability of the township's network. This project was split into stages, two completed in the 2020/21 financial year, and the remainder to follow in the 2021/22 financial year.

STAGE 1 AND 2
(approx. 50% of the work) were completed in FY 2020/21 and comprised the following work scope:

- **375 poles were maintained**
- **29 poles were replaced**
- **192 cross arm replacements**
- **9.5 km of redundant hot water control wire was removed**
- **1 transformer replaced with extensive work done on two transformer structures**
- **Project cost: $960,729**
- **697 customers' reliability of supply upgraded**

The remaining stage(s) will be completed in FY 2021/22

" Without reliable and efficient supply we would continually lose perishable product in our store and not be able to trade at point of sale."

MASON BRADBURY
Four Square Supermarket, Twizel

Geraldine Township Overhead Infrastructure Renewal

Geraldine is a scenic town in the heart of South Canterbury, close to the many natural attractions of the Mackenzie Basin and the Southern Alps. Located just over half an hour's drive from both Timaru and Ashburton, the town marks the start of the Starlight Highway to Tekapo and is a popular stop for travellers between these places.

Our overhead infrastructure condition assessment programme aims to complete a thorough condition assessment on every pole at 10-year intervals. This condition assessment is followed by a replacement and renewal project to restore the assets to a safe and reliable operating condition. For Geraldine, this project has been split into two stages. Stage 1 has been completed in FY 2020/21 and comprised the following work scope:

- **60 house services were replaced**
- **243 poles were maintained**
- **7 poles were replaced**
- **71 cross-arms were replaced**
- **Conductors on 21 spans were retensioned**
- **Project cost: $219,890**

Stage 2 is planned for the 2021/22 FY and will include 262 poles.

Geraldine Transformer Replacement

Our Geraldine zone substation transformer that supplies all of Geraldine and the surrounding area had reached the end of its life and needed to be replaced. To start the process, we went to tender for a new 33/11 kV 9/15 MVA transformer, which was won by Tyree, a transformer manufacturer based in New South Wales, Australia.

The new transformer is larger than the old one to ensure capacity for future load growth which meant the foundation on which it sits also had to be upgraded. We completed this before the new transformer arrived on site in January 2021. The new transformer has sufficient capacity even if the total Geraldine load doubles in future. This ensures we are well placed to respond to demand for electric vehicle charging and any decarbonisation initiatives.

The switchyard had areas with soft ground which needed to be dug out and backfilled/compacted to allow for the safe placement of the crane to remove the old transformer and lift the new transformer onto the concrete pad.

NETcon was awarded the job of installing the transformer by the Australian manufacturer and Alpine employed them to complete the connection and wiring of all primary and secondary circuits. The new transformer was commissioned in March 2021.

The Timaru Port Undergrounding

The Timaru Port is an important cargo and fishing port. It had three streets with overhead assets which we identified as becoming more of a safety hazard due to the busy truck traffic in the Port. We have had an instance in the recent past where a truck came into contact with one of our power poles, which resulted in a hazardous situation when the conductor fell to the ground.

It was for this reason that Alpine decided to underground the remainder of the overhead infrastructure in the Port.

Planning for the project started two years ago. The requirement to incorporate all the existing industrial consumer connections, and any potential future connections on vacant land, needed to be considered and allowed for as part of this upgrade.

We also had a new connection for the PrimePort expansion of its logging area which incorporated a new 11kV ring circuit.

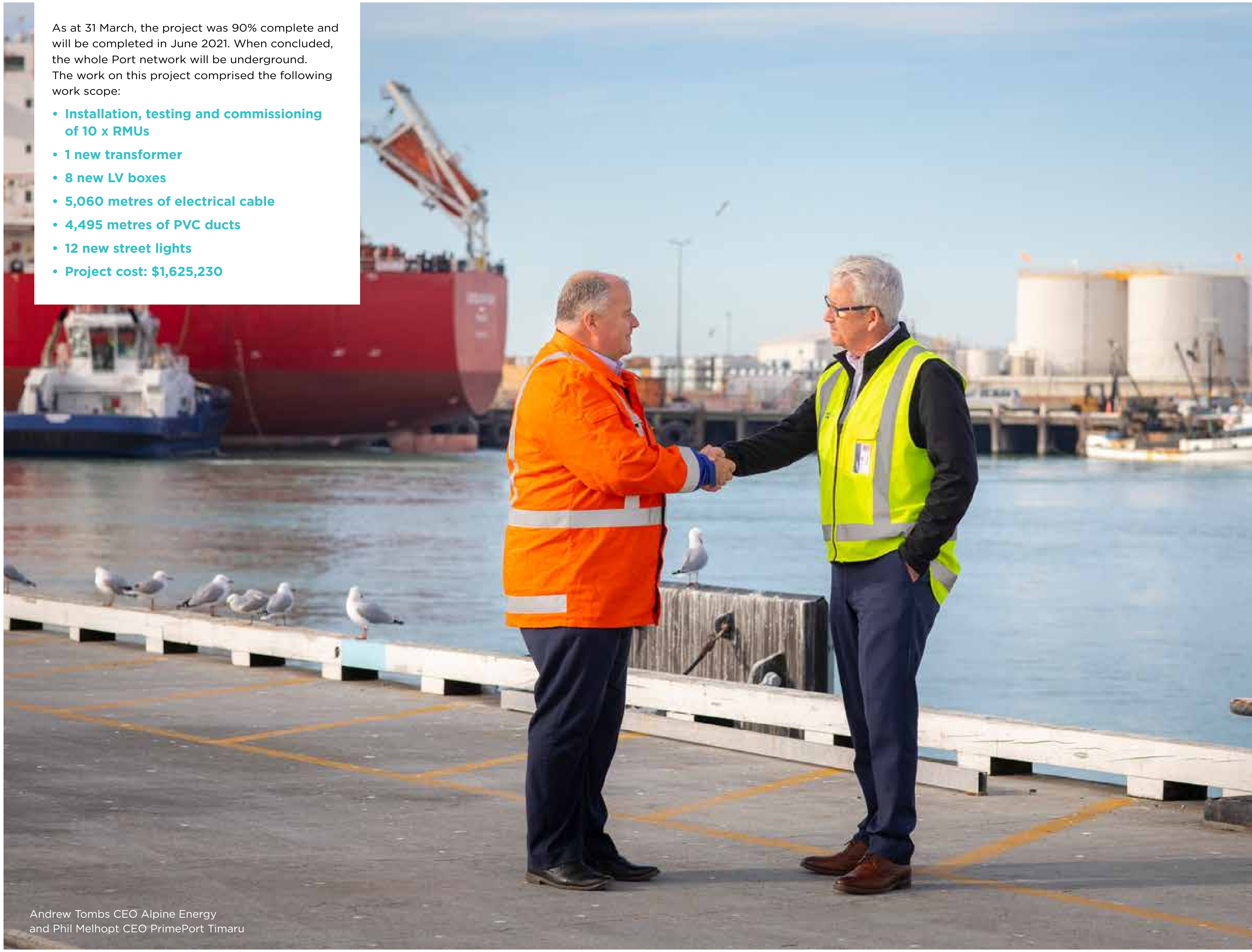
The existing overhead network was completely ring fed on the both the low and high voltage circuits. Relocating all these assets underground was a challenge and required the installation of 10 new ring main units[1] (RMU) and eight low voltage link boxes.

We were able to add smart technology to the upgrade with the RMUs being fitted with remote control ability, allowing us to remotely operate these from the control room in Alpine House. Additional features include the ability to remotely view the voltage and current information at each location using our network fibre and aerial communication systems.

[1]High voltage switch units

As at 31 March, the project was 90% complete and will be completed in June 2021. When concluded, the whole Port network will be underground. The work on this project comprised the following work scope:

- **Installation, testing and commissioning of 10 x RMUs**
- **1 new transformer**
- **8 new LV boxes**
- **5,060 metres of electrical cable**
- **4,495 metres of PVC ducts**
- **12 new street lights**
- **Project cost: $1,625,230**



Andrew Tombs CEO Alpine Energy
and Phil Melhopt CEO PrimePort Timaru

Empowering Our Community

We are proud to be living our vision of 'Empowering our Community' and building strong relationships through our Sponsorship & Personal Grants Programme.

We are honoured to sponsor a vast range of personal grants, events and projects helping our region grow, unite, and prosper. These attributes are in line with our core values, of which we live by daily.

Our allocation of funding assists local clubs, groups, organisations and trusts with progress plans, promotion, and enjoyment of our stunning South Canterbury region, as well as giving locals a helping hand with their personal development while giving back to our community.

Sponsorship here at Alpine has been powerful over the past year with our people being involved in a number of events. A record of 60 of our people, and their families, entered the Alpine Energy Hadlow to Harbour Fun Run. This involvement is contributing to employee engagement and satisfaction. We can feel the Alpine spirit filtering into our community.

A theme is emerging of 'people empowering people', we are one community and all funds raised are returned to the beneficiaries and further distributed throughout our community. Further to this we are continuing our obligation of keeping our community safe, with our involvement at events having a core focus on our number one value of Safety first.

Despite COVID-19 restrictions in the past year, we have been involved in over 30 events and helped several individuals make their personal goals a reality.

We are community owned and giving back to our community is at the core of our programme. All applications first and foremost, must empower our community to be considered. Our sponsorship is prominent both within our region and internally, and the future of our programme is growing momentum and looks exciting!

" We really appreciate your continued support of our event. We could not hold such a successful fundraiser without both your financial support and your wonderful participation at the Gala Day. We love your community spirit YOU ROCK!"
Jeanna Munro, Caroline Bay Rock & Hop

" Our event was a huge success! Raising a whopping $9300 for Victoria Trust, Timaru Bike Skills Park and Movember NZ. With the focus to retain the funds locally, Victoria Trust were the recipients of $7000 which goes towards accommodation support for local people with mental health challenges."
Helen Beveridge, Timaru Soapbox Derby

Over the past year we have been honoured to represent our wonderful regions throughout South Canterbury, granting $200,000 toward personal development, community events, education, culture, arts, sport, wellbeing, and facility sponsorship.

“ Alpine Energy not only made a difference to our show but have had an on-going ripple effect into the wider community and the world at a time where everyone very much needed live theatre.” **Tamara Hogg, South Canterbury Drama League**

“ Our event exceeded all expectations with around 4,000 attending our annual event. Without sponsorship this event would not be able to be held.”
John Begg, Waimate Christmas on the Square

“ Thank you for being part of our success, despite lockdown we visited over 6000 Children in 2020 spreading the Healthy Harold messages, building mental and physical health knowledge, and boosting resilience skills in the local primary and intermediate schools.” **Helen Beveridge, Life Education Trust**

“ We are pleased to have teamed up with Alpine Energy again for the benefit of the Bike Skills Park at Caroline Bay. The funds came in at the perfect time, enabling the construction of Stage 1.”
Vicki Gould, Lions Club of Timaru

“ We extend a giant thank you for your on-going support of our event and your very generous on-going support of funding annually. We could not offer the calibre of show we have without your support.”

Di Cleverley, Christmas on the Bay

“ The high level of entries and contestants made for a difficult job for the judges. We are very pleased that Alpine Energy has been such a supporting sponsor of the Talent Quest for many years now and we look forward to that continuing.” **Kevin Fahey, Caroline Bay, Alpine Energy Talent Quest**

“ The sponsorship received from Alpine Energy Limited to Alpine Energy Timaru Brass means Timaru’s only brass band can continue to provide the Timaru district with musical support at civic events, entertain at concerts and christmas parades.”
Jo Doyle, Alpine Energy Brass Band

“ Alpine Energy Limited certainly assisted Rotary District 9980 achieve several goals in the weekend Conference. The support of Alpine Energy Limited, other sponsors and the Waimate community played a critical part in its success.”
Dylan Murray, Rotary District 9980 Waimate Conference

“ We are extremely grateful for the continued support from Alpine Energy for our Art Exhibition, which kicks off the Festival weekend. Due to your generous sponsorship, we are able to attract great artists from all over New Zealand.”
Pauline Denzey, Geraldine Festival

“ The Alpine Energy sponsorship is unquestionably critical to South Canterbury Rugby. The funding assists us to operate and maintain the stadium, the home of rugby in South Canterbury.”

Craig Calder, South Canterbury Rugby

Network Ownership

Network ownership in South Canterbury

LineTrust South Canterbury	Timaru District Council	Waimate District Council	Mackenzie District Council
40%	47.5%	7.54%	4.96%

THE COMMUNITY OWNS 100% OF ALPINE ENERGY

Alpine ENERGY

100% SOUTH CANTERBURY OWNED

ALPINE ENERGY HAS OWNERSHIP IN THE FOLLOWING

SmartCo*	NETcon Ltd	On Metering	Timaru Electricity Ltd	Infratec Ltd	Infratec Renewables Rarotonga Ltd
21.43%	100%	50%	100%	100%	100%

*14.29% shareholding directly through Alpine Energy; 7.14% shareholding through On Metering.

“ We’ve been known to sell 3000 pies in the shop alone on a busy day. Alpine is imperative for keeping those pies hot!”

FRANZ LIEBER
Fairlie Bakehouse

Meet the Board

Our Board diversity of perspective is important. Alpine Energy recruits Board members with a range of skills and experience.

WARREN MCNABB

Warren has 20 years' experience in advising and investing in infrastructure assets, principally in electricity generation and distribution. He has worked as a commercial lawyer in New Zealand and an investment banker for Macquarie Bank in New Zealand and Canada.

Over the last 18 years, Warren has worked as a financial consultant on renewable energy projects and investment fund establishment, as well as establishing Energy3 Limited – a renewable energy development Company with three operating wind farms. He currently chairs the Independent Electricity Generators Association and is a director of Port Marlborough New Zealand Limited and Infratec Limited. He is based in Blenheim and joined the Board in 2016.

RICK RAMSAY

Rick Ramsay has been a Director of Alpine Energy and NETcon since 2008 and is Chairman of the Board's Safety and Wellness Committee. He was also a Director of the Alpine-Contact Energy Rockgas Joint Venture (2010-2019) and Infratec Ltd (2012-2017).

He was formerly a Chairman and member of Linetrust South Canterbury (2002-2008) and an executive member of the Electricity Trusts of New Zealand (2002-2008). He holds several other Directorships and has 11 years as a Mackenzie District Councillor. Based in Twizel, he is employed as Environmental Manager for Mount Cook Alpine Salmon.

JESSIE CHAN

Jessie has a management and governance career spanning more than 15 years across a range of sectors including not-for-profit, central, and local government, co-operatives, and commercial business.

She received the 2014 Canterbury Institute of Directors Aspiring Director Award and the 2017 Fonterra Dairy Woman of the Year Award.

Jessie is based in Rakaia and joined the Board in July 2019.

LINDA ROBERTSON

Linda is a professional independent company director with over 20 year's governance experience, combined with 30 year's senior management experience having worked in both the banking and energy sectors in New Zealand.

Linda has a governance background encompassing large national companies and as held board positions for council controlled, government owned, listed, co-operative and private companies and she currently holds several other directorships.

Linda is currently Chair of the Audit and Risk Committee and the Treasury & Finance Committee for Alpine Energy. She is based in Queenstown and joined the board in August 2020.

DON ELDER

Don has over 30 years' experience as an independent Director, Chair, CEO and senior executive including in the energy and infrastructure sectors. His background gives him a good understanding of key drivers of Alpine's operations and business. Don is currently Chair of the Remuneration Committee and of Infratec Limited and is on the Audit & Risk and Health & Safety committees. He is based in Christchurch and joined the Board in December 2017.

Executive Leadership Team

Our Leadership Team are proud of the great result achieved this year.

ANDREW TOMBS
Chief Executive Officer

CAROLINE OVENSTONE
Chief Financial Officer

WILLEM RAWLINS
GM Asset Management

DAMIEN WHIFFEN
GM Service Delivery

JOHN CREAGH
Safety & Risk Manager

“ Whether it be the food cabinets in our Café or the kiln firing the pottery, reliable electricity plays an important part to our business.”

CHARLES SCARSBROOK
Temuka Pottery

Financial Statements

DIRECTORS' REPORT

31 March 2021

The Directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 31 March 2021.

Principal activities

Alpine Energy Limited (the Company) is the owner of its electricity distribution network. The Group, comprising Alpine Energy Limited, its subsidiaries and associated entities, undertakes asset management and contract services.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Information on Directors

The Board is the governing body of Alpine Energy Limited and currently has five members. The Board is appointed by Shareholders to oversee the management of the Company and is responsible for all corporate governance matters. The Board endeavours to ensure that the activities undertaken are carried out in the best interests of all Shareholders, while respecting the right of other stakeholders. The Board met nine times during the year.

The names of each person who has been a Director during the year and to the date of this report are:

Parent

Mr S.R. Thompson (Chair) (resigned 27 August 2020)

Mr W.B. McNabb (Chair) (appointed Chair 27 August 2020)

Mr R.D. Ramsay

Mr D.M. Elder

Ms J.R. Chan

Ms L.M. Robertson (appointed 27 August 2020)

Subsidiaries

NETcon Limited

Mr H.L. Martyn (Chair)

Mr S.R. Thompson (Chair) (resigned 27 August 2020)

Mr R.D. Ramsay

Mr S.B. King

Infratec Limited and Infratec Renewables (Rarotonga Limited)

Mr D.M. Elder (Chair)

Mr W.B. McNabb

Ms B.L. Elliston (resigned 26 November 2020)

Mr J.M.G. Hay (resigned 26 November 2020)

Mrs C.A.E. Ovenstone (appointed 26 November 2020)

Joint ventures

On Metering Limited

Mr A.G. Tombs

Associates

SmartCo Limited

Mr A.G. Tombs

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating results

Group operating revenue of $81.235 million was achieved for the year, 11% lower than the previous year.

The Group operating surplus before tax for the year was $23.217 million, 20% less than the previous year.

	2021 000's $	2020 000's $
Profit before income tax	**23,217**	29,093
Income tax expense	**(5,460)**	(7,456)
Profit from operations	**17,757**	21,637

Dividends paid or recommended

Dividends paid or recommended during or since the end of the financial year are as detailed in the notes.

- Solvency certificates were completed in support of the interim dividend declarations.
- The interim and final dividends relating to FY2021 represent 16% (2020: 61%) of the total comprehensive income for the Group, excluding customer contributions.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Share capital

Total issued and paid up share capital as at 31 March 2021 was 41,328,017 ordinary fully paid shares. There have been no movements in share capital during the year.

Return on Shareholders' equity and state of affairs

The Group net surplus after income tax attributable to the Shareholders for the year ended 31 March 2021 represents 11% (2020:15%) return on average total Shareholders equity.

The Directors are of the opinion that the state of affairs of the Company is satisfactory.

Corporate governance

The Group operates under a set of corporate governance principles designed to ensure the Group is effectively managed.

OPERATION OF THE BOARD

Responsibilities

The Board is responsible for the management, supervision and direction of the Company. This incorporates the long term strategic financial plan, strategic initiatives, budgets and policy framework. The Board has developed and maintains clear policies which define the individual and collective responsibilities of the Board and Management.

Audit and Risk Board Committee

The Audit and Risk Board Committee, comprising three Directors (Ms L.M. Robertson, Mr D.M. Elder and Mr W.B. McNabb), reviews the Company's financial statements and announcements. It also liaises with the external auditors and reviews the internal controls which are relevant to the financial reporting and related matters. This Committee is chaired by Ms L.M. Robertson.

Health and Safety Board Committee

The Health and Safety Board Committee, comprising three Directors (Mr R.D. Ramsay, Mr D.M. Elder and Ms J.R. Chan), oversees the discharge of the Board's responsibilities for health and safety. This Committee is chaired by Mr R.D. Ramsay.

Remuneration Board Committee

The Remuneration Board Committee, comprising two Directors (Mr D.M. Elder and Mr W.B. McNabb), oversees the discharge of the Board's responsibilities for the remuneration of the CEO and all Management, and for making recommendations on Directors' fees and the fees of Directors of Subsidiaries, in a manner that is transparent, at levels that are fair and reasonable in a competitive market for the skills, knowledge and experience required by the Company in each of these roles. This Committee is chaired by Mr D.M. Elder.

Sponsorship Board Committee

The Sponsorship Board Committee, comprising two Directors (Ms J.R. Chan and Mr R.D. Ramsay), oversees the discharge of the Board's responsibilities for distributing the sponsorship budget, in a manner that is transparent, at levels that are fair and equitable through the South Canterbury community. This Committee is chaired by Ms J.R. Chan.

Treasury and Finance Board Committee

The Treasury and Finance Board Committee, comprising 2 Directors (Ms L.M. Robertson, and Mr W.B. McNabb), oversees the discharge of the Board's responsibilities for ensuring that the Company maintains access to appropriate sources of external funding and appropriate treasury functions (including currency hedging). This Committee is chaired by Ms L.M. Robertson.

Use of Company information

There were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

DIRECTORS' REMUNERATION AND BENEFITS FROM THE COMPANY

No payments or benefits of a pecuniary value were received by any officers of the Company during the financial year.

The following table of benefits and payment details, in respect to the financial year, the components of Directors' remuneration for each Director of the Group:

2021	Parent	NETcon Limited	Infratec Limited	**Total**
Directors	$	$	$	**$**
Mr S.R. Thompson	35,193	7,452	-	**42,645**
Mr W.B. McNabb	71,306	-	29,831	**101,137**
Mr R.D. Ramsay	51,508	18,521	-	**70,029**
Mr D.M. Elder	49,661	-	19,556	**69,217**
Ms J.R. Chan	48,360	-	-	**48,360**
Ms L.M. Robertson	30,233	-	-	**30,233**
Mr H.L. Martyn	-	61,739	-	**61,739**
Ms B.L. Elliston	-	-	23,935	**23,935**
Mr J.M.G Hay	-	-	23,935	**23,935**
Mr S.B. King	-	36,015	-	**36,015**
	286,261	**123,727**	**97,257**	**507,245**

Employee remuneration

Remuneration range	Number of Employees
$100,000 - $109,999	16
$110,000 - $119,999	19
$120,000 - $129,999	10
$130,000 - $139,999	9
$140,000 - $149,999	11
$150,000 - $159,999	5
$160,000 - $169,999	5
$170,000 - $179,999	4
$180,000 - $189,999	2
$230,000 - $239,999	1
$240,000 - $249,999	1
$250,000 - $259,999	1
$280,000 - $289,999	2
$410,000 - $419,999	1

Auditors

In accordance with Section 45 of the Energy Companies Act 1992, the Auditor General is responsible for the audit of Alpine Energy Limited. In accordance with Section 29 of the Public Finance Act 1977, the Auditor General has contracted the audit of Alpine Energy Limited to Nathan Wylie, using the staff and resources of PwC. The audit fee paid for the Group for FY2021 is $201,000 (2020: $150,000).

DIRECTORS' DISCLOSURE OF INTERESTS AS AT 9 JUNE 2021

Name	Name of Company/Entity	Interest
Mr W. B. McNabb	Boyce Investments Limited	Director
	Boyce Investments Limited	Shareholder
	Energy3 Limited	Director
	Energy3 Limited	Shareholder
	Infratec Limited	Director
	Infratec Renewables (Rarotonga) Limited	Director
	Independent Electricity Generators Association	Chair
	Lancewood Forest Limited	Director
	Lancewood Forest Limited	Shareholder
	Lulworth Wind Farm Limited	Director
	Pistol Vineyard Investments Limited	Director
	PMNZ Marina Holdings Limited	Director
	Port Marlborough New Zealand Limited	Director
	The Bluffs Vineyard Company Limited	Director
	The Bluffs Vineyard Company Limited	Shareholder
	Waikawa Marina Trustee Limited	Director
	Weld Cone Wind Farm Limited	Director
Mr R.D. Ramsay	NETcon Limited	Director
	Mackenzie District Council Economic Development Board	Member
	Salmon Smolt New Zealand Limited	Alternate Director
	Tourism Waitaki	Director
Ms J.R. Chan	Ashburton Trading Society	Director
	Ashburton Trading Society	Shareholder
	ATS Fuel Limited	Director
	Ballance Agri Nutrients Limited	Shareholder
	Bio Protection Research Centre	Board Member
	Dorman Partnership Limited	Director
	Dorman Partnership Limited	Shareholder
	Farmlands Cooperative Society Limited	Shareholder
	Fonterra Limited	Shareholder
	Livestock Improvement Corporation	Shareholder
	Meat the Need	Trustee
	Ngai Tahu Farming Limited	Director
	Pro Active N.Z. Limited	Director
	Ravensdown Limited	Shareholder
	Riverstone Farming Limited	Director

Name	Name of Company/Entity	Interest
	Riverstone Farming Limited	Shareholder
	Ruralco Limited	Chair
Mr S.B. King	Fulton Hogan	Shareholder
	NETcon Limited	Director
	South Canterbury Chamber of Commerce	Board Member
Mr A.G. Tombs	ENA Board	Director
	On Metering Limited	Director
	SC Chamber of Commerce	Vice President
	SmartCo Limited	Director
Mr D. M. Elder	Aoraki Services Limited	Director
	Aoraki Services Limited	Shareholder
	Aoraki Partners Holdings Limited	Director
	Aoraki Partners Holdings Limited	Shareholder
	Aoraki Holdings (No 2) Limited	Director
	Aoraki Holdings (No 2) Limited	Shareholder
	Bras D'Or Investments Limited	Director
	Bras D'Or Investments Limited	Shareholder
	Bras D'Or Services Limited	Director
	Bras D'Or Services Limited	Shareholder
	Canterbury Clinical Network, Alliance Leadership Team	Chair
	Canterbury COVID-19 Vaccination Programme Governance Group	Chair
	Canterbury Seismic Instruments Limited	Director
	Canterbury Seismic Instruments Limited	Shareholder
	Family Help Trust	Chair
	Family Help Trust	Trustee
	Infratec Limited	Chair
	Infratec Renewables (Rarotonga) Limited	Chair
	Lyttelton Port Company Limited	Director
	Pioneer Energy Limited	Director
	The Loft	Trustee
Ms L.M. Robertson	Central Lakes Direct Limited	Director
	Central Lakes Trust	Chair
	Central Otago District Council, Audit and Risk Committee	Chair
	Crown Irrigation Investments Ltd	Chair
	Dunedin City Holdings Ltd	Director
	Dunedin City Treasury Ltd	Director
	Dunedin Railways Ltd	Director
	Dunedin Stadium Property Limited	Director
	New Zealand Local Government Funding Agency	Director

Name	Name of Company/Entity	Interest
	Office of the Auditor General and Audit New Zealand, Audit and Risk Committee	Member
	RML Consulting Limited	Shareholder
	RML Consulting Limited	Director
	The Treasury, Capital Markets Advisory Committee	Member
	The Treasury, Risk and Audit Committee	Member
Mr H.L. Martyn	City Care Limited	Consultant
	Nelmac Limited	Director
	NETcon Limited	Chair

Name	Name of Company/Entity	Interest
	New Zealand Rugby League	Director
	Richmond Group Limited	Shareholder
	Sumner Lifeboat Institute	Chair
	TC Groundworks Limited	Consultant
	Waimakariri Irrigation Limited	Director
	WD Boyes and Sons Limited	Advisor
Mrs. C.A.E. Ovenstone	Craighead Diocesan School Board of Proprietors	Board Member
	Infratec Limited	Director
	Infratec Renewables (Rarotonga) Limited	Director
	Laser Grafix Limited	Director

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company continues to indemnify all Directors named in this report against any liability to any person other than the Company or a related Company for any act done or omission made in a Director's capacity as a Director of the Company, and all costs incurred in defending or settling any claim or proceedings related to such liability, unless the liability is a criminal liability for breach of Section 131 of the Companies Act 1993.

During the year the Company paid insurance premiums in respect of Directors' and Officers' liability insurance. The policies do not specify the premium for individual Directors and Executive Officers.

The Directors' and Officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related entity) incurred in their position as Director or Executive Officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

Signed in accordance with a resolution of the Board of Directors:

Director: WB McNatt .... Director: ....

Dated this ....9th.... day of ....June.... 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	2021 000's $	2020 000's $
Revenue - trading	5	**81,235**	91,308
Expenses	6		
Transmission		**(10,360)**	(15,428)
Depreciation, amortisation and loss on disposal		**(13,998)**	(13,249)
Contract services		**(17,142)**	(7,093)
Employee benefits		**(15,901)**	(18,093)
Other operating expenses		**(1,503)**	(3,722)
Total expenses		**(58,904)**	(57,585)
Operating surplus		**22,331**	33,723
Finance costs	5.2	**(3,218)**	(5,044)
Finance income	5.1	**99**	188
Gain on disposal of joint arrangement	15	**-**	828
Gain on sale of Infratec operating assets	14	**3,984**	-
Share of net profits/(loss) of equity accounted joint ventures	15	**21**	(602)
Profit before income tax		**23,217**	29,093
Income tax expense	7	**(5,460)**	(7,456)
Profit from operations		**17,757**	21,637
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Revaluation changes for property, plant and equipment	13	**(345)**	(429)
Items that will be reclassified to profit or loss when specific conditions are met			
Fair value movements on the effective portion of cash flow hedges	28	**1,563**	(1,890)
Other comprehensive income for the year, net of tax		**1,218**	(2,319)
Total comprehensive income for the year		**18,975**	19,318

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 000's	2020 000's
Assets		**$**	$
Current Assets			
Cash and cash equivalents	8	**397**	1,275
Trade and other receivables	9	**9,916**	14,096
Inventories	10	**3,604**	3,827
Loans and advances	11	**4,024**	5,198
Work in progress	12	**274**	188
Total Current Assets		**18,215**	24,584
Non Current Assets			
Property, plant and equipment	13	**279,974**	273,824
Investment in joint ventures	15	**1,114**	1,065
Loans and advances	11	**215**	215
Deferred tax assets	19.2	**7,337**	8,932
Intangible assets	16	**2,692**	2,755
Right-of-use assets	17	**9,286**	12,236
Total Non Current Assets		**300,618**	299,027
Total Assets		**318,833**	323,611
Liabilities			
Current Liabilities			
Trade and other payables	18	**11,691**	8,532
Current tax liabilities	19.1	**(171)**	4,583
Contract liabilities	20	**4,187**	7,072
Lease liabilities	17	**973**	1,215
Employee benefits	21	**1,665**	1,845
Dividend payable	22	**992**	3,967
Total Current Liabilities		**19,337**	27,214
Non Current Liabilities			
Borrowings	23	**74,800**	85,000
Deferred tax liabilities	19.3	**38,861**	37,223
Contract liabilities	20	**2,946**	2,501
Lease liabilities	17	**8,752**	11,277
Derivative instruments in designated hedge accounting relationships	28	**5,702**	8,455
Total Non Current Liabilities		**131,061**	144,456
Total Liabilities		**150,398**	171,670
Net Assets		**168,435**	151,941
Equity			
Issued capital	24	**41,328**	41,328
Reserves		**818**	(400)
Retained earnings		**126,289**	111,013
Total equity attributable to equity holders of the Company		**168,435**	151,941
Total Equity		**168,435**	151,941

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Note	Ordinary Shares 000's	Asset Realisation Reserve 000's	Foreign Currency Translation Reserve 000's	Hedging Reserve 000's	Retained Earnings 000's	Total 000's
2021		**$**	**$**	**$**	**$**	**$**	**$**
Balance at 1 April 2020		**41,328**	**3,791**	**75**	**(4,266)**	**111,013**	**151,941**
Profit attributable to members of the parent entity		**-**	**-**	**-**	**-**	**17,757**	**17,757**
Total other comprehensive income for the year		**-**	**(345)**	**(188)**	**1,751**	**-**	**1,218**
Transactions with owners in their capacity as owners							
Dividends paid or provided for	22	**-**	**-**	**-**	**-**	**(2,481)**	**(2,481)**
Balance at 31 March 2021		**41,328**	**3,446**	**(113)**	**(2,515)**	**126,289**	**168,435**

	Note	Ordinary Shares 000's	Asset Realisation Reserve 000's	Foreign Currency Translation Reserve 000's	Hedging Reserve 000's	Retained Earnings 000's	Total 000's
2020		**$**	**$**	**$**	**$**	**$**	**$**
Balance at 1 April 2019		41,328	4,220	-	(2,301)	99,294	142,541
Profit attributable to members of the parent entity		-	-	-	-	21,637	21,637
Total other comprehensive income for the year		-	(429)	75	(1,965)	-	(2,319)
Transactions with owners in their capacity as owners							
Dividends paid or provided for	22	-	-	-	-	(9,918)	(9,918)
Balance at 31 March 2020		41,328	3,791	75	(4,266)	111,013	151,941

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 000's $	2020 000's $
Cash flows from operating activities:			
Receipts from customers		**82,241**	92,748
Payments to suppliers and employees		**(40,744)**	(43,008)
Interest received		**99**	188
Interest paid		**(3,966)**	(4,493)
Income taxes paid		**(7,421)**	(2,659)
Net GST (paid)/received		**208**	(1,006)
Net cash provided by/(used in) operating activities	32	**30,417**	41,770
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		**-**	185
Proceeds from sale of Infratec operating assets		**3,907**	1,100
Dividends received		**-**	100
Purchase of property, plant and equipment		**(18,785)**	(16,854)
Purchase of intangible assets		**(273)**	(487)
Other investment		**974**	22
Loans to related parties - proceeds from repayments		**250**	250
Net cash provided by/(used in) investing activities		**(13,927)**	(15,684)
Cash flows from financing activities:			
Repayment of/(drawdowns from) borrowings		**(10,200)**	(15,000)
Dividends paid by parent entity		**(5,457)**	(9,918)
Payment of lease liabilities		**(1,711)**	(1,675)
Net cash provided by/(used in) financing activities		**(17,368)**	(26,593)
Net increase/(decrease) in cash and cash equivalents held		**(878)**	(507)
Cash and cash equivalents at beginning of year		**1,275**	1,782
Cash and cash equivalents at end of financial year	8	**397**	1,275

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

The financial report covers Alpine Energy Limited and its controlled entities ('the Group'). Alpine Energy Limited is a limited liability Company, incorporated and domiciled in New Zealand.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in New Zealand dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 9 June 2021.

Comparatives are consistent with prior years, unless otherwise stated.

2. BASIS OF PREPARATION

Alpine Energy Limited is a Company registered under the Companies Act 1993 and an Energy Company under the Energy Companies Act 1992. The financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Energy Companies Act 1992, and the Companies Act 1993. In accordance with the Energy Companies Act 1992, because Group financial statements are prepared and presented for Alpine Energy Limited and its subsidiaries, separate financial statements for Alpine Energy Limited are no longer required to be prepared and presented.

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as applicable for for profit entities. The consolidated financial statements also comply with International Financial Reporting Standards ('IFRS'). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and financial assets and financial liabilities at fair value through profit or loss. The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

3. CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies for FY2021.

Summary of significant accounting policies

3.1. BASIS FOR CONSOLIDATION

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a March financial year end.

A list of controlled entities is contained in Note 14 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Joint arrangements

Alpine Energy Limited has determined that it has only joint ventures.

Joint ventures are those joint arrangements which provide the venturer with rights to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method. Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the venturer's share of losses of a joint venture equals or exceeds its interest in the joint venture, the venturer discontinues recognising its share of further losses.

The venturer's share in the joint venture's gains or losses arising from transactions between a venturer and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the venturer for the purpose of the consolidated financial statements.

3.2. REVENUE AND OTHER INCOME

Revenue from contracts with customers

The core principle of IFRS 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

- Identify the contract with the customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognise revenue as and when control of the performance obligations are transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Network lines services

The Group provides network lines services to customers allowing connection to the wider distribution network. Such services are recognised as performance obligations satisfied over time as the customers simultaneously receive and consume the benefits of the service. Revenue is recognised as the service is being provided.

Network lines revenue is determined in line with the requirements of Part 4 of the Commerce Act 1986 and the Default Price Quality Path. Pricing includes a transmission, distribution and pass through component reflecting the operation of the network. Alpine Energy allocates distribution and transmission costs to load groupings based on each group's demand as the main cost driver. Prices are reviewed annually and adjustments to revenue recognised on a prospective basis.

Payment is due in respect of the network lines service in the month following the service being provided. A receivable is recognised by the Group reflecting the amount owing for services provided.

A time based output method is used in measuring revenue which reflects Alpine Energy's performance towards complete satisfaction of the underlying performance obligation of providing network lines services for a contracted period of time.

For large direct use customers where an up front contribution has been paid in relation to a dedicated commissioned asset, this is considered to be "prepaid network lines services revenue" for which a contract liability is recognised on a straight line basis over the estimated useful life of the dedicated commission network asset.

Contracting revenue

Contracting revenue relates to income derived from the design and construction of network infrastructure in New Zealand and the wider Pacific Region. Contracts entered into may be for one or several interlinked pieces of infrastructure.

Such design and construction works are recognised as a single performance obligation satisfied over time using the percentage of completion method. At balance date an assessment is made of the percentage of completed and costs associated with the work performed to date relative to the total forecast cost to complete. At the point at which a contract is expected to be loss making, losses would be recognised immediately in profit or loss.

Warranties relating to design and construction work cannot generally be purchased separately and serve as an assurance that the construction work comply with agreed specifications. Accordingly, warranty considerations are assessed in line with NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Pricing is determined with reference to the time and materials associated with a specific construction contract and is based on the level of activity required for completion. Payment is due in respect of the design and construction works on a percentage completion basis over the contract term. A receivable is recognised by the Group when a contractual milestone is met. If the revenue recognised by the Group exceeds the payments, a contract (work in progress) asset is recognised. If payments exceed the revenue recognised, a contract (work in progress) liability is recognised.

Revenue in relation to variations, such as a change in scope of the contract, are only included in the transaction price when it is approved by both parties to the contract, the variation is enforceable, and the amount becomes highly probable.

Connection fees

The Group provides electrical connection services to customers to support and provide a connection to the wider distribution network. Such contracts are not considered to have an enforceable right to payment for the performance completed until the connection is complete, and recognised as a single performance obligation at a point in time when the electrical connection work is complete.

Pricing is determined with reference to the time and materials associated with a specific contract for electrical work and is based on the level of activity required to enable a connection. Payment is generally based on a 50% deposit and the remainder due at the completion of the connection. A trade receivable is recognised by the Group reflecting the amount owing for services provided.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Group presents the contract as a contract asset, unless the Group's rights to that amount of consideration are unconditional, in which case the Group recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Group presents the contract as a contract liability.

Rental income

Investment property revenue is recognised on a straight line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Government grants

Government grants are recognised in the statement of profit or loss and other comprehensive income within other income when the Group is entitled to these.

3.3. INCOME TAX

Current income tax expense

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

3.4. CONSTRUCTION WORK IN PROGRESS

Construction work in progress is the gross unbilled amount expected to be collected from customers for work performed to date.

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general that can be allocated on a reasonable basis.

Construction work in progress is included in trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income / revenue in the statement of financial position.

3.5. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3.6. GOODS AND SERVICES TAX (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from Inland Revenue.

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

3.7. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

3.8. PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Land and buildings

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserves in Shareholders' equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the profit or loss.

Land is not depreciated.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Reticulation System	1.00% - 45.00%
Meters and Relays	1.00% - 10.20%
Plant and Equipment	0.95% - 40.00%
Fibre	2.50% - 4.00%
Buildings	0.89% - 10.50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

3.9. FINANCIAL INSTRUMENTS

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Debt instruments

The Group has debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets

These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss.

Other gains or losses are recognised in OCI.

On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted

for separately if the host contract is not a financial asset and certain criteria are met.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in IFRS 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in expenses. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in IFRS 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

Hedge accounting

The Group chooses to apply hedge accounting for certain derivatives held which meet the following criteria:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk Management objective and strategy for undertaking the hedge;
- the hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, credit risk does not dominate the fair value changes; and
- the hedge ratio is designated based on actual quantities of the hedged item and hedging instrument.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI - hedge reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item from the inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in OCI.

The Group uses these contracts to lock in the cash flows associated with the cost of non financial assets and the income / expenses relating to foreign currency transactions.

If a highly probable forecast transaction results in the recognition of a non monetary asset or where a cash flow hedge of a hedged forecast transaction for a non financial asset / liability becomes a firm commitment to which fair value hedge accounting is applied, the cumulative loss / (gain) is added to / (subtracted from) the cost of the asset acquired (basis adjustment).

In other cases, the cumulative gain or loss recognised in the hedge reserve is reclassified to profit or loss at the same time as the hedged item affects profit or loss.

If a forecast transaction is no longer considered highly probable but the forecast transaction is still expected to occur, the cumulative gain or loss recognised in other comprehensive income to date is recognised in profit or loss as per above. Subsequent changes in the fair value of the derivative are recognised in profit or loss. If the Group closes out its position before the transaction takes place, the cumulative gain or loss is recognised as above if the transaction is expected to take place. If, the hedged transaction is no longer expected to occur then the cumulative gain or loss in the hedge reserve is reclassified to profit or loss immediately.

Fair value hedges

Where derivatives are used to hedge exposure to fair value movements (for example interest rate swaps), then the hedged item is remeasured to take into account the gain or loss attributable to the hedged risk with the gains or losses arising recognised in profit or loss.

The gain or loss on the hedging instrument is measured at fair value through profit or loss.

3.10. IMPAIRMENT OF NON FINANCIAL ASSETS

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non financial assets.

Where an indicator exists and regardless of goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

3.11. INTANGIBLES

Easements

Assets sited on easements will normally be renewed at the end of their economic life in the same location that they are currently housed. On this basis the easement itself has an infinite life. Easements are recorded at cost and are tested annually for any sign of impairment and whenever there is an indicator of impairment.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between two and five years.

Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash on hand, demand deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.13. LEASES

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right of use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right of use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right of use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right of use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low value assets. The Group recognises the payments associated with these leases as an expense on a straight line basis over the lease term.

3.14. EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in employee entitlements in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. The liability for employee entitlements is carried at the present value of the estimated future cash flows.

The Group has no post employment schemes.

3.15. PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of Management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

3.16. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

3.17. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

There have been no new accounting standards adopted this financial year.

3.18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by The Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3.19. TRADE RECEIVABLES

Trade receivables are amounts due from customers for items sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.20. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.21. TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non current liabilities. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

3.22. BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre payment for liquidity services and amortised over the period of the facility to which it relates.

3.23. DIVIDEND DISTRIBUTION

Dividend distribution to the Company's Shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Board.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

4.1. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Network reticulation assets' depreciation rates are as stated in the ODV Handbook issued by the Commerce Commission in 2004. These rates are considered a reasonable estimate of useful lives.

4.2. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on a quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

4.3. RECEIVABLES

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4.4. CUSTOMER CONTRIBUTIONS/UPFRONT COSTS

In the absence of a contractual minimum period, the up front contribution in respect of prepaid network lines services revenue paid by large direct use customers at the time of asset commissioning is recognised on a straight line basis over the estimated useful life of the dedicated commissioned network assets (generally 45-50 years).

4.5. TAXES

Deferred tax assets

Determining income tax provisions involves judgement on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgements as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

4.6. CASH FLOW HEDGE ACCOUNTING

The Group enters into various types of hedging or forward contracts for the buying and selling of currencies and commodities. The contracts generally fall within the scope of IFRS 9 and therefore are marked to market at each reporting date. Where appropriate, these contracts are accounted for as cash flow hedges, which to the extent the hedges are effective, results in the change in value of the derivative being deferred in the hedging reserve. In order to achieve and maintain cash flow hedge accounting, it is necessary for the Group to determine at inception and on an ongoing basis, whether a forecast transaction is highly probable and whether the hedge is effective. This requires both subjective and objective measures of determination.

4.7. CLASSIFICATION OF JOINT ARRANGEMENTS

Alpine Energy Limited has joint arrangements which are structured through an incorporated entity. Alpine Energy Limited and the other parties to the arrangements have rights to the net assets of the incorporated entity based on the agreement in place and therefore based on facts and circumstances, the joint arrangements have been classified as a joint venture and therefore equity accounting has been applied.

5. REVENUE AND OTHER INCOME

Revenue from continuing operations

	2021 000's	2020 000's
(a) Revenue from contracts with customers	**$**	$
Over time recognition		
Network lines revenue	**59,621**	78,684
Contracts with customers	**12,863**	6,060
Point in time recognition		
Connection fees	**3,440**	3,120
Total revenue from contracts with customers	**75,924**	87,864
(b) Revenue from other sources		
Meter revenue	**2,565**	2,352
Fibre revenue	**783**	777
Rental income	**203**	209
Other trading revenue	**380**	106
Foreign Exchange gains	**455**	-
Dividend received	**12**	-
COVID-19 wages subsidies	**913**	-
Total revenue from other source	**5,311**	3,444
Total revenue	**81,235**	91,308

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into geographic locations and the following table shows this breakdown:

Revenue from contracts with customers by geographic location		
New Zealand	**67,020**	87,585
Pacific Islands	**7,920**	2,290
Asia	**984**	1,433
Revenue from contracts with customers	**75,924**	91,308

The New Zealand Government imposed a Level 4 lockdown in April and May 2020, and subsequent Level 2 and 3 restriction periods during 2020. The Alpine Energy Limited Group initially had to adapt to the new operating procedures and this caused reduced operating effectiveness in early 2020. This caused NETcon and Infratec Limited to claim the following wage subsidies respectively: $608,745 and $304,616. The Alpine Energy Limited Group notes that the Electricity Distribution Industry is deemed an essential service and that further disruptions due to COVID-19 are not expected to have a significant change to the operations of this industry and Alpine Energy Limited Group.

5.1. FINANCE INCOME

	2021 000's	2020 000's
Interest income	**$**	$
Call account	**4**	59
Use of money interest	**-**	12
Other interest	**95**	117
Total finance income	**99**	188

5.2. FINANCE EXPENSES

	2021 000's	2020 000's
Finance cost	**$**	$
Current borrowings	**3,443**	3,920
Amortisation of held to maturity liabilities	**238**	235
Interest on obligations under leases	**523**	573
Fair value movement of interest rate swaps that do not meet hedge accounting criteria	**(986)**	316
Total finance expenses	**3,218**	5,044

6. EXPENSES

	2021 000's	2020 000's
The result for the year includes the following specific expenses:	**$**	$
Audit fee	**201**	158
Q3 review work	**-**	63
Under accrual of audit fees	**19**	125
Auditor's other services		
Other services	**22**	8
Audit of regulatory returns	**130**	113
DPP compliance statement audit	**33**	34
Other services	**16**	-
Regulatory advice and benchmarking	**-**	49
	421	550
Directors' fees	**507**	544
Net loss on disposal of property, plant and equipment	**785**	419
Donations	**12**	15
Community sponsorships	**200**	345
Bad debts	**6**	154

7. INCOME TAX EXPENSE

(a). The major components of the tax expense comprise:

	2021 000's	2020 000's
Current tax expense	$	$
Local income tax current period	3,229	6,469
Deferred tax expense		
Origination and reversal of temporary differences	2,383	1,510
Recognition of previously unrecognised tax losses	(152)	(523)
Income tax expense for continuing operations	5,460	7,456

(b). Reconciliation of income tax to accounting profit:

	2021 000's $	2020 000's $
Profit	23,217	29,093
Tax at 28%	6,500	8,146
Add tax effect of:		
Non assessable income	(1,218)	(337)
Non deductible expenses	217	295
Prior period adjustments	(39)	85
Reinstatement of tax depreciation on buildings	-	(782)
Other	-	49
	5,460	7,456
Less tax effect of:		
Income tax expense	5,460	7,456

(c). Income tax relating to each component of other comprehensive income:

	2021			2020		
	Before tax Amount	Tax (Expense) Benefit	Net of tax Amount	Before tax Amount	Tax (Expense) Benefit	Net of tax Amount
	000's	000's	000's	000's	000's	000's
	$	$	$	$	$	$
Gain on land and buildings revaluation	-	-	-	-	-	-
Gain/(loss) on interest rate swap	2,004	(561)	1,443	(2,625)	735	(1,890)
	2,004	(561)	1,443	(2,625)	735	(1,890)

(d). Imputation credit account balances

	2021 000's	2020 000's
	$	$
Parent	4,845	4,943
Subsidiaries	2,087	1,828
	6,932	6,771

8. CASH AND CASH EQUIVALENTS

	2021 000's $	2020 000's $
Cash at bank and in hand	397	715
Deposits at call	-	560
	397	1,275

The carrying amounts of the Group's cash is denominated in the following currencies:

USD	1	200
NZD	385	1,075
AUD	11	-
	397	1,275

9. TRADE AND OTHER RECEIVABLES

	Notes	2021 000's $	2020 000's $
Trade receivables		8,607	12,781
Provision for impairment	9.1.	(77)	(147)
Due by Shareholders' District Councils	31.	45	310
Due by Other Related Parties	31.	5	443
Due by Joint Arrangements	31.	443	18
Prepayments		566	640
Other receivables		327	51
Total current trade and other receivables		9,916	14,096

The carrying amount of the Group receivables is denominated in the following currencies:

AUD	74	587
USD	-	1,353
NZD	8,949	11,740
Total current trade receivables	9,023	13,680

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

9.1. IMPAIRMENT OF RECEIVABLES

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 March 2021 is determined as follows, the expected credit losses incorporate forward looking information.

31 March 2021	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Gross carrying amount ($'000)	7,944	145	50	961	9,100
ECL provision (Provision for doubtful debts)	(55)	-	-	(22)	(77)
Neither past due nor impaired	7,889	-	-	-	7,889
Past due and not impaired	-	145	50	939	1,134

31 March 2020	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Gross carrying amount ($'000)	11,380	657	666	977	13,680
ECL provision (Provision for doubtful debts)	-	-	-	(147)	(147)
Neither past due nor impaired	11,380	-	-	-	11,380
Past due and not impaired	-	657	666	830	2,153

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2021 000's $	2020 000's $
Balance at beginning of the year	147	-
Additional impairment loss recognised	141	301
Amounts written off as uncollectible		
Bad debts	(64)	(154)
Unused amounts reversed	(147)	-
Balance at end of the year	77	147

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over two years past due, whichever occurs first.

9.2. COLLATERAL HELD AS SECURITY

The Group does not hold any collateral over any receivables balances.

10. INVENTORIES

	2021 000's $	2020 000's $
Network inventory	3,093	3,425
Smart meters	511	402
	3,604	3,827

11. LOANS AND ADVANCES

		2021 000's $	2020 000's $
NON CURRENT			
SmartCo Limited		215	215
		215	215

The above loan is unsecured, interest free and repayable on demand.

		2021 000's $	2020 000's $
CURRENT			
NETcon Clay Energy Joint Venture		614	238
Sunfra Joint Venture		3	1,303
On Metering Limited	15	3,407	3,657
		4,024	5,198

The NETcon Clay Energy Joint Venture and On Metering Limited loans are interest free. The Sunfra loan bears interest at 5%. All the above loans are unsecured and repayable on demand.

12. WORK IN PROGRESS

	2021 000's $	2020 000's $
Construction work in progress	274	188

13. PROPERTY, PLANT AND EQUIPMENT

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Year ended 31 March 2021	Network reticulation system 000's $	Land and buildings 000's $	Plant and equipment 000's $	Meters and relays 000's $	Fibre 000's $	Total 000's $
Opening net book amount	226,329	19,885	5,949	17,695	3,966	273,824
Asset classification transfer	(825)	587	710	(2,431)	1,723	(236)
Additions	22,535	-	507	577	158	23,777
Change in capital work in progress	(5,360)	79	399	-	-	(4,882)
Disposals	(701)	(118)	(211)	-	(169)	(1,199)
Depreciation charge	(6,992)	(694)	(1,438)	(1,609)	(232)	(10,965)
Revaluation	-	(345)	-	-	-	(345)
Balance at the end of the year	234,986	19,394	5,916	14,232	5,446	279,974

Year ended 31 March 2020	Network reticulation system 000's $	Land and buildings 000's $	Plant and equipment 000's $	Meters and relays 000's $	Fibre 000's $	Total 000's $
Opening net book amount	222,277	20,735	6,926	14,995	4,110	269,043
Additions	7,799	76	1,221	4,227	-	13,323
Change in capital work in progress	3,502	-	-	-	-	3,502
Disposals	(388)	-	(125)	-	-	(513)
Depreciation charge	(6,861)	(497)	(2,073)	(1,527)	(144)	(11,102)
Revaluation	-	(429)	-	-	-	(429)
Balance at the end of the year	226,329	19,885	5,949	17,695	3,966	273,824

Revaluation of land and buildings

An independent valuation of the Group's land and buildings is performed by a registered valuer every three years, to determine the fair value of the land and buildings as at the end of the financial year. The revaluation movement net of applicable deferred income taxes is applied to other comprehensive income and is included in "Revaluation Reserves" in equity. Please note the fair value carrying amounts of land and buildings in Note 28.

The fair value of these land and buildings was determined based on income capitalisation approach based on market income and an appropriate yield of income for that particular property.

In deriving the valuation, all assumptions are based, where possible, on market based evidence and transactions for similar properties, locations and quality of lease. They are categorised as Level 3 of the fair value hierarchy as unobservable inputs (as described in NZ IFRS 13.) The valuations were prepared by an independent and qualified registered valuer.

The most recent independent valuation to determine the fair value of the Group's land and buildings was performed as at 31 March 2020. This resulted in revaluation movement of -$0.429M in FY2020, and was applied to other comprehensive income and is included in "Revaluation Reserves" in equity.

Carrying value of property, plant and equipment

	Network reticulation system	Land and buildings	Plant and equipment	Meters and relays	Fibre	Total
	000's	000's	000's	000's	000's	000's
At 31 March 2021	$	$	$	$	$	$
Cost	311,986	22,867	19,255	25,665	7,132	386,905
Accumulated depreciation	(77,000)	(3,473)	(13,339)	(11,433)	(1,686)	(106,931)
Net book amount	234,986	19,394	5,916	14,232	5,446	279,974

	Network reticulation system	Land and buildings	Plant and equipment	Meters and relays	Fibre	Total
	000's	000's	000's	000's	000's	000's
At 31 March 2020	$	$	$	$	$	$
Cost	297,764	21,294	20,905	26,800	5,359	372,122
Accumulated depreciation	(71,435)	(1,409)	(14,956)	(9,105)	(1,393)	(98,298)
Net book amount	226,329	19,885	5,949	17,695	3,966	273,824

Work in progress

Included in the closing Net book amount is Capital Work in Progress

	2021 000's	2020 000's
	$	$
Capital Work in Progress	6,628	11,510

Historical Cost
If land and buildings were stated at historical cost, amounts would be as follows:

Deemed cost land	77	77
Deemed cost building	19,538	17,966
Accumulated depreciation	(3,977)	(1,913)
Net book value	15,638	16,130

14. INTERESTS IN SUBSIDIARIES

14.1. Composition of the Group

	Principal place of business / Country of Incorporation	Percentage owned (%)*	Percentage owned (%)*
Subsidiaries:		2021	2020
Timaru Electricity Limited	New Zealand	100	100
NETcon	New Zealand	100	100
Infratec Limited	New Zealand	100	100
Infratec Renewables (Rarotonga) Limited	New Zealand	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

SALE OF THE INFRATEC OPERATING ASSETS

(a) Description

On 3 December 2020, the Group completed its sale of the New Zealand Infratec operating assets to WEL Networks Limited for cash consideration of $3.9M (net of cash sold). As a result, the Group recorded a gain in disposal of $4.0 million ($3.9 million net of income tax expenses) during the year. The revenue and operating results of the New Zealand operations of Infratec were not presented as discontinued operations in any financial year because they were immaterial to the Group as they represented less than 2% of trading revenue.

As part of the transaction, the employees of Infratec Limited were offered and accepted employment by the purchaser. Infratec Limited now has no employees. Infratec Limited remains party to a number of contracts under which it has ongoing obligations and will require continued access to qualified and experienced personnel to meet those obligations, including employees that have transferred to the WEL Group.

WEL and Alpine agreed that the WEL Group will provide secondees to Infratec Limited for the purpose of completing its remaining obligations under the contracts on terms and conditions set out in an agreed Secondment Services Agreement.

(b) Details of sale

	000's
	$
Consideration received	3,907
Carrying amount of assets/(liability) sold	(77)
Gain on sale	3,984
Income tax expense on gain	(118)
	3,866

The carrying values of assets and liabilities as at the date of sale (3 December 2020) were:

	000's
	$
Property Plant and Equipment	113
Intellectual Property Rights	37
Other assets	(9)
Total assets	141
Employee benefit obligations	218
Total liabilities	218
Net carrying amount	(77)

15. INTERESTS IN JOINT ARRANGEMENTS

	Type of joint arrangement	Principal place of business / Country of Incorporation	Percentage owned (%)*	Percentage owned (%)*
Joint arrangements:			**2021**	2020
Rockgas Timaru Limited	Sale of LPG gas	New Zealand	-	-
On Metering Limited	Electricity meter leasing	New Zealand	**50**	50
NETcon Clay Energy Joint Venture	Renewable energy contracting	New Zealand and Pacific Islands	**50**	50
Sunfra Joint Venture	Renewable energy contracting	Pacific Islands	**50**	50

The percentage of ownership interest held is equivalent to the percentage voting rights for all joint arrangements.

Rockgas Timaru Limited

Rockgas Timaru Limited was a joint venture to sell LPG in the Timaru area. Rockgas Timaru Limited was owned by Alpine Energy Limited (50%) and Rockgas Limited (50%) (a subsidiary of Contact Energy Limited) and was formed on 29 March 1994. On 30 August 2019, Alpine Energy Limited sold its 50% share to Rockgas Limited for $1.100M. The net gain of $0.828M has been reflected in profit in the prior year.

On Metering Limited

On Metering Limited is a joint venture to install advanced meters in the Mainpower network area in North Canterbury. On Metering Limited is owned by Alpine Energy Limited (50%) and Network Tasman Limited (50%) and formed on 6 June 2013.

NETcon Clay Energy Joint Venture

NETcon Clay Energy Joint Venture is an unincorporated joint venture for the purpose of the design, supply, installation, construction, commissioning and provision for operational and maintenance support for a renewable energy project in the Solomon Islands. The joint venture is owned by NETcon Limited (50%) and Clay Energy (50%).

Sunfra Joint Venture

Sunfra Joint Venture is an unincorporated joint venture to carry out the completion, maintenance and operation of renewable energy projects in the Pacific Islands. It is owned by Infratec Limited (50%) and Sunergise International Limited (50%).

Joint ventures

All joint ventures have the same year end as the parent entity. There are no significant restrictions on the ability of joint ventures to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the entity.

Material joint ventures

The following information is provided for joint ventures that are material to the Group and is the amount per the joint venture financial statements, adjusted for fair value adjustments at acquisition date and differences in accounting policies, rather than the Group's share.

2021 Name of joint venture	**Rockgas Timaru Limited**	**On Metering Limited**	**NETcon Clay Energy Joint Venture**	**Sunfra Joint Venture**
	000's $	**000's $**	**000's $**	**000's $**
Dividends received from the joint venture	-	-	-	-
Summarised statement of financial position:				
Cash and cash equivalents	-	**367**	**263**	**148**
Other current assets	-	**431**	**1,394**	-
Non current assets	-	**9,169**	**229**	-
Current financial liabilities (excluding trade and other payables and provisions)	-	**(242)**	-	**(85)**
Other current liabilities	-	**(7,561)**	**(1,657)**	-
Net assets	-	**2,164**	**229**	**63**
Summarised statement of profit or loss and other comprehensive income				
Revenue	-	**2,118**	**2,486**	**114**
Depreciation and amortisation	-	**(1,094)**	-	**(207)**
Finance costs	-	-	-	-
Prior year adjustment	-	**278**	-	**44**
Income tax expense / (income)	-	**(28)**	-	**(26)**
Profit / (loss) from continuing operations	-	**(133)**	-	**(93)**
Total comprehensive income	-	**117**	-	**(75)**

2020 Name of joint venture	Rockgas Timaru Limited	On Metering Limited	NETcon Clay Energy Joint Venture	Sunfra Joint Venture
	000's $	000's $	000's $	000's $
Dividends received from the joint venture	100	-	-	-
Summarised statement of financial position				
Cash and cash equivalents	-	383	-	-
Other current assets	-	434	916	1,504
Non current assets	-	9,823	-	-
Current financial liabilities (excluding trade and other payables and provisions)	-	(8,334)	(1,389)	(1,303)
Other current liabilities	-	(288)	-	(45)
Net assets	-	**2,018**	**(473)**	**156**
Summarised statement of profit or loss and other comprehensive income				
Revenue	1,365	2,060	413	3,736
Depreciation and amortisation	(35)	(1,225)	-	-
Finance costs	(1)	(356)	-	-
Income tax expense / (income)	-	(28)	-	-
Profit / (loss) from continuing operations	194	(497)	-	(246)
Total comprehensive income	**194**	**(497)**	-	**(246)**

Financial Statements

Reconciliation of carrying amount of interest in joint venture to summarised financial information for joint ventures accounted for using the equity method:

	2021 000's $	2020 000's $
Rockgas Timaru Limited		
Group's share of 50% of net assets	-	276
Share of profit	-	97
Dividends received	-	(100)
Sale of shares	-	(273)
Carrying amount	-	-
On Metering Limited		
Group's share of 50% of net assets	1,009	(483)
Prior year adjustment	139	(327)
Share of loss	(66)	(248)
Capitalisation of loan account	-	2,067
Carrying amount	1,082	1,009
Sunfra Joint Venture		
Group's share of 50% of net assets	56	201
Prior year adjustment	23	-
Share of loss	(47)	(145)
Carrying amount	32	56
On Metering Limited	1,082	1,009
Sunfra Joint Venture	32	56
Carrying amount	1,114	1,065
Loans and advances joint ventures		
NETcon Clay Energy Joint Venture	614	238
Sunfra Joint Venture	3	1,303
	617	1,541

The loan to NETcon/Clay Joint Venture is unsecured, interest free and repayable on demand.

The loan to Sunfra Joint Venture is unsecured, bears interest at 5% per annum and is repayable on demand.

16. INTANGIBLE ASSETS

	2021 000's $	2020 000's $
Computer software		
Opening net book amount	2,701	2,645
Asset classification transfer	232	-
Additions	209	487
Change in Capital WIP	312	-
Disposals	(47)	-
Amortisation	(827)	(431)
Net carrying value	2,580	2,701
At 31 March		
Cost	9,482	7,022
Accumulated amortisation	(6,902)	(4,321)
Net carrying value	2,580	2,701
Easements		
Opening net book amount	54	55
Asset classification transfer	4	-
Additions	64	-
Amortisation	(10)	(1)
Net carrying value	112	54
At 31 March		
Cost	168	99
Accumulated amortisation	(56)	(45)
Net carrying value	112	54
Total intangible assets	2,692	2,755

17. LEASES

The Group as a lessee

The Group has leases over a range of assets including land and buildings, network grid assets and vehicles.

The Group has chosen not to apply IFRS 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The leases from Transpower consist of New Investment Agreements, whereby Transpower invests in necessary upgrades to the network and recovers the cost of the investment over a period. NZ IFRS 16 has resulted in these transactions being deemed a lease by nature. The Group deems the Transpower assets as one portfolio of assets, comprising the following contracts:

1. Bells Pond Line and Grid Connection
2. Temuka Additional 33kV Feeders
3. Temuka Substation: Additional Feeder TMK1292
4. Temuka Substation: T1 and T2 Transformer Upgrading
5. Timaru 11 kV Switchboard Upgrade and Additional Feeders
6. Timaru 11 kV Supply Transformer Upgrade
7. Timaru Natural Earthing Resistors
8. Bells Pond T1 Connection
9. Studholme 11kV Switchgear (Expired 2021)

No contracts have been identified as part of the transition assessment that may have a non lease component. The plant being leased is of a very specific and highly dependent nature, on this basis each of the new investment arrangement agreements have been deemed to have a single lease component, with no further separation necessary.

Some Transpower leases contain variable payment terms that are linked to Transpower's Weighted Average Cost of Capital (WACC), as determined by the Commerce Commission, while other leases contain variable payment terms that are linked to Transpower's applicable risk free rate. Transpower's WACC changes every Regulatory Control Period (RCP), with the current RCP3 period covering five years from 1 April 2020 to 31 March 2025, while Transpower annually reviews the applicable risk free rate.

Right of use assets

	Buildings 000's $	Plant and Equipment 000's $	Network Reticulation Assets 000's $	Total 000's $
Year ended 31 March 2021				
Balance at beginning of year	345	111	11,780	12,236
Disposal of right of use assets	(345)	-	-	(345)
Variable payment remeasurement	-	-	(1,303)	(1,303)
Depreciation charge	-	(74)	(1,228)	(1,302)
Balance at end of year	-	37	9,249	9,286
Year ended 31 March 2020				
Additions to right of use assets	436	148	13,010	13,594
Depreciation charge	(91)	(37)	(1,230)	(1,358)
Balance at end of year	345	111	11,780	12,236

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

Lease liabilities	<1 year 000's $	1-5 years 000's $	>5 years 000's $	Total undiscounted lease liabilities 000's $	Lease liabilities included in this Statement of Financial Position 000's $
Year ended 31 March 2021	1,379	5,141	5,227	11,747	9,725
Year ended 31 March 2020	1,734	6,308	7,348	15,390	12,492

	2021 000's $	2020 000's $
Current	973	1,215
Non current	8,752	11,277
	9,725	12,492

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2021 000's	2020 000's
	$	$
Depreciation right of use property, plant and equipment	1,302	1,358
Interest on obligations under finance leases	523	573
Variable lease payments not included in the measurement of lease liabilities	129	421
	1,954	2,352
Statement of cash flows		
Total cash outflow for leases	1,711	1,675

18. TRADE AND OTHER PAYABLES

	2021 000's	2020 000's
	$	$
CURRENT		
Trade payables	4,284	4,523
GST payable	380	677
Deferred revenue	-	857
Payroll accruals	246	864
Accruals	6,781	1,550
Due to related entities	-	61
	11,691	8,532

Trade and other payables are unsecured, non interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short term nature of the balances.

19. TAX ASSETS AND LIABILITIES

19.1. Current tax liability

	2021 000's	2020 000's
	$	$
Opening balance	4,583	1,477
Tax expenses	5,460	7,456
Provisional tax paid	(8,017)	(2,640)
Deferred tax	(2,197)	(1,710)
Current tax liabilities/(receivables)	(171)	4,583

19.2. Deferred tax assets

	Opening balance	Charged to income	Charged directly to equity	Closing balance
	000's	000's	000's	000's
Deferred tax assets	$	$	$	$
Provisions	4,965	(164)	735	5,536
Leases	-	3,396	-	3,396
Balance at 31 March 2020	4,965	3,232	735	8,932
Provisions	5,536	(866)	(288)	4,382
Leases	3,396	(441)	-	2,955
Balance at 31 March 2021	8,932	(1,307)	(288)	7,337

19.3. Deferred tax liabilities

	Opening balance	Charged to income	Closing balance
	000's	000's	000's
	$	$	$
Property, plant and equipment			
- tax allowance	32,286	1,612	33,898
Leases	-	3,325	3,325
Balance at 31 March 2020	32,286	4,937	37,223
Property, plant and equipment			
- tax allowance	33,898	1,981	35,879
Leases	3,325	(343)	2,982
Balance at 31 March 2021	37,223	1,638	38,861

20. CONTRACT BALANCES

Contract assets and liabilities

The Group has recognised the following contract assets and liabilities from contracts with customers:

	2021 000's	2020 000's
	$	$
CURRENT		
Deferred revenue	3,889	6,774
Capital contributions	298	298
Total current contract liabilities	4,187	7,072
NON CURRENT		
Capital contributions	2,946	2,501

(i) Contract liabilities comprise payments received from customers in excess of services rendered.

Reconciliation of contract liabilities

The following table shows the value of revenue recognised in 2021 that relates to contract liabilities recognised at 2020 and the value of revenue recognised that relates to performance obligations that were also satisfied in the prior year.

	2021 000's	2020 000's
	$	$
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Deferred revenue	7,072	1,545
Revenue recognised from performance obligations satisfied in previous years		
Capital contribution projects	298	298
Total	7,370	1,843

Unsatisfied performance obligations

The following table shows the aggregate amount of the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations resulting from Customer Capital contribution projects.

	2021 000's	2020 000's
	$	$
Contracting deferred revenue	3,889	6,774
Contracting capital contributions	3,244	2,799
	7,133	9,573

Management expects that the following percentage of the transaction price allocated to the unsatisfied performance obligations as of 2021 will be recognised as revenue during the next reporting period:

- Capital Contributions 13.51% (2020: 10.63%). The remaining 86% is expected to be recognised as revenue on an amortised basis at $0.298M per annum.
- Deferred revenue 100% (2020: 100%)

21. EMPLOYEE BENEFITS

	2021 000's	2020 000's
Current liabilities	$	$
Long service leave	379	141
Provision for holiday pay	1,286	1,704
	1,665	1,845

22. DIVIDENDS

The following dividends were declared and paid:

	2021 000's $	2020 000's $
Interim ordinary dividend of 1.20 (2020: 4.80) cents per share were paid in September, December and March.	1,489	5,951
Final imputed ordinary dividend (pertaining to prior year) of 2.40 (2020: 9.60) cents per share	992	3,967
Total	2,481	9,918

Gross ordinary dividends of 8.33 (2020: 33.33) cents per share were declared during the year, with 6.00 (2020: 24.00) cents per share paid net of imputation credits. Imputed dividends declared or paid during the year were imputed at the tax rate of 28%.

Proposed final 2021 fully imputed ordinary dividend of 2.40 (2020: 9.60) cents per share to be paid 30 July 2021.	992	3,967

The proposed final dividend for 2021 is in accordance with the dividend distribution policy in the Statement of Corporate Intent. This is to be paid on 30 July 2021 subject to completion of the Annual General Meeting.

23. BORROWINGS

	2021 000's $	2020 000's $
NON CURRENT		
Liabilities:		
Bank loans	74,800	85,000
Total non current borrowings	74,800	85,000
Total borrowings	74,800	85,000

The termination date of the facility is 31 August 2023. The facility is subject to a negative pledge.

The Group has entered into the following interest rate swaps:

Effective date	Amount 000's $	Maturity date
14 October 2015	7,000	20 December 2021
20 December 2015	7,000	20 December 2023
20 June 2019	12,000	20 June 2024
21 December 2015	7,000	20 December 2025
20 December 2017	12,000	20 December 2027
20 September 2018	12,000	20 September 2028
	57,000	

The interest rate applied to borrowings against the Flexible Credit Facility is linked to the Reserve Bank of New Zealand 90 day bank bill rate. A movement of 1% in this rate would result in a movement of $0.748M (2020: $0.850M) in the interest expense for the year. The covenants governing the facility have not been breached during the year.

24. ISSUED CAPITAL

	2021 000's $	2020 000's $
Ordinary shares	41,328	41,328

Ordinary shares

There are no unpaid or uncalled shares. All shares rank equally for voting rights and dividend distributions. The Company does not have authorised capital or par value in respect of its shares.

The Company is owned as follows:

	No. of shares	%
Timaru District Holdings Limited	19,630,808	47.50
Waimate District Council	3,116,132	7.54
Mackenzie District Council	2,049,870	4.96
LineTrust South Canterbury	16,531,207	40.00

There were no changes to shareholdings during the year.

Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to Shareholders and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios. A key objective of the Company's capital risk management is to maintain compliance with the covenants attached to the Company's debt facility. Throughout the year, the Company has complied with these covenants.

25. CAPITAL AND LEASING COMMITMENTS

Operating leases

	2021 000's $	2020 000's $
Not Later Than One Year	59	139
Between One Year And Five Years	98	178
	157	317

Contracted commitments

Contracted commitments for:

Capital	3,828	5,606

26. LESSOR COMMITMENTS

The Group leases out its investment property (see note) under commercial leases. These non cancellable leases have terms between 3 and 10 years. All leases include an option for the Group to increase rent to current market rental on an annual basis.

The future minimum lease payments under non cancellable leases are:

	2021 000's $	2020 000's $
Lease of fibre network		
Not later than one year	761	541
Between one and five years	3,732	2,706
Later than five years	6,202	5,232
Rentals from building lease agreements		
Not later than one year	179	195
Between one and five years	120	290

27. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Bank overdraft
- Interest rate swaps
- Trade and other payables
- Lease liabilities
- Floating rate bank loans
- Forward currency contracts

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day to day financial risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Treasury and Finance Committee has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group monitors monthly rolling forecasts of the Group's liquidity requirements on the basis of expected cash flow. The Board of Directors approves all new borrowing facilities. Refer Note 23 for borrowing facility details.

Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

	Less than 1 year 000's $	Between 1 and 2 years 000's $	Between 2 and 5 years 000's $	Over 5 years 000's $
As at 31 March 2021				
Trade and other payables	11,691	-	-	-
Loans	789	-	76,279	1,188
Lease liability	973	1,032	2,973	4,747
Interest rate swaps	201	-	2,614	2,730
Foreign currency forward contracts	157	-	-	-
	13,811	1,032	81,866	8,665
As at 31 March 2020				
Trade and other payables	8,532	-	-	-
Loans	552	85,385	875	1,602
Lease liability	1,215	1,228	3,514	6,535
Interest rate swaps	-	447	1,741	6,370
Foreign currency forward contracts	(104)	-	-	-
	10,195	87,060	6,130	14,507

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Credit risk associated with trade and other receivables is limited through retailer invoicing for line and metering charges rather than individual consumer invoicing for line and metering charges. Credit is also limited with trade receivables by the requirement of a 50% upfront payment of the customer contribution for new connections before work is started and milestone claims. Credit risk associated with related party loans is low due to the saleable assets held by the related party.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the NZD functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in USD, EUR and AUD.

To mitigate the Group's exposure to foreign currency risk, non New Zealand Dollar cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. The policy is to hedge 100% of forecast foreign currency cash flows.

Generally, the Group's risk management procedures distinguish short term foreign currency cash flows (due within 6 months) from longer term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Forward exchange contracts are mainly entered into for significant long term foreign currency exposures that are not expected to be offset by other currency transactions.

In order to monitor the effectiveness of this policy, the Board receives a monthly report showing the settlement date of transactions denominated in non New Zealand Dollar currencies and expected cash reserves in that currency.

	USD 000's	AUD 000's
2021	$	$
Nominal amounts		
Financial liabilities	4,032	1,157
Short term exposure	4,032	1,157
2020		
Nominal amounts		
Financial liabilities	597	1,571
Short term exposure	597	1,571

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates.

The Group's main interest risk arises from long term borrowings with floating rates, which expose the Group to cash flow interest rate risk. The Group policy is to maintain a minimum of 25%, with a maximum of 75% of its borrowings at fixed rate. The Group policy hedging profile period allows hedges to cover up to a maximum of 10 years.

	2021	2020
	%	%
Actual cover at year end	76	67

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates concide with the dates on which interest is payable on the underlying debt. At financial year end the hedging profile exceeded the maximum cover percentage. This was approved in accordance with the Treasury Policy.

28. FAIR VALUE MEASUREMENT

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Land and buildings
- Financial assets
  - Other financial assets
- Financial liabilities
  - Bank loans
  - Derivatives
  - Other financial liabilities

Fair value hierarchy

NZ IFRS 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

	Level 1 000's	Level 2 000's	Level 3 000's	Total 000's
31 March 2021	$	$	$	$
Recurring fair value measurements				
Land and buildings	-	-	19,394	19,394
Financial assets				
Financial liabilities				
Interest rate swaps	-	(5,546)	-	(5,546)
Foreign currency forward contracts	-	(157)	-	(157)
31 March 2020				
Recurring fair value measurements				
Land and buildings	-	-	19,885	19,885
Financial assets				
Financial liabilities				
Interest rate swaps	-	(8,559)	-	(8,559)
Foreign currency forward contracts	-	104	-	104

There were no transfers between Level 1 and Level 2 during the year.

Level 2 measurements

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The table below shows the financial assets/liabilities by category for the Group:

	Derivatives used for hedging 000's	Derivatives used for trading 000's	Measured at amortised cost 000's	Total 000's
31 March 2021	$	$	$	$
Financial assets				
Loans and advances	-	-	4,239	4,239
Trade and Other Receivables	-	-	9,916	9,916
Cash and Cash Equivalents	-	-	397	397
	-	-	14,552	14,552
Financial liabilities				
Trade and Other Payables	-	-	11,691	11,691
Interest Rate Swaps	5,546	-	-	5,546
Dividend Payable	-	-	992	992
Long Term Borrowings	-	-	74,800	74,800
Foreign Currency Forward Contracts	-	157	-	157
	5,546	157	87,483	93,186

	Derivatives used for hedging 000's	Derivatives used for trading 000's	Measured at amortised cost 000's	Total 000's
31 March 2020	$	$	$	$
Financial assets				
Loans and advances	-	-	5,413	5,413
Trade and Other Receivables	-	-	14,096	14,096
Cash and Cash Equivalents	-	-	1,275	1,275
	-	-	20,784	20,784
Financial liabilities				
Trade and Other Payables	-	-	8,532	8,532
Interest Rate Swaps	8,559	-	-	8,559
Dividend Payable	-	-	3,967	3,967
Long Term Borrowings	-	-	85,000	85,000
Foreign Currency Forward Contracts	(104)	-	-	(104)
	8,455	-	97,499	105,954

Specific valuation techniques used to value financial instruments include:

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

Trade receivables, trade payables, related party loans and advances and term loans are disclosed at their carrying value. The carrying value of these assets and liabilities are equivalent to or approximate their fair value.

Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments.

	2021 000's	2020 000's
Cash flow hedge reserve	$	$
Balance at beginning of year	(4,191)	(2,301)
Total gains or losses for the year		
Recognised in other comprehensive income	1,766	(2,860)
Deferred tax	(495)	801
Other movements		
Interest rate swaps in profit or loss - included in finance costs	238	235
Deferred tax	(67)	(66)
Balance at end of year	(2,749)	(4,191)

There were no reclassifications from the cash flow hedge reserve to profit or loss during the period. The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss.

Land and buildings

Unobservable inputs and sensitivities

Asset / liability category	Carrying amount (at fair value) 2021 000's $	Carrying amount (at fair value) 2020 000's $	Key unobservable inputs	Expected range of inputs 2021	Expected range of inputs 2020
Land and buildings - Alpine House	**9,886**	10,541	Discount rate	**8.75%**	8.75%
			Terminal yield	**7.75%**	7.75%
			Cap rate	**7.25%**	7.25%
Other property	**9,508**	9,344	Discount rate	**10.25%**	10.25%
			Terminal yield	**9.50%**	9.50%
			Cap rate	**9.00%**	9.00%

The valuations above are sensitive to the inputs used in the valuation model. A sensitivity analysis around key inputs is given in the table below.

	Change in discount rate					
	2021			2020		
	- 0.5%	**0%**	**+0.5%**	- 0.5%	0%	+0.5%
Change in Capitalisation Rate	**000's**	**000's**	**000's**	000's	000's	000's
Alpine House	**$**	**$**	**$**	$	$	$
-0.5%	**11,705**	**11,311**	**10,935**	11,705	11,311	10,935
0%	**10,908**	**10,541**	**10,190**	10,908	10,541	10,190
+0.5%	**10,213**	**9,870**	**9,542**	10,213	9,870	9,542
Other Property						
-0.5%	**10,259**	**9,923**	**9,602**	10,259	9,923	9,602
0%	**9,660**	**9,344**	**9,041**	9,660	9,344	9,041
+0.5%	**8,076**	**8,826**	**8,540**	8,076	8,826	8,540

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instruments match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. The current year reflected -$0.748M (2020: $0.551M) in finance costs due to the ineffectiveness of blended interest rate swaps.

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

29. CONTINGENCIES

Contingent liabilities

The Group had the following contingent liabilities at the end of the reporting period:

$7.11M (2020: $11.55M) in the form of performance and import guarantees to cover ongoing project work.

30. KEY MANAGEMENT PERSONNEL REMUNERATION

Key Management personnel remuneration included within employee expenses for the year is shown below:

	2021 000's $	2020 000's $
Short term employee benefits - 16 employees (FY2020: 13 employees)	**3,019**	2,643

31. RELATED PARTIES

The Group's main related parties are as follows:

Key Management personnel - refer to Note 30.

Joint arrangements - refer to Note 15.

Subsidiaries - refer to Note 14.

Other related parties include close family members of key Management personnel and entities that are controlled or significantly influenced by those key Management personnel or their close family members.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Purchases 000's $	Sales 000's $	Owed to the Company 000's $	Owed by the Company 000's $
FY2021				
Joint venture				
SmartCo Limited	**888**	**2,887**	**658**	**80**
On Metering Limited	**-**	**120**	**3,412**	**-**
Sunfra Joint Venture	**-**	**-**	**3**	**-**
NETcon Clay Joint Venture	**-**	**-**	**614**	**-**
Shareholders				
Mackenzie District Council	**33**	**15**	**2**	**1**
Timaru District Council	**157**	**1,873**	**35**	**1**
Waimate District Council	**29**	**80**	**8**	**-**
FY2020				
Joint venture				
Rockgas Timaru Limited	42	56	-	-
SmartCo Limited	781	2,276	443	38
On Metering Limited	39	83	3,657	24
Sunfra Joint Venture	-	-	1,324	-
NETcon Clay Joint Venture	-	-	238	-
Shareholders				
Mackenzie District Council	25	42	-	-
Timaru District Council	98	444	310	1
Waimate District Council	24	20	-	-

32. CASH FLOW INFORMATION

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021 000's $	2020 000's $
Profit for the year	17,757	21,637
Interest rate swap movements	(748)	551
Non cash flows in profit:		
- depreciation	13,998	13,249
- IFRS 16 lease impact	523	573
- Gain on sale of Infratec operating assets	(3,984)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	4,090	(3,772)
- (increase)/decrease in other assets	(21)	(226)
- (increase)/decrease in inventories	223	201
- increase/(decrease) in contract liabilities	445	(298)
- increase/(decrease) in income in advance	(2,885)	5,229
- increase/(decrease) in trade and other payables	2,980	(189)
- increase/(decrease) in income taxes payable	(4,754)	2,845
- increase/(decrease) in deferred tax liability	2,793	1,970
Cashflows from operations	30,417	41,770

Changes in liabilities arising from financing activities

	2021 000's $	Cash flows 000's $	2020 000's $
Long term borrowings	74,800	(10,200)	85,000
Short term borrowings	(397)	878	(1,275)
Total liabilities from financing activities	74,403	(9,322)	83,725

	2020 000's $	Cash flows 000's $	2019 000's $
Long term borrowings	85,000	(15,000)	100,000
Short term borrowings	(1,275)	507	(1,782)
Total liabilities from financing activities	83,725	(14,493)	98,218

Borrowing facilities

The following facilities were available at the end of the reporting period:

	2021 000's $	2020 000's $
Total facilities		
Flexible Credit Facility (ANZ)	110,000	110,000
Performance SBLC/Guarantee/Bond Facility (ANZ)	12,000	12,000
Commercial Flexible Facility (ANZ)	5,000	5,000
Financial Guarantee Facility (ANZ)	2,250	2,250
Guarantee Facility (BNZ)	437	15,000
	129,687	144,250
Used at reporting date		
Flexible Credit Facility (ANZ)	74,800	85,000
Performance SBLC/Guarantee/Bond Facility (ANZ)	6,669	8,643
Guarantee Facility (BNZ)	437	2,837
	81,906	96,480
Unused at reporting date		
Flexible Credit Facility (ANZ)	35,200	25,000
Performance SBLC/Guarantee/Bond Facility (ANZ)	5,331	3,357
Commercial Flexible Facility (ANZ)	5,000	5,000
Financial Guarantee Facility (ANZ)	2,250	2,250
Guarantee Facility (BNZ)	-	12,163
	47,781	47,770

33. EVENTS OCCURRING AFTER THE REPORTING DATE

The Directors are not aware of any matter or circumstance since the end of the financial year not otherwise dealt with in this report that has significantly affected or may significantly affect the operation of the Company or Group, the results of those operations or the state of affairs of the Company or Group.

34. STATUTORY INFORMATION

The registered office and principal place of business of the Company is:

Alpine Energy Limited
24 Elginshire Street
Timaru 7910

35. PERFORMANCE REPORT

Performance targets were set in the Statement of Corporate Intent approved by Directors.

Financial information	2021	2020
Ratio of Net Surplus attributable to the Shareholders to Average Shareholders Equity:		
Target	7.3%	12.9%
Result	11.1%	14.7%
Tangible Assets per Share		
Target	$7.45	$7.52
Result	$7.25	$7.25
Earnings per Share		
Target	$0.288	$0.502
Result	$0.430	$0.524
Ratio of Shareholders' Equity to Total Assets		
Minimum Target	54%	52%
Result	56%	51%

Non Financial information	2021
System Average Interruption Duration Index (SAIDI)	
Planned SAIDI limit (5 years)	824.87
Planned SAIDI target	54.99
Result (Normalised)	87.55
Unplanned SAIDI limit	124.71
Unplanned SAIDI target	91.88
Result (Normalised)	77.48
System Average Interruption Frequency Index (SAIFI)	
Planned SAIFI limit (5 years)	3.49
Result (Normalised)	0.26
Unplanned SAIFI limit	1.2
Result (Normalised)	0.64

SAIDI and SAIFI performance measures ascertain the reliability of the network. Where maximum caps for SAIDI and/or SAIFI are breached, there are financial penalties levied.

Health and safety measures

Health and safety continues to be our most important value at Alpine Energy. It is a core agenda item at each Board and Executive Leadership team meeting and is supported by key information from all corners within Alpine Energy's businesses.

Alpine Energy is a member of the Business Leaders Health and Safety and Canterbury Operations Lifelines forums as well as the National Emergency Management Agency Lifeline Utilities Group. Alpine Energy's Public Safety Management System is annually externally audited with certification remaining current.

Alpine Energy's LTIFR and TRIFR results remain well below the industry median, with critical risks and supporting mitigations continuing to be a key focus to ensure the safety of its workers. Alpine Energy promotes the four cornerstones of wellbeing - physical, spiritual, psychological and family health.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes for the year ended 31 March 2021 are in accordance with the Financial Reporting Act of 2013 and:
   a. comply with Accounting Standards, which, as stated in basis of preparation Note 2. to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position and performance of the consolidated Group;

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....

Director ....

Dated ....9th June 2021.......

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF ALPINE ENERGY LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2021

The Auditor-General is the auditor of Alpine Energy Limited Group (the Group). The Auditor-General has appointed me, Nathan Wylie, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements and the performance information of the Group on his behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 51 to 85 that comprise the statement of financial position as at 31 March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on page 85.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 31 March 2021; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards, as defined in the Financial Reporting Act 2013; and
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2021.

Our audit was completed on 10 June 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, PwC Centre, 60 Cashel Street, PO Box 13244, City East, Christchurch 8141, New Zealand
T: +64 3 374 3000, pwc.co.nz

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is also responsible on behalf of the Group for preparing performance information that is fairly presented.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the target information reported in the financial statements and performance information, our procedures were limited to checking that the information agreed to the Group's statement of corporate intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements and performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 50, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

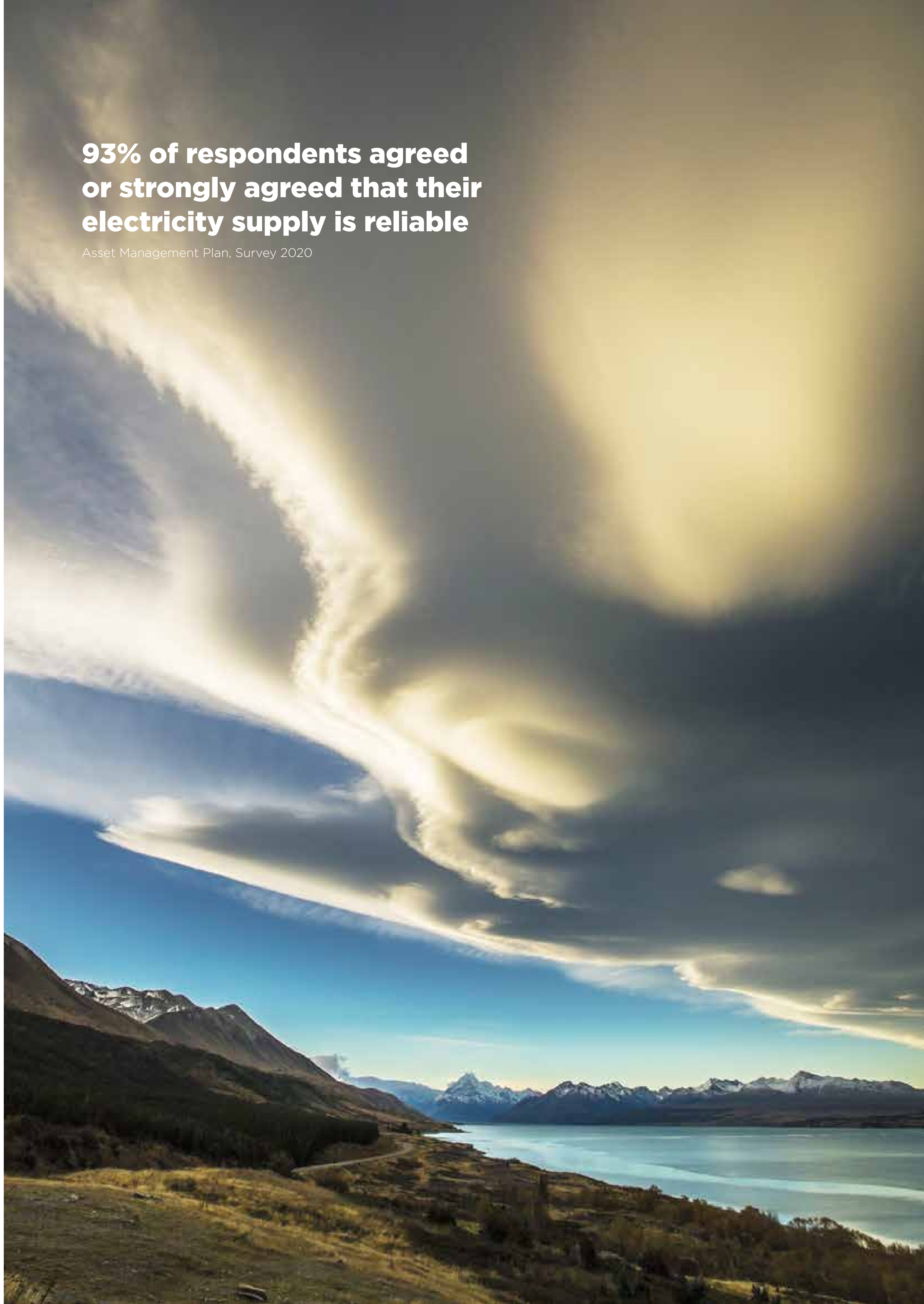
In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out assignments in the areas of compliance with the Electricity Distribution (Information Disclosure) Determination 2012, Electricity Distribution Services Default Price-Quality Path Determination 2012, and other regulatory requirements of the Commerce Act 1986, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Group.

Nathan Wylie
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand



“ Reliable and efficient electricity is crucial to being able to run a 24 hour operation that services guests from all over the world for accommodation, dining and activities.”

SIMON DOUTHETT
Hermitage Hotel Aoraki/Mount Cook

24 Elginshire St, Washdyke, Timaru
7940 **P.** 03 687 4300
www.alpineenergy.co.nz