ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2010

ALPINE ENERGY LIMITED

MISSION STATEMENT

To ensure continuing commercial success by:

- Providing safe, efficient, reliable and cost-effective energy delivery that promotes efficient and sustainable energy use.
- Encouraging the use of and utilising water resources to support the production and consumption of electricity.
- Providing asset management services.

CONTENTS

DIRECTORY

DIRECTORS:
Mr I.J. Bowan (Chairman)
Mr D.M.D. Cleverley
Mr R.D. Ramsay
Mr S.R. Thompson
Mr B.J. Wood

MANAGEMENT
Mr A.G. Tombs (Chief Executive)
Mr E.J. Powell (Corporate Services Manager)

REGISTERED OFFICE:
Meadows Road,
Washdyke, Timaru
Ph: (03) 687 4300
Fax:(03) 684 8261
Website: www.alpineenergy.co.nz

AUDITOR:
Mr F. Hutchings, PricewaterhouseCoopers,
Christchurch
On behalf of the Controller and Auditor-General

SOLICITORS:
Petrie Mayman Clark, Timaru

LEGAL COUNSEL:
Quentin Hix, Timaru

BOARD OF DIRECTORS AND MANAGERS


Ian Bowan
Chairman


Steve Thompson


Brian Wood,


Murray Cleverley


Rick Ramsay


Andrew Tombs
Chief Executive


Eoin Powell
Corporate Services Manager

OVERVIEW

Overall, Alpine Energy Limited had another satisfactory year.

The volume of energy delivered over the Alpine Energy distribution network achieved a new record of 751 GWH in 2009/10; 2.6% greater than the 732 GWH delivered in the previous year.

Overall, capital expenditure progressed well with most large capital expenditure items either completed or nearly completed. Maintenance expenditure exceeded budget due mostly to reactive unscheduled work and a redeployment of resource from new connections to maintenance.

It is pleasing to report that there were no lost time injuries across the Group for the year ending 31 March 2010. Productivity remained high throughout the year.

FINANCIAL PERFORMANCE

The financial performance for the Group exceeded all the performance targets set in the 2009/10 Statement of Corporate Intent, although the earnings for the Group fell short of the very high level achieved in the previous year.

When comparing the Revenue and Expenses figures with those of the previous year, account must be taken of the subsidiary (NetCon Limited) figures which are consolidated for the full year in 2009/10, but were only consolidated for six months in the previous year.

The higher energy volumes helped Network Lines Revenue to increase by over $3 million (10%) compared with 2008/09. This was offset by reductions of over $2 million in Customer Contributions and over $1 million in Dividends received.

On the Expenses side, Transmission increased by over $2 million, but Depreciation, Amortisation and Impairment decreased by $1.6 million. Another major component was additional maintenance expenditure of almost $2 million for both planned and unplanned (such as the Timaru substation fire) work.

The slow down in new connections, excluding irrigation and dairy, in the network as evidenced by the reduced Customer Contributions, resulted in internal and external resources normally deployed in this area being diverted to maintenance activities leading to the additional expenditure.

The Profit before Income Tax at $14.3 million was $1.9 million less than the previous year, while the Profit from Operations at $10.3 million was $2.1 million less. Despite the fall in Profit before Tax, there was no reduction in taxation. This was due to the reduction in Customer Contributions (mentioned above) that were not taxable.

NETWORK OPERATIONS

Major capital works on the network reticulation system accounted for expenditure of $11.6 million during the year, up from $10 million last year, and included:

- $3.8 million in our new GXP at Bells Pond
- $2.0 million in new transformers
- $1.3 million of construction and/or upgrade of approximately 20 km of overhead line
- $1.2 million new subdivisions and extensions
- $0.7 million in substation upgrades
- $0.6 million in large system development projects
- $1.4 million for work carried over from the previous year

Major capital work for 2010/11 is budgeted at $25.5 million which includes $1.9 million of work carried over from 2009/10.

Overall reliability for 2009/10 was less than target with a SAIDI of 332 minutes compared to 201 minutes in the previous year. The Timaru substation fire accounted for almost a quarter of the overall SAIDI.

Very strong load growth in recent years continues to impact on interruptions in two ways. Firstly, there are more planned interruptions to allow for expansion and strengthening of the network. Secondly, there are an increasing number of unplanned interruptions resulting from an overloading of components of the network.

Planned interruptions in 2009/10 at 60 SAIDI minutes were an improvement on last years 83 SAIDI minutes.

The overall annual SAIDI target is 90 minutes for all outages.

NETCON LIMITED

NetCon Limited, a 100% wholly owned subsidiary of Alpine, provides the backbone of contracted field services for Alpine.

During the year a new Service Level Agreement was drafted which forms the basis of how Alpine

and NetCon will interact and how performance will be assessed each year.

In addition to normal maintenance and capital expenditure work, NetCon Limited also now provides the 24/7 fault service and Back Office Accounting to Alpine.

The results of NetCon Limited are consolidated into the Group for the twelve month period ending 31st March 2010.

ROCKGAS TIMARU LIMITED

Despite the competitive local market, Rockgas Timaru continues to be a successful provider of LPG to South Canterbury. This creates the opportunity for energy users to consider alternative energy options and to diversify their energy requirements with a viable alternative, particularly for space and water heating.

FACILITIES AND THE COMMUNITY

Alpine continued its active community involvement by sponsoring various facilities and events, which enhance the sporting and recreational life of the region, as well as providing personal development scholarships.

Similarly to last year, in excess of 100 people benefited from personal development scholarships during the year.

THE FUTURE

In March 2010 the company re-released its Asset Management Plan (AMP). This was a continuation of the AMP released in March 2009 and was released with particular attention to Regulator (Commerce Commission) requirements as well as changes to load, growth, and augmentation assumptions.

The AMP identifies areas of significant investment for Alpine with levels of total expenditure peaking annually in excess of $20 million over the next few years.

A number of assets built in the 1950’s and 1960’s are nearing the end of their expected service life but for the majority of these assets, their general condition is such that they will be able to safely continue service for the next 10 years.

Other assets will be replaced that have served their useful life or have developed defects which will result in their early retirement and replaced with alternative products.

Personal Development Scholarships March 2009

Personal Development Scholarships September 2009

Last year the Company stated that the increasing business costs of undertaking asset replacement projects and the revenue required to fund these projects would have been in conflict with the threshold compliance constraints. As a consequence, investment in asset replacement projects was expected to require Commerce Commission agreement to a customised price path.

We are happy to report that a customised price path has been avoided and the Company's financial performance for 2009/10 fell within the threshold compliance constraints. The financial performance is expected to remain within the constraints of the default price path for the new five year regulatory period that commenced on 1st April 2010.

OTHER BUSINESS

We continue to explore opportunities beyond delivering energy through poles and wires to our consumers. We have begun assessment of other areas of interest such as micro and macro sources of renewable energy.

We became a member of the New Zealand Regional Fibre Group which resulted in Alpine responding to a Government (Crown Fibre Holdings) invitation to participate initiative and also an expression of interest to the Ministry of Economic Development.

Of interest also is Smart metering and alternative technologies for network load management

STAFF AND BOARD

Alpine is fortunate to have a highly dedicated and competent team of people who plan, design, operate, control and administer the Group activities.

During the year we welcomed new engineering staff, a new Chief Executive, new Corporate Services staff, and also contracted in specialist personnel to assist with specific projects.

IN CONCLUSION

The 2009/10 period provided a number of challenges for the Company. The Company responded and prepared well and is in full-swing to better its Network infrastructure for current and future generations of South Canterbury consumers.

We thank you for your continued support and we look forward to completing another successful year.

Ian Bowan
Chairman

Andrew Tombs
Chief Executive

	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
FINANCIAL PERFORMANCE					
Operating Revenue	43,936	38,460	35,341	36,833	31,481
Associate Entities' Earnings	14	(831)	544	(2,638)	774
Profit before Income Tax	14,288	16,243	13,485	12,629	14, 664
Taxation	(3,997)	(3,839)	(2,185)	(1,932)	(3,502)
Movement in Value of Investment	-	-	-	3,175	-
Profit from Operations	10,291	12,404	11,300	13,872	11,162
Shareholder Distribution	7,794	9,402	8,741	11,613	6,984
FINANCIAL POSITION					
Current Assets	6,376	11,036	10,725	14,446	5,390
Non-Current Assets	119,956	110,090	107,754	102,848	105,413
Total Assets	126,332	121,126	118,479	117,294	110,803
Liabilities	20,872	20,075	20,430	21,804	19,754
Net Assets	105,460	101,051	98,049	95,490	91,049
Share Capital	41.328	41,328	41,328	41,328	41,328
Retained Earnings	62,220	59,723	56,721	54,162	46,993
Dividend to be Paid	-	-	-	-	2,728
Equity	105,460	101,051	98,049	95,490	91,049
FINANCIAL RATIOS					
Net Surplus to Average Shareholders' Equity	10.0%	12.5%	11.7%	11.8%	10.4%
Tangible Assets per Share	$3.06	$2.93	$2.87	$2.84	$2.70
Earnings per Share (cents)	24.9	30.0	27.3	25.9	22.9
Dividend per Share (cents)	18.9	22.8	21.2	28.1	16.9
STATISTICS					
SAIDI (Systems Average interruption Duration Index)	332	201	150	1,195	81
SAIFI (System Average Interruption Frequency Index)	2.18	1.69	1.68	2.57	1.28

Note: All financial figures have been prepared in accordance with NZ IFRS.

GENERAL DISCLOSURES

Principal Activities

The principal activity of Alpine Energy Limited (the Company) is ownership of its electricity distribution network. The Group, comprising Alpine Energy Limited and its subsidiaries (NetCon Limited and Timaru Electricity Limited) and associated entities (Rockgas Timaru Limited) also undertakes asset management and contracting services.

Review of Operations

Operating Revenue of $43.9 million was achieved for the year, 14.2% greater than the previous year.

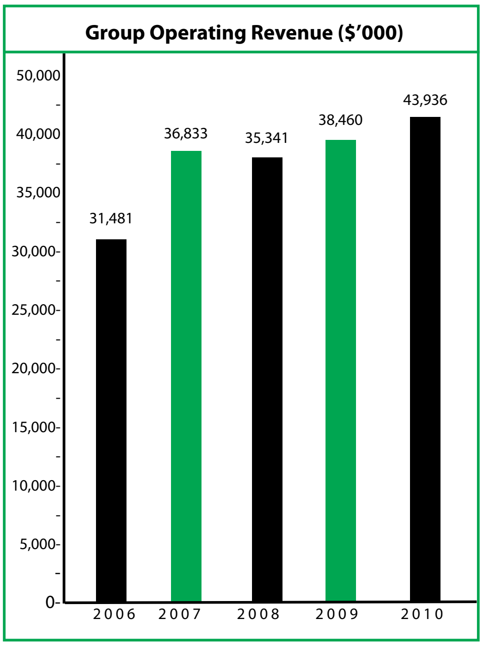
The Group operating surplus before tax for the year is $14.3 million, 12.0% lower than the previous year.

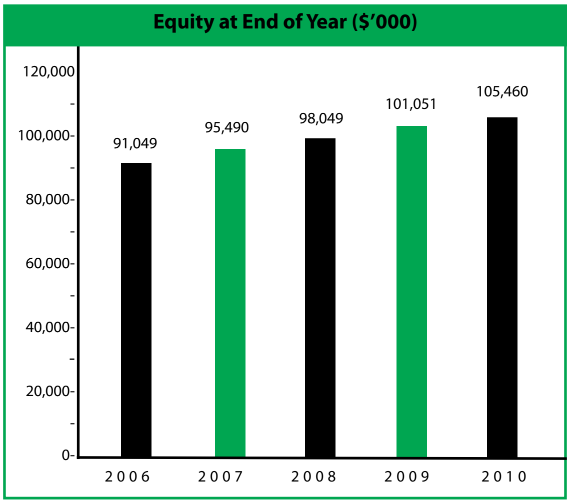
Review of Financial Performance

The financial statements presented have been prepared in accordance with the Accounting Policies forming part of these Financial Statements.

RESULTS FOR THE YEAR ENDED 31 MARCH 2010

	GROUP		PARENT	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Profit before Income Tax	14,288	16,243	16,445	16,540
Taxation	(3,997)	(3,839)	(2,835)	(3,588)
Profit from Operations	**10,291**	**12,404**	**13,610**	**12,952**





SHARE CAPITAL

Total issued and paid up capital as at 31st March 2010 was 41,328,017 Ordinary Fully Paid Shares. There have been no movements in share capital during the year.

DIVIDENDS

A final dividend relating to the 2008/09 financial year of 0.56 cents per share was paid on 31st July 2009. Interim dividends, each of 3.66 cents per share, were paid in September and December 2009, and March 2010.

Having considered the solvency of the Company and Group, the Directors have resolved that a fully imputed final dividend of 7.32 cents per share be paid to Alpine Energy shareholders.

The fully imputed final dividend of $3.025 million will be paid on 30th July 2010 to all shareholders on the company's register at the close of business on 21st July 2010. This dividend was declared prior to balance date, and is included in the dividends for the year of $7.8 million, and has been provided for.

Subsequent to balance date, having considered the solvency of the Company and Group, the Directors have resolved that a fully imputed final dividend of 0.61 cents per share be paid to Alpine Energy Shareholders on 30th July 2010. This dividend is not included in the dividends for the year, and has not been provided for.

Solvency certificates were completed in support of the 2008/09 final dividend declaration on 23rd July 2009, the interim dividend declarations on 24th September and 26th November 2009, and 25th February 2010, and the final dividends will be submitted to Directors for approval on the 22nd July 2010.

The interim, special and final dividends relating to 2009/10 represent 90.0% of the Profit From Operations for the Group, excluding customer contributions.

RETURN ON SHAREHOLDERS' EQUITY AND STATE OF AFFAIRS

The Group Proft from Operations for the year ended 31st March 2010 represents 10.0% 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.

Board of 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 rights of other stakeholders. The Board met eight times during the financial year.

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 the policy framework. The Board has developed and maintains clear policies which define the individual and collective responsibilities of the Board and management.

Audit Committee
The Audit Committee, comprising the full Board, reviews the Company's financial statements and announcements. It also liaises with the external auditors and reviews internal controls which are relevant to financial reporting and related matters. This Committee is chaired by Mr Thompson and met twice during the financial year.

DIRECTORS

Parent	Subsidiaries	Associates
Mr I.J. Bowan (Chairman)	Mr I.J. Bowan	Mr I.J. Bowan
Mr D.M.D. Cleverley	Mr D.M.D. Cleverley	Mr B.J. Wood
Mr R.D. Ramsay	Mr R.D. Ramsay	
Mr S.R. Thompson	Mr S.R. Thompson	
Mr B.J. Wood	Mr B.J. Wood	
	Mr E.J. Powell	

DIRECTORS' INTERESTS IN CONTRACTS

The following Directors of companies within the Group have declared interests in identified entities as shareholder and/or director. The declaration serves as notice that the Director may benefit from any transactions between the Company or Group and the identified entities.

Name	Name of Company/Entity	Interest
Mr I.J. Bowan	Alpine Energy Limited & Group Companies	Chairman
	Rockgas Timaru Ltd	Director
	Temuka Co-operative Salesyard Co. Ltd	Chairman
	Timaru District Council	Councillor
	Timaru Electricity Ltd	Chairman
	Timaru Promotions Trust Inc	Trustee
Mr D.M.D. Cleverley	Alpine Energy Limited & Group Companies	Director
	All Risks Insurance Brokers Ltd	Chairman
	Animal Care Solutions Ltd	Director
	Business Class Ltd	Director
	Canterbury Economic Development Co Ltd	Director
	NZ Chamber of Commerce Ltd	Director
	NZ Petfoods Ltd	Director
	Opihi Vineyards Ltd	Chairman
	South Canterbury District Health Board	Chairman
	South Canterbury District Health Board Audit Committee	Deputy Chair
	Sky Solar Holdings Ltd	Director
	Warbirds Over Wanaka (2010) Ltd	Director
Mr S.R. Thompson	Alpine Energy Limited & Group Companies	Director
	Arthur Barnett Investments Ltd	Director
	Arthur Barnett Savings Ltd	Director
	Belwash Holdings Ltd	Director
	Cairnmuir Road Winery Ltd	Director
	Deloitte	Partner & Board Member
	Deloitte Ltd	Director
	DIC Stores Ltd	Director
	Ellisons Aluminium Ltd	Director
	Ellisons Aluminium Central Ltd	Direrctor
	F.S. Investments Ltd	Director
	Golden Block Car Park Support Ltd	Director
	Integrated Contract Solutions Ltd	Director
	Meridian Centre Ltd	Director
	Millenium Solutions Ltd	Director
	Minaret Resources Ltd	Director
	Otago Rugby Football Union	Director
	Prospectus Nominees	Director
	Prospectus Nominees Services Ltd	Director
	South Canterbury District Health Board Audit Committee	Chair
	Wanaka Bay Ltd	Director
	Westminster Resources Ltd	Director
Mr B.J. Wood	Alpine Energy Limited & Group Companies	Director
	Buller Holdings Ltd	Director
	Buller Recreation Ltd	Chairman
	Career Force Innovation Trust	Chairman
	Olssens Garden Vineyard Ltd	Director
	Rockgas Timaru Ltd	Director
	Screening and Crushing Solutions Limited	Director
	Westport Harbour Ltd	Director
	Westreet Services Ltd	Director
Mr R.D. Ramsay	Alpine Energy Limited & Group Companies	Director
	Pukaki Airport Board	Member
	Salmon Smolt New Zealand Ltd	Director
Mr E.J. Powell	Timaru Electricity Ltd	Director

DIRECTORS' INTERESTS IN CONTRACTS CONTINUED

No material contracts involving Directors' interests were entered into after the end of the previous financial year or existed at the end of the financial year other than the transactions detailed in note 20 to the financial statements.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

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 criminal liability or liability for breach of Section 131 of the Companies Act 1993.

During the financial 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 body corporate) 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.

DONATIONS

Donations paid during the year totalled $33,450 (2008/09 $63,886).

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

	Base	Subsidiaries	Associates	Total
I.J. Bowan	41,800	36,400	1,875	80,075
D.M.D. Cleverley	23,100	19,900	-	43,000
S.R. Thompson	23,100	19,900	-	43,000
B.J. Wood	24,600	19,900	1,875	46,375
R. D. Ramsay	23,100	19,900	-	43,000
	135,700	**116,000**	**3,750**	**255,450**

Mr Powell did not receive any remuneration directly related to the position of Director of a Subsidiary Company.

No Director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit, (other than a benefit included in the total emoluments received or due and receivable by directors shown in the financial statements) other than those due in the ordinary course of business.

EMPLOYEE REMUNERATION

Details of remuneration ranges for employees of the Group are:-

Remuneration Range	Number of Employees
$100,000 - $109,999	7
$120,000 - $129,999	2
$130,000 - $139,999	1
$170,000 - $179,999	2
$190,000 - $199,999	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 Fred Hutchings, using the staff and resources of PriceWaterhouseCoopers. The audit fee for the Group 2009/10 is $54,850 (2008/09 $52,300).

I.J. Bowan
Chairman
9 June 2010

S.R. Thompson
Director

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company and the Group as at 31 March 2010 and their financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Company and the Group have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgements and estimates, and that all relevant reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider they have taken adequate steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Directors have pleasure in presenting the financial statements of Alpine Energy Limited and Group for the year ended 31 March 2010.

For and on behalf of the Board of Directors,

I.J. Bowan	**S.R. Thompson**
Chairman	Director
9 June 2010	

	NOTE	GROUP 2010 $'000	GROUP 2009 $'000	PARENT 2010 $'000	PARENT 2009 $'000
Revenue	4	43,936	38,460	40,391	38,035
Expenses:	5				
Transmission		8,935	6,873	8,935	6,873
Depreciation, Amortisation and Loss on Disposal		5,207	6,820	4,793	6,643
Contract Services		1,695	314	4,737	3,258
Employee Benefits		7,145	4,838	3,041	2,916
Other		6,680	2,541	2,440	1,794
		29,662	21,386	23,946	21,484
Operating Surplus / (Deficit) From Continuing Activities		**14,274**	**17,074**	**16,445**	**16,551**
Share of Profit / (Loss) from Associates		14	(831)	-	-
Write back of Value of Investment		-	-	-	(11)
PROFIT BEFORE INCOME TAX		**14,288**	**16,243**	**16,445**	**16,540**
Taxation	6	(3,997)	(3,839)	(2,835)	(3,588)
PROFIT FROM OPERATIONS		**10,291**	**12,404**	**13,610**	**12,952**
Other Comprehensive Income for the Year					
Gain on Revaluation of Land and Buildings		1,912	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,203**	**12,404**	**13,610**	**12,952**

	CONTRIBUTED EQUITY $'000	OTHER RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
PARENT				
Balance as at 1 April 2008	41,328	-	54,376	95,704
Comprehensive Income				
Profit from Operations	-	-	12,952	12,952
Transactions with Owners				
Dividends				
				-
-			(9,402)	(9,402)
BALANCE AS AT 31 MARCH 2009	**41,328**	**-**	**57,926**	**99,254**
PARENT				
Balance as at 1 April 2009	41,328	-	57,926	99,254
Comprehensive Income				
Profit from Operationsr	-	-	13,610	13,610
Transactions with Owners				
Dividends	-	-	(7,794)	(7,794)
BALANCE AS AT 31 MARCH 2010	**41,328**	**-**	**63,742**	**105,070**
GROUP				
Balance as at 1 April 2008	41,328	-	56,721	98,049
Comprehensive Income				
Profit from Operations	-	-	12,404	12,404
Transactions with Owners				
Dividends	-	-	(9,402)	(9,402)
Subsidiary Opening Retained Earnings (to October 2008)	-	-	213	213
Reversal of Associated Retained Earnings	-	-	(213)	(213)
BALANCE AS AT 31 MARCH 2009	**41,328**	**-**	**59,723**	**101,051**
GROUP				
Balance as at 1 April 2009	41,328	-	59,723	101,051
Comprehensive Income				
Profit from Operations	-	-	10,291	10,291
Other Comprehensive Income	-	1,912	-	1,912
Transactions with Owners				
Dividends	-	-	(7,794)	(7,794)
BALANCE AS AT 31 MARCH 2010	**41,328**	**1,912**	**62,220**	**105,460**

	NOTE	GROUP 2010 $'000	GROUP 2009 $'000	PARENT 2010 $'000	PARENT 2009 $'000
EQUITY					
Share Capital	7	41,328	41,328	41,328	41,328
Other Reserves		1,912	-	-	-
Retained Earnings		62,220	59,723	63,742	57,926
TOTAL EQUITY		**105,460**	**101,051**	**105,070**	**99,254**
CURRENT ASSETS					
Cash and Cash Equivalents		3,299	8,722	2,973	7,711
Trade and Other Receivables	8	2,186	1,412	1,884	1,194
Inventories		807	854	-	-
Work in Progress		84	48	-	-
TOTAL CURRENT ASSETS		**6,376**	**11,036**	**4,857**	**8,905**
CURRENT LIABILITIES					
Trade and Other Payables	9	2,337	2,436	2,776	2,731
Employee Entitlements		855	867	331	371
Dividends Payable		3,025	3,058	3,025	3,058
Current Income Tax Liabilities		1,302	994	1,317	2,063
TOTAL CURRENT LIABILITIES		**7,519**	**7,355**	**7,449**	**8,223**
NET WORKING CAPITAL		**(1,143)**	**3,681**	**(2,592)**	**682**
NON-CURRENT ASSETS					
Investments in Subsidiary	11	-	-	30	30
Investments Accounted for Using the Equity Method	12	183	169	5	5
Property, Plant and Equipment	13	118,909	109,063	111,474	104,105
Investment Property	14	-	-	4,845	2,600
Intangible Assets	15	64	58	38	33
Other Investments	10	800	800	4,529	4,528
TOTAL NON-CURRENT ASSETS		**119,956**	**110,090**	**120,921**	**111,301**
NON-CURRENT LIABILITIES					
Deferred Income Tax Liabilities	6	13,353	12,720	13,259	12,729
TOTAL NON-CURRENT LIABILITIES		**13,353**	**12,720**	**13,259**	**12,729**
NET ASSETS		**105,460**	**101,051**	**105,070**	**99,254**

	NOTES	GROUP 2010 $'000	GROUP 2009 $'000	PARENT 2010 $'000	PARENT 2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was Provided from:					
Receipts from Customers		42,983	37,837	38,547	36,861
Interest Received		165	803	438	965
Net GST Received		-	282	-	273
		43,148	**38,922**	**38,985**	**38,099**
Cash was Applied to:					
Payments to Suppliers		(24,155)	(15,180)	(19,080)	(15,063)
Income Tax Paid		(3,390)	(2,628)	(3,050)	(2,501)
Net GST Paid		(146)	-	(147)	-
		(27,691)	(17,808)	(22,277)	(17,564)
NET CASH INFLOWS FROM OPERATING ACTIVITIES	17	**15,457**	**21,114**	**16,708**	**20,535**
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was Provided from:					
Proceeds from Sale of Fixed Assets		60	-	63	-
Cash was Applied to:					
Purchase of Property, Plant and Equipment		(13,207)	(10,457)	(14,476)	(10,190)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(13,147)**	**(10,457)**	**(14,413)**	**(10,190)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Dividends Received		95	-	795	-
Cash was applied to:					
Dividend Paid		(7,828)	(10,993)	(7,828)	(10,993)
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES		**(7,733)**	**(10,993)**	**(7,033)**	**(10,993)**
NET INCREASE/(DECREASE) IN CASH HELD		(5,423)	(336)	(4,738)	(648)
Add opening cash brought forward NetCon		-	699	-	-
Add opening cash brought forward		8,722	8,359	7,711	8,359
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**3,299**	**8,722**	**2,973**	**7,711**

1 GENERAL INFORMATION

Alpine Energy Limited (the Company), and its subsidiaries and associates (together the Group) is the owner of an electricity distribution network, and also undertakes assets management contracting services.
The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Meadows Road, Washdyke, Timaru.

These consolidated financial statements have been approved for issue by the Board of Directors on 9 June 2010.

2 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), the International Financial Reporting Standards (IFRS) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

(a) Basis of preparation
The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.
Entities reporting
The financial statements for the 'Parent' are for Alpine Energy Limited as a separate legal entity. The consolidated financial statements for the 'Group' are for the economic entity comprising Alpine Energy Limited, its subsidiaries and associates. The Company and Group are designated as profit oriented entities for financial reporting purposes.
Statutory base
Alpine Energy Limited is a company registered under the Companies Act 1993.
The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.
Functional and presentation currency
The Company's and Group's financial statements are presented in New Zealand dollars, which is the Company's and Group's functional and presentation currency.
Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies below.

(b) Critical accounting estimates and judgements in applying the entity's accounting policies
The preparation of financial statements in conformity with NZ IFRS requires management to make certain critical accounting estimates and judgements that affect the application of policies and reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and judgements formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying judgments are regularly reviewed. Any changes to estimates are recognised in the period if the change affects that period, or in future periods if the change also affects future periods.

In the process of applying the Company's and Group's accounting policies, management has made the following estimates and judgments that have had the most significant impact on the amounts recognised in these financial statements:
Investment property valuation
Investment property valuations are based on net current value and supported by market evidence. No allowance has been made for any vacant tenancy in the capitalisation rate used to calculate the valuation of rental properties.

Easements
Easements are recorded at cost.

(c) Principles of consolidation
(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alpine Energy Limited as at 31 March 2010 and the results of all subsidiaries for the year then ended. Alpine Energy Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.
Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries which form part of the Group are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income. Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally evidenced by holding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the Group by using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Associates are accounted for at cost in the Parent financial statements.

(d) Revenue recognition

Revenue comprises the fair value, of consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) *Sales of goods*
Sales of goods are recognised when a Group entity has delivered a product to the customer. Retail sales are usually in cash or by bank transfer. The recorded revenue is the gross amount of sale.

(ii) *Sales of services*
Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii) *Interest income*
Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(iv) *Construction contracting*
Contract revenue and expenses related to individual construction contracts are recognised on completion of each contract.

(v) *Rental income*
Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(vi) *Dividend income*
Dividend income is recognised when the right to receive payment is established.

(vii) *Grants*
Assets constructed for which a government grant is received are recorded net of the grant. Grants received are recognised in the Statement of Comprehensive Income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

(e) Capital and operating expenditure

Capital expenditure relates to expenditure incurred in the creation of a new asset and expenditure incurred on existing reticulation system assets to the extent the system is enhanced.

Operating expenditure is that expenditure incurred in maintaining and operating the property, plant and equipment and investment properties of the Group.

(f) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associate's operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Taxation (continued)
Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different entities where there is an intention to settle the balances on a net basis.

(g) Goods and Services Tax (GST)
The Statement of Comprehensive Income has been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(h) Leases
(i) *The Group is the lessee*
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(ii) *The Group is the lessor*
Assets leased to third parties under operating leases are included in property, plant and equipment in the Balance Sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(i) Impairment of non financial assets
Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life including goodwill, are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

(k) Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income.

(l) Investments and other financial assets
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at the initial recognition and re-evaluates this designation at every reporting date.

(i) *Financial assets at fair value through profit and loss*
This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) *Loans and receivables*
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents', and 'other investments' in the balance sheet.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investments and other financial assets (continued)

(iii) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available for sale financial assets

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any other the other categories. They are included in non current assets unless management intends to dispose of the investment within months of the balance sheet date.

Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are de recognised when the rights to receive cash flows from the investments to receive cash flows from the investments have expired or been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within 'other (losses)/gains-net' in the period in which they arise. Dividend income from financial assets at fair value through the profit or loss is recognised in the Statement of Comprehensive Income as part of other income when the Groups right to receive payments is established.

Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment losss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments.
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

The group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated Statement of Comprehensive Income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated Statement of Comprehensive Income.

Assets Classified As Available For Sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. For debt securities, the group uses the criteria above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cast and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the consolidated Statement of Comprehensive Income. Impairment losses recognised in the separate consolidated Statement of Comprehensive Income on equity instruments are not reversed through the separate consolidated Statement of Comprehensive Income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss is reversed through the separate consolidated Statement of Comprehensive Income.

Impairment testing of trade receivables is described in note 2(k).

(m) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in the profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income with 'finance income' or cost. All other foreign exchange gains and losses are presented within 'other (losses)/gains-net.'

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Inventories
Inventories are stated at the lower of average cost and net realisable value.

(o) Contract work in progress
Contract work in progress is stated at cost less amounts invoiced to customers. Cost includes all expenses directly related to specific contracts.

(p) Investment properties
Investment property, principally comprising freehold office buildings, is held for long term rental yields and is not occupied by the group. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are approved annually by G.A. Morton. Changes in fair values are recorded in the Statement of Comprehensive Income as part of other income.

Land held under operating lease is classified and accounted for as an investment property when the rest of the definition is met. The operating lease is accounted for as if it were a finance lease.

(q) Property, plant and equipment
All property, plant and equipment (except land and buildings) is stated at historical cost less depreciation and impairment. Land and buildings are recorded at the revalued net current value resulting from revaluations carried out annually by a registered valuer. 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. Carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income 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 reserves in shareholders' equity. Decreases that offset previous increases are charged against other reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying among of the asset charged to the Statement of Comprehensive Income and depreciation based on the assets' original cost is transferred from 'other reserves' to 'retained earnings.'

Land is not depreciated. Depreciation of property, plant and equipment is calculated using diminishing value income tax rates so as to expense the cost of the assets over their useful lives. The rates are as follows:

• Reticulation system	1.4 % - 10.0 %
• Metres and Relays	6.67 % - 15.0 %
• Plant and Equipment	7.5 % - 50.0 %

The assets' residual value and useful lives are reviewed and adjusted if appropriate at each balance sheet date. Capital work in progress is not depreciated until commissioned.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

(r) Non Current assets held for sale
An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as 'Held for Sale' are included in the Statement of Comprehensive Income.

(s) Intangible assets
Software costs
Software costs have a finite useful life. Software costs are capitalised and written off over the useful economic life of 2 to 5 years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are recognised at fair value.

(u) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income 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.

(v) 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.

(w) Provisions
Provisions for legal claims, service warranties and rental obligations are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(x) 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 other payables 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.

(y) Dividends
Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

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

(z) New standards and interpretations not yet adopted
The Company only adopts new accounting standards once they have been issued and are effective.

The Company has identified the standards which have been issued but not yet adopted and believes that there will be no impact on the financial statements.

(aa) Policies adopted as a result of Amendments to and new NZ IFRS
The following new standards and amendments to standards are mandatory for the first time in the financial year beginning 1 April 2009:

NZIAS1 (Amendment) Presentation of Financial Statements

The revised standard requires all "non-owner changes in equity" to be shown in the Statement of Comprehensive Income. The financial statements have been prepared under the revised disclosure requirements. The revised disclosure requirements have been incorporated for the prior year comparisons also.

(ab) Changes in accounting policies
There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the prior year.

3 FINANCIAL RISK MANAGEMENT

Risk management is carried out by management under policies approved by the Board of Directors.
Management identifies and evaluates relevant financial risks and acts to manage these risks where possible within the parameters set out by the Board of Directors. The Board provides written principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk and credit risk.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Foreign exchange risk

The Group's revenue is entirely denominated in New Zealand dollars and it has limited currency exposure in the foreseeable future. The Group may from time to time purchase assets denominated in foreign currency. Board approval is required for foreign currency denominated contracts valued above a specified threshold, together with a recommendation on the manner in which the foreign currency exposure is to be managed, which may include the use of foreign exchange contracts.

(ii) Cash flow and fair value interest rate risk

The Group has no interest rate risk arising from long term borrowings. Board approval is required for borrowings, together with a recommendation on the manner in which the interest rate risk is to be managed. The Group has interest rate risk arising on the cash deposit. For the year ended 31 March 2010 the Group has no cash on deposit.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. General financial reserves of Alpine may be invested with any bank registered under New Zealand law, or in government or local government stock, or with financial institutions holding a formal credit rating by Standard and Poors or Moody's of an "A" or better, or financial institutions that provide well supported first ranking security. Funds will be invested only for periods of time which reflect the projected cash flow requirements of the Group.

The maximum investment in any one financial institution shall not exceed a sum equivalent to 5% of the Group's total assets, as disclosed in the statement of financial position published in the preceding annual report of Alpine. Credit risk associated with trade 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% up front payment of the customer contribution for new connections before work is started.

(c) Liquidity risk

Liquidity risk management has the objective of maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities to meet the short and long term commitments of the Group as they arise in an orderly manner. Management monitors rolling forecasts of the Group's liquidity requirements on the basis of expected cash flow. The Board of Directors approves all new borrowing facilities.

(d) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of any financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

(e) Capital risk management

The Group's objective when managing capital (which comprises share capital plus retained earnings) is to safeguard the ability to continue as a going concern in order to provide returns to shareholders, consumers, and other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group is not subject to any externally imposed capital requirements.

		NOTE	GROUP		PARENT	
4	**REVENUE**		**2010**	**2009**	**2010**	**2009**
			$'000	**$'000**	**$'000**	**$'000**
	Revenue comprises:					
	Network Lines Revenue		33,163	30,128	33,163	30,128
	Meter Revenue		1,217	1,124	1,217	1,124
	Contracting Revenue		7,417	1,359	672	721
	Interest		281	979	438	965
	Customer Contributions		1,607	3,653	1,607	3,653
	Sundry		156	27	254	254
	Dividends		95	1,190	795	1,190
	Revaluation of Investment Property	14	-	-	2,245	-
			43,936	**38,460**	**40,391**	**38,035**
5	**EXPENSES**					
	Audit Fee		55	52	33	32
	Auditor's Other Services		66	41	61	41
	- Non-assurance Services					
	- Information Disclosure Audit					
	- Threshold Compliance Audit					
	Directors' Fees		255	194	139	136
	Bad Debts Written Off		88	34	88	34
	Donations		33	64	25	51
	Rent		105	63	7	7

5 EXPENSES (CONTINUED)

	NOTE	GROUP 2010 $'000	GROUP 2009 $'000	PARENT 2010 $'000	PARENT 2009 $'000
Depreciation of property, plant and equipment					
Network Reticulation System		3,546	4,807	3,549	4,807
Meters and Relays		300	301	300	301
Plant and Equipment		942	737	538	569
TOTAL DEPRECIATION		**4,788**	**5,845**	**4,387**	**5,677**
Amortisation		22	29	9	20
Loss on Disposal of Property, Plant and Equipment		397	946	397	946
Total Depreciation, Amortisation and Loss on Disposal		**5,207**	**6,820**	**4,793**	**6,643**

6 TAXATION

	GROUP 2010 $'000	GROUP 2009 $'000	PARENT 2010 $'000	PARENT 2009 $'000
Operating Surplus Before Income Tax	14,288	16,243	16,445	16,540
Taxation @ 30 Cents	4,286	4,873	4,934	4,962
Movement in Income Tax Due to:				
Non Deferred Tax Differences				
Non Assessable Income	(514)	(1,225)	(1,394)	(1,477)
Non Deductible Expenses and Timing Differences	(459)	205	(484)	117
Prior Period Adjustments	384	-	(751)	-
Deferred Tax Movements	300	(14)	530	(14)
Tax Expense for Period	**3,997**	**3,839**	**2,835**	**3,588**
Made up of:				
Income Tax Liability in Respect of Current Year	3,356	4,112	3,099	4,019
Prior Period Tax Adjustment	384	237	(751)	79
Imputation Credits	(43)	(524)	(43)	(524)
Deferred Taxation	300	14	530	14
	3,997	**3,839**	**2,835**	**3,588**
Imputation Credit Account Group and Parent				
Opening Balance	3,261	4,076	2,372	4,076
Prior Period Adjustment	(625)	759	136	54
Income Tax Payment during the Year	3,386	2,684	3,050	2,500
Imputation Credits Received	47	576	347	576
Imputation Credits allocated to Dividends in the Year	(3,355)	(4,834)	(3,355)	(4,834)
CLOSING BALANCE	**2,714**	**3,261**	**2,550**	**2,372**

Deferred Tax

The analysis of Deferred Tax Assets and Deferred Tax Liabilities is as follows:

	GROUP 2010 $'000	GROUP 2009 $'000	PARENT 2010 $'000	PARENT 2009 $'000
Deferred Tax Assets				
- Deferred Tax Assets to be Recovered After More than 12 Months	340	52	340	52
- Deferred Tax Assets to be Recovered Within 12 Months	259	214	111	119
Deferred Tax Liabilities				
- Deferred Tax Liability to be Recovered After More than 12 Months	(13,151)	(12,303)	(12,979)	(12,227)
- Deferred Tax Liability to be Recovered Within 12 Months	(801)	(683)	(731)	(673)
DEFERRED TAX LIABILITIES (NET)	**(13,353)**	**(12,720)**	**(13,259)**	**(12,729)**

6 TAXATION (CONTINUED)

	NOTE	GROUP 2010 $'000	GROUP 2009 $'000	PARENT 2010 $'000	PARENT 2009 $'000

The gross movement on the Deferred Income Tax Account is as follows:

	NOTE	GROUP 2010 $'000	GROUP 2009 $'000	PARENT 2010 $'000	PARENT 2009 $'000
At 1 April		(12,720)	(12,716)	(12,729)	(12,716)
Income Statement Charge		(300)	(4)	(530)	(13)
Tax Charge/(Credit) Relating to Components of Comprehensive Income		(333)	-	-	-
AS AT 31 MARCH		**(13,353)**	**(12,720)**	**(13,259)**	**(12,729)**

The Movement in Deferred Income Tax Assets and Liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

PARENT

Deferred Tax Liabilities	**Accelerated Tax Depreciation $'000**	**Total $'000**
Opening Balance as 1 April 2008	(12,882)	(12,882)
Charged/(Credited) to the Statement of Comprehensive Income	(18)	(18)
As at 31 March	**(12,900)**	**(12,900)**
Charged/(Credited) to the Statement of Comprehensive Income	(810)	(810)
As at 31 March	**(13,710)**	**(13,710)**

Deferred Tax Assets	**Provisions $'000**	**Total $'000**
At 1 April 2008	166	166
Charged/(Credited) to the Statement of Comprehensive Income	5	5
At 31 March 2009	**171**	**171**
Charged/(Credited) to the Statement of Comprehensive Income	280	280
At 31 March 2010	**451**	**451**

GROUP

Liabilities	**Accelerated Tax Depreciation $'000**	**Total $'000**
At 1 April 2008	(13,034)	(13,034)
Charged/(Credited) to the Statement of Comprehensive Income	49	49
At March 2009	**(12,985)**	**(12,985)**
Charged/(credited) to the Statement of Comprehensive Income	(794)	(794)
At 31 March 2010	**(13,779)**	**(13,779)**

Deferred Tax Assets	**Provisions $'000**	**Total $'000**
At April 2008	318	318
Charged/(Credited) to the Statement of Comprehensive Income	(53)	(53)
At 31 March 2009	**265**	**265**
Charged/(Credited) to the Statement of Comprehensive Income	(161)	(161)
At 31 March 2010	**426**	**426**

The company tax rate applying to the parent and the group will reduce from 30 percent to 28 percent from the income year commencing from 1 April 2011. This change in the company tax rate will reduce the deferred tax assets and liabilities for both the Parent and the Group.

7 SHARE CAPITAL

Paid Up Capital: 41,328,017 Ordinary Shares. There are no unpaid or uncalled shares
All shares rank equally for voting rights and dividend distributions.

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%
	41,328,017	**100.00%**

There were no changes in shareholdings during the year.

8 TRADE AND OTHER RECEIVABLES

	GROUP		PARENT	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
The balance of Accounts Receivable comprises:				
Trade Receivables	1,869	1,313	1,662	1,121
Prepayments	93	62	27	36
Accruals	24	28	24	28
Due by Associated Entities	1	-	1	-
Due by Shareholder District Councils	199	9	170	9
BALANCE AT END OF THE YEAR	**2,186**	**1,412**	**1,884**	**1,194**
Trade receivables less than 90 days old	1,880	1,124	1,691	932
Trade receivables greater than 90 days old	147	198	142	198
	2,027	**1,322**	**1,833**	**1,130**
Trade receivables which are neither past due nor impaired	1,880	1,124	1,691	932
Trade receivables which are past due and not impaired	147	198	142	198
	2,027	**1,322**	**1,833**	**1,130**

9 TRADE AND OTHER PAYABLES

The balance of Accounts Payable comprises:				
Trade Payables	2,206	2,316	2,748	2,708
Balance Date Accruals	114	120	15	23
Due to Associated Entities	-	-	-	-
Due by Shareholders District Councils	17	-	13	-
BALANCE AT END OF THE YEAR	**2,337**	**2,436**	**2,776**	**2,731**

10 OTHER INVESTMENTS

Mortgage Advance	800	800	800	800
Shareholder loan to NetCon Limited	-	-	3,729	3,728
BALANCE AT END OF THE YEAR	**800**	**800**	**4,529**	**4,528**

11 INVESTMENT IN SUBSIDIARIES

Subsidiaries	Interest Held	Balance Date	Principal Activity
Timaru Electricity Limited	100%	31 March	Non-trading
NetCon Limited	100%	31 March	Lines Construction & Maintenance

Investment	PARENT	
	2010 $'000	2009 $'000
Timaru Electricity Limited		
Shares	4,026	4,026
Advances	-	-
Less Provision against Value of Advance	(4,026)	(4,026)
NetCon Limited		
Shares	30	30
Advances	3,729	3,728
	3,759	**3,758**

12 INVESTMENTS IN ASSOCIATED ENTITIES

Associated entities include:	Interest Held	Balance Date	Principal Activity
Rockgas Timaru Limited	50%	31 March	Sale of LPG Gas and Appliances

	ASSETS $'000	LIABILITIES $'000	REVENUES $'000	PROFIT $'000
2009	585	204	1,747	185
2010	626	215	1,888	219

	2010 $'000	2009 $'000
Opening Balance	169	117
Share of Profit/(Loss)	109	52
Dividends Received	(95)	-
Closing Balance	**183**	**169**
Represented as:		
Shares	5	5
Retained Earnings	178	164
	183	**169**

13 PROPERTY, PLANT AND EQUIPMENT

	NETWORK RETICULATION SYSTEM $'000	METERS AND RELAYS $'000	LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	TOTAL $'000
PARENT					
Year Ended 31 March 2009					
Opening Net Book Amount	96,880	2,372	-	1,284	100,536
Additions	9,964	48	-	180	10,192
Disposals	(942)	-	-	(4)	(946)
Depreciation Charge	(4,807)	(301)		(569)	(5,677)
CLOSING NET BOOK AMOUNT	**101,095**	**2,119**	**-**	**891**	**104,105**
At 31 March 2009					
Cost	123,176	3,688	-	2,408	129,272
Accumulated Depreciation	(22,081)	(1,569)	-	(1,517)	(25,167)
NET BOOK AMOUNT	**101,095**	**2,119**	**-**	**891**	**104,105**
Year Ended 31 March 2010					
Opening Net Book Amount	101,095	2,119	-	891	104,105
Additions	11,646	342	-	218	12,206
Disposals	(397)	-	-	(53)	(450)
Depreciation Charge	(3,549)	(300)	-	(538)	(4,387)
CLOSING NET BOOK AMOUNT	**108,795**	**2,161**	**-**	**518**	**111,474**
At 31 March 2010					
Cost	134,424	4,030	-	2,573	141,027
Accumulated Depreciation	(25,629)	(1,869)	-	(2,055)	(29,553)
NET BOOK AMOUNT	**108,795**	**2,161**	**-**	**518**	**111,474**

	2010 $'000	2009 $'000
Included in the closing Net Book Value is Capital Work in Progress	6,632	2,614

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	NETWORK RETICULATION SYSTEM $'000	METERS AND RELAYS $'000	LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	TOTAL $'000
GROUP					
Year Ended 31 March 2009					
Opening Net Book Amount	96,880	2,372	2,600	1,284	103,136
NetCon Limited Purchase	-	-	-	1,866	1,866
Additions	9,964	48	-	840	10,852
Disposals	(942)	-	-	(4)	(946)
Depreciation Charge	(4,807)	(301)	-	(737)	(5,845)
CLOSING NET BOOK AMOUNT	**101,095**	**2,119**	**2,600**	**3,249**	**109,063**
At 31 March 2009					
Cost	123,176	3,688	2,600	6,532	135,996
Accumulated Depreciation	(22,081)	(1,569)	-	(3,283)	(26,933)
NET BOOK AMOUNT	**101,095**	**2,119**	**2,600**	**3,249**	**109,063**
Year Ended 31 March 2010					
Opening Net Book Amount	101,095	2,119	2,600	3,249	109,063
Revaluation	-	-	2,245	-	2,245
Additions	11,155	342	-	1,342	12,839
Disposals	(397)	-	-	(53)	(450)
Depreciation Charge	(3,549)	(300)	-	(942)	(4,788)
CLOSING NET BOOK AMOUNT	**108,307**	**2,161**	**4,845**	**3,596**	**118,909**
At 31 March 2010					
Cost	133,934	4,030	4,845	7,440	150,249
Accumulated Depreciation	(25,627)	(1,869)	-	(3,844)	(31,340)
NET BOOK AMOUNT	**108,307**	**2,161**	**4,845**	**3,596**	**118,909**

	2010 $'000	2009 $'000
Included in the Closing Net Book Value is Capital Work in Progress	6,431	2,614

14 INVESTMENT PROPERTY

	NOTE	PARENT 2010 $'000	PARENT 2009 $'000
At Valuation at the Beginning of the Year		2,600	2,600
Change in Fair Value	4	2,245	-
VALUATION AT THE END OF THE YEAR		**4,845**	**2,600**
Amounts recognised in the Income Statement			
Rental Income		233	241
Direct operating expenses of investment properties that generated income.		40	45
Direct operating expenses of investment properties that did not generate rental income.		-	-

Investment properties were revalued at 31 March 2010 by G.A. Morton, Registered Public Valuer, with knowledge of the market in which the property is located. The current price of the investment property reflects, among other things, market conditions, rental income from current leases, and expected future cash flows.

No investment properties were sold during the period.

At the date of issue of these financial statements, no restriction exists on the realisability of investment property or the remittance of income and proceeds of disposal.

No contractual obligation existed at the date of issue of these financial statements to purchase, construct or the remittance of income and proceeds of disposal.

No contractual obligations existed at the date or issue of these financial statements to purchase, construct or develop investment property or for repairs, maintenance or enhancements of rental properties.

14 INVESTMENT PROPERTY (CONTINUED)

Investment property comprises the property located at Washdyke that is leased to associated and other parties. Land and Buildings can only be classified as Investment if the owner occupies an insignificant portion thereof.

The Parent occupies an insignificant portion of the property, which is therefore classified as Investment Property for the Parent. For Group purposes, it is included as Land and Buildings within Property, Plant and Equipment.

The yield applied to the net annual rentals to determine the fair value of the property is 9%.

15 INTANGIBLES

	EASEMENTS $'000	COMPUTER SOFTWARE $'000	TOTAL $'000
PARENT			
Year Ended 31 March 2009			
Opening Net Book Amount	29	23	52
Additions	1	-	1
Disposals	-	-	-
Amortisation	(2)	(18)	(20)
CLOSING NET BOOK AMOUNT	**28**	**5**	**33**
At 31 March 2009			
Cost	58	99	157
Accumulated Amortisation	(30)	(94)	(124)
CLOSING NET BOOK AMOUNT	**28**	**5**	**33**
Year Ended 31 March 2010			
Opening Net Book Amount	28	5	33
Additions	-	14	14
Disposals	-	-	-
Amortisation	(2)	(7)	(9)
CLOSING NET BOOK AMOUNT	**26**	**12**	**38**
At 31 March 2010			
Cost	58	113	171
Accumulated Amortisation	(32)	(101)	(133)
CLOSING NET BOOK AMOUNT	**26**	**12**	**38**
GROUP			
Year Ended 31 March 2009			
Opening Net Book Amount	29	23	52
NetCon Limited Purchase	-	19	19
Additions	1	15	16
Disposals	-	-	-
Amortisation	(2)	(27)	(29)
CLOSING NET BOOK AMOUNT	**28**	**30**	**58**
At 31 March 2009			
Cost	58	236	294
Accumulated Amortisation	(30)	(206)	(236)
NET BOOK AMOUNT	**28**	**30**	**58**

15 INTANGIBLES (CONTINUED)

	EASEMENTS $'000	COMPUTER SOFTWARE $'000	TOTAL $'000
Year Ended 31 March 2010			
Opening Net Book Amount	28	30	58
Additions	-	28	28
Disposals	-	-	-
Amortisation	(2)	(20)	(22)
CLOSING NET BOOK AMOUNT	**26**	**38**	**64**
At 31 March 2010			
Cost	58	312	370
Accumulated Amortisation	(32)	(274)	(306)
NET BOOK AMOUNT	**26**	**38**	**64**

16 CAPITAL COMMITMENTS

The Group has capital commitments amounting to $2,702,924 as at 31 March 2010 (2009: $1,700,488). All capital commitments are contracts for property, plant and equipment.

The Group has other commitments totalling $161,767 per annum relating to new investment contracts with Transpower. The contracts generally have a term of 20 years, and the existing contracts have expiry dates ranging from 2017 until 2029.

17 RECONCILIATION OF OPERATING SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	GROUP		PARENT	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Operating Surplus After Income Tax	10,291	12,404	13,610	12,952
Add (Deduct) Non Cash Items				
Depreciation and Amortisation	4,810	5,874	4,396	5,697
Share of Surpluses of Associated Entities	(14)	(253)	-	-
Decrease in Deferred Tax Liability	633	4	530	13
Disposal of Property, Plant and Equipment	397	942	397	942
Non Cash Transactions with Subsidiary		-	-	(1,195)
	5,826	**6,567**	**5,323**	**5,457**
Add (Deduct) Movements in Working Capital Items				
Increase/(Decrease) in Accounts Receivable	(774)	1,630	(688)	1,014
Increase/(Decrease) in Inventories and Work in Progress	8	(173)	-	-
(Increase)/Decrease in GST Liability	(21)	227	(100)	227
(Increase)/Decrease in Accounts Payable	(87)	(631)	104	(189)
(Increase) Decrease in Prepaid Tax	(308)	1,090	(746)	1,074
	(566)	**2,143**	**(1,430)**	**2,126**
Add (Deduct) Items Classified as Financing				
Dividends Received	(95)	-	(795)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**15,457**	**21,114**	**16,708**	**20,535**

18 FINANCIAL ASSETS/(LIABILITIES BY CATEGORY)

PARENT

Assets as per balance sheet	LOANS AND RECEIVABLES $'000	TOTAL $'000
At 31 March 2009		
Other Investments	4,528	4,528
Receivables	1,194	1,194
Cash and Cash Equivalents	7,711	7,711
	13,433	**13,433**
At 31 March 2010		
Other Investments	4,529	4,529
Receivables	1,884	1,884
Cash and Cash Equivalents	2,973	2,973
	9,386	**9,386**

Liabilities as per Balance Sheet	MEASURED AT AMORTISED COST $'000	TOTAL $'000
At 31 March 2009		
Trade and Other Payables	(2,731)	(2,731)
	(2,731)	**(2,731)**
At 31 March 2010		
Trade and Other Payables	(2,776)	(2,766)
	(2,776)	**(2,776)**

GROUP

Assets as per Balance Sheet	LOANS AND RECEIVABLES $'000	TOTAL $'000
At 31 March 2009		
Other Investments	800	800
Receivables	1,412	1,412
Cash and Cash Equivalents	8,722	8,722
	10,934	**10,934**
At 31 March 2010		
Other Investments	800	800
Receivables	2,186	2,186
Cash and Cash Equivalents	3,299	3,299
	6,285	**6,285**

Liabilities as per balance sheet	MEASURED AT AMORTISED COST $'000	TOTAL $'000
At 31 March 2009		
Trade and Other Payables	(2,437)	(2,437)
	(2,437)	**(2,437)**
At 31 March 2010		
Trade and Other Payables	(2,337)	(2,337)
	(2,337)	**(2,337)**

19 CONTINGENT LIABILITES

The Company has no contingent liabilities as at 31 March 2010 (2009 - $nil).

20 RELATED PARTY TRANSACTIONS

Shareholders

All transactions between the Company and its Shareholder District Councils have been conducted on a commercial basis. Charges between the parties are made for services provided as part of the normal trading activities of the Company, and as such have been incorporated into the operating costs and revenues of the Company.

	GROUP		PARENT	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Revenues from Shareholder District Councils - Contracting Activities				
Mackenzie District Council	75	12	4	12
Timaru District Council	407	198	157	198
Waimate District Council	29	54	9	54
Payments to Shareholder District Councils - Rates				
Mackenzie District Council	16	19	16	19
Timaru District Council	77	104	74	104
Waimate District Council	10	11	10	11

Trading balances due from and to Shareholder District Councils are shown in notes 8 and 9.

Parties Associated with Directors

The parent company contracted with parties associated with certain directors of Alpine Energy Limited. These transactions involved consulting services and were at normal commercial rates.

Deloitte (S.R. Thompson)	18	10	-	10

A Director purchased surplus plant ($34,000) during the year from NetCon Limited on an arms length basis.

Associated Entities

Transactions with Associated Entities include:
Charges to Rockgas Timaru Limited for property rentals.

Revenues from Rockgas Timaru Limited	7	7	7	7

Trading balances due from and to Associated Entities, and loans to Associated Entities are shown in notes 8, and 9.

Transactions with Subsidiaries include:

Charges to NetCon Limited for property rentals and interest.
Payments to NetCon Limited for lines maintenance and construction.

Revenues from NetCon Limited	290	227	290	227
Payments to NetCon Limited	10,851	4,868	10,851	4,868

Trading balances due from and to Subsidiaries and loans to Subsidiaries are shown in notes 9 and 10.

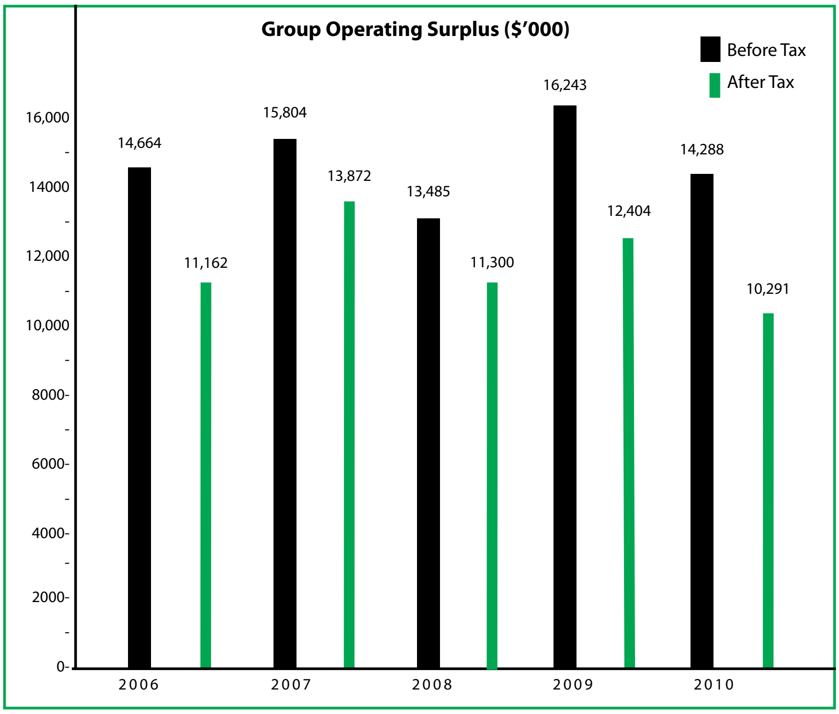
Transactions with key management personnel
Key management personnel compensation was as follows:

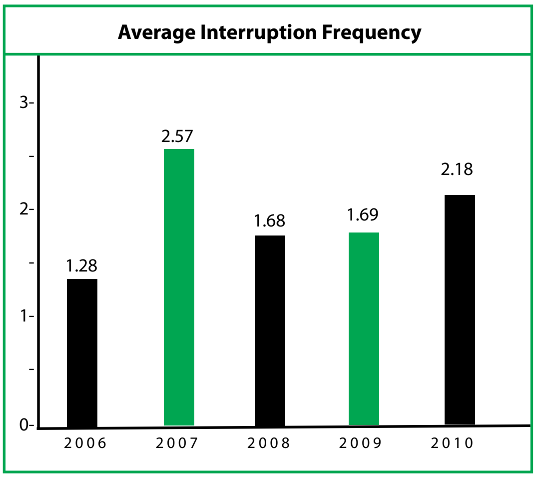
Salaries	1,307	680	797	680

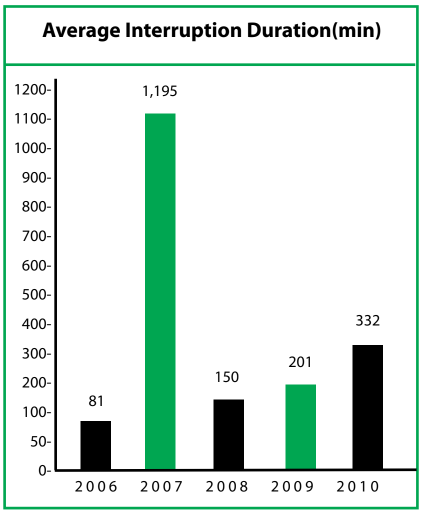
There is no provision for doubtful debts or bad debt expense for Related Parties.

21 EVENTS SUBSEQUENT TO BALANCE 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.







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

		GROUP		PARENT	
		2010 $'000	2009 $'000	2010 $'000	2009 $'000
1	**Ratio of Net Surplus attributable to the Shareholders to Average Shareholders' Equity:**				
	Target	7.5%	7.5%	7.5%	7.5%
	Result	10.0%	12.5%	13.3%	13.3%
2.	**Tangible Assets per Share**				
	Target	$2.50	$2.40	$2.50	$2.40
	Result	$3.06	$2.93	$3.04	$2.91
3.	**Earnings per Share:**				
	Target	$0.24	$0.25	$0.24	$0.25
	Result	$0.25	$0.30	$0.33	$0.31
4.	**Total Dividend per Share:**				
	Target			$0.183	$0.185
	Result			$0.189	$0.228
5.	**Ratio of Shareholders' Equity to Total Assets:**				
	Minimum Target	50%	50%	50%	50%
	Result	83.5%	83.4%	83.5%	83.6%
6.	**Electricity Line Losses**:				
	Maximum Target			6.0%	6.0%
	Result			3.1%	3.1%*
7.	**Average Interruption Duration:**				
	Maximum Target (minutes per duration)			90	90
	Result			332	201
8.	**Average Interruption Frequency:**				
	Maximum Target (interruptions per customer)			1.5	1.5
	Result			2.2	1.7

*Revised

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AUDIT REPORT

TO THE READERS OF ALPINE ENERGY LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2010

The Auditor-General is the auditor of Alpine Energy Limited (the Company and Group). The Auditor-General has appointed me, Fred Hutchings, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements and performance report of the Company and Group, for the year ended 31 March 2010.

Unqualified Opinion

In our opinion:

- The financial statements of the Company and Group on pages 13 to 33:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of:
    - the Company and Group's financial position as at 31 March 2010; and
    - the results of its operations and cash flows for the year ended on that date;
- The performance report of the Company and Group on page 34 gives a true and fair view of the achievements measured against the performance report adopted for the year ended 31 March 2010.
- Based on our examination the Company and Group kept proper accounting records.

The audit was completed on 9 June 2010, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance report did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance report. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

PRICEWATERHOUSECOOPERS

The audit involved performing procedures to test the information presented in the financial statements and performance report. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year - end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement performance report disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance report.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance report. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the Company and Group as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date. The Board of Directors is also responsible for preparing performance report that give a true and fair view of performance achievements for the year ended 31 March 2010. The Board of Directors responsibilities arise from the Energy Companies Act 1992 and the Financial Reporting Act 1993.

We are responsible for expressing an independent opinion on the financial statements and performance report and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001and section 45(1) of the Energy Companies Act 1992

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out assignments in the areas of the Electricity Distribution (Information Disclosure) Requirements 2008 and the Commerce Act (Electricity Distribution Thresholds) Notice 2004, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Company and Group.

Hutchings

Fred Hutchings
On behalf of the Auditor-General
Christchurch, New Zealand

PricewaterhouseCoopers

PricewaterhouseCoopers

Timaru District Holdings 47.5%

Waimate District Council 7.54%

Mackenzie District Council 4.96%

LineTrust South Canterbury 40.0%

ALPINE ENERGY LIMITED

Timaru Electricity Limited Holding Company 100%

Rockgas Timaru Limited LPG 50%

NetCon Limited Contracting 100%

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