ALPINE ENERGY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2011

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 natural resources to support the production and consumption of electricity.**
- **Providing asset management services.**



Bells Pond GXP


CONTENTS

DIRECTORY

DIRECTORS:
Mr I..J. Bowan (Chairman)
Mr A. J. France
Mr W. Larsen
Mr R.D. Ramsay
Mr S.R. Thompson

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

Hassall Street before underground wiring

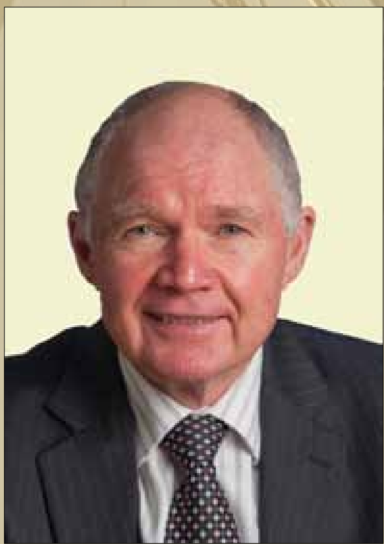
Hassall Street after underground wiring

BOARD OF DIRECTORS AND MANAGERS

Ian Bowan - Chairman

Steve Thompson

Alister France



Warren Larsen

Rick Ramsay

Andrew Tombs
Chief Executive

Eoin Powell
Corporate Services Manager

Redruth Eccotech

OVERVIEW

Overall, Alpine Energy Group had another satisfactory year despite only a marginal increase in revenues.

The volume of energy delivered over the Alpine Energy distribution network was well below the record high of 751GWH achieved in 2009/10, but was on par, at 734GWH, with 2008/09 levels. The lower volume was a result of a wet summer reducing irrigation usage.

Overall, capital expenditure progressed well with most large capital expenditure items either completed or nearly completed. The Power to Timaru project was particularly satisfying as by year end it was almost complete and under budget. Had it not been for the February 22 earthquake this project would have been completed within the financial year.

Maintenance expenditure exceeded budget due mostly to reactive unscheduled work associated with bad weather, 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 2011. Productivity remained high throughout the year.

EARTHQUAKE

Our hearts and thoughts go out to those who have suffered loss as a result of the tragic earthquakes that have struck Canterbury.

While always conscious of having enough support remaining in South Canterbury should we be struck with a devastating earthquake, we have provided, and continue to provide, significant support to Christchurch. For example, an 11,000 volt switchboard we had ordered for Timaru substation was given up to be used in Bromley, Christchurch for the Orion Network. We also downed tools on numerous projects to allow resource to be redeployed to Christchurch during critical phases of Christchurch's infrastructure resurrection.

We will continue to provide support to our colleagues and friends in Christchurch and surrounds. It wasn't that long ago that the good folks of Christchurch were helping us during the 2006 snow storm.

FINANCIAL PERFORMANCE

The financial performance for the Group exceeded all the performance targets set in the 2010 Statement of Corporate Intent, although the earnings fell short of the high level achieved in the previous year.

Studholme Sub

Revenues for the Group were marginally greater than for 2009/10.

On the Expenses side, a major component was additional maintenance expenditure of almost $1 million for both planned and unplanned work, while Transmission decreased marginally by $0.2 million, and Depreciation, Amortisation and Loss on Disposal also decreased by $0.8 million..

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 $13.1 million was approximately $1.1 million less than the previous year.

NETWORK OPERATIONS

Major capital works on the network reticulation system accounted for expenditure of $20.1 million during the year, up from $11.6 million last year, and included:

- $6.2 million in our 'Power to Timaru' project
- $2.7 million in work carried over from the previous year
- $3.2 million in large system development projects
- $2.0 million in new transformers
- $1.5 million in construction and/or upgrade of overhead line
- $1.5 million in 'overhead to underground' conversions
- $1.4 million in new subdivisions and extensions
- $0.7 million in substation upgrades
- $0.5 million in upgrading metering sites
- $0.4 million in numerous small new equipment items

Major capital work for 2011/12 is budgeted at $20.6 million and maintenance is budgeted at $5.0 million.

Overall reliability for 2010/11 was less than target with a SAIDI of 226 minutes which although high against target compared favourable against the 2009/10 year.

Electricity Lines Companies are regulated by the Commerce Commission. The Commission and Alpine are to meet in September 2011 to discuss Alpine's historical reliability trends and to discuss areas of improvement.

NETCON LIMITED

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

During the year NetCon successfully completed Alpine's category 2 metering site compliance project. The project which had until December to be completed was completed ahead of schedule in November and within cost expectations.

Tekapo GXP

In addition to normal maintenance and capital expenditure work, NetCon also provides Back Office Accounting services, and a 24/7 fault service which includes an outsourced service in the Mackenzie basin to locally based Upper Waitaki Electrical. This outsourced service provides far greater response capability for the Mackenizie region and compliments NetCon's own resource in the area.

The results of NetCon are consolidated into the Group for the twelve month period ending 31st March 2011.

Personal Development Scholarships September 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.

Personal Development Scholarships March 2011

THE FUTURE

In March 2011 the company re-released its Asset Management Plan (AMP). This was a continuation of the AMP released in March 2010 and particular attention was paid 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 replacement with alternative products.

OTHER BUSINESS

We continue to explore opportunities beyond delivering energy through poles and wires to our consumers. We continue assessment of other areas of interest, particularly micro wind, solar, and hydro.
We explored the opportunity of becoming a LFC (Local Fibre Company) through Crown Fibre Holdings but this was eventually awarded to Telecom for the Timaru region. Similarly we explored participating in the rural region with fibre but these contracts were jointly awarded to Telecom and Vodafone.


Tekapo GXP

We did however invest in backhaul fibre and we currently own a 96 fibre cable running from the Rangitata River in the North, to the Waitaki River in the South. This cable continues in both directions and completes an overall link between Lincoln University (Christchurch), and MAF in Invermay (Mosgiel).

This investment attracted a cornerstone tenant (FX Networks). It also provides Alpine with fibre capability to link electricity substation assets together, and provides the opportunity for additional users to lease up to layer 2 services from Alpine.

Of interest also is Smart metering.

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 and also contracted in specialist personnel to assist with specific projects.

Each member of the Board gives generously of their skills and time. At the 2010 Annual Meeting, Alister France joined the Board, replacing Murray Cleverley, and in January 2011, Warren Larsen replaced Brian Wood. Both Murray and Brian made valuable contributions during their time on the Board.

IN CONCLUSION

The 2010/11 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 Officer

TREND STATEMENT FOR THE GROUP

	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000
FINANCIAL PERFORMANCE					
Operating Revenue	43,979	43,936	38,460	35,341	36,833
Associate Entities' Earnings	128	14	(831)	544	(2,638)
Operating Surplus before Tax	13,119	14,288	16,243	13,485	12,629
Taxation	(4,118)	(3,997)	(3,839)	(2,185)	(1,932)
Movement of Value in Investment	-	-	-	-	3,175
Net Surplus	9,001	10,291	12,404	11,300	13,872
Shareholder Distribution	7,815	7,794	9,402	8,741	11,613
FINANCIAL POSITION					
Current Assets	3,515	6,376	11,036	10,725	14,446
Non-Current Assets	134,037	119,956	110,089	107,754	102,848
Total Assets	137,552	126,332	121,126	118,479	117,294
Liabilities	31,058	20,873	20,075	20,430	21,804
Net Assets	106,494	105,460	101,051	98,049	95,490
Share Capital	41,328	41.328	41,328	41,328	41,328
Retained Earnings	65,166	64,131	59,723	56,721	54,162
Equity	106,494	105,460	101,051	98,049	95,490
FINANCIAL RATIOS					
Net Surplus to Average Shareholders' Equity	8.5%	10.0%	12.5%	11.7%	11.8%
Tangible Assets per Share	$3.33	$3.06	$2.93	$2.87	$2.84
Earnings per Share (cents)	21.8	24.9	30.0	27.3	25.9
Dividend per Share (cents)	18.9	18.9	22.8	21.2	28.1
STATISTICS					
SAIDI (Systems Average interruption Duration Index)	226	332	201	150	1,195
SAIFI (System Average Interruption Frequency Index)	1.71	2.18	1.69	1.68	2.57

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 $44.0 million was achieved for the year, marginally greater than the previous year.

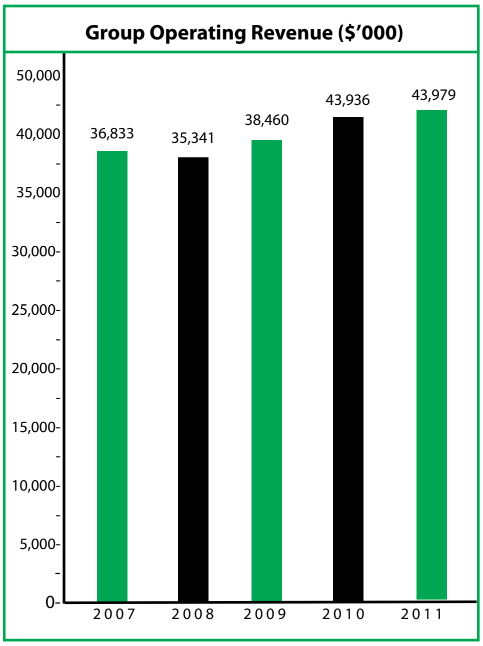
The Group operating surplus before tax for the year is $13.1 million, 8.2% lower than the previous year.

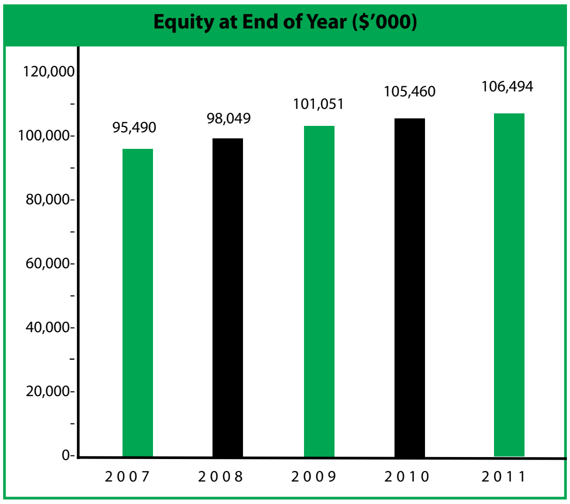
Review of Financial Performance

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 2011

	GROUP		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Profit before Income Tax	13,119	14,288	12,800	16,445
Income Tax	(4,118)	(3,997)	(3,837)	(2,835)
Net Surplus after Income Tax attributable to the Shareholders	**9001**	**10,291**	**8,693**	**13,610**





SHARE CAPITAL

Total issued and paid up capital as at 31st March 2011 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 2009/10 financial year of 0.61 cents per share was paid on 30th July 2010.
Interim dividends, each of 3.66 cents per share, were paid in September and December 2010, and March 2011.

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 29th July 2011 to all shareholders on the company's register at the close of business on 21st July 2011. 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.

Solvency certificates were completed in support of the 2009/10 final dividend declaration on 22nd July 2010, the interim dividend declarations on 23rd September and 17th November 2010, and 18th March 2011, and the final dividends will be submitted to Directors for approval on the 28th July 2011.

The interim, special and final dividends relating to 2010/11 represent 98.9% of the Profit From Operations for the Group, excluding customer contributions.

RETURN ON SHAREHOLDERS' EQUITY AND STATE OF AFFAIRS

The Group net surplus after income tax attributable to the shareholders for the year ended 31st March 2011 represents 8.5% 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 ten 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
Mr I.J. Bowan (Chairman)
Mr D.M.D. Cleverley
To 22 July 2010
Mr S.R. Thompson
Mr B.J. Wood
To 31 January 2011
Mr R.D. Ramsay
Mr W. Larsen
From 1 January 2011
Mr A.J. France
From 22 July 2010

Subsidiaries
Mr I.J. Bowan
Mr D.M.D. Cleverley
To 22 July 2110
Mr S.R. Thompson
Mr B.J. Wood
To 31 January 2011
Mr R.D. Ramsay
Mr W. Larsen
From 1 January 2011
Mr A.J. France
From 22 July 2011
Mr E.J. Powell

Associates
Mr I.J. Bowan
Mr B.J. Wood
To 18 November 2010
Mr R.D. Ramsay
From 18 November 2010

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	NetCon Ltd	Chair
	Rockgas Timaru Ltd	Director
	Temuka Co-operative Salesyard Co. Ltd	Chair
	Timaru District Council	Councillor
	Timaru Electricity Ltd	Chair
Mr S.R. Thompson	NetCon Ltd	Director
	Andgra Limited	Shareholder
	Arthur Barnett Investments Ltd	Director
	Aspiring Guides Ltd	Shareholder
	Belwash Holdings Ltd	Director
	Best View Ltd	Director
	Cairnmuir Road Winery Ltd	Director
	Deloitte	Partner & Board Member
	Deloitte Ltd	Director
	DIC Stores Ltd	Director
	OB Horn Company Ltd	Shareholder
	Ellisons Aluminium Ltd	Director
	Ellisons Aluminium Central Ltd	Director
	F.S. Investments Ltd	Director
	Integrated Contract Solutions Ltd	Director
	McKenzie Architects Limited	Shareholder
	Meridian Centre Ltd	Director
	Millenium Solutions Ltd	Director
	Minaret Resources Ltd	Director
	Prospectus Nominees	Director
	Prospectus Nominees Services Ltd	Director
	Richard E. Shackleton Architects Ltd	Shareholder
	South Canterbury District Health Board Audit Committee	Chair
	Thompson Bloodstock Ltd	Chair
	Wanaka Bay Ltd	Director
	Westminster Resources Ltd	Director
Mr R.D. Ramsay	NetCon Ltd	Director
	Pukaki Airport Board	Member
	Rockgas Timaru Ltd	Director
	Salmon Smolt New Zealand Ltd	Director
Mr A.F. France	NetCon Ltd	Director
	The Juicy Tree Co Ltd	Director
Mr W.A. Larsen	Air New Zealand Ltd	Director
	NetCon Ltd	Director
	Centreport Group Ltd	Chairman
	Jenkin Timber Ltd	Director
	Landcorp Group Ltd	Deputy Chair
	Larsen Consultancy Services Ltd	Principal
Mr E.J. Powell	Timaru Electricity Ltd	Director
Mr A.G. Tombs	Smart Co	Director

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 21 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 $161,139 (2009/10 $33,450).

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	41,776	36,400	1,125	79,301
D.M.D. Cleverley (to 22 July 2010)	7,700	6,633	-	14,333
S.R. Thompson	23,100	19,900	-	43,000
B.J. Wood (to 31 January 2011)	19,250	16,583	1,125	36,958
R. D. Ramsay	23,100	19,900	-	43,000
W. Larsen (from 01 January 2011)	5,775	4,975	-	10,750
A.J. France (from 22 July 2010)	15,400	13,267	-	28,667
	136,101	**117,658**	**2,250**	**256,009**

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	8
$110,000 - $119,999	3
$120,000 - $129,999	1
$130,000 - $139,999	2
$160,000 - $169,999	1
$170,000 - $179,999	1
$270,000 - $279,999	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 2010/11 is $58,400 (2009/10 $54,850).

I.J. Bowan
Chairman
23 June 2011

S.R. Thompson
Director

DIRECTORS' RESPONSIBILTY STATEMENT

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 2011 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 met.

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 2011.

For and on behalf of the Board of Directors,

I.J. Bowan
Chairman
23 June 2011

S.R. Thompson
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	NOTE	GROUP		PARENT	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Revenue	4	43,979	43,936	37,711	40,391
Expenses:	5				
Transmission		8,773	8,935	8,773	8,935
Depreciation, Amortisation and Loss on Disposal		4,453	5,207	4,015	4,793
Contract Services		1,596	1,695	5,626	4,737
Employee Benefits		8,337	7,145	3,661	3,041
Other		7,829	6,680	2,836	2,440
		30,988	**29,662**	**24,911**	**23,946**
Operating Surplus / (Deficit) From Continuing Activities		12,991	14,274	12,800	16,445
Share of Profit / (Loss) from Associates		128	14	-	-
PROFIT BEFORE INCOME TAX		**13,119**	**14,288**	**12,800**	**16,445**
Taxation	6	4,118	3,997	3,837	2,835
PROFIT FROM OPERATIONS		**9,001**	**10,291**	**8,963**	**13,610**
Other Comprehensive Income for the Year					
Gain / (Loss) on Revaluation of Land and Buildings		(259)	1,912	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,742**	**12,203**	**8,963**	**13,610**

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	CONTRIBUTED EQUITY $'000	OTHER RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
PARENT				
Balance as at 1 April 2009	41,328	-	57,926	99,254
Comprehensive Income				
Profit from Operations	-	-	13,610	13,610
Transactions with Owners				
Dividends	-	-	(7,794)	(7,794)
BALANCE AS AT 31 MARCH 2010	**41,328**	**-**	**63,742**	**105,070**
PARENT				
Balance as at 1 April 2010	41,328	-	63,742	105,070
Comprehensive Income				
Profit from Operations	-	-	8,963	8,963
Transactions with Owners				
Dividends	-	-	(7,815)	(7,815)
BALANCE AS AT 31 MARCH 2011	**41,328**	**-**	**64,890**	**106,218**
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**
GROUP				
Balance as at 1 April 2010	41,328	1,912	62,220	105,460
Comprehensive Income				
Profit from Operations	-	-	9,001	9,001
Other Comprehensive Income	-	(259)	-	(259)
Prior Period Adjustment	-	-	107	107
Transactions with Owners				
Dividends	-	-	(7,815)	(7,815)
BALANCE AS AT 31 MARCH 2011	**41,328**	**1,653**	**63,513**	**106,494**

BALANCE SHEETS AS AT 31 MARCH 2011

	NOTE	GROUP 2011 $'000	GROUP 2010 $'000	PARENT 2011 $'000	PARENT 2010 $'000
EQUITY					
Share Capital	7	41,328	41,328	41,328	41,328
Revaluation Reserve		1,652	1,912	-	-
Retained Earnings		63,514	62,220	64,889	63,742
TOTAL SHAREHOLDERS EQUITY		**106,494**	**105,460**	**106,217**	**105,070**
CURRENT ASSETS					
Cash and Cash Equivalents		293	3,299	40	2,973
Trade and Other Receivables	8	2,219	2,186	1,922	1,884
Inventories		788	807	-	-
Work in Progress		215	84	-	-
TOTAL CURRENT ASSETS		**3,515**	**6,376**	**1,962**	**4,857**
CURRENT LIABILITIES					
Trade and Other Payables	9	3,486	2,337	4,041	2,776
Employee Entitlements		1,028	855	441	331
Dividends Payable		3,025	3,025	3,025	3,025
Tax Payable		287	1,302	173	1,317
TOTAL CURRENT LIABILITIES		**7,826**	**7,519**	**7,680**	**7,449**
NET WORKING CAPITAL		**(4,311)**	**(1,143)**	**(5,718)**	**(2,592)**
NON-CURRENT ASSETS					
Investments in Subsidiary	11	-	-	30	30
Investments Accounted for Using the Equity Method	12	332	183	5	5
Property, Plant and Equipment	13	133,594	118,909	126,778	111,474
Investment Property	14	-	-	4,700	4,845
Intangible Assets	15	111	64	71	38
Other Investments	10	-	800	3,729	4,529
TOTAL NON-CURRENT ASSETS		**134,037**	**119,956**	**135,313**	**120,921**
NON-CURRENT LIABILITIES					
Deferred Tax	6	14,258	13,353	14,404	13,259
Loans		8,974	-	8,975	-
TOTAL NON-CURRENT LIABILITIES		**23,232**	**13,353**	23,378	**13,259**
NET ASSETS		**106,494**	**105,460**	**106,217**	**105,070**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	GROUP 2011 $'000	GROUP 2010 $'000	PARENT 2011 $'000	PARENT 2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was Provided from:					
Receipts from Customers		44,078	42,983	36,950	38,547
Interest Received		102	165	272	438
		44,180	**43,148**	**37,222**	**38,985**
Cash was Applied to:					
Payments to Suppliers and employees		(25,339)	(24,155)	(19,540)	(19,080)
Income Tax Paid		(4,102)	(3,390)	(3,910)	(3,050)
Net GST Paid		(260)	(146)	(257)	(147)
		(29,701)	(27,691)	(23,707)	(22,277)
NET CASH INFLOWS FROM OPERATING ACTIVITIES	17	**14,479**	**15,457**	**13,515**	**16,708**
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was Provided from:					
Proceeds from Sale of Fixed Assets		65	60	63	63
Mortgage Repayment		800	-	800	-
Cash was Applied to:					
Purchase of Property, Plant and Equipment		(19,509)	(13,207)	(19,270)	(14,476)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(18,644)**	**(13,147)**	**(18,407)**	**(14,413)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Dividends Received		-	95	800	795
Loan from Bank		8,974	-	8,974	-
Cash was applied to:					
Dividend Paid		(7,815)	(7,828)	(7,815)	(7,828)
CASH FROM FINANCING ACTIVITIES		**1,159**	**(7,733)**	**1,959**	**(7,033)**
NET INCREASE/(DECREASE) IN CASH HELD		(3,006)	(5,423)	(2,933)	(4,738)
Add opening cash brought forward		3,299	8,722	2,973	7,711
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**293**	**3,299**	**40**	**2,973**

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 23 June 2011.

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 2011 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 Company controls another entity.

Subsidiaries which form part of the Group are consolidated from the date on which control is transferred to the Company. 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. Acquisition related costs are expensed as incurred. 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 income statement. 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.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation (continued)

(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 when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

(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 income statement, 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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Taxation (continued)

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.

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 income statement.

(l) Investments and other financial assets

The Group classifies its financial assets 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 12 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 derecognised 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 income statement 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 income statement 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 income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement. 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 income statement.

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 income statement 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 income statement 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 income statement. Each year the difference between depreciation based on the revalued carrying among of the asset charged to the income statement 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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 income statement 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 the constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle 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
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

The following revised standard has been issued, and is relevant for the Company.

- Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures' issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transaction with the government and other government-related entities. The group will apply the revised standard from 1 January 2011. When the revised standard is applied, the group and the parent will need to disclose any transctions between its subsidiaries and its associates. The group is currently putting systems in place to capture the necessary information. It is therefore, not possible at this stage to disclose the impact. If any, of the revised standard on the related party disclosures. The Group will review and apply the revised standard going forward as necessary.

(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 2010:

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual report in period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.
  All acquisition-related costs are expensed. IFRS 3 (revised) has no impact on the current period, as the Company has had no business combinations during the financial year.

(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.

(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 2011 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.

4 REVENUE

	NOTE	GROUP		PARENT	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Revenue comprises:					
Network Lines Revenue		33,177	33,163	33,177	33,163
Meter Revenue		1,358	1,217	1,358	1,217
Contracting Revenue		7,595	7,417	761	672
Interest		103	281	272	438
Customer Contributions		1,353	1,607	1,353	1,607
Sundry		393	156	359	254
Dividends		-	95	800	795
Revaluation of Investment Property	14	-	-	(369)	2,245
		43,979	**43,936**	**37,711**	**40,391**

5 EXPENSES

	GROUP		PARENT	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Audit Fee	58	55	35	33
Auditor's Other Services	33	66	33	61
- Non-assurance Services				
- Information Disclosure Audit				
- Threshold Compliance Audit				
Directors' Fees	256	255	138	139
Bad Debts Written Off	70	88	70	88
Donations	161	33	155	25
Rent	135	105	4	7
Depreciation of property, plant and equipment				
Network Reticulation System	2,800	3,546	2,800	3,549
Meters and Relays	338	300	338	300
Land and Buildings	12	-	12	-
Fibre	36	-	36	-
Plant and Equipment	587	942	178	538
TOTAL DEPRECIATION	**3,773**	**4,788**	**3,364**	**4,387**
Amortisation	26	22	5	9
Loss on Disposal of Property, Plant and Equipment	654	397	646	397
Total Depreciation, Amortisation and Loss on Disposal	**4,453**	**5,207**	**4,015**	**4,793**

6 TAXATION

	GROUP 2011	GROUP 2010	PARENT 2011	PARENT 2010
Operating Surplus Before Income Tax	13,118	14,288	12,799	16,445
Taxation @ 30 Cents	3,936	4,286	3,840	4,934
Movement in Income Tax Due to:				
Non Deferred Tax Differences				
Non Assessable Income	(42)	(514)	(245)	(1,394)
Non Deductible Expenses	166	(459)	174	(484)
Globo Asset Tax Write-off	709	-	709	-
Prior Period Adjustments	(144)	384	(144)	(751)
Change in Corporate Tax Rate	(1,038)	-	(1,029)	-
Reduction in the Tax Base for Buildings	532	-	532	-
Deferred Tax Movements	-	300	-	530
Tax Expense for Period	**4,118**	**3,997**	**3,837**	**2,835**
Made up of:				
Income Tax Liability in Respect of Current Year	3,247	3,356	2,835	3,099
Prior Period Tax Adjustment	(144)	384	(144)	(751)
Imputation Credits	-	(43)	-	(43)
Deferred Taxation	1,014	300	1,146	530
	4,118	**3,997**	**3,837**	**2,835**
Imputation Credit Account Group and Parent				
Opening Balance	2,714	3,261	2,550	2,372
Prior Period Adjustment	-	(625)	-	136
Income Tax Payment during the Year	4,118	3,386	3,921	3,050
Imputation Credits Received	-	47	343	347
Imputation Credits allocated to Dividends in the Year	(3,349)	(3,355)	(3,349)	(3,355)
CLOSING BALANCE	**3,483**	**2,714**	**3,465**	**2,550**

6 TAXATION (CONTINUED)

Deferred Tax

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

	GROUP		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deferred Tax Assets				
- Deferred Tax Assets to be Recovered After More than 12 Months	297	340	297	340
- Deferred Tax Assets to be Recovered Within 12 Months	306	259	144	111
Deferred Tax Liabilities				
- Deferred Tax Liability to be Recovered After More than 12 Months	(14,816)	(13,151)	(14,800)	(12,979)
- Deferred Tax Liability to be Recovered Within 12 Months	(45)	(801)	(45)	(731)
DEFERRED TAX LIABILITIES (NET)	**(14,258)**	**(13,353)**	**(14,404)**	**(13,259)**

The gross movement on the Deferred Income Tax Account is as follows:				
At 1 April	(13,353)	(12,720)	(13,259)	(12,729)
Tax (charge)/credit relating to Components of Comprehensive Income	(1,014)	(300)	(1,145)	(530)
Tax (charged/credit) directly to equity	109	(333)	-	-
AS AT 31 MARCH	**(14,258)**	**(13,353)**	**(14,404)**	**(13,259)**

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	Change in Tax Rate $'000	Total $'000
At 1 April 2009	(12,900)	-	(12,900)
Charged/(Credited) to the Statement of Comprehensive Income	(810)	-	(810)
As at 31 March 2010	**(13,710)**	**-**	**(13,710)**
Charged/(Credited) to the Statement of Comprehensive Income	(2,196)	1,061	(1,135)
As at 31 March 2011	**(15,906)**	**1,061**	**(14,845)**

Deferred Tax Assets	Provisions $'000	Change in Tax Rate $'000	Total $'000
At 1 April 2009	171	-	171
Charged/(Credited) to the Statement of Comprehensive Income	280	-	280
At 31 March 2010	**451**	**-**	**451**
Charged/(Credited) to the Statement of Comprehensive Income	22	(32)	(10)
At 31 March 2011	**473**	**(32)**	**441**

GROUP

Deferred Tax Liabilities	Accelerated Tax Depreciation $'000	Change in Tax Rate $'000	Total $'000
At 1 April 2009	(12,985)	-	(12,985)
Charged/(credited) to the Statement of Comprehensive Income	(794)	-	(794)
At 31 March 2010	**(13,779)**	**-**	**(13,779)**
Charged/(credited) to the Statement of Comprehensive Income	(1,980)	1,070	(909)
At 31 March 2011	**(15,759)**	**1,070**	**(14,688)**

6 TAXATION (CONTINUED)

Deferred Tax Assets	Change in Provisions $'000	Tax Rate $'000	Total $'000
At April 2009	265	-	265
Charged/(Credited) to the Statement of Comprehensive Income	161	-	161
At 31 March 2010	**426**	**-**	**426**
Charged/(Credited) to the Statement of Comprehensive Income	36	(32)	4
At 31 March 2011	**462**	**(32)**	**430**

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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
The balance of Accounts Receivable comprises:				
Trade Receivables	1,512	1,869	1,379	1,662
Prepayments	115	93	100	27
Accruals	557	24	435	24
Due by Associated Entities	-	1	-	1
Due by Shareholder District Councils	35	199	8	170
BALANCE AT END OF THE YEAR	**2,219**	**2,186**	**1,922**	**1,884**
Trade receivables less than 90 days old	1,415	1,880	1,303	1,691
Trade receivables greater than 90 days old	85	147	84	142
	1,500	**2,027**	**1,387**	**1,833**
Trade receivables which are neither past due nor impaired	1,415	1,880	1,303	1,691
Trade receivables which are past due and not impaired	85	147	84	142
	1,500	**2,027**	**1,387**	**1,833**

9 TRADE AND OTHER PAYABLES

The balance of Accounts Payable comprises:				
Trade Payables	3,244	2,206	4,023	2,748
Balance Date Accruals	207	114	10	15
Due to Associated Entities	-	-	-	-
Due by Shareholders District Councils	35	17	8	13
BALANCE AT END OF THE YEAR	**3,486**	**2,337**	**4,041**	**2,776**

10 OTHER INVESTMENTS

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

11 INVESTMENT IN SUBSIDIARIES

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

11 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Investment	PARENT 2011 $'000	PARENT 2010 $'000
Timaru Electricity Limited		
Shares	4,036	4,036
Advances	-	-
Less Provision against Value of Advance	(4,036)	(4,036)
NetCon Limited		
Shares	30	30
Advances	3,729	3,729
	3,759	**3,759**

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
2010				
Rockgas Timaru Limited	626	215	1,888	219
2011				
Rockgas Timaru Limited	971	305	1,774	255

	2011 $'000	2010 $'000
Opening Balance	183	169
Share of Profit/(Loss)	128	109
Prior Period Adjustment	21	-
Dividends Received	-	(95)
Closing Balance	**332**	**183**
Represented as:		
Shares	5	5
Retained Earnings	327	178
	332	**183**

13 PROPERTY, PLANT AND EQUIPMENT

	NETWORK RETICULATION SYSTEM $'000	METERS AND RELAYS $'000	LAND AND BUILDINGS $'000	FIBRE $'000	PLANT AND EQUIPMENT $'000	TOTAL $'000
PARENT						
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**
Year Ended 31 March 2011						
Opening Net Book Amount	108,795	2,161	-		518	111,474
Additions	14,906	532	-	3,611	283	19,332
Disposals	(638)	-	-	-	(37)	(675)
Depreciation Charge	(2,801)	(338)	-	(36)	(178)	(3,353)
CLOSING NET BOOK AMOUNT	**120,262**	**2,355**	**-**	**3,575**	**586**	**26,778**

13 PROPERTY, PLANT AND EQUIPMENT

	NETWORK RETICULATION SYSTEM $'000	METERS AND RELAYS $'000	LAND AND BUILDINGS $'000	FIBRE $'000	PLANT AND EQUIPMENT $'000	TOTAL $'000
At 31 March 2011						
Cost	148,691	4,562	-	3,611	2,819	159,683
Accumulated Depreciation	(28,429)	(2,207)	-	(36)	(2,233)	(32,905)
NET BOOK AMOUNT	**120,262**	**2,355**	**-**	**3,575**	**586**	**126,778**

	2011 $'000	2010 $'000
Included in the closing Net Book Value is Capital Work in Progress	9,722	6,632

GROUP

	NETWORK RETICULATION SYSTEM $'000	METERS AND RELAYS $'000	LAND AND BUILDINGS $'000	FIBRE $'000	PLANT AND EQUIPMENT $'000	TOTAL $'000
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	(3,546)	(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**
Year Ended 31 March 2011						
Opening Net Book Amount	108,305	2,161	4,845	-	3,596	118,907
Revaluation	-	-	(369)	-	-	(369)
Additions	14,627	532	236	3,611	507	19,513
Disposals	(638)	-	-	-	(45)	(683)
Depreciation Charge	(2,797)	(338)	(12)	(36)	(591)	(3,774)
CLOSING NET BOOK AMOUNT	**119,497**	**2,355**	**4,700**	**3,575**	**3,467**	**133,594**
At 31 March 2011						
Cost	147,921	4,562	4,712	3,611	7,898	168,704
Accumulated Depreciation	(28,424)	(2,207)	(12)	(36)	(4,431)	(35,110)
NET BOOK AMOUNT	**119,497**	**2,355**	**4,700**	**3,575**	**3,467**	**133,594**

	2011 $'000	2010 $'000
Included in the Closing Net Book Value is Capital Work in Progress	9,591	6,431

14 INVESTMENT PROPERTY

	NOTE	PARENT 2011 $'000	PARENT 2010 $'000
Valuation at the Beginning of the Year		4,845	2,600
Additions		236	-
Change in Fair Value	4	(381)	2,245
Valuation at the End of the Year		**4,700**	**4,845**

Amounts recognised in the Income Statement		
Rental Income	209	233
Direct operating expenses of investment properties that generated income.	38	40
Direct operating expenses of investment properties that did not generate rental income.	-	-

Investment properties were revalued at 31 March 2011 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.

14 INVESTMENT PROPERTY (CONTINUED)

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 disposals.

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.

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 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)
NET BOOK AMOUNT	**26**	**12**	**38**
Year Ended 31 March 2011			
Opening Net Book Amount	26	12	38
Additions	-	38	38
Disposals	-	-	-
Amortisation	-	(5)	(5)
CLOSING NET BOOK AMOUNT	**26**	**45**	**71**
At 31 March 2011			
Cost	58	151	209
Accumulated Amortisation	(32)	(106)	(138)
NET BOOK AMOUNT	**26**	**45**	**71**
GROUP			
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**

15 INTANGIBLES (CONTINUED)

	EASEMENTS $'000	COMPUTER SOFTWARE $'000	TOTAL $'000
Year Ended 31 March 2011			
Opening Net Book Amount	26	38	64
Adj NetCon Limited	-	10	10
Additions	-	62	62
Disposals	-	-	-
Amortisation	-	(25)	(25)
CLOSING NET BOOK AMOUNT	**26**	**85**	**111**
At 31 March 2011			
Cost	58	387	445
Accumulated Amortisation	(32)	(302)	(334)
NET BOOK AMOUNT	**26**	**85**	**111**

16 LOANS

The Group has a new loan facility with the ANZ Bank to draw down a maximum of $15,000,000. The covenants governing the loan have not been breached during the year.

17 COMMITMENTS

		2011 $'000	2010 $'000
(a) Capital Commitments		5,477	2,704
Lease commitments as lessee:			
(b) GPS equipment	Within one year	15	-
	Within one and five years	60	-
Lease payments receivable as lessor			
(c) Lease of Fibre Network	Within on year	490	-
	Between on and five years	1,960	-
	Over five years	9,800	-

The Group has other commitments totalling $265,912 per annum relating to new investment contracts with Transpower. The contracts generally have a term of 20 years, and the existing contract have expiry dates ranging from 2017 util 2029.

18 RECONCILIATION OF OPERATING SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITES

	GROUP		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Operating Surplus After Income Tax	9,001	10,291	8,963	13,610
Add (Deduct) Non Cash Items				
Depreciation and Amortisation	3,808	4,810	3,377	4,396
Share of Surpluses of Associated Entities	(128)	(14)	-	-
Increase in Deferred Tax Liability	991	633	1,145	530
Disposal of Property, Plant and Equipment	646	397	636	397
Non Cash Transactions with Subsidiary	-	-	-	-
	5,317	**5,826**	**5,158**	**5,323**
Add (Deduct) Movements in Working Capital Items				
(Increase)/Decrease in Accounts Receivable	381	(774)	377	(688)
(Increase)/Decrease in Inventories and Work in Progress	(112)	8	-	-
Increase/(Decrease) in GST Liability	(473)	(21)	(495)	(100)
Increase/(Decrease) in Creditors and Employee Entitlements	1,380	(87)	1,456	104
(Increase) Decrease in Provision for Tax	(1,015)	308	(1,144)	(746)
	161	**(566)**	**194**	**(1,430)**
Add (Deduct) Items Classified as Financing				
Dividends Received	-	(95)	(800)	(795)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**14,479**	**15,457**	**13,515**	**16,708**

19 FINANCIAL ASSETS/(LIABILITIES) BY CATEGORY

PARENT

Assets as Per Balance Sheet	LOANS AND RECEIVABLES $'000	TOTAL $'000
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**
At 31 March 2011		
Other Investments	3,729	3,729
Receivables	1,922	1,992
Cash and Cash Equivalents	40	40
	5,691	**5,691**

Liabilities as per Balance Sheet	MEASURED AT AMORTISED COST $'000	TOTAL $'000
At 31 March 2010		
Trade and Other Payables	(2,776)	(2,776)
	(2,776)	**(2,776)**
At 31 March 2011		
Trade and Other Payables	(4,041)	(4,041)
	(4,041)	**(4,041)**

GROUP

Assets as per balance sheet	LOANS AND RECEIVABLES $'000	TOTAL $'000
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**
At 31 March 2011		
Other Investments	-	-
Receivables	2,219	2,219
Cash and Cash Equivalents	293	293
	2,512	**2,512**

Liabilities as per Balance Sheet	MEASURED AT AMORTISED COST $'000	TOTAL $'000
At 31 March 2010		
Trade and Other Payables	(2,337)	(2337)
	(2,337)	**(2,337)**
At 31 March 2011		
Trade and Other Payables	(3,486)	(3,486)
	(3,486)	**(3,486)**

20 CONTINGENT LIABILITES

The Company has no contingent liabilities as at 31 March 2011 (2010 - $nil).

21 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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Revenues from Shareholder District Councils - Contracting Activities				
Mackenzie District Council	27	75	4	4
Timaru District Council	526	407	260	157
Waimate District Council	48	29	12	9
Payments to Shareholder District Councils - Rates				
Mackenzie District Council	15	16	15	16
Timaru District Council	133	77	133	74
Waimate District Council	10	10	10	10

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

Parties Associated with Directors

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

	GROUP		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deloitte (S.R. Thompson)	41	18	-	-

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	288	290	288	290
Payments to NetCon Limited	10,890	10,851	10,890	10,851

Trading balances due from and to Subsidiaries
and loans to Subsidiaries are shown in notes 8 and 9.

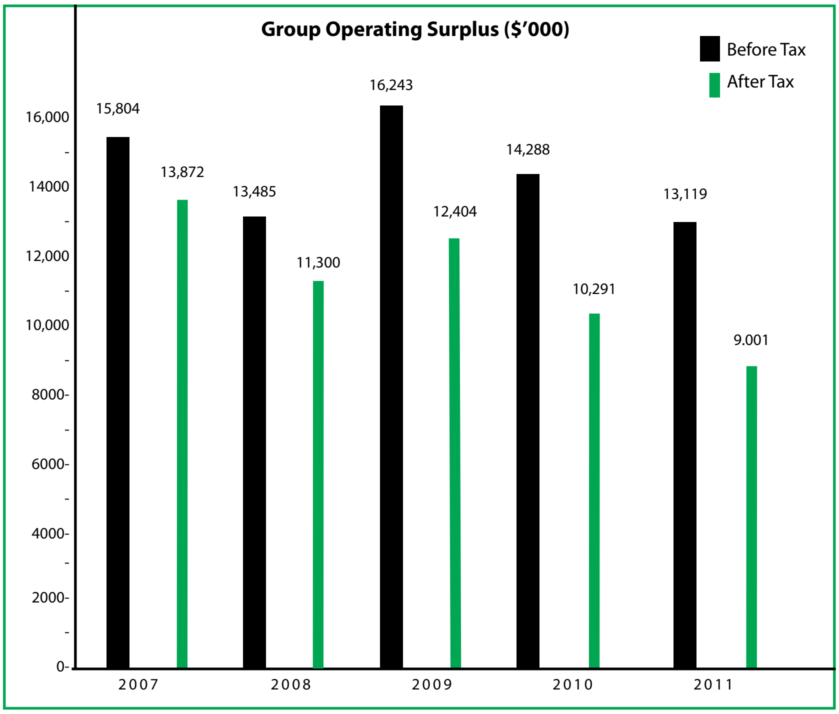
Transactions with key management personnel
Key management personnel compensation was as follows:

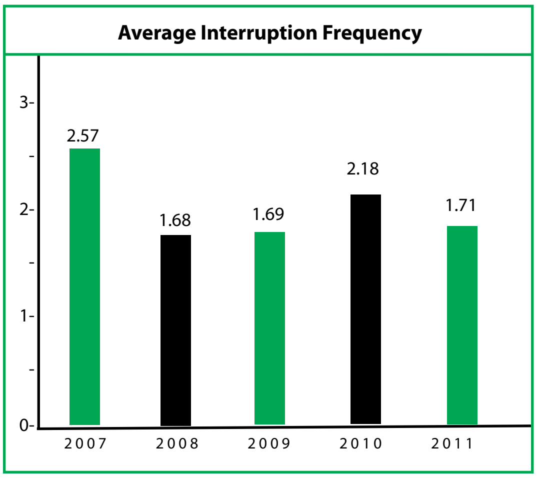
Salaries	1,310	1,307	683	797

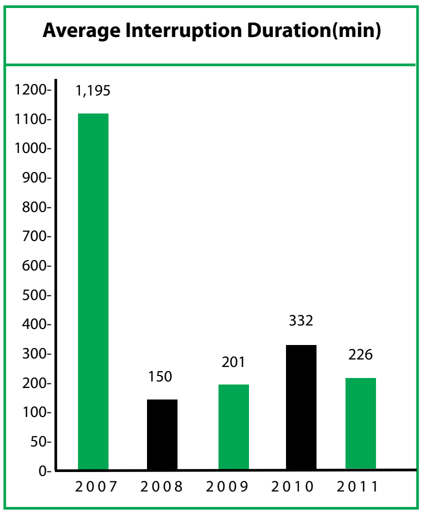
There is no provision for doubtful debts or bad debt expense for Related Parties.

22 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	
		2011 $'000	2010 $'000	2011 $'000	2010 $'000
1	**Ratio of Net Surplus attributable to the Shareholders to Average Shareholders' Equity:**				
	Target	7.5%	7.5%	7.5%	7.5%
	Result	8.5%	10.0%	8.5%	13.3%
2.	**Tangible Assets per Share**				
	Target	$2.50	$2.50	$2.50	$2.50
	Result	$3.33	$3.06	$3.32	$3.04
3.	**Earnings per Share:**				
	Target	$0.223	$0.240	$0.223	$0.240
	Result	$0.218	$0.250	$0.217	$0.330
4.	**Total Dividend per Share:**				
	Target			$0.183	$0.183
	Result			$0.189	$0.189
5.	**Ratio of Shareholders' Equity to Total Assets:**				
	Minimum Target	50.0%	50.0%	50.0%	50.0%
	Result	77.4%	83.5%	77.4%	83.5%
6.	**Electricity Line Losses**:				
	Maximum Target			6.0%	6.0%
	Result			2.4%	3.1%
7.	**Average Interruption Duration:**				
	Maximum Target (minutes per duration)			90	90
	Result			226	332
8.	**Average Interruption Frequency:**				
	Maximum Target (interruptions per customer)			1.5	1.5
	Result			1.7	2.2

Independent Auditor's Report

To the Readers of Alpine Energy Limited's Financial Statements for the year ended 31 March 2011

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 of the Company and Group, for the year ended 31 March 2011.

We have audited the financial statements of the Company and Group on pages 13 to 34, that comprise the statement of financial position as at 31 March 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date; and a summary of significant accounting policies and other explanatory information.

Unqualified Opinion

In our opinion:

The financial statements of the Company and Group on pages 13 to 34:

- 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's and Group's financial position as at 31 March 2011; and
  - the results of their operations and cash flows for the year ended on that date.

Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the Company and Group as far as appears from an examination of those records.

The audit was completed on 24 June 2011, 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 International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate. We consider internal control 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 entity's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. In accordance with the Financial Reporting Act 1993 we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the Company and Group's financial position, financial performance and cash flows.

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

The Board of Directors responsibilities arise from the Financial Reporting Act 1993 and the Energy Companies Act 1992.

Responsibilities of the Auditor

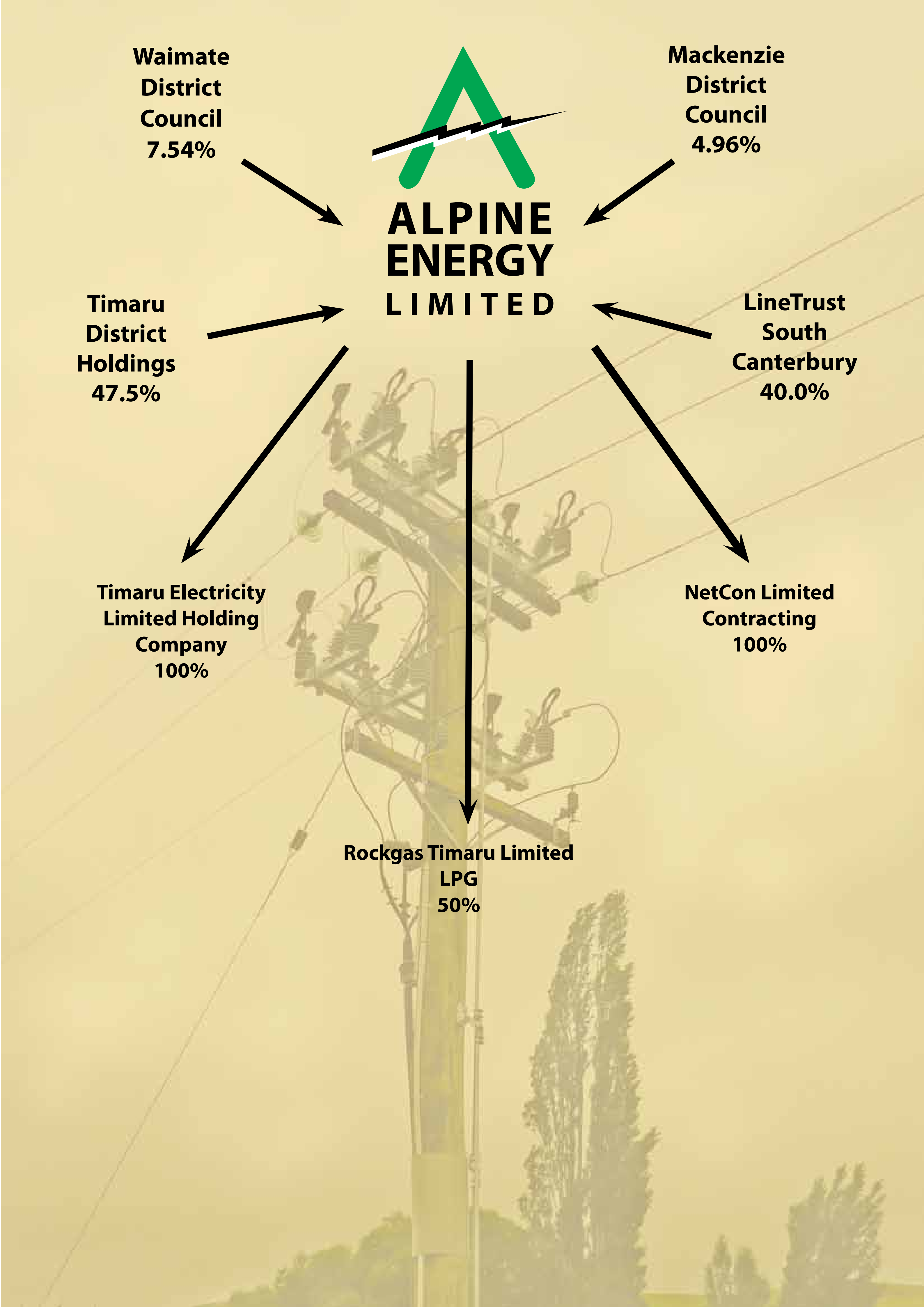
We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001and section 45(1) of the Energy Companies Act 1992.

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 compliance with the Electricity Distribution (Information Disclosure) Requirements 2008 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 Company or any of its subsidiaries.

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


Waimate District Council 7.54%
Mackenzie District Council 4.96%
ALPINE ENERGY LIMITED
Timaru District Holdings 47.5%
LineTrust South Canterbury 40.0%
Timaru Electricity Limited Holding Company 100%
NetCon Limited Contracting 100%
Rockgas Timaru Limited LPG 50%

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