Annual Report FY2024

"While the past year has presented significant challenges, our focus remains on **continuous improvement**, strategic execution, and **ensuring** the long-term **resilience** and **success** of our business and community"

Contents

This report reviews Alpine Energy's financial and operational performance for the year ended 31 March 2024.

The financial statements have been prepared in accordance with the appropriate accounting standards and have been independently audited by PwC, as appointed by the OAG.

Care has been taken to ensure all information in this report is accurate, including internal support and confirmation processes and Board endorsement.

Highlights

$66M
Network lines revenue (FY23: $56.7 million)

$4.1M
Capital contributions revenue (FY23: $6.6 million)

$3.8M
Equity growth (FY23: $14.9 million)

$27.7M
Capital expenditure on our network (FY23: $26 million)

$29.9M
EBITDA (FY23: $37 million)

892GWh
Hours of electricity delivered on our network (FY23: 812GWh)

148MW
Network maximum demand (FY23: 135MW)

427
New connections completed (FY23: 329)

144
New distributed generation connections (FY23: 115)

53%
Customers are satisfied overall with our performance (FY23: 52%)

27
Nationalities represented across the Group

211
People employed across South Canterbury (full time equivalents)

Chair and Chief Executive Officer Report

Chair and Chief Executive Officer Report

Looking back on the year ended 31 March 2024, we acknowledge there have been considerable challenges. We have apologised for the historical error that left us overcharging customers for almost a decade. We have had changes at the Board and executive level, and, with our shareholders, are currently recruiting for new Directors with appropriate expertise.

This report provides an overview of our key outcomes, strategic initiatives, and challenges, across various areas of our business. Addressing the overcharging issue will remain a key area of focus for the next year.

Addressing the historic Information Disclosure error

During the 2023 Information Disclosure audit, we discovered and addressed an error, initiating a restatement of nine years of disclosures and undertaking a full re-audit process. This process has had a significant impact on our South Canterbury community, as well as on our relationships with shareholders, stakeholders, and customers. The ongoing Commerce Commission (the Commission) investigation and Price Path Correction Project will require considerable effort through 2025. We are committed to putting things right, and remediating the overcharge as swiftly as possible within the regulatory framework.

Business performance

Overall, our business performance for the year ended 31 March 2024, presented a mixed picture. Our earnings before interest, taxes, depreciation and amortisation (EBITDA) was below budget by $1.5 million, and our net profit before tax (NPBT) was unfavourable by $2 million. The key drivers for cost overruns include our amalgamation with NETcon and additional audit fees associated with our Information Disclosure restatements. Higher transmission costs charged by Transpower, and professional fees were also key factors, partially offset by higher total network revenue and lower labour costs.

Amalgamation

This year we combined our electricity lines business with NETcon's electrical contracting business. This strategic move secured the field services capability to both deliver the growth in our network programme over the coming decade and prepare for the resilience needed in the face of ever-increasing weather events.

This amalgamation will also deliver efficiencies. Our whole team is now housed within one building, leading to improved information flows through streamlined communications; the digital amalgamation of our core foundational systems; and the implementation of our safety programme. These outputs enhance the running of the business, the working environment for our people, and the outcomes delivered to customers.

Financial benefits of the amalgamation are categorised into two distinct classes. Firstly, direct savings arising from the amalgamation have already occurred. These include a reduced corporate structure, where previously duplication existed between the entities within governance, executive management, and business support roles.

Secondly, looking forward, operational efficiency and productivity improvements will be realised as we integrate field services directly into our workflow processes. These include procurement and store management, project management and pricing, and vehicle fleet management.

Safety culture reset

In the past year, we initiated the "Stand in the Gap" safety cultural programme, which has been pivotal in changing our approach to safety. This programme emphasises a curious and consultative approach to fieldwork, reintroducing safety non-negotiables, and prioritising learning workshops for our safety leaders. Our internal engagement initiatives have laid a strong foundation, but we acknowledge that significant work remains to be done to fully embed this new safety culture across our business.

We have identified twelve critical risks following engagement across our business. We have now implemented non-negotiable controls aligned with industry standards for all risks. This area remains a critical focus moving forward.

Asset management

We made significant improvements to our asset management strategy and planning processes. This is already helping us allocate resources better, operate more efficiently, and make our network more reliable and efficient. Our efforts were well-received both internally and by our regulators, the Commission. We used data to create tailored strategies for managing risks and improving performance. We created a plan to proactively minimise risks and strengthen our network, although our ageing asset profile remains a priority for the future. We have also begun a project to improve our Emergency Management readiness, and we utilised National Institute of Weather and Atmospheric Research (NIWA) data to inform climate change related decisions, ensuring network preparedness for future challenges.

Delivering for our customers

We delivered our largest network capital works programme since 2013, with $27.7 million invested across the region. Through this investment we have boosted network reliability and safety for our customers and added 427 new connections to our network.

Significant upgrade and maintenance projects were delivered this year. Network reliability and resilience in Twizel has considerably increased with the completion of our three-year substation upgrade in March, and we are in the final stage of our multi-year overhead line maintenance project across Timaru.

Large scale electrification and industrial and commercial growth are key drivers for growth in our region, particularly in Washdyke. This year we laid the groundwork to meet forecast customer demand, initiating stage one of the $16 million Washdyke zone substation development, and planning for a new Timaru 33kV GXP.

Strengthened customer engagement

We have worked hard to strengthen our local relationships. We understand the role of electrification in supporting growth and prosperity in our region, as well as for the health and wellbeing of our community. We delivered a customer engagement programme for key customers and integrated planning for future network development with large energy users. We have implemented a new customer relationship (CRM) system to support these ongoing efforts. In 2025 we will develop a connection pricing strategy which will ensure the most efficient pricing for our existing and future customers.

Operational improvements

Our operational improvements included refreshing our virtual infrastructure for enhanced disaster recovery, implementing a Security Operations Centre through external providers to bolster cybersecurity, mitigated GIS risks, and developing a target architecture and blueprint. We completed Phase I of the company's first-ever management dashboards, providing a single source of truth for performance reporting.

Regulatory environment

2025 will see the Commission make changes to the way we price our services (known as DPP4 - default price-quality path 4). We have been actively working with the Commission to understand the new regime's impact on our business and our region. Given the high level of demand growth projected for our region, from a relatively small population, we have needs that are relatively unique. Our active participation in the reset of the default price-quality path consultation process has strengthened our relationships with the Commission, positioning us well for future engagement.

Strategic Focus

During the year, we thought deeply about how we contribute to the prosperity and success of the South Canterbury region – and how we can support local aspirations. In parallel, we worked to prioritise and narrow our focus on critical tasks. Health and Safety was the first of these, along with preparing for DPP4. We also began key strategy work and defined our short-term strategic objectives. 2025 will see us focusing on the delivery of these objectives, while developing a longer term strategy.

New Executive Leadership Team (ELT) structure

In May 2023 we implemented a new executive structure to align with the strategy of the business. We combined our Asset Management and Service Delivery into one end-to-end value chain team. We also established three new areas of Executive level leadership: Digital, People and Safety, and Strategy and Customer. It has been great to welcome Andrew Kerr, Chief Customer and Strategy Officer, Susan Lowe, Chief People and Safety Officer and Murray Chamberlain, Chief Financial Officer (CFO), to the team (in the new financial year). We would also like to acknowledge the work of Janie Elrick during the year, who supported us greatly as Acting CFO before Murray's appointment.

Acknowledging our shareholders

We are grateful to our shareholders, Timaru District Holdings Limited, LineTrust South Canterbury, Waimate District Council and MacKenzie District Council for their continued support. We are proud to partner with our shareholders in delivering the critical infrastructure and services that support the wellbeing, growth, and sustainability of the South Canterbury region.

This year we have paid dividends totalling 2.40 cents per share. Our shareholders have been impacted by the historical errors made as the Board decided not to declare final dividends for the year, due to the ongoing financial uncertainty caused by those errors and the remediation process. This has impacted shareholders differently, and is not a situation we had expected to put them into.

Changes at the Board table

We have said farewell to our Chair of nine years, Warren McNab. Warren joined the Board in 2016 and became Chair in 2020. We also farewell Linda Robertson who has served on the Board for four years, including Chairing the Audit and Risk Committee. We thank both Warren and Linda for their service and wish them well for their future endeavours.

Our focus

While the past year has presented significant challenges, we have made substantial progress. Our focus remains on continuous improvement, strategic execution, and ensuring long-term resilience and success for our business and community. We anticipate some turbulence in the 2025 year, with economic factors affecting local growth aspirations, as well as impacting on the health and wellbeing of our end customers. We also anticipate that the Price Path Correction and remediation of the overcharge will take a lot of focus. Finally, the release of the new price-quality regime will mean additional effort. In addition, we have an ambitious capital works programme ahead of us if we are to support local growth and to ensure resilience of electricity supply into the future. It is a privilege to be able to work on these important issues.

Ngā mihi nui,

Melissa Clark-Reynolds

Ngā mihi nui,

Caroline Ovenstone

Network performance

Network performance

We deliver secure, reliable, sustainable energy that enables our customers and communities to make informed energy choices.

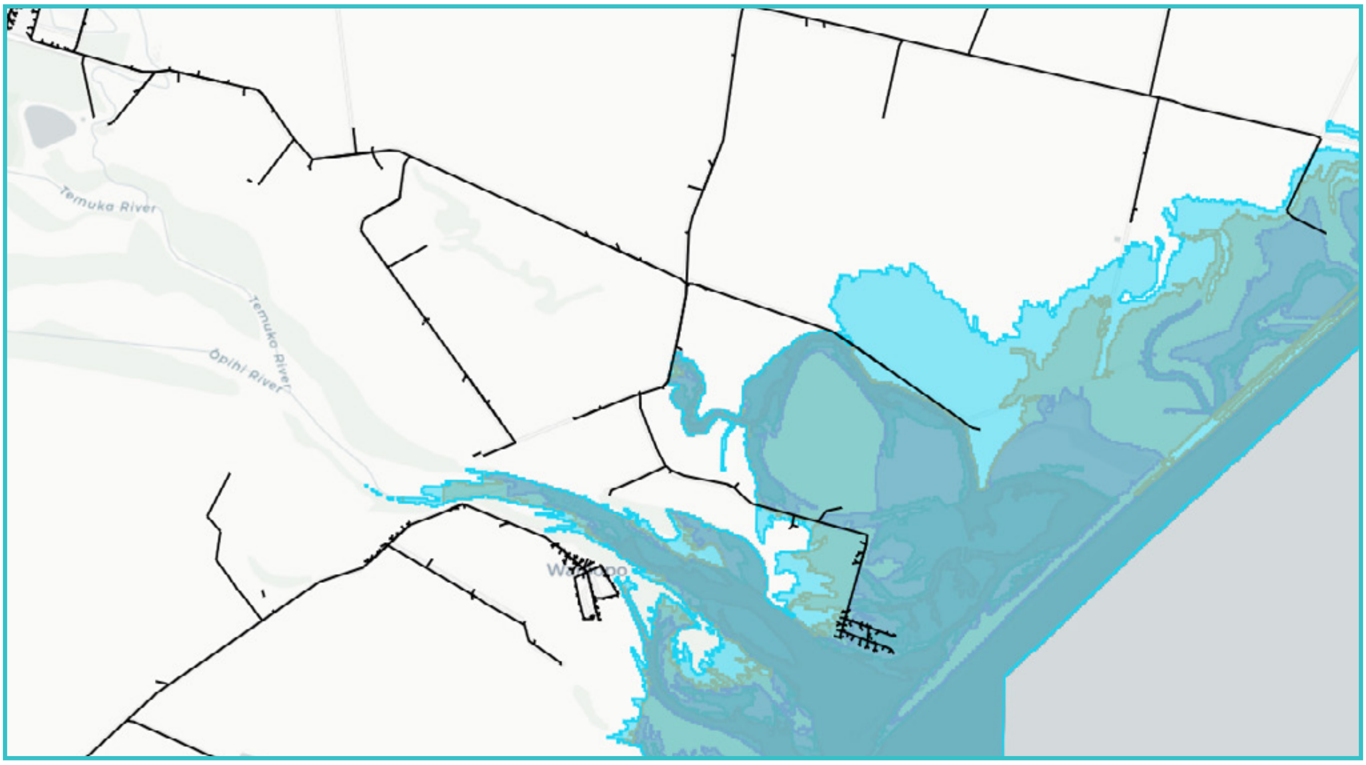
The electricity sector is undergoing a dynamic transformation, driven by decarbonisation and emerging technologies. For our South Canterbury customers, however, a secure and dependable electricity supply remains paramount. Our annual network investment programme prioritises this need, ensuring grid resilience to keep homes heated, businesses powered, and communities thriving. Our network planning positions us well to respond to changing technologies and customer energy needs.

Works programme delivery

Focus on resilience

This year delivered our largest work programme since 2013, investing $27.7 million into our network. We increased our asset renewal and replacement expenditure by $4.1 million this year, spending a total of $18.5 million. Learning from Cyclone Gabrielle, which hit North Island electricity infrastructure hard, we have sharpened our focus on enhancing our own network resilience.

We have invested in technology and data analysis to better understand the potential impacts of natural hazards and the changing climate on our network. We have developed a risk-mapping tool, allowing us to visualise our assets overlayed with hazard data. In preparing our asset management plan this year, we paired this climate and hazard data with asset condition and age indicators to better reflect the level of long-term investment needed to maintain our network and strengthen critical assets.



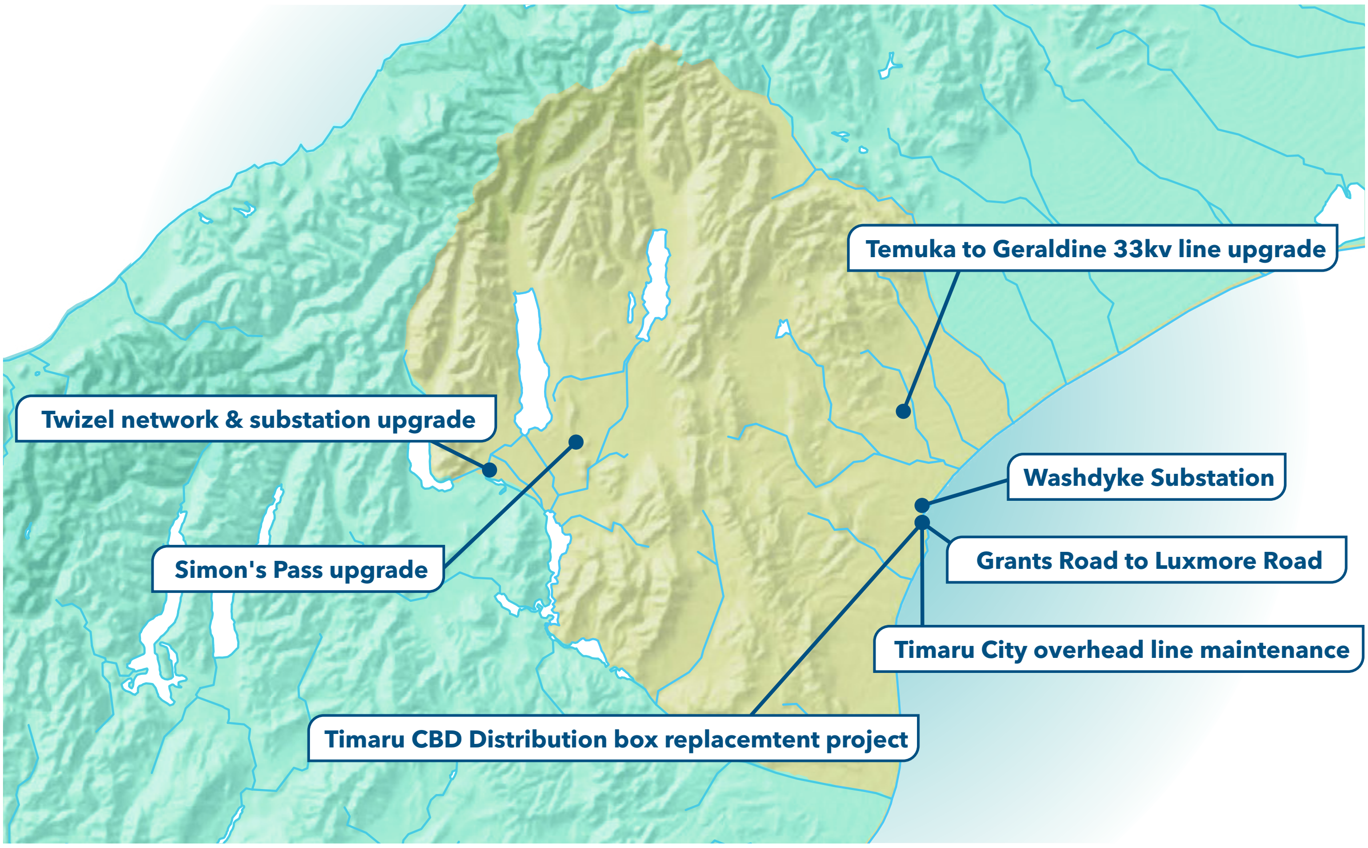
Network risk-mapping tool identifying coastal inundation hazards at Milford, Temuka

> "Resilience has never been more important, given that New Zealand is becoming more and more reliant on our renewable energy to power our lives and livelihoods"
>
> Vhari McWha, Commissioner, Commerce Commission

This year we started developing our Resilience Management Strategy, focusing on asset resilience and our emergency response framework. Collaborating with local councils, we have identified assets and services critical for supporting our communities during emergency events, such as floods, high winds, and earthquakes. This has allowed us to target asset renewal expenditure on our network in a strategic way and focus our response efforts during an emergency event.

This year, for example, we replaced a transformer and electrical protection equipment supplying the Timaru Bridges Road fire station and Te Aitarakihi Marae-a-iwi, vital services for the Timaru community's response during an emergency.

Project highlights



Grants Road to Luxmoore Road, Timaru – Overhead to underground conversion

In this busy residential area, we improved the reliability and safety of the electricity supply by replacing 606 metres of overhead lines with 1.5km of underground cable and removing 17 end-of-life poles. Our goal was to bring the overhead 11kV and low voltage (400V) lines underground, focusing on removing hard-to-access poles in backyards including a day-care centre, enhancing the safety of residents by removing infrastructure from their properties. The new underground cables are less vulnerable to weather and damage, decreasing interruptions. Additionally, the installation of a new ring main unit allows us to isolate and address issues without affecting large areas, resulting in fewer and shorter outages for customers.

Simon's Pass upgrade

Investing $1.2 million, we replaced 89 poles and 233 crossarms, and conducted additional maintenance on 342 poles across a challenging 35 km stretch of remote terrain at Simon's Pass. Notably, we strategically installed equipment to automatically isolate faults caused by bird strikes, a common occurrence in this rural area, ensuring uninterrupted power supply for our customers while effectively addressing potential issues along the line.

Our collaboration with Network Waitaki helped streamline the project so we could complete it faster and with less interruptions for our customers, many of whom rely heavily on electricity for essential tasks, particularly irrigation. This upgrade significantly enhances the reliability of power supply for Mackenzie farmers and residents.

Temuka to Geraldine 33kV line upgrade

In a critical project aimed at enhancing the reliability of our network, we upgraded the 33kV line from Temuka to the Geraldine substation, benefiting over 2,600 customers. This effort involved installing 54 new poles, replacing 122 crossarms, and upgrading various components to bolster the resilience of the line, ultimately minimising the frequency and duration of future outages.

Operating within a narrow four-day window, this project required precise timing and execution, as generators had to back feed power to the entire Geraldine township during maintenance. Despite the tight schedule, our team successfully completed all critical maintenance and met every deadline, ensuring uninterrupted service for our customers. This $1.1 million project was a key delivery for our network, demonstrating our commitment to providing safe, reliable electricity to the community.

Timaru CBD distribution box replacement project

In line with our Asset Management Strategy, we replaced aging distribution boxes in the heart of Timaru CBD. This involved upgrading 230 metres of cabling and converting six lucy boxes to modern link boxes. The project aimed to replace outdated assets posing safety risks to staff, particularly due to exposed live terminations and potential electrical flash-over hazards. Close engagement with local businesses minimised disruption, with proactive traffic management ensuring public safety. Despite challenges, including working in a high pedestrian zone, we maintained power to businesses during construction.

Twizel network and substation upgrade

The completion of the Twizel substation upgrade marks a significant milestone in our commitment to providing safe and reliable electricity to the Twizel community. This three-year project included constructing a new switch room and installing advanced switchgear designed to last 50 years. The addition of a second transformer greatly enhances redundancy and resilience to power disruptions, while supporting future load growth. Enhanced communication with our control centre allows us to respond more effectively to faults, minimising the duration of outages.

Significant maintenance work was also conducted across the local network to enhance overall reliability. We replaced 47 poles, installed 106 new crossarms, 96 insulators, and 93 fuse units, and implemented three new high-voltage air-break switches. Maintenance on over 300 poles has improved our ability to isolate network sections during faults or planned maintenance, reducing the impacts of future outages on customers.

These improvements ensure reliability for today while also being designed to meet the future needs of the community.

Washdyke substation

This year we commenced the development of the Washdyke zone substation. This new substation is vital to meet the growing energy demands in South Canterbury's industrial sector, which is moving decisively towards renewable energy. This demand growth encompasses both the decarbonisation of existing industrial sites and new, high-capacity electrical supply requests across the Washdyke industrial area. We have also made a significant step in sustainable construction practices with the use of environmentally friendly materials and methods.

This $16 million project is being completed in two stages:

Stage one, currently underway, will deliver a new 11kV switchboard at the substation site, and provide connection points for future 11kV cable circuits planned as part of our Washdyke roadmap. Stage one commissioning is forecast for March 2025.

Stage two, commencing next year, will see the installation of two 40MVA power transformers and a new 33kV switchboard. This will significantly increase the capacity for supply to Washdyke, meeting forecast customer demand. The project will be completed in 2028.

The impact of the new substation on neighbouring residents, both during construction and once completed, was a key consideration for us. We prioritised customer consultation, working closely with our community to hear their voices and incorporate their feedback into our plans. Through one-on-one meetings, we addressed questions and concerns about the project's impact. Additionally, we gave the community the opportunity to decide how to use some vacant land on the site, and based on their input, we included a shared public green space in our plans. This collaborative approach ensured that our project not only meets energy needs but also supports the well-being of the local community.

Customer activity

New connections increased to 427 this year, compared with 329 in 2023. This growth was driven by residential connections, with fewer commercial and industrial connections during 2024. Our customer connections expenditure decreased to $5.2 million, down $1.9 million, and capital contributions revenue also declined to $4.1 million, from $6.6 million last year. These results were in line with our forecasts, with the decrease in expenditure directly attributable to the absence of any large new connections or extensions during 2024, which drove higher expenditure in 2023.

We are still seeing strong interest from industrial customers for decarbonisation and expansion load growth in the next 5 years. Engaging closely with these customers, we have refined our network demand forecasts, and developed investment roadmaps for the high-growth areas of Washdyke, South Timaru and Timaru Port areas for the next ten years. Our 2024 Asset Management Plan Update, available on our website (www.alpineenergy.co.nz), sets out our forecast customer demand and expenditure, and the system growth projects needed to meet this demand.

Distributed generation

We saw continued growth in the number and capacity of distributed generation (DG) installations across our network this year:

2024 new solar DG connections	**144** (2023: 115)
2024 additional capacity of solar DG installed	**0.93MW** (2023: 0.84MW)

This brings our total DG connections to 786, with a total installed capacity of 4.2MW, mainly comprising rooftop solar arrays, approximately 1.5% of our peak network demand.

We have received unprecedented levels of interest in large-scale solar connections. This year we have been discussing more than 50MW of new solar connections with potential customers, of which we believe 50% look likely to proceed. To put these figures in perspective, when the sun is shining, the amount of power generated from these proposed solar farms could easily power both Tekapo and Twizel areas.

Electric vehicle charging

Commercial electric vehicle (EV) charging infrastructure continues to grow across South Canterbury. This year we connected three new ultra-fast chargers at Z Caroline Bay. With the Government's goal of supercharging New Zealand's EV charging network, we are forecasting ongoing demand from new high-speed public and commercial charging facilities across our network.

Like the rest of New Zealand, there was a decline in new EV registrations in South Canterbury in the last quarter of the year, attributable to the removal of the Clean Car Discount in December, and the current economic climate. However, our forecasting assumptions, reviewed this year, still anticipate a significant impact on our low voltage network due to residential EV charging growth over the next ten years.

Business performance

Business performance

> We want to get the basics right and shed inefficiencies. Alpine Energy's future will be built on a strong foundation of operational excellence in our core business.

Across our Group, the basics are all about keeping our people, our contractors, and our communities safe and well; engaging with our customers, supporting our communities; and keeping the lights on. To deliver on our strategic goal of getting these basics right, we have reviewed our processes and identified improvement opportunities.

Our Safety Roadmap

The implementation of our Safety Roadmap has been a strong focus this year. The key initiatives on this Roadmap have been the identification and control of our critical risks, the introduction of a new safety culture programme, safety engagements, leadership development and coaching in the field.

With the twelve critical health and safety risks identified, we have focused on developing critical control guidance for tailgate meetings and work plans. Our Board, ELT and critical risk owners have attended workshops throughout the year to build collective understanding and prioritise resources to implement risk controls.

Following a presentation by Wiremu and Marcella Edmonds during our revamped Safety Week, we rolled out our Stand in the Gap culture programme. Stand in the Gap focuses on personal connections which drive our people to look out for each other and act when unsafe conditions or behaviours are observed. This programme includes regular safety stand ups for all team members, and a photo wall, providing insight into the personal motivations of our people to go home safely to what they love.

Our public safety initiatives have continued this year, with advertising campaigns targeting safety near electricity lines and cables as well as presentations to local schools on safety around electricity.
The establishment of our contractor forums has significantly improved our safety engagement with businesses who frequently work on or near our network. We have continued to get out and about in the community, waving the banner for electrical safety at Agricultural Field Days and other community events across South Canterbury.

Work has also continued improving safety governance and reporting. A realigned reporting matrix focusing on positive leading indicators allows our Board better insights and overview of how safety programme, initiatives and improvements are impacting service delivery and safer outcomes for our people and the public.

Our annual safety performance results are included in our Statement of Performance (Pg 84).

Critical Risks

- Uncontrolled Energy Release
- Plant and Equipment
- Vehicle Operations
- Worksite Management
- Fall from Heights
- Psychosocial/Work Capacity
- Remote/Lone Working
- Violence and Aggression
- Falling Objects
- Contractor/Supplier Management
- Hazardous Substances
- Confined Space / Hazardous Atmosphere

Our people

Our people have navigated a significant amount of change during the past year. Aligning our people and safety teams under one executive leader has enabled a strong focus on how people can support the overall strategy at Alpine Energy, as well as embed the safety culture that we have all worked hard to establish.

Our Enlight Framework was formally rolled out which ensures our people, and our leaders continue to deliver on core services and strategic objectives through an assessment of individual and collective performance, values alignment, and leadership standards. To support our people to be their best: for themselves, their whānau, and the business, we have also introduced a holistic wellness programme called FullyCharged. This programme aims to increase our people's knowledge and understanding around proactive wellbeing and the benefits. It also supports their ongoing wellbeing, and that of their whānau through access to everyday wellness tips.

We have a wealth of expertise and diverse talents across the businesses. To meet the demands of future growth we need to develop new capabilities and grow our workforce, particularly in our ability to deliver the network growth.

A pivotal milestone in the amalgamation of the two businesses has been coming together under one roof in Alpine House. The move has enabled us to maximise operations by working together in one office, while utilising shared spaces to encourage social breakouts and collaboration. It has also helped our team come together through engagement activities such as our combined Family Christmas BBQ and participating in local social sport competitions.

To ensure we are measuring employee engagement and experience, we launched 'Our Voice' survey using a new tool which uses science-based metrics to determine action plans that will have the most impact on our people. We held the first full annual experience and engagement survey in March; we had 75% participation which was encouraging for our first full survey as a combined business. Areas such as safety reported strong levels of engagement demonstrating the impact of the safety culture programme Stand in the Gap. Areas of opportunity were identified across Learning & Development, Leadership and Wellbeing. We have worked with our people to understand the results and develop our key actions to drive improvements.

AEL Board:

4 female directors,
2 male directors

AEL Executive Leadership Team:

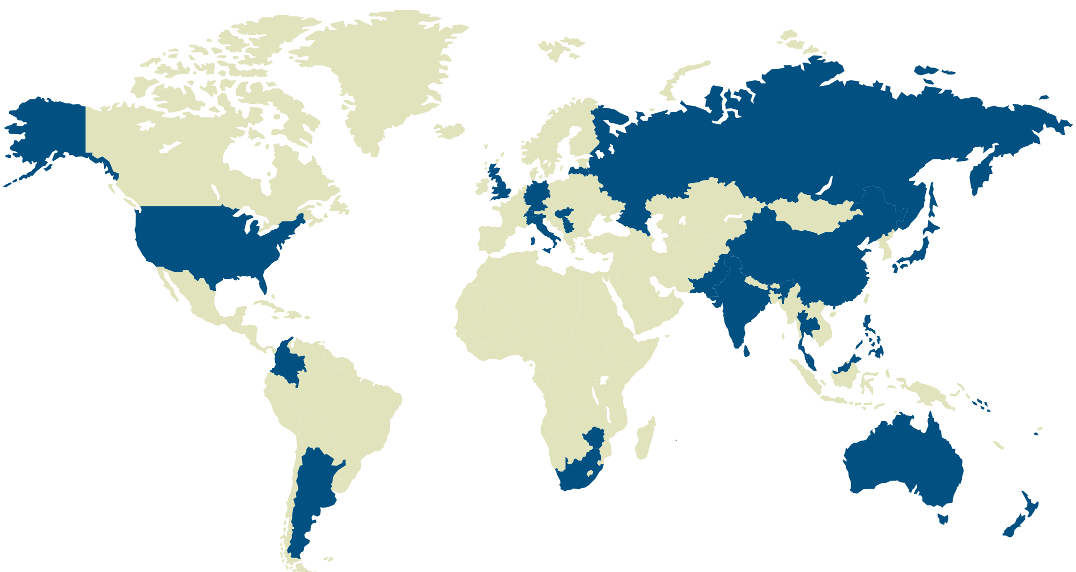
4 female executives,
3 male executives

AEL Team:

55 females,
149 males

Where our people are from

*at 31 March 2024



Customer engagement

Understanding the current and future needs of our customers underpins how we plan and operate the network.

As part of developing our 2024 Asset Management Plan, we met with many existing and potential customers to discuss their business plans. This directly informed our demand forecasts and associated plans for where and when we need to make capacity available on our network. More broadly, we continued our work to support the development of a South Canterbury Energy Strategy to consider how our decisions today can support resilient and reliable energy infrastructure well beyond 2050.

In addition to this one-to-one engagement, we routinely survey our customers to gauge satisfaction across various metrics, including reliability, outages, pricing, and communication. Overall customer satisfaction increased to 53%, with increased satisfaction with our communication the primary driver for this increase.

Key areas of satisfaction include:

Providing a reliable power supply	75% satisfied
Delivering a safe power supply	74% satisfied
Minimising outages	72% satisfied
Overall reliability	71% satisfied
Office staff attitude	70% satisfied

Areas for improvement include:

Value of lines charges	20% dissatisfied
Staff knowledge	16% dissatisfied
Information about power supply matters	16% satisfied
Overall communication	15% satisfied

These insights guide our ongoing work streams, including the development of our pricing strategy, our network investment planning and customer engagement efforts. For example, in response to low rural customer satisfaction we have started lifting our engagement with rural communities. This has included increased publicity about work on our rural network (see examples in the earlier project list), supporting rural customers with information about emergency generation, and deepening our understanding of customer preferences about how extended outages are managed.

This year, three queries and five complaints were directed to Utilities Disputes Limited (UDL), all of which were resolved within the required timeframes, reflecting our commitment to resolving customer issues efficiently.

Supporting our community

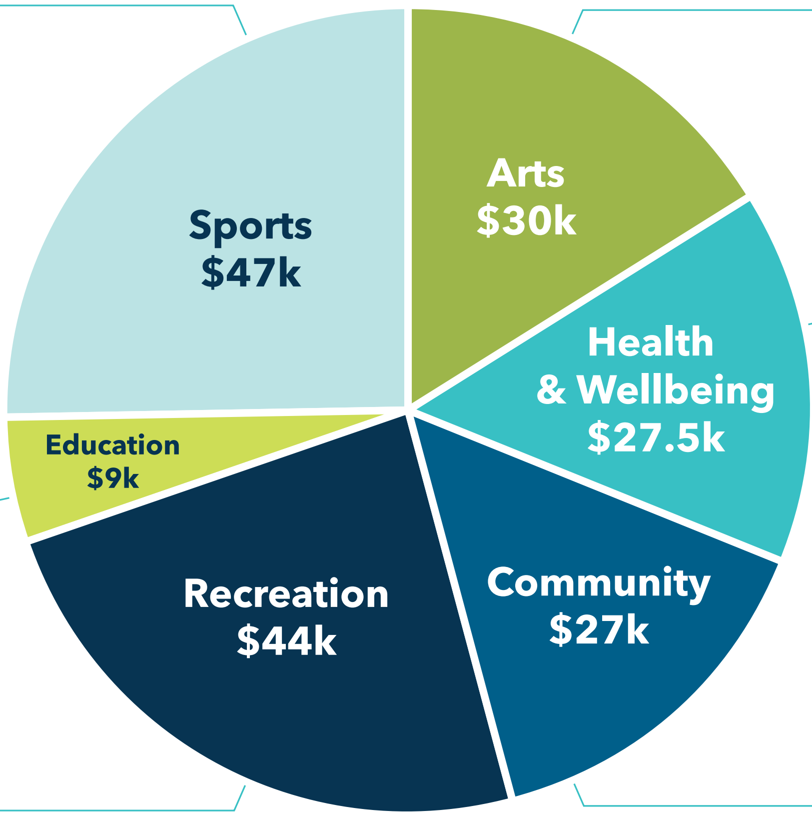
We continued to distribute our funds throughout the South Canterbury region and across a diverse range of disciplines. Utilising our decision-making matrix, we ensured that our investments aligned closely with our core values and strategic goals, thus ensuring holistic and lasting benefits for the community, all while building brand trust and increasing employee satisfaction.

In the past year we continued our dedication by sponsoring 37 community initiatives, distributing a total of $184,802. Additionally, we awarded 19 personal development grants, amounting to $14,500.

One of the highlights of the year was our annual sponsorship awards evening, a testament to the significance of community partnerships. The event not only celebrated our collaborations but also underscored the invaluable role of volunteers in our community. It also emphasised the importance of adopting a community wellbeing lens across all our activities.

- Aoraki Secondary Schools Sport
- Hockey South Canterbury
- Netball South Canterbury
- South Canterbury Rugby Football Club
- Tennis Seniors South Canterbury
- Tennis South Canterbury – junior tennis programme

- Alpine Energy Art Awards
- Alpine Energy Brass Band
- Caroline Bay Carnival - Alpine Energy Talent Show
- Geraldine Festival - Art Awards
- New Zealand Chorale - The Big Sing
- South Canterbury Drama League
- South Canterbury Pottery Group



- Alpine Aoraki Math Competition
- EPro8 Challenge
- Sanford Science and Technology Fair

- Air Rescue
- Alpine Energy Hadlow to Harbour
- MenzShed
- The Alpine Energy Coastal

- Central South Island Cycletrails
- Halberg Foundation
- South Canterbury Gymnastics
- South Canterbury Model Railway
- Timaru Indoor Bowls
- Waimate Disc Golf
- Waimate Shears
- Waimate50 Sport

- Alpine Energy Stadium - Temuka
- Alpine Energy Soapbox Derby
- Christmas on the Bay
- South Canterbury Children's Day
- South Canterbury Rock n Hop
- South Canterbury Rose Society
- Twizel Salmon and Wine Festival
- Waimate Christmas in the Square
- Woodbury Harvest

"Without the funding South Canterbury families would be unable to attend this special event. It is the gateway to sporting confidence for these children who often lack the opportunity to succeed. We are immensely grateful to Alpine for supporting this community."

Halberg Foundation

"It means we can offer safe, fun, free activities to our community. Without your support the event wouldn't be possible, and our community would be the poorer for it."

South Canterbury Children's Day

"It means that when that emergency call comes through from South Canterbury the Westpac rescue helicopter and crew can respond and be a lifeline. For most people it is about just knowing that if there is a medical emergency or accident that affects their family and friends, we will be there."

Canterbury West Coast Air Rescue Trust

"The competition runs over two nights and is held at the Timaru Boys' High School Hall. Seeing nearly 500 students participating enthusiastically to solve a series of mathematical problems in their various age groups is the main highlight along with just having fun doing maths!"

Aoraki Mathematics Competition

Data and technology

Our foundational data and technology initiatives have progressed well this year. We have delivered key projects and undertaken pilot projects in targeted areas of the business.

Software implementation

We have implemented Microsoft Dynamics 365 modules to support customer service activities. A new sales module helps to manage sales opportunities, providing the ability to coordinate customer interactions. The customer services module handles inbound cases efficiently, ensuring that customer queries and issues are resolved promptly and effectively.

We also rolled out a new Installation Control Points (ICPs) management and billing system which has significantly improved data accuracy and operational efficiency in our billing operations and the management of the lifecycle of the ICPs on our network. The platform has been developed to respond to future pricing and regulatory changes.

Cyber Security Operations Centre

Our ongoing cyber security partnership with Vector has significantly bolstered our cyber security posture in a cost and resource effective way.

This year's go-live for our Security Operations Centre (SOC) has provided:

- enhanced ability to detect and respond to network threats in real-time
- ongoing monitoring and threat assessment for our operational technology systems
- prompt identification and response to potential vulnerabilities
- protecting against phishing and other email-based threats.

NIWA Research & Development Partnership

Our collaboration with NIWA continues to support our transition towards a data-driven asset management approach.

Achievements in the past year include:

- **High-Resolution weather alert dashboard:** The dashboard provides 1.5 km resolution weather alerts for extreme conditions such as wind, rain, snow, and temperature. Customised thresholds based on current and historic engineering standards allow for greater forecasting and emergency response planning.
- **Enhanced data capabilities:** The platform now enables us to identify vegetation areas at high risk of wind damage, analyse climate change impacts on peak wind speed, temperature, and snowfall. This informs necessary adjustments to our engineering standards and allows us to investigate historical weather-related faults to better understand our vulnerabilities.
- **Resilience risk mapping:** An interactive mapping tool has been developed, integrating various environmental data sources (e.g., earthquake, fire weather index, tsunami evacuation, and flood zones) to visualise and assess the resilience of our assets. This tool supports planning and design processes aimed at improving asset resilience and optimising network performance.

Investments

Investments

Our investments are key to our Group's financial and operational performance. As we reflect on a tough economic environment this year, we are pleased that our subsidiaries have been resilient and steadfast, amidst the uncertain times and supply chain issues.

Infratec

Turning on the lights in the Tongan outer islands

Infratec continued its work programme in the remote outer islands of the Kingdom of Tonga. The island community of Kotu, in the Ha'apai island group celebrated the energisation of a greenfield solar/ battery microgrid which provides clean, and reliable power to households, community centres and community street lighting for the first time. A further four island microgrids will be coming online in mid to late 2024, enabling over 1000 people to benefit from the 24/7 electricity supply and the social, economic and health opportunities it brings. All going according to plan, Infratec would have installed 1.2MW of solar panels, 8.7 MWh of batteries, and 18km of MV network in Tonga by the end of 2024.

In Eastern Indonesia, Infratec's NZMATES programme continued its a pivotal role in building capacity in the national utility and educational institutions to enable sustainable and accelerated deployment of renewable energy for island communities. The team celebrated the inauguration of its flagship solar/battery microgrid on Pulau Tiga. The site was once home to a defunct solar power station and the NZMATES refurbishment signalled the culmination of its holistic approach to sustainable project development that tackles institutional, social, economic and technical barriers required to provide asset longevity, and therefore enduring benefits to the local community.

$8.6M
Revenue
(FY23: $8.1 million)

$0.4M
Profit after tax
(FY23: $2M)

SmartCo

SmartCo has made significant strides in enhancing Hiko, our comprehensive suite of mapping and reporting tools, greatly improving our utilisation of smart meter data.

One of the key advancements is the integration of Eroads into Hiko. This new feature allows us to monitor our crews during major events, ensuring they are at the correct location, remain safe, and reducing the time to restore power for our customers.

Hiko now includes advanced analytics, enabling our network operations, planning, and asset management teams to access near real-time information on ICPs with smart meter technology. The visualisation tool continues to offer detailed visual presentations of all ICPs with SmartCo meters installed, as well as our transformers. It provides insights into over- or under-voltage, high impedance, and natural faults, while also enabling near real-time outage monitoring by displaying affected and restored ICPs.

Hiko have also developed exporting exceptions reports to identify individuals exporting electricity without consent or approvals. Additionally, our congestion monitoring programme, initially focused on winter, has been expanded to include summer, giving us a comprehensive view across our network.

Our ability to leverage this advanced data continues to put us in a strong position, allowing us to enhance our planning, decision-making, and pricing processes with this valuable information.

Alpine Data Networks

Alpine Data Networks owns and operates three individual backhaul or dark fibre networks, from Rangitata to Glenavy / Waimate, from Tekapo and from Naseby to Clyde / Alexandra. The networks were built between 2011 and 2021 with expected lives of 25 years plus. Annual revenue for FY24 was $866,000 and customers include Transpower, Chorus and 2degrees.

The Rangitata to Glenavy / Waimate network also provides corporate services and SCADA for Alpine using 12 dedicated fibres out of the 96 available fibre-optic cores in the Timaru area.

We are currently processing requests for new and modified customer connections to the Rangitata to Glenavy network, and the Nasby to Clyde network. These connections are expected to be completed next year.

Governance and leadership

Governance and leadership

"We are committed to building an environment of trust, transparency, and accountability necessary for fostering long-term investment, reliability, financial stability, and business integrity."

Board

Diversity of perspective is important to our Board. Our Shareholders appoint Board members with a range of skills and experience.

Melissa Clark-Reynolds, ONZM - Chair

Melissa became a Futurist and Professional Director after 25 years' experience as a technology entrepreneur and CEO of a number of technology companies. Melissa works with companies to understand the future and become resilient, while shaping the kind of world they want. She has a particular focus in sustainable business models and decarbonisation. Melissa received the ONZM for Services to Technology in 2015. She joined the Board in July 2021 and became Chair in April 2024.

Rebecca Keoghan

Rebecca is an experienced Director and Chair with considerable expertise across multiple business structures, from local government and crown entities, through to private, family, and cooperative companies. She has previous senior executive experience in state owned enterprises, start-up joint ventures, and large private companies. Rebecca has wide governance experience with knowledge and networks across a variety of industries and has specialist skillsets in risk management, culture change, and stakeholder relationships. She is based in Westport and joined the Board in July 2022.

Kevin Winders

Kevin has spent a lot of time in South Canterbury over his executive and governance career and has a good knowledge of the region and its key industries. Kevin has had firsthand experience with Pyne Gould Guinness, Silver Fern Farms, Fonterra, New Zealand Merino Company, and Timaru Port. Experienced within New Zealand's infrastructure and electricity sectors, Kevin was Chief Operating Officer of United Electricity when they were sold to United, where, for two years, he worked on moving retail businesses across from lines companies throughout New Zealand to Contact Energy's retail arm. Kevin is based in Twizel and joined the Board in July 2022.

Karen Coutts

Karen is a passionate thought leader and advisor, she brings extensive governance experience gained from working across the public, not-for-profit, and private sectors. With her in-depth expertise, Karen brings a unique combination of skills, most recently in value-add opportunities for New Zealand of Māori economic development, and maximising environmental sustainability and socio-economic inclusion. Karen aspires to a sustainable, long-term future both socially and economically for New Zealand, underpinned by Māori and whānau success. She is committed to best practice governance. She is based in Wellington and joined the Board in July 2022.

Warren McNabb

Warren has extensive experience in law, infrastructure, and utility investment banking in New Zealand and Canada. Since returning to New Zealand, he divides his time between renewable energy development (as a partner in a distributed wind farm development), carbon farming in both native and exotic forestry, governance roles across energy and infrastructure companies, and private capital investment across start-up, private equity, and debt markets. He is based in Blenheim and joined the Board in 2016. Warren resigned from the Board in April 2024.

Linda Robertson

Linda is a professional independent company director with over 20 years' governance experience, combined with 30 years' senior management experience, having worked in both the banking and energy sectors in New Zealand. Linda has a governance background encompassing large national companies and has held board positions for council controlled, government owned, listed, co-operative, charitable and private companies and currently holds several other directorships. Linda is currently Chair of the Board's People Performance & Culture Committee. She is based in Queenstown and joined the Board in August 2020. Linda resigned from the Board in May 2024.

Rick Ramsay

Rick is an experienced director in the electricity sector and a range of other innovative businesses, with a career spanning more than 18 years. He has a focus on health and safety across the electricity industry. Rick has a journalism background, having held positions with several newspapers, and has significant local government experience including being Deputy Mayor of the Mackenzie District Council between 1992 and 2001. In voluntary roles, Rick has supported the development of community and tourist attractions in the Mackenzie District. Rick was the Chair of the Board's Health and Safety Committee and the Board's Sponsorship Committee. He is based in Twizel and joined the Board in July 2008. Rick resigned from the Board in July 2023.

Executive Leadership Team

Caroline Ovenstone was appointed Chief Executive Officer in November 2022. She has the delegated authority from the Board to govern certain operational and other matters within the company. Caroline is supported by an Executive Leadership Team of six members.

Caroline Ovenstone

Chief Executive Officer

Marisca MacKenzie

Chief Regulatory Officer

Damien Whiffen

Chief Assets & Operations Officer

Matthew Ireland

Chief Digital Officer

Andrew Kerr

Chief Customer & Strategy Officer

Susan Lowe

Chief People and Safety Officer

Janie Elrick

Acting Chief Financial Officer

Murray Chamberlain

Chief Financial Officer
(Commenced 10 June 2024)

Consolidated Financial Statements

Contents

For the year ended 31 March 2024

Directors' report

31 March 2024

The Directors present their report, together with the consolidated financial statements of the Group, being the Company and its controlled entities, for the financial year ended 31 March 2024.

Principal activities

Alpine Energy Limited (the Company) owns and operates the electricity distribution network that distributes power to South Cantabrians. The Group, comprising Alpine Energy Limited, its subsidiaries and associated entities, undertakes asset management and electrical contract services.

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

Information on Directors

The Board is the governing body of Alpine Energy Limited and currently has four 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 thirteen times during the year.

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

Parent

Melissa Clark-Reynolds (Chair)
Rebecca Keoghan
Karen Coutts
Kevin Winders
Warren McNabb (resigned 14 April 2024)
Rick Ramsay (resigned 31 July 2023)
Linda Robertson (resigned 23 May 2024)

Subsidiaries

Infratec Limited and Infratec Renewables (Rarotonga) Limited

Warren McNabb (resigned 01 July 2023)
Caroline Ovenstone

Power Services 2022 Limited

Hugh Martyn (resigned 05 September 2023)
Pieter Theron (resigned 05 September 2023)
Warren McNabb (resigned 14 April 2024)
Linda Robertson (resigned 23 May 2024)
Melissa Clark-Reynolds (appointed 05 September 2023)
Rebecca Keoghan (appointed 05 September 2023)
Karen Coutts (appointed 05 September 2023)
Kevin Winders (appointed 05 September 2023)

Joint venture

On Metering Limited

Marisca Mackenzie
Andrew Stanton

Associates

SmartCo Limited

Garth Dibley
Jason Franklin
Oliver Kearney
James Quinn
Kavinesh Singh
Caroline Ovenstone

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

Operating results

Group operating revenue of $86.108 million was achieved for the year, 7% higher than the previous year.

The Group profit before income tax for the year was $9.752 million, 50% less than the previous year.

The profit from operations of the Group amounted to $5.254 million (2023: $14.703 million)

	2024 **000's** **$**	2023 000's $
Profit before income tax	**9,752**	19,550
Income tax expense	**(4,498)**	(4,847)
Profit from operations	**5,254**	14,703

Dividends paid or recommended

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

- Solvency certificates were completed in support of the interim dividend declarations.
- The interim and final dividends represent 20% (2023: 14%) of the total comprehensive income for the Group.

Significant changes in state of affairs

On 5th October 2023, Alpine Energy Limited amalgamated with its subsidiary NETcon Limited.

Share Capital

Total issued and paid up share capital as at 31 March 2024 was 41,328,017 ordinary fully paid shares. There have been no movements in share capital during the year.

Return on Shareholders' equity and state of affairs

The Group net surplus after income tax attributable to the Shareholders for the year ended 31 March 2024 represents 3% (2023: 9%) return on average total Shareholders' equity.

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

Corporate governance

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

Operation of the Board

Responsibilities

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

Audit and Risk Board Committee

The Audit and Risk Board Committee, comprising of two Directors (Kevin Winders and Rebecca Keoghan), assists the Board in their responsibilities for risk management, financial reporting, access to appropriate sources of external funding and appropriate treasury functions (including currency hedging), tax planning, regulatory compliance; and provides a formal forum for free and open communication between the Board, the Company's external auditors and Management. This Committee is chaired by Kevin Winders.

Health and Safety Board Committee

The Health and Safety Board Committee, comprising of three Directors (Rebecca Keoghan, Kevin Winders and Karen Coutts), assists the Board in their responsibilities for health and safety. This Committee is chaired by Rebecca Keoghan.

People Performance and Culture Board Committee

The People Performance and Culture Board Committee, comprising of two Directors (Melissa Clark-Reynolds and Karen Coutts), assists the Board in fulfilling its responsibilities in matters related to the remuneration and performance of Alpine staff and supporting a positive culture. This Committee is chaired by Melissa Clark-Reynolds.

Use of Company information

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

Directors' remuneration and benefits from the Company

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

Management are not compensated through Directors' remuneration for Directors' roles within the Group.

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

2024	Parent $	NETcon Limited* $	Infratec Limited $	**Total $**
Directors				
Warren McNabb	100,433	-	8,332	**108,765**
Rick Ramsay	19,672	-	-	**19,672**
Linda Robertson	61,376	8,432	-	**69,808**
Melissa Clark Reynolds	55,796	-	-	**55,796**
Rebecca Keoghan	59,587	-	-	**59,587**
Karen Coutts	55,796	-	-	**55,796**
Kevin Winders	55,796	-	-	**55,796**
Hugh Martyn*	-	29,298	-	**29,298**
Stephen King*	-	19,832	-	**19,832**
Gregory Visser*	-	19,832	-	**19,832**
	408,456	**77,394**	**8,332**	**494,182**

* NETcon Limited was amalgamated with Alpine Energy Limited on 5 October 2023.

Employee remuneration

Remuneration range		Number of employees
$100,000	$109,999	20
$110,000	$119,999	15
$120,000	$129,999	10
$130,000	$139,999	13
$140,000	$149,999	9
$150,000	$159,999	13
$160,000	$169,999	8
$170,000	$179,999	7
$180,000	$189,999	6
$190,000	$199,999	3
$200,000	$209,999	2
$280,000	$289,999	1
$290,000	$299,999	1
$330,000	$339,999	2
$410,000	$419,999	1

Auditors

In accordance with Section 45 of the Energy Companies Act 1992, the Auditor-General is responsible for the audit of Alpine Energy Limited. In accordance with Section 29 of the Public Finance Act 1977, the Auditor-General has contracted the audit of Alpine Energy Limited to Elizabeth Adriana (Adri) Smit, using the staff and resources of PwC. The audit fee for the Group for the year ended 31 March 2024 is $247,737 (2023: $202,000).

Directors' and CEO disclosure of interests as at 31 March 2024

Name of Company/Entity	Interest
Warren McNabb	
Boyce Investments Limited	Director
Boyce Investments Limited	Shareholder
Energy3 Limited	Director
Energy3 Limited	Shareholder
Independent Electricity Generators Association	Chair
Lancewood Forest Limited	Director
Lancewood Forest Limited	Shareholder
Lulworth Wind Farm Limited	Director
Pistol Vineyard Investments Limited	Director
PMNZ Marina Holdings Limited	Director
Port Marlborough New Zealand Limited	Director
The Bluffs Vineyard Company Limited	Director
The Bluffs Vineyard Company Limited	Shareholder
Waikawa Marina Trustee Limited	Director
Weld Cone Wind Farm Limited	Director
Linda Robertson	
Aquaheat Facility Services Limited	Director
Aquaheat Fire New Zealand Limited	Director
Aquaheat New Zealand Limited	Director
Caldwell and Levesque Limited	Director
Central Lakes Direct Limited	Director
Central Lakes Trust	Chair
Coollogic Refrigeration Limited	Director
Crown Irrigation Investments Limited	Chair
Fraser Properties Limited	Director
Horizon Energy Distribution Limited	Director
Horizon Energy Group Limited	Director
Horizon Energy Limited	Director
Horizon Services Limited	Director
Invercargill City Holdings Limited	Director
Invercargill City Property Limited	Director
Kordia Group Limited	Director
New Zealand Local Government Funding Agency Limited	Director
Office of the Auditor-General and Audit New Zealand, Audit and Risk Committee	Member
RML Consulting Limited	Shareholder
RML Consulting Limited	Director
Southland Building Society	Director
Te Tai Ohanga - The Treasury, Capital Markets Advisory Committee	Member
Te Tai Ohanga - The Treasury, Risk and Audit Committee	Member

Melissa Clark-Reynolds	
Aofrio Limited	Director
Future Bees Trust	Trustee
Iron Duke Limited	Advisory Board Member
Lean Meats Limited	Director
NZ Centre for the Future Limited	Director
NZ Centre for the Future Limited	Shareholder
Purple Dragon Limited	Director
Purple Dragon Limited	Shareholder
Weta Workshop Limited	Deputy Chair
Karen Coutts	
Environmental Protection Authority	HSNO Committee Member
Financial Advice Code Committee	Board Member
New Zealand Parole Board	Member
Ngai Tahu	Member
Regional Skills Leadership Group	MBIE Iwi Co-Chair
Resource Management Act	Commissioner
Te Runanga o Moeraki	Member
Te Runanga o Waihao	Member
Teaching Council	Board Member
Transparency International NZ	Board Member
Southland Building Society	Director
Te Tai Ohanga - The Treasury, Capital Markets Advisory Committee	Member
Te Tai Ohanga - The Treasury, Risk and Audit Committee	Member
Rebecca Keoghan	
Fire and Emergency NZ	Chair
Glen Elgin Trust	Trustee
Glenfiddich Family Trust	Trustee
Gravity Dance Studio	Director
Keoghan Farm Limited	Director
Tai Poutini Polytechnic	Chair
Timaru District Holdings Limited	Deputy Chair
Kevin Winders	
Port Otago Limited	Chief Executive
NZ Cruise Association	Board Member
Caroline Ovenstone	
Infratec Limited	Director
Infratec Renewables (Rarotonga) Limited	Director
SmartCo Limited	Director

Indemnification and insurance of Directors and Officers

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

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

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

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

Director: ....

Melissa Clark-Reynolds

Director: ....

Kevin Winders

Dated this .....27th..... day of .....June..... 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Note	2024 000's $	2023 000's $
Revenue and other income	5	**86,108**	80,346
Expenses	6		
Transmission costs		**(12,651)**	(10,294)
Depreciation and amortisation		**(13,647)**	(13,227)
Loss on disposal of assets	14	**(872)**	(851)
Reversal of impairment / (Impairment loss)	14,18	**(338)**	656
Contract services		**(15,032)**	(10,674)
Employee benefits		**(16,329)**	(14,899)
Other operating expenses	6	**(11,226)**	(7,895)
Total expenses		**(70,095)**	(57,184)
Operating surplus		**16,013**	23,162
Finance costs	5.2	**(6,469)**	(4,300)
Finance income	5.1	**19**	24
Share of net profits of equity-accounted joint ventures	17	**189**	664
Profit before income tax		**9,752**	19,550
Income tax expense	7	**(4,498)**	(4,847)
Profit from operations		**5,254**	14,703
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment	14	**-**	1,454
Items that will be reclassified to profit or loss when specific conditions are met			
Fair value movements on hedge reserve (net of tax)	30	**291**	914
Hedging gains/losses reclassified to profit or loss (net of tax)	30	**(762)**	82
Fair value movements on foreign currency translation reserve (net of tax)	30	**90**	242
Other comprehensive income for the year, net of tax		**(381)**	2,692
Total comprehensive income for the year		**4,873**	17,395

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2024

	Note	31 March 2024 000's $	31 March 2023 000's $
Assets			
Current Assets			
Cash and cash equivalents	8	**848**	968
Trade and other receivables	9	**9,418**	10,852
Inventories	10	**8,569**	7,242
Derivative instruments in designated hedge accounting relationships	30	**479**	273
Construction work in progress	12	**3,632**	1,211
Assets held for sale	13	**1,260**	1,260
Total Current Assets		**24,206**	21,806
Non-Current Assets			
Property, plant and equipment	14	**323,649**	306,541
Investment property	15	**2,230**	2,230
Investment in joint ventures	17	**1,595**	1,406
Investments in associates		**234**	-
Derivative instruments in designated hedge accounting relationships	30	**1,040**	1,799
Loans and advances	11	**2,307**	2,947
Intangible assets	18	**1,859**	1,913
Right-of-use assets	19	**6,252**	7,290
Total Non-Current Assets		**339,166**	324,126
Total Assets		**363,372**	345,932
Liabilities			
Current Liabilities			
Trade and other payables	20	**10,534**	10,043
Current tax payable	21	**170**	1,356
Contract liabilities	22	**477**	1,997
Lease liabilities	19	**1,045**	1,104
Employee benefits	23	**2,114**	1,895
Dividend payable	24	**-**	992
Total Current Liabilities		**14,340**	17,387
Non-Current Liabilities			
Borrowings	25	**102,860**	88,195
Deferred tax liabilities	21	**41,189**	38,139
Contract liabilities	22	**1,968**	2,237
Lease liabilities	19	**5,868**	6,798
Derivative instruments in designated hedge accounting relationships	30	**167**	77
Total Non-Current Liabilities		**152,052**	135,446
Total Liabilities		**166,392**	152,833
Net Assets		**196,980**	193,099
Equity			
Issued capital	26	**41,328**	41,328
Reserves		**6,839**	7,220
Retained earnings		**148,813**	144,551
Total equity attributable to equity holders of the Company		**196,980**	193,099
Total Equity		**196,980**	193,099

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

2024

	Note	Ordinary Shares 000's $	Asset Revaluation Reserve 000's $	Foreign Currency Translation Reserve 000's $	Hedging Reserve 000's $	Retained Earnings 000's $	Total 000's $
Balance at 1 April 2023		**41,328**	**5,723**	**173**	**1,324**	**144,551**	**193,099**
Profit attributable to member of the parent entity		-	-	-	-	5,254	5,254
Total other comprehensive income for the year		-	-	90	(471)	-	(381)
Transactions with owners in their capacity as owners							
Dividends paid or provided for	24	-	-	-	-	(992)	(992)
Balance at 31 March 2024		**41,328**	**5,723**	**263**	**853**	**148,813**	**196,980**

2023

	Note	Ordinary Shares 000's $	Asset Revaluation Reserve 000's $	Foreign Currency Translation Reserve 000's $	Hedging Reserve 000's $	Retained Earnings 000's $	Total 000's $
Balance at 1 April 2022		41,328	4,269	(69)	328	132,329	178,185
Profit attributable to members of the parent entity		-	-	-	-	14,703	14,703
Total other comprehensive income for the year		-	1,454	242	996	-	2,692
Transactions with owners in their capacity as owners							
Dividends paid or provided for	24	-	-	-	-	(2,481)	(2,481)
Balance at 31 March 2023		41,328	5,723	173	1,324	144,551	193,099

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Note	2024 000's $	2023 000's $
Cash flows from operating activities:			
Receipts from customers		**83,126**	74,650
Payments to suppliers and employees		**(55,567)**	(43,543)
Interest received		**19**	24
Interest paid		**(6,355)**	(4,730)
Income taxes paid		**(2,489)**	(835)
Net GST (paid)/received		**33**	(350)
Net cash provided by operating activities	34	**18,767**	25,216
Cash flows from investing activities:			
Purchase of property, plant and equipment		**(29,734)**	(30,060)
Purchase of intangible assets		**(651)**	(474)
Proceeds from other investment		**-**	2,135
Payment for investment in SmartCo		**(19)**	-
Loans to related parties - proceeds from repayments		**425**	425
Net cash used in investing activities		**(29,979)**	(27,974)
Cash flows from financing activities:			
Drawdowns from borrowings		**14,665**	6,795
Dividends paid by parent entity		**(1,984)**	(2,481)
Payment of lease liabilities		**(1,471)**	(1,441)
Net cash provided by financing activities		**11,210**	2,873
Effect of exchange rate changes		**(118)**	(450)
Net (decrease)/increase in cash and cash equivalents held		**(120)**	(335)
Cash and cash equivalents at beginning of year		**968**	1,303
Cash and cash equivalents at end of financial year	8	**848**	968

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. General information

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

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

The financial report was authorised for issue by the Directors on 27 June 2024.

Comparatives are consistent with prior years, unless otherwise stated.

2. Basis of preparation

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

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

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

3. Change in accounting policies

The following new standard was applied during the year:

- Amendments to NZ IAS 1: The amendments require entities to disclose their material accounting policy information rather than their significant accounting policies. This resulted in the removal of accounting policies considered to be immaterial from this note.

The following new standards are not yet effective:

- Amendments made to NZ IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants; and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what NZ IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

This amendment to NZ IAS 1 is effective for annual reporting periods beginning on or after 1 January 2024. The Group expects to adopt the amendment in the 2025 financial statements. The Group is currently assessing the impact and will disclose more detailed assessments in the future.

- Amendments to FRS-44 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. Application of these amendments is required for accounting periods beginning on or after 1 January 2024. The Group expects to adopt the amendment in the 2025 financial statements. The Group does not expect the adoption to have a material impact on the level of disclosures made with regards to fees paid for each type of services provided by the auditor.

- NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) was issued in May 2024 as replacement for NZ IAS 1 Presentation of Financial Statements (NZ IAS 1). Most of the presentation and disclosure requirements would largely remain unchanged together with other disclosures carried forward from NZ IAS 1 (e.g., capital management, debt covenants. etc.) NZ IFRS 18 primarily introduces the following:

- a defined structure for the statement of profit or loss and other comprehensive income by classifying items into one of the five categories: operating, investing, financing, income taxes and discontinued operations. Entities will also present expenses in the operating category by nature, function, or a mix of both, based on facts and circumstances;
- disclosure of management-defined performance measures (a subset of non-GAAP measures) in a single note together with reconciliation requirements, and
- additional guidance on aggregation and disaggregation principles (applied to all primary financial statements and notes).

NZ IFRS 18 also made limited changes to certain presentation and disclosure requirements in the financial statements, e.g., NZ IAS 7 Statement of Cash Flows; as well as consequential changes to various NZ IFRS Accounting Standards.

NZ IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027 and entities could early adopt this accounting standard. The Group expects to adopt NZ IFRS 18 and relevant consequential changes of other accounting standards in the 2028 financial statements. The Group is currently assessing the impact and will disclose more detailed assessments in the future.

Summary of material accounting policies

3.1. Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

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

A list of controlled entities is contained in Note 16 to the financial statements.

Subsidiaries

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

The results of subsidiaries acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income (OCI) from the effective date of the transaction.

Joint arrangements

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

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

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

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

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with NZ IAS 28 Investments in Associates and Joint Ventures. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

3.2. Revenue and other income

Revenue from contracts with customers

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

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

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

No material revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

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

Network lines services

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

Network lines revenue is determined in line with the requirements of Part 4 of the Commerce Act 1986 and the Default Price Quality Path. Pricing includes a transmission, distribution and pass-through component reflecting the operation of the network. Alpine Energy allocates distribution and transmission costs to load groupings. Prices are reviewed and reset annually, before the start of the financial year, based on the forecast allowable revenue as determined in accordance with the Commerce Commission's Default Price-Quality Path Determination.

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

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

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

Contracting revenue

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

Such design and construction works are recognised as a single performance obligation satisfied over time using the percentage of completion method. At balance date an assessment is made of the percentage completed and costs associated with the work performed to date relative to the total forecast cost to complete. At the point at which a contract is expected to be loss making, impairment testing will be performed before any onerous provision is recognised.

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

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

Capital contributions

Customer contribution revenue relates to contributions received from customers (other than delivery service customers who are directly contracted) towards network extensions. For standard extensions pricing is fixed and customer contributions are recognised as revenue at the point in time the new extension is connected to the network.

The Group also receives customer contributions for larger network extensions which involve relocation of existing assets and construction of assets specific to the customer's requirements. For these type of contracts the Group recognises revenue over time.

For both types of customer contribution contracts, the customer's supply of electricity is contracted separately, interposed through a retailer. Any subsequent supply of electricity is therefore excluded from the performance obligations of the customer contribution contracts.

Connection fees

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

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

Meter revenue

Meter revenue for rental of meters is recognised over the period of the rental agreements.

Consolidated statement of financial position balances relating to revenue recognition

Contract assets and liabilities

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

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

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

Construction work in progress

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

Construction work in progress is valued at cost, plus profit recognised to date less any provision for expected credit loss due to application of NZ IFRS 15 and NZ IFRS 9. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred revenue in the consolidated statement of financial position.

3.3. Income tax

Current income tax expense

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

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

Deferred tax assets and liabilities

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

Deferred tax is not provided for the following:

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

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

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

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

3.4. Borrowing costs

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

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

3.5. Goods and services tax (GST)

The income statement 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 trade receivables and payables, which include GST invoiced.

3.6. Inventories

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

3.7. Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Assets classified as held for sale and any associated liabilities are presented separately in the consolidated statement of financial position.

3.8. Property, plant and equipment

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

Land and buildings

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity (at least every 3 years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the profit or loss. The revaluation surplus recognised in the revaluation reserve is transferred directly to retained earnings when the surplus is realised, usually when the asset is de-recognised.

Land is not depreciated.

Property, plant and equipment (excluding land and buildings)

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

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

Depreciation

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

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

Fixed asset class	Depreciation rate
Network reticulation system	0.00% - 28.00%
Meters and relays	2.20% - 10.20%
Plant and equipment	1.30% - 50.00%
Fibre	3.00% - 5.50%
Buildings	1.00% - 10.50%

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

3.9. Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Fair value is based on valuations performed by registered and qualified independent valuers. Valuations are performed with sufficient regularity (at least every 3 years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as other income over the term of the lease.

3.10. Financial instruments

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

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

Financial assets

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

Classification

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

- amortised cost
- fair value through profit or loss - FVTPL

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Financial assets through profit or loss

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

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

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Impairment of financial assets

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

- financial assets measured at amortised cost

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

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

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

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

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

Trade receivables and contract assets

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

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

Other financial assets measured at amortised cost

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

Financial liabilities

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

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

Hedge accounting

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

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

Cash flow hedges

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

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

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

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

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

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

Fair value hedges

Where derivatives are used to hedge exposure to fair value movements (for example interest rate swaps), then the hedged item is remeasured to take into account the gain or loss attributable to the hedged risk with the gains or losses arising recognised in other comprehensive income. Amounts accumulated in equity are reclassified and recognised within the consolidated statement of profit and loss in the periods when the hedged item affects profit or loss.

3.11. Impairment of non-financial assets

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

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

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

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

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

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

3.12. Intangibles

Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred over the net fair value of the identifiable net assets recognised.

Goodwill is not amortised but is reviewed for impairment at least annually. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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 indefinite life. Easements are recorded at cost and are tested annually for any sign of impairment and whenever there is an indicator of impairment.

Software

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

Amortisation

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

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

3.13. Cash and cash equivalents

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

3.14. Leases

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

This involves an assessment of whether:

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

Lessee accounting

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

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

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

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

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

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

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

Exceptions to lease accounting

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

3.15. Employee benefits

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

The Group has no post-employment schemes.

3.16. Provisions

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

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

3.17. Foreign currency transactions and balances

Transaction and balances

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

At the end of the reporting period:

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

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

Group companies

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

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

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

3.18. Trade receivables

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

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

3.19. Share capital

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

3.20. Trade payables

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

3.21. Borrowings

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

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

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

3.22. Dividend distribution

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

4. Critical accounting estimates and judgments

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

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

The significant estimates and judgements made have been described below.

4.1. Depreciation of useful lives of network property, plant and equipment

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

4.2. Fair value of derivatives - interest rate swaps mark to market revaluation

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

4.3. Valuation of investment property and land & buildings

An independent registered valuer is engaged to value investment property and land & buildings every three years. Refer to Note 30 for valuation assumptions and sensitivity analysis.

4.4. Regulated revenue

There are uncertainties relating to regulated revenue and the Commerce Commission's review of the restated Information Disclosure Schedules submitted during the year. The Group's assessment of the current progress is provided in note 31.

5. Revenue and other income

Revenue from continuing operations

	2024 000's $	2023 000's $
(a) Revenue from contracts with customers		
Network lines revenue	**66,023**	56,702
Contracting revenue	**11,503**	11,076
Customer contribution revenue	**4,075**	6,562
Connection fees	**680**	1,343
Total revenue from contracts with customers	**82,281**	75,683
(b) Revenue from other sources		
Meter revenue	**2,620**	2,521
Fibre revenue	**866**	819
Rental income	**218**	236
Other trading revenue	**122**	134
Revaluation gain on investment property	**-**	952
Dividend received	**1**	1
Total revenue from other source	**3,827**	4,663
Total revenue and other income	**86,108**	80,346

Disaggregation of revenue from contracts with customers

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

Revenue from contracts with customers by geographic location	2024 000's $	2023 000's $
New Zealand	**73,709**	67,549
Pacific Islands	**6,981**	6,728
Asia	**1,591**	1,406
Revenue from contracts with customers	**82,281**	75,683

5.1. Finance income

Interest income	2024 000's $	2023 000's $
Bank	4	-
Use of money interest	5	7
Other interest	10	17
Total finance income	**19**	24

5.2. Finance costs

Finance costs	2024 000's $	2023 000's $
Current borrowings	7,080	4,242
Fair value gains/losses on interest rate swaps designated as cash flow hedges - transfer from OCI	(1,058)	114
Amortisation of held to maturity liabilities	125	167
Interest on obligations under leases	333	374
Fair value movement of interest rate swaps that do not meet hedge accounting criteria	(11)	(597)
Total finance costs	**6,469**	4,300

6. Expenses

The result for the year includes the following specific expenses:

	2024 000's $	2023 000's $
Audit fee	248	202
Under-accrual of prior year audit fees	65	30
Auditor's other services	-	2
Information disclosure	183	120
Default price-quality path (DPP) compliance	57	57
	553	411
Employee benefits		
Directors' fees	495	603
Loss on disposal of assets		
Net loss on disposal of property, plant and equipment	872	851
Other operating expenses		
Bad debts	198	25
Community sponsorships	199	210
Computer licences	1,513	1,298
Computer support	1,005	784
Consulting fees	3,165	2,060
Donations	13	13

7. Income tax expense

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

	2024 000's $	2023 000's $
Current tax expense		
Local income tax - current period	1,212	2,684
Prior year adjustment	91	67
Deferred tax expense		
Origination and reversal of temporary differences	1,649	2,338
Prior year adjustment	(875)	(242)
Removal of tax depreciation on commercial buildings	2,421	-
Income tax expense for continuing operations	4,498	4,847

On 28 March 2024, the New Zealand government enacted the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill which removed tax depreciation deductions of industrial and commercial buildings with original estimated useful lives of 50 years or more (Buildings") from 2024-25 income tax year (the "2024 Income Tax Law Change").

(b) Reconciliation of income tax to accounting profit:

	2024 000's $	2023 000's $
Profit before income tax	9,752	19,550
Tax at 28%	2,731	5,474
Add tax effect of:		
Non assessable income	(42)	(379)
Non-deductible expenses	172	(73)
Prior period adjustments	(784)	(175)
Effect of removal of tax depreciation on commercial buildings	2,421	-
	4,498	4,847
Less tax effect of:		
Income tax expense	4,498	4,847

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

	2024			2023		
	Before-tax Amount 000's $	Tax (Expense) Benefit 000's $	Net-of-tax Amount 000's $	Before-tax Amount 000's $	Tax (Expense) Benefit 000's $	Net-of -tax Amount 000's $
Gain on land and buildings revaluation	-	-	-	1,525	(71)	1,454
Gain/(loss) on derivatives	(527)	146	(381)	1,719	(481)	1,238
	(527)	146	(381)	3,244	(552)	2,692

(d) Imputation credit account balances:

	2024 000's $	2023 000's $
Parent	**6,704**	5,711
Subsidiaries	**3,703**	2,674
	10,407	8,385

8. Cash and cash equivalents

	2024 000's $	2023 000's $
Cash at bank and in hand	**848**	968
	848	968

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

USD	**-**	761
NZD	**848**	207
	848	968

9. Trade and other receivables

	Note	2024 000's $	2023 000's $
Trade receivables		**7,827**	9,134
ECL provision	**9.1**	**(405)**	(179)
Due by Shareholders' District Councils	**33**	**9**	64
Due by Other Related Parties	**33**	**492**	465
Due by Joint Arrangements	**33**	**12**	27
Prepayments		**1,075**	997
Other receivables		**408**	344
Total current trade and other receivables		**9,418**	10,852

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

NZD	**7,935**	9,511
Total current trade receivables	**7,935**	9,511

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

9.1. Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 March 2024 is determined as follows, the expected credit losses incorporate forward looking information.

31 March 2024	**Current**	**< 30 days overdue**	**< 90 days overdue**	**> 90 days overdue**	**Total**
Gross carrying amount ($'000)	**7,485**	**155**	**198**	**502**	**8,340**
ECL provision	**(23)**	**(44)**	**(156)**	**(182)**	**(405)**
Neither past due nor impaired	**7,462**	**-**	**-**	**-**	**7,462**
Past due and not impaired	**-**	**111**	**42**	**320**	**473**

31 March 2023	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Gross carrying amount ($'000)	7,675	523	23	1,469	9,690
ECL provision	(122)	(3)	(3)	(51)	(179)
Neither past due nor impaired	7,553	-	-	-	7,553
Past due and not impaired	-	520	20	1,418	1,958

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

	2024 000's $	2023 000's $
Balance at beginning of the year	**179**	176
Additional impairment loss recognised	**483**	178
Bad debts	**(1)**	(23)
Unused amounts reversed	**(256)**	(152)
Balance at end of the year	**405**	179

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

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

9.2. Collateral held as security

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

10. Inventories

	2024 000's $	2023 000's $
Network inventory	**8,093**	6,668
Smart meters	**476**	574
	8,569	7,242

11. Loans and advances

	Note	2024 000's $	2023 000's $
Non-Current			
On Metering Limited	17	2,307	2,732
SmartCo Limited		-	215
		2,307	2,947

The above loans are unsecured, interest free and repayable on demand. An agreement has been signed with On Metering Limited confirming that Alpine will not exercise any right to require repayment of any portion of the remaining Shareholder Advance (including any principal or interest component) on or before 31 July 2025.

12. Construction work in progress

	2024 000's $	2023 000's $
Construction work in progress	3,632	1,211

Contract assets have increased as the group has provided additional services ahead of the agreed payment schedules for fixed-price contracts.

13. Assets held for sale

	2024 000's $	2023 000's $
Assets held for sale		
Investment property	1,260	1,260

The vacant land portfolio held was assessed for viability in terms of either sale or development. Following this, negotiations were entered into selling vacant land situated in Washdyke, with a Sale & Purchase Agreement signed in September 2021. At reporting date, this agreement is a single clause from being unconditional. The agreed sale price of $1.5 million is in excess of the carrying amount disclosed above.

14. Property, plant and equipment

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

	Network reticulation system 000's $	Land and buildings 000's $	Plant and equipment 000's $	Meters and relays 000's $	Fibre 000's $	Total 000's $
Year ended 31 March 2024						
Opening net book amount	264,001	16,960	8,369	12,273	4,938	306,541
Additions	25,163	-	3,230	277	-	28,670
Change in capital work in progress	1,395	150	(265)	178	-	1,458
Disposals	(574)	-	(45)	-	-	(619)
Depreciation charge	(8,178)	(406)	(1,786)	(1,746)	(285)	(12,401)
Balance at the end of the year	281,807	16,704	9,503	10,982	4,653	323,649

	Network reticulation system 000's $	Land and buildings 000's $	Plant and equipment 000's $	Meters and relays 000's $	Fibre 000's $	Total 000's $
Year ended 31 March 2023						
Opening net book amount	246,662	16,342	7,001	13,655	5,250	288,910
Asset classification transfer	600	(1,216)	682	(66)	-	-
Additions	24,219	101	2,351	460	-	27,131
Change in capital work in progress	895	17	160	(20)	-	1,052
Disposals	(802)	(75)	(222)	(12)	(26)	(1,137)
Depreciation charge	(7,573)	(390)	(1,603)	(1,744)	(286)	(11,596)
Impairment reversal	-	656	-	-	-	656
Revaluation	-	1,525	-	-	-	1,525
Balance at the end of the year	264,001	16,960	8,369	12,273	4,938	306,541

Revaluation of land and buildings

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

The fair value of land and buildings was determined based on income capitalisation approach derived from market income and an appropriate yield of income for each particular property. In deriving the valuation, all assumptions are based, where possible, on market based evidence and transactions for similar properties, locations and quality of lease. They are categorised as Level 3 of the fair value hierarchy as unobservable inputs (as described in NZ IFRS 13). The valuations were prepared by an independent and qualified registered valuer. For further information on fair value hierarchy refer to Note 30.

The most recent independent valuation to determine the fair value of the Group's land and buildings was performed as at 31 March 2023. This resulted in a revaluation increase of $1.513 million during the year ended 31 March 2023, and was applied to other comprehensive income and is included in "Revaluation Reserves" in equity. As part of the revaluation $655,919 of impairment that related to Alpine House that was previously recognised in the Statement of Profit and Loss during the year ended 31 March 2019 was reversed. The Directors have assessed the current carrying value as appropriate.

Carrying value of property, plant and equipment

	Network reticulation system 000's $	**Land and buildings 000's $**	**Plant and equipment 000's $**	**Meters and relays 000's $**	**Fibre 000's $**	**Total 000's $**
At 31 March 2024						
Cost	398,354	20,368	26,519	27,708	7,160	$480,109
Accumulated depreciation	(116,547)	(3,664)	(17,016)	(16,726)	(2,507)	(156,460)
Net book amount	281,807	16,704	9,503	10,982	4,653	$323,649
At 31 March 2023						
Cost	372,708	20,217	23,816	27,255	7,164	451,160
Accumulated depreciation	(108,707)	(3,257)	(15,447)	(14,982)	(2,226)	(144,619)
Net book amount	264,001	16,960	8,369	12,273	4,938	306,541

Capital work in progress

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

	2024 000’s $	2023 000’s $
Work in Progress	12,879	14,025

Historical cost

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

	2024 000’s $	2023 000’s $
Deemed cost - land	408	408
Deemed cost - building	15,474	15,520
Accumulated depreciation	(3,571)	(3,258)
Net book value	12,311	12,670

15. Investment property

Reconciliation of carrying amount

	2024 000's $	2023 000's $
Balance at 1 April	2,230	1,282
Depreciation	-	(4)
Revaluation	-	952
Balance at 31 March 2024	2,230	2,230

An independent valuation of the Group's investment property is performed by a registered valuer every three years, to determine the fair value of the investment property as at the end of the financial year. The revaluation movement is applied to the Statement of Profit or Loss.

Fair value of investment property was determined on a market comparable approach that reflects recent transaction prices for similar properties and making adjustments for differences between them. In deriving the valuation, all assumptions are based, where possible, on market based evidence and transactions for similar properties, locations and quality of lease. They are categorised as Level 2 of the fair value hierarchy as valuation is derived from observable inputs (as described in NZ IFRS 13). The valuations were prepared by an independent and qualified registered valuer.

The most recent independent valuation to determine the fair value of the Group's investment property was performed as at 31 March 2023. This resulted in a revaluation movement of +$952,000 during the year ended 31 March 2023, and was applied to the Statement of Profit or Loss. The Directors have assessed the current carrying value as appropriate.

16. Interests in subsidiaries

16.1. Composition of the Group

Subsidiaries:	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2024	Percentage Owned (%)* 2023
NETcon Limited	New Zealand	-	100
Power Services 2022 Limited	New Zealand	100	100
Infratec Limited	New Zealand	100	100
Infratec Renewables (Rarotonga) Limited	New Zealand	100	100

On 5 October 2023 NETcon Limited was amalgamated with Alpine Energy Limited.

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

17. Interests in joint arrangements

Joint arrangements:	Type of joint arrangement	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2024	Percentage Owned (%)* 2023
On Metering Limited	Electricity meter leasing	New Zealand	50	50

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

On Metering Limited

On Metering Limited is a joint venture to install advanced meters in the Mainpower network area in North Canterbury. On Metering is owned by Alpine Energy Limited (50%) and Network Tasman Limited (50%) and formed on 06 June 2013.

Joint ventures

All joint ventures have the same year end as the parent entity.

There are no significant restrictions on the ability of joint ventures to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the entity.

Material joint ventures

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

2024 Name of Joint Venture	On Metering Limited 000's $
Summarised consolidated statement of financial position	
Cash and cash equivalents	686
Other current assets	489
Non-current assets	7,683
Current financial liabilities (excluding trade and other payables and provisions)	(378)
Other current liabilities	(5,290)
Net assets	3,190

2024 Name of Joint Venture	On Metering Limited 000’s $
Summarised consolidated statement of profit or loss and other comprehensive income	
Revenue	**2,497**
Depreciation and amortisation	**(945)**
Profit / (loss) from continuing operations	**500**
Prior year adjustment	**(121)**
Total comprehensive income	**379**

2023 Name of Joint Venture	On Metering Limited 000’s $	NETcon Clay Energy Joint Venture 000’s $	Sunfra Joint Venture 000’s $
Summarised consolidated statement of financial position			
Cash and cash equivalents	575	-	-
Other current assets	456	-	-
Non-current assets	8,274	-	-
Current financial liabilities (excluding trade and other payables and provisions)	(364)	-	-
Other current liabilities	(6,129)	-	-
Net assets	2,812	-	-
Summarised consolidated statement of profit or loss and other comprehensive income			
Revenue	2,346	-	-
Depreciation and amortisation	(1,009)	-	-
Profit / (loss) from continuing operations	352	-	-
Profit or loss from discontinued operations	-	809	(39)
Prior year adjustment	204	-	-
Total comprehensive income	556	809	(39)

* NETcon Clay Energy Joint Venture was terminated in July 2022 due to the project's completion.

* Sunfra Joint Venture was terminated in September 2022 due to the projects' completion.

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

	2024 **000’s** **$**	2023 000’s $
On Metering Limited		
Group's share of 50% of net assets	**1,406**	1,127
Prior year adjustment	**(61)**	103
Share of profit	**250**	176
Carrying amount	**1,595**	1,406
NETcon Clay Energy Joint Venture		
Share of profit/(loss)	**-**	404
JV equity distribution	**-**	(404)
Carrying amount	**-**	-

	2024 000's $	2023 000's $
Sunfra Joint Venture		
Group's share of 50% of net assets	-	32
Share of profit/(loss)	-	(12)
JV equity distribution	-	(20)
Carrying amount	-	-

	2024 000's $	2023 000's $
On Metering Limited	1,595	1,406

Loans and advances - Joint Ventures

	2023 000's $	2022 000's $
On Metering Limited	2,307	2,732

18. Intangible assets

	2024 000's $	2023 000's $
Computer software		
Opening net book amount	1,443	1,850
Additions	241	424
Change in capital work in progress	377	(223)
Disposals	(3)	-
Amortisation	(364)	(608)
Net carrying value	1,694	1,443
At 31 March		
Cost	9,049	8,424
Accumulated amortisation	(7,355)	(6,981)
Net carrying value	1,694	1,443
Easements		
Opening net book amount	132	122
Additions	33	10
Net carrying value	165	132
At 31 March		
Cost	223	190
Accumulated impairment	(58)	(58)
Net carrying value	165	132

	2024 000's $	2023 000's $
Goodwill		
Opening net book amount	**338**	298
Additions	**-**	40
Impairment	**(338)**	-
Net carrying value	**-**	338
At 31 March		
Cost	**338**	338
Accumulated impairment	**(338)**	-
Net carrying value	**-**	338
Total intangible assets	**1,859**	1,913

19. Leases

The Group as a lessee

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

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

Terms and conditions of leases

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

1. Bells Pond Line and Grid Connection
2. Temuka Additional 33kV Feeders
3. Temuka Substation: Additional Feeder TMK1292
4. Temuka Substation: T1 and T2 Transformer Upgrading
5. Timaru 11 kV Switchboard Upgrade and Additional Feeders
6. Timaru 11 kV Supply Transformer Upgrade
7. Timaru Natural Earthing Resistors
8. Bells Pond T1 Connection (Lease expired 31/03/2024)

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

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

Right-of-use assets

	Buildings 000's $	Plant and Equipment 000's $	Network Reticulation Assets 000's $	Total 000's $
Year ended 31 March 2024				
Balance at beginning of year	**30**	**109**	**7,151**	**7,290**
Additions to right-of-use assets	**-**	**129**	**-**	**129**
Variable payment remeasurement	**-**	**-**	**21**	**21**
Depreciation charge	**(14)**	**(99)**	**(1,075)**	**(1,188)**
Balance at end of year	**16**	**139**	**6,097**	**6,252**
Year ended 31 March 2023				
Balance at beginning of year	82	34	8,169	8,285
Addition to right-of-use assets	-	114	-	114
Variable payment remeasurement	-	-	46	46
Depreciation charge	(52)	(39)	(1,064)	(1,155)
Balance at end of year	30	109	7,151	7,290

Lease liabilities

	2024 000's $	2023 000's $
Current	**1,045**	1,104
Non-current	**5,868**	6,798
	6,913	7,902

Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	2024 000's $	2023 000's $
Depreciation	**1,188**	1,162
Interest on obligations under finance leases	**333**	374
Variable lease payments not included in the measurement of lease liabilities	**1**	77
	1,522	1,613

Consolidated Statement of Cash Flows

	2024 000's $	2023 000's $
Total cash outflow for leases	**1,471**	1,441

20. Trade and other payables

	2024 000's $	2023 000's $
Current		
Trade payables	**4,941**	5,770
GST payable	**86**	133
Payroll accruals	**395**	256
Accruals	**4,931**	3,728
Due to related entities	**181**	156
	10,534	10,043

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

21. Tax assets and liabilities

	2024 000's $	2023 000's $
Current tax liabilities/(asset)	**170**	1,356

21.1. Current tax liability (Asset)

	2024 000's $	2023 000's $
Opening balance	**1,356**	(499)
Tax expenses	**2,899**	4,847
Provisional tax paid	**(2,489)**	(896)
Deferred tax	**(1,687)**	(2,163)
Prior year adjustment	**91**	67
Current tax liabilities/(asset)	**170**	1,356

21.2. Deferred tax

Deferred tax	**Opening Balance 000's $**	**Charged to Income 000's $**	**Charged directly to Equity 000's $**	**Closing Balance 000's $**
Provisions and others	2,515	(1,396)	(482)	637
Right of use asset	**(2,297)**	**296**	-	**(2,001)**
Lease Liability	2,441	(271)	-	2,170
Tax allowance	(38,161)	(726)	**(60)**	(38,947)
Balance at 31 March 2023	(35,502)	(2,097)	(542)	(38,141)
Provisions and others	**637**	**50**	**146**	**833**
Right of use asset	**(2,000)**	**294**	**-**	**(1,706)**
Lease liability	**2,170**	**(282)**	**-**	**1,888**
Tax allowance	**(38,947)**	**(3,257)**	**-**	**(42,204)**
Balance at 31 March 2024	**(38,140)**	**(3,195)**	**146**	**(41,189)**

22. Contract balances

Contract liabilities

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

	2024	2023
	000's $	000's $
Current		
Deferred revenue	**265**	1,699
Capital contributions	**212**	298
Total current contract liabilities	**477**	1,997
Non-current		
Contracting capital contributions - Large direct customers	**1,397**	1,608
Contracting capital contributions - current customer contribution	**571**	629
Total non-current contract liabilities	**1,968**	2,237

Reconciliation of contract liabilities

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

The following table shows the value of revenue recognised in 2024 that relates to contract liabilities recognised at 2023 and the value of revenue recognised that relates to performance obligations that were also satisfied in the prior year.

	2024 000's $	2023 000's $
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Deferred revenue	**1,600**	3,020
Revenue recognised from performance obligations satisfied in previous years		
Capital contribution projects	**212**	298
Total	**1,812**	3,318

Unsatisfied performance obligations

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

	2024	2023
	000's $	000's $
Contracting deferred revenue	**265**	1,699
Contracting capital contributions - large direct customers	**1,609**	1,906
Contracting capital contributions - current customers	**815**	629
	2,689	4,234

Management expects that the following percentage of the transaction price allocated to the unsatisfied performance obligations as of 2024 will be recognised as revenue during the next reporting period:

- Capital Contributions 15.15% (2023: 18.51%). The remaining 84.85% is expected to be recognised as revenue on an amortised basis at $0.212 million per annum.
- Deferred revenue 88% (2023: 93%)

23. Employee benefits

	2024 000's $	2023 000's $
Current liabilities		
Long service leave	**378**	388
Provision for Holiday Pay	**1,736**	1,507
	2,114	1,895

24. Dividends

	2024 000's $	2023 000's $
The following dividends were declared and paid:		
Interim ordinary dividend of 1.20 (2023: 1.20) cents per share were paid in September and December (2023: September, December and March)	**992**	1,489
Final imputed ordinary dividend of 0.00 (2023: 2.40) cents per share	**-**	992
Total	**992**	2,481

Gross ordinary dividends of 3.33 (2023: 8.33) cents per share were declared during the year, with 2.40 (2023: 6.00) cents per share paid net of imputation credits. Imputed dividends declared or paid during the year were imputed at the tax rate of 28%.

25. Borrowings

	2024 000's $	2023 000's $
Non-Current		
Liabilities:		
Bank loans	**102,860**	88,195
Total non-current borrowings	**102,860**	88,195

The parent company has funding facilities with the ANZ. The termination date of the facility is 31 August 2025.

The loan is subject to a negative pledge that requires that the company will not, without the prior written consent of the Bank in its sole discretion:

- create or permit to subsist any security interest over the whole or any part of its assets other than a permitted security interest;
- sell, assign, transfer, lease or otherwise dispose of any assets of the Company other than in the ordinary course of ordinary business of the Company or by way of a permitted security interest; or
- incur any additional debt (other than debt to the Bank).

Under the terms of this borrowing facilities, the parent company is required to comply with the following financial covenants:

- the equity to total tangible assets ratio must be higher than or equal to 45%.
- the ratio of EBITDA:Interest costs must be greater than 4.

The covenants governing the loan have not been breached during the year.

Refer to Note 34 for full details on the Group's total available borrowing facilities.

The Group has entered into the following interest rate swaps:

Effective date	Amount 000's $	Maturity date
20 June 2019	12,000	20 June 2024
21 December 2015	7,000	20 December 2025
20 December 2017	12,000	20 December 2027
20 September 2018	12,000	20 September 2028
22 December 2025	7,000	20 December 2027
20 December 2027	6,000	20 December 2028
20 December 2027	6,000	20 December 2029
20 September 2028	12,000	20 September 2029
	74,000	

The interest rate applied to borrowings against the Flexible Credit Facility is linked to the 90-day bank bill rate. A movement of 1% in this rate would result in a movement of S1.029 million (2023: $0.882 million) in the interest expense for the year.

26. Issued capital

	2024 000's $	2023 000's $
Ordinary shares	**41,328**	41,328

Ordinary shares

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

The Company is owned as follows:

	No. of shares	%
Timaru District Holdings Limited	19,630,808	47.50
Waimate District Council	3,116,132	7.54
Mackenzie District Council	2,049,870	4.96
LineTrust South Canterbury	16,531,207	40.00
	41,328,017	**100.00**

There were no changes to shareholdings during the year.

Capital management

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

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

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

27. Capital and leasing commitments

Operating leases

	2024 000's $	2023 000's $
Not later than one year	**20**	22
Between one year and five years	**4**	26
	24	48

Contracted commitments

	2024 000's $	2023 000's $
Contracted commitments for:		
Capital	**8,619**	8,755

28. Lessor commitments

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

The future minimum lease payments under non-cancellable leases are:

	2023 000's $	2022 000's $
Lease of fibre network		
Not later than one year	**897**	849
Between one and five years	**4,177**	4,037
Later than five years	**4,826**	5,420
Rentals from building lease agreements		
Not later than one year	**72**	136
Between one and five years	**139**	139
Later than five years	**98**	133

29. Financial risk management

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

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

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

Specific risks

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

Financial instruments used

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

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

Objectives, policies and processes

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

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

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

The Audit and Risk Committee receives reports at each meeting which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

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

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group monitors monthly rolling forecasts of the Group's liquidity requirements on the basis of expected cash flow. The Board of Directors approves all new borrowing facilities. Refer Note 25 for borrowing facility details.

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

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

	Less than 1 year 000's $	Between 1 and 2 years 000's $	Between 2 and 5 years 000's $	Over 5 years 000's $
As at 31 March 2024				
Trade and other payables	**10,054**	**-**	**-**	**-**
Loans	**4,857**	**103,347**	**1,188**	**-**
Lease liability	**1,329**	**1,308**	**3,726**	**1,554**
Interest rate swaps	**-**	**35**	**132**	**-**
Foreign currency forward contracts	**-**	**-**	**-**	**-**
	16,240	**104,690**	**5,046**	**1,554**

	Less than 1 year 000's $	Between 1 and 2 years 000's $	Between 2 and 5 years 000's $	Over 5 years 000's $
As at 31 March 2023				
Trade and other payables	9,654	-	-	-
Loans	3,079	88,634	1,135	588
Lease liability	1,429	1,282	3,728	2,783
Interest rate swaps	-	-	77	-
	14,162	89,916	4,940	3,371

Credit risk

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

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

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

Trade receivables and contract assets

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

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

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

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

Market risk

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

(i) Foreign exchange risk

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

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

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

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

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

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

2024	**USD 000's $**
Nominal amounts	
Financial liabilities	**1,589**
Short-term exposure	**1,589**
2023	
Nominal amounts	
Financial liabilities	1,589
Short-term exposure	1,589

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

Interest rate risk

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

The Group's main interest risk arises from long-term borrowings with floating rates, which expose the Group to cash flow interest rate risk. The Group policy is to maintain the following hedging profile:

Period	**Minimum Cover %**	**Maximum Cover %**
Years 1 and 2	30	90.00
Years 3, 4 and 5	20	70.00
Years 6 and 7	-	40.00

Actual cover at year end	2024 %	2023 %
Years 1 and 2	72	57
Years 3, 4 and 5	53	35
Years 6 and 7	17	14

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

30. Fair value measurement

Fair value hierarchy

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

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 Unobservable inputs for the asset or liability.

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

31 March 2024	Level 1 000's $	Level 2 000's $	Level 3 000's $	Total 000's $
Recurring fair value measurements				
Land and buildings	-	-	16,704	16,704
Investment property	-	2,230	-	2,230
Financial assets				
Interest rate swaps	-	1,152	-	1,152
Foreign currency forward contracts	-	367	-	367
Financial liabilities				
Interest rate swaps	-	167	-	167
Foreign currency forward contracts	-	-	-	-

31 March 2023	Level 1 000's $	Level 2 000's $	Level 3 000's $	Total 000's $
Recurring fair value measurements				
Land and buildings	-	-	16,960	16,960
Investment property	-	2,230	-	2,230
Financial assets				
Interest rate swaps	-	1,830	-	1,830
Foreign currency forward contracts	-	242	-	242
Financial liabilities				
Interest rate swaps	-	77	-	77
Foreign currency forward contracts	-	-	-	-

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

Level 2 measurements

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

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

As at 31 March 2024	**Derivatives used for hedging 000's $**	**Derivatives used for trading 000's $**	**Measured at amortised cost 000's $**	**Total 000's $**
Financial assets				
Loans and advances	**-**	**-**	**2,307**	**2,307**
Trade and other receivables	**-**	**-**	**9,418**	**9,418**
Cash and cash equivalents	**-**	**-**	**848**	**848**
Interest rate swaps	**1,149**	**3**	**-**	**1,152**
Foreign currency forward contracts	**367**	**-**	**-**	**367**
	1,516	**3**	**12,573**	**14,092**

As at 31 March 2024	**Derivatives used for hedging 000's $**	**Derivatives used for trading 000's $**	**Measured at amortised cost 000's $**	**Total 000's $**
Financial liabilities				
Trade and other payables	**-**	**-**	**10,054**	**10,054**
Interest rate swaps	**132**	**35**	**-**	**167**
Dividend payable	**-**	**-**	**-**	**-**
Long-term borrowings	**-**	**-**	**102,860**	**102,860**
Foreign currency forward contracts	**-**	**-**	**-**	**-**
	132	**35**	**112,914**	**113,081**

31 March 2023	Derivatives used for hedging 000's $	Derivatives used for trading 000's $	Measured at amortised cost 000's $	Total 000's $
Financial assets				
Loans and advances	-	-	2,947	2,947
Trade and other receivables	-	-	10,852	10,852
Cash and cash equivalents	-	-	968	968
Interest rate swaps	1,799	31	-	1,830
Foreign currency forward contracts	242	-	-	242
	2,041	31	14,767	16,839
Financial liabilities				
Trade and other payables	-	-	9,654	9,654
Interest rate swaps	-	77	-	77
Dividend payable	-	-	992	992
Long-term borrowings	-	-	88,195	88,195
Foreign currency forward contracts	-	-	-	-
	-	77	98,841	98,918

Specific valuation techniques used to value financial instruments include:

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

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

Investment property

	2024	2023
	000's $	000's $
Carrying amount at fair value	2,230	2,230

The fair value of the investment property was determined based on the market comparable approach that reflects recent transaction prices for similar properties and making adjustments for differences between them.

The fair value of investment property as at 31 March 2024 and 2023 were based on the latest valuations performed in 2023.

Level 3 measurements

Land and buildings

Unobservable inputs and sensitivities

	Carrying amount (at fair value) 2024 000's $	Carrying amount (at fair value) 2023 000's $	Key unobservable inputs	Expected range of input 2024 %	Expected range of input 2023 %
Land and buildings (Income capitalisation method)	16,704	16,960	Capitalisation rate	7.00	7.00

The carrying amounts above are sensitive to the inputs used in the income capitalisation valuation model. A sensitivity analysis around key inputs is given in the table below. The numbers used below are based on the last valuation in FY2023 (2023: FY2023).

	Change in capitalisation rate					
	2024			2023		
	-0.25%	0%	0.25%	-0.25%	0%	0.25%
	000's	000's	000's	000's	000's	000's
	$	$	$	$	$	$
Land and buildings	17,599	16,960	16,367	17,599	16,960	16,367

Derivatives

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

	2024 000's $	2023 000's $
Cash flow hedge reserve		
Balance at beginning of year	**1,497**	259
Total gains or losses for the year		
Reclassified from OCI to profit or loss - included in finance costs	**(1,058)**	114
Recognised in other comprehensive income	**529**	1,605
Deferred tax	**148**	(481)
Balance at end of year	**1,116**	1,497

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss.

Hedge ineffectiveness

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

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

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

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. The current year reflected $0.114M (2023: -$0.43M) in finance costs due to the ineffectiveness of blended interest rate swaps.

Transfers between levels of the hierarchy

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

Highest and best use

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

31. Contingencies

Guarantees

The Group had the following guarantees at the end of the reporting period:

$0.73 million (2023: $0.73 million) in the form of performance and import guarantees to cover ongoing project work.

Regulated revenue

During the year, the Company discovered an administrative error in its previous nine years' Information Disclosure Schedules that were submitted to the Commerce Commission (the Commission). This administrative error resulted in the Commission using the incorrect information in setting the Company's default price-quality path under the Commerce Act 1986, resulting in the Commission setting maximum allowable revenue higher than it should have been.

Details of the error and the amended Information Disclosure Schedules have been provided to the Commission and are available on the Company's website. The amended information is currently under review by the Commission. The Company is working with the Commission to determine the appropriate course of action. There is a range of possible actions that the Commission may take against the Company, depending on the outcome of its review. It is expected that the Commission will finalise its review during the next financial year.

32. Key management personnel remuneration

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

	2024 000's $	2023 000's $
Short-term employee benefits - 12 employees (FY 2023: 13 employees)	**2,545**	2,940
KiwiSaver	**57**	78
	2,602	3,018

33. Related parties

The Group's main related parties are as follows:

Key Management personnel - refer to Note 32.

Joint arrangements - refer to Note 17.

Subsidiaries - refer to Note 16.

Other related parties include:

- Close family members of key Management personnel.
- Entities that are controlled or significantly influenced by key Management personnel or their close family members.
- Joint ventures of the shareholders.

Transactions with related parties

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

The following transactions occurred with related parties:

	Purchases 000's $	Sales 000's $	Owed to the Company 000's $	Owed by the Company 000's $
FY2024				
Joint ventures and associates				
SmartCo Limited	1,181	2,971	492	181
On Metering Limited	-	101	2,319	-
Shareholders				
Mackenzie District Council	56	322	1	-
Timaru District Council	185	483	7	3
Timaru District Holdings Limited	2	-	-	-
Waimate District Council	46	35	-	-
Other related parties				
Primeport Timaru	-	82	13	-
Laser Grafix Limited	1	-	-	-

	Purchases 000's $	Sales 000's $	Owed to the Company 000's $	Owed by the Company 000's $
FY2023				
Joint venture				
SmartCo Limited	999	2,854	680	156
On Metering Limited	-	108	2,759	-
Shareholders				
Mackenzie District Council	32	249	1	-
Timaru District Council	201	532	62	8
Timaru District Holdings Limited	2	-	-	-
Waimate District Council	29	16	-	1
Other related parties				
Primeport Timaru	-	290	145	-
Laser Grafix Limited	1	-	-	-

34. Cash Flow information

Reconciliation of result for the year to cashflows from operating activities

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

	2024 000's $	2023 000's $
Profit from operations	**5,254**	14,703
Interest rate swap movements	**114**	(430)
Non-cash flows in profit:		
- depreciation	**13,647**	14,078
- loss on disposal of property, plant and equipment	**872**	851
- IFRS 16 lease impact	**332**	374
Changes in assets and liabilities:		
- increase/(decrease) in trade and other receivables	**(988)**	(3,958)
- increase in share of JV profit	**(189)**	(664)
- increase in inventories	**(1,328)**	(1,035)
- decrease in contract liabilities	**(1,788)**	(2,081)
- increase/(decrease) in trade and other payables	**831**	(631)
- increase/(decrease) in income taxes payable	**(1,187)**	1,855
- increase in deferred tax liability	**3,197**	2,154
Cashflows from operations	**18,767**	25,216

Changes in liabilities arising from financing activities

	2024 000's $	Cash flows 000's $	2023 000's $
Long-term borrowings	**102,860**	**14,665**	88,195
Short-term borrowings	**(848)**	**120**	(968)
Total liabilities from financing activities	**102,012**	**14,785**	87,227

	2023 000's $	Cash flows 000's $	2022 000's $
Long-term borrowings	88,195	6,795	81,400
Short-term borrowings	(968)	335	(1,303)
Total liabilities from financing activities	87,227	7,130	80,097

Borrowing facilities

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

	2024 000's $	2023 000's $
Total facilities		
Flexible Credit Facility (ANZ)	**110,000**	110,000
Performance SBLC/Guarantee/Bond Facility (ANZ)	**3,000**	3,000
Commercial Flexible Facility (ANZ)	**5,000**	5,000
Financial Guarantee Facility (ANZ)	**1,000**	1,000
Guarantee Facility (BNZ)	**437**	437
	119,437	119,437
Used at reporting date		
Flexible Credit Facility (ANZ)	**102,860**	88,195
Performance SBLC/Guarantee/Bond Facility (ANZ)	**732**	732
	103,592	88,927
Unused at reporting date		
Flexible Credit Facility (ANZ)	**7,140**	21,805
Performance SBLC/Guarantee/Bond Facility (ANZ)	**2,268**	2,268
Commercial Flexible Facility (ANZ)	**5,000**	5,000
Financial Guarantee Facility (ANZ)	**1,000**	1,000
Guarantee Facility (BNZ)	**437**	437
	15,845	30,510

35. Events occurring after the reporting date

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

36. Statutory Information

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

Alpine Energy Limited
24 Elginshire Street
Timaru 7910

Statement of Performance

Overview of performance

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

1. Safety

We have a responsibility to keep our people, our contractors and the public safe from serious injury involving any of our equipment and at all our sites. Public safety awareness campaigns help us to educate our community to ensure everyone is kept safe every day.

Goal: Because we care for our people and our community ensuring everyone goes home safely every day is our number one priority.

In October the businesses of NETCon and Alpine were amalgamated, including the safety programmes of the two businesses. This changed the safety focus for the combined business, to redefining, and implementing the Critical Safety risks and a safety culture "Stand in the Gap" programme.

Historically the reporting tool for safety data and information was a combination of manual spreadsheets, Mango and Damstra. As part of the amalgamation, all reporting is moving to Damstra.

	FY24 Actual	Full year target	
Business Safety			
Number of serious injury events involving the Group employees or our service providers	Nil	Nil	
Number of lost time injuries	2	<2	
Number of recordable injuries (TRIFR)	1.75	<4	
Public Safety			
Number of serious injury events involving the public (excl 3rd party contact e.g. car vs pole)	Nil	Nil	
Number of public safety awareness campaigns	10	10	

Target met   Target not met

2. Reliability

SAIDI and SAIFI are standard industry measures for network reliability. SAIDI and SAIFI performance measures are calculated in accordance with the Commerce Commission's DPP Determination. The SAIDI and SAIFI limits are set and fixed during each five-year regulatory period, for planned and unplanned outages respectively.

The following results were calculated using information from the Company's non-financial systems, which due to the manual recording processes have inherent limitations relating to the completeness of interruption data and the accuracy of installation control point (ICP) numbers included in the SAIDI and SAIFI.

	FY 24		
	Actual	Target	
Planned SAIDI	105.609	54.990	
Planned SAIFI	0.405	0.699	
Unplanned SAIDI	86.405	91.880	
Unplanned SAIFI	0.793	1.197	

Target met   Target not met

Planned SAIDI has exceeded the target but not the regulatory limit. This is due to the focus on maintaining our townships this year, requiring a higher duration of outages and number of customers affected.

3. Group Financial performance

	Actual $'000	Budget $'000	
Lines charge revenue	66,023	63,149	🟢
Other revenue	20,085	24,851	🔴
Operating expenses	70,095	73,205	🟢
Net operating surplus after tax	5,254	13,993	🔴
Capital expenditure on network assets	27,661	29,522	🟡
Capital expenditure on non-network assets	3,212	6,561	🔴

🟢 Favourable to budget 🔴 Unfavourable to budget 🟡 Within 90% of budget

The FY 24 results are lower than planned due to:

Net operating surplus

- Later than expected delivery of the last project in Tonga, with completion of the project expected during the FY 25 year ($2.3M lower other revenue and $2.7m lower operating expenses).
- Reduced external revenue work ($2.0M impact) as we changed focus to delivery of the internal capex programme after the amalgamation of NETcon with Alpine Energy. This was successful as we delivered on the network programme for the year.

Interest & Tax

- Interest was higher than planned ($536k) due to higher borrowings.
- Taxation expense was higher than budgeted due to the legislative change in the tax treatment of depreciation on commercial buildings implemented on 31 March 2024 ($2.4M), and change in the planning for the tax treatment of customer contributions ($1.3M).

Capital expenditure – Network programme completed and within budget

- Non-network planned projects were delayed due to the amalgamation with NETcon. This includes logistics (creating a fit for purpose consolidated fleet and yard), digital architecture (IT) investment projects and field mobility. These have been rescheduled to FY25 and FY26.

4. Capital Structure & Dividend

	FY24 Actual	FY24 Budget	
Interest cover (target> 4.0 times)	4.6	6.6	🟡
Consolidated shareholders' funds to total assets (target > 45%)	56%	59%	🟡
Rate of return on average total shareholders' funds	2.7%	7.0%	🔴
Fully imputed dividends paid during the year ($/share)	$0.024	$0.060	🔴

🟢 Budget met 🔴 Budget not met 🟡 Target met but not budget

- The average total shareholders' funds to total assets are under budget, but still above the target of 45%.
- The rate of return on shareholders' funds is behind budget, due to the lower than planned financial performance for the year.

During the year the company declared and paid interim dividends in September and December of 1.2c/share. In March 2024 the Board did not declare the planned 3rd interim dividend, and is not expected to declare the final dividend for the year. This decision was based on the uncertainty arising from the ability of the company to fund the extent of network investment required over the next 10 years (as detailed in the Asset Management Plan), and the potential impact of the restatement of Information Disclosures detailed in note 4.4 and 31.

5. Changes from prior period Statement of Performance

In the current year, we reassessed the company-wide strategy to streamline to the areas which really matter. Based on a board directive, we have removed ESG and decarbonisation targets from the performance targets. Decarbonisation is driven by our customer demand and cannot be controlled or measured by us. ESG has been deprioritised as we focus on other strategic initiatives the Board and shareholders prioritised.

Strategic activities

The group strategy is summarised within key strategic pillars and goals detailed below. Supplementary information is provided on the status of our strategic activities.

Strategic pillar and goal	Activity measure	Status	
Customer experience: We will deliver exceptional customer experiences enabling our customers to make informed energy choices.	Energy Strategy delivered.	Successful start during the year and strong commitment from all stakeholders, recognising the importance of the strategy for South Canterbury. Draft terms of reference agreed. Current stall is funding/resourcing and status of ECAN work (Canterbury region stocktake).	🟡
	Revision of customer connections business model delivering improved customer experience and network return optimisation.	Given the complexities and the large changes that will be required, we require more time to ensure that we consider all the potential outcomes of proposed changes, ensure compliance and implement processes internally to ensure compliance with the updated policies. We expect this body of work to only be completed in the next financial year. Next steps are to align our approach with other local EDBs, along with any new regulatory requirements, review the impact on network funding, and review consequential amendments to our pricing methodology.	🔴
Future networks: We will build a mature asset management process to ensure our assets are best placed to meet our customers' future needs	Asset fleet strategies in place and optimised to align with future network roadmaps by March 2024.	All asset fleet strategies completed, and future network roadmaps completed. A revised Asset Management Policy was approved by the Board.	🟢
Digital and data: We will treat our data as a strategic asset and use technology to transform our customers' and our people's experiences.	The EDB specific risk tool from NIWA and a fit-for-purpose Management Dashboard delivered as building blocks in our data maturity journey.	Alpine now has its own dedicated Asset Weather Monitoring & Maintenance Planning Hub including a dashboard which uses NIWA high resolution weather forecasts against thresholds defined by our Asset Maintenance team. Weather conditions include rain, snowfall, temperature and wind gusts.	🟢
	ICP Lifecycle & Billing solution chosen.	ICP Lifecycle module went live in early March and the Billing module has had successful parallel test runs with incumbent billing system ahead of switchover for FY25.	🟢
	Phase 1 CRM digital solutions delivered improving processes and operations.	Sales pipeline, case management went live in early 2024.	🟢
Operations: We will deliver electricity to South Canterbury homes and businesses while balancing future supply and demand.	Network roadmaps for Timaru, Washdyke and Tekapo completed.	Washdyke Zone substation is in the stage 1 civil work tender evaluation and award. Future road map for Timaru, Washdyke and Tekapo are all completed and Orari roadmap under development.	🟢

🟢 Achieved 🔴 Not achieved 🟡 In progress but behind schedule

Strategic pillar and goal	Activity measure	Status	
Sustainability: We will work with the local community to improve South Canterbury's social, economic and environmental wellbeing.	Sustainability survey and strategy completed.	The sustainability survey has been completed. Note this strategic initiative has been paused as we focused on the amalgamation to allow for the strategy to encompass our new joint businesses.	🔴
Stakeholder engagement: Strong partnerships with external stakeholders and the community will ensure shared success and delivery of our strategic goals.	Major works agreement for the Timaru 33KV upgrade with Transpower concluded. DPP4 consultation participation underway.	Agreement for Service with Transpower signed. Transpower has already begun work at Timaru substation in preparation for upgrade. Capex framework reviewed and submission completed. System Growth and Consumer Connection information shared with Commission to evidence additional information available should 'additional scrutiny' be required by the Commission. Financeability submission completed. Opex step change request for information completed (SaaS and cyber security) and additional submission on general step change drivers completed. High year of activity for all DPP4 and other Commerce Commission consultations.	🟢
Employee experience: Attracting and retaining top talent will provide us with the resources and capabilities we need to achieve our strategic goals.	Executive structure in place	New Executive structure in place and all vacancies filled.	🟢
Operating business: To deliver value for our customers and Shareholders requires sound business processes and procedures.	Successful amalgamation of Alpine and NETcon.	Formal integration now completed and working as one team to prioritise operational improvements identified during the transaction. Merger & acquisition net costs of $412k incurred. Fully targeted savings of $1.8M per year on an ongoing basis expected to be achieved in the next two years. This saving has been incorporated into the Statement of Corporate Intent.	🟢

🟢 Achieved 🔴 Not achieved 🟡 In progress but behind schedule

Directors' declaration

The Directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 31 March 2024 are in accordance with the Financial Reporting Act 2013 and:
    a. comply with Generally Accepted Accounting Practice in New Zealand, which, as stated in basis of preparation Note 2 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards Accounting Standards ('IFRS Accounting Standards') and New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'); and
    b. presents fairly the financial position and performance of the consolidated Group.

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

Director .... Director ....

Melissa Clark-Reynolds **Kevin Winders**

Dated 27 June 2024

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF ALPINE ENERGY LIMITED'S CONSOLIDATED FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2024

The Auditor-General is the auditor of Alpine Energy Limited and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Elizabeth Adriana (Adri) Smit, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the consolidated financial statements and the performance information of the Group on his behalf.

Opinion
We have audited:

- the consolidated financial statements of the Group on pages 37 to 83, that comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information; and
- the statement of performance ("performance information") of the Group on pages 84 to 86.

In our opinion:

- the consolidated financial statements of the Group:
  - present fairly, in all material respects:
    - its consolidated financial position as at 31 March 2024; and
    - its consolidated financial performance and consolidated cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards; and
- the performance information of the Group presents fairly, in all material respects, the Group's performance achievements as compared with the Group's performance targets adopted for the year ended 31 March 2024.

Our audit was completed on 27 June 2024. This is the date at which our opinion is expressed.

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

Emphasis of matter – uncertainty related to the Commerce Commission review
Without modifying our opinion, we draw attention to Note 31 on page 80, which refers to contingencies associated with the Commerce Commission review of the Company's amended Information Disclosure Schedules. The Commerce Commission is considering the appropriate course of action, the outcome of which is uncertain at the date of the audit report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 36 and 87 to 88, but does not include the consolidated financial statements and the performance information, and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

A member of the Auditor-General's Audit and Risk Committee was a Director of the Company from 27 August 2020 to 23 May 2024. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it should not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the Auditor-General's Audit and Risk Committee has no involvement in, or influence over, the audit of the Company.

In addition to the audit we have carried out engagements in the areas of compliance with the Electricity Distribution (Information Disclosure) Determination 2012 and Electricity Distribution Services Default Price-Quality Path Determination 2020 which are compatible with those independence requirements. Other than the audit and these assurance engagements, we have no relationship with or interests in the Group.

Smit

Elizabeth Adriana (Adri) Smit
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand

“The energy sector is in a period of **unprecedented change** which provides opportunities for us to **innovate and shape** what the **future** of our business will look like.”

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