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ALPINE ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999

ALPINE ENERGY LIMITED

LINES BUSINESS

FINANCIAL STATEMENTS

For the Year Ended 31 March 1999
Prepared for the Purposes of the
Electricity (Information Disclosure) Regulations 1999

IMPORTANT NOTE

The information disclosed in this 1999 Information Disclosure package issued by Alpine Energy Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999.

The Regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any other purposes than that intended under the Regulations.

Information for prior years was prepared in terms of the Electricity (Information Disclosure) Regulations 1994 and therefore is not strictly comparable.

The financial information presented is for the line business as described within the Electricity (Information Disclosure) Regulations 1999. There are also additional activities of the Company that are not required to be reported under the Regulations.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 \$'000	1998 \$'000
REVENUE			
Revenue from line/access charges.			
Revenue from line/access charges invoiced to consumers by electricity retailers who are not in prescribed - business relationships with the line owner.		18,229	18,408
Revenue from line/access charges invoiced to consumers by that line owner.		1,263	-
Revenue from "Other" business for services carried out by the line business (transfer payment).		-	-
Income from interest on short-term investments.		-	-
AC loss-rental rebates.		511	-
Electricity hedges.			
Other revenue.	2	547	1,841
TOTAL REVENUE		<u>20,550</u>	<u>20,249</u>

The accompanying notes form part of these financial statements.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1999 (Continued)

	Notes	1999 \$'000	1998 \$'000
EXPENDITURE			
Payment for transmission charges.		7,341	6,329
Expense of asset maintenance carried out by related entities.		1,417	2,142
Expense of consumer disconnections and reconnections carried out by related entities.		-	-
Expense of providing meter data carried out by related entities.		-	-
Expense of providing consumer-based load control services carried out by related entities.		-	-
Expense of avoided transmission charges on account of own generation (transfer payment).		-	-
Expense of other goods and services provided by "Other" business (transfer payment).		-	-
Expenses to non-related entities for asset maintenance services.		-	-
Expenses to non-related entities for disconnections/reconnections services.		-	-
Expenses to non-related entities for providing meter data.		-	-
Payment to non-related entities for providing consumer-based load control services.		-	-
Employee salaries and redundancies.		1,120	930
Consumer billing and information system expense.		-	-
Depreciation expense on system fixed assets.		1,674	2,146
Depreciation on capital works under construction.		-	-
Depreciation expense on other assets.		146	223
Corporate and administration.	2	1,425	1,380
Total other human resource expenses.		-	-
Marketing/advertising.		68	199
Merger and acquisition expenses.		-	-
Takeover defence expenses.		-	-
Research and development expenses.		-	-
Consultancy and legal expenses.		27	55
Electricity hedges.		-	-
Amortised goodwill.		141	141
Subvention payments.		-	-
Other expenditure.		449	1,335
TOTAL EXPENDITURE		<u>13,808</u>	<u>14,880</u>
EARNINGS BEFORE INTEREST AND TAX		<u>6,742</u>	<u>5,369</u>
INTEREST EXPENSE		-	-
TAXATION EXPENSE	3	(1,916)	(1,479)
NET PROFIT AFTER TAX		<u>4,826</u>	<u>3,890</u>

The accompanying notes form part of these financial statements.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 \$'000	1998 \$'000
EQUITY AT BEGINNING OF THE YEAR		<u>70,671</u>	<u>68,829</u>
SURPLUS AND REVALUATIONS			
Net Surplus for the Year		4,826	3,890
Revaluation of Fixed Assets	4	976	-
Total Recognised Revenues and Expenses for the Period		<u>5,802</u>	<u>3,890</u>
OTHER MOVEMENTS			
Distributions to Owners		(3,378)	(2,048)
EQUITY AT END OF YEAR		<u>73,095</u>	<u>70,671</u>

The accompanying notes form part of these financial statements.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1999

	Notes	1999 \$'000	1998 \$'000
CURRENT ASSETS			
Bank, cash, short-term investments.		-	1,576
Trade Debtors.	5	4,765	839
Other Debtors.		-	113
Prepayments.		-	-
Electricity Hedges.		-	-
Other current assets		202	-
TOTAL CURRENT ASSETS		<u>4,967</u>	<u>2,528</u>
FIXED ASSETS			
System fixed assets.		69,456	71,185
Centralised load control equipment.		267	
Consumer billing and information system assets.		-	
Motor vehicles.		224	
Office equipment.			
Land and buildings.			
Capital works under construction.			
Subtransmission assets.		273	
Zone substations.		91	
Distribution lines and cables.		424	
Medium voltage switchgear.		402	
Distribution transformers.		14	
Distribution substations.			
Low voltage lines and cables.		38	
Other system fixed assets (as in the ODV Handbook.)		777	472
Other fixed assets.		<u>71,966</u>	<u>71,657</u>
TOTAL FIXED ASSETS	6		
Other tangible assets.		-	-
TOTAL TANGIBLE ASSETS		-	-
INTANGIBLES			
Goodwill assets.		-	141
Other intangibles.		-	-
TOTAL INTANGIBLES		<u>-</u>	<u>141</u>
TOTAL ASSETS		<u>76,933</u>	<u>74,326</u>

The accompanying notes form part of these financial statements.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1999 (Continued)

	Notes	1999 \$'000	1998 \$'000
CURRENT LIABILITIES			
Bank Overdraft		24	-
Accounts Payable.		1,406	1,715
Accrued payroll.		245	201
Other accruals.		-	-
Dividend provision.		2,019	1,516
Electricity hedges.		-	-
Other current liabilities.		144	223
TOTAL CURRENT LIABILITIES		<u>3,838</u>	<u>3,655</u>
FUNDING			
Long term debt.		-	-
Equity.		<u>73,095</u>	<u>70,671</u>
Other funding.		-	-
TOTAL FUNDING		-	-
TOTAL EQUITY AND LIABILITIES		<u>76,933</u>	<u>74,326</u>

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:-		
Receipts from Customers		17,155
Interest Received		-
Net GST Received		-
		<u>17,155</u>
Cash was Applied to:		
Payments to Suppliers and Employees		12,001
GST Paid		528
Income Tax Paid		2,197
		<u>14,726</u>
Net Cash Inflows from Operating Activities	15	<u>2,429</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was Provided from:		
Proceeds from Sale of Fixed Assets		25
		<u>25</u>
Cash was Applied to:		
Purchase of Fixed Assets		(1,179)
Investment in Associated Entities		-
Advances to Subsidiary Companies		-
		<u>(1,179)</u>
Net Cash Outflows from Investing Activities		<u>(1,154)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was Applied to:		
Payment of Dividends		<u>(2,875)</u>
Net Cash Outflows from Financing Activities		<u>(2,875)</u>
Net Decrease in Cash Held		(1,600)
Cash at beginning of the year		<u>1,576</u>
CASH AT END OF THE YEAR		<u>(24)</u>

The accompanying notes form part of these financial statements.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999.

The financial information presented is for the line business and "other" business activities. "Other" activities represent the Electricians' business, as described within section 6(3) of the Electricity (Information Disclosure) Regulations 1999. There are also additional activities of the Company that are not required to be reported under the Regulations.

The financial statements have been prepared on the basis of historical cost, with the exception of certain items for which specific accounting policies are identified.

(a) **Customer Contributions**

Contributions from customers, in relation to the construction of new lines for the network, and contributions from district councils, towards the costs of replacing overhead lines with underground cables, are accounted for as income in the year in which they are received.

(b) **Capital and Operating Expenditure**

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

Operating expenditure relates to expenditure which restores an asset closer to its original condition and includes expenditure incurred in maintaining and operating the fixed assets of the Company.

(c) **Depreciation**

Depreciation is charged as follows:

Network Reticulation System	straight line over useful lives from 10 to 80 years
Buildings	1 to 2.5% of cost
Motor Vehicles	20 to 31.2% on diminishing value
Plant and Office Equipment	8 to 60% on diminishing value

Depreciation for taxation purposes recognises that:

- Additions to the network reticulation system exclude any allocation of indirect costs.
- Only 80% of the book value of the Globo distribution system at 1 April 1987 is depreciated.

(d) **Taxation**

The taxation charge is the estimated liability payable in respect of the accounting profit for the year, adjusted for non assessable income and non deductible costs and including any adjustments in respect of prior years.

(e) **Accounts Receivable**

Accounts receivable are stated at estimated realisable value after making provision for doubtful debts. Bad debts are written off during the period in which they are identified.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

(f) **Goodwill**

Goodwill representing the excess arising on the issue of shares for the carrying value of net assets transferred from South Canterbury Electric Power Board and Timaru Electricity is being amortised on a straight line basis over five years commencing 1 April 1994.

(g) **Fixed Assets**

All fixed assets are initially recorded at cost. Network reticulation system assets are subsequently revalued to net current value as determined by an independent valuer using the optimised deprival valuation method. Other Fixed assets are stated at cost less an allowance for depreciation.

(h) **Financial Instruments**

Financial instruments carried in the Statement of Financial Position include cash and bank balances, receivables and trade creditors. These instruments are generally carried at their estimated fair value. For example receivables are carried net of the related provision for doubtful debts. The particular recognition methods are disclosed in the notes for each item.

(i) **Goods and Services Tax (GST)**

The financial statements have been prepared on a GST exclusive basis.

(j) **Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. REVENUE

	1999	1998
	\$'000	\$'000
Other Revenue		
Customer Contributions	547	684
Contracting Revenue	-	1,108
Sundry	-	49
	<u>547</u>	<u>1,841</u>
Expenses		
Corporate and Administration		
Administration	150	150
Audit Fees	49	24
Corporate	1,080	1,076
Directors Fees	146	130
	<u>1,425</u>	<u>1,380</u>

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

3. TAXATION

Income Tax Expense

	1999	1998
	\$'000	\$'000
Operating Surplus before Income Tax	6,742	5,369
Add/(Deduct):		
Non Deductible Costs	154	141
Non Assessable Income	(668)	(683)
Timing Differences	(423)	(419)
Taxable Income	<u>5,805</u>	<u>4,408</u>
Taxation Charge @ 33%	1,916	1,455
Prior Year Over (Under) Provisions	<u>-</u>	<u>24</u>

Income Tax Expense

The income tax expense is represented by:

Current Taxation	1,776	1,340
Deferred Taxation	140	139
	<u>1,916</u>	<u>1,479</u>

Deferred Income Tax Liability (Asset)

Balance at Beginning of Year	4	(135)
Current Year Timing Differences	140	139
Balance at End of Year	<u>144</u>	<u>4</u>

Taxation Liability

Income Tax Expense	1,916	1,479
Add/(Deduct):		
Deferred Tax	(140)	(4)
Income Tax Paid	(2,196)	(1,256)
Income Tax Liability at Beginning of Year	219	-
Provision for Tax	<u>(201)</u>	<u>219</u>

Imputation Credit Account

Opening Balance	1,509	1,262
Imputation Credits Attached to Dividends Paid in the Year	(670)	(1,009)
Net Income Tax Payments During the Year	2,196	1,256
Closing Balance	<u>3,035</u>	<u>1,509</u>

4. RESERVES

Asset Revaluation Reserve

Balance at Beginning of the Year	39,889	39,889
Net Revaluations	976	-
Balance at End of the Year	<u>40,865</u>	<u>39,889</u>

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

5. ACCOUNTS RECEIVABLE

	1999	1998
	\$'000	\$'000
The balance of Accounts Receivable comprises:		
Trade Receivables	4,765	839
Due by Shareholder District Councils	-	113
Total	<u>4,765</u>	<u>952</u>

6. FIXED ASSETS

DISTRIBUTION SYSTEM

Cost	-	6,701
At Valuation	69,723	65,790
Capital Work in Progress	1,582	3,290
Less Accumulated Depreciation	-	(4,596)
	<u>71,305</u>	<u>71,185</u>

VEHICLES & PLANT

Cost	1,210	1,125
Less Accumulated Depreciation	(549)	(653)
	<u>661</u>	<u>472</u>
	<u>71,966</u>	<u>71,657</u>

Valuation of the Network Reticulation System

Valuation of the Network Reticulation System is at net current value on an existing use basis, as at 31 March 1999, and was conducted by Mr Bruce Gemmell, partner of the firm KPMG, Christchurch.

7. GOODWILL

Goodwill relates to the excess balance arising on the issue of shares for the carrying value of net assets transferred from Timaru Electricity and South Canterbury Electric Power Board.

This goodwill is being written off in equal instalments over a five year period commencing 1st April 1994.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

8. CONTINGENT LIABILITIES

In respect of the business activities being reported on, the Company has no contingent liabilities as at 31 March 1999. (1998 - nil).

9. CAPITAL COMMITMENTS

In respect of the business activities being reported on, the Company has capital commitments amounting to \$507,651 as at 31 March 1999 (\$1,371,224 - 1998).

10. FINANCIAL INSTRUMENTS

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of bank deposits and accounts receivable. The maximum credit risk is the book value of these financial instruments however, the Company considers the risk of non recovery of these amounts to be minimal.

The Company places its cash and bank deposits with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution.

The Company continually evaluates and monitors the credit quality of its customers. There is a concentration of credit risk in relation to activities with associated entities. This risk is managed indirectly through appointments to the governing bodies of these associated entities.

Fair Value

The carrying value of cash and bank deposits, accounts receivable and accounts payable is equivalent to their fair value.

11. RECONCILIATION OF OPERATING SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	1999 \$'000	1999 \$'000
Operating Surplus After Income Tax		4,826
Add/ (Deduct) Non Cash Items		
Depreciation	1,820	
Goodwill	141	
	<u> </u>	<u>1,961</u>
		6,787
Add/ (Deduct) Movements in Working Capital		
Increase in Debtors	(3,812)	
Decrease in Deferred Tax	140	
Decrease in Creditors	(265)	
Decrease in Provision for Tax	(421)	
	<u> </u>	<u>(4,358)</u>
		<u>2,429</u>

**ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)**

12. RELATED PARTY TRANSACTIONS

Shareholders

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

	1999	1998
	\$'000	\$'000
Revenues from Shareholder District Councils		
- Contracting Activities	-	623
Payments to Shareholder District Councils		
- Rates, Rents	52	39

Trading balances due from Shareholder District Councils are shown in note 5.

Associated Entities

Transactions with Associated Entities include:

- Charges to United Electricity Limited for use of the Company's network reticulation system, and use of Trans Power's transmission system; meter reading; and, office services and rents.
- Payments to United Electricity Limited for electricity.

Revenues from Associated Entities	12,093	18,073
Payments to Associated Entities	15	-

No related party debts have been written off or forgiven during the year.

Subsidiary Entity: Alpine Energy Powercom Limited

100% owned by Alpine Energy Limited

Asset maintenance and construction services were provided to the Lines Business over the full year 1 April 1998 to 31 March 1999.

Services were charged on both a fixed price basis (often after a competitive tender process), and a "time and materials" basis.

The outstanding balance as at 31 March 1999 was \$467,360 all of which was current and due for payment on 20 April 1999.

No debts were written off or forgiven, and no transactions took place at nil or nominal value between the parties.

ALPINE ENERGY LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ELECTRICITY
(INFORMATION DISCLOSURE) REGULATIONS 1999

Asset Construction:	
Subtransmission	238
Zone Substations	29
Distribution Lines and Cables	855
Medium Voltage Switchgear	-
Distribution Transformers	-
Distribution Substations	-
Low Voltage reticulation	601
Other	1
Maintenance of assets	1,305
Consumer Connections and Disconnections	-
Total Transactions	3,029

ALPINE ENERGY LIMITED**FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1999**

Pursuant to Regulation 15 and Part 3 of Schedule 1 of the Electricity (Information Disclosure) Regulations 1999:

	1999	1998	1997	1996
1. Financial Performance Measures				
a) Return on Funds	9.92%	7.70%	5.98%	4.91%
b) Return on Equity	7.16%	5.58%	4.44%	3.63%
c) Return on Investment	10.85%	5.90%	4.57%	-10.38%
2. Efficiency Performance Measures				
a) Direct Line Costs per Kilometre	\$886	\$928	\$781	\$865
b) Indirect Line Costs per Consumer	\$47	\$61	\$52	\$45

ALPINE ENERGY LIMITED

Form for Derivation of Financial and Efficiency Performance Measures from Financial Statements

Pursuant to Regulation 16 and Part 7 of Schedule 1 of the Electricity (Information Disclosure) Regulations 1999:

Derivation Table	Symbol in formula	Input Column	Calculations	ROF	ROE	ROI
Earnings before interest and tax (EBIT)	a	6,741,739		6,741,739	N/A	6,741,739
Net profit after tax (NPAT)	n	4,826,201		N/A	4,826,201	N/A
Amortised Goodwill	g	141,000		add	add	add
Subvention Payment	s	0		add	add	add
Depreciation of SFA at BV	d	1,819,710		add	add	add
Depreciation of SFA at ODV	d	1,819,710		deduct	deduct	deduct
ODV Depreciation tax adjustment	b	0		deduct	deduct	deduct
Subvention Payment tax adjustment	q	0		deduct	deduct	deduct
Interest Tax Shield	r	2,427,806		add	add	add
Revaluations	r	1,915,538		add	add	add
Income tax	p	1,915,538		deduct	deduct	deduct
Numerator (as adjusted)		No entry		6,882,739	4,967,201	7,395,007
Fixed Assets at year beginning (FA ₀)		71,657,000		71,657,000	N/A	71,657,000
Fixed Assets at year end (FA ₁)		71,965,788		add	add	add
Net Working Capital at year beginning (NWC ₀)		(1,127,000)		add	N/A	add
Net Working Capital at year end (NWC ₁)		1,129,001		add	N/A	add
Average total funds employed (ATFE)	c	No entry	$= (FA_0 + FA_1 + NWC_0 + NWC_1) / 2$	71,812,395	N/A	71,812,395
Total Equity at year beginning (TE ₀)		70,671,000		N/A	70,671,000	N/A
Total Equity at year end (TE ₁)		73,094,788		N/A	73,094,788	N/A
Average total equity	k	No entry	$= (TE_0 + TE_1) / 2$	71,882,894	N/A	N/A
WUC at year beginning (WUC ₀)		3,290,000		3,290,000	3,290,000	3,290,000
WUC at year end (WUC ₁)		1,582,478		add	add	add
Average total Works under Construction	e	No entry	$= (WUC_0 + WUC_1) / 2$	2,436,239	2,436,239	2,436,239
Revaluations	r	2,427,806		N/A	N/A	2,427,806
Goodwill asset at year beginning (GW ₀)		141,000		N/A	141,000	N/A
Goodwill asset at year end (GW ₁)		0		N/A	0	N/A
Average Goodwill asset	m	No entry	$= (GW_0 + GW_1) / 2$	N/A	70,500	N/A
Subvention payment at year beginning (S ₀)		0		N/A	0	N/A
Subvention payment at year end (S ₁)		0		N/A	0	N/A
Subvention payment tax adjustment at year beginning		0		N/A	0	N/A
Subvention payment tax adjustment at year end		0		N/A	0	N/A
Average subvention payment & related tax adjustment	v	No entry	$= (S_0 + S_1 + S_0^t + S_1^t) / 2$	N/A	0	N/A
System Fixed assets at year beginning at book value (SFA _{0,bo})		71,657,000		71,657,000	71,657,000	71,657,000
System Fixed assets at year end at book value (SFA _{1,bo})		71,965,788		add	add	add
Average value of system fixed assets at book value	f	No entry	$= (SFA_{0,bo} + SFA_{1,bo}) / 2$	71,811,394	71,811,394	71,811,394
System Fixed assets at year beginning at ODV value (SFA _{0,odv})		71,657,000		add	add	add
System Fixed assets at year end at ODV value (SFA _{1,odv})		71,965,788		add	add	add
Average value of system fixed assets at ODV value	h	No entry	$= (SFA_{0,odv} + SFA_{1,odv}) / 2$	71,811,394	71,811,394	71,811,394
Denominator (as adjusted)		No entry	$= c - e - f + h$	69,376,156	69,376,155	68,162,253
Financial Performance Measure:			$EBIT^{adj} / ATFE^{adj} \times 100 / i =$	9.92%	$NPAT^{adj} / ATFE^{adj} \times 100 / i =$	$EBIT^{adj} / ATFE^{adj} \times 100 / i =$
					7.16%	10.85%

Key:
 t = standard entity tax rate
 bv = book value
 ave = average
 odv = as adjusted
 odv = optimised deprival valuation
 subscript '0' = beginning of the financial year
 subscript '1' = end of the financial year

ALPINE ENERGY LIMITED

SECTION 1 ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS FOR THE YEAR ENDED 31 MARCH 1999

Pursuant to Regulation 21 and Part IV of the First Schedule of the Electricity (Information Disclosure) Regulations 1999:

1. Energy Delivery Efficiency Performance Measures

	* 1999	* 1998	* 1997	* 1996
a) Load Factor = $\frac{f}{e \times 8760 \text{ hrs}} \times \frac{100}{1}$	69.8%	69.0%	64.0%	63.1%
b) Loss Ratio = $\frac{f-g}{f} \times \frac{100}{1}$	5.3%	6.1%	5.6%	5.0%
c) Capacity Utilisation = $\frac{e}{d} \times \frac{100}{1}$	32.1%	32.1%	33.1%	32.8%

d, e, f & g from subsection 2. Statistics below.

2. Statistics

		* 1999	* 1998	* 1997	* 1996
(a) System Length (total) (kms)	33kV	189	127	100	82
	22kV	146	79	79	79
	11kV	2,721	2,883	2,843	2,824
	6.6kV	8			
	230/400V	574	557	554	551
	Total	3,638	3,646	3,576	3,536
(b) Circuit Length (overhead) (kms)	33kV	183	201	176	158
	22kV	146			
	11kV	2,553	2,718	2,686	2,669
	230/400V	341	344	345	345
	Total	3,223	3,263	3,207	3,172
(c) Circuit Length (underground) (kms)	33kV	6	5	3	3
	11kV	168	165	157	155
	6.6kV	8			
	230/400V	233	213	209	206
	Total	415	383	369	364
(d) Transformer Capacity (kVA) Excluding 11kV Customers		258,621	258,290	250,435	246,795
(e) Maximum Demand (kW)		83,000	83,000	83,000	81,000
(f) Total Electricity Supplied (kWh) to Transpower Points of Supply		507,685,000	472,400,000	441,500,000	425,000,000
(g) Total Electricity Sold by All Retailers (kWh) ⁽¹⁾		480,695,000	54,500,000	37,400,000	103,000,000
(h) Total Consumer Connections		27,486	27,317	27,283	26,945

Notes to Statistics

- (1) Alpine Energy is no longer associated with United Electricity.
(2) Explanation of 1998/99 Electricity Sales:

Retailer	A	384.929 GWh	Retailer	F	0.493 GWh
	B	9.952 GWh		G	4.341 GWh
	C	52.629 GWh		H	1.06 GWh
	D	7.197 GWh		I	5.103 GWh
	E	8.606 GWh		J	6.385 GWh

Total GWh 480.695
Total kWh 480,695,000

ALPINE ENERGY LIMITED

**SECTION 2 RELIABILITY PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 1999**

Pursuant to Regulation 22 and Part V of the First Schedule of the Electricity (Information Disclosure) Regulations 1999:

		* 1996	* 1997	* 1998	* 1999	2000	2001/04
1.	Number of Interruptions						
	Class A (Planned – TP)	3	3	3	2	-	-
	Class B (Planned – AEL)	12	32	28	18	18	18
	Class C (Unplanned – AEL)	79	50	51	110	68	68
	Class D (Unplanned – TP)	7	2	7	6	-	-
	Class E	0	0	0	0	0	0
	Class F	0	0	0	0	0	0
	Class G	0	0	0	0	0	0
	Class H	0	0	0	0	0	0
	Class I	0	0	0	0	0	0
	Total	101	87	89	136	88	88

2.	The SAIDI for total of interruptions	182	86	150	105	90	90
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3.	The SAIDI for total of interruptions within each interruption class -						
	Class A (Planned – TP)	37	28	19	23	3	3
	Class B (Planned – AEL)	14	24	23	10	15	15
	Class C (Unplanned – AEL)	58	23	40	57	66	66
	Class D (Unplanned – TP)	73	11	68	16	6	6
	Class E	0	0	0	0	0	0
	Class F	0	0	0	0	0	0
	Class G	0	0	0	0	0	0
	Class H	0	0	0	0	0	0
	Class I	0	0	0	0	0	0

4.	The SAIFI for total of interruptions	2.66	2.62	2.67	2.44	1.5	1.5
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5.	The SAIFI for total of interruptions within each interruption class -						
	Class A (Planned – TP)	0.11	0.11	0.08	0.11	0.02	0.02
	Class B (Planned – AEL)	0.04	0.04	0.25	0.06	0.13	0.13
	Class C (Unplanned – AEL)	0.72	0.71	0.76	1.17	1.22	1.22
	Class D (Unplanned – TP)	1.79	1.77	1.58	1.10	0.13	0.13
	Class E	0	0	0	0	0	0
	Class F	0	0	0	0	0	0
	Class G	0	0	0	0	0	0
	Class H	0	0	0	0	0	0
	Class I	0	0	0	0	0	0

		* 1996	* 1997	* 1998	* 1999	2000	2001/04
6.	The CAIDI for total of interruptions	69	33	56	43	60	60

7.	The CAIDI for total of interruptions within each interruption class -						
	Class A (Planned – TP)	334	258	229	210	150	150
	Class B (Planned – AEL)	383	350	95	166	115	115
	Class C (Unplanned – AEL)	81	32	53	48	54	54
	Class D (Unplanned – TP)	41	6	43	15	46	46
	Class E	0	0	0	0	0	0
	Class F	0	0	0	0	0	0
	Class G	0	0	0	0	0	0
	Class H	0	0	0	0	0	0
	Class I	0	0	0	0	0	0

8.	Class C Interruptions not restored within:						
	(a) 3 hours	Na	Na	Na	16%	-	-
	(b) 24 hours	Na	Na	Na	0%	-	-
	Expressed as a % of the Total Interruptions						

9.	Total faults per 100km of total lines (3.3kV and above)	2.23	1.40	1.65	3.59	2.22	2.22
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10.	Total faults per 100km of underground lines (3.3kV and above)						
	33kV	0	0	0	0	0	0
	11kV	0.82	1.08	3.03	2.98	1.98	1.98
	6.6kV	0	0	0	0	0	0
	Total	0.80	1.04	2.94	2.75	1.88	1.88

11.	Total faults per 100km of overhead lines (3.3kV above above)						
	33kV	2.30	1.31	1.99	3.83	2.36	2.36
	22kV	2.31	0	1.99	1.37	1.89	1.89
	11kV	2.82	1.53	1.55	3.76	2.41	2.41
	Total	2.41	1.43	1.58	3.64	2.26	2.26

SECTION 3 EXPLANATION OF TERMS

*	=	Actual Results - All Others Are Targets
km	=	kilometres
kV	=	kilovolts (e.g. 11kV = 11,000 volts)
kVA	=	kilovolt amperes
kW	=	kilowatts
kWh	=	kilowatt hours
GWh	=	Gigawatt hours (e.g. 1 GWh = 1,000,000 kWh)
ODV	=	Optimised Deprival Valuation
Class A	=	Planned interruptions by Transpower
Class B	=	Planned interruptions by Alpine Energy
Class C	=	Unplanned interruptions by Alpine Energy
Class D	=	Unplanned interruptions by Transpower
Class E	=	Unplanned interruption on “generation” lines used by Alpine Energy.
Class F	=	Unplanned interruption on “generation” lines used by other line owners.
Class G	=	Unplanned interruptions by other line owners
Class H	=	Planned interruptions by other line owners
Class I	=	Planned interruptions not referred in A-H.

The three reliability performance measures are defined as follows:

SAIDI is the total consumer minutes lost/total consumers (average interruption for all consumers).

SAIFI is the total consumers affected/total consumers (average interruptions per year for all consumers).

CAIDI is the total consumer minutes lost/total consumers affected (length of average interruption).



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To the readers of the financial statements of

Alpine Energy Limited

We have audited the accompanying financial statements of Alpine Energy Limited. The financial statements provide information about the past financial performance of Alpine Energy Limited and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out on pages 7 to 8.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Alpine Energy Limited as at 31 March 1999 and results of operations and cash flows for the year then ended.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to Alpine Energy Limited circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with or interests in Alpine Energy Limited.



Qualified Opinion – Comparative Cashflow Figures Omitted

Paragraph 2.18 of the Electricity Information Disclosure Handbook issued by the Ministry of Commerce permits energy companies to exclude comparative figures where disclosures are made for the first time for the current disclosure year. Alpine Energy Limited has taken advantage of this exemption and has not disclosed comparative figures in these circumstances. To this extent, the financial statements of Alpine Energy Limited do not comply with Financial Reporting Standard No 2, *Presentation of Financial Reports*, or the Electricity (Information Disclosure) Regulations 1999.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by Alpine Energy Limited as far as appears from our examination of those records.

In our opinion, except for the omission of comparative figures referred to above, the financial statements of Alpine Energy Limited on pages 1 to 13:

- comply with generally accepted accounting practice; and
- give a true and fair view of:
 - the financial position as at 31 March 1999; and
 - the results of its operations and cash flows for the year ended on that date; and
- comply with the Energy (Information Disclosure) Regulations 1999.

Our audit was completed on 19 August 1999 and our qualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'MG Noone'.

MG Noone
Partner
PricewaterhouseCoopers
On behalf of the Controller and Auditor General
Christchurch
19 August 1999



PricewaterhouseCoopers
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Christchurch, New Zealand
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Facsimile +64 3 374 3001

**To the readers of the financial statements of
Alpine Energy Limited**

I have examined the attached information, being :

- (a) The derivation table specified in regulation 16; and
- (b) Financial performance measures specified in clause 1 of Part 3 of Schedule 1 of the Electricity (Information Disclosure) Regulations 1999; and
- (c) Financial components of the efficiency performance measures specified in clause 2 of Part 3 of that schedule, :

and having been prepared by Alpine Energy Limited and dated 19 August 1999 for the purposes of regulation 15 of those regulations.

I certify that, having made all reasonable enquiry, to the best of my knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

A handwritten signature in black ink, appearing to read 'MG Noone', written over a horizontal line.

MG Noone
Partner
PricewaterhouseCoopers
On behalf of the Controller and Auditor General
Christchurch
19 August 1999



CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION

Alpine Energy Limited

I have examined the valuation report prepared by KPMG and dated May 1999, which report contains valuations as at 31 March 1999.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, the ODV valuations contained in the report have been made in accordance with the ODV Handbook.

A handwritten signature in cursive script that reads "Ross Buckley".

Ross J Buckley
Partner

17 June 1999

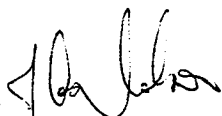
Form 5

**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE
MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER
THAN TRANS POWER**

We, John Allen Dobson and Robert Graham Sinclair, directors of Alpine Energy Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements for 1998/99 of Alpine Energy Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Alpine Energy Limited, and having been prepared for the purposes of Regulations 15, 16, 21, and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31st March 1999.



J.A. Dobson



R.G. Sinclair

19th August 1999

