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ALPINE ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

ALPINE ENERGY LIMITED

LINES BUSINESS

FINANCIAL STATEMENTS

For the Year Ended 31 March 2006

Prepared for the Purposes of the Electricity Information
Disclosure Requirements 2004

INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2006 Information Disclosure package issued by Alpine Energy Limited has been prepared in accordance with, and for the specific use intended under, the Electricity Information Disclosure Requirements 2004 (the Requirements).

The Requirements set out the information to be disclosed and the manner in which it is to be presented. The information should not be used for any other purpose than that intended under the requirements.

The financial information presented is for the line business as described within the Electricity Information Disclosure Requirements 2004. There are also additional activities of the Company that are not required to be reported under the Requirements.

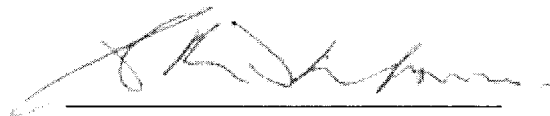
APPROVAL BY DIRECTORS

The Directors have approved the Consolidated Financial Statements of Alpine Energy Limited Line Business for the period ended 31 March 2006 on pages 1 to 14.

For and on behalf of the Board of Directors



Ian James Bowan



Stephen Richard Thompson

9 November 2006

Alpine Energy Limited Lines Business

Statement of Financial Performance for the Year Ended 31 March 2006

REVENUE	Note	2006 \$	2005 \$
Operating revenue			
Revenue from line/access charges		26,644,166	24,814,466
Revenue from "Other" business for services carried out by the line business		0	0
Interest on cash, bank balances and short term investments		232,505	368,353
AC loss-rental rebates		1,391,624	674,140
Other revenue not listed above			
Capital Contributions		2,183,347	1,305,259
Other		6,306	442
		<u>2,189,653</u>	<u>1,305,701</u>
Total operating revenue		<u>30,457,948</u>	<u>27,162,660</u>
EXPENDITURE		2006	2005
Operating expenditure			
Payment for transmission charges		8,480,826	8,533,892
Transfer payments to the "Other" business for			
Asset maintenance	8	1,252,427	1,900,370
Consumer disconnection/reconnection services		0	0
Meter data		0	0
Consumer-based load control services		0	0
Royalty and patent expenses		0	0
Avoided transmission charges on account of own generation		0	0
Other goods and services	8	280,683	1,818,125
Total transfer payment to the "Other" business		<u>1,533,110</u>	<u>3,718,495</u>
Expense to entities that are not related parties for			
Asset maintenance	8	176,172	30,209
Consumer disconnection/reconnection services		0	0
Meter data		0	0
Consumer-based load control services		0	0
Royalty and patent expenses		0	0
Total of specified expenses to non-related parties		<u>176,172</u>	<u>30,209</u>
Employee salaries, wages and redundancies		1,841,046	0
Consumer billing and information system expense		0	0
Depreciation on			
System property, plant and equipment		4,195,242	3,610,155
Other property, plant and equipment		2,034	1,292
Total depreciation		<u>4,197,276</u>	<u>3,611,447</u>
Amortisation of			
Goodwill		0	0
Other intangibles		0	0
Total amortisation of intangibles		<u>0</u>	<u>0</u>
Corporate and administration		231,900	120,437
Human resource expenses		22,085	0
Marketing/advertising		53,644	22,128
Merger and acquisition expenses		0	0
Takeover defense expenses		0	0
Research and development expenses		0	0
Consultancy and legal expenses		148,751	416,827
Donations		0	0

Alpine Energy Limited Line Business**Statement of Financial Performance for the Year Ended 31 March 2006 - Continued**

	Note	2006 \$	2005 \$
Directors' fees		119,788	90,460
Auditors' fees			
Audit fees paid to principal auditors	27,805		18,000
Audit fees paid to other auditors	0		0
Fees paid for other services provided by principal and other auditors	42,006		28,704
Total auditors' fees		69,811	46,704
Costs of offering credit			
Bad debts written off	0		0
Increase in estimated doubtful debts	0		0
Total cost of offering credit		0	0
Local authority rates expense		65,637	66,884
AC loss-rentals (distribution to retailers/customers) expense		0	0
Rebates to consumers due to ownership interest		0	0
Subvention payments		0	0
Unusual expenses		0	0
Other expenditure not listed above		138,710	125,891
Total operating expenditure		17,078,756	16,783,374
Operating surplus before interest and income tax		13,379,192	10,379,286
Interest expense			
Interest expense on borrowings		0	0
Financing charges related to finance leases		0	0
Other interest expense		0	0
Total interest expense		0	0
Operating surplus before income tax		13,379,192	10,379,286
Income tax	2	5,080,114	4,186,206
Net surplus after tax		8,299,078	6,193,080

Statement of Movements in Equity for the Year Ended 31 March 2006

	2006 \$	2005 \$
Equity at the Beginning of the Year	73,440,009	73,639,929
Net Surplus (Deficit) for the Period	8,299,078	6,193,080
Revaluation	0	0
Total Recognised Revenue and Expenses	8,299,078	6,193,080
Dividends Paid	(6,984,435)	(6,393,000)
Transfer on Disposal of Plant, Property and Equipment	0	0
Equity at the End of the Year	74,754,652	73,440,009

Alpine Energy Limited Lines Business**Statement of Financial Position as at 31 March 2006**

	Note	2006 \$	2005 \$
Current assets			
Cash and bank balances		90,418	94,555
Short-term investments		2,700,000	3,000,000
Inventories		0	0
Accounts receivable		669,230	1,107,699
Other current assets		5,849	4,199
Total current assets		<u>3,465,497</u>	<u>4,206,453</u>
Fixed assets			
System property, plant and equipment		85,247,000	83,077,000
Consumer billing and information system assets		0	0
Motor vehicles		0	0
Office equipment		0	0
Land and buildings		0	0
Capital works under construction (system fixed assets)		5,280,205	4,193,656
Other property, plant and equipment		0	0
Total fixed assets		<u>90,527,205</u>	<u>87,270,656</u>
Other tangible assets not listed above			
Deferred tax		0	0
Total tangible assets		<u>93,992,702</u>	<u>91,477,109</u>
Intangible assets			
Goodwill		0	0
Other intangibles		0	0
Total intangible assets		<u>0</u>	<u>0</u>
Total assets		<u>93,992,702</u>	<u>91,477,109</u>
Current liabilities			
Bank overdraft		0	0
Short-term borrowings		0	0
Payables and accruals		1,858,303	2,211,489
Provision for dividends payable		0	0
Provision for income tax		1,145,845	939,729
Other current liabilities		0	0
Total current liabilities		<u>3,004,148</u>	<u>3,151,218</u>
Non-current liabilities			
Payables and accruals		0	0
Borrowings		0	0
Deferred tax	2	16,233,902	14,885,882
Other non-current liabilities		0	0
Total non-current liabilities		<u>16,233,902</u>	<u>14,885,882</u>
Equity			
Shareholders' equity			
Share capital		26,596,000	26,596,000
Retained earnings		13,251,652	11,937,009
Reserves	3	34,907,000	34,907,000
Total Shareholders' equity		<u>74,754,652</u>	<u>73,440,009</u>
Minority interests in subsidiaries		0	0
Total equity		<u>74,754,652</u>	<u>73,440,009</u>
Capital notes		0	0
Total capital funds		<u>74,754,652</u>	<u>73,440,009</u>
Total equity and liabilities		<u>93,992,702</u>	<u>91,477,109</u>

Alpine Energy Limited Lines Business**Statement of Cash Flows for the Year Ended 31 March 2006**

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from Customers		30,894,767	27,222,304
<i>Cash was disbursed to:</i>			
Payments to Suppliers and Employees		(13,234,666)	(12,845,653)
Income Tax		(3,525,978)	(3,018,379)
NET CASH FLOWS FROM OPERATING ACTIVITIES	7	<u>14,134,123</u>	<u>11,358,272</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from sales of property, plant and equipment		0	0
<i>Cash was applied to:</i>			
Purchase of Property, Plant and Equipment		(7,453,825)	(10,207,389)
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(7,453,825)</u>	<u>(10,207,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was applied to:</i>			
Dividend paid		(6,984,435)	(7,715,497)
Loan repaid		0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(6,984,435)</u>	<u>(7,715,497)</u>
NET INCREASE (DECREASE) IN CASH HELD		(304,137)	(6,564,614)
Add Opening Cash Brought Forward		3,094,555	9,659,169
ENDING CASH CARRIED FORWARD		<u>2,790,418</u>	<u>3,094,555</u>

Alpine Energy Limited Lines Business

Notes to and Forming Part of the Financial Statements

For the Year Ending 31 March 2006

1. Statement of Accounting Policies

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity Information Disclosure Requirements 2004.

The financial information presented is for the line business activities of Alpine Energy Limited. There are also additional activities of the Company that are not required to be reported under the Requirements.

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) Revenue

Goods and services

Revenue comprised the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Investment Income

Dividend income is recognised in the period the dividend is declared.

Interest and rental income are accounted for as earned.

b) 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.

c) 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 network.

d) Depreciation

Depreciation is charged as follows:

System Property, Plant and Equipment - straight line over useful life (from 10 to 80 years)	
Buildings	1 to 2.5% of cost
Plant and Office Equipment	8 to 60% on diminishing value

Depreciation for taxation purposes recognises that:

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

e) 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.

f) 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.

g) Property, Plant and Equipment

All property, plant and equipment are initially recorded at cost. System Property, Plant and Equipment are subsequently revalued to net current value as determined by an independent valuer using the depreciated replacement cost valuation method. Other Property, Plant and Equipment are stated at cost less an allowance for depreciation.

Alpine Energy Limited Lines Business

Notes to and Forming Part of the Financial Statements - Continued

For the Year Ending 31 March 2006

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.

i) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis except for Accounts Receivable and Accounts Payable.

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. Taxation

	2006 \$	2005 \$
Income Tax Expense		
Operating Surplus before Income Tax	13,379,192	10,379,286
Add/(Deduct):		
Non Deductible Costs	4,197,276	3,611,447
Non Assessable Income	(2,183,347)	(1,305,259)
Timing Differences	0	0
Taxable Income	<u>15,393,121</u>	<u>12,685,474</u>
Taxation Charge @ 33%	5,080,114	4,186,206
Prior Year Over (Under) Provisions	0	0
Income Tax Expense	<u>5,080,114</u>	<u>4,186,206</u>
The income tax expense is represented by:		
Current Taxation	3,732,094	3,039,169
Deferred Taxation	1,348,020	1,147,037
	<u>5,080,114</u>	<u>4,186,206</u>
Deferred Income Tax Liability (Asset)		
Balance at Beginning of Year	14,885,882	13,738,845
Current Year Timing Differences	1,348,020	1,147,037
Adjustment on Disposal of Business	0	0
Balance at End of Year	<u>16,233,902</u>	<u>14,885,882</u>
Taxation Liability (Asset)		
Income Tax Expense	5,080,114	4,186,206
Add/(Deduct):		
Deferred Tax	(1,348,020)	(1,147,037)
Income Tax Paid	(3,525,978)	(3,018,379)
Income Tax Liability at Beginning of Year	939,729	918,939
Provision for Tax	<u>1,145,845</u>	<u>939,729</u>

3. Reserves

	2006 \$	2005 \$
Asset Revaluation Reserve		
Balance at Beginning of the Year	34,907,000	34,907,000
Net Revaluations	0	0
Transfer on Disposal of Property, Plant & Equipment	0	0
Balance at End of the Year	<u>34,907,000</u>	<u>34,907,000</u>

Alpine Energy Limited Lines Business

Notes to and Forming Part of the Financial Statements - Continued

For the Year Ending 31 March 2006

4. Contingent Liabilities

In respect of the business activities being reported on, the Company has no contingent liabilities as at 31 March 2006 (2005 nil).

5. Capital Commitments

In respect of the business activities being reported on, the Company has capital commitments amounting to \$2,535,427 as at 31 March 2006 (2005 \$1,578,344).

6. Financial Instruments

a) 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.

b) Fair Value

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

7. Reconciliation Of Operating Surplus With Cash Flows From Operating Activities

	2006 \$	2005 \$
Operating Surplus After Income Tax	8,299,078	6,193,080
Add/ (Deduct) Non Cash Items		
Depreciation	4,197,276	3,611,447
Deferred Tax	1,348,020	1,147,037
	<u>13,844,374</u>	<u>10,951,564</u>
Add/ (Deduct) Movements in Working Capital		
(Increase)/Decrease in Debtors	436,819	18,860
Increase/(Decrease) in Creditors	(353,186)	367,058
Increase/(Decrease) in Provision for Tax	206,116	20,790
	<u>289,749</u>	<u>406,708</u>
	<u>14,134,123</u>	<u>11,358,272</u>

8. Related Party Transactions

Associated Entity: Networks South Limited (excl GST)

Networks South Limited is 50% owned by Alpine Energy Limited and provided administrative, engineering and planning functions for the network from 1 April 2004 to 31 March 2006. These services are charged on a fixed contract basis.

During the period, this charge totalled \$336,072 (2005 \$1,960,798). The outstanding amount as at 31 March 2006 was \$2,048 (2005 \$185,893) payable on normal commercial terms.

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

Transactions do not relate to the categories specified in the Regulations except 'Maintenance of Assets' which totalled \$1,428,599 in 2006 (2005 \$1,848,334).

Alpine Energy Limited Lines Business

Notes to and Forming Part of the Financial Statements - Continued

For the Year Ending 31 March 2006

Associated Entity: NetCon Limited (excl GST)

NetCon is wholly owned by Networks South Limited and provided asset maintenance and construction services for the network from 1 April 2004 to 31 March 2006. Services were charged on both a fixed price basis or 'time and materials' basis.

During the period, this charge totalled \$8,540,876 (2005 \$5,231,436). The outstanding amount as at 31 March 2006 was \$777,165 (2005 \$860,476) payable on normal commercial terms.

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

During the period capital construction transactions totalled the following:

	2006 \$	2005 \$
Asset Construction:		
Subtransmission assets	0	0
Zone Substations	725,760	385,089
Distribution Lines	3,575,120	1,826,500
Medium Voltage Switchgear	0	0
Distribution Transformers	631,594	42,787
Distribution Substations	138,240	72,790
Low Voltage lines	1,760,880	897,958
Other System Fixed Assets (as per the ODV Handbook)	0	0
Maintenance of Assets	1,428,599	1,848,334
Customer Connections and Disconnections	0	0
Other Goods and Services	280,683	157,978

Alpine Energy Limited Lines Business**Financial Performance Measures - 31 March 2006**

	2006	2005	2004	2003
Accounting return on funds	15.3%	12.1%	16.0%	17.5%
Accounting return on equity	11.5%	8.4%	10.3%	11.7%
Accounting return on investments	9.5%	7.2%	36.7%	12.1%

Efficiency Performance Measures - 31 March 2006

	2006	2005	2004	2003
Direct line costs per kilometre	\$930	\$993	\$1,150	\$992
Direct expenditure	3,550,328	3,748,704	4,290,866	3,670,939
System length (km)	3,816	3,775	3,730	3,701

	2006	2005	2004	2003
Indirect line costs per consumer	\$29	\$31	\$23	\$29
Indirect expenditure	850,326	889,331	655,219	809,694
Total consumers	29,163	28,697	28,409	28,248

Energy Delivery Efficiency Performance Measures - 31 March 2006

	2006	2005	2004	2003
Load Factor (= a/b/c x 100)	68.8%	71.0%	69.5%	72.7%
a = kWh of electricity entering system	667,702,150	640,636,632	629,964,387	624,177,487
b = Maximum Demand (kW)	110,793	103,062	103,502	98,018
c = Total number of hours	8,760	8,760	8,760	8,760

	2006	2005	2004	2003
Loss Ratio* (= a/b x 100)	6.4%	10.0%	6.4%	6.0%
a = Total Electricity lost in the Network (kWh)	41,790,473	64,179,267	40,280,103	37,625,216
b = Total Electricity entering the Network before losses (kWh)	667,702,150	640,636,632	629,964,387	624,177,487

	2006	2005	2004	2003
Capacity Utilisation (= a/b x 100)	35.0%	33.8%	35.1%	34.6%
a = Maximum Demand (kW)	110,793	103,062	103,502	98,018
b = Transformer Capacity (kVA)	316,550	304,932	295,055	283,188

* Alpine Energy relies on the sales information reported by electricity retailers to calculate these amounts.

Alpine Energy Limited Lines Business

Network Statistics - 31 March 2006

		2006	2005	2004	2003
Total System Length (kms)	33kV	213	203	189	189
	22kV	146	146	146	146
	11kV	2,866	2,841	2,815	2,788
	6.6kV	8	8	8	8
	230/400 V	583	577	572	570
	Total	3,816	3,775	3,730	3,701
Overhead Circuit Length (kms)	33kV	183	183	183	183
	22kV	145	145	145	145
	11kV	2,634	2,624	2,603	2,585
	6.6kV	8	0	0	0
	230/400 V	326	330	332	333
	Total	3,296	3,282	3,263	3,246
Underground Circuit Length (kms)	33kV	30	20	6	6
	22kV	0.5	0.5	0.5	0.5
	11kV	232	217	212	203
	6.6kV	0	8	8	8
	230/400 V	257	246.5	240	237
	Total	520	492	467	455

Transformer Capacity (kVA)		316,550	304,932	295,055	283,188
Maximum Demand (kW)		110,793	103,062	103,502	98,018

Total Electricity entering the Network - before losses (kWh)	Embed Generation	20,867,018	24,432,331	27,996,408	20,513,352
	Import	646,835,132	616,204,301	601,967,979	603,664,135
	Total	667,702,150	640,636,632	629,964,387	624,177,487
Amount of electricity supplied from the Network - after losses (kWh)*	Retailer A	369,824,665	234,972,890	261,319,111	234,456,051
	Retailer B	9,839,268	10,602,475	8,952,864	39,832,655
	Retailer C	31,245,046	24,495,613	22,172,818	45,698,409
	Retailer D	73,327,817	74,784,595	77,633,665	89,440,542
	Retailer E	0	0	0	0
	Retailer F	128,919,456	216,007,050	201,537,690	164,352,449
	Retailer G	0	0	0	0
	Export	12,755,425	15,594,742	18,068,136	12,772,164
	Total	625,911,677	576,457,365	589,684,284	586,552,271

Total number of Consumers		29,163	28,697	28,409	28,248
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*Alpine Energy relies on the sales information reported by electricity retailers to calculate these amounts.

Alpine Energy Limited Lines Business

Reliability and Performance Measures - Interruptions and Faults - 31 March 2006

<u>Interruptions</u>	<u>Class</u>	<u>2008/11 (Target)</u>	<u>2007 (Target)</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Number of Interruptions							
<i>Planned Interruptions - Transpower</i>	Class A			1	1	0	2
<i>Planned Interruptions - Alpine</i>	Class B	40	40	22	43	42	46
<i>Unplanned Interruptions - Alpine</i>	Class C	80	80	83	81	90	65
<i>Unplanned Interruptions - Transpower</i>	Class D			2	1	0	0
	Class E - I			0	0	0	0
	Total			108	126	132	113
Proportion of Total Class C Interruptions not restored:							
	Within 3 Hours	10%	10%	20%	21%	27%	37%
	Within 24 Hours	1%	1%	2%	2%	9%	12%

<u>Faults</u>	<u>Voltage</u>	<u>2008/11 (Target)</u>	<u>2007 (Target)</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Overall System							
Faults per 100 circuit kilometres of prescribed voltage electric line		4.0	4.0	3.3	3.0	3.2	2.08
Faults per 100 circuit kilometres	33kV	1.0	1.0	0.5	1.0	1.1	0.53
	22kV	0.0	0.0	15.1	0.7	0.7	0.00
	11kV	3.0	3.0	3.0	3.2	3.4	2.30
	6.6kV	0.0	0.0	0.0	0.0	0.0	0.00
Overhead							
Faults per 100 circuit kilometres of prescribed voltage electric line		4.0	4.0	3.6	3.2	3.3	2.13
Faults per 100 circuit kilometres	33kV	1.0	1.0	0.5	1.1	1.1	0.55
	22kV	0.0	0.0	15.2	0.7	0.7	0.00
	11kV	3.0	3.0	3.2	3.4	3.6	2.36
	6.6kV	0.0	0.0	0.0	0.0	0.0	0.00
Underground							
Faults per 100 circuit kilometres of prescribed voltage electric line		1.0	1.0	0.8	0.8	1.3	1.38
Faults per 100 circuit kilometres	33kV	0.0	0.0	0.0	0.0	0.0	0.00
	22kV	0.0	0.0	0.0	0.0	0.0	0.00
	11kV	1.0	1.0	0.9	0.9	1.4	1.48
	6.6kV	0.0	0.0	0.0	0.0	0.0	0.00

Alpine Energy Limited Lines Business

Reliability and Performance Measures

System Average Interruption Duration Index (SAIDI) - 31 March 2006

	Class	2008/11 (Target)	2007 (Target)	2006	2005	2004	2003
SAIDI for total number of interruptions	Overall			81	80	116	204
SAIDI for total number of interruptions within each interruption class (= a/b)	Class A			17	9	0	22
	Class B	15	15	8	12	12	20
	Class C	66	66	50	57	103	162
	Class D			5	2	0	0
	Class E - I			0	0	0	0
a = sum of interruption duration factors for all interruptions within the particular interruption class	Class A			510,026	262,560	0	609,600
	Class B	240,000	240,000	239,831	339,577	350,995	570,856
	Class C	1,500,000	1,500,000	1,459,270	1,630,077	2,935,049	4,580,897
	Class D			142,774	51,508	0	0
	Class E - I			0	0	0	0
b = Total Consumers				29,163	28,697	28,409	28,248

System Average Interruption Frequency Index (SAIFI) - 31 March 2006

	Class	2008/11 (Target)	2007 (Target)	2006	2005	2004	2003
SAIFI for total number of interruptions	Overall			1.3	1.0	1.6	1.1
SAIFI for total number of interruptions within each interruption class (= a/b)	Class A			0.0	0.0	0.0	0.1
	Class B	0.1	0.1	0.1	0.1	0.1	0.1
	Class C	1.2	1.2	1.0	0.9	1.5	0.9
	Class D			0.1	0.0	0.0	0.0
	Class E - I			0.0	0.00	0.0	0.0
a = sum of electricity consumers affected by all interruptions	Class A			1,068	450	0	1,977
	Class B			3,600	2,640	3,930	3,390
	Class C			29,000	24,700	41,406	25,988
	Class D			3,900	907	0	0
	Class E - I			0	0	0	0
b = Total Consumers				29,163	28,697	28,409	28,248

Connection Average Interruption Duration Index (CAIDI) - 31 March 2006

	Class	2008/11 (Target)	2007 (Target)	2006	2005	2004	2003
CAIDI for total number of interruptions	Overall			63	80	72	184
CAIDI for total number of interruptions within each interruption class (= a/b)	Class A			478	583	0	308
	Class B	85	85	67	129	89	168
	Class C	62	62	50	66	71	176
	Class D			37	57	0	0
	Class E - I			0	0	0	0

Alpine Energy Limited (Lines)

Form for the Derivation of Financial Performance Measures from Financial Statements

	Symbol	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	13,379,192			
Operating surplus before interest and income tax adjusted pursuant to regulation 18	13,379,192			
Interest on cash, bank balances, and short-term investments (ISTI)	232,505			
OSBIT minus ISTI	13,146,687	13,146,687		13,146,687
Net surplus after tax from financial statements	8,299,078			
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	8,299,078			
Amortisation of goodwill and amortisation of other intangibles	0			
Subvention payment	0	0	0	0
Depreciation of SFA at BV (x)	4,195,242			
Depreciation of SFA at ODV (y)	4,195,242			
ODV depreciation adjustment	0	0	0	0
Subvention payment tax adjustment	0			
Interest tax shield	-76,727			
Revaluations	0			
Income tax	5,080,114			
Numerator		13,146,687	8,299,078	8,143,300
		$OSBIT^{Adj} = a + g + s + d$	$NSAT^{Adj} = n + g + s + t + d$	$OSBIT^{Adj} = a + g + r + s + d - p - s^t$
Fixed assets at end of previous financial year (FA_0)	87,270,656			
Fixed assets at end of current financial year (FA_1)	90,527,205			
Adjusted net working capital at end of previous financial year ($ANWC_0$)	-1,099,591			
Adjusted net working capital at end of current financial year ($ANWC_1$)	-1,183,224			
Average total funds employed (ATFE)	87,757,523	87,757,523		87,757,523
Total equity at end of previous financial year (TE_0)	73,440,009			
Total equity at end of current financial year (TE_1)	74,754,652			
Average total equity	74,097,330		74,097,330	
WUC at end of previous financial year (WUC_0)	4,193,656			
WUC at end of current financial year (WUC_1)	5,280,205			
Average total works under construction	4,736,931	4,736,931		4,736,931
Revaluations	0			
Half of revaluations	0	0	0	0
Intangible assets at end of previous financial year (IA_0)	0			
Intangible assets at end of current financial year (IA_1)	0			
Average total intangible asset	0	0	0	0
Subvention payment at end of previous financial year (S_0)	0			
Subvention payment at end of current financial year (S_1)	0			
Subvention payment tax adjustment at end of previous financial year	0			
Subvention payment tax adjustment at end of current financial year	0			
Average subvention payment & related tax adjustment	0	0	0	0
System fixed assets at end of previous financial year at book value ($SFA_{book,0}$)	83,077,000			
System fixed assets at end of current financial year at book value ($SFA_{book,1}$)	85,247,000			
Average value of system fixed assets at book value	84,162,000	84,162,000		84,162,000
System Fixed assets at year beginning at ODV value ($SFA_{odv,0}$)	85,666,845			
System Fixed assets at end of current financial year at ODV value ($SFA_{odv,1}$)	88,581,603			
Average value of system fixed assets at ODV value	87,124,224	87,124,224		87,124,224
Denominator		85,982,817	72,322,624	85,982,817
		$ATFE^{Adj} = c - e - f + h$	$Ave TE^{Adj} = k - e - m + v - f + h$	$ATFE^{Adj} = c - e - \frac{1}{2}g - f + h$
Financial Performance Measure:		15.29	11.48	9.47
		$ROF = OSBIT^{Adj}/ATFE^{Adj} \times 100$	$ROE = NSAT^{Adj}/ATE^{Adj} \times 100$	$ROI = OSBIT^{Adj}/ATFE^{Adj} \times 100$

1 = maximum statutory income tax rate applying to corporate entities bv = book value ave = average odv = optimised deprival valuation subscript '0' = end of the previous financial year
subscript '1' = end of the current financial year ROF = return on funds ROE = return on equity ROI = return on investment

**Alpine Energy Limited (Lines)
Annual Valuation Reconciliation Report**

	2006 \$	2005 \$
System Property, Plant & Equipment at ODV (start of period)	85,666,845	81,784,000
Add System Property, Plant & Equipment acquired during the period at ODV	7,110,000	7,493,000
Less System Property, Plant & Equipment disposed of during the period at ODV	0	0
Less depreciation on System Property, Plant & Equipment at ODV	(4,195,242)	(3,610,155)
Add revaluations of System Property, Plant & Equipment	0	0
Gives System Property, Plant & Equipment at ODV (end of period)	88,581,603	85,666,845

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 2004, and was conducted by KPMG, Christchurch. The Commerce Commission has adjusted this valuation (as shown) following a comprehensive audit.

Explanation of Terms

General

km	kilometres
kV	kilovolts
kVA	kilovolt amperes
kW	kilowatts
kWh	kilowatt hours (also referred to as <i>units</i>)
ODV	Optimised Deprival Valuation
GXP	Grid Exit Point

Network Statistics

Generation	Electricity provided by embedded generation from Opuha Dam.
Import	Electricity supplied to the Network from Transpower's Network.
Export	Electricity supplied to Transpower's Network from the Network at Albury GXP due to a surplus of embedded generation over demand.

Reliability and Performance Measures

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 interruptions on 'generation' lines used by Alpine Energy.
Class F	unplanned interruptions on 'generation' lines used by another line owner.
Class G	unplanned interruptions caused by another line owner.
Class H	planned interruptions caused by another line owner.
Class I	an interruption not referred to in Classes A to H.

**Certificate of Financial Statements, Performance Measures, and Statistics
Disclosed by Line Owners other than Transpower**

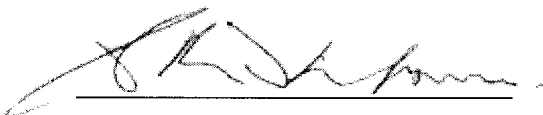
We, Ian James Bowan and Stephen Richard Thompson, Directors of Alpine Energy Limited certify that, having made reasonable enquiry, to the best of our knowledge,

- (a) the attached audited financial statements of Alpine Energy Limited prepared for the purposes of regulation 6 of the Commerce Commissions Electricity Information Disclosure Requirements 2004 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 purpose of regulations 14, 15, 20, and 21 of the Electricity Information Disclosure Requirements 2004 comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 2004.



Ian James Bowan



Stephen Richard Thompson


9 November 2006

Certification of Valuation Report of Line Owners

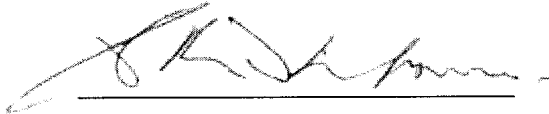
We, Ian James Bowan and Stephen Richard Thompson, Directors of Alpine Energy Limited certify that, having made reasonable enquiry, to the best of our knowledge,

- (a) the attached valuation report of Alpine Energy Limited, prepared for the purposes of regulation 19 of the Commerce Commissions Electricity Information Disclosure Requirements 2004, complies with the requirements of that regulation; and
- (b) the replacement cost of the line business system fixed assets of Alpine Energy is \$150,206,545; and
- (c) The depreciated replacement cost of the line business system fixed assets of Alpine Energy is \$67,234,737; and
- (d) The optimised depreciated replacement cost of the line business system fixed assets of Alpine Energy is \$66,782,851; and
- (e) The optimised deprival valuation of the line business system fixed assets of Alpine Energy is \$66,782,851; and
- (f) The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2004.



Ian James Bowan



Stephen Richard Thompson

9 November 2006



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REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF ALPINE ENERGY LIMITED – LINES BUSINESS FOR THE YEAR ENDED 31 MARCH 2006

We have audited the financial statements of Alpine Energy Limited – Lines Business on pages 1 to 8. The financial statements provide information about the past financial performance of Alpine Energy Limited – Lines Business and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on pages 5 and 6.

Directors' Responsibilities

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of Alpine Energy Limited – Lines Business as at 31 March 2006, and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and Requirement 30 of the Electricity Information Disclosure Requirements 2004 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Robert Harris of PricewaterhouseCoopers to undertake the audit.

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:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Alpine Energy Limited – Lines Business's circumstances, consistently applied and adequately disclosed.



We conducted the audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain 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 auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Alpine Energy Limited.

Unqualified Opinion

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

In our opinion –

- proper accounting records have been maintained by Alpine Energy Limited – Lines Business as far as appears from our examination of those records; and
- the financial statements of Alpine Energy Limited – Lines Business on pages 1 to 8:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Alpine Energy Limited – Lines Business's financial position as at 31 March 2006 and the results of its operations and cash flows for the year ended on that date; and
 - (c) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 9 November 2006 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Robert Harris', is written over a light blue horizontal line.

Robert Harris
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand



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AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF ALPINE ENERGY LIMITED – LINES BUSINESS

We have examined the information on pages 13 and 14, being –

- (a) the derivation table in requirement 15;
- (b) the annual ODV reconciliation report in requirement 16;
- (c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Alpine Energy Limited – Lines Business and dated 9 November 2006 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, that information has been prepared in accordance with those Electricity Information Disclosure Requirements 2004.

A handwritten signature in black ink, appearing to read 'Robert Harris'.

Robert Harris
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand
9 November 2006