

LineTrust.
South Canterbury

FINANCIAL STATEMENTS

2023

Contents

3	Directory
4	Chairperson's Annual Report
6	Statement of Distributions
7	Statement of Comprehensive Income
9	Statement of Changes in Equity
10	Statement of Financial Position
11	Statement of Cash Flows
12	Statement of Accounting Policies
15	Notes to the Financial Statements

Directory

LineTrust South Canterbury For the year ended 31 August 2023

Nature of Business

Consumer Trust owning 40% of Alpine Energy Ltd

Trust Formation Date

24 June 2002

Trustees

Joy Paterson (Chairperson)

Peter Binns

Karen McCrostie

Hugh Perry

Michael Downes

Trust Appointed Directors

Karen Coutts

Kevin Winders

Beneficiaries

South Canterbury Power Consumers

Warmer Kiwi Homes

Scholarships

Secretary

Ford Simpson Ltd

Accountants

Ford Simpson Ltd
Chartered Accountants
18 Woollcombe Street
Timaru 7910

Auditor

Martin Wakefield Audit Ltd

Bankers

BNZ

CHAIRPERSON'S ANNUAL REPORT FOR LINETRUST SOUTH CANTERBURY 2023

It is my pleasure to present the 30th Annual report for the 2023 year.

This year has been one of consolidation after a very busy previous year. We have continued our relationship with Energy Smart to provide subsidies for insulating homes; provided scholarships to young people to assist with university fees; worked on the Memorandum of Understanding between shareholders and kept abreast of the changes in the electricity industry to make us effective shareholders.

The programme of work providing subsidies to insulate homes in the three districts has continued. Once again, we contributed \$50,000 to the Warmer Kiwi Homes Project again partnering with the Energy Efficiency Conservation Authority and Energy Smart to allow 72 insulation retrofits (12 more than last year) to be installed throughout our region; 15 in the Waimate District, 4 in the Mackenzie District and 53 in the Timaru District. All recipient households were "Owner Occupied" and were eligible due to holding a Community Services card or living in one of the SDI Zones (Socio-demographic Index) identified by the government from the last census. We offer a special thanks to Rowena McClintock of Energy Smart who has coordinated this project since its inception 21 years ago. Rowena's continued passion and vision has been integral to its success.

In past years, the Trust has offered scholarships to young people who are going on to university to study in a field that will benefit the electricity industry. We believe that the Trust can assist with overcoming the shortage of qualified people in the industry by providing to university students studying in an allied field, financial assistance and arranging possible internships with Alpine Energy Ltd.

We are delighted that the young people previously selected have been successful in their studies and we awarded two more scholarships for the current year. For the coming academic year, we worked closely with Alpine Energy Ltd communication staff, who provided welcome advice, guidance, and financial assistance to market the programme more widely. This culminated in seven quality applications for this coming year. We will be interviewing these young people in early December.

My thanks go to Karen McCrostie who has taken specific responsibility for steering both of these projects.

The Memorandum of Understanding between the shareholders is an important document between us, Timaru District Holdings, Waimate and Mackenzie District Councils and Alpine Energy Ltd. It became apparent that it needed updating some time ago and its review has been an ongoing source of discussion between the four parties. At last, it is nearly finalised and should be completed in the next few months.

This year we farewelled Rick Ramsay as a LineTrust South Canterbury appointment to the Board of Alpine Energy Ltd. Rick has been connected with the Trust for 21 years. First as a Trustee with the LineTrust and then as a Trust appointed Director on the Board of Alpine Energy Ltd. A position he filled for five terms. Last year we appointed Karen Coutts and Kevin Winders to the Board of Directors of Alpine thereby having three Trust appointed people on the Board. The Trustees decided not to replace Mr Ramsay and that we would revert to two Trust appointed people on the Board.

There have been a number of changes within Alpine Energy Ltd that have been of interest to the Trust and consumers. The first being the resignation of Andrew Tombs and the appointment of

Caroline Ovenstone as Chief Executive late last year. The latest change is the re-absorbing of NetCon back into the parent company. The Board of Alpine determined that with the increased work arising from decarbonisation, electrification and climate change, Alpine would utilise all of NetCon's resources internally to undertake the increased workload.

For further information on this change, I refer you to Alpine's website. I also refer you to Alpine Energy's Annual Report for the years 2022_2023 (also available on their website) for more information on the strategy to accommodate the increased workload while still providing a reliable power network to consumers and communities. There are considerable challenges ahead in terms of the investment required, potential cost increases, staff requirements and the continuing management of workload and health and safety requirements. All of these have implications for consumers which the Trust is taking an active interest in.

Finally, I would like to thank my fellow trustees, Mike, Karen, Peter and Hugh for their support and their work during the year. I also thank Ant Ford and Steph Fraser of Ford Simpson for their efficient and effective administration of LineTrust South Canterbury and their hard work through the year.

Joy Paterson
Chair

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Joy Paterson
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Statement of Distributions

LineTrust South Canterbury For the year ended 31 August 2023

	2023	2022	2021
Distributions			
Available Distributions			
Total Comprehensive Income	7,644,131	4,131,732	10,471,836
Equity Accounted Surplus from Associate	(5,881,200)	(3,529,600)	(7,102,800)
Other Comprehensive Income in Associate	(1,906,947)	(1,154,272)	(3,462,290)
Income Tax	-	230,007	(45,931)
Dividend Received - Alpine Energy Ltd	991,872	991,872	991,872
Movement in Accrued Interest	(29,525)	(3,174)	17,168
Net Income Available for Distribution	818,331	666,565	869,855
Percentage Distributed	90	90	90
Available to Distribute to Beneficiaries	736,498	599,909	782,870

Allocation of \$599,909

Load Group	Allocate by	Amount
Under 14 kVA (Standard Domestic)	Fixed Amount	\$15.75
3 x 60 A (Small Commercial)	Fixed Amount	\$13.83
Over 15 kVA Assessed & Nameplate	Demand Factor	individually determined based on capacity
TOU 400 V	Demand Factor + winter kWh	individually determined based on line charges
TOU 11 kV	Demand Factor + winter kWh	individually determined based on line charges

Distributions are made in the year subsequent to earnings.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

Statement of Comprehensive Income

LineTrust South Canterbury For the year ended 31 August 2023

	NOTES	2023	2022
Revenue			
Interest Received - BNZ		54,252	17,479
Total Revenue		54,252	17,479
Expenses			
ACC Levies		113	99
Accountancy Fees	13	15,400	15,400
Advertising		3,827	4,572
Audit Fee	1	5,750	4,500
Bank Fees		40	40
Conference & Seminar Expenses		7,035	5,885
Consultancy Fees		6,242	11,155
Director Appointment		5,951	23,230
Dividend Distribution Costs		10,347	11,151
Election Expenses		-	412
Energy Trusts of New Zealand		8,446	5,173
Insurance	10	9,804	9,315
Legal expenses		832	5,974
Legal Expenses - Trust Deed		3,725	7,700
Meeting Expenses		814	922
Secretarial Costs	13	24,622	31,520
Subscriptions		180	2,642
Trust Deed Consultancy		595	103,285
Trustees Reimbursements		7,527	8,537
Trustees Remuneration		87,020	88,102
Total Expenses		198,268	339,613
Operating Surplus (Deficit)		(144,016)	(322,134)
Other Income			
Equity Accounted Surplus in Alpine Energy Ltd	9	5,881,200	3,529,600
Surplus (Deficit) before Income Tax		5,737,184	3,207,466
Income Tax Expense			
Income Tax Expense	2	-	230,007
Surplus/(Deficit) after Income Tax		5,737,184	2,977,459

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



	NOTES	2023	2022
Other Comprehensive Revenue and Expense			
Items that will not be reclassified to Profit or Loss			
Other Comprehensive Income in Revaluation Associate Alpine Energy Ltd	16	207,472	(528)
Other Comprehensive Income Adjustment in Revaluation Associate Alpine Energy Ltd	16	622,675	-
Gain/(Loss) on Revaluation of Land and Buildings		581,600	-
Items that may be subsequently reclassified to Profit or Loss			
Gain/(Loss) on Interest Rate Swap - Alpine Energy Ltd		495,200	1,154,800
Total Comprehensive Income for the Year, Net of Tax		7,644,131	4,131,732

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Statement of Changes in Equity

LineTrust South Canterbury For the year ended 31 August 2023

	CONTRIBUTED CAPITAL	REVALUATION RESERVE	HEDGE RESERVE	RETAINED PROFITS	TOTAL
2022					
Equity					
Balance as at 1 September 2020	16,531,207	2,600,212	(1,051,200)	50,434,756	68,514,975
Revenue					
Profit from Operations	-	-	-	2,977,459	2,977,459
Other Comprehensive Revenue/(Loss)	-	(528)	1,154,800	-	1,154,272
Total Revenue	-	(528)	1,154,800	2,977,459	4,131,731
Distributions					
Distribution to Consumer Projects -Note 5	-	-	-	(53,950)	(53,950)
Distribution to Consumers	-	-	-	(809,144)	(809,144)
Total Distributions	-	-	-	(863,094)	(863,094)
Total Equity	16,531,207	2,599,684	103,600	52,549,121	71,783,612
2023					
Equity					
Balance as at 1 September 2021	16,531,207	2,599,684	103,600	52,549,121	71,783,612
Revenue					
Profit from Operations	-	-	-	5,737,184	5,737,184
Other Comprehensive Revenue/(Loss)	-	1,411,748	495,200	-	1,906,948
Total Revenue	-	1,411,748	495,200	5,737,184	7,644,132
Distributions					
Distribution to Consumer Projects -Note 5	-	-	-	(60,144)	(60,144)
Distribution to Consumers	-	-	-	(636,031)	(636,031)
Total Distributions	-	-	-	(696,175)	(696,175)
Total Equity	16,531,207	4,011,432	598,800	57,590,130	78,731,569

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Statement of Financial Position

LineTrust South Canterbury As at 31 August 2023

	NOTES	31 AUG 2023	31 AUG 2022
Assets			
Current Assets			
Cash and Cash Equivalents	3	85,401	106,875
Accounts Receivable	3	-	14,681
Accrued Income	3	36,300	6,775
Income Tax Receivable		25,894	31,940
Prepayments		2,930	4,161
BNZ Term Deposits (Note 3 and 4)		1,722,709	1,574,560
Total Current Assets		1,873,235	1,738,993
Non-Current Assets			
Investment in Alpine Energy Ltd	9	76,870,403	70,074,128
Total Non-Current Assets		76,870,403	70,074,128
Total Assets		78,743,638	71,813,121
Liabilities			
Current Liabilities			
Accounts Payable	3	12,069	29,508
Total Current Liabilities		12,069	29,508
Total Liabilities		12,069	29,508
Net Assets		78,731,569	71,783,613
Equity			
Capital		16,531,207	16,531,207
Accumulated Surpluses (Deficits)		57,590,129	52,549,121
Reserves		4,610,232	2,703,285
Total Equity		78,731,569	71,783,613

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Michael Downes
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These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Statement of Cash Flows

LineTrust South Canterbury For the year ended 31 August 2023 Cash Basis

	2023	2022
Cash Flow		
Cash Flows from Operating Activities		
Cash was received from:		
Dividends Received	922,992	922,992
Interest Received	24,727	14,305
Tax Refund	31,940	27,456
Total	979,660	964,753
Cash was applied to:		
Operating Expenses	(199,582)	(343,271)
RWT Paid	(8,160)	(4,721)
Total	(207,742)	(347,992)
Net Cash Flows from Operating Activities	771,918	616,761
Cash Flows from Investing Activities		
Cash was received from:		
Withdrawal of Investments	1,574,560	1,938,987
Total	1,574,560	1,938,987
Cash was applied to:		
Increase of Investments	(1,722,709)	(1,775,017)
Total	(1,722,709)	(1,775,017)
Net Cash Flows from Investing Activities	(148,150)	163,970
Cash Flows from Financing Activities		
Cash was applied to:		
Distribution to Consumers	(579,507)	(767,485)
Warmer Kiwi Homes	(55,736)	(55,953)
Scholarships	(10,000)	(4,000)
Total	(645,242)	(827,438)
Net Cash Flows from Financing Activities	(645,242)	(827,438)
Net Increase/(Decrease) in Cash	(21,474)	(46,707)
Bank Accounts and Cash		
Opening Cash	106,875	153,581
Net Increase/(Decrease) in Cash Held	(21,474)	(46,707)
Closing Cash	85,401	106,874

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Statement of Accounting Policies

LineTrust South Canterbury For the year ended 31 August 2023

Reporting Entity

LineTrust South Canterbury is a Consumer Electricity Trust.

The Trust was formed subject to the 4 June 2002 High Court decision. Its financial reports are prepared in accordance with the Electricity Industry Act 2010 s99.

The Trust is domiciled in New Zealand.

The Trust was established to hold 40% of the shares in Alpine Energy Limited. The principal activity of the Trust is to invest in accordance with the terms of the Trust Deed for the long term good of their beneficiaries.

The object of the Trust is to hold shares in Alpine Energy Limited on behalf of the consumers, exercising the rights attached to ownership and distribute to consumers the benefits of ownership including any dividends received by the Trust, and to carry out future ownership reviews involving public consultation.

These financial statements have been authorised for issue by the Trustees on the date the statement of financial position was signed. There is no power to amend the financial statements after issue.

Distribution Policy

The Trust distributes to beneficiaries a minimum of 90% of net profit, calculated on the basis of cash received. The equity accounted share of the Trust's profits in Alpine Energy Ltd have not been received by the Trust in cash, and therefore are not available for distribution. A statement of distributions is included in these financial statements showing the reconciliation between the net profit per the Statement of Comprehensive Income, and the net profit available for distribution to beneficiaries.

Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These financial statements have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

LineTrust South Canterbury is designated as a for profit oriented entity for financial reporting purposes as the Trustees believe the Trust does not meet the definition of a public benefit entity.

The Trust is a Tier 2 for-profit entity and has elected to report in accordance with NZ IFRS RDR as issued by the New Zealand External Reporting Board (XRB). The Trust is eligible to report in accordance with NZ IFRS RDR on the basis that it does not have public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the Trust has applied a number of disclosure concessions.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position on a historical cost basis are followed by the trust, unless otherwise stated in the Specific Accounting Policies.

The information is presented in New Zealand dollars. All values are rounded to the nearest \$.

Going Concern

The adoption of the going concern assumption is appropriate. The Trustees have considered the working capital requirements for the 2024 financial year and are satisfied that revenues to the date of signing these financial statements are sufficient.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Comprehensive Income and Statement of Financial Position have been applied.

Expenses

Expenses have been classified by their function to the Trust.

Trade Receivables

Accounts Receivable represents items that the trust has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the trust realistically expects to receive.

Income Tax

The income tax expense charged to the Statement of Comprehensive Income recognises the current year's provision adjusted for timing and permanent differences between taxable and accounting income.

Investments

Investment in Associate

Alpine Energy Ltd is an associated company. LineTrust South Canterbury has a 40% shareholding. This associate has been reflected in the financial statements on an equity basis, which shows the Trust's share of net profits in the Statement of Comprehensive Income, and its share of post acquisition increases or decreases in net assets in the Statement of Financial Position. Dividends received from Alpine Energy Ltd are eliminated from the Statement of Comprehensive Income with this method of presentation.

Other Investments

Investments with registered banks or other entities are recorded at their book value at balance date, exclusive of any interest accrued to balance date.

Goods and Services Tax (GST)

Revenue and expenses have been recognised in the financial statements inclusive of GST. The entity is not GST registered.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and bank balances, with original maturities of 90 days or less.

Sundry Creditors

Sundry creditors and other accounts payable are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services. Sundry creditors are recognised at fair value (being cost).

Revenue Recognition - Exchange Transactions

Interest revenue on cash and cash equivalents and investments is recognised in the income statement as it accrues, using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Financial Instruments

The trust's financial assets comprise cash and cash equivalents, accounts receivable and deposits. All of these financial assets are categorised as 'loans and receivables' for accounting purposes in accordance with financial reporting standards.

The trust's financial liabilities comprise accounts payable. All of these financial liabilities are categorised as 'financial liabilities measured at amortised cost' for accounting purposes in accordance with financial reporting standards.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial year.

Significant Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions about the recognition and measurement of assets, liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant Judgements in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies for the current financial year: No critical judgements have been made this year.

Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no significant sources of estimation uncertainty.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



Notes to the Financial Statements

LineTrust South Canterbury For the year ended 31 August 2023

	2023	2022
1. Auditor's Remuneration		
The auditor of LineTrust South Canterbury is Martin Wakefield Audit Ltd		
Audit Fee	5,750	4,500
Total Auditor's Remuneration	5,750	4,500
	2023	2022
2. Tax Reconciliation		
Surplus (Deficit)		
Surplus (Deficit) before Income Tax	5,737,184	3,207,466
Added back		
Net Dividends Received - Alpine Energy Ltd	991,872	991,872
Imputation Credits	385,728	385,728
Trust Deed Consultancy	595	103,285
Trust Deed Legal	3,725	7,700
Total Added back	1,381,920	1,488,585
Deducted		
Equity Accounted Surplus in Alpine Energy Ltd	(5,881,200)	(3,529,600)
Increase in Accrued Interest	(29,525)	(3,174)
Total Deducted	(5,910,725)	(3,532,774)
Taxable Income	1,208,379	1,163,277
Less		
Distribution from Current Year Income	(736,499)	(599,908)
ICA Credits Allocated to Beneficiaries	(286,416)	(233,297)
Loss Utilised	(185,464)	-
Trustees Taxable Income	-	330,072
Current Tax Expense		
Tax Expense at 33%	-	108,924
Imputation Credits	-	(108,924)
Total Current Tax Expense	-	-

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



3. Financial Instruments

Trade Receivables, trade payables are disclosed at their carrying value. The carrying value of these assets and liabilities are equivalent to, or approximate their fair value.

	2023	2022
Financial Assets at Amortised Cost		
Cash and Cash Equivalents	85,401	106,875
Receivables		
Sundry Debtors	-	14,681
Accrued Income	36,300	6,775
Total Receivables	36,300	21,457
Term Deposits		
Term Deposits BNZ	1,722,709	1,574,560
Total Term Deposits	1,722,709	1,574,560
Total Financial Assets at Amortised Cost	1,844,411	1,702,891

	2023	2022
Financial Liabilities Measured at Amortised Cost		
Payables	12,069	29,508
Total Financial Liabilities Measured at Amortised Cost	12,069	29,508

	2023	2022
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4. BNZ Term Deposits

BNZ Term Deposits		
BNZ Term Deposit 12 Matures 13/12/22 2%	-	904,461
BNZ Term Deposit 13 Matures 13/12/22 2%	-	200,099
BNZ Term Deposit 14 Matures 13/12/22 2.2%	-	150,000
BNZ Term Deposit 15 Matures 13/12/22 1.8%	-	320,000
BNZ Term Deposit 16 Matures 20/1/24 5.3%	1,000,000	-
BNZ Term Deposit 17 Matures 16/12/23 5.25%	120,000	-
BNZ Term Deposit 18 Matures 17/08/24 5.9%	602,709	-
Total BNZ Term Deposits	1,722,709	1,574,560
Total BNZ Term Deposits	1,722,709	1,574,560

5. Dividends

Under clause 5.2 of the trust deed, the Trust distributes at least ninety percent of the surplus available for distribution to consumers and consumer projects. Under clause 5.3 the distribution may be delayed to meet the Trust tax obligations.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



	2023	2022
6. Consumer Projects		
Warmer Kiwi Homes	50,144	49,950
Scholarships	10,000	4,000
Total Consumer Projects	60,144	53,950
	2023	2022
7. Imputation Credits		
Imputation Credits Received	385,728	385,728
Applied to Consumer Distribution	(286,416)	(233,297)
Applied to Tax Expense	-	(108,924)
Converted to Loss	(99,312)	(43,507)
Total Imputation Credits	-	-
	2023	2022
8. Dividends Received from Alpine Energy Ltd		
Gross Dividend 30 September	275,520	275,520
Gross Dividend 31 December	275,520	275,520
Gross Dividend 31 March	275,520	275,520
Gross Dividend 31 July	551,040	551,040
Total Dividends Received from Alpine Energy Ltd	1,377,601	1,377,600

9. Investments in Associates**Alpine Energy Ltd**

16,531,207 fully paid Ordinary \$1.00 Shares in Alpine Energy Ltd vested in the Trust in terms of The Energy Companies (Alpine Energy Ltd) Vesting Order 1993. These have been valued at 40% of total shareholders funds as shown in the 2023 Alpine Energy Ltd Annual Report, in accordance with NZ IAS 28: Investments in Associates and Joint Ventures using the equity method. The only exemption is that Alpine Energy has a 31 March balance date. It is impractical for Alpine Energy Limited to provide information to 31 August 2023. Any management accounts to that date may be unreliable for financial reporting purposes due to the inclusion or omission of audited accounting estimates and fair value items. Therefore the Trustees consider that the audited financial statements of Alpine Energy Limited to 31 March present the most reliable form of information, from which dividends received by this Trust correspond to dividends distributed to consumers.

Management has concluded that the financial statements present fairly the entity's financial position, financial performance and cashflows, allowing for the NZIAS 28 departure.

The financial statements comply with NZ IFRS RDR except that it has departed from the requirement of NZ IAS 28 para 34, that there be no more than a three month interval between the LTSC and AEL to achieve fair presentation. NZ IAS 28 para 34 would require that LTSC obtain and adjust the management accounts of AEL to GAAP standard for equity consolidation, it is impractical to provide the information in GAAP format and have it audited to the year ended 31 August. Consolidation of the management accounts to 31 August would lead to multiple departures from GAAP standards and be misleading to the readers, therefore the treatment adopted is to equity consolidate the audited financial statements of AEL to 31 March 2023. This treatment is consistent for both the current year and comparative period.

It is not possible to quantify the departure from NZ IAS 28 para 34 on a line by line basis.

An Independent Valuation as at 31 March 2023 under the NZ Equivalents to International Financial Reporting Standards has indicated a valuation of \$6.85 per share or \$113.2M for the Trust's 40% shareholding in Alpine Energy Ltd.

The principal activity of Alpine Energy Ltd is the ownership of the electricity distribution network in South Canterbury. The Group, Alpine Energy Ltd and its subsidiaries (NETCon Ltd, Timaru Electricity Ltd, Infratec Ltd, Infratec Renewables (Rarotonga) Ltd and Power Services 2022 Ltd) and associated entities (On Metering Ltd, NETcon Clay Energy Joint Venture and Sunfra Joint Venture) also undertake asset management and contracting services.

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



10. Trustee Insurance

During the financial period the Trust paid premiums in respect of Trustees and Officers Liability insurance.

11. Resettlement of Trust

There was a resettlement of the Trust on 24 June 2002 where the Trust changed its name from South Canterbury Power Trust to LineTrust South Canterbury.

12. Guidelines for access to information from Beneficiaries

The Trust received no requests for information under the Guidelines for the year ended 31 August 2023.

13. Related Parties

Ford Simpson Ltd is Secretary of the LineTrust South Canterbury and also prepares the Financial Statements for the Trust. Charges between the parties are for services provided as part of the normal operating activities of the Trust, and as such have been incorporated into the operating costs of the Trust.

Trust distributions are paid to Trustees at the same rates as all other beneficiaries. There have been no other related party transactions with Trustees.

LineTrust South Canterbury is a shareholder of Alpine Energy Ltd. In 2022 Alpine Energy Ltd has been invoiced for the costs of the Trust Deed Replacement Poll.

	2023	2022
Invoices		
Replacement Poll	-	96,761

14. Capital Management

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

The Trust 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. This includes the ability to adjust the timing of the dividends paid to consumers.

15. Reserves

The Reserves in the statement of financial position consists of unrealised profits on the value of Alpine Energy Ltd shares. When the shares are sold realised profit will be distributed to consumers.

16. Other Comprehensive Income

Other Comprehensive Income in Revaluation Associate Alpine Energy Ltd

2022 Equity was restated in the Alpine Energy Ltd 2023 financial statements, resulting in an increase in Comprehensive Income in LineTrust South Canterbury amounting to \$207,472.

Other Comprehensive Income Adjustment in Revaluation Associate Alpine Energy Ltd

A new calculation method for revaluing the Alpine Energy Ltd investment has been applied, resulting in an increase amounting to \$622,675

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



17. Capital Commitments

The Trust committed \$50,000 to Warmer Kiwi Homes Project in 2024. (LY: \$50,000)

18. Contingent Liabilities and Guarantees

The Trust's share of its contingent liabilities of its associated company Alpine Energy Limited, at a 40% shareholding as at 31 March 2023 are as follows:-

\$292,000 in the form of performance and import guarantees to cover ongoing project work (2022 NZD\$1,636,000)

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.





Statement of Corporate Intent

FY2024-2026

Table of Contents

- 03 Our scope**
- 04 Our strategy**
- 06 Our performance targets**
- 10 Our capital structure & dividend policy**
- 11 Our commitments to our Shareholders**
- 13 Our governance**
- 15 Our sponsorship commitments**
- 16 Our investments**
- 18 Appendix 1: Network ownership**
- 19 Appendix 2: Definitions**
- 20 Appendix 3: Balance sheet and cashflow forecasts FY24 - FY26**
- 21 Appendix 4: Asset management plan on a page**

This Statement of Corporate Intent (SCI) is submitted by the Board of Directors of Alpine Energy Limited (AEL) in accordance with section 39 of the Energy Companies Act 1992. It sets out the Board's overall intentions and objectives for AEL and its subsidiary companies (AEL Group) for the year commencing 1 April 2023 and the following two financial years up to 31 March 2026.

Our scope

We proudly own and operate the electricity distribution network that delivers electricity to over 33,500 homes and businesses in South Canterbury.

We deliver an essential lifeline service which is critical to support our region's economic growth. We also have an important role to play in New Zealand's transition to a low-carbon economy.

Our core focus is to continue to operate a successful electricity distribution business (EDB). The Commerce Commission regulates our network services, which accounts for over 90% of our revenue, under Part 4 of the Commerce Act (1986). Part 4 aims to ensure we:

- have incentives to invest in our network
- have incentives to innovate, improve efficiency and provide services at a quality that reflects consumer demands
- share the benefits of efficiency gains with consumers, including through lower prices; and
- are limited in our ability to extract excessive profit.

Our asset management strategies and capital and operating expenditure plans are published annually in the Asset Management Plan. The Asset Management Plan includes details on all the major network and non-network projects for the next 10 years. A summary of our Asset Management Plan has been included in Appendix C.

The core business of our principal subsidiary, NETcon Limited, is the construction and maintenance of our electricity distribution network. Our other investments are SmartCo and OnMetering, which delivers advanced metering technology and operational services to customers throughout Canterbury and provides us with access to network data insights which will be critical for the management of our low voltage network in the future. Infratec installs solar and batteries in the Pacific and its strategy remains to finalise its current contractual agreements.

“We deliver an essential lifeline service which is critical to support our region's economic growth”

Our strategy

We must be able to dynamically balance electricity supply and demand in the South Canterbury region. This balance needs to consider rapidly changing customer electricity usage patterns, and the introduction of new sources and types of generation.

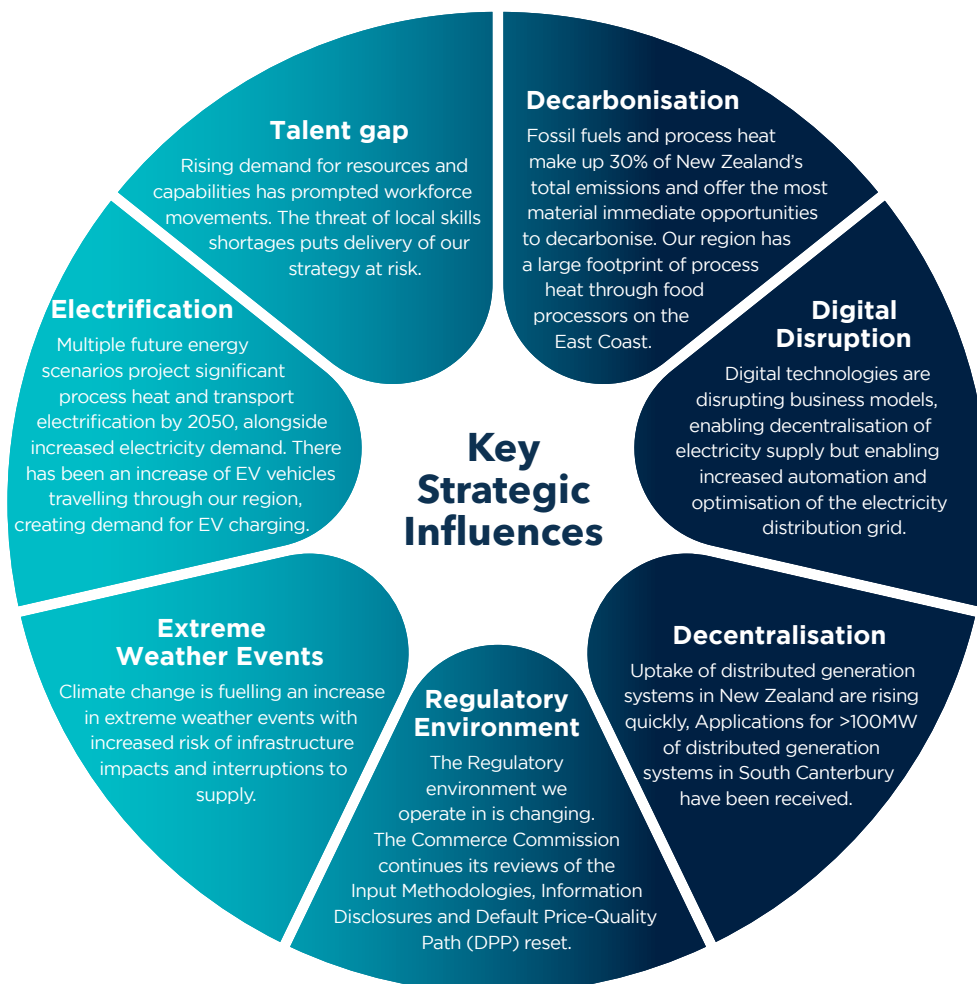
The energy sector continues to see rapid change due to shifting demand brought on by economic growth, digital disruption and local and national commitments to sustainability and climate change goals.

Over the past 12 months we have continued to see an increase in demand and supply through regional development and growth, process heat conversions and distributed generation plans. We have also seen an increase in the number of electric vehicles (EVs) on our roads, largely from local businesses replacing existing fleets with EVs and commuters and tourists

passing through our network, rather than residents. This increased demand requires a significant uplift in our network capacity over the coming years and strong collaboration with our stakeholders to facilitate the delivery.

Keeping our customers and the key trends and changes that will impact our businesses in the short, medium and long term in mind, we have refined our strategic goals and initiatives for the next year and beyond.

We have also commenced work to refresh our enterprise risk management framework to facilitate the identification of strategic and operational risks and the resources necessary to mitigate these risks. Our framework will assist us in improving performance, encouraging innovation, and achieving our strategic goals.



OUR Scope

We own and operate the electricity distribution network that provides South Cantabrians with power. Our subsidiaries are primarily engaged in related electrical contract services.

We are proud to be community-owned and connect over 33,500 customers throughout our region. We are considered an essential lifeline service, playing a significant role in our community, contributing to the growth and prosperity of South Canterbury and New Zealand's transition to a low-carbon economy.

Problem statement: To dynamically balance energy supply and demand in the South Canterbury region. This balance needs to consider rapidly changing customer energy usage patterns, and the introduction of new sources and types of generation.

Aspiration: We must be able to dynamically balance energy supply and demand in the South Canterbury region. This balance needs to consider rapidly changing customer energy usage patterns, and the introduction of new sources and types of generation. We are a "best-in-class" EDB with a strong capacity to fast follow on key trends, and our operational excellence will form a baseline from which we can identify and adopt new commercial opportunities.

OUR Vision

Empowering
Our Community.

OUR Purpose

To deliver secure,
reliable energy
while innovating
for our future.

OUR Values

Safety,
Accountability, and Integrity.
Always built on a foundation
of respect.

OUR Focus

Serving Our Current
Customers Well

Providing Excellent
Core Services

Future State: Selected
New Customers & Services

OUR Strategy

Our 5 strategic pillars	SP1: Customer Experience	SP2: Future Networks	SP3: Digital & Data	SP4: Operations	SP5: Sustainability
Our strategic goals What will our future state look like?	We will deliver exceptional customer experiences enabling our customers to make informed energy choices.	We will build a mature asset management process to ensure our assets are best placed to meet our customer's future needs.	We will treat our data as a strategic asset and use technology to transform our customers' and our people's experiences.	We will deliver electricity to South Canterbury homes and businesses while balancing future supply and demand.	We will work with the local community to improve South Canterbury's social, economic and environmental wellbeing.
Why is this important?	This will ensure that we always put our customers first.	This enables us to build a network for the future, not for the now.	This will transform the way we work to make the right decisions for our customers and our people.	This ensures that we can keep our community reliably connected now and into the future.	This ensures we are on the same journey as our stakeholders and customers, supporting a sustainable future for South Canterbury.
Our key strategic enablers	SE1: Stakeholder engagement	SE2: Employee Experience	SE3: Safety	SE4: Operating Business	
Our enabling goals How will this enable us to deliver our strategy?	Strong partnerships with external stakeholders and the community will ensure shared success and delivery of our strategic goals.	Attracting and retaining top talent will provide us with the resources and capabilities we need to achieve our strategic goals.	Because we care for our people and our community ensuring everyone goes home safely every day is our number one priority.	To deliver value for our customers and Shareholders requires sound business processes and procedures.	

Our performance targets

Our shareholders represent our community, with a focus on ensuring that there is a locally owned, reliable and sustainable electricity network that supports the needs and ambitions of the community and stakeholders.

We measure our performance against a range of health and safety, network reliability and financial targets. The performance targets that have been set for the period covered in this SCI are outlined below.

Our health and safety targets

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.

	Actual 2022/2023	Budgeted 2023/2024	Projected 2024/2025	Projected 2025/2026
Business safety				
Number of serious injury events involving AEL Group employees or our service providers	4	Nil	Nil	Nil
Number of lost time injuries	4	<2	<2	<2
Number of recordable injuries	8	<4	<4	<4
Public safety				
Number of serious injury events ¹ involving members of the public	Nil	Nil	Nil	Nil
Number of public safety awareness campaigns	10	10	10	10

In addition to the targets set above, we also commit to the following safety leading targets for Alpine Energy Parent for the 2023/24 financial year. It is important that we set these targets to proactively measure our prevention efforts that keep our people, our contractors and the public safe.

¹ Excluding third party contact e.g., car vs. pole.

Leading Safety metrics for 2023/24	Metric
Public Safety Management System (PSMS)	
• External PSMS assessment	Recertification
• Media comms planned vs. delivered	>90%
• Public safety observations (Safety & Culture forum members)	20
• Public harm accidents from our network (excl. car vs. pole)	0
• Public safety engagement meetings	12
Safety Conversations per year	
• Board of Directors	24
• Executive Leadership Team	60
Safety Observations per year	
Operational Business units	140
All other employees (one observation per employee)	>60%
Corrective actions	
• No corrective actions open more than 60 days	0
Safety training	
• Percentage of training courses planned vs. completed	>85%
• Percentage of new employees to attend Intro Entry Approval Certificate course (non-operational employees)	>75%
• Percentage of new employees to complete NZQA US6402 (First Aid)	>75%
Safety culture	
• Organisational safety culture (maturity)	Complete first assessment to benchmark

Network reliability performance targets

SAIDI and SAIFI² 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 third and current regulatory period, DPP3³, applies from 1 April 2020 until 31 March 2025. The Commerce Commission have yet to set the limits for the fourth regulatory period, commencing 1 April 2025 and we have therefore only included the next two years in the performance targets below.

	Actual 2021 - 2023 (3 years)	5-year limit ⁴
Planned SAIDI	235.23	824.87
Planned SAIFI	0.8249	3.493

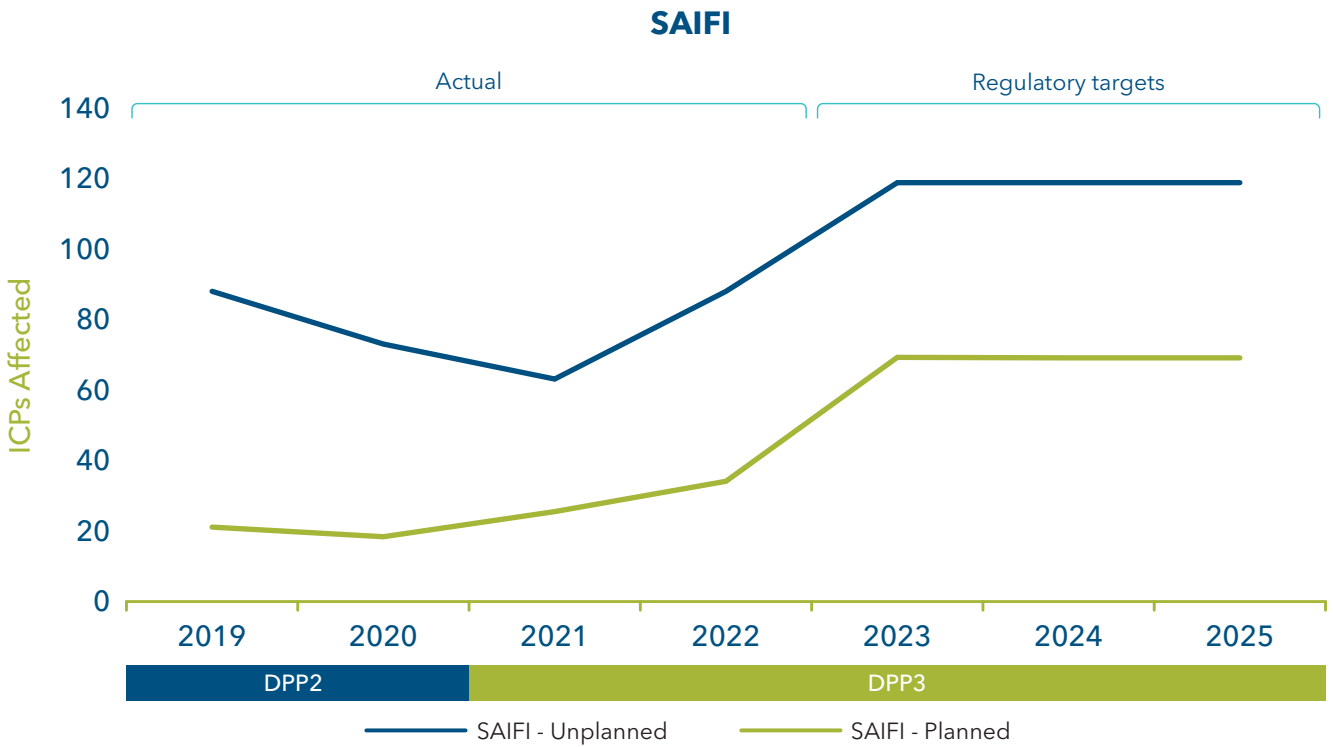
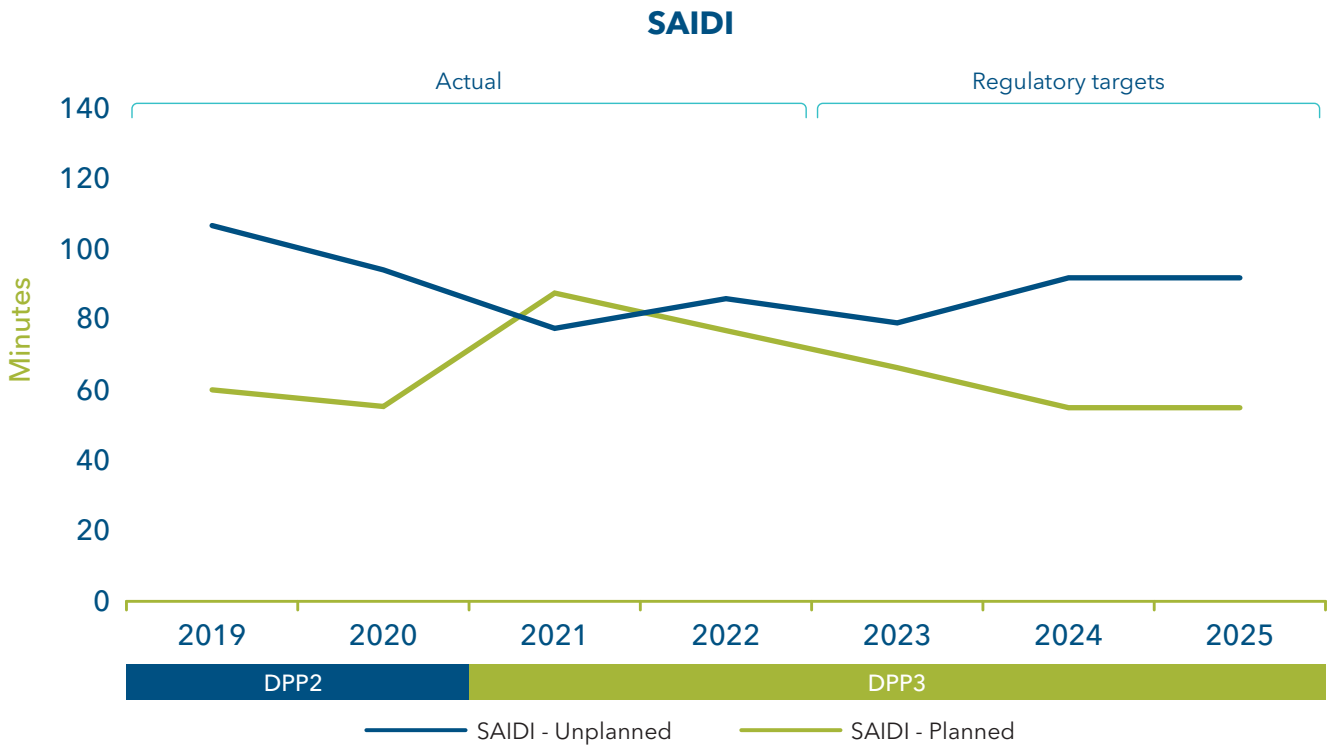
	Actual 2022/2023	2023 /2024	2024 /2025
Unplanned SAIDI	92.49	124.71	124.71
Unplanned SAIFI	0.8529	1.197	1.1970

² System Average Incident Duration Index (SAIDI) System Average Incident Frequency Index (SAIFI)

³ Default Price Path Period 3 - the third default price-quality path (DPP) for the 17 electricity distributors in New Zealand subject to price-quality regulation. The period runs from 1st April 2020 - 31st March 2025.

⁴ Planned SAIDI and planned SAIFI have 5-year limits as set in the DPP Determination.

The charts below show our actual SAIDI and SAIFI performances for the years ended 2019, 2020⁵, 2021, 2022 and 2023 as well as the regulatory targets for 2024 and 2025.



⁵ During 2019 and 2020 the previous regulatory period (DPP2) applied, and the performance measure criteria were different to the current DPP3.

Financial performance targets

We recognise the need to deliver a sustainable return to our Shareholders while delivering a secure, reliable, and resilient network to meet our customers' needs. To do this in the most efficient way possible, we need to focus on optimising our core capabilities while creating additional capabilities to deal with current and future customer demands.

Our financial performance targets, being the consolidated targets for the AEL Group, reflect the investment required in delivering our strategic initiatives, leading to an increase in expected long-term financial returns as the strategy is delivered.

	Actual 2022/2023 \$'000	Budgeted 2023/2024 \$'000	Projected 2024/2025 \$'000	Projected 2025/2026 \$'000
Lines charge revenue	56,404	63,149	69,463	81,533
Other revenue	22,045	24,851	17,504	16,692
Operating expenses	62,559	73,205	70,120	73,079
Net operating surplus after tax	14,208	13,993	15,886	21,612
Capital expenditure on network assets	26,008	29,522	27,896	30,549
Capital expenditure on non-network assets	3,225	6,561	6,222	6,065

Our key forecasting assumptions

Our financial targets are for the consolidated group and are in nominal terms. They include the following key assumptions:

- Regulatory allowances are adjusted for the latest CPI information.
- CPI and interest rates have been forecasted in consultation with our primary lender's economic outlook.
- Our OPEX and CAPEX are in line with our Asset Management Plan.
- Our regulated revenue is in line with the Commerce Commission's DPP Determination. The Commerce Commission have not yet set our revenue for the regulatory period starting 1 April 2025. We have no certainty at this stage if our revenue will be increased from DPP3 to DPP4. The forecast lines charge revenue for 2025/2026 is therefore based on our best estimates at the date of approval of the SCI.
- No impacts of the predicted recession have been factored into the financial forecasts, other than those which are known at the date of approving the SCI, including increased commodity prices, labour shortages, high inflation, and increased interest rates.

- No impacts of potential climate change disasters have been factored into the financial forecasts. We have identified this as a strategic risk and our initiatives to address this will include appropriate financial forecasting to address risk and resilience of our network, to be included in our next SCI.

Our accounting policies

We will prepare financial statements that comply with generally accepted accounting practices within five months after the balance date .

Our financial statements will conform to the Financial Reporting Standards as required by the Financial Reporting Act 1993.

Our capital structure & dividend policy

We manage our financial performance and policies to support long-term financial resilience. This allows the continuous investment required to support our electricity distribution network and the necessary funding to implement its strategy effectively.

Capital structure and covenants

Utilising debt to the level that we do requires that interest rate risk be managed. Our Treasury

Management Policy clearly dictates a hedging profile over multiple years that must be adhered to. This prescribed proportion of fixed interest rate cover is held to reduce the concentration of risk at any one point in time and to ensure the overall interest cost is not materially increased due to adverse interest rate movements.

	Actual 2022/2023	Budgeted 2023/2024	Projected 2024/2025	Projected 2025/2026
Interest cover (target > 4.0 times)	8.3	6.6	6.8	8.9
Consolidated shareholders' funds to total assets (target > 45%)	58%	59%	59%	60%
Rate of return on consolidated shareholders' funds	8%	7%	8%	10%

Shareholder dividends

In determining the level of funds available for distribution, our directors will consider our financial position, earnings, cash flows, capital expenditure, funding facility provided, future investment requirements and market and regulatory conditions. We will distribute funds to our Shareholders subject to meeting the solvency requirements of the Companies Act 1993. Any dividend declared will be at a level that allows us to execute business strategy and maintain a sustainable capital structure.

For the remaining two years of DPP3, the Directors intend to declare a fully imputed dividend payment from normalised Net Profit After Tax (NPAT) of 6 cents per ordinary share each financial year. The annual dividend will be paid in four instalments in September, December, March, and July each year.

The level of dividend was established prior to the commencement of DPP3, utilising robust financial modelling to account for:

- The reduction in regulated revenue for DPP3 as a result of a decreased weighted average cost of capital.
- Maintaining a constant dollar level of borrowings.
- Providing sufficient available cashflow for the network capital and reliability programmes.

The Commerce Commission has yet to set our regulated revenue for DPP4. We expect to be notified of our DPP4 allowances during 2024 at which point we will, in consultation with Shareholders, update the dividend policy and projections.

	Actual 2022/2023	Budgeted 2023/2024	Projected 2024/2025
Fully imputed dividends	\$0.06	\$0.06	\$0.06

Our commitments to our Shareholders

Our reporting to our Shareholders

Monthly reporting

We will provide a monthly dashboard to the Shareholders containing statistics and commentary on our strategic progress and performance targets set in this SCI by the 25th calendar day of the month.

Interim reports

We will provide the Shareholders with a half-yearly report that covers the strategic progress, operations and financial results for the period and includes any significant activities of our subsidiaries.

Annual financial statements

Annual financial statements will be provided within three months of the end of the financial year.

Shareholder briefings

The Shareholders will be briefed at least three times annually, including the Annual General Meeting (AGM), by the Chair and CEO on the performance and strategic plans for the company.

Statement of Corporate Intent

The SCI will be delivered to Shareholders within one month of the start of the new financial year. The SCI sets out the matters specified in relation to sections 39(2)(a) - (j) of the Energy Companies Act 1992 (in respect of each company in the Group and covering that financial year and the following two financial years).

The completed SCI will be delivered to Shareholders within three months after the start of the financial year. It will also be published on the company's website within one month of being delivered to the Shareholders.

Other matters

The Shareholders will be updated about any matters that arise such as emergency events throughout the year or as agreed by the Shareholders and the directors. The directors will also provide the Shareholders with an open and factual account of the capability and adaptability of the business on an as need basis.

The Directors will, at the appropriate time, undertake a robust self-review processes and succession planning and keep the Shareholders informed of the outcomes.

We will consult with Shareholders in the event of any substantial investment where the value is greater than 5% of Group total assets as disclosed in the preceding published Annual Report, and/or has a subsequent material impact on dividends.

“We are committed to keeping our Shareholders informed on a no-surprises basis.”

Disclosing our related party transactions to our Shareholders

We will continue to disclose our related party transactions to our Shareholders.

Our contractual arrangements with the District Councils include:

- The development, installation, and maintenance of community lighting facilities.
- Road and footpath sealing after work is completed.
- Leasing of vacant gas reticulation pipe works for the conveyance of fibre and electrical infrastructure.
- Leasing of land from council for distribution substations.

All transactions with our Shareholders will be conducted on a commercial basis.

We also transact with other companies in the Group. These transactions include:

- The provision of network contracting services.
- Financing arrangements.
- Rental received on commercial property and smart meters.

The above transactions are provided as part of our normal trade activities and incorporated into our operating costs and revenues.

“The Directors will, at the appropriate time, undertake a robust self-review processes and succession planning and keep the Shareholders informed of the outcomes.”

Our governance

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

Our Board

Our Shareholders appoint the directors to govern and direct AEL and to hold management to account. The Board has overall responsibility for the direction and control of AEL's activities, decision-making, risk management, overall strategy, objectives, performance, operational efficiency, and reporting of the business and relevant entities.



Board operation, meetings and committees

The Board adheres to the board charter which sets out the Board and committees' responsibilities and how they are to be achieved. The Board maintains a rolling annual work-plan for AEL.

The Chair maintains the relationship with the Shareholders along with the Chief Executive Officer (CEO) and the Executive Leadership Team (ELT).

The Board meets at least six times per year and will convene for additional meetings if required. The

annual work programme for the Board is agreed at the start of each year. Formal reports and agendas are distributed to the Board a week before meetings, and the ELT attend meetings to discuss items of interest and strategic direction.

The Board has four Committees. The Committees report to the Board.

Alpine Energy Limited Board

Audit and Risk Committee



The Audit and Risk Committee, comprising of three directors, review our financial statements, announcements, treasury and risk management. It also liaises with the external auditors and reviews the internal controls which are relevant to financial reporting and related matters.

Health and Safety Committee



The Health and Safety Committee, comprising of three directors, assists the Board to provide leadership and policy in discharging its health and safety responsibilities.

People, Performance and Culture Committee



The People, Performance and Culture Committee, comprising of three directors, to oversee the people, performance, remuneration and culture related policies, frameworks, and practices.

Sponsorship Committee



The Sponsorship Committee, comprising of three directors, manages the applications and distribution of a sponsorship fund to our community.

Our sponsorship commitments

We are committed to continue to support our community through our sponsorship programme, granting sponsorships totalling \$200,000 for 2023/2024 and 2024/2025.

The purpose of our Sponsorship Programme is to live our vision of Empowering Our Community by facilitating community goodwill, lifting regional growth and prosperity, aiding community connection and wellbeing, increasing brand exposure, fostering trust, and enabling direct communication with the communities we serve. Through this we strive to also improve public perception and increase employee engagement.

We are a dedicated and willing community empowerment sponsor, committed to our corporate social responsibility. Our diverse Sponsorship Committee strive to fund equitably and fairly throughout the South Canterbury region, using a

documented criteria to evaluate the applications received. We sponsor an extensive scope of individual development requests, community events, projects, and initiatives. With an average of fifty causes sponsored per year, our support is often pivotal to the start-up and success of recipients.

Through our Sponsorship Programme, we will continue to align with our core business strategy, develop strong relationships with stakeholders, support local beneficiaries, measure, evaluate, and communicate the effectiveness of our activities, while adhering to ethical behaviour and compliance with laws, regulations, procedures, policies, and guidelines.

We will consult with our Shareholders after the DPP4 reset is finalised by the Commerce Commission to review the value of our sponsorships going forward.



Our investments

Our investments are key to our Group's financial and operational performance. Our objective remains to maximise returns.



NETcon

A wholly owned subsidiary of Alpine Energy and the main contractor on our Network



Infratec

A wholly owned subsidiary that delivers network projects in the Pacific



Metering

SmartCo and On Metering deliver advanced metering technology and operational services to customers



Alpine Data Networks

Our fibre division with a strong base in South Canterbury

NETcon

NETcon, a 100% wholly owned subsidiary of AEL and is AEL's main contractor. Its experienced technicians, line mechanics, cable jointers, and electricians provide the expertise required to operate and maintain our electrical distribution infrastructure, including a variety of essential plant and equipment. NETcon's priority is to provide a safe and reliable electricity network through construction, maintenance, and vegetation management services.

NETcon recently refreshed its strategy with the goal of developing and delivering quality electrical services that profitably achieve exceptional customer satisfaction, ensuring that they are always safely connected. This is a key enabler to the Group.

Infratec

Despite significant challenges driven by the pandemic and a volcanic eruption in Tonga, Infratec has successfully delivered projects in the Northwest Pacific, Solomon Islands and a third in Tonga nearing completion. Infratec's strategy remains to finalise its contractual commitments on the remaining projects, following which the subsidiary will be wound up.

Metering

Our metering network delivers advanced metering technology and operational services to customers throughout Canterbury. This is done through our two investments, SmartCo and On Metering. The primary revenue stream is currently the lease of our metering assets to electricity retailers. The secondary return on our investment, particularly in South Canterbury, has been our ability to access and diagnose power quality characteristics of our low voltage network, leading to faster identification of fault location, cause and ultimately, restoration of power. It also provides data from the field that assists us with our future planning for network development, augmentation, and maintenance.

A third area of potential return is the expansion of opportunities expected through the development and offering of products and services to participants trading in the highly anticipated flexibility-services market⁵.

The transition to a smarter digital energy system dominated by decarbonised, decentralised, and digitalised resources demands access to new data. Our smart metering network, covering 85% of our community, plays a pivotal role in providing access to these new datasets, identifying opportunities, and providing a platform for distributed energy management into the future.

Flexibility services, outage management, and network modelling will be enabled through this investment. SmartCo is currently developing a suite of products to deal with this demand. Taking a holistic approach to data and digitisation is essential in building an optimised energy system for South Canterbury.

AEL Data Networks

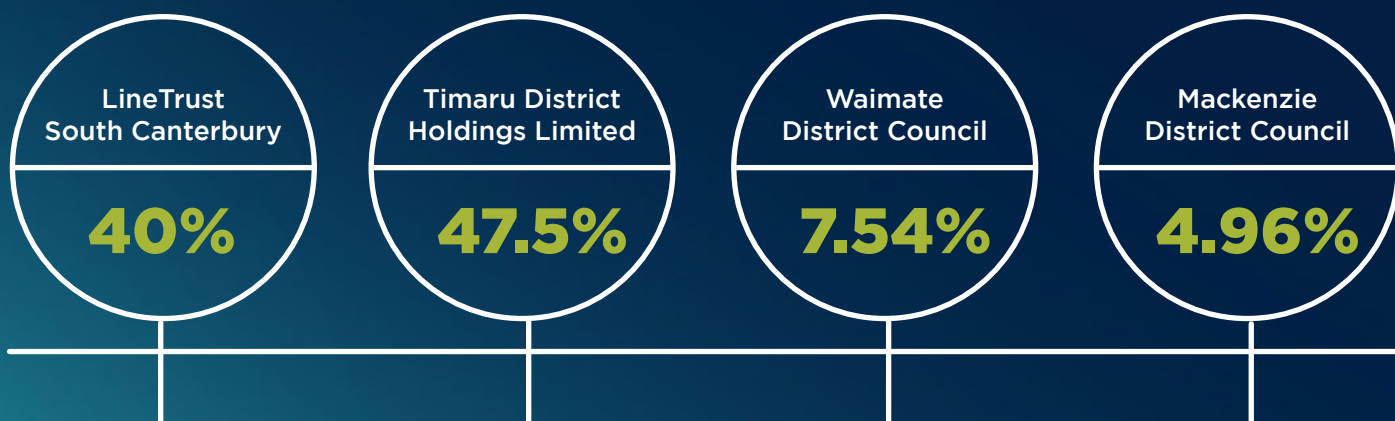
Our fibre division, has established a base across our South Canterbury region, with reach into Central Otago. There is an opportunity to service growing demand throughout our region and beyond. The strategic positioning of this asset will be reviewed in line with our broader strategy in the year ahead.

“The transition to a smarter digital energy system dominated by decarbonised, decentralised, and digitalised resources demands access to new data.”

⁵ Flexibility services such as trading in generation derived from distribution generation and batteries as well as demand response for managing network demand and supply.

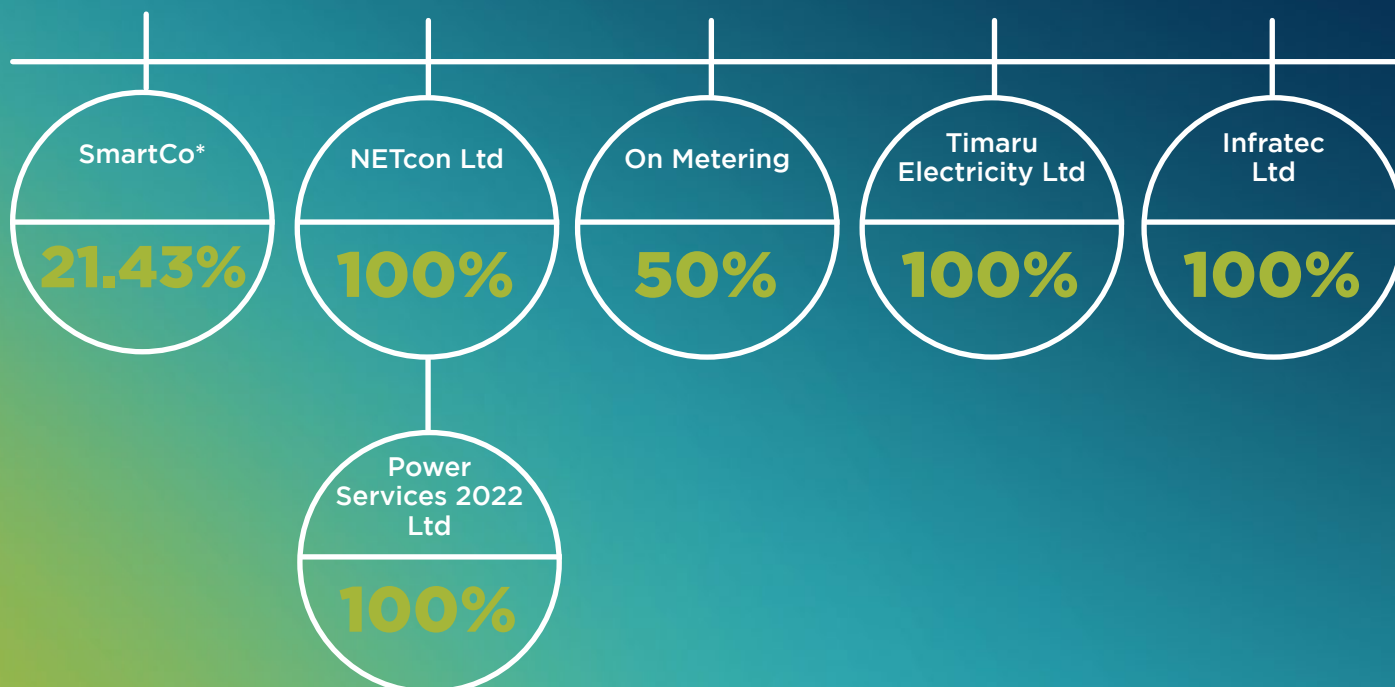
Appendix 1: Network Ownership

Network Ownership



The community owns 100% of Alpine Energy

Alpine Energy has ownership in



*14.29% shareholding directly through Alpine Energy; 7.14% shareholding through On Metering.

Appendix 2: Definitions

The definitions of the key terms and acronyms used in the SCI are provided below.

Term / Acronym	Definition
Asset Management Plan	A plan for managing infrastructure and other assets to deliver an agreed standard of service.
CAPEX	Capital expenditure
Consolidated shareholders' funds to total assets	A measure to show the amount of equity used to support the business.
Cost to deliver	The resourcing required to complete a project/earn revenue.
CPI	Consumer Price Index
EDB	Electricity Distribution Business
Enterprise risk management model	A company-wide methodology to identify and prepare for risks with a company's finances, operations and objectives.
Fully imputed dividends	Dividends paid to shareholders that have a tax credit attached, due to tax having already been paid for by the entity.
Interest cover	A measure to show the ability of an entity to pay interest on outstanding debt.
OPEX	Operating expenditure
Planned (in the context of network reliability)	Planned outages on the network for maintenance and repairs.
Rate of return on consolidated shareholders' funds	A measure to show shareholders' earnings from their investment in an entity.
SAIDI	System Average Interruption Duration Index. This is the average outage duration for each customer served. It is measured in minutes.
SAIFI	System Average Interruption Frequency Index. This is the average number of interruptions that a customer would experience.
Serious injury event	Physical incapacity as a result of an injury which prevents a person being able to perform their normal duties for a period of 7 or more calendar days.
Unplanned (in the context of network reliability)	Unplanned outages on the network due to faults.

Appendix 3: Balance sheet and cashflow forecasts FY24 - FY26

	FY24 \$'000	FY25 \$'000	FY26 \$'000
Balance sheet forecast			
Equity	198	211	230
Net Assets	198	211	230
Non-current assets	345	362	380
Non-current liabilities	(145)	(147)	(145)
Current assets	13	12	15
Current liabilities	(16)	(17)	(20)
Cashflow forecast			
Net Cash Flow from Operating Activities	20	26	35
Net Cash Flow from Investing Activities	(26)	(27)	(32)
Net Cash Flow from Financing Activities	7	1	(3)
Cash movement for the period	1	(1)	0
Cash at the beginning of the period	0	1	0
Cash at the end of the period	1	0	0

Appendix 4: Our AMP

The energy sector continues to see significant change due to shifting demand brought on by economic growth, local and national commitments to sustainability and climate change goals, and the emergence of disruptive digital technology. Our purpose remains to deliver secure, reliable electricity across South Canterbury, while innovating for our future.

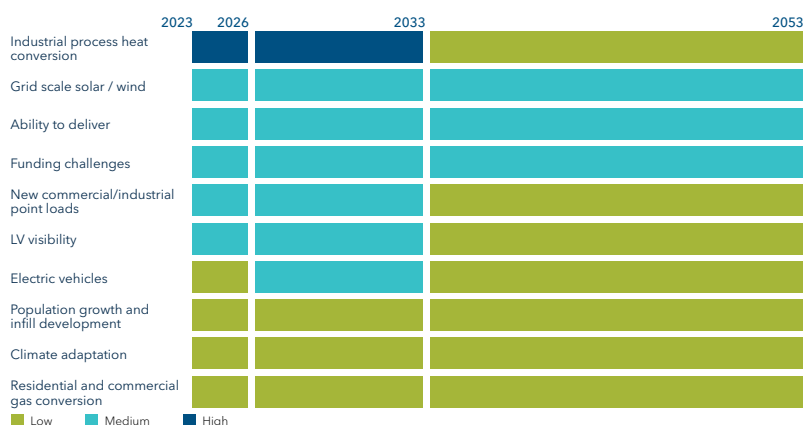
Our AMP sets out our asset management policy, strategies, practices, and expenditure forecasts for the next 10 years. Our AMP is led by and contributes to our Strategy.



Our AMP drivers

We are facing uncertainty at unprecedented levels around future electricity demand, the impact of climate change, technological advancements, and the extent of regulatory change required to support a transformed energy sector. Identifying long-term investment drivers, and making key assumptions is critical to our planning process.

Our AMP outlines our key drivers, and their potential impacts on our long-term investment decisions for both network development planning, and asset lifecycle management.



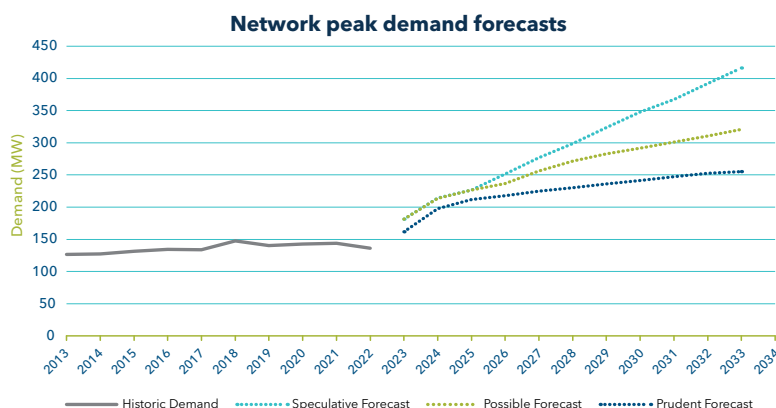
Our Future Network

Network planning is about providing a reliable and resilient network in the long-term interests of our customers and meeting new and changing electricity needs in a cost-effective way.

Network planning uncertainty is higher than ever due to rapid technology innovation and changing customer preferences. The rate, direction and even location of change is hard to predict. Our AMP considers different scenarios informed by our assumptions about the impact of our investment drivers, and by known customer demand. Our network planning considers three scenarios:

- **Prudent** (our AMP forecasts are based on this scenario)
- **Possible**
- **Speculative**

The growth expected on our network over this AMP is significant. The graph shows that under our prudent forecast we are planning for an uplift from a base of 144MW to 255MW over the next ten years. We are aware that if customer demand changes, we could be facing an increase to over 400MW in the same period.



Managing our Network

Our core purpose remains delivering secure, reliable electricity. This requires the ongoing maintenance and renewal of our assets to ensure our network can deliver the service levels our customers expect, today and into the future. It also covers network-wide operations, including network control, system outages and emergencies, and vegetation management, to keep our network safe.

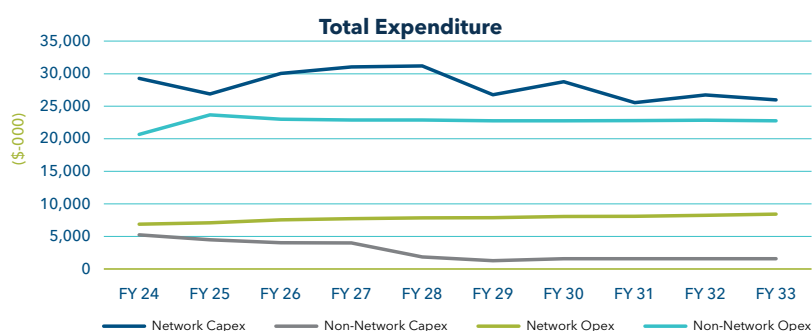
What we need to spend on our network

Network CAPEX

Over the next 10 years we are forecasting total network capital expenditure of \$277 million, a significant increase on our previous AMP forecast. This reflects our response to the influence of our key investment drivers.

Network OPEX

Our network operating expenditure has increased to \$70 million over the 10-year period. The increase is driven by rising labour costs and a planned increase to our vegetation inspection programme to improve network resilience.



Non-network Expenditure

We have forecast significant investment in the digital tools required to ensure a safe network, exceptional customer service, and to meet the challenges of evolving technology and customer behaviour over the next 10 years. To ensure the delivery of our planned network programme, we also need to increase our investment in our people and capabilities.

Major projects

Project	Description	Driver	Estimated cost (\$'000)	Timing (FY)
Network Projects				
Overhead line renewal/replacement projects	Replace and renew more than 300km of overhead lines across our network.	Safety and Reliability	6,670	2024
Network portion of customer connections	Facilitate industrial, commercial, and residential growth	Decarbonisation and Growth	500	Annually
Grants Road and Luxmoore Road, Timaru	Underground the overhead line running over private property, improving the resilience for the Timaru urban network.	Safety and Resilience	1,500	2024/25
Twizel Village Zone Substation rebuild - Phase 2	Replace end-of-life assets at Twizel Village Zone Substation	Improve Security of Supply	3,360	2024
Washdyke Switching Station upgrade	Upgrade the capacity of the Washdyke switching station to enable forecast load growth due to electrification of industrial process heat and growth.	Decarbonisation and Growth	4,000	2024
Underground substation replacement programme	Annual programme to replace three or four underground substations with above ground equivalents.	Safety	1,200	Annually
Maintenance Defects	Programme to respond to network defects identified through condition-based monitoring and inspections in the field.	Safety and Reliability	1,450	Annually
Transformer Replacement	Replace a transformer at Clandeboye substation due to failure in 2023.	Security of Supply	994	2024
Non-network Projects				
Advanced Distribution Management System (ADMS)	To enable improved network efficiencies and resilience, allowing us to remotely respond to outages and other network conditions quickly and safely.	Customer Service, Safety and Reliability	5,600	2024-26
Cyber Security	Ongoing cyber security programme to protect our network control and data from cyber-attacks.	Security and Resilience	2,970	2024-33
Customer Relationship Management System (CRM)	To provide visibility of our connections and customer data, and better manage enquiries and engagement.	Customer Service	425	2024/25
LiDAR implementation	Provide a data point model of our network to improve safety and predictability of network operations, planning and vegetation management processes.	Safety and Reliability	2,250	2027-33



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INDEPENDENT AUDITOR'S REPORT

To the Members of LineTrust South Canterbury

Qualified Opinion

We have audited the financial statements of LineTrust South Canterbury on pages 7 to 19, which comprise the statement of financial position as at 31 August 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements, present fairly, in all material respects, the financial position of Line Trust South Canterbury as at 31 August 2023, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

Basis for Qualified Opinion

LineTrust South Canterbury has a 40% shareholding in Alpine Energy Limited and the results and position for both Alpine Energy Limited's 2022 and 2023 years have been recorded in the financial statements on an equity accounting basis using the Alpine Energy Limited 31 March 2023 financial statements. As the balance date of the Trust is 5 months after the date of the associate the Trust has not complied with paragraph 34 of NZ IAS 28, Investments in Associates and Joint Ventures. This allows for adjustments to be made for significant transactions within 3 months of balance date. Given there is a five-month difference between the two balance dates, there has been a departure from the requirements of paragraph 34 of NZ IAS 28, Investments in Associates and joint Ventures.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of LineTrust South Canterbury in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, LineTrust South Canterbury.

Other Information

The Trustees are responsible for other information. The other information comprises the information in the Chairman's Annual Report and the Statement of Distributions. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information on pages 4 to 6 and consider whether it is materially inconsistent with the financial statements of our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report on that fact. We have nothing to report in this regard.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible on behalf of Line Trust South Canterbury for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR), and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of Line Trust South Canterbury for assessing Line Trust South Canterbury's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate Line Trust South Canterbury or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/.

Who We Report to

This report is made solely to the Members, as a body, in accordance with sections 99 to 104 of the Electricity Act 2010 and section 8 of the Financial Reporting Act 2013. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement director on the audit resulting in this independent auditor's report is Craig Haymes

Martin Wakefield Audit Limited

Martin Wakefield Audit Limited

Timaru

13 November 2023