OPUHA WATER LTD
Enabling | Sustainable | Growth

OPUHA WATER LIMITED

Annual Report

For the year ended 30 June 2015

OPUHA WATER LIMITED
(previously known as SCFIS Limited)

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For the Year Ended 30 June 2015

OPUHA WATER LIMITED
(previously known as SCFIS Limited)

Directory

For the Year Ended 30 June 2015

Nature of Business	Water Supply and Electricity Generation	
Registered Office	875 Arowhenua Road, RD 4, Timaru 7974	
Address for Communication	***Postal***	875 Arowhenua Road, RD 4, Timaru 7974
	Telephone	(03) 614 7801
	Email	office@opuha.co.nz
	Website	www.opuhawater.co.nz
Directors and Officers	***Chairman***	Thomas Lambie
	Deputy Chairman	Nicola Hyslop
	Directors	William O'Sullivan
		Alvin Reid
		Milne Horne
		Nigel Gormack
		Jeremy Boys
	Chief Executive	Tony McCormick
Share Capital	25,325 shares	
	Comprising:	
	16,000 Ordinary "Water" shares	
	3,303 "L" Class Infrastructure shares	
	3,208 "K" Class Infrastructure shares	
	2,664 "T" Class Infrastructure shares	
	150 "D" Class Dry shares	
Auditors & Tax Advisors	KPMG Level 3, 62 Worcester Boulevard PO Box 1739 Christchurch 8140	
Accountants	Quantum Advantage Limited Chartered Accountants & Business Advisors 4C Sefton Street East Timaru 7910	
Solicitors	Tavendale and Partners Level 3, Tavendale and Partners Centre 329 Durham Street North PO Box 442 Christchurch 8140	
Bankers	ANZ Bank New Zealand PO Box 220 Christchurch 8140	

Annual Report

For the Year Ended 30 June 2015

The Directors are pleased to present the Annual Report and Financial Statements for the year ended 30 June 2015.

The Directors are responsible for presenting financial statements detailing the financial position of the Company and of the financial performance and cash flows for the period. The Directors consider the financial statements have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

Directors

The following persons held office as Directors during the year and as at the date of this report:

Thomas Lambie	Farmer Director (Chairman)	*appointed 13 November 2013*
Nicola Hyslop	Farmer Director (Deputy Chairman)	*appointed 05 May 2014*
William O'Sullivan	Farmer Director	*appointed 13 November 2013*
Alvin Reid	Farmer Director	*appointed 13 November 2013*
Milne Horne	Farmer Director	*appointed 25 November 2014*
Nigel Gormack	Independent Director	*appointed 05 May 2014*
Jeremy Boys	Independent Director	*appointed 30 July 2014*

Principal Activities

Opuha Water Limited is an infrastructure Company. The Company's principal activities are the coordination and supply of water for industrial and domestic consumption, environmental river flows, irrigation supply and electricity generation.

Review of Operations

The Opuha Dam is situated at the confluence of the North and South Opuha Rivers 17 kms north-east of Fairlie.
The scheme consists of a 50 metre high earth dam, with a single hydro turbine, and a lake covering up to 710 hectares storing over 74 million cubic metres of water.

The dam provides water to maintain environmental flows in the downstream catchment and for irrigation as well as urban and industrial supplies. Renewable hydro-electricity is generated with all the water released from the dam. Farmer irrigators are the 100% shareholders of the Company.

Results

	2015	2014
Net Profit/(Loss) before income tax	$(1,651,215)	$(1,807)

Dividends

No payment of any dividend for this year is recommended by the Directors.

Directors' Benefits

No Director of the Company has received during the year, or has become entitled to receive a benefit (other than a benefit included in the directors' remuneration shown in the financial statements).

Directors Interests

Directors have declared interest in the following transactions with the group during the year:

- Quantum Advantage Limited - of which Mr Nigel Gormack is a Director, for accountancy and business advisory services.

Directors' Remuneration

Directors Remuneration of $86,250 has been accrued for/paid during the year.

General

As per Section 211 (3) of the Companies Act 1993, the shareholders have unanimously agreed that the Annual Report need not comply with paragraphs (e) to (j) of Section 211 (1) of the Companies Act 1993.

On 12 November 2013, the Company became a Cooperative Company under the Companies Act 1993.

Auditors

KPMG are engaged as Auditors of the Company.

Date of Authorisation

The Directors hereby approve and authorise for issue the Annual Report for the year ended 30 June 2015.

For and on behalf of the Board of Directors:

Thomas Lambie
Director

Nicola Hyslop
Director

3rd November 2015

Date of Authorisation

Chairman's Report

For the Year Ended 30 June 2015

It is my pleasure to present you with the Annual Report of Opuha Water Limited for the year ended 30 June 2015.

The 2014/2015 year is set to be recorded as the most difficult since the dam was commissioned in 1998. Historical flows when the dam was being proposed suggested that it would to be unable to deliver reliable water 1 in 15 years. Well this proved to be true last season. A huge number of lessons have been learned as we managed a complete lack of rainfall in the catchment after a winter almost devoid of snow.

Irrigation in the catchment pre-dam and before the Opihi River Regional Plan had a cap on irrigation and a minimum flow that often saw total restriction for up to 4 months in the year. Building the dam allowed irrigation to be increased from 4,000ha to 16,000ha. Above dam irrigation was allowed as the dam maintained the minimum flow at Saleyards Bridge however above dam irrigators were still restricted by minimum flows of their tributaries and a cap was placed on how much could be abstracted on individual catchments.

The dam was built for the whole community. Farmers wanted irrigation, everyone wanted more water in the river for fishing, mahinga kai and recreation. Timaru wanted reliable water for the industrial areas and businesses, like Smithfield Meat Processors which would otherwise have been forced to close. As a bonus we generate electricity as well.

When nature works against you it is great to have the community on your side as you manage a very difficult and financially damaging drought. The Opuha Environmental Flow Release Advisory Group (OEFRAG) did an amazing job balancing reduced environmental flows with irrigation restriction. In hindsight, we should have considered restricting releases from the dam in September, October and November but there has historically always been spring rain. If we had strictly followed the resource consent and Regional Plan, the dam would have been empty in the first week of January.

It is a judgement call, but the significantly reduced environmental flows allowed irrigation to be maintained at a reduced level for an extended period. By autumn, moisture conditions were reasonable and the main stem of the river had managed to flow continuously, which was the only hill feed river in Canterbury to do so. OEFRAG managed as best it could the needs of above and below dam users within the context of the resource consent and flow regime in the Opihi River Regional Plan. All of our crucially important processing facilities in Timaru continued to operate without shutdowns.

In some respects we are fortunate to have had the experience of the 2015/2015 low inflow/water short season. We are about to head into a plan review for the Opihi River Regional Plan in the Orari Opihi Pareora sub-regional planning process. It is going to be imperative to take the lessons learnt into that process and that the whole community works together for the good of all. I urge all our members to be actively involved in the process as it develops over the next two years.

The restrictions were incredibly difficult and impacted upon farmers differently and we are very mindful of the importance of storage. Over the season we have developed a very sophisticated flow and release model which had to be modified to take account of the riverbed drying. The key value of the proposed downstream weir upgrade has been realised in that it will enable us to utilise the top portion of the lake and add six million cubic metres of storage with a reduced risk of blowing out the weir fusible plug in the event of a spill.

We continue to search north, west and south to see when and how more water could be brought into our water short catchment.

In an incredibly difficult year, I would like to thank Tony McCormick and the team at Opuha for communicating strongly with our farmer shareholders and the community as a whole. The shareholders with great patience responded as the team operationalised the irrigation restriction of a duration never encountered in our short history. Farmers showed a great ability to use their water as efficiently as possible under the conditions.

For the Opuha cooperative it has also been a challenging year financially as the electricity income fell sharply with the lack of water available for generation. Thanks to the team for negotiating a new electricity price contract that maximised the value to us of the electricity and for managing the finances to leave the company in a strong enough position to keep water charges the same for the 2015/2016 season.

Tony, Stephen, Aimee, Julia, Christine, Richard and Chris performed at the highest standard over the last year.

My thanks to the Board. I believe the stability delivered by the shareholders as we moved to the new entity allowed us to manage the cooperative and the dam efficiently.

Finally, thank you to our shareholders who responded, adapted and worked with the company as we experienced the lowest rainfall during an operational season in the company's history.

Tom Lambie
Chairman
Opuha Water Limited

27 October 2015

CEO's Report

For the Year Ended 30 June 2015

Season Review

The 2014/2015 year was dominated by the severe water shortages that resulted in prolonged restrictions and, ultimately, a complete cessation of irrigation supply on 27 February 2015. This is the first time since the dam was commissioned in 1998 that we were unable to maintain a continuous supply through the whole season. Every effort was made to maintain informative communication with our irrigators through the difficult summer season, to enable individual water users to make informed decisions on managing their businesses in the dry conditions.

There were very few shareholders whose businesses were not significantly impacted by the dry season and it was a similar outcome for Opuha Water. I can confidently say, however, that there have been lessons learnt and we are better prepared to handle a severe dry season - although the risk of water shortages will always exist to some degree. The lake is not bottomless and the fact remains that, without sufficient inflows during the season, the lake cannot provide a full season of supply to irrigators and the river. The impact of the very dry period did not finish with the end of the irrigation season or even the financial year and we have been operating on restricted river flows since March 2015 in an effort to recharge the storage. The cooperation and support of the OEFRAG group, who remain committed to achieving the best use of water from the lake for all water users, has been fundamental in refilling the lake over the irrigation off-season.

Operational Review

The most direct effect of the water shortage on the company has been the significant reduction in electricity generation revenue due to the reduction in water releases and limited power station operation that has continued right through to the financial year end.

The annual generation volume and revenue were both historical lows for the company and the revenue of $1,018k was $916k below budget and $1,252k less than the previous year. We established a new Power Purchase Agreement in October with Pulse Energy under very good terms and this new contract has provided good value even under the severe water supply conditions.

This was the first year of operation for the company following the completion of the complex merger process on 1 July 2014. The simplified structure of the company that now includes the previous Opuha Water Ltd, SCFIS, Levels Plain, Totara Valley and Kakahu entities has provided a lower cost structure that has seen realisable cost savings, especially to those shareholders that were part of the previous sub-schemes.

In presentations to each of the infrastructure groups this year, we were able to demonstrate the benefits of the combined entity with the most noticeable being the saving of over $30 per share annual charge for the K Class (ex Kakahu shareholders).

Financial Review

The 2014 comparative figures in the financial statements presented in this Annual Report do not provide readers with a meaningful comparison. The lack of comparatives primarily arises from the merger since the 'surviving' entity that became the 'new' Opuha Water Ltd is the 'old' SCFIS Ltd which was essentially a non-trading entity in 2014.

To assist shareholders with a relevant comparison, the summary table at the bottom of this CEO Report presents the current year results (from the Financial Statements in the Annual Report) and compares them to the combined results of the four key entities that were merged in 2014. The table has been formatted to provide a clearer picture of the company's operating result by moving the year-end accounting adjustments such as tax and revaluation of interest rate swaps to the bottom.
The key points to note from the table are that, despite the net income being $1,057k less than last year, a positive operating margin of $1,216k was still able to be achieved.

Interest charges were $287k less this year as a result of a combination of reduced overall debt, a fall in flexible interest rates, a restructure of some of our debt in line with our new Treasury Policy and a consolidation of our overall debt as a result of the merger. The benefits of the debt reduction ($1,263k of debt was retired) and the debt restructure will provide on-going savings through reduced interest charges.

Environmental Review

We have made steady progress on the roll-out of the Farm Environment Plan programme which will continue through into the 2016 year. Even though there have been changes to the new Land and Water Regional Plan rules, we remain convinced that our commitment to having Farm Environment Plans in place throughout the company is still well placed and that the company's FEP system is the most cost effective and logical option for our shareholders.

We are continuing to invest in scientific studies to provide a better understanding of the impact of the dam operation on the river water quality. Although the dry year did not provide any opportunity for any flushing flows from the dam for in-river algae management, NIWA undertook a comprehensive monitoring programme at four different sites to collect accurate data on algal conditions. It is intended to continue this programme for several years so that we can try and better understand conditions that encourage or discourage algal growth and how we can manage the dam operation to better control downstream river conditions.

We have deferred again the modification and upgrade of the downstream weir following advice of a significant increase in the cost estimate for the construction stage. A re-evaluation of the project was undertaken to reassess options and identify opportunities for lower cost or alternative options that will still achieve the primary

objectives of increasing the flood handling capacity of the weir and thereby reducing the risk of the fusible embankment operating. This review has concluded that a modification to the existing spillway is the best option and the project is now focussed on the implementation of this option.

The Team

I would like to acknowledge the on-going dedication and support of our staff at Opuha Water who have managed a particularly challenging year. The Operations team of Chris Emmerson and Richard Wallace, led by Steve Pagan and supported by Christine Gardner, were faced with an unprecedented workload over the irrigation season as we attempted to ensure that irrigators were able to get and make the best use of the limited water available under the changing restriction regimes that were put in place. Aimee Bennett has done a tremendous job as we transitioned into the new merged entity and, as a result, has needed to revamp our financial management and reporting systems. Julia Crossman has been the successful driver behind our FEP rollout and has also been ably managing the company's interests in the progress of the Land and Water Regional Plan and Canterbury Water Management Strategy.

A new Board was elected at the October 2014 elections and I would like to acknowledge the support of the Directors as we have operated as a new single entity and had to manage and govern through the particularly challenging year.

Tony McCormick
Chief Executive Officer
Opuha Water Limited

27 October 2015

Comparison of Financial Results	**2015 Results** ***(new OWL)***	**2014 Results** ***(old OWL & other entities)*** *(unaudited)*	***Variance***
	$	**$**	***$***
Operating Income			
Water Supply and Operations	4,770,662	4,811,702	*(41,040)*
Generation and Electricity	1,004,457	2,269,914	*(1,265,457)*
Non-Operating Income	304,355	54,795	*249,560*
Total Income	**$6,079,474**	**$7,136,411**	***$(1,056,937)***
Less Operating Expenses			
Administration Expenses	251,158	379,474	*(128,316)*
Consulting and Project Services	115,680	141,373	*(25,693)*
Direct Operating Expenses	2,013,176	1,781,079	*232,097*
Finance Expenses (excl. Interest Paid)	7,577	221,905	*(214,328)*
Interest Paid - Loans	2,452,316	2,739,238	*(286,922)*
Non-Operating Expenses	23,130	248,785	*(225,655)*
Total Expenses	**$4,863,037**	**$5,511,854**	***$(648,817)***
Net Profit/(Loss) before Amortisation & Depreciation	**$1,216,437**	**$1,624,557**	***$(408,120)***
Non-Cash Expenses			
Amortisation	135,974	-	*135,974*
Depreciation	2,119,816	1,748,558	*371,258*
Earnings before Tax and Adjustments	**$(1,039,353)**	**$(124,001)**	***$(915,352)***
Adjustments (tax; swap revaluations; PPE revaluations)	*727,021*	*(905,667)*	*1,632,688*
Final Result in Financial Statements (Profit/(Loss))	**$(1,766,374)**	**$781,666**	***$(2,548,040)***

OPUHA WATER LIMITED
(previously known as SCFIS Limited)

Statement of Comprehensive Income

For the Year Ended 30 June 2015

	Notes	2015 $	2014 $
CONTINUING OPERATIONS			
Operating Revenue			
Water Supply	**17**	4,770,662	-
Generation and Electricity	**17**	1,004,457	-
		5,775,119	-
Non-Operating Income	**22**	304,355	-
Total Income		**$6,079,474**	**$0**
Less Operating Expenses (excluding Amortisation & Depreciation)			
Administration Expenses	**18**	251,158	1,807
Consulting and Project Services	**19**	115,680	-
Direct Operating Expenses	**20**	2,013,176	-
Finance Expenses	**21**	3,071,755	-
		5,451,769	1,807
Non-Operating Expenses	**23**	23,130	-
Total Expenses (excluding Amortisation & Depreciation)		**$5,474,899**	**$1,807**
Net Profit/(Loss) before Amortisation & Depreciation		**$604,575**	**$(1,807)**
Non-Cash Expenses			
Amortisation	**11**	135,974	-
Depreciation	**12**	2,119,816	-
Net Profit/(Loss) after Amortisation & Depreciation		**$(1,651,215)**	**$(1,807)**
Tax Expense/(Benefit)	**9**	115,159	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**$(1,766,374)**	**$(1,807)**
Other Comprehensive Income (Expenditure)		-	-
TOTAL COMPREHENSIVE INCOME		**$(1,766,374)**	**$(1,807)**

This Statement should be read in conjunction with the Notes to the Financial Statements

OPUHA WATER LIMITED
(previously known as SCFIS Limited)

Statement of Changes in Equity

For the Year Ended 30 June 2015

	Notes	2015 $	2014 $
RETAINED EARNINGS			
Opening Balance		(970,495)	(596,448)
Retained Earnings transferred on Amalgamation		(5,081,640)	-
Asset Revaluation Reserve transferred on Amalgamation		53,876	-
Profit/(Loss) after Taxation		(1,766,374)	(1,807)
Restructure Costs		-	(372,239)
Closing Balance	**3**	**$(7,764,633)**	**$(970,495)**
CAPITAL RESERVES			
Opening Balance		14,662,235	14,662,235
Capital Reserves transferred on Amalgamation		5,993,178	-
Closing Balance	**3**	**$20,655,413**	**$14,662,235**
SHARE PREMIUM RESERVE			
Opening Balance		959,397	959,397
Ordinary "Water" shares		(3,600)	-
"L" Class Infrastructure shares		1,123,361	-
"K" Class Infrastructure shares		2,729,931	-
"T" Class Infrastructure shares		1,189,354	-
"D" Class Dry shares		27,930	-
Closing Balance	**3**	**$6,026,374**	**$959,397**
CONTRIBUTED EQUITY			
Opening Balance		6,500	6,500
Share Issue - 9,500 Ordinary "Water" shares		9,500	-
Share Issue - 3,303 "L" Class Infrastructure shares		3,303	-
Share Issue - 3,208 "K" Class Infrastructure shares		3,208	-
Share Issue - 2,664 "T" Class Infrastructure shares		2,664	-
Share Issue - 526 "D" Class Dry shares		526	-
(Less) Conversion of "D" Class to "L" Class shares		(28)	-
(Less) Redemption of "D" Class Dry shares		(348)	-
Closing Balance	**3**	**$25,325**	**$6,500**
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)		**$18,942,478**	**$14,657,637**

This Statement should be read in conjunction with the Notes to the Financial Statements

OPUHA WATER LIMITED
(previously known as SCFIS Limited)

Statement of Financial Position

For the Year Ended 30 June 2015

	Notes	2015 $	2014 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	**5**	418,507	-
Receivables and Prepayments	**6**	807,218	56,107
Total Current Assets		1,225,725	56,107
Non-Current Assets			
Property, Plant and Equipment	**12**	56,792,530	-
Investments		2,125	15,029,605
Intangibles	**11**	2,049,026	-
Total Non-Current Assets		58,843,681	15,029,605
TOTAL ASSETS		**$60,069,406**	**$15,085,712**
LIABILITIES			
Current Liabilities			
Trade and Other Payables	**7**	557,194	428,075
Derivatives	**16**	3,067,827	-
Employer Liabilities		59,480	-
Tax Payable/(Refundable)	**9**	(8,481)	-
Total Current Liabilities		3,676,020	428,075
Non-Current Liabilities			
Loans and Borrowings	**13**	32,494,030	-
Deferred Tax Liability	**10**	4,956,878	-
Total Non-Current Liabilities		37,450,908	-
TOTAL LIABILITIES		**$41,126,928**	**$428,075**
NET ASSETS		**$18,942,478**	**$14,657,637**
SHAREHOLDERS' EQUITY			
Retained Earnings		(7,764,633)	(970,495)
Capital Reserves		20,655,413	14,662,235
Share Premium Reserve		6,026,374	959,397
Contributed Equity		25,325	6,500
Total Shareholders' Equity (Deficit)	**3**	**$18,942,478**	**$14,657,637**

For and on behalf of the Board of Directors:

Thomas Lambie
Director

Nicola Hyslop
Director

3rd November 2015

Date of Authorisation

This Statement should be read in conjunction with the Notes to the Financial Statements

OPUHA WATER LIMITED
(previously known as SCFIS Limited)

Statement of Cash Flows

For the Year Ended 30 June 2015

	Notes	2015 $	2014 $
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Operating Income		6,095,542	-
Sundry Income		5,825	-
		6,101,367	-
Cash was applied to:			
Direct Operating Expenses		1,946,785	-
Administration Expenses		395,551	-
Finance Expenses		2,548,654	-
Restructure Expenses		113,418	-
Goods and Services Tax		50,013	-
Income Tax Payments - Amalgamated Entities		85,269	-
		5,139,690	-
Net Cash Inflow/(Outflow) from Operating Activities	**24**	**$961,677**	**$0**
CASHFLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Interest Received		16,164	-
Dividends Received		3,559	-
Collett Settlement		270,000	-
Fixed Assets - Sales		6,087	-
		295,810	-
Cash was applied to:			
Fixed Assets - Additions		441,768	-
Net Cash Inflow/(Outflow) from Investing Activities		**$(145,959)**	**$0**
CASHFLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Other Entities - Amalgamation/Acquisition		910,732	-
Buried Mainline Pipeline Capital Payments		10,345	-
		921,077	-
Cash was applied to:			
Redemption of "D" Class Dry Shares		17,400	-
Loan Repayments		1,300,889	-
		1,318,289	-
Net Cash Inflow/(Outflow) from Financing Activities		**$(397,212)**	**$0**
NET INCREASE/(DECREASE) IN CASH HELD			
Net Increase in Cash Held		418,507	-
Add Cash at Start of Year		-	-
Balance of Cash at End of Year		**$418,507**	**$0**
Comprising:			
ANZ Bank New Zealand - Cheque Account		385,292	-
ANZ Bank New Zealand - Call Account		33,165	-
Petty Cash - Opuha House		50	-
Cash Balances at End of Year		**$418,507**	**$0**

This Statement should be read in conjunction with the Notes to the Financial Statements

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Opuha Water Limited (the "Company") is a co-operative, domiciled in New Zealand. The Company is registered under the Companies Act 1993 and the Cooperative Companies Act 1996, and is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements comply with the Financial Reporting Act 1993 in accordance with the transitional provisions under Section 55 of the Financial Reporting Act 2013 and Schedule 4 of the Financial Markets Conduct Act 2013.

The Company's principal activities are the supply of water for industrial and domestic consumption, environmental river flows, irrigation supply and electricity generation. Opuha Water Limited is 100% owned by farming members.
On 1 July 2014, a Company restructure was completed which created one entity through amalgamating the existing irrigation schemes that take water from the Opuha river systems. Refer to Note 2 'Acquisition and Amalgamation'.

The financial statements for the year ended 30 June 2015 are the individual financial statements of Opuha Water Limited (previously known as SCFIS Limited), including the financial position, performance and cash flows of the amalgamated and acquired entities from the date of restructure (being 1 July 2014). Consolidated financial statements are not presented as the Company does not have any subsidiaries at balance date. The comparative financial statements (being the year ended 30 June 2014) represent the legal entity that existed prior to the restructure (being Opuha Water Limited, previously known as SCFIS Limited) and therefore excludes the amalgamated and acquired entities.

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("GAAP") and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").
From 1 April 2014 the new Financial Markets Conduct Act 2013 ("FMCA 2013") came into force which relocates and amends the financial reporting obligations. This Act will be effective for the Company on either 1 December 2016 or the date the Company chooses to opt in. It is expected that the change in legislation will have no material impact on the Company's financial statements.

These financial statements were approved by the Board of Directors on 3 November 2015.

Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for the following items:

- Derivative financial instruments which are measured at fair value

The principal accounting policies adopted in the preparation of the financial statements are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction and other events is reported. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Functional and Presentation Currency

These financial statements are presented in New Zealand Dollars ($), which is the Company's functional currency.
All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

Use of Estimates and Judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 2 - Amalgamation and Acquisition
- Note 17 - Financial Risk Management

Going Concern

The financial statements have been prepared using the going concern assumption. The Company is dependent on the continuing support of its shareholders and financiers.

Specific Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance and the financial position, have been applied consistently to all periods presented in these financial statements.

1.1 Contingencies and Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting future cash flows. Where discounting is used, the increase in the provision for the passage of time is recognised as a finance cost.

1.2 Impairment

Impairment - Non-Financial Assets

Assets other than deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount is determined as the higher of the fair value less costs to sell and value in use. Any reversal of the impairment loss is recognised in the Statement of Comprehensive Income.

Impairment - Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows. All impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

1.3 Interest Bearing Liabilities and Borrowings

Interest bearing borrowings are initially recognised at fair value net of attributable transaction costs incurred. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method which allocates the cost through the expected life of the borrowings.

1.4 New Standards and Interpretations Adopted

New Standards and Interpretations adopted early

There have been no standards or interpretations adopted early for the year ended 30 June 2015.

New Standards and Interpretations not yet adopted

The following standards, amendments or interpretations to existing standards have been issued, but are not yet effective:

- NZIFRS 9, published in July 2014, replaces the existing guidance in NZIAS 39 Financial Instruments: Recognition and Measurement. NZIFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from NZIAS 39. NZ IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

1.5 Goods and Services Tax (GST)

The financial statements have been prepared so that all components are stated exclusive of GST, except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of an asset or as part of the expense item; and
- Trade receivables and payables, which include GST invoiced.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.6 Employer Liabilities

Employee entitlements include annual leave and alternate holidays, and are expensed on an undiscounted basis as the relevant service is provided. Employer liabilities are recorded at the amount expected to be paid for the entitlement earned and recognised in the Statement of Financial Position.

1.7 Comparative Figures

The comparative figures in these financial statements are of the old SCFIS Limited entity. No restatement has been applied to comply with the presentation adopted for the current year.

2 ACQUISITION AND AMALGAMATION

On 1 July 2014, a Company restructure was completed which created one entity through amalgamating the existing irrigation schemes that take water from the Opuha river systems.

SCFIS Holdings Limited, Opuha Water Limited, Levels Plain Irrigation Company Limited, Levels Holdings Limited, and Levels Irrigation Limited were amalgamated into SCFIS Limited (the surviving entity), which was then renamed Opuha Water Limited. The Company then acquired and assumed liability for the assets and liabilities of Kakahu Irrigation Limited and Totara Valley Irrigation Limited.

It resulted in one entity holding all the assets (including the Dam, generation assets and all existing consents) and assuming liabilities (including bank debt) owed by the different entities. No moneys were payable by any shareholders. Rights to water were not affected and members now hold shares in the restructured Company in proportion to the rights to water held. The reconstruction of the issued shares arose out of a number of amalgamations and transactions. In effect, existing shares were exchanged for, or received as part of, the overall merger.

Fair Value of Assets and Liabilities assumed 1 July 2014

	Opuha Water	Levels Plain	Kakahu	Totara Valley
Assets				
Cash and Cash Equivalents	304,228	44,587	-	-
Trade Receivables	769,043	69,291	-	-
Prepayments	324,181	-	1,722	-
Restructure Merger Accounts	-	37,543	363,746	200,220
Other Current Assets	9,826	-	-	-
Property, Plant and Equipment	46,036,550	2,236,000	9,078,000	1,045,000
Intangible Assets	-	395,000	1,605,000	185,000
Investments	1,880	-	-	-
Fair value of Assets	***$47,445,707***	***$ 2,782,420***	***$11,048,468***	***$1,430,220***
Liabilities				
Trade and Other Payables	591,698	47,348	-	-
Goods and Services Tax	10,720	6,062	-	-
Interest Payable on Loans	166,153	-	-	-
Taxation	4,719	-	-	-
Other Current Liabilities	46,024	-	-	-
Derivatives	2,455,965	-	-	-
Current Accounts	-	14,134	-	-
Loans and Borrowings	25,171,140	-	8,390,000	235,882
Deferred Tax Liabilities	4,841,719	-	-	-
Fair value of Liabilities	***$33,288,138***	***$67,543***	***$8,390,000***	***$235,882***
Total identifiable net assets acquired	**$14,157,569**	**$2,714,877**	**$2,658,468**	**$1,194,338**
Total consideration paid in shares	***$14,157,569***	***$2,714,877***	***$2,658,468***	***$1,194,338***

Opuha Water Limited ('old' OWL)

On 13 May 2014, the shareholders of Opuha Water Limited, being Levels Plain Holdings Limited and SCFIS Holdings Limited, resolved to amalgamate Opuha Water Limited into SCFIS Limited on 1 July 2014. All fixed assets were amalgamated at historical cost less accumulated depreciation to date of amalgamation. Certain items of Property, Plant and Equipment from the amalgamated entity included historical revaluations. All other assets and liabilities were amalgamated as at their actual carrying values at 30 June 2014.

Levels Plain Irrigation Company Limited

On 1 July 2014, the shareholders of Levels Plain Irrigation Company Limited resolved to amalgamate into SCFIS Limited. This was achieved through the issue of 3,296 Ordinary "Water" shares, 526 "D" Class dry shares and 3,296 "L" Class Infrastructure shares. All fixed and intangible assets were amalgamated at historical cost less accumulated depreciation to date of amalgamation. All other assets and liabilities were amalgamated at their actual carrying values at 30 June 2014.

Kakahu Irrigation Limited

On 1 July 2014, Opuha Water Limited purchased Kakahu Irrigation Limited. As per the Agreement for Sale and Purchase of Assets and Business dated 13 May 2014 between the Company and Kakahu Irrigation Limited, Opuha Water Limited acquired the net assets and business activities of Kakahu Irrigation Limited for $2,688,802 - achieved through the issue of 3,208 "K" Class Infrastructure shares.

The acquisition includes the fixed assets and resource consents, whose value has been assessed by an external independent party. The increase in the value of the acquired fixed assets, as determined by the external valuation, over the previous carrying value has been apportioned over each individual identified fixed asset. Liabilities were amalgamated at their actual carrying values at 30 June 2014. It is assumed that the fair value of the consideration given of "K" Class infrastructure shares is the same as the fair value of net assets acquired. Therefore no goodwill has been recognised.

Totara Valley Irrigation Limited

On 1 July 2014, Opuha Water Limited purchased Totara Valley Irrigation Limited. As per the Agreement for Sale and Purchase of Assets and Business dated 13 May 2014 between the Company and Totara Valley Irrigation Limited, Opuha Water Limited acquired the net assets and business activities of Totara Valley Irrigation Limited for $1,170,725 - achieved through the issue of 2,664 "T" Class Infrastructure shares.

The acquisition includes the fixed assets and resource consents, whose value has been assessed by an external independent party. The increase in the value of the acquired fixed assets, as determined by the external valuation, over the previous carrying value has been apportioned over each individual identified fixed asset. Liabilities were amalgamated at their actual carrying values at 30 June 2014. It is assumed that the fair value of the consideration given of "T" Class infrastructure shares is the same as the fair value of net assets acquired. Therefore no goodwill has been recognised.

3 EQUITY

Retained Earnings

Retained earnings are the portion of net income that is retained by the Company which has not been distributed to shareholders. Retained earnings and losses are cumulative from year to year.
The ability to carry forward tax losses is subject to shareholding continuity of 49%. The ability to offset losses requires common shareholding of 66%. The ability to carry forward imputation credits is subject to shareholding continuity of 66%. These tests must be met at all times and not just at balance date. Following the restructure on 1 July 2014, both tax losses and imputation credits held by the Company and amalgamated entities on the implementation date have been forfeited because the Company did not meet the above requirements.

Capital Reserves

Capital reserves include capital transfers and the acquisition or disposal of non-produced, non-financial assets. Capital transfers involve the transfer of ownership of fixed assets, or the transfer of funds linked to them. Except for certain distributions on winding-up, all distributions are taxable in the hands of shareholders, including distributions from realised capital profits.

Share Premium Reserve

Share premium reserve is the excess amount received by the Company over the nominal value of issued shares. This amount forms a part of the non-distributable reserves which can be used only for specific purposes. Except for certain distributions on winding-up, all distributions are taxable in the hands of shareholders, including distributions from share premium reserves.

Contributed Equity

Contributed equity is paid in capital. All issued shares have a nominal value of $1.00. Farmers within the scheme have water supply agreements to receive water covering 16,000 hectares within the Company's operations.
On 1 July 2014 the following Infrastructure Class shares were issued in conjunction with the Company restructure to those shareholders who took water from the pre-merger irrigation schemes (Levels Plain, Kakahu and Totara Valley scheme areas) and reflect the value of the infrastructure of those three irrigation schemes transferred to the Company by amalgamation and under the sale and purchase agreements. No consideration was payable for any of the shares issued.

- *To Levels Plain scheme* - 3,296 "Water" shares, 3,296 "L" Class Infrastructure shares and 526 "D" Class shares;
- *To Kakahu scheme* - 3,208 "Water" shares and 3,208 "K" Class Infrastructure shares;
- *To Totara Valley scheme* - 2,664 "Water" shares and 2,664 "T" Class Infrastructure shares.

"D" Class Dry shares

On 1 July 2014, 526 "D" Class shares were issued to protect the existing position of persons holding dry shares issued by Levels Plain Irrigation Company Limited. Holders of "D" Class shares were given two options in the merger proposal which took effect on the date of restructure. During the financial year 348 "D" Class shares were redeemed at $50.00 and 28 "D" Class shares were converted to "L" Class shares (at a rate of 4 "D" shares to 1 "L" share). The balance above the nominal value of $1.00 per share has been recorded in Share Premium Reserve. There are 150 "D" Class shares remaining at 30 June 2015.

4 RELATED PARTY TRANSACTIONS

The Directors do not consider that any one party had the ability, either directly or indirectly, to control or exercise significant influence, over the Company in making operating, investing and financing decisions.

a) Quantum Advantage Limited

The Company paid Quantum Advantage Limited, of which Mr Nigel Gormack is a Director, for business advisory services - accountancy support and consultancy services in relation to the Company restructure. Any outstanding balances are not secured and standard engagement terms apply. The amount paid and/or accrued at balance date relating to services provided to Opuha Water Limited and SCFIS Limited totals $23,462 excluding GST (2014: $1,177) and has been recorded in these financial statements. As at balance date, $48 excluding GST of this amount was still owed.

5 CASH & CASH EQUIVALENTS

	2015 $	2014 $
ANZ Bank New Zealand - Cheque Account	385,292	-
ANZ Bank New Zealand - Call Account	33,165	-
Petty Cash - Opuha House	50	-
Total Cash & Cash Equivalents	**$418,507**	**$0**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.
Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

6 RECEIVABLES & PREPAYMENTS

	2015 $	2014 $
Trade Receivables	383,088	-
Other Receivables	82,982	
Accrued Revenue	20,389	-
SH8 Buried Mainline Pipe Costs to be Recovered	2,855	-
Deferred Monthly Expenses	300	-
GST Receivable	-	56,107
Prepayments	317,604	-
Total Receivables & Prepayments	**$807,218**	**$56,107**

Accounts Receivable are shown net of impairment losses amounting to $ Nil (2014: $ Nil).
Accounts Receivable relating to related party transactions were $55 (2014: $ Nil).

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Bad debts are written off as incurred.

7 TRADE & OTHER PAYABLES

	2015 $	2014 $
Trade Payables	76,359	-
Other Payables	18,800	
Accrued Expenditure	348,552	-
Restructure Loan	-	428,075
Interest Payable on Loans	107,800	-
GST Payable	5,683	-
Total Trade & Other Payables	**$557,194**	**$428,075**

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method. Trade payables are stated at the full amount required to satisfy the legal obligations to the supplier. Due to their short term nature they are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition due to their short term nature their carrying value is assumed to approximate their fair value.

8 IMPUTATION CREDIT ACCOUNT

	2015 $	2014 $
Opening Balance	37,182	37,182
(Less) Imputation Credits Forfeited	(37,182)	
Plus Resident Withholding Tax	6,729	-
Plus Dividend Withholding Tax	265	-
Plus Imputation Credits	1,487	-
Terminal Tax Payments/(Refunds)	4,718	-
Closing Balance available to Shareholders	**$13,199**	**$37,182**

Imputation credits available to shareholders at tax rate 28% - $13,199

9 TAXATION

9.1 Statement of Comprehensive Income

	2015 $	2014 $
Current Income Tax Expense		
Accounting Profit/(Loss) before Taxation	(1,651,215)	(1,807)
Adjustments		
Non-Taxable Income	(270,000)	-
Non-Taxable Expenses	22,730	-
Revaluation of Interest Rate Swaps	611,862	-
Difference in Tax & Accounting Depreciation	551,911	-
Difference in Tax & Accounting Amortisation	25,820	-
Difference in Swap Break Fee	(81,053)	-
Taxable Income	*$(789,945)*	-
Net Effect of Imputation Credits on Dividends	1,487	
Losses Brought Forward	-	(1,201,003)
Taxable Profit/(Loss)	**$(788,458)**	**($1,202,810)**
Current Income Tax Expense 28%	**$0**	**$0**
Deferred Income Tax Expense		
Movement in Temporary Differences	(411,282)	-
Deferred Income Tax Expense 28%	**$(115,159)**	**$0**
Income Tax reported in Statement of Comprehensive Income	**$(115,159)**	**$0**

The current income tax for the period was calculated using the tax rate of 28% (2014: 28%).
The deferred tax balance has been measured using the tax rate of 28% (2014: 28%).

Current Tax - Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are measured at the amounts expected to be recovered or paid to the taxation authority.

Deferred Tax - Deferred tax is recognised for temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets for unused tax losses and tax credits are only recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit

Difference in Tax Depreciation & Accounting Depreciation

NZ IAS 12 sets out the treatment of assets carried at fair value. It is inherent in the recognition of an asset that its carrying amount will be recovered in the form of economic benefits that flow to the Company in future periods. When the carrying amount of the asset exceeds its tax base, the amount of taxable economic benefits will exceed the amount that will be allowed as a deduction for tax purposes. This difference is a taxable temporary difference and the obligation to pay the resulting income taxes in future periods is a deferred tax liability.

Difference in Swap Break Fee

In the previous financial year, the 'old' Opuha Water entity terminated a $4,400,000 swap contract on 2 March 2014 with the ANZ Bank prior to maturity, and placed the loan on a floating rate for the ability to repay debt. The total break fee to exit the contract was $216,141. For tax purposes, the break fee was proportioned over the original swap contract term, which was a maturity date 2 November 2016. At as 30 June 2015, $108,070 has been carried forward as a tax deduction in future years.

9.2 Reconciliation of Effective Tax Rate

A reconciliation of income tax applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

	2015 $	2014 $
Accounting Profit/(Loss) before Taxation	(1,651,215)	-
Tax at the Statutory Rate of 28%	*(462,340)*	*$0*
Tax Effect of Non-Taxable Income	(75,600)	-
Tax Effect of Non-Taxable Expenses	6,364	-
Tax Effect of Temporary Differences	195,232	-
Tax Effect of Imputation Credits on Dividends	416	-
Tax Effect of Losses Brought Forward & Unused Tax Credits	220,858	-
	347,181	-
Income Tax reported in Statement of Comprehensive Income	**$(115,159)**	**$0**
Average Effective Tax Rate	***7%***	**-**

9.3 Statement of Financial Position

	2015 $	2014 $
Opening Balance	-	-
Transfer 1 July 2014	(4,719)	-
Income Tax Payments/(Refunds)	4,719	-
(Less) Resident Withholding Tax	(6,729)	-
(Less) Dividend Withholding Tax	(265)	-
(Less) Imputation Credits on Dividends	(1,487)	
Terminal Tax Payable (Receivable)	**$(8,481)**	**$0**

The Company has losses to carry forward of $788,458 (2014: $1,202,810).
Tax losses have no expiry date but are subject to shareholder continuity requirements being met from the time the tax losses arose until their utilisation. Following the Company restructure on 1 July 2014, tax losses and imputation credits held by the Company and amalgamated entities on the implementation date have been forfeited. Refer to Note 3 'Retained Earnings'.

10 DEFERRED TAX

The deferred tax calculation shows the amount of income tax payable or recoverable in future periods in respect of temporary differences. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability. Deferred tax assets and liabilities are attributable to the following:

	2015 $	2014 $
Assets		
Derivatives	(858,992)	-
Property, Plant and Equipment (PPE)	-	-
Resource "Water" Consents	-	-
Swap Break Fee	-	-
Tax (Assets)/Liabilities	*$(889,252)*	*$0*
Liabilities		
Derivatives	-	-
Property, Plant and Equipment (PPE)	5,682,240	-
Resource "Water" Consents	103,370	-
Swap Break Fee	30,260	-
Tax (Assets)/Liabilities	*$5,785,609*	*$0*
Net		
Derivatives	(858,992)	-
Property, Plant and Equipment (PPE)	5,682,240	-
Resource "Water" Consents	103,370	-
Swap Break Fee	30,260	-
Tax (Assets)/Liabilities	**$4,956,878**	**$0**

Movement in temporary timing differences during the year:

	Property, Plant & Equipment (PPE) $	"Water" Consents $	Break Fee $	Derivatives $	Total $
Balance 30 June 2014	-	-	-	-	-
Transfer 1 July 2014	(19,558,695)	-	(189,123)	2,455,965	**(17,291,853)**
Recognised in Profit or Loss	(735,017)	(369,180)	81,053	611,862	**(411,282)**
Balance 30 June 2015	**$(20,293,712)**	**$(369,180)**	**$(108,070)**	**$3,067,827**	**$(17,703,135)**

11 INTANGIBLE ASSETS

Intangible assets are initially carried at cost. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Resource "Water" Consents

An independent valuation was performed by Peter Seed Limited as part of the Company restructure on 1 July 2014.
The valuation included consideration for resource consents held by the Company and associated irrigation schemes.
Operational vs capital asset consents were identified for the purpose of amortisation vs depreciation.

- Capital asset consents which were required to construct the assets have already fulfilled their purpose, and although they have an expiry date in the future, the Directors do not expect to seek renewal of these consents. Therefore the cost of acquiring these 'capital asset' consents are logically tied and are included as part of the capital cost of the asset and have been included in Property, Plant and Equipment and depreciated as part of the asset.

- Operational consents are required to be renewed at the end of their term for the Company to continue to operate. Operational consents have been recorded as intangible assets and amortised on a straight line basis over the estimated useful lives from the date that they are available for use.

Reconciliation of the carrying amounts of Intangible Assets at the beginning and end of the year are below:

	Levels Plain $	Kakahu $	Totara Valley $	Total $
Balance 30 June 2014	-	-	-	-
Additions	395,000	1,605,000	185,000	**2,185,000**
Amortisation for the year	25,820	98,769	11,385	**135,974**
Impairment Losses	-	-	-	**0**
Balance 30 June 2015	**$369,180**	**$1,506,231**	**$173,615**	**$2,049,026**

Amortisation

Intangible assets are assessed for impairment when there is an indication that the intangible asset may be impaired. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.
The useful lives of intangible assets are as follows:

Asset Name	Useful Life
Resource "Water" Consents - Levels Plain	Expiry Date: October 2030
Resource "Water" Consents - Kakahu	Expiry Date: October 2030
Resource "Water" Consents - Totara Valley	Expiry Date: October 2030

12 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Individual assets, or groups of assets, are capitalised if their cost is greater than $500. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Capital works in progress are not depreciated until ready for service. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent Expenditure

Subsequent expenditure is capitalised and added to the carrying amount of an item of Property, Plant and Equipment when the cost is incurred if it is probable that the future economic benefits embodied in the specific asset will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Income as incurred.

Disposals

On disposal of an item of Property, Plant and Equipment, gains and losses are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income. Net gains and losses are only recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing involvement.

Depreciation

Property, Plant and Equipment is recorded at cost less depreciation provided to date. Land is not depreciated. Depreciation is calculated using the straight line method and is charged to the Statement of Comprehensive Income. The rates associated with certain types and classifications of assets are:

Buildings	3.0% - 48% SL
Plant and Equipment	4.0% - 67% SL
Motor Vehicles	26% - 36% SL
Office Equipment & Furniture	10% - 50% SL
Dam & Power Station	1.5% - 30% SL
Irrigation Schemes	4.0% - 36% SL

Reconciliation of the carrying amounts of Property, Plant and Equipment at the beginning and end of the year are below:

	Land & Buildings	Plant & Equipment	Motor Vehicles	Office Equipment & Furniture	Dam & Power Station	Irrigation Schemes	Totals
Cost and Valuation							
Balance 30 June 2014	-	-	-	-	-	-	**0**
Amalgamation & Acquisition 1 July 2014	279,655	76,431	231,719	117,664	51,033,068	14,743,368	**66,481,905**
Additions	218,184	9,751	35,013	74,267	9,139	12,415	**358,769**
Deposits Paid & Uncompleted Work	-	-	-	12,500	644,549	-	**657,048**
Disposals	-	-	(35,201)	(14,817)	-	-	**(50,017)**
Loss/Gain on Disposal	-	-	2,701	(12,347)	-	-	**(9,646)**
Balance 30 June 2015	**$497,839**	**$86,182**	**$234,232**	**$177,267**	**$51,686,756**	**$14,755,783**	**$67,438,059**
Accumulated Depreciation & Impairment							
Balance 30 June 2014	-	-	-	-	-	-	**0**
Amalgamation & Acquisition 1 July 2014	39,655	29,425	146,171	46,379	7,598,291	709,720	**8,569,640**
Depreciation Expense	5,088	9,801	49,330	33,323	937,781	1,084,495	**2,119,817**
Elimination on Disposal	-	-	(29,113)	(14,816)	-	-	**(43,929)**
Impairment Losses	-	-	-	-	-	-	**0**
Balance 30 June 2015	**$44,743**	**$39,226**	**$166,388**	**$64,886**	**$8,536,072**	**$1,794,215**	**$10,645,528**
Carrying Amounts							
At 30 June 2014	$0	$0	$0	$0	$0	$0	**$0**
As at 1 July 2014	$240,000	$47,006	$85,548	$71,285	$43,434,777	$14,033,648	**$57,912,264**
At 30 June 2015	**$453,096**	**$46,956**	**$67,844**	**$112,381**	**$43,150,684**	**$12,961,568**	**$56,792,530**

13 LOANS AND BORROWINGS

Term Loan - ANZ Bank New Zealand, Amount: $32,494,030 (2014: $ Nil)

On 2 June 2015, a restructure of Company debt took place which involved a blend and extend to move ~50% of the primary debt that was at 4 years out to tranches at 5, 7 and 10 years, in accordance with the Company's Treasury Policy. The WACC before the debt restructure was 6.10% (plus margin) and is now 5.73% (plus margin).

As at 30 June 2015, the following amounts are subject to Interest Swap rates (incl. credit margin of 1.50%).
Terms are interest only.

- Loan 240-92 - Amount $2,800,000 - interest rate: 6.60% p.a. effective 23 June 2014 - expiry 23 September 2015
- Loan 240-91 - Amount $10,073,950 - interest rate: 8.65% p.a. effective 2 June 2015 - expiry 5 January 2019
- Loan 240-91 - Amount $3,293,157 - interest rate: 8.21% p.a. effective 2 June 2015 - expiry 2 May 2020
- Loan 240-91 - Amount $6,586,315 - interest rate: 7.59% p.a. effective 2 June 2015 - expiry 2 May 2022
- Loan 240-91 - Amount $1,646,578 - interest rate: 7.15% p.a. effective 2 June 2015 - expiry 2 May 2025

As at 30 June 2015, the following amounts are subject to Flexible rates (incl. credit margin of 1.50%).
Terms are interest only and the flexibility of repayments or repayment in full at any time.

- Loan 240-91 - Amount $2,671,140 - interest rate: 5.05% p.a.
- Loan 240-92 - Amount $5,198,352 - interest rate: 4.90% p.a.
- Loan 240-93 - Amount $196,232 - interest rate: 4.90% p.a.

Security

The Company's carrying amounts of financial assets are pledged as collateral. Refer to the value of assets in the Statement of Financial Position and in Note 12 'Property, Plant and Equipment'.

Financial Covenants

The Company has complied with all covenants and loan repayment obligations during the financial year.

Financial Instruments

Financial instruments are recognised when the Company becomes partner to a financial contract. They include bank funds, bank overdrafts, receivables and payables, investments, derivatives and term borrowings. In addition, the Company is a party to financial instruments to meets its financing needs.
Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire, are discharged or are cancelled. The estimated fair values of the Company's financial instruments are considered to be materially the same as their carrying amounts as disclosed in the Statement of Financial Position.

Derivatives

The Company uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational and financing activities. In accordance with the Treasury Policy, the Company does not hold or issue derivative financial instruments for trading purposes.
Derivatives are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured to their fair value at each reporting date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The fair value of derivatives is based on valuations for the price that would be received to sell (or exchange) an asset or paid to transfer (or settle) a liability between market participants at the measurement date. Fair value does not take into consideration transaction costs incurred at initial acquisition or expected to be incurred on transfer or disposal of a financial instrument. Changes in fair values of derivatives are recognised in the Statement of Comprehensive Income within finance expenses. The net differential paid or received on interest rate swaps is recognised as a component of interest expense or interest revenue over the period of the Agreement.

14 BANK OVERDRAFT

The Company has an overdraft facility available of $200,000 and is secured by securities currently provided by the Company in the favour of the ANZ Bank New Zealand Limited. The interest rate at 30 June 2015 was 10.40% p.a. and no funds on the overdraft facility were drawn (2014: $ Nil).

15 DIRECTORS FEES

Like most co-operative companies, the Company has transactions with its Farmer Directors in the ordinary course of business. All transactions are conducted at arm's length.

The following remuneration was paid to Directors throughout the year:

		2015 $	2014 $
Thomas Lambie	Farmer Director *(Chairman)*	22,000	-
Nicola Hyslop	Farmer Director *(appointed as Deputy Chairman 01/12/2014)*	10,458	-
William O'Sullivan	Farmer Director *(ceased as Deputy Chairman 30/11/2014)*	10,292	-
Alvin Reid	Farmer Director	9,875	-
Tony Howey	Farmer Director *(ceased as Director 24/11/2014)*	3,750	-
Milne Horne	Farmer Director *(appointed as Director 25/11/2014)*	6,125	-
Nigel Gormack	Independent Director	11,875	-
Jeremy Boys	Independent Director	11,875	-
Total Directors Fees		**$86,250**	**$0**

Directors Indemnity or Insurance

The Company insures Directors against liabilities that may arise from their positions and to ensure that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors. Certain actions are specifically excluded, for example the incurring of penalties/fines which may be imposed in respect of breaches of the law and criminal actions.

Loans to Directors

There were no loans by the Company to Directors.

16 FINANCIAL RISK MANAGEMENT

The Board of Directors have overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Directors:

- Have established financial risk management policies and procedures to identify, analyse and, where appropriate, manage the financial risks faced by the Company; and
- Have a Treasury Policy that covers appropriate financial risk limits and controls (including, but not limited to, delegated authority levels and authorised use of various financial instruments).

The Company's overall financial risk management programme focuses primarily on maintaining a prudent financial risk profile that provides flexibility to implement the Company's strategies, while ensuring the optimisation of the return on assets. Financial risk management is centralised, which ensures compliance with the financial risk management policies and procedures set by the Board of Directors.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and derivative financial instruments. The Company is exposed to credit risk from transactions with trade receivable and financial institutions in the normal course of business.

ANZ Bank New Zealand, who is the counter party in respect to cash and cash equivalents of the Company, currently hold an AA credit rating (issued by Standard and Poors). The maximum exposures to credit risk at balance date are set out in the Statement of Financial Position. The maximum credit risk on cash and cash equivalents, trade and other receivables, derivative financial instruments and other investments is best represented by their carrying values.

Flexible Credit Facility

The Company has a short term advance facility with ANZ Bank New Zealand. According to the terms of the agreement, the facility is repayable on demand, incurs interest at the New Zealand Dollar Bill Bid rate per annum and has a maximum drawdown limit of $500,000. At 30 June 2015, no funds on the flexible facility were drawn (2014: $ Nil).

Interest Rate Risk

The Company's interest rate risk arises from its borrowings and funds on deposit. Borrowings issued and funds on deposit held at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. To ensure interest payments are reasonably predictable, the Company has entered into interest rate swaps to fix the effective interest rates on external borrowings. As the Company holds interest rate swaps there is a risk that their economic value will fluctuate because of changes in the market interest rates.

The notional value of the swap is disclosed in the summary of financial assets and liabilities below, and it is acknowledged that this risk is a by-product of the Company's attempt to manage its cash flow interest rate risk.

The fair value of derivatives is determined based on broker quotes and are considered to be level 2 fair value hierarchy.

	Notional Value	Financial Liability/(Asset)
As at 1 July 2014	$21,600,000	$2,455,965
As at 30 June 2015	$24,400,000	$3,067,827

As at 30 June 2015 after taking into account the effect of interest rate swaps, $24,400,000 of the Company's total borrowings of $32,494,030 are fixed at effective interest rates, as disclosed in Note 13 'Loans and Borrowings'.

As at 30 June 2015 the following assets were exposed to variable interest rate risk:

	2015 $	2014 $
Cash and Cash Equivalents	418,507	304,227
Total Cash and Cash Equivalents	**$418,507**	**$304,227**

Fair Value Sensitivity Analysis

The following demonstrates the sensitivity to the Company's profit and capital, resulting from a reasonably possible change in interest rates, with all other variables held constant. This is also on the basis of the cash being available for a full year, and the interest rate change is also relevant for a full year.
A 50 basis point movement in interest rates to which the Company is exposed would result in the following post-tax, increase/(decrease) to equity and profit. The fair value sensitivity to a 50 basis point movement in interest rates (based on financial assets and liabilities held at balance date) is as follows:

	2015 $	2014 $
Comprehensive Income impact of rate movement (-50 basis points)	698,250	-
Comprehensive Income impact of rate movement (+50 basis points)	(698,250)	-

Fair Values

The estimated fair values of the Company's financial instruments are considered to be materially the same as their carrying amounts as disclosed in the Statement of Financial Position.

Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in raising funds at short notice to meet its commitments and arises from any mismatch of the maturity of monetary assets and liabilities. The Company manages this risk by forecasting future cash requirements. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company maintains a balance between continuity of funding and flexibility through the use of bank loans.

The following table reflects all contractually fixed pay-offs for settlement and repayments resulting from recognised financial liabilities. The table is based on all interest rate variables being held constant over the related period of time, and all the payments are undiscounted.

Year Ended 30 June 2015	**< than 1 year**	**1-5 years**	**> than 5 years**
Trade Payables	76,359	-	-
Interest Payable	107,800	-	-
Interest Payable (Floating Rate)	400,614	-	-
Interest Rate Payable (Swaps)	1,801,926	5,706,175	874,693
Borrowings	10,894,030	13,367,107	8,232,893
Total	**$13,280,729**	**$19,073,282**	**$9,107,586**

Year Ended 30 June 2014	**< than 1 year**	**1-5 years**	**> than 5 years**
Trade Payables	428,075	-	-
Interest Payable	-	-	-
Interest Payable (Floating Rate)	-	-	-
Interest Rate Payable (Swaps)	-	-	-
Borrowings	-	-	-
Total	**$428,075**	**$0**	**$0**

The interest payable above represents interest payable on the borrowings at the floating interest rate balance date, plus the bank's margin. While the interest rate swap (net) payable represents the interest payable on the borrowings, based on the interest rate differential between the floating rate and the swap rate, assuming no change in the floating rate and the swap rate from balance date. The Board of Directors have frameworks in place to monitor the Company's liquidity and to ensure the banking covenants are complied with.

Capital Management

When managing capital, the Board of Directors objectives are to ensure the Company continues as a going concern as well as to maintain optimal returns to the Company. As the market is constantly changing, the Directors may consider capital management initiatives, such as requesting further capital contributions from shareholders to reduce debt levels or to provide funding for capital expenditure requirements. Capital is monitored through the gearing ratio.

17 OPERATING REVENUE

	2015 $	2014 $
Water Supply		
Water Charges (Shared)	3,079,620	-
Water Charges (Incremental)	302,240	-
Infrastructure Charges	1,062,920	-
TDC Water Abstraction	325,882	-
Sub-Total Water Supply	*$4,770,662*	*$0*
Generation & Electricity		
Electricity Generation Sales	1,018,034	-
Retail Electricity Market	(13,577)	-
Sub-Total Generation and Electricity	*$1,004,457*	*$0*
Total Operating Revenue	**$5,775,119**	**$0**

Operating revenue comprise the fair value of the consideration received or receivable in the ordinary course of the Company's activities, net of discounts, rebates and taxes. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

18 ADMINISTRATION EXPENSES

	2015 $	2014 $
Accountancy Fees	14,803	1,177
Audit Fees	20,850	630
Bad Debts Unrecoverable	1,182	-
Computer Services & IT Support	11,300	-
Directors Fees	86,250	-
Fringe Benefit Tax (FBT)	4,705	-
Legal Fees - Tax Deductible	15,857	-
Meeting & Committee Expenses	5,053	-
Rent of Office & Lodge	8,017	-
Stationery, Printing & Postage	14,666	-
Subscriptions	21,291	-
Website & Database Support and Maintenance	22,982	-
Other Administration Expenses	*24,202*	-
Total Administration Expenses	**$251,158**	**$1,807**

Administration expenses are recognised when it is probable that any future economic benefit associated with the item will flow from the Company, and, when the item has a cost or value that can be measured reliably.

19 CONSULTING & PROJECT SERVICES

	2015 $	2014 $
Audited Self-Management (ASM)	10,974	-
Commercial (Tax & Financial)	39,842	-
Engineering	11,555	-
River Science Studies	26,000	-
Strategic Studies (New Water)	11,200	-
Other Consulting & Project Services	*16,109*	-
Total Consulting & Project Services	**$115,680**	**$0**

Consulting & Project services are recognised when it is probable that any future economic benefit associated with the item will flow from the Company, and, when the item has a cost or value that can be measured reliably.

20 DIRECT OPERATING EXPENSES

	2015 $	2014 $
Accident Compensation Levies	7,483	-
Alpine Energy - Distribution (Electricity Use of System)	163,585	-
Alpine Energy - Avoided Cost of Transmission Rebates	(117,658)	-
Dam Safety Management	63,173	-
Electricity, Light & Heat	24,999	-
Environmental Compliance & Surveys	26,105	-
Health & Safety	9,994	-
Insurance	388,612	-
Loss (Gain) on Disposal of Fixed Assets	9,646	-
Motor Vehicle Expenses	65,084	-
Power Station Operations Management	281,598	-
Rates	39,201	-
Repairs and Maintenance		
Opuha House	13,131	-
Dam, Power Station & Downstream Weir	145,910	-
Downstream Weir	1,762	-
Irrigation Schemes	102,365	-
Other	11,736	-
Total Repairs and Maintenance	*274,904*	-
Telephone and Tolls	12,673	-
Wages, Salaries and Allowances	628,554	-
Water Measurement & Telemetry Management	119,644	-
Other Direct Operating Expenses	*15,578*	-
Total Direct Operating Expenses	**$2,013,176**	**$0**

Direct operating expenses are recognised when it is probable that any future economic benefit associated with the item will flow from the Company, and, when the item has a cost or value that can be measured reliably.

21 FINANCE EXPENSES

	2015 $	2014 $
Bank Charges & Other Fees	7,170	-
Interest Paid - ANZ Bank - Term Loans	2,452,316	-
Interest Paid - IRD Use of Money	406	-
Revaluation of Interest Rate Swaps	611,862	-
Total Finance Expenses	**$3,071,755**	**$0**

Finance expenses comprise interest paid on borrowings and fair value movements on derivatives.
Borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.

22 NON-OPERATING INCOME

	2015 $	2014 $
Sundry Income	6,150	-
Dividends Received	5,312	-
Interest Received	22,893	-
Non-Taxable Income		
Collett Settlement	270,000	-
Total Non-Operating Income	**$304,355**	**$0**

Interest revenue is recognised on an accruals basis using the effective interest method.

23 NON-OPERATING EXPENSES

	2015 $	2014 $
Donations	400	-
Non-Taxable Expenses		
Entertainment	1,697	-
Restructure - Authority & Registration Fees	2,629	-
Restructure - Legal Fees	18,405	-
Sub-Total Non-Taxable Expenses	*22,730*	-
Total Non-Operating Expenses	**$23,130**	**$0**

24 RECONCILIATION OF NET SURPLUS/(DEFICIT) WITH CASH FLOWS FROM OPERATING ACTIVITIES

The following reconciliation discloses the non-cash adjustments applied to the surplus reported in the Statement of Comprehensive Income, to arrive at the net cash flow from operating activities disclosed in the Statement of Cash Flows.

	2015 $	2014 $
Profit/(Loss) for the year	(1,651,215)	-
Plus/(Less) Non-Cash Items		
Depreciation	2,119,817	-
Amortisation	135,974	-
Revaluation of Interest Rate Swaps	611,862	-
(Profit)/Loss on Disposal of Fixed Assets	9,646	-
Total Non-Cash Items	*2,877,299*	-
Plus/(Less) Working Capital Movements		
(Increase)/Decrease in Accounts Receivable	(383,246)	-
(Increase)/Decrease in Prepayments	(317,604)	-
(Increase)/Decrease in Other Current Assets	(461,808)	-
Increase/(Decrease) in Provision for Taxation	(8,481)	-
Increase/(Decrease) in Accounts Payable	(3,164)	-
Increase/(Decrease) in Interest Payable	107,800	-
Increase/(Decrease) in Employee Leave Entitlements	59,480	-
Increase/(Decrease) in Goods & Services Tax	5,683	-
Total Net Working Capital Movements	*(1,001,341)*	-
Plus/(Less) Financing Activities	*928,131*	-
Plus/(Less) Investing Activities	*(191,198)*	-
Net Cash Inflow/(Outflow) from Operating Activities	**$961,677**	**$0**

25 CONTINGENT LIABILITIES

A contingent liability is a potential loss that may occur at some point in the future, once various uncertainties have been resolved. Contingent liabilities are disclosed when the outflow is not yet an actual, confirmed obligation.

As at balance date, the following which may result in contingent liabilities were recorded:

Lake Contaminants Allegations

In early July 2015, various as-yet-unsubstantiated allegations were made relating to chemicals in the bed of Lake Opuha. As at the authorisation date of these financial statements, various sampling has been undertaken and the samples are now being analysed. At this stage it is not possible to determine whether these allegations have any substance, and if they did have any substance, and whether they could have any material effect on the company.

There are no other known contingent liabilities.

26 CONTINGENT ASSETS

A contingent asset is a possible asset that may arise because of a gain that is contingent on future events that are not under the Company's control. Contingent assets are disclosed when the inflow of economic benefits is probable.

As at balance date there were no contingent assets.

27 CAPITAL COMMITMENTS

As at balance date there were no capital commitments.

28 JUDGEMENT AND ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

29 SUBSEQUENT EVENTS AFTER BALANCE DATE

There were no significant events subsequent to balance date.

30 PROSPECTIVE FINANCIAL INFORMATION

Comparison against Prospectus Forecast

Under the Financial Reporting Act and in accordance with FRS 42 for entities applying New Zealand equivalents to IFRS, the Company is required to present a comparison of the published prospective financial statements with the actual results.

On the following pages the company's actual trading result, covering the period 1 July 2014 to 30 June 2015, has been compared to the prospective financial statements.

When necessary, actuals have been regrouped to conform to the classification of the prospective financial information.

The forecast numbers formed part of the Prospectus and Investment Statement dated 23 May 2014.

Statement of Comprehensive Income vs. Prospectus Forecast

	Actual 30 June 2015 $	Forecast * 30 June 2015 $	*Variance $*
Continuing Operations			
Water Supply & Operational Revenue	3,079,620	3,082,497	*(2,877)*
Electricity Generation Sales	1,004,457	1,922,788	*(918,331)*
TDC Water Abstraction Charges	325,882	322,994	*2,888*
Scheme Infrastructure Charges	1,365,160	1,381,680	*(16,520)*
	5,775,119	6,709,959	*(934,840)*
Non-Operating Income	304,355	13,895	*290,460*
TOTAL INCOME	**$6,079,474**	**$6,723,854**	***$(644,380)***
Less Operating Expenses			
Direct Operating Expenses	2,128,856	2,638,456	*(509,600)*
Administration Expenses	251,158	166,560	*84,598*
Finance Expenses	2,459,893	2,527,293	*(67,400)*
	4,839,907	5,332,309	*(492,402)*
Non-Operating Expenses	23,130	-	*23,130*
Non-Cash Expenses			
Revaluation of Interest Rate Swaps	611,862	(718,493)	*1,330,355*
Amortisation	135,974	-	*135,974*
Depreciation	2,119,816	1,856,230	*263,586*
	2,867,652	1,137,737	*1,729,915*
TOTAL EXPENSES	**$7,730,689**	**$6,470,046**	***$1,260,643***
NET PROFIT (LOSS) FOR THE PERIOD	**$(1,651,215)**	**$253,808**	***$(1,905,023)***
Tax Expense	115,159	83,804	*31,355*
Profit/(Loss) from Continuing Operations	**$(1,766,374)**	**$170,004**	***$(1,936,378)***

Explanations for material variations:

- Electricity generation volume was 42% lower than forecast resulting in revenue 47% ($916k) below forecast, principally because of severe drought conditions - limited water availability and reduced lake level storage.
- Non-operating income includes $270k received as part of negotiated water supply agreement. This was not included in the prospectus forecast.
- Operating expenditure was lower than forecast due to mainly to lower activity in Consulting and Project Services ($297k), lower insurance costs ($49k) and lower compliance and survey costs ($81k). Overall operating costs were below forecast.
- Mark to Market (MtM) valuations for Interest Rate Swaps received from the banking institutions are based on their forecast of future market lending rates. Future market rates forecast at year end were 1.24% lower than those forecast for the prospectus and opening rates were approximately 0.3% higher resulting in a difference in forecast valuation of $1.5m.
- Based on advice received after the Prospectus issue, the depreciation method adopted for taxation purposes was changed from Straight Line to Diminishing Value.
- Based on advice received after the Prospectus issue, the forecast did not allow for amortisation on the Resource Consents.

Statement of Movements in Equity vs. Prospectus Forecast

	Actual 30 June 2015 $	Forecast * 30 June 2015 $	*Variance $*
Reserves			
Movement in Revenue Reserves	(5,081,640)	(5,524,060)	*442,420*
Net Surplus (Deficit)	(1,766,374)	170,004	*(1,936,378)*
Share Premium Reserve from Opuha Water Limited	5,066,976	4,182,222	*884,754*
Asset Revaluation Reserve from Opuha Water Limited	53,876	20,587	*33,289*
Capital Reserve from Levels Plain Irrigation Company Limited	5,993,178	6,483,888	*(490,710)*
	4,266,016	5,332,641	*(1,066,625)*
Contributions and Distributions			
Contributions			
Share Capital issued at a nominal value of $1.00	18,825	19,194	*(369)*
Distributions			
Equity at the beginning of the year	14,657,637	15,029,876	*(372,239)*
EQUITY AT THE END OF THE YEAR	**$18,942,478**	**$20,381,711**	***$(1,439,233)***
Movements in Retained Earnings			
Opening Balance	(970,495)	(598,256)	*(372,239)*
Plus:			
Net Surplus (Deficit)	(1,766,374)	170,004	*(1,936,378)*
Asset Revaluation Reserve from Levels Plain Irrigation Company Limited	53,876	-	*53,876*
	(1,712,498)	170,004	*(1,882,502)*
Less:			
Accumulated Losses from Opuha Water Limited	4,114,329	4,894,593	*(780,264)*
Accumulated Losses from Levels Plain Irrigation Company Limited	967,311	629,467	*337,844*
	5,081,640	5,524,060	*(442,420)*
Retained Earnings Closing Balance	**$(7,764,633)**	**$(5,952,312)**	***$(1,812,321)***

Explanations for material variations:

- Variation in net profit after tax forecast (-$1,931k) was the main driver of the difference in equity and retained earnings against forecast.

Statement of Financial Position vs. Prospectus Forecast

	Actual 30 June 2015 $	Forecast * 30 June 2015 $	*Variance* $
Current Assets			
Cash and Bank Balances	418,507	540,112	*(121,605)*
Sundry Debtors	489,615	640,654	*(151,039)*
Prepayments	317,604	357,826	*(40,222)*
Total Current Assets	*1,225,726*	*1,538,592*	*(312,866)*
Non-Current Assets			
Property, Plant and Equipment	56,792,529	58,865,949	*(2,073,420)*
Resource Consents	2,049,026	2,185,000	*(135,974)*
Shares - Farmlands Cooperative Society	2,125	1,880	*245*
Term Deposit - ANZ Bank (Levels Plain)	-	80,767	*(80,767)*
Total Non-Current Assets	*58,843,680*	*61,133,596*	*(2,289,916)*
TOTAL ASSETS	**$60,069,406**	**$62,672,188**	***$(2,602,782)***
Current Liabilities			
Sundry Creditors	508,874	200,593	*308,281*
Interest Payable	107,800	208,289	*(100,489)*
Tax Payable/(Refundable)	(8,481)	(16,152)	*7,671*
Derivatives	3,067,827	1,598,916	*1,468,911*
Total Current Liabilities	*3,676,020*	*1,991,646*	*1,684,374*
Non-Current Liabilities			
Term Loans - Secured	32,494,030	35,324,613	*(2,830,583)*
Deferred Tax Liability	4,956,878	4,974,218	*(17,340)*
Total Non-Current Liabilities	*37,450,908*	*40,298,831*	*(2,847,923)*
TOTAL LIABILITIES	**$41,126,928**	**$42,290,477**	***$(1,163,549)***
NET ASSETS	**$18,942,478**	**$20,381,711**	***$(1,439,233)***
Equity			
Share Capital - Ordinary "Water" Shares	16,000	16,000	-
Share Capital - "L" Class Infrastructure Shares	3,303	3,296	*7*
Share Capital - "K" Class Infrastructure Shares	3,208	3,208	-
Share Capital - "T" Class Infrastructure Shares	2,664	2,664	-
Share Capital - "D" Class Dry Shares	526	526	-
Accumulated Losses	(7,764,633)	(5,952,312)	*(1,812,321)*
Reserves	26,681,410	26,308,329	*373,081*
TOTAL EQUITY	**$18,942,478**	**$20,381,711**	***$(1,439,233)***

Explanations for material variations:

- The forecast anticipated the completion of the Downstream Weir project with a resultant addition of approximately $2.7m. To date, only development costs totalling $459k have been recorded in Property, Plant and Equipment. The project remains work in progress at the end of the financial year.
- The forecast included a new loan facility of $2.1m that would be required for the Downstream Weir project which to date has not been drawn, as the project remains work in progress. The forecast did not provide for loan repayments.
- The forecast included a Mark to Market (MtM) valuation for the Interest Rate Swaps ahead of the date of the end of financial year. The implied market rate used to revalue the swaps at 30 June 2015 was significantly different to actual market rate at the end of the financial year.

Statement of Cash Flows vs. Prospectus Forecast

	Actual 30 June 2015 $	Forecast * 30 June 2015 $	*Variance $*
Cash Flows from Operating Activities:			
Cash was provided from:			
Water Revenue and Generation	7,009,873	7,834,305	(824,432)
Sundry Income	6,699	-	6,699
	7,016,572	*7,834,305*	*(817,733)*
Cash was applied to:			
Payments to Suppliers, Directors & Employees	2,251,445	3,293,489	*(1,042,044)*
Bank Fees	7,170	9,430	*(2,260)*
Interest Paid	2,541,484	2,488,282	*53,202*
Tax Paid	1,059,013	521,190	*537,823*
	5,859,112	*6,312,391*	*(453,279)*
Net Cash Flows from Operating Activities	**$1,157,460**	**$1,521,914**	***$(364,454)***
Cash Flows from Investing Activities:			
Cash was provided from:			
Interest Received	16,164	-	*16,164*
Dividends Received	3,559	7,900	*(4,341)*
Collett Settlement	270,000	-	*270,000*
Fixed Asset (Sales)	7,000	-	*7,000*
	296,723	*7,900*	*288,823*
Cash was applied to:			
Fixed Asset (Additions)	508,033	3,395,951	*(2,887,918)*
Restructure Expenses	130,431	-	*130,431*
Redemption of 348 "D" Class Dry Shares	17,400	-	*17,400*
	655,864	*3,395,951*	*(2,740,087)*
Net Cash Flows from Investing Activities	**$(359,141)**	**$(3,388,051)**	***$3,028,910***
Cash Flows from Financing Activities:			
Cash was provided from:			
Acquisition/Amalgamation - Working Capital	910,732	306,249	*604,483*
ANZ Bank New Zealand - Loan Drawdowns	-	2,100,000	*(2,100,000)*
Buried Mainline Pipeline Capital Contributions	10,345	-	*10,345*
	921,077	*2,406,249*	*(1,485,172)*
Cash was applied to:			
ANZ Bank New Zealand - Loan Repayments	1,300,889	-	1,300,889
	1,300,889	-	*1,300,889*
Net Cash Flows from Financing Activities	**$(379,812)**	**$2,406,249**	***$(2,786,061)***
Net Increase in Cash Held:			
Cash at the Beginning of the Year	-	-	-
Cash at the End of the Year	418,507	540,112	*(121,605)*
	$418,507	**$540,112**	***$(121,605)***
Comprising:			
ANZ Bank New Zealand - Cheque Account	385,292	540,112	*(154,820)*
ANZ Bank New Zealand - Call Account	33,165	-	*33,165*
Petty Cash - Opuha House	50	-	*50*
	$418,507	**$540,112**	***$(121,605)***

Explanations for material variations:

- Net cash outflows from investing activities were lower than forecast. The main contributing factor being the forecast included the completion of the Downstream Weir Enhancement project.
- The forecast allowed for a loan facility of $2.1m for the Downstream Weir project which to date has not been drawn.

KPMG

Independent auditor's report

To the shareholders of Opuha Water Limited

We have audited the accompanying financial statements of Opuha Water Limited ("the company") on pages 7 to 31. The financial statements comprise the statement of financial position as at 30 June 2015, the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a statement of significant accounting policies and notes to the financial statements.

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in the 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 company's shareholders as a body, for our audit work, this report or any of the opinions we have formed.

Directors' responsibility for the financial statements

The directors are responsible on behalf of the company for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

KPMG

Opinion

In our opinion, the financial statements on pages 7 to 31 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the financial position of Opuha Water Limited as at 30 June 2015 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Other matter

The financial statements of Opuha Water Limited, for the year ended 30 June 2014, were audited by another auditor who expressed an unmodified opinion on those statements on 14 October 2014.

KPMG

3 November 2015
Christchurch