CENTRAL PLAINS
WATER

Central Plains Water Limited
Annual Report
For the year ended 30 June 2015

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Chairmans' review

Year in Review

The 2015 financial year has been dominated by intensive construction activity to ensure Stage 1 of the scheme is operationally ready by 1 September 2015.

At the time of writing "practical completion" has been awarded to the Fulton Hogan John Holland Joint Venture on the headrace works and to Downer Engineering on the distribution network. Both contractors have performed tremendously well in delivering large complex jobs within a tight timeframes over very large construction areas. On behalf of the company I congratulate and thank them for their outstanding efforts.

We are now delivering water to our first irrigators. While the early spring irrigation demand is low, we are quickly coming to grips with operating the scheme infrastructure and are ready for increased orders as the ground temperatures warm up and the weather settles towards an expected El Nino summer pattern.

It has been a tremendous effort from everyone involved including; our farmer shareholders, our staff, bankers and funders, designers, construction contractors and all the consultants and subcontractors involved to get Stage 1 of the scheme operational. The magnitude of this achievement is also increasingly being recognised externally.

Financial Performance and Position

The company is reporting a small "Loss for the year" of $4.5 million. This reflects costs that have not been able to be capitalised into "Construction Work in Progress", under financial reporting standards.

The company's balance sheet at 30 June 2015 reflects the construction activity with total assets increasing to $154 million (2014:$46m) the major asset being "Construction work in progress" of $141 million (2014:$17m). "Interest bearing liabilities" (bank debt & CIIL) has funded most of the construction activity and has increased to $125 million (2014: $20m). Also of note on the balance sheet is the revaluation loss on "Derivative financial instruments" (interest rate hedges) of $12 million (2014: $3m). The company was required under it's borrowing terms to fix interest rates for the 2 years period of construction and the first 3 years of operations. Base market interest rates have dropped significantly during this period. Our remaining hedges are in the 5.25 -5.51% range resulting in this $9 million loss on revaluation. "Total equity" at 30 June 2015 is $8.4 million (2014:16.8m).

Outlook

The initial focus for 2015/2016 is on completing Stage 1 construction and transitioning into an operating business, as opposed to being a construction project. We are very aware of the need to reliably and efficiently deliver water to our Stage 1 water users. We are also very aware of the difficult economic outlook for many of our shareholders and will seek to manage costs downwards and add additional value from irrigation, where we can.

We are also now actively working on the design and development strategy for the rest of the scheme. Over the coming months we will be increasingly engaging with shareholders to confirm indicative uptake and roll out our development plans. Our target remains to issue a Stage 2 prospectus in April-May 2016 and get a next major tranche of scheme construction underway in Spring 2016 to deliver water in September 2017. Achieving this will largely depend on the feedback and appetite we get from Stage 2 shareholders.

Staff

With the end of Stage 1 construction we are farewelling some of our staff members. I thank them for their key contributions to the successful delivery of the job. My thanks to all of the CPW staff through what has been an extremely demanding year. A special thank you to Derek Crombie, our CEO for his leadership of the team and to my fellow directors for their support. We have got there with Stage 1, now to finish the job!

Shareholder Support

We now look forward to serving our Stage 1 shareholders irrigation needs, and to reengaging with everyone on now working towards completion of the CPW scheme.

Directors' report

The Board of Directors have pleasure in presenting the annual report of Central Plains Water Limited, incorporating the financial statements and the auditors' report, for the year ended 30 June 2015.

Results

The Company sustained a loss for the year.

	This Year	Last Year
Net surplus (deficit) for the year	**(4,483,628)**	(5,203,920)
Retained earnings (accumulated losses) as at 1 July	**(26,398,948)**	(21,195,028)
Retained earnings (accumulated losses) as at 30 June	**(30,882,576)**	(26,398,948)

Cash flow hedge

The Company has also recognised a "cash flow hedge reserve" of $(8,800,978) reflecting the revaluation of unrealised losses on interest rate hedges. The Company was required under the terms of it's bank loans to fix 100% of interest rate risk for a five year period. The actual losses or gains realised will depend on movements in interest rates over the term of the interest rate hedges.

State of Affairs

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

Dividend

No dividend was paid during the year.

Auditors

KPMG have indicated their willingness to continue in office in accordance with section 200 of the Companies Act 1993.

The Board of Directors of Central Plains Water Limited authorised these financial statements presented on pages 4 to 29 for issue on 29 September 2015.

For and on behalf of the Board.

Director

29 September 2015

Director

29 September 2015

Statement of comprehensive income

For the year ended 30 June 2015

	Notes	Consolidated 2015 $	2014 $
IAF grants received	4	**73,051**	3,816,821
Interest received		**60,300**	147,014
Water licensing		**89,400**	89,400
		222,751	4,053,235
Depreciation and amortisation expense		**(119,503)**	(22,299)
Scheme design expenses		**(1,826,083)**	(5,543,673)
Directors expenses		**(255,679)**	(179,816)
Audit expenses		**(15,750)**	(17,075)
Other administration expenses		**(2,489,328)**	(2,850,787)
Finance costs - net	5	**(36)**	(643,505)
Total expenses		**(4,706,379)**	(9,257,155)
Loss before income tax		**(4,483,628)**	(5,203,920)
Income tax	7	**-**	-
Loss for the year		**(4,483,628)**	(5,203,920)
Other comprehensive income:			
Changes in fair value of cash flow hedges	20	**(9,034,071)**	(3,189,510)
Income tax benefit on fair value of cash flow hedges		**2,529,540**	893,063
Other comprehensive income for the year, net of tax		**(6,504,531)**	(2,296,447)
Total comprehensive income for the year		**(10,988,159)**	(7,500,367)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2015

Consolidated	Notes	**Share Capital $**	**Reserve for treasury shares $**	**Other reserves $**	**Retained earnings $**	**Total equity $**
Balance as at 1 July 2013		7,682,712	-	-	(21,195,028)	(13,512,316)
Loss for the year		-	-	-	(5,203,920)	(5,203,920)
Other comprehensive income for the year		-	-	(2,296,447)	-	(2,296,447)
Purchase of ordinary shares		(32,000)	-	-	-	(32,000)
Proceeds from ordinary shares	19	1,200	-	-	-	1,200
Proceeds from construction shares issued		31,995,250	-	-	-	31,995,250
Proceeds from pre-construction shares issued		5,843,000	-	-	-	5,843,000
Balance as at 30 June 2014		45,490,162	-	(2,296,447)	(26,398,948)	16,794,767
Balance as at 1 July 2014		45,490,162	-	(2,296,447)	(26,398,948)	16,794,767
Loss for the year		-	-	-	(4,483,628)	(4,483,628)
Other comprehensive income for the year	20	-	-	(6,504,531)	-	(6,504,531)
Transfer to treasury shares	19	32,000	(32,000)	-	-	-
Land acquisitions reserve		-	-	2,597,131	-	2,597,131
Proceeds from construction shares issued		14,000	-	-	-	14,000
Balance as at 30 June 2015		45,536,162	(32,000)	(6,203,847)	(30,882,576)	8,417,739

		2015	2014
Number of shares on issue:			
Ordinary shares	19	**787,404**	787,404
Construction shares	19	**18,291**	18,283
Pre-construction shares	19	**29,215**	29,215

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2015

	Notes	Consolidated 2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents		**1,994,781**	2,439,231
Trade and other receivables	9	**2,221,567**	2,658,425
Share instalments receivable	9	**73,541**	18,083,220
Current tax receivables	10	**7,295**	20,356
Total current assets		**4,297,184**	23,201,232
Non-current assets			
Contingency reserve account	11	**5,185,265**	5,023,946
Property, plant and equipment	12	**141,207,360**	17,252,617
Intangible assets	13	**151,264**	-
Deferred tax assets	14	**3,422,603**	893,063
Other investments	15	**200**	200
Total non-current assets		**149,966,692**	23,169,826
Total assets		**154,263,876**	46,371,058
LIABILITIES			
Current liabilities			
Trade and other payables	16	**8,828,647**	5,961,387
Interest bearing liabilities	17	**427,900**	-
Derivative financial instruments	18	**96,622**	-
Total current liabilities		**9,353,169**	5,961,387
Non-current liabilities			
Interest bearing liabilities	17	**124,366,008**	20,425,394
Derivative financial instruments	18	**12,126,960**	3,189,510
Total non-current liabilities		**136,492,968**	23,614,904
Total liabilities		**145,846,137**	29,576,291
Net assets		**8,417,739**	16,794,767
EQUITY			
Contributed equity	19	**45,504,162**	45,490,162
Reserves	20	**(6,203,847)**	(2,296,447)
Retained earnings		**(30,882,576)**	(26,398,948)
Total equity		**8,417,739**	16,794,767

Director
29 September 2015

Director
29 September 2015

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2015

	Notes	Consolidated 2015 $	2014 $
Cash flows from operating activities			
Interest received		**73,199**	135,626
Water licensing		**89,400**	89,400
MPI grant income		**-**	4,739,052
Payments to suppliers		**(4,434,173)**	(10,819,784)
Net cash inflow / (outflow) from operating activities	21	**(4,271,574)**	(5,855,706)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(161,545)**	(308,242)
Capital work in progress		**(118,077,204)**	(12,964,365)
Net cash inflow / (outflow) from investing activities		**(118,238,749)**	(13,272,607)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**-**	1,200
Proceeds from issuance of construction shares		**14,046,625**	15,153,920
Proceeds from issuance of pre-construction shares		**3,812,054**	1,962,430
Proceeds from bank borrowings		**104,207,194**	20,425,394
Contingency reserve account		**-**	(5,023,946)
Repayments of other borrowings		**-**	(11,102,488)
Purchase of ordinary shares		**-**	(32,000)
Net cash inflow / (outflow) from financing activities		**122,065,873**	21,384,510
Net increase (decrease) in cash and cash equivalents		**(444,450)**	2,256,197
Cash and cash equivalents at the beginning of the financial year		**2,439,231**	183,034
Cash and cash equivalents at end of year		**1,994,781**	2,439,231

1 Reporting Entity

These consolidated financial statements are for Central Plains Water Limited (the 'Company') and its subsidiary Te Pirita Irrigation Limited (non-trading) and Band 4 Water Limited (non-trading) (together 'the Group').

Central Plains Water Limited purpose is the establishment of an irrigation scheme.

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.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as applicable for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ('IFRS').

Statutory base

Central Plains Water Limited is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is an issuer for the purposes of the Financial Reporting Act 2013 and its financial statements comply with the Act.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company and the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand Dollars ($), which is the Company's presentation currency and rounded to the nearest dollar ($0).

2 Summary of significant accounting policies (continued)

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) *Interest income*
Interest income received is stated inclusive of withholding tax and recorded as earned.

(ii) *Water Licensing income*
Water licensing income is recognised when it is probable the economic benefit will flow to the company.

(e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

(f) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(g) Goods and Services Tax (GST)

The profit and loss component of the statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(i) Trade and other receivables

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

(j) Investments and other financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2 Summary of significant accounting policies (continued)

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2(h) and (i)).

(iii) Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss component of the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(k) Derivatives

The Company enters into derivative financial instruments to manage its exposure to interest rate risk, using interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a highly probable forecast transaction (cash flow hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 18. Movements on the hedging reserve in other comprehensive income are shown in note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss component of the statement of comprehensive income within 'other gains/(losses) – net'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit and loss component of the statement of comprehensive income within 'finance income/cost'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

2 Summary of significant accounting policies (continued)

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss component of the statement of comprehensive income within ‘other gains /(losses) – net’.

(l) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows.

(m) Property, plant and equipment

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

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

Land is not depreciated. Depreciation on other assets is calculated using the diminishing value method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Motor vehicles	3-5 years
- Office equipment	2-4 years
- Software	2 years
- Plant and equipment	8-10 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(n) Construction work in progress

Construction work in progress is stated at historical cost and includes all costs that are 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. It excludes costs such as administration and other general overhead costs. Capitalisation of construction work in progress commences from the point the Company considers it probable that the project will go ahead. Construction work in progress includes design and project development costs from that point. All design and project development costs prior to the point at which the project becomes probably are expensed.

(o) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are stated at cost.

2 Summary of significant accounting policies (continued)

(p) Interest bearing liabilities

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

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

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

(r) Contributed Equity

Ordinary shares, construction shares and pre-construction shares are classified as equity.

Where any Group company purchases the Company’s equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect is included in equity attributable to the Company’s equity holders.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The preparation of the consolidated financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and assumptions.

Estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Going concern
These financial statements have been prepared under the going concern assumption. Stage 1 has been fully commissioned and began operations as planned on 1 September 2015. The Company has water use agreements in place with all construction shareholders that provide the ability to recover the ongoing costs of operations. This enables the Company to have sufficient cash flow to meet loan repayment and liquidity requirements.

4 Government Grants

The company has entered into Funding Agreements in May 2015 with the Ministry for Primary Industries to the total value of $3,520,000 from the Irrigation Acceleration Fund. The funding agreements provide for reimbursement of 50% of qualifying expenditure on agreed pre-construction work programs required for the Stage 2+ development to reach an investment ready state. The grant income must be matched or co-funded by the Company.

5 Finance expenses

	2015 **$**	2014 $
Interest - Bank	**36**	-
Loans from related parties	**-**	643,505

6 Financial risk management

(a) Market risk

(i) Interest rate risk

Group policy is to maintain 100% of its borrowings for 5 years in fixed rate instruments. This is currently a requirement of it's bank borrowings.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

As at the reporting date, the Company had the following interest rate swap contracts outstanding:

	30 June 2015		30 June 2014	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Less than 1 year	**5.11%**	**124,000**	5.13%	100,000
1 to 2 years	**5.25%**	**26,000**	5.25%	26,000
2 to 3 years	**5.37%**	**12,000**	5.37%	12,000
3 to 4 years	**5.40%**	**12,000**	5.40%	12,000
4 to 5 years	**5.51%**	**12,000**	5.51%	12,000

The above balances include $186m (2014: $162m) forward start swap contracts for various periods and do not reflect the current active contracts held at any one point in time.

6 Financial risk management (continued)

(ii) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial liabilities to interest rate risk.

Consolidated		Interest rate risk			
		-1%		+1%	
30 June 2015	Carrying amount $'000	Profit / OCI $'000	Equity $'000	Profit / OCI $'000	Equity $'000
Financial liabilities					
Derivatives - cash flow hedges	12,224	-	(7,085)	-	6,567
Total increase/ (decrease)	**12,224**	**-**	**(7,085)**	**-**	**6,567**

Consolidated		Interest rate risk			
		-1%		+1%	
30 June 2014	Carrying amount $'000	Profit / OCI $'000	Equity $'000	Profit / OCI $'000	Equity $'000
Financial liabilities					
Derivatives - cash flow hedges	3,190	-	(7,067)	-	6,577
Total increase/ (decrease)	**3,190**	**-**	**(7,067)**	**-**	**6,577**

(b) Credit risk

The company does not have any significant concentrations of credit risk. It does not require any collateral or security to support financial instruments as it only deposits with, or loans to, banks and other financial institutions with high credit ratings. It does not expect the non-performance of any obligations at balance date.

(c) Liquidity risk

Liquidity risk is the risk that the company may encounter difficulty in raising funds at short notice to meet its commitments.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2015	**Less than 2 months**	**Between 2 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Interest rate swaps	(375,865)	(2,067,251)	(2,548,761)	(6,856,015)	(2,300,010)
Trade and other payables	(8,670,040)	(158,609)	-	-	-
Bank loans	-	(9,892,591)	(10,338,887)	(41,355,546)	(354,968,416)
Total	**(9,045,905)**	**(12,118,451)**	**(12,887,648)**	**(48,211,561)**	**(357,268,426)**

30 June 2014	**Less than 2 months**	**Between 2 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Interest rate swaps	(55,036)	(892,288)	(2,017,685)	(6,853,765)	(3,150,293)
Trade and other payables	(5,896,295)	(65,092)	-	-	-
Interest bearing liabilities	-	-	(20,425,394)	-	-
Total	**(5,951,331)**	**(957,380)**	**(22,443,079)**	**(6,853,765)**	**(3,150,293)**

6 Financial risk management (continued)

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's financial assets and liabilities that are measured at fair value at 30 June 2015 and 30 June 2014.

30 June 2015	**Level 1 $**	**Level 2 $**	**Level 3 $**
Financial liabilities at fair value through profit or loss			
Derivatives used for hedging			
Interest rate swaps	-	12,223,582	-
Total liabilities	**-**	**12,223,582**	**-**

30 June 2014	**Level 1 $**	**Level 2 $**	**Level 3 $**
Financial liabilities at fair value through profit or loss			
Derivatives used for hedging			
Interest rate swaps	-	3,189,510	-
Total liabilities	**-**	**3,189,510**	**-**

6 Financial risk management (continued)

(e) Financial instruments by category

Financial assets as per balance sheet	Loans and receivables $	Available for sale $	Total $
At 30 June 2015			
Cash and cash equivalents	1,994,781	-	1,994,781
Trade and other receivables	2,302,403	-	2,302,403
Available for sale financial assets	-	200	200
	4,297,184	200	4,297,384
At 30 June 2014			
Cash and cash equivalents	2,439,231	-	2,439,231
Trade and other receivables	20,762,001	-	20,762,001
Available for sale financial assets	-	200	200
	23,201,232	200	23,201,432

Financial liabilities as per balance sheet	Derivatives used for hedging $	Measured at amortised cost $	Total $
At 30 June 2015			
Trade and other payables	-	8,828,649	8,828,649
Derivative financial instruments	12,223,582	-	12,223,582
Interest bearing liabilities	-	124,793,908	124,793,908
	12,223,582	133,622,557	145,846,139
At 30 June 2014			
Trade and other payables	-	5,961,387	5,961,387
Derivative financial instruments	3,189,510	-	3,189,510
Interest bearing liabilities	-	20,425,394	20,425,394
	3,189,510	26,386,781	29,576,291

(f) Capital risk management

The company's capital includes ordinary share capital, construction capital, pre-construction capital and retained earnings. The company is not subject to any externally imposed capital requirements. There have been no material changes in the company's management of capital during the period.

7 Income tax

	2015 $	2014 $
(a) Income tax expense		
Current tax:		
Current tax on profits for the year	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**(4,483,628)**	(5,203,920)
Income tax @ 28%	**(1,255,416)**	(1,457,098)
Tax effects of:		
• Expenses not deductible for tax purposes	**89,335**	235,837
• Tax losses for which no deferred income tax asset was recognised	**1,166,081**	1,221,261
	-	-
(c) Unrecognised tax balances		
Losses brought forward	**10,967,589**	6,630,498
Adjustments recognised in the current year in relation to the current tax of prior years	**(966,683)**	-
Deductible temporary differences		
Net tax deficit for the year	**4,394,293**	4,337,091
Unrecognised deferred tax balances	**14,395,199**	10,967,589

There is a possibility tax losses may be lost in the future before they are able to be used due to a possible change in shareholder continuity or change in business activity as the company has not yet commenced operations.

(d) Tax (charge)/credit relating to components of other comprehensive income

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Before tax $	Tax (expense) / benefit $	After tax $
Consolidated			
30 June 2015			
Current tax	**-**	**-**	**-**
Deferred tax (note 14)	**(9,034,071)**	**2,529,534**	**(6,504,531)**
Other comprehensive income	**(9,034,071)**	**2,529,534**	**(6,504,531)**
30 June 2014			
Current tax	**-**	**-**	**-**
Deferred tax (note 14)	**(3,189,510)**	**893,063**	**(2,296,447)**
Other comprehensive income	**(3,189,510)**	**893,063**	**(2,296,447)**

8 Imputation credits

	2015 $	2014 $
Imputation credit account		
Balance at beginning of year	**17,072**	5,063
Resident withholding tax paid	**156**	17,072
Tax payments, net of refunds	**(3,903)**	(5,063)
Prior year tax adjustment	**3,372**	-
Balance at end of year	**16,697**	17,072

9 Trade and other receivables

	2015 $	2014 $
Trade receivables	**73,051**	415,376
Share instalments receivable	**73,541**	18,083,220
Prepaid loan fees	**136,417**	682,083
Net GST receivable	**2,012,099**	1,560,966
	2,295,108	20,741,645

As of 30 June 2015, trade receivables of $73,051 (2014: $415,376) were fully performing.

(a) Share instalments outstanding

This amount has arisen from transactions outside the usual operating activities of the Company. The Company issued construction and pre-construction shares on the 5 November 2013 with 50% payable on the allotment date with the balance payable during next year in two instalments (1 July 2014 and 30 November 2014).

(b) Prepaid loan fees

This amount comprises loan fees incurred at the inception of the Construction Facility to be amortised over the expected life of the facility.

10 Current tax receivables

	2015 $	2014 $
Excess of tax paid for current period over amount due	**7,295**	20,356

11 Other receivables

	2015 $	2014 $
Cash restricted or pledged		
Contingency reserve account	**5,185,265**	5,023,946

The deposit has an interest rate of 2.5% and is the contingency reserve required under the Syndicated Facility Agreement for the period of stage 1 construction (2014: 3.0%).

The deposit will mature on the commissioning of stage 1 of the scheme with the conversion of the Syndicated Facility to the Term Loan on 1 October 2015 and $3,000,000 is applied as a repayment to the bank borrowings.

12 Property, plant and equipment

	Construction work in progress $	Freehold land $	Office equipment $	Motor vehicles $	Other plant and equipment $	Total $
Year ended 30 June 2014						
Opening net book amount	-	250,000	3,865	11,263	-	265,128
Additions	16,701,745	-	118,990	189,053	-	17,009,788
Depreciation charge (note 2(m))	-	-	(7,320)	(14,979)	-	(22,299)
Closing net book amount	16,701,745	250,000	115,535	185,337	-	17,252,617
At 30 June 2014						
Cost	16,701,745	250,000	128,897	201,228	-	17,281,870
Accumulated depreciation	-	-	(13,362)	(15,891)	-	(29,253)
Net book amount	16,701,745	250,000	115,535	185,337	-	17,252,617
Year ended 30 June 2015						
Opening net book amount	16,701,745	250,000	115,535	185,337	-	17,252,617
Additions	123,913,965	-	48,586	25,182	86,397	124,074,130
Depreciation charge (note 2(m))	-	-	(77,433)	(39,584)	(2,370)	(119,387)
Closing net book amount	140,615,710	250,000	86,688	170,935	84,027	141,207,360
At 30 June 2015						
Cost	140,615,710	250,000	177,483	226,410	86,397	141,356,000
Accumulated depreciation	-	-	(90,795)	(55,475)	(2,370)	(148,640)
Net book amount	140,615,710	250,000	86,688	170,935	84,027	141,207,360

(a) Construction work in progress

Construction work in progress as at 30 June 2015 comprises expenditure on stage 1 of the irrigation scheme including the headrace from the Rakaia river to Sleemans Road.

(b) Capitalised borrowing costs

During the year, the Company has capitalised borrowing costs amounting to $6,256,885 (2014: $734,733) on construction work in progress.

13 Intangible assets

	Water consents acquired $	Computer software $	Total $
Year ended 30 June 2015			
Opening net book amount	-	-	-
Additions	150,000	1,380	151,380
Amortisation charge	-	(116)	(116)
Closing net book amount	**150,000**	**1,264**	**151,264**
At 30 June 2015			
Cost	150,000	1,380	151,380
Accumulated amortisation and impairment	-	(116)	(116)
Net book amount	**150,000**	**1,264**	**151,264**

14 Deferred tax assets

	2015 $	2014 $
The balance comprises temporary differences attributable to:		
Cash flow hedges (note 20)	**3,422,603**	893,063
Total deferred tax assets	**3,422,603**	893,063

15 Shares

	2015 $	2014 $
Farmlands Co-operative Society shares	**200**	200

16 Trade and other payables

	2015 $	2014 $
Trade payables	**374,203**	1,118,533
Accrued expenses	**623,556**	289,506
Construction work in progress	**7,830,888**	4,553,348
	8,828,647	5,961,387

17 Interest bearing liabilities

	2015 **$**	2014 $
Secured		
Bank loans	**427,900**	-
Total current interest bearing borrowings	**427,900**	-
Secured		
Bank loans	**120,938,370**	20,425,394
Crown Irrigation Investments Limited	**3,427,638**	-
Total non-current interest bearing borrowings	**124,366,008**	20,425,394
Total interest bearing liabilities	**124,793,908**	20,425,394

(a) Bank borrowings

The Company has total borrowings of $121,366,270 provided from a Syndicated Facility totalling $142,600,000 from ANZ and Westpac Banks to repay previous borrowings and fund the construction work in progress. Bank borrowings are secured over the assets of the company.

The first drawdown of the Construction Facility was made on 9 April 2014, and will expire on either the earlier of the Project Completion Date or the Sunset Date (31 December 2015). The Construction Facility will be refinanced by a Term Facility on 1 October 2015. The Term Facility matures on the 9 April 2019.

The average interest rate to 30 June 2015 on the Construction Facility is 5.76% (2014: 5.44%), it excludes line fees and swaps.

The Company has the following undrawn borrowing facilities:

	2015 **$**	2014 $
Construction facility	**16,133,730**	117,074,606
Bridge facility	**5,100,000**	5,100,000
	21,233,730	122,174,606

(b) Crown Irrigation Investments Limited

The company has an undrawn subordinated facility of $3,250,000 available which will be drawn down on 20 July 2015.

18 Derivative financial instruments

	2015 **$**	2014 $
Current liabilities		
Interest rate swaps - cash flow hedges (note (2)(k))	**96,622**	-
Non-current liabilities		
Interest rate swaps - cash flow hedges (note (2)(k))	**12,126,960**	3,189,510
Total derivative financial instrument liabilities	**12,223,582**	3,189,510

(a) Instruments used by the Company

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

Interest rate swaps

At 30 June 2015, the fixed interest rates vary from 4.69% to 5.51% (2014: 4.69% to 5.51%), and the main floating rate is the New Zealand 90 Day Bank Bill Rate or 90 Day BKBM. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 30 June 2015 will be released to the income statement within finance cost as each interest rate swap matures.

19 Contributed equity

(a) Ordinary shares

	2015 Shares	2014 Shares	**2015 $**	2014 $
Fully paid (no par value)	**784,393**	787,404	**7,651,912**	7,682,712
Purchase of shares	**-**	(3,011)	**-**	(32,000)
Transfer of reserve for treasury shares	**3,011**	-	**32,000**	-
Proceeds from issuance of shares	**-**	-	**-**	1,200
	787,404	784,393	**7,683,912**	7,651,912

All ordinary shares share equally in dividends on surplus and on winding up. The ordinary shares hold equal voting rights. The company holds 3,011 shares in Central Plains Water Limited.

Each ordinary share confers a pro-rata right to take the Scheme's water, estimated on 4 September 2014 to be approximately 500m3 of water per Irrigation Season.

Based on the pro-rata allocation, the Company has previously estimated that the average Shareholder would require 13.13 Ordinary Shares per hectare of their land within the Scheme Area, which would give the Shareholder rights to up to 6,565m3 (656.6mm) of Scheme water per hectare per Irrigation Season, subject to other conditions.

(b) Reserve for treasury shares

	2015 Shares	2014 Shares	**2015 $**	2014 $
Transfer of ordinary shares	**(3,011)**	-	**(32,000)**	-
	(3,011)	-	**(32,000)**	-

19 Contributed equity (continued)

(c) Construction shares

	2015 Shares	2014 Shares	**2015 $**	2014 $
Opening balance of construction shares issued	**18,283**	-	**31,995,250**	-
Issues of construction shares during the year				
First instalment on allotment	**-**	18,283	**-**	15,997,625
Second instalment due 1 July 2014	**-**	-	**-**	9,598,575
Third instalment due 30 November 2014	**8**	-	**14,000**	6,399,050
Closing balance of construction shares issued	**18,291**	18,283	**32,009,250**	31,995,250

Construction shares confer on the holder a right to use Scheme Infrastructure to the extent necessary to apply 0.6 litres of water per second to Stage 1 Land. However, each Shareholder's right to Scheme water is limited by the number of Ordinary Shares they hold (as set out above).

On 6 November 2013, 18,291 shares were issued at the subscription price of $1,750 payable in three instalments, (i) $875 on allotment, and (ii) $525 on 1 July 2014, and (iii) $350 on 30 November 2014. Construction shares do not have a par value.

(d) Pre-construction shares

	2015 Shares	2014 Shares	**2015 $**	2014 $
Opening balance of ordinary shares issued	**29,215**	-	**5,843,000**	-
Issues of pre-construction shares during the year				
First instalment on allotment	**-**	29,215	**-**	1,957,405
Second instalment due 1 July 2014	**-**	-	**-**	1,957,405
Third instalment due 30 November 2014	**-**	-	**-**	1,928,190
Closing balance of pre-construction shares issued	**29,215**	29,215	**5,843,000**	5,843,000

Pre-construction shares confer on the holder a right to participate on a one-for-one basis, in any subsequent offers by the Company of Stage 2+ Construction Shares. It is anticipated that Stage 2+ Construction Shares will be issues on the same basis as Stage 1 Construction Shares and will confer equivalent rights to use the Stage 1 Infrastructure and Stage 2+ Infrastructure to the extent necessary to irrigate the relevant Shareholder's Stage 2+ Land.

On 6 November 2013, 29,215 shares were issued at the subscription price of $200 payable in three instalments, (i) $67 on allotment, and (ii) $67 on 1 July 2014, and (iii) $66 on 30 November 2014. Pre-construction shares do not have a par value.

Total contributed equity	**45,504,162**	45,490,162

20 Other reserves

	2015 $	2014 $
Cash flow hedge reserve	**(8,800,978)**	(2,296,447)
Land acquisitions reserve	**2,597,131**	-
	(6,203,847)	(2,296,447)

(a) Cash flow hedge reserve

Balance 1 July	**(2,296,447)**	-
Fair value gains/(losses) in year	**(9,034,071)**	(3,189,510)
Deferred tax	**2,529,540**	893,063
Balance 30 June	**(8,800,978)**	(2,296,447)

Nature and purpose of reserves

Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge. The amounts are recognised in the profit and loss component of the statement of comprehensive income when the associated hedged transactions affect profit or loss (note 2(k)).

(b) Land acquisition reserve

Additions	2,597,131	-
Balance 30 June	**2,597,131**	-

21 Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 $	2014 $
Profit for the year	**(4,483,628)**	(5,203,920)
Depreciation and amortisation	**119,503**	22,299
Change in operating assets and liabilities		
(Increase) decrease in trade debtors	**56,192**	(1,154,523)
(Increase) decrease in prepayments	**545,667**	(1,154,523)
(Increase) decrease in future income tax benefit	**13,061**	(11,388)
Increase (decrease) in trade creditors	**(522,369)**	491,826
Net cash inflow from operating activities	**(4,271,574)**	(5,855,706)

22 Events occurring after the reporting period

There were no events occurring subsequent to balance date which require adjustment to or disclosure in the financial statements.

On 1 September 2015, the Company commenced irrigation operations delivering water to approximately 23,000 hectares on land in the Stage 1 area.

23 Contingencies

As at 30 June 2015 the Company had no contingent liabilities or assets (2014: nil).

24 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2015 **$**	2014 $
Up to 1 year	**14,496,510**	123,046,375
1 to 5 years	**-**	4,662,818
	14,496,510	127,709,193

The Company's contractual commitments to construct the irrigation scheme as at 30 June 2015 are estimated to be $14.5 million (2014: $127.7m).
The above balances have been committed in relation to future expenditure on capital projects. Amounts already spent have been included as construction work in progress (refer to note 12).

(b) Guarantees

	2015 **$**	2014 $
Bonds issued in favour of consenting authorities.	**3,000,000**	3,000,000

25 Related party transactions

(a) Central Plains Water Trust

Central Plains Water Trust is an associate of the Christchurch City Council and Selwyn District Council. The trust provided services and assistance to the company to the value of $22,229 (2014: $91,190).

The following director and chair of the company is a trustee of the Trust.

Mr D J Catherwood

(b) Directors

The names of persons who were directors of the company at any time during the financial year are as follows: D J Catherwood; G K Stevenson; P J Munro; W J Palmer; J W Donkers; D L Summerfield, G R Wilson and W J Luff.

Mr W J Palmer, a director of the company, is a partner in Buddle Findlay. During the reporting period the company entered into normal commercial transactions with Buddle Findlay. These transactions totalled $293,362 (2014: 1,413,084). The amount owed by the company at 30 June 2015 was $23,445 (2013: $78,820).

Mr P J Munro, a director of the company, is a partner in Deloitte. During the reporting period the company entered into normal commercial transactions with Deloitte. These transactions totalled $55,365 (2014: $108,743). The amount owed by the company at 30 June 2015 was $5,367 (2014: nil). Mr P J Munro is also a director of Orion. During the reporting period the company entered into normal commercial transactions with Orion. These transactions totalled $850,000 (2014: $nil). The amount owed by the company at 30 June 2015 was $5,367 (2014: nil).

26 Group entities

The Parent is the only trading entity. For commercial purposes, The Group is equivalent to The Parent with no separate powers.

In 2009 the Company incorporated Te Pirita Irrigation Limited as a wholly owned subsidiary. There were no transactions in Te Pirita Irrigation Limited during the year. Te Pirita Irrigation Limited has been formed to construct, commission and operate the Te Pirita scheme of 6,000 hectares.

In 2014, Band 4 Water Limited was incorporated and Central Plains Water Limited has a 50% shareholding.

Independent auditor's report

To the shareholders of Central Plains Water Limited

We have audited the accompanying consolidated financial statements of Central Plains Water Limited and its subsidiaries ("the group") on pages 4 to 25. The financial statements comprise the consolidated statement of financial position as at 30 June 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated 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 group'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 consolidated 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 group.

Opinion

In our opinion, the consolidated financial statements on pages 4 to 25 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of Central Plains Water Limited as at 30 June 2015 and its consolidated 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.

KPMG

9 October 2015

KPMG Christchurch

Statutory information

Shares on issue

As at 30 June 2015 we had 788,004 ordinary shares issued to 361 holders, 18,291 construction shares issued to 79 holders and 29,215 pre-construction shares issued to 171 holders.

Top 10 ordinary shareholders

Rank	Name	Units at 30 June 2015	% of Units
1.	Purata Farming Limited	41,380	5.25
2.	WJ Thomas & AA Thomas	29,315	3.72
3.	Southern Pastures (Matariki Farm) Limited Partnership	15,200	1.93
4.	Lynton Dairy Limited	12,400	1.57
5.	Burnham Farm Limited	11,394	1.45
6.	Fonterra Co-operative Group Limited	10,000	1.27
7.	Canterbury Grasslands Limited	9,406	1.19
8.	GD Gillanders & Sons Limited	8,800	1.12
9.	P & E Limited	8,400	1.07
10.	Haglea Farm Limited	8,244	1.05
Totals: Top 10 holders of Ordinary Shares		154,539	19.62
Total Remaining Holders Balance		633,465	80.38

Directors' remuneration

The total remuneration and other benefits to Directors (and past Directors) for services for the year ended 30 June 2015 were:

Director	Position	Ceased / Appointed		Total Remuneration ($)
D J Catherwood	Chairman			58,000
G K Stevenson	Deputy Chairman			29,000
P J Munro				29,000
W J Palmer				29,000
J W Donkers				29,000
D L Summerfield				29,000
W Luff		Appointed	30 October 2014	24,000
G R Wilson		Ceased	30 October 2014	5,000
				232,000

Statutory information (continued)

Directors' interests

The following general disclosures of interests have been given by directors' of the company pursuant to Section 140(2) of the Companies Act 1993.

Douglas Catherwood

Carlow Farm Limited

Carlow 1 Limited

Te Pirita Irrigation Limited

Geoff Stevenson

Clovernook Farm Limited

Harptree Farm Limited

Lowes Road Holdings Limited

Te Pirita Irrigation limited

Paul Munro

Deloitte Limited

Deloitte Partnership

Fine Foods Holdings Limited

Orion New Zealand Limited

William Palmer

Budfin Nominees Limited

Otarama Investments 2011 Limited

Palmer Family Trust

Sheffield Water Limited

John Donkers

Alto Holdings Limited

Baycity Communications Limited

Baycity Dairy Limited

Baycity Technologies Limited

Camden Diary Farms Limited

Camtelco Limited

Chiswick Farm Limited

Dairy Farm Management Services Limited

Dunsandel Groundwater Users Association Incorporated

INZ Accreditation Limited

Irrigation NZ Incorporated

Marvlos Investments Limited

My Farmside Limited

Praire Farm Limited

Regional Committee of Canterbury Water Management Strategy

Solvam Corporation Limited

Team Talk Limited

Wigram Brewing Company Limited

Willsden Farm Limited

Damon Summerfield

Plains Food Limited

Sheffield Water Limited

Summerfield Farming Co Limited

Summerfield Finance Limited

Gary Wilson

Bealey Developments Limited

Howe Spraying Limited

Kahautara Farm

Bill Luff

Luff Trading Limited

J Ballantyne and Company Limited

Issac Conservation Trustees Limited

Issac Conservation Co Limited

Enable Services LImited

Statutory information (continued)

Directors' shareholding in Central Plains Water

The Directors' respective ordinary shareholdings in Central Plains Water as at 30 June 2014 is as follows:

	# Held
Doug Catherwood together with associated persons	3,200
Gary Wilson together with associated persons	3,200
William Palmer – beneficiary and trustee of Palmer Family Trust	1,200
Geoff Stevenson	
• Harptree Farm Limited (director and shareholder)	1,800
• Clovernook Farm Limited (director and shareholder)	5,454
John Donkers	
• Willsden Farm Limited (director)	5,866
• Chiswick Farm Limited (director and shareholder)	3,528
• Praire Farm Limited (director and shareholder)	3,920
• Burnham Farm Limited (director and shareholder)	11,394
Damon Summerfield – director and shareholder of Summerfield Farming Co Limited	2,776

The directors have declared that they do not have any other interest in transactions with the company, apart from those disclosed in Note 26 to the Financial Statements.

Specific disclosures:

There are no specific disclosures of interest which have been given by directors of the company pursuant to Section 140(1) of the Companies Act 1993.

Subsidiary company directors

The following Companies were subsidiaries of Central Plains Water Limited as at 30 June 2015.

Te Pirita Irrigation Limited

Directors: Doug Catherwod, Colin Glass, Geoff Stevenson, Gareth Van Der Heyden

Band 4 Water Limited

Directors: Doug Catherwod, Gareth Van Der Heyden

Statutory information (continued)

Employee remuneration

During the year ended 30 June 2015 the following employees and former employees received individual remuneration over $100,000;

Remuneration range	Number of employees
$100,000 - $110,000	3
$110,000 - $120,000	1
$130,000 - $140,000	2
$150,000 - $160,000	1
$170,000 - $180,000	2
$190,000 - $200,000	1
$230,000 - $240,000	1
$240,000 - $250,000	2
$320,000 - $330,000	1

Donations

There were no donations during the 2015 financial year.

Directors' liability insurance

In accordance with section 162 of the Companies Act 1993 we indemnify and insure Directors' against liability to other parties that may arise from their position. This is through the Company and the Directors' entering into Deeds of Access, Insurance and Indemnity. This cover does not apply to any liabilities arising from criminal or reckless acts by our Directors.

Currency

Within this Annual Report, all amounts are in New Zealand dollars unless otherwise specified.

Credit rating

We do not have a credit rating.

Annual shareholder meeting

Our annual shareholder meeting is expected to be held on Thursday 29 October 2015 in Darfield. We will confirm the details of the time and place by notice to all our shareholders nearer to the date.

Annual report

Our Annual Report is available on our website at www.cpwl.co.nz/communications/company-documents/annual-report/ and will be emailed out to shareholders if requested. We prefer to communicate with our shareholders promptly by email, but any shareholder who does request a hard copy of our Annual Report will be sent one in the regular post.

Directory

Office

PO Box 9424

Tower Junction

Christchurch 8149

Level 1, 114 Wrights Road

Addington

Christchurch, 8024

Telephone: +64 3 982 4267

Facsimile: +64 3 281 8557

Email: admin@cpwl.co.nz

Registered office

Deloitte

151 Cambridge Terrace

Christchurch 8013

Board of directors

D J Catherwood (Chair of the Board)

G K Stevenson

P J Munro – Independent Director

W J Palmer

J W Donkers

D L Summerfield

W Luff (Appointed 30 October 2014)

G R Wilson (Ceased 30 October 2014)

Senior management

Derek Crombie – Chief Executive

Warren Maslin – General Manager Commercial

Susan Goodfellow – General Manager Environmental

Michael Grey – General Manager Headrace

Rene Bakx – General Manager Distribution

James Hay – General Manager Land & Legal

Mark McKenzie – General Manager Operations

Auditor

KPMG

Level 3, 62 Worcester Boulevard

Christchurch 8013

Lawyers

Buddle Findlay

83 Victoria Street

Christchurch 8013

Bankers

ANZ Bank New Zealand Limited

Westpac Banking Corporation

Share registrar

Link Market Services Limited

138 Tancreds Street

Ashburton 7740

Other information

Please visit us at our website www.cpwl.co.nz