

Central Plains Water Limited

Annual Report

For the year ended 30 June 2013

Central Plains Water Limited

Annual Report

For the year ended 30 June 2013

Contents	Page
Business Directory	1
Chairman's Review	2
Directors' Report	3
Approval of Annual Report	4
Statement of Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Financial Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Audit Report	25
Statutory Disclosure Statement	27

Central Plains Water Limited

Business Directory

As at 30 June 2013

Incorporated: 23 May 2003

Company Number: 1304001

IRD Number: 085-693-689

Nature of Business: The establishment of an irrigation scheme

Registered Office: Deloitte
50 Hazeldean Road
Christchurch

Directors: D J Catherwood
J W Donkers
R B MacGeorge (Appointed 19 October 2012)
P G Morrison
P J Munro
W J Palmer
G K Stevenson
D L Summerfield
G R Wilson
T M Muller (Resigned 11 October 2012)

Bankers: ANZ
ANZ Centre
37 Rotherham Street
PO Box 220
Christchurch

Solicitors: Buddle Findlay
245 St Asaph Street
Christchurch

Auditors: KPMG
Level 3
62 Worcester Boulevard
Christchurch

Accountants: Deloitte
50 Hazeldean Road
Christchurch

Wholly Owned Subsidiary: Te Piritā Irrigation Limited

Central Plains Water Limited

Chairman's Review

For the year ended 30 June 2013

The past year has seen significant progress for the company as we move into the final phases of preparation work to allow commencement of construction in late 2013 / early 2014.

Key achievements over the past year include:

- Securing funding from Selwyn District Council (loan facility) and the Ministry for Primary Industries' Irrigation Acceleration Fund (a grant) to complete the design process, develop financing arrangements, appoint a contractor, and bring the scheme to a final "investment ready" position
- Executing an agreement with TrustPower to secure stored water from Lake Coleridge
- Assisting TrustPower to notify the Rakaia Water Conservation Order to enable Lake Coleridge to store water
- Continued participation in extensive Environment Canterbury/Selwyn Waihora Zone Committee process to establish future policy and controls on nutrients and groundwater usage
- Reconfirming the constructability, timeframes, and capital costs of Stage 1 of the scheme (Stage 1 comprises ~20,000 ha in the area generally between the Rakaia river and the Selwyn River down to State Highway 1)
- Significantly boosting the CPWL fulltime in-house project team to 13 staff, by directly employing ex Solid Energy Technical Services staff
- Appointing consultants for detailed design; URS for the headrace canal, and OPUS for the reticulation network
- Significantly progressing work on financing solutions for construction including; commencing negotiations with debt providers, and preparing for a capital raise from farmers later in 2013
- Reaching agreement in principle with landowners for the initial section of the canal
- Starting the process to procure construction contractors
- Holding three very well supported farmer workshops/briefings in Dunsandel, Greendale and Darfield in June 2013.

Farmer interest and support for the scheme is very encouraging. Our intention is to have Stage 1 construction underway by late 2013/early 2014 and to have water available across the Stage 1 area by 2014 / 2015 season. This is however dependent on having a successful capital raise in 2013 with sufficient subscribed share offers for the equity component of the construction funding and related water user agreement commitments.

We will be progressing design work on the balance of the scheme in parallel with commencing construction of Stage 1. The scheme will be constructed in stages reflecting shareholder uptake. A sub-scheme in the Sheffield/Springfield area using some stockwater infrastructure is also currently being progressed.

Our intention is to progressively develop future stages of the scheme as soon as possible to match farmer demand.

I request shareholders continued support as we look forward to finally making the scheme a reality.



D Catherwood
Chair
Central Plains Water Limited

Central Plains Water Limited

Directors' Report For the year ended 30 June 2013

Nature of Business

The business of the company is the establishment of an irrigation scheme. The company's business has not changed during the year under review.

Results

The Company sustained a loss for the year.

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
Net surplus (deficit) for the year	(2,918,810)	(2,295,157)
Retained earnings (accumulated losses) as at 1 July 2012	(18,276,218)	(15,981,061)
Retained earnings (accumulated losses) as at 30 June 2013	<u>(21,195,028)</u>	<u>(18,276,218)</u>

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.

Financial Statements

The financial statements for the year ended 30 June 2013 are attached to this report.

Auditors

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



For and on behalf of the board
D Catherwood
Chairman

26 August 2013

Date

Central Plains Water Limited

Approval of Annual Report For the year ended 30 June 2013

Authorisation for Issue

The directors authorise the issue of these financial statements for the year ended 30 June 2013.

Approval by Directors

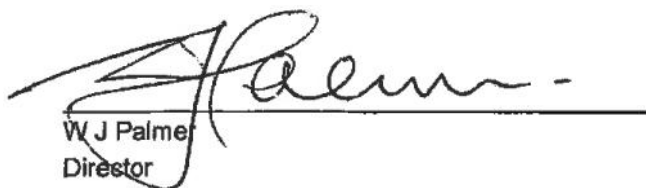
The Directors are pleased to present the financial statements Central Plains Water Limited for the year ended 30 June 2013.



D Catherwood
Chairman

26 August 2013

Date



W J Palmer
Director

26 August 2013

Date

Central Plains Water Limited

Statement of Comprehensive Income For the year ended 30 June 2013

		<i>Group & Parent</i>	<i>Group & Parent</i>
		<i>This Year</i>	<i>Last Year</i>
		\$	\$
OTHER INCOME			
Interest received		13,825	45,773
Water intake income		60,600	20,000
Grant income	4	1,447,856	28,261
Other income		-	1,105
TOTAL INCOME		1,522,281	95,139
EXPENSES			
Directors' fees		152,500	137,500
Consenting costs		25,020	164,215
Depreciation		4,437	2,426
Engineering and environmental		768,758	169,863
Interest	5	749,855	802,599
Audit fees		19,765	9,450
Other expenses		1,553,515	570,973
Project management		1,122,567	520,774
Relationship management		44,674	12,496
TOTAL EXPENSES		4,441,091	2,390,296
NET DEFICIT FOR THE YEAR		(2,918,810)	(2,295,157)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(DEFICIT)		(2,918,810)	(2,295,157)



Central Plains Water Limited

Statement of Changes in Equity For the year ended 30 June 2013

GROUP & PARENT	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2011	6,827,878	(15,981,061)	(9,153,183)
Total comprehensive income/(deficit) for the year	-	(2,295,157)	(2,295,157)
Issue of ordinary shares	854,434	-	854,434
	<u>854,434</u>	<u>(2,295,157)</u>	<u>(1,440,723)</u>
Balance at 30 June 2012	<u>7,682,312</u>	<u>(18,276,218)</u>	<u>(10,593,906)</u>
Total comprehensive income/(deficit) for the year	-	(2,918,810)	(2,918,810)
Monies Received	400	-	400
Balance at 30 June 2013	<u>7,682,712</u>	<u>(21,195,028)</u>	<u>(13,512,316)</u>



Central Plains Water Limited

Statement of Financial Position For the year ended 30 June 2013

		<i>Group & Parent</i>	<i>Group & Parent</i>
		<i>This Year</i>	<i>Last Year</i>
		\$	\$
CURRENT ASSETS			
Cash at bank		183,034	652,658
Receivables	2	821,820	33,620
Tax refund due	3	8,967	13,893
		<u>1,013,821</u>	<u>700,171</u>
NON CURRENT ASSETS			
Property, plant and equipment	11	265,128	253,874
TOTAL ASSETS		<u>1,278,949</u>	<u>954,045</u>
CURRENT LIABILITIES			
Accounts payable and accruals	6	1,050,098	182,712
Term loans – current portion	8	-	1,279,123
		<u>1,050,098</u>	<u>1,461,835</u>
NON CURRENT LIABILITIES			
Term loans	8	13,741,167	10,086,116
TOTAL LIABILITIES		<u>14,791,265</u>	<u>11,547,951</u>
NET ASSETS (LIABILITIES)		<u>(13,512,316)</u>	<u>(10,593,906)</u>
EQUITY			
Share capital	7	7,682,712	7,682,312
Retained earnings (accumulated deficit)		(21,195,028)	(18,276,218)
TOTAL EQUITY (DEFICIT)		<u>(13,512,316)</u>	<u>(10,593,906)</u>



Central Plains Water Limited

Statement of Cash Flows For the year ended 30 June 2013

		Group & Parent	Group & Parent
		This Year	Last Year
		\$	\$
OPERATING ACTIVITIES			
Cash was provided from:			
Interest received		16,531	36,179
Water intake income		60,600	20,000
Grant income		782,567	28,261
Other income		-	1,104
		<u>859,698</u>	<u>85,544</u>
Cash was applied to:			
Payments to suppliers		2,939,620	1,774,033
Net cash outflow from operating activities	9	<u>(2,079,922)</u>	<u>(1,688,489)</u>
INVESTING ACTIVITIES			
Cash was applied to:			
Capital investments		15,691	34,165
Net cash outflow from investing activities		<u>(15,691)</u>	<u>(34,165)</u>
FINANCING ACTIVITIES			
Cash was provided from:			
Shares issued		400	854,434
Loan received		1,659,978	-
		<u>1,660,378</u>	<u>854,434</u>
Cash was applied to:			
Loan repayments		34,389	-
Net cash inflow from financing activities		<u>1,625,989</u>	<u>854,434</u>
Net increase (decrease) in cash held		<u>(469,624)</u>	<u>(868,220)</u>
Cash at beginning of year		652,658	1,520,878
Cash at end of year		<u>183,034</u>	<u>652,658</u>
Comprising:			
Cash at bank		183,034	652,658
		<u>183,034</u>	<u>652,658</u>



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

1. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

The company is incorporated in New Zealand. The company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The company is an issuer in terms of the Financial Reporting Act 1993.

The financial statements for the Company and consolidated financial statements are presented.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the 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 comply with NZ IFRS, which ensures they meet International Financial Reporting Standards ("IFRS"). The financial statements were authorised for issue by the directors on 26 August 2013.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost.

Cost is based on the fair value of the consideration given in exchange for assets. Accounting policies 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 transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented in these financial statements for the year ended 30 June 2012.

The financial statements are prepared in NZD to the nearest dollar.

SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statement from the date that control commences until the date that control ceases.

Borrowing Costs

Borrowing costs are recognised as an expense in the period which they are incurred.



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

Financial Assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs on the date that they are originated. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables are derecognised when the contractual rights to cash flows from the asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

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.

Impairment of financial assets

The Group considers evidence of impairment for financial assets measured at amortised cost on individual basis. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Financial Liabilities and Equity Instruments

Debt and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

Borrowings

Borrowings are recorded initially at fair value, plus directly attributable transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the borrowings, or where appropriate, a shorter period, to the net carrying amount of the borrowings.

Debt is classified as current unless the company has the unconditional right to defer settlement of the debt for at least 12 months after the end of the reporting period.

Borrowings and trade and other payables are classified as non-derivate financial liabilities at amortised cost

Payables

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

Estimation of fair value of financial instruments for disclosure purposes

The fair value of loans and receivables is estimated at the present value of future cash flows, discontinued at the market rate of interest at the reporting date. Fair value of financial liabilities is calculated based on present value of future principal and interests cash flows, discounted at the market rate of interests at the reporting date.

Going Concern

The company was formed to investigate, construct and operate an irrigation management scheme for the Central Canterbury Plains. The company is undertaking this through a series of discrete projects, each of which is required to be funded prior to commencement.

The company has secured the necessary funding to complete the scheme design and project planning prior to the construction phase. The financial statements have been prepared under the going concern assumption.

The construction phase will not commence until late 2013 / early 2014. The company is now taking steps to raise funding for construction during 2013. If the further funding required is not obtained, the company would cease to operate as a going concern.

The company incurred a net loss of \$2,918,810 for the year ended 30 June 2013 and as of that date its total liabilities exceeded its total assets by \$13,512,316.

If the company was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the fact that assets and liabilities may need to be realised at amounts other than those at which they are currently recorded in the balance sheet, and the company may have to provide for further liabilities that may arise. In addition, the company would then, under agreements that it has, reclassify long-term liabilities as current liabilities and equity.



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

Goods and Services Tax

All balances are presented net of goods and services tax (GST), except for receivables and payables which are presented inclusive of GST.

Income Tax

Current tax

Income tax for the period is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. Income tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Until further funding is obtained there are no probable future tax profits and therefore no deferred tax asset has been recognised.

Property, Plant and Equipment

Property, Plant and Equipment are recognised at cost less aggregate depreciation. Depreciation has been calculated in accordance with the entities expected useful lives of the assets. Gains and losses on disposal of Property, Plant and Equipment are taken into account in determining the operating result for the year.

The following depreciation rates have been applied:

Land	0.0% Diminishing Value
Office Equipment	50.0% Diminishing Value

Revenue Recognition

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.

Interest income received is stated inclusive of withholding tax and recorded as earned.

Water intake income is recognised when it is probable the economic benefits will flow to the company.

Government Grants

Government grants are obtained for compensation of expenses incurred by the Group. It is recognised in profit and loss as other income on a systematic basis in the same periods in which the expenses are recognised. The details regarding the government grants are presented in note 4.

Resource Consents

All costs associated with the application for resource consents are recognised as expenses in the period in which they are incurred.

Capital Management

The Board of Directors monitor the capital through monthly forecast projections, monitoring cash inflows and outflows a year in advance.



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

Standards and Interpretations In Issue Not Yet Adopted

At 30 June 2013, a number of standards and interpretations were in issue but not yet effective. Initial application of the following standards and interpretations is not expected to have any material impact to the financial statements:

<i>Standard / Interpretation</i>	<i>Effective for annual reporting periods beginning on or after</i>	<i>Expected to be initially applied in the financial year ending</i>
NZ IFRS 10 - Consolidated Financial Statements	1 January 2013	30 June 2014
NZ IFRS 13 - Fair Value Measurement	1 January 2013	30 June 2014
NZ IAS 27 - Separate Financial Statements	1 January 2013	30 June 2014
NZ IFRS 9 - Financial Instruments	1 January 2015	30 June 2016



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

2. RECEIVABLES

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
Grants	726,382	-
GST receivable	95,438	33,620
	<u>821,820</u>	<u>33,620</u>

3. INCOME TAX

	<i>This Year</i>	<i>Last Year</i>
		\$
(a) Reconciliation of taxable income (loss)		
Net surplus (deficit) for the year	(2,918,810)	(2,295,157)
Income tax on net surplus before taxation at current rate of 28%	(817,267)	(642,644)
Taxation effect of permanent differences		
Non-deductible expenses	536,577	242,978
Unrecognised tax benefit	280,690	399,665
Tax charge on taxable income	<u>-</u>	<u>-</u>
(b) Current tax assets and liabilities		
Tax charge on taxable income	-	-
Less tax paid		
Resident withholding tax paid	(688)	(9,794)
Prior year tax refund due	(8,279)	(4,100)
Tax refund due	<u>(8,967)</u>	<u>(13,894)</u>
(c) Unrecognised tax losses		
Tax losses		
Losses brought forward	5,628,033	4,200,656
Plus		
Net tax deficit for the year	1,002,465	1,427,377
Tax losses available to carry forward	<u>6,630,498</u>	<u>5,628,033</u>

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.

Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

3. INCOME TAX (CONTINUED)

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
(d) Imputation credit account		
Opening balance	9,990	396
Plus		
Resident withholding tax paid	688	9,794
	<u>10,678</u>	<u>10,190</u>
Less		
Income tax refunded	5,615	200
Closing balance	<u>5,063</u>	<u>9,990</u>

This balance is a disclosure balance only and does not form part of the statement of financial position.

4. GRANT INCOME

The company has entered into Funding Agreements with the Ministry for Primary Industries to the total value of \$5,699,965 from the Irrigation Acceleration Fund. The funding agreements provide for reimbursement of 50% of qualifying expenditure on agreed preconstruction work programs required for the Stage 1 development to reach an "investment ready state". The grant income must be matched or "co-funded" by the company. The term of the funding agreements ends on 31 December 2014.

5. INTEREST EXPENSES

All of the \$749,855 recorded in the Statement of Comprehensive Income relates to accrued interest payable on term loans.

6. ACCOUNTS PAYABLE AND ACCRUALS

	<i>This Year</i>	<i>Last Year</i>
	\$	\$
Other accruals	635,981	66,145
Trade creditors	414,117	116,567
	<u>1,050,098</u>	<u>182,712</u>

The average credit period on purchases of services is 30 days. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

7. CAPITAL

	<i>This Year</i> \$	<i>Last Year</i> \$
<i>Capital</i>		
787,404 fully paid ordinary shares (2012: 787,404) (a)	<u>7,682,712</u>	<u>7,682,312</u>
	<i>Number of</i> <i>Shares</i>	<i>Share Capital</i> \$
<i>(a) Fully paid ordinary shares</i>		
<i>This Year</i>		
Balance as at 1 July 2012	787,404	7,682,312
Subscription Fee	-	400
Balance as at 30 June 2013	<u>787,404</u>	<u>7,682,712</u>
<i>Last Year</i>		
Balance as at 1 July 2011	730,282	6,827,877
Shares Issued	57,122	854,434
Balance at 30 June 2012	<u>787,404</u>	<u>7,682,312</u>
<i>(b) Partly paid ordinary shares</i>		
Balance as at 30 June 2013	<u>600</u>	
<i>Total Ordinary Shares Issued</i>	<u>788,004</u>	

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



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

8. TERM LOANS

	<i>Principal</i>	<i>Accrued Interest</i>	<i>Total</i>
	\$	\$	\$
<i>This Year</i>			
<i>Non-Current Portion</i>			
CEDF Trustee Limited (formerly CDC)	416,667	210,939	627,606
Selwyn District Council (2004 Loans)	1,678,723	848,799	2,527,522
Selwyn District Council (2012 Facility)	1,659,978	49,016	1,708,994
Sheffield Water Limited	1,000,000	351,474	1,351,474
Approved Lenders	4,800,000	2,725,571	7,525,571
<i>Total Non-Current Portion</i>	9,555,368	4,185,799	13,741,167
<i>Total Term Loans</i>	9,555,368	4,185,799	13,741,167
<i>Last Year</i>			
<i>Current Portion</i>			
Sheffield Water Limited	1,000,000	279,123	1,279,123
<i>Total Current Portion</i>	1,000,000	279,123	1,279,123
<i>Non-Current Portion</i>			
CEDF Trustee Limited (formerly CDC)	416,667	197,815	614,482
Selwyn District Council	1,678,723	795,761	2,474,484
Approved Lenders	4,800,000	2,197,150	6,997,150
<i>Total Non-Current Portion</i>	6,895,390	3,190,726	10,086,116
<i>Total Term Loans</i>	\$7,895,390	\$3,469,849	\$11,365,239

Canterbury Economic Development Fund Trustee Limited & Selwyn District Council (2004 Loans)

The company has loans from Canterbury Economic Development Fund Trustee Limited of \$627,606 (2012: \$614,482) and Selwyn District Council of \$2,527,522 (2012: \$2,474,484) (the "Lenders").

Interest on the Lenders' loans is to be accrued from October 2004 until the date the facility is repaid or when the lender converts the facility into shares. The interest rate on the loans is defined as midway between "offer" and "bid" of the 12 month swap rate as published on the Reuters FISSWAP page at 11am on the business day on which the interest rate is set, plus a margin of 50 basis points. Interest is currently accrued on these loans at 3.2030%. All lenders have agreed to add all accrual interest to the loan balances.



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

8. TERM LOANS (CONTINUED)

The loans will not be repayable in cash until the scheme has been commissioned. At this stage:

- If the scheme proceeds and construction is funded by debt and equity finance, the lenders will have the option to convert their loans into shares (of an agreed class) in any associated and/or related company which may be or is to be the infrastructure owning entity which will be associated with Central Plains Water Limited. Rights to water do not attach to these shares. If lenders do not elect to convert their loans into shares the loans shall be repaid in cash over an agreed period of time.
- If the scheme proceeds and construction is wholly debt financed the lenders will have no right to convert the loan into shares in the associated and/or related company and the loans are to be repaid in cash over an agreed period of time.

There are no specific maturity dates for the loans as repayment depends on the progress of the scheme and options chosen by the company and the lenders. If the scheme does not proceed, the loans apart from accrued interest will be converted into ordinary shares in the company on a dollar for dollar basis. None of the above applies to the 2012 facility with the Selwyn District Council described below.

Selwyn District Council – 2012 facility

During the year the company entered in to a further loan facility agreement with Selwyn District Council (the "2012 Facility"). The loan balance as at 30 June 2013 totalled \$1,708,994 including \$49,016 of accrued interest. The facility has a total limit of \$5,000,000. The interest rate on the loan is 10% per annum. Interest is accrued and capitalised six monthly on 30th June and 31 December 2013. The loan is repayable on the earlier of 30 June 2015 or the first date construction finance is available. Construction finance means funds from any other lenders to be used primarily for the construction of the project. Security is via a first ranking Surety GSA and cannot be subordinated to construction finance.

Sheffield Water Limited

The company has a loan from Sheffield Water Limited (D L Summerfield – Director, W J Palmer – Shareholder) of \$1,351,474 (2012: \$1,279,123). The terms and conditions of the loan agreement state that interest should be calculated on a daily basis at 10% per annum until the date the loan is repaid. The company is required to repay the loan on 31 January 2015. The security for this loan is over the Waimakariri "A" water resource consent.

Approved Lenders

The company has borrowed from related parties: Plains Holdings Limited (Shareholder) \$143,123 (2012: \$133,123), Clovermook Farm Limited (G S Stevenson – Director and Shareholder) \$74,107 (2012: \$69,107), Chiswick Farm Limited (J W Donkers – Director and Shareholder) \$38,500 (2012: \$35,900), Dairy Holdings Limited (Shareholder) \$2,874,148, Prairie Farm Limited (J W Donkers – Director and Shareholder) \$44,423 (2012: \$41,423), Willsden Farm Limited (J W Donkers – Director) \$65,154 (2012: \$60,754), Canterbury Pastoral Limited (Shareholder) \$147,612 (\$137,612), Carlow Farm Limited (D J Catherwood – Director and Shareholder) \$71,562 (2012: \$66,562), Synlait Farms Limited (Shareholder) \$781,480 (2012: \$721,479), Fonterra (Shareholder) \$3,137,384 (2012: \$2,902,096), Tui Company Limited (Shareholder) \$148,078 (2012: \$138,078), together the "Approved Lenders".

Loans from Approved Lenders have the following terms and conditions as part of their loan agreement: Interest on the Approved Lenders' loans is to be accrued from the drawdown dates until the date the facility is repaid which is to be within 3 months of the operational date of the scheme. The interest rate on the loan is fixed at between 8% - 10% per annum. In consideration of the Approved Lender entering into the agreement with the company the company grants the Approved Lender a sub-licence to use resource consents (with certain restrictions) to the extent reasonably necessary to allow the approved lender to irrigate the Approved Lender's land.

Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

9. RECONCILIATION OF NET PROFIT

<i>With cash flow from operating activities</i>	<i>Group & Parent This Year \$</i>	<i>Group & Parent Last Year \$</i>
<i>Net deficit for the year</i>	(2,918,810)	(2,295,157)
<i>Add non-cash items:</i>		
Interest expense	749,855	802,599
Depreciation	4,437	2,426
	<u>754,292</u>	<u>805,025</u>
	(2,164,518)	(1,490,132)
<i>Add (less) movements in other working capital items:</i>		
Receivables	(787,715)	(30,796)
Tax refund due	4,927	(9,594)
Accounts payable and accruals	867,386	(157,967)
	<u>84,598</u>	<u>(198,357)</u>
<i>Net cash outflow from operating activities</i>	<u>(2,079,922)</u>	<u>(1,688,489)</u>



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

10. FINANCIAL INSTRUMENTS

Currency risk

The company has no exposure to currency risk.

Interest rate risk

The value of the financial instruments will fluctuate due to changes in market interest rates. This could impact on the cost of borrowing. The interest rates on the company's borrowings are disclosed in note 8.

Credit risk

In the normal course of its business the company incurs credit risk from trade debtors and transactions with financial institutions.

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.

Liquidity risk

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

Capital management

The company's capital includes share 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.

Sensitivity analysis

At 30 June 2013 it is estimated that a general increase of one percent in interest rates would increase the company's deficit for the year by approximately \$83,391 (2012: \$79,126).

Fair values

The carrying value is considered by the directors to be the fair value for all on-balance sheet financial instruments.



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

10. FINANCIAL INSTRUMENTS (CONTINUED)

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	<i>Loans & Receivables</i>	<i>Financial Liabilities at Amortised Cost</i>	<i>Total</i>
As at 30 June 2013	\$	\$	\$
Assets			
Cash at bank	183,034	-	183,034
Receivables and accruals	726,382	-	726,382
Total financial assets	909,416	-	909,416
Non financial assets			369,533
Total assets			\$1,278,949
Liabilities			
Accounts payable and accruals	-	1,050,098	1,050,098
Loans	-	13,741,167	13,741,167
Total financial liabilities	-	14,791,265	14,791,265
Non financial liabilities			-
Total liabilities			\$14,791,265
	<i>Loans & Receivables</i>	<i>Financial Liabilities at Amortised Cost</i>	<i>Total</i>
As at 30 June 2012	\$	\$	\$
Assets			
Cash at bank	652,658	-	652,658
Receivables and accruals	-	-	-
Total financial assets	652,658	-	652,658
Non financial assets			301,387
Total assets			\$954,045
Liabilities			
Accounts payable and accruals	-	182,712	182,712
Loans	-	11,365,239	11,365,239
Total financial liabilities	-	11,547,951	11,547,951
Non financial liabilities			-
Total liabilities			\$11,547,951



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

11. PROPERTY, PLANT AND EQUIPMENT

	Cost	Depreciation	Accum Depn	Book Value
	\$	\$	\$	
This Year				
Land	250,000	-	-	250,000
Office equipment	9,908	3,526	6,043	3,865
Motor Vehicle	12,174	911	911	11,263
	\$272,082	\$4,437	\$6,954	\$265,128
Last Year				
Land	250,000	-	-	250,000
Office equipment	6,391	2,426	2,517	3,874
	\$256,391	\$2,426	\$2,517	\$253,874

12. EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any matters or circumstances since the end of the financial year, not otherwise dealt with in the financial statements that significantly or may significantly affect the operations of the company.

13. SEGMENT REPORTING

The company operates predominantly in one industry to investigate, construct, and operate an irrigation scheme.

All operations are carried out within New Zealand.

14. CAPITAL COMMITMENTS

There are no capital commitments at year end (30 June 2013: \$Nil).

15. CONTINGENT LIABILITIES

The company has no contingent liabilities at year end (30 June 2013: \$Nil).



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

16. RELATED PARTIES

During the reporting period Central Plains Water Limited entered into the following transactions with related parties:

Selwyn District Council

The Selwyn District Council holds two shares in the company. At balance date there was an outstanding loan balance to the Council of \$3,338,701 (2012: \$1,678,723). Interest of \$897,815 has been accrued on this loan balance (2012: \$795,761).

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 \$30,536 (2012: \$45,706).

The following director and chair of the company is a trustee of the Trust:
Mr D J Catherwood

Directors

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 \$219,850 (2012: \$186,815). The amount owed by the company at 30 June 2013 was \$77,201 (2012: \$30,141).

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 \$55,488 (2012: \$39,582). The amount owed by the company at 30 June 2013 was \$1,375 (2012: \$2,100).

The Ritso Society Incorporated

Central Plains Water Limited made no payments to The Ritso Society Incorporated during the year. The amount owed by the company at 30 June 2013 was \$Nil.

The following directors of the company are members of Ritso:

Mr P G Morrison
Mr J W Donkers
Mr D J Catherwood
Mr G K Stevenson
Mr D L Summerfield

Approved Lenders

Included in the non-current liabilities are a number of loans from related parties. These related parties have been identified in note 8.



Central Plains Water Limited

Notes to the Financial Statements For the year ended 30 June 2013

17. GROUP ENTITIES

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. If the construction of the company scheme headrace has not commenced by 2020 then all the shares in Te Pirita Irrigation Limited vest in the users of the Te Pirita scheme.



Independent auditor's report

To the shareholders of Central Plains Water Limited

Report on the company and group financial statements

We have audited the accompanying financial statements of Central Plains Water Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 5- 24. The financial statements comprise the statements of financial position as at 30 June 2013, the 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, for both the company and the group.

Directors' responsibility for the company and group financial statements

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group 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 company and group 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 company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group 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 of the financial statements that give a true and fair view of the matters to which they relate 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.

Opinion

In our opinion the financial statements on pages 5-24:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the company and the group as at 30 June 2013 and of the financial performance and cash flows of the company and the group for the year then ended.

Emphasis of matter

The company incurred a net loss of \$2,918,810 for the year ended 30 June 2013 and as of that date its total liabilities exceeded its total assets by \$13,512,316. We also draw attention to note 1 in the financial statements which describes the use of the going concern basis of preparation, the validity of which depends upon obtaining further funding from existing shareholders and other sources. These conditions indicate the existence of a material uncertainty about the company's ability to continue as a going concern.

If the company and group was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the fact that assets and liabilities may need to be realised at amounts other than those at which they are currently recorded in the statement of financial position, and the company and group may have to provide for further liabilities that may arise. In addition, the company and group would then, under agreements that it has, reclassify non-current liabilities as current liabilities and equity. Further details of the circumstances of this material uncertainty are described in note 1 of the financial statements. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Central Plains Water Limited as far as appears from our examination of those records.



26 August 2013
Christchurch

Central Plains Water Limited

Statutory Disclosure Statement For the year ended 30 June 2013

DIRECTORS' REMUNERATION AND OTHER BENEFITS

The Directors' remuneration paid during the year or due and payable is as follows:

	<i>Total \$</i>
D J Catherwood	22,500
J W Donkers	15,000
R B MacGeorge	10,000
P G Morrison	22,500
T M Muller	7,500
W J Palmer	15,000
P J Munro	15,000
G K Stevenson	15,000
D L Summerfield	15,000
G R Wilson	15,000
	152,500

DIRECTORS INTERESTS

General Disclosures:

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

William Palmer

Name of Company

Waddington Farm Limited
Budfin Nominees Limited
Otarama Investments 2011 Limited
Palmer Family Trust
Sheffield Water Ltd

Patrick Morrison

Name of Company

Pauri Bank Farm Limited

Douglas Catherwood

Name of Company

Carlow Farm Limited
Carlow 1 Limited
Te Pirita Irrigation Limited

Central Plains Water Limited

Statutory Disclosure Statement For the year ended 30 June 2013

John Donkers

Name of Company

Camden Dairy Farms Limited
Dairy Farm Management Services Limited
My Farmside Limited
Chiswick Farm Limited
Praire Farm Limited
Wigram Brewing Company Limited
Camtelco Limited
Alto Holdings Limited
Baycity Communications Limited
Baycity Technologies Limited
Baycity Dairy Limited
Farmside Limited
Farmside Technologies Limited
Burnham Farm Limited
Willsden Farm Limited
INZ Accreditation Ltd
Marvos Investments Ltd
Solvam Corporation Ltd
Team talk Ltd
Irrigation NZ Incorporated
Dunsandel Groundwater Users Association Incorporated
Regional Committee of Canterbury Water Management Strategy

Geoff Stevenson

Name of Company

Clovernook Farm Limited
Hartree Farm Limited
Te Pirita Irrigation Limited
Loves Road Holdings Limited

Paul Munro

Name of Company

Deloitte Limited
Orion New Zealand Limited
Deloitte Partnership
Fine Food Holdings Ltd

Damon Summerfield

Name of Company

Sheffield Water Limited
Plains Food Limited
Summerfield Farming Co Limited
Summerfield Finance Ltd

Todd Muller (Resigned 11 October 2012)

Name of Company

The New Zealand Institute for Plant and Food Research Limited
University of Waikato

Central Plains Water Limited

Statutory Disclosure Statement For the year ended 30 June 2013

Richard MacGeorge (Appointed 19 October 2012)

Name of Company
Ridgway Capital Projects Ltd
Ridgway Ltd
Ridgway Head Ltd
Ridgway Knowledge Products Ltd
Ferguson Brothers Ltd (Struck off)
Selwyn Investment Holdings Ltd
Wired Internet Ventures Ltd
Wired Internet Group Ltd
Wired Internet Solutions Ltd

Gary Wilson

Name of Company
Kahautara Farm
Howe Spraying Ltd
Bealey Developments Ltd

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.

Directors and Former Directors

The persons listed below held office as directors during the year. No other persons held the office of director at any time during the year.

D J Catherwood
J W Donkers
R B MacGeorge (Appointed 19 October 2012)
P G Morrison
P J Munro
W J Palmer
G K Stevenson
D L Summerfield
G R Wilson
T M Muller (Resigned 11 October 2012)

Central Plains Water Limited

Statutory Disclosure Statement For the year ended 30 June 2013

Interest Register

Mr D J Catherwood together with associated persons owns 3,200 shares in the company.

Mr P G Morrison owns 4,000 shares in the company.

Mr G R Wilson together with associated persons owns 3,200 shares in the company.

Mr W J Palmer is a beneficiary and trustee of the Palmer Family Trust which owns 1,700 shares in the company.

Mr G K Stevenson is a director and shareholder of:

- Harptree Farm Limited which owns 1,800 shares in the company; and
- Clovernook Farm Limited which owns 5,454 shares in the company.

Mr J W Donkers is a director of Willsden Farm Limited which owns 10,284 shares in the company, and is a director and shareholder of:

- Chiswick Farm Limited which owns 6,318 shares in the company;
- Praire Farm Limited which owns 6,906 shares in the company; and
- Burnham Farm Limited which owns 4,560 shares in the company.

Mr D L Summerfield is a director and shareholder of Summerfield Farming Co Limited which owns 2,776 shares in the company.

The directors have declared that they do not have any other interest in transactions with the company, apart from those disclosed in Note 16 to the Financial Statements.

Use of Company Information

There were no notices from the directors of the company requesting to use company information in their capacity as directors which would not have otherwise been available to them.

Share Dealing

During the reporting period there were no share dealings in the company by the directors except for; Clovernook Farm Limited (of which Geoff Stevenson is a Director/Shareholder) consolidated its shareholdings.

Donations

There were no donations made during the 2013 financial year.

Directors' Benefits

The directors have not received or become entitled to receive any benefits other than a benefit included in directors' fees as shown in financial statements.

Directors' Insurance

The company has arranged policies for directors' liability, which ensures that generally the directors will incur no monetary loss as a result of actions undertaken by them as directors.