OPUHA WATER LTD
Enabling | Sustainable | Growth

ANNUAL REPORT

2024

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CONTENTS

2024 AT A GLANCE

ANNUAL PERFORMANCE

	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Electricity Generation (MWh)	**15,216**	**37,362**	36,024	23,420	27,366	24,330
Electricity Generation ($)	**$2.3m**	**$2.4m**	$4.2m	$4.3m	$2.0m	$1.7m
Total Operating Revenue	**$9.4m**	**$7.4m**	$9.0m	$9.2m	$6.8m	$6.5m
Revenue from Energy Activities (%)	**25%**	**33%**	47%	48%	33%	29%
Revenue from Water Activities (%) *	**75%**	**67%**	53%	52%	67%	71%
Water Charges ($/ "W" share) **	**$315**	**$216**	$207	$207	$197	$197
OPEX (as % of Revenue)	**87%**	**113%**	73%	67%	86%	77%
OPEX (incl. Interest expense)	**$8.1m**	**$8.4m**	$6.5m	$6.1m	$5.9m	$5.0m
Interest expense (as % of OPEX)	**21%**	**20%**	24%	27%	28%	34%
EBITDA	**$3.2m**	**$1.3m**	$4.7m	$5.8m	$2.6m	$2.8m
EBIT	**$1.1m**	**$(0.8)m**	$2.7m	$3.9m	$0.7m	$1.0m
Profit/(Loss) before Tax	**$(0.6)m**	**$(2.5)m**	$1.2m	$2.3m	$(0.9)m	$(0.7)m
Current ratio ***	**2.0**	**1.4**	2.6	1.8	0.6	0.7
ICR (Interest Ratio Cover)	**1.9**	**0.8**	3.0	3.5	1.6	1.7
Total Assets	**$54.1m**	**$53.1m**	$54.4m	$55.3m	$54.2m	$55.5m
Debt to Equity	**1.9**	**1.7**	1.5	1.8	2.1	2.0
Term Debt	**$29.8m**	**$27.5m**	$26.4m	$27.9m	$28.3m	$28.7m

15,216 MWh
Electricity Generated
(FY 2023: 37,362 MWh)

$315
Water charge
$/share/p.a. **
(FY 2023: $216)

2,113
Average NZ homes
powered by OWL ****
(FY 2023: 5,189)

120
Water quality monitoring
sites (surface & groundwater)
(FY 2023: 105)

1,850
Water quality
samples taken
(FY 2023: 950)

0 m3
Volume of spilled water
(FY 2023: 8.2 m3)

236
Shareholders
(FY 2023: 237)

13
Employees
(FY 2023: 14)

* Water revenue excludes internal non-cash scheme management fees
** FY 2024 includes $35.00 Special charge per Water share
*** Current ratio - current liabilities excludes loans and borrowings which are due within 12 months - on the basis that the company's lenders have provided indicative support to extend facilities
**** Based on the average home consuming 7200 kWh per annum

Image: Opuha Main Spillway, winter 2024

2024 HIGHLIGHTS

1 OPUHA ENVIRONMENTAL FLOW RELEASE ADVISORY GROUP ("OEFRAG")

2023/24 Water Short Season, and the Opuha Environmental Flow Release Advisory Group

OEFRAG is an advisory group recognised in Opuha Water's (OWL) consents for providing recommendations on flow releases from the Opuha Dam, in relation to artificial freshes, flood buffering, and monthly transitional flows.
The group comprises of representatives from OWL, Central South Island Fish and Game / Department of Conservation, Mackenzie and Timaru District Councils, Te Runanga o Arowhenua, and Federated Farmers.

Over the last 20 years of operation, the group has established strong working relationships that have underpinned a high level of trust between agencies. Decisions are made by consensus following a robust process of information sharing and discussion. In response to the occurrence of water short years at various times over the life of the Opuha Dam, OEFRAG's role has evolved to provide recommendations to Environment Canterbury (ECan) on the need for Water Shortage Directions (WSDs) as provided for in the Resource Management Act (RMA).
The WSDs implemented on OEFRAG's recommendations have enabled the application of more conservative flow and restriction regimes than prescribed in consent conditions, in an effort to preserve lake storage for as long as possible.

For the 2023/24 season, OWL first engaged with OEFRAG at the start of September 2023, when concerns were developing that the season was shaping up to be drier than normal, with a lake at 85% capacity, little snow pack, and low inflows.
OWL imposed a 50% restriction in mid-September and the first WSD was issued on 1 October to reduce the minimum flow requirement downstream. Periodic rainfall throughout October and November kept lake levels high and resulted in temporary relaxation of restrictions while all flow and irrigation demand could be met, and the lake was at or above 90% capacity.

From the start of December rainfall events, and consequently lake inflows, diminished rapidly and the region entered into a strong El Nino weather pattern. OEFRAG began to meet on a weekly basis to assess the water storage situation and assess the need for a conservative approach to water management.

From mid-January, demand across the scheme was constrained and shareholders were unable to take water due to tributary minimum flows or water quality constraints. WSDs were imposed from the start of March reducing the minimum flow requirements and the irrigation season concluded on 18 March 2024 when the lake was at 5% capacity.
WSDs continued through to the end of the 2023/24 financial year having ended 30 June 2024 at 21.9% capacity (WSDs were relaxed in mid-September 2024 following a lake recharge).

Despite there being a number of new representatives around the OEFRAG table, the discussions and actions of the group have been very constructive and have been underpinned by respect, collaboration and fairness. OEFRAG have been pivotal in ensuring, as much as they were able, that the environment, community drinking water suppliers and irrigators were in the best possible position in the face of a tough El Nino year.

Our Purpose:

To own and operate intergenerational infrastructure to provide reliable water to enable our communities to thrive

2024 HIGHLIGHTS (continued)

2 LOW LEVEL OUTLET ENHANCEMENT

The Low-Level Outlet Enhancement project is an initiative designed to significantly bolster Opuha Water's (OWL) flood management and emergency response capabilities.
The project entails reopening the original diversion conduit and installing a 1.8-meter diameter valve at the downstream end.
In doing so we are taking proactive measures to enhance flood passage during pre-emptive reservoir lowering.
This strategic upgrade will shift the Annual Exceedance Probability (AEP) of the auxiliary spillway right fuse-plug from 1 in 200 to an impressive 1 in 1,700, demonstrating our unwavering commitment to safety and resilience.

Despite encountering challenges, the project has made substantial progress. Key project milestones achieved include uncovering and opening the original diversion conduit, and the completion of the valve chamber excavation/pouring of the floor slab and walls, ensuring a solid foundation for the upcoming valve installations.
OWL has strategically utilised the low lake levels to advance the project, ensuring that key outage periods were leveraged effectively. This approach allowed us to progress the project without causing any disruption to irrigation, highlighting our commitment to minimising impact on our shareholders.

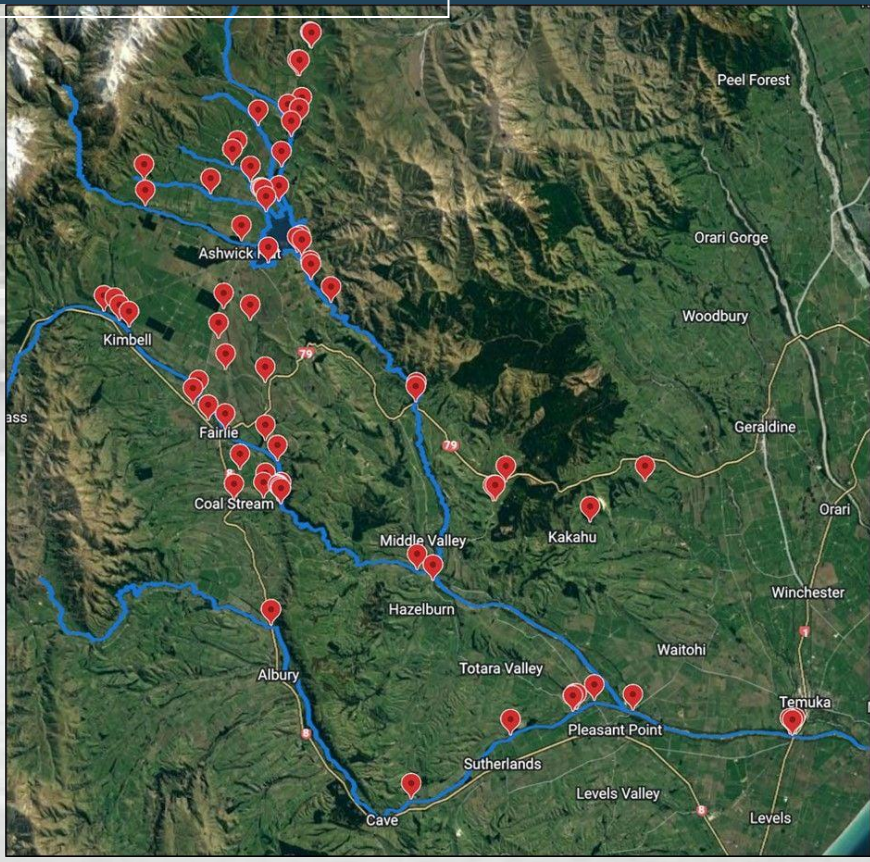
This project not only highlights our proactive approach to infrastructure enhancement but also our commitment to mitigating flood risks and ensuring the long-term safety and reliability of our operations. Through these efforts, we are poised to deliver significant improvements in lake level control, reinforcing our role as a responsible and forward-thinking organisation.

Image bottom left: New valve chamber in construction (July 2024)
Image bottom right: New flange fitted on the original diversion conduit, form work in place on the valve chamber (August 2024)
Background image: Internal inspection of the reopened original diversion conduit during the July 2024 isolation

2024 HIGHLIGHTS (continued)

3 WATER QUALITY MONITORING

Opuha Water (OWL) has continued to take an active role in encouraging community understanding of the many influences on the dynamic freshwater environments within our scheme area. We inform and involve our community in the work we do to understand and protect this vital, shared asset. Some key highlights of the 2023/24 year include:



- Intensive water quality sampling has continued across the wider catchment. Quarterly reports are being published by OWL's Freshwater Specialist, who is also working on a larger report which covers all monitoring data scheme/catchment wide and will be released later this year.

- The lake aerator was proactively operated throughout the irrigation season. As a result, stratification was prevented and cyanobacteria levels in Lake Opuha remained low over the summer/autumn period despite the lowering lake level.

- A Lake Sediment and Processes Advisory Group (made up of experts from NIWA, University of Canterbury, and independent consultants), has been formed to assist OWL with understanding sediment sources and dynamics in Lake Opuha and its catchment.

- In collaboration with this group, the company has installed turbidity sensors in the two main tributaries of Lake Opuha (North and South Opuha Rivers) to better understand the contribution of sediment within the catchment, with plans to utilise portable sensors in other lake tributaries. Monitoring in Lake Opuha and its tributaries has also increased from late spring to early autumn (2023-2024) to improve understanding of water clarity, suspended sediment, nutrient dynamics and cyanobacteria within the lake and tributaries.

- Utilising the opportunity of a low lake, sediment sampling has been undertaken in the bed of Lake Opuha at six locations for the measurement of heavy metals and DDT. All heavy metal and DDT results were similar to previous years (2011, 2015 & 2022) and the levels were less than sediment quality guidelines indicating low environmental risk. Sediment samples were also collected for particle size which may assist with understanding of where the fine sediment is coming from.

Engaging with the next Generation

Sanford Science Fair

OWL supported the 2023 Sanford Science and Technology Fair, sponsoring a special award category for students who showed innovation and creativity with a scientific experiment involving water. Two members of OWL's Environment Team also had the pleasure of judging the fair. OWL are proud to be involved in this initiative which provides an opportunity for South Canterbury students to showcase their science projects.

Inspiring our Youth

OWL's Freshwater Specialist, Jared Panther, participated in the 'Inspiring the Future Aotearoa' event, organised by Venture Timaru's My Next Move initiative. This event was put on for Year 7 & 8 Mackenzie College students to help ignite career thinking and introduce some of the study and career pathways available in South Canterbury. OWL enjoy supporting these initiatives in our community and help foster a passion amongst our youth for water or environmental focused careers.

Image above: Judging the 2023 Sanford Science and Technology Fair

Image above: OWL Freshwater Specialist, Jared Panther, participating in the 'Inspiring the Future Aotearoa' event.

2024 HIGHLIGHTS (continued)

Water Quality Monitoring (continued)

- Utilising the opportunity of a low lake, sediment sampling has been undertaken in the bed of Lake Opuha at six locations for the measurement of heavy metals and DDT. All heavy metal and DDT results were similar to previous years (2011, 2015 & 2022) and the levels were less than sediment quality guidelines indicating low environmental risk. Sediment samples were also collected for particle size which may assist with understanding of where the fine sediment is coming from.

- OWL have a heavy metal and pesticide monitoring program that was established in 2022. Total and dissolved heavy metals are measured monthly in the Opuha River (below the downstream weir) and pesticides (including DDT) are monitored quarterly. Heavy metal concentrations are generally low and below freshwater guidelines, with some elevated levels observed after rain events when flows increase. DDT (or its metabolites) have never been detected in the routine monitoring program.

- A passive sampling project was completed in May 2024, in conjunction with Environment Canterbury (ECan) water quality scientists. Passive samplers have been deployed for six months in the Opuha River (below the downstream weir) for the detection of heavy metals. Passive sampling enables the detection of ‘pulses’ of contaminants that may not be detected in monthly sampling. As anticipated, the sampling showed only low levels of heavy metals at similar concentrations that were detected as part of OWL’s routine heavy metal monitoring program.

- OWL is co-funding (with the NZ Rivers Group) an Environmental Engineer Masters student from the University of Canterbury (UC). The research title is ‘Identification of spatial and temporal sediment-related water quality variability through coupling of high frequency surrogate measurements with satellite imagery’ which will use ground-based data from Lake Opuha and satellite imagery to develop a model that provides continuous, high-resolution monitoring of water turbidity. This approach is expected to enable more effective mapping of turbidity on a wider scale (for OWL this will be valuable in other parts of the scheme) and offer a cost-effective alternative to traditional in-situ water quality measurements. As a result of this study, the relationship the company has developed with the UC has continued to strengthen and will also provide further opportunities for cost-effective catchment/scheme related research.

- In 2023 for the first time, OWL used eDNA across the Lake Opuha catchment, Opuha River and the Kakahu River. eDNA monitoring will continue annually to evaluate and track changes in the ecological health of these rivers.

- The community-based groundwater sampling program in the Fairlie Basin is continuing. Groundwater nitrate levels over the dry period decreased which is likely due to reduced rainfall and irrigation, however nitrate levels have increased over the past couple of months due to increased rainfall and recharge of the groundwater system. Samples are being collected by the community, with a handful taken by OWL, and all samples are measured using the company's nitrate sensor. A similar programme is now also commencing in the Levels Plains area.

- OWL is continuing to offer nitrate testing ‘drop in’ days (approx. quarterly) whereby shareholders could bring in water samples to be measured for nitrate using the company's nitrate sensor.

Lake Opuha Planting Day

OWL's first planting day at Lake Opuha’s Bennetts Road reserve was helped by members of the Opihi Opuha Catchment Group and 60 Mackenzie College students, with the help of Fonterra’s Hapori Fund. This project provides a fantastic opportunity for both biodiversity enhancement and community engagement and education, supplementing the school’s botany studies.

Images below: Native planting day at Lake Opuha, 3 November 2023

CHAIR REPORT

The year ended 30 June 2024 has been another busy year for Opuha Water (OWL) and in a number of respects, was reasonably challenging.

After the relatively wet seasons of 2022 and 2023, the season of 2024 brought things back into balance delivering one of the driest, El Nino induced irrigation seasons experienced in over 20 years. Inflows in the upper catchment were at low levels for much of the summer and autumn with all our “Above Dam” and Kakahu scheme shareholders experiencing significant impact to water access. The Dam itself was able to continue to supply water until late March 2024 before running empty, for only the second time in its history.

Given the dry conditions, it was no surprise that our generation output, at 15,216 MWh, was the second lowest in the Opuha Dam’s 25-year history. Admittedly, this metric was slightly distorted by a circuit breaker failure and we had to forgo a month's generation while worked on its reinstatement. While we had a new spare circuit breaker ordered at the time, the cost of this event highlights the importance of having a solid asset maintenance programme in place and ensuring our power station and other equipment is up to modern standards.

The OWL Board has spent a lot of time this year considering the Dam remediation investigative work and reports that were commissioned over the previous four years and evaluating how we approach the execution phase. Much of this revolved around prioritisation and funding methods for the various capital projects and striking a balance between managing risk while moderating the fiscal impact for shareholders.

The OWL Board had signaled we would present the 10-year capital budget to shareholders at this year’s AGM, but we have decided to defer this until the end of the first quarter of 2025 at a Special General Meeting (SGM). This is a very important discussion for our shareholders, and we feel we need to allocate the time for this discussion and not just add on to an AGM. Our intention is to circulate an Information Pack prior to the SGM outlining the funding plan for the capital projects and the forecast future Water charges.

Our immediate priority includes completion of the Low Level Outlet Enhancement project and Power Station refurbishment. This will be quickly followed by improvements to the Auxiliary Spillway (fusible plugs). The large uncertainty for the company remains the internal erosion of the Dam and the extent of remediation required. We plan to start a detailed investigation of this issue immediately. The OWL Board has taken the decision to isolate the additional spillway works for passing of extreme floods and package it up for public funding consideration.

In a note to shareholders in November last year, we outlined an agreement we had reached with our bank. ANZ Bank New Zealand (ANZ) have made it very clear that they do not want to be underwriting our energy revenue volatility and believe this is a shareholder responsibility. As you know, the company endures extreme volatility in generation revenue, with a 25-year range in annual output from 15,000 to 39,000 MWh and average annual conversion prices from $70/MWh to $185/MWh. Compounding the volume and spot pricing uncertainty makes budgeting problematic and leaves us with the option to budget a low energy revenue at the start of a financial year and increase Water charges to compensate or use long a term average energy revenue and go back to shareholders if we experience a below average energy income year.
Due to the increasing volatility of energy prices and the ongoing evidence of the effects of climate, the OWL Board has opted for the latter. Given the season we have just had, we materially under delivered to budget and had to go to shareholders to underwrite the shortfall by collecting a Special charge. While this is unwelcome in a season where the lack of water exacerbated pressures on-farm, it is a commitment we made and gives the ANZ the comfort it needs to support other workstreams and funding requirements.

The company has also spent time and resource on the Kakahu scheme which currently remains exposed around its 2030 consent renewal. There is no easy solutions and a pipeline option presently on the table has indicative costs at $5,000/ha capital spend for the 3,200ha affected. The Kakahu scheme comprises 20% of the wider Opuha scheme and therefore a very important collective group to the overall success of the company. While our thinking and investigation is still evolving, we acknowledge that OWL without Kakahu would create further headwinds for all shareholders. We therefore consider the company will have a role in partially assisting with potential solutions.

On a positive note, we were successful in recruiting a new CEO during the year. Bjorn Triplow, who joined the company in November last year, has brought a lot of enthusiasm and energy to the role and has rapidly gained a good grasp of the business and issues in front of us.
I would like to take this opportunity to thank Jeremy Boys for his role as Acting CEO up until Bjorn’s appointment and for the continued hard work of the wider Management team during the year. We are well served with capable and loyal team across the business, something we should not take for granted. In particular, the team's interaction with the Opuha Environmental Flow Release Advisory Group (OEFRAG) has been very constructive. This group met 25 times during the season and it was instrumental in making every drop of water benefit the rivers, dam and irrigators to the extent that it was able.

CHAIR REPORT (continued)

On the Board front, we have recently gone to the market to search for a third Independent Director. We get very good value out of our current Independent Directors, and we know that the Dam remediation will bring another level of complexity to the business, particularly as we move further into the projects and construction phase. Having a diverse range of skill sets around the table asking the right questions will be critical in the coming years to deliver these projects on time, on budget and for the benefit of all shareholders. We still require a core of capable Shareholder Directors, and I would urge anyone who can offer their time and skills to consider standing to ensure the company is well served in the future.

In conclusion, it is with some pleasure that we farewell 2024 and move on to a new season. At the time of writing, the lake level is where we want it, and power price volatility could be our friend this year if we can get even average output. I also wish to acknowledge my Board colleagues and thank them for their hard work and support to me as Chair over the past 12 months noting that there is plenty more work ahead.

All the best in your own businesses for the coming season.

Ryan O'Sullivan
Chairman

Our Vision:

Enabling our community through sustainable use of natural resources

Image below: OWL Board of Directors
From left to right: Richard Green (Shareholder Director), Ryan O'Sullivan (Shareholder Director/Chair), Elena Trout (Independent Director), Paul Burns (Independent Director), Tony Howey (Shareholder Director), Rebecca Biggs (Shareholder Director), Brent Schrider (Associate Director), Brendan Caird (Shareholder Director).

CEO REPORT

Introduction
It is with great pleasure that I present my inaugural review for the year ended 30 June 2024. I commenced my tenure with Opuha Water (OWL) in November 2023, following a seamless handover from the outgoing Acting CEO, Jeremy Boys, who retired as an Independent Director in March 2023. The OWL Board and Management deeply appreciate his dedication and wish Jeremy a fulfilling and enjoyable retirement.

Over the past 12 months, I have come to understand the complexity of OWL, with its differing delivery fronts requiring constant monitoring and effort. Each day brings new challenges and opportunities, as we are not just operators of an irrigation scheme but also generators of green energy, environmental stewards, community ambassadors, and problem solvers.

What makes OWL's complexities manageable is our dedicated team, whose diverse expertise and experience are invaluable. Without them, the company wouldn't be able to cover such a wide range of activities. It is a pleasure to work with a team that is not only dedicated but also passionate about continuous improvement and delivering value to both shareholders and the community. The OWL Board and I extend our gratitude to the team for their exceptional performance.

Season Overview
As touched on in the Chair Report, the company faced significant challenges throughout the 2023/24 irrigation season. The company grappled with low energy spot prices at the beginning of the year, which were exacerbated by a critical infrastructure outage and unusually low lake levels caused by unseasonal dry weather during the irrigation season. These factors negatively impacted the company's total earnings and financial position by year-end. Although energy spot prices rebounded in the second quarter, we were unable to capitalise on this improvement as Lake Opuha was below operational capacity by mid-March 2024.

The irrigation season began with restrictions in anticipation of a drier-than-average year, notably marked by the absence of a substantial snowpack in Lake Opuha's catchment. Throughout the season, a prolonged dry period persisted, leading to close weekly monitoring of both irrigation and non-irrigation water demand by the Opuha Environmental Flow Release Advisory Group (OEFRAG). Although no further official restrictions were imposed, the general daily irrigation demand across all schemes did not exceed 60%.

This reduction in demand was also influenced by shareholders upstream of the dam and other tributaries, who faced restrictive river flows from January, and the Kakahu scheme, which was unable to operate from mid-February due to compliance with consent conditions.

The irrigation season concluded in late March 2024, coinciding with Environment Canterbury's (ECan) issuance of a Water Shortage Directive (WSD) that reduced environmental flows. These flow reductions further strained OWL's financial position, as actual energy generation volumes fell substantially short of budgeted expectations.

Revenue
The cumulative effect of these events resulted in a $1.1 million shortfall (against budget) in revenues from energy activities for the 2023/24 year. Consequently, the company faced significant risk in meeting its required bank covenants. To ensure compliance, OWL's Board implemented a Special charge (of $35.00 per Water share). The Water Supply Agreement between the company and shareholders/water users authorizes the imposition of a Special charge on all farmers or specific groups, provided it is deemed 'fair and equitable'.

The Debt Service Coverage Ratio (DSCR) was compliant at financial year-end (30 June 2024), resulting in 1.55:1 (the minimum required ratio for this financial covenant is 1.00:1).
A key factor influencing the difference in the budgeted DSCR was debt amortization of $750,000 negotiated to be removed from bank repayment requirements, which was initially included in the budget as due before 30 June 2024 but was waived as part of facility amendments in December 2023 (is now due before 30 June 2025).

Expenditure
Conscious of costs, OWL's Board and Management team have scrutinised operational expenses. Notably, bank interest payments and insurance have been significant factors driving increased costs.

The company paid $1.7 million in FY 2023/24 for bank interest payments. With several loan facilities up for renewal, the OWL Board is strategically assessing the optimal timing for renegotiation. Banks anticipate materially lower rates in the second half of FY 2025.

In the 2022/23 financial year, insurance premiums experienced a substantial increase due to the revaluation of the Dam, the loss of major underwriters, and market volatility. The trend continued into the 2023/24 financial year, with further sizable increases resulting from revaluations of the irrigation sub-schemes.

CEO REPORT (continued)

The insurance premium reached $1.4 million, and indications suggested further increases for FY 2024/25. However, through proactive planning and collaboration with the insurance broker we successfully navigated the renewal process for FY 2024/25 and despite the challenging insurance market, managed to maintain a similar premium value without requiring changes to terms, conditions, or coverage.

Operational expenditure for the 2023/24 financial year was below budget as a result of deferring non-critical expenditure where available. However, the impact of OWL's Management's cost saving measures is not fully apparent due to significant overspending on unbudgeted and unplanned maintenance, especially within the irrigation sub-schemes.

The OWL Board and Management team remain committed to exploring cost-effective options and evaluating service levels to ensure prudent financial management.

Capital Projects
Following the completion of the Dam deficiency investigation and review of OWL's asset renewal program in 2023, significant progress has been made in scheduling projects and securing the necessary funding for the initial endeavors, such as the Low-Level Outlet Enhancement project and the Power Station refurbishment.

The Low-Level Outlet project is well on its way to completion, which will enhance the flood passage performance of the Opuha Dam. Specifically, the Annual Exceedance Probability (AEP) of the auxiliary spillway's right fuse-plug will increase from 1 in 200 to 1 in 1,700.

Funding for the Power Station refurbishment has been secured through a bank capex facility, with an initial $500,000 allocated for the design and procurement of services. An additional bank facility has been arranged, with the construction phase of the refurbishment scheduled to commence in the latter part of 2025.

The risk reduction pathway for addressing the internal erosion deficiency at Opuha Dam has advanced significantly. The Technical Advisory Panel (consisting of two dam safety experts) has agreed that the company is now in the risk mitigation optioneering phase.
Initially, internal erosion was considered a major dam safety risk, but extensive work has reclassified most of this risk as functional.
The likelihood of catastrophic failure due to internal erosion deemed low, with isolated slumping being a more probable scenario, which could reduce the dam's operational capacity. If such events occur, further restrictions on the dam's operating capacity may be necessary.
As the primary risk is now operational, a broader range of treatment options is available, focusing on maintaining operational capability rather than addressing a critical safety risk.

The Kakahu scheme is facing significant challenges in meeting the water clarity standards set by its discharge consent. These standards are causing operational limitations and reducing the reliability of irrigation water for Kakahu shareholders and users.

Additionally, increasingly restrictive consent conditions are anticipated, and opposition to mixing freshwater from the Opuha River with Kakahu River further complicates the situation.

To support Kakahu shareholders with the uncertainties of the 2030 consent renewal and its potential restrictive conditions, OWL and the Kakahu Working Group (KWG) have explored several pipeline options and alignments. After a thorough review, the KWG determined that extending the existing Main Race 1 (MR1) pipelines through the scheme to the open race network (MR2) is the most cost-effective solution. However, constructing a pipeline or an equivalent solution comes with substantial costs, so both groups continue to explore alternative solutions and funding options to ensure the scheme's viability.

Project Funding
Several project funding options are being explored, including bank debt, Special charges, shareholder capital contributions, and external funding sources. Due to the complexity of financial modelling and the current uncertainty surrounding external funding arrangements, OWL's Board has deferred presenting the 10-year capital plan.

The first required shareholder contribution for capital project works would come in the form of a Special charge, necessary in the event of a revenue shortfall to meet the bank's Debt Service Coverage Ratio (DSCR) due to increased amortization of additional bank debt. This Special charge is likely to be required in FY 2025/26.

In September, a Regional Infrastructure Fund application was submitted to Kānoa - Regional Economic Development & Investment Unit of the Ministry of Business, Innovation and Employment. The application seeks assistance in co-funding OWL's key capital projects, emphasizing the significant contribution of the Opuha Irrigation Scheme to the South Canterbury region. A recent review and update of the 2006 Opuha Dam Economic Impact Study by NERA revealed gross economic benefits exceeding $1 billion and net economic benefits of $315 million. The outcome of this application is still pending at the time of this report.

Additionally, OWL submitted requests for funding support in the draft long-term plans of ECan, Timaru District Council and Mackenzie District Council. ECan has committed to modelling the flood passage benefits of the Opuha Dam in its current configuration and, once enhancement works are completed, to determine if funding aspects of the capital projects would benefit the community. This approach aims to assess whether investing in the Opuha Dam's enhancements could be a more effective method for managing future high rainfall events compared to traditional defenses such as stop banks and flood vegetation.

Strategic Priorities
Balancing the demands of day-to-day operations while planning for the future remains priority. Earlier this year, the OWL Board and Management team engaged in strategic workshops to refine our purpose as owners and operators of intergenerational infrastructure, essential for providing reliable water to support thriving communities. This exercise was crucial in shaping our approach to scheme resilience and positioning the company for the future.

Our strategy intentionally has a short-term horizon as we navigate five years of uncertainties, including dam deficiency projects, funding, and consent renewals.

CEO REPORT (continued)

The strategic focus is on fortifying and future-proofing our cornerstone assets while strengthening OWL's and the scheme's economic stability. We have defined five guiding pillars, detailed in our Strategic Plan (page 11).

Our unwavering commitment to these pillars underscores our focus on our people, environmental leadership, operational excellence, commercial resilience, and community relationships.
Under these guiding pillars, each member of the OWL Management team has drafted business plans detailing 12-month prioritised outcomes, which are measured and tracked to ensure the overarching strategy is achieved.

Season Ahead
The start of the 2024/25 irrigation season, initially set for September, was postponed to the 1 October due to low water level in Lake Opuha. However, throughout September, the lake's water level has risen significantly thanks to favourable rainfall and snowmelt within the catchment area. The overall situation has improved dramatically, with lake Opuha reaching 90% capacity. ECan's Water Shortage Direction (WSD) is no longer in effect as the lake level has surpassed 389 meters and OWL has resumed operating under the consented minimum flows for both the discharge from the downstream weir and the flows at Saleyards Bridge.

Although OWL observed favourable conditions in September, the focus has shifted to managing the season to ensure optimal water use and allocation. The company may propose restrictions on shareholders' total allocation, anticipating that OEFRAG will endorse a WSD.

This WSD, to be implemented by ECan, would reduce environmental river flows, aiming to conserve water in the lake for later in the season when irrigation demand is higher. OWL and OEFRAG will continue to meet regularly throughout the season to ensure stakeholder engagement and the best utilisation of water resources.

In Closing, the past season has posed challenges for the company and its shareholders, and these challenges are likely to persist.
As we work to future-proof our assets and infrastructure, these issues will undoubtedly impact our journey. However, by collaborating as a cooperative, we can navigate and overcome these short-term obstacles more effectively, ensuring our long-term success and sustainability.

Bjorn Triplow
Chief Executive Officer

Images above: Lake Opuha, March 2024
The 2023/24 irrigation season concluded in late March, coinciding with ECan's issuance of a water shortage directive that reduced environmental flows). Historically, the lake has only reached similarly low levels twice before - in the 2000/2001 and 2014/2015 seasons.

STRATEGIC PLAN (2025-2030)

OUR PURPOSE: To own and operate intergenerational infrastructure to provide reliable water to enable our communities to thrive

OUR VISION: Enabling our community through sustainable use of natural resources

OUR VALUES:

Considering Tomorrow - *Ecological stewardship and community well-being*
Integrity - *We uphold the highest standards of integrity, reliability and trustworthiness*
Unity – *Success through a thriving team culture*
Strive for better - *We relentlessly pursue excellence and endeavor for better outcomes*
Curiosity - *We foster a culture of continuous learning and exploration*

STRATEGY THEME: **"Fortifying Our Future"**

The overarching theme of our 2025-2030 strategy centers around fortifying and future-proofing our cornerstone assets while strengthening OWL's economic position.
Our goal is to strategically position the company to continue serving both shareholders and the communities of South Canterbury.

PILLARS:

KEY IMPLEMENTATION INITIATIVES

PEOPLE	ENVIRONMENTAL LEADERSHIP	OPERATIONAL EXCELLENCE	COMMERCIAL RESILIENCE	COMMUNITY & RELATIONSHIPS
Promote a safety and health workplace which supports and keeps people free from harm	Effectively manage the RMA consenting process and obtain favourable consent conditions	Pursue the safety, resilience and reliability of OWL's infrastructure and assets	Improve organisational resilience and planning	Develop an internal and external communication strategy and plan
Cultivate a dynamic, responsive, and high-performing team culture	Proactively participate in the development of regional and national regulatory frameworks for the benefit of OWL and its shareholders	Develop and implement solutions to enhance water efficiency across all irrigation schemes	Establish economic stability and implement a sustainable financial model that optimally positions OWL for the future	Promote OWL to the wider community and groups
Our people actively consider and contribute to favourable shareholder outcomes	Renew OWL's environmental strategy to align with changes to the RMA and ECan's Regional Policy Statement (RPS)	Address water losses and explore reuse options for further conservation	Execute a robust cost control and expenditure management strategy	Execute a stakeholder management strategy with inclusions of key influencers and parties for the benefit of OWL and its shareholders
	Adopt measures to assess OWL against the Canterbury Regional Water Strategy, targets and goals	Optimise water utilisation by leveraging precise, high-quality data to operate water schemes effectively	Incorporate a risk management perspective into all business activities and initiatives	Secure funding to support OWL's infrastructure remediation and enhancement works
		Projects consistently meet deadlines, stay within budget, and achieve the desired outcomes	Strengthen the commercial and management capabilities for project development and execution	

FINANCIAL STATEMENTS

The Directors are pleased to present the financial statements of Opuha Water Limited for the year ended 30 June 2024.

The Directors are responsible for ensuring that the financial statements fairly present the financial position of the Company at 30 June 2024 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors consider that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

Date of Authorisation

This Annual Report is dated 16 October 2024 and is signed in accordance with a resolution of the Directors made pursuant to Section 211(1)(k) of the Companies Act 1993.

Signed on behalf of the Board of Directors by:

Ryan O'Sullivan - *Director, Board Chair*

Paul Burns - *Director, Chair of Risk & Audit*

16 October 2024

Date of Authorisation

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

OPUHA WATER LTD
Enabling | Sustainable | Growth

	Notes	2024 ($)	2023 ($)
Revenue	1	9,365,366	7,427,927
Financing Income	10	243,027	549,468
Total Income		9,608,393	7,977,395
Operating Expenses	2	6,432,494	6,721,645
Amortisation	9	134,874	134,185
Depreciation	8	1,984,143	1,954,052
Total Expenses (excluding Interest and Tax)		8,551,511	8,809,882
Earnings before Interest Expense and Tax (EBIT)		**$1,056,882**	**$(832,488)**
Interest Expense	11	1,696,299	1,637,597
Profit/(Loss) before Income Tax		**$(639,418)**	**$(2,470,085)**
Income Tax Expense/(Benefit)	5	(136,726)	(687,445)
Profit/(Loss) for the year		**$(502,692)**	**$(1,782,640)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss in future:			
Effective Portion of Changes in Fair Value of Hedges	19	(652,505)	(19,830)
Deferred Tax Effect on Fair Value of Hedges	7	182,702	5,552
Other Comprehensive Income/(Loss) Net of Tax		**$(469,804)**	**$(14,278)**
Total Comprehensive Income/(Loss) for the year		**$(972,496)**	**$(1,796,918)**

This Statement should be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report

BDO Christchurch

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

OPUHA WATER LTD
Enabling | Sustainable | Growth

	CONTRIBUTED EQUITY ($)	CAPITAL RESERVES ($)	SHARE PREMIUM RESERVES ($)	SCHEME RESERVES ($)	SCHEME INTERNAL BORROWINGS ($)	FAIR VALUE HEDGE RESERVES ($)	ACCUMULATED LOSSES ($)	TOTAL ($)
Notes	21	22	23	24	25	26		
Opening Balance 1 July 2022	*25,325*	*20,655,413*	*5,424,865*	*71,183*	*-*	*1,551,346*	*(6,361,549)*	***$21,366,583***
Total Comprehensive Income								
Profit/(Loss) for the year	-	-	-	-	-	-	(1,782,640)	**$(1,782,640)**
Other Comprehensive Income/(Expenditure)	-	-	-	-	-	-	(14,278)	**$(14,278)**
	-	-	-	-	-	-	(1,796,918)	**$(1,796,918)**
Imputation Credits Unclaimed/Converted to Loss	-	-	-	-	-	-	(352)	**$(352)**
Share Issue - Fully Paid	798	-	-	(798)	-	-	-	**$0**
Transfers between Reserves								
Appropriations to/from Scheme Reserves	-	-	-	(549,952)	-	-	(47,126)	**$(597,078)**
Appropriations to/from Scheme Internal Borrowings	-	-	-	597,078	(597,078)	-	597,078	**$597,078**
Appropriations to/from Fair Value Hedge Reserves	-	-	-	-	-	(19,830)	19,830	**$0**
	-	-	-	47,126	(597,078)	(19,830)	569,782	**$0**
Balance 30 June 2023	**$26,123**	**$20,655,413**	**$5,424,865**	**$117,511**	**$(597,078)**	**$1,531,516**	**$(7,589,037)**	**$19,569,313**
Opening Balance 1 July 2023	*26,123*	*20,655,413*	*5,424,865*	*117,511*	*(597,078)*	*1,531,516*	*(7,589,037)*	***$19,569,313***
Total Comprehensive Income								
Profit/(Loss) for the year	-	-	-	-	-	-	(502,692)	**$(502,692)**
Other Comprehensive Income/(Expenditure)	-	-	-	-	-	-	(469,804)	**$(469,804)**
	-	-	-	-	-	-	(972,496)	**$(972,496)**
Imputation Credits Unclaimed/Converted to Loss	-	-	-	-	-	-	(247)	**$(247)**
Share Issue - Fully Paid	-	-	-	-	-	-	-	**$0**
Share Redemption	(65)	-	65	-	-	-	-	**$0**
Transfers between Reserves								
Appropriations to/from Scheme Reserves	-	-	-	(356,808)	-	-	96,681	**$(260,126)**
Appropriations to/from Scheme Internal Borrowings	-	-	-	260,126	(842,085)	-	842,085	**$260,126**
Appropriations to/from Fair Value Hedge Reserves	-	-	-	-	-	(652,505)	652,505	**$0**
	-	-	-	(96,681)	(842,085)	(652,505)	1,591,272	**$0**
Balance 30 June 2024	**$26,058**	**$20,655,413**	**$5,424,930**	**$20,830**	**$(1,439,163)**	**$879,011**	**$(6,970,508)**	**$18,596,570**

This Statement should be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report

BDO Christchurch

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

OPUHA WATER LTD
Enabling | Sustainable | Growth

	Notes	2024 ($)	2023 ($)
ASSETS			
Current Assets			
Cash and Cash Equivalents	13	1,160,185	439,071
Trade & Other Receivables	14	784,595	609,956
Income Tax Receivable	6	3,301	162,701
Short-Term Derivative Assets	19	472,485	530,720
Total Current Assets		**$2,420,566**	**$1,742,448**
Non-Current Assets			
Property, Plant and Equipment	8	50,416,852	49,637,485
Investments	19	2,368	2,368
Intangibles	9	870,700	977,958
Shareholder Loans Receivable	15	17,489	21,875
Long-Term Derivative Assets	19	411,232	766,638
Total Non-Current Assets		**$51,718,641**	**$51,406,324**
Total Assets		**$54,139,207**	**$53,148,772**
LIABILITIES			
Current Liabilities			
Trade and Other Payables	17	643,294	750,146
GST Payable		103,387	26,291
Interest Payable on Loans & Borrowings	4	386,467	345,770
Employee Liabilities		95,244	75,624
Short-term Loans & Borrowings	18	29,797,513	71,893
Total Current Liabilities		**$31,025,905**	**$1,269,723**
Non-Current Liabilities			
Deferred Tax Liability	7	4,516,733	4,836,160
Long-term Loans & Borrowings	18	-	27,473,576
Total Non-Current Liabilities		**$4,516,733**	**$32,309,736**
Total Liabilities		**$35,542,637**	**$33,579,459**
Net Assets		**$18,596,570**	**$19,569,313**
SHAREHOLDERS' EQUITY			
Contributed Equity	21	26,058	26,123
Capital Reserves	22	20,655,413	20,655,413
Share Premium Reserves	23	5,424,930	5,424,865
Scheme Reserves	24	20,830	117,511
Scheme Internal Borrowings	25	(1,439,163)	(597,078)
Fair Value Hedge Reserves	26	879,011	1,531,516
Accumulated Losses		(6,970,508)	(7,589,037)
Total Shareholders' Equity (Deficit)		**$18,596,570**	**$19,569,313**

This Statement should be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report

BDO Christchurch

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

OPUHA WATER LTD
Enabling | Sustainable | Growth

	Notes	2024 ($)	2023 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from Customers		9,017,158	7,600,296
Receipts from Interest and Dividends		12,875	8,603
Receipts from Other Activities		13,632	1,434
Receipts from Goods & Services Tax		66,354	-
Receipts from Income Tax		159,444	-
		9,269,464	7,610,333
Cash was applied to:			
Payments for Suppliers and Employees		(8,226,726)	(7,871,240)
Payments for Goods & Services Tax		-	(18,464)
Payments for Income Tax		-	(621,127)
		(8,226,726)	(8,510,832)
Net Cash Inflow/(Outflow) from Operating Activities	**3**	**$1,042,738**	**$(900,499)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from disposal of Property, Plant and Equipment		29,565	45,329
		29,565	45,329
Cash was applied to:			
Payments for Investments		-	(174)
Payments for Property, Plant and Equipment		(2,749,265)	(1,599,135)
Payments for Intangibles		(11,385)	-
		(2,760,650)	(1,599,309)
Net Cash Flows from Investing Activities		**$(2,731,084)**	**$(1,553,980)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from Short-term Loans & Borrowings	**4**	-	71,268
Proceeds from Long-term Loans & Borrowings	**4**	2,322,998	1,012,897
Proceeds from Shares Settlement		152,989	-
Proceeds from Shareholder Loans		4,428	11,807
		2,480,415	1,095,972
Cash was applied to:			
Payments for Short-term Loans & Borrowings		(70,954)	-
Payments for Long-term Loans & Borrowings	**4**	-	-
Payments for Shareholder Loans		-	(1,135)
		(70,954)	(1,135)
Net Cash Flows from Financing Activities		**$2,409,461**	**$1,094,837**
Net Cash Flows		**$721,114**	**$(1,359,642)**
Cash and cash equivalents at beginning of period		$439,071	$1,798,713
Cash and cash equivalents at end of period	**13**	$1,160,185	$439,071
Net change in cash for period		**$721,114**	**$(1,359,642)**

This Statement should be read in conjunction with the Notes to the Financial Statements and the Independent Auditors Report

BDO Christchurch

The **Notes to the Financial Statements** are grouped into the broad categories the Company considers to be the most relevant when evaluating the Company's performance. The sections are:

Accounting policies can be found throughout the Notes to the Financial Statements and are denoted by this blue shaded box surrounding them. Policies are placed within the note that is most relevant, however the policy applies to all financial statements and notes.

SECTION A: GENERAL INFORMATION

This section includes information on this report, key estimates and assumptions and significant transactions and events during the year.

Reporting Entity

Opuha Water Limited (the "Company") is domiciled in New Zealand, registered under the Companies Act 1993, and the Cooperative Companies Act 1996, and is a FMC entity in terms of the Financial Markets Conduct Act 2013. For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Company is a Tier 1, for-profit entity.

Principal Activities

The Company's principal activities are the coordination and supply of water for industrial and domestic consumption, environmental river flows, and irrigation supply, and renewable electricity generation. Farmer irrigators are the 100% shareholders of the Company.

The Opuha Dam is situated at the confluence of the North and South Opuha Rivers 17 km north-east of Fairlie. The scheme consists of a 50-metre-high earth dam, with a single hydro turbine, and a lake covering up to 710 hectares storing over 74 million cubic metres of water. The dam provides water to maintain environmental flows in the downstream catchment, water for urban and industrial supplies and for reliable irrigation covering 16,000 hectares in the region. Renewable hydro-electricity is generated with water released from the dam.

Statement of Compliance

The financial statements comply with NZ GAAP, New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), International Financial Reporting Standards and the Financial Markets Conduct Act 2013.

Basis of Measurement

The financial statements have been prepared on a historical cost basis, except derivative financial instruments, which have been measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

Going Concern

The financial statements have been prepared using the going concern assumption. The Company is dependent on the continuing support of its shareholders and financiers. Refer to Subsequent Events to Reporting Date "Loans and Borrowings - Term Debt Facility" (page 21).

Functional and Presentation Currency

These financial statements are presented in New Zealand Dollars ($) and have been rounded to the nearest dollar. As a result of rounding there may be slight discrepancies in subtotals.

Comparative Figures

Where applicable, the Company may recode certain transactions of the prior year to other reporting headers to comply with the presentation adopted for the current year.

Key Estimates and Judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are:

- Financial Risk Management - *refer to Note 19 (page 31)*
- Recognition of Deferred Tax Asset regarding Accumulated Losses - *refer to Notes 5 and 7 (pages 24 and 25)*
- Impairment of Operating Assets - *refer to 'Internal Erosion and Impairment Assessment' (page 20)*

Internal Erosion and Impairment Assessment

In late 2019, the Company engaged GHD in Australia, a world-leading specialist in this type of investigation, to assess and report on the internal erosion matter in accordance with a Special Dam Safety Review ("SDSR"), as set out in the NZSOLD Guidelines 2015. The final SDSR report was received in September 2020 and confirmed internal erosion with no risk of immediate dam failure and recommended a series of more specialist investigations to better understand the issue. These investigations have now been substantially completed.

In July 2022, Damwatch was engaged to collate the work undertaken to better understand internal erosion and other dam safety matters, and to recommend a Risk Reduction Pathway for Dam Performance. The report was received and peer reviewed in June 2023. The Dam Performance Assessment report provides a valid 'bookend' to an intensive and detailed period of investigative work to better understand the dam safety deficiencies and risks associated with the Opuha Dam. Pivoting off the information contained in the Dam Performance Assessment report, whole-of-dam-system risk has been prioritised, informing what order remedial work should be undertaken.

The Damwatch report in its conclusions recommends in respect to dam erosion that "In this context, the timeframe according to good dam safety practice to address these deficiencies is years, but not decades". This is now the basis of planning going forward and although a known dam deficiency and a high safety priority, the studies and advice provided, allow that the Company can reasonably extend a remediation response over 10 years.

At the date of the Annual Report, the Company is continuing work with engineers and consultants towards what the final suite of remediation and enhancement for the Opuha Dam may look like. The Board of Directors have put in place a 10-year capital budget that contains a series of projects that will continue to be developed over the new few years.
The recommendation from independent Dam Safety Advisors to manage the lake level to operate at or below 90% full (RL 390.0m), will be retained until remedial works have further progressed. There have been no concerning dam behaviours identified during the reporting period requiring any escalation in how risk is being managed beyond what is already in place.

<u>Impairment Assessment</u>

As remediation has not yet occurred, the impairment indicator remains, notwithstanding the detailed engineering investigations that will inform any long-term remediation. For the current reporting year, impairment testing under NZ IAS 36 Impairment of Assets was undertaken on the expected impact on water supply and electricity generation, from the decision made to restrict the lake level capacity to RL 390.0m (90%) on the advice of independent Dam Safety Advisors. The purpose of this work was to obtain appropriate evidence that the carrying value of the company's assets did not exceed its recoverable amount.

The company engaged an external valuation expert to establish the recoverable amount of the Opuha Dam and associated infrastructure as at 30 June 2024. The recoverable amount was determined on a Value in Use (Enterprise Valuation) basis.
The valuation excluded revenues, operating costs, capital costs and depreciation associated with any future upgrades or expansions of the existing scheme or operations, consistent with the requirements of NZ IAS 36. As the two key business units of Water and Energy have different levels of systematic risk, separate EV's were estimated for each, and these were then combined into one overall EV.
For the purposes of impairment testing under IAS 36, the Water and Energy Businesses are one Cash-Generating Unit as the operations of the businesses are highly interdependent and do not generate cash flows independently of each other.

Maintenance and business-as-usual ("BAU") capital expenditure forecasts used in the valuation were based on the Company's expected level of expenditure contained in its 10-year capital budget. The assumptions beyond 2025 were that BAU capex is around $0.5M p.a. There was also a number of maintenance projects that the Board of Directors are considering relating to restoring the engineering integrity of the dam and the operating efficiency of the power generation plant. The four key projects included in the non-BAU capital forecast for for the EV were:

- Power Station Systems Replacement & Generator Refurbishment (FY 2025-2026)
- Auxiliary Spillway Wall Upgrade (FY 2026-2027)
- Siesmic remediation and Variable Level Intake & Valve (FY 2026-2030)
- Internal Erosion remediation (FY 2026-2032)

The residual values for each business unit were estimated as at 30 June 2039. For the Water EV the residual value was assumed to be the projected or 'proxy' Optimised Depreciated Replacement Cost (ODRC) of the scheme assets as at June 2039. For the Energy EV the residual value was estimated using an EV/EBITDA multiple.

The depreciation rates applied in the ODRC fixed asset projection were revised to reflect a recent assessment of the remailing useful lives of the dam assets prepared by Damwatch, an engineering consultancy specialising in dams. Damwatch determined that the remaining useful life of the existing dam was 75 years. The Damwatch report concluded that "once remediated as planned, and with good long term dam safety and maintenance practices, the Opuha Dam can have an RUL well exceeding 75 years". The forecast remediation work is assumed to be completed in 2030. In effect this implies that the economic lives of parts of the dam structure are reset at that point and remaining life of those parts of the structure subject to remediation would be close to the total life of a new structure i.e. 100 years.

The assessment of the forecast ODRC revaluation did not purport to be a full optimised depreciated cost valuation but rather a proxy for assessing an appropriate residual value for the purposes of undertaking a discounted cash flow estimate of the EV of the Water business unit. This approach was taken because it would be inconsistent to take into account the future capex projected to take place in 2030 in the EV, without also taking into account the impact on the remaining economic lives of the dam assets, and also the up-to-date replacement costs.

An alternate valuation was modelled through re-configuring the ODRC fixed asset forecast and removing items 2, 3 and 4 from the non-BAU capital forecast. This scenario determines the value of the Opuha Dam and associated infrastructure in its current state as at 30 June 2024. The revised opening ODRC value as at 1 July 2024 was based on the 2022 Stantec Optimised Replacement Cost estimate, indexed to 2024 and then depreciated based on the calculated weighted average economic lives and total ages estimated for each asset class (prior to the impact on the useful life of the remediation works) to arrive at the estimated ODRC as at 1 July 2024.

Based on the assumptions, both valuation assessments supported a conclusion of no impairment.

Capital Commitments

A capital commitment is an allocation of funds for a contractual liability arising out of capital expenditure which is not yet incurred or provided for. At reporting date, the Company had the following capital expenditure contracted:

Rubicon System Automation Upgrade

Since the 2021 reporting year, the Company has entered into a number of agreements with Rubicon Systems Australia Pty Ltd for the supply and installation of automation hardware and software to improve the operation and management of open race systems in the irrigation schemes.
In the comparative year, the Company had an uncompleted contract with a value of $70K excl. GST. This contract was fulfilled during the reporting year and no monies were owing at balance date.
Shortly after reporting date (July 2024), the Company entered into a further agreement with the same company for further upgrades in the irrigation schemes with a value of $171,201 excl. GST.

Low Level Outlet Valve Upgrade

In the comparative year, the Company entered into a continuation assignment with an engineering consultant to complete the design for the Low-Level Outlet valve upgrade and to prepare full tender documentation such that the Company can procure the services of qualified and experienced contractors across several contract packages. The consultants work had a total estimated value of $379K excl. GST. (excluding GST). At reporting date, the contract had been fulfilled.
In July 2022, OWL entered into an agreement with AVK Flow Control Pty Ltd for the supply of the valve equipment for the Low Level Outlet valve upgrade. The contract sum is $793K AUD. At reporting date (30 June 2024), 10% of the contract sum was owing. Final payment is due upon issuing a final certificate.
In the current reporting year, the Company entered into an agreement with Breen Construction Co Ltd for the site civil works relating to the Low Level Outlet value upgrade. The contract sum is $1.270M. At reporting date, $190,629 had been paid and/or accrued on this contract.

In 2022, the Low Level Outlet valve upgrade project had an estimated total cost of up to $5.5M. The project has been significantly impacted and delays continue to be attributed to the design phase of the project. Construction works, originally scheduled for May/June 2023, are now expected to be completed in mid-2025 and the overall project is now estimated at $6.0M (excluding capitalised interest).

Contingent Liabilities

A contingent liability is a potential loss that may occur at some point in the future once various uncertainties have been resolved.
At reporting date, the Company had no known contingent liabilities (2023: Nil).

Contingent Assets

A contingent asset is a possible asset that may arise because of a gain that is contingent on future events that are not under the Company's control. At reporting date, the Company had no known contingent assets (2023: Nil).

Subsequent Events to Reporting Date

The following subsequent events arose after the end of the reporting period.

Loans and Borrowings - Term Debt Facility

In September 2024, the Company's lender, ANZ Bank New Zealand, completed its annual review and provided indicative appetite to extend the company's existing bank facilities from June 2025. A full credit process will be completed early in the 2025 calendar year.

New Accounting Policy Adopted

The Company did not adopt any new accounting policies in the reporting period.

New and Amended Standards Adopted

There are no new and amended NZ IFRS accounting standards and interpretations impacting the Company adopted in these financial statements.

Changes in Accounting Standards

At the date of authorisation of these financial statements, certain NZ IFRS new standards and interpretations to existing standards have been published but not yet effective and have not been adopted early by the Company.
All pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard.
Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements are provided below. Certain other new standards and interpretations issued but not yet effective, that are not expected to have a material impact on the Company's financial statements, have not been disclosed.

The following amendments to standards and new standards have been issued by the NZASB but not yet effective:

NZ IFRS 18 Presentation and Disclosure in the Financial Statements

This Standard is effective for reporting periods from 1 July 2027.
The Company has not yet assessed the impact of this amendment, however it is expected that the standard will impact the presentation of the financial statements. The Company does not expect any other standards issued by the New Zealand Accounting Standards Board (NZASB) or IASB, but not yet effective, to have a material impact on the Company. There are no other NZ IFRSs or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

SECTION B: COMPANY PERFORMANCE

This section includes disclosure on the performance of the Company during the year.

1 Revenue

	2024 ($)	2023 ($)
Energy Activities		
Electricity Sales	2,250,117	2,392,792
Other	49,334	55,714
Total - Energy Activities	*2,299,451*	*2,448,506*
% of Operating Income	*25%*	*33%*
Water Activities		
Water Supply Charges	5,074,661	3,570,919
Infrastructure Charges	1,402,801	1,010,307
Other	411,252	387,973
Total - Water Activities	*6,888,714*	*4,969,199*
% of Operating Income	*74%*	*67%*
Other Income	177,201	10,222
Total Operating Income	**$9,365,366**	**$7,427,927**

Income and expenses are not offset unless required or permitted by an accounting standard, or when offsetting reflects the substance of the transaction or other event. In addition, gains or losses arising from a group of similar transactions are reported on a net basis unless items of gains or losses are material, in which case they are reported separately.

2 Operating Expenses

	2024 ($)	2023 ($)
Administration Expenses	607,191	688,528
Consulting & Project Services	333,483	1,030,029
Direct Operating Expenses		
Insurance	1,402,042	1,151,586
Repairs and Maintenance	1,034,274	1,103,041
Delivery Partners	671,272	627,423
Wages, Salaries & Allowances	1,491,744	1,406,524
Other	802,717	675,635
Total Direct Operating Expenses	*5,402,049*	*4,964,209*
Other Expenses	89,770	38,879
Total Operating Expenses	**$6,432,494**	**$6,721,645**

3 Reconciliation of Profit/(Loss) with Net Cash Flow from Operating Activities

	2024 ($)	2023 ($)
Profit/(Loss) after Taxation	(421,777)	(1,782,640)
Add/(Deduct) Non-Cash and Non-Operating Items:		
Amortisation & Depreciation	2,119,018	2,088,237
Deferred Tax	(217,641)	(687,445)
Imputation Credits Unclaimed/Converted to Loss	(247)	(352)
Derivative Liabilities	(238,865)	(542,289)
Share Redemption (Settlement)	(152,989)	-
Loss/(Gain) on Disposal of PP&E and Intangible Assets	(21,316)	(31,059)
Total Non-Cash and Non-Operating Items	*1,487,960*	*827,092*
	1,066,183	**(955,548)**
Add/(Deduct) Movement in Working Capital Items:		
(Increase)/Decrease in Receivables and Prepayments	(174,681)	165,746
Increase/(Decrease) in Payables and Accruals	(145,578)	(278,436)
Increase/(Decrease) in Employer Liabilities	19,620	12,465
Increase/(Decrease) in Interest Payable	40,697	310,443
Increase/(Decrease) in Income Tax	159,400	(157,954)
Increase/(Decrease) in Goods and Services Tax	77,096	2,785
Total Movement in Working Capital Items	*(23,445)*	*55,049*
Net Cash Inflow/(Outflow) from Operating Activities	**$1,042,738**	**$(900,499)**

The table above discloses adjustments applied to the result reported in the Statement of Profit or Loss and Other Comprehensive Income to arrive at the net cash flow from operating activities disclosed in the Statement of Cash Flows. This acknowledges that revenue and expenses are recognised at the point of obligation and not all transactions have been settled in cash.

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4 Reconciliation of Financial Liabilities to Financing Cash Flows

	Interest Payable on Loans & Borrowings	Current Loans & Borrowings *(Note 18)*	Non-Current Loans & Borrowings *(Note 18)*	Derivative Liabilities *(Note 19)*	Total ($)
As at 30 June 2022	**$35,327**	**$625**	**$26,460,679**	**$(774,898)**	**$25,721,733**
Cash flows					
Payments for loans & borrowings	-	-	-	-	**$0**
Proceeds from loans & borrowings	-	71,268	1,012,897	-	**$1,084,165**
Non-Cash flows					
Movements in accrued interest	310,443	-	-	-	**$310,443**
Fair value movements	-	-	-	(522,459)	**$(522,459)**
Reclassification of borrowings	-	-	-	-	**$0**
As at 30 June 2023	**$345,770**	**$71,893**	**$27,473,576**	**$(1,297,357)**	**$26,593,882**
Cash flows					
Payments for loans & borrowings	-	(70,954)	-	-	**$(70,954)**
Proceeds from loans & borrowings	-	-	2,322,998	-	**$2,322,998**
Non-Cash flows					
Movements in accrued interest	40,697	-	-	-	**$40,697**
Fair value movements	-	-	-	413,640	**$413,640**
Reclassification of Borrowings	-	29,796,575	(29,796,575)	-	**$0**
As at 30 June 2024	**$386,467**	**$29,797,513**	**$(0)**	**$(883,717)**	**$29,300,263**

Revenue Recognition

The majority of the Company's revenue is derived from the supply of water and electricity generation, with revenue from both recognised on an over time basis. This is because for both revenue streams, the customer simultaneously receives and consumes all of the economic benefits and because the provision of water supply and electricity has no alternative use to the Company and the contracts in place give rise to an enforceable right to payment.

Water supply (including infrastructure charges) is derived from fixed price contracts and therefore the amount of revenue earned is determined by reference to those contracts with limited judgement required.

Water supply to shareholder customers is governed by a Water Supply Agreement ("WSA") between the Company and the customer. The WSA is a continuous supply document binding the Company to supply water to the customers offtake during the supply season. Water (and associated infrastructure) charges are determined based on the number of shares held and the location of the property within the scheme area. Unpaid charges constitute a breach to the WSA and provide the Company an option to reduce or stop the supply of water to the shareholder either permanently or until such time as such breach has been made good. The Company has the ability to forfeit the shareholder's shares in the company for a continued breach.

The supply of water is integral to the successful operation of the customers operations. Therefore, there is a very limited risk of shareholder customers defaulting on payment.

Electricity sales is determined by the quantity and time period of generation.

Both water and electricity activities are billed monthly in arrears with payment due on the 20th of the following month. Some contracts allow for prompt payment discounts, in which case revenue is recorded net of expected discounts.

Goods and Services Tax (GST)

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

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of an asset or as part of the expense item; and
- Receivables and payables (excluding accruals), are stated with the amount of GST included.

Statement of Cash Flows

Cash means cash and cash equivalent balances on hand, held in bank accounts, demand deposits and other highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

- *Operating activities* are the Company's principal revenue-producing activities and other activities that are not investing or financing. They include cash received from all revenue sources and record the cash payments made for the goods and services.
- *Investing activities* are those activities relating to the acquisition and disposal of non-current assets, which are intended to generate future income and cash flows. Investing and financing activity transactions have had their respective sources and applications of cash netted off where roll over of financing has occurred.
- *Financing activities* comprise activities that change the equity and debt capital structure of the Company.

The Statement of Cash Flows has been prepared on a GST exclusive basis. In the Statement of Cash Flows, the net GST paid to, or received from the taxation authority, including GST relating to investing and financing activities, is classified as an operating cash flow.

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SECTION C: TAXATION

This section includes disclosure on the components of tax and tax related balances.

5 Taxation

	2024 ($)	2023 ($)
Current Income Tax		
Profit/(Loss) before Taxation	(639,418)	(2,470,085)
Non-Taxable Adjustments	(146,619)	6,151
Temporary Differences		
Accounting Difference in Depreciation and Amortisation	655,941	537,047
Accounting Difference in Loss/(Gain) on Disposal of PP&E and Intangible Assets	(7,732)	(17,175)
Timing Difference for Accrued Expenditure not yet incurred	250	2,030
Adjustment for Employer Liabilities	25,829	7,538
Taxable Income	**(111,750)**	***(1,934,495)***
Imputation Credits Unclaimed/Converted to Loss	(882)	(1,257)
Losses Brought Forward	(1,935,752)	-
Taxable Profit/(Loss)	**(2,048,383)**	***(1,935,752)***
Current Income Tax Expense/(Benefit) 28%	**$0**	**$0**
Deferred Income Tax		
Movement in Temporary Differences	(1,140,811)	(2,474,989)
Deferred Income Tax Expense/(Benefit) 28%	**$(319,427)**	**$(692,997)**
Income Tax Expense/(Benefit) recognised in Profit or Loss	*(136,726)*	*(687,445)*
Income Tax Expense/(Benefit) recognised in Other Comprehensive Income	*(182,702)*	*(5,552)*
Income Tax reported in the Statement of Profit or Loss and Other Comprehensive Income	**$(319,427)**	**$(692,997)**

Current Tax for the period was calculated using a tax rate of 28% (2023: 28%) and is the expected tax payable on the taxable income income for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are measured at the amounts expected to be recovered or paid to the taxation authority.

Tax Losses

Tax losses have no expiry date but are subject to meeting shareholder continuity requirements from the time the tax losses arose until their utilisation. At reporting date, the Company has tax losses to carry forward of $2,048,383 (2023: $1,935,752).

Reconciliation of Effective Tax Rate

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

	2024 ($)	2023 ($)
Profit/(Loss) before Taxation	(639,418)	(2,470,085)
Tax at the Statutory Rate of 28%	(179,037)	(691,624)
Tax Effect of Non-Taxable Income	(42,837)	-
Tax Effect of Non-Taxable Expenditure	1,784	1,722
Tax Effect of Temporary Differences	(130,874)	(545,106)
Tax Effect of Current Year Taxable Income	31,537	542,011
	(140,390)	(1,373)
Income Tax reported in the Statement of Profit or Loss and Other Comprehensive Income	**$(319,427)**	**$(692,997)**
Average Effective Tax Rate	***50%***	***28%***

Imputation Credits

The Imputation Credit account (ICA) keeps track of how much tax the Company has paid, or had refunded, and how much tax is available to be passed to shareholders. Imputation credits available to shareholders as at 30 June 2024: $456,643 (2023: $615,798).

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6 Statement of Financial Position

	2024 ($)	2023 ($)
Opening Balance	(162,701)	(4,748)
Income Tax (Payments)/Refunds	162,703	-
Interest RWT and NRWT credits	(3,259)	(2,168)
Dividend RWT and FDP credits	(43)	(63)
Imputation Credits on Dividends	(247)	(352)
Imputation Credits Unclaimed/Converted to Loss	247	352
Tax on Taxable Income	-	-
Provisional Tax Paid	-	(155,722)
Income Tax Payable/(Receivable)	**$(3,301)**	**$(162,701)**

7 Deferred Tax

Deferred tax assets and liabilities are attributable to the following:

	2024 ($)	2023 ($)
Assets		
Feasibility Expenditure	(64,715)	(67,412)
Employee Liabilities & Accrued Expenditure	(35,854)	(23,940)
Tax Losses	(568,934)	(542,011)
Total Tax Assets	*(669,503)*	*(633,363)*
Liabilities		
Property, Plant and Equipment	4,899,105	4,993,228
Intangible Assets	41,009	47,470
Fair Value Hedges	246,123	428,825
Total Tax Liabilities	*5,186,236*	*5,469,523*
Total Deferred Tax (Assets)/Liabilities	**$4,516,733**	**$4,836,160**

Movement in Temporary Differences

	Property, Plant & Equipment	Intangible Assets	Fair Value Hedges	Feasibility Expenditure	Employee Liabilities & Accrued Expenditure	Tax Losses	Total ($)
Balance 30 June 2022	**$5,132,331**	**$53,932**	**$434,377**	**$(70,222)**	**$(21,261)**	**$0**	**$5,529,157**
Recognised in Profit or Loss	(139,103)	(6,462)	-	2,811	(2,679)	(542,011)	**(687,444)**
Recognised in Equity	-	-	(5,552)	-	-	-	**(5,552)**
Balance 30 June 2023	**$4,993,228**	**$47,470**	**$428,825**	**$(67,412)**	**$(23,940)**	**$(542,011)**	**$4,836,160**
Recognised in Profit or Loss	(94,123)	(6,461)	-	2,697	(11,916)	(26,923)	(136,726)
Recognised in Equity	-	-	(182,702)	-	-	-	(182,702)
Balance 30 June 2024	**$4,899,105**	**$41,009**	**$246,123**	**$(64,715)**	**$(35,854)**	**$(568,934)**	**$4,516,733**

Income tax legislation amendments during the period

Since 2010, there have been changes to the ability to claim depreciation deductions for long-lived buildings. In 2010, the ability to claim depreciation for all long-lived buildings (with a useful life of more than 50 years) was removed, with depreciation being reintroduced in 2020 for non-residential buildings as a COVID tax relief measure at that time.
During the reporting period The Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act 2024 included the Government's headline tax policy changes, and from the 2024/25 income year onwards the deductions will be removed again, setting the depreciation rate at 0% for non-residential buildings with a useful life of 50 years or more, resulting in the removal of the tax base on certain buildings for deferred tax. The removal of the tax base has resulted in a $81k increase to income tax expense and a corresponding increase to the deferred tax liability in respect of Property, Plant and Equipment.

Deferred tax is provided for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax has been measured using the tax rate of 28% (2023: 28%) which is the rate expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In principle, deferred tax liabilities are recognised from taxable temporary timing differences. Deferred tax assets are recognised to the that it is probably that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probably that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority.
The Company intends to settle its current tax assets and liabilities on a net basis.

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SECTION D: OPERATING ASSETS

This section includes disclosure on the Company's property, plant & equipment and intangible assets.

8 Property, Plant and Equipment ("PPE")

	Land & Buildings	Plant & Equipment	Motor Vehicles	Office Equipment & Furniture	Dam & Power Station	Irrigation Schemes	Total ($)
Cost or Valuation							
Balance 30 June 2022	558,017	154,639	370,279	152,130	54,539,724	15,704,521	**$71,479,310**
Additions	-	7,268	118,043	5,598	115,661	269,409	**$515,979**
Work in Progress	-	0	0	0	1,249,177	(14,744)	**$1,234,433**
Sales/Disposals	-	(2,800)	(113,709)	(7,787)	-	-	**$(124,295)**
Balance 30 June 2023	**558,017**	**159,107**	**374,613**	**149,941**	**55,904,562**	**15,959,186**	**$73,105,427**
Additions	9,295	76,652	111,927	6,560	131,633	174,473	**$510,540**
Work in Progress	-	-	-	-	2,236,587	24,632	**$2,261,219**
Sales/Disposals	-	(5,211)	(49,652)	(8,820)	(3,215)	-	**$(66,898)**
Balance 30 June 2024	**567,312**	**230,548**	**436,889**	**147,681**	**58,269,567**	**16,158,291**	**$75,810,288**
Accumulated Depreciation & Impairment							
Balance 30 June 2022	(84,894)	(81,829)	(160,696)	(114,899)	(15,547,600)	(5,634,978)	**$(21,624,896)**
Depreciation Expense	(12,762)	(19,541)	(61,088)	(15,752)	(1,046,235)	(798,674)	**$(1,954,052)**
Elimination on Disposal	0	2,800	101,108	7,099	0	0	**$111,006**
Impairment Losses	-	-	-	-	-	-	**$0**
Balance 30 June 2023	**(97,656)**	**(98,570)**	**(120,676)**	**(123,552)**	**(16,593,835)**	**(6,433,652)**	**$(23,467,942)**
Depreciation Expense	(12,915)	(26,722)	(59,749)	(12,946)	(1,052,038)	(819,774)	**$(1,984,143)**
Elimination on Disposal	-	3,168	43,446	8,820	3,215	-	**$58,649**
Impairment Losses	-	-	-	-	-	-	**$0**
Balance 30 June 2024	**(110,570)**	**(122,124)**	**(136,979)**	**(127,678)**	**(17,642,659)**	**(7,253,426)**	**$(25,393,436)**
Carrying Amounts							
Balance 30 June 2022	**$473,123**	**$72,810**	**$209,582**	**$37,231**	**$38,992,124**	**$10,069,543**	**$49,854,414**
Balance 30 June 2023	**$460,362**	**$60,538**	**$253,937**	**$26,389**	**$39,310,727**	**$9,525,534**	**$49,637,485**
Balance 30 June 2024	**$456,742**	**$108,425**	**$299,909**	**$20,002**	**$40,626,909**	**$8,904,865**	**$50,416,852**

The Dam & Power Station are pledged as security, refer to Note 18 'Loans & Borrowings'.

9 Intangibles

	RC - Opuha Scheme	RC - Levels Plain Scheme	RC - Kakahu Scheme	RC - Totara Valley Scheme	Total ($)
Cost or Valuation					
Balance 30 June 2022	**-**	**377,325**	**1,531,402**	**185,000**	**$2,093,726**
Additions	-	-	-	-	**$0**
Balance 30 June 2023	**-**	**377,325**	**1,531,402**	**185,000**	**$2,093,726**
Additions	14,492	-	-	5,898	**$20,390**
Work in Progress	-	-	7,226	-	**$7,226**
Balance 30 June 2024	**14,492**	**377,325**	**1,538,628**	**190,898**	**2,121,342**
Accumulated Amortisation & Impairment					
Balance 30 June 2022	**-**	**(184,709)**	**(705,797)**	**(91,077)**	**$(981,583)**
Amortisation Expense	-	(23,078)	(99,723)	(11,385)	**$(134,185)**
Impairment Losses	-	-	-	-	**$0**
Balance 30 June 2023	**-**	**(207,787)**	**(805,520)**	**(102,462)**	**$(1,115,768)**
Amortisation Expense	(121)	(23,078)	(99,723)	(11,953)	**$(134,874)**
Impairment Losses	-	-	-	-	**$0**
Balance 30 June 2024	**(121)**	**(230,864)**	**(905,243)**	**(114,414)**	**$(1,250,642)**
Carrying Amounts					
Balance 30 June 2022	**$0**	**$192,616**	**$825,605**	**$93,923**	**$1,112,144**
Balance 30 June 2023	**$0**	**$169,538**	**$725,882**	**$82,538**	**$977,958**
Balance 30 June 2024	**$14,372**	**$146,460**	**$633,385**	**$76,483**	**$870,700**

Resource Consents ("RC")

Operational vs capital asset consents are identified for the purpose of amortisation vs depreciation. Although capital asset consents have an expiry date in the future, the Directors do not expect to seek renewal of these consents. Therefore, the cost of acquiring 'capital asset' consents are logically tied and included in PPE and depreciated as part of the asset. Operational (resource) consents are required to be renewed at the end of their term for the Company to continue to operate. Operational consents have been recorded as intangible assets and amortised on a straight-line basis over the estimated useful lives from the date that they are available for use.

Property, Plant & Equipment ("PPE")

PPE is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent expenditure is capitalised and added to the carrying amount of an item of PPE when the cost is incurred if it is probable that the future economic benefits embodied in the specific asset will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing of PPE are recognised in the Statement of Profit or Loss as incurred.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Capital works in progress is carried at cost and shown separate to PPE until ready for service, at which time they are transferred to the PPE additions and depreciated.

When an item PPE is disposed of, any gain or loss is recognised in the Statement of Profit or Loss and is calculated as the difference between the net disposal proceeds and the carrying value of the item at the time of disposal.
Net gains and losses are only recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing involvement.

Depreciation is calculated using the straight-line method and is charged to the Statement of Profit or Loss. Land is not depreciated. Rates associated with types and classifications of assets are below. These rates apply to the current and comparative period.

- Buildings 4.0% - 30% SL
- Plant and Equipment 3.0% - 67% SL
- Motor Vehicles 13.5% - 21% SL
- Office Equipment & Furniture 7.0% - 67% SL
- Dam & Power Station 1.5% - 30% SL
- Irrigation Schemes 1.5% - 40% SL

Intangible Assets

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

<u>Amortisation and Estimated Useful Lives</u>

Amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible asset. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The Company uses its judgement in determining the remaining useful lives and residual value of intangible assets. These are reviewed and, if appropriate, adjusted at each balance date. Intangible assets with an indefinite useful life are not amortised. Instead, they are assessed annually for any indication of impairment.
The useful life associated with types and classifications of assets are below. The rate for resource consents applies to the current and comparative period.

Asset Name	Useful Life
Resource Consents	Expiry: October 2030

Impairment of Non-Financial Assets

Tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use.
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

SECTION E: LIABILITIES AND EQUITY

This section includes disclosure on the how the Company finances its operation, including the associated risk management with funding.

10 Financing Income

	2024 ($)	2023 ($)
Movements in Fair Value of Hedges	238,865	542,289
Revaluation of FX Rate Changes (Gains)	4,162	7,179
Total Financing Income	**$243,027**	**$549,468**

Financing income comprises of changes in fair value of derivatives (interest rate swaps), recognition of ineffective portion of movements in fair value hedges and reclassification from fair value hedge reserves.

11 Financing Expenses

	2024 ($)	2023 ($)
Bank Charges & Other Fees	70,115	31,963
Revaluation of FX Rate Changes (Losses)	8,999	-
Interest Paid - ANZ Bank New Zealand (Revolving Credit)	22,476	14,696
Interest Paid - ANZ Bank New Zealand (Term Loans)	1,633,590	1,597,435
Interest Paid - Other	40,234	25,466
Interest Expense from Liabilities at Amortised Cost	1,696,299	*1,637,597*
Total Financing Expenses	**$1,775,413**	**$1,669,560**

Financing expenses comprises of transaction and account management fees, interest paid on loans & borrowings and IRD Use of Money Interest.

12 Financial Assets

Fair Value through Profit or Loss

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Financial assets measured at amortised cost comprise Cash and Cash Equivalents, Trade and Other Receivables and Shareholder Loans in the Statement of Financial Position.

Financial assets at Fair Value through Profit or Loss ("FVTPL") are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. Refer to Note 19 'Derivative Financial Instruments and Hedge Accounting'.

Impairment of Financial Assets

The Company applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable assets. Financial assets are de-recognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date.

13 Cash and Cash Equivalents

	2024 ($)	2023 ($)
ANZ Bank New Zealand - Cheque Account	1,160,185	6,368
ANZ Bank New Zealand - FX (AUD) Account	-	432,703
Total Cash & Cash Equivalents	**$1,160,185**	**$439,071**

The interest rate receivable on the cheque account as at 30 June 2024: 2.75% p.a. (2023: 2.75% p.a.).

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank Overdrafts are shown in current liabilities in the Statement of Financial Position.

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14 Trade and Other Receivables

	2024 ($)	2023 ($)
Trade Receivables	760,620	584,727
Shareholder Loans Receivable - Current Portion	4,522	4,555
Deferred Monthly Expenses	93	807
Prepayments	19,359	19,867
Total Trade and Other Receivables	**$784,595**	**$609,956**

Trade Receivables are reviewed on an ongoing basis and assessed for the need to recognise any impairment.
Trade Receivables at reporting date considered to be impaired: $ Nil (2023: $ Nil).

Trade Receivables relating to related party transactions (current Directors) are $36,451 inclusive of GST (2023: $26,406).
Sales of goods and services to related parties, include interest on overdue amounts, were made at the Company's usual list prices.
The Company has not made any allowance for bad or doubtful debts in respect of related party transactions.

Trade Receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Refer to Note 12 'Financial Assets'.

15 Shareholder Loans Receivable

	2024 ($)	2023 ($)
Water Metering and Telemetry	7,072	9,891
Infrastructure/Piping	14,940	16,539
Total Shareholder Loans Receivable	**$22,012**	**$26,430**
Repayable as follows:		
Current Portion - less than one year	4,522	*4,555*
Non-Current Portion - one to five years	17,489	*21,875*
Total	***$22,012***	***$26,430***

Shareholder Loans Receivable relating to related party transactions (current Directors) were $ Nil (2023: $ Nil).

Loan repayments are made monthly by direct debit. Interest is charged at the Company's marginal two-year finance rate, plus 0.5%.
Loan agreements are in place between the Company and the associated shareholder/s.

Impairment of Financial Assets at Amortised Cost

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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16 Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which it was acquired.

Fair Value through Profit and Loss

This category comprises out-of-the money derivatives where the time value does not offset the negative intrinsic value. They are carried in the Statement of Financial Position at fair value with changes recognised in the Statement of Profit or Loss and Other Comprehensive Income. The Company's financial liabilities measured at fair value through Profit and Loss comprise Derivative financial instruments held not for speculative purposes but for hedging instruments.

Financial liabilities at Fair Value through Profit or Loss ("FVTPL") are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Refer to Note 19 'Derivative Financial Instruments and Hedge Accounting'.

Other Financial Liabilities

Other financial liabilities include Trade Payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Loans and Borrowings are initially recorded at fair value net of any directly attributable transaction costs. Loans and Borrowings are subsequently measured at amortised cost using the effective interest rate method.

17 Trade and Other Payables

	2024 ($)	2023 ($)
Trade Payables	424,551	562,415
Accrued Expenditure	218,742	187,732
Total Trade and Other Payables	**$643,294**	**$750,146**

Trade Payables relating to related party transactions (current Directors): $80 inclusive of GST (2023: $ Nil). Purchases of goods and services from related parties were made at market price and not discounted.

Trade Payables are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, Trade and Other Payables are measured at amortised cost using the effective interest method. Refer to Note 16 'Financial Liabilities'. All Trade Payables are on standard terms and are paid on the 20th of the month following invoice unless otherwise specified.

18 Loans and Borrowings

	2024 ($)	2023 ($)
ANZ Bank New Zealand - Revolving Credit	938	71,893
ANZ Bank New Zealand - Term Loans	29,796,575	27,473,576
Total Loans & Borrowings	**$29,797,513**	**$27,545,469**
Repayable as follows (based on the facility term):		
Current Portion - less than one year	*29,797,513*	*71,893*
Non-Current Portion - one to five years	*0*	*27,473,576*
Total	***$29,797,513***	***$27,545,469***

Revolving Credit

The Company has a revolving credit facility with ANZ Bank New Zealand. In December 2023, the Company entered into a restatement agreement ANZ Bank New Zealand to increase the sizing of the revolving credit facility by $0.5M. This increase was in light of a reduction in the facility limit (from $2M to $1M) in the 2020 reporting year, and to ensure adequate cashflow management of the business from ongoing reduction in energy revenues which were forecast to significantly reduce the cashflow profile.

The facility is on-demand (repayable on demand) and incurs interest at the New Zealand Dollar Bill Bid rate per annum with no margin. As at 30 June 2024, the current rate was 8.74% p.a. (2023: 8.24% p.a.) and the account was drawn $938 (2023: $71,893).

Term Loans

The Company has a term debt facility with ANZ Bank New Zealand. The facility was renewed on 22 June 2022 with a termination date 3 years from the date of the agreement (22 June 2025).
As highlighted under 'Subsequent Events to Reporting Date' (page 21), in September 2024 the Company's lender, ANZ Bank New Zealand, completed its annual review and provided indicative appetite to extend the company's existing bank facilities from June 2025. A full credit process will be completed early in the 2025 calendar year.

The term facility is broken into a number of tranches with varied funding periods. Current interest rates range from 3.63% to 9.15% including margin (2023: 3.63% to 9.15%). Security for the facility is by way of General Security Agreement over the Dam and Power Station. Refer to Note 8 'Property, Plant and Equipment'.
The Company has complied with all loan repayment obligations during the reporting period.

Financial Covenants

The Company covenants to the ANZ Bank New Zealand that it will ensure that the debt service cover ratio to be tested annually shall not be less than 1.00 to 1.

- In the comparative year, due to a deterioration of Electricity Sales there was a breach at 30 June 2023, but the Lender acknowledged and waived its rights prior to the end of the reporting period.
- In the current reporting period, the company complied with all covenants and obligations.

Loans & Borrowings are recognised when the Company becomes party to a financial contract. Borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method. Refer to Note 16 'Financial Liabilities'.
To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the effective portion of the derivative is recognised in Other Comprehensive Income and reclassified to Profit or Loss when the qualifying asset impacts Profit or Loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

19 Financial Instruments - Fair Values & Risk Management

Classification of Financial Instruments

Financial instruments are transacted on a commercial basis to derive an interest/cost with terms and conditions having due regard to the nature of the transaction and the risks involved. The carrying amounts presented in the Statement of Financial Position relate to the following categories of financial assets ("FA") and liabilities ("FL"):

As at 30 June 2023	FA's at Amortised Cost ($)	FA's at Fair value through Profit & Loss ($)	FL's at Amortised Cost ($)	FL's at Fair value through Profit & Loss ($)	Total ($)
Financial Assets					
Cash and Cash Equivalents	439,071	-	-	-	**$439,071**
Trade and Other Receivables	609,956	-	-	-	**$609,956**
Shareholder Loans Receivable	26,430	-	-	-	**$26,430**
Investments in Shares	-	2,368	-	-	**$2,368**
Derivatives (Interest Rate Swaps)	-	1,297,357	-	-	**$1,297,357**
Total Financial Assets	**$1,075,457**	**$1,299,725**	**$0**	**$0**	**$2,375,182**
Financial Liabilities					
Trade and Other Payables	-	-	(750,146)	-	**$(750,146)**
Interest Payable on Loans & Borrowings	-	-	(345,770)	-	**$(345,770)**
Short-term Loans & Borrowings	-	-	(71,893)	-	**$(71,893)**
Long-term Loans & Borrowings	-	-	(27,473,576)	-	**$(27,473,576)**
Derivatives (Interest Rate Swaps)	-	-	-	-	**$0**
Total Financial Liabilities	**$0**	**$0**	**$(28,641,385)**	**$0**	**$(28,641,385)**

As at 30 June 2024	FA's at Amortised Cost ($)	FA's at Fair value through Profit & Loss ($)	FL's at Amortised Cost ($)	FL's at Fair value through Profit & Loss ($)	Total ($)
Financial Assets					
Cash and Cash Equivalents	1,160,185	-	-	-	**$1,160,185**
Trade and Other Receivables	784,595	-	-	-	**$784,595**
Shareholder Loans Receivable	22,012	-	-	-	**$22,012**
Investments in Shares	-	2,368	-	-	**$2,368**
Derivatives (Interest Rate Swaps)	-	883,717	-	-	**$883,717**
Total Financial Assets	**$1,966,792**	**$886,085**	**$0**	**$0**	**$2,852,876**
Financial Liabilities					
Trade and Other Payables	-	-	(643,294)	-	**$(643,294)**
Interest Payable on Loans & Borrowings	-	-	(386,467)	-	**$(386,467)**
Short-term Loans & Borrowings	-	-	(29,797,513)	-	**$(29,797,513)**
Long-term Loans & Borrowings	-	-	-	-	**$(0)**
Derivatives (Interest Rate Swaps)	-	-	-	-	**$0**
Total Financial Liabilities	**$0**	**$0**	**$(30,827,273)**	**$0**	**$(30,827,273)**

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Fair Value Hierarchy

The table below presents the Company's assets and liabilities measured at fair value in the Statement of Financial Position in accordance with the fair value hierarchy. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

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

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Year Ended 30 June 2023	**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Financial Assets				
Investments in Shares	-	2,368	-	**$2,368**
Derivatives (Interest Rate Swaps)	-	1,297,357	-	**$1,297,357**
Financial Liabilities				
Derivatives (Interest Rate Swaps)	-	-	-	**$0**

Year Ended 30 June 2024	**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Financial Assets				
Investments in Shares	-	2,368	-	**$2,368**
Derivatives (Interest Rate Swaps)	-	883,717	-	**$883,717**
Financial Liabilities				
Derivatives (Interest Rate Swaps)	-	-	-	**$0**

The derivatives included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value of interest rate swaps utilises market observable inputs and data as far as possible and calculated as the present value of the estimated future cash flows based on observable yield curves (Level 2).

Financial Risk Management

The Board of Directors have overall responsibility for the establishment and oversight of the Company's financial risk management framework. The Board approves policies which set appropriate principles and risk tolerance levels to guide management in carrying out financial risk management activities to minimise potential adverse effects on the financial performance and economic value of the Company. The Company's Treasury Policy covers appropriate financial risk limits and controls (including, but not limited to, delegated authority levels and authorised use of various financial instruments).

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

The Company has exposure to Liquidity, Credit and Market risks from its use of financial instruments and seeks to minimise the effects by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.
Compliance with policies and exposure limits is reviewed by the Risk & Audit Committee on a regular basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

a) Liquidity Risk

Liquidity risk is when the Company may encounter difficulty in raising funds at short notice to meet its commitments associated with financial instruments arising from any mismatch of the maturity of monetary assets and liabilities. The Company maintains appropriate liquid assets and committed bank funding facilities to meet all obligations in a timely and cost-efficient manner.
The Company manages this risk by forecasting cash requirements, forecasting future funding requirements and maintaining an adequate liquidity buffer to ensure the banking covenants are complied with.

<u>Contractual Maturity Analysis</u>

The following table presents the Company's financial assets and liabilities by relevant maturity groupings based on the remaining period period at reporting date to the contractual maturity date.

Derivative liabilities are included if their contractual maturities are essential for an understanding of the timing of cash flows.
The amounts disclosed in the tables represent contractual undiscounted cash flows. As a result, the amounts in the tables below may differ to the amounts reported on the Statement of Financial Position.

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Year Ended 30 June 2023	Carrying Amount ($)	Contractual Cashflows ($)	< 1 Year ($)	1-5 Years ($)	> 5 Years ($)
Financial Assets					
Cash and Cash Equivalents	439,071	439,071	*439,071*		
Trade and Other Receivables	609,956	609,956	*609,956*		
Shareholder Loans Receivable	26,430	29,413	*5,345*	*18,362*	*5,706*
Derivatives (Interest Rate Swaps)	1,297,357	1,399,939	*543,496*	*857,942*	*(1,499)*
	2,372,814	*2,478,379*	*1,597,868*	*876,304*	*4,207*
Financial Liabilities					
Trade and Other Payables	(750,146)	(750,146)	*(750,146)*	-	-
Interest Payable on Loans & Borrowings	(345,770)	(345,770)	*(345,770)*	-	-
Short-term Loans & Borrowings	(71,893)	(71,893)	*(71,893)*	-	-
Long-term Loans & Borrowings	(27,473,576)	(27,985,214)	*(511,637)*	*(27,473,576)*	-
Derivatives (Interest Rate Swaps)	-	-	-	-	-
	(28,641,385)	*(29,153,023)*	*(1,679,446)*	*(27,473,576)*	-
Net Financial Assets/(Liabilities)	**$(26,268,571)**	**$(26,674,644)**	**$(81,578)**	**$(26,597,272)**	**$4,207**

Year Ended 30 June 2024	Carrying Amount ($)	Contractual Cashflows ($)	< 1 Year ($)	1-5 Years ($)	> 5 Years ($)
Financial Assets					
Cash and Cash Equivalents	1,160,185	1,160,185	*1,160,185*	-	-
Trade and Other Receivables	784,595	784,595	*784,595*	-	-
Shareholder Loans Receivable	22,012	27,030	*5,918*	*17,192*	*3,920*
Derivatives (Interest Rate Swaps)	883,717	934,848	*482,447*	*452,401*	-
	2,850,508	*2,906,658*	*2,433,145*	*469,593*	*3,920*
Financial Liabilities					
Trade and Other Payables	(643,294)	(643,294)	*(643,294)*	-	-
Interest Payable on Loans & Borrowings	(386,467)	(386,467)	*(386,467)*	-	-
Short-term Loans & Borrowings	(29,797,513)	(30,513,238)	*(30,513,238)*	-	-
Long-term Loans & Borrowings	-	-	-	-	-
Derivatives (Interest Rate Swaps)	-	-	-	-	-
	(30,827,273)	*(31,542,999)*	*(31,542,999)*	-	-
Net Financial Assets/(Liabilities)	**$(27,976,765)**	**$(28,636,341)**	**$(29,109,854)**	**$469,593**	**$3,920**

The Company's Treasury Policy requires that prescribed headroom be available in undrawn and committed facilities to cover unanticipated needs and that a limited amount of facilities mature over the immediate 12-month forward-looking period. While the tables above give the impression of a liquidity shortfall, the analysis does not take into account expected future operating cash flows or committed and undrawn debt facilities that will provide additional liquidity support.

The carrying value of financial assets and liabilities represent values recorded in the Statement of Financial Position, whereas fair value reflects the current market price. Estimated discounted cash flows are used to determine fair value of Loans & Borrowings.

Comparison between Carrying Amount and Fair Value	30 June 2024 Carrying Amount ($)	30 June 2024 Fair Value ($)	30 June 2023 Carrying Amount ($)	30 June 2023 Fair Value ($)
Financial Assets				
Cash and Cash Equivalents	1,160,185	1,160,185	439,071	439,071
Trade and Other Receivables	784,595	784,595	609,956	609,956
Shareholder Loans Receivable	22,012	22,012	26,430	26,430
Investments in Shares	2,368	2,368	2,368	2,368
Derivatives (Interest Rate Swaps)	883,717	883,717	1,297,357	1,297,357
Total Financial Assets	**$2,852,876**	**$2,852,876**	**$2,375,182**	**$2,375,182**
Financial Liabilities				
Trade and Other Payables	(643,294)	(643,294)	(750,146)	(750,146)
Interest Payable on Loans & Borrowings	(386,467)	(386,467)	(345,770)	(345,770)
Short-term Loans & Borrowings	(29,797,513)	(27,530,509)	(71,893)	(71,893)
Long-term Loans & Borrowings	-	-	(27,473,576)	(21,853,202)
Derivatives (Interest Rate Swaps)	-	-	-	-
Total Financial Liabilities	**$(30,827,273)**	**$(28,560,269)**	**$(28,641,385)**	**$(23,021,011)**

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b) Credit Risk

Credit risk is the potential for loss that could occur as a result of a counterparty to a financial asset failing to meet its contractual obligations.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk principally consist of bank balances and trade receivables. The Company manages credit risk through the encouragement of direct debit arrangements for water supply agreements and ensuring that cash on deposit is held with reputable banks (ANZ Bank New Zealand currently hold an AA- credit rating as issued by Standard and Poor's).

c) Market Risk

Market risk is the potential for change in the value of balance sheet positions caused by a change in the value, volatility or relationship between market risks and prices. Market risk arises from the mismatch between assets and liabilities, both on and off the Statement of Financial Position. Market risk includes foreign currency and interest rate risk which are explained below:

Foreign Currency Risk

The Company has minimal foreign currency risk given that all financial instruments are transacted in NZ dollars.

Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may be repriced at a different time and/or by a different amount than financial liabilities. The Company is exposed to interest rate risk on the cash flows arising from borrowings held at floating rates. Floating rate borrowings are used for general funding activities.

Interest rate swaps, under which pays a fixed rate of interest and receives a floating rate of interest, are used to hedge the floating rate exposure on agreed notional principal amounts for specified periods. The swaps effectively convert portions of floating rate debt into fixed rate debt. These swaps are designated as fair value hedges. Interest rate swaps are accounted for as Derivatives and recognised in the Statement of Financial Position at fair value.

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

Year Ended 30 June 2023	Amortised Cost ($)	% of total Loans	Fair Value of Derivatives ($)	Total ($)
Long-term Loans & Borrowings	27,473,576			
Less Floating Rate Borrowings	(6,295,903)			
Total Interest Rate Swaps	**$21,177,673**	**77%**	***$(1,297,357)***	***$19,880,316***

Year Ended 30 June 2024	Amortised Cost ($)	% of total Loans	Fair Value of Derivatives ($)	Total ($)
Long-term Loans & Borrowings	29,796,575			
Less Floating Rate Borrowings	(8,618,902)			
Total Interest Rate Swaps	**$21,177,673**	**71%**	***$(883,717)***	***$20,293,956***

If a funding period would otherwise overrun the termination date, such funding period is shortened so that it ends on the termination date. The table above may not necessarily represent the funding periods disclosed in Note 18 'Loans & Borrowings'.

Interest Rate Sensitivity Analysis

A 100 basis points increase or decrease in bank interest rates throughout the financial year would have increased/decreased the net profit before tax by $297,966 (2023: $274,736).

Derivative Financial Instruments and Hedge Accounting

The Company holds derivative financial instruments to hedge its floating interest rate exposures, using interest rate swaps. Derivatives are initially measured at fair value and classified as an asset or liability. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in other comprehensive income. 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.

The Company designates certain derivatives as hedging instruments in respect of interest rate risk in fair value hedges. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

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Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

To test the hedge effectiveness, the Company uses the hypothetical derivative / match terms method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.
The Company expects that its hedges will be highly effective, however some ineffectiveness may arise from the credit value adjustment of the bank counterparty and from existing swaps with a non-zero value at designation during the period to maturity of those swaps.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge) so that it meets the qualifying criteria again.

The Company designates only the intrinsic value of option contracts as a hedged item, i.e., excluding the time value of the option.
The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Company applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Company expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The following table sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are shown in the Statement of Changes in Equity.

	Notional Principal Swap Amounts ($)		Carrying Value Liability/(Asset) ($)	
Swap Maturity Dates	**2024**	**2023**	**2024**	**2023**
September 2024	1,137,938	1,137,938	(7,440)	(37,089)
December 2024	3,293,157	3,293,157	(3,906)	(13,509)
April 2025	2,000,000	2,000,000	(86,167)	(166,737)
May 2025	1,646,578	1,646,578	3,217	4,846
April 2026	4,000,000	4,000,000	(284,706)	(423,646)
May 2027	2,500,000	2,500,000	(18,924)	(34,479)
April 2028	4,000,000	4,000,000	(443,116)	(560,429)
May 2029	2,600,000	2,600,000	(42,674)	(66,314)
	$21,177,673	**$21,177,673**	**$(883,717)**	**$(1,297,357)**
Disclosed as:				
Short-term Derivative Liabilities/(Assets)			(472,485)	(530,720)
Long-term Derivative Liabilities/(Assets)			(411,232)	(766,637)
			$(883,717)	**$(1,297,357)**
Change in fair value recognised in:				
Profit or Loss Income/(Expense)			238,865	542,289
Other Comprehensive Income			(652,505)	(19,830)
			$(413,640)	**$522,459**

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness, and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

Fair Value Hedges

The fair value change on qualifying hedging instruments is recognised in Profit or Loss except when the hedging instrument hedges an equity instrument designated at Fair Value through Other Comprehensive Income ("FVTOCI") in which case it is recognised in Other Comprehensive Income. The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in Profit or Loss instead of Other Comprehensive Income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in Other Comprehensive Income to match that of the hedging instrument. Where hedging gains or losses are recognised in Profit or Loss, they are recognised in the same line as the hedged item.
The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised.
The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to Profit or Loss from that date.

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20 Capital Management

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

21 Contributed Equity

All issued shares have a nominal value of $1.00. Share capital is allocated between water shares (representative of allocation of water supply agreements to receive water covering 16,000 hectares) and infrastructure shares (based on the respective value of the infrastructure transferred to the Company as part of the restructure on 1 July 2014).

Share Classes		2024	2023
“W” (Water) Shares		16,000	16,000
“L” Infrastructure shares	(Levels Plain scheme)	3,303	3,303
“D” Dry shares	(Levels Plain scheme)	150	150
“K” Infrastructure shares	(Kakahu scheme)	3,143	3,208
“T” Infrastructure shares	(Totara Valley scheme)	2,664	2,664
“S” Infrastructure shares	(Sutherlands scheme)	798	798
Total Contributed Equity		**26,058**	**26,123**

Water shares (“W”)

A water share confers on the holder:

- the right to one vote on a poll at a meeting of the Company on any resolution, provided no holder of water shares (including associated persons of that holder) shall exercise more than 15% of the votes cast;
- the right to an equal share in rebates or dividends authorised by the Board;
- the right to an equal share in the distribution of the surplus assets of the Company but subject to the rights of holders of Infrastructure shares and D shares in respect of surplus assets; and
- with some exceptions, the right to receive 0.41 litres of water per second from the irrigation scheme.

Infrastructure shares (“L”, “K”, “T”, “S”)

- Infrastructure shares entitle the holder to the right to access and use of the specific infrastructure within an irrigation scheme (being intakes, pipes, valves, delivery channels, etc).
- Holders of infrastructure shares do not have the right to vote except at a separate class meeting of holders of the respective Infrastructure shares.
- Holders of Infrastructure shares have the right as between all holders of Infrastructure shares to an equal share in the distribution of surplus assets of the Company relative to the irrigation scheme to which they hold Infrastructure shares.

“S” Infrastructure shares - Share Issue

The Sutherlands Irrigation scheme (SIS) was developed as an extension to the Totara Valley scheme in 2011 to provide a water supply to certain properties on the south side of the Te Ana A Wai River. In the comparative year, 798 “S” shares were subscribed, and a new class of Infrastructure share created to formalise the rights to access and use specified infrastructure.

"K" Infrastructure shares - Share Redemption

During the reporting year a shareholder requested to surrender 65 "K" shares. Following consultation with the holders of "K" shares, the Board agreed terms on which the "K" shares would be surrendered. The circumstances relating to the "K" shares are not typical, and it is not the intention that this transaction sets a precedent, but the Board considered the surrender a pragmatic and fair resolution to a situation that had arisen in an anomaly in respect of share/land ownership arrangements and subsequent land transactions, where the K shares became isolated from Water shares and the shareholder did not hold land in the Kakahu scheme area.

Dry shares (“D”)

As part of the Company restructure on 1 July 2014, 526 “D” class shares were issued to protect the position of persons holding dry shares issued by Levels Plain Irrigation Co Limited. D shares do not give the shareholder the right to receive any water and have limited rights for voting and distribution of surplus assets of the Company. D Shareholders were given the option of either converting to "L" Class shares or redemption for $50.00 per share. 150 “D” Class shares remain at 30 June 2024 (2023: 150).

22 Capital Reserves

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

23 Share Premium Reserves

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

24 Scheme Reserves

The Company maintains a reserve as a sub-part of its equity to show independence from "W" class shares. The use of a reserve ensures that unspent funds collected through charges associated with Infrastructure ("I") shares can be accumulated and used in future financial years.

Each Infrastructure class ("Irrigation sub-scheme") retains its own annual operating surplus or deficit which accumulates over the lifetime of the scheme. Each scheme reserve balance is only available for use by that sub-scheme. A surplus may arise from the recognition of additional income, or through savings in expenditure, and is generally held at a level that provides some mitigation against increasing scheme charges associated with each irrigation sub-scheme. The reserve also recognises surplus for funding unforseen operating and/or capital expenditure.

The Company considers that passing this benefit on to each irrigation sub-scheme in future financial periods is equitable, in that most of the financial benefit is passed on to those Infrastructure shareholders who shared the scheme-funding burden in the financial period that the surplus was generated. The Company does not carry forward surpluses in relation to the sale of assets, revenue received for capital purposes (such surpluses shall be retained to fund the associated capital expenditure) and unrealised gains arising from fair value adjustments to assets and liabilities.

Reserves held by each Irrigation sub-scheme at reporting date (30 June 2024) are shown in the table below:

	"L" Shares ($)	"K" Shares ($)	"T" Shares ($)	"S" Shares ($)	Total ($)
Balance 30 June 2022	**$(153,192)**	**$132,765**	**$91,610**	**$0**	**$71,183**
Prior Year Adjustment	(2,075)	-	-	-	**$(2,075)**
Transfer into Scheme Reserves	-	-	-	481,865	**$481,865**
Share Issue - Fully Paid	-	-	-	(798)	**$(798)**
Operating Surplus for the year	(117,572)	(245,566)	(40,351)	(137,839)	**$(541,329)**
Less: Capital Expenditure *	(159,890)	(44,549)	(58,257)	(25,717)	**$(288,413)**
Excess Scheme Reserves Paid Out	-	-	-	(200,000)	**$(200,000)**
Transfer to Scheme Internal Borrowings	432,729	157,351	6,999	-	**$597,078**
Sub-Total	*153,192*	*(132,765)*	*(91,610)*	*117,511*	***$46,329***
Balance 30 June 2023	**$0**	**$0**	**$0**	**$117,511**	**$117,511**
Operating Surplus for the year	(97,316)	(18,100)	16,650	(45,814)	**$(144,579)**
Less: Capital Expenditure *	(130,669)	(14,042)	(16,338)	(51,179)	**$(212,228)**
Transfer to/(from) Scheme Internal Borrowings	227,985	32,142	-	-	**$260,126**
Sub-Total	-	-	*312*	*(96,993)*	***$(96,681)***
Balance 30 June 2024	**$0**	**$0**	**$312**	**$20,518**	**$20,830**

* *Capital Expenditure includes transactions relating to Property, Plant & Equipment and Intangible Assets (Water Consents).*

25 Scheme Internal Borrowings

The Company maintains a reserve as a sub-part of its equity to show independence from "W" class shares. Scheme reserves associated with Infrastructure ("I") shares are intended to be operated with a credit balance and should not fall into deficit. However, the company recognises that from time-to-time reserve balances may be depleted below the minimum level, as a result of extraordinary or unexpected expenditure. The Scheme Reserves Policy states that should this situation arise, the temporary funding of the reserve in deficit may be met through internal borrowing and continue until the reserve is replenished.

The interest rate applied to internal borrowing is calculated based on OWL's weighted average cost of funds (unified WACC). Interest is charged to the scheme on the closing balance through a finance component of Infrastructure charges. Internal borrowings are repaid through generating scheme operating profits (either through an increase in Infrastructure charges, or reduced expenditure, or both).

	"L" Shares ($)	"K" Shares ($)	"T" Shares ($)	"S" Shares ($)	Total ($)
Balance 30 June 2022	**$0**	**$0**	**$0**	**$0**	**$0**
Transfer from Scheme Reserves	(432,729)	(157,351)	(6,999)	**-**	**$(597,078)**
Balance 30 June 2023	**$(432,729)**	**$(157,351)**	**$(6,999)**	**$0**	**$(597,078)**
Drawdown	-	-	-	(646,397)	**$(646,397)**
Principal Repayments	13,369	-	4,637	46,432	**$64,439**
Transfer from Scheme Reserves	(227,985)	(32,142)	-	-	**$(260,126)**
Balance 30 June 2024	**$(647,344)**	**$(189,493)**	**$(2,362)**	**$(599,965)**	**$(1,439,163)**

26 Fair Value Hedge Reserves

Fair value hedge reserves comprise the effective portion of the cumulative net change in the fair value of hedging instruments used in fair value hedges pending to subsequent recognition in profit or loss.

BDO Christchurch

SECTION F: OTHER INFORMATION

This section includes other disclosures and statutory reporting requirements.

Dividends

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

Donations

In accordance with section 211(1)(h) of the Companies Act 1993, the Company made donations totalling $4,286 during the reporting period (2023: $766).

Directors Remuneration

Directors' Remuneration was fixed for a 12-month period at the Company's Annual General Meeting held in November 2023. The total amount approved was $220,000 per annum (inclusive of a compensation pool) from 1 December 2023.

The compensation pool enables flexibility to deal with any changes in the Board and provides remuneration in respect of work carried out by Directors on various Board Committees to reflect the additional time involved and responsibilities of these positions, including reimbursement for reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors.

Total remuneration paid, including the value of any benefits received in the period to 30 June 2024, is shown in the table below:

Director	Position	**2024 ($)**	**2023 ($)**
Ryan O'Sullivan	Shareholder Director (Chair)	42,917	40,259
Brendan Caird	Shareholder Director	23,125	24,000
Nicola Hyslop	Shareholder Director *(ceased Nov 2022)*	-	6,667
Rebecca Biggs	Shareholder Director	21,458	20,000
Antony Howey	Shareholder Director	21,458	20,000
Richard Green	Shareholder Director	21,458	13,333
Jeremy Boys	Independent Director *(ceased Mar 2023)*	-	18,750
Paul Burns	Independent Director	35,148	25,708
Elena Trout	Independent Director	41,697	7,273
Total Directors Remuneration		**$207,262**	**$175,991**

Indemnification and insurance of Directors and Executives

During the reporting year, the Company paid insurance premiums in respect of Directors' and certain Executive employees' liability insurance, as permitted by the Company's constitution and the Companies Act 1993.

The policies do not specify the premium for individuals. This insurance extends to Directors and certain Executive employees acting in the capacity of a Director or on behalf of the Company. The Directors' and Executive employees' liability insurance provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons incurred in their capacity as Director or Executive employee unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage. Such actions specifically excluded, for example, are incurring penalties/fines which may be imposed in respect of breaches of the law and criminal actions.

Loans to Directors

No loans were made by the Company to a Director, nor has the Company guaranteed any debts incurred by a Director.

Directors' Use of Company Information

During the year, the Company received no notices from Directors requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

Directors' Interests

The Company maintains an Interests' Register in which particulars of certain transactions and matters involving the Directors are recorded. Pursuant to Section 140 of the Companies Act 1993, Directors have disclosed interests in the following entities which the Company conducts or may conduct business from time to time.

Shareholder Directors

The Company received payment for water and infrastructure charges through their respective shareholding companies, for which they are Directors and/or shareholders in.

Shareholding Company	Shareholding	Director(s)	Position
Te Ngawai Downs Limited	38 “W” shares	Ryan O’Sullivan	Director/Shareholder
Glenire Farm Limited	90 “W” shares	Ryan O’Sullivan	Director/Shareholder
Skipton Ag Limited	140 “W” shares	Brendan Caird	Director/Shareholder
B J Caird Limited	172 “W” shares	Brendan Caird	Director/Shareholder
Riverholme Farm Limited	145 “W” shares	Brendan Caird	Director/Shareholder
Levels Estate Company Limited	224 “W” shares, 208 “L” shares	Nicola Hyslop	Director/Shareholder
Ravensdown Limited	48 “W” shares, 48 “L” shares	Nicola Hyslop	Director/Shareholder
Biggs Land Company Limited	93 “W” shares	Rebecca Biggs	Director/Shareholder
Alpine Fresh Limited	118 “W” shares, 118 “L” shares	Antony Howey	Director/Shareholder
A C & A Howey	100 “W” shares	Antony Howey	Director/Shareholder
Wainono Dairy Limited	376 “W” shares	Richard Green	Director/Shareholder

Related Party Transactions

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

a) Padih Limited

During the reporting year the company paid Padih Limited, of which Paul Burns is a Director and Shareholder, for professional services relating to capital structure and long-term funding planning totalling $11,900 exclusive of GST. Any outstanding balances are not secured and standard engagement terms apply. At reporting date, no amount was owing (2023: $Nil).

b) Shareholder Directors

The Company has transactions with its Shareholder Directors in the ordinary course of business. All transactions are conducted at arm's length and not discounted. During the year, the Company collected water and infrastructure charges and on-charged any FEP audit costs, to their respective shareholding companies. The amount paid and/or accrued (excluding GST) from their respective entity, during the period of which they were a Company Director, is shown in the following table.

Shareholder Entity	Director(s) Involved	2024 ($)	*Owing ($)*
Te Ngawai Downs Limited	Ryan O’Sullivan	11,717	*887*
Glenire Farm Limited	Ryan O’Sullivan	27,741	*2,100*
Skipton Ag Limited	Brendan Caird	42,628	*3,266*
B J Caird Limited	Brendan Caird	53,137	*4,013*
Riverholme Farm Limited	Brendan Caird	61,952	*4,896*
Biggs Land Company Limited	Rebecca Biggs	28,298	*2,170*
Alpine Fresh Limited	Antony Howey	6,710	*1,290*
A C & A Howey	Antony Howey	41,692	*3,276*
Wainono Dairy Limited	Richard Green	126,258	*9,799*
Total Related Party Transactions - Shareholder Directors		**$400,134**	***$31,696***

Shareholder Entity	Director(s) Involved	2023 ($)	*Owing ($)*
Te Ngawai Downs Limited	Ryan O’Sullivan	8,114	*684*
Glenire Farm Limited	Ryan O’Sullivan	19,217	*1,619*
Skipton Ag Limited	Brendan Caird	29,893	*2,519*
B J Caird Limited	Brendan Caird	36,725	*3,094*
Riverholme Farm Limited	Brendan Caird	43,847	*3,695*
Levels Estate Company Limited	Nicola Hyslop *(ceased Nov 2022)*	28,414	-
Ravensdown Limited	Nicola Hyslop *(ceased Nov 2022)*	5,228	-
Biggs Land Company Limited	Rebecca Biggs	19,857	*1,673*
Alpine Fresh Limited	Antony Howey	0	-
A C & A Howey	Antony Howey	25,172	*2,122*
Wainono Dairy Limited	Richard Green *(appointed Nov 2022)*	60,446	*7,556*
Total Related Party Transactions - Shareholder Directors		**$276,914**	***$22,962***

Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Compensation to key management personnel includes all employee benefits and all forms of consideration paid, payable and provided by the Company (or on behalf of) in exchange for services rendered to the Company. Key management personnel compensation for the reporting period comprises:

		2024 ($)	2023 ($)
Board of Directors	*Full-time equivalent members:*	*7*	*7*
Remuneration	(Directors fees)	202,083	173,584
Compensation	(Expense reimbursement, professional development)	5,178	2,407
		207,262	175,991
Chief Executive Officer *	*Full-time equivalent members:*	*1*	*1*
Remuneration	(Salary, KiwiSaver, motor vehicle, performance bonus)	290,853	269,750
Total Key Management Personnel Compensation		**$498,115**	**$445,741**

* In the current reporting year, the compensation covers two key management personnel - an Acting CEO was in place from July 2023 to November 2023 and a permanent CEO commenced in November 2023.

Employees' Remuneration

Section 211(1)(g) of the Companies Act 1993 requires disclosure of remuneration and other benefits, including redundancy and other payments made on termination of employment, in excess of $100,000 per year, paid in respect of the current year by the Company to any employees who are not Directors of the Company.

The number of employees (including former employees) whose remuneration and other benefits were within the bands specified during the reporting period to 30 June 2024 was:

Remuneration	No. of Employees
$100,001 - $110,000	1
$110,001 - $120,000	3
$130,001 - $140,000	1
$140,001 - $150,000	1
$160,001 - $170,000	1

Personnel Expenses

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave and short term and long-term employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement.

Personnel expenses (excluding Directors) for the reporting period comprises:	2024 ($)	2023 ($)
Wages and Salaries	1,436,799	1,357,865
Increase/(Decrease) in Employer Liabilities	19,620	12,465
KiwiSaver Employer (incl. Contribution Tax)	35,325	36,194
Total Personnel Expenses	**$1,491,744**	**$1,406,524**

Employee Liabilities

Employee entitlements include annual leave and alternate holidays and are expensed on an undiscounted basis as the relevant service is provided. Employer liabilities are recognised in the Statement of Financial Position and are recorded at the amount expected to be paid for the entitlement earned. At reporting date, the Company had employer liabilities of $95,244 (2023: $75,624).

Auditor Remuneration

At the Company's Annual General Meeting held in November 2023, BDO were appointed as auditors for the year ending 30 June 2024.

At reporting date, remuneration paid and/or accrued to the Company auditors is $23,000 (2023: $22,750). This is a provision for statutory audit services for the year ending 30 June 2024, based on a fixed fee plus disbursements. The Company did not engage BDO for any advice or guidance on other matters.

BDO Christchurch

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF OPUHA WATER LIMITED

Opinion

We have audited the financial statements of Opuha Water Limited ("the Company"), which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and IFRS® Accounting Standards.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How The Matter Was Addressed In Our Audit
Assessment of Impairment of Property, Plant & Equipment *Refer to Section A and Note 8 of the Financial Statements*	
Management have identified that the internal erosion event as outlined in Section A of the financial statements is an indicator of impairment for the Property, Plant and Equipment classified as "Dam and Power Station" and "Irrigation Schemes" that was carried at $49.5m as at 30 June 2024 (2023: $48.8m) as disclosed at Note 8 to the financial statements.	We performed procedures to evaluate and challenge the Company's assessment of impairment. This included: • Engaging our internal valuation experts to review the arithmetic accuracy of the valuation model and the appropriateness of the Weighted Average Cost of Capital (WACC) rates applied. • Assessing the forecast cash flows by comparing them to board approved budgets and forecasts.

This is a key audit matter because the balance is significant and the identification of impairment events and the determination of the recoverable amount requires the application of significant judgement by management, in particular the timing, quantity and estimation of future cash flows.

To assess whether an impairment exists, management have engaged an external valuation specialist to establish the recoverable amount of the dam and associated infrastructure in accordance with the requirements of NZ IAS 36 *Impairment of Assets*.

The Company concluded that no impairment is present.

- Assessing the Company's forecasting accuracy by comparing historical forecasts to actual results.
- Obtaining an updated understanding of the internal erosion matter through discussions with management, review of board minutes and review of external expert advice received by the company.
- Challenging management and management's expert on key inputs, including the inclusion and timing of cash flows in the forecast model.
- Assessing the appropriateness of forecast cash flows against the requirements of the accounting standards.
- Reviewing the disclosures in the financial statements, to the requirements of the accounting standards.

Other Information

The directors are responsible for the other information. The other information comprises the information on pages 1 to 13, and 44, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Warren Johnstone.

BDO Christchurch Audit Limited

BDO Christchurch Audit Limited
Christchurch
New Zealand
16 October 2024

DIRECTORY

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Environmental:
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Timaru 7940

BOARD OF DIRECTORS

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

Director Name	Position	Date Appointed	Date Ceased
Ryan O'Sullivan	Shareholder Director (Chair)	08 November 2016	
Brendan Caird	Shareholder Director	07 November 2017	
Rebecca Biggs	Shareholder Director	06 November 2018	
Antony Howey	Shareholder Director	01 December 2020	
Richard Green	Shareholder Director	02 November 2022	
Paul Burns	Independent Director	01 September 2017	
Elena Trout	Independent Director	01 May 2023	

ANNUAL GENERAL MEETING

The Annual General Meeting of Opuha Water Limited is scheduled for Wednesday 6 November 2024.