

Annual Report 2023

Sustainable solutions for our community,
now and into the future



 **MHVwater**

Front cover: New outlet screens at Valetta Pond 2

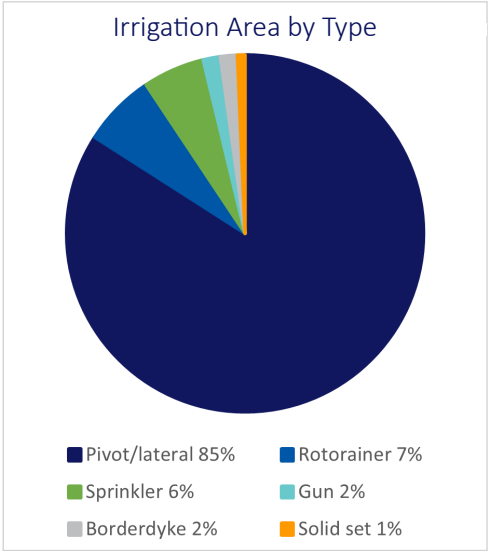
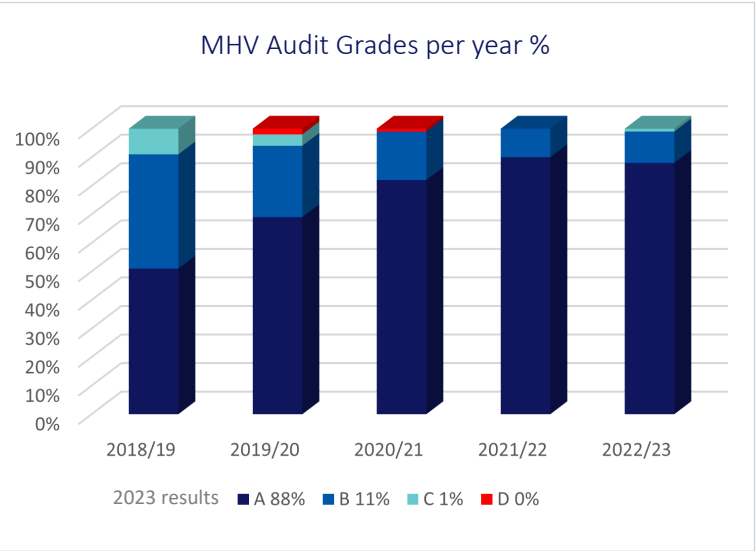
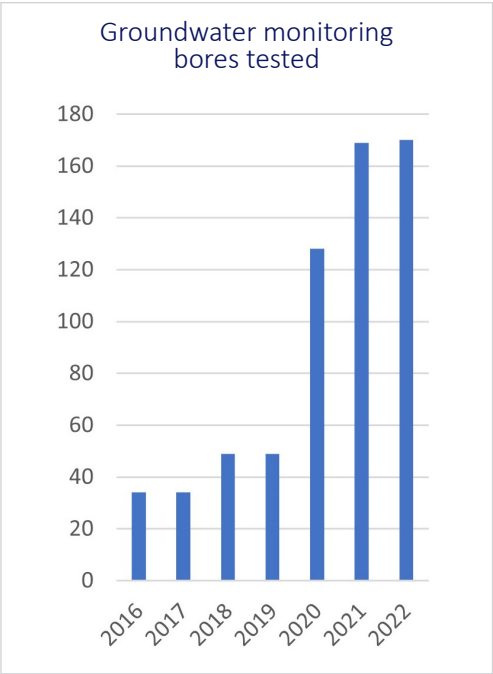


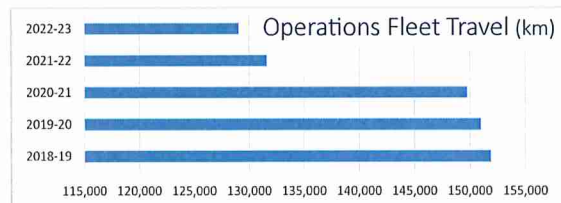
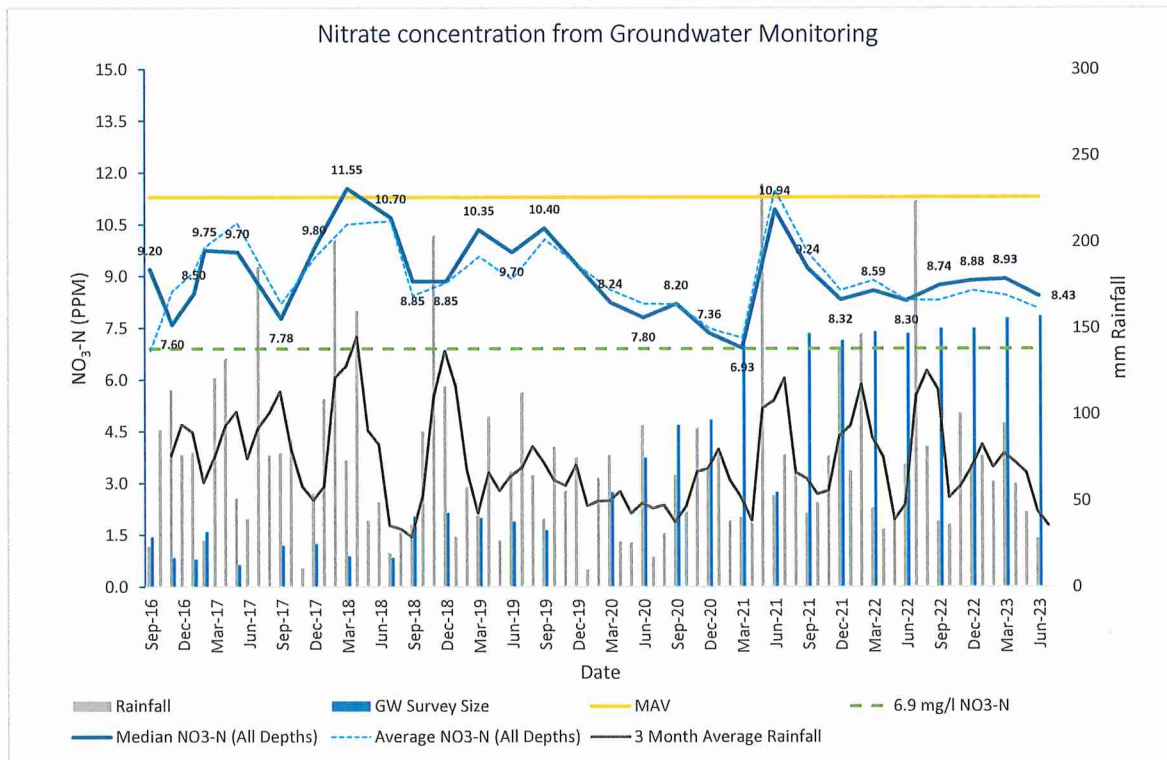
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MH Intake

Our Performance

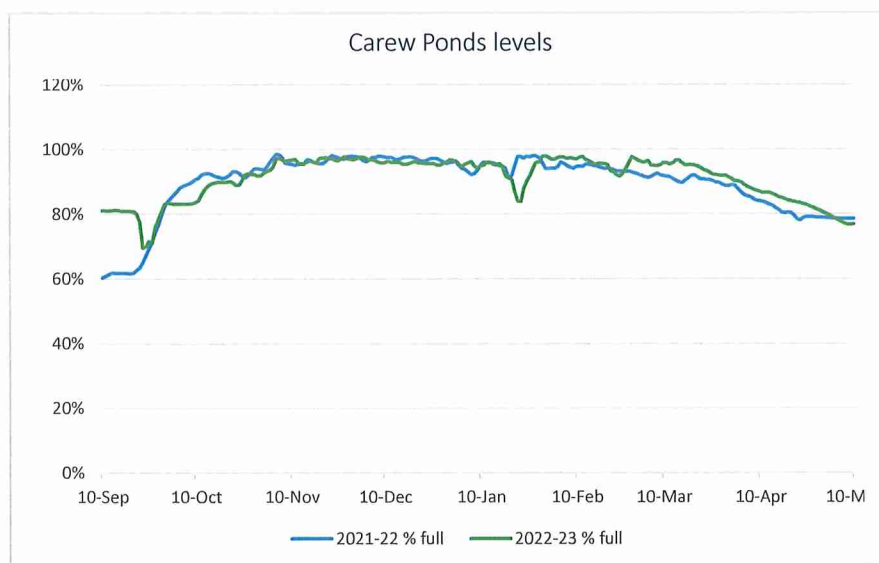




MH Line
11 days
above RDR
allocation

V Line
0 days
above RDR
allocation

Combined scheme
3 days
above RDR
allocation



Chair and Chief Executive Report



John Nicholls
Chair



Melanie Brooks
Chief Executive

Creating sustainable value and resilience for our environment, shareholders, and the community through leadership and collaboration.

As an intergeneration co-operative, resilience across all aspects of our business remains one of the key themes for MHV. We keep a firm eye on the horizon to ensure we are able to continue to support our shareholders with the production of food and fibre in the Hekeao Hinds Plains with resilient water delivery and on farm environmental support. We recognise the challenges of farming with constant change and complexity, whether that be from the natural environment, regulatory changes, financial pressures or demand and supply unpredictability.

There are a number of challenges which are outside of our control, and in Mid Canterbury we are fortunate that we have some natural resilience with access to water and largely good growing conditions, however we must continue to insulate our community by having an unwavering focus on improving environmental outcomes and improved reliability of water through capture and storage.

As a co-operative we encourage contribution from our 204 Shareholders farming across approximately 58,000 hectares of land in the Hekeao Hinds. Being the caretakers of this land is a shared responsibility and these responsibilities continue to evolve as we lead opportunities to work with others to achieve common goals and share our experience of continuous improvement with the wider catchment.

As a collective we have achieved a significant amount in the past year, and we look forward to reflecting on these in this report.

Respect for the environment

Supporting farmers with their environmental improvement has become a large aspect of our business, and we recognise the imposition of time on farmers for that compliance, but compliance alone will not drive improved environmental outcomes. We know our farmers understand the risks and largely manage them well and we thank those farmers who have a mindset of continuous environmental improvement who are persistently looking for improvements to their systems; you are making a difference. All of our community must be on this journey, because to continue to farm in the Hekeao Hinds Plains

we must be able to demonstrate an improvement in water quality outcomes in our catchment. We currently can't do that.

Following shareholder feedback on a desire to work collectively with the wider Hekeao Hinds catchment, and the clear need to all be on the same journey, we have undertaken a number of workstreams this year, namely:-

- Established the Environmental Support Programme: to enable non-shareholders to participate and have the support of our Environmental Programme, contribute to research, and work collectively with us;
- Set up the Hekeao Hinds Science Collaboration which brought together groups including Hekeao Hinds Water Enhancement Trust, Mid Canterbury Catchment Collective, Barrhill Chertsey Irrigation Ltd, Hinds Drains Working Party, Eiffelton Irrigation and Federated Farmers. The aim is to reduce duplication, increase collaboration and streamline priorities for the benefit of the community;
- Begun the Vadose Monitoring trial, a deep pit trial focused on the nutrient transport through light soil profiles

under different farm systems with the aim to increase understanding; and

- Collaborating with community groups and the landowner for the establishment of the Wairuna Run-off, a wetted area with over 1700 plants and a serpentine treatment area for nitrate.

Working together enables a strong collective approach to managing outcomes and considering and responding to the implications of the regulatory tsunami for our catchment as a whole. We also continue to collaborate with the other irrigation schemes across Canterbury and North Otago with CEO and Chair forums and ongoing hui (meetings) with ECan governance and our local Rūnanga.

Water Monitoring

We regularly monitor water quality for approximately 150 bores and some 60 surface water locations across the Hekeao Hinds catchment.

By monitoring ground and surface water behaviour and character across the catchment, MHV intends to provide data and complementary information that will enable evidence-based decision making, that leads to environmentally and sustainable water and nutrient management practices.

Between 1 June 2022 and 31 May 2023, MHV collected 655 groundwater samples from 170 bores and 570 surface water samples from 82 locations across the Hekeao Hinds.

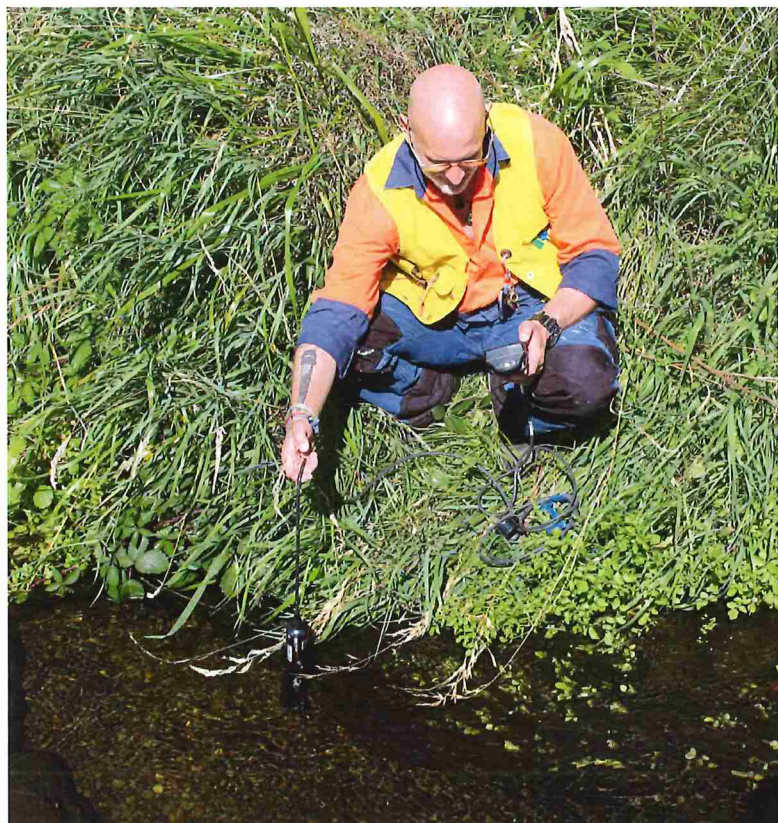
Justin Legg, Senior Hydrogeologist surface water testing

The Plan Change 2 target for groundwater is 6.9 ppm and the $\text{NO}_3\text{-N}$ concentrations in groundwater remained persistently above this level with the median rate for Jun 2023 being 8.43ppm with variations of only $\pm 5\%$ over the course of the year. This has been attributed to above average rainfall between July and August 2022 as well as November-January and March 2023.

For surface water the Hekeao Hinds River had a Nitrate Nitrogen concentration of 3.76ppm in June 2023 with the Highly Modified Water Courses (drains) having a median more reflective of the groundwater sampling at 9.06ppm. Whilst this level is very high, it reflects a decreasing trend from the levels seen in Jan 2022 of over 12ppm.

This year was the first year that we undertook routine ecological monitoring since 2006, and as such the results represent a starting point. Overall, the results of the first 12 months of monthly monitoring indicate excellent ecological health at the two Hinds River sites and reduced ecological health at the other four sites in Harris Drain and Oakdale Drain. All sites had high invertebrate diversity, including sensitive species, indicating that improvement in invertebrate values is likely achievable in these waterways, if the sources of habitat and water quality are addressed, for example improved riparian shading and buffering.

We remain transparent with our water monitoring programme and have developed a webpage where information is available to



the public and want to recognise the extensive progress made on habitat enhancement in much of the Harris and Oakdale drains. <https://www.mhvwater.nz/our-scheme/mhv-water-monitoring-programme>

Resilient Infrastructure

Ensuring the physical systems of the scheme remain performing at their best and are resilient is important as we strive to continue to be more efficient and effective in the way we deliver water. For infrastructure we consider:-

- Optimisation of existing delivery infrastructure
- Resilience of our ability to supply
- Reliability of our ability to meet demand

For the optimisation of the networks we have been investigating the synergies with stockwater delivery and how we can reduce the duplication of stockwater network. Additionally we have been finalising automation and extension of capacity.

Resilience has been a focus for all lines, with the preventative maintenance programme for the Ruapuna line being finalised and the first stage of our Valetta Remediation Project (which identified infrastructure that was at risk of sudden failure with the time to repair being beyond our risk appetite) complete. The new screens at Pond 1 and 2 were completed on time and on budget and progression of the Valetta Remediation workstreams has continued over the year with the inhouse design and planning for the stage 2 of the project; the inlet control valves for both ponds.

To progress our reliability of supply we have centred workstreams around the acquisition of the land and consents at Klondyke (which is still progressing), environmental management (to demonstrate stewardship in the use of the resources) and investigating how we can best optimise our storage to increase reliability.

With two consecutive la Nina seasons we are yet to test our M share reliability following the share split. Approximately

14% of our water allocation is from the Ashburton River and we are cognisant that the 2033 Ashburton River restrictions will significantly impact on that take and reduce our existing reliability if all else remains equal. We are a multi-generational infrastructure business and the importance of taking a long term view with our infrastructure investment continues to be front of mind. Any decisions on proceeding with large scale storage infrastructure will be made by shareholders, in due course, and our strategic focus is to enable optionality and resilience for the future.

With all of these workstreams we acknowledge the potential cost implications to water delivery charges and are mindful to balance this with the risk of not being able to deliver water for long periods during the season. We have also focused on wrapping good practice quality assurance procedures around the construction and installation of all projects to ensure we have quality assets that will perform for our scheme and shareholders in the long term.



*Valetta Pond 2 outlet screen construction
September 2022*

Financial

As a cost recovery co-operative the main lever we can pull to influence improved financial outcomes is expense control. We have had a concerted focus on the value associated with expense lines and how we can maintain the value and benefit to shareholders and minimise any spending that has limited value.

An example of this focus on expense control is that by bringing our environmental services inhouse, and increased revenue from environmental consultancy, our environmental charges reduced from \$9.50 per ha to \$7.51 per ha for the financial year. In previous years we have also set strong frameworks in place which have enabled us to operate with a lower cost structure and it is a great reflection on the work that our team have been doing in the environmental space to be able to deliver the results they have with a lower cost.

Active consideration of our position within our treasury policy has seen the scheme largely insulated against the increases in interest rates which saw our average interest rate for the year increase, but remained less than 4%. With interest costs being the highest individual line expense for both our Valetta and Ruapuna lines, both over 40% of total expenses, the reductions against budget are material.

Some expenses are outside of our control and this year saw the commissioning of the RDRML fish screen. The screen is an important asset which demonstrates the collective commitment to preserving the native and game fish species in the Rangitata River.



Advanced driver safety and 4WD training
June 2022

The fish screen was debt funded, accordingly the costs associated with the screen are considerable, with our water delivery charges for the RDRML increasing by 52% last year with further increases as the interest costs for a fully drawn facility are realised.

Our profitability this year was driven by the interest rate strategy, reduced reactive repairs and maintenance, and reduced environmental expenses. Rather than having a period where we didn't charge shareholders water delivery charges, we made the decision to utilise the credit funds to offset the inflationary driven increases in costs we are seeing for FY24, such that the FY24 water delivery charges have not increased for shareholders.

Overall our position remains that of a well capitalised co-operative business with strong processes to enable our team to continue to deliver for shareholders now and into the future.

Robust and enduring co-op

MHV makes the health, safety and wellbeing of our staff and contractors our highest priority.

Considerable investment has occurred in the past 12 months on improving access to some of the scheme infrastructure to minimise the risk of harm arising while team members are undertaking their normal activities.

All work carried out on a day-to-day basis is subject to Standard Operating Procedures (SOP) to ensure the necessary risk controls are in place and followed. SOP's continue to be updated to ensure they are fit for purpose and training and upskilling for relevant tasks is ongoing. This included the team completing driver training.

MHV is committed to development of our whole team and we regularly invest in training necessary for the role and professional development of the team.



Mayfield Show site
March 2023

An example of this commitment has been the support for Justin Legg, our Senior Hydrogeologist, to begin his PhD research with the University of Otago. He aims to quantify and define the key drivers of Nitrate-Nitrogen ($\text{NO}_3\text{-N}$) sources, migration, and retention across the Hekeao Hinds Plains of Mid Canterbury - with the intention of defining solutions for the co-existence of improving water quality practices and farming communities.

We continued our Board development with a 360 assessment completed by Janine Smith (The Boardroom Practice Ltd). The assessment was confronting, challenging and worthwhile and has enabled a plan for succession and targeted development.

MHV staff along with our neighbouring scheme staff enjoyed a visit to Te Rūnanga o

Arowhenua Marae where we enjoyed learning about the history of the catchment and finished with sharing tales over some kai (food).

Making sure our voice is heard at a national level is becoming increasingly important with the influence changing regulation has on farming businesses. We continue to build our relationships with relative leaders which has included a successful trip to Wellington in October last year, and more recently we supported hosting visitors from MPI, MfE and Te Waihanga (Infrastructure Commission) with neighbouring schemes Ashburton Lyndhurst Irrigation and Barrhill Chertsey Irrigation, and on numerous other occasions have shown visitors around the scheme.

Education goes hand in hand with collaboration and it continues to be important to tell our story and

correctly educate others about what we do, including our scheme infrastructure, the importance of reliable water, different farm systems and more. We have had much success doing this through in person visits allowing people the opportunity to see how these work in a practical sense and how all the moving parts work in harmony. We also offered free water testing for nitrate concentration in drinking water at the Ashburton and Mayfield A&P shows as a way of showcasing our water monitoring programme giving the community a tangible way to learn about the work we do. We continue to develop our MHV Voice podcasts as a functional way to share stories and ideas.

Richard Wilson retired from the Board at the 2022 AGM and we welcomed Campbell Tait as a Director. Richard had been with MHIL and subsequently MHV since April 2006 and was also on the Board of RDRML for 12 years and Chair for four years. We thank Richard for his meaningful contribution over the many years and wish him well as a District Councillor where he will continue to advocate and represent our community.

Additionally this will be my final report as Chair as I am retiring from the Board at the AGM.

Being a part of the co-op for the last 12 years has been a privilege. We have something incredibly special here and I look forward to a prosperous future in Mid-Canterbury for generations to come.

John's strategic insight has been instrumental in setting MHV up for success; with building the Carew Storage Ponds, the Valetta and Mayfield Hinds merger, the Ruapuna piping expansion and automation of the open races, his focus has been on actions which will deliver on our long term objectives.

We thank John for his dedication and commitment to our community.

Last, but most definitely not least we would like to acknowledge the contribution made by the MHV team. Our people are hardworking, dedicated and passionate about making a difference for the community and providing exceptional service for our shareholders. It is the team that have produced the combined results and enable MHV to continue to strengthen as a cooperative and continue to live our promise to deliver sustainable solutions for our community now and into the future.



John Nicholls
Chair



Melanie Brooks
Chief Executive



*Mixed Sward Planting
May 2023*

Rangitata Diversion Race Management Limited Report



Jen Crawford
Chair



Evan Chisnall
Director

Three themes are the current strategic focus for RDRML - Access to Water, Asset Resilience, People.

Access to Water

Maintaining access to water and providing reliable supply to approved users is central to the success of RDRML. It is recognised that ongoing access to water (particularly the renewal of the main water take consents on reasonable terms) relies on trusted relationships with key stakeholders as well as within ECan. The pace of change associated with the freshwater reforms is also testing the resolve of the community and RDRML seeks to be an active participant supporting MHV Water in discussions that will influence the outcome of these reforms.

RDRML also entered into formal negotiations in 2023 with MHV Water and ALIL as the shareholders who wish to take the Klondyke project forward. The discussions have provided the opportunity for RDRML to engage more directly to understand each shareholder's viewpoints in terms of future opportunities for effective storage, delivery and use of water via the Race. It is clear that all shareholders see storage

of water as being key to ensuring reliability of supply in the long term.

Asset Resilience

As reported last year, a major milestone was achieved with completion of the Fish Screen. The commissioning phase identified some operational matters that are being worked through by management with potential engineering solutions identified.

The development of a robust Asset Management Plan has been a key workstream for the RDRML team in the last 12 months. The age of the Race assets requires there to be a strong focus on resilience in the short term while also preparing for the long term (particularly in terms of climate change and recurring flood events). Long term asset management planning is guiding decisions on the annual maintenance activities and in responding to issues as they arise.

The work programme for the flood damage repairs has been finalised and preparatory works are underway. RDRML's risk profile has also impacted on access to comprehensive insurance.

This is an issue currently being faced by the wider agribusiness and infrastructure sectors across New Zealand.

People

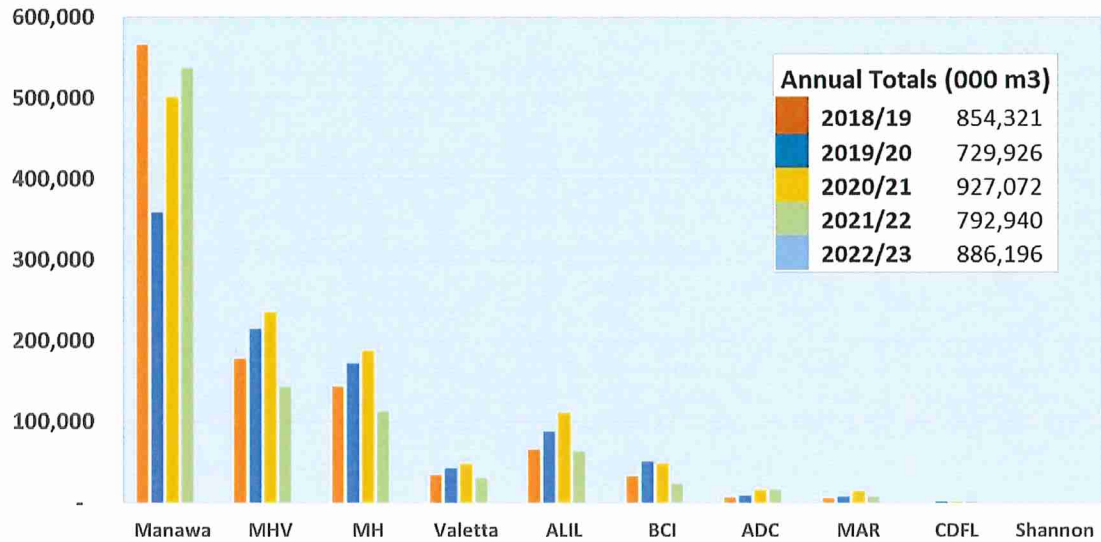
The Board governs RDRML on behalf of its shareholders with Directors appointed by Manawa Energy, MHV Water, ALIL and the Ashburton District Council. Particular thanks must go to our outgoing Chair Richard Wilson who stepped down in October 2022 after making a considerable contribution to the governance of RDRML. Evan Chisnall has joined the RDRML Board as our second MHV Water representative, sitting alongside Jen Crawford who is an independent director of MHV Water.

At the management level, RDRML farewelled long-standing Operations Manager Neill Stevens on 1 May 2023 and recently welcomed Andrew Mockford (ex Opuha CEO) to the team. The RDRML Board acknowledges the work by CEO Tony McCormick and his team for their work on behalf of the RDRML shareholders.

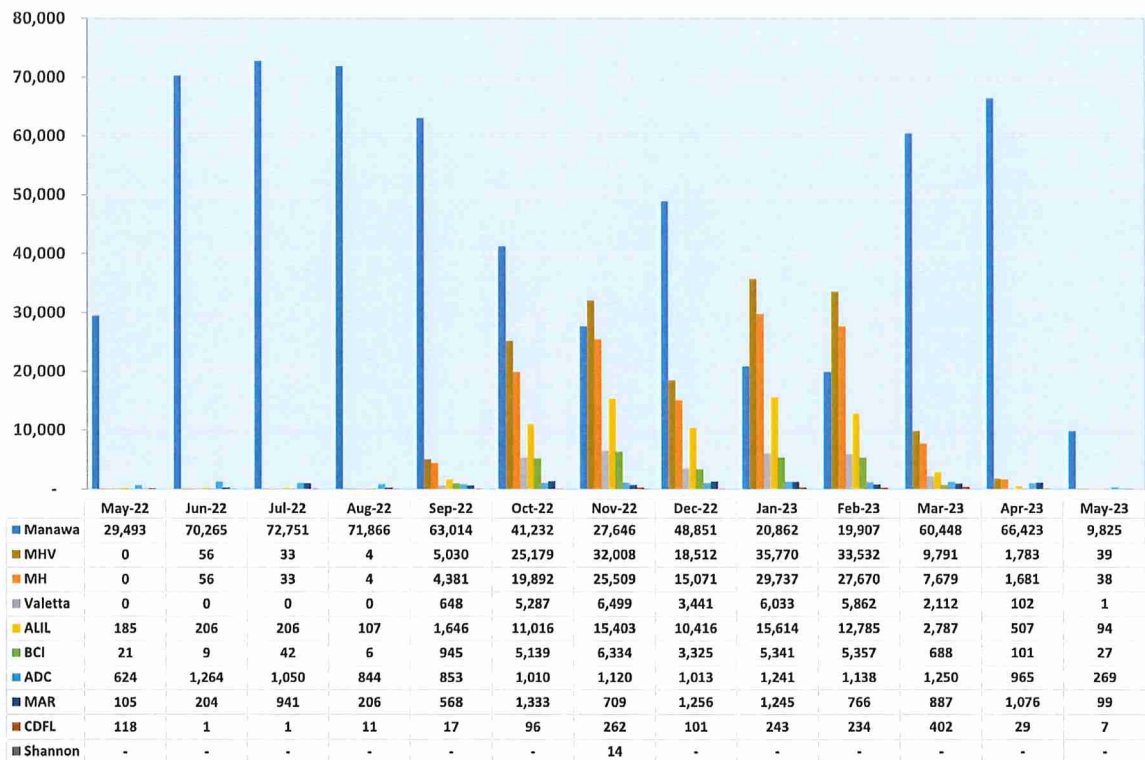
Jen Crawford, RDRML Chair

Evan Chisnall, Director

Rangitata Diversion Race Annual Water Use (Total Volume in 000 m³)



Rangitata Diversion Race 2022/23 Monthly Water Use (000 m³)





Investigating a vadose sample pit
November 2022

Our Strategy

Our Mission

Sustainable solutions for our community, now and in the future

Our Values

- Inter-generational focus
- Responsible stewards
- Community minded
- Co-operative spirit
- Enable innovation

Our Purposes

- Optimised water delivery
- Respect for the environment
- Robust and enduring Co-op

Our Priorities / Initiatives

- Building strong partnerships with Arowhenua
- Support continuous improvement
- Waterbody health research
- Resource resilience
- Catchment collaboration
- Consent renewal pathways

Our People

Shareholders

MHV Water is a co-operative company with 204 farmer shareholders. Each share held entitles the shareholding to 0.01 litres per second of water.



Board of Directors

The Board is made up of six elected shareholder directors and two appointed independent directors and meets on a six weekly basis to govern the company. Two elected directors retire by rotation at each AGM.

Management and Staff

MHV employs a team of thirteen staff delivering operations, groundwater science, infrastructure, environmental and administrative functions. The MHV team is lead by the Chief Executive.

Our Board



Board of Directors

From left to right:

Campbell Tait, Vince Lobb, Simon King, Jen Crawford, Evan Chisnall, John Nicholls, Paul Munro, Cole Groves



Ecological monitoring for stream health

Division Performance

	Environmental Research & Development	Mayfield Hinds Open Race	Ruapuna Extension Pipeline	Valetta Pipeline	Total
		\$	\$	\$	\$
Year ended 31 May 2022					
Income					
Water charges	-	2,419,593	932,085	1,518,477	4,870,155
Other income	479,608	291,602	22,778	101,821	895,809
Total income	479,608	2,711,195	954,863	1,620,298	5,765,964
Expenses					
Operating expenses	567,584	349,978	108,889	111,038	1,137,489
Finance expenses	-	23,786	225,773	319,343	568,902
Shared scheme costs	-	2,013,936	172,412	649,382	2,835,730
Total expenses	567,584	2,387,700	507,074	1,079,763	4,542,121
Total operating profit	(87,976)	323,495	447,789	540,535	1,223,843
Non-cash expenses					(1,646,463)
Net profit/(loss)					(422,620)
Interest bearing borrowings					
Opening balance	(139,451)	(871,489)	1,168,664	(157,725)	-
Operating profit	87,976	(323,495)	(447,789)	(540,535)	(1,223,843)
Fixed assets movements	4,575	1,061,131	11,905	1,447,237	2,524,848
Debt movements	-	-	491,700	(630,000)	(138,300)
Equity movements	-	(1,393,245)	(111,339)	-	(1,504,584)
Other movements	-	253,332	20,171	68,376	341,879
Total interest bearing borrowings	(46,900)	(1,273,766)	1,133,312	187,353	-
Westpac loans	-	-	7,953,714	10,729,065	18,682,779
Total interest bearing borrowings	(46,900)	(1,273,766)	9,087,027	10,916,418	18,682,779
Year ended 31 May 2023					
	\$	\$	\$	\$	\$
Income					
Water charges	426,407	2,919,954	972,032	1,795,879	6,114,272
Other income	-	554,024	37,131	164,087	755,242
Total income	426,407	3,473,978	1,009,163	1,959,966	6,869,514
Expenses					
Operating expenses	338,901	265,337	123,652	113,673	841,563
Finance expenses	-	13,857	337,603	568,221	919,681
Shared scheme costs	-	2,572,555	205,207	694,441	3,472,203
Total expenses	338,901	2,851,749	666,462	1,376,335	5,233,447
Total operating profit	87,506	622,229	342,701	583,631	1,636,067
Non-cash expenses					(2,539,183)
Net profit/(loss)					(903,116)

Division Performance (Continued)

Interest bearing borrowings

Opening balance	(46,900)	(1,273,766)	1,133,312	187,353	-
Operating profit	(87,506)	(622,229)	(342,701)	(583,631)	(1,636,067)
Fixed assets movements	-	213,398	8,017	2,803,033	3,024,448
Debt movements	-	-	1,160,000	(1,989,000)	(829,000)
Equity movements	-	(390,107)	(31,175)	-	(421,282)
Other movements	-	(307,293)	113,833	55,361	(138,099)
Total Internal borrowings	(134,406)	(2,379,997)	2,041,286	473,116	-
Westpac loans	-	-	6,793,714	12,718,065	19,511,779
Total interest bearing borrowings	(134,406)	(2,379,997)	8,835,000	13,191,181	19,511,779

MHV Water Limited currently only operates in one division, being water scheme and environmental management. This may change going forward if MHV starts providing significant environmental management services to customers who it does not also provide water scheme management to.

For shareholder transparency, separate reporting is provided above in relation to the four separate cost centres, the Mayfield Hinds Open Race, Ruapuna Extension Pipeline, Valetta Pipeline and the Environmental Research & Development, on a similar basis that is reported to the Directors by Management.

Directors and Management have agreed a cost and capital allocation policy where the guiding principle is that costs are shared equally by all users unless there is a valid reason not to. As the four cost centres have different capital and operating costs, each is treated separately. This is consistent with the merger protocol document between Mayfield Hinds Irrigation Ltd and Valetta Irrigation Ltd which required the water between the two lines to be managed separately.

The following guidelines are followed:

- Income specific to a part of the infrastructure should be allocated to that infrastructure.
- Costs specific to a piece of specific infrastructure are separately identified and apportioned to the users of that infrastructure.
- Capital raised is allocated to the share class releasing water for sale.
- Interest costs shall be allocated to the specific infrastructure to which the debt relates. Where accumulated funds from one line are utilised by another line to minimise the entity interest costs, a notional interest charge will be made between the two lines. This may result in a negative finance expense for one or more lines which reflects the benefit from managing debt on a Company basis.
- Costs not specific to a piece of infrastructure will be treated as Shared Scheme costs.
- Shared costs should be allocated to the infrastructure based on the water entitlement of that infrastructure. As all shares have the same water entitlement (0.01 lps), the number of shares for each line is used as the basis for allocating the Shared Scheme costs.
- Depreciation and other non cash expenses are not allocated to the four separate cost centres as the Directors and Management budget and review expenditure on a cash basis, including operating cost and capital requirements, to determine water charges.

Statement of Comprehensive Income

	2023 \$	2022 \$
Income		
Revenue	6,869,514	5,765,964
Fair value movement in interest rate swaps	100,635	1,186,168
Total Income	6,970,149	6,952,132
Expenses		
Operating expenses	3,199,279	2,582,734
Administration expenses	1,100,704	1,356,841
Other operating expenses	25,850	264,433
Depreciation and amortisation	2,639,818	2,591,698
Finance expenses	887,220	612,468
Total Expenses	7,852,871	7,408,174
Other income		
Share of associates profit/(Loss)	(20,394)	33,422
Total other income	(20,394)	33,422
Operating Profit/(Loss) before tax	(903,116)	(422,620)
Income tax expense	(231,762)	(465,214)
Net profit/(loss) for the year	(1,134,878)	(887,834)
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income	(1,134,878)	(887,834)

Statement of Cash Flows

	2023 \$	2022 \$
Cash flows from operating activities		
Cash received	6,267,060	5,218,112
Cash paid	(4,591,447)	(4,565,615)
Net cash flows from operating activities	1,675,613	652,497
Cash flows from investing activities		
Cash received	256,609	108,696
Cash paid	(2,959,267)	(2,273,252)
Net cash flows from investing activities	(2,702,658)	(2,164,556)
Cash flows from financing activities		
Cash received	74,357	1,599,221
Cash paid	1,194,545	(168,892)
Net cash flows from financing activities	1,268,902	1,430,329
Net increase (decrease) in cash held	241,857	(81,730)
Add cash at start of year	59,740	141,470
Closing Balance	301,597	59,740

Statement of Financial Position

	2023	2022
	\$	\$
Current assets	2,335,957	1,563,250
Non-current assets	56,232,106	56,720,708
Total assets	58,568,063	58,283,958
Current liabilities	1,542,923	919,205
Non-current liabilities	21,388,476	20,285,211
Total liabilities	22,931,399	21,204,416
Net assets	35,636,664	37,079,542
Equity		
Share capital	42,195,286	42,503,286
Capital reserves	(981,399)	(981,399)
Retained earnings	(5,577,223)	(4,442,345)
Total Equity	35,636,664	37,079,542

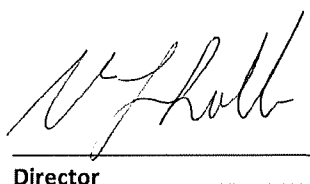
Statement of Changes in Equity

	Share capital	Retained earnings	Capital Reserve	Total
	\$	\$	\$	\$
Equity at 31 May 2021	36,010,477	(3,554,511)	-	32,455,966
Net profit/(loss) for the year	-	(887,834)	-	(887,834)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(887,834)	-	(887,834)
Issue of shares	5,511,410	-	-	5,511,410
Share conversion	981,399	-	(981,399)	-
Equity at 31 May 2022	42,503,286	(4,442,345)	(981,399)	37,079,542
Net profit/(loss) for the year	-	(1,134,878)	-	(1,134,878)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,134,878)	-	(1,134,878)
Issue of shares	-	-	-	-
Shares redemption*	(308,000)	-	-	(308,000)
Equity at 31 May 2023	42,195,286	(5,577,223)	(981,399)	35,636,664

*This relates to the value of MG shares converted to M shares during the share conversion process.

Signed for and on behalf of the Board dated 20 September 2023


Chair


Director

Additional information

REPORTING ENTITY

MHV Water Limited (the "Company") is a co-operative company registered in New Zealand under the Co-Operative Companies Act 1996 and Companies Act 1993 on the 23 February 2009 and domiciled in New Zealand.

The company is an FMC reporting entity for the purposes of Part 7 of the Financial Markets Conduct Act 2013.

These summary financial statements are in compliance with FRS 43: Summary Financial Statements. The full financial statements for each period presented in the summary financial statement have been audited and the nature of the audit opinion is unmodified.

The Company is a water supply and environmental management company receiving its share of water from the Rangitata Diversion Race Management Limited (RDRML) and distributing this water to its shareholder members. The Company's scheme area is on the northern bank of the Rangitata River through to the southern bank of the Ashburton River and from the foothills in the west down to the east coast. The company also administers land use and discharge consents for its members.

BASIS OF PREPARATION

The full financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for Tier 1 profit orientated entities.

The financial statements are presented in New Zealand dollars(\$), rounded to the nearest dollar.

The full financial statements for the year ended 31 May 2023 were authorised for issue on 20 September 2023 by John Nicholls (Board Chair) and Vince Lobb (Director).

The specific disclosures included within these summary financial statements have been extracted from the full financial statements. Therefore, these statements cannot be expected to provide as complete of understanding as the full financial statements.

The full financial statements can be sourced upon request.

CHANGES IN ACCOUNTING POLICIES

Certain comparative figures have been updated for consistency within the current year. All other accounting policies adopted are consistent with those of the previous year.

CAPITAL COMMITMENTS

There are no capital commitments at balance date.

CONTINGENT LIABILITIES

There are no contingent liabilities at balance date.

SUBSEQUENT EVENTS

Stage 2 of the Valetta Remediation Project has begun with reconsidering the design for the intake structures into Pond 1 and Pond 2. By revisiting the design we are expecting to significantly reduce the initial cost expectations for this part of the project, however, the costs associated with the project are likely to see further increases to water delivery charges for the FY24 year.

The banking facility limit increased to \$30m in 25 July 2023, expiry 30 June 2025.

There are no other events subsequent to balance date which would materially affect the financial statements.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF MHV WATER LIMITED

Opinion

The summary financial statements on pages 16 to 21, which comprise the summary statement of financial position as at 31 May 2023, and the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and related notes are derived from the audited financial statements of MHV Water Limited ("the Company") for the year ended 31 May 2023.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Our Performance 2022-23 Report, Chair and Chief Executive Reports, the RDRML Report, Our People Report and Our Strategy Report, but does not include the summary financial statements and our auditor's report thereon.

Our opinion on the summary financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. We have read the other information and, in doing so, considered whether the other information is materially inconsistent with the summary financial statements, or our knowledge obtained in the audit of the summary financial statements or otherwise appears to be materially misstated. We have nothing to report in this regard.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 20 September 2023.

Directors' Responsibilities for the Summary Financial Statements

Directors are responsible on behalf of the entity for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

Auditor's Responsibilities for the Audit of the Summary Financial Statements

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised) *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interests in, MHV Water Limited.

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
20 September 2023

