WAIMEA IRRIGATORS LTD

Annual Report

For the Fifteen Months Ended 30 June 2019

Annual Report - Contents
For the Period Ended 30 June 2019

Company Directory
For the Period Ended 30 June 2019

Incorporated:	6 September 2016
Nature of Operations:	The principal activity of Waimea Irrigators Limited (WIL) is as a joint partner with Tasman District Council in the construction and operation of a dam in the Lee Valley. The current focus of WIL is to: a) To ensure that the Dam is constructed within budget and b) To ensure sufficient release of Dam Water into the Upper Lee River and associated groundwater system to improve the reliability of its Shareholder's Ground Water Permits and/or Surface Water Permits through the affiliation of those Ground Water Permits and/or a Surface Water Permits under the Tasman Resource Management Plan. A Shareholder with a Shareholder Water Augmentation Agreement is entitled to apply for an Affiliated Ground Water Permit and/or a Surface Water Permit under the Tasman Resource Management Plan.
Business Address	491 Nayland Road, Stoke, Nelson
Registered Office:	491 Nayland Road, Stoke, Nelson
Directors:	Richard BENNISON Murray Grant KING Mark Randall O'CONNOR Julian Richard RAINE Mathew Simon HODDY
Project Manager	Natasha BERKETT
Shareholders	Extensive
Accountants:	Findex (NZ) Limited 72 Trafalgar Street Nelson
Independent Auditor:	BDO 287/293 Durham Street North Christchurch
Bankers	ANZ Bank 248 Trafalgar Street Nelson
Solicitors:	Anderson Lloyd 70 Gloucester Street Christchurch

WAIMEA IRRIGATORS LTD

Chairman's Report
For the Period Ended 30 June 2019

The commencement of construction of the Waimea Community Dam (the Dam) in March 2019 marked a significant milestone in future water security for the Waimea Plains and greater Nelson Tasman region. The Dam is the most significant infrastructure project in the Tasman region for several decades and one of the largest water storage projects in New Zealand in the last 25 years.

This is the first formal report to shareholders of Waimea Irrigators Ltd (WIL). Waimea Irrigators Limited is responsible for managing the investment of its shareholders in Waimea Water Ltd (WWL), the joint venture it has established with Tasman District Council. Waimea Water Limited's objective is to construct the Dam to required standards on time and on or under budget.

The Dam has been designed with sufficient capacity to satisfy the water needs of the community for the next 100 years. We only have one chance to build this dam. There is no ability to make it bigger at a later date, so there is an overbuild element to the design. Funding the overbuild was part of the challenge to getting to financial close, which eventually occurred in December 2018.

The events of the 2018/ 2019 summer drought and the Pigeon Valley fire clearly brought the need for the Dam into sharp focus. The last time the district faced critical water shortages and severe water restrictions was in 2001. That event was the catalyst for 16 years of work by the Waimea Water Augmentation Committee (WWAC) to find a solution to an acute water shortage for rural and urban water users on the Waimea Plains. Members of WWAC represented the interests of the whole community, from irrigators to urban, iwi and environmental interests. The committee's eventual recommendation was to construct a dam in the Upper Lee River.

Directors of WIL have spent significant voluntary time and effort on the dam project, particularly in the 2018/ 2019 financial year as we prepared for financial close. Last year was a most challenging time for the Board as we sought the minimum subscription for shares necessary in order to access loan funding from the Crown's Irrigation Infrastructure Fund. Support from TDC was also essential in order for the project to commence. At a late stage, and after the identification of a significant funding gap, the project was further supported financially by the introduction of Century Water Limited (CWL) as a significant investor. CWL's investment in 2,000 convertible notes means that more than 5,000 of the available 5,425 shares are now subscribed for. The CWL convertible notes will be released to the market as shares in WIL in future years, as more land owners and businesses seek access to Dam water.

In getting to financial close, and ensuring WIL met its commitments to its funding partners, thanks must be extended to John Palmer, who volunteered his time as WIL's strategic advisor. His wisdom, insights and network enabled us to work through the challenges of the project.

I would also like to personally thank each of our shareholders for providing the funding for a large proportion of the Dam cost and for having the foresight to be part of an intergenerational legacy project. Thanks also to the shareholders of CWL whose commitment ensured that we got 'across the line'.

Finally, I want to thank our very capable Project Manager Natasha Berkett for her commitment to the project and managing the many opposing forces.

Murray King
Chairman

WAIMEA IRRIGATORS LTD

Statement of Profit or Loss and Other Comprehensive Income
For the Period Ended 30 June 2019

	Notes	15 months 30/06/2019 $	12 months 31/03/2018 $
Revenue	4	62,300	230,500
Less Expenses			
Administration Expenses	5	(1,202,687)	(738,049)
Finance Costs	7	(128,169)	(25,082)
Share of Loss in Associate	17	(155,470)	
Total Expenses		(1,486,326)	(763,131)
Operating Loss		(1,424,026)	(532,631)
Other Income			
Interest Income	7	133,215	-
Loss Before Income Tax		(1,290,811)	(532,631)
Income Tax	12	(77,663)	-
Net Profit / (Loss) After Income Tax attributable to shareholders		**(1,213,148)**	**(532,631)**
Other Comprehensive Income		-	-
Total Comprehensive Income Attributable to Shareholders		**(1,213,148)**	**(532,631)**

BDO Christchurch

Statement of Changes in Equity
For the Period Ended 30 June 2019

	Notes	Share Capital	Accumulated Losses	**Total Equity**
		$	$	**$**
Balance 31 March 2017		-	(105,501)	**(105,501)**
Loss for the period		-	(532,631)	**(532,631)**
Other Comprehensive Income		-	-	**-**
Balance 31 March 2018		-	(638,132)	**(638,132)**
Loss for the period		-	(1,213,148)	**(1,213,148)**
Other Comprehensive Income		-	-	**-**
Transactions with owners in their capacity as owners				
Issue of Shares	22	14,902,100	-	**14,902,100**
Balance 30 June 2019		14,902,100	(1,851,280)	**13,050,820**

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Statement of Financial Position
As at 30 June 2019

	Notes	15 months 30/06/2019 $	12 months 31/03/2018 $
ASSETS			
Current			
Cash and Cash Equivalents	15	128,335	414,821
Trade and Other Receivables	16	120	410,367
Income Tax	12	37,298	-
GST		21,278	40,064
Convertible Note Funds Receivable	20	5,280,000	-
Total Current Assets		5,467,031	865,252
Non-Current			
Investment in Associate	17	25,811,227	-
Property, Plant & Equipment		1,122	2,178
Deferred Tax Asset	13	77,663	
Total Non-Current Assets		25,890,012	2,178
TOTAL ASSETS		31,357,043	867,430
LIABILITIES			
Current			
Cash and Cash Equivalents	15	-	430,611
Trade Payables	18	101,950	413,176
Employee Benefits Payable	19	-	5,456
Share Subscriptions Held on Trust		-	77,000
Payable for Investment in Associate	21	9,174,125	-
Convertible Notes	20	-	579,319
Total Current Liabilities		9,276,075	1,505,562
Non-Current			
Payable for Investment in Associate	21	4,175,875	-
Convertible Notes	20	4,854,273	-
TOTAL LIABILITIES		18,306,223	1,505,562
Net Assets		**13,050,820**	**(638,132)**
Equity			
Share Capital	22	14,902,100	-
Accumulated Losses		(1,851,280)	(638,132)
Total Equity		**13,050,820**	**(638,132)**

These financial statements have been authorised for issue by the board of directors on 29 October 2019.

Director

Director

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Statement of Cash Flows
For the Period Ended 30 June 2019

	Notes	15 months 30/06/2019 $	12 months 31/03/2018 $
Cash Flow from Operating Activities			
Cash was provided from:			
Grants Received		1,106,350	688,201
Application Fees Received		110,360	182,148
GST		27,057	-
		1,243,767	870,349
Cash was applied to:			
Payments to Suppliers and Employees		(2,257,494)	(1,475,451)
Finance Costs		(52,468)	(4,091)
GST			(43,284)
Income Tax		(37,298)	-
		(2,347,260)	(1,522,826)
Net Cash from Operating Activities	27	(1,103,493)	(652,477)
Cash Flow from Investing Activities			
Cash was provided from:			
Interest Received		133,215	-
Cash was applied to:			
Purchase of Plant		-	(2,281)
Purchase of Associate	17	(12,616,697)	-
		(12,616,697)	(2,281)
Net Cash Used in Investing Activities		(12,483,482)	(2,281)
Cash Flow from Financing Activities			
Cash was provided from:			
Share Subscriptions Held on Trust		-	77,000
Issue of Convertible Notes		5,720,000	360,000
Issue of Shares		8,146,600	-
		13,866,600	437,000
Cash was applied to:			
Share Subscriptions Held on Trust		(77,000)	-
Repayment of Convertible Notes		(58,500)	-
		(135,500)	-
Net Cash from Financing Activities	28	13,731,100	437,000
Net Increase/(Decrease) in Cash and Cash Equivalents		144,125	(217,758)
Cash and Cash Equivalents, Beginning of the Period		(15,790)	201,968
Cash and Cash Equivalents at End of the Period	15	128,335	(15,790)

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WAIMEA IRRIGATORS LTD

Notes to the Financial Statements
For the Period Ended 30 June 2019

1. Reporting Entity

These financial statements comprise the financial statements of Waimea Irrigators Limited "the Company", and its equity accounted investee, for the fifteen months ended 30 June 2019. The company has changed its balance date during the year, with the previous balance date being 31 March 2018. The comparative figures are for the twelve months ended 31 March 2018.

The Company was incorporated on 06 September 2016. The Company is domiciled in New Zealand and registered under the Companies Act 1993.

The principal activity of the Company is to be a joint partner with Tasman District Council in the construction and operation of a dam in the Lee Valley.

The current focus of the Company is to:

a) To ensure that the dam is constructed within budget; and
b) To ensure sufficient release of dam water into the Upper Lee River and associated groundwater system to improve the reliability of its Shareholder's Ground Water Permits and/or Surface Water Permits through the affiliation of those Ground Water Permits and/or a Surface Water Permits under the Tasman Resource Management Plan. A Shareholder with a Shareholder Water Augmentation Agreement is entitled to apply for an Affiliated Ground Water Permit and/or a Surface Water Permit under the Tasman Resource Management Plan.

The Company is a Financial Markets Conduct Act Entity, and as such, is required to report as a Tier 1 entity for the purposes for the Financial Reporting Act 2013 and the financial statements have been prepared in accordance with that Act.

The financial statements were authorised for issue by the Board of Directors on the date stated on page 5.

2. Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP")

The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate, for Tier 1 for-profit entities.

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS). For financial reporting purposes the Company has designated itself as profit orientated.

(b) Basis of Measurement

The financial statements have been prepared on a historical cost basis. The accrual basis of accounting has been used and the financial statements have been prepared on a going concern basis.

(c) Presentation Currency

The financial statements are presented in New Zealand dollars, which is the Company's functional currency, and rounded to the nearest dollar.

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(d) Use of Estimates and Judgements

(i) Estimation of Fair Value

A number of the Company's accounting policies and disclosures require the determination of fair value. 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 measurable 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 paying the asset or liability at the measurement date.

(ii) Expected Credit Losses

When assessing the expected credit losses, the company has considered the credit profile of debtors into categories that reflect common expected payment and recovery terms.

Actual results may differ from these estimates
Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected

3. Statement of Accounting Policies

The following accounting policies adopted in the financial statements have a significant effect on the results of the financial position.

(a) Impairment of Non-Financial Assets

At each reporting date, the carrying amounts of the non-financial assets, other than deferred tax assets, are reviewed to determine whether there is any indication of impairment. If any such indications exist for an asset, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss (if any). The write down of an item recorded at historical cost will be recognised as an expense through profit or loss.

The carrying amount of an asset that has previously been written down to a recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down. The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to the recoverable amount has not occurred.

(b) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

(c) Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, except for Trade Receivables and Payables which are recorded as GST Inclusive.

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(d) Taxation

i. Current Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii. Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, the carry forward of unused tax credits and any unused tax losses, except:

- When the deferred tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable or deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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(d) Taxation (continued)

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(e) Financial Instruments

Financial instruments comprise cash and cash equivalents and trade and other receivables (categorised as financial assets at amortised cost), trade and other payables and convertible notes (categorised as financial liabilities at amortised cost). Financial instruments are recognised in the Statement of Financial Position when the Company becomes party to a financial contract.

i. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

ii. Trade and other receivables

Trade and other receivables are recognised initially at fair value, plus directly attributable transaction costs. Subsequent to initial recognition trade receivables are measured at amortised cost less expected credit losses.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Interest income is recognised by applying the effective interest rate, except for short term receivable when the effect of discounting is immaterial

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(e) Financial Instruments (continued)

The Company does not have long term receivables which would require to be amortised using the effective interest method. Bad debts are written off, through profit and loss when identified.

iii. Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade Payables and Other Payables are financial liabilities that are measured initially at fair value and subsequently at amortised cost using the effective interest method.

iv. Convertible Notes
The component parts of convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is determined using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, at which time, the balance recognised in equity will be transferred to issued share. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

v. Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or to the net carrying amount in initial recognition.

vi. 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. Financial liabilities are de-recognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

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(f) Revenue

Revenue is recognised when an agreement with a customer exists in accordance with NZ IFRS 15. Revenue can only be recognised when (1) the parties to the contract have agreed (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations; (2) the Company can identify each party's rights regarding the goods or services to be transferred; (3) the Company can identify the payment terms for the goods or services to be transferred; (4) the contract has commercial substance (ie the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract); and (5) it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

On application to purchase shares in the Company, applicants are required to pay $100 per share applied for, as disclosed in the Product Disclosure Statement issued on 15 October 2018 and updated on 14 June 2019.

The Product Disclosure Statement states that a construction administration operating charge estimated at $250 per share will be invoiced to all shareholders in two tranches following the issue of shares with the first tranche estimated at $125 anticipated for July 2019 and the second tranche anticipated for July 2020

Each shareholder of the Company has entered into a Shareholder Water Augmentation Agreement with the company. The company has entered into a Wholesale Water Augmentation Agreement with Waimea Water Ltd. Under the terms of these agreements:

- The Company has the right to (and shall) require Waimea Water Ltd to release water from the Waimea Community Dam, into the Lee River, on behalf of the Company's shareholders.
- The company may charge the shareholders amounts to be determined in the Company's absolute discretion to recover all operating, capital, financing and other costs and expenses, whether fixed, variable or one-off, incurred by or imposed on the Company or required operate the Company and meet its obligations, including all amounts payable by the Company to Waimea Water Ltd under the Wholesale Water Augmentation Agreement.

Revenue is recognised at a point in time, being when received for share applications, and when invoiced for other charges.

(g) Government Grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Company. Where retention of a government grant is dependent on the Company satisfying certain criteria, it is usually recognised as deferred income. When the criteria for retention has been satisfied, the deferred income balance is released to the profit or loss or netted against the asset purchased.

(h) Cash flows

For the purposes of the Cash Flow Statement cash includes cash on hand, deposits held at call with banks, net of any bank overdrafts.

Cash flows are included in the cash flow statement on a gross basis with exception of movement in taxation which has been netted off.

(i) Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the profit or loss in the year to which they relate.

(j) Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as employee benefits payable in the statement of financial position.

(k) Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

(a) representation on the board of directors or equivalent governing body of the investee;
(b) participation in policy-making processes, including participation in decisions about dividends or other distributions;
(c) material transactions between the entity and its investee;
(d) interchange of managerial personnel; or
(e) provision of essential technical information.

The results and assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the investor's statement of financial position at cost and adjusted thereafter to recognise the investor's share of profit or loss and other comprehensive income of the associate.

When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate, the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale.
The company holds 48.89% of the share capital of Waimea Water Ltd, and can appoint two of 6 directors, each having one vote. One director appointed by the Company must be present to form a quorum. It has significant influence, but not control, over Waimea Water Ltd.

Refer to note 17.

Standards & Interpretations Issued

At the date of authorisation of the financial statements the following Standards and Interpretations that are expected to have an impact on the Company were:

NZ IFRS 16, Leases, applies to periods beginning on or after 1 January 2019.
The adoption of this standard will require the Company to recognise leases as a liability with any lease that has a term of more than 12 months unless the underlying asset is of a low value. It is anticipated that the adoption of this new standard will not have a material impact on the Company's reported financial position.

NZ IFRIC 23, Uncertainty over income tax treatments, applies to periods beginning on or after 1 January 2019.
This interpretation clarifies how to apply the recognition and measurement requirements in NZ IAS 12 when there is uncertainty over income tax treatments. It is anticipated that the adoption of this new standard will have no impact on the Company's reported financial position.

Changes in Accounting Policies
During the period the following standards have come into force, which have an impact on the financial statements of the company:
- NZ IFRS 9 Financial Instruments
- NZ IFRS 15 Revenue From Contracts With Customers

There are no changes to the carrying value of assets or liabilities resulting from these changes. At balance date there were no unmet performance obligations which would require recognition on transition.

In the current year, the Company has applied NZ IFRS 9 Financial Instruments and the related consequential amendments to other NZ IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of NZ IFRS 9 allow an entity not to restate comparatives. However, the Company has elected to restate comparatives in respect of the classification and measurement of financial instruments.
Additionally, the Company adopted consequential amendments to NZ IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.
NZ IFRS 9 introduced new requirements for:
1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below.
The Company has applied NZ IFRS 9 in accordance with the transition provisions set out in NZ IFRS 9.

(a) Classification and measurement of financial assets
The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of NZ IFRS 9) is 1 April 2018. Accordingly, the Company has applied the requirements of NZ IFRS 9 to instruments that continue to be recognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 April 2018 have been restated where appropriate.
All recognised financial assets that are within the scope of NZ IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.
Specifically
• debt instruments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
• debt instruments that are held within a business model whose objective is both to collect the contractual cash flows sand to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
• all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Notes to the Financial Statements
For the Period Ended 30 June 2019

Changes in Accounting Policies (continued)
Despite the above, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:
• the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
• the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. In the current year, the Company has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When an equity investment designated as measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings.

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to impairment. The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of NZ IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:
• financial assets classified as held−to−maturity and loans and receivables under NZ IAS 39 that were measured at amortised cost continue to be measured at amortised cost under NZ IFRS 9 as they are held within a business model to collect contractual cash flows sand these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

4. Revenue

	15 months 30/06/2019	12 months 31/03/2018
Operating Revenue		
Application Fees	62,300	230,500
Total Operating Revenue	62,300	230,500

Due to the requirements of NZ IAS 20 Accounting for Government Grants and Disclosure of Government Assistance the government grants received are to be applied against expenses incurred. The Government grants received during the year were general operational grants for the purposes of the development of a regional irrigation scheme proposal to an investment ready stage. The Government grant received during the year was fully utilised on operational expenses as shown in note 5.

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WAIMEA IRRIGATORS LTD

Notes to the Financial Statements
For the Period Ended 30 June 2019

5. Expenses

	15 months 30/06/2019	12 months 31/03/2018
Advertising	-	3,162
Accountancy Fees	76,066	-
Audit Fees (Note 6)	22,000	22,293
Bank Fees & Charges	3,355	-
Consultancy	301,925	313,597
Consent Compliance	3,629	-
Depreciation	1,056	948
Employee Benefits	46,295	131,700
Entertainment	539	-
Insurance	21,050	15,750
Legal Expenses	923,256	629,067
Kiwisaver Contributions	-	3,932
Office Costs	17,932	27,448
Public Relations	28,188	50,865
Printing Costs	-	374
Procurement Costs	537,893	478,785
Recruitment Costs	1,028	750
Rental	3,250	4,708
Subscriptions	-	217
Travel	4,870	1,544
Website Expenses	1,908	1,406
Total Expenses	**1,994,240**	**1,686,546**
Less Government Grants Received	791,553	948,497
Net Expenses	**1,202,687**	**738,049**

6. Auditors Remuneration

The audit fees are the amounts payable to the auditors (BDO Christchurch) for the auditing of the financial statements. They have not provided any other services to the Company.

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Notes to the Financial Statements
For the Period Ended 30 June 2019

7. Interest Income and Expenses

	15 months 30/06/2019	12 months 31/03/2018
Interest Income (Assets at Amortised Cost)		
Interest Received	133,215	-
Interest Expense (Liabilities at Amortised Cost		
Convertible Notes	105,123	20,974
Bank Loan	23,046	4,108
	128,169	25,082

8. Director's Remuneration

There was no remuneration paid to directors during the period, or the previous period.

9. Employee remuneration

During the period the following number of employees received remuneration and other benefits in excess of $100,000:

	15 months 30/06/2019 No.	12 months 31/03/2018 No.
$130,000 to $140,000	-	1

10. Donations

There were no donations paid during the period, or the previous period.

11. Interests register

There were no entries made in the interests register during the period.

BDO Christchurch

Notes to the Financial Statements
For the Period Ended 30 June 2019

12. Tax Reconciliation

	15 months 30/06/2019	12 months 31/03/2018
Income	(1,290,811)	(532,631)
Losses Brought Forward	(215,617)	(105,501)
Losses Forfeited Due to Loss of Shareholder Continuity	924,749	-
Permanent Differences	304,312	422,515
Temporary Differences	120,278	-
Taxable Income (Loss)	(157,089)	(215,617)
Current Tax Payable @28%	-	-
Deferred Tax	(77,663)	-
Total Income Tax	(77,663)	-
Current tax payable	-	-
Less Tax Paid	37,298	-
Tax Refund Due	(37,298)	-

13. Deferred Tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2018: 28%).

The movement on the deferred tax account is as shown below:

Opening Balance	-	-
Recognised in profit and loss		
Tax Expenses	(77,663)	-
Recognised in other comprehensive income	-	-
Closing Balance	(77,663)	-

BDO Christchurch

Notes to the Financial Statements
For the Period Ended 30 June 2019

13. Deferred Tax (continued)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same jurisdiction as permitted by NZ IAS 12) during the period are shown below.

Details of the deferred tax asset, amounts recognised in profit or loss and amounts in other comprehensive income are as follows:

	Asset 2019	Liability 2019	Net 2019	(Charged) /credited to profit or loss 2019
Available losses	43,985	-	43,985	43,985
Other temporary and deductible differences	33,678	-	33,678	33,678
	77,663	-	77,663	77,663

	2018	2018	2018	2018
Available losses	-	-	-	-
Other temporary and deductible differences	-	-	-	-
	-	-	-	-

14. Imputation Credits

The movements during the period in the imputation credit account are

	15 months 30/06/2019	12 months 31/03/2018
Opening Balance	-	-
Plus Tax Paid During Period	37,290	-
Less Taxation Refunded During Period	-	-
Balance Available to Shareholders	37,290	-

BDO Christchurch

Notes to the Financial Statements
For the Period Ended 30 June 2019

15. Cash and Cash Equivalents

	30/06/2019	31/03/2018
Cash at bank and in hand	128,335	214,821
Commercial Facility	-	(430,611)
Short Term - Term Deposit	-	200,000
Total Cash and Cash Equivalents	128,335	(15,790)

The carrying amount of cash and cash equivalents approximates their fair value.
The Company had a Commercial Flexible Facility with ANZ Bank New Zealand Limited with a total available facility of $600,000, repayable on demand. The Facility was repaid in full during the period.

16. Trade and Other Receivables

Trade Debtors	120	410,367
Total	120	410,367

Trade debtors are non-interest bearing and receipt is normally on 30 days terms. Therefore, the carrying value of trade debtors and other receivables approximates its fair value. They consist of recovery of expenses from Crown Irrigation and application fees due to the Company.

17. Investment in Associate

At the end of the reporting period, the company holds a 48.89% interest in Waimea Water Limited (a Council-Controlled Entity). Waimea Water Ltd is a company incorporated in New Zealand on 17 November 2018, and based in Richmond, Nelson. The purpose of Waimea Water Ltd is to manage the construction, operation and maintenance of the Waimea Community Dam. In accordance with the Shareholders' Agreement, the Company has the right to cast up to 48.89% of the votes at shareholder meetings. The Tasman District Council retains control of Waimea Water Limited.

The investment in Waimea Water Limited is accounted for using the equity method of accounting in the Financial Statements of Waimea Irrigators Limited. The carrying value of the investment by the Company differs to the Company's share of the net assets due to the future payments due of share capital being recorded by the Company but not by Waimea Water Ltd.

BDO Christchurch

Notes to the Financial Statements
For the Period Ended 30 June 2019

17. Investment in Associate (continued)

Summarised financial information of Waimea Water Ltd. This information has been prepared under PBE IPSAS reduced disclosure regime. There would be no difference had they been prepared under NZ IFRS.

	30/6/2019	**31/3/2018**
Cash and cash equivalents	4,722,000	
Other Current assets	213,000	-
Non-current assets	34,077,000	-
Current liabilities	2,073,000	-
Non-current liabilities	2,161,000	-
Total Financial Liabilities	4,093,000	
Net Assets (100%)	34,778,000	-
Company share of net assets (48.89%)	17,002,964	-

	15 months 30/06/2019	**12 months 31/03/2018**
Revenues	-	-
Profit	(318,000)	-
Other comprehensive income	-	-
Total comprehensive income	(318,000)	-
Dividends received from associate	-	-

Opening Balance	-	-
Funds Invested	25,966,697	-
Share of Loss in Associate	(155,470)	-
Total	25,811,227	-

The Company has no unrecognised commitments to Waimea Water Ltd.
The company has contingent liabilities related to Waimea Water Ltd, as disclosed in note 26.

BDO Christchurch

18. Trade Payables

	30/06/2019	31/03/2018
Trade Payables	101,950	413,176
Total	101,950	413,176

All trade payables are on standard terms and are paid on the 20th of the month following invoice unless otherwise specified. The carrying amounts approximate fair value.

19. Employee Benefits Payable

Annual Leave Liability	-	5,456
Total	-	5,456

20. Convertible Notes

	15 months 30/06/2019	12 months 31/03/2018
Opening Balance	579,319	210,000
Less Repayment	(599,427)	-
Convertible Notes Issued	4,756,000	360,000
Interest Paid and Payable	118,381	9,319
Total	4,854,273	579,319
Convertible Note Receivable	5,280,000	-

Convertible Notes comprise of amounts advanced to the Company by parties interested in the construction of the Waimea dam.

The company issued 2,000 Convertible Notes of $5,500 each on 12 December 2018 with variable interest rates as follows:
• 0% per annum from 18 December 2018 to the date of Practical Completion of the Waimea Dam;
• 3% per annum from the date of Practical Completion to 21 December 2028;
• 3.5% per annum from the 22 December 2028 to 21 December 2032; and
• 4% per annum from 22 December 2032 to 21 December 2063
These convertible notes are subject to the following conditions:
• A minimum 500 convertible notes are to be converted to 500 shares no later than 21 December 2028
• A minimum of 1000 convertible notes are to be converted to 1000 shares no later than 21 December 2032

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WAIMEA IRRIGATORS LTD

Notes to the Financial Statements
For the Period Ended 30 June 2019

20. Convertible Notes (continued)

• The remaining 1,000 convertible notes can be converted to 1,000 shares following the required notice period or will be redeemed on maturity on 21 December 2063

As at the reporting date, a total amount of $5,720,000 was received by the Company for the Convertible Notes from Century Water Limited (the Subscriber of the Convertible Notes). The remainder of the payment of $5,280,000 shall be received from the Subscriber on 21 December 2019 being the first anniversary of the Settlement Date (First Call).

The estimated fair value of the non-convertible bond is categorised within Level 2 of the fair value hierarchy. The fair value estimate has been determined from the perspective of a market participant that holds these non-convertible bonds as assets at 12 December 2018.

At balance date the fair value of the convertible note liabilities was $4,627,000.

21. Payable for Investment in Associate

On 12 December 2018 the company entered a contract to subscribe for 2,978 ordinary shares in Waimea Water Limited, for a total cost of $25,966,697. An amount of $12,616,697 has been paid. The balance is payable.

		30/06/2019	**31/03/2018**
Current	due 20 December 2019	4,998,250	-
	due 20 January 2020	4,175,875	-
Total Current		9,174,125	-
Non-current	due 20 July 2020	4,175,875	-
Total		13,350,000	-

At inception the non-current portion of the investment payable was not discounted because the amount is due to be settled within 13 months of balance date. There is no interest payable.

BDO Christchurch

WAIMEA IRRIGATORS LTD

Notes to the Financial Statements
For the Period Ended 30 June 2019

22. Share Capital

During the period an additional 3,045 shares issued. The total number of shares issued at the reporting date was 3,050.

	Note	30/06/2019		31/03/2018	
		No's	$	No's	$
Issued Shares					
Opening Balance		5	-	5	-
Shares Issued		3045	8,658,100	-	-
Total		3,050	8,658,100	5	-
Share Capital From Convertible Notes					
Opening Balance			-		-
Share Capital From Convertible Notes	20		6,244,000		-
Total			6,244,000		-
Total Capital			14,902,100		-

All shares have equal entitlement to dividends and any surplus on winding up. All shares have equal voting rights. Shares were issued at $5,500 each up to 21 December 2018 and $6,325 after that date.
2,944 of the shares issued during the period have further calls totalling $4,048,000 due in December 2019 and $4,048,000 due in June 2020.

23. Financial Instruments

The Company has exposure to the following risks from its use of financial instruments

(i) Credit Risk

To the extent that the Company has a receivable from another party there is a credit risk in the event of non-performance by the counterparty. Financial instruments which potentially subject the group to credit risk principally consist of bank balances and receivables.

The Company manages its exposure to credit risk to minimise losses from bad debts as follows:

Convertible Note Receivables
The Company is a party to a deed whereby each investor in Century Water Limited (the debtor) has irrevocably agreed to subscribe to shares in the debtor, sufficient for it to meet the debt owed to the Company giving the Company recourse to collect the debt.

Cash and Cash Equivalents
Cash is only invested in New Zealand banks with a Standard & Poor’s credit rating of AA- or better, which reflects a stable outlook and reduced risk of failure by the bank.

Trade and Other Receivables
The only trade and other receivable is owed by Crown Irrigation Investments Ltd, a company owned by the New Zealand Government. The credit risk of this receivable is considered to be minimal, as it is owned by the New Zealand Government.

BDO Christchurch

23. Financial Instruments (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are limited and highly motivated to ensure the Waimea dam project proceed.

Maximum exposures to credit risk at balance date are:

	note	30/06/2019	31/03/2018
Financial Instruments			
Convertible Note Receivables	20	5,280,000	-
Cash and Cash Equivalents	15	128,335	414,821
Trade and Other Receivables	16	120	410,367
		5,408,455	825,188

The convertible note receivables are to the company by Century Water Limited. The shareholders of that company are land owners in the Waimea area and are motivated to ensure the Waimea dam project proceeds. The have entered into an agreement with the company where they have unconditionally agreed to pay the sums required to Century Water Limited, to meet its obligations to the company under the convertible note agreement.

The directors have not recognised any allowance for impairment losses on these financial instruments. No collateral is held on the above amounts.

There are no assets past due but not impaired. The Directors expect to recover all receivables in the ordinary course of business.

(ii) Market Risk

Interest Rate Risk

The Company is not exposed to any specific interest rate risk other than normal interest rate movements daily in the New Zealand market.

Currency Risk

The Company does not have exposure to currency risk, as it does not enter into any foreign currency transactions or hold any foreign investments.

(iii) Liquidity Risk

Liquidity Risk represents the Company's ability to meet its financial obligations on time. The Company in the period being reported generated negative cash flows from operating activities, however has sufficient funds available to make timely payments through the use of Convertible Notes and the Overdraft Facility. All trade payables are due within 30 days of the reporting date.

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23. Financial Instruments (continued)

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

	Less than 2 Months	Between 2 and 12 Months	Between 1 & 2 Years	Between 2 & 5 Years	Over 5 Years
31 March 2018					
Trade Payables	413,176	-	-	-	-
Convertible Notes	-	579,319	-	-	-
30 June 2019					
Trade Payables	101,950	-	-	-	-
Convertible Notes	-	-	-	-	4,854,273

Liquidity Forecast

Management manages liquidity risk by monitoring short term and medium term cash flows for up to 2 years in the future.

Capital Management

The directors' objectives when managing capital are to safeguard the entity's ability to continue as a going concern. Capital includes Equity and Convertible Notes on the basis that it is probable that these will be converted to equity under the share offer.

The directors manage the capital structure and make adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust capital, the directors may issue new shares.

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Notes to the Financial Statements

For the Period Ended 30 June 2019

23. Financial Instruments (continued)

Classification of Financial Instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities. The estimated fair values of financial instruments did not differ from their carrying values, except for the convertible notes, disclosed in note 20, as they are all short term.

31 March 2018	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
Financial Assets			
Cash and Cash Equivalents	414,821	-	414,821
Trade and Other Receivables	410,367	-	410,367
Total	825,188	-	825,188

Financial Liabilities			
Cash and Cash Equivalents	-	430,611	430,611
Trade and Other Payables	-	413,176	413,176
Convertible Notes	-	579,319	579,319
Total	-	1,423,106	1,423,106

30 June 2019	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
Financial Assets			
Convertible Note Receivable	5,280,000	-	5,280,000
Cash and Cash Equivalents	128,335	-	128,335
Trade and Other Receivables	120	-	120
Total	5,408,455	-	5,408,455

Financial Liabilities			
Trade and Other Payables	-	101,950	101,946
Convertible Notes	-	4,854,273	4,854,273
Total	-	4,956,223	4,956,219

Sensitivity Analysis

The Company has exposure to market risks in relation to its financial assets and liabilities as outlined above. The value of the financial assets and liabilities can vary depending on changes to these underlying market risk factors. How much the underlying asset or liability moves relative to a given percentage movement in the underlying market risk factor is a measure of sensitivity of the asset or liability. The Company is sensitive to changes in the underlying credit risk of counterparties but has managed this as outlined above.

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WAIMEA IRRIGATORS LTD

Notes to the Financial Statements
For the Period Ended 30 June 2019

24. Related Party Transactions

Directors Convertible Notes

In the prior year the five directors advanced funds to the Company in the form of Convertible Notes in order for it to conduct its business. All transactions have been conducted on normal commercial terms with exception of interest bearing advances to the Company. These values are set out below.

Directors	Entity	15 months 30/06/2019	12 months 31/03/2018
Murray Grant KING	Kingsway Farms Ltd	-	20,000
Mark Randall O'CONNOR	Appleby Fresh Ltd	-	70,000
Julian Richard RAINE	Wai-West Horticulture Ltd	-	20,000
Mathew Simon HODDY	Vailima Orchard Ltd	-	70,000
Andrew Phillip KININMONTH	WPM Holdings Ltd	-	10,000

All amounts above bear interest at a rate of 3% per annum.

The interest paid during the period on the convertible notes to the date of repayment or conversion to shares in the company is set out below

Directors	Entity	
Murray Grant KING	Kingsway Farms Ltd	1,246
Mark Randall O'CONNOR	Appleby Fresh Ltd	4,318
Julian Richard RAINE	Wai-West Horticulture Ltd	1,246
Mathew Simon HODDY	Vailima Orchard Ltd	4,265
Andrew Phillip KININMONTH	WPM Holdings Ltd	623

Directors Shares

During the period the following directors converted some of the convertible notes to fully paid shares in the company. The balance of the convertible notes was repaid during the period. The number of shares issued on conversion is set out below.

Directors	Entity	Shares Issued
Murray Grant KING	Kingsway Farms Ltd	4
Mark Randall O'CONNOR	Appleby Fresh Ltd	12
Julian Richard RAINE	Wai-West Horticulture Ltd	4
Mathew Simon HODDY	Vailima Orchard Ltd	13
Andrew Phillip KININMONTH	WPM Holdings Ltd	2

BDO Christchurch

24. Related Party Transactions (continued)

All the directors purchased shares in the Company under the terms of the Product Disclosure Statement for the offer of water shares in Waimea Irrigators Limited, dated 15 October 2018. At the reporting date these shares were paid up to $2,750 each, with another $2,750 payable. The number of shares purchased is set out below:

Directors	**Entity**	**Shares Issued**
Murray Grant KING	Kingsway Farms Ltd	64
Mark Randall O'CONNOR	Appleby Fresh Ltd	153
Julian Richard RAINE	Wai-West Horticulture Ltd	248
Julian Richard RAINE	J & C Raine	1
Mathew Simon HODDY	Vailima Orchard Ltd	231
Richard BENNISON	Bennison Family Trust	1

The following Directors had provided guarantees for the bank overdraft facility.

Directors	**Entity**	**Guarantee**
Murray Grant KING	Kingsway Farms Ltd	100,000
Julian Richard RAINE	Wai-West Horticulture Ltd	100,000

The overdraft facility is no longer in place, and the guarantees have been withdrawn.

Key Management Personnel

Key Management personnel include the directors and Project Manager.

There were no other transactions with other related parties

25. Commitments for Expenditure

	Less than one Year	**More than one year and not later**	**Later than 5 years**
31 March 2018			
Office Rental	2,000	-	-
30 June 2019			
Office Rental	2,000	667	-

BDO Christchurch

26. Contingent Liabilities

Crown Irrigation Investments Limited (CIIL) is providing debt funding to Waimea Water Limited, for the construction of the dam. The Company is a guarantor and co-obligor of the debt. The debt funding is for up to $21.18m. The Company has provided a first ranking general security over its assets and undertakings (including specific security over all bank accounts).

If Waimea Water Ltd incurs any unbudgeted costs at any point and does not hold sufficient capital to be able to fund such costs (as well as the remainder of the budgeted costs for that financial year, based on the expected payments to be received under the Wholesale Water Augmentation Agreements) Waimea Water Ltd may require the Company to pay an additional charge to fund such unbudgeted costs.

The company has a liability for any water charge payments required to be made to Waimea Water Ltd to recover any costs incurred by Waimea Water Ltd in respect of the Tasman District Council Waimea Water Ltd loan for the period from financial close (21 December 2018) to 150 years after financial close (up to an amount of $376,000 plus GST, if any, per annum).

There is a risk the dam project could experience cost overruns. If this occurs the Company will share the cost of the first $3 million of construction overruns with Tasman District Council equally. The Company's share of these costs will be funded from a loan from CIIL.

The Company has provided to Tasman District Council (TDC) a subordinated, second ranking security interest behind CIIL's first ranking security as security for, among other things, the performance by the Company of its obligations to TDC under the relevant Project Documents (including credit support) and to ensure that TDC can control and complete the project if any Company related breaches arise under the project documents (including any insolvency event).

Notes to the Financial Statements
For the Period Ended 30 June 2019

27. Reconciliation of Net Profit to Cashflows from Operating Activities

	15 months 30/06/2019	12 months 31/03/2018
Operating Deficit for the Period	(1,290,811)	(532,631)
Non Cash Expense		
Depreciation	1,056	948
Amortised Interest - Convertible Loans	88,959	9,319
Share of Loss in Associate	155,470	
Items Classified As Investing		
(Increase)/Decrease in Accounts Payable relating to property plant & equipment additions		
Interest Income	(133,215)	
Movement In Working Capital Items		
(Increase)/Decrease in GST Receivables	18,786	(36,047)
(Increase)/Decrease in Accounts Receivables	410,246	(347,694)
Increase/(Decrease) in Accounts Payables	(311,230)	255,533
Increase/(Decrease) in Employees Bonus Payable	-	(5,001)
Increase/(Decrease) in Employees Benefits Payable	(5,456)	3,096
Increase/(Decrease) in Tax Payable	(37,298)	
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(1,103,493)**	**(652,477)**

BDO Christchurch

WAIMEA IRRIGATORS LTD

Notes to the Financial Statements
For the Period Ended 30 June 2019

28. Reconciliation of cashflows from financing activities to borrowings

	15 months 30/06/2019	12 months 31/03/2018
Net cash from financing activities	**13,731,100**	**437,000**
Share Capital	(14,902,100)	-
Convertible Notes Receivable	5,280,000	-
Interest Payable	(9,319)	9,319
Amortised Interest Paid	98,273	-
Opening borrowings	656,319	210,000
CLOSING BORROWINGS	**4,854,273**	**656,319**
Borrowings consist of:		
Share subscriptions held on trust	-	77,000
Convertible notes	4,854,273	579,319
	4,854,273	**656,319**

29. Events after the reporting date

There have been no material events after the reporting date that would have a material effect on these financial statements. (31/3/18: nil)

30. Going Concern

These financial statements have been prepared on a going concern basis. There are however material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Outlined below are risks identified in relation to going concern and plans to mitigate those risks to support management's view that the entity is a going concern.

As at 30 June 2020, the company made a loss of $1,213,148 for the period and has negative capital of $3,809,044 at reporting date. The reasons for the loss were significant set up costs including legal costs. These costs will not repeat in the future.

The company has forecast to make a surplus for the year ended 30 June 2020, and the working capital will be positive once convertible notes receivable have been received and the payment for investments in the associate have been made. At the date these accounts were approved, the company is tracking toward its forecast profit.

BDO Christchurch

30. Going Concern (continued)

Century Water Ltd to pay the balance of convertible notes.

As part of management's consideration of going concern it notes that the company is a party to an agreement with CWL and CWL's shareholders. Those shareholders have agreed unconditionally with CWL under a subscription agreement to pay sums required to CWL for CWL to pay the balance of convertible notes due to the company on 21 December 2019 of $5,280,000. The company is able to enforce those obligations against each of the CWL shareholders. There is no other security for payment of these funds. It is important to note that the shareholders of CWL are major irrigators who stand to benefit from the construction of the dam. CWL funding was arranged when a shortfall was in estimated construction costs was identified, and the CWL shareholders agreed to provide funding for WIL's share of the increase. They are highly motivated to see the dam completed.

Shareholders to pay the 2nd and 3rd calls on water shares.

As part of management's consideration of going concern it notes that the shareholders must pay their second and third calls. The shareholders are incentivized to pay the calls as failure to do so will mean that they will forfeit their partly paid shares and their initial payment. The company is able to enforce payment through conditions of a Shareholders Water Augmentation Agreements (SWAA) with each of its shareholders and can suspend the rights to the release of Dam water. In such cases the shareholder continues to be liable for water charges even if rights to Dam Water are suspended.

BDO Christchurch

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF WAIMEA IRRIGATORS LIMITED

Opinion

We have audited the financial statements of Waimea Irrigators Limited ("the Company"), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2019, and its financial performance and its cash flows for the period then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

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 (Revised) *Code of Ethics for Assurance Practitioners* 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 30 to the financial statements, which indicates that the Company incurred a net loss of $1,213,148 during the period ended 30 June 2019 and, as of that date, the Company's current liabilities exceeded its total assets by $3,809,044. As stated in Note 30, these events or conditions, along with other matters as set forth in Note 30, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	*How the matter was addressed in our audit*
Convertible Notes accounting treatment During the period the Company issued convertible notes with variable interest rates and a number of different conversion dates. Amounts receivable for convertible notes were recorded at reporting date - these amounts are the unpaid portion of the issue price of the convertible notes. The notes were issued at less than full price with further payments due after issue. The classification of convertible notes as debt or equity instruments is dependent on the conditions stated in the underlying agreements. The convertible notes are compound financial instruments and the Company has recognised a liability for convertible notes of $4,756,000, with $6,244,000 recognised as equity. The value of the liability is the net present value of cash flows payable to the holders of each tranche of convertible notes. The difference between issue price and the value of the liability component, calculated as outlined above, is recognised as equity. See Note 20 to the financial statements for convertible notes classified as liabilities and Note 22 for convertible notes classified as equity.	Our procedures included: • We obtained supporting documentation for convertible notes; • We reviewed the agreements and determinations made as to whether the convertible notes met the definition of an equity instrument or liability; • We obtained an understanding of the movement in convertible note balances from the prior year and tested movements to supporting information; • we ensured presentation, disclosure and measurement was correct and in line with accounting requirements for convertible notes.
Investment in Waimea Water Limited During the period, the Company acquired an Investment in Associate - Waimea Water Limited. It holds a 48.89% shareholding at reporting date. Waimea Water Limited is classified as the Company's associate because the Company has significant influence over Waimea Water Limited. The Company has recognised an amount payable at reporting date for shares issued but not yet paid; however, there is not a corresponding receivable in the financial statements of Waimea Water Limited. This has resulted in an accounting mismatch. See Note 17 to the financial statements for details of the investment in associate and Note	Our procedures included obtaining the audited financial statements of the investee company and performing a recalculation of the equity method. We enquired with the auditor of the investee company as to: • evidence of impairment of the assets held in the associate; • the reasons why Waimea Water Limited had not recognised a receivable for payments due in relation to shares, when the Company had recognised a payable.

21 for details of the amount payable at reporting date.	We assessed the reasoning as to why the liability was recognised, and reviewed the terms and conditions of the share issue to determine if recognition of a liability was appropriate. We ensured the disclosures were in compliance with the reporting standards.
Capital Commitments and Contingent Liabilities The Company has several contingent liabilities at reporting date in relation to its investment in its associate Waimea Water Limited. There are a number of agreements and contracts that contain these contingencies. We focused on this matter due to the possibility of omission from the financial statements, and the material nature of the contingent liabilities. Contingent liabilities are disclosed in Note 26.	Our procedures included: • We obtained documentation for agreements entered into by the Company, along with the Product Disclosure Statement. • We discussed with management items that would be considered contingencies and commitments at reporting date and ensured that these were disclosed in accordance with the reporting standards. • We considered if there were any items that should be recognised as a liability at reporting date.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Report.

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 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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

BDO Christchurch
Christchurch
New Zealand
29 October 2019