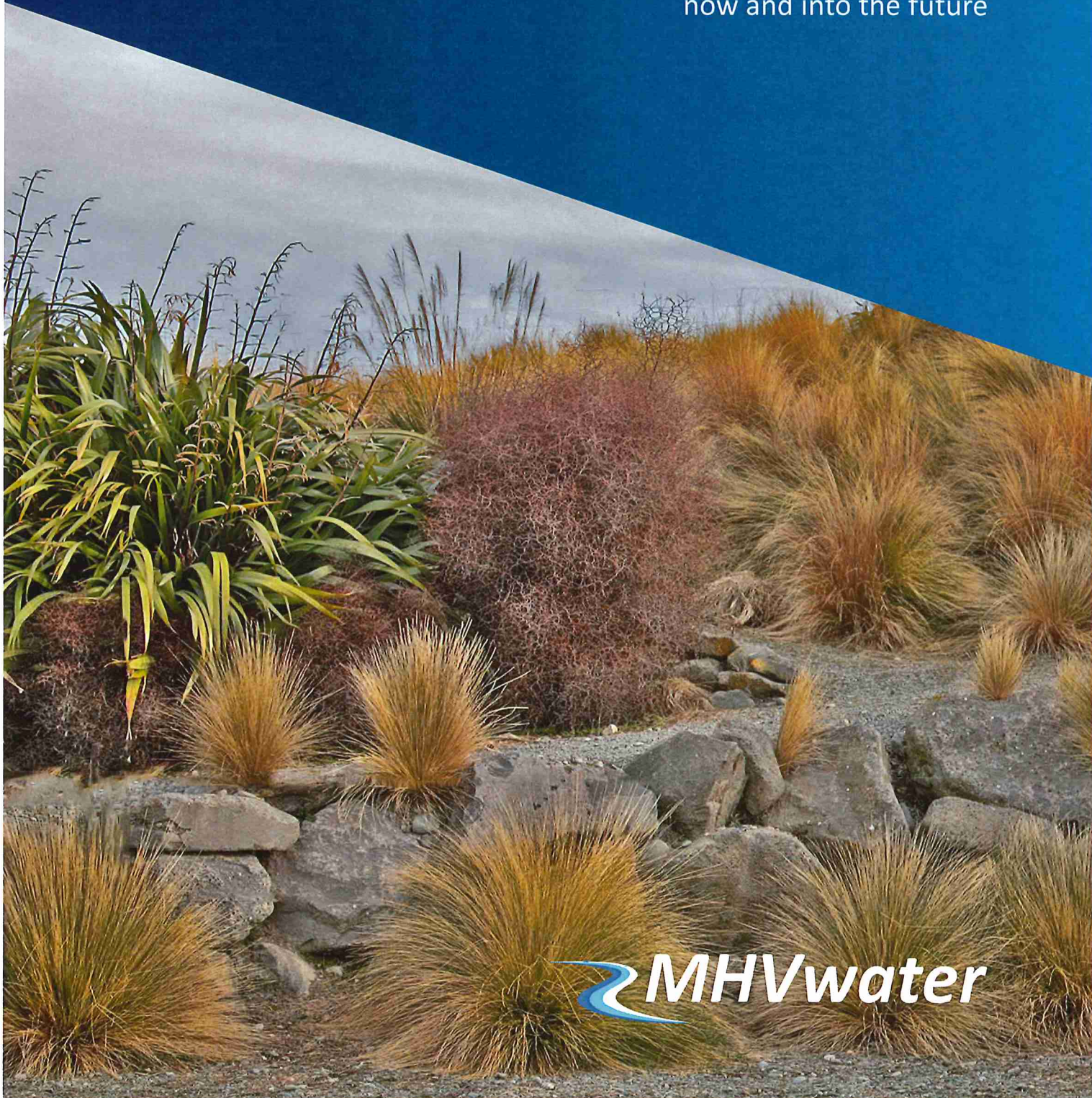


Annual Report 2022

Sustainable solutions for our community,
now and into the future



 **MHVwater**

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Lateral 3 Race following capacity upgrade works

Our Performance

\$5.77m↑
CASHFLOW FROM
OPERATIONS

\$2.53m↑
CAPITAL SPEND

\$4.82m↑
TOTAL EXPENSES

206
shareholders

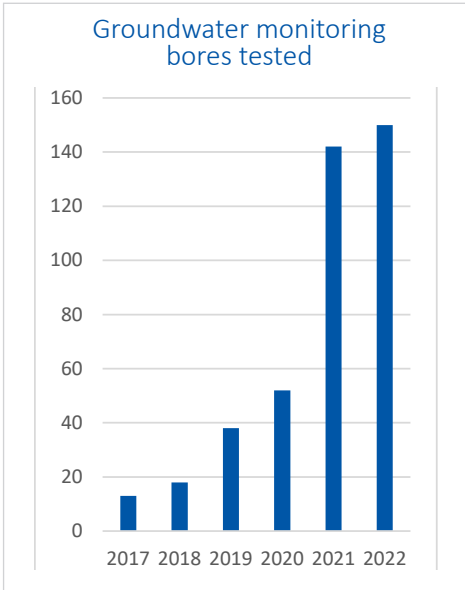
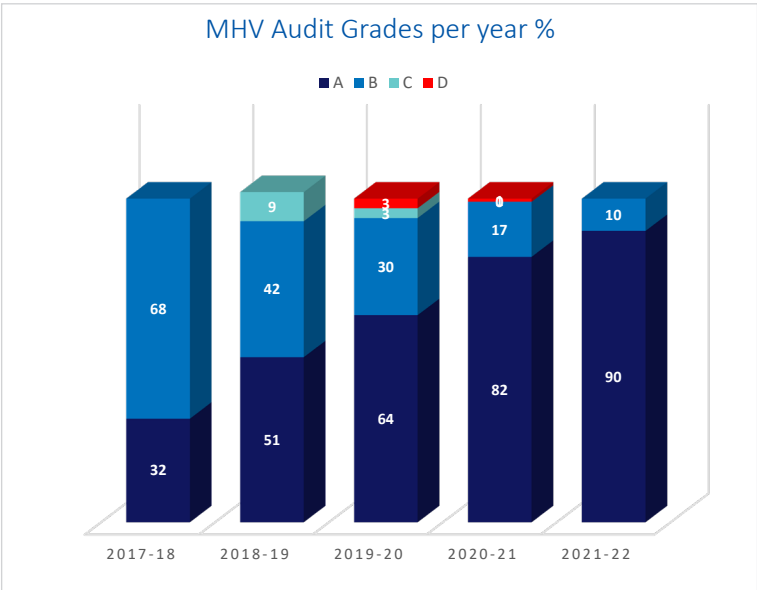
0
Lost delivery hours
on Valetta line

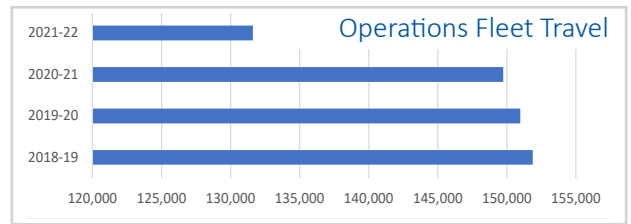
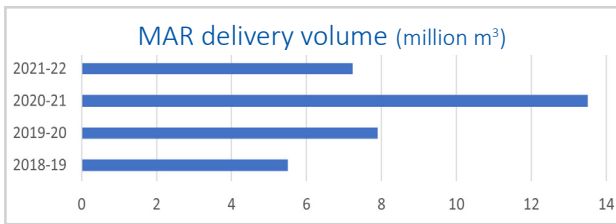
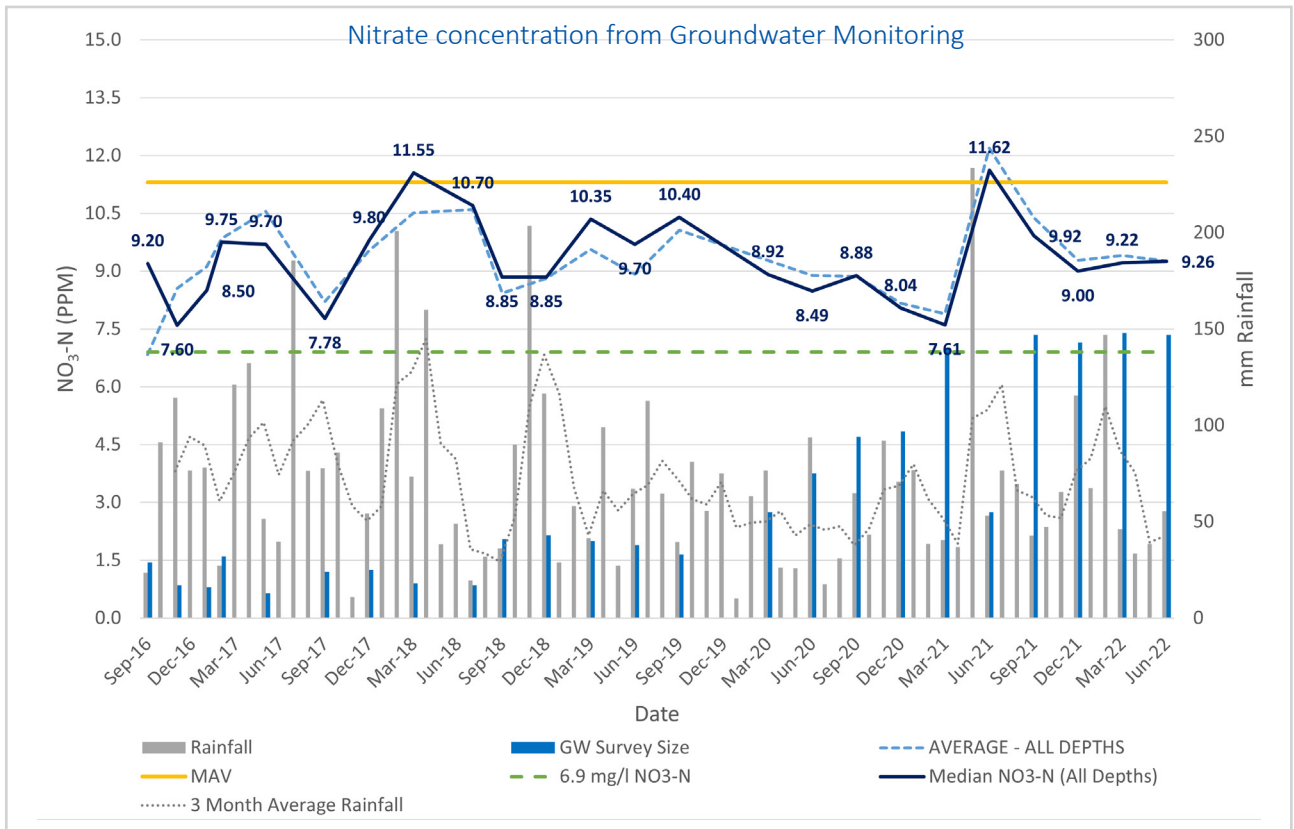
0
Days
Restrictions
M & V

1.2km
of races
planted by
Shareholders

0
Lost delivery time
MH & Ruapuna

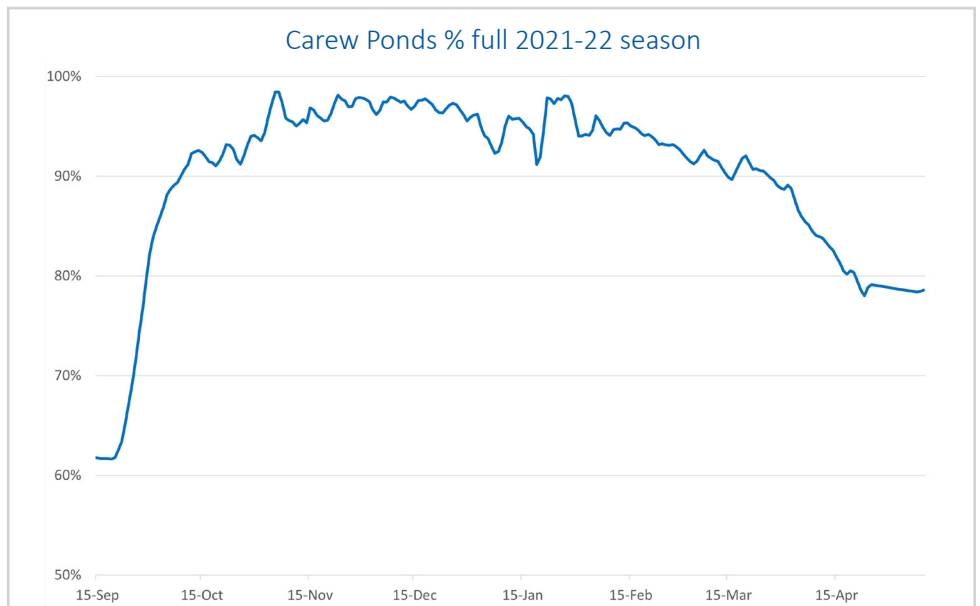
14 days
early shutdown for
fish screen
install





MH Line
12 days
 above RDR
 allocation

Combined
 scheme
7 days
 above RDR
 allocation



Chair and Chief Executive Report



John Nicholls
Chair



Melanie Brooks
Chief Executive

MHV Water continues to evolve to meet the needs of our shareholders.

In addition to delivering water through a 320km automated open race network and pressurised water through 100km of piped network we also manage and support the environmental compliance for 58,000 hectares of farmland in the Hekeao Hinds Plains of Mid Canterbury. Our shareholders grow high quality food and fibre, create employment and are the foundation of prosperity for Mid Canterbury and New Zealand. We are proud to work with our farmers to foster the wellbeing of our community and deliver sustainable solutions, now and into the future.

As a multi-generational business, we balance short term objectives with our long-term strategic vision to navigate the volatile, uncertain, complex and ambiguous environment that we are operating in. The regulatory environment is in a constant state of change. This was evidenced by Environment Canterbury putting all their farming land use consent applications on hold during the year as they reviewed the Ministry for the Environment Overseer Report and made subsequent

changes to their decision making for land use and discharge consents. We provided numerous submissions for various Central Government legislative changes and Environment Canterbury continue to work towards the required 2024 framework changes that are being developed following the Freshwater Reforms in 2020. How and when these changes, along with the overarching Resource Management Act reform, will impact on us creates additional uncertainty. We are fortunate to have our Discharge Consent through to 2030 and the relative certainty that provides.

In the current environment, change feels like the only constant. Given the pace of change across the sector and regulatory environment, it is important that our strategic plan allows us to respond nimbly to those changes.

The Board took the opportunity to review our strategy during the course of the year. Taking the time to reflect on the changes, the strategic objectives and progress that has been made helped to shape our priorities both in the short and medium term. Unsurprisingly our values and purposes did not change, however, we have included 'consent renewal pathways' as one of our priorities and simplified

the wording of resource resilience and continuous improvement.

In this report we wish to provide an overview of the year that has been focusing on our core purposes.

Our Priorities / Initiatives

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

MHV Strategic Priorities 2022

Respect for the Environment

Following the issue of a replacement discharge consent, MHV have had a considerable number of workstreams to meet our consent conditions and engage with shareholders on the objectives for Policy development.

Our Environmental Management Strategy (EMS), a document that details how we will achieve the conditions of our consent, was required to be finalised within 12 months and was submitted to Environment Canterbury in May 2022.

The EMS required considerable engagement with shareholders, Te Rūnanga o Arowhenua, Environment Canterbury (ECan), Ashburton Lyndhurst Irrigation Ltd (ALIL) and Barrhill Chertsey Irrigation Ltd (BCI) to promote consistency where possible. Concurrently, all shareholders have reviewed their Baseline and Reference Years maps, which spatially maps their irrigation and land use over those periods, and confirmed their Authorised Land Use.

Once confirmed, the ALU provides clarity of which parameters and limits each Property can farm within before they need to contact the scheme regarding on-farm changes. From our Farm Environment Plan audits, we know on farm practices are improving and in conjunction with this we want to provide as much flexibility as possible within the nutrient reduction framework to enable innovation but to also to recognise that our shareholders are operating dynamic biological systems and year to year variation is required to account for external factors. The ALUs provide that flexibility and clarity to shareholders.

We would like to recognise the concerted effort by shareholders and the team to engage as we have worked through all of these workstreams and confirm we are compliant with all our Discharge Consent conditions.

Where a shareholder wants to vary their land use outside of the Authorised Land Use, they are required to apply to MHV, and in some instances Environment Canterbury too, prior to making those changes.

We have had six Farm Activity Variation Applications (FAVA) to vary the Authorised Land Use over the course of the year, five were approved. Each of these applications had to demonstrate:

- That the change does not result in an increase in N losses greater than the Nitrogen Discharge Allowance (NDA) or risk non-compliance with scheme N load limit.
- That the Property is able to meet future reduction targets.
- That the Property does not rely on an unauthorised intensification on another property (e.g. move winter grazing somewhere else).
- Regulatory requirements are complied with.
- The variation does not have a negative impact on a sensitive receptor.
- Environmental performance history of the applicant.
- The proposed variation aligns with the scheme's overall objectives, including promotion of continuous improvement and catchment outcomes being met.
- Sufficiency of proposed mitigations to ensure the

overall catchment outcomes are met.

We acknowledge the importance of this policy and the corresponding process and will continue to engage with shareholders on the implementation and ongoing refinements.

On-farm improvements to practices and reduced nitrate nitrogen leaching are critical in conjunction with broader mitigations. We are involved in workstreams for a number of broader mitigations including Near River Recharge, Managed Aquifer Recharge, wetlands, bioreactors and biodiversity habitat.

To support our knowledge and inform on-farm decision making, the importance of understanding the groundwater and surface water of our catchment cannot be understated. Our environmental performance as a catchment is largely determined by the health of our waterbodies.

We have a number of workstreams in progress to define that health more broadly than just the National Policy Statement for Freshwater attribute states.



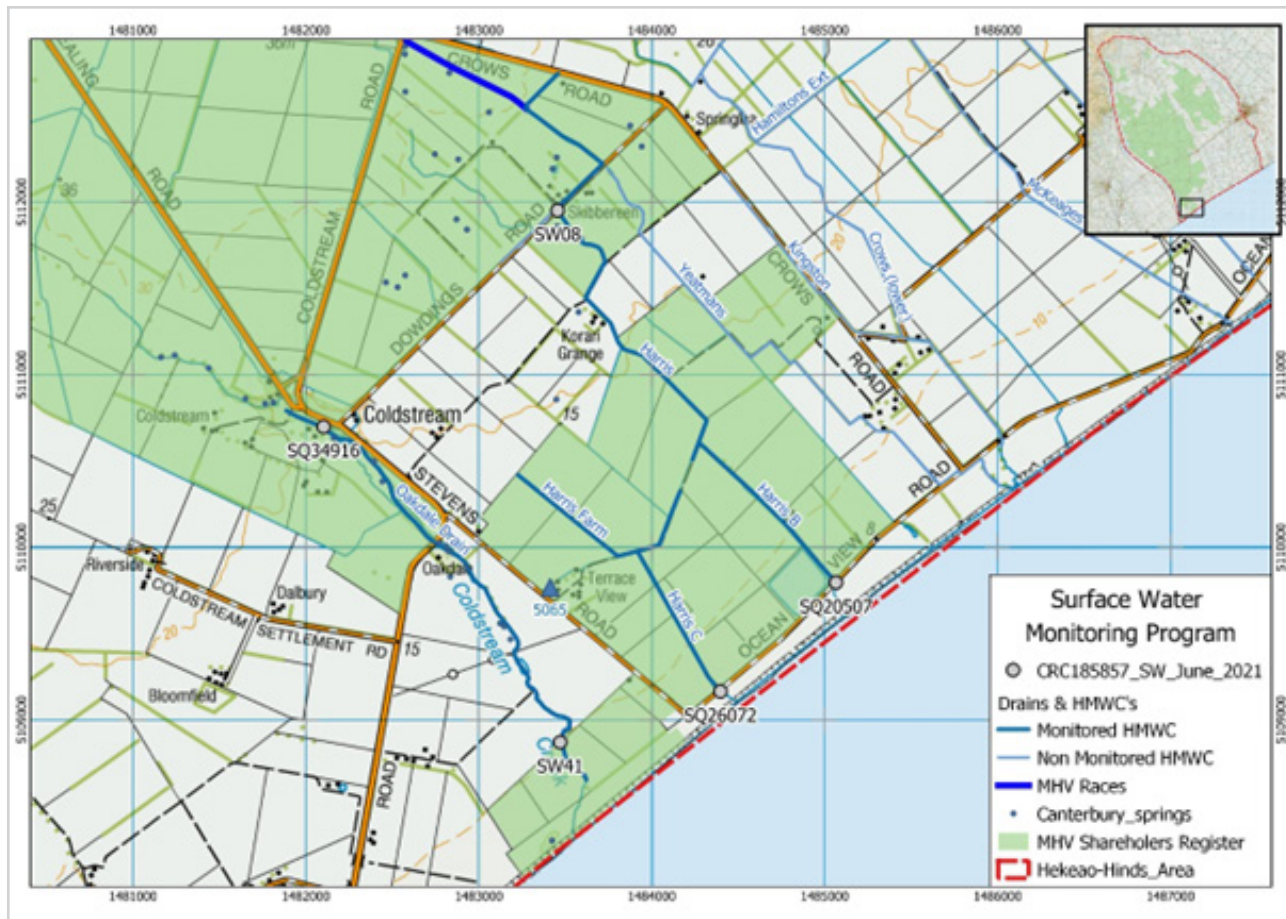
Managed Aquifer Recharge site

To support those definitions and our progress this year we have expanded our surface water quality health monitoring programme. Waterbodies in our scheme area, the Oakdale and Harris Drains and the Hekeao Hinds River now have two additional sampling locations to study macroinvertebrates, deposited fine sediment, periphyton,

macrophytes, dissolved reactive phosphorus, and e-coli as well as our usual monitoring of Nitrate Nitrogen. We have increased the frequency of sampling to monthly, with an annual assessment of macroinvertebrates.

This intends to inform setting the baseline attribute states for these waterways for future

consent monitoring and also allows us to track improvements and benefits associated with broader water quality health, ie changes following planting, and changes following in river habitat enhancement. The results of this monitoring are reported through to Environment Canterbury as part of our annual monitoring report.



Surface water is monitored in the Harris and Oakdale drains and the Hekeao Hinds River.

These waterbodies are typically fed by springs and drains which connects this work with the Groundwater and Surface Water Programme we lead, in conjunction with the Hekeao Hinds Water Enhancement Trust and Barrhill Chertsey Irrigation Limited, which has continued to provide valuable information and

enhance our knowledge. Due to the pulse impact on groundwater of the multiple rainfall events the Nitrate Nitrogen trend is difficult to clearly show, however, we can confidently say, as a catchment, the levels are not worsening. We were able to act, with speed, in response to the record rainfall event in May/June 2021 to

increase our sampling frequency of 50 bores to weekly, then fortnightly to better understand the immediate catchment response at scale to abrasive weather events and create baseline information.

Acknowledging the value of the data and recognising that interpreting the data was just as critical we successfully applied for a Callaghan Innovation Grant for a student to work in Research and Development for 10 weeks over the summer period to analyse the data collected following the rainfall event. The report has provided insight into the effects of the rainfall and subsequent flooding and provides a base for further research. This research is continuing in the catchment in conjunction with HHWET.

We have been working collaboratively for the Hekeao Hinds by way of engagement with the Mid Canterbury Catchment Collective (MCCC). MCCC formed during the year and we have been engaging throughout their establishment. We are supportive of developing catchment groups and will continue to share resource where possible.

Advocacy for what our farmers are doing to improve environmental outcomes has included presenting at the NZ Hydrological Society Conference, presentations to a number of Lions and Rotary Groups, engagement with members of Extinction Rebellion, Greenpeace, Forest and Bird and the various fishing groups. We also have a regular Environment Canterbury Leadership meeting regarding the progression of the National Policy Statement for Freshwater Management framework and specifically the 2.4mg/L Nitrate Nitrogen target. We have started other communication channels to connect with farmers and the public including short videos and will explore podcasts in the coming year. It is important

that we continue to share our journey and advocate for the environmental progress already being made, and it is similarly important every shareholder at MHV continues to challenge their own practices and farm systems to reduce our environmental footprint and maintain our social license to operate.

Optimised Water Delivery

The robust and practical management of our infrastructure is critical to enable reliable, resilient and affordable delivery of water for now and for generations to come. We pride ourselves on being a multigenerational co-operative business and take this responsibility very seriously.

To support us in strengthening our management of infrastructure risk, MHV has recruited a project manager and site engineer, on a

contracted basis, to support our inhouse Engineer with the Valetta Remediation Project which has been underway for over two years. The objective of this project is to safeguard the ongoing delivery of water by replacing those assets which were identified in our risk review as being at a heightened risk of sudden and unexpected failure and where the consequential time to repair was beyond our risk appetite. We have been transparent throughout this process engaging with shareholders and we acknowledge the 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. Stage 1 is on track for completion and Stage 2 of the project has commenced with a design that is more aligned with shareholder appetite to build



Cracroft wingwall upgrade

resilience into our maintenance and repair programme and not necessarily front loading a large-scale redesign. The majority of the practical work is planned to occur in the winter of 2023.

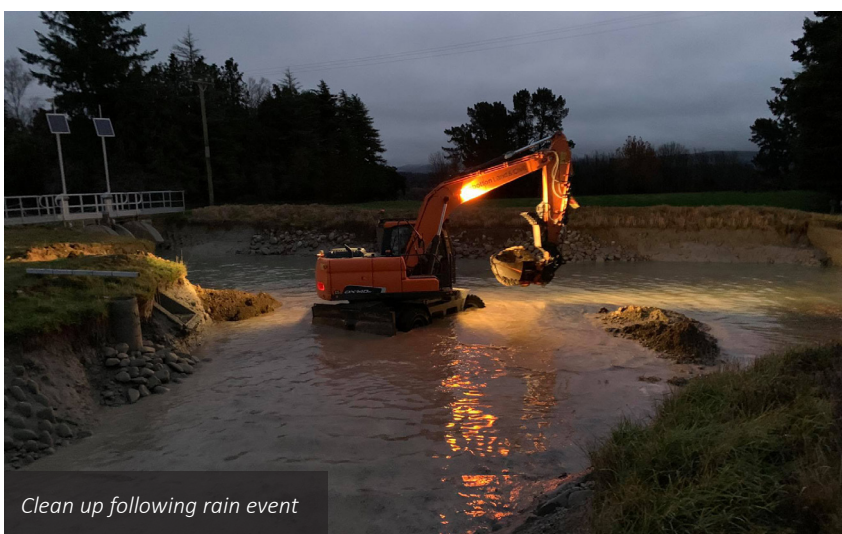
Connected to the Valetta Remediation Project, but separately managed, is our investigation into options to improve the delivery pressure within some branches of the line. Unfortunately, untimely weather issues delayed the on farm trials that we had planned for the season and these have been prioritised for the 2022/23 season.

The inhouse team managed the MH Open Race additional capacity project over the winter of 2021. The team managed this during Covid and freight disruptions and delivered the project on time and under budget. The workstream included new Rubicon gates, enlarging culverts and races to remove pinch points to deliver the additional 20 percent water made available to M Shareholders as a result of the increased utilisation of Carew Storage Ponds. This workstream was also significantly impacted by the availability of heavy machinery, much of which was diverted to support the flood recovery.

Given the environment that we are operating in, and our multi-generational focus, reliable delivery of water remains front of mind, and as such, we are continuing to look at how we can achieve full storage optimisation across the network including Klondyke Ponds and/or Pond 0. We are working closely with Ashburton Lyndhurst Irrigation and RDR as we consider our options.



Hinds River May 2021



Clean up following rain event

There has been a number of investigations that we have undertaken this year to optimise delivery or increase return to shareholders which we have chosen not to progress at this stage. The main feasibility was for hydro-generation on the main open race. With the timing of water delivery, the hydro option didn't meet the necessary rate of return that we were seeking, however, there are a number of different scenarios, where the rate of return meets those hurdles and we will revisit this as those scenarios eventuate. We

also looked at a pipe from Carew Ponds to Lateral 3 to increase delivery to the open race in times of restrictions, however, the cost was prohibitive, and the issues would be resolved with the building of storage at the Klondyke site, so again we would revisit should Klondyke not proceed before 2030.

We would also like to recognise the developing skill base of our team and the supply chain resilience they have built over the last few years with regard to managing repairs of leaks and failures

within the piped infrastructure. The team put a concerted effort into the standard operating procedures, critical spares we now hold and relationships with local PE welders and contractors to ensure that any down time for delivery of water is minimised. We had several minor repairs during the season but these were able to be repaired during low demand periods without shutdowns which is a significant improvement on previous seasons.

And finally in the infrastructure space, this year we took over delivery of stockwater via the RDR, down our main race to the Cracroft Main for the Ashburton District Council (ADC). This followed their Cracroft intake being compromised by multiple flood events. Delivering water for the use of stockwater is slightly different to delivering water for irrigation in that there is a 365 day demand. We have been in further discussions with ADC on how we can remove duplicated infrastructure across the catchment and share resources for the benefit of the whole community and this is ongoing.

Water Delivery

Abrasive weather events monopolised the season with record rainfall to start the fiscal year in May/June 2021

which set the scene for regular rainfall throughout the season. Shareholders focus on their on-farm irrigation management and the desire to reduce leaching of nutrient means that we are seeing the majority of shareholders turning off their irrigators on the forecast of rain and watching their soil moisture monitoring tools to determine when they restart. This is evident in the consistent level of A audit grades we had for the season (90%), the high levels of confidence from auditors in the irrigation management targets and it is also reflected in our water use data where our use was down by 39% year on year to 143,069,921m³. Well managed irrigation is an important tool to reduce nutrient leaching and the way shareholders have adapted to water ordering and are continuing to improve their management of the application of water is exemplary.

The abrasive weather also impacted the volume of water able to be used for Near River Recharge and Managed Aquifer Recharge due to turbidity in the water, as such delivery reduced from 14.2million m³ last year to 7.2million m³ this year.

Robust and Enduring Co-op

To be robust and enduring we need to be connected with our

shareholders. To this end we held seven shed meetings throughout the year, in Hinds, Westerfield, Ruapuna and Ashburton and we also included online meetings to manage challenges with Covid and ensure everyone had the opportunity to connect. Other engagement included a consent update to rural professionals, and RDRML fish screen tours for MHV shareholders, one of the progress and another prior to the opening. To ensure we are connecting with shareholders more broadly, we made calls to shareholders who haven't attended shed meetings to better understand how we can connect with them in a meaningful way outside of these forums. We appreciate the viewpoints that were provided by these shareholders and we will continue to evolve and develop better communications with our shareholders.

We refreshed our New Managers Workshop from a classroom session to a tour of the scheme in a bus with more informal discussion. This was well received and fostered a much higher level of engagement. In addition to these meetings we also held engagement sessions where we invited shareholders to dig a little deeper into the challenges, roadblocks and opportunities associated with on-



New Manager workshop 2021
Carew Ponds

farm change. The insights that were shared allowed us to build an action plan to help support shareholders through the ongoing change environment that we are operating in, shape our education programme and provide advice back to industry to highlight the gaps.

The M Share split was transacted 1 June 2021, where all M shareholders received 20% more shares, and therefore 20% more water, at no cost. This was made available because of efficiencies in the delivery of water and the storage available within the Carew Ponds. It is notable that the additional water was available and, as mentioned earlier, we as a scheme used 39% less water.

MHV operates under a cost recovery model. This means that we aim not to generate a profit, but instead meet the cash outgoings of the business, meet our sole financial bank covenant of covering our debt servicing by 1.1 times, and where we have used debt to fund an asset, repay that debt over the life of that asset. It is a difficult balance to get this just right. Internally we have internal equity that we use to balance between lines whilst the annual accounts are being finalised before we equalise out the equity so that the Valetta line is at nil and the equity which the Ruapuna Line benefits from is accounted for and interest is paid back to the MH open race.

Staying with financial, over 30% and 45% respectively of the Valetta and Ruapuna lines expenses are from interest costs. During the year we reviewed our Treasury Policy and decided to change the hedging bands to provide

us with the ability to increase our hedging which in turn would provide more stability for costs in those lines. When we mark our current hedging to market we are \$1.12million 'in the money'. Whilst this is not crystalised for shareholders, it is reflected in the overall borrowing costs being significantly less than 'market' at present. We are not speculative investors, and recognise that as the market moves against us, our costs will increase. However, we aim to smooth the peaks and troughs that come with paying interest on the spot market.

We welcomed Russ Kelly to our operations team and Nicole Matheson to our Enviro Team with Sarah Thomas joining just following the end of financial year. Whilst we are disappointed that Irrigo has come to an end, we are excited about the collaboration with the Hekeao Hinds Water Enhancement Trust, Mid Canterbury Catchment Collective and other schemes under our new structure and see strong benefits to our shareholders as we focus on the needs of our shareholders and the Hekeao Hinds Catchment environmental outcomes.

We farewelled Craig Osborne at the conclusion of his term as an Independent Director. Craig has been a huge asset to MHV and was a critical cog in the merger of MHIL and VIL and brought a strong financial acumen, strategic oversight and attention to detail to our Board table.

We thank Craig for his meaningful contribution to the community as part of MHV Water.

At the conclusion of Craig's term we sought a new Independent Director and Paul Munro was appointed to the Board.

Paul brings valuable experience with over 25 years of financial and commercial experience across a broad cross section of companies and industries. He has significant experience in capital structuring and funding of infrastructure projects, investment management and strategy development. Paul also has over 10 years' experience as an Independent Director with his Board experience spanning a range of entities and sectors.

And finally, we would like to recognise the contribution made by our entire team and the team culture. Our people make MHV what it is. Our roles are varied and complex and the commitment by the team to deliver exceptional service for our shareholders is unwavering as we continue to evolve to meet the changing needs, manage the disruption of Covid and adjust to ongoing regulatory changes as we deliver sustainable solutions for our community, now and into the future.



John Nicholls
Chair



Melanie Brooks
Chief Executive



*RDR Fish screen construction
April 2022*

Rangitata Diversion Race Management Limited Report



Richard Wilson
Chairman



Jen Crawford
Director

2022 will go down as a milestone year for RDRML. The single largest investment since original commissioning with the fish screen being completed and commissioning commenced.

Asset Management

Protecting and managing the race assets continues to be a key focus for RDRML. Our asset management register is being upgraded to ensure all structures and assets of RDRML are fully recorded so the life management of these assets can be structured into future budgets and risk profiles. The May/June 2021 flood repairs are ongoing. In the interim temporary river protection has been put in place. With the increased likelihood of these type of events due to climate change predictions, repair designs are being carefully thought through before being finalised. This risk is also impacting on the company's risk profile in the insurance space.

Water Management

Another obvious and important focus area is maintaining access to water. The workstream from management on the Rangitata

River Plan has been given a deservedly high priority by your board. This is not a short term project and involves the building of strong relationships with all interested groups. These relationships can be hard to build but easy to destroy. It is the duty of all shareholders and those who benefit from water abstraction from the Rangitata and Ashburton rivers to bear this in mind when engaging with the wider community and how they use the water. It is not a right to be allowed access to the water resource and the company recognises the importance of building a strong collaborative foundation for water allocations in the future.

MAR

An agreement is still being finalised to allow the reallocation of RDRML water to the HHWET community trust. I thank all shareholders for their active engagement in this process.

Fish Screen

As reported last year, a one year extension was programmed. The construction phase was

completed on budget with the race cutover and running of water in mid May. With any new piece of infrastructure the instruction book only tells half the story. I thank management for their dedicated work in beginning the commissioning and implementing strong operating procedures around the screens operation. A very successful open day was held before cutover. This was a very good way for RDRML to connect with our community.

Klondyke Storage

The company continues to work with its shareholders on the future options for Klondyke. As an enabler rather than a deliverer of a storage solution, RDRML has engaged with all shareholders with the aim of moving the assets of the project to the shareholders who ultimately wish to take the project forward.

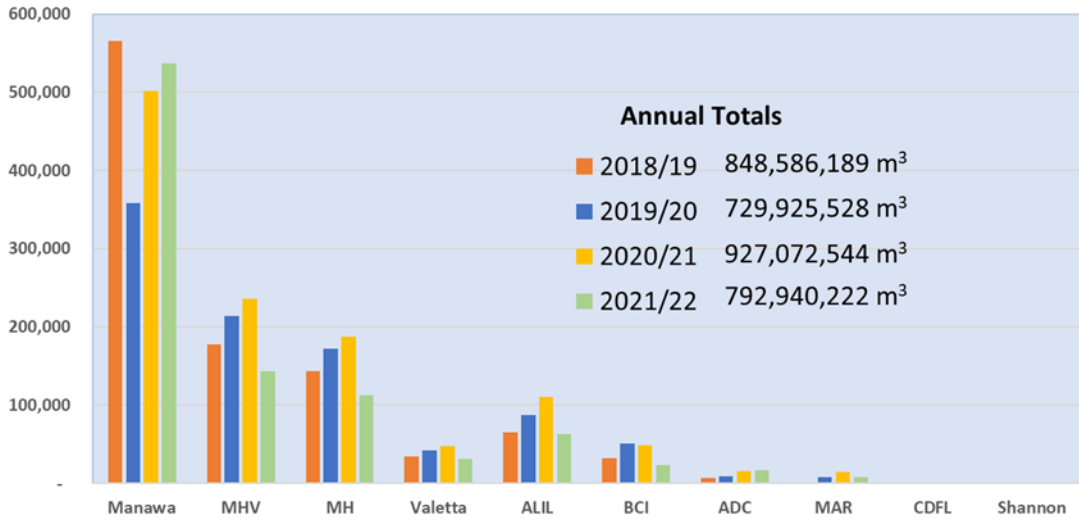
People

I congratulate Tony and his team for their combined efforts in continuing to build a strong functioning team for the betterment of RDRML shareholders.

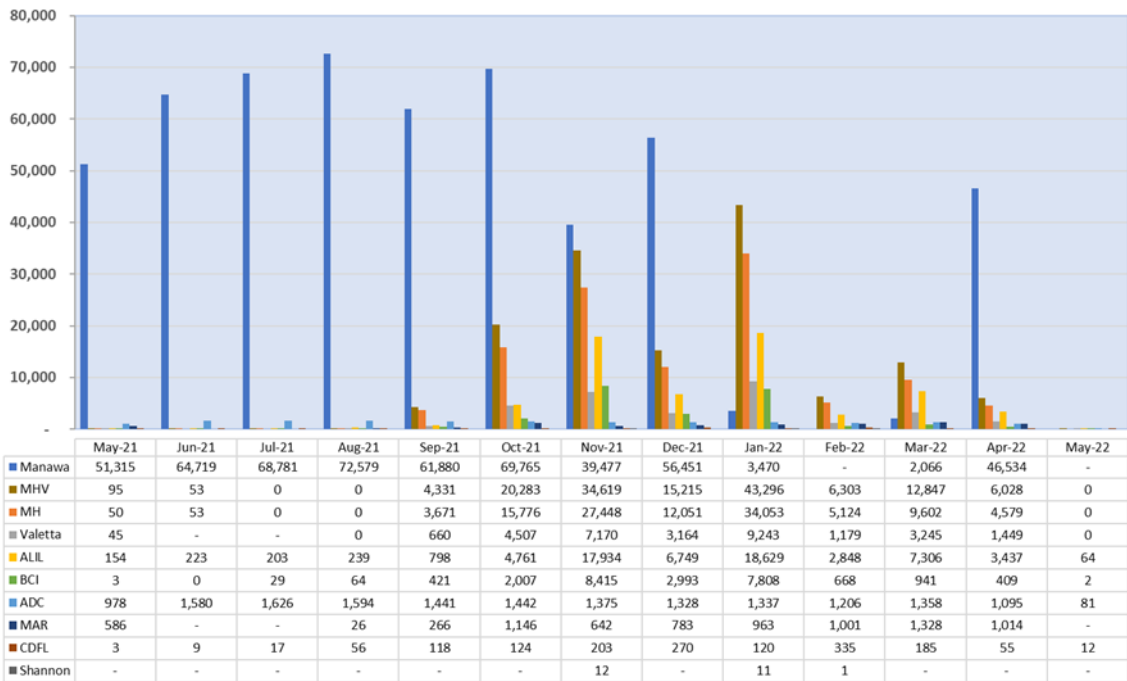
Richard Wilson, Chairman

Jen Crawford, Director

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



Rangitata Diversion Race 2021/22 Monthly Water Use (000 m³)



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 206 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 up to 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:

Richard Wilson, Vince Lobb, Evan Chisnall, Melanie Brooks (CEO), Simon King, John Nicholls, Cole Groves. Jen Crawford, Absent: Paul Munro.

Division Performance

	Environmental Research & Development	Mayfield Hinds Open Race \$	Ruapuna Extension Pipeline \$	Valetta Pipeline \$	Total \$
Year ended 31 May 2021					
Income					
Water charges	-	2,094,023	814,792	1,457,705	4,366,520
Other income	508,602	60,600	3,907	50,555	623,664
Total income	508,602	2,154,623	818,699	1,508,260	4,990,184
Expenses					
Operating expenses	369,151	229,018	127,395	304,552	1,030,116
Finance expenses	-	47,043	218,322	263,150	528,515
Shared scheme costs	-	1,596,202	136,650	514,686	2,247,538
Total expenses	369,151	1,872,264	482,367	1,082,388	3,806,170
Total operating profit	139,451	282,360	336,331	425,872	1,184,014
Non-cash expenses					(2,575,552)
Net profit/(loss)					(1,391,538)
Interest bearing borrowings					
Opening balance	-	(705,237)	893,328	(188,091)	-
Operating profit	(139,451)	(282,360)	(336,331)	(425,872)	(1,184,014)
Fixed assets movements	-	524,653	66,364	394,721	985,738
Debt movements	-	-	578,909	188,091	767,000
Equity movements	-	(16,000)	-	-	(16,000)
Other movements	-	(392,545)	(33,606)	(126,574)	(552,724)
Total interest bearing borrowings	(139,451)	(871,489)	1,168,665	(157,725)	-
Westpac loans	-	-	8,583,714	10,237,365	18,821,079
Total interest bearing borrowings	(139,451)	(871,489)	9,752,379	10,079,640	18,821,079
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)

Division Performance (Continued)

Interest bearing borrowings					
Opening balance	(139,451)	(871,489)	1,168,665	(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 Internal borrowings	(46,900)	(1,273,766)	1,133,313	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

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.

Statement of Comprehensive Income

	2022	2021
	\$	\$
Income		
Revenue	5,765,964	4,990,184
Fair value movement in interest rate swaps	1,186,168	233,781
Total Income	6,952,132	5,223,965
Expenses		
Operating expenses	2,582,734	2,348,172
Administration expenses	1,356,841	928,862
Other operating expenses	264,433	25,138
Depreciation and amortisation	2,591,698	2,575,552
Finance expenses	612,468	507,880
Total Expenses	7,408,174	6,385,604
Other income		
Share of associates profit/(Loss)	33,422	3,882
Total other income	33,422	3,882
Operating Profit/(Loss) before tax	(422,620)	(1,157,757)
Income tax expense	(465,214)	(171,354)
Net profit/(loss) for the year	(887,834)	(1,329,111)
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income	(887,834)	(1,329,111)

Statement of Cash Flows

	2022	2021
	\$	\$
Cash flows from operating activities		
Cash received	5,218,112	5,363,382
Cash paid	(4,565,615)	(3,717,174)
Net cash flows from operating activities	652,497	1,646,208
Cash flows from investing activities		
Cash received	108,696	47,017
Cash paid	(2,273,252)	(971,635)
Net cash flows from investing activities	(2,164,556)	(924,618)
Cash flows from financing activities		
Cash received	1,599,221	-
Cash paid	(168,892)	(796,993)
Net cash flows from financing activities	1,430,329	(796,993)
Net increase (decrease) in cash held	(81,730)	(75,403)
Add cash at start of year	141,470	216,873
Closing Balance	59,740	141,470

Statement of Financial Position

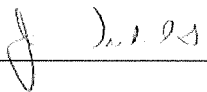
	2022	2021
	\$	\$
Current assets	1,563,250	856,748
Non-current assets	56,720,708	52,250,779
Total assets	58,283,958	53,107,527
Current liabilities	919,205	598,328
Non-current liabilities	20,285,211	20,053,233
Total liabilities	21,204,416	20,651,561
Net assets	37,079,542	32,455,966
Equity		
Share capital	42,503,286	36,010,477
Capital reserves	(981,399)	-
Retained earnings	(4,442,345)	(3,554,511)
Total Equity	37,079,542	32,455,966

Statement of Changes in Equity

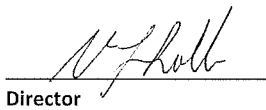
	Share capital	Retained earnings	Capital Reserve	Total
	\$	\$	\$	\$
Equity at 31 May 2020	36,010,477	(2,225,400)	-	33,785,077
Net profit/(loss) for the year	-	(1,329,111)	-	(1,329,111)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,329,111)	-	(1,329,111)
Issue of shares	-	-	-	-
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

Signed for and on behalf of the Board dated 8 September 2022

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 2021 were authorised for issue on 8 September 2022 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

The Company has initially adopted hedging accounting from the start. In the 2022 financial year, the board has reassessed the Company's hedging instruments which are mainly interest rate swaps with a major bank. As a result of the reassessment, the board views that the derivatives no longer meet the effectiveness criteria and is no longer recognised as a hedging instrument.

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

Subsequent to balance date, the voluntary solvent liquidation process of Irrigo Centre Limited has begun. The Shareholders of Irrigo have been working together to ensure the liquidation process has little impact on the wider community and will continue to work collaboratively into the future. The Company Holds 20% shares in Irrigo Centre Limited.

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.

From May 29th to 31st 2021, there was an exceptional rainfall event that saw river levels rise dramatically across Mid-Canterbury, causing extensive flooding and damage to many properties. During the event the RDRML sustained damage to several structures located at river crossings due to the exceptionally high flows in the rivers and streams. The majority of the repair cost to the damaged structures is covered by RDRML's insurance, however there may be some further remedial works that are not covered by insurance. At the date of signing of these financial statements, RDRML remain in negotiation regarding these costs which will need to be proportionately met, by all Shareholders of RDRML.

The deforestation emissions return was filed on 6th July 2022, within the regulator approved timeframes, and the surrender of these units will be processed over the next 3-6 months. The deforestation associated with the land swap on Anama Valetta Road requires the surrender of 3,129 NZ units. The Company, in the Valetta Division, will hold a residual balance of 4,288 units following the surrender.

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 2022, 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 2022.

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 Chair and Chief Executive Report, the RDRML Report, Our Performance snapshot, Our People and Our Strategy reports, 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 08 September 2022.

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
Christchurch
New Zealand
08 September 2022

