



Financial Accounts

For The Year Ended 30 June 2026

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Ashburton Lyndhurst Irrigation Limited

Company Directory

<i>Registered Office</i>	144 Tancred Street, Ashburton
<i>Directors</i>	Philip Allan Lowe (Chairperson) Steven Edzo Broeils Bierema Suzanne Cheri Duncan Alison Maria Van Polanen Andrew Webster Macfarlane (appointed 16-Oct-2025) Colin Wesley Glass (retired 16-Oct-2025)
<i>Bankers</i>	Bank of New Zealand, Christchurch
<i>Accountants</i>	Brophy Knight Limited, Ashburton
<i>Solicitors</i>	Tavendale and Partners Limited, Ashburton
<i>Auditors</i>	BDO Christchurch Audit Limited, Christchurch
<i>Date Of Incorporation</i>	22-September-1989
<i>Capital</i>	1,299,804 Ordinary Shares

Chairman and Chief Executive's Report

For the Year Ended 30 June 2026

The 2025/26 year has been an important year for Ashburton Lyndhurst Irrigation Limited, marked by strong operational performance, continued cost control, renewed certainty through the regranting of discharge consent CRC185469, and further progress on initiatives that will support the long-term resilience of the scheme. The Board and management have remained focused on delivering reliable irrigation, protecting shareholder value, and ensuring ALIL continues to meet its environmental and regulatory responsibilities.

2025/26 Irrigation Season

The 2025/26 irrigation season was managed successfully across ALIL's 31,672 hectares of irrigated scheme area, with the piped network continuing to provide shareholders with reliable, pressurised delivery. Total ALIL water use for the year was 74.447 million m³, compared with 66.578 million m³ in 2024/25. While this was higher than the previous season, it remained below the high-use years of 2020/21 and 2023/24, reflecting a season with periods of strong demand but not sustained peak use across the full irrigation year.

Demand was concentrated through the spring and early summer period, with ALIL use increasing from 4.900 million m³ in September to 12.531 million m³ in October, peaking at 21.762 million m³ in November, and remaining high at 17.049 million m³ in December. Demand reduced significantly through January and February before lifting again in March. The operations team maintained a strong focus on network performance, service delivery, and timely response to operational issues throughout these variable demand periods.

Reliable water delivery remains central to ALIL's value. It supports productive and flexible land use across a large, irrigated area, gives shareholders confidence in their farm systems, and contributes to the wider strength of the community. The season again demonstrated the importance of well-maintained infrastructure, operational capability, and continued investment in long-term reliability.

Water Charges

The Board has continued to place strong emphasis on keeping total charges to shareholders as low as practicable while ensuring the Company remains financially sustainable. It was pleasing to be able to hold the water charges and environmental charges for the year ending 2026 at the same rate as year ending 2025. Looking forward to the 2027 season we have again been able to hold the overall water/environmental charge position for shareholders. The water charge reduced from \$7.34 to \$7.19, helping to offset the increase in the environmental charge, which will now be applied at \$19.93 per ha. The environmental charge was previously \$1,000 per FEP, and \$10.50 per ha for ha over the first 50ha.

This outcome reflects disciplined budgeting, careful cost control, and a continued focus on ensuring that expenditure is directed toward activities that protect reliability, compliance, and long-term shareholder value. Holding total charges while absorbing higher environmental costs is an important result for shareholders and demonstrates the Board's focus on affordability and prudent financial management.

The Forks Project is also making a positive contribution to the 2027-year water charges. Additional water sales from the project help spread scheme costs across a broader revenue base, helping to maintain water charges at sustainable levels for all shareholders. Proceeds from share sales have also helped reduce debt and, in turn, the Company's interest exposure.

Long-Term Reliability and Storage

Following the completion of Pond 3A at McKendry's Road, ALIL has continued to progress opportunities to strengthen long-term scheme reliability and operational flexibility. Storage remains an important part of the Company's long-term strategy, particularly as the scheme responds to variable seasonal conditions and the need to support dependable irrigation supply for shareholders.

Post balance date ALIL secured access to land in the Pond 4 area for in-scheme water storage. The first stage of the development is to extend the existing Pond 4. The scheme is now working through design and consenting on the land beside the existing pond. The second stage is the potential development of a new pond on the 30-hectare School Block, with design concepts currently being worked through.

Alongside these in-scheme storage opportunities, ALIL continues to hold strategic interests in larger-scale storage at Klondyke through Mid-Canterbury Water Storage. Klondyke remains an important long-term option for the wider district, and any future decisions will continue to be guided by reliability modelling, consenting considerations, affordability, and shareholder consultation.

Consents and Environmental Compliance

Environmental compliance and the Company's licence to operate have remained major priorities. The regranting of discharge consent CRC185469 during the year was a significant milestone, providing renewed certainty for ALIL and its shareholders after a long and complex consenting process.

The regranted consent provides the framework for ALIL's ongoing environmental management, compliance programme, Farm Environment Plan performance, and approach to nutrient loss across the scheme. It also reinforces the importance of maintaining robust systems, good quality environmental data, and clear expectations across the shareholder base.

A key development has been ALIL's move from managing farms primarily against historical nutrient loss positions to a scheme-wide flat-line approach to nitrogen loss. This change is designed to provide greater land use flexibility for shareholders while maintaining scheme-level accountability and supporting continuous improvement. It is a more transparent and equitable framework for managing nutrient loss and will be an important part of how ALIL demonstrates environmental performance over time.

ALIL has also worked with Barrhill Chertsey Irrigation and Acton Farmers Irrigation to establish a Water Quality Group. This collaboration will support a stronger regional evidence base, more consistent monitoring and reporting, and a constructive response to water quality issues and regulatory expectations.

The appointment of Gary Rushworth as Environmental Scientist has further strengthened ALIL's technical capability. His role supports the collection, analysis, and interpretation of environmental data, helping ensure the Company's decisions continue to be informed by sound evidence.

Financial Performance

The Company delivered a materially improved financial result for the 2025/26 year, while continuing to focus on prudent management, reliable service delivery, and investment in assets that support long-term scheme performance. Total gross income was \$10.395 million, compared with \$10.321 million in the prior year, with water charges of \$9.630 million and environmental management charges of \$415,318.

The company benefited from reduced interest costs over the year. Total interest-related costs before fair value movements reduced from \$4.730 million in 2024/25 to \$4.098 million in 2025/26, reflecting lower costs across the Stage 1, Stage 2, and Ponds and Telemetry facilities. The fair value movement on interest rate swaps also improved substantially, moving from a \$1.993 million expense in the prior year to a \$20,843 gain in 2025/26. This fair value movement is not a cash flow or direct cost to ALIL and is not recovered through water charges; rather, it reflects the wider market's expected movement in interest rates and the resulting impact on ALIL's interest rate swaps.

Share capital increased to \$44.496 million following the issue of 3,995 ordinary shares during the year, bringing total ordinary shares on issue to 1,299,804. Total equity increased slightly to \$38.947 million, despite the reported loss for the year, reflecting the additional share capital raised. Bank loans at balance date were \$79.756 million, with all bank and internal capital management objectives met.

The Board remains focused on maintaining a strong balance sheet and ensuring that investment decisions are aligned with shareholder benefit, scheme reliability, affordability, and intergenerational value. The financial result demonstrates the importance of disciplined cost control, careful treasury management, and ongoing investment in infrastructure that supports long-term reliability for shareholders.

Stock Water

ALIL has continued to deliver stock water to shareholder farms under arrangements with Ashburton District Council. Transition planning remains important as Council moves toward its planned exit from stock water supply. ALIL will continue working through the operational, financial, and shareholder implications so that future arrangements are practical, clear, and well communicated.

Directors and Staff

Director succession has remained an important governance focus during the year. The Board continues to consider the skills, experience, and continuity required to oversee a complex irrigation business operating in a changing regulatory, environmental, and financial environment.

The Board has also valued the contribution made through the Associate Director role, which provides an important opportunity to broaden governance experience while adding depth and additional perspective to Board consideration of strategic, operational, and shareholder matters. We thank Linda Rollinson for her contribution in the Associate Director role through to December 2025 and thank Leighton Parker for his contribution since taking up the role in January 2026. Both Linda and Leighton have brought valuable skills and diversity of thought to the ALIL Board table.

The Board also acknowledges Colin Glass, who stepped down as Chair at the 2025 AGM after 13 years of service to ALIL. Colin made a significant contribution through a period of consolidation and strategic progress, bringing measured leadership, strong financial and governance expertise, and a deep commitment to the Company, its shareholders, and the wider community. Following Colin's retirement, we welcomed Andy Macfarlane to the Board during the year.

We thank all ALIL staff for their continued commitment and professionalism. Their work across operations, environmental management, administration, compliance, and shareholder support is central to the reliable service shareholders receive and to the confidence placed in the Company.

At the end of the financial year, we accepted Sarah Everest's resignation following her maternity leave and thank her for her contribution to ALIL. We have recently welcomed Chloe Dunne to the part-time role of Environmental Manager and Chloe Meadows to the role of Environmental Coordinator. These appointments, together with Gary Rushworth's Environmental Scientist role, strengthen ALIL's environmental capability at an important time for the scheme.

Looking Ahead

The year ahead will require continued focus on scheme reliability, environmental performance, consenting obligations, water charges, infrastructure investment, and stock water transition planning. ALIL is well placed to meet these challenges through strong governance, capable staff, reliable infrastructure, and the ongoing commitment of shareholders to good practice.

On behalf of the Board and management, we thank shareholders for their continued support and engagement. ALIL remains focused on delivering reliable irrigation, supporting flexible and sustainable land use, maintaining strong environmental performance, and protecting the long-term value of the scheme for current and future shareholders.

Ashburton Lyndhurst Irrigation Limited

Annual Report

For The Year Ended 30 June 2026

The business of the Company is Water Scheme Management. The nature of the company's business has not changed during the year under review.

As required by Section 211 of the Companies Act 1993 we disclose the following information:

Directors' Interests

The following transactions were entered into by the Directors of the Company:

For the year ended 30 June 2026

During the year all the Directors paid water charges for the supply of water on the same normal trading terms from Ashburton Lyndhurst Irrigation Limited (ALIL) as other shareholders.

In addition the following entries were recorded in the Directors interest register:

On the 15th July 2025, Suzanne C Duncan declared an interest in the share transfer and water supply agreement between R & S Duncan Family Trust and Pinefields Limited.

On the 15th July 2025, Alison M Van Polanen declared an interest in the payment of the invoice due with Enviroplan Limited.

On the 12th November 2025, Philip A Lowe declared an interest in the water supply agreements for Spread eagle Holdings Limited and Spring River Holdings Limited.

On the 17th December 2025, Alison M Van Polanen declared an interest in the payment of the invoice due with Enviroplan Limited.

On the 26th January 2026, Andrew W Macfarlane declared an interest in the water supply agreements for Macfarlane Family Trust and Pencarrow Farm Limited.

On the 26th January 2026, Philip A Lowe declared an interest in the discussions following the meeting of ALIL, MHV Water Limited, and Tavendale and Partners regarding Rangitata Diversion Race Management Limited and the 5 year rolling-average charging mechanism.

On the 11th March 2026, Andrew W Macfarlane declared an interest in his resignation as Trustee in the James Macfarlane Family Trust (subsequently renamed to L E & J M Macfarlane Family Trust).

On the 22nd April 2026, Suzanne C Duncan declared an interest in the change in shareholding in Acton Farmers Irrigation Co-Operative Limited between R H & S C Duncan and Pendarves Farming Limited.

Ashburton Lyndhurst Irrigation Limited

Annual Report

For The Year Ended 30 June 2026

As at 30 June 2026 the Directors have disclosed the following general interests:

<i>Company</i>	<i>Position</i>
Steven E B Bierema	
Foundation of Arable Research NZ	Chairperson
S & F Bierema Family Trust	Trustee
Somerton Station Farm Limited	Director & Shareholder
Ballymore (Winchmore) Farm Limited	Director
Philip A Lowe	
Phidon Farm Limited	Director & Shareholder
Philip Lowe Family Trust	Trustee
Spreadeagle Holdings Limited	Director & Shareholder
Spring River Farms Partnership Limited	Director & Shareholder
Spring River Holdings Limited	Director & Shareholder
Suzanne C Duncan	
Pinefields Limited	Director & Shareholder
Fairton Dairy Limited	Director & Shareholder
Willowfields Limited	Director & Shareholder
Pendarves Farming Limited	Director & Shareholder
R H & S C Duncan	Partner
R & S Duncan Family Trust	Trustee
Browns Farm Limited	General Disclosure
Alison M Van Polanen	
J & J Van Polanen Family Trust	Beneficiary
Enviroplan Limited	Director & Shareholder
Van Black Farming Limited	Director & Shareholder
Ashburton Highland Dancing Association	Treasurer
Andrew Webster Macfarlane	
Pencarrow Farm Limited	Director / Shareholder (Macfarlane Family Trust)
Macfarlane Family Trust	Trustee / Beneficiary
Tall Trees Family Trust	Trustee / Beneficiary
ANZCO Foods Limited	Director
Haldon Station Limited	Director
Edgewater Resort Hotel Limited	Director / Shareholder
Kintore Farm Limited	Director / Shareholder
Dumbarton Land Company Limited	Director
Deebury Ealing Limited	Director / Shareholder
Deebury Maronan Limited	Director / Shareholder
Deebury Lismore Limited	Director / Shareholder
Nor'West on Victoria Limited	Director / Shareholder
The Boundary Limited	Director / Shareholder

Ashburton Lyndhurst Irrigation Limited

Annual Report

For The Year Ended 30 June 2026

Andrew Webster Macfarlane (cont.)

Broadfields Farm (Ash) Limited	Director / Shareholder
185 Thompson Limited	Director / Shareholder
Londale Development Limited	Director
Lye Properties Limited	Director
The Kowhais Limited	Director
M.R.B Trustees Limited	Director / Shareholder
FSF Management Company Limited	Director
Penmac Trustees Limited	Director / Shareholder
Treffers Road Limited	Director / Shareholder
Stanton Farms Limited	Director / Shareholder
Midway Moorhouse Limited	Director / Shareholder
Midway Moorhouse East Limited	Director
Midway Moorehouse West Limited	Director
WH Collins & Co Limited	Director
Du Velle Properties Limited	Director
Fernside Holdings Limited	Director / Shareholder
Waddington Trustee Company Limited	Director
Xyletec Developments Limited	Shareholder
Mainland Carbon GP Limited	Director / Shareholder
L S Trustees 371 Limited	Shareholder
Pencarrow Investments Limited	Director / Shareholder
Tapawera Hop Garden Management GP Limited	Shareholder
Wareing Group Limited	Director
Te Kura Taka Pini (Ngai Tahu Advisory Group for Freshwater)	Advisor
Centre for Climate Action Joint Venture Limited	Director

Ashburton Lyndhurst Irrigation Limited

Annual Report

For The Year Ended 30 June 2026

Use of Company Information

The Board received no notices during the year from Directors requesting to use company information received in their capacity as Directors which would not have been otherwise available to them.

Share Dealing

On the 12th September 2025, Philip A Lowe, as Director of Spreadeagle Holdings Limited (725 shares) and Spring River Holdings Limited (789 shares) was issued 1,514 fully paid shares under the May 2024 Information Memorandum at an issue price of \$160 per share.

On the 15th July 2025, Suzanne C Duncan, as Director of Pinefields Limited, transferred 1,750 shares to the R & S Duncan Family Trust, an entity of which she is Trustee.

No other share transactions occurred involving a director.

At 30 June 2026 the Directors held interests in the following shares:

	2026	2025
Steven E B Bierema		
Somerton Station Farm Limited	13,558	13,558
Ballymore (Winchmore) Farm Limited	4,608	4,608
	<u>18,166</u>	<u>18,166</u>
Philip A Lowe		
Spreadeagle Holdings Limited	5,525	4,800
Spring River Holdings Limited	9,662	8,873
	<u>15,187</u>	<u>13,673</u>
Suzanne C Duncan		
Fairton Dairy Limited	6,922	6,922
Pinefields Limited	6,162	7,912
R & S Duncan Family Trust	1,750	-
	<u>14,834</u>	<u>14,834</u>
Alison M Van Polanen		
J & J Van Polanen Family Trust	35,018	35,018
	<u>35,018</u>	<u>35,018</u>
Andrew W Macfarlane		
Pencarrow Farm Limited	11,499	11,499
Macfarlane Family Trust	244	244
Tall Trees Trust	251	251
	<u>11,994</u>	<u>11,994</u>
Colin W Glass		
Jaline Farm Limited (Dairy Holdings Limited Subsidiary company)	6,697	6,697
Ketson Holdings Limited (Dairy Holdings Limited Subsidiary company)	6,635	6,635
Tamlaght Farm Limited	8,020	8,020
Westward Ho Farming Company Limited	4,500	4,500
Westward Ho Limited	4,500	4,500
	<u>30,352</u>	<u>30,352</u>

Ashburton Lyndhurst Irrigation Limited

Annual Report

For The Year Ended 30 June 2026

Remuneration and other benefits

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

	2026	2025
Steven E B Bierema	18,529	16,721
Philip A Lowe (Chair)	28,888	16,396
Suzanne C Duncan	17,779	15,908
Alison M Van Polanen	17,775	11,808
Andrew W Macfarlane	13,003	-
Randal D Hanrahan	-	4,719
Colin W Glass (Former Chair)	9,363	31,253
	<u>\$105,337</u>	<u>\$96,805</u>

The Directors of the company as at reporting date are listed in the Directory, no other person held the office of Director at any time during the year.

The Company has insured all its Directors against liabilities to other parties that may arise from their positions as directors. At reporting date the level of cover is \$5,000,000 for directors and officers liability and \$2,000,000 for defence costs.

Employee Remuneration

The number of employees whose total remuneration, including non-cash benefits, was over \$100,000 during the year ended 30 June 2026 are specified in the following bands:

Band	Number of Staff
\$100,000 - \$110,000	1
\$120,000 - \$130,000	1
\$130,000 - \$140,000	1
\$260,000 - \$270,000	1

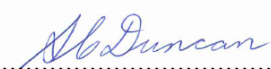
Audit Fees

Audit fees of \$26,725 were paid to BDO Christchurch Audit Limited in respect of the audit for the year (2025: \$25,209).

For and on behalf of the Board


..... Chairman

15/09/2026 Date


..... Director

15/09/2026 Date

Ashburton Lyndhurst Irrigation Limited

Statement Of Comprehensive Income

For The Year Ended 30 June 2026

	Note	2026	2025
		\$	\$
Income			
Water Charges	4	9,629,662	9,595,918
Rentals Received	5	35,638	35,638
Interest Received		12	499
Other Income	6	314,409	266,159
Environmental Management Charges		415,318	422,656
Total Gross Income		10,395,039	10,320,870
Less Expenses As Detailed:			
Administration & Operating Expenses	7	3,261,108	3,114,666
Interest		21,173	21,118
Piping Stage 1 Interest Expenses	10 & 11	168,339	219,889
Piping Stage 2 Interest Expenses	10 & 12	2,645,087	3,074,581
Ponds & Telemetry Interest Expenses	10	1,284,939	1,435,287
Share of R.D.R. Costs	13	525,479	573,989
Depreciation & Amortisation		2,800,114	2,942,617
Impairment Loss		-	326,871
Total ALIL Operating Expenses		10,706,239	11,709,018
		(311,200)	(1,388,149)
Plus: Fair Value Movement of Interest Rate Swaps		20,843	(1,992,560)
Operating Loss		(290,357)	(3,380,709)
Share Of Associates Profit / (Loss)	27	83	(7,900)
Profit/(Loss) Before Income Tax		(290,274)	(3,388,609)
Less Taxation Expense	14	-	-
PROFIT/(LOSS) FOR THE YEAR		\$(290,274)	\$(3,388,609)
Other Comprehensive Income			
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS		\$(290,274)	\$(3,388,609)

Ashburton Lyndhurst Irrigation Limited
Statement Of Movements In Equity
For The Year Ended 30 June 2026

			2025	
	Note	Share Capital	Accumulated Losses	Total
		\$	\$	\$
Equity At 1 July 2024		42,930,883	(1,871,050)	41,059,833
Total Comprehensive Loss		-	(3,388,609)	(3,388,609)
Transactions with Owners:				
Share Capital Issued	23(a)	926,400	-	926,400
Equity At 30 June 2025		<u>\$43,857,283</u>	<u>\$(5,259,660)</u>	<u>\$38,597,623</u>

			2026	
	Note	Share Capital	Accumulated Losses	Total
		\$	\$	\$
Equity At 1 July 2025		43,857,283	(5,259,660)	38,597,623
Total Comprehensive Loss		-	(290,274)	(290,274)
Transactions with Owners:				
Share Capital Issued	23(a)	639,201	-	639,201
Equity At 30 June 2026		<u>\$44,496,484</u>	<u>\$(5,549,934)</u>	<u>\$38,946,550</u>

Ashburton Lyndhurst Irrigation Limited
Statement Of Financial Position
As At 30 June 2026

	Note		2026		2025
		\$	\$	\$	\$
Current Assets					
Cash And Cash Equivalents	17		84,889		90,554
Trade And Other Receivables	18		1,783,596		1,758,861
Loan Swap Asset	17		6,292		34,205
Related Party Advance					
FEP Dashboard Limited	27		10,164		4,448
Mid Canterbury Water Storage Limited	27		137,944		7,212
Total Current Assets				2,022,885	1,895,280
Non-Current Assets					
Investments In:					
Ashburton Trading Society Limited	17	1,440			1,440
Farmlands Co-operative Society Limited	17	500			500
FEP Dashboard Limited	27	4,199			4,198
Mid Canterbury Water Storage Limited	27	4,566,137			4,566,054
RDR Management Limited	13	30,000			30,000
			4,602,276		4,602,192
Property, Plant And Equipment	19	113,914,228			112,912,236
Intangible Assets	20	629,314			572,473
Right Of Use Assets	21	279,353			285,096
			114,822,895		113,769,805
Total Non-Current Assets				119,425,171	118,371,997
Total Assets				\$121,448,056	\$120,267,277

Ashburton Lyndhurst Irrigation Limited
Statement Of Financial Position
As At 30 June 2026

	Note	\$	2026 \$	\$	2025 \$
Current Liabilities					
Trade And Other Payables			534,780		331,640
GST Payable			112,878		163,398
Employee Entitlements			48,090		43,721
Deposits on Unissued Shares	23(a)		691,240		723,560
Lease Liability	21		16,647		14,740
Loans	17		79,756,358		79,000,172
Swap Liabilities	17		1,053,467		1,102,223
Total Current Liabilities				82,213,460	81,379,454
Non-Current Liabilities					
Lease Liability	21			288,046	290,200
Equity					
Share Capital			44,496,483		43,857,283
Retained Earnings / (Accumulated Losses)			(5,549,933)		(5,259,660)
Total Equity	23			38,946,550	38,597,623
Total Shareholders' Funds And Liabilities				\$121,448,056	\$120,267,277

For and on behalf of the Board of Directors:

Chairman 

Dated 15/09/2026

Director 

Dated 15/09/2026

Ashburton Lyndhurst Irrigation Limited

Statement of Cash Flows

For the Year Ended 30 June 2026

	Note	2026	2025
		\$	\$
Cash Flows From Operating Activities			
Cash receipts from Customers		10,321,884	10,266,988
Cash paid to Suppliers		(3,001,357)	(3,425,847)
Cash paid to Employees		(806,423)	(777,234)
Cash Generated From Operations		6,514,104	6,063,907
GST		(24,015)	(7,554)
Interest Paid		(4,120,998)	(4,795,664)
Income Tax		137	(60)
		(4,144,876)	(4,803,278)
Net Cash Inflow From Operating Activities		2,369,228	1,260,629
Cash Flows From Investment Activities			
Cash Investments in Associates & Joint Ventures		(136,449)	-
Cash Received for Property, Plant, Equipment		73,423	65
Cash Paid for Property, Plant, Equipment		(3,551,782)	(2,625,510)
Cash Paid for Intangibles		(91,697)	(127,650)
Interest Received		12	499
Net Cash Inflow/(Outflow) From Investing Activities		(3,706,493)	(2,752,596)
Cash Flows From Financing Activities			
Cash Receipts from Loan Proceeds		2,788,911	7,596,863
Cash Receipts from Share Capital	23(a)	592,863	1,649,960
Principal Paid on Lease Liabilities		(17,449)	(15,665)
Repayment of Loans		(2,032,725)	(7,726,963)
Net Cash Inflow/(Outflow) From Financing Activities	24	1,331,600	1,504,195
Net Increase/(Decrease) in Cash		(5,665)	12,228
Opening Cash Equivalents		90,554	78,326
Closing Cash Equivalents	17	\$84,889	\$90,554

Ashburton Lyndhurst Irrigation Limited

Statement of Cash Flows

For the Year Ended 30 June 2026

	2026	2025
	\$	\$
Reconciliation With Reporting Trading Profit		
Profit/(Loss) For Year	(290,274)	(3,388,609)
Non Cash Items		
Depreciation & Amortisation	2,800,114	2,941,397
Impairment Loss	-	326,871
Loss on Disposal of Assets	-	1,208
Depreciation Recovery Income	(24,288)	-
Profit from Associates	(83)	7,900
Fair Value Movement of Interest Rate Swaps	(20,843)	1,992,561
	2,754,900	5,269,937
Movement in net Current Assets / Liabilities		
Increase in Accounts Payable	(67,987)	(110,348)
Increase in Accounts Receivable	(3,521)	(502,238)
Increase in Income Tax	137	(60)
GST	(24,015)	(7,554)
	(95,386)	(620,200)
Items Classified as investing activities:		
Interest Received	(12)	(499)
	(12)	(499)
Net Cash Inflow/(Outflow) From Operating Activities	\$2,369,228	\$1,260,629

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

Note

1. REPORTING ENTITY

Ashburton Lyndhurst Irrigation Limited ('the Company') is a co-operative company registered under the Co-operative Companies Act 1996 on the 22nd September 1989 and domiciled in New Zealand.

The Company is an issuer for the purposes of the Financial Markets Conduct Act 2013, and is an FMC reporting entity under the Financial Markets Conduct Act 2013. The financial statements of the Company have been prepared in accordance with the Financial Markets Conduct Act 2013.

The Company is a water supply management company receiving its share of water from Rangitata Diversion Race Management Limited and distributing this water through a piped network to its shareholder members. The Company's scheme area is within the Mid Canterbury area.

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") and other applicable Financial Reporting Standards. They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), as appropriate for profit orientated entities.

The financial statements comply with IFRS Accounting Standards.

The Company is a Tier 1 for-profit entity.

The information is presented in New Zealand Dollars (NZD), which is also the Company's functional currency, and rounded to the nearest dollar.

The financial statements were approved by the Board of Directors on 14th September 2026.

(b) Basis of Measurement

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the company, with the exception that certain assets and liabilities specified below have been revalued.

Judgement and estimation uncertainty

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of judgement in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note A valuation of property, plant & equipment

Note B intangible assets

Note C financial instruments

Note I impairment

Note J income Tax

Note M determination of fair values

Note N investments in associates & joint ventures

(c) New or Amended Accounting Standards and Interpretations Adopted

The Company has adopted all of the new or amended Accounting Standards and interpretations issued by the New Zealand Accounting Standards Board ("NZASB") that are mandatory for the current reporting period.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

(d) Going Concern

The Financial Statements have been prepared using the going concern assumption. The Company is dependent on the continuing support of its Shareholders and Financiers.

3. MATERIAL ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of profit and the financial position have been applied.

A. Property Plant & Equipment

(1) Owned Assets

Except for land and buildings, items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(2) Subsequent Costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

(3) Depreciation

Depreciation is provided for on the diminishing balance method and straight line method on property, plant & equipment assets. Depreciation is charged to the Statement of Comprehensive Income. Land is not depreciated. The following rates have been used.

Asset Category	Depreciation Rates & Method		Estimated Useful Life
Scheme Structures	3% - 6%	diminishing balance method	7 - 50 Years
	2% - 14%	straight line method	
Buildings	3%	diminishing balance method	50 Years
Plant & Equipment	4% - 67%	diminishing balance method	3 - 50 Years
Motor Vehicles	20% - 26%	diminishing balance method	8 - 10 Years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

B. Intangible Assets

Resource Consents

Resource consents are held by the Company to enable the scheme to operate. The useful life of the resource consent varies with the consent.

Intangible assets have been recorded at their historical cost less amortisation.

Following judicial review proceedings on ECan's decision to grant ALIL's discharge consent, the consent was set aside for reconsideration by ECan. Changes to s.107 of the Resource Management Act (RMA) since the judicial review allow for discharge consents to be granted with conditions that provide for improvement in the environmental outcomes. Until the application had been reconsidered, no amortisation was claimed and the consent was carried at cost.

On the 14th April 2026 ECan finished their reconsideration of the consent and regranted the consent. The re-granted consent runs until December 2030.

The following rates have been used:

Resource Consent	21.05% Straight line	(4.5 Years)
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Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

C. Financial Instruments

Recognition, initial measurement and derecognition

Financial instruments are recognised when the Company becomes a party to a financial contract. Financial instruments are measured initially at fair value, adjusted by transaction costs, except for those carried at fair value through profit and loss; these costs are expensed. They include bank funds, bank overdrafts, receivables, payables, investments in and loans to others, and term borrowings.

In addition, the Company is a party to financial instruments to meet its financing needs and to reduce exposure to fluctuations in interest rates. These financial instruments include bank overdraft facilities and swaps.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- * amortised cost
- * financial instruments at fair value through profit and loss (FVTPL)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within interest expense or interest income, except for impairment of trade receivables which is presented within other expenses.

(1) Amortised Cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

The Company applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period to the period end. The historical loss rates are then adjusted for current and forward-looking information factors that affect the Company's customers over the expected lives of the receivables.

(2) Financial assets at Fair Value through Profit and Loss

Financial assets at FVTPL include financial assets that are neither classified as at amortised cost or at fair value through other comprehensive income. Financial assets are initially recognised at fair value including directly attributable transaction costs.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within interest expenses.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

Derivative financial instruments

The Company uses interest rate swaps to manage its cash flow interest rate risk. These arrangements have been entered into to mitigate interest rate risk arising from changes in the interest rates available to the company.

All interest rate swaps are recognised initially at fair value and reported subsequently at fair value in the Statement of Financial Position.

All interest-related charges and changes in an instrument's fair value that are reported in profit or loss are included within interest expense or interest income.

D. Revenue

Water charges are levied on shareholder farmers in accordance with the water supply agreement entered into between the farmer and the Company. Charges are levied in accordance with the rates advised annually depending on the infrastructure used by the Company to deliver pressurised water to each farmer's farm gate. Charges are set based on the Company's expected maintenance, administration, operating and debt servicing costs for that financial year.

The water charges are recognised over time when the season for water delivery commences and is available for use by the shareholder. Shareholders are invoiced monthly, in arrears.

Interest income is reported on an accrual basis using the effective interest method.

E. Cash Flows

For the purpose of the cash flow statement, cash includes cash on hand and bank overdrafts.

F. Employee Entitlements

Liabilities for annual leave are accrued and recognised in the Statement of Financial Position.

Annual leave is recorded at the amount expected to be paid for the entitlement earned.

G. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in "Interest Expense" (see Note 10).

H. Cash and Cash Equivalents

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

I. Impairment

If the recoverable amount of an item of property, plant and equipment is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at historical cost is recognised as an expense in the Statement of Comprehensive Income. When a revalued item is written down to recoverable amount, the write down is recognised as a downward revaluation to the extent of the corresponding revaluation reserve, and any balance recognised in the Statement of Comprehensive Income.

The carrying amount of an item of property, plant and equipment that has previously been written down to 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 recoverable amount had not occurred.

Reversals of impairment write downs are accounted for as follows:

- On property, plant and equipment that is not revalued, the reversal is recognised in profit & loss; and
- On revalued property, plant and equipment, the reversal is recognised as an upward revaluation in equity.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

J. Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The deferred tax liability has been calculated at the Company's effective tax rate for the year in which the temporary differences are expected to be utilised.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

K. Goods and Services Tax (GST)

The Statement of Comprehensive Income and Cash Flow Statement have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, except for receivables and payables, which include GST invoiced.

L. Contingencies & Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A contingency is not recognised by the Company where there is a possible obligation on the company that may arise depending on an unknown future event, or where the Company has a present obligation but the payment is not considered probable.

M. Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values are disclosed in the notes specific to that asset or liability.

(1) Derivatives

A derivative is a financial instrument or other contract within the scope of NZ IFRS 9 with all three of the following characteristics:

- a) its value changes in response to the change in a specified interest rate (sometimes called the 'underlying');
- b) it requires no initial net investment or any initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- c) it is settled at a future date.

The interest rate swaps with the Bank of New Zealand are derivatives and are recorded in the Company's Statement of Financial Position.

N. Investments in associates & joint ventures

Associates are those entities over which the Company is able to exercise significant influence but which are not subsidiaries.

Joint ventures are those entities over which the Company has joint control and has rights to the net assets of the entity.

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company.

There are no restrictions on the payment of dividends.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

O. Standards and interpretations issued:

The Company has prepared the financial statements in accordance with the New Zealand International Financial Reporting Standards. The following new accounting standards and amendments to existing standards have been issued but not yet adopted by the Company for the year ended 30 June 2026.

Presentation and Disclosure in Financial Statements

Effective for annual reporting period on or after 1 January 2027

NZ IFRS 18 replaces NZ IAS 1 and introduces new requirements to improve how information is communicated in the financial statements, in particular information in the Statement of Profit or Loss. The Company will apply this new standard from 1 July 2027.

The Company is still considering the impact on the financial statements of implementing this standard.

Amendments to the Classification and Measurement of Financial Instruments

Effective for annual reporting periods on or after 1 January 2026

Provides clarification on accounting for the settlement of liabilities through electronic payment systems, and on the application of the classification requirements for financial assets, including financial assets with environmental, social and corporate governance and similar features.

It also introduces new disclosures for investments in equity instruments designated at fair value through other comprehensive income, and financial instruments with contingent features.

P. Leases:

The Company has entered into a lease for commercial office space. There are no financial restrictions placed upon the Company by entering into this lease. The lease contract contains market review clauses on every anniversary date along with options to renew for two additional terms.

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

4. WATER CHARGES

	2026	2025
Main Scheme Charges	5,283,416	5,281,220
Piping Scheme Stage 1 "Greenline" Charges	446,606	462,478
Piping Scheme Stage 2 Charges	3,899,640	3,852,220
	<u>\$9,629,662</u>	<u>\$9,595,918</u>

5. RENTALS RECEIVED

	2026	2025
Springfield Farm Lease	9,600	9,600
Ledgerwoods Road	13,038	13,038
Springfield Road Scheme Operator's Cottage	13,000	13,000
	<u>\$35,638</u>	<u>\$35,638</u>

(1) The Scheme Operator's Cottage is rented to the Company employees. The rental on the Scheme Operator's cottage is negotiated annually as part of their remuneration package.

(2) The Scheme Operator's cottage is not an investment property in terms of NZIAS 40.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

6. MISCELLANEOUS INCOME		2026	2025
BCI Distribution Charge		87,804	51,801
Consultancy Income		24,536	20,567
Gain on Disposal of Property, Plant and Equipment		24,288	12
Licence Water		-	10,342
Share Transfer Fee		3,000	5,250
Shingle Sales		18,905	26,119
Stock Water Charges		23,510	21,245
Stock Water Offtakes		17,500	44,313
Water Quality Group Charges		58,261	-
Other Sundry Income		56,605	86,510
		<u>\$314,409</u>	<u>\$266,159</u>
7. ADMINISTRATION & OPERATING EXPENSES		2026	2025
Accounting		25,650	23,500
Audit Fees *		26,725	25,209
Communication, Mail & Stationery		21,669	25,784
Employment Expenses		806,355	760,979
Defined Contribution Pension Plan		27,083	22,715
Fringe Benefit Tax		47,488	38,938
Governance Fees	8	110,337	106,805
Insurance & Rates		600,553	649,880
Irrigation New Zealand Subscription		49,652	46,900
Operating Expenses	9	1,433,628	1,316,351
Other Subscriptions		21,777	18,026
Secretarial Expenses		3,855	7,699
Other		86,336	71,880
		<u>\$3,261,108</u>	<u>\$3,114,666</u>
* The Auditor does not provide any other service other than assurance services.			
8. GOVERNANCE FEES		2026	2025
Directors Fees	29	105,337	96,805
Observer Training		5,000	10,000
		<u>\$110,337</u>	<u>\$106,805</u>

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

9. OPERATING EXPENSES

	2026	2025
Direct Irrigation Costs		
Electricity	480,886	412,584
Repairs & Maintenance	374,209	391,668
	<u>855,095</u>	<u>804,252</u>
Other Operating Costs		
Consultancy Expenses	39,520	42,233
Efficiency Costs	12,512	8,138
Environmental Management Expenses	179,380	142,812
Health & Safety Costs	26,370	13,435
Legal Fees	40,413	36,737
MCWSL Charges	21,778	128,080
Resource Consent Costs	10,792	5,257
Vehicle Expenses	85,036	66,049
Water Quality Costs	139,453	30,484
Other	23,279	38,874
	<u>578,533</u>	<u>512,099</u>
	<u>\$1,433,628</u>	<u>\$1,316,351</u>

Reclassification of Operating Expenses

ALIL previously presented water monitoring costs separately. After a review Management have considered it more appropriate to classify these costs as Operating Expenses, under the heading of Water Quality Costs.

The prior year comparatives have been reclassified to align to the current year classification.

10. INTEREST EXPENSE

	Piping Scheme Stage 1 (Greenline)	Piping Scheme Stage 2	Ponds & Telemetry	Total Interest
Year Ended 30 June 2025				
Bank Table Loan Interest	218,865	3,392,351	1,488,521	5,099,737
Plus Interest Rate Swap Debits Paid	1,024	(334,825)	(75,701)	(409,502)
Plus Undrawn Loan Facility Fees	-	17,055	22,467	39,522
	<u>219,889</u>	<u>3,074,581</u>	<u>1,435,287</u>	<u>4,729,757</u>
Net Change in fair value of Interest Rate Swap	58,741	1,448,808	485,012	1,992,561
	<u>\$278,630</u>	<u>\$4,523,389</u>	<u>\$1,920,299</u>	<u>\$6,722,318</u>
	Piping Scheme Stage 1 (Greenline)	Piping Scheme Stage 2	Ponds & Telemetry	Total Interest
Year Ended 30 June 2026				
Bank Table Loan Interest	140,171	2,308,777	1,074,009	3,522,957
Plus Interest Rate Swap Debits Paid	28,168	312,288	198,098	538,554
Plus Undrawn Loan Facility Fees	-	24,022	12,832	36,854
	<u>168,339</u>	<u>2,645,087</u>	<u>1,284,939</u>	<u>4,098,365</u>
Net Change in fair value of Interest Rate Swap	(7,696)	97,947	(111,094)	(20,843)
	<u>\$160,643</u>	<u>\$2,743,034</u>	<u>\$1,173,845</u>	<u>\$4,077,522</u>

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

11. STAGE 1 PIPING SCHEME (GREENLINE)	Note	2026	2025
Total Scheme Charges Received	4	446,606	462,478
Less:			
Interest	10	168,339	219,889
Principal paid		244,800	230,440
		<u>413,139</u>	<u>450,329</u>
Excess Monies Received over Expenditure		33,467	12,149
Opening Position		188,804	176,655
Closing Position		<u>\$222,271</u>	<u>\$188,804</u>

Within the Company's equity (stated at note 23) there is an amount of \$222,271 (2025: \$188,804), which equates to the cumulative reserve for the stage 1 piping scheme. Funds supporting this are held in the Company assets.

12. STAGE 2 PIPING	Note	2026	2025
Total Scheme Charges Received	4	3,899,640	3,852,220
Shares Issued		592,864	1,649,960
		<u>4,492,504</u>	<u>5,502,180</u>
Less:			
Interest	10	2,645,087	3,074,581
Principal paid		564,000	543,680
		<u>3,209,087</u>	<u>3,618,261</u>
Excess Monies Received over Expenditure		1,283,417	1,883,919
Opening Position		3,964,391	2,080,472
Closing Position		<u>\$5,247,808</u>	<u>\$3,964,391</u>

Within the Company's equity (stated at note 23) there is an amount of \$5,247,808 (2025: \$3,964,391), which equates to the cumulative reserve for the stage 2 piping scheme. Funds supporting this are held in the Company's assets.

13. RANGITATA DIVERSION RACE MANAGEMENT LIMITED (RDRML)	2026	2025
Annual Contribution	525,479	573,989
Operating Expenses Recovered	-	728
	<u>\$525,479</u>	<u>\$574,717</u>
Trade Payables Owing	<u>\$50,465</u>	<u>\$50,349</u>

The Company is required to pay a share of RDRML operating and capital costs, as disclosed above.

The company holds 30,000 ordinary shares in RDRML (15%) at a cost price of \$1 per share and is entitled to be represented on its Board by one of 6 Directors. These shares have equal voting rights and share equally in dividends and surplus on winding up.

The procedure for sale or disposition of these shares is covered in a shareholder deed dated 14th January 2003, agreed and signed by all shareholders.

RDRML is neither an associate or subsidiary of ALIL.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

14. TAXATION

Tax Reconciliation

	2026	2025
Profit/(loss) before income tax	(290,274)	(3,388,609)
Prima Facie income tax at 28%	(81,277)	(948,811)
Add (subtract) taxation effect of Permanent Differences		
Non-Deductible Expenses	697	92,055
Adjustment for Equity Accounted Investments	(24)	2,212
	673	94,267
Timing Difference		
Tax Losses Not Recognised	80,604	854,544
Deferred Tax Adjustment re Building Depreciation	-	-
	80,604	854,544
Income Tax Expense	-	-
The income tax expense is represented by	2026	2025
Current Tax	-	-
Deferred Tax	-	-
Income Tax Expense for current year	-	-

15. DEFERRED TAX ASSET / (LIABILITY)

	Depreciation	Swaps	Tax Losses	Other	Total
Balance 1 July 2024	(4,979,415)	(258,872)	5,229,444	8,843	-
Charged to Income	(176,497)	557,917	(382,177)	757	-
Charged to Other Comprehensive Income	-	-	-	-	-
Balance 30 June 2025	\$(5,155,912)	\$299,045	\$4,847,267	\$9,600	-
Balance 1 July 2025	(5,155,912)	299,045	4,847,267	9,600	-
Charged to Income	(321,655)	(5,836)	326,695	796	-
Charged to Other Comprehensive Income	-	-	-	-	-
Balance 30 June 2026	\$(5,477,567)	\$293,209	\$5,173,962	\$10,396	-

There are income tax losses of \$23,758,604 available to be carried forward (2025: \$22,303,968).

A deferred tax asset is recognised in relation to tax losses incurred in prior years to the extent that these losses offset deferred tax liabilities. A deferred tax asset has not been recognised in relation to tax losses of \$5,280,168 (2025: \$4,992,300).

ALIL is a Co-Operative Company, with a primary focus on cost recovery rather than generating taxable profits. This operational model transfers value from ALIL to its shareholders.

There are no unrecognised temporary differences (2025: Nil)

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

16. IMPUTATION CREDIT ACCOUNT

	2026	2025
Opening Balance	8,781	8,720
Resident Withholding Tax Paid	4	141
Income Tax Paid (Refunded) During the Year	(140)	(80)
Closing Balance	<u>\$8,645</u>	<u>\$8,781</u>

17. FINANCIAL INSTRUMENTS

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 that counterparty. Financial instruments which will potentially subject the Company to credit risk principally consist of bank balances, loans, receivables and swaps.

The Company manages its exposure to credit risk to minimise losses from bad debts.

The Company continuously monitors the credit quality of major financial institutions that are counter parties to its financial instruments, and does not anticipate non-performance by the counter parties. The Company from time to time minimises its credit exposure by limiting the amount of funds placed with any one financial institution at any one time.

Maximum exposures to credit risk at reporting date are the carrying amounts of financial assets:

	2026	2025
Bank Balance	84,032	89,706
BNZ - Business First Transact		
BNZ - Business First OnCall	857	848
	<u>\$84,889</u>	<u>\$90,554</u>
Receivables	<u>1,366,137</u>	<u>1,295,930</u>

The above maximum exposures are net of any recognised impairment losses on these financial instruments. No collateral is held on the above amounts.

Concentrations of Credit Risk

Bank Balances

The Company held \$84,889 (2025: \$90,554) worth of cash at reporting date as detailed above. It is the Company's policy to only bank with banks registered with the Reserve Bank of New Zealand.

Receivables

100% of Trade Receivables (2025: 100%) are owed from shareholder farmers within the scheme catchment. Management regularly reviews outstanding amounts to ensure that no impairment is suffered.

None of the receivables have been subject to a significant increase in credit risk since initial recognition, and consequently, no expected credit losses have been recognised.

Liquidity Risk

Liquidity risk represents the Company's ability to meet its financial obligations on time. For the most part the Company generates sufficient cash flows from its operating activities to make timely payments. It is the Company's policy that it will maintain committed funding facilities at a minimum of 105% of the projected peak debt levels over the ensuing twelve month period.

Members of the Finance Committee negotiate with Financiers to ensure that letters of offers are received by the Board three months before maturity date of facilities.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

Interest Risk

The Company has exposure to interest rate risk to the extent that it borrows or invests for a fixed term at fixed rates. The Company manages its cost of borrowing by placing limits on the proportion of borrowings at floating rate, and the proportion of fixed rate borrowing that is repriced in any year. These proportions have been decided on separately for the two different scheme loans (stage 1 piping and stage 2 piping (including ponds & telemetry)).

It is the Company's treasury policy to minimise interest costs and exposure to possible adverse interest rate movements. This will be achieved through the use of fixed interest rate swaps (including forward starting swaps), fixed rate term borrowings, forward rate agreements and interest rate options.

At reporting date the fair value of interest rate contracts outstanding were:

	2026	2025
Interest Rate Swaps:		
Derivatives - Stage 1 Piping	(67,119)	(74,815)
Derivatives - Ponds & Telemetry	(168,158)	(279,252)
Derivatives - Stage 2 Piping	(811,899)	(713,952)
Total derivative financial instruments	<u>\$(1,047,176)</u>	<u>\$(1,068,018)</u>

The change in the fair value of the derivative is recognised in profit or loss. The fair value of the derivatives is the benefit/(cost) that ALIL would receive/(pay) to exit the contracts at reporting date as calculated by the BNZ.

Details of interest rate swaps held at reporting date are:

	Face Value	Effective Date	Expiry Date	Interest Rate	Fair Value
Stage 1 Piping	1,500,000	7/06/2024	30/06/2031	4.56%	(67,119)
Ponds & Telemetry	10,000,000	7/06/2024	30/06/2027	4.74%	(170,645)
Stage 2 Piping	2,500,000	30/06/2027	29/06/2029	4.18%	(27,612)
Stage 2 Piping	10,000,000	30/10/2024	29/10/2027	3.24%	(16,611)
Ponds & Telemetry	2,000,000	30/09/2024	30/09/2027	3.23%	(3,419)
Stage 2 Piping	10,000,000	30/11/2022	30/11/2026	3.75%	(42,004)
Stage 2 Piping	8,000,000	30/11/2026	30/11/2028	4.45%	(154,027)
Stage 2 Piping	8,000,000	29/10/2027	31/10/2029	4.55%	(134,326)
Stage 2 Piping	10,000,000	29/08/2025	31/08/2027	4.21%	(131,346)
Stage 2 Piping	8,000,000	30/11/2028	30/11/2029	4.43%	(50,253)
Stage 2 Piping	2,500,000	30/09/2027	28/09/2029	3.74%	(5,330)
Stage 2 Piping	2,500,000	30/11/2027	28/11/2031	4.06%	(22,994)
Stage 2 Piping	8,000,000	31/08/2027	30/08/2030	4.075%	(83,811)
Stage 2 Piping	2,500,000	31/03/2028	31/03/2032	4.345%	(42,858)
Stage 2 Piping	2,500,000	29/06/2029	30/06/2032	4.31%	(21,536)
Stage 2 Piping	2,500,000	29/06/2029	30/06/2032	4.09%	(7,773)
Stage 2 Piping	2,500,000	29/12/2028	31/12/2031	4.41%	(33,210)
Stage 2 Piping	2,500,000	29/01/2029	30/01/2032	4.51%	(38,594)
Total Interest Rate Swaps Liabilities					<u>(1,053,468)</u>
Ponds & Telemetry	1,000,000	30/09/2020	30/09/2026	0.31%	5,906
Stage 2 Piping	2,500,000	29/09/2028	30/09/2031	3.845%	386
Total Interest Rate Swaps Assets					<u>6,292</u>
					<u><u>\$(1,047,176)</u></u>
Ponds & Telemetry weighted average swap rate				4.17%	
Stage 2 Piping weighted average swap rate				4.09%	

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

Interest Rate Sensitivity

The Company's policy is to minimise interest rate cash flow risk exposures on long-term borrowings by either entering into interest rate swap agreements or by borrowing at fixed interest rates.

The following analysis illustrates the sensitivity of profit and equity to a reasonable change in interest rates of +/- 0.25% (2025: +/- 0.25%). These changes are considered to be reasonably possible based on current market conditions.

The calculations are based on a change in the average market interest rates for each period and the financial instrument held at each reporting date that are sensitive to changes in interest rates.

All other variables are held constant.

	Profit for the Year		Equity	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
30 June 2026	(200,454)	200,454	(144,327)	144,327
30 June 2025	(198,664)	198,664	(143,038)	143,038

Fair Value

The fair values of financial instruments, including bank balances and overdrafts, receivables and payables do not differ to the carrying amounts in the Statement of Financial Performance.

Financial Instruments

	2026	2025
Amortised Cost		
Bank Balances	84,889	90,554
Accounts Receivable	1,366,137	1,295,930
	<u>1,451,026</u>	<u>1,386,484</u>
Financial assets measured at Fair Value through Profit & Loss		
Shares in Ashburton Trading Society Limited	1,440	1,440
Shares in Farmlands Co-Operative Society Limited	500	500
Shares in Rangitata Diversion Race Management Limited	30,000	30,000
Interest Rate Swaps	6,292	34,205
	<u>38,232</u>	<u>66,145</u>
Financial liabilities measured at amortised cost		
Accounts Payable	534,780	331,640
GST Payable	112,878	163,398
BNZ Term Loan	79,756,358	79,000,172
	<u>80,404,016</u>	<u>79,495,210</u>
Financial liabilities measured at Fair Value through Profit & Loss		
Interest Rate Swaps	1,053,468	1,102,223

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

Financial instruments measured at fair value

The following table presents the Company's financial assets and liabilities measured at fair value in the Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial liabilities. The fair value hierarchy has the following levels:

- Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows using published market swap rates as prepared by Bank of New Zealand.
- Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Year 2025	Level 1	Level 2	Level 3	Total
Assets:				
Shares in Ashburton Trading Society Limited	-	-	1,440	1,440
Shares in Farmlands Co-Operative Society Limited	-	-	500	500
Shares in Rangitata Diversion Race Management Limited	-	-	30,000	30,000
Interest Rate Swaps	-	34,205	-	34,205
Liabilities:				
Interest Rate Swaps	-	1,102,223	-	1,102,223
Year 2026	Level 1	Level 2	Level 3	Total
Assets:				
Shares in Ashburton Trading Society Limited	-	-	1,440	1,440
Shares in Farmlands Co-Operative Society Limited	-	-	500	500
Shares in Rangitata Diversion Race Management Limited	-	-	30,000	30,000
Interest Rate Swaps	-	6,292	-	6,292
Liabilities:				
Interest Rate Swaps	-	1,053,468	-	1,053,468

Maturity Analysis of Liabilities Repayable as follows:

Year 2025	Less than 1 year	Between 1-5 years	Greater than 5 years
Liabilities:			
GST Payable	163,398	-	-
Payables	331,640	-	-
Swaps *	480,480	-	-
Bank Mortgage *	80,721,717	-	-
Total	\$81,697,235	-	-
Year 2026	Less than 1 year	Between 1-5 years	Greater than 5 years
Liabilities:			
GST Payable	112,878	-	-
Payables	534,780	-	-
Swaps *	362,661	-	-
Bank Mortgage *	82,202,884	-	-
Total	\$83,213,203	-	-

* These amounts represent the current principal and interest repayment obligations of the Company based on interest rates and agreements with the Bank of New Zealand in force at reporting date.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

18. TRADE & OTHER RECEIVABLES

	2026	2025
Accounts Receivable	1,366,137	1,295,930
Prepayments	417,455	462,791
Income Tax Receivable	4	140
	<u>\$1,783,596</u>	<u>\$1,758,861</u>

19. PROPERTY, PLANT & EQUIPMENT

	Scheme Structures	Buildings	Plant & Equipment	Motor Vehicle	Land	Total
Year Ended 30 June 2025						
Carrying Amount 1 July 2024	107,952,723	351,915	89,524	206,424	4,933,818	113,534,404
Additions	2,574,940	-	5,588	46,807	-	2,627,335
Disposals	(3,043)	-	(54)	-	-	(3,097)
Impairment	(326,871)	-	-	-	-	(326,871)
Depreciation	(2,825,119)	(10,557)	(23,663)	(60,196)	-	(2,919,535)
Carrying Amount 30 June 2025	<u>\$107,372,630</u>	<u>\$341,358</u>	<u>\$71,395</u>	<u>\$193,035</u>	<u>\$4,933,818</u>	<u>\$112,912,236</u>
30 June 2025						
Cost	137,338,374	522,882	448,837	406,873	4,933,818	143,650,784
Accumulated Depreciation	(29,965,744)	(181,524)	(377,442)	(213,838)	-	(30,738,548)
Carrying Amount	<u>\$107,372,630</u>	<u>\$341,358</u>	<u>\$71,395</u>	<u>\$193,035</u>	<u>\$4,933,818</u>	<u>\$112,912,236</u>
	Scheme Structures	Buildings	Plant & Equipment	Motor Vehicle	Land	Total
Year Ended 30 June 2026						
Carrying Amount 1 July 2025	107,372,630	341,358	71,395	193,035	4,933,818	112,912,236
Additions	3,613,552	-	25,897	153,992	-	3,793,441
Disposals	-	-	-	(49,135)	-	(49,135)
Depreciation	(2,652,340)	(10,241)	(25,278)	(54,454)	-	(2,742,313)
Carrying Amount 30 June 2026	<u>\$108,333,842</u>	<u>\$331,117</u>	<u>\$72,014</u>	<u>\$243,438</u>	<u>\$4,933,818</u>	<u>\$113,914,229</u>
30 June 2026						
Cost	140,951,926	522,882	474,734	456,559	4,933,818	147,339,919
Accumulated Depreciation	(32,618,084)	(191,765)	(402,720)	(213,121)	-	(33,425,690)
Carrying Amount	<u>\$108,333,842</u>	<u>\$331,117</u>	<u>\$72,014</u>	<u>\$243,438</u>	<u>\$4,933,818</u>	<u>\$113,914,229</u>

All property of the Company is subject to a General Security Agreement in favour of the Bank of New Zealand.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

20. INTANGIBLE ASSETS

Year Ended 30 June 2025

Carrying Amount 1 July 2024

Additions

Amortisation

Carrying Amount 30 June 2025

30 June 2025

Cost

Accumulated Amortisation

Carrying Amount

Year Ended 30 June 2026

Carrying Amount 1 July 2025

Additions

Disposals

Carrying Amount 30 June 2026

30 June 2026

Cost

Accumulated Amortisation

Carrying Amount

Resource Consents	Easement Costs	Total
443,603	1,220	444,823
128,870	-	128,870
-	(1,220)	(1,220)
572,473	-	572,473
572,473	-	572,473
-	-	-
572,473	-	572,473
572,473	-	572,473
91,697	-	91,697
(34,856)	-	(34,856)
629,314	-	629,314
664,170	-	664,170
(34,856)	-	(34,856)
629,314	-	629,314

21. RIGHT OF USE ASSETS & LEASE LIABILITIES

Right Of Use Assets

Carrying Amount 1 July

Effect of Modification to Lease Terms

Depreciation

Carrying Amount 30 June

Lease Liability

Carrying Amount 1 July

Effect of Modification to Lease Terms

Lease Repayments

Carrying Amount 30 June

Current Portion Lease Liability

Non-Current Portion Lease Liability

2026	2025
285,096	290,692
17,202	16,266
(22,945)	(21,862)
\$279,353	\$285,096
304,940	304,339
17,202	16,266
(17,449)	(15,665)
\$304,693	\$304,940
16,647	14,740
288,046	290,200
\$304,693	\$304,940

The Company leases office space that was previously rented by Irrigo Centre Limited, along with MHV Water Limited, Barrhill Chertsey Irrigation Limited and Acton Farmers Irrigation Co-Operative Limited.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate. At inception of the lease agreement, this rate was 7.56%.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

22. TERM LIABILITIES

Previously ALIL entered into a loan agreement with the Bank of New Zealand (BNZ) to provide additional funding for the construction of stage 2 of the piping scheme.

On the 28th August 2024 ALIL entered into updated loan agreements with the BNZ for the facilities relating to the construction of stage 2 of the piping scheme. The loans have an extended repayment profile out to June 2057 at a 6% p.a. interest rate amortisation profile.

On the 20th March 2026, the Company confirmed renewal terms with the BNZ for a further one year term. The new expiry date of the facilities was extended until 1 April 2027.

Under these facilities, ALIL has \$688,383 of undrawn funds available at reporting date.

There are two covenants attached to the BNZ facilities.

1) Debt servicing coverage ratio (EBITDA / Principal & Interest) to be greater than 1.0x at all times. The ratio is to be measured annually on a 12-month basis on the last day of each financial year.

2) Debt to Tangible Assets of less than 80% at all times. The ratio will be tested annually on the last day of each financial year.

The Company's monitors the covenant ratios throughout the year before it is reported to the BNZ. No indication exists to show that the covenants will not be met.

The loans are covered by registered first mortgages of the Company's properties at 266 Springfield Road, Dip Road, Franks Road, Cnr Dromore Methven Road & Braemar Lauriston Road, Cnr Cairnbrae & McKendry's Road, a negative pledge over remaining land assets, a general security agreement, an Assignment of Deed, being the irrigation supply agreement, between the Company and RDRML and a specific charge over 30,000 shares issued by RDRML.

23. TOTAL EQUITY

	2026	2025
Share Capital	44,496,483	43,857,283
Retained Earnings	(5,549,898)	(5,259,659)
Total Equity	\$38,946,585	\$38,597,624

(a) Share Capital

2025	Number of Shares	Share Value
Opening Ordinary Shares	1,290,019	42,930,883
Ordinary shares issued	5,790	926,400
Closing Ordinary Shares	1,295,809	\$43,857,283

2026	Number of Shares	Share Value
Opening Ordinary Shares	1,295,809	43,857,283
Ordinary shares issued	3,995	639,200
Closing Ordinary Shares	1,299,804	\$44,496,483

Share capital has a par value of \$1 per share. All shares have been fully paid (2025: All shares have been fully paid).

The Company's capital is managed with the objective of issuing new shares to irrigate additional land within its scheme boundaries through water being available through its own efficiencies or that of RDRML. The Company's primary source of working capital funding is through an annual water charge to cover the Company's operational expenditure. The Company is able to pay dividends but its primary focus is to deliver reliable water in the most cost effective manner to its shareholders. There are currently no bank covenants restricting borrowings, other than a requirement to meet certain debt servicing ratios set by the bank. All bank and internal capital management objectives have been met. This has not changed since last year.

Subject to Board approval shareholders are able to sell their shares, typically through a tender process to either existing shareholders not fully contracted or new shareholders within the Scheme area. The Company facilitates this process.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

Share Issue:

The Company has previously issued an Information Memorandum to existing shareholders in the scheme, offering a further issue of 40,000 shares in the Company at an issue price of \$160 per share. Subsequently the Board has increased the offer to 60,000 shares at \$160 per share, with a 10% deposit payable on application with the balance payable at the discretion of the Board (typically on availability of water delivery).

To June 2026 applications for 53,253 have been received. 9,863 shares have been fully paid and issued. 43,390 shares have had deposits paid totalling \$691,240.

(b) Retained Earnings / (Accumulated Losses)

	2026	2025
Balance at beginning of the period	(5,259,659)	(1,871,050)
Profit for the year	(290,239)	(3,388,609)
Balance at end of the period	<u>\$(5,549,898)</u>	<u>\$(5,259,659)</u>

24. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Share Capital	Leases	Loans & Borrowings	Interest Rate Swap Liabilities	Interest Rate Swap Assets	Total
Year Ended 30 June 2025						
Amounts at 1 July 2024	42,930,883	304,339	79,130,273	206,757	(1,131,299)	121,440,953
Net Financing Cash Flows	1,649,960	(15,665)	(130,100)	-	-	1,504,195
New Leases	-	16,266	-	-	-	16,266
Changes in Fair Value	-	-	-	895,466	1,097,094	1,992,560
Carrying Amount 30 June 2025	<u>\$44,580,843</u>	<u>\$304,940</u>	<u>\$79,000,173</u>	<u>\$1,102,223</u>	<u>\$(34,205)</u>	<u>\$124,953,974</u>

	Share Capital	Leases	Loans & Borrowings	Interest Rate Swap Liabilities	Interest Rate Swap Assets	Total
Year Ended 30 June 2026						
Amount at 1 July 2025	44,580,843	304,940	79,000,173	1,102,223	(34,205)	124,953,974
Net Financing Cash Flows	592,863	(17,449)	756,186	-	-	1,331,600
New Leases	-	17,202	-	-	-	17,202
Changes in Fair Value	-	-	-	(48,756)	27,913	(20,843)
Carrying Amount 30 June 2026	<u>\$45,173,706</u>	<u>\$304,693</u>	<u>\$79,756,359</u>	<u>\$1,053,467</u>	<u>\$(6,292)</u>	<u>\$126,281,933</u>

25. CAPITAL COMMITMENTS

The Company has entered into a conditional purchase agreement for a parcel of land at 301 Forks Road, Ashburton. The agreement is subject to survey, subdivision and issuance of title. At balance date a deposit of \$17,721 has been made. (2025: None).

26. CONTINGENCIES & PROVISIONS

The company has acted as guarantor for an external loan arrangement for Mid Canterbury Water Storage Limited (MCWSL). The maximum exposure the company has is \$3.835 million (2025: \$3.835 million). MCWSL has provided security interest over its property in respect of this loan. This facility has an expiry date of the 27th March 2026. The facility was renewed on the same terms and conditions with an updated expiry date of 30th March 2027.

There are no other contingencies or provisions owed by the Company.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

27. ASSOCIATE COMPANY & JOINT VENTURE

i) FEP Dashboard Limited (FEPD)

The Company holds 50 ordinary shares (50%) in FEP Dashboard Limited (FEPD) and is represented on the Board by two Directors. The company has been set up to hold the rights to the software that delivers Farm Environmental Plan (FEP) dashboards.

FEPD is a joint venture where ALIL has joint control of the entity along with MHV Water Limited. ALIL applies the Equity method when accounting for its interest in FEPD.

ii) Mid Canterbury Water Storage Limited (MCWSL)

The Company holds 50 shares (50%) in Mid Canterbury Water Storage Limited and may appoint up to 3 directors to the Board, out of a maximum of 6. If fewer than 3 Directors are appointed, such shareholder-appointed Directors, together, are entitled to 3 votes on any Board vote. The company has been set up to purchase land and resource consents to facilitate the design, construction and operation of a water storage facility at Klondyke.

MCWSL is a joint venture where ALIL has joint control of the entity along with MHV Water Limited. ALIL applies the Equity method when accounting for its interest in MCWSL.

MCWSL is a separate incorporated company owned by ALIL and MHV Water Limited. MCWSL was incorporated to own the land and various consents to build and operate a water storage facility at Klondyke. The contractual arrangement provides ALIL with only the rights to the net assets of MCWSL, with the rights to the assets and obligations for liabilities of the joint venture resting primarily with MCWSL.

Results of Associates

Reporting Date

	FEPD 31 March		MCWSL 31 May	
	2026	2025	2026	2025
Revenue	23,506	12,100	540,765	701,631
Operating Profit before tax	1	52	231	(36,277)
Taxation	-	(15)	(65)	10,157
Total Operating Surplus / (Loss)	\$1	\$37	\$166	\$(26,120)

No dividends were received from FEPD or MCWSL during the years ended June 2025 or 2026.

FEPD and MCWSL are private companies, therefore no quoted prices are available for their shares.

A reconciliation of the above summarised financial information to the carrying amount of the investment is summarised below:

2025	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Total Net Assets	% Held	Carrying Amount
FEPD	16,033	7,384	(6,140)	(8,882)	8,395	50.00%	4,198
MCWSL	181,708	16,727,092	(106,692)	(7,670,000)	9,132,108	50.00%	4,566,054
							<u>\$4,570,252</u>
2026	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Total Net Assets	% Held	Carrying Amount
FEPD	33,089	3,692	(8,069)	(20,315)	8,397	50.00%	4,199
MCWSL	257,848	16,885,975	(341,549)	(7,670,000)	9,132,274	50.00%	4,566,137
							<u>\$4,570,336</u>

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

28. KEY MANAGEMENT PERSONNEL

Key management personnel includes the directors of the Company and the Chief Executive. During the year remuneration has been paid to these personnel as follows:

	2026	2025
Salaries & directors fees	\$374,010	\$330,402

During the year the directors were paid directors fees as detailed in the Annual Report and Note 8. The amounts owing to directors at 30 June 2026 is \$27,500 (2025 \$26,305).

29. TRANSACTIONS WITH RELATED PARTIES

The entities, the nature of the relationship and the types of transactions which the Company entered into are detailed below:

The entities, the nature of the relationship and the types of transactions which the Company entered into are detailed below:			
Related Entities	Nature of Relationship	Types of Transactions	
FEP Dashboard Limited	Joint control	Funds Advanced / Software License Fees	
Mid Canterbury Water Storage Limited	Joint control	Funds Advanced / Service Charges / Chief Executive Consultancy	
		2026	2025
Supply of Services			
Supply of services to MCWSL		24,536	20,567
		<u>\$24,536</u>	<u>\$20,567</u>
Purchases of goods and services			
Purchase of services from FEPD		11,753	6,050
Purchase of services from MCWSL		21,778	129,904
		<u>\$33,531</u>	<u>\$135,954</u>
Trade balances with related parties			
Trade balances payable - FEPD		-	-
Trade balances payable - MCWSL		5,360	15,042
		<u>\$5,360</u>	<u>\$15,042</u>
Related party loans			
Related party loan receivable - FEPD		10,164	4,448
Related party loan receivable - MCWSL		137,944	7,212
		<u>\$148,108</u>	<u>\$11,660</u>

The loans to FEPD & MCWSL are non-interest bearing, unsecured and are repayable on demand.

Directors purchase water from the Company on the same terms and conditions as the other shareholders.

The Company is a shareholder in Rangitata Diversion Race Management Limited. Philip A Lowe was the Company's representative with Suzanne C Duncan as his alternate. Refer to note 13 for more detail.

The Company is a shareholder in FEP Dashboard Limited. Suzanne C Duncan is the Company's director representative along with the Chief Executive, Rebecca Whillans. Refer to note 27 for more detail.

The Company is a shareholder in Mid Canterbury Water Storage Limited. Steven E B Bierema and Andrew W Macfarlane are the Company's director representatives. ALIL's Chief Executive, Rebecca Whillans, acts as the Chief Executive for MCWSL.

Refer to note 27 for more detail.

Ashburton Lyndhurst Irrigation Limited

Notes to Financial Statements

For the Year Ended 30 June 2026

The Company has created committees, with positions filled by both board members and independent individuals. Current committees and their board member representatives are:

Finance Committee:

Suzanne C Duncan (Chair) & Steven E B Bierema.

Catchment & Water Quality Committee:

Alison M Van Polanen (Chair) & Philip A Lowe.

30. EVENTS SUBSEQUENT TO BALANCE DATE

1) On the 7th July 2026 the Company exercised a Right of First Refusal on a parcel of land at 326 Springfield Road, Lauriston, near to an existing scheme pond. The Company will purchase two blocks of land, totalling 47ha for a total purchase price of \$3.5 million. Contemporaneously, the Company will sell 14ha of land already owned by the Company at the same per hectare price. The agreements are subject to survey and subdivision.

On the 31st July 2026 the Company completed the purchase of one block of land for 31ha at a purchase price of \$2.3 million. The purchase of the remaining 16ha, along with the sale of the 14ha block, are still in progress. As both transactions occur at the same per hectare price, the outstanding liability to the Company is \$150,000.

2) The Company has agreed to increase the maximum exposure of their guarantee provided to MCWSL in relation to two new loan facilities taken out by MCWSL. The maximum exposure has been increased to \$4.285 million plus interest and costs.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ASHBURTON LYNDHURST IRRIGATION LIMITED**

Opinion

We have audited the financial statements of Ashburton Lyndhurst Irrigation Limited ("the Company"), which comprise the statement of financial position as at 30 June 2026, and the statement of comprehensive income, statement of movements in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2026, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and IFRS[®] Accounting Standards.

Basis for Opinion

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

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

Key Audit Matters

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

There were no Key Audit Matters to be communicated as a result of our audit.

Other Information

The directors are responsible for the other information. The other information comprises the Company Directory, Chairman, Chief Executive's, and Annual Reports, but does not include the financial statements and our auditor's report thereon.

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

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

Directors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

This description forms part of our auditor's report.

Who we Report to

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

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

BDO Christchurch Audit Limited

BDO Christchurch Audit Limited
Christchurch
New Zealand
15 September 2026