

AUDIT REPORT

TO THE READERS OF CENTRAL PLAINS WATER TRUST'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of Central Plains Water Trust (the Trust). The Auditor-General has appointed me, K J Boddy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust, on his behalf, for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the Trust on pages 9 to 22:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Trust's financial position as at 30 June 2008; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the Trust on pages 21 and 22 fairly reflects the achievements measured against the performance targets adopted for the year ended 30 June 2008.

The audit was completed on 20 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion, which refers to a fundamental uncertainty about the validity of the going concern basis on which the financial statements have been prepared, is explained below. In addition, we outline the responsibilities of the Trustees and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

Fundamental uncertainty about the validity of the going concern basis on which the financial statements have been prepared

In forming our unqualified opinion, we have considered the adequacy of the disclosures made in the Statement of Accounting Policies on pages 12 and 13 concerning the ability of the Trust to continue as a going concern.

The financial statements have been prepared on a going concern basis, the validity of which depends upon continued funding from Central Plains Water Limited or other sources. Central Plains Water Limited's continued existence depends upon obtaining resource consents and obtaining further funding from existing shareholders or other sources. If Central Plains Water Limited was unable to continue to provide funding and no funding was available from other sources, the Trust would be unable to continue its current operations into the foreseeable future.

If the Trust were unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the Statement of Financial Position. In addition, the Trust may have to provide for further liabilities that might arise.

Responsibilities of the Trustees and the Auditor

The Trustees are responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Trust as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The Trustees are also responsible for preparing performance information that fairly reflects service performance achievements for

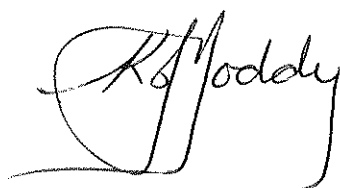
the year ended 30 June 2008. The Trustees' responsibilities arise from the Local Government Act 2002 and clause 15 of the Trust Deed of the Trust.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Trust.

A handwritten signature in black ink, appearing to read 'K J Boddy'. The signature is stylized with a large, sweeping initial 'K' and 'B'.

K J Boddy
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand