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Newsletter

May 2009

General Manager

We are pleased to announce the appointment of Hamish Tait as our new General Manager. Hamish will be known to many shareholders having been brought up in the Lowcliffe area. He has a strong technical background and has worked on several engineering projects both in New Zealand and the UK. Hamish lives in Ashburton and will be based at the RDR office. We look forward to his involvement in the development of our scheme and while his initial workload will be heavy, every attempt will be made to make Hamish familiar to all shareholders. Hamish will start with us on June 15 and his contact details will be forwarded in due course.

Workshop

Your Board, ably assisted by Ross Polson, an advisor with the Lauriston Farm Improvement Club, recently held a workshop to thoroughly analyse our opportunities. Regulatory pressure, water use patterns, delivery efficiency and security of water supply all culminate in the need for scheme growth. The Board's focus is to achieve this without detrimentally affecting existing shareholders. Pressurised scheme delivery is also on the agenda.

Irrigation reliability and seasonal volume of water need to be quantified to provide the platform for the future. We need to invest in further studies to achieve maximum effect from our scheme allocation. Beca are updating the Carew Storage model to include the most recent irrigation seasons, and this information can also be used to assist the scheme growth and pressurised delivery analysis.

Audited Self Management is a term now often used in irrigation scheme discussions. Our scheme and farm

practices must stand audit – the question is “Who do we want governing our scheme's water resources, Ecan or MHIL?”

As our “on farm” efficiency increases, does the need for reliability and/or seasonal allocation increase or decrease?



Shareholder response to these questions is sought and valued as is an indication of shareholder interest in being involved in a pressurised supply.

Pumping directly from scheme races has been discouraged in recent years due to the negative downstream effects. In view of the focus on pressurised supply these direct takes can continue but a flow meter will be required to measure the scheme allocation. Storage, **both** on farm and scheme will be essential

under pressurised supply to ensure reliability and flexibility of our water. How much and where will be become more obvious as the studies are worked through and communication with shareholders on these matters will continue.

The Hearings held in February for the Carew Storage Project went well. Delays were incurred as further information was sought and submitters were given an opportunity to comment. The commissioners have considered our Right of Reply and are not seeking any further information from us. Consequently, we expect a decision by May 22, and subsequently, the decision may be appealed by either party.

Prospectus

The Prospectus and Investment Statement for Mayfield Hinds Irrigation Limited is due to be registered by the Companies Office and sent out to shareholders on 25 May 2009. The shareholding in Mayfield Hinds Irrigation Limited will be increased by two shares per hectare to four shares per hectare with a compulsory shareholding increase of two shares per hectare. The price payable for each share is \$9.00 or \$18 per hectare. The requirement to complete an interim set of audited financial statements which were also required to be reviewed by the Companies Office has delayed the release of the Prospectus and Investment Statement. The application and payment for the extra shares needs to be received at the offices of Brophy Knight Limited by **no later than 5 pm on Friday 26 June 2009**. This amount was signaled at our Annual Meeting as part of our budgeted income for the year. The consequences of a failure to apply for the extra shares is spelt out clearly in the Prospectus:

4.2 Increase of Share requirement to 4 shares per hectare

From the conclusion of the issue under this prospectus the Board of the Company has determined that it will increase the number of shares that must be held to receive delivery of water from two (2) shares for each hectare to four (4) shares for each hectare. There is a risk to shareholders that if they do not apply for shares under this offer then they may place at risk their right to the same level of supply of water to the property owned by the shareholder. It is important that shareholders understand the requirement to hold shares in the Company to qualify to receive water from the Company.

4.3 Entitlement to shares under this offer

Each shareholder is entitled to one (1) share being of-



ferred under this prospectus for every one ordinary share at present held. There is no right to apply for additional shares and if a shareholder does not apply for one (1) share for every one (1) share already held then the right to those shares under this offer will lapse. In the event of such a lapsing the provisions set out above relating to the future supply of water will apply.

7.2 Risks/Reduction in Water Supply

The risk for every shareholder is the share qualification referred to in clause 4.2. If a shareholder does not comply with the requirement to hold four (4) shares for every hectare for which irrigation water is supplied then for a current shareholder, who does not apply for the shares offered under this prospectus, the volume of water currently supplied may be reduced by 50%.

A prompt reply to the Prospectus is requested..

Company Name

Because of the change of status to a co-operative company the scheme's name will now be Mayfield Hinds Irrigation Limited and future stationery, signwriting etc will reflect this.

D Keeley—Chairman

Mission Statement

To maximise the delivery and security of water to all shareholders