

Barrhill Chertsey Irrigation Limited
Financial Statements
for the Year Ended 31 March 2009

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Barrhill Chertsey Irrigation Limited
Chairman's Report
For the Year Ended 31 March 2009

The last twelve months has seen significant activity for BCI and the Company is poised to release a final prospectus to raise capital for the irrigation scheme development.

The primary goal of the year has been to prepare a business case for shareholders to utilise eight of the seventeen cumecs of consented Rakaia River water for irrigation in a stage one development, and to utilise the entire consented volume for electricity generation.

Development partner Electricity Ashburton Limited (EA) were granted consents to construct the primary canal in May 2008 and have progressed engineering and formed an alliance with Fulton Hogan Limited to construct the infrastructure.

BCI and Rangitata Diversion Race Management Limited (RDRML) sought clarification on the legality of the proposed water swap from the Environment Court (declaratory judgment) during the year and following a positive response signed off a Working Deed which set down the rules for ongoing negotiations.

Funding of the activities to this point was achieved through non-recourse loans from EA, Ashburton District Council (ADC) and an overdraft facility guaranteed by Directors of the Company.

To fund the ongoing final feasibility studies BCI released a short form prospectus to farmers in the target area in October 2008 to raise \$2,670,000. The \$150 per hectare was required to fund ongoing legal and engineering studies to bring the final business case to shareholders.

Part of the capital raising process was to convert those existing and founder shares held by shareholders to the new ordinary shares using the conversion rights originally attached to those shares. Those who did not wish to partake in the further investigations allowed their shares to convert on the same basis to Redeemable Preference Shares which will be paid out by the Company in time.

This capital raising was significantly oversubscribed and the BCI Board decided to make full allocations to existing shareholders, decline applications from a group of farmers in the Pendarves and Dorie areas, and make proportional allocations to all remaining applicants.

The Company then released a further prospectus to those farmers in the Pendarves and Dorie areas to undertake feasibility studies of a separate scheme to deliver BCI water through the ADC Acton stock water network. This process raised a further \$540,000 from farmers considering utilising 1.6 cumecs of water.



Barrhill Chertsey Irrigation Limited
Chairman's Report
For the Year Ended 31 March 2009

Following the capital raising BCI engaged engineering consultants MWH to prepare preliminary designs of a suitable pump station to deliver eight cumecs of water from the EA primary canal to the RDR. This work has been completed and the pricing factored in to the indicative pricing of the final scheme.

BCI has continued to negotiate with Trustpower Limited and a decision was made to utilise the existing penstock at Highbank to convey water to the RDR. The access deed for this arrangement will be completed for the final capital raising.

The working party outlined in the RDRML working deed has continued to meet since the positive declaratory judgment.

The working party has discussed various technical and contractual issues which has led to BCI engaging consultants to assist the group understanding these issues and the preliminary design of various structures associated with the water swap and offtake from the RDR. This process has culminated in the preparation of an Access Deed to allow BCI to undertake the water swap process, which is anticipated will be signed off prior to the release of the final prospectus.

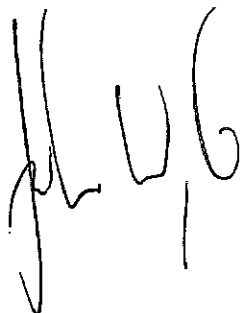
BCI engaged Tyco Flow Control Pacific Pty Ltd (Tyco) to prepare a distribution design after analysing the three preliminary design proposals which had been prepared earlier in the year. Tyco have since provided a fixed price contract to BCI for a "design and build" of a piped distribution system. BCI has engaged Rawlinsons Limited, Quantity Surveyors, to provide a review of and support this contract.

Discussions have continued with ADC around financial support for the development on the basis that half of the primary infrastructure will not be required by the first stage irrigators. ADC have shown significant support for this project and have included a proposal to provide \$7m over five years to support cash flow shortfalls in its annual plan public consultation process.

BCI also initiated discussions with MAF and Treasury relating to potential Central Government support for the project on the basis of significant economic returns. Such support has not been forthcoming but BCI has received support from the MAF Community Irrigation Fund for the purpose of promoting the scheme to farmers.

I wish to thank the BCI board and extended project team for their commitment to achieving a positive project outcome over the last year.

John Wright
Chairman



Barrhill Chertsey Irrigation Limited
Company Particulars
as at 31 March 2009

Incorporation	27 August 1998
Company Number	922777
IRD & GST Number	71-834-628
Share Capital	Ordinary Shares 2,670,000 Acton Ordinary Shares 540,516 Redeemable Preference Shares 377,424 Preference Shares 15,000
Constitution	The Company adopted its own Constitution dated 11 May 1998
Registered Office	Level 2, 161 Burnett Street Ashburton
Directors	John Alexander Wright (Chairman) Marrs Road No 12 R D Rakaia Christopher John Bell Taverners Road No 2 R D Ashburton Roger Anthony Bonifant Avoca No 7 R D Ashburton Colin Robert Maw Backtrack Road No 12 R D Rakaia



Barrhill Chertsey Irrigation Limited
Company Particulars
as at 31 March 2009

Mark Christopher Robinson
"Kinellar"
No 6 R D
Ashburton

Bruce Robert Sim
Urral Road
No 6 R D
Ashburton

Bankers

National Bank of New Zealand Ltd
P O Box 112
Ashburton

Accountants

Croys Ltd
Level 2, 161 Burnett Street
Ashburton

Secretary

Trevor J Croy, FCA, ACIS
Level 2, 161 Burnett Street
Ashburton

Auditors

Myers & Co
201 - 213 West Street
Ashburton



Barrhill Chertsey Irrigation Limited
Annual Report
for the Year Ended 31 March 2009

The Directors submit the annual report of the company and the financial statements of the company for the Year Ended 31 March 2009.

FINANCIAL STATEMENTS

The Financial Statements attached to this Report form part of and should be read in conjunction with this report. The directors consider there are no unusual or other matters which warrant their comment other than those discussed below and the company's situation is clearly stated by the accounts. Reliance is placed on the close association of shareholders and directors in the daily management of the company, and hence the knowledge of its situation.

CHANGE IN BUSINESS

There has been no material change in the company's business or classes of business that the company is engaged in during the year that is material to an understanding of the company's business.

DIRECTORS

The directors of the company during the year under review were;

John A Wright

Christopher J Bell

Roger A Bonifant

Colin R Maw

Reappointed 17 September 2008

Mark C Robinson

Bruce R Sim

Reappointed 17 September 2008

DIRECTORS INTERESTS

The following entries have been recorded in the interests register for the year ended 31 March 2009.

John Wright has Directorship in the following Companies:

- * Belmont Methven Limited
- * Member of Foundation of Arable Research
- * J A Wright Farm Limited
- * Wright Farms Methven Limited
- * Advanced Feed Limited

Roger Bonifant has Directorship in the following Companies:

- * Motor Trade Finances Limited (Chairman)
- * Rawlinsons Limited (Chairman)
- * Ashburton Contracting Limited (Chairman)
- * Lake Hood Extension Project Joint Venture (Chairman)



Barrhill Chertsey Irrigation Limited
Annual Report
for the Year Ended 31 March 2009

- * Timaru District Holdings Limited (Deputy Chairman)
- * Rural Equities Limited (resigned 31 March 2009)
- * W Pinckney Limited
- * Northburn Investments Limited
- * CBS Canterbury
- * Lynn River Limited
- * Hobsonville Land Company Limited (resigned 30 April 2008)
- * Hawkesbury Community Living Trust (Trustee)
- * Glenaray Trust (Trustee)
- * Northburn Trust (Trustee)
- * Bonifant Partnership Limited

Colin Maw has Directorship in the following Companies:

- * Poplar Grove Farm Limited
- * Highbank Water Society
- * Member of the Arable Research Group for Foundation of Arable Research

Mark Robinson has Directorship in the following Companies:

- * Kinellar Dairies Limited
- * Mountainview Borage Limited
- * Mountainview Park Limited

Bruce Sim has Directorship in the following Companies:

- * Bruce Sim Farm Limited
- * Kapeti Kale Growers Limited
- * Highbank Water Society

DIRECTORS REMUNERATION

The Chairman, Mr J Wright received management fees for the year of \$25,000. No other Directors or former Directors received any remuneration or other benefits from the company during the year.

DIRECTORS SHARE DEALING

The following table sets out each Director's relevant interest in shares of the Company held in their own name or where the Director is a shareholder of a company, or a Trustee of a Trust, or a Partner of a partnership which owns shares in the Scheme as at the date of this report.

Director	Class of Share	No of Shares
John A Wright	Fully Paid Ordinary Shares	35,707
John A Wright	Partly Paid Ordinary Shares	10,609
Christopher J Bell	Fully Paid Ordinary Shares	17,000
Roger A Bonifant	Fully Paid Acton Shares	12,000



Barrhill Chertsey Irrigation Limited
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for the Year Ended 31 March 2009

Colin R Maw	Fully Paid Ordinary Shares	12,219
Mark C Robinson	Fully Paid Ordinary Shares	22,500
Bruce R Sim	Fully Paid Ordinary Shares	19,565

DIRECTORS & OFFICERS LIABILITY INSURANCE

As elected by the Directors and Officers of the Company, no Insurance has been acquired prior to 31 March 2009.

EMPLOYEE REMUNERATION

No employees or former employees of the company, not being Directors of the company, received remuneration or other benefits in their capacity as employees exceeding \$100,000 per annum.

CO-OPERATIVE COMPANIES ACT 1996 DECLARATION

The Company has throughout the period from 1 April 2008 until 31 March 2009 been a co-operative company.

The reasons why the directors consider that the Company has been a co-operative company under the Co-operative Companies Act 1996 during the said period are:

- a) the Company has been carrying out a co-operative activity as defined in Section 3 of the said Act;
- b) the Company has been marketing services to be provided by the Company to its shareholders being the supply of water for irrigation and has been entering into commitments to enter into commercial arrangements with its shareholders.

DONATIONS

The company did not make any donations during the year.

AUDIT

The financial statements of the company have been audited by Myers & Co. All amounts paid to the auditor are shown as a separate amount in the financial statements.

Signed for and on behalf of the Board on 28 May 09 (date)

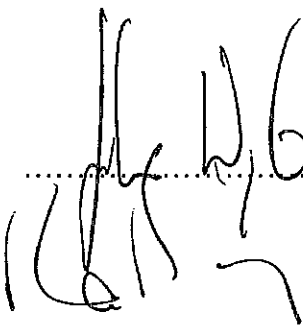
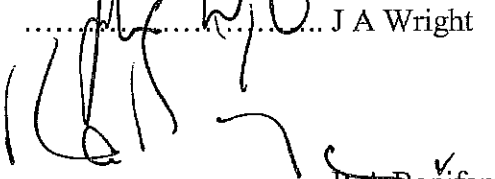
..... John A Wright

..... Roger A Bonifant



Barrhill Chertsey Irrigation Limited
Balance Sheet
as at 31 March 2009

	Notes	2009 \$	2008 \$
Current Assets			
Cash and cash equivalents	5	1,573,868	15,618
GST receivable		43,156	13,326
Total Current Assets		1,617,024	28,944
Non Current Assets			
Fixed Assets from Schedule	6	2,951	-
Intangible Assets from Schedule	7	47,011	21,592
Total Non Current Assets		49,962	21,592
Total Assets		1,666,986	50,536
Current Liabilities			
Accounts Payable	8	358,986	105,985
Non Current Liabilities			
Ashburton District Council Loan	9	100,000	-
Preference Shares	10	259,494	15,000
Total Non Current Liabilities		359,494	15,000
Total Liabilities		718,480	120,985
Net Assets		948,506	(70,449)
Equity			
Share Capital	11	2,272,044	651,146
Retained earnings		(1,323,538)	(721,595)
Total Equity		948,506	(70,449)

..... J A Wright

 R A Bonifant


NOTE: This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements and the Auditors Report.

Barrhill Chertsey Irrigation Limited
Income Statement
For the year ended 31 March 2009

	Notes	2009	2008
		\$	\$
Revenue			
Interest		13,720	2,378
MAF Sustainable Farming Fund Grant		32,589	-
Total Revenue		46,309	2,378
Expenses			
Accountancy & Secretarial Fees		12,178	1,950
Consultancy Fees		41,991	11,635
Office Expenses		4,861	3,528
Subscriptions		100	-
Research Fees		291,379	22,617
Legal Issues		236,918	60,908
Companies Office Charges		250	250
Audit Fees		3,950	1,320
Bank Charges		1,606	78
Interest		7,031	11
		600,264	102,297
Operating Expenses			
Advertising		270	-
Travel Expenses		6,602	138
Presentations		271	176
Consent Charges		328	2,612
Meeting Room Hire		1,899	100
Office Wages		13,000	-
Management Fees		25,000	-
		47,370	2,926
Depreciation as Per Schedule		527	-
Amortisation as Per Schedule		91	-
Total Expenditure		648,252	105,223
Deficit for the year	12	(601,943)	(102,945)

NOTE: This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements and the Auditors Report.

Barrhill Chertsey Irrigation Limited
Statement of Changes in Equity
as at 31 March 2009

	Share Capital \$	Retained Earnings \$	Total \$
Balance at 1 April 2007	651,146	(618,650)	32,496
Deficit for the year		(102,945)	(102,945)
Balance at 31 March 2008	651,146	(721,595)	(70,449)
Deficit for the year		(601,943)	(601,943)
Issue of Ordinary Shares	1,923,304		1,923,304
Share issue costs	(57,912)		(57,912)
Shares reclassified as liabilities	(244,494)		(244,494)
Balance at 31 March 2009	<u>2,272,044</u>	<u>(1,323,538)</u>	<u>948,506</u>

NOTE: This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements and the Auditors Report.



Barrhill Chertsey Irrigation Limited
Statement of Cash Flows (GST Exclusive)
for the Year Ended 31 March 2009

	Notes	\$	\$	2009 \$	2008 \$
<u>Cash Movement from Operating Activities</u>					
Cash Was Provided From:					
Receipts from Customers		32,589			-
Interest Received		<u>13,720</u>			<u>2,379</u>
			46,309		<u>2,379</u>
Cash Was Applied To:					
Payments to Suppliers		387,614			14,282
Payments to Employees		11,432			-
Interest Paid		7,031			11
Goods and Services Taxation		<u>34,101</u>			<u>1,445</u>
			440,178		<u>15,738</u>
Net Cash Movement from Operating Activities	13			(393,869)	(13,359)
<u>Cash Movement From Investing Activities</u>					
Cash Was Applied To:					
Purchase of Fixed Assets		3,478			-
Purchase of Intangible Assets		<u>21,325</u>			<u>21,592</u>
			24,803		-
Net Cash Movement from Investing Activities				(24,803)	(21,592)
<u>Cash Movement from Financing Activities</u>					
Cash Was Provided From:					
Proceeds from the Issue of Share Capital		1,923,304			-
Term Deposits		-			48,270
Loan Received		<u>100,000</u>			<u>-</u>
			2,023,304		48,270
Cash Was Applied To:					
Prospectus Costs			<u>46,382</u>		-
Net Cash Movement From Financing Activities				1,976,922	48,270
Net Increase (Decrease) in Cash Held				1,558,250	13,319
Add Cash at Start of Year				15,618	2,299
<u>Closing Balance</u>				<u>\$1,573,868</u>	<u>\$15,618</u>
<u>Closing Balance Comprises of:</u>					
Business Current Account				401,539	1,020
Business Call Account				490	14,598
Business Premium Call Account				1,171,839	-
				<u>\$1,573,868</u>	<u>\$15,618</u>

NOTE: This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements and the Auditors Report.



Barrhill Chertsey Irrigation Limited
Schedule of Fixed Assets and Depreciation and Schedule of
Intangible Assets and Amortisation
for the Year Ended 31 March 2009

Asset	Cost Price	Book Value 01/04/2008	Additions Disposals	Gain/Loss on Disposal	Capital Profit	--- Depreciation ---		Accum Deprec 31/03/2009	Book Value 31/03/2009	
						Mth	Rate	\$		
<u>Office Equipment</u>										
Laptop Computer			2,338			4	60.0% DV	468	468	1,870
Filing Cabinet			1,140			4	15.6% DV	59	59	1,081
Total Office Equipment			3,478					527	527	2,951
<u>Intangible Assets</u>										
2008 Variation To Consents	21,592	21,592				12	0.0%	0	0	21,592
2009 Variation To Consents			21,854			1	0.0%	0	0	21,854
Dri Global Mapper			597			4	20.0% CP	40	40	557
BCI Video			3,060			1	20.0% CP	51	51	3,009
Total Intangible Assets	21,592	21,592	25,511					91	91	47,012

NOTE: This Statement is to be read in conjunction with the accompanying Notes to the Financial Statements and the Auditors Report.



Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
For the Year Ended 31 March 2009

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. REPORTING ENTITY

The financial statements presented here are for the entity Barrhill Chertsey Irrigation Limited. Barrhill Chertsey Irrigation Limited (the Company) is a company incorporated in New Zealand, and registered under the Companies Act 1993.

The Company is an issuer for the purposes of the Financial Reporting Act 1993.

The financial statements of the Company have been prepared in accordance with the Financial Reporting Act 1993.

2. BASIS OF PREPERATION

Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-oriented entities.

The financial statements also comply with International Financial Reporting Standards.

Measurement Base

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

Presentation Currency

These financial statements are presented in New Zealand dollars.

3. SPECIFIC ACCOUNTING POLICIES

The accounting policies used in the preparation of these financial statements are set out below. The policies have been consistently applied to all years presented.

(a) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Interest income received on cash and cash equivalents is recorded as earned.

Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
For the Year Ended 31 March 2009

(b) Government Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to the income statement on a systematic and rational basis over the useful lives of the related assets.

Government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the income statement in the period in which they become receivable.

(c) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(d) Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Income tax for the period is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

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. Until resource consents are obtained there is no probable future tax profits and therefore no deferred tax asset has been recognised.

(e) Share Capital

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of the issue. Preference shares that are not redeemable for ordinary shares are classified as debt.

(f) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
For the Year Ended 31 March 2009

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives and associated depreciation rates of assets of major classes have been estimated as follows:

Furniture and fittings	5-10 years	(10.0%-20.0%)
Computer equipment	3-5 years	(20.0%-80.0%)

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

(g) Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Resource consents

The company has ownership of resource consents, which are subject to the lapsing provisions of s125 of the Resource Management Act. These consents will lapse in September 2010 if not used. The consent expires in January 2035.

Software acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use, the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the income statement.

The useful lives and associated amortisation rates for software have been estimated as follows:

Software	5 years	20%
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(h) Impairment of Non-financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be

NOTE: This Statement is to be read in conjunction with the accompanying Auditors Report



Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
For the Year Ended 31 March 2009

recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the income statement.

For assets not carried at a revalued amount, the total impairment loss is recognised in the income statement.

For assets not carried at a revalued amount (other than goodwill), the reversal of an impairment loss is recognised in the income statement.

(i) Research and Development Costs

Research expenditure is recognised in the income statement in the period in which it is incurred. Development costs are deferred where future benefits are expected to exceed those costs, otherwise such costs are recognised in the income statement in the period in which they are incurred.

Deferred development costs are amortised over future periods (not exceeding 10 years) in relation to expected future revenue in each period. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable, and any amount so identified is written off.

(j) Financial Instruments

Financial instruments are recognised in the balance sheet when the group becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables, investments and term borrowings.

(k) Cash and Cash Equivalents

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

(l) Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that they will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
For the Year Ended 31 March 2009

(m) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit and loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

Certain shares and options are classified as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised on an effective yield basis.

Held-to-maturity investments

Held-to-maturity investments are assets with fixed or determinable payments and fixed maturities that the company has the positive intention and ability to hold to maturity. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Available-for-sale financial assets

Certain shares and convertible notes held by the company are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit and loss for the period.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised costs less impairment.

(n) Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
For the Year Ended 31 March 2009

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' (FVTPL) or 'other financial liabilities'.

Financial liabilities at FVTPL are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the financial liability.

(o) Payables

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

(p) Borrowings

Borrowings are initially recorded at fair value net of transaction costs incurred, and subsequently at amortised cost using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction, or production of assets that necessarily take a long time to build and/or prepare for use form part of the cost of that asset. Other borrowing costs are recognised as an expense in the period they are incurred.

(q) Cash Flows

For the purpose of the cash flow statement, cash includes cash on hand and deposits held at call with banks, net of bank overdrafts. The following terms are used in the statement of cash flows:

Operating activities: are the principal revenue producing activities of the Company and other activities that are not investing or financing activities.

Investing activities: are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Financing activities: are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

(r) Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is

NOTE: This Statement is to be read in conjunction with the accompanying Auditors Report

Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
For the Year Ended 31 March 2009

included as part of current assets or liabilities in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to the investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Any commitments and contingencies are disclosed exclusive of GST.

4. GOING CONCERN

The Company is solvent with net assets of \$948,506 and a working capital surplus of \$1,258,038.

The Directors are aware that the resource consents held by the Company have a material commercial value. If these consents were offered for sale (which is not the intention of the Directors) the Directors are of the opinion that the Company would be able to meet all of its liabilities both actual and contingent.

In addition to the above the Company also continues to pursue an alternative commercial use for their original water allocation.

5. CASH AND CASH EQUIVALENTS

	2009	2008
	\$	\$
National Bank Cheque Account	401,539	1,020
National Bank Business Call Account	490	14,598
National Bank Business Premium Call Account	1,171,839	-
	1,573,868	15,618

6. PLANT AND EQUIPMENT

	Furniture and Office Equipment	
	2009	2008
	\$	\$
Cost 1 April 2008	-	-
Current period additions	3,478	-
Cost 31 March 2009	3,478	-
Accumulated depreciation 1 April 2008	-	-
Current period depreciation	527	-
Accumulated depreciation 31 March 2009	527	-
Carrying amount 31 March 2009	2,951	-

NOTE: This Statement is to be read in conjunction with the accompanying Auditors Report



Barrhill Chertsey Irrigation Limited
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7. INTANGIBLE ASSETS

The Company's intangible assets are made up of costs incurred in establishing resource consents and computer software. To date the costs shown associated with the variation to consents are not amortised as the process is not yet complete.

	2009	2008
	\$	\$
Balance as at 1 April 2008		
Cost	21,592	-
Accumulated amortisation and impairment	-	-
Opening carrying amount	21,592	-
Additions	25,511	21,592
Less disposals cost	-	-
Amortisation charge and impairment – Computer Software	(91)	-
Less disposals amortisation charge and impairment	-	-
Balance as at 31 March 2009	47,012	21,592

8. TRADE AND OTHER PAYABLES

The carrying value of payables approximates their fair value.

	2009	2008
	\$	\$
Creditors and Accruals	358,986	105,985
	358,986	105,985

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

9. NON CURRENT LIABILITIES

Ashburton District Council advanced a loan of \$100,000 during September and October 2008. This loan is interest free and repayable on demand.

10. REDEEMABLE PREFERENCE SHARES

The redeemable preference shares (RPS) have no fixed date of repayment and are currently not interest bearing.

In the event that any investment share is issued as part of additional capital raising then the company shall convert every original 2 RPS into 3 investment shares with an issue price of \$1.00 each.

NOTE: This Statement is to be read in conjunction with the accompanying Auditors Report



Barrhill Chertsey Irrigation Limited
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Preference Shares

	Number of Shares	Share capital \$
Balance as at 1 April 2007	15,000	15,000
Balance as at 31 March 2008	15,000	15,000
Ordinary Shares Converted From Founder & Existing Shares		
Founder (223,129 converted)	334,694	223,129
Existing (21,365 converted)	42,730	21,365
Redeemable Preference Shares as at 31 March 2009	392,424	259,494

11. SHARE CAPITAL

	Number of Shares	Share Capital \$
Ordinary Shares		
Balance as at 1 April 2007		
Founder Shares	600,000	600,000
Existing Shares	51,146	51,146
Balance as at 31 March 2008	651,146	651,146
Founder & Existing Shares Converted to Ordinary and Redeemable Preference Shares as at 7 January 2009	(651,146)	-
	-	651,146
Original Founder & Existing Shares Converted to Ordinary Shares		
Founder (376,871 converted)	565,319	-
Existing (29,781 converted)	59,562	-
Founder & Existing Shares Converted to Redeemable Preference Shares and transferred to Non Current Liabilities		
Founder (223,129 converted)	-	(223,129)
Existing (21,365 converted)	-	(21,365)
Ordinary Shares Issued		
Acton (Partly Paid)	540,516	387,137
Barrhill Chertsey (Partly Paid)	2,045,119	1,536,167
Prospectus Costs	-	(57,912)
Balance as at 31 March 2009	3,210,516	2,272,044
Share Capital	2,272,044	651,146

NOTE: This Statement is to be read in conjunction with the accompanying Auditors Report



Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
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All original Founder and Existing shares were converted to either new Barrhill Chertsey Ordinary shares or Redeemable Preference Shares as at 7 January 2009.

(a) Founder Shares

These shares were originally issued with rights attached that gave the holder the option to convert each founder share into 1.5 shares having the right to receive water. These conversion rights were to be exercised in the event that the original proposal for the utilisation of water consents proceeded.

Where the holder is unable to take water as part of the scheme then each founder share will be convertible at the option of the holder into 1.5 redeemable preference shares of \$1.00 per share in the company. Such redeemable preference shares to be redeemed on such terms and conditions and at such time as the board may determine.

(b) Existing Shares

These shares were originally issued with rights attached that gave the holder the option to convert each founder share into 2 shares having the right to receive water. These conversion rights were to be exercised in the event that the original proposal for the utilisation of water consents proceeded.

Where the holder is unable to take water as part of the scheme then each founder share will be convertible at the option of the holder into 2 redeemable preference shares of \$1.00 per share in the company. Such redeemable preference shares to be redeemed on such terms and conditions and at such time as the Board may determine.

Ordinary Shares

(a) Barrhill Chertsey

On 17 October 2008 a prospectus was issued detailing an application for 2,670,000 ordinary shares of \$1.00 each. Of the shares applied for 2,045,119 are new Ordinary shares; the remaining 624,881 shares have been converted from Founder and Existing shares, as outlined above.

(b) Acton

On 30 January 2009 a prospectus was issued detailing application for 667,500 ordinary shares of \$1.00 each. The Company has received application for 540,516 shares.

The recent share issues have unpaid capital as follows:

	Number of Shares	Share Capital
Second instalment (25%) on share issue outstanding		
Barrhill Chertsey Ordinary Shares	93,000	23,250
Acton Ordinary Shares	91,700	22,925
		46,175
Third instalment (25%) on share issue outstanding		
Barrhill Chertsey Ordinary Shares	1,868,809	490,127
Acton Ordinary Shares	520,516	130,129
		620,256
Total instalments outstanding		666,431

NOTE: This Statement is to be read in conjunction with the accompanying Auditors Report



Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
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Over subscription to be refunded	4,100
Total instalment on share issue outstanding	662,331

All ordinary shares entitle shareholders to one vote per share held.

12. INCOME TAX

	2009	2008
	\$	\$
(a) Reconciliation of Taxable Income (Loss)		
Net surplus (deficit) for the year	(601,943)	(102,945)
Income tax on net surplus (deficit) before taxation at current rate of 30% (2008:33%)	(180,583)	(33,972)
Taxation effect of permanent differences		
Non deductible expenses	169,609	-
Non assessable government grants	(9,777)	-
Unrecognised tax benefit	20,751	33,972
Tax charge on taxable income	-	-
(b) Unrecognised Tax Losses		
Tax Losses		
Losses brought forward	644,997	542,052
Plus		
Net tax deficit for the year	69,170	102,945
	714,167	644,997
Less		
Breach of shareholder continuity	(714,167)	-
Tax Losses Available to Carry Forward	-	644,997

NOTE: This Statement is to be read in conjunction with the accompanying Auditors Report



Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
For the Year Ended 31 March 2009

(c) Imputation Credit Account

Opening balance at 1 April 2008	1,937.66	1,937.66
Less Breach of shareholder continuity	(1,937.66)	-
Closing balance at 31 March 2009	-	1,937.66

13. RECONCILIATION OF NET OPERATING DEFICIT WITH OPERATING CASH FLOW

	2009	2008
	\$	\$
Net deficit	(601,943)	(102,945)
Add/(Less) non cash items:		
Depreciation and Amortisation	618	-
Add/(Less) movements in working capital items:		
Accounts Receivable	(29,831)	(12,824)
Accounts Payable	252,910	102,410
Items Classified As Investing Activities		
Net payment due for the purchase of intangible assets included in accounts payable	(4,094)	-
Items Classified As Financing Activities		
Net payment due prospectus costs included in accounts payable	(11,529)	-
Net increase (decrease) in cash from operating activities	(393,869)	(13,359)

14. COMMITMENTS

As at 31 March 2009 the Board has agreed to reimburse agreed costs incurred by Rangitata Diversion Race Management Limited (RDRML). The costs incurred by RDRML relate to the impact of the Board's plans on RDRML's own resource consents.

At balance date the amount owing in this respect was \$14,601 (2008:\$71,998) (included within Trade & Other payables).

15. CONTINGENCIES

There are no contingent liabilities and no contingent assets as at 31 March 2009 (2008 Nil).



Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
For the Year Ended 31 March 2009

16. SEGMENT REPORTING

The company operates predominantly in one industry to investigate, construct, and operate a water enhancement scheme.

All operations are carried out within New Zealand.

17. FINANCIAL INSTRUMENTS

Currency risk

The Company has no exposure to currency risk.

Interest rate risk

The value of the financial instruments will fluctuate due to changes in market interest rates. This could impact on the interest received from cash held in the bank.

Credit risk

In the normal course of its business, the company incurs credit risk from trade debtors and transactions with financial institutions.

The company does not have any significant concentrations of credit risk. It does not require any collateral or security to support financial instruments as it only deposits with, or loans to, banks and other financial institutions with high credit ratings. It does not expect the non-performance of any obligations at balance date.

All cash and cash equivalents are held with the National Bank of New Zealand which has a Standard & Poors AA credit rating.

Liquidity risk

Liquidity risk is the risk that the company may encounter difficulty in raising funds at short notice to meet its commitments. Currently the company is receiving funds from its two most recent share issues and is reliant on these to fund ongoing legal and engineering studies to bring the final business case to shareholders.

Capital management

The company's capital includes share capital and retained earnings. Equity is represented by net assets as disclosed in the balance sheet. The company manages its revenue, expenses, assets and liabilities and day to day financial transactions prudently. The purpose of managing the company's equity is to ensure the company achieves its goals and objectives, whilst remaining a going concern.

Sensitivity analysis

At 31 March 2009, it is estimated that a general increase of one percent in interest rates would decrease the company's deficit for the year by approximately \$15,500.

Fair values

The carrying value is considered by the directors to be the fair value for all on-balance sheet financial instruments.

NOTE: This Statement is to be read in conjunction with the accompanying Auditors Report



Barrhill Chertsey Irrigation Limited
Notes to the Financial Statements
For the Year Ended 31 March 2009

18. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

As at 31 March 2009	<i>Loans and receivables</i>	<i>Available for sale financial assets</i>	<i>Derivatives classified as held for trading</i>	<i>Financial liabilities at amortised cost</i>	<i>Total</i>
Assets					
Cash and Cash Equivalents	1,573,868	-	-	-	1,573,868
GST Receivable	43,156	-	-	-	43,156
Total Financial Assets	1,617,024	-	-	-	1,617,024
Non Financial Assets	-	-	-	-	49,962
Total Assets					1,666,986
Liabilities					
Trade and Other Payables	-	-	-	358,986	358,986
Loans	-	-	-	100,000	100,000
Redeemable Preference Shares	-	-	-	259,494	259,494
Total Financial Liabilities	-	-	-	718,480	718,480
Total Liabilities					718,480
As at 31 March 2008	<i>Loans and receivables</i>	<i>Available for sale financial assets</i>	<i>Derivatives classified as held for trading</i>	<i>Financial liabilities at amortised cost</i>	<i>Total</i>
Assets					
Cash and Cash Equivalents	15,618	-	-	-	15,618
GST Receivable	13,326	-	-	-	13,326
Total Financial Assets	28,944	-	-	-	28,944
Non Financial Assets	-	-	-	-	21,592
Total Assets					50,536
Liabilities					
Trade and Other Payables	-	-	-	105,985	105,985
Redeemable Preference Shares	-	-	-	15,000	15,000
Total Financial Liabilities	-	-	-	120,985	120,985
Total Liabilities					120,985

NOTE: This Statement is to be read in conjunction with the accompanying Auditors Report



**AUDITOR'S REPORT
TO THE MEMBERS OF
BARRHILL CHERTSEY IRRIGATION LIMITED**



We have audited the financial statements on pages 8 to 26. The financial statements provide information about the past financial performance of Barrhill Chertsey Irrigation Limited and its financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 13 to 19.

Directors Responsibilities

The Directors are responsible for the preparation of financial statements that give a true and fair view of the financial position of Barrhill Chertsey Irrigation Limited as at 31 March 2009 and the results of operations and cash flows for the period ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, Barrhill Chertsey Irrigation Limited.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Barrhill Chertsey Irrigation Limited as far as appears from our examination of those records; and
- the financial statements on pages 8 to 26:
- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Barrhill Chertsey Irrigation Limited as at 31 March 2009 and the results of its operations and cash flows for the period ended on that date.

Our audit was completed on 28 May 2009 and our unqualified opinion is expressed as at that date.

Myers & Co.

MYERS & CO
CHARTERED ACCOUNTANTS
ASHBURTON