Coleambally Irrigation Co-operative Limited

ABN 75 951 271 684
Registered Office: 7 Brolga Place, Coleambally 2707

Annual Report

For the year ended 30 June 2008

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Chairman and Chief Executive Officer's Report

In another year of restricted access, Coleambally Irrigation's investment into water saving technology over recent years has provided shareholders with a timely dividend of 10% in February. We started the season with little carryover, High security, minimum conveyance, 50% Stock water for the West Coleambally Channel users and the suspended water returned. The very welcomed storms in November and December bolstered dam levels and in January we were able to come out of restrictions as the conveyance licence was restored, High and General security reached 90% and 13% respectively.

The 2007 winter maintenance program completed the automated in-channel regulators supplied by Rubicon. The low water allocations did not see the full use of the automation as the gates were operated in the manual position for most of the season.

The management team completed a review of metering devices and a resolution was adopted to proceed with the automated on-farm device manufactured by Rubicon, an updated version that has been trialed for the previous 5 seasons in the Channel 9 system and at the end of system outlets. This action will see a standard device across 90% of the CIA by the end of 2010.

The Yamma off-take bridge was re-decked employing a new technology and was completed within time limits and well below budget. The hollow beam technology will be further investigated with the view to using it in other applications across Coleambally as the need arises.

The 2007 dry winter saw many crops perish or simply not get a good start. In many instances irrigators chose to see their water used on higher value crops in other parts of the Murray Basin. This decision generated a cash flow for the community and the co-operative as water traded during the season for as much as $1,200 a megalitre for a temporary trade realising total sales of around $25M.

Not only did water allocation trade, water entitlements also traded within the area or to government agencies such as Water for Rivers and the MDBC Pilot Purchase Program. Not to be out done Coleambally Irrigation (through its wholly owned subsidiary 'Aquilex Pty Ltd") also purchased entitlement and re-offered that water entitlement back to shareholders who wanted smaller parcels of water. This is an evolving program attempting to keep the water in the irrigation area. Even with our intervention to retain water within the area, the Coleambally area has made a 5% of entitlement contribution to the environment through the purchases from willing sellers program from the various governments.

The LWMP had a slow start, however spending reached targets and we are pleased to see on-farm upgrades to recycling, pressurized irrigation and whole farm plans. The EM survey and rice soil suitability program has been completed. The team will be embarking on a soil testing project which will give each farm in the CID one subsidised test to monitor Nutrients and Carbon. This test will be fully GPS plotted so that in 2011 a repeat test can be undertaken. Cereal disease tests will also be available on a first in best dressed basis.

In difficult times, the staff have had to become multi tasked and have taken on work that would have otherwise been undertaken by contractors. Thank you all for your patience.

The Victorian and Federal governments have put together a package to modernize northern Victoria and a carrot was dangle in front of our CEO, Murray Smith to join the team of Northern Victoria Irrigation Renewal Project as their CEO. I would like to congratulate Murray on his appointment, and the recognition of the infrastructure modernisation that we have undertaken in the last few years that he had overseen. Murray may be closer to the big city, and he may visit there more often, but I reckon he would be putting in a lot more hours work!

Austin Evans has taken the on role of Acting CEO and the executive staff are filling the holes that have been left with Murray's departure.

Thank you to all the staff for excelling in a challenging year of low water allocations.

Rob Black
Chairman

Austin Evans
Acting CEO

ABN 75 951 271 684

Financial Report

30 June 2008

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Directors' report

30 June 2008

Your directors present their report on the Coleambally Irrigation Co-operative Limited for the year ended 30 June 2008.

Directors

The following persons were directors of the co-operative during the whole of the financial period and up to the date of this report:

R H Black	Member Director
P M O'Connor	Member Director
T N Hogan	Member Director
H T Gardiner	Member Director
B M Brown	Independent Director
G F Latta	Independent Director

Principal activities

During the year the principal continuing activities of the co-operative consisted of the provision of irrigation and agricultural services to member landholders connected to the system of channels within the Coleambally Irrigation District.

Dividends

No interim dividends have been paid and the directors do not recommend a dividend for the current year.

Review of operations

A summary of consolidated results is set out below:

	2008	2007
	$'000	$'000
Operating profit/(loss) before income tax	**1,481**	8,795
Income tax attributable to operating profit	**(603)**	(1,954)
Net profit/(loss) after income tax	**878**	6,841

This has been a year of reasonable performance for the business with the co-operative making an operating profit of $1,481,000 before tax compared to $8,795,000 in 2006/07. The profit in 2006/07 includes the proceeds ($4,900,000) from the sale of entitlement to Water for Rivers. Whilst making a return on capital invested, an additional 52,000 megalitres approximately of water was made available to customers in what was another very tight allocation year.

The result includes $2,113,000 from WaterSmart Australia which is being spent on improvements in the irrigation system.

The result has been achieved while delivering a significant discount on the water bills to customers. This discount was given to ease the burden on customers at the end of the two lowest allocation years on record.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the co-operative during the financial year.

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the co-operative, the results of those operations, or the state of affairs of the co-operative, in subsequent financial years.

Likely developments and expected results of operations

Information on likely developments in the co-operative's operations and the expected results from operations have not been included in this report because the directors believe it may result in unreasonable prejudice to the co-operative.

Environmental regulation

The co-operative is subject to significant environmental regulation under its licences in respect to its irrigation undertaking. The Directors, in submitting the annual environmental report to Government Agencies, are conscious of the need for compliance with licence conditions. The co-operative has complied with the licences issued by Government and the Board is not aware of any issues arising from the activities of the co-operative that would lead to a breach in the licences. The Board, in setting the co-operative's sustainability goals, are aware of a need to go beyond licence compliance and have developed the necessary systems.

Directors' report

Insurance of officers

During the financial year the Co-operative paid a premium of $6,025 (2006: $7,531) to insure its directors and officers in respect to liabilities that may arise from their position as directors and officers of the co-operative.

Information on directors

Director	Experience	Special Responsibilities
R H Black	Commenced as a director of the co-operative on 17 November 2001. Irrigation farmer.	Chairman since 22 May 2003. Member of Finance & Audit Committee. Member of Asset Refurbishment & Maintenance Committee. Member of the Risk Management Committee. Member of the Corporate Governance & Policy Committee. Representative on NSW Irrigators Council. Representative on Murrumbidgee Customer Service Committee. Representative on MDBC Community Reference Group. Representative on Snowy Hydro Consultative Committee.
P M O'Connor	Commenced as a director of the Co-operative on 16 November 2002. Irrigation farmer.	Deputy Chairman since 24 November 2005. Chairman of the Community Environmental Committee. Member of the Finance & Audit Committee. Representative on Coleambally LWMP Implementation Committee.
T N Hogan	Commenced as a director of the Co-operative on 22 May 2003. Irrigation farmer.	Chairman of Corporate Governance & Policy Committee. Representative on the Murrumbidgee Environmental Water Allocation Reference Group.
H T Gardiner	Commenced as a director of the co-operative on 14 November 2003. Irrigation farmer.	Member of the Corporate Governance & Policy Committee. Chairman of the Risk Management Committee. Chairman of the Asset Refurbishment & Maintenance Committee.
B M Brown	Commenced as a director of the Co-operative on 20 July 2004. Director of CIMCL since 1 March 2007. Senior management roles with a number of large agribusiness groups.	Chairman of Finance & Audit Committee. Member of Risk Management Committee.
G F Latta	Commenced as director on 1 May 2007. Director of a number of public companies.	Member of the Finance and Audit Committee. Member of the Risk Management Committee.

Directors' report

Meetings of directors

Committees of the Board are as follows:

1. Finance and Audit Committee
2. Community Environmental Committee
3. Corporate Governance & Policy Committee
4. Risk Management Committee
5. Asset Refurbishment & Maintenance Committee

The number of meetings of the co-operative's board of directors and each board committee held during the year ended 30 June 2008, and the number of meetings attended by each member were as follows:

	Board Meetings	Fin & Audit	Comm Envir.	Corp Gov & Policy	Risk	Asset Refurb & Maint
Number of meetings held	**10**	**7**	**5**	**1**	**3**	**2**
R H Black	9	6	*	0	3	2
P M O'Connor	10	7	5	*	*	*
T N Hogan	10	*	*	1	*	*
H T Gardiner	10	*	*	1	3	2
B M Brown	9	6	*	*	2	*
G F Latta	10	5	*	*	1 of 1	*

* = *not a member of this committee*

Auditors' independence declaration

A copy of the auditors' independence declaration as required by the *Co-operatives Act 1992* is set out on this page.

Rounding of amounts

The co-operative is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

RHBlack

R H Black
Director

Coleambally
24 September 2008

Auditors' Independence Declaration

As lead auditor of the audit of Coleambally Irrigation Co-operative Ltd for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements in relation to the audit;
(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Hugh McKenzie-McHarg
Partner
Johnsons MME

Albury
24 September 2008

Coleambally Irrigation Co-operative Limited

Income statement

For the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Revenue	2	**11,750**	19,679	**11,175**	19,679
Employee benefits expenses		**(2,641)**	(2,831)	**(2,641)**	(2,831)
Materials and contracts expenses		**(4,030)**	(4,577)	**(4,030)**	(4,577)
Bulk water supply expenses	3	**(1,450)**	(1,905)	**(1,450)**	(1,905)
Depreciation and amortisation expenses	3	**(1,527)**	(1,404)	**(1,527)**	(1,404)
Other expenses	3	**(621)**	(167)	**(603)**	(167)
Profit/(loss) before income tax expense		**1,481**	8,795	**924**	8,795
Income tax (expense)/credit	4	**(603)**	(1,954)	**(451)**	(1,954)
Profit/(loss) for the year		**878**	6,841	**473**	6,841

The above income statement should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Total equity at the beginning of the year		**59,770**	52,929	**59,770**	52,929
Net profit/(loss) for the year	19	**878**	6,841	**473**	6,841
Total equity at the end of the year		**60,648**	59,770	**60,243**	59,770

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Coleambally Irrigation Co-operative Limited

Balance sheet

As at 30 June 2008

	Notes	Consolidated		Parent	
		2008	2007	**2008**	2007
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	**2,385**	3,081	**1,761**	3,081
Trade and other receivables	7	**7,433**	9,844	**8,430**	9,844
Other current assets	8	**129**	114	**121**	114
Total current assets		**9,947**	13,039	**10,312**	13,039
Non-current assets					
Other financial assets	9	**17,793**	18,129	**17,793**	18,129
Property, plant and equipment	10	**42,280**	38,450	**42,157**	38,450
Deferred tax assets	11	**816**	311	**816**	311
Intangible assets	12	**1,207**	794	**794**	794
Total non-current assets		**62,096**	57,684	**61,560**	57,684
Total Assets		**72,043**	70,723	**71,872**	70,723
LIABILITIES					
Current liabilities					
Trade and other payables	13	**7,420**	6,668	**7,806**	6,668
Current tax liabilities	14	**-**	1,251	**-**	1,251
Provisions	15	**270**	412	**270**	412
Total current liabilities		**7,690**	8,331	**8,076**	8,331
Non-current liabilities					
Provisions	16	**172**	145	**172**	145
Deferred tax liabilities	17	**3,044**	1,988	**2,892**	1,988
Members' shares	18	**489**	489	**489**	489
Total non-current liabilities		**3,705**	2,622	**3,553**	2,622
Total Liabilities		**11,395**	10,953	**11,629**	10,953
Net Assets		**60,648**	59,770	**60,243**	59,770
EQUITY					
Contributed equity	18	**49,862**	49,862	**49,862**	49,862
Retained profits/(losses)	19	**10,786**	9,908	**10,381**	9,908
Total Equity		**60,648**	59,770	**60,243**	59,770

The above balance sheet should be read in conjunction with the accompanying notes.

Coleambally Irrigation Co-operative Limited

Cash flow statement

For the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Cash flows from operating activities					
Receipts from customers		**11,994**	11,462	**11,603**	11,462
Payments to suppliers and employees		**(8,649)**	(10,207)	**(8,333)**	(10,207)
		3,345	1,255	**3,270**	1,255
Government grants		**2,525**	4,253	**2,525**	4,253
Interest and distributions received		**855**	1,950	**882**	1,950
Income taxes (paid) received		**(1,303)**	99	**(1,303)**	99
Net cash inflow/(outflow) from operating activities	25	**5,422**	7,557	**5,374**	7,557
Cash flows from investing activities					
Payments for property, plant and equipment		**(5,387)**	(2,318)	**(5,264)**	(2,318)
Payments for investments		**(4,041)**	(7,599)	**(4,041)**	(7,599)
Payments for water entitlements		**(1,287)**	-	**-**	-
Proceeds from sale of property, plant and equipment		**16**	27	**16**	27
Proceeds from sale of investments		**3,595**	-	**3,595**	-
Proceeds from sale of water entitlements		**986**	4,900	**-**	4,900
Loan to subsidiary		**-**	-	**(1,000)**	-
Net cash outflow from investing activities		**(6,118)**	(4,990)	**(6,694)**	(4,990)
Net increase (decrease) in cash held		**(696)**	2,567	**(1,320)**	2,567
Cash at the beginning of the financial period		**3,081**	514	**3,081**	514
Cash at the end of the financial year	6	**2,385**	3,081	**1,761**	3,081

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

30 June 2008

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Note 1. Summary of significant accounting policies

This financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Co-operatives Act 1992* as amended.

The following is a summary of material accounting policies adopted by the entity in preparation of the financial report. The accounting policies have been consistently applied.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Coleambally Irrigation Co-operative Limited as at 30 June 2008 and the results of all subsidiaries for the year then ended. Coleambally Irrigation Co-operative Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

A list of controlled entities is contained in note 27. All controlled entities have a 30 June financial year end.

(a) Basis of preparation

The financial report is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. The accounting policies adopted have been consistently applied to all years presented.

(b) Revenue recognition

Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Fixed Water Charges
Revenue is recognised on a pro-rata basis throughout the year.

(ii) Variable Water Charges
Variable water charges are recognised as revenue upon delivery of the water.

(iii) Sales of goods & services
A sale of goods is recorded when goods have been despatched to a customer pursuant to a sales order and the associated risks have been passed to the carrier or customer. A sale of services is recognised when the service is delivered.

(iv) Interest
Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

(c) Income tax

Income tax expense or revenue for the year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying values in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or the liabilities settled. Where temporary differences arise on initial recognition of an asset or liability, no deferred tax asset or liability is recognised in respect to these differences if they arose in a transaction that, at the time of the transaction, did not effect either the accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax is credited/debited in the income statement except where it relates to items that may be credited/debited directly to equity, in which case deferred tax is adjusted directly against equity.

Note 1. Summary of significant accounting policies (continued)

(d) Cash and cash equivalents

Cash and cash equivalents includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(e) Trade and other receivables

Water charges are billed in June each year and are due in 30 days. Interest is charged on overdue amounts at the rate of 10% (2007: 10%) per annum. Sales of goods or services are invoiced on delivery and are due and receivable in 30 days.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(f) Other financial assets at fair value through the profit and loss

Financial assets at fair value through the profit and loss are financial assets that are managed and their performance evaluated on a fair value basis, in accordance with a documented investment strategy (summarised at note 10), and information about these investments is provided and monitored internally by the board on a regular basis. These financial assets comprise investments in managed funds and are reflected at fair value based on advice from the fund managers. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Changes in the fair value of "financial assets at fair value through the profit and loss" are recognised in the income statement in the period in which they arise.

(g) Property, plant and equipment

All property plant and equipment is stated at historical cost less accumulated depreciation. Historical cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life to the co-operative. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Buildings	40 years
Plant and equipment	3 to 15 years
Water Distribution Assets	100 years
Water Infrastructure	10 to 100 years

(h) Maintenance and repairs

All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be 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 assets fair value less costs to sell, and its value in use.

(j) Non-current assets constructed by the co-operative

The cost of non-current assets constructed by the co-operative includes the cost of all materials used in construction, direct labour on the project, borrowing costs incurred during construction and an appropriate proportion of variable and fixed overhead.

Note 1. Summary of significant accounting policies (continued)

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the co-operative prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

(m) Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in the current provision for employee benefits in respect of employee's services up to the reporting date and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

Liabilities for long service leave expected to be settled within 12 months of the reporting date are recognised in the current provision for employee benefits and are measured at amounts expected to be paid when the liabilities are settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated cash outflows. Any portion of the long service leave provision that the co-operative does not have an unconditional right to defer, is brought to account as a current liability.

(n) Intangible assets

Water licences are brought to account at cost. The licences have indefinite useful lives and accordingly no amortisation is charged. The licences are checked for impairment annually (refer note 1(i))

(o) Changes to accounting standards

Certain changes to accounting standards and interpretations have been published that are not mandatory for the 30 June 2008 reporting period including changes to AASB 101: *Presentation of Financial Statements*, AASB 123: *Borrowing Costs* and AASB 1004: *Contributions*. These changes have not been applied in the preparation of this financial report. They are not expected to have a material impact on the financial report when they are applied.

Note 2. Revenue

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Revenue				
Sale of water	**6,356**	9,836	**6,356**	9,836
Other sales	**778**	294	**288**	294
	7,134	10,130	**6,644**	10,130
Net gain on sale of water entitlements	**112**	4,900	**-**	4,900
Land & Water Management Plan Grants – Government	**1,745**	2,177	**1,745**	2,177
Watersmart-Government	**2,113**	-	**2,113**	-
Land & Water Management Levy - Landholders	**-**	729	**-**	729
Rentals	**83**	112	**83**	112
Interest	**563**	446	**590**	446
Net distributions and movement in fair value of financial assets	**-**	1,185	**-**	1,185
	4,616	9,549	**4,531**	9,549
Total revenue	**11,750**	19,679	**11,175**	19,679

Note 3. Expenses

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Expenses include the following specific items:				
Cost of sales of goods – bulk water charges	**1,450**	1,905	**1,450**	1,905
Depreciation				
Buildings	**73**	73	**73**	73
Plant and equipment	**290**	345	**290**	345
Water Distribution and Infrastructure	**1,164**	986	**1,164**	986
Total depreciation	**1,527**	1,404	**1,527**	1,404
Other expenses				
Net loss on disposal of non-current assets	**14**	62	**14**	62
Net distributions and movement in fair value of financial assets	**490**	-	**490**	-
Other	**117**	105	**99**	105
Total other expenses	**621**	167	**603**	167

Note 4. Income tax

(a) Income tax expense	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Current tax	**52**	1,152	**52**	1,152
Deferred tax (i)	**551**	802	**399**	802
Aggregate income tax expense	**603**	1,954	**451**	1,954
(i) Deferred income tax expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (note 11)	**(505)**	16	**(505)**	16
(Decrease)/increase in deferred tax liabilities (note 17)	**1056**	786	**904**	786
	551	802	**399**	802

(b) Numerical reconciliation of income tax expense to prima facies tax payable

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating profit and extraordinary item. The differences are reconciled as follows:				
Net profit/(loss) before income tax	1,481	8,795	**924**	8,795
Income tax (expense)/credit calculated @ 30% (2006: 30%)	(444)	(2,638)	**(277)**	(2,638)
Tax effect of permanent differences				
Outlays relating to pre-privatisation employee service	(18)	(20)	**(18)**	(20)
Depreciation on assets revalued at privatisation not deductible	(130)	(87)	**(130)**	(87)
Difference in accounts and tax cost base of water sold	-	850	**-**	850
Other	15	-	**-**	-
(Under)/over provision in prior year	(26)	(59)	**(26)**	(59)
Income tax (expense)/credit attributable to operating profit	(603)	(1,954)	**(451)**	(1,954)

Note 5. Dividends

No dividend was paid during the period and no dividend is proposed.

Note 6. Cash and cash equivalents

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Cash at bank and on hand	**2,385**	3,081	**1,761**	3,081
	2,385	3,081	**1,761**	3,081

(a) investments in floating note securities were disclosed as part of cash at bank in the prior year's financial report. A review of the nature of these investments revealed that it is more appropriate that these investments be disclosed as "available-for-sale financial assets" as defined by accounting standards. Accordingly these amounts have been reclassified as "available for sale financial assets" in this financial report and comparative figures have been adjusted accordingly (refer note 9).

Note 7. Trade and other receivables

		Consolidated		Parent	
		2008	2007	**2008**	2007
		$'000	$'000	**$'000**	$'000
Trade debtors	**(a)**	**5,147**	9,854	**5,144**	9,854
Less: Provision for doubtful debts		**(17)**	(17)	**(17)**	(17)
		5,130	9,837	**5,127**	9,837
Amounts due from government - LWMP		**972**	-	**972**	-
Accrued income from government – Watersmart		**1,033**	-	**1,033**	-
Intercompany receivable		**-**	-	**1,000**	-
Accrued Income		**298**	7	**298**	7
		7,433	9,844	**8,430**	9,844

(a) **Ageing**
The ageing of trade debtors for the consolidated entity at balance date was:

Not past due	**5,074**	9,805	**5,071**	9,805
Past due 31-60 days	**-**	1	**-**	1
Past due 61 to 90 days	**54**	-	**54**	-
Over 90 days	**19**	38	**19**	38
	5,147	9,844	**5,144**	9,844

(b) The provision for doubtful debts has not moved during the year and all relates to amounts outstanding over 90 days.

Note 8. Other current assets

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Prepayments	**129**	114	**121**	114
	129	114	**121**	114

Note 9. Other financial assets

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Financial assets at fair value through the profit and loss (a)	**13,752**	14,534	**13,752**	14,534
Available-for-sale financial assets (b)	**4,041**	3,595	**4,041**	3,595
	17,793	18,129	**17,793**	18,129

(a) These are units in investment trusts managed in accordance with a documented investment strategy described at note 30.
(b) The allocation of these investments has changed compared with the prior year (refer note 6).

Note 10. Property, plant and equipment

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Land and buildings				
Freehold land				
At cost	**1,557**	1,434	**1,434**	1,434
	1,557	1,434	**1,434**	1,434
Buildings				
At cost	**2,455**	2,449	**2,455**	2,449
Less: Accumulated depreciation	**1,110**	1,037	**1,110**	1,037
	1,345	1,412	**1,345**	1,412
Total land and buildings	**2,902**	2,846	**2,779**	2,846
Plant and equipment				
Plant & Equipment – At cost	**798**	721	**798**	721
Less: Accumulated depreciation	**462**	416	**462**	416
	336	305	**336**	305
Motor Vehicles – At cost	**984**	801	**984**	801
Less: Accumulated depreciation	**571**	485	**571**	485
	413	316	**413**	316
Office equipment & software – At cost	**1,843**	1,462	**1,843**	1,462
Less: Accumulated depreciation	**1,297**	1,177	**1,297**	1,177
	546	285	**546**	285
Total plant and equipment	**1,295**	906	**1,295**	906
Water Distribution and Infrastructure				
Earth Channels – At cost	**11,336**	11,336	**11,336**	11,336
Less Accumulated depreciation	**973**	858	**973**	858
	10,363	10,478	**10,363**	10,478
Infrastructure – At cost	**30,658**	26,434	**30,658**	26,434
Less: Accumulated depreciation	**5,295**	4,457	**5,295**	4,457
	25,363	21,977	**25,363**	21,977
Total Water Distribution & Infrastructure	**35,726**	32,455	**35,726**	32,455
Capital Works in Progress				
At cost	**2,357**	2,243	**2,357**	2,243
Total Capital Works in Progress	**2,357**	2,243	**2,357**	2,243
	42,280	38,450	**42,157**	38,450

(a) Leasehold Infrastructure

Bridges & culverts in the Coleambally Irrigation District with a net carrying value of $3.5 million are constructed on land owned by local government. However the co-operative has control of these assets and it is responsible for their maintaining them. Accordingly these assets have been brought to account as assets of the co-operative on the basis of control.

Note 10. Property, plant and equipment (continued)

(b) Reconciliations
Reconciliations of the carrying amounts of each class of property, plant & equipment at the beginning and end of the current financial year are set out below:

	Land & Buildings $'000	Plant & Equipment $'000	Water Infrastructure $'000	Construction in Progress $'000	Total $'000
Consolidated					
Carrying amount at 1 July 2007	2,846	906	32,455	2,243	38,450
Additions	129	679	4,461	114	5,383
Disposals	-	-	(26)	-	(26)
Transfers	-	-	-	-	-
Depreciation expense	(73)	(290)	(1,164)	-	(1,527)
Carrying amount at 30 June 2008	2,902	1,295	35,726	2,357	42,280
Parent					
Carrying amount at 1 July 2007	2,846	906	32,455	2,243	38,450
Additions	6	679	4,461	114	5,260
Disposals	-	-	(26)	-	(26)
Transfers	-	-	-	-	-
Depreciation expense	(73)	(290)	(1,164)	-	(1,527)
Carrying amount at 30 June 2008	2,779	1,295	35,726	2,357	42,157

Note 11. Deferred tax assets

	Consolidated		Parent	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Future income tax benefit	**816**	311	**816**	311
	816	311	**816**	311

Note 12. Intangible assets

	Consolidated		Parent	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Water entitlements (a)	**1,207**	794	**794**	794
	1,207	794	**794**	794

(a) At the time of privatisation water entitlements were vested in the co-operative as part of the value of infrastructure assets where it has been accounted for ever since. With co-operative's subsidiary Aquilex Pty Ltd acquiring some water entitlements during this year, the co-operatives holdings of tradable water entitlements have been re-allocated as intangible assets for the purposes of consistency.

Note 13. Trade and other payables

	Consolidated		Parent	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Trade creditors	**593**	226	**563**	226
Intercompany payable to subsidiary	-	-	**404**	-
Accrued Expenses	**3,826**	4,113	**3,838**	4,113
Land & Water Management Funds (note 29)	**3,001**	2,329	**3,001**	2,329
	7,420	6,668	**7,806**	6,668

Note 14. Current tax liabilities

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Income tax	**-**	1,251	**-**	1,251
	-	1,251	**-**	1,251

Note 15. Current provisions

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Employee entitlements	**270**	412	**270**	412
	270	412	**270**	412

Note 16. Non-current provisions

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Employee entitlements	**172**	145	**172**	145
	172	145	**172**	145

Note 17. Deferred tax liabilities

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Provision for deferred income tax	**3,044**	1,988	**2,892**	1,988
	3,044	1,988	**2,892**	1,988

Note 18. Contributed equity

	2008	2007	**2008**	2007
	Shares	Shares	**$'000**	$'000
Share capital				
Ordinary shares – fully paid	**483,349**	489,672	**50,351**	50,351

Share capital is allocated in the balance sheet as follows:

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Non-current liability – Members' shares (a)	**489**	489	**489**	489
Equity – Contributed equity	**49,862**	49,862	**49,862**	49,862
	50,351	50,351	**50,351**	50,351

(a) Under the co-operative's rules it has an obligation to repay the paid up capital amount in respect any shares that become inactive. As the co-operative does not have an unconditional right to refuse this repayment this amount is brought to account as a liability rather than as equity. This accounting treatment has changed compared with that adopted in the prior year when the whole amount was treated as equity. The prior year amount has also been re-allocated to enable meaningful comparison.

Note 19. Retained profits

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Retained profits/(accumulated losses) at the beginning of the financial year	**9,908**	**3,067**	**9,908**	3,067
Net Profit/(loss)	**878**	6,841	**473**	6,841
Retained profits/(accumulated losses) at the end of the financial year	**10,786**	9,908	**10,381**	9,908

Note 20. Financial instruments

(a) Credit risk exposures
The credit risk on financial assets which have been recognised on the balance sheet is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest rate risk exposures
The co-operative's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

2008

			Fixed interest maturing in:				
	Notes	Floating interest rate $'000	1 year or less $'000	over 1 to 5 years $'000	more than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash and deposits	6	2,384	-	-	-	1	2,385
Receivables	7	-	-	-	-	7,433	7,433
Other financial assets	9	4,041	-	-	-	13,752	17,793
		6,425	-	-	-	21,186	27,611
Financial liabilities							
Trade and other creditors	13	-	-	-	-	7,420	7,420
		-	-	-	-	7,420	7,420
Net financial assets (liabilities)		6,425				13,766	20,191

2007

	Notes	Floating interest rate $'000	1 year or less $'000	over 1 to 5 years $'000	more than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash and deposits	6	3,080	-	-	-	1	3,081
Receivables	7	-	-	-	-	9,844	9,844
Other financial assets	9	3,595	-	-	-	14,534	18,129
		6,675	-	-		24,379	31,054
Financial liabilities							
Trade and other creditors	13	-	-	-	-	6,668	6,668
		-	-	-	-	6,668	6,668
Net financial assets (liabilities)		6,675	-	-	-	17,711	24,386

(c) Net fair value of financial assets and liabilities
The carrying value of financial assets and liabilities approximates fair value.

Note 21. Remuneration of auditors

During the year the auditor of the group earned the following remuneration:	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Audit of the financial report	**26**	25	**26**	25
Other assurance services	**16**	8	**16**	8
Total audit and other assurance services	**42**	33	**42**	33
Taxations services	**20**	27	**20**	27
Total remuneration	**62**	60	**62**	60

Note 22. Contingent liabilities

The Water Sharing Plan, The Living Murray, the National Water Initiative, Water for Rivers, River Bank, the National Plan for Water Security and other water reform issues may result in lesser water entitlement to the co-operative. The directors are unable to determine the financial impact this may have.

A member has made a claim against the co-operative for a perceived loss of opportunistic water and consequential losses. If this claim was successful potential losses are estimated to be of the order of $650,000. However, the co-operative's opinion, supported by legal advice, is that the claim has no merit and accordingly no liability has been recognised in respect of this claim.

Note 23. Commitments for expenditure

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Capital commitments				
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:				
Not later than one year	**2,422**	2,185	**2,422**	2,185
Between 2 and 5 years	**5,712**	-	**5,712**	-
	8,134	2,185	**8,134**	2,185

Note 24. Employee entitlements

	Consolidated 2008 $'000	Consolidated 2007 $'000	Parent 2008 $'000	Parent 2007 $'000
Employee entitlement liabilities				
Provision for employee entitlements				
Current (note 15)	**270**	412	**270**	412
Non-current (note 16)	**172**	145	**172**	145
Aggregate employee entitlement liability	**442**	557	**442**	557

Superannuation Fund
Superannuation contributions have been paid into compliant superannuation funds of employee choice in accordance with statutory requirements. The co-operative has no liabilities to any superannuation funds.

Note 25. Reconciliation of net profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

	Consolidated		Parent	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Net profit/(loss) after income tax	**878**	6,841	**473**	6,841
Depreciation and amortisation	**1,527**	1,404	**1,527**	1,404
Net (profit)/loss on sale of non-current assets	**14**	62	**14**	62
Net (profit)/loss on sale of water licence	**(112)**	(4,900)	**-**	(4,900)
(Increase) decrease in fair value of financial assets	**782**	320	**782**	320
Provision for diminution in value of stock				
Change in operating assets and liabilities, net of effects from purchase of business				
(Increase) decrease in trade debtors	**4,707**	36	**4,710**	36
(Increase)/decrease in government debtors	**(2,005)**	-	**(2,005)**	-
(Increase)/decrease in accrued income	**(291)**	(2)	**(291)**	(2)
(Increase)/decrease in prepayments	**(15)**	(24)	**(7)**	(24)
Increase/(decrease) in trade creditors and accruals	**80**	(213)	**466**	(213)
Increase/(decrease) in land and water management plan funds held	**672**	2,101	**672**	2,101
Increase/(decrease) in employee provisions	**(115)**	(121)	**(115)**	(121)
Increase/(decrease) in net tax liabilities	**(700)**	2,053	**(852)**	2,053
Net cash inflow/(outflow) from operating activities	**5,422**	7,557	**5,374**	7,557

Note 26. Related parties

Key management personnel
The names of persons who were directors of the co-operative at any time during the financial period are as follows: R H Black, P M O'Connor, T N Hogan, H T Gardiner, B M Brown and G F Latta. Further the following executive officers had authority and responsibility for planning, directing and controlling the activities of the co-operative, directly or indirectly, during the financial year: M Smith (Chief Executive Officer), A Evans (Senior Operations Engineer and Acting Chief Executive Officer), A Rzeszkowski (Company Secretary), R de Koning (Manager Financial Services), K Kelly (Manager Asset Renewals & Maintenance), and A Tiwari (Manager Natural Resources & Environment).

Loans to key management personnel
There were no loans to key management personnel or their related entities.

Note 26. Related parties (continued)

Transactions with key management personnel and related entities concerning shares
The number of shares issued by the consolidated entity to key management personnel or related entities during the year was reduced by 776 (2007: Nil). Numbers of shares held directly, indirectly or beneficially by key management personnel or their related entities at balance date:

	2008 Number	2007 Number
R H Black	**4,534**	4,520
P M O'Connor	**2,308**	3,008
T N Hogan	**1,384**	1,384
H T Gardiner	**2,738**	2,828
A Rzeszkowski	**1,220**	1,220
	12,184	12,960

Other transactions with directors and director-related entities
During the year the co-operative sold water to key management personnel of the co-operative or their related entities on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with them at arm's length in the same circumstances. The total value of transactions and balances with key management personnel and their related entities during the year and at balance date is set out below:

	Consolidated		**Parent**	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Value of transactions				
Water sales to key management personnel	**164**	412	**164**	412
LWMP incentives paid to key management personnel	**-**	37	**-**	37
Balances at the reporting date				
Receivable from key management personnel	**65**	210	**65**	210
Payable to key management personnel	**-**	-	**-**	-

Key management personnel compensation

	Consolidated		**Parent**	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Short – term employee benefits	**903**	850	**903**	850
Post employment benefits	**92**	91	**92**	91
	995	941	**995**	941

Other related parties
There are no other related party transactions.

Note 27. Subsidiaries

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding**	
			2008 %	2007 %
Watermart Coleambally Pty Ltd	Australia	Ordinary	100	100
Aquilex Pty Ltd	Australia	Ordinary	100	100

Note 28. Events occurring after the reporting date

No matter or event has arisen since the reporting date that is considered likely to have a significant effect on the co-operative in future financial years.

Note 29. Land & Water Management Plan

In May 2000 the co-operative entered into a heads of agreement with the NSW Department of Land and Water Conservation (now known as the Department of Water and Energy) and irrigator shareholders to be the implementing authority in respect to a Land & Water Management Plan in the Coleambally Irrigation District. Under the agreement the co-operative receives funds from both the government and irrigators which it is required to hold and expend in accordance with the agreement.

The agreement crystallises the responsibilities of each party. It was retrospective with effect from 1994 recognising past funds provided by government to antecedent bodies such as the Department of Land and Water Conservation and Coleambally Irrigation Corporation (now Coleambally Irrigation Co-operative Limited), and past Land & Water Management activities of the co-operative, the antecedent bodies and irrigator shareholders.

Funds receivable/(unexpended monies) in respect to the Land & Water Management Plan as at 30 June 2008 have been brought to account as an asset/(liability). Details of the Land & Water Management funds are set out below:

	Consolidated		**Parent**	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Unexpended Funds/(accrued income) at the beginning of the financial year	**2,329**	228	**2,329**	228
Government Grants	**2,190**	4,253	**2,190**	4,253
Expenditure	**(1,518)**	(2,152)	**(1,518)**	(2,152)
Unexpended Funds/(accrued income) at the end of the financial year	**3,001**	2,329	**3,001**	2,329

These amounts are brought to account as follows:

Included in payables (note 13)	**3,001**	2,329	**3,001**	2,329
	3,001	2,329	**3,001**	2,329

Note 30. Financial risk management

The Co-operative's activities expose it primarily to the financial risks of liquidity and credit risk. The Board of Directors and senior management are responsible for monitoring and managing the financial risks of the Co-operative. They monitor these risks through monthly board meetings where monthly management reports are presented and analysed. The Co-operative does not enter into derivative financial instruments and does not speculate in any type of financial instrument.

(a) Liquidity risk
Liquidity risk is the risk that the Co-operative will not be able to meet its financial obligations as they fall due. The Co-operative has both short term and long term facilities which enable sufficient cash to be available to settle obligations as they fall due. The Chief Executive Officer monitors the cash position of the Co-operative on a regular basis. The company's financial liabilities are disclosed at note 20. All financial liabilities as at balance date are due for payment in less than 6 months from balance date.

(b) Credit risk
Credit risk is the risk of financial loss to the Co-operative if a party to a financial instrument fails to meet its contractual obligations. Credit risk arises from the financial assets disclosed in note 20. Cash deposits are held with reputable banking institutions.

Units in investment trusts are managed in accordance with a documented investment strategy. The investment strategy has been developed to optimise the investment return and minimise the risk of volatility over the time the funds are expected to be held. Under the strategy growth assets are limited to 30% of the portfolio. As at 30 June 2008 the investment portfolio is spread across the following:

Australian Equities	11.3%
International Equities	8.9%
Listed Property	3.9%
Australian Fixed Interest	18.8%
International Fixed Interest	10.2%
Cash	31.9%
Floating Rate Notes	15.0%

The performance of these investments are reported to, and monitored by the board each month. Given global financial market volatility, the investment strategy was broadened to include two additional investment fund managers. Additionally, in the latter half of the financial period dividend streams were re-invested in short term deposits. Fund managers performance is monitored regularly by the Board. The Board has commissioned a review of its investment strategy.

In respect of debtors the risk is significantly mitigated by a charge over customers water rights afforded by the Water Management Act 2000.

(c) Interest rate risk
Interest rate risk is the risk that changes in interest rates will affect the Co-operative's income or value of investments on deposit. The following table summarises the sensitivity of the Co-operative's financial assets and liabilities to a 1% movement in the interest rate:

	+1%		**-1%**	
	Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**
Cash	64	64	(64)	(64)
Units in investment trusts	-	-	-	-
Receivables	-	-	-	-
Payables	-	-	-	-

Directors' declaration

The directors declare that the financial statements and notes set out on pages 8 to 26 are in accordance with the *Cooperatives Act 1992*, including:

(a) comply with Accounting Standards, the *Co-operatives Act 1992* as amended and other mandatory professional reporting requirements; and
(b) give a true and fair view of the co-operative's financial position as at 30 June 2008 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the *Co-operatives Act 1992* as amended; and
(b) there are reasonable grounds to believe that the co-operative will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

RH Black

R H Black
Director

Coleambally
24 September 2008

Coleambally Irrigation Co-operative Limited

Independent audit report to the members

30 June 2007.

Report on the Financial Report

We have audited the financial report of Coleambally Irrigation Co-operative Limited, which comprises the balance sheet at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Coleambally Irrigation Co-operative Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Co-operatives Act 1992.* This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Co-operatives Act 1992.*

Auditor's Opinion

In our opinion the financial report of Coleambally Irrigation Co-operative Limited is in accordance with the *Co-operatives Act 1992*, including:

a) giving a true and fair view of Coleambally Irrigation Co-operative Limited's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and complying with the *Co-operatives Regulations.*

Johnsons MME
Chartered Accountants

H P McKenzie-McHarg — Albury
Partner — 24 September 2008