

Interim Financial Report
Barossa Infrastructure Limited
ABN 80 084 108 958
31 December 2017

Barossa Infrastructure Limited
Interim Financial Report
For the six months ended 31 December 2017

Contents

Directors' report	3
Condensed statement of financial position	5
Condensed statement of profit or loss and other comprehensive income	6
Condensed statement of changes in equity	7
Condensed statement of cash flows	8
Notes to the condensed interim financial statements	9
Directors' declaration	13
Lead Auditor's Independence Declaration under Section 307C of the <i>Corporations Act 2001</i>	14
Independent Auditor's Report	15

Barossa Infrastructure Limited
Interim Financial Report
For the six months ended 31 December 2017

Directors' report

The directors of Barossa Infrastructure Limited (the "Company") present their report together with the financial statements for the six months ended 31 December 2017 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Non-executive	Period of directorship
Robert Ian Chapman	Since 4 June 2012
Grant Walker Burge	Since 14 September 1998
Geoffrey Maxwell Davis	Since 3 August 1999
Gayle Robin Grieger	Since 2 February 2004
John Leslie Kerr	Since 2 May 2017
Timothy James McCarthy	Since 28 February 2017
Victor John Patrick	Since 28 April 2008
Steven James Wilson	Since 14 September 1998 Resigned 23 October 2017

Review of operations

The net profit for the half year ended 31 December 2017 after providing for income tax is \$1,358,699 (2016 profit \$605,356).

Sales Revenue of \$3,792,784 for the 6 months is up by \$1,879,984 on the same period last year. This is a result of a mild winter and spring compared to last year's record wet winter and spring. Consequently, greater volumes were delivered in the current 6 months, plus a large increase in unused water charges for the water year ending 31 October 2017 compared to 31 October 2016.

The schemes current total capacity is 9.67GL, commencing 1 October 2017, after the first tranche of the 3 year expansion to 11GL. The expansion is expected to cost \$19.45 million. Contracts for the required new infrastructure owned by the Company have been let for amounts within the projected costs for the expansion. A new Water Transport Agreement has been entered into with SA Water providing the opportunity for supply until 2060 and securing the cost of SA Water's share of infrastructure upgrades to a fixed amount.

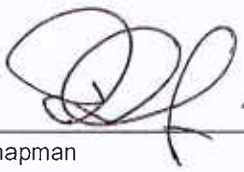
Barossa Infrastructure Limited
Interim Financial Report
For the six months ended 31 December 2017

Directors' report (continued)

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 14 and forms part of the directors' report for the six months ended 31 December 2017.

Signed in accordance with a resolution of the directors:



R I Chapman
Director



G M Davis
Director

Dated at Adelaide this 27th day of February 2018

Barossa Infrastructure Limited
Interim Financial Report

Condensed statement of financial position

As at 31 December 2017

	<i>Note</i>	31 Dec 2017 \$	30 June 2017 \$
ASSETS			
Current assets			
Cash and cash equivalents		5,253,572	5,294,893
Trade and other receivables		684,015	1,885,588
Other assets		1,412,579	1,049,255
Current Tax Assets		-	23,327
Total current assets		7,350,166	8,253,063
Non-current assets			
Other assets		3,682,282	3,767,607
Property, plant and equipment	8	16,015,485	14,649,979
Intangible assets	9	5,951,751	5,647,070
Total non-current assets		25,649,518	24,064,656
TOTAL ASSETS		32,999,684	32,317,719
LIABILITIES			
Current liabilities			
Trade and other payables		919,100	781,919
Employee benefits		147,477	127,869
Current tax liabilities		287,536	-
Deferred income		2,911,149	3,812,061
Total current liabilities		4,265,262	4,721,849
Non-current liabilities			
Deferred income		436,933	1,119,451
Deferred tax liabilities		925,193	692,072
Total non-current liabilities		1,362,126	1,811,523
TOTAL LIABILITIES		5,627,388	6,533,372
NET ASSETS		27,372,296	25,784,347
Equity			
Share capital		15,395,637	15,166,387
Retained earnings		11,976,659	10,617,960
TOTAL EQUITY		27,372,296	25,784,347

The condensed notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

Barossa Infrastructure Limited
Interim Financial Report

Condensed statement of profit and loss and other comprehensive income
For the six months ended 31 December 2017

	<i>Note</i>	31 Dec 2017 \$	31 Dec 2016 \$
Sale of water		3,792,784	1,912,800
Customer Rebate		-	3,154
Cost of sales		<u>(3,309,430)</u>	<u>(2,612,222)</u>
Gross profit		483,354	(696,268)
Infrastructure levies revenue		1,894,517	2,162,726
Other income		27,106	35,706
Administrative expenses		<u>(571,406)</u>	<u>(660,528)</u>
Results from operating activities		1,833,571	841,636
Finance income		45,783	22,751
Finance costs		-	(1,079)
Net finance costs		45,783	21,672
Profit before income tax		1,879,354	863,308
Income tax expense	7	<u>(520,655)</u>	<u>(257,952)</u>
Profit after tax		1,358,699	605,356
Total comprehensive profit for the period		1,358,699	605,356

The condensed notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

Barossa Infrastructure Limited
Interim Financial Report

Condensed statement of changes in equity

For the six months ended 31 December 2017

	<u>Attributable to owners of the Company</u>		
	Share Capital	Retained earnings	Total equity
	\$	\$	\$
Balance at 1 July 2016	12,179,000	9,254,601	21,433,601
Total comprehensive income for the period			
Profit for the period		605,356	605,356
Transactions with owners of the Company, recognised directly in equity			
Issue of ordinary shares	3,500		3,500
Balance at 31 December 2016	12,182,500	9,859,957	22,042,457
For the six months ended 31 December 2017			
Balance at 1 July 2017	15,166,387	10,617,960	25,784,347
Total comprehensive income for the period			
Profit for the period		1,358,699	1,358,699
Transactions with owners of the Company, recognised directly in equity			
Issue of ordinary shares	229,250		229,250
Balance at 31 December 2017	15,395,637	11,976,659	27,372,296

The condensed notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

Barossa Infrastructure Limited
Interim Financial Report

Condensed statement of cash flows

For the six months ended 31 December 2017

	<i>Note</i>	31 Dec 2017 \$	31 Dec 2016 \$
Cash flows from operating activities			
Cash receipts from customers		5,186,953	3,220,163
Cash paid to suppliers and employees		(3,351,310)	(2,686,846)
Cash generated from operations		1,835,643	533,317
Interest received		44,180	7,116
Interest paid		-	(5,071)
Taxes refunded/(paid)		23,327	(123,937)
Net cash from operating activities		1,903,150	411,425
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(1,755,787)	(157,901)
Acquisition of intangibles	9	(356,684)	-
Net cash used in investing activities		(2,112,471)	(157,901)
Cash flows from financing activities			
Proceeds from the issue of share capital		168,000	3,500
Share capital not allotted		-	28,000
Repayment of borrowings		-	(1,368,210)
Net cash from/(used) in financing activities		168,000	(1,336,710)
Net decrease in cash and cash equivalents		(41,321)	(1,083,186)
Cash and cash equivalents at 1 July		5,294,893	1,675,364
Cash and cash equivalents at 31 December		5,253,572	592,178

The condensed notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

Notes to the condensed interim financial statements

1. Reporting entity

Barossa Infrastructure Limited (the "Company") is a company domiciled in Australia. The annual financial report of the Company as at and for the year ended 30 June 2017 is available upon request from the Company's registered office at C/- Level 6, 81 Flinders Street Adelaide SA 5000 or at <http://barossainfrastructure.com.au>.

2. Basis of preparation

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended 30 June 2017.

These interim financial statements were approved by the Board of Directors on the 27th February 2018.

Going concern basis of preparation

The financial statements disclose a net working capital of \$3,084,904 as at 31 December 2017. The Company has sufficient funds to meet its working capital requirements such that the Directors consider the use of the going concern basis of preparation to be appropriate.

3. Use of judgements and estimates

In preparing these interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2017.

4. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 30 June 2017.

5. Financial risk management

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2017.

6. Seasonality of operations

In a normal irrigation season the majority of the water taken by customers occurs in the second half of the financial year. Sales for the first 6 months to 31 December 2017 are up by 98% (\$1,879,984) on the same period last year due to a warmer winter and spring in contrast with last year's exceptionally wet, cool winter and spring. Due to the seasonal conditions explained above the actual volumes taken by customers were up 71% (1,353ML) on that taken in the previous corresponding six month period. At the same time unused water volumes billed at the end of the water year were up more than 3 times the volumes of the prior year.

Notes to the condensed interim financial statements

7. Income tax expense

The Company recognised an income tax expense of \$520,655 for the period ended 31 December 2017 (six months ended 31 December 2016: income tax expense \$257,952). The Company does not expect to pay tax for the year ended 30 June 2018 due to an expected annual loss for tax purposes resulting from the write off of expenditure associated with the scheme expansion.

8. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2017, the Company acquired assets with a cost of \$4,490 (six months ended 31 December 2016: \$157,901) and spent \$1,813,778 on progress payments for infrastructure associated with the scheme expansion. Assets with a carrying value of \$113 were scrapped during the six months ended 31 December 2017, resulting in a loss on disposal of \$113 (six months ended 31 December 2016: loss of \$153), which is included in administrative expenses.

9. Intangible assets

During the six months ended 31 December 2017 the Company acquired intangible assets with a cost of \$356,684 (six months ended 31 December 2016: \$0). Intangible assets with a carrying value of \$191 were scrapped during the six months ended 31 December 2017, resulting in a loss on disposal of \$191 (six months ended 31 December 2016: \$0), which is included in administrative expenses. The Company elects to carry River Murray Water Rights at cost.

The Company performed impairment testing of intangibles during the six months ended 31 December 2017. As a result of this testing, the carrying amount of intangible assets was determined to be lower than its recoverable amount and therefore no impairment loss was recognised.

Notes to the condensed interim financial statements (continued)

10. Financial instruments

Carrying amount versus fair values

The fair value of all financial assets and liabilities approximate their carrying amount.

11. Related parties

Key management personnel receive compensation in the form of short-term employee benefits and post-employment benefits. Key management personnel received total compensation of \$203,259 for the six months ended 31 December 2017 (six months ended 31 December 2016: \$180,748).

Other related party transactions

	Transaction value for the six months ended		Balance outstanding	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	30 June 2017
	\$	\$	\$	\$
Expenses				
Geoff Davis & Associates – administrative services	97,198	91,260	10,336	26,700
Capital Strategies Pty Ltd – corporate advisory services	9,750	-	-	-
	106,948	91,260	10,336	26,700

All outstanding balances with these related parties are to be settled in cash within one month of the end of the reporting period. None of the balances are secured.

Notes to the condensed interim financial statements (continued)

12. Commitments

The Company has the following commitments at 31 December 2017, in respect of the scheme expansion:

- contract for laying of additional pipelines – balance remaining	\$ 127,412
- contract for construction of water storage	\$ 3,480,673
- commitments to SA Water for infrastructure upgrades under the new Water Transport Agreement dated 29/6/17	\$ 7,476,000
- orders for delivery of new pumps	\$ 344,052
- Total commitments	<u>\$11,428,137</u>

13. Subsequent events

There were no subsequent events to report other than the expansion of the scheme to 11GL progresses within the timeframe and financial parameters set by the Company.

Directors' declaration

In the opinion of the directors of Barossa Infrastructure Limited ('the Company'):

1. the condensed financial statements and notes set out on pages 9 to 12, are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



R I Chapman
Director



G M Davis
Director

Dated at Adelaide this 27th day of February 2018



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Barossa Infrastructure Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Barossa Infrastructure Limited for the half-year ended 31 December 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.


KPMG



Paul Cenko
Partner

Adelaide

27 February 2018



Independent Auditor's Review Report

To the shareholders of Barossa Infrastructure Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Barossa Infrastructure Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Barossa Infrastructure Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Company's** financial position as at 31 December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed statement of financial position as at 31 December 2017
- Condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the Half-year ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Interim Period** is the 6 months ended on 31 December 2017.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the Half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Barossa Infrastructure Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.


KPMG



Paul Cenko
Partner

Adelaide

27 February 2018