

Barossa Infrastructure Limited

**31 December 2012
Interim Financial Report**

Contents

	Page
Directors' report	2
Condensed interim financial report	
Condensed interim statement of comprehensive income	4
Condensed interim statement of changes in equity	5
Condensed interim statement of financial position	6
Condensed interim statement of cash flows	7
Notes to the condensed interim financial statements	8-10
Directors' declaration	11
Independent auditor's report on review of condensed interim financial report	12-13
Lead auditor's independence declaration	14

Barossa Infrastructure Limited

Directors' report

The directors of Barossa Infrastructure Limited (the "Company") present their report together with the financial report for the six months ended 31 December 2012 and the review report thereon.

Directors

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

Name	Period of directorship
Non-executive	
David John Klingberg Chairperson	Since 29/09/98 Resigned 05/11/12
Wendy Kay Allan	Since 04/06/08
Grant Walker Burge	Since 14/09/98
Robert Ian Chapman Chairperson	Since 04/06/12
Geoffrey Maxwell Davis	Since 03/08/99
Gayle Robin Grieger	Since 02/12/03
Victor John Patrick	Since 28/04/08
Martin Paul Pfeiffer	Since 18/12/98
Edgar Gordon Schild	Since 14/09/98
Steven James Wilson	Since 14/09/98

Review of operations

The net profit for the half year ended 31 December 2012 after providing for income tax amounted to \$1,504,837 (2011 profit \$937,610).

Revenue of \$3,905,112 for the 6 months is up by \$924,493 on the same period last year. This is a result of a dry winter and spring and customer demand for water increased in response to the weather conditions. In contrast, consistent rainfall was received for the same period last year resulting in decreased demand and significant unused water bills were raised as a consequence.

The Company acquired 97ML additional permanent River Murray Water Rights during the 6 months and will continue to monitor the movements in water rights prices for opportunities to acquire additional water rights as they present themselves.

Meter upgrades under the PIIP scheme continued throughout the course of the year and were completed in December 2012 per the agreement.

A loan repayment of \$1,432,000 was made in July 2012 bringing the bank loan outstanding to \$5,664,211.

Lead auditor's independence declaration

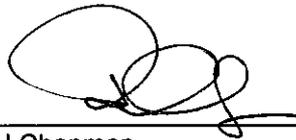
The lead auditor's independence declaration is set out on page 14 and forms part of the directors' report for the six months ended 31 December 2012.

Rounding off

The Company is not of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and therefore cannot 'round off' any amounts in the financial report and directors' report to the nearest thousand dollars. The company must show the amounts in the directors' report and financial report at the nearest whole dollar of the amount.

Dated at Adelaide this 19th day of February 2013.

Signed in accordance with a resolution of the directors:



R I Chapman
Director



G M Davis
Director

Barossa Infrastructure Limited

Condensed interim statement of comprehensive income

For the six months ended 31 December 2012

	Note	31 Dec 2012 AUD \$	31 Dec 2011 AUD \$
Sale of Water		3,905,112	2,980,619
Cost of sales		<u>(2,478,967)</u>	<u>(2,114,089)</u>
Gross profit		1,426,145	866,530
Infrastructure Levies Revenue		1,266,370	1,077,120
Other Income		44,945	36,960
Administrative expenses		<u>(431,403)</u>	<u>(424,677)</u>
Profit from operating activities		2,306,057	1,555,933
Finance income		45,664	62,232
Finance expenses		<u>(191,429)</u>	<u>(270,264)</u>
Net finance costs		(145,765)	(208,032)
Profit before income tax		2,160,292	1,347,901
Income tax expense	8	<u>(655,455)</u>	<u>(410,291)</u>
Profit After Tax		<u>1,504,837</u>	<u>937,610</u>
Total comprehensive profit for the period		<u>1,504,837</u>	<u>937,610</u>

The condensed notes on pages 8 to 10 are an integral part of these interim financial statements.

Barossa Infrastructure Limited

Condensed interim statement of changes in equity

For the six months ended 31 December 2012

	Note	Attributable to equity holders of the Company		
		Share capital	Retained earnings	Total equity
Balance at 1 July 2011		9,564,500	3,457,746	13,022,246
Total comprehensive income for the period				
Profit		-	937,610	937,610
Contributions by owners				
Issue of ordinary shares		-	-	-
Balance at 31 December 2011		<u>9,564,500</u>	<u>4,395,356</u>	<u>13,959,856</u>
Balance at 1 July 2012		9,564,500	4,693,780	14,258,280
Total comprehensive income for the period				
Profit			1,504,837	1,504,837
Contributions by owners				
Issue of ordinary shares		175,000	-	175,000
Balance at 31 December 2012		<u>9,739,500</u>	<u>6,198,617</u>	<u>15,938,117</u>

The condensed notes on pages 8 to 10 are an integral part of these interim financial statements.

Barossa Infrastructure Limited

Condensed interim statement of financial position

As at 31 December 2012

	Note	31 Dec 2012 AUD \$	30 Jun 2012 AUD \$
Assets			
Current assets			
Cash and cash equivalents		2,610,785	4,028,997
Trade and other receivables		1,627,521	867,726
Other Assets		1,388,540	457,816
Current Tax Assets		-	-
Total current assets		5,626,846	5,354,539
Non-current assets			
Property, plant and equipment	9	17,839,819	18,213,635
Intangible assets	10	2,512,748	2,370,834
Total non-current assets		20,352,567	20,584,469
Total assets		25,979,413	25,939,008
Liabilities			
Current liabilities			
Trade and other payables		553,379	172,567
Employee benefits		71,838	63,974
Current Tax Liabilities		1,240,345	585,418
Interest-bearing loans & borrowings	11	1,432,000	1,432,000
Deferred income		2,066,191	2,555,992
Total current liabilities		5,363,753	4,809,951
Non-current liabilities			
Interest-bearing loans & borrowings	11	4,232,211	5,719,711
Deferred income		258,235	964,497
Deferred tax liabilities		187,097	186,569
Total non-current liabilities		4,677,543	6,870,777
Total liabilities		10,041,296	11,680,728
Net assets		15,938,117	14,258,280
Equity			
Issued capital		9,739,500	9,564,500
Retained earnings		6,198,617	4,693,780
Total equity		15,938,117	14,258,280

The condensed notes on pages 8 to 10 are an integral part of these interim financial statements.

Barossa Infrastructure Limited

Condensed interim statement of cash flows

For the six months ended 31 December 2012

Note	31 Dec 2012 AUD \$	31 Dec 2011 AUD \$
Cash flows from operating activities		
Cash receipts from customers	2,657,308	3,377,181
Cash paid to suppliers and employees	<u>(2,321,671)</u>	<u>(2,322,269)</u>
Cash generated from operations	335,637	1,054,912
Interest received	48,909	63,037
Interest paid	<u>(200,144)</u>	<u>(287,901)</u>
Income taxes refunded/(paid)	-	26,566
Net cash from operating activities	<u>184,402</u>	<u>856,614</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	9 (157,646)	(90,168)
Proceeds from disposal of property, plant & equipment	20,000	-
Acquisition of intangibles	<u>(142,468)</u>	<u>(2,024)</u>
Net cash used in investing activities	<u>(280,114)</u>	<u>(92,192)</u>
Cash flows from financing activities		
Proceeds from the issue of share capital	175,000	-
Sundry loan	<u>(10,000)</u>	-
Repayment of borrowings	11 (1,487,500)	<u>(1,432,062)</u>
Net cash used in financing activities	<u>(1,322,500)</u>	<u>(1,432,062)</u>
Net decrease in cash and cash equivalents	<u>(1,418,212)</u>	<u>(667,640)</u>
Cash and cash equivalents at 1 July	<u>4,028,997</u>	<u>2,476,522</u>
Cash and cash equivalents at 31 December	<u>2,610,785</u>	<u>1,808,882</u>

The condensed notes on pages 8 to 10 are an integral part of these interim financial statements.

Barossa Infrastructure Limited

Condensed notes to the 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 2012 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. **Statement of compliance**

The condensed interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

The condensed interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2012.

This condensed interim financial report was approved by the Board of Directors on the 19th of February 2013.

The Company is not of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and therefore cannot "round off" any amounts to the nearest thousand dollars.
3. **Basis of preparation**

The condensed interim financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The directors are of the opinion that the Company will be able to pay its debts as and when they fall due and to fund near term business and corporate activities and that the going concern basis of accounts preparation is appropriate.
4. **Significant accounting policies**

The accounting policies applied by the Company in the condensed interim financial report are the same as those applied by the Company in its financial statements as at and for the year ended 30 June 2012.

Barossa Infrastructure Limited

Condensed notes to the interim financial statements - continued

5. Estimates

The preparation of interim financial reports requires management to make 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. In preparing this condensed interim financial report 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 2012.

6. 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 2012. Currently \$5.7 million of secured bank loans are carried at interest rates ranging from 6.85% to 6.89% fixed to December 2014. The debt due is to be repaid by July 2016.

7. 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 2012 are up by 31% on the same period last year due to the protracted dry weather conditions. The actual volumes taken by customers were up 217% on that taken in the previous corresponding six month period. The amount of unused water volumes billed at the end of the water year 30 September 2012, was 59% lower than that of the previous year being further confirmation of the impact of the dry weather conditions experienced this period.

8. Income tax expense

The Company recognised an income tax expense of \$655,455 for the period ended 31 December 2012 (six months ended 31 December 2011: income tax expense \$410,291).

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2012 the Company acquired assets with a cost of \$157,646 (six months ended 31 December 2011: \$90,168). Assets with a carrying value of \$19,745 were disposed of during the six months ended 31 December 2012 (six months ended 31 December 2011: \$13,629), resulting in a profit on disposal of \$254, which is included in other income.

10. Intangibles

During the six months ended 31 December 2012 the Company acquired intangible assets with a cost of \$142,468 (six months ended 31 December 2011: \$2,024). The Company elects to carry intangible assets at cost.

The Company performed impairment testing of intangibles during the six months ended 31 December 2012. 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.

Barossa Infrastructure Limited

Condensed notes to the interim financial statements - continued

11. Loans and borrowings

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2012:

	Currency	Interest rate nominal	Face value	Carrying amount	Year of maturity
Balance at 1 July 2012				7,151,711	
Repayments					
Secured bank loan	AUD	6.85%	1,432,000	1,432,000	2014
Unsecured loan	AUD	0%	55,500	55,500	
Balance at 31 December 2012				<u>5,664,211</u>	2016

There were no new loans and borrowings in the prior interim period and an amount of \$1,432,062 was repaid.

12. 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 \$159,061 for the six months ended 31 December 2012 (six months ended 31 December 2011: \$154,711).

Other related party transactions

	Transaction value Six months ended		Balance outstanding	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	30 Jun 2012
Director				
Expenses				
Geoff Davis & Associates – administrative services	60,060	58,980	3,806	10,978
M P Pfeiffer – management services	12,519	12,037	-	-
	<u>72,579</u>	<u>71,017</u>	<u>3,806</u>	<u>10,978</u>

All outstanding balances with these related parties are to be settled in cash within one month of the balance sheet date. None of the balances are secured.

13. Subsequent event

There are no subsequent events to report.

Barossa Infrastructure Limited

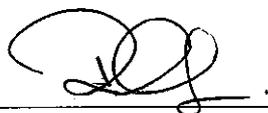
Directors' declaration

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

1. the financial statements and notes set out on pages 4 to 10, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
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.

Dated at Adelaide this 19th day of February 2013.

Signed in accordance with a resolution of the directors:



R I Chapman
Director



G M Davis
Director