

Barossa Infrastructure Limited

31 December 2013  
Interim Financial Report

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# Barossa Infrastructure Limited

## 31 December 2013 Interim Financial Report

### 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 2013 and the review report thereon.

### Directors

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

<b>Name</b>	<b>Period of directorship</b>
<b>Non-executive</b>	
Robert Ian Chapman Chairperson	Since 04/06/12
Wendy Kay Allan	Since 04/06/08
Grant Walker Burge	Since 14/09/98
Geoffrey Maxwell Davis	Since 03/08/99
Gayle Robin Grieger	Since 02/02/04
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 2013 after providing for income tax amounted to \$890,647 (2012 profit \$1,504,837).

Revenue of \$2,897,711 for the 6 months is down by \$1,007,401 on the same period last year. This is a result of consistent rainfall and milder temperatures compared with the dry winter and spring of the same period last year.

The Company acquired 98ML of 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.

The Company is in discussions with SA Water to expand the scheme. Expressions of interest and deposits for additional water have been received from customers in anticipation of the expansion. Should the expansion prove to be economically unviable and therefore not proceed, customer deposits will be refunded.

A loan repayment of \$1,432,000 was made in July 2013 bringing the bank loan outstanding to \$4,232,200.

## Lead auditor's independence declaration

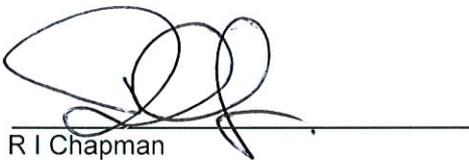
The lead auditor's independence declaration is set out on page 14 and forms part of the directors' report for the six months ended 31 December 2013.

## 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 statements and directors' report to the nearest thousand dollars. The Company must show the amounts in the directors' report and financial statements at the nearest whole dollar of the amount.

Dated at Adelaide this 25<sup>th</sup> day of February 2014.

Signed in accordance with a resolution of the directors:



R I Chapman

Director



G M Davis

Director

# Barossa Infrastructure Limited

## Condensed statement of financial position

As at 31 December 2013

Note	31 Dec 2013	30 Jun 2013	
	\$	\$	
<b>Assets</b>			
<b>Current assets</b>			
	Cash and cash equivalents	2,041,758	4,453,247
	Trade and other receivables	1,362,396	1,848,853
	Other assets	1,450,594	497,895
	<b>Total current assets</b>	<b>4,854,748</b>	6,799,995
<b>Non-current assets</b>			
	Property, plant and equipment	8 17,112,729	17,486,449
	Intangible assets	9 2,677,962	2,530,188
	<b>Total non-current assets</b>	<b>19,790,691</b>	20,016,637
	<b>Total assets</b>	<b>24,645,439</b>	26,816,632
<b>Liabilities</b>			
<b>Current liabilities</b>			
	Trade and other payables	816,018	1,423,883
	Employee benefits	81,723	74,738
	Current tax liabilities	669,074	607,793
	Interest-bearing loans & borrowings	10 1,432,000	1,432,000
	Deferred income	2,131,481	2,736,157
	<b>Total current liabilities</b>	<b>5,130,296</b>	6,274,571
<b>Non-current liabilities</b>			
	Interest-bearing loans & borrowings	10 2,800,200	4,232,200
	Deferred income	151,505	861,391
	Deferred tax liabilities	276,208	193,637
	<b>Total non-current liabilities</b>	<b>3,227,913</b>	5,287,228
	<b>Total liabilities</b>	<b>8,358,209</b>	11,561,799
	<b>Net assets</b>	<b>16,287,230</b>	15,254,833
<b>Equity</b>			
	Share capital	9,895,250	9,753,500
	Retained earnings	6,391,980	5,501,333
	<b>Total equity</b>	<b>16,287,230</b>	15,254,833

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

# Barossa Infrastructure Limited

## Condensed statement of profit or loss and other comprehensive income

For the six months ended 31 December 2013

	Note	31 Dec 2013 \$	31 Dec 2012 \$
Sale of water		2,897,711	3,905,112
Cost of sales		(2,445,157)	(2,478,967)
<b>Gross profit</b>		<b>452,554</b>	1,426,145
Infrastructure levies revenue		1,323,065	1,266,370
Other income		58,347	44,945
Administrative expenses		(465,088)	(431,403)
<b>Results from operating activities</b>		<b>1,368,878</b>	2,306,057
Finance income		32,171	45,664
Finance costs		(142,571)	(191,429)
<b>Net finance costs</b>		<b>(110,400)</b>	(145,765)
<b>Profit before income tax</b>		<b>1,258,478</b>	2,160,292
Income tax expense	7	(367,831)	(655,455)
<b>Profit after tax</b>		<b>890,647</b>	1,504,837
<b>Total comprehensive profit for the period</b>		<b>890,647</b>	1,504,837

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

# Barossa Infrastructure Limited

## Condensed statement of changes in equity

For the six months ended 31 December 2013

	Attributable to owners of the Company		
	Share capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2012	9,564,500	4,693,780	14,258,280
<b>Total comprehensive income for the period</b>			
Profit for the period		1,504,837	1,504,837
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Issue of ordinary shares	175,000		175,000
<b>Balance at 31 December 2012</b>	<b>9,739,500</b>	<b>6,198,617</b>	<b>15,938,117</b>

For the six months ended 31 December 2013

Balance at 1 July 2013	9,753,500	5,501,333	15,254,833
<b>Total comprehensive income for the period</b>			
Profit for the period		890,647	890,647
<b>Total comprehensive income for the period</b>			
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Issue of ordinary shares	141,750		141,750
<b>Balance at 31 December 2013</b>	<b>9,895,250</b>	<b>6,391,980</b>	<b>16,287,230</b>

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

# Barossa Infrastructure Limited

## Condensed statement of cash flows

For the six months ended 31 December 2013

	Note	31 Dec 2013 \$	31 Dec 2012 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1,558,268	2,657,308
Cash paid to suppliers and employees		(2,070,753)	(2,321,671)
Cash generated from operations		(512,485)	335,637
Interest received		35,116	48,909
Interest paid		(151,244)	(200,144)
Taxes paid		(223,978)	-
<b>Net cash (used in)/from operating activities</b>		<b>(852,591)</b>	184,402
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	8	(123,377)	(157,646)
Proceeds from sale of property, plant and equipment		-	20,000
Acquisition of intangibles	9	(150,521)	(142,468)
<b>Net cash used in investing activities</b>		<b>(273,898)</b>	(280,114)
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		141,750	175,000
Sundry loan		-	(10,000)
Share capital not allotted		5,250	-
Repayment of borrowings	10	(1,432,000)	(1,487,500)
<b>Net cash used in financing activities</b>		<b>(1,285,000)</b>	(1,322,500)
<b>Net decrease in cash and cash equivalents</b>		<b>(2,411,489)</b>	(1,418,212)
Cash and cash equivalents at 1 July 2013		4,453,247	4,028,997
<b>Cash and cash equivalents at 31 December 2013</b>		<b>2,041,758</b>	2,610,785

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

# Barossa Infrastructure Limited

## Notes to the condensed interim financial statement

### 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 2013 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

#### (a) Statement of compliance

The condensed interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 30 June 2013. The interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2013.

These condensed interim financial statements were approved by the Board of Directors on the 25<sup>th</sup> February 2014.

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.

#### (b) Judgements and estimates

In preparing these interim financial statements, Management 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.

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 2013.

### 3. Basis of preparation

The condensed interim financial statements have 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

Except as described below, 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 2013.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

#### AASB 13 Fair Value Measurement

The adoption did not have a significant impact on the measurements of the Company's assets and liabilities. The above-mentioned new standard is expected to be reflected in the Company's financial statements as at and for the year ending 30 June 2014.

# Barossa Infrastructure Limited

## Notes to the condensed interim financial statements - continued

### 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 2013.

### 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 2013 are down by 25% (\$1,007,401) on the same period last year due to milder temperatures and consistent rainfall. The actual volumes taken by customers were down 9% (250ML) on that taken in the previous corresponding six month period. Unused water billed this period is 70% (1,214ML) down on last year due to consistent rainfall in the 2011/12 water year, resulting in significant unused water bills at the end of September 2012 compared to the 2012/13 water year when weather conditions resulted in customer demand for water and lower unused water charges in the current period.

### 7. Income tax expense

The Company recognised an income tax expense of \$367,831 for the period ended 31 December 2013 (six months ended 31 December 2012 : income tax expense \$655,455). During the current period notification was received that legislation has been passed that would eliminate the timing difference between the receipt of Government Grants and expenditure incurred under the Commonwealth *Sustainable Rural Water Use and Infrastructure Program*. The income tax expense for the current period includes an additional \$8,500 of income tax benefit in relation to prior years on application of the change in tax legislation.

### 8. Property, plant and equipment

#### Acquisitions and disposals

During the six months ended 31 December 2013, the Company acquired assets with a cost of \$123,377 (six months ended 31 December 2012: \$157,646). Assets with a carrying value of \$538 were scrapped during the six months ended 31 December 2013 (six months ended 31 December 2012 : \$19,745), resulting in a loss on disposal of \$538, which is included in administrative expenses.

### 9. Intangible assets

During the six months ended 31 December 2013 the Company acquired water rights with a cost of \$150,521 (six months ended 31 December 2012 : \$142,468). The Company elects to carry intangible assets at cost.

The Company performed impairment testing of intangibles during the six months ended 31 December 2013. 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

## Notes to the condensed interim financial statements - continued

### 10. Loans and borrowings

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2013:

	Currency	Interest rate nominal*	Face value	Carrying amount	Year of maturity
Balance at 1 July 2013				5,664,200	
<b>Repayments</b>					
Secured bank loan	AUD	6.85%	1,432,000	1,432,000	2014
Balance at 31 December 2013				<u>4,232,200</u>	2016

### 11. Financial instruments

#### Carrying amount versus fair values

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

### 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 \$155,779 for the six months ended 31 December 2013 (six months ended 31 December 2012 : \$159,061).

#### Other related party transactions

<i>In dollars</i>	Transaction value For the six months ended		Balance outstanding	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	30 June 2013
<i>Expenses</i>				
Geoff Davis & Associates – administrative services	68,775	60,060	9,565	13,618
M P Pfeiffer – management services	<u>12,547</u>	<u>12,519</u>	-	-
	<u>81,322</u>	<u>72,579</u>	<u>9,565</u>	<u>13,618</u>

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.

### 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 condensed financial statements and notes set out on pages 8 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 2013 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 25<sup>th</sup> day of February 2014.

Signed in accordance with a resolution of the directors:



\_\_\_\_\_  
R I Chapman  
*Director*



\_\_\_\_\_  
G M Davis  
*Director*



## **Independent auditor's review report to the members of Barossa Infrastructure Limited**

We have reviewed the accompanying interim financial report of Barossa Infrastructure Limited, which comprises the condensed interim statement of financial position as at 31 December 2013, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim 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 and the directors' declaration of the Company at the half-year's end.

### *Directors' responsibility 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* and 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*

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 2013 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.

### *Independence*

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



*Conclusion*

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:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to be 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to be 'S. Fleming'.

Scott Fleming  
*Partner*

Adelaide

25 February 2014



*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 for the half-year ended 31 December 2013 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.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'S. A. Fleming'.

Scott Fleming  
*Partner*

Adelaide

25 February 2014