

Interim Financial Report  
Barossa Infrastructure Limited  
ABN 80 084 108 958  
31 December 2014

Barossa Infrastructure Limited  
Interim Financial Report  
For the six months ended 31 December 2014

## Contents

Directors' report	2
Condensed statement of financial position	4
Condensed statement of profit or loss and other comprehensive income	5
Condensed statement of changes in equity	6
Condensed statement of cash flows	7
Notes to the condensed interim financial statements	8
Directors' declaration	11
Lead Auditor's Independence Declaration under Section 307C of the <i>Corporations Act 2001</i>	12
Independent Auditor's Report	13

Barossa Infrastructure Limited  
Interim Financial Report  
For the six months ended 31 December 2014

## 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 2014 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>Non-executive</b>	<b>Period of directorship</b>
Robert Ian Chapman	Since 4 June 2012
Wendy Kay Allan	Since 4 June 2008
Grant Walker Burge	Since 14 September 1998
Geoffrey Maxwell Davis	Since 3 August 1999
Gayle Robin Grieger	Since 2 February 2004
Victor John Patrick	Since 28 April 2008
Martin Paul Pfeiffer	Since 18 December 1998
Edgar Gordon Schild	Since 14 September 1998
Steven James Wilson	Since 14 September 1998

### Review of operations

The net profit for the half year ended 31 December 2014 after providing for income tax amounted to \$1,116,004 (2013 profit \$890,647).

Revenue of \$3,817,310 for the 6 months is up by \$919,599 on the same period last year. This is a result of a dry spring and above average temperatures compared with consistent rainfall and milder temperatures of the same period last year.

The Company acquired 20ML 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. In addition, 39ML of permanent River Murray Water rights were transferred to the Minister for Agriculture, Food and Fisheries as a requirement of funding under the South Australian River Murray Sustainability Irrigation Industry Improvement Program (SARMS 3IP).

The scheme was expanded by 1GL during the six month period taking total capacity to 8GL.

Expressions of interest from customers for additional water have been received and as a result the Company has commenced discussions with SA Water to further expand the scheme.

A loan repayment of \$1,431,989 was made in the six month period to December 2014 bringing the bank loan outstanding to \$2,800,210.

## 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 2014.

### 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.

Signed in accordance with a resolution of the directors:



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R I Chapman  
Director



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G M Davis  
Director

Dated at Adelaide this 24<sup>th</sup> day of February 2015

Barossa Infrastructure Limited  
Interim Financial Report

Condensed statement of financial position

As at 31 December 2014

	<i>Note</i>	31 Dec 2014 \$	30 June 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		997,981	4,685,278
Trade and other receivables		1,411,610	1,289,201
Other assets		1,897,138	268,526
Current tax assets		-	141,832
<b>Total current assets</b>		<b>4,306,729</b>	<b>6,384,837</b>
<b>Non-current assets</b>			
Other assets		1,600,674	-
Property, plant and equipment	8	16,315,692	16,767,060
Intangible assets	9	2,648,168	2,675,260
<b>Total non-current assets</b>		<b>20,564,534</b>	<b>19,442,320</b>
<b>TOTAL ASSETS</b>		<b>24,871,263</b>	<b>25,827,157</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		729,934	888,298
Employee benefits		90,840	87,007
Current tax liabilities		425,770	-
Interest-bearing loans & borrowings	10	1,432,000	1,431,989
Deferred income		2,364,921	3,245,846
<b>Total current liabilities</b>		<b>5,043,465</b>	<b>5,653,140</b>
<b>Non-current liabilities</b>			
Interest-bearing loans & borrowings	10	1,368,210	2,800,210
Deferred income		21,570	772,548
Deferred tax liabilities		258,221	268,966
<b>Total non-current liabilities</b>		<b>1,648,001</b>	<b>3,841,724</b>
<b>TOTAL LIABILITIES</b>		<b>6,691,466</b>	<b>9,494,864</b>
<b>NET ASSETS</b>		<b>18,179,797</b>	<b>16,332,293</b>
<b>Equity</b>			
Share capital		10,619,750	9,888,250
Retained earnings		7,560,047	6,444,043
<b>TOTAL EQUITY</b>		<b>18,179,797</b>	<b>16,332,293</b>

The condensed notes on pages 8 to 10 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 2014

	<i>Note</i>	31 Dec 2014 \$	31 Dec 2013 \$
Sale of water		3,817,310	2,897,711
Cost of sales		(3,173,040)	2,445,157
<b>Gross profit</b>		<b>644,270</b>	<b>452,554</b>
Infrastructure levies revenue		1,409,675	1,323,065
Other income		113,090	58,347
Administrative expenses		(558,265)	(465,088)
<b>Results from operating activities</b>		<b>1,608,770</b>	<b>1,368,878</b>
Finance income		53,419	32,171
Finance costs		(83,606)	(142,571)
<b>Net finance costs</b>		<b>(30,187)</b>	<b>(110,400)</b>
<b>Profit before income tax</b>		<b>1,578,583</b>	<b>1,258,478</b>
Income tax expense	7	(462,579)	(367,831)
<b>Profit after tax</b>		<b>1,116,004</b>	<b>890,647</b>
<b>Total comprehensive profit for the period</b>		<b>1,116,004</b>	<b>890,647</b>

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

## Condensed statement of changes in equity

For the six months ended 31 December 2014

	Attributable to owners of the Company		
	Share Capital	Retained earnings	Total equity
	\$	\$	\$
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>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>
<b>For the six months ended 31 December 2014</b>			
Balance at 1 July 2014	9,888,250	6,444,043	16,332,293
<b>Total comprehensive income for the period</b>			
Profit for the period		1,116,004	1,116,004
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Issue of ordinary shares	731,500		731,500
<b>Balance at 31 December 2014</b>	<b>10,619,750</b>	<b>7,560,047</b>	<b>18,179,797</b>

The condensed notes on pages 8 to 10 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 2014

	<i>Note</i>	31 Dec 2014 \$	30 June 2014 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		2,435,548	1,558,268
Cash paid to suppliers and employees		(5,599,906)	(2,070,753)
Cash used in operations		(3,164,358)	(512,485)
Interest received		57,497	35,116
Interest paid		(90,445)	(151,244)
Taxes refunded/(paid)		94,278	(223,978)
<b>Net cash used in operating activities</b>		<b>(3,103,028)</b>	<b>(852,591)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	8	(60,927)	(123,377)
Acquisition of intangibles	9	(35,475)	(150,521)
Proceeds from sale of intangibles		60,372	-
<b>Net cash used in investing activities</b>		<b>(36,030)</b>	<b>(273,898)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		726,250	141,750
Share capital not allotted		157,500	5,250
Repayment of borrowings	10	(1,431,989)	(1,432,000)
<b>Net cash used in financing activities</b>		<b>(548,239)</b>	<b>(1,285,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,687,297)</b>	<b>(2,411,489)</b>
Cash and cash equivalents at 1 July		4,685,278	4,453,247
<b>Cash and cash equivalents at 31 December</b>		<b>997,981</b>	<b>2,041,785</b>

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



## 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 2014 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 2014.

These interim financial statements were approved by the Board of Directors on the 24<sup>th</sup> February 2015.

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. 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 2014.

### 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 2014.

### 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 2014.

### 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 2014 are up by 32% (\$919,599) on the same period last year due to higher than average temperatures and low rainfall. The actual volumes taken by customers were up 16% (399ML) on that taken in the previous corresponding six month period. Unused water billed this period is 43% (222ML) up on last year due to a significant rain event in February that resulted in an earlier close to the water season than normally experienced.

## Notes to the condensed interim financial statement (continued)

### **7. Income tax expense**

The Company recognised an income tax expense of \$462,579 for the period ended 31 December 2014 (six months ended 31 December 2013: income tax expense \$367,831).

### **8. Property, plant and equipment**

#### *Acquisitions and disposals*

During the six months ended 31 December 2014, the Company acquired assets with a cost of \$60,927 (six months ended 31 December 2013: \$123,377). Assets with a carrying value of nil were disposed of during the six months ended 31 December 2014, resulting in a gain on disposal of \$220 (six months ended 31 December 2013: loss of \$538), which is included in administrative expenses.

### **9. Intangible assets**

During the six months ended 31 December 2014 the Company acquired intangible assets with a cost of \$35,475 (six months ended 31 December 2013: \$150,521). Water rights with a carrying value of \$59,820 were disposed of during the six months ended 31 December 2014 (six months ended 31 December 2013: \$0), resulting in a gain on disposal of \$552 (six months ended 31 December 2013: \$0), which is included in other income. 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 2014. 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 statement (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 2014:

	Currency	Interest rate nominal*	Face value \$	Carrying amount \$	Year of maturity
Balance at 1 July 2014				4,232,199	
<b>Repayments</b>					
Secured bank loan	AUD	6.85%	1,432,000	1,431,989	2014
Balance at 31 December 2014				2,800,201	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 \$158,137 for the six months ended 31 December 2014 (six months ended 31 December 2013: \$155,779).

#### Other related party transactions

	Transaction value for the six months ended		Balance outstanding	
	31 Dec 2014 \$	31 Dec 2013 \$	31 Dec 2014 \$	30 June 2014 \$
<b>Expenses</b>				
Geoff Davis & Associates – administrative services	79,715	68,775	8,474	-
M P Pfeiffer – management services	-	12,547	-	-
	79,715	81,322	8,474	-

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 events

There were no subsequent events to report.

## 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:
  - (i) giving a true and fair view of the Company's financial position as at 31 December 2014 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:



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R I Chapman  
Director



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G M Davis  
Director

Dated at Adelaide this 24<sup>th</sup> day of February 2015



*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 2014 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

Scott Fleming  
*Partner*

Adelaide

24 February 2015



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

We have reviewed the accompanying financial report of Barossa Infrastructure Limited, which comprises the condensed statement of financial position as at 31 December 2014, 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 and the directors' declaration of the Company at the half-year's end.

### *Directors' responsibility for the 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 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 half year 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 2014 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 a 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, is not an audit, we have not become aware of any matter that makes us believe that the 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 2014 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 read 'K. [unclear]'. The signature is written in a cursive style.

KPMG

A handwritten signature in blue ink, appearing to read 'S. A. Fleming'. The signature is written in a cursive style.

Scott Fleming  
*Partner*

Adelaide

24 February 2015