

**Interim Financial Report
Barossa Infrastructure Limited
ABN 80 084 108 958
31 December 2015**

Barossa Infrastructure Limited
Interim Financial Report
For the six months ended 31 December 2015

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Barossa Infrastructure Limited
Interim Financial Report
For the six months ended 31 December 2015

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 2015 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
Wendy Kay Allan	Since 4 June 2008 Resigned 26 October 2015
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 2015 after providing for income tax amounted to \$1,483,858 (2014 profit \$1,116,004).

Revenue of \$4,563,130 for the 6 months is up by \$745,820 on the same period last year. This is a result of a second dry winter and spring and above average temperatures and increased volumes associated with the expansion of the scheme.

The scheme was expanded by 1GL from the 1 October 2015 taking total capacity to 9GL.

A loan repayment of \$1,432,000 was made in the six month period to December 2015 bringing the bank loan outstanding to \$1,368,210.

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Directors' report (continued)

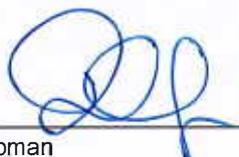
Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 13 and forms part of the directors' report for the six months ended 31 December 2015.

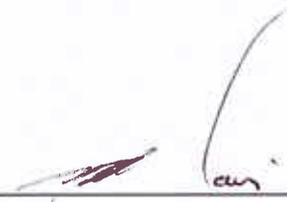
Rounding off

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:



R I Chapman
Director



G M Davis
Director

Dated at Adelaide this 23rd day of February 2016

Barossa Infrastructure Limited
Interim Financial Report

Condensed statement of financial position

As at 31 December 2015

	<i>Note</i>	31 Dec 2015 \$	30 June 2015 \$
ASSETS			
Current assets			
Cash and cash equivalents		4,488,540	6,738,643
Trade and other receivables		1,020,731	1,187,299
Other assets		2,364,067	517,357
Total current assets		7,873,338	8,443,299
Non-current assets			
Other assets		6,305,293	1,990,582
Property, plant and equipment	8	15,893,757	16,095,774
Intangible assets	9	2,643,105	2,645,897
Total non-current assets		24,842,155	20,732,253
TOTAL ASSETS		32,715,493	29,175,552
LIABILITIES			
Current liabilities			
Trade and other payables		5,775,647	2,688,938
Employee benefits		97,729	94,346
Current tax liabilities		473,264	39,504
Interest-bearing loans & borrowings	10	1,368,210	1,432,000
Deferred income		3,640,411	3,846,384
Total current liabilities		11,355,261	8,101,172
Non-current liabilities			
Interest-bearing loans & borrowings	10	-	1,368,210
Deferred income		-	1,007,410
Deferred tax liabilities		311,438	278,324
Total non-current liabilities		311,438	2,653,944
TOTAL LIABILITIES		11,666,699	10,755,116
NET ASSETS		21,048,794	18,420,436
Equity			
Share capital		12,170,250	11,025,750
Retained earnings		8,878,544	7,394,686
TOTAL EQUITY		21,048,794	18,420,436

The condensed notes on pages 9 to 11 are an integral part of these condensed interim financial statements.

Barossa Infrastructure Limited
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Condensed statement of profit and loss and other comprehensive income
For the six months ended 31 December 2015

	<i>Note</i>	31 Dec 2015	31 Dec 2014
		\$	\$
Sale of water		4,563,130	3,817,310
Customer Rebate		(31,757)	-
Cost of sales		<u>(3,811,865)</u>	<u>(3,173,040)</u>
Gross profit		719,508	644,270
Infrastructure levies revenue		1,945,580	1,409,675
Other income		69,632	113,090
Administrative expenses		<u>(608,818)</u>	<u>(558,265)</u>
Results from operating activities		<u>2,125,902</u>	<u>1,608,770</u>
Finance income		49,844	53,419
Finance costs		<u>(63,487)</u>	<u>(83,606)</u>
Net finance costs		<u>(13,643)</u>	<u>(30,187)</u>
Profit before income tax		2,112,259	1,578,583
Income tax expense	7	<u>(628,401)</u>	<u>(462,579)</u>
Profit after tax		<u>1,483,858</u>	<u>1,116,004</u>
Total comprehensive profit for the period		<u>1,483,858</u>	<u>1,116,004</u>

The condensed notes on pages 9 to 11 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 2015

	<u>Attributable to owners of the Company</u>		
	Share Capital	Retained earnings	Total equity
	\$	\$	\$
Balance at 1 July 2014	9,888,250	6,444,043	16,332,293
Total comprehensive income for the period			
Profit for the period		1,116,004	1,116,004
Transactions with owners of the Company, recognised directly in equity			
Issue of ordinary shares	731,500		731,500
Balance at 31 December 2014	10,619,750	7,560,047	18,179,797
For the six months ended 31 December 2015			
Balance at 1 July 2015	11,025,750	7,394,686	18,420,436
Total comprehensive income for the period			
Profit for the period		1,483,858	1,483,858
Transactions with owners of the Company, recognised directly in equity			
Issue of ordinary shares	1,144,500		1,144,500
Balance at 31 December 2015	12,170,250	8,878,544	21,048,794

The condensed notes on pages 9 to 11 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 2015

	<i>Note</i>	31 Dec 2015 \$	31 Dec 2014 \$
Cash flows from operating activities			
Cash receipts from customers		3,016,114	2,435,548
Cash paid to suppliers and employees		(3,896,651)	(5,599,906)
Cash used in operations		(880,537)	(3,164,358)
Interest received		50,878	57,497
Interest paid		(39,727)	(90,445)
Taxes(paid)/refunded		(161,527)	94,278
Net cash used in operating activities		(1,030,913)	(3,103,028)
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(256,605)	(60,927)
Proceeds from sale of property, plant and equipment		165	-
Acquisition of intangibles	9	-	(35,475)
Proceeds from sale of intangibles		-	60,372
Net cash used in investing activities		(256,440)	(36,030)
Cash flows from financing activities			
Proceeds from the issue of share capital		469,250	726,250
Share capital not allotted		-	157,500
Repayment of borrowings	10	(1,432,000)	(1,431,989)
Net cash used in financing activities		(962,750)	(548,239)
Net decrease in cash and cash equivalents		(2,250,103)	(3,687,297)
Cash and cash equivalents at 1 July		6,738,643	4,685,278
Cash and cash equivalents at 31 December		4,488,540	997,981

The condensed notes on pages 9 to 11 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 2015 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 2015.

These interim financial statements were approved by the Board of Directors on the 23rd February 2016.

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.

Going concern basis of preparation

The financial statements disclose a net working capital deficiency of \$3,481,923 at 31 December 2015 however, included in current liabilities is \$3,640,411 of 'deferred income' which does not require repayment. In addition, 'trade and other payables' includes a once-off infrastructure payment which was settled in January 2016 from existing cash reserves and finance facilities. 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 2015.

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 2015.

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 2015.

Notes to the condensed interim financial statement (continued)

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 2015 are up by 20% (\$745,820) on the same period last year due to the second year of higher than average temperatures and low rainfall and increased volumes associated with the scheme expansion. The scheme expanded by 1GL to 8GL from the 1 October 2014 and further expanded to 9GL from the 1 October 2015. The actual volumes taken by customers were up 34% (1,015ML) on that taken in the previous corresponding six month period

7. Income tax expense

The Company recognised an income tax expense of \$628,401 for the period ended 31 December 2015 (six months ended 31 December 2014: income tax expense \$462,579).

8. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2015, the Company acquired assets with a cost of \$256,605 (six months ended 31 December 2014: \$60,927). Assets with a carrying value of nil were disposed of during the six months ended 31 December 2015, resulting in a gain on disposal of \$165 (six months ended 31 December 2014: gain of \$220), which is included in administrative expenses.

9. Intangible assets

During the six months ended 31 December 2015 the Company did not acquire or dispose of any intangible assets. 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 2015. 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 2015:

	Currency	Interest rate nominal*	Face value \$	Carrying amount \$	Year of maturity
Balance at 1 July 2015				2,800,210	
Repayments					
Secured bank loan	AUD	5.13%	1,432,000	1,432,000	2015
Balance at 31 December 2015				1,368,210	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 \$160,054 for the six months ended 31 December 2015 (six months ended 31 December 2014: \$158,137).

Other related party transactions

	Transaction value for the six months ended		Balance outstanding	
	31 Dec 2015 \$	31 Dec 2014 \$	31 Dec 2015 \$	30 June 2015 \$
Expenses				
Geoff Davis & Associates – administrative services	84,455	79,715	9,705	-
	84,455	79,715	9,705	-

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.

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Directors' declaration

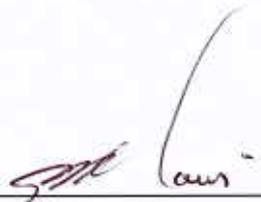
In the opinion of the directors of Barossa Infrastructure Limited ('the Company');

1. the condensed financial statements and notes set out on pages 9 to 11, 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 2015 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 23rd day of February 2016



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 2015 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

23 February 2016



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 statement of financial position as at 31 December 2015, condensed consolidated statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed consolidated statement of cash flows for the interim period 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 2015 and its performance for the interim period 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 2015 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Scott Fleming
Partner

Adelaide

23 February 2016