

**Interim Financial Report  
Barossa Infrastructure Limited  
ABN 80 084 108 958  
31 December 2016**

Barossa Infrastructure Limited  
Interim Financial Report  
For the six months ended 31 December 2016

## 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   | 12 |
| Lead Auditor's Independence Declaration under Section 307C of the <i>Corporations Act 2001</i> | 13 |
| Independent Auditor's Report   | 14 |

Barossa Infrastructure Limited  
Interim Financial Report  
For the six months ended 31 December 2016

## 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 2016 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                               |
| Victor John Patrick    | Since 28 April 2008                                 |
| Martin Paul Pfeiffer   | Since 18 December 1998<br>Resigned 24 October 2016  |
| Edgar Gordon Schild    | Since 14 September 1998<br>Resigned 24 October 2016 |
| Steven James Wilson    | Since 14 September 1998                             |

### Review of operations

The net profit for the half year ended 31 December 2016 after providing for income tax amounted to \$605,356 (2015 profit \$1,483,858).

Sales Revenue of \$1,912,800 for the 6 months is down by \$2,650,330 on the same period last year. This is a result of a record wet winter and spring following two exceptionally dry winters and springs.

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

The final loan repayment of \$1.368 million was made to the Bank in July 2016 thereby finalising the loan of \$21.5 million taken out to start the project.

In response to additional demand for water the Company issued an Offer Information Statement on 2 December 2016 seeking to raise \$2,625,000 in order to expand the Water Transport Agreement. The capital raised will help fund the associated capital works required by SA Water to supply the additional volume of water and the additional infrastructure owned by the Company to distribute the increased volume of water to customers. The capital raising has been successful pending the meeting of further conditions precedent.

Barossa Infrastructure Limited  
Interim Financial Report  
For the six months ended 31 December 2016

## Directors' report (continued)

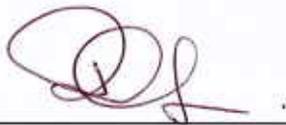
### Lead auditor's independence declaration

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 2016.

### Rounding off

The Company is not of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 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 28th day of February 2017

Barossa Infrastructure Limited  
Interim Financial Report

Condensed statement of financial position

As at 31 December 2016

|                                      | <i>Note</i> | 31 Dec 2016<br>\$ | 30 June 2016<br>\$ |
|--------------------------------------|-------------|-------------------|--------------------|
| <b>ASSETS</b>                        |             |                   |                    |
| <b>Current assets</b>                |             |                   |                    |
| Cash and cash equivalents            |             | 592,178           | 1,675,364          |
| Trade and other receivables          |             | 316,564           | 2,275,567          |
| Other assets                         |             | 1,198,905         | 528,608            |
| <b>Total current assets</b>          |             | <b>2,107,647</b>  | <b>4,479,539</b>   |
| <b>Non-current assets</b>            |             |                   |                    |
| Other assets                         |             | 3,851,541         | 3,936,865          |
| Property, plant and equipment        | 8           | 15,132,537        | 15,426,056         |
| Intangible assets                    | 9           | 5,417,489         | 5,467,182          |
| <b>Total non-current assets</b>      |             | <b>24,401,567</b> | <b>24,830,103</b>  |
| <b>TOTAL ASSETS</b>                  |             | <b>26,509,214</b> | <b>29,309,642</b>  |
| <b>LIABILITIES</b>                   |             |                   |                    |
| <b>Current liabilities</b>           |             |                   |                    |
| Trade and other payables             |             | 638,844           | 613,725            |
| Employee benefits                    |             | 112,309           | 113,932            |
| Current tax liabilities              |             | 280,539           | 257,132            |
| Interest-bearing loans & borrowings  | 10          | -                 | 1,368,210          |
| Deferred income                      |             | 2,933,199         | 4,141,076          |
| <b>Total current liabilities</b>     |             | <b>3,964,891</b>  | <b>6,494,075</b>   |
| <b>Non-current liabilities</b>       |             |                   |                    |
| Interest-bearing loans & borrowings  | 10          | -                 | -                  |
| Deferred income                      |             | -                 | 990,708            |
| Deferred tax liabilities             |             | 501,866           | 391,258            |
| <b>Total non-current liabilities</b> |             | <b>501,866</b>    | <b>1,381,966</b>   |
| <b>TOTAL LIABILITIES</b>             |             | <b>4,466,757</b>  | <b>7,876,041</b>   |
| <b>NET ASSETS</b>                    |             | <b>22,042,457</b> | <b>21,433,601</b>  |
| <b>Equity</b>                        |             |                   |                    |
| Share capital                        |             | 12,182,500        | 12,179,000         |
| Retained earnings                    |             | 9,859,957         | 9,254,601          |
| <b>TOTAL EQUITY</b>                  |             | <b>22,042,457</b> | <b>21,433,601</b>  |

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 profit and loss and other comprehensive income  
For the six months ended 31 December 2016

|  | Note | 31 Dec 2016<br>\$  | 31 Dec 2015<br>\$  |
|--|------|--------------------|--------------------|
| Sale of water                                    |      | 1,912,800          | 4,563,130          |
| Customer Rebate                                  |      | 3,154              | (31,757)           |
| Cost of sales                                    |      | <u>(2,612,222)</u> | <u>(3,811,865)</u> |
| <b>Gross profit</b>                              |      | <b>(696,268)</b>   | <b>719,508</b>     |
| Infrastructure levies revenue                    |      | 2,162,726          | 1,945,580          |
| Other income                                     |      | 35,706             | 69,632             |
| Administrative expenses                          |      | <u>(660,528)</u>   | <u>(608,818)</u>   |
| <b>Results from operating activities</b>         |      | <b>841,636</b>     | <b>2,125,902</b>   |
| Finance income                                   |      | 22,751             | 49,844             |
| Finance costs                                    |      | <u>(1,079)</u>     | <u>(63,487)</u>    |
| <b>Net finance costs</b>                         |      | <b>21,672</b>      | <b>(13,643)</b>    |
| <b>Profit before income tax</b>                  |      | <b>863,308</b>     | <b>2,112,259</b>   |
| Income tax expense                               | 7    | <u>(257,952)</u>   | <u>(628,401)</u>   |
| <b>Profit after tax</b>                          |      | <b>605,356</b>     | <b>1,483,858</b>   |
| <b>Total comprehensive profit for the period</b> |      | <b>605,356</b>     | <b>1,483,858</b>   |

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 2016

|   | <u>Attributable to owners of the Company</u> |                   |                   |
|---|--|-------------------|-------------------|
|   | Share Capital                                | Retained earnings | Total equity      |
|   | \$   | \$                | \$                |
| Balance at 1 July 2015  | 11,025,750                                   | 7,394,686         | 18,420,436        |
| <b>Total comprehensive income for the period</b>                              |  |                   |                   |
| Profit for the period   |  | 1,483,858         | 1,483,858         |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |  |                   |                   |
| Issue of ordinary shares  | 1,144,500                                    |                   | 1,144,500         |
| <b>Balance at 31 December 2015</b>  | <b>12,170,250</b>                            | <b>8,878,544</b>  | <b>21,048,794</b> |
| <b>For the six months ended 31 December 2016</b>                              |  |                   |                   |
| Balance at 1 July 2016  | 12,179,000                                   | 9,254,601         | 21,433,601        |
| <b>Total comprehensive income for the period</b>                              |  |                   |                   |
| Profit for the period   |  | 605,356           | 605,356           |
| <b>Transactions with owners of the Company, recognised directly in equity</b> |  |                   |                   |
| Issue of ordinary shares  | 3,500  |                   | 3,500             |
| <b>Balance at 31 December 2016</b>  | <b>12,182,500</b>                            | <b>9,859,957</b>  | <b>22,042,457</b> |

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 2016

|   | <i>Note</i> | 31 Dec 2016<br>\$  | 31 Dec 2015<br>\$  |
|---|-------------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>         |             |                    |                    |
| Cash receipts from customers                        |             | 3,220,163          | 3,016,114          |
| Cash paid to suppliers and employees                |             | (2,686,846)        | (3,896,651)        |
| Cash generated (used) in operations                 |             | 533,317            | (880,537)          |
| Interest received                                   |             | 7,116              | 50,878             |
| Interest paid                                       |             | (5,071)            | (39,727)           |
| Taxes(paid)/refunded                                |             | (123,937)          | (161,527)          |
| <b>Net cash used in operating activities</b>        |             | <b>411,425</b>     | <b>(1,030,913)</b> |
| <b>Cash flows from investing activities</b>         |             |                    |                    |
| Acquisition of property, plant and equipment        | 8           | (157,901)          | (256,605)          |
| Proceeds from sale of property, plant and equipment |             | -                  | 165                |
| Acquisition of intangibles                          | 9           | -                  | -                  |
| <b>Net cash used in investing activities</b>        |             | <b>(157,901)</b>   | <b>(256,440)</b>   |
| <b>Cash flows from financing activities</b>         |             |                    |                    |
| Proceeds from the issue of share capital            |             | 3,500              | 469,250            |
| Share capital not allotted                          |             | 28,000             | -                  |
| Repayment of borrowings                             | 10          | (1,368,210)        | (1,432,000)        |
| <b>Net cash used in financing activities</b>        |             | <b>(1,336,710)</b> | <b>(962,750)</b>   |
| <b>Net decrease in cash and cash equivalents</b>    |             | <b>(1,083,186)</b> | <b>(2,250,103)</b> |
| Cash and cash equivalents at 1 July                 |             | 1,675,364          | 6,738,643          |
| <b>Cash and cash equivalents at 31 December</b>     |             | <b>592,178</b>     | <b>4,488,540</b>   |

The condensed notes on pages 9 to 11 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 2016 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 2016.

These interim financial statements were approved by the Board of Directors on the 28<sup>th</sup> February 2017.

The Company is not of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 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 \$1,857,244 at 31 December 2016 however, included in current liabilities is \$2,933,199 of 'deferred income' which does not require repayment. 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 2016.

### 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 2016.

### 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 2016.

## Notes to the condensed interim financial statements (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 2016 are down by 58% (\$2,650,330) on the same period last year due to the exceptionally wet and cool winter and spring following two years 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. However due to the seasonal conditions explained above the actual volumes taken by customers were down 71% (1,608ML) on that taken in the previous corresponding six month period.

### 7. Income tax expense

The Company recognised an income tax expense of \$257,952 for the period ended 31 December 2016 (six months ended 31 December 2015: income tax expense \$628,401).

### 8. Property, plant and equipment

#### *Acquisitions and disposals*

During the six months ended 31 December 2016, the Company acquired assets with a cost of \$157,901 (six months ended 31 December 2015: \$256,605). Assets with a carrying value of \$153 were disposed of during the six months ended 31 December 2016, resulting in a loss on disposal of \$153 (six months ended 31 December 2015: gain of \$165), which is included in administrative expenses.

### 9. Intangible assets

During the six months ended 31 December 2016 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 2016. 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. Loans and borrowings

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2016:

|                             | Currency | Interest rate nominal* | Face value \$ | Carrying amount \$ | Year of maturity |
|-----------------------------|----------|------------------------|---------------|--------------------|------------------|
| Balance at 1 July 2016      |          |                        |               | 1,368,210          |                  |
| <b>Repayments</b>           |          |                        |               |                    |                  |
| Secured bank loan           | AUD      | 5.13%                  | 1,368,210     | 1,368,210          | 2016             |
| Balance at 31 December 2016 |          |                        |               | -                  | 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 \$180,748 for the six months ended 31 December 2016 (six months ended 31 December 2014: \$160,054).

#### Other related party transactions

|  | Transaction value for the six months ended |                | Balance outstanding |                 |
|--|--|----------------|---------------------|-----------------|
|  | 31 Dec 2016 \$                             | 31 Dec 2015 \$ | 31 Dec 2016 \$      | 30 June 2016 \$ |
| <b>Expenses</b>                                    |  |                |                     |                 |
| Geoff Davis & Associates – administrative services | 91,260                                     | 84,455         | 9,933               | -               |
|  | 91,260                                     | 84,455         | 9,933               | -               |

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 other than the Company has met its capital raising targets from the offer dated 2 December 2016 and expect to issue additional shares by 30 April 2017 once the conditions precedent set out in the offer document have been met.

Barossa Infrastructure Limited  
Interim Financial Report  
For the six months ended 31 December 2016

## 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 2016 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 28th day of February 2017



***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 2016 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*

KPMG

Paul Cenko

*Partner*

Adelaide

28 February 2017



## **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 2016, condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed 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 2016 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 2016 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*  
KPMG

Paul Cenko  
*Partner*

Adelaide

28 February 2017