# Interim Financial Report
# Barossa Infrastructure Limited
# ABN 80 084 108 958
# 31 December 2018

# Contents

# 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 2018 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 |
| John Leslie Kerr | Since 2 May 2017 |
| Timothy James McCarthy | Since 28 February 2017 |
| Victor John Patrick | Since 28 April 2008 |

## Review of operations

The net profit for the half year ended 31 December 2018 after providing for income tax is $780,299 (2017 profit $1,358,699).

Sales Revenue of $5,000,344 for the 6 months is up by $1,207,560 on the same period last year. Although weather conditions were very dry through winter to spring, this is not dissimilar with the weather pattern for the same period last year, and therefore the main driver of increased sales revenue is a result of the extra capacity in the scheme from the expansion project, coupled with the weather. Consequently, greater volumes were delivered in the current 6 months, plus a large decrease in unused water charges for the water year ending 30 September 2018 compared to 30 September 2017.

The expansion project is substantially complete and has been delivered under budget, with costs to 31 December 2018 totalling $8,222,600.

The long standing General Manager, Paul Shanks, has announced his retirement after 18 years of outstanding service to the Company and customers. The transition to the new General Manager will commence in early March with an appropriate handover period.

# Directors' report (continued)

## Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 18 and forms part of the directors' report for the six months ended 31 December 2018.

Signed in accordance with a resolution of the directors:

R I Chapman
*Director*

G M Davis
*Director*

Dated at Adelaide this 5th day of March 2019

# Condensed statement of financial position

As at 31 December 2018

| | Note | 31 Dec 2018 $ | 30 June 2018* $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 1,761,622 | 2,602,217 |
| Trade and other receivables | | 990,925 | 1,999,491 |
| Other assets | | 2,995,556 | 1,392,841 |
| **Total current assets** | | **5,748,103** | **5,994,549** |
| **Non-current assets** | | | |
| Other assets | | 3,513,024 | 3,598,349 |
| Property, plant and equipment | 8 | 21,470,087 | 20,479,037 |
| Intangible assets | 9 | 16,187,843 | 10,022,173 |
| **Total non-current assets** | | **41,170,954** | **34,099,559** |
| **TOTAL ASSETS** | | **46,919,057** | **40,094,108** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 1,196,429 | 1,655,620 |
| Employee benefits | | 153,430 | 137,062 |
| Loans & borrowings | | 1,858,000 | - |
| Deferred income | | - | 4,388,655 |
| Contract liabilities | 4 | 3,454,287 | - |
| **Total current liabilities** | | **6,662,146** | **6,181,337** |
| **Non-current liabilities** | | | |
| Loans & borrowings | | 8,642,000 | 2,500,000 |
| Deferred income | | - | 1,398,558 |
| Contract liabilities | 4 | 10,898,832 | - |
| Deferred tax liabilities | | - | 2,232,257 |
| **Total non-current liabilities** | | **19,540,832** | **6,130,815** |
| **TOTAL LIABILITIES** | | **26,202,978** | **12,312,152** |
| **NET ASSETS** | | **20,716,079** | **27,781,956** |
| **Equity** | | | |
| Share capital | | 15,395,637 | 15,395,637 |
| Retained earnings | | 5,320,442 | 12,386,319 |
| **TOTAL EQUITY** | | **20,716,079** | **27,781,956** |

*The Company has applied AASB 15 and AASB 9 from 1 July 2018. Under the transition method chosen, comparative information is not restated. See Note 4.

The condensed notes on pages 9 to 16 are an integral part of these condensed interim financial statements.

# Condensed statement of profit and loss and other comprehensive income

For the six months ended 31 December 2018

| | Note | 31 Dec 2018 $ | 31 Dec 2017* $ |
|---|---|---|---|
| Sale of water | | 5,000,344 | 3,792,784 |
| Cost of sales | | (5,200,431) | (3,309,430) |
| **Gross (loss)/profit** | | **(200,087)** | **483,354** |
| Infrastructure levies revenue | | 1,727,144 | 1,894,517 |
| Other income | | 6 | 27,106 |
| Administrative expenses | | (615,000) | (571,406) |
| **Results from operating activities** | | **912,063** | **1,833,571** |
| Finance income | | 29,705 | 45,783 |
| Finance costs | | (161,469) | - |
| **Net finance (costs)/income** | | **(131,764)** | **45,783** |
| **Profit before income tax** | | **780,299** | **1,879,354** |
| Income tax expense | 7 | - | (520,655) |
| **Profit after tax** | | **780,299** | **1,358,699** |
| **Total comprehensive profit for the period** | | **780,299** | **1,358,699** |

*The Company has applied AASB 15 and AASB 9 from 1 July 2018. Under the transition method chosen, comparative information is not restated. See Note 4.

The condensed notes on pages 9 to 16 are an integral part of these condensed interim financial statements.

# Condensed statement of changes in equity

For the six months ended 31 December 2018

| | Attributable to owners of the Company | | |
|---|---|---|---|
| | Share Capital | Retained earnings | Total equity |
| | $ | $ | $ |
| Balance at 1 July 2017 | 15,166,387 | 10,617,960 | 25,784,347 |
| **Total comprehensive income for the period** | | | |
| Profit for the period | | 1,358,699 | 1,358,699 |
| **Transactions with owners of the Company, recognised directly in equity** | | | |
| Issue of ordinary shares | 229,250 | | 229,250 |
| **Balance at 31 December 2017*** | **15,395,637** | **11,976,659** | **27,372,296** |
| **For the six months ended 31 December 2018** | | | |
| Balance at 1 July 2018* | 15,395,637 | 12,386,319 | 27,781,956 |
| Adjustment on initial application of AASB 15 net of tax | | (7,846,176) | (7,846,176) |
| **Total comprehensive income for the period** | | | |
| Profit for the period | | 780,299 | 780,299 |
| **Transactions with owners of the Company, recognised directly in equity** | - | - | - |
| **Balance at 31 December 2018** | **15,395,637** | **5,320,442** | **20,716,079** |

*The Company has applied AASB 15 and AASB 9 from 1 July 2018. Under the transition method chosen, comparative information is not restated. See Note 4.

The condensed notes on pages 9 to 16 are an integral part of these condensed interim financial statements.

# Condensed statement of cash flows

For the six months ended 31 December 2018

| | Note | 31 Dec 2018 $ | 31 Dec 2017* $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | | 5,430,522 | 5,186,953 |
| Cash paid to suppliers and employees | | (6,389,542) | (3,351,310) |
| Cash (used)/generated in operations | | (959,020) | 1,835,643 |
| Interest received | | 28,826 | 44,180 |
| Interest paid | | (135,759) | - |
| Taxes refunded/(paid) | | | 23,327 |
| **Net cash (used)/from in operating activities** | | **(1,065,953)** | **1,903,150** |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 8 | (1,548,802) | (1,755,787) |
| Acquisition of intangibles | 9 | (6,225,840) | (356,684) |
| **Net cash used in investing activities** | | **(7,774,642)** | **(2,112,471)** |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of share capital | | - | 168,000 |
| Proceeds from borrowings | | 8,000,000 | - |
| Repayment of borrowings | | - | - |
| **Net cash from financing activities** | | **8,000,000** | **168,000** |
| **Net decrease in cash and cash equivalents** | | **(840,595)** | **(41,321)** |
| Cash and cash equivalents at 1 July | | 2,602,217 | 5,294,893 |
| **Cash and cash equivalents at 31 December** | | **1,761,622** | **5,253,572** |

*The Company has applied AASB 15 and AASB 9 from 1 July 2018. Under the transition method chosen, comparative information is not restated. See Note 4.

The condensed notes on pages 9 to 16 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 2018 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.

They do not include all of the information required for a complete set of AASB 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 2018.

This is the first set of the Company's financial statements where AASB 15 and AASB 9 have been applied. Changes to significant accounting policies are described in Note 4.

These interim financial statements were approved by the Board of Directors on the 5th March 2019.

***Going concern basis of preparation***

The financial statements disclose a net working capital deficiency of $914,043 as at 31 December 2018 however, included in current liabilities is $3,454,287 of contract liabilities that 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 and estimates 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 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of AASB 15 and AASB 9, which are described in Note 4.

# Notes to the condensed interim financial statements (continued)

## 4. Changes in 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 2018 (the policy for recognising and measuring income taxes in the interim period is described in Note 7).

The Company has initially adopted AASB 15 *Revenue from Contracts with Customers* (see A) and AASB 9 *Financial Instruments* (see B) from 1 July 2018. A number of other new standards are effective from 1 July 2018, but they do not have a material effect on the Company's financial statements.

The effect of initially applying these standards is mainly attributed to the later recognition of revenue from infrastructure levies.

### A. AASB 15 *Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue*, AASB111 *Construction Contracts* and related interpretations.

The Company has adopted AASB15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated – i.e. it is presented, as previously reported, under AASB 118, AASB 111 and related interpretations.

The following table summarises the impact, net of tax, of transition to AASB 15 on retained earnings at 1 July 2018.

| **Retained earnings** | **Impact of adopting AASB 15 at 1 July 2018** |
|---|---|
| Infrastructure Levies recognised over the remaining life of the contract | $10,078,433 |
| Related Tax | ($2,232,257) |
| **Impact at 1 July 2018** | **$7,846,176** |

The following tables summarise the impacts of adopting AASB 15 on the Company's interim statement of financial position as at 31 December 2018 and its interim statement of profit or loss and OCI for the six months then ended for each of the line items affected. There was no material impact on the Company's interim statement of cash flows for the six month period ended 31 December 2018.

# Notes to the condensed interim financial statements (continued)

Impact on the condensed interim statement of financial position

| 31 December 2018 | As reported | Adjustments | Amounts without adoption of AASB 15 |
|---|---|---|---|
| **Assets** | | | |
| **Total Assets** | **46,919,057** | - | **46,919,057** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 1,196,429 | - | 1,196,429 |
| Employee Benefits | 153,430 | - | 153,430 |
| Loans & borrowings | 1,858,000 | - | 1,858,000 |
| Deferred income | - | 3,634,735 | 3,634,735 |
| Contract liabilities | 3,454,287 | (3,454,287) | - |
| **Total Current liabilities** | **6,662,146** | **180,448** | **6,842,594** |
| **Non-current liabilities** | | | |
| Loans & borrowings | 8,642,000 | - | 8,642,000 |
| Deferred income | - | 221,310 | 221,310 |
| Contract liabilities | 10,898,832 | (10,898,832) | - |
| Deferred tax liabilities | - | 2,255,947 | 2,255,947 |
| **Total Non-current liabilities** | **19,540,832** | **(8,421,575)** | **11,119,257** |
| **Total liabilities** | **26,202,978** | **(8,241,127)** | **17,961,851** |
| **Net Assets** | **20,716,079** | **8,241,127** | **28,957,206** |
| **Equity** | | | |
| Retained earnings | 5,320,442 | 8,241,127 | 13,561,569 |
| Issued capital | 15,395,637 | - | 15,395,637 |
| **Total equity** | **20,716,079** | **8,241,127** | **28,957,206** |

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

Impact on the condensed interim statement of profit or loss and other comprehensive income

| For the six months ended 31 December 2018 | As reported | Adjustments | Amounts without adoption of AASB 15 |
|---|---|---|---|
| **Continuing operations** | | | |
| Sale of water | 5,000,344 | - | 5,000,344 |
| Cost of Sales | (5,200,431) | - | (5,200,431) |
| **Gross (Loss)/Profit** | **(200,087)** | - | **(200,087)** |
| Infrastructure levies revenue | 1,727,144 | 418,641 | 2,145,785 |
| Other income | 6 | - | 6 |
| Administrative expenses | (615,000) | - | (615,000) |
| **Result from operating activities** | **912,063** | **418,641** | 1,330,704 |
| Net financing costs | (131,764) | - | (131,764) |
| **Profit before tax** | **780,299** | **418,641** | **1,198,940** |
| Income tax expense | - | (23,688) | (23,688) |
| **Profit after tax** | **780,299** | **394,953** | **1,175,252** |
| **Total comprehensive profit for the period** | **780,299** | **394,953** | **1,175,252** |

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company's good and services are set out below.

Under AASB 15, revenue is recognised when a customer obtains control of the goods and services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

# Notes to the condensed interim financial statements (continued)

| Type of good/service | Nature, timing of satisfaction of performance obligation, significant payment terms | Nature of change in accounting policy |
|---|---|---|
| Infrastructure Levies | The customer contract for the supply of water requires the payment of levies based on the quantity of water contracted. The levies were payable over periods varying from 8 – 15 years, whilst the contracts were for periods of 20 years with a right of renewal for a further 20 years. AASB 15 requires revenue for levies to be recognised over the period of the contract, including renewals, rather than recognised in the water year applicable. | Under AASB 18, revenue for levies was recognised in the water year attributed to the levy in the customer contract.<br><br>For contracts issued prior to 2017 levies are recognised over the initial contract term. The balance, which is the value attributed to the right of renewal of the water contract to 2040, is recognised over the renewal period. The portion attributed to the right of renewal is calculated by discounting the levies payable under a current contract to 2001 dollars using a discount rate approximating the Company's weighted average cost of capital.<br><br>For the contracts issued from 2018 onwards which provide customer access to the infrastructure until 2040, the levies are spread proportionately over the contract term. |
| Unused Water | The customer contracts are a take or pay contract which results in a charge for any unused water at the end of each water year. This cost per megalitre is notified to customers prior to the start of any water year. | Under AASB 18, this revenue was recognised at the end of the water year when it was able to be measured accurately.<br><br>AASB 15 requires the estimated water charge to be spread lineally over the water year at any financial reporting date.<br><br>For 31 December reporting only 3 months of the current water year has expired and the peak irrigation period has not occurred. In view of the significant uncertainty of the volume of unused water that will be charged in the following 30 September, no amount is accrued for the quarter. The half year reflects the unused water pertaining to the last quarter of the previous water year, ending in September.<br><br>For 30 June after the peak demand period the Company is in a better position to estimate the quantum of unused water expected at the following 30 September. Accordingly ¾ of that estimated charge is recognised at 30 June. |

## B. AASB 9 *Financial Instruments*

AASB 9 sets out requirements for recognising and measuring financial, assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement.*

There is no impact to the Company on the transition or adoption of AASB 9.

### *Impairment of financial assets*

AASB 9 replaces the 'incurred loss' model in AASB 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139.

# Notes to the condensed interim financial statements (continued)

The financial assets at amortised cost consist of trade receivables and cash and cash equivalents.

Under AASB 9, loss allowances are measured on either of the following bases:

- *12 month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- *lifetime ECLs:* these are ECLs that result from all possible default events over the expected life of a financial instrument

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ELC's.

The Company does not expect to recognise any impairment in relation to trade receivables based on past history. The Company has not experienced any credit loss over the history of its operations and does not expect to in the future.

## 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 2018.

## 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 2018 are up by 32% ($1,207,560) on the same period last year due to the increased capacity in the scheme and the dry winter and spring. Due to the seasonal conditions and increased scheme capacity explained above, the actual volumes taken by customers were up 68% (2,201ML) on that taken in the previous corresponding six month period.

## 7. Income tax expense

The Company recognised an income tax expense of $0 for the period ended 31 December 2018 (six months ended 31 December 2017: income tax expense $520,655). The Company does not expect to pay tax for the year ended 30 June 2019 due to an expected annual loss for tax purposes resulting from the write off of expenditure associated with the scheme expansion.

## 8. Property, plant and equipment

***Acquisitions and disposals***

During the six months ended 31 December 2018, the Company acquired assets with a cost of $29,401 (six months ended 31 December 2017: $4,490) and spent $1,519,401 on progress payments for infrastructure associated with the scheme expansion.

## 9. Intangible assets

During the six months ended 31 December 2018 the Company acquired intangible assets with a cost of $6,225,840 (six months ended 31 December 2017: $356,684). No intangible assets were scrapped during the six months ended 31 December 2018, (six months ended 31 December 2017: loss of $191). 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 2018. 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 borrowing

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2018:

| | Currency | Interest rate nominal | Face value $ | Carrying amount $ | Year of maturity |
|---|---|---|---|---|---|
| Balance at 1 July 2018 | | | | 2,500,000 | |
| **New issues** | | | | | |
| Secured bank loan | AUD | 4.60% | 8,000,000 | 8,000,000 | |
| Balance at 31 December 2018 | | | | 10,500,000 | 2027 |

## 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 $216,126 for the six months ended 31 December 2018 (six months ended 31 December 2017: $203,259).

**Other related party transactions**

| | Transaction value for the six months ended | | Balance outstanding | |
|---|---|---|---|---|
| | 31 Dec 2018 $ | 31 Dec 2017 $ | 31 Dec 2018 $ | 30 June 2018 $ |
| **Expenses** | | | | |
| Geoff Davis & Associates – administrative services | 87,225 | 97,198 | 8,995 | 24,658 |
| Capital Strategies Pty Ltd – corporate advisory services | 10,100 | 9,750 | 800 | - |
| | 97,325 | 106,948 | 9,795 | 24,658 |

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.

# Notes to the condensed interim financial statements (continued)

## 13. Commitments

The Scheme expansion is substantially complete and most of the system is operating. There are no major commitments, although there is minor expenditure still being incurred for the total completion of the project.

## 14. Contingent liabilities

The Company has received a notification from Epic Energy of damage to their high pressure gas pipeline which they allege occurred in 2001 during the construction of BIL's pipeline. Epic Energy's cost of repair is claimed to be in the order of $177,000. BIL denies any liability and is in discussion with Epic Energy.

## 15. 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 9 to 16, 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 2018 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 5th day of March 2019

# 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 of Barossa Infrastructure Limited for the half-year ended 31 December 2018 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

5 March 2019

# Independent Auditor's Review Report

## To the shareholders of Barossa Infrastructure Limited

### Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Barossa Infrastructure Limited.

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:

- giving a true and fair view of the ***Company's*** financial position as at 31 December 2018 and of 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*.

The ***Interim Financial Report*** comprises:

- Condensed statement of financial position as at 31 December 2018;
- 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 15 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Interim Period*** is the 6 months ended on 31 December 2018.

## Auditor's responsibility for the review of the Interim Financial Report

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 2017 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 Ltd, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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.

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

KPMG

KPMG

Paul Cenko
Partner

Adelaide

5 March 2019