

Interim Financial Report
Barossa Infrastructure Limited
ABN 80 084 108 958
31 December 2020

Barossa Infrastructure Limited
Interim Financial Report
For the six months ended 31 December 2020

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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 2020 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
Samuel Paul Dahlitz	Since 29 April 2019
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 2020 after providing for income tax is \$144,143 (2019 loss \$1,072,781).

Sales Revenue of \$4,488,085 for the 6 months is down by \$850,698 on the same period last year as a result temperatures close to average or slightly below average with average rainfall, in contrast with the comparative period of higher than average temperatures and well below average rainfall. Consequently, lower volumes were delivered in the current 6 months compared to the same period last year.

The milder weather conditions have resulted in a significant drop in the cost of leasing River Murray Water Rights. The expense for the 6 months was \$1,306,494, down \$1,264,829 on the prior year and has resulted in a profit for the 6 month period compared to the loss in the comparative period.

The Company has not experienced any impact from COVID-19. When mandated by Government, our IT systems have allowed staff to work from home and our operations and maintenance contractors' work in separate teams to mitigate the risk of any potential cross infection that would disrupt services. Stock held as spares is continually monitored to decrease the risk of disruption to supply, especially from sources that are experiencing delays in the supply chain.

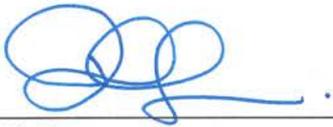
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Directors' report (continued)

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 2020.

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 2021

Barossa Infrastructure Limited
Interim Financial Report

Condensed statement of financial position

As at 31 December 2020

	<i>Note</i>	31 Dec 2020 \$	30 June 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		3,984,476	5,827,702
Trade and other receivables		1,060,953	2,889,714
Other assets		2,819,949	2,302,954
Total current assets		7,865,378	11,020,370
Non-current assets			
Other assets		3,416,778	3,426,469
Property, plant and equipment	8	19,027,174	19,714,868
Intangible assets	9	15,370,206	15,576,013
Right of use assets		16,572	35,898
Total non-current assets		37,830,730	38,753,248
TOTAL ASSETS		45,696,108	49,773,618
LIABILITIES			
Current liabilities			
Trade and other payables		1,026,200	1,643,788
Employee benefits		51,949	41,343
Lease liabilities		17,034	36,854
Loans & borrowings		1,858,000	1,858,000
Contract liabilities		3,473,703	3,473,703
Total current liabilities		6,426,886	7,053,688
Non-current liabilities			
Loans & borrowings		5,426,050	7,284,050
Contract liabilities		14,847,612	16,584,463
Total non-current liabilities		20,273,662	23,868,513
TOTAL LIABILITIES		26,700,548	30,922,201
NET ASSETS		18,995,560	18,851,417
Equity			
Share capital		15,395,637	15,395,637
Retained earnings		3,599,923	3,455,780
TOTAL EQUITY		18,995,560	18,851,417

The condensed notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

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Condensed statement of profit and loss and other comprehensive income
For the six months ended 31 December 2020

	<i>Note</i>	31 Dec 2020 \$	31 Dec 2019 \$
Sale of water		4,488,085	5,338,783
Cost of sales		<u>(5,410,672)</u>	<u>(7,343,758)</u>
Gross loss		(922,587)	(2,004,975)
Infrastructure levies revenue		1,736,852	1,737,484
Other income		-	1,000
Administrative expenses		<u>(564,021)</u>	<u>(640,409)</u>
Results from operating activities		<u>250,244</u>	<u>(906,900)</u>
Finance income		1,316	4,403
Finance costs		<u>(107,417)</u>	<u>(170,284)</u>
Net finance costs		<u>(106,101)</u>	<u>(165,881)</u>
Profit/(loss) before income tax		144,143	(1,072,781)
Income tax expense	7	<u>-</u>	<u>-</u>
Profit/(loss) after tax		<u>144,143</u>	<u>(1,072,781)</u>
Total comprehensive profit/(loss) for the period		<u>144,143</u>	<u>(1,072,781)</u>

The condensed notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

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Condensed statement of changes in equity

For the six months ended 31 December 2020

	Attributable to owners of the Company		
	Share Capital	Retained earnings	Total equity
	\$	\$	\$
Balance at 1 July 2019	15,395,637	5,370,995	20,766,632
Total comprehensive income for the period			
Loss for the period		(1,072,781)	(1,072,781)
Transactions with owners of the Company, recognised directly in equity	-	-	-
Balance at 31 December 2019	15,395,637	4,298,214	19,693,851
For the six months ended 31 December 2020			
Balance at 1 July 2020	15,395,637	3,455,780	18,851,417
Total comprehensive income for the period			
Profit for the period		144,143	144,143
Transactions with owners of the Company, recognised directly in equity	-	-	-
Balance at 31 December 2020	15,395,637	3,599,923	18,995,560

The condensed notes on pages 9 to 12 are an integral part of these condensed interim financial statements.

Condensed statement of cash flows

For the six months ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Cash flows from operating activities			
Cash receipts from customers		5,585,538	5,916,881
Cash paid to suppliers and employees		(5,523,057)	(7,924,312)
Cash generated/(used) in operations		62,481	(2,007,431)
Interest received		1,153	5,978
Interest paid		(108,552)	(180,124)
Net cash (used) in operating activities		(44,918)	(2,181,577)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	181
Acquisition of property, plant and equipment	8	(5,900)	(5,625)
Acquisition of intangibles	9	-	-
Net cash used in investing activities		(5,900)	(5,444)
Cash flows from financing activities			
Proceeds from borrowings		-	500,050
Repayment of borrowings		(1,858,000)	(1,858,000)
Proceeds from Government Grants		65,592	-
Net cash used for financing activities		(1,792,408)	(1,357,950)
Net decrease in cash and cash equivalents		(1,843,226)	(3,544,971)
Cash and cash equivalents at 1 July		5,827,702	4,273,688
Cash and cash equivalents at 31 December		3,984,476	728,717

The condensed notes on pages 9 to 12 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 2020 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 2020.

These interim financial statements were approved by the Board of Directors on the 23rd February 2021.

Going concern basis of preparation

The Interim Financial Report has been prepared on the going concern basis which contemplates that the Company will continue to realise its assets and extinguish its liabilities in the ordinary course of business.

The Company has net assets of \$18,995,560 as at 31 December 2020 and its current assets exceed its current liabilities by \$1,438,492 as at half year end. Included in current liabilities is \$3,473,703 of contract liabilities relating to revenue deferred in accordance with AASB 15 which will be recognised over the next 12 months and which does not require repayment.

Based on projections for the year ended 30 June 2021, the Company expects to comply with its annual banking covenant.

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 2020.

Notes to the condensed interim financial statements (continued)

4. Changes in 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 2020 (the policy for recognising and measuring income taxes in the interim period is described in Note 7).

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 2020.

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 was \$4,488,085, down 16% on the same period last year. This followed increases of 7% in 2019 and 32% in 2018. The decrease in the current period is explained by the milder weather conditions compared to the extremely dry winter and spring of the preceding two years. The large increase in 2018 is predominately explained by the increase in the capacity of the scheme to 11GL. A total of 5,049ML (2019 : 5,841ML) was supplied in the 6 months, constituting some 46% of the customer contracted volumes.

7. Income tax expense

The Company recognised an income tax expense of \$0 for the period ended 31 December 2020 (six months ended 31 December 2019: income tax expense \$0). The Company does not expect to pay tax for the year ended 30 June 2021 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 2020, the Company did not acquire any assets (six months ended 31 December 2019: \$0) but spent \$5,900 associated with customer connections (six months ended 31 December 2019: \$5,625). No assets were sold or scrapped during the six months ended 31 December 2020, (six months ended 31 December 2019: \$41,104) and resulted in a loss of \$0 (six months ended 31 December 2019: \$24,689).

Notes to the condensed interim financial statements (continued)

9. Intangible assets

During the six months ended 31 December 2020, the Company did not acquire any intangible assets (six months ended 31 December 2019: \$0). No intangible assets were scrapped during the six months ended 31 December 2020, (six months ended 31 December 2019: \$0). 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 2020. 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.

10. Loans and borrowing

The following loans and borrowings (non-current and current) were repaid during the six months ended 31 December 2020:

	Currency	Interest rate nominal	Face value \$	Carrying amount \$	Year of maturity
Balance at 1 July 2020				9,142,050	
Loan Repayment	AUD	2.72%	(1,858,000)	<u>(1,858,000)</u>	
Balance at 31 December 2020				<u>7,284,050</u>	2027

11. Financial instruments

Carrying amount versus fair values

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

Notes to the condensed interim financial statements (continued)

12. Related parties

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and termination benefits. Key management personnel received total compensation of \$198,100, for the six months ended 31 December 2020 (six months ended 31 December 2019: \$333,170, inclusive of termination benefits paid to Paul Shanks on his retirement).

Other related party transactions

	Transaction value for the six months ended		Balance outstanding	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	30 June 2020
	\$	\$	\$	\$
Expenses				
Geoff Davis & Associates – administrative services	65,915	81,245	6,385	12,534
Capital Strategies Pty Ltd – corporate advisory services	12,953	26,241	-	7,892
	78,868	107,486	6,385	20,426

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. Commitments

The Company has no capital commitments at 31 December 2020 (2019 : \$0).

The Company entered into non-cancellable agreements to lease River Murray Water Rights for periods 1 to 7 years. Payments under these arrangement are as follows:

Within one year	\$1,501,356
Later than one year	\$2,496,482

14. Subsequent events

There were no subsequent events to report.

Barossa Infrastructure Limited
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For the six months ended 31 December 2020

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 12, 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 2020 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 2021



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 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review



A handwritten signature in black ink, appearing to read 'Paul Cenko'.

Paul Cenko
Partner

Adelaide

23 February 2021



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 does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the Half-year Period 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 2020;
- 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 14 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors 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*.
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 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*.

A review of an Interim Period 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.



Paul Cenko
Partner

Adelaide

23 February 2021