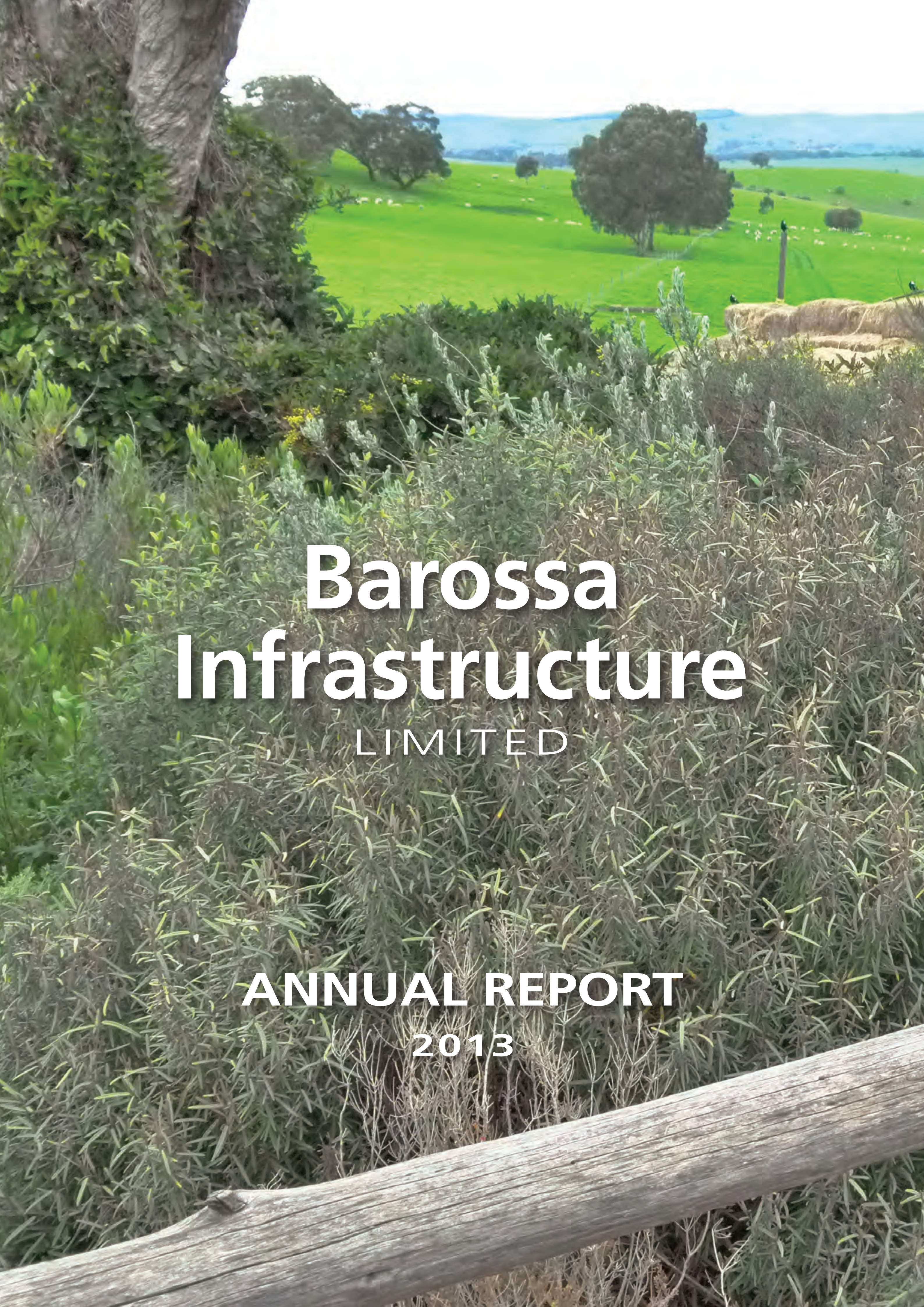


Barossa Infrastructure

LIMITED

ANNUAL REPORT

2013

Corporate Directory

Domicile of Barossa
Infrastructure Ltd: Australia

Barossa Infrastructure Ltd
incorporated in: South Australia

Legal form of Barossa Infrastructure Ltd:
Unlisted Public Company

Board of Directors
Robert Chapman (Chairman)
Wendy Allan
Grant Burge
Geoffrey Davis
Gayle Grieger
Victor Patrick
Martin Pfeiffer
Edgar Schild
Steven Wilson

General Manager
Paul Shanks

Company Secretary
Geoffrey Davis

Corporate Adviser
Capital Strategies Pty Ltd
A.C.N. 008 181 173

Auditors
KPMG

Lawyers
Minter Ellison

Customer Service Centre
2 Basedow Road
Tanunda, SA 5352
Phone 08 8563 2300
Fax 08 8563 1266

Registered Office
A.C.N. 084 108 958
Barossa Infrastructure Ltd
C/- Level 6
81 Flinders Street
Adelaide, SA 5000

Website
http://barossainfrastructure.com.au

Directors

MR ROBERT CHAPMAN
Chairman

MS WENDY ALLAN
Director

MR GRANT BURGE
Director

MR GEOFFREY DAVIS
Director

DR GAYLE GRIEGER
Director

MR VICTOR PATRICK
Director

MR MARTIN PFEIFFER
Director

MR EDGAR SCHILD
Director

MR STEVEN WILSON
Director

Contents

Chairman's Report September 2013

The Barossa has had the driest spring/summer since the Company was founded. Fortunately this has occurred when the storages were full and there was no need for rationing of River Murray extractions. The Company also acknowledges and thanks SA Water for assistance in providing the additional water to assist Customers to take water above their contracted amounts over such a dry season. Barossa Infrastructure Ltd remains in a sound financial position with the bank debt reduced to $4.23 million. This is a tribute to our Customer/Shareholders who continue to support the Company.

Despite the dry summer the River Murray storages remain at a healthy level and there will be no rationing in the 2013/14 year. At 30 June storages were 78% full compared with 93% at the same time in 2012. Water quality remains good although there has been a slight increase in River Murray salinity during the year. Water salinity for Customers however, averaged approximately 300 parts per million compared with 370 parts per million in 2011/12. There was no carryover of unused water permitted by the Government.

This has been a busy year for the Company with significant work on the proposed expansion of the scheme by an additional 1,000 Megalitres per annum of Premium Water.

Consumption for the year to 30 June 2013 at 7,717 Megalitres was 1,891 Megalitres higher than the next highest year 2006/07 and 3,577 Megalitres higher than the 4,140 Megalitres consumed in 2011/12. The supply from the Nuriootpa Community Wastewater Management Scheme (CWMS) was 254 Megalitres. There were no problems with supply and quality was generally within specification. Total dissolved solids averaged 672 parts per million (mg/L).

With the completion of the installation of electronic flow meters there were no losses in the system. Prior to this work such losses had been as high as 5%.

There were no Work Health and Safety incidents during the year.

River Murray Water Rights

The water supplied by the Company comes from two sources. About 95%, supplied under the Water Transport Agreement with SA Water, is transferred from the River Murray through the Warren Reservoir, as a balancing storage, to a connection point just north of Williamstown. The remaining 5% is supplied by the Barossa Council from Nuriootpa CWMS.

Barossa Infrastructure Ltd is committed to increasing the amount of water rights owned as the opportunity occurs. During the year a further 97 Megalitres were purchased taking the Company's ownership of rights to approximately 25% of contracted volumes with Customers. The balance of water rights is managed through a combination of long term and short term leases.

The Murray Darling Basin Plan was finally approved by Parliament. A total of 3,200 Gigalitres per annum reduction in consumptive use will be achieved by 2024 through a series of measures including buyback of rights, plus improved efficiency of irrigation supply and use. The measures also involve watering by changed rules for the management of the system or construction of weirs or similar to achieve the same objectives with less water.

The Basin Plan provides not only for a sustainable extraction of water into the future but will also guarantee water quality for South Australia at the bottom end of the system.

Technical Upgrades

Installation of the new electronic meters has now been completed with further work continuing on the provision of remote access cards to allow further automation. This is part of the Commonwealth Government's *Water for the Future Program.* The provision of the remote access to the meters and installation of pressure sensors will improve the reliability of the operation of the system.

Installation of a smaller diameter metered bypass at the connection point at Fromm Square will assist in ensuring the pipeline is refilled after a service disruption, in a fully controlled manner.

Safety is always an important matter and the General Manager's report details steps being taken to improve the safe and more efficient maintenance of the pipeline system.

Finances

The payment of a fully franked dividend of 6 cents per share was approved by the Board. This is the first dividend paid and is in keeping with the Company objective of keeping the effective price of water as low as sustainable. The dividend returned a total of $584,370 to Shareholders and is equivalent to a $105 per Megalitre saving on the premium water price of $710 per Megalitre in the 2011/12 water year. The dividend was enabled by the end of the drought and increased efficiency of water supply with the new electronic metering.

The supply price of water to Customers is largely fixed, with a smaller component varying with the total volume supplied. This is the reason for the unused water charge of 49 cents/kilolitre ($490/ML). The very large volume of water supplied in 2012/13 resulted in excess income being generated from water sales. As part of the continuing commitment to the lowest possible water price this income is returned to Customers as a rebate of 13.4 cents per kilolitre ($134/ML). Further examination of the future budget and expected cash flows, indicates there is potential to further reduce the price of water by 2 cents per kilolitre ($20/ML) below the automatic price set as a result of increasing SA Water charges. This reduction will be recommended at the 2013 Annual General Meeting.

Shareholders should not expect future dividends or rebates as a matter of course. These will only occur when exceptional and unanticipated circumstances result in profits or income in excess of those needed to sustain the Company.

The Company made a profit of $1,392,000 after tax compared with last year's profit of $1,236,000. This result was after rebating excess income of $1,040,000 to Customers. Total water sales before the rebate were $6,830,000 an increase of $1,762,000 above last year's sales of $5,068,000.

Debtors remain low notwithstanding the ongoing difficulties in the industry. The increase in debtors at 30 June of $952,000 above that of 2012 is a timing issue and by 31 August 2013 debtors had reduced from $1,766,000 to $295,000. The value of the Water Contract is such that in the event of default reselling the Contract will fully recover any outstanding debt.

Scheme Expansion

As indicated above the Company has requested that SA Water provide a cost to increase the supply of Premium Water by 1,000 Megalitres to 6,000 Megalitres and the total annual supply limit to 8,000 Megalitres. This will take up all the potential increase of Premium Water in the Water Transport Agreement. The Customer response to the registration of interest has been in excess of the amount available. The Company is now seeking deposits from registrants and a firm price from SA Water prior to making a decision whether to proceed. If the expansion does not proceed the deposits will be returned.

It is expected a final decision will be made by the end of 2013 and water available by 2015 if the decision is to proceed.

Corporate Governance

The Board has conducted a review of all significant risks in the operation of the Company and how they are managed. This is reflected in a changed presentation in the Corporate Governance section of this report.

The Company, as a part of the Barossa, is committed to the long term sustainability of supplementary irrigation of Barossa Vineyards. During 2013 a further report on the impact of irrigation on the shallow water table was commissioned. This report confirmed changes are "correlated solely to the trend in the rainfall pattern and hence recharge rates". Salinity changes were quantified as either "indicating a slow increase since monitoring began" or "to plateau over the past few years". Monitoring and reporting of results will continue.

This is my first report. Good corporate governance requires there be renewal of the Board and this process will be managed over the next few years.

The Company continues to be indebted to our General Manager, Mr Paul Shanks, for the extremely professional and efficient ongoing operation of the Scheme. Our thanks also are due to his staff, Ms Patsy Biscoe and Mrs Lisa Buckley, and to Mr Martin Pfeiffer who provides back up to the General Manager.

Robert Chapman
Chairman

26 September 2013

This has been a most challenging year for Customers and the Company. The dry winter, spring and summer resulted in exceptionally high demand for water. This could only be met by arranging for additional water from SA Water. This was possible as the previous years had been wet and reservoir levels high. SA Water has indicated this is not likely to be possible in the future. The dry period has also led to a number of Customers registering their interest in an increased supply. A total of 7,717 Megalitres, including 254 Megalitres from the Nuriootpa Community Wastewater Management Scheme (CWMS), was consumed for the 12 months to June 2013.

The rainfall also reduced from south to north. At Nuriootpa, 187mm was recorded for the 9 months to March 2013, 54% of average rainfall compared with Rosedale (219mm for the 9 months) where rainfall was 68% of average. Daytime temperatures were about one degree above average while minimum temperatures were close to average. Graphs show the seasonal variations over the past two years.

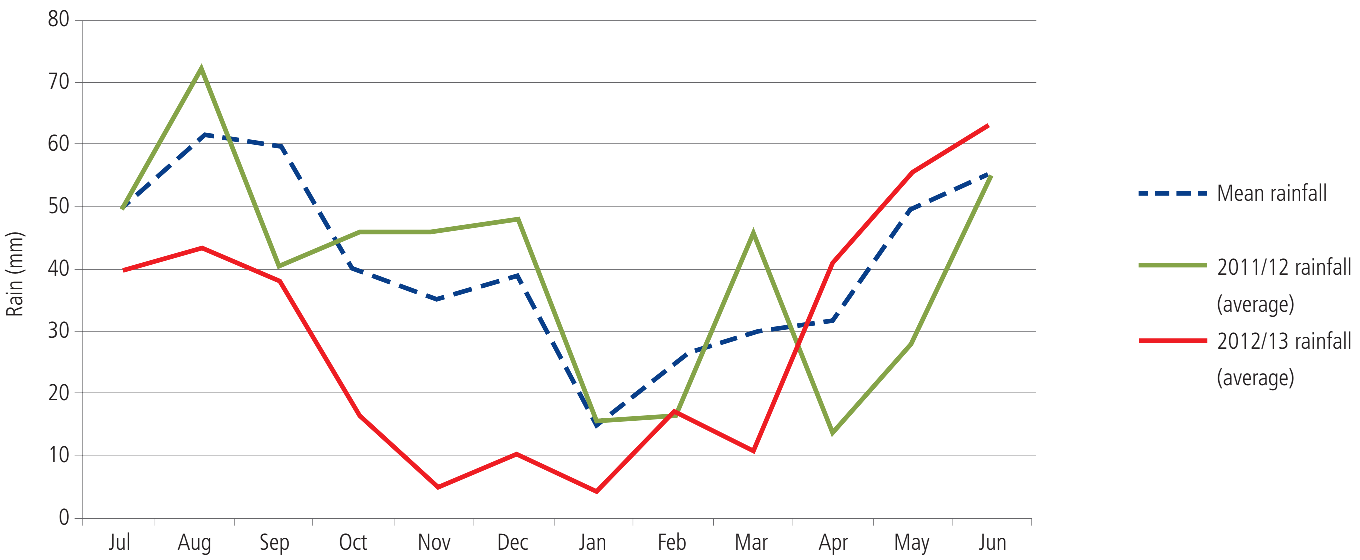
Despite the dry period water levels in the Murray storages remain at high levels and there is no rationing in 2014 and is unlikely in the following year.

Following completion of the monitoring system for pumping stations the system was able to be kept in a more stable condition with little pressure fluctuation. There were no bursts and only two minor leaks on branch mains associated with corrosion of poorly installed fittings. There were eleven leaks at customer service lines again mostly due to installation faults. Infrastructure Management Services (IMS) provided a high level of operational maintenance and responded promptly to all service disruptions.

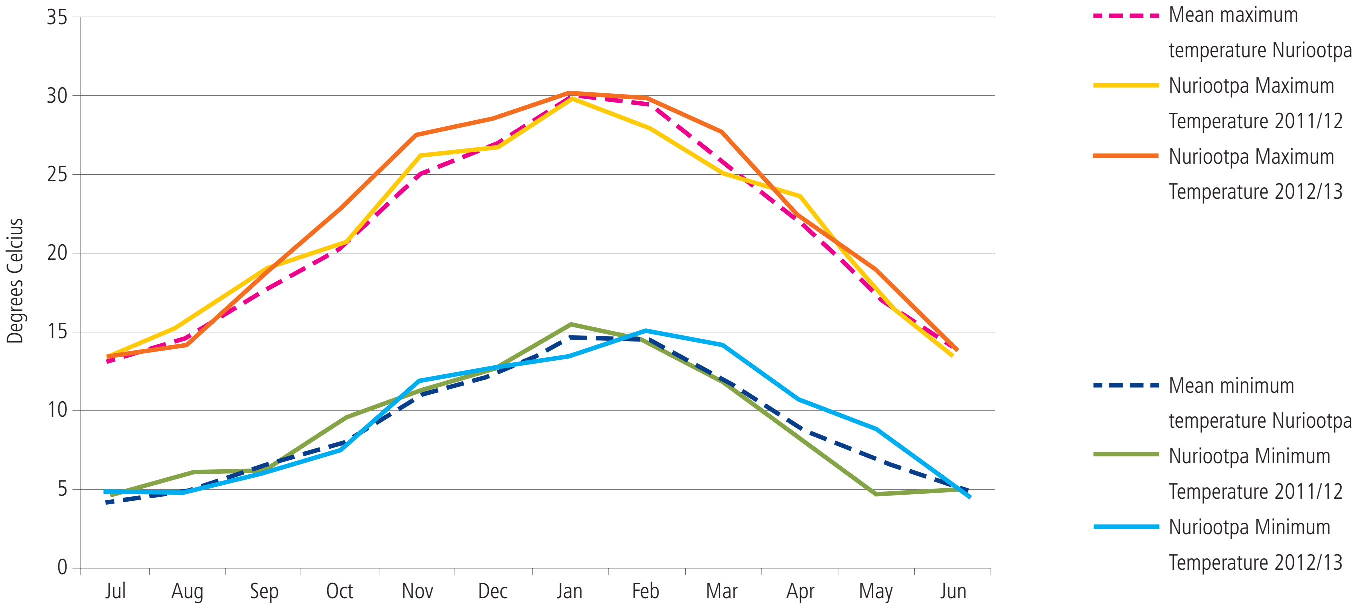
Water Demand

The graph on page 8 indicates the very high level of demand, 7,717 Megalitres compared to budget of approximately 5,000 Megalitres. The peak daily flow at the SA Water off take at Williamstown on 2 January 2013 was 72 Megalitres per day and on 4 January 2013 an instantaneous flow peak

Monthly Average Rainfall in Nuriootpa



Monthly Average Temperatures in Nuriootpa



of 892 litres per second was reached, 78% of installed capacity was reached. The previous highest daily flow since the monitoring system was installed was 780 litres per second in late January 2012.

Airfield is a booster pumping station that operates only at high flows and low inlet pressures to maintain downstream pressure. It has rarely been used in the past summers. One pump at Airfield operated continuously for two months from 20 December 2012 and pumps at Moppa and Vine Grove operated daily for four months from late November.

Operations

Mr Martin Pfeiffer continues to support me and takes over if I am unavailable. Martin is engaged on a retainer and spends one day a month with me to ensure he is up to date with operating issues and can respond to customer needs. Additionally, our maintenance contractor (IMS) provides valuable operational support. Good corporate governance requires such critical operational back up and it is pleasing it can be provided on such a cost effective basis.

An audit of our operational and safety procedures was completed. Although there were no unmanaged hazards the audit assisted in identification of the need to standardise the documentation and recording of work procedures. Following the audit a decision was made to upgrade the operations of the Pressure Reducing Valves to both improve safety and reduce costs. This will be implemented progressively over the next 2 or 3 years. The highest priority chambers being tackled first.

River Murray

Barossa Infrastructure is required to have an allocation of River Murray Water Rights equivalent to the volume of water supplied by SA Water at the Williamstown connection.

The Basin Plan has been approved by the Commonwealth Parliament. However, the intergovernmental agreement on its implementation has not been approved by all Governments. There has been a lack of cooperation between the states and reduction in budgets that will have some impact on hoped for environmental improvements.

South Australia has been given approval for carryover storage as part of the new Act but this is subject to a high risk of spilling in years of unregulated flows, (that is, years of good rainfall). Carryover of South Australian allocations is thus a drought management tool rather than a method to balance annual demand.

Future negotiations may improve this situation as, at present, environmental watering could lead to spilling of South Australian carryover.

The increased transparency of information on River Murray storages and flows into South Australia is pleasing. Weekly updates on the state of the River are provided by the Murray Darling Basin Authority and monthly predictions of water quality and volumes are provided by the State Government.

Technical Upgrades

Barossa Infrastructure Ltd has completed or started a number of upgrades over the past year:

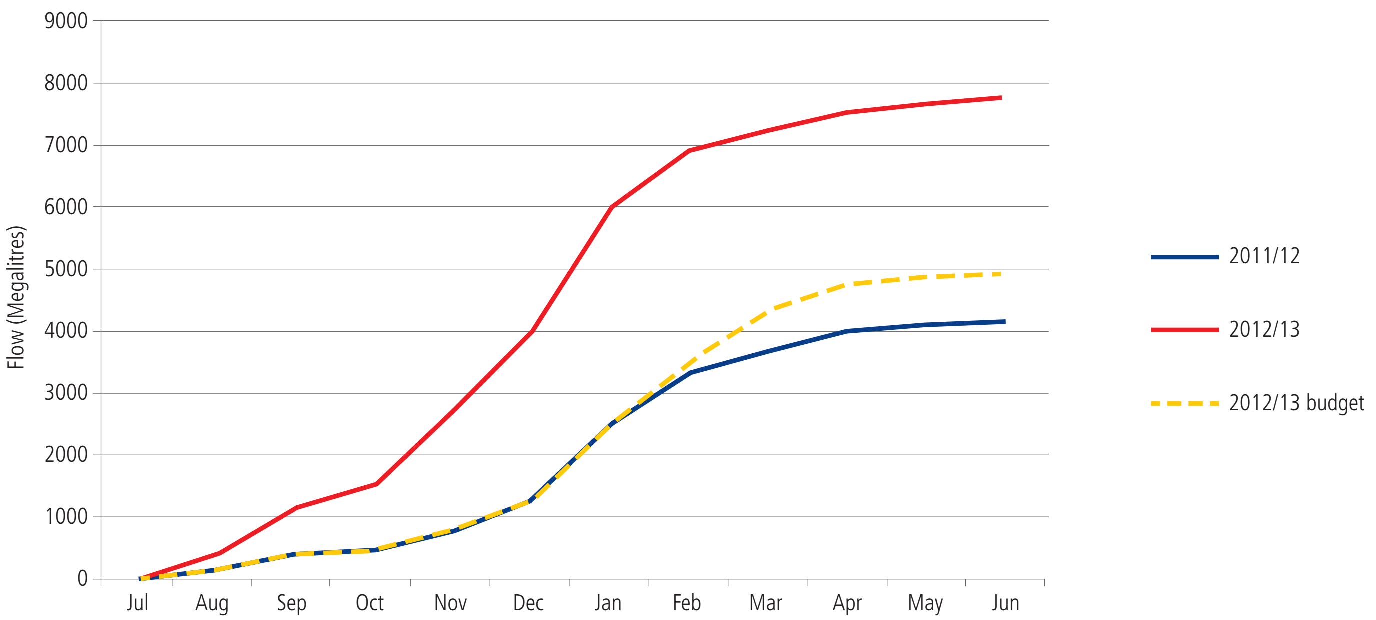
- Installation of new meters is complete.
- Installation of remote access cards has been completed for 20 meters, with a further 200 delivered and awaiting installation. Three suppliers have been contacted to provide the database support for the meters and a decision will be made once the information has been received. This will also include sensors downstream of pressure reducing valves to enable monitoring of pipe pressures to reduce the chance of bursts and improve the life of the pipes.
- Installation of remote monitoring including remote shut down in the event of emergency has been completed.
- Installation of a smaller diameter bypass at the Fromm Square, Williamstown, connection point has been completed. This enables a more controlled shut down and reopening of the system to limit surge pressures.
- Installation of cabinets enabling remote control of the pressure reducing valves (PRV's) has commenced. This will enable servicing of the PRV's, often done weekly or more frequently during the irrigation season, to be done without entering the chambers or the need to disrupt traffic while this is done.

Scheme Expansion

A considerable amount of preparation has commenced to enable the scheme to be expanded by 1,000 Megalitres per annum. This includes registration of interest of those who wish to increase their supply or have a new connection and a detailed analysis of the system to determine where the additional water may be supplied. SA Water has been formally asked to quote the costs of the expansion.

It is expected a decision will be made late this year and the additional water become available in 2015.

Barossa Infrastructure Ltd – Flow Compared with Budget



Environmental Considerations

An important part of the Company's responsibility is to ensure that supplementary irrigation water is used in an effective manner and that no detrimental environmental impact occurs. A detailed environmental assessment was carried out in consultation with the Catchment Board and the Department of Environment, Water and Natural Resources. In addition, assistance is provided with annual monitoring of stream flows and critical ground water locations to ensure there are no long term detrimental effects of the use of Barossa Infrastructure Ltd water. This was reviewed during the year and no detrimental impacts were found. A separate statement is included in the Corporate Governance section to indicate the importance of this issue.

Before the commencement of the Nuriootpa Wastewater Management Scheme a detailed risk assessment was carried out by environmental consultants Green Ochre Pty Ltd, as part of the approval process from the Department of Health. An annual audit is also required to ensure the safe use of this water. The Barossa Council is providing regular test results that confirm the quality of the wastewater.

Customers and Staff

My thanks go to Mrs Lisa Buckley and Ms Patsy Biscoe for their commitment, efficiency and support throughout the year. Thank you to all Customers for your support and I urge you to contact me if you require assistance with the operation of your connection or have any suggestions on how the system may be improved.

Paul Shanks
General Manager

26 September 2013

Corporate Governance Statement

Barossa Infrastructure Ltd's Board and Management are committed to the sustainable provision of supplementary irrigation water for viticulture in the Barossa region. All profits from operations are returned to the Shareholders in the form of the lowest sustainable price for water.

The Board updates this statement annually, considering any further issues that may require attention.

The Company sources its water through the Water Transport Agreement with SA Water and as part of that agreement is required to have a Water Allocation from the River Murray. These rights are dependent on water availability. The Murray Darling Basin Plan has now been approved by Parliament. The plan, to be implemented progressively to 2019, will assure the supply of quality water to irrigators in South Australia and better regulate the trading of water allocations and licenses.

Board Role

The Board is composed of from three to twelve Directors including at least two Independent Directors. An Independent Director is defined in the Company's Constitution as one who has no financial interest in the Company or any commercial interests in any vineyard or winery in the Barossa Valley.

The Board is accountable to the Shareholders and the Barossa community for the sustainable performance of the Company. The Board meets at least six times annually and sets policies and monitors performance at these meetings.

In addition to this, the Board invites participation from relevant organisations that will assist in meeting the Company's objectives and environmental requirements. This includes meeting ongoing environmental monitoring requirements. The Water Industry Act 2012 has been passed by the South Australian Parliament. The Company, as an irrigation supplier, is currently not affected by the Act.

The Board has delegated to the Executive Committee consisting of the Chairman, Company Secretary, another Director and General Manager, the day to day operational decisions within approved policies and budgets.

Risk Management

The Board uses a standardised method to manage major areas of risk as identified below:

1. **SA Water Transport Agreement**
   - Actively managed with meetings and mutual cooperation on operational issues
2. **Work Health and Safety**
   - An audit was completed and recommendations actioned to ensure the Company is fully compliant with the new WHS act
3. **Management Succession**
   - New database developed to contain all the Customer records and billing; completed with procedures in place for backup and off site secure storage
4. **Environmental Risks**
   - The impact of importing water to the Barossa is monitored annually (refer below)
   - Climate variability (and change) and effect of rationing on demand forms part of the planning strategy
5. **Safety of Pipeline and Pumping Stations**
   - Life of various assets are analysed and management strategies are developed to minimise the risks of disruptions to supply

- Spares policy to ensure rapid repair of minor leaks and bursts has been implemented

6 Sustainability

- Ongoing environmental, financial and operational needs as a summary of all the risks and their management

7 Funding

- Impact of the state of the Wine Industry and the ability of Customers to pay their accounts
- Interest rate risk is managed by locking forward rates as required

8 River Murray Water Rights

- The Basin Plan, when implemented, is likely to reduce the reliability of the allocations but improve the water quality and flow through South Australia
- Strategy for ownership, long term lease or short term lease of water rights is being developed along with holding water rights from interstate as well as South Australia

9 Water Quality

- Regular testing of water quality

10 Government Policy Changes

- Recent Government policy changes that have impacted on BIL were mainly as a result of COAG agreements and the Basin Plan.

Environmental Performance

The Company is aware of the variable nature of the Australian climate and that the supplementary irrigation used by our Customers should be sufficient to mitigate these climate impacts without detrimental impact to either the local environment or the underground water supplies.

Review of gauging stations and shallow aquifer monitoring has indicated no areas of concern. This monitoring is at an early stage and more useful information will be available in the future.

Barossa Infrastructure Ltd assists relevant organisations in the collection and dissemination of information that will enhance the environment and promote good viticulture practices.

The Company has joined a number of organisations that promote sustainable irrigation and environmental concerns in the Murray Darling Basin. These include:

- Murray Darling Association
- South Australian Murray Irrigators Incorporated and
- Irrigation Australia

As part of the process of examining the taking of treated wastewater from the Nuriootpa Community Wastewater Management Scheme, Barossa Infrastructure Ltd engaged Green Ochre Pty Ltd to prepare a detailed risk management plan and make a submission to the Department of Health for approval and to audit the Scheme.

Sustainability

The Board is committed to the long term sustainability of the supply of Barossa Infrastructure Ltd water to Shareholders and Customers.

Directors' Report

The Directors present their report together with the financial report of Barossa Infrastructure Limited ("the Company") for the year ended 30 June 2013 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the financial year are:

Name, Qualifications and Independence Status	Age	Experience and Special Responsibilities
Wendy Kay Allan Director	47	Vigneron Director – Owner/Operator Pindarie Pty Ltd Graduate Diploma in Wine Business Associate Diploma in Farm Management – Viticulture Former Viticultural Lecturer TAFE Barossa Campus Former Viticultural Consultant, Winemakers Federation of Australia Former Senior Viticulturist, Southcorp Wines 1998 - 1995 Wine Industry Study Tours Chile, France Former Barossa Vineyard Manager, Southcorp Wines Former Viticultural Extension Manager, Penfolds Wine Group 1992 Viticulture Research and New Technology Study Tour Israel, Italy, France and Germany 1989 Study Trip Geyser Peak Winery California *Appointed 4 June 2008*
Grant Walker Burge Director	62	Vigneron Chief Executive Grant Burge Wines Pty Ltd Barossa Valley Strategic Water Management Study 'Vision 2045' Baron of the Barossa – Inducted 1990 Past Director Krondorf Ltd, Mildara Ltd, Rycroft Vineyards Pty Ltd Past Member Barossa Water Resources Board Past Councillor The Barossa Council Past President & Committee Member Barossa Winemakers Association *Appointed 14 September 1998*
Geoffrey Maxwell Davis B Ec, FCA, CTA Independent Director Company Secretary	65	Chartered Accountant, Principal Geoff Davis & Associates Past Chairman AC Johnston Pty Ltd (Pirramimma Wines) Former Partner Ernst & Young Board Member of Sevenhill Cellars Past Chair of Saint Ignatius College Council Former Member SA Egg Board *Appointed 3 August 1999, Member Executive Committee*
Gayle Robin Grieger B Sc (Hon), PhD Independent Director	41	Environmental Scientist Senior NRM Policy Officer, Adelaide and Mt Lofty Ranges NRM Board Member Australian Soil Science Society Past Member Australian Society of Viticulture & Oenology Past Committee Member 7th South Australian Rural Women's Gathering *Appointed 2 February 2004*

Name, Qualifications and Independence Status	Age	Experience and Special Responsibilities
Robert Ian Chapman Independent Director Assoc Dip Bus, FAICD, F FIN Chairman	49	Bank SA Advisory Board (Chairman 2012) Adelaide Football Club (Chairman 2008 – present) Kelly & Co Business Advisory Panel (Chairman 2012) Perks Accounting & Financial Services (Chairman 2012) Member of The Economic Development Board Past President of Business SA - (2005/07) Past President of CEDA SA - (2003/06) Past Chief Executive Officer St. George Group (2010/12) Past Managing Director Bank SA (2002/10) Past Regional General Manager, WA, SA, NT Commonwealth Bank of Australia *Former Memberships:* cando4kids (Ambassador) Catholic Church Diocesan Finance Council (Chairman 2004) Flinders Medical Centre Foundation History Trust of South Australia Olympic Games Fundraising Committee Premier's Climate Change Council UniSA MBA Program (Past Chairman) *Appointed 4 June 2012*
David John Klingberg AO FTSE Btech(Civil), DUniSA, FIEAust, FAusIMM, FAICD Independent Director	68	Professional Engineer Former Managing Director Kinhill Ltd Engineering Group Immediate Past Chancellor University of South Australia *Fellow of:* Australian Academy of Technological Sciences & Engineering Institution of Engineers Australia Australasian Institute of Mining and Metallurgy Chairman Centrex Metals Limited Chairman Mawson Lakes Joint Venture (project completed 30 June 2011) Director Snowy Hydro Ltd Director E & A Limited Director Codan Limited Board Member Renewables SA Past Chairman Premiers Climate Change Council Patron Cancer Council of South Australia and St Andrew's Hospital Foundation *Appointed 29 September 1998, Member Executive Committee* *Resigned 5 November 2012*
Martin Paul Pfeiffer Director	61	Vigneron Director – Owner/Operator Whistler Wines, Heysen Estate Vineyards 1998 Wine Industry Study Tour France, Italy, Germany, Spain 1999 Irrigation Technology Tour Israel, California Member Barossa Wine & Tourism Association Member Barossa Winemakers Past President Barossa Lions Club *Appointed 18 December 1998*

Directors' Report

Name, Qualifications and Independence Status	Age	Experience and Special Responsibilities
Victor John Patrick Director	69	Director Red Dirt Estate Joint Venture Director Graymoor Estate Joint Venture Director Farmer Eden Valley/Kalangadoo Diploma – Viticulture, Vinification, Wine Chemistry & Technology Oenological Diploma Agriculture 2004-1996 Director Viticulture Foster's Group 1996-1987 Director Global Viticulture Mildara Blass Ltd 1987-1985 Ass. General Manager Vineyards Southcorp Wines Chairman Wine Grape Growers Australia Member Wine Grape Council of SA Member SA Wine Industry Assoc. Environment Committee Member University of Adelaide School of Agriculture Food & Wine Advisory Board Former Chairperson SE Soil Conservation Board Former Chairperson SA Wine Industry Council Former President SA Wine Industry Association Former Member SA Soil Conservation Board Former Member Lower SE Water Resources Committee Former Member SE Catchment Management Board Former Member SA Water Resources Council *Appointed 28 April 2008, Member Executive Committee*
Edgar Gordon Schild Director	72	Vigneron Managing Director EG & LF Schild Pty Ltd, Schild Estate Wines Wine Industry Study Tour Australia, Europe, California, South Africa 1996 Barossa Valley Vigneron of the Year Member Barossa Grape Growers Council Life Member Rowland Flat Agricultural Bureau *Appointed 14 September 1998*
Steven James Wilson Director	58	Vigneron Managing Director Anandale Vineyards Pty Ltd, Lindfield Rd Wines Pty Ltd Past Member Wine Grape Growers Council – Tanunda branch Member & Past Secretary South Australian Farmers Federation Past Member SAFF Research & Development Board Past Director BREDA *Appointed 14 September 1998*

Directors' Meeting Attendance

For the year ended 30 June 2013, there have been 7 meetings of Directors. Those Directors and their attendance at meetings are as follows:

Director	Board Meetings A	Board Meetings B
W K Allan	7	7
G W Burge	7	7
R I Chapman	7	7
G M Davis	7	7
G R Grieger	6	7
D J Klingberg	3	3
V J Patrick	5	7
M P Pfeiffer	7	7
E G Schild	7	7
S J Wilson	4	7

A – Number of meetings attended
B – Number of meetings held during the time the Director held office during the year

Principal Activities

The principal activities of the Company during the year consisted of:

- The delivery of water to customers from the pipeline
- The continual addressing of technical and operating matters to ensure the reliable operation of the pipeline system, and
- Securing sufficient River Murray Water Rights to enable delivery of water in accordance with the supply contract with SA Water
- assessing the feasibility of extending the volume of water supplied under the scheme.

Review of Operations

The net profit after providing for income tax amounted to $1,391,923 (2012: profit $1,236,034).

No water restrictions applied to River Murray Water Rights for the 2013 year and Customers were entitled to take 100% of their contracted amounts. The dry winter and spring in 2012 led to a record demand for water early in the season and throughout the summer. The Company was able to secure additional water under the Transport Agreement with SA Water. The Board rebated $134/ML of water delivered thereby returning income to Customers. This is in keeping with the Board's objective of delivering water at the lowest possible price that is sustainable in the longer term.

Under the PIIP scheme, 144 meters were upgraded and installed during the year, bringing the total meters upgraded and installed at 30 June 2013 to 350 with the financial assistance of Commonwealth Government Funding. The project has been highly successful with significant water savings and was delivered at less than budget. The Commonwealth Government consented to the use of the unspent funds on electronic cards for the meters thereby enabling even further operational efficiencies.

As advised at the 2012 AGM, the Company paid a fully franked dividend of 6 cents per share in April 2013.

State of Affairs

During July 2012, a loan repayment of $1,432,000 was made. Subsequent to the end of the financial year a further loan repayment of $1,432,000 has occurred, bringing the bank loan outstanding to $4,232,200.

In the opinion of the Directors there were no other significant changes in the state of affairs in the Company that occurred during the financial year under review.

Remuneration Report – audited

Principles of compensation – audited

Remuneration is referred to as compensation throughout this report.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company, including Directors of the Company and other Executives. Key management personnel comprise the Directors of the Company and the General Manager.

Compensation levels for key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. No element of the compensation is dependent on the satisfaction of a performance condition.

The annual review takes into account the Executive's achievement of preset performance targets. The General Manager has a five year contract expiring in June 2015 and this provides for annual reviews taking into account achievement of performance targets and market conditions. The service contract can be terminated by the Company or General Manager providing three months notice. The Company may make a payment in lieu of notice equivalent to three months base salary.

No part of any Directors' or Executive's remuneration is related to performance, and is fixed for the year. The agreed performance targets used for annual remuneration reviews are based on the Board's policy of delivering water at the lowest possible cost on a long term sustainable basis.

Directors

Total compensation for all Directors, last voted upon by shareholders at the 2008 AGM, is not to exceed $160,000 per annum. Directors' fees and the 9% super guarantee for 2013 amounted to $153,956 excluding the retainer paid to Martin Pfeiffer to keep up to date with operating issues so he may support and takeover for the General Manager should the need arise.

Details of the nature and the amount of each major element of remuneration of each Director of the Company and the named Company executives are:

2013		Short-term			Post-employment	Other long term	Termination benefits	Share-based payments	
Directors - Non-executive	Year	Salary & Fees	STI cash bonus	Non-monetary benefits	Superannuation benefits			Options and rights	Total
Mr R I Chapman *(Chairman)*	2013	$44,072	-	-	$526	-	-	-	$44,598
	2012	$1,460	-	-	$131	-	-	-	$1,591
Ms W K Allan	2013	$9,228	-	-	$831	-	-	-	$10,059
	2012	$8,874	-	-	$799	-	-	-	$9,673
Mr G W Burge	2013	$9,228	-	-	$831	-	-	-	$10,059
	2012	$8,874	-	-	$799	-	-	-	$9,673
Mr G M Davis	2013	$19,800	-	-	-	-	-	-	$19,800
	2012	$19,100	-	-	-	-	-	-	$19,100
Dr G R Grieger	2013	$9,228	-	-	$831	-	-	-	$10,059
	2012	$8,874	-	-	$799	-	-	-	$9,673
Mr D J Klingberg	2013	$19,145	-	-	-	-	-	-	$19,145
	2012	$55,140	-	-	-	-	-	-	$55,140
Mr V J Patrick	2013	$9,228	-	-	$831	-	-	-	$10,059
	2012	$8,874	-	-	$799	-	-	-	$9,673
Mr M P Pfeiffer	2013	$15,037	-	-	$20,058	-	-	-	$35,095
	2012	-	-	-	$33,747	-	-	-	$33,747
Mr E G Schild	2013	$9,228	-	-	$831	-	-	-	$10,059
	2012	$8,874	-	-	$799	-	-	-	$9,673
Mr S J Wilson	2013	$9,228	-	-	$831	-	-	-	$10,059
	2012	$8,874	-	-	$799	-	-	-	$9,673
Executive									
Mr A P Shanks	2013	$118,972	-	-	$25,000	$3,100	-	-	$147,072
(General Manager)	2012	$88,444	-	-	$49,992	$1,579	-	-	$140,015
Total compensation: key management personnel (company)	**2013**	**$272,394**	**-**	**-**	**$50,570**	**$3,100**	**-**	**-**	**$326,064**
	2012	$217,388	-	-	$88,664	$1,579	-	-	$307,631

Each key management person held the position described above for the entire reporting period, except for Mr D J Klingberg who resigned on the 5/11/12.

Environmental Regulation

The project for delivery of River Murray Water to the Barossa Region is subject to strict environmental regulation. Initially an independent consultant prepared the environmental report to assist in the Company's application to the Development Approval Commission and the relevant Water Catchment Board. All necessary approvals were received. During the year the Company applied for and was granted permission to extend the scheme from 7GL to 8GL. The Company works closely with the Department of Water, Land & Biodiversity Conservation and the Adelaide and Mt. Lofty Natural Resources Management Board for ongoing monitoring of water usage and changes in water tables.

Likely Developments

The objective of the Company continues to be the reliable delivery of quality water to its Customers at the lowest appropriate commercial price. The Company will complete its eleventh full "water year" on 30 September 2013.

The Company has received expressions of interest for in excess of a further Gigalitre of water contracts. Negotiations are in process with SA Water to determine if an extension of the Water Transport Agreement is feasible both from a physical perspective as well as financial.

Indemnification

The Company has agreed to indemnify all of the Directors of the Company against all liabilities to another person that may arise from their position as Directors of the Company except where the liability arises out of conduct involving lack of good faith. The agreement stipulates that the Company will meet the future amount of any such liabilities, including costs and expenses.

The Company has paid premiums amounting to $3,513 to insure against such liabilities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Events Subsequent to Reporting Date

Since the end of the financial year the State Government has announced 100% water allocations for 2013.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in future years.

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Auditor's Independence Declaration by KPMG is set out on page 44 and forms part of the Directors' Report for the financial year ended 30 June 2013.

Rounding of Amounts

The Company is not of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission and therefore cannot 'round off' any amounts to the nearest thousand dollars. The Company must show the amounts in the Directors' report and financial report at the nearest whole dollar of the amount.

This report is made in accordance with a resolution of the Directors.

R I Chapman
Director

G M Davis
Director

Tanunda, S.A.
26 September 2013

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Note	**2013** $	2012 $
Sale of Water		6,830,129	5,068,060
Customer Rebate		(1,039,514)	-
Cost of Sales		(5,301,633)	(4,448,842)
Gross Profit		488,982	619,218
Infrastructure Levies Revenue		2,561,990	2,314,241
Other Income		108,574	81,273
Administrative Expenses		(882,938)	(779,840)
Results from operating activities		2,276,608	2,234,892
Financial Income		120,541	124,467
Financial Expenses		(390,273)	(511,178)
Net financing costs		(269,732)	(386,711)
Profit before tax		**2,006,876**	1,848,181
Income Tax Expense	4 (a)	(614,953)	(612,147)
Profit After Tax		**1,391,923**	1,236,034
Total Comprehensive Income for the year		**1,391,923**	1,236,034

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2013

	Attributable to equity holders of the Company		
	Share Capital	Retained Earnings	Total Equity
	$	$	$
Balance at 1 July 2011	9,564,500	3,457,746	13,022,246
Total comprehensive income for the period			
Profit	-	1,236,034	1,236,034
Contributions by owners of the Company			
Issue of ordinary shares	-	-	-
Balance at 30 June 2012	9,564,500	4,693,780	14,258,280
Balance at 1 July 2012	9,564,500	4,693,780	14,258,280
Total comprehensive income for the period			
Profit	-	1,391,923	1,391,923
Contributions by and distributions to Owners of the Company			
Issue of ordinary shares	189,000	-	189,000
Dividends		(584,370)	(584,370)
Balance at 30 June 2013	9,753,500	5,501,333	15,254,833

The accompanying notes form part of these financial statements

Statement of Financial Position

For the year ended 30 June 2013

	Note	2013 $	2012 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	4,453,247	4,028,997
Trade and Other Receivables	6	1,848,853	867,726
Other Assets	7	497,895	457,816
Total Current Assets		**6,799,995**	5,354,539
Non-current Assets			
Property, Plant and Equipment	8	17,486,449	18,213,635
Intangible Assets	9	2,530,188	2,370,834
Total Non-current Assets		**20,016,637**	20,584,469
TOTAL ASSETS		**26,816,632**	25,939,008
LIABILITIES			
Current Liabilities			
Trade and Other Payables	10	1,423,883	172,567
Employee Benefits	15	74,738	63,974
Current Tax Liabilities	4 (c)	607,793	585,418
Loans & Borrowings	11	1,432,000	1,432,000
Deferred Income	16	2,736,157	2,555,992
Total Current Liabilities		**6,274,571**	4,809,951
Non-current Liabilities			
Loans & Borrowings	11	4,232,200	5,719,712
Deferred Income	16	861,391	964,496
Deferred Tax Liabilities	4 (d)	193,637	186,569
Total Non-current Liabilities		**5,287,228**	6,870,777
TOTAL LIABILITIES		**11,561,799**	11,680,728
NET ASSETS		**15,254,833**	14,258,280
EQUITY			
Issued Capital	12	9,753,500	9,564,500
Retained Earnings	12	5,501,333	4,693,780
TOTAL EQUITY		**15,254,833**	14,258,280

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		8,747,954	7,755,688
Cash Paid to Suppliers and Employees		(5,101,689)	(4,240,689)
Cash Generated from Operating Activities		3,646,265	3,514,999
Interest Received		135,366	118,509
Interest Paid		(396,447)	(522,372)
Income Taxes (Paid)/Refunded		(585,510)	26,566
Net Cash from Operating Activities	14	**2,799,674**	3,137,702
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from sale of Property, Plant and Equipment		20,000	1,200
Proceeds from Government Funding		-	315,000
Acquisition of Property, Plant and Equipment		(345,551)	(467,194)
Acquisition of Intangibles	9	(162,028)	(2,233)
Net Cash used in Investing Activities		**(487,579)**	(153,227)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from the Issue of Share Capital		189,000	-
Financial Assistance to acquire shares		(10,000)	-
Share Capital not Allotted		4,500	-
Repayment of Borrowings		(1,487,500)	(1,432,000)
Dividends Paid		(583,845)	-
Net Cash used in Financing Activities		**(1,887,845)**	(1,432,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**424,250**	1,552,475
Cash and Cash Equivalents at 1 July		4,028,997	2,476,522
Cash and Cash Equivalents at 30 June	5	**4,453,247**	4,028,997

The accompanying notes form part of these financial statements

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Barossa Infrastructure Limited (the "Company") is a company domiciled in Australia. The financial statements were approved by the Board of Directors on 26th September 2013. The Company is a for-profit entity.

(a) Statement of Compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

(b) Basis of Measurement

The financial statements are presented in Australian dollars and have been prepared on the historical cost basis.

New Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these financial statements. Those which are relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 Financial Instruments (2010), AASB Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is not expected to have an impact on the Company's financial assets and liabilities.

AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- note 1 (g) – valuation of financial instruments
- note 1 (h), (i) and (j) – fixed assets, intangibles and amortisation

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of the amount of goods and services tax (GST) payable to the taxation authority.

Sale of Water

Revenue from the sale of water is recognised (net of discounts and allowances) when the water passes through the customer's meter and the risks and rewards of ownership have therefore passed to the customer.

Revenue from Infrastructure Levies is recognised in the water year to which they relate. Infrastructure Levies due by 30 June in any year apply to the water year commencing the following 1 October. Refer Note 1(m) for details of income in advance.

Government Grants

Government grants related to assets are presented in the statement of financial position as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Finance Income

Finance income comprises interest income on funds invested and interest charged on overdue accounts in accordance with the customer contract. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Sale of Non-current Assets

The gain or loss on non-current asset sales is recognised as revenue or expense at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Finance Expenses

Finance expenses comprise interest expense on borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

Interest payments in respect of financial instruments classified as liabilities are included in finance expenses.

Finance costs are expensed as incurred unless they relate to qualifying assets in which case they are capitalised to the cost of the asset as occurred during the construction of the pipeline.

(f) Income Tax – Note 4

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) Financial Instruments

(i) Non-derivative financial assets

The Company recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value, and are used by the Company in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

The Company has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as components of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(h) Acquisition of Assets

All assets acquired including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The costs of assets constructed or internally generated by the Company, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset. Finance costs are capitalised to qualifying assets as set out in Note 1(e).

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(i) Depreciation

Complex Assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

Useful Lives

All assets have limited useful lives and are depreciated over their estimated useful lives on a diminishing value basis.

Assets are depreciated from the date they are installed and ready for use, or in respect of internally constructed assets, from the date an asset is completed and held ready for use.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed. The depreciation rates used for each class of asset are as follows:

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

	2013	2012
Pipeline & Installation	3.75% - 20%	3.75% - 20%
Pumps & Installation	3.75% - 20%	3.75% - 20%
Meters & Installation	15% - 20%	15% - 20%
Office Furniture & Equipment	7.5% - 66.6%	7.5% - 66.6%
Motor Vehicles	25%	25%

(j) Intangible Assets

(i) River Murray Water Rights

River Murray Water Rights, that are acquired by the Company and are considered to have an indefinite life, are stated at cost less any impairment losses (see 1(k)). The Company is required to test intangible assets for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired.

(ii) Other Intangible Assets

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

	2013	2012
Software	4 years	4 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives the recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Financial Risk Management

Overview

The Company has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from the Company's receivables from Customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. All customers are shareholders who have a direct interest in the Company. The Company's customer base is located in the prime sector of the Barossa Valley which is less impacted by the current problems facing the wine industry. The Company does not have a significant exposure to any one customer as no single customer is in excess of approximately 6 percent (2012: 7%) of the Company's revenue.

The majority of the Company's Customers have been transacting with the Company for over ten years, and no losses have occurred.

The Company has not established an allowance for impairment due to the historical success in controlling receivables. The credit policy of the Company requires that all overdue receivables are actively followed up. Receivables are reviewed bi-annually to assess whether any indications of impairment are evident.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation.

The Company prepares long-term cash flow models to project the liquidity needs of future years.

Market Risk

Market risk is the risk that changes in market prices, namely interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company has reduced its exposure to interest rate increases on borrowings by entering into an arrangement to fix forward interest rates of 6.85% up to December 2014 and 6.89% up to July 2014 (refer Note 11).

Note 1 continued overleaf

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Capital Management

The Board's policy is to maintain a strong capital base and a balance between borrowings and share capital. The policy is not to maximise dividend returns to shareholders but to deliver water at the lowest price that is sustainable in the long term. The Board's aim is to continue to reduce the bank debt and improve the flexibility of the Company to take advantage of investment opportunities, such as the acquisition of permanent River Murray Water Rights or the entering into long term contracts for the purchase of water from other sources such as town CWMS.

(m) Income in Advance – Note 16

Of income in advance $647,810 relates to Infrastructure Levies billed and due at 30 June 2012. These levies related to the water year 1 October 2012 – 30 September 2013. Therefore, one quarter of the total Infrastructure Levies billed at 30 June 2012 is income in advance at 30 June 2013.

By the same principle the total Infrastructure Levies billed and due at 30 June 2013 relate to the water year 1 October 2013 – 30 September 2014. Therefore the total amount billed of $2,635,521 is income in advance at 30 June 2013 of which $1,261,201 has been received in cash and $1,374,320 is due by Customers, as at reporting date. Subsequent to reporting date and up to 31 August 2013, a further $1,173,924 has been received in cash.

(n) Employee Benefits

Annual Leave

Liabilities for employee benefits for annual leave represent present obligations that are expected to be settled within 12 months of the reporting date, resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date.

Long Service Leave

Liabilities for employee benefits for long service leave are calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and are discounted using the weighted average borrowing rate of the Company at the balance sheet date.

Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

At 30 June 2013 the Company had four employees.

(o) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(p) Interest Bearing Borrowings – Note 11

Bank loans are recognised at their principal amount. Interest paid was capitalised to "Other Construction Related Costs" during the construction of the pipeline and associated infrastructure up to 31 December 2001. From 1 January 2002, interest paid and accrued has been recognised as an expense.

(q) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

(r) Operating Segment

The Company has one business segment which operates a pipeline network to supply irrigation water in the Barossa Valley. Information regarding the result of the single segment is included below. Performance is measured based on profit before income tax as included in the internal management reports that are reviewed by the Board. Segment profit is used to measure performance as the Board believes that such information is the most relevant in evaluating the results of the operation relative to other entities that operate within the same industry.

Comparative segment information has been represented in conformity with the requirement of AASB 8 *Operating Segments.*

Information about individual reportable segment

	2013	2012
	$	$
External revenue	9,392,120	7,419,261
Interest income	120,541	124,467
Interest Expense	390,273	511,178
Depreciation and Amortisation	1,052,515	1,038,977
Reportable segment profit before income tax	2,006,876	1,848,181
Reportable segment assets	26,816,632	25,939,008
Capital expenditure	346,194	467,195

Note 2: PERSONNEL EXPENSES

Wages, salaries and directors fees	307,980	247,433
Other associated personnel expenses	3,868	4,217
Contributions to defined contribution superannuation funds	80,967	91,498
(Decrease)/Increase in liability for annual leave	9,280	(4,234)
Increase in liability for long service leave	1,484	3,258
	403,579	342,172

Note 4 continued overleaf

	2013 $	2012 $
Note 3: AUDITOR'S REMUNERATION		
Auditors of the Company: KPMG Australia	31,000	30,000
Other Services: KPMG Australia		
Taxation Advice	7,200	3,800
	38,200	33,800
Note 4: INCOME TAX EXPENSE		
(a) Recognised in the statement of comprehensive income		
Current period	607,793	598,001
Adjustment for prior periods –	-	46,540
Deferred tax expense		
Reversal of temporary differences	7,160	(32,394)
Total income tax expense	**614,953**	612,147
(b) Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit before tax	2,006,876	1,848,181
Income tax using company tax rate of 30% (2012: 30%)	602,063	554,454
Increase in income tax expense due to:		
Non-deductible expenses	3,069	685
Non-deductible depreciation	9,821	10,468
Under/over provided in prior periods	-	46,540
Income tax expense on pre-tax net profit	614,953	612,147
(c) Current Tax Assets/(Liabilities)		
Movements during the year:		
Balance at beginning of year	(585,418)	39,149
Income tax (refunded)/paid: operating activities – prior year	585,510	(39,149)
Current year's income tax expense on pre-tax profit	614,953	612,147
Current year's timing differences for accounting and income tax purposes	(7,160)	(14,146)
Prior year's timing differences for accounting and income tax purposes	(92)	-
		598,001
Less Instalments Paid	-	12,583
	(607,793)	(585,418)

	2013 $	2012 $
Note 4: INCOME TAX EXPENSE *continued*		
(d) Deferred Tax Assets and Liabilities		
Deferred tax liability is attributable to:		
Property, plant and equipment	308,599	326,628
Accrued interest income	2,474	6,925
	311,073	333,553
Deferred tax asset is attributable to:		
Employee benefits	23,171	19,278
Unearned revenue	94,265	127,706
	117,436	146,984
Net Deferred Tax Liabilities	**193,637**	186,569
(e) Movement in temporary differences during the year all recognised in income		
Property, plant and equipment	17,938	(27,151)
Interest income	4,451	(1,788)
Leasing charge	-	-
Employee benefits	3,892	(206)
Government Grant	(33,441)	81,206
Carried forward tax losses utilised	-	(66,207)
Net movement	**(7,160)**	(14,146)

(f) Dividend Franking Account

The amount of franking credits available to shareholders of Barossa Infrastructure Ltd for subsequent financial years is $1,768,939 (2012 : $1,435,013). The ability to utilise the franking credits is dependent upon the ability to declare dividends.

Note 5: CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash at Bank – Bendigo Bank (Infrastructure Levy) – refer Note 11	3,933,792	3,555,831
Cash at Bank – Bank SA Tanunda Cheque Account	518,524	463,806
Cash at Bank – Bendigo Bank (PIIP Funding Account)	931	9,360
	4,453,247	4,028,997

Cash at bank is restricted under a Memorandum of Set-off with Adelaide Bank Limited. Refer Note 11 for further details.

Note 6: TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Trade Debtors	1,766,088	814,436
Sundry Debtors	10,000	4,906
Net GST Receivable	72,765	48,384
	1,848,853	867,726

	2013 $	2012 $
Note 7: OTHER CURRENT ASSETS		
Prepayments	149,800	43,083
Accrued Income – Water Sales	336,490	391,650
Accrued Income – Infrastructure Levies	3,360	-
Accrued Income – Interest Income	8,245	23,083
	497,895	457,816

Note 8: PROPERTY, PLANT & EQUIPMENT

	2013 $	2012 $
Pipeline and Installation		
At cost	27,864,439	27,864,439
Less: Accumulated Depreciation	(12,543,856)	(11,742,104)
Total Pipeline and Installation	15,320,583	16,122,335
Pumps and Installation		
At cost	2,061,928	2,061,928
Less: Accumulated Depreciation	(1,030,035)	(961,284)
Total Pumps and Installation	1,031,893	1,100,644
Meters and Installation		
At cost	1,890,607	1,629,918
Less: Accumulated Depreciation	(1,088,652)	(937,001)
Total Meters and Installation	801,955	692,917
Capital Works in Progress		
At cost	271,222	251,894
Less: Accumulated Depreciation	-	-
Total Capital Works in Progress	271,222	251,894
Office Equipment		
At cost	66,471	75,140
Less: Accumulated Depreciation	(43,912)	(48,551)
Total Office Equipment	22,559	26,589
Motor Vehicles		
At cost	42,239	40,016
Less: Accumulated Depreciation	(7,783)	(20,760)
Total Motor Vehicles	34,456	19,256
Leasehold Improvements		
At cost	3,860	-
Less: Accumulated Depreciation	(79)	-
Total Leasehold Improvements	3,781	-
Total Property Plant & Equipment net book value	**17,486,449**	18,213,635

Note 8: PROPERTY, PLANT & EQUIPMENT *continued*

Reconciliations

	2013 $	2012 $
Pipeline and Installation		
Carrying Amount at Beginning of Year	16,122,335	16,929,850
Acquisitions	-	39,624
Depreciation	(801,752)	(847,139)
Carrying Amount at End of Year	15,320,583	16,122,335
Pumps and Installation		
Carrying Amount at Beginning of Year	1,100,644	1,143,694
Acquisitions	-	41,375
Disposals	-	(12,724)
Depreciation	(68,751)	(71,701)
Carrying Amount at End of Year	1,031,893	1,100,644
Meters and Installation		
Carrying Amount at Beginning of Year	692,917	352,734
Acquisitions	270,225	445,567
Disposals	(1,756)	(3,134)
Depreciation	(159,431)	(102,250)
Carrying Amount at End of Year	801,955	692,917
Capital Works in Progress		
Carrying Amount at Beginning of Year	251,894	324,175
Acquisitions	287,663	373,286
Transferred costs to Meters and Installation	(268,335)	(445,567)
Carrying Amount at End of Year	271,222	251,894
Office Equipment		
Carrying Amount at Beginning of Year	26,589	25,202
Acquisitions	9,899	12,910
Disposals	(3,150)	(902)
Depreciation	(10,779)	(10,621)
Carrying Amount at End of Year	22,559	26,589
Motor Vehicles		
Carrying Amount at Beginning of Year	19,256	25,675
Acquisitions	42,239	-
Disposals	(17,990)	-
Depreciation	(9,049)	(6,419)
Carrying Amount at End of Year	34,456	19,256
Leasehold Improvements		
Carrying Amount at Beginning of Year	-	-
Acquisitions	3,860	-
Depreciation	(79)	-
Carrying Amount at End of Year	3,781	
Total Depreciation Expense for Year	**1,049,841**	1,038,130

	2013	2012
	$	$

Note 9: INTANGIBLE ASSETS

	2013 $	2012 $
River Murray Water Rights – at cost		
Carrying Amount at Beginning of Year	2,368,379	2,368,379
Acquisitions	142,468	-
Carrying Amount at End of Year	2,510,847	2,368,379

The Board has chosen to carry intangible assets at cost and has assessed the recoverable amount, which is in excess of the carrying amount, on the active market basis.

In assessing the useful life of River Murray Water Rights consideration is given to the contractual right granted to each non-cancellable share of water access entitlement to the River Murray resources. In light of the water access entitlement rights being non-cancellable and the Company's intention to continue using such water access entitlement rights in its operations, no factor could be identified that would result in the water access entitlement rights having a finite useful life and accordingly are assessed as having an indefinite useful life.

	2013 $	2012 $
Software – at cost		
Carrying Amount at Beginning of Year	2,455	1,210
Acquisitions	19,560	2,233
Disposals	-	(141)
Less: Amortisation & Impairment	(2,674)	(847)
Carrying Amount at End of Year	19,341	2,455
Total Intangible Assets at net book value	**2,530,188**	2,370,834

Note 10: TRADE AND OTHER PAYABLES

	2013 $	2012 $
Current		
Trade Creditors	113,349	5,793
Customer Rebate	1,039,514	-
Other Creditors and Accruals	271,020	166,774
	1,423,883	172,567

	2013 $	2012 $
Note 11: INTEREST BEARING LOANS AND BORROWINGS		
Current		
Secured Loan – Bendigo Bank Ltd	1,432,000	1,432,000
Total Current Interest Bearing Loans and Borrowings	**1,432,000**	1,432,000
Non-current		
Secured Loan – Bendigo Bank Ltd	4,232,200	5,664,212
Other Non-current Loans	-	55,500
Total Non-current Interest Bearing Loans and Borrowings	**4,232,200**	5,719,712

Bank Loans

The Bendigo Bank Ltd loan was refinanced in prior years into two separate loans now standing at amounts of $2.8m and $2.8m and are set at fixed interest rates of 6.85% (expiring December 2014) and 6.89% (expiring July 2014). The loans are secured by a registered Deed of Charge over the assets of the company and specific Registered Charges over customer contracts, water transport agreement and leases over water rights. In addition the Company is required to have a minimum balance equivalent to the following year's interest payments (estimated at $291,026) at July each year in deposit funds pursuant to a Memorandum of Set-off against the outstanding loans.

Loan principal is repaid over a 15 year period – July 2002 to July 2016, at $1,432,000 per annum.

Note 12: MOVEMENTS IN EQUITY

	2013 $	2012 $
Ordinary Shares		
Balance at the Beginning of the Year	9,564,500	9,564,500
Shares Issued at $1 each	189,000	-
Total Share Capital	**9,753,500**	9,564,500
Retained Earnings		
Retained earnings at beginning of year	4,693,780	3,457,746
Total recognised income and expense	1,391,923	1,236,034
Dividends Paid	(584,370)	-
Balance at end of year	**5,501,333**	4,693,780

Note 13: LEASES

	2013	2012
	$	$
Non-cancellable operating leases are payable as follows		
Within one year	383,234	380,186
One year or later and not later than five years	359,205	764,209
Later than five years	-	-
	742,439	1,144,395

The Company leases River Murray Water Rights under non-cancellable operating leases for periods from 1 to 10 years. Lease payments comprise a base amount plus a movement in the Consumer Price Index.

Note 14: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2013	2012
Profit for the period	1,391,923	1,236,034
Adjustments for:		
Depreciation and Amortisation	1,052,515	1,038,977
Loss on Sale of Non Current Assets	2,896	15,701
Customer Rebate	1,039,514	-
Income Tax Expense	614,953	612,147
Operating profit before changes in working capital	**4,101,801**	2,902,859
Changes in assets and liabilities (attributable to the operating activities of the Company):		
(Increase)/decrease in Receivables	(946,746)	581,693
Decrease/(increase) in Deferred Income , including government grant	77,060	(38,313)
Net GST (Paid)/received	(24,377)	22,344
Increase in Prepayments & Accrued Income	(40,081)	(99,691)
Increase/(decrease) in Creditors	169,806	(264,599)
Increase in Accruals	36,958	7,819
Increase/(decrease) in Provisions and Employee Benefits	10,763	(976)
Income Taxes (Paid)/refunded	(585,510)	26,566
Net Cash from Operating Activities	**2,799,674**	3,137,702

	2013 $	2012 $
Note 15: EMPLOYEE BENEFITS		
Aggregate Liability for Employee Entitlements		
Current		
- Liability for annual leave	30,861	21,581
- Liability for long service leave	43,877	42,393
	74,738	63,974
Number of Employees at Year End	4	3

Note 16: DEFERRED INCOME

Current		
Income in Advance	2,624,451	2,475,741
Government Grants	111,706	80,251
Total Current Deferred Income	2,736,157	2,555,992
Non-Current		
Income in Advance	658,880	619,060
Government Grants	202,511	345,436
Total Non-current Deferred Income	**861,391**	**964,496**

The Company was the recipient of a government grant paid in four instalments over two years and subject to performance milestones. The grants were required to be used for the acquisition of more accurate and reliable electronic meters to replace existing mechanical meters. The Company was required to contribute $334,000 cash and a further $100,000 in kind to the project. A condition of the grant was to supply progress reports acceptable to the Commonwealth Department of Sustainability, Environment, Water, Population and Communities and compliance with this requirement is not seen as a risk. The cost of meters is fixed by contract leaving the cost of installation as the only variable. Any risk associated with this is seen as minimal.

	2013 $	2012 $

Note 17: RELATED PARTY DISCLOSURES

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 3) are as follows:

	2013 $	2012 $
Short-term employee and director benefits	272,394	217,388
Other long term benefits	3,100	1,579
Post employment benefits	50,570	88,664
	326,064	307,631

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company. There were no material contracts involving key management personnel interests existing at year end, other than water contracts entered into by the key management personnel as Customers of the water project on the same terms and conditions as all other Investors/Customers.

Directors' holdings of shares

The interests of Directors of the reporting entity and their Director related entities, in shares with the Company at year end are as follows:

	2013 Number Held	2012 Number Held
W K Allan	-	-
A Brooks	7,000	7,000
H & A Brooks	43,750	43,750
G W Burge	-	-
Burge Corporation Pty Ltd	493,500	493,500
E G Schild	-	-
E G & L G Schild Pty Ltd	91,000	91,000
M P Pfeiffer	-	-
M P & C J Pfeiffer	17,500	17,500
Total Number of Shares in the Company held by Directors and their Director Related Entities:	**652,750**	652,750

Note 17: RELATED PARTY DISCLOSURES *continued*

Other Transactions with the Company

The Company Secretary of Barossa Infrastructure Limited, G M Davis, is a key management person who is the principal of the firm Geoff Davis & Associates, Chartered Accountants resulting in him having significant influence over the financial and operating policies of that entity. Geoff Davis & Associates has provided secretarial, consulting and accounting services to the Company in the ordinary course of business for the year ended 30 June 2013. The terms and conditions of the transactions with G M Davis and his related entity were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related parties on an arm's length basis.

Details of amounts other than Directors' fees paid to the above mentioned Director Related Entities are as follows:

Director	Director Related Entity	2013	2012
		$	$
G M Davis	Geoff Davis & Associates	111,810	103,400
Current Payable	Geoff Davis & Associates	13,618	10,978

M P Pfeiffer has provided staffing support in the absence of the General Manager during the year ended 30 June 2013 amounting to $25,037 (2012 : $24,074).

Note 18: FINANCIAL INSTRUMENTS

(i) Credit Risk

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

		Carrying Amount	
	Note	2013	2012
		$	$
Cash and cash equivalents	5	4,453,247	4,028,997
Trade and other receivables	6	1,848,853	867,726
		6,302,100	4,896,723

Impairment losses

The aging of the Company's trade receivables at the reporting date was:

	Gross 2013	Gross 2012
	$	$
Not past due	1,388,149	672,452
Past due 31-60 days	-	2,746
Past due 61-90 days	180,480	50,883
Past due 91days and >	197,459	88,355
	1,766,088	814,436

Note 18 continued overleaf

Note 18: FINANCIAL INSTRUMENTS *continued*

Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables that are not past due or past due by up to 30 days. Of the trade receivables balance of $1,766,088 at 30 June 2013, payments since received from Customers for the period from 1 July 2013 to 31 August 2013 amount to $1,471,393 and have been applied as follows: Not past due $1,175,741, Past due, 61-90 days $168,430 and Past due 91 days and > $127,222. The remaining outstanding balance relates to Customers that have a satisfactory credit history with the Company.

(ii) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Non-derivative financial liabilities	Carrying	Contractual cash flows	6 mths or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Secured bank loans	5,664,200	(6,247,026)	(1,578,709)	(144,317)	(1,628,015)	(2,895,985)	-
Trade and other payables	317,619	(317,619)	(317,619)	-	-	-	-
Customer Rebate	1,039,514	(1,039,514)	(1,039,514)	-	-	-	-
	7,021,333	**(7,604,159)**	**(2,935,842)**	**(144,317)**	**(1,628,015)**	**(2,895,985)**	

Current Tax Liability - A tax instalment of $164,712 was paid in July 2013 and will be applied against the current tax liability in the balance sheet.

(iii) Interest Rate Risk

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying Amount	
	2013	2012
	$	$
Fixed rate instruments		
Financial liabilities	**(5,664,200)**	(7,096,212)
Variable rate instruments		
Financial assets	**4,453,247**	4,028,997
Financial liabilities	-	-
	4,453,247	4,028,997

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Note 19: EVENTS SUBSEQUENT TO REPORTING DATE

Since reporting date, the South Australian State Government has announced that 100% water allocations will apply to entitlements for River Murray Water for 2014. Water storage in the Murray Darling system remain at a high level of 78%.

Directors' Declaration

In the opinion of the Directors of the Company:

(a) the financial statements and notes, set out on pages 22 to 42, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the Directors draw attention to note 1 (a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

R I Chapman
Director

G M Davis
Director

Tanunda, S.A.
26 September 2013

Auditor’s Independence Declaration

KPMG

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 audit for the financial year ended 30 June 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

S.A. Fleming

Scott Fleming
Partner

Adelaide

26 September 2013

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

Report on the financial report

We have audited the accompanying financial report of Barossa Infrastructure Limited (the Company), which comprises the statement of financial position as at 30 June 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Barossa Infrastructure Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 15 to 16 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Barossa Infrastructure Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

S.A. Fleming

Scott Fleming
Partner

Adelaide

26 September 2013

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