



Barossa Infrastructure

LIMITED

Annual Report | **2015**

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

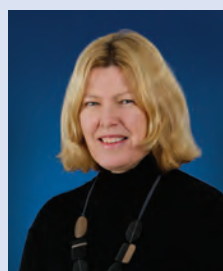
<http://barossainfrastructure.com.au>

Front cover image courtesy of Tony Tervoert, Barossa Photo Company

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

The background of the entire page is a blue-tinted photograph of a vineyard. In the foreground, there are large, detailed grape leaves and clusters of dark grapes. In the upper right corner, a bright sunburst or starburst effect radiates across the scene, creating a sense of light and energy. The overall color palette is monochromatic, consisting of various shades of blue.

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The capacity of Barossa Infrastructure will increase to 9,000 Megalitres per annum in the 2015/2016 water year. This expansion and that of 750 Megalitres in the 2014/2015 water year will include about 30 new customers and benefit a total of 90 customers/businesses in the Barossa. Existing customers will benefit from greater throughput and the resultant spreading of overheads. It also brings the capacity close to the design capacity of Barossa Infrastructure of 10,000 Megalitres per annum. The Board is examining ways to finance expansion to 10,000 Megalitres.

The Company remains in an excellent financial position with bank debt reduced to \$1.4 million after the recent repayment of \$1.4 million in July 2015. 2016 will see the final payment of the bank loan. The expansions discussed above are self-financing but BIL will require a seasonal overdraft for the 2015/16 year.

River Murray storages have had little inflow since October 2014. There will be no rationing in the 2015/2016 water year. Storages were just under half full in July 2015 compared with three quarters full at the same time in 2014. Water quality remains good. There was no carryover of unused water permitted by the Government.

Consumption for the year to 30 June 2015 was 7,545 Megalitres compared with 6,557 Megalitres in 2013/14 and 7,717 Megalitres in 2012/13. For the 2014/15 water year to 30 September 2015 consumption could exceed 7,600 Megalitres.

The supply from the Nuriootpa Community Wastewater Management Scheme (CWMS) was 245 Megalitres.

There were no problems with supply and quality was generally within specification. Total dissolved solids averaged 880 parts per million (mg/L) with a median value of 680 mg/L for CWMS water and 220 mg/L for the Company's supply from the Warren Reservoir. With dilution flow the average dissolved solids were 390 mg/L for customers on Gomersal Road. Losses in the system were 50 Megalitres or 0.7%.

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 97% 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 balance is supplied by The Barossa Council from the Nuriootpa Community Wastewater Management Scheme. It is a requirement that the Company has River Murray water allocations for all water transported by SA Water.

Barossa Infrastructure Ltd is committed to increasing the amount of water rights owned as the opportunity occurs. During the year a further 20 Megalitres were purchased. The Company also has a number of long term leases which, with annual leases, meets the requirement to hold River Murray Water Licences.

Technical Upgrades

The Company continues to carry out a number of improvements to the service to customers. These may be summarised as follows:

- Replacement of mechanical meters with electronic meters to provide more accurate meter readings – completed
- Provision of a link to the meter via the mobile phone network, giving remote access to flow and usage data and a link which can be made available to customers to weather, soil moisture and other data – completed
- Commissioning of a web site for access to the previous month's meter data – completed

- Provision of a smaller diameter bypass at the connection point at Fromm Square to improve the function of the isolating and reconnecting of the system – completed
- Transferring the operating pilot and filter for the pressure reducing valves to easily access chambers – about 40% complete
- Installation of pressure gauges at critical locations so both flow and pressure can be monitored – 40% completed
- Replacement of some diaphragm flow control valves with Maric Australian designed and manufactured orifice type valves that do not cause surging - ongoing
- Website access to meter data – completed

Finances

For the third year in succession the Company has been able to supply customers with additional water to meet their needs during prolonged hot dry periods. This has resulted in above budget income being generated from water sales. A rebate of \$140 per Megalitre has been authorised by the Board on water consumed from 1 April 2014 to 31 March 2015. This compares with the rebate of \$100 per Megalitre in 2014 and \$134 per Megalitre in 2013. The 2015 rebate will be paid by offsetting it against customers' final water invoices for the water year to 30 September 2015.

The Company made a profit of \$950,643 after tax compared with last year's profit of \$943,000. This was after rebating excess income of \$990,000 to customers. Total water sales before the rebate were \$6,659,000 compared with \$5,570,000 last year.

Debtors remain low.

Scheme Expansion

Work is continuing to expand the scheme to 9,000 Megalitres per annum. A contract has been let to upgrade three pressure reducing valve chambers. The maintenance contractor IMS is upgrading a number of other smaller chambers as well as installing the new connections ahead of the commencement of the water year on 1 October 2015.

The Board has resolved that the scheme expansion costs must be covered by the shares issued and infrastructure levies collected from the new sales. To date, additional water sales have been about 40% to new customers who are irrigating existing vineyards that previously had an inadequate supply.

Corporate Governance

The Company, as a part of the Barossa, is committed to the long term sustainability of supplementary irrigation of Barossa vineyards. This is achieved through monitoring the environmental risks, providing additional water to customers to meet climate change, keeping prices as low as possible and planning for future maintenance and replacement of assets.

By July 2016 Barossa Infrastructure Ltd will have paid off the borrowings that helped finance the Scheme. Once this has been paid the Company will commence provision for asset upgrades and replacement as the equipment ages. As a first step an asset register has been compiled. This is an essential part of transitioning the Company from the start-up phase to long term operational sustainability.

Good corporate governance requires there be renewal of the Board and this process will be managed over the next few years. My thanks to the Board for their continued support and contribution to this well managed company.

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, Mrs Lisa Buckley and Mr Neville Skipworth.



Robert I Chapman
Chairman

15 September 2015



For the third successive year we have had a hot dry summer. In January there was a week of light rain varying south to north from 55mm to 30mm and this led to a change in demand of up to 50 Megalitres/day over a period of five weeks. This is shown on the graph below.

In February 2015, the Board approved the expansion of the Scheme by 1,000 Megalitres per annum to a capacity of 9,000 Megalitres. To enable this to occur SA

Water are upgrading the pumping station at Birdwood and duplicating a section of their transfer main. The Company will also need to upgrade some pressure reducing valve chambers to ensure customers receive their correct flow at a minimum pressure of 10 metres of head.

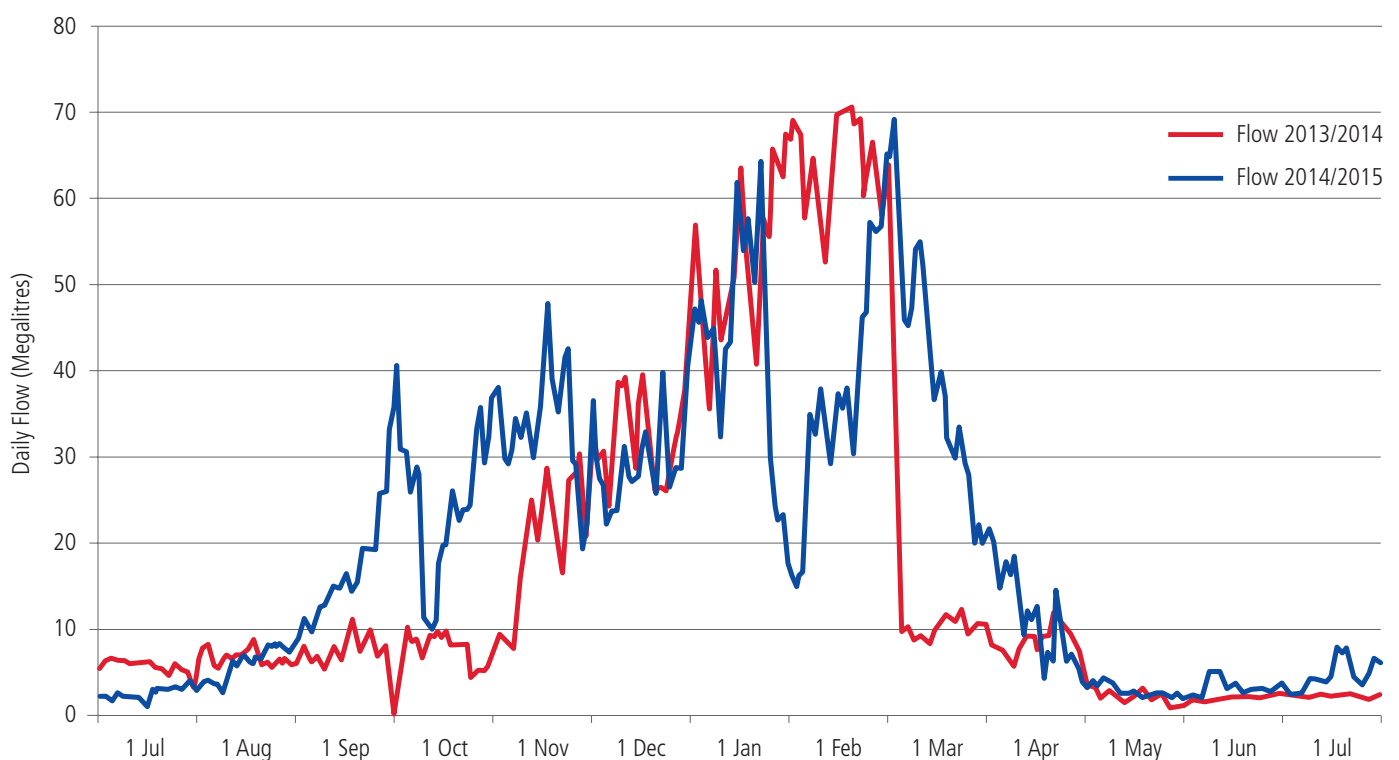
BIL is grateful to SA Water staff who have shown considerable flexibility in their discussions to minimise the costs of the expansion.

The expansions to 8,000 Megalitres and now to 9,000 Megalitres per annum involved a total of 90 new and existing connections of which approximately 30% were to new customers.

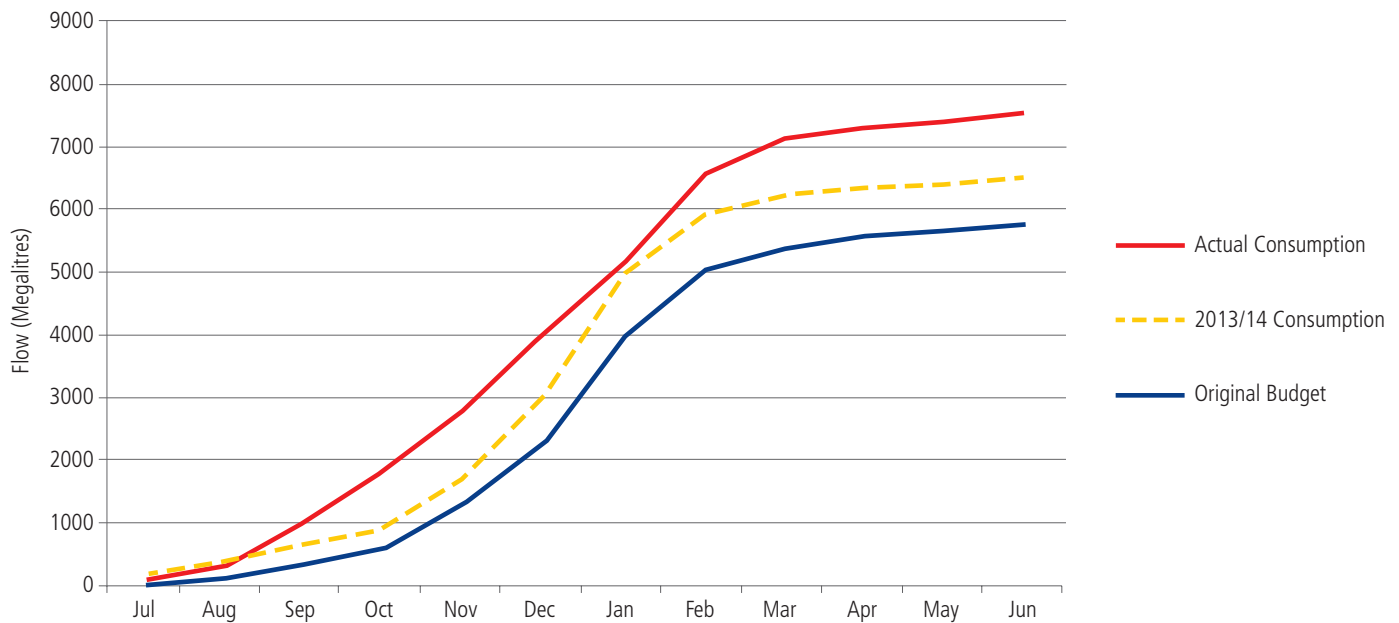
Capacity in the 2014/15 year was 8,000ML. This will increase to 9,000 Megalitres in the 2015/2016 water year commencing on 1 October 2015. Despite the increase in supply in 2014 a significant number of customers sought additional temporary water for the year. Total temporary

Barossa Infrastructure Daily Consumption in Megalitres

Comparison of Flow in 2013/14 and 2014/15



Barossa Infrastructure Ltd – Flow Compared with Budget



transfers of water in 2014/2015 were in excess of 1,100 Megalitres. In addition there are an increasing number of customers and other viticulturists who have registered their need for further water.

The system once again performed well during the main irrigation season. There were two breaks in the main lines and on three occasions contractors hit our main while trenching or under-boring. In addition there were a number of leaks in the customer connections generally related to poor construction practices. As the system ages it is expected that some leaks will occur. Customers and the public who have notified the Company early about leaks have helped to minimise these disruptions.

Water Demand

Once again demand for water exceeded budget; a total 7,545 Megalitres was supplied with system losses less than 1%. Peak flow was 68 Megalitres per day compared with the peak last year of 70 Megalitres per day. A new instantaneous flow peak of 916 litres per second was recorded on 14 February 2015 compared with the previous high of 913 litres per second. The graph above shows the demand compared to budget and compared to the previous year.

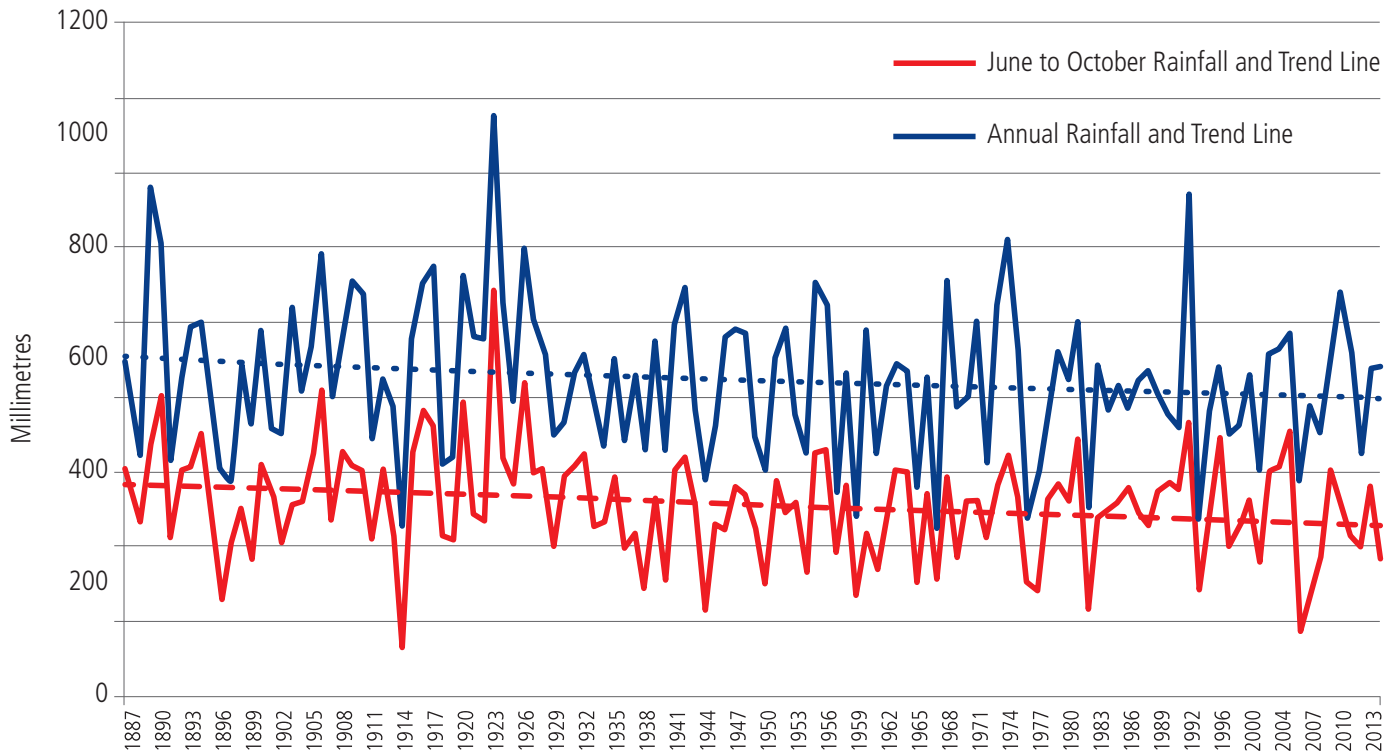
As discussed water demand is changing, with increasing demand in spring as a result of low rainfall over the winter/spring period. As an example of this trend the graph on page 8 shows detail of the rainfall at Lyndoch since 1887 with the trend line plotted for both the annual rainfall and rainfall between June and October. The downward trend of about 70mm in average annual rainfall is occurring during the critical period.

Operations

Infrastructure Maintenance Services have been contracted to provide repairs and maintenance services as well as operational support. Our thanks to Steve Dewar and Caleb Staehr for the high level of service provided.

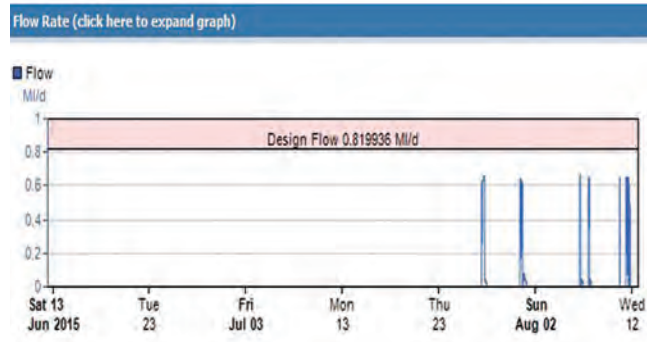
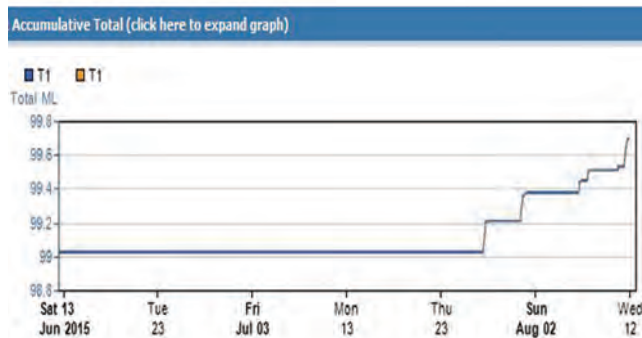
Modifications to the system are progressing but have been delayed by the need to connect new customers and modify connections. High priority is being given to completion of the connection of meters to the web. This is now complete and all customers will be able to access their water information and, if they have the equipment, review their water application with data from their soil moisture and rainfall data.

Rainfall at Lyndoch and Showing Trends



The data available to customers is shown below. The information can be downloaded as shown or imported into a spreadsheet to enable a watering pattern to be examined. The chart gives the reading of flow rate and total consumption every 15 minutes. On the left hand vertical axis is the total consumption as shown on your invoice and the right hand axis gives the flow rate in Megalitres per day. The highest flow of about 0.65ML/day is equivalent to a flow of 7.5 litres per second.

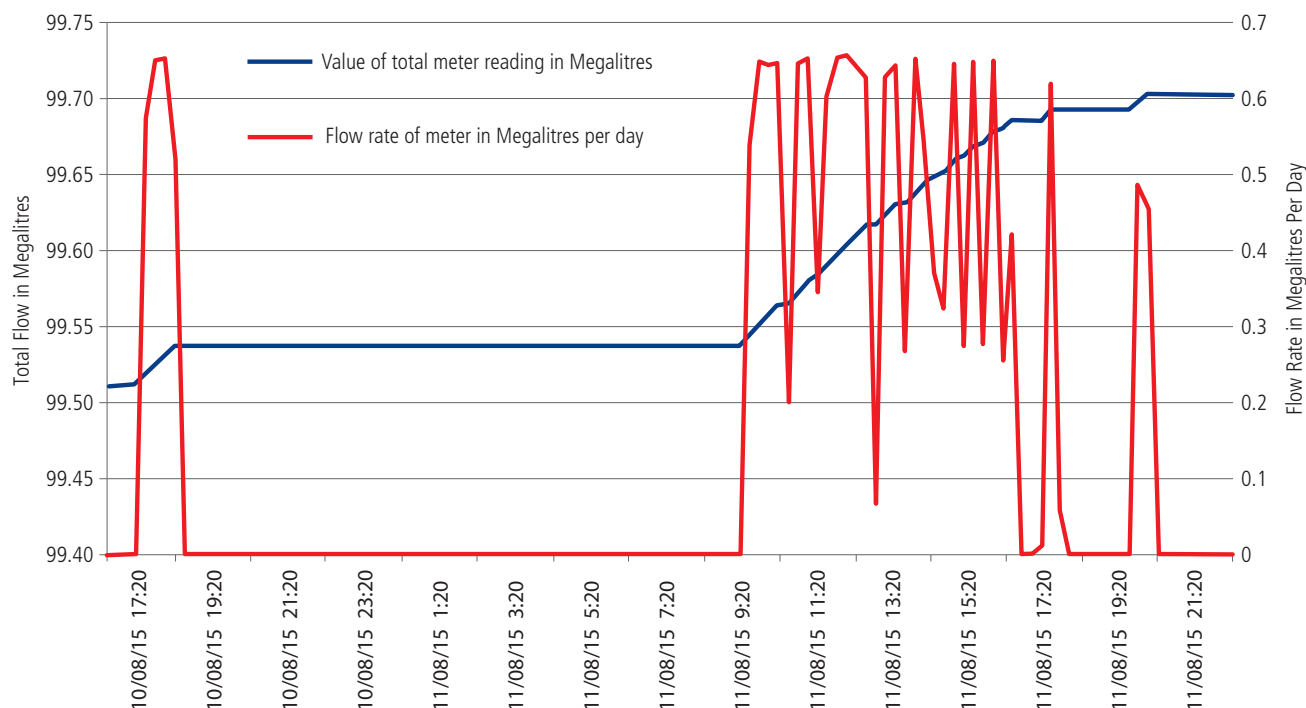
The graphs below and on the right are as they appear on the web and on the next page is an example of getting a closer view on Excel.



Modifications to the pressure reducing valve (PRV) chambers are being carried out by BIL's maintenance contractors. These modifications are to improve the safety by provision of external control cabinets and pressure sensors and to increase the size of the PRV's to ensure they operate well within the recommended flow range. Pressure gauges have also been installed at a number of locations to both ensure the system is kept within design pressures and to check pressures where low pressure may disrupt supply.

The Company is implementing an asset management plan. This is to enable better planning of operations and maintenance as well as planning future system upgrades.

Customer Data Available on Web



River Murray

Barossa Infrastructure Ltd 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. This is held in a mixture of permanent licences, long term leases and temporary water allocations purchased on the water trading market.

The information on River Murray storages and flows into South Australia is of concern. 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. The August 2015 total storage was less than 50%. Good rainfall is required in the catchment before the end of next winter to ensure supplies. The current impact on Barossa Infrastructure Ltd is the need to pay significantly higher prices for temporary allocations of River Murray water.

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 Natural Resources

Management Board and the Department of Water. 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 section covering Corporate Governance to indicate the importance of this issue.

Customers and Staff

My thanks go to Mrs Lisa Buckley, Ms Patsy Biscoe and my assistant, Mr Neville Skipworth, 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

15 September 2015

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 Federal 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 licences.

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 the 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 Work Health and Safety

- Workplace health and safety is a paramount consideration. An audit was completed and recommendations actioned to ensure that the Company is fully compliant with the new WHS Act

2 SA Water - Water Transport Agreement

- As well as a contractual relationship, the business relationship is actively managed with meetings and mutual cooperation on operational issues aimed at achieving win-win outcomes

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
- An assistance to the General Manager and an independent engineer advisor appointed to assist the General Manager in his role and provide mutual cover to ensure business continuity

4 Environmental Risks

- The impact of importing water to the Barossa is monitored annually (refer below) and is subject to a region wide Irrigation Management Plan
- Climate variability (and change) and the effect of rationing on demand forms part of the water and environment management strategy

5 Safety of Pipeline and Pumping Stations

- The life of various assets is analysed and asset management strategies developed to minimise the risks of disruptions to supply
- A spares policy to ensure rapid repair of minor leaks and bursts has been implemented
- An Asset Management Plan has been developed and is being implemented

6 Sustainability

- Ongoing environmental, financial and operational performance matters are regularly monitored and actions taken by management as necessary

7 Funding

- Impact of the state of the Wine Industry and the ability of customers to pay their accounts is routinely monitored and supported by debtor monitoring and control mechanisms
- As long term debt is retired the Board is developing an asset upgrade and replacement policy as part of the asset management plan; provision will be made annually to accumulate funds to meet these future needs

8 Scheme Expansion

- The Company infrastructure was designed to have a capacity of 10,000 Megalitres per year. The Scheme has been expanded by 750ML/year and will be further expanded by an additional 1,000 Megalitres a year in the 2015/2016 water year, providing a capacity of 9,000 Megalitres a year
- The Company is planning the expansion to 10,000 Megalitres a year to meet demand from existing and new customers; this will provide long term benefits to existing shareholders in the form of lower sustainable water prices as the overheads are spread over more water sales
- This expansion of the Scheme was supported by a risk analysis to ensure all risks were identified and successfully managed

9 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
- A portfolio strategy for ownership, long term lease or short term lease of water rights has been developed and is being implemented; it involves the Company as well as individual shareholders holding water rights from interstate as well as from South Australia

10 Water Quality

- Regular testing of water quality is undertaken and has never proven to be a negative issue. Despite popular misconceptions, River Murray water provides a high quality irrigation water resource which is, in general, better irrigation quality than most ground waters in the region

11 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 effect on 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
- National Irrigators' Council
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 Seeds Consulting 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 2015 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 <i>Appointed 4 June 2008</i>	49	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
Grant Walker Burge Director <i>Appointed 14 September 1998</i>	64	Vigneron Chief Executive Grant Burge Corp Pty Ltd, Illaparra Winery Pty Ltd, Burge Vineyard Services Pty Ltd Burge Pastoral Co Pty Ltd, Burge Estates Barossa Valley Strategic Water Management Study 'Vision 2045' Baron of the Barossa – Inducted 1990 Former Chief Executive Grant Burge Wines Pty Ltd 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 Past Committee Member SA Wine Industry Association
Geoffrey Maxwell Davis B Ec, FCA, CTA Independent Director Company Secretary <i>Appointed 3 August 1999</i> <i>Member Executive Committee</i>	67	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
Gayle Robin Grieger B Sc (Hon), PhD Independent Director <i>Appointed 2 February 2004</i>	43	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

Name, Qualifications and Independence Status	Age	Experience and Special Responsibilities
Robert Ian Chapman Independent Director Assoc Dip Bus, FAICD, F FIN Chairman <i>Appointed 4 June 2012</i> <i>Member Executive Committee</i>	51	Adelaide Football Club (Chairman 2008 – present) Fortisago (Chairman 2015) Perks Accounting & Financial Services (Chairman 2012) Member of The Economic Development Board Member SA Economic Development Committee Member Next Generation Manufacturing Investment Programme Interim Committee 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 Past Chairman Kelly & Co Business Advisory Panel (2012) Past Chairman Bank SA Advisory Board (2012) <i>Former Memberships:</i> 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)
Victor John Patrick Independent Director <i>Appointed 28 April 2008</i> <i>Member Executive Committee</i>	71	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

Directors' Report

Name, Qualifications and Independence Status	Age	Experience and Special Responsibilities
Martin Paul Pfeiffer Director <i>Appointed 18 December 1998</i>	63	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 Charter President Morgan Lions Club
Edgar Gordon Schild Director <i>Appointed 14 September 1998</i>	74	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
Steven James Wilson Director <i>Appointed 14 September 1998</i>	60	Vigneron Managing Director Anandale Vineyards Pty Ltd, Linfield 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

Directors' Meeting Attendance

For the year ended 30 June 2015, there have been 7 meetings of Directors. Those Directors and their attendance at meetings are as follows:

Director	Board Meetings	
	A	B
W K Allan	5	7
G W Burge	6	7
R I Chapman	7	7
G M Davis	7	7
G R Grieger	7	7
V J Patrick	7	7
M P Pfeiffer	6	7
E G Schild	7	7
S J Wilson	7	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
- Completing implementation of the expansion of the project to 8GL and commencing the further expansion to 9GL

Review of Operations

The net profit after providing for income tax amounted to \$950,643 (2014: profit \$942,710).

No water restrictions applied to River Murray Water Rights for the 2015 year and customers were entitled to take 100% of their contracted amounts. A dry spring and summer with above average temperatures saw demand for water well ahead of budget. The 2015 vintage saw another early harvest and the demand for water much earlier than other years. Working closely with SA Water, management was able to ensure sufficient water to meet customers' demands, despite the compressed irrigation season. With above budget delivery and profitability the Board rebated \$140/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.

In response to customer demand, the Company has requested that the Water Transport Agreement volumes with SA Water be expanded to 9GL. This additional water is anticipated for delivery at the start of the 2016 water year in October 2015.

State of Affairs

During the year loan repayments totalling \$1,431,989 were 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 \$1,368,210.

Further share capital of \$1,137,500 has been raised as part of the funding of the expansion of the BIL water project. Total share capital at 30 June 2015 was \$11,025,750.

The Company has exercised its right to extend the term of the Water Transport Agreement with SA Water to 2040 thereby providing at least a 25 year period of supply for new customers as part of the scheme expansion.

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.

Directors' Report

Directors

Total compensation for all Directors, last voted upon by shareholders at the 2013 AGM, is not to exceed \$180,000 per annum. Directors' fees and the 9.25% super guarantee for 2015 amounted to \$156,122.

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. Environmental approvals have been obtained for the expansion of the project to 9GL. All necessary approvals were received. The Company works closely with the Department of Environment, Water & Natural Resources and Mount Lofty Ranges 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 thirteenth full "water year" on 30 September 2015.

Following the expansion of the project in the 2015 water year to 8GL, the Company has received further expressions of interest for in excess of a further Gegalitre of water contracts. Following a feasibility review an agreement has been reached with SA Water for the supply of a further 1,000ML of water to customers for the water year commencing 1 October 2015. The increased capacity fee payable under the Water Transport Agreement will be in the order of \$4.7 million.

This will be funded by share capital and levies raised on the new water contracts.

An application for grant funding under the National Stronger Regions Fund has been made to expand the project to 10GL: being the design capacity and the full volumes as allowed under the Water Transport Agreement with SA Water. The Company has expressions of interest to meet much of this additional volume.

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 \$2,898 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 2015.

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 2015.

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.
15 September 2015

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Sale of Water		6,659,445	5,570,429
Customer Rebate		(990,588)	(660,581)
Cost of Sales		(6,256,313)	(5,260,235)
Gross Loss		(587,456)	(350,387)
Infrastructure Levies Revenue		2,890,766	2,672,075
Other Income		206,818	120,093
Administrative Expenses		(1,101,353)	(911,291)
Results From Operating Activities		1,408,775	1,530,490
Financial Income		88,863	92,615
Financial Expenses		(169,650)	(293,588)
Net financing costs		(80,787)	(200,973)
Profit Before Tax		1,327,988	1,329,517
Income Tax Expense	4 (a)	(377,345)	(386,807)
Profit After Tax		950,643	942,710
Total Comprehensive Income		950,643	942,710

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2015

	Attributable to equity holders of the Company		
	Share Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2013	9,753,500	5,501,333	15,254,833
Total comprehensive income			
Profit	-	942,710	942,710
Contributions by and distributions to Owners of the Company			
Issue of ordinary shares	134,750	-	134,750
Balance at 30 June 2014	9,888,250	6,444,043	16,332,293
Balance at 1 July 2014	9,888,250	6,444,043	16,332,293
Total comprehensive income			
Profit	-	950,643	950,643
Contributions by Owners of the Company			
Issue of ordinary shares	1,137,500	-	1,137,500
Balance at 30 June 2015	11,025,750	7,394,686	18,420,436

The accompanying notes form part of these financial statements

Statement of Financial Position

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	6,738,643	4,685,278
Trade and Other Receivables	6	1,187,299	1,289,201
Other Assets	7	517,357	268,526
Current Tax Assets	4 (c)	-	141,832
Total Current Assets		8,443,299	6,384,837
Non-current Assets			
Other Assets	7	1,990,582	-
Property, Plant and Equipment	8	16,095,774	16,767,060
Intangible Assets	9	2,645,897	2,675,260
Total Non-current Assets		20,732,253	19,442,320
TOTAL ASSETS		29,175,552	25,827,157
LIABILITIES			
Current Liabilities			
Trade and Other Payables	10	2,688,938	888,298
Employee Benefits	15	94,346	87,007
Current Tax Liabilities	4 (c)	39,504	-
Loans & Borrowings	11	1,432,000	1,431,989
Deferred Income	16	3,846,384	3,245,846
Total Current Liabilities		8,101,172	5,653,140
Non-current Liabilities			
Loans & Borrowings	11	1,368,210	2,800,210
Deferred Income	16	1,007,410	772,548
Deferred Tax Liabilities	4 (d)	278,324	268,966
Total Non-current Liabilities		2,653,944	3,841,724
TOTAL LIABILITIES		10,755,116	9,494,864
NET ASSETS		18,420,436	16,332,293
EQUITY			
Issued Capital	12	11,025,750	9,888,250
Retained Earnings	12	7,394,686	6,444,043
TOTAL EQUITY		18,420,436	16,332,293

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		10,674,507	8,275,309
Cash Paid to Suppliers and Employees		(8,388,109)	(5,131,536)
Cash Generated from Operating Activities		2,286,398	3,143,773
Interest Received		89,190	93,591
Interest Paid		(167,342)	(296,998)
Income Taxes Paid		(186,652)	(1,061,103)
Net Cash from Operating Activities	14	2,021,594	1,879,263
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from sale of Property, Plant and Equipment		220	-
Proceeds from sale of Intangibles		60,372	-
Proceeds from Government Funding		-	74,000
Acquisition of Property, Plant and Equipment		(370,502)	(277,936)
Acquisition of Intangibles	9	(35,930)	(150,521)
Net Cash used in Investing Activities		(345,840)	(354,457)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from the Issue of Share Capital		1,137,500	134,750
Financial Assistance to acquire shares		5,000	5,000
Shareholder Deposits		670,000	-
Repayment of Borrowings		(1,431,989)	(1,432,000)
Transaction costs related to loans and borrowings		(2,900)	-
Dividends Paid		-	(525)
Net Cash from/(used) in Financing Activities		377,611	(1,292,775)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,053,365	232,031
Cash and Cash Equivalents at 1 July		4,685,278	4,453,247
Cash and Cash Equivalents at 30 June	5	6,738,643	4,685,278

The accompanying notes form part of these financial statements

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

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 15th September 2015. The Company is a for-profit entity.

(a) Basis of Accounting

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 and amendments to standards are effective for annual periods beginning after 1 January 2014; however, the Company has not applied the following new or amended standards in preparing these financial statements. Those which may be relevant to the Company are set out below

AASB 9 Financial Instruments

AASB 9, published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of AASB 9 is not expected to have an impact on the Company's financial assets and liabilities.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

Use of Estimates and Judgements

The preparation of financial statements in conformity with AASB s 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.

Infrastructure Levies

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 Statement of 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 in which 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).

Note 1 continued overleaf

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(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.

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 comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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 assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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; such reductions are reversed when the probability of future taxable profits improves.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(g) Financial Instruments

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

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 in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

Financial assets and financial 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

(ii) Non-derivative financial assets - measurement

Loans and receivables

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

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

Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Note 1 continued overleaf

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any attributable transaction costs. Subsequent to initial recognition, these 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 a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iv) Share capital

Ordinary shares

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

(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, excluding River Murray Water Rights, 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*

	2015	2014
Pipeline & Installation	3.75% - 20%	3.75% - 20%
Pumps & Installation	3.75% - 20%	3.75% - 20%
Meters & Installation	10% - 20%	10% - 20%
Office Furniture & Equipment	7.5% - 66.6%	7.5% - 66.6%
Motor Vehicles	25%	25%
Leasehold Improvements	2.5% - 13.3%	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 any accumulated impairment losses.

(iii) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is recognised in Statement of 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:

	2015	2014
Software	25%	25%

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

(k) Impairment**(i) Non-derivative financial assets**

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

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;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Note 1 continued overleaf

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's 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. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, other than deferred tax assets, to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

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. Value in use is based on the estimated future cash flows, 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. 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.

(I) Financial Risk Management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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 Company's board of directors has overall responsibility for the establishment and oversight of the Company's 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, aims 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. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. 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 (2014: 6%) 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, under both normal and stressed conditions, 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.

Note 1 continued overleaf

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

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

With prevailing low interest rates, a significantly reduced liability on the long term borrowings and only one year remaining on the term loan, the Company no longer fixes forward interest rates in view of the minimal interest rate risk (refer Note 11).

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 the income in advance \$738,670 relates to Infrastructure Levies billed and due at 30 June 2014. These levies related to the water year 1 October 2014 – 30 September 2015. Therefore, one quarter of the total Infrastructure Levies billed at 30 June 2014 is income in advance at 30 June 2015.

By the same principle the total Infrastructure Levies billed and due at 30 June 2015 relate to the water year 1 October 2015 – 30 September 2016. Therefore the total amount billed of \$4,029,641 is income in advance at 30 June 2015 of which \$2,977,624 has been received in cash and \$1,052,017 is due by Customers, as at reporting date. Subsequent to reporting date and up to 14 August 2015, a further \$842,017 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 Australian Corporate Bond rate applicable for 30 June 2015.

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.

Note 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(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. The unwinding of the discount is recognised as a finance cost.

(p) Interest Bearing Borrowings – Note 11

Bank loans are recognised at their principal amount. 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.

	2015 (\$)	2014 (\$)
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Note 2: PERSONNEL EXPENSES

Wages, salaries and directors fees	394,150	331,606
Other associated personnel expenses	5,311	3,383
Contributions to defined contribution superannuation funds	110,594	98,498
Increase in liability for annual leave	2,576	6,064
Increase in liability for long service leave	4,763	6,206

517,394	445,757
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Note 3: AUDITOR'S REMUNERATION

Auditors of the Company: KPMG Australia –	32,000	31,000
Other Services: KPMG Australia		
PIIP Audit	-	2,700
Taxation Advice	12,835	2,765

44,835	36,465
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Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

	2015 \$	2014 \$
Note 4: INCOME TAX EXPENSE		
(a) Recognised in the statement of comprehensive income		
Current period	398,396	398,856
Adjustment for prior periods –	-	(8,500)
Deferred tax expense		
Reversal of temporary differences	(21,051)	(3,549)
Total income tax expense	377,345	386,807
(b) Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit before tax	1,327,998	1,329,517
Income tax using company tax rate of 30% (2014: 30%)	398,396	398,856
Increase/(Decrease) in income tax expense due to:		
Non-assessable non-exempt income	(56,237)	(34,584)
Non-deductible expenses	1,169	1,231
Non-deductible depreciation	34,017	29,804
Under/over provided in prior periods	-	(8,500)
Income tax expense on pre-tax net profit	377,345	386,807
(c) Current Tax Assets/(Liabilities)		
<i>Movements during the year:</i>		
Balance at beginning of year	141,832	(607,793)
Income tax (refunded)/paid: operating activities – prior year	(141,832)	505,030
Current year's income tax expense on pre-tax profit	377,345	386,807
Current year's timing differences for accounting and income tax purposes	(9,358)	18,935
Prior year's timing differences for accounting and income tax purposes	-	(94,264)
	(367,987)	(414,241)
Less Instalments Paid	328,483	556,073
	(39,504)	141,832
(d) Deferred Tax Assets and Liabilities		
<i>Deferred tax liability is attributable to:</i>		
Property, plant and equipment	276,556	291,991
Accrued interest income	2,082	2,181
Prepaid Expenses	29,895	896
	308,533	295,068

	2015 \$	2014 \$
Note 4: INCOME TAX EXPENSE <i>continued</i>		
<i>Deferred tax asset is attributable to:</i>		
Employee benefits	29,466	26,102
Borrowing Costs	743	-
	30,209	26,102
Net Deferred Tax Liabilities	278,324	268,966

(e) Movement in temporary differences during the year all recognised in income

Property , plant and equipment	15,435	16,607
Interest income	99	293
Prepaid Expenses	(28,999)	(896)
Employee benefits	3,365	2,931
Borrowing Costs	742	-
Net movement	(9,358)	18,935

(f) Dividend Franking Account

The amount of franking credits available to shareholders of Barossa Infrastructure Ltd for subsequent financial years is \$3,016,693 (2015 : \$2,830,041). The ability to utilise the franking credits is dependent upon the ability to declare dividends.

Note 5: CASH AND CASH EQUIVALENTS

Cash at Bank – Bendigo Bank (Infrastructure Levy) – refer Note 11	5,903,351	4,358,220
Cash at Bank – Bank SA Tanunda Cheque Account	835,292	252,432
Cash at Bank – Bendigo Bank (PIIP Funding Account)	-	74,626
	6,738,643	4,685,278
Cash at bank is restricted under a Memorandum of Set-off with Adelaide/Bendigo Bank Limited. Refer Note 11 for further details.		

Note 6: TRADE AND OTHER RECEIVABLES

Trade Debtors	1,107,425	1,222,118
Sundry Debtors	-	11,694
Net GST Receivable	79,874	55,389
	1,187,299	1,289,201

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

	2015 \$	2014 \$
Note 7: OTHER ASSETS		
Current		
Prepayments	146,266	43,707
Accrued Income – Water Sales	364,150	217,550
Accrued Income – Interest Income	6,941	7,269
Total Current Other Assets	517,357	268,526
Non-Current		
Prepayments	1,990,582	-
Total Non-Current Other Assets	1,990,582	-
Note 8: PROPERTY, PLANT & EQUIPMENT		
Pipeline and Installation		
At cost	27,920,116	27,902,657
Less: Accumulated Depreciation	(14,020,244)	(13,300,260)
Total Pipeline and Installation	13,899,872	14,602,397
Pumps and Installation		
At cost	2,060,053	2,061,928
Less: Accumulated Depreciation	(1,134,395)	(1,093,243)
Total Pumps and Installation	925,658	968,685
Meters and Installation		
At cost	2,169,971	2,169,971
Less: Accumulated Depreciation	(1,469,482)	(1,246,354)
Total Meters and Installation	700,489	923,617
Capital Works in Progress		
At cost	492,222	175,036
Less: Accumulated Depreciation	-	-
Total Capital Works in Progress	492,222	175,036
Office Equipment		
At cost	72,412	72,852
Less: Accumulated Depreciation	(54,928)	(50,258)
Total Office Equipment	17,484	22,594
Motor Vehicles		
At cost	89,147	89,147
Less: Accumulated Depreciation	(35,862)	(18,100)
Total Motor Vehicles	53,285	71,047
Leasehold Improvements		
At cost	7,052	3,860
Less: Accumulated Depreciation	(288)	(176)
Total Leasehold Improvements	6,764	3,684
Total Property Plant & Equipment net book value	16,095,774	16,767,060

Note 8: PROPERTY, PLANT & EQUIPMENT *continued*

	2015 \$	2014 \$
Reconciliations		
Pipeline and Installation		
Carrying Amount at Beginning of Year	14,602,397	15,320,583
Acquisitions	17,459	38,218
Depreciation	(719,984)	(756,404)
Carrying Amount at End of Year	13,899,872	14,602,397
Pumps and Installation		
Carrying Amount at Beginning of Year	968,685	1,031,893
Acquisitions	30,800	-
Disposals	(15,460)	-
Depreciation	(58,367)	(63,208)
Carrying Amount at End of Year	925,658	968,685
Meters and Installation		
Carrying Amount at Beginning of Year	923,617	801,955
Acquisitions	-	279,364
Depreciation	(223,128)	(157,702)
Carrying Amount at End of Year	700,489	923,617
Capital Works in Progress		
Carrying Amount at Beginning of Year	175,036	271,222
Acquisitions	334,645	169,529
Transferred costs to Pipeline and Installation	(17,459)	(265,715)
Carrying Amount at End of Year	492,222	175,036
Office Equipment		
Carrying Amount at Beginning of Year	22,594	22,559
Acquisitions	1,864	9,633
Disposals	(267)	(538)
Depreciation	(6,709)	(9,060)
Carrying Amount at End of Year	17,482	22,594
Motor Vehicles		
Carrying Amount at Beginning of Year	71,047	34,456
Acquisitions	-	46,908
Depreciation	(17,762)	(10,317)
Carrying Amount at End of Year	53,285	71,047
Leasehold Improvements		
Carrying Amount at Beginning of Year	3,684	3,781
Acquisitions	3,192	-
Depreciation	(112)	(97)
Carrying Amount at End of Year	6,764	3,684
Total Depreciation Expense for Year	1,026,062	996,788

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

2015
\$

2014
\$

Note 9: INTANGIBLE ASSETS

River Murray Water Rights – at cost

Carrying Amount at Beginning of Year	2,661,368	2,510,847
Acquisitions	35,475	150,521
Disposals	(59,820)	-
Carrying Amount at End of Year	2,637,023	2,661,368

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.

Software – at cost

Carrying Amount at Beginning of Year	13,892	19,341
Acquisitions	455	-
Less: Amortisation & Impairment	(5,473)	(5,449)
Carrying Amount at End of Year	8,874	13,892

Total Intangible Assets at net book value	2,645,897	2,675,260
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Note 10: TRADE AND OTHER PAYABLES

Current

Trade Creditors	3,577	14,268
Customer Rebate	990,587	660,652
Other Creditors and Accruals	1,694,774	213,378

2,688,938 888,298

	2015 \$	2014 \$
Note 11: INTEREST BEARING LOANS AND BORROWINGS		
Current		
Secured Loan – Bendigo Bank Ltd	1,432,000	1,431,989
Total Current Interest Bearing Loans and Borrowings	1,432,000	1,431,989
Non-current		
Secured Loan – Bendigo Bank Ltd	1,368,210	2,800,210
Total Non-current Interest Bearing Loans and Borrowings	1,368,210	2,800,210

Bank Loans

Borrowings with Bendigo Bank Ltd consists of one loan of \$2.8m at the variable interest rate of 5.21%. The loan is 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 hold a minimum of \$1,400,000 in cash balances at the end of the financial year to enable the scheduled principal reduction due 1st July annually.

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

Ordinary Shares		
Balance at the Beginning of the Year	9,888,250	9,753,500
Shares Issued at \$1 each	1,137,500	134,750
Total Share Capital	11,025,750	9,888,250
Retained Earnings		
Retained earnings at beginning of year	6,444,043	5,501,333
Total recognised income and expense	950,643	942,710
Balance at end of year	7,394,686	6,444,043

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

	2015 \$	2014 \$
Note 13: LEASES		
Non-cancellable operating leases are payable as follows		
Within one year	185,950	410,562
One year or later and not later than five years	201,366	380,692
Later than five years	6,189	2,145
	393,505	793,399

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

Profit/(Loss) for the period	950,643	942,710
Adjustments for:		
Depreciation and Amortisation	1,042,782	1,002,237
Finance Costs	250	-
Loss on Sale of Non-Current Assets	14,953	538
Customer Rebate	990,588	660,581
Income Tax Expense	377,345	386,807
Operating profit before changes in working capital	3,376,561	2,992,873
Changes in assets and liabilities (attributable to the operating activities of the Company):		
Decrease in Receivables	121,387	537,276
Increase in Deferred Income, including government grant	1,165,400	346,846
Net GST (Paid)/Received	(24,484)	17,371
(Increase)/Decrease in Prepayments & Accrued Income	(2,213,049)	229,370
Increase/(Decrease) in Creditors	418,209	(161,440)
(Decrease) in Accruals	(643,117)	(1,034,200)
Increase in Provisions and Employee Benefits	7,339	12,270
Income Taxes Paid	(186,652)	(1,061,103)
Net Cash from Operating Activities	2,021,594	1,879,263

	2015 \$	2014 \$
Note 15: EMPLOYEE BENEFITS		
Aggregate Liability for Employee Entitlements		
Current		
- Liability for annual leave	39,500	36,924
- Liability for long service leave	54,846	50,083
	94,346	87,007
Number of Employees at Year End	5	5

Note 16: DEFERRED INCOME

Current

Income in Advance	3,760,901	2,728,390
Customer Deposits	-	330,000
Government Grants	85,483	187,456
Total Current Deferred Income	3,846,384	3,245,846

Non-Current

Income in Advance	1,007,410	687,066
Government Grants	-	85,482
Total Non-current Deferred Income	1,007,410	772,548

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. The project has been completed within budget and final audited reports submitted to the Department.

Note 17: RELATED PARTY DISCLOSURES

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 2) are as follows:

Short-term employee and director benefits	258,205	264,625
Other long term benefits	3,922	6,397
Post employment benefits	51,356	59,876
	313,483	330,898

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

Note 17: RELATED PARTY DISCLOSURES *continued*

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:

	2015 Number Held	2014 Number Held
W K Allan	-	-
A Brooks	61,250	8,750
H & A Brooks	-	52,500
G W Burge	-	-
Burge Corporation Pty Ltd	493,500	493,500
E G Schild	-	-
E G & L G Schild Pty Ltd	108,500	108,500
Moorooroo Pty Ltd	26,250	-
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:	707,000	680,750

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 2015. 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	2015 (\$)	2014 (\$)
G M Davis	Geoff Davis & Associates	139,777	117,169

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:

	Note	Carrying Amount	
		2015	2014
		\$	\$
Cash and cash equivalents	5	6,738,643	4,685,278
Trade and other receivables	6	1,187,299	1,289,201
		7,925,942	5,974,479

Impairment losses

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

	Gross 2015	Gross 2014
	\$	\$
Not past due	1,046,480	906,441
Past due 31-60 days	-	-
Past due 61-90 days	63,996	149,885
Past due 91 days and >	(3,051)	165,792
	1,107,425	1,222,118

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 \$1,107,425 at 30 June 2015, payments since received from customers for the period from 1 July 2015 to 14 August 2015 amount to \$909,510 and have been applied as follows: Not past due \$859,968, Past due 61-90 days \$30,613 and Past due 91 days and > \$18,929. 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 year	2 – 5 years	More than 5 years
Secured bank loans	2,800,210	(2,871,496)	(1,467,838)	(35,448)	(1,368,210)	-	-
Trade and other payables	230,099	(230,099)	(230,099)	-	-	-	-
Customer Rebate	990,587	(990,587)	(990,587)	-	-	-	-
	4,020,896	(4,092,182)	(2,688,524)	(35,448)	(1,368,210)	-	-

In addition, the Company maintains a \$1 million overdraft facility to cover seasonal fluctuations of cash flow that is secured over the assets of the Company. Interest would be payable at the rate of 9.90%.

Current Tax Liability - A tax instalment of \$123,884 was paid in July 2015 and will add to the current tax asset in the balance sheet.

Note 18 continued overleaf

Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2015

Note 18: FINANCIAL INSTRUMENTS *continued*

(iii) Interest Rate Risk

Profile

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

	Carrying Amount	
	2015	2014
	\$	\$
Fixed rate instruments		
Financial liabilities	-	(4,232,199)
Variable rate instruments		
Financial assets	6,738,643	4,685,278
Financial liabilities	(2,800,210)	-
	3,938,433	4,685,278

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: COMMITMENTS

During the year the Company entered into an agreement to expand the capacity of the Scheme by 1 Gigalitre, to 9 Gigalitres.

The Company is committed to incur capital expenditure of \$4.83 million which is to be settled in the 2016 financial year.

Note 20: 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 2016. Water storage in the Murray Darling system has fallen to 49% at 31 July 2015.

Directors' Declaration

In the opinion of the Directors of the Company:

- (a) the financial statements and notes that are set out on pages 18 to 42, are 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 2015 and of its performance for the financial 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.

15 September 2015

Auditor's Independence Declaration



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 2015 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.

A handwritten signature in blue ink, appearing to read 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to read 'S. Fleming'.

Scott Fleming
Partner

Adelaide

15 September 2015



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

We have audited the accompanying financial report of Barossa Infrastructure Limited (the Company), which comprises the statement of financial position as at 30 June 2015, 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 20 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(a), 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.



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 2015 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(a).

A handwritten signature in blue ink, appearing to read 'S. Fleming'.

KPMG

A handwritten signature in blue ink, appearing to read 'S. Fleming'.

Scott Fleming
Partner

Adelaide

15 September 2015





Customer Service Centre

2 Basedow Rd,
Tanunda, SA 5352
Phone 08 8563 2300
Fax 08 8563 1266

Registered Office

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Adelaide, SA 5000