

**The Creeks Pipeline Company Limited
(ACN 133 867 197)**

**31 December 2019
Interim Financial Report**

The Creeks Pipeline Company Limited

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The Creeks Pipeline Company Limited

Directors' Report

The directors present their report together with the half-year financial report for the six months ended 31 December 2019 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Non-executive	
Mr Ian Mortimer Martens (Chairperson)	Director since 14 December 2008
Ms Dianne Margaret Davidson	Director since 24 October 2008
Mr John Leslie Kerr	Director since 1 January 2010
Mr John Philip Pargeter	Director since 24 October 2008
Mr David James Watkins	Director since 24 October 2008
Mr Craig Hamilton Willson	Director since 24 October 2008

Review of operations

The Company continued providing water delivery services during the period. Water deliveries for the half year totalled 6,380 megalitres (previous half year: 7,036 megalitres).

Revenue of \$1,403,694 was received for the six months (previous half year: \$1,433,694).

The net profit for the half year ended 31 December 2019 amounted to \$7,441 (previous half year: \$73,208).

Whilst the future volume of water deliveries will be determined by weather, river and lake conditions, the Company's net financial position will be largely unaffected given fixed costs are recovered through the charging of non-take fees to all customers.

Share Issue

On 20 November 2019, the Company released an Offer Information Statement ('OIS') to shareholders wishing to increase their shareholding and available capacity within the CPC system.

The OIS was closed on 31 January 2020 after acceptance of offers from 51 shareholders for 3,422,000 new shares. The subscription funds of \$4,448,600 will be paid to the Company on or before 29 May 2020.

The Creeks Pipeline Company Limited

Directors' Report (continued)

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 18 and forms part of the directors' report for the six months ended 31 December 2019.

Rounding off

The Company is not of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and therefore cannot 'round off' any amounts in the half-year financial report and director's report to the nearest thousand dollars. The Company must show the amounts in the directors' report and half-year financial reports at the nearest whole dollar of the amount.

Signed in accordance with a resolution of the directors:



I M Martens
Chairman



J L Kerr
Director

Langhorne Creek, S.A.

25 February 2020

The Creeks Pipeline Company Limited

Condensed Interim Statement of Financial Position

As at 31 December 2019

	<i>Note</i>	31 Dec 2019 AUD\$	30 Jun 2019 AUD\$
Assets			
Current assets			
Cash and cash equivalents	12	548,848	1,110,365
Trade and other receivables	11	745,000	358,050
Inventories		308,365	331,189
Prepayments		65,448	27,360
Investments	13	3,997,481	3,740,959
Other assets	14	153,596	66,579
Total current assets		5,818,738	5,634,502
Non-current assets			
Property, plant and equipment	9	8,981,880	8,950,074
Deferred tax asset	10	1,083,087	1,107,605
Total non-current assets		10,064,967	10,057,679
Total assets		15,883,705	15,692,181
Liabilities			
Current liabilities			
Trade and other payables	15	382,290	178,765
Employee benefits	17	51,739	49,604
Total current liabilities		434,029	228,369
Non-current liabilities			
Deferred tax liability	18	2,224,328	2,246,023
Employee benefits	17	130	12
Total non-current liabilities		2,224,458	2,246,035
Total liabilities		2,658,487	2,474,404
Net assets		13,225,218	13,217,777
Equity			
Issued capital		10,357,000	10,357,000
Reserves		2,780,000	2,780,000
Retained earnings		88,218	80,777
Total equity		13,225,218	13,217,777

The condensed notes on page 10 to 16 are an integral part of these condensed interim financial statements.

The Creeks Pipeline Company Limited

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2019

	<i>Note</i>	31 Dec 2019 AUD\$	31 Dec 2018 AUD\$
Continuing Operations			
Revenue		1,403,694	1,433,694
Cost of sales		(671,067)	(615,228)
Gross profit		732,627	818,466
Other income		50,657	79,520
Operating and administrative expenses		(815,930)	(791,070)
Results from operating activities		(32,646)	106,916
Finance income		42,909	43,218
Net finance income		42,909	43,218
Profit before income tax		10,263	150,134
Income tax expense	8	(2,822)	(76,926)
Profit from continuing operations		7,441	73,208
Profit for the period		7,441	73,208
Total comprehensive income for the period		7,441	73,208

The condensed notes on page 10 to 16 are an integral part of these condensed interim financial statements.

The Creeks Pipeline Company Limited

Condensed Interim Statement of Changes in Equity

For the six months ended 31 December 2018

	Share Capital \$	Retained Earnings \$	Infrastructure Replacement Reserve \$	Total Equity \$
Balance at 1 July 2018	-	73,208	-	73,208
Total comprehensive income for the period	-	73,208	-	73,208
Profit	-	94,347	2,480,000	12,886,347
Total comprehensive income for the period	-	73,208	-	73,208
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares	-	-	-	-
Ordinary shares subscribed but not issued	45,000	-	-	45,000
Total contributions by and distributions to owners	45,000	-	-	45,000
Total transactions with owners	45,000	-	-	45,000
Balance at 31 December 2018	10,357,000	167,555	2,480,000	13,004,555

The condensed notes on page 10 to 16 are an integral part of these condensed interim financial statements.

The Creeks Pipeline Company Limited

Condensed Interim Statement of Changes in Equity (continued)

For the six months ended 31 December 2019

	Note	Share Capital	Retained Earnings	Infrastructure Replacement Reserve	Total Equity
		\$	\$	\$	\$
Balance at 1 July 2019		10,357,000	80,777	2,780,000	13,217,777
Total comprehensive income for the period					
Profit		-	7,441	-	7,441
Total comprehensive income for the period		-	7,441	-	7,441
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of ordinary shares	19	-	-	-	-
Ordinary shares subscribed but not issued		-	-	-	-
Total contributions by and distributions to owners		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 31 December 2019		10,357,000	88,218	2,780,000	13,225,218

The condensed notes on page 10 to 16 are an integral part of these condensed interim financial statements.

The Creeks Pipeline Company Limited

Condensed Interim Statement of Cash Flows

For the six months ended 31 December 2019

	<i>Note</i>	31 Dec 2019 AUD\$	31 Dec 2018 AUD\$
Cash flows from operating activities			
Profit before income tax for the period		10,263	150,134
Adjustments for:			
Depreciation		158,775	167,571
Accounting loss on sale of non-current assets		172	-
Income tax expense	8	(2,822)	(76,926)
		<u>166,388</u>	<u>240,779</u>
Change in assets and liabilities (attributable to the operating activities of the company)			
(Increase)/Decrease in trade and other receivables		(386,950)	173,422
Increase in prepayments		(38,088)	(27,268)
Increase in inventories and other assets		(64,193)	(182,896)
Increase in trade and other payables		203,525	125,579
Increase/(Decrease) in the provision for employee benefits		2,253	(2,590)
Change in deferred income tax		2,823	76,925
		<u>(114,242)</u>	<u>403,951</u>
Income taxes paid		-	-
Net cash provided by/(used in) operating activities		<u>(114,242)</u>	<u>403,951</u>
Cash flows from investing activities			
Proceeds from grants received		-	215,000
Proceeds from sale of non-current assets		5,456	-
Acquisition of property, plant and equipment	9	(196,209)	(178,132)
Purchase of term deposits		(256,522)	(455,285)
Net cash used in investing activities		<u>(447,275)</u>	<u>(418,417)</u>
Cash flows from financing activities			
Proceeds from the issue of share capital		-	45,000
Proceeds from payment of restricted water agreements		-	9,000
Net cash from financing activities		<u>-</u>	<u>54,000</u>
Net increase/(decrease) in cash and cash equivalents		(561,517)	39,534
Cash and cash equivalents at 1 July		<u>1,110,365</u>	<u>704,610</u>
Cash and cash equivalents at 31 December	12	<u>548,848</u>	<u>744,144</u>

The condensed notes on page 10 to 16 are an integral part of these condensed interim financial statements.

The Creeks Pipeline Company Limited

Notes to the Condensed Interim Financial Statements

1. Reporting entity

The Creeks Pipeline Company Limited (the "Company") is a company domiciled in Australia. The financial report of the Company for the year ended 30 June 2019 is available upon request from the Company's registered office at 1507 Langhorne Creek Road Langhorne Creek SA 5255.

2. Statement of compliance

This general purpose condensed financial report for the half-year ended 31 December 2019 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2019.

This general purpose condensed financial report for the half-year ended 31 December was approved by the Board of Directors on 25 February 2020.

3. Significant accounting policies

The accounting policies applied by the Company in the half-year financial report are the same as those applied by the Company in its financial report for the year ended 30 June 2019.

4. Estimates

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the half-year financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2019.

5. Financial risk management

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial report for the year ended 30 June 2019.

6. Segment reporting

The single individual business segment in which the Company operates is the management of a pipeline network to supply irrigation water delivery services in the Langhorne Creek and Currency Creek regions.

The Creeks Pipeline Company Limited

Notes to the Condensed Interim Financial Statements (continued)

7. Seasonality of operations

In a normal irrigation season the majority of the water taken by customers occurs in the November to March period.

8. Income tax expense

	Note	<u>31 Dec 2019</u>	<u>31 Dec 2018</u>
		AUD \$	AUD \$
Current tax expense			
Current period		-	-
Adjustments for prior periods		-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
Deferred tax expense			
Origination and reversal of temporary differences		-	35,640
Current year tax profit		2,822	41,286
Total income tax expense		<u>2,822</u>	<u>76,926</u>
Profit for the period		7,441	73,208
Total income tax expense		<u>2,822</u>	<u>76,926</u>
Profit excluding income tax		<u>10,263</u>	<u>150,134</u>
Income tax using a tax rate of 27.5 percent		2,822	41,286
Non-deductible expenses		-	-
Movement in unrecognised temporary differences		-	35,640
Tax expense		<u>2,822</u>	<u>76,926</u>

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2019, the Company acquired assets with a cost of \$196,209. The Company sold a motor vehicle during the period and there are no capital commitments at the interim balance sheet.

The Creeks Pipeline Company Limited

Notes to the Condensed Interim Financial Statements (continued)

10. Deferred tax asset

Deferred tax asset comprises temporary differences attributable to the following:

	Note	31 Dec 2019	30 Jun 2019
		AUD \$	AUD \$
Provision for annual leave		14,526	18,022
Provision for long service leave		37,343	31,595
Superannuation payable		4,900	5,677
Accrued expenses		9,500	36,622
Unutilised tax losses		3,872,230	3,935,738
		<u>3,938,499</u>	<u>4,027,654</u>
Deferred Tax Asset		<u>1,083,087</u>	<u>1,107,605</u>

11. Trade and other receivables

	Note	31 Dec 2019	30 Jun 2019
Trade receivables due from related parties		54,598	42,795
Other trade receivables		690,402	315,255
		<u>745,000</u>	<u>358,050</u>
Current		745,000	358,050
Non-current		-	-
		<u>745,000</u>	<u>358,050</u>
<u>Days Outstanding</u>			
0-30 days		734,977	328,859
31-60 days		8,168	4,491
61-90 days		916	17,067
90+ days		939	7,633
		<u>745,000</u>	<u>358,050</u>

12. Cash and cash equivalents

	Note	31 Dec 2019	30 Jun 2019
National Australia Bank - Business Cheque Account		224,538	291,601
National Australia Bank - Business Cash Maximiser		318,918	818,572
National Australia Bank - OIS Business Account		5,200	-
Cash on hand		192	192
		<u>548,848</u>	<u>1,110,365</u>

The Creeks Pipeline Company Limited

Notes to the Condensed Interim Financial Statements (continued)

13. Investments

	Note	<u>31 Dec 2019</u>	<u>30 Jun 2019</u>
		AUD \$	AUD \$
National Australia Bank - Term Deposits		2,497,481	3,740,959
Australia and New Zealand Banking Group - Term Deposit		1,500,000	-
		<u>3,997,481</u>	<u>3,740,959</u>

14. Other assets

	Note	<u>31 Dec 2019</u>	<u>30 Jun 2019</u>
Project costs		5,000	5,000
Accrued income		148,596	61,579
		<u>153,596</u>	<u>66,579</u>

15. Trade and other payables

	Note	<u>31 Dec 2019</u>	<u>30 Jun 2019</u>
Other trade payables		327,886	90,692
Non-trade payables and accrued expenses		54,404	88,073
		<u>382,290</u>	<u>178,765</u>

The Creeks Pipeline Company Limited

Notes to the Condensed Interim Financial Statements (continued)

16. Related parties

Transactions with key management personnel

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel received total compensation of \$68,748 for the six months ended 31 December 2019.

Other related party transactions

	Directors	Transaction Value 31 Dec 2019 AUD \$	Balance Outstanding 31 Dec 2019 AUD \$
Non-executive			
<u>John Leslie Kerr</u>			
Capital Strategies Pty Ltd			
	- Accountancy Fees	10,307	-
<u>David James Watkins</u>			
Rankins Estates Pty Ltd as trustee for Rankins Estate Unit Trust			
Warrendi Pty Ltd and Giles Street Pty Ltd			
	- Water Delivery Service	33,604	25,584
<u>Craig Hamilton Willson</u>			
Langhorne Creek Water Company (shared pipeline)			
Blackwell Vineyards Pty Ltd			
	- Water Delivery Service	36,407	29,013
TOTAL		80,318	54,597

All outstanding balances with these related parties are to be settled in cash within 7 days of the date of issue of the tax invoices. None of the balances are secured.

The Creeks Pipeline Company Limited

Notes to the Condensed Interim Financial Statements (continued)

17. Employee benefits

	Note	31 Dec 2019	30 Jun 2019
		AUD \$	AUD \$
Current			
Annual leave		14,526	18,022
Long service leave		37,213	31,582
		51,739	49,604
Non-current			
Long service leave		130	12
		130	12
Total		51,869	49,616
Movement			
Opening balance		49,616	65,835
Arising during the period		19,430	35,201
Utilised		(17,177)	(51,420)
Closing balance		51,869	49,616

18. Deferred tax liability

Deferred tax liability comprises temporary differences attributable to:-

	Note	31 Dec 2019	30 Jun 2019
Property, plant and equipment		8,088,466	8,167,359
		8,088,466	8,167,359
Deferred tax liability		2,224,328	2,246,023

19. Subsequent events

Share Issue

On 20 November 2019, the Company released an Offer Information Statement ('OIS') to shareholders wishing to increase their shareholding and available capacity within the CPC system.

The OIS was closed on 31 January 2020 after acceptance of offers for 51 shareholders for 3,422,000 new shares. The subscription funds of \$4,448,600 will be paid to the Company on or before 29 May 2020.

The Creeks Pipeline Company Limited

Notes to the Condensed Interim Financial Statements (continued)

20. Changes in commitments and contingencies

Under the project agreement with the State Government which facilitated the project's funding and construction, the Company had two contingent financial liabilities, specifically:-

(i) Liability for residual project costs.

The Company received the final invoice for project construction cost in June 2012. The Company was entitled to claim funding for these costs under a Recoupment Deed with the State Government. As a result, there was no net cost to the Company. No further claims are anticipated.

(ii) Liability to pay additional amounts under the Project Agreement.

The Project Agreement ended on 30 June 2019. No further payments are anticipated.

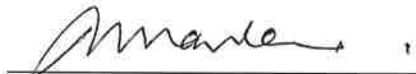
The Creeks Pipeline Company Limited

Directors' declaration

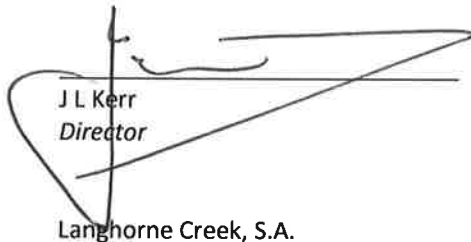
In the opinion of the directors of the Company:

1. the financial statements and notes set out on pages 5 to 16, are in accordance with the Corporations Act 2001 including:
 - a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the six month period ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



I M Martens
Chairman



J L Kerr
Director

Langhorne Creek, S.A.

25 February 2020

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE
CREEKS PIPELINE COMPANY LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 there have been:

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

William Buck

William Buck
ABN 38 280 203 274

M. D. King

M. D. King
Partner

Dated at Adelaide this 25th day of February, 2020.

ACCOUNTANTS & ADVISORS

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The Creeks Pipeline Company Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of The Creeks Pipeline Company Limited (the company) on pages 5 to 17, which comprises the condensed interim statement of financial position as at 31 December 2019, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The Creeks Pipeline Company Limited on pages 5 to 17 is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Responsibilities of the Directors for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

ACCOUNTANTS & ADVISORS

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As the auditor of The Creeks Pipeline Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.


A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

William Buck

William Buck
ABN: 38 280 203 274



M.D. King
Partner

Dated this 25th day of February, 2020.