

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

**31 December 2021
Interim Financial Report**

The Creeks Pipeline Company Limited

31 DECEMBER 2021
INTERIM FINANCIAL REPORT

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Directors' Report

The directors present their report together with the half-year financial report for the six months ended 31 December 2021 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 John Leslie Kerr (Chairperson)	Director since 1 January 2010
Ms Dianne Margaret Davidson	Director since 24 October 2008
Mr David James Watkins	Director since 24 October 2008
Mr Craig Hamilton Willson	Director since 24 October 2008
Mr David Andrew Eckert	Director since 25 August 2020

Review of operations

The Company continued providing water delivery services during the period. Water deliveries for the half year totalled 5,898 megalitres (previous half year: 5,622 megalitres).

Revenue of \$1,447,245 was received for the six months (previous half year: \$1,332,221).

The net profit for the half year ended 31 December 2021 amounted to \$144,099 (previous half year: \$150,820).

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.

Capital Works

During FY2021, the Company commenced major capital projects associated with the expansion of the system and refurbishment/replacement of the Variable Speed Drives ('VSDs') used at the two major pump stations.

Both these projects were completed during the six months to 31 December 2021.

The Creeks Pipeline Company Limited

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Directors' Report (continued)


Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 17 and forms part of the directors' report for the six months ended 31 December 2021.


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:



J L Kerr
Chairman



C H Willson
Director

Langhorne Creek, S.A.

23 February 2022

The Creeks Pipeline Company Limited

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Condensed Interim Statement of Financial Position

As at 31 December 2021

	<i>Note</i>	31 Dec 2021 AUD\$	30 Jun 2021 AUD\$
Assets			
Current assets			
Cash and cash equivalents	12	215,293	3,466,106
Trade and other receivables	11	668,047	555,805
Inventories		414,804	424,745
Prepayments		77,637	30,060
Investments	13	5,951,601	3,949,111
Other assets	14	373,464	31,514
Total current assets		7,700,846	8,457,341
Non-current assets			
Property, plant and equipment	9	10,698,282	9,594,284
Deferred tax asset	10	856,775	756,727
Total non-current assets		11,555,057	10,351,011
Total assets		19,255,903	18,808,352
Liabilities			
Current liabilities			
Trade and other payables	15	340,932	126,311
Employee benefits	17	44,076	40,031
Total current liabilities		385,008	166,342
Non-current liabilities			
Deferred tax liability	18	2,119,208	2,034,489
Employee benefits	17	392	325
Total non-current liabilities		2,119,600	2,034,814
Total liabilities		2,504,608	2,201,156
Net assets		16,751,295	16,607,196
Equity			
Issued capital		13,010,996	13,010,996
Reserves		3,580,000	3,580,000
Retained earnings		160,299	16,200
Total equity		16,751,295	16,607,196

The condensed notes on page 10 to 15 are an integral part of these condensed interim financial statements.

The Creeks Pipeline Company Limited

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Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2021

	<i>Note</i>	31 Dec 2021 AUD\$	31 Dec 2020 AUD\$
Continuing Operations			
Revenue		1,447,245	1,332,221
Cost of sales		(588,622)	(565,247)
Gross profit		858,623	766,974
Other income		13,603	1,011
Operating and administrative expenses		(753,749)	(675,241)
Results from operating activities		118,477	92,744
Finance income		10,292	21,026
Net finance income		10,292	21,026
Profit before income tax		128,769	113,770
Income tax benefit/(expense)	8	15,330	37,050
Profit from continuing operations		144,099	150,820
Profit for the period		144,099	150,820
Total comprehensive income for the period		144,099	150,820

The condensed notes on page 10 to 15 are an integral part of these condensed interim financial statements.

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Condensed Interim Statement of Changes in Equity

For the six months ended 31 December 2020

	Share Capital	Retained Earnings	Infrastructure Replacement Reserve	Total Equity
Balance at 1 July 2020	\$ 11,603,096	\$ 49,943	\$ 3,130,000	\$ 14,783,039
Total comprehensive income for the period	-	150,820	-	150,820
Profit	-	150,820	-	150,820
Total comprehensive income for the period	-	150,820	-	150,820
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	39,000	-	-	39,000
Total contributions by and distributions to owners	39,000	-	-	39,000
Total transactions with owners	39,000	-	-	39,000
Balance at 31 December 2020	11,642,096	200,763	3,130,000	14,972,859

The condensed notes on page 10 to 15 are an integral part of these condensed interim financial statements.

The Creeks Pipeline Company Limited

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Condensed Interim Statement of Changes in Equity (continued)

For the six months ended 31 December 2021

	Note	Share Capital	Retained Earnings	Infrastructure Replacement Reserve	Total Equity
Balance at 1 July 2021		\$ 13,010,996	\$ 16,200	\$ 3,580,000	\$ 16,607,196
Total comprehensive income for the period					
Profit		-	144,099	-	144,099
Total comprehensive income for the period		-	144,099	-	144,099
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		-	-	-	-
Total contributions by and distributions to owners		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 31 December 2021		13,010,996	160,299	3,580,000	16,751,295

The condensed notes on page 10 to 15 are an integral part of these condensed interim financial statements.

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Condensed Interim Statement of Cash Flows

For the six months ended 31 December 2021

	Note	31 Dec 2021 AUD\$	31 Dec 2020 AUD\$
Cash flows from operating activities			
Profit before income tax for the period		128,769	113,770
Adjustments for:			
Depreciation		188,473	160,632
Accounting profit on sale of non-current assets		(6,413)	-
Income tax benefit	8	15,330	37,050
		326,159	311,452
Change in assets and liabilities (attributable to the operating activities of the company)			
(Increase)/Decrease in trade and other receivables		(112,242)	31,684
Increase in prepayments		(47,577)	(41,177)
Increase in inventories and other assets		(332,009)	(165,290)
Increase in trade and other payables		208,621	89,012
Increase/(Decrease) in the provision for employee benefits		4,112	(10,988)
Change in deferred income tax		(15,329)	(37,049)
		31,735	177,644
Income taxes paid		-	-
Net cash provided by/(used in) operating activities		31,735	177,644
Cash flows from investing activities			
Proceeds from sale of non-current assets		15,273	-
Acquisition of property, plant and equipment	9	(1,301,331)	(700,435)
Proceeds from /(Purchase of) term deposits		(2,002,490)	95,716
Net cash used in investing activities		(3,288,548)	(604,719)
Cash flows from financing activities			
Proceeds from the application of shares		-	39,000
Proceeds from payment of restricted water agreements		6,000	-
Net cash provided by financing activities		6,000	39,000
Net increase/(decrease) in cash and cash equivalents		(3,250,813)	(388,075)
Cash and cash equivalents at 1 July		3,466,106	2,289,024
Cash and cash equivalents at 31 December	12	215,293	1,900,949

The condensed notes on page 10 to 15 are an integral part of these condensed interim financial statements.

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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 2021 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 2021 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 2021.

This general purpose condensed financial report for the half-year ended 31 December was approved by the Board of Directors on 23 February 2022.

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 2021.

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 2021.

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 2021.

The Creeks Pipeline Company Limited

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Notes to the Condensed Interim Financial Statements (continued)

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.

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	31 Dec 2021	31 Dec 2020
		AUD \$	AUD \$
Current tax expense			
Current period		-	-
Adjustments for prior periods		-	-
		-	-
Deferred tax expense			
Origination and reversal of temporary differences		(47,522)	(66,630)
Current year tax profit		32,192	29,580
Total income tax (benefit)/expense		(15,330)	(37,050)
Profit for the period		144,099	150,820
Total income tax (benefit)/expense		(15,330)	(37,050)
Profit excluding income tax		128,769	113,770
Income tax using a tax rate of 25.0 percent (2020: 26.0)		32,192	29,580
Non-deductible expenses		-	-
Movement in unrecognised temporary differences		(47,522)	(66,630)
Tax (benefit)/expense		(15,330)	(37,050)

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2021, the Company acquired assets with a cost of \$1,301,331. The Company sold 2 motor vehicles during the period.

The Company entered into capital commitments associated with the expansion of the system and refurbishment/replacement of the VSDs as referred to in the Directors' Report.

There are no capital commitments at the interim balance sheet of 31 December 2021.

The Creeks Pipeline Company Limited

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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 2021	30 Jun 2021
		AUD \$	AUD \$
Provision for annual leave		30,892	28,685
Provision for long service leave		13,576	11,671
Superannuation payable		3,186	4,331
Accrued expenses		10,000	13,000
Unutilised tax losses		3,369,447	2,852,800
		<u>3,427,101</u>	<u>2,910,487</u>
Deferred Tax Asset		856,775	756,727

11. Trade and other receivables

	Note	31 Dec 2021	30 Jun 2021
Trade receivables due from related parties		89,218	25,207
Other trade receivables		578,829	530,598
		<u>668,047</u>	<u>555,805</u>
Current		668,047	555,805
Non-current		-	-
		<u>668,047</u>	<u>555,805</u>
<u>Days Outstanding</u>			
0-30 days		657,963	534,445
31-60 days		6,353	14,592
61-90 days		1,207	6,768
90+ days		2,524	-
		<u>668,047</u>	<u>555,805</u>

12. Cash and cash equivalents

	Note	31 Dec 2021	30 Jun 2021
National Australia Bank - Bank Accounts		186,448	3,465,914
ANZ - Bank Accounts		28,653	-
Cash on hand		192	192
		<u>215,293</u>	<u>3,466,106</u>

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Notes to the Condensed Interim Financial Statements (continued)

13. Investments

	Note	31 Dec 2021	30 Jun 2021
		AUD \$	AUD \$
Term Deposits - National Australia Bank		5,951,601	2,433,343
Term Deposits - ANZ		-	1,515,768
		<u>5,951,601</u>	<u>3,949,111</u>

14. Other assets

	Note	31 Dec 2021	30 Jun 2021
Project costs		85,837	5,000
Accrued income		259,605	26,514
ATO credit		10,898	-
GST refund		17,124	-
		<u>373,464</u>	<u>31,514</u>

15. Trade and other payables

	Note	31 Dec 2021	30 Jun 2021
Other trade payables		319,899	79,507
Non-trade payables and accrued expenses		21,033	46,804
		<u>340,932</u>	<u>126,311</u>

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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 \$55,251 for the six months ended 31 December 2021.

Other related party transactions

	Directors	Transaction Value 31 Dec 2021	Balance Outstanding 31 Dec 2021
	Non-executive	AUD \$	AUD \$
	<u>John Leslie Kerr</u>		
	Capital Strategies Pty Ltd		
	- Accountancy Fees	4,729	-
	<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	42,647	20,113
	<u>Craig Hamilton Willson</u>		
	Langhorne Creek Water Company (shared pipeline)		
	Blackwell Vineyards Pty Ltd		
	Craig Hamilton and Mignonne Willson		
	Kilpuruna Vineyards Pty Ltd		
	- Water Delivery Service	27,063	10,790
	<u>David Andrew Eckert</u>		
	P.A., M.J. and D.A. Eckert		
	- Water Delivery Service	19,507	7,016
	TOTAL	93,946	37,919

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.

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Notes to the Condensed Interim Financial Statements (continued)

17. Employee benefits

	Note	31 Dec 2021	30 Jun 2021
		AUD \$	AUD \$
Current			
Annual leave		30,892	28,685
Long service leave		13,184	11,346
		<u>44,076</u>	<u>40,031</u>
Non-current			
Long service leave		392	325
		<u>392</u>	<u>325</u>
Total		<u>44,468</u>	<u>40,356</u>
Movement			
Opening balance		40,356	61,015
Arising during the period		20,559	37,051
Utilised		<u>(16,447)</u>	<u>(57,710)</u>
Closing balance		<u>44,468</u>	<u>40,356</u>

18. Deferred tax liability

Deferred tax liability comprises temporary differences attributable to:-

	Note	31 Dec 2021	30 Jun 2021
Property, plant and equipment		8,476,831	7,824,960
		<u>8,476,831</u>	<u>7,824,960</u>
Deferred tax liability		<u>2,119,208</u>	<u>2,034,489</u>

19. Subsequent events

The Board has determined that there are no other matters occurring between 1 January 2022 and the date of signing this report that are significant to require disclosure.

The Creeks Pipeline Company Limited

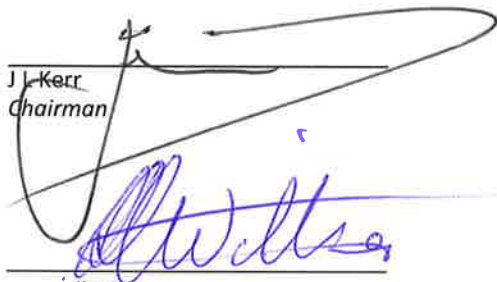
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Directors' declaration

In the opinion of the directors of the Company:

1. the financial statements and notes set out on pages 5 to 15, 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 2021 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:

A large, stylized handwritten signature in black ink, appearing to be 'J. Kerr', is written over a horizontal line. The signature is written in a cursive style with a large loop at the end.

J. Kerr
Chairman

A handwritten signature in blue ink, appearing to be 'C H Willson', is written over a horizontal line. The signature is written in a cursive style.

C H Willson
Director

Langhorne Creek, S.A.

23 February 2022

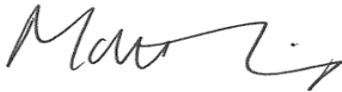
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE CREEKS PIPELINE COMPANY LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021 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 (SA)
ABN 38 280 203 274

A handwritten signature in black ink, appearing to read 'M. D. King', written in a cursive style.

M. D. King
Partner

Dated at Adelaide this 23rd day of February, 2022.

ACCOUNTANTS & ADVISORS

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Adelaide SA 5001
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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 16, which comprises the condensed interim statement of financial position as at 31 December 2021, 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 16 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 2021 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 2021 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 (SA)
ABN: 38 280 203 274

M.D. King

M.D. King
Partner

Dated this 23rd day of February, 2022.