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Independent Auditor's Report to the Members of Abbot Point Operations Pty Ltd

Opinion

We have audited the financial report, being a special purpose financial report, of Abbot Point Operations Pty Ltd (the "Company") and its subsidiary (collectively the "Group"), which comprises the consolidated statement of financial position as at 31 March 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 2 to the financial report.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial report has been prepared for purpose of providing information to Adani Ports and Special Economic Zone Limited ("parent entity") to enable it to prepare the group financial statements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the Company and the parent entity and should not be distributed to parties other than the Recipients.

Other Information

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 2 to the financial statements is appropriate to meet the Company's financial reporting requirements to its parent entity and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Brisbane
2 May 2018

Consolidated statement of comprehensive income

For the year ended 31 March 2018

	Notes	2018 $	*Restated** 2017 $
Revenue	4	82,449,051	32,843,518
Finance income		33,966	30,472
		82,483,017	**32,873,990**
Expenses			
Consultancy fees		(881,582)	(1,169,767)
Contractor costs		(16,088,913)	(6,724,603)
Depreciation and amortisation expense		(2,685,369)	(1,042,143)
Electricity costs		(6,931,933)	(3,531,286)
Employee benefit expense		(28,778,326)	(13,679,340)
Insurance		(3,814,085)	(1,552,254)
Other operating expenses		(13,852,221)	(2,939,873)
Other general and administrative expenses		(4,854,721)	(1,160,799)
Profit before tax		**4,595,867**	**1,073,925**
Income tax expense	5	(1,382,524)	(434,472)
Profit for the year		**3,213,343**	**639,453**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**3,213,343**	**639,453**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

** Certain numbers shown here do not correspond to the consolidated statement of comprehensive income for the year ended 31 March 2017 as they reflect adjustments as detailed in Note 3.*

Consolidated statement of financial position

As at 31 March 2018

	Notes	2018 $	*Restated** 2017 $
Assets			
Current assets			
Cash and short-term deposits		1,907,136	403,726
Trade and other receivables	6	15,198,683	7,519,215
Prepayments		2,776,775	2,287,887
Inventories		5,127,725	4,647,792
Total current assets		25,010,319	14,858,620
Non-current assets			
Goodwill		403,457	403,457
Intangible assets	8	8,722,487	2,517,350
Property, plant and equipment	7	854,398	2,622,547
Deferred tax assets		1,566,997	989,943
Other assets		10,266,667	15,400,000
Total non-current assets		21,814,006	21,933,297
Total assets		**46,824,325**	**36,791,917**
Liabilities			
Current liabilities			
Trade and other payables	9	11,706,751	7,213,366
Loan from related parties	10	20,000,000	20,085,000
Employee benefit liabilities		8,556,513	7,892,121
Income tax payable		1,959,580	-
Total current liabilities		42,222,844	35,190,487
Non-current liabilities			
Employee benefit liabilities		722,521	935,813
Total non-current liabilities		722,521	935,813
Total liabilities		**42,945,365**	**36,126,300**
Net assets		**3,878,960**	**665,617**
Equity			
Issued capital	11	101,000	101,000
Retained earnings		3,777,960	564,617
Total equity		**3,878,960**	**665,617**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

** Certain numbers shown here do not correspond to the consolidated statement of financial position as at 31 March 2017 as they reflect adjustments as detailed in Note 3.*

Consolidated statement of changes in equity

For the year ended 31 March 2018

	Issued capital	Retained earnings	Total equity
	$	$	$
At 1 April 2017	**101,000**	**564,617**	**665,617**
Profit for the year	-	3,213,343	3,213,343
Other comprehensive income	-	-	-
Total comprehensive income	-	3,213,343	3,213,343
At 31 March 2018	**101,000**	**3,777,960**	**3,878,960**
At 1 April 2016	**1,000**	**(74,836)**	**(73,836)**
Profit for the year*	-	639,453	639,453
Other comprehensive income	-	-	-
Total comprehensive income	-	639,453	639,453
Shares issued	100,000	-	100,000
At 31 March 2017	**101,000**	**564,617**	**665,617**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

** Certain numbers shown here do not correspond to the consolidated statement of changes in equity for the year ended 31 March 2017 as they reflect adjustments as detailed in Note 3.*

Consolidated statement of cash flows

For the year ended 31 March 2018

	Note	2018 $	2017 $
Operating activities			
Receipts from customers		82,246,542	35,247,080
Payments to suppliers and employees		(77,923,547)	(35,771,248)
Interest received		33,966	30,472
Net cash flows from/(used in) operating activities		**4,356,961**	**(493,696)**
Investing activities			
Net cash acquired with business combination		-	1,803,157
Completion adjustment - payment for business combination	3	(778,553)	-
Receipts from disposal of plant and equipment		243	-
Purchase of plant and equipment		(420,187)	(2,118,978)
Purchase of intangible assets		(1,570,054)	(3,500,000)
Payment of security deposits		-	(15,400,000)
Net cash flows used in investing activities		**(2,768,551)**	**(19,215,821)**
Financing activities			
Proceeds from borrowings - related parties		-	20,010,000
Issue of share capital		-	100,000
Repayment of borrowings - related parties		(85,000)	-
Net cash flows (used in)/from financing activities		**(85,000)**	**20,110,000**
Net increase in cash and cash equivalents		1,503,410	400,483
Cash and cash equivalents at 1 April		403,726	3,243
Cash and cash equivalents at 31 March		**1,907,136**	**403,726**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 31 March 2018

1. Corporate information

The consolidated financial statements of Abbot Point Operations Pty Ltd (the "Company") and its subsidiary (collectively, the "Group") for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 30 April 2018.

The Company acquired Abbot Point Bulkcoal Pty Ltd ("subsidiary") on 4 October 2016. Consistent with the basis of consolidation accounting policy detailed in Note 2.4(a), the Company consolidates the results of its subsidiary from that date. As a result, the comparative financial information included in the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity represents only the Company's transactions and balances and hence the current period balances and transactions are not comparable.

Abbot Point Operations Pty Ltd is a company limited by shares that is incorporated and domiciled in Australia. The ultimate parent of the Group is Adani Ports and Special Economic Zone Limited ("APSEZ").

The registered office and nature of operations and principal activities are described in the Directors' report.

2. Significant accounting policies

2.1 Basis of preparation

The financial report is a special purpose financial report and has been prepared for distribution to the members and to meet the directors' financial reporting requirements to the Company's ultimate parent entity, APSEZ.

The financial report is prepared for the purpose of providing financial information to APSEZ to enable it to prepare its consolidated financial report for the year ended 31 March 2018.

The directors have determined that in order for the financial report to meet the Company's financial reporting requirements to APSEZ and present fairly Group's financial position as at 31 March 2018 and its financial performance and cash flow for the year then ended, the requirements of the Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board relating to the recognition and measurement of assets, liabilities, revenues, expenses and equity should be complied with. The directors have prepared the financial report in accordance with Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board with the exception of certain disclosure requirements.

The financial report is prepared in accordance with the historical cost convention and is presented in Australian dollars ($).

2.2 Going concern

The going concern basis has been adopted in preparing the interim financial report on the basis that Adani Ports and Special Economic Zone Ltd to whom the Company owes $20,000,000 has confirmed in writing that it would not demand the payment of the amount due from the Company for a period of at least 12 months from the date of the approval of the interim financial report.

2.3 Restatement of comparative financial information

On 19 September 2016, the Company executed a Share Sale Agreement to acquire 100% of the ordinary share capital of Abbot Point Bulkcoal Pty Ltd ("APB") from Glencore Coal Queensland Pty Limited (the "Seller"). The purchase price of the shares is $1 plus a completion adjustment. On 11 May 2017, the Company received the determination of the calculation of the completion adjustment. In accordance with that determination, the completion adjustment of $778,553 was paid to the Seller on 30 May 2017. As a consequence of concluding the purchase consideration, the Company has finalised its business combination accounting for the acquisition of APB.

The consolidated statement of financial position as at 31 March 2017, shown for comparative purposes, and retained profits at 1 April 2017 shown as the opening balance in the consolidated statement of changes in equity has been adjusted to reflect the finalisation of the business combination.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

2. Significant accounting policies (continued)

(b) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Interest
Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2. Significant accounting policies (continued)

(d) Taxes

Current income tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is provided for all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount of for financial statement purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year
Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

2. Significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents includes deposits at call which are readily convertible to cash on hand, which are as defined above, net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Due to their short term nature they are not discounted.

Collectability of receivables is reviewed on an on-going basis.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of material stores and spares consists of the invoiced value from suppliers and import duty charges and is determined on a weighted average basis.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant and equipment	3 to 10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(i) Intangible assets

(i) Goodwill

Goodwill arising from business combinations is initially measured at cost. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but, instead, it is reviewed for impairment

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

2. Significant accounting policies (continued)

(i) Intangible assets (continued)

(ii) Other intangible assets

Intangible assets other than goodwill are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair values as at the date of acquisition.

Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised in the consolidated statement of comprehensive income on a straight line basis over the estimated economic useful lives, other than certain recoverable expenditure incurred under a service contract which is amortised based on the unit of production method. The amortisation method and the useful life for intangible assets are reviewed at least at each reporting date.

The estimated useful life of other intangible assets are as follows:

Access rights	2 to 5 years
Software and software implementation costs	7 years

Intangibles assets with indefinite useful lives re carried at cost less accumulated impairment losses. These intangible assets are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The Group assesses at each reporting period whether there is an indication that an asset may be impaired for assets other than goodwill. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the assets recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the assets value in use cannot be estimated to be close to its fair value, In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

(j) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Non-interest bearing loans

The Company's loan with related parties is carried at amortised cost using the effective interest rate method. The loan is for a period of five years but on issuing notice to the Group, the lender can require the company to repay the loan on demand.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

2. Significant accounting policies (continued)

(k) Non-interest bearing loans (continued)

The measurement of an interest free loan at amortised cost using the effective interest rate method generally results in the carrying value of the loan being lower than its principal amount. Given this loan can be required to be repaid, at any time, at the unilateral demand of the lender, the loan has been classified as a current liability. Due to the ability of the loan to be called at unilateral demand of the lender, the liability has not been discounted.

3. Business combinations

As disclosed in Note 11 to the consolidated financial statements at 30 June 2017, on 19 September 2016, the Company executed a Share Sale Agreement to acquire 100% of the ordinary share capital of Abbot Point Bulkcoal Pty Ltd ("APB") from Glencore Coal Queensland Pty Limited (the "Seller"). APB is an unlisted company based in Australia, engaged in the business of operations of Abbot Point Coal Terminal 1 ("APCT 1"). The purchase price of shares is $1 plus a completion adjustment. On 11 May 2017, the Company received the determination of the calculation of the completion adjustment. In accordance with that determination, the completion adjustment of $778,553 was paid to the Seller on 30 May 2017.

The consolidated statement of financial position at 31 March 2017 has been restated to reflect the finalisation of the business combination accounting.

4. Revenue

	2018	2017
	$	$
Operation and maintenance	64,458,627	29,549,418
Capital revenue	16,284,173	2,434,715
Berthage	1,646,805	744,574
Other operating revenue	59,446	114,811
	82,449,051	**32,843,518**

5. Income tax

	2018	2017
	$	$
Accounting profit before income tax	**4,595,867**	**1,073,925**
At Australia's statutory income tax rate of 30% (2017: 30%)	1,378,760	322,178
Acquisition cost included in ACA	-	112,294
Other	3,764	-
At the effective income tax rate	**1,382,524**	**434,472**

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

6. Trade and other receivables

	2018	2017
	$	$
Amounts due from Adani Abbot Point Terminal Pty Ltd	13,899,684	7,197,144
Amounts due from Adani Renewables	34,863	-
Other receivables	1,264,136	322,071
	15,198,683	**7,519,215**

7. Property, plant and equipment

	Construction in progress	Property, plant and equipment	Total
	$	$	$
Cost			
At 1 April 2017	2,072,771	549,776	2,622,547
Additions	126,143	294,044	420,187
Disposals	-	(48,000)	(48,000)
Transfers to Property, plant and equipment	(58,328)	58,328	-
Transfers to intangible assets	(2,014,443)	-	(2,014,443)
At 31 March 2018	**126,143**	**854,148**	**980,291**
Depreciation			
At 1 April 2017	-	-	-
Depreciation for the period	-	172,676	172,676
Disposals	-	(46,783)	(46,783)
At 31 March 2018	**-**	**125,893**	**125,893**
Net book value			
At 31 March 2018	**126,143**	**728,255**	**854,398**
At 31 March 2017	2,072,771	549,776	2,622,547

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

8. Intangible assets

	Software	Access rights	Total
	$	$	$
Cost			
At 1 April 2017	-	3,500,000	3,500,000
Additions	1,570,054	5,133,333	6,703,387
Transfers from CWIP	2,014,443	-	2,014,443
At 31 March 2018	**3,584,497**	**8,633,333**	**12,217,830**
Amortisation			
At 1 April 2017	-	982,650	982,650
Amortisation	497,709	2,014,984	2,512,693
At 31 March 2018	**497,709**	**2,997,634**	**3,495,343**
Net book value			
At 31 March 2018	**3,086,788**	**5,635,699**	**8,722,487**
At 31 March 2017	-	2,517,350	2,517,350

9. Trade and other payables

	2018	2017
	$	$
Current		
Trade payables	1,539,391	3,149,150
Other payables	10,167,360	4,064,216
	11,706,751	**7,213,366**

10. Loans from related parties

	2018	2017
	$	$
Current		
Adani Abbot Point Terminal Pty Ltd*	-	85,000
Adani Ports and Special Economic Zone Ltd**	20,000,000	20,000,000
	20,000,000	**20,085,000**

*On 11 June 2015, the Company entered into a $2m loan facility agreement with Adani Abbot Point Terminal Pty Ltd, a related party. Under this facility the Company has no drawn down funds as at 31 March 2018 (31 March 2017: $85,000). The loan is repayable on demand.

** On 26 September 2016, the Company entered into a $20m loan facility agreement with Adani Ports and Special Economic Zone Ltd, a related party. Under this facility the Company has drawn down the full facility amount of $20 million (31 March 2017: $20 million). The loan is repayable on demand.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2018

11. Issued capital

	2018	2017
	$	$
101,000 authorised and fully paid ordinary shares (2017: 101,000)	101,000	101,000

12. Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the period ended 31 March 2018.

	Revenue from related parties	Purchases from related parties
	$	$
Ultimate parent group entities		
Adani Abbot Point Terminal Pty Ltd	82,508,398	991,294
Adani Renewable Asset Holdings P/L	31,694	-
Adani Mining Pty Ltd	-	436,485

13. Commitments and contingencies

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

	2018	2017
	$	$
Within one year	833,752	594,074
Greater than one year and less than two years	793,182	495,360
Greater than two years and less than five years	853,694	815,953
Greater than five years	-	124,877
	2,480,628	2,030,264

Contingent liabilities

The directors are not aware of any contingent liabilities or commitments at 31 March 2018 (2017: $nil).

14. Events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Directors' declaration

In accordance with a resolution of the directors of Abbot Point Operations Pty Ltd, I state that:

In the opinion of the directors:

(a) The Company and the consolidated group are not reporting entities as defined in the Australian Accounting Standards;

(b) the consolidated financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company and the consolidated group's financial position as at 31 March 2018 and their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards to the extent described in note 2.1 to the consolidated financial statements and complying with the *Corporations Regulations 2001*;

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

On behalf of the board

Dwayne Freeman
Director
Bowen
30 April 2018