Abbot Point Operations Pty Ltd
ACN 605 852 060

Special purpose financial report for the year ended 31 March 2019

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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 subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 March 2019, 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 2019 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 is 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 (collectively the Recipients) and should not be distributed to parties other than the Recipients. Our opinion is not modified in respect of this matter.

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 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.

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
13 May 2019

Consolidated statement of comprehensive income

For the year ended 31 March 2019

	Notes	2019 $	2018 $
Revenue from contracts with customers	3	88,695,694	82,449,051
Finance income		17,813	33,966
		88,713,507	**82,483,017**
Expenses			
Consultancy fees		(401,803)	(881,582)
Contractor costs		(22,812,237)	(16,088,913)
Depreciation and amortisation expense		(1,888,760)	(2,685,369)
Electricity costs		(6,733,757)	(6,931,933)
Employee benefit expense		(30,581,080)	(28,778,326)
Insurance expense		(5,123,318)	(3,814,085)
Other operating expenses		(10,062,959)	(13,852,221)
Other general and administrative expenses		(5,983,885)	(4,854,721)
Profit before tax		**5,125,708**	**4,595,867**
Income tax expense	4	(2,786,329)	(1,382,524)
Profit for the year		**2,339,379**	**3,213,343**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**2,339,379**	**3,213,343**

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

Consolidated statement of financial position

As at 31 March 2019

	Notes	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents		928,536	1,907,136
Trade and other receivables	5	22,500,571	15,198,683
Prepayments		3,723,750	2,776,775
Inventories		5,923,339	5,127,725
Income tax receivable		735,186	-
Total current assets		33,811,382	25,010,319
Non-current assets			
Goodwill		403,457	403,457
Property, plant and equipment	6	888,104	854,398
Intangible assets	7	7,251,696	8,722,487
Deferred tax assets		1,272,093	1,566,997
Other assets	8	10,266,667	10,266,667
Total non-current assets		20,082,017	21,814,006
Total assets		**53,893,399**	**46,824,325**
Liabilities			
Current liabilities			
Trade and other payables	9	17,038,832	9,396,743
Loan from related parties	10	20,000,000	20,000,000
Employee benefit liabilities		8,854,578	8,556,513
Contract liabilities		844,068	2,310,008
Income tax payable		631,946	1,959,580
Total current liabilities		47,369,424	42,222,844
Non-current liabilities			
Employee benefit liabilities		305,636	722,521
Total non-current liabilities		305,636	722,521
Total liabilities		**47,675,060**	**42,945,365**
Net assets		**6,218,339**	**3,878,960**
Equity			
Issued capital	11	101,000	101,000
Retained earnings		6,117,339	3,777,960
Total equity		**6,218,339**	**3,878,960**

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

Consolidated statement of changes in equity

For the year ended 31 March 2019

	Issued capital (Note 11)	Retained earnings	Total equity
	$	$	$
At 1 April 2018	**101,000**	**3,777,960**	**3,878,960**
Profit for the year	-	2,339,379	2,339,379
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2,339,379	2,339,379
At 31 March 2019	**101,000**	**6,117,339**	**6,218,339**
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 for the year	-	3,213,343	3,213,343
At 31 March 2018	**101,000**	**3,777,960**	**3,878,960**

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

Consolidated statement of cash flows

For the year ended 31 March 2019

	Notes	2019 $	2018 $
Operating activities			
Receipts from customers		88,064,951	82,246,542
Payments to suppliers and employees		(84,044,582)	(77,923,547)
Interest received		17,813	33,966
Income tax paid		(4,550,616)	-
Net cash flows (used in)/from operating activities		**(512,434)**	**4,356,961**
Investing activities			
Completion adjustment - payment for business combination		-	(778,553)
Receipts from disposal of plant and equipment	6	-	243
Purchase of property, plant and equipment	6	(437,011)	(420,187)
Purchase of intangible assets	7	(29,155)	(1,570,054)
Net cash flows used in investing activities		**(466,166)**	**(2,768,551)**
Financing activities			
Repayment of borrowings - related parties		-	(85,000)
Net cash flows used in financing activities		**-**	**(85,000)**
Net (decrease)/increase in cash and cash equivalents		(978,600)	1,503,410
Cash and cash equivalents at 1 April		1,907,136	403,726
Cash and cash equivalents at 31 March		**928,536**	**1,907,136**

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 2019

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 2019 were authorised for issue in accordance with a resolution of the directors on 13 May 2019.

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 activity 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 2019.

The directors have determined that in order for the financial report to meet the Company's financial reporting requirements to APSEZ and present fairly the Group's financial position as at 31 March 2019 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 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 Changes in accounting policy, disclosures, standards and interpretations

New and amended standards and interpretations

The Group applied AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have material impact on the consolidated financial statements of the Group.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 supersedes AASB 118 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2019

2. Significant accounting policies (continued)

2.3 Changes in accounting policy, disclosures, standards and interpretations (continued)

New and amended standards and interpretations (continued)

AASB 15 *Revenue from Contracts with Customers*

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted AASB 15 using the full retrospective method of adoption. There was no significant impact on recognition or measurement in the consolidated statement of comprehensive income, consolidated statement of financial position or the consolidated statement of cash flows as a result of the adoptions but there has been a change in the required disclosures to reflect the requirements of the new accounting standard. The adoption of AASB 15 has resulted in the reclassification of an amount of $2,310,008 from trade and other payables and trade and other receivables to a separate contract liability in the comparative financial information.

AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018 bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 January 2018.

The classification and measurement requirements of AASB 9 did not have a significant impact in the Company.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 31 March 2019. The directors have not early adopted any of these new or amended standards or interpretations. The directors are in the process of assessing the impact of the applications of AASB 16 *Leases* (effective 1 January 2019) and its amendments to the extent relevant to the financial statements of the Group.

2.4 Summary of significant accounting policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2019. 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

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2019

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

a) Basis of consolidation (continued)

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 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 in 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.

b) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

Operation and maintenance and capital revenue

The Group has determined its obligation under Operating and Maintenance Agreement ("O&M Agreement") with Adani Abbot Point Terminal Pty Limited ("AAPT") represents a stand-ready obligation to operate the port at a 50 million tonnes per annum contract capacity. Under the O&M Agreement, the Group receives cost plus 10% for the performance of these services. Consistent with its performance obligation under the O&M Agreement being a stand-ready obligation, the Group recognises its revenue over time as its performance obligations are satisfied at an amount equal to the eligible costs incurred plus a 10% margin. This differs from timing of the invoicing of handling charges (both fixed and variable) to AAPT, which are based on an annually agreed budgeted rates per contracted and shipped tonnes with an annual true-up entitlement. In scope of this contract, the Group performs some capital works which are also chargeable to AAPT by adding cost plus 10% margin.

Berthage

As part of its O&M contract with AAPT, APB receives amounts for the berthing of vessels at the Abbot Point Coal Terminal as agent for AAPT. Under the O&M contract, APB transfers the amounts received from vessel owners to AAPT but receives reimbursement of its cost incurred associated with the berthing of vessels. The Group's berthing revenue represent the reimbursement of cost from AAPT under the O&M contract. These costs are excluded from eligible costs for the purpose of determining revenue from the provision of O&M services.

Security levy revenue

Commencing 1 July 2018, the Group has agreed with AAPT to invoice a security levy as an additional arrangement associated with the operation of Abbot Point Coal Terminal. The security levy is a fixed rate of $0.06 per metric tonne loaded onto vessels. The performance obligation and revenue associated with security levy is satisfied when tonnes are loaded on the various vessels.

c) Finance income

Revenue is recognised as the interest accrues using the effective interest rate (EIR) 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.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2019

2. Significant accounting policies (continued)

2.4 Summary of 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 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 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 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 consolidated statement of comprehensive income, 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 consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated 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.

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.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2019

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

e) Cash and cash equivalents (continued)

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

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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 consolidated statement of comprehensive income 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
Office equipment	2 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 consolidated statement of 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

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.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2019

2. Significant accounting policies (continued)

2.4 Summary of significant accounting policies (continued)

i) Intangible assets (continued)

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	2 to 10 years

Intangibles assets with indefinite useful lives are 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 following month of recognition.

k) Non-interest bearing loans

The Company's loan with related parties is carried at amortised cost using the EIR 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.

The measurement of an interest free loan at amortised cost using the EIR 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.

l) Comparatives

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2019

3. Revenue from contracts with customers

	2019	2018
	$	$
Operation and maintenance	71,207,312	64,458,627
Capital revenue	15,501,616	16,284,173
Berthage	418,474	1,646,805
Security levy revenue	1,283,578	-
Other operating revenue	284,714	59,446
	88,695,694	**82,449,051**

4. Income tax

	2019	2018
	$	$
Accounting profit before income tax	**5,125,708**	**4,595,867**
At Australia's statutory income tax rate of 30% (2018: 30%)	1,537,712	1,378,760
Adjustments in respect of current income tax of previous years*	1,017,617	-
Non-deductible expenditures	231,000	-
Other	-	3,764
At the effective income tax rate	**2,786,329**	**1,382,524**

*The adjustment reflects the impact of the Company's decision to not form a tax consolidated group at the date of its acquisition of Abbot Point Bulkcoal Pty Ltd (a wholly-owned subsidiary), on 4 October 2016, as a consequence of recent retrospective changes to the tax consolidated legislation. This has resulted in additional tax being paid by the Group for the 2018 year.

5. Trade and other receivables

	2019	2018
	$	$
Current		
Amounts due from Adani Abbot Point Terminal Pty Ltd	15,548,444	13,899,684
Amounts due from Adani Renewables	69,727	34,863
Other receivables	6,882,400	1,264,136
	22,500,571	**15,198,683**

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2019

6. Property, plant and equipment

	Construction in progress	Property, plant and equipment	Office equipment	Total
	$	$	$	$
Cost				
At 1 April 2018	126,143	854,148	-	980,291
Additions	-	141,433	295,578	437,011
Disposals	(14,491)	-	-	(14,491)
Transfers to intangible assets	(111,652)	(202,521)	60,456	(253,717)
At 31 March 2019	**-**	**793,060**	**356,034**	**1,149,094**
Depreciation				
At 1 April 2018	-	125,893	-	125,893
Depreciation for the year	-	128,599	6,498	135,097
At 31 March 2019	**-**	**254,492**	**6,498**	**260,990**
Net book value				
At 31 March 2019	**-**	**538,568**	**349,536**	**888,104**
At 31 March 2018	126,143	728,255	-	854,398

7. Intangible assets

	Software	Access rights	Total
	$	$	$
Cost			
At 1 April 2018	3,584,497	8,633,333	12,217,830
Additions	29,155	-	29,155
Transfers from property, plant and equipment	253,717	-	253,717
Disposals	-	(3,500,000)	(3,500,000)
At 31 March 2019	**3,867,369**	**5,133,333**	**9,000,702**
Amortisation			
At 1 April 2018	497,709	2,997,634	3,495,343
Amortisation	481,297	1,272,366	1,753,663
Disposals	-	(3,500,000)	(3,500,000)
At 31 March 2019	**979,006**	**770,000**	**1,749,006**
Net book value			
At 31 March 2019	**2,888,363**	**4,363,333**	**7,251,696**
At 31 March 2018	3,086,788	5,635,699	8,722,487

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2019

8. Other assets

	2019	2018
	$	$
Non-current		
Security deposit*	10,266,667	10,266,667

* In 2016, the Company entered into an Abbot Point Coal Terminal Operation and Maintenance contract variation agreement ("Variation Agreement") with Adani Abbot Point Terminal Pty Ltd, the owner of Abbot Point Coal Terminal 1 ("APCT 1"). Under the Variation Agreement, the Company paid $15.4 million as security deposit. In 2018, $5.1 million was transferred from security deposit to intangible assets (Operations and Maintenance right) in light of the Variation Agreement for the extension fee which was due as of 31 March 2018.

9. Trade and other payables

	2019	2018
	$	$
Current		
Trade payables	9,834,090	1,539,391
Other payables	7,204,742	7,857,352
	17,038,832	9,396,743

10. Loans from related parties

	2019	2018
	$	$
Current		
Adani Ports and Special Economic Zone Ltd*	20,000,000	20,000,000

* 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 2018: $20 million). The loan is repayable on demand.

11. Issued capital

	2019	2018
	$	$
101,000 authorised and fully paid ordinary shares (2018: 101,000)	101,000	101,000

Notes to the consolidated financial statements (continued)

For the year ended 31 March 2019

12. Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the year ended 31 March 2019.

	Revenue from related parties	Purchases from related parties
	$	$
Ultimate parent group entities		
Adani Abbot Point Terminal Pty Ltd	87,983,410	2,354,185
Adani Renewable Asset Holdings P/L	31,694	-
Adani Mining Pty Ltd	-	240,366
Adani Australia Pty Ltd	-	156,893

13. Commitments and contingencies

Operating lease commitments

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

	2019	2018
	$	$
Within one year	869,742	833,752
Greater than one year and less than two years	828,668	793,182
Greater than two years and less than five years	936,841	853,694
	2,635,251	**2,480,628**

Contingent liabilities

The directors are not aware of any contingent liabilities or commitments at 31 March 2019 (2018: $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.