

Abbot Point Operations Pty
Limited

Financial Statements for the
FY 2021-22

ABBOT POINT OPERATIONS PTY LTD

ACN 605 852 060

SPECIAL PURPOSE REPORTING PACKAGE

For the 12 months ended 31 March 2022

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Directors' Report

Your directors submit their report on the consolidated entity comprising Abbot Point Operations Pty Ltd (the "Company") and the entity it controlled (Abbot Point Bulkcoal Pty Ltd) at the end of, or during the period 1 April 2021 to 31 March 2022. Throughout the report, the consolidated entity is referred to as the "Group".

Directors

The names of the directors of Abbot Point Operations Pty Ltd in office during the financial period and up to the date of this report are:

Sandeep Mehta
 Paul Fennelly (appointed 16 September 2021)
 Yi Shiu Trista Brohier (resigned 16 September 2021)
 Neema Premji (appointed 1 June 2021)

Corporate information

Abbot Point Operations Pty Ltd is a company limited by shares that is incorporated and domiciled in Australia.

The registered office of Abbot Point Operations Pty Ltd is located at:

Level 9, 120 Edward Street
 Brisbane, Queensland, Australia.

Principal activities

The principal activity of the Group during the quarter ended was the operations of a port in Queensland, Australia.

Employees

As at 31 March 2022, the Group had 179 employees (31 March 2021: 187).

Dividends

A fully franked ordinary dividend amounting to \$7,674,786.29 was paid on 31 March 2022. This dividend was paid by Abbot Point Bulkcoal Pty Ltd to Abbot Point Operations Pty Ltd.

Review of operations

During the financial period ended 31 March 2022, the Group managed the operations of the Abbot Point Port coal export terminal under an operation and maintenance contract.

The profit after tax for the Group for the financial period ended 31 March 2022 was \$5,505,896 (31 March 2021: \$4,492,145).

Significant changes in the state of affairs

Other than matters detailed as part of our review of the Group's operation for the financial period ended 31 March 2022, there were no significant changes in the state of affairs of the Group during the current financial period.

Significant events after the reporting period

There have been no matters or circumstances that have arisen since the end of the financial year, other than as noted below, that have significantly affected, or may significantly affect the Groups operations, the results of those operations or the Group's state of affairs in financial years after the financial period ended 31 March 2022.

Likely developments and expected results of operations

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental regulation and performance

The operation and ongoing management of the Abbot Point Coal Terminal is subject to significant environmental regulations under both Federal and State legislation. These obligations are monitored by Abbot Point Bulkcoal Pty Ltd ("APB"), which operates under an Environmental Management System certified to the AS/NZS 14001:2004 standard.

The directors believe that Abbot Point Bulkcoal Pty Ltd ("APB") has adequate systems in place for the management of its environmental requirements, and are not aware of any material breach of those environmental requirements.

Share options

No option to acquire shares in the Company has been granted to any person. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options. There are no unissued shares under option at the date of this report.

Directors' Report (continued)

Insurance of directors and indemnities

During the financial period, the Company paid premiums in respect of the Directors' and Officers' Liability Insurance contract. The insurance contract insures against certain liabilities (subject to exclusions) for persons who are or have been directors or officers of the Group. A condition of the contract is that the nature of the liabilities indemnified and the premium payable shall not be disclosed.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young (Australia) as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young (Australia) during or since the financial period.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under *section 307C of the Corporations Act 2001* is set out on page 20.

Non-audit services

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporation Act 2001*. The nature and scope of each type of non-audit service provided means that the auditor's independence was not compromised.

This report is made in accordance with a resolution of directors.



Paul Fennelly

Director

Brisbane, 20 April 2022

Consolidated Statement of Comprehensive Income

For the period 1 April 2021 to 31 March 2022

| | | For the period 1 April 2021 to 31 March 2022 | For the period 1 April 2020 to 31 March 2021 |
|---|-------|--|--|
| | Notes | \$ | \$ |
| Revenue from contracts with customers | 3 | 114,098,534 | 104,468,188 |
| Finance income | | 2,588 | 1,493 |
| | | 114,101,122 | 104,469,681 |
| Expenses | | | |
| Consultancy fees | | (2,074,745) | (1,517,978) |
| Contractor costs | | (30,696,366) | (27,792,397) |
| Depreciation and amortisation | | (2,756,048) | (2,357,431) |
| Electricity costs | | (5,111,756) | (5,744,042) |
| Employee benefit expense | | (35,443,606) | (34,738,594) |
| Insurance | | (12,664,275) | (8,735,335) |
| Other operating expenses | | (10,424,736) | (10,791,131) |
| Other general and administrative expenses | | (6,537,135) | (5,639,421) |
| Finance expense | | (76,878) | (55,890) |
| Profit before tax | | 8,315,577 | 7,097,462 |
| Income tax expense | 4 | (2,809,681) | (2,605,317) |
| Profit for the period | | 5,505,896 | 4,492,145 |
| Other comprehensive income | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period, attributable to owners of the parent entity | | 5,505,896 | 4,492,145 |

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

Consolidated Statement of Financial Position

For the period 1 April 2021 to 31 March 2022

| | Notes | <u>31 March 2022</u> | <u>31 March 2021</u> |
|--------------------------------------|-------|--------------------------|--------------------------|
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 3,117,892 | 1,540,984 |
| Trade and other receivables | 5 | 16,619,569 | 18,430,757 |
| Prepayments | | 8,754,890 | 5,702,042 |
| Inventories | | 9,494,229 | 9,395,261 |
| Total current assets | | <u>37,986,580</u> | <u>35,069,044</u> |
| Non-current assets | | | |
| Goodwill | | 403,457 | 403,457 |
| Property, plant and equipment | 6 | 1,706,796 | 1,412,060 |
| Intangible assets | 7 | 2,847,351 | 4,375,092 |
| Deferred tax assets | | 1,317,273 | 710,956 |
| Other assets | 8 | 10,266,667 | 10,266,667 |
| Total non-current assets | | <u>16,541,544</u> | <u>17,168,232</u> |
| Total assets | | <u>54,528,124</u> | <u>52,237,276</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 10,650,521 | 7,978,573 |
| Lease liabilities | | 480,100 | 257,541 |
| Loan from related parties | 10 | 8,000,000 | 15,500,000 |
| Employee benefits | | 12,231,996 | 11,898,329 |
| Income tax payable | | 878,626 | 329,046 |
| Total current liabilities | | <u>32,241,243</u> | <u>35,963,489</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 521,144 | 156,687 |
| Employee benefit liabilities | | 384,331 | 241,590 |
| Total non-current liabilities | | <u>905,475</u> | <u>398,277</u> |
| Total liabilities | | <u>33,146,718</u> | <u>36,361,766</u> |
| Net assets | | <u>21,381,406</u> | <u>15,875,510</u> |
| Equity | | | |
| Issued capital | 11 | 101,000 | 101,000 |
| Retained earnings | | 21,280,406 | 15,774,510 |
| Total equity | | <u>21,381,406</u> | <u>15,875,510</u> |

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

Consolidated Statement of Changes in Equity

For the period 1 April 2021 to 31 March 2022

| | Issued capital (Note 11) \$ | Retained earnings \$ | Total equity \$ |
|----------------------------|--------------------------------------|----------------------------|--------------------|
| At 1 April 2021 | 101,000 | 15,774,510 | 15,875,510 |
| Profit for the period | - | 5,505,896 | 5,505,896 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | 5,505,896 | 5,505,896 |
| At 31 March 2022 | 101,000 | 21,280,406 | 21,381,406 |
| At 1 April 2020 | 101,000 | 11,282,365 | 11,383,365 |
| Profit for the period | - | 4,492,145 | 4,492,145 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | 4,492,145 | 4,492,145 |
| At 31 March 2021 | 101,000 | 15,774,510 | 15,875,510 |

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

Consolidated Statement of Cash Flows

For the period 1 April 2021 to 31 March 2022

| | For the period 1 April 2021 to 31 March 2022 | For the period 1 April 2020 to 31 March 2021 |
|---|--|--|
| | \$ | \$ |
| Operating activities | | |
| Receipts from customers | 127,500,695 | 119,331,883 |
| Payments to suppliers and employees | (114,547,051) | (111,000,845) |
| Interest income received | 2,588 | 1,493 |
| Interest paid | (76,878) | (55,890) |
| Income tax paid | (2,866,417) | (2,588,269) |
| Net cash from operating activities | 10,012,937 | 5,688,372 |
| Investing activities | | |
| Proceeds from sale of plant and equipment | 181,958 | - |
| Purchase of property, plant and equipment | (298,971) | (172,470) |
| Purchase of intangible assets | - | (29,191) |
| Net cash outflow from investing activities | (117,013) | (201,660) |
| Financing activities | | |
| Payment of related party loan | (7,500,000) | (4,500,000) |
| Payment of lease liabilities | (819,016) | (517,882) |
| Net cash used in financing activities | (8,319,016) | (5,017,882) |
| Net increase in cash and cash equivalents | 1,576,908 | 468,830 |
| Cash and cash equivalents at beginning of period | 1,540,984 | 1,072,154 |
| Cash and cash equivalents at end of period | 3,117,892 | 1,540,984 |

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

Notes to the Consolidated Financial Statements

For the period 1 April 2021 to 31 March 2022

1 Corporate information

The interim consolidated financial statements of Abbot Point Operations Pty Ltd (the 'Company') and its subsidiaries (collectively, the 'Group') for the period 1 April 2021 to 31 March 2022 were authorised for issue in accordance with a resolution of the directors in Brisbane, 18 April 2022.

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 interim 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 interim financial report is prepared for the purpose of providing financial information to APSEZ to enable it to prepare its consolidated financial report for the period 1 April 2021 to 31 March 2022.

The directors have determined that in order for the interim financial report to meet the Company's financial reporting requirements to APSEZ and present fairly the Group's financial position as at 31 March 2022 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.

Where necessary, comparative figures have been reclassified to conform with the changes in presentation in the current period.

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 \$8,000,000 has confirmed in writing that it would not demand the payment of the amount due from the Company where it would cause adverse liquidity effects on its continued operations.

2.3 Summary of significant accounting policies

(a) Basis of consolidation

The interim financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2022. 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; and
- The Group's voting rights and potential voting rights.

Notes to the Consolidated Financial Statements

For the period 1 April 2021 to 31 March 2022

2 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 statement of comprehensive income 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.

(b) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the interim 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.

(c) 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, 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.

(d) 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.

(e) Property, plant and equipment

Property, plant and equipment is 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

Notes to the Consolidated Financial Statements

For the period 1 April 2021 to 31 March 2022

2 Significant accounting policies continued

2.3 Summary of significant accounting policies continued

(e) Property, plant and equipment continued

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 de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 de-recognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(f) Intangibles

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 lives of other intangible assets are as follows:

| | |
|--|---------------|
| ■ Access rights | 2 to 5 years |
| ■ Software and software implementation costs | 2 to 10 years |

Intangible 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.

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.

(g) 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 period 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.

Notes to the Consolidated Financial Statements

For the period 1 April 2021 to 31 March 2022

2 Significant accounting policies continued

2.3 Summary of significant accounting policies continued

(h) 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.

Operating and maintenance services revenue

The Group has determined its obligation under the Operating and Maintenance Agreement ("O&M Agreement") with North Queensland Export Terminal Pty Limited ("NQXT") 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 NQXT, which are based on annually agreed budgeted rates per contracted and shipped tonnes with an annual true-up entitlement.

Berthage revenue

As part of its O&M agreement with NQXT, APB receives amounts for the berthing of vessels at the Abbot Point Coal Terminal as agent for NQXT. This income is collected from shipping agents, acting on behalf of external customers. Commencing June 2021, the Group has agreed to offset berthage revenue against variable costs under the O&M Agreement which reduces the total variable cost charged. This offset is 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 NQXT 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 per metric tonne loaded onto vessels. The performance obligation and revenue associated with the security levy is satisfied when tonnes are loaded on the various vessels.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(i) Finance income

Interest revenue is recognised as 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.

(j) 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 for financial statement purposes.

Notes to the Consolidated Financial Statements

For the period 1 April 2021 to 31 March 2022

2 Significant accounting policies continued

2.3 Summary of significant accounting policies continued

(j) Taxes continued

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 Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset 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.

Current and deferred tax for the period

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 purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, 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.

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.

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

(k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group incorporates AASB 16 into determination of leases, and references the standard where applicable.

Group as a lessee

The Group applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use-assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the life of the asset or lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Notes to the Consolidated Financial Statements*For the period 1 April 2021 to 31 March 2022*

2 Significant accounting policies continued**2.3 Summary of significant accounting policies continued****(k) Leases continued****(ii) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the period 1 April 2021 to 31 March 2022

| | For the period 1 April 2021 to 31 March 2022 | For the period 1 April 2020 to 31 March 2021 |
|---|--|--|
| | \$ | \$ |
| 3 Revenue from contracts with customers | | |
| Operation and maintenance | 85,062,458 | 78,237,378 |
| Capital revenue | 25,073,515 | 22,180,401 |
| Berthage | 1,843,001 | 1,814,471 |
| Security levy | 1,754,060 | 1,736,958 |
| Other operating revenue | 365,500 | 498,979 |
| | 114,098,534 | 104,468,188 |
| 4 Income tax | | |
| Numerical reconciliation of income tax expense to prima facie tax payable | | |
| Accounting profit before income tax | 8,315,577 | 7,097,462 |
| At Australia's statutory income tax rate of 30% (2020: 30%) | 2,494,673 | 2,129,239 |
| Under provision from prior year | 7,008 | 168,078 |
| Non-deductible expenses | 308,000 | 308,000 |
| Income tax expense | 2,809,681 | 2,605,317 |
| | 31 March 2022 | 31 March 2021 |
| 5 Trade and other receivables | | |
| Amounts due from North Queensland Export Terminal Pty Ltd | 12,335,660 | 14,571,759 |
| Amounts due from North West Rail Pty Ltd | - | - |
| Amounts due from Bowen Rail Company | 218,750 | 333,362 |
| Amounts due from The Trustee for Adani Australia Holding Trust Pty Ltd | - | 21,923 |
| Amounts due from Carmichael Rail Network Pty Ltd | - | 84,952 |
| Other receivables (including contract assets) | 4,065,159 | 3,418,761 |
| | 16,619,569 | 18,430,757 |

Notes to the Consolidated Financial Statements

For the period 1 April 2021 to 31 March 2022

6 Property, plant and equipment

| | Property, plant and equipment | Office equipment | Right-Of-Use assets | Total |
|-----------------------------|-------------------------------------|---------------------|------------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Cost | | | | |
| At 1 April 2021 | 3,538,315 | 357,249 | 1,626,134 | 5,521,698 |
| Additions | 298,971 | - | 1,470,940 | 1,769,911 |
| Disposals | (58,445) | (259,724) | - | (318,169) |
| At 31 March 2022 | 3,778,841 | 97,525 | 3,097,074 | 6,973,440 |
| Depreciation | | | | |
| At 1 April 2021 | (2,851,392) | (159,659) | (1,098,587) | (4,109,638) |
| Depreciation on disposals | 45,312 | 89,475 | - | 134,787 |
| Depreciation for the period | (251,469) | (27,340) | (1,012,983) | (1,291,792) |
| At 31 March 2022 | (3,057,549) | (97,525) | (2,111,570) | (5,266,643) |
| Net book value | | | | |
| At 31 March 2022 | 721,292 | - | 985,504 | 1,706,796 |
| At 31 March 2021 | 686,923 | 197,590 | 527,547 | 1,412,060 |

7 Intangible assets

| | Goodwill | Software | Access Rights | Total |
|--|----------------|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Cost | | | | |
| At 1 April 2021 | 403,457 | 4,067,858 | 5,133,333 | 9,604,648 |
| Additions | - | - | - | - |
| Transfers from property, plant and equipment | - | - | - | - |
| At 31 March 2022 | 403,457 | 4,067,858 | 5,133,333 | 9,604,648 |
| Amortisation | | | | |
| At 1 April 2021 | - | (2,002,766) | (2,823,334) | (4,826,100) |
| Amortisation for the period | - | (501,073) | (1,026,668) | (1,527,741) |
| At 31 March 2022 | - | (2,503,839) | (3,850,001) | (6,353,840) |
| Net book value | | | | |
| At 31 March 2022 | 403,457 | 1,564,019 | 1,283,332 | 3,250,808 |
| At 31 March 2021 | 403,457 | 2,065,092 | 2,309,999 | 4,778,548 |

Notes to the Consolidated Financial Statements

For the period 1 April 2021 to 31 March 2022

| | | | |
|-----------|--|-----------------------------|-----------------------------|
| 8 | Other assets | <u>31 March 2022</u> | <u>31 March 2021</u> |
| | | \$ | \$ |
| | Non-current | | |
| | Security deposit* | <u>10,266,667</u> | <u>10,266,667</u> |
| | <p><i>* In 2016, the Company entered into an Abbot Point Coal Terminal Operation and Maintenance contract variation agreement ("Variation Agreement") with North Queensland Export 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.</i></p> | | |
| 9 | Trade and other payables | <u>31 March 2022</u> | <u>31 March 2021</u> |
| | | \$ | \$ |
| | Current | | |
| | Trade payables | 3,745,174 | 2,332,413 |
| | Other payables (including contract liabilities) | <u>6,905,347</u> | <u>5,646,160</u> |
| | | <u>10,650,521</u> | <u>7,978,573</u> |
| 10 | Loan from related parties | <u>31 March 2022</u> | <u>31 March 2021</u> |
| | | \$ | \$ |
| | Current | | |
| | Adani Ports and Special Economic Zone | <u>8,000,000</u> | <u>15,500,000</u> |
| | <p><i>*On 26 September 2016, the Company entered into a \$20 million 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 2020: \$20 million). The loan is repayable on demand.</i></p> | | |
| 11 | Issued capital | <u>31 March 2022</u> | <u>31 March 2021</u> |
| | | \$ | \$ |
| | 101,000 authorised and fully paid ordinary shares | <u>101,000</u> | <u>101,000</u> |

Notes to the Consolidated Financial Statements

For the period 1 April 2021 to 31 March 2022

12 Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the period 1 April 2021 to 31 March 2022.

| | | Sales to related parties | Purchases from related parties |
|---|---------------|--------------------------|--------------------------------|
| | | \$ | \$ |
| Ultimate parent group entities | | | |
| North Queensland Export Terminal Pty Ltd | 31 March 2022 | 120,295,982 | 1,154,406 |
| | 31 March 2021 | 127,632,131 | 1,544,866 |
| Adani Mining Pty Ltd | 31 March 2022 | 1,462 | 98,152 |
| | 31 March 2021 | - | 972,913 |
| Adani Australia Pty Ltd | 31 March 2022 | - | 778,477 |
| | 31 March 2021 | - | - |
| Carmichael Rail Network Pty Ltd | 31 March 2022 | - | - |
| | 31 March 2021 | 84,952 | - |
| The Trustee for Adani Australia Holding Trust Pty Ltd | 31 March 2022 | 99,480 | - |
| | 31 March 2021 | 269,546 | - |
| Bowen Rail Company Pty Ltd | 31 March 2022 | 1,174,872 | 76,983 |
| | 31 March 2021 | 1,456,538 | - |
| North West Rail Pty Ltd | 31 March 2022 | 92,486 | - |
| | 31 March 2021 | - | - |

APO receivables ageing schedule as at 31 March 2022

| Particulars | Outstanding for following periods from due date of receipt# | | | | | | | | | | Total | |
|---|---|---------------------|-------------------|-----------------|------------|------------|------------|------------------|-------------------|-----------------|---------------------|---------------------|
| | Less than 6 months | | 6 months - 1 year | | 1-2 years | | 2-3 years | | More than 3 years | | 2022 | 2021 |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | | |
| (i)Undisputed Trade receivables – considered good | | | | | | | | | | | | |
| North Queensland Export Terminal Pty Ltd | \$12,335,660 | \$13,719,120 | | | | | | \$852,639 | | | \$12,335,660 | \$14,571,759 |
| Bowen Rail Company Pty Ltd | \$218,750 | \$333,362 | | | | | | | | | \$218,750 | \$333,362 |
| The Trustee for Adani Holdings Trust | | \$21,923 | | | | | | | | | \$0 | \$21,923 |
| Carmichael Rail Network Pty Ltd | | | | \$84,952 | | | | | | | \$0 | \$84,952 |
| Third Parties/Other | \$4,065,159 | \$3,400,105 | | | | | | | | \$18,656 | \$4,065,159 | \$3,418,761 |
| | | | | | | | | | | | \$0 | \$0 |
| Total Receivables | \$16,619,569 | \$17,474,510 | \$0 | \$84,952 | \$0 | \$0 | \$0 | \$852,639 | \$0 | \$18,656 | \$16,619,569 | \$18,430,757 |

APO payables ageing schedule as at 31 March 2022

| Particulars | Outstanding for following periods from due date of payment# | | | | | | | | Total | | |
|--|---|--------------------|-------------|------------|------------|------------|-------------------|------------|------------|---------------------|--------------------|
| | <1 year | | 1 - 2 years | | 2-3 years | | More than 3 years | | 2022 | 2021 | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | | | |
| (ii) Others | | | | | | | | | | | |
| North Queensland Export Terminal Pty Ltd | | | | | | | | | | \$0 | \$0 |
| Bowen Rail Company Pty Ltd | | | | | | | | | | \$0 | \$0 |
| The Trustee for Adani Holdings Trust | | | | | | | | | | \$0 | \$0 |
| Carmichael Rail Network Pty Ltd | | | | | | | | | | \$0 | \$0 |
| Third Parties/Other | \$10,650,521 | \$7,978,573 | | | | | | | | \$10,650,521 | \$7,978,573 |
| | | | | | | | | | | \$0 | \$0 |
| Total Payables | \$10,650,521 | \$7,978,573 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$10,650,521 | \$7,978,573 |

13 Contingencies

Contingent liabilities

The directors are not aware of any contingent liabilities or commitments at 31 March 2022.

31 March 2021: \$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 Group is not a reporting entity as defined in the Australian Accounting Standards;
- (b) the consolidated financial statements and notes of the ABBOT POINT OPERATIONS PTY LTD for the period 1 April 2021 to 31 March 2022
 - (i) present fairly the Group's financial position as at 31 March 2022 and its performance for the period ended on that date; and
 - (ii) comply with Australian Accounting Standards to the extent described in note 2.1 to the consolidated financial statements
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Paul Fennelly
Director
Brisbane, 20 April 2022



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

Opinion

We have audited the financial reporting package, 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 2022, 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 reporting package presents fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022 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 reporting package.

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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial reporting package 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 reporting package which describes the basis of accounting. The financial reporting package 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 reporting package 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 reporting package.

Our opinion on the financial reporting package 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 reporting package, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reporting package 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 Reporting Package

The directors of the Company are responsible for the preparation and fair presentation of the financial reporting package 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 reporting package that is free from material misstatement, whether due to fraud or error.

In preparing the financial reporting package, 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 Reporting Package

Our objectives are to obtain reasonable assurance about whether the financial reporting package 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 reporting package.



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 reporting package, 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 reporting package 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 reporting package, including the disclosures, and whether the financial reporting package 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.

A handwritten signature in black ink, appearing to read 'Ernst + Young' followed by a stylized signature.

Ernst & Young
Brisbane
20 April 2022