Bowen Rail
Company

BOWEN RAIL COMPANY PTY LTD

A.C.N. 638 074 889

FINANCIAL REPORT
complying with
Australian Accounting Standards - Simplified Disclosures

FOR THE YEAR ENDED
31 MARCH 2023

Bowen Rail Company Pty Ltd

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Bowen Rail Company Pty Ltd
Directors' report
Year ended 31 March 2023

Your directors submit their report on Bowen Rail Company Pty Ltd ('the Company') for the year ended 31 March 2023.

DIRECTORS
The names of the Company's directors in office during the year and up to the date of this report are:

Jeyakumar Janakaraj
Samir Vora
Christopher Barlow

COMPANY SECRETARY
The Company Secretary of Bowen Rail Company Pty Ltd during the year and up to the date of this report is:

Rajesh Gupta

CORPORATE INFORMATION
Bowen Rail Company Pty Ltd is a Company limited by shares that is incorporated and domiciled in Australia.

The registered office of Bowen Rail Company Pty Ltd is located at:
Level 9, 120 Edward Street
Brisbane, Queensland, Australia.

PRINCIPAL ACTIVITIES
The principal activity of the Company during the year was a coal rail haulage operation in Australia.

RESULTS and DIVIDENDS
During the year ended 31 March 2023, the Company incurred a loss after tax of $46.4 million (2022 loss: $9.9 million).

The Company's normalised result before tax for the year, excluding net foreign exchange losses of $29.7 million (2022 losses: $0.1 million), is a loss before tax of $16.7 million (2022: $10.3 million) (non-IFRS disclosure).

No dividend has been paid or recommended.

REVIEW OF OPERATIONS
During the year, the Company commenced a coal rail haulage operation in Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
Other than the matter detailed as part of our review of the Company's operations for the year ended 31 March 2023, there were no significant changes in the state of affairs of the Company during the current financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD
There have been no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect the Company’s operations, the results of those operations or the Company’s state of affairs in financial years after the financial year ended 31 March 2023.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS
The Company is expected to continue the coal rail haulage operation in Australia.

ENVIRONMENTAL REGULATION AND PERFORMANCE
The Company's operations are subject to State and Federal Environmental Legislative requirements. There were no material breaches or non-compliance with these requirements during the financial year ended 31 March 2023 and up to the date of this report.

INSURANCE OF DIRECTORS AND INDEMNITIES
During the financial year, the Company paid premiums in respect of a 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 Company. 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 year ended 31 March 2023.

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 5.

ROUNDING
The amounts contained in the directors' report have been rounded to the nearest thousand ($'000), except when otherwise indicated, under the option available to the Company as provided in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

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

On behalf of the Board of Directors



Samir Vora
Director

Brisbane, 1 May 2023

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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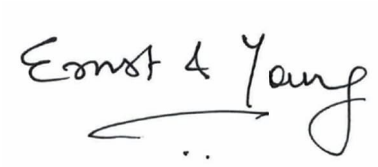
Auditor's independence declaration to the directors of Bowen Rail Company Pty Ltd

As lead auditor for the audit of the financial report of Bowen Rail Company Pty Ltd for the financial year ended 31 March 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.



Ernst & Young



Madhu Nair
Partner
1 May 2023

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Bowen Rail Company Pty Ltd

Statement of comprehensive income

For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 $'000	Year ended 31 March 2022 $'000
Lease revenue	4	72,168	-
Interest income		5	-
Expenses			
Employee costs		(24,048)	(5,112)
Operating expenses		(21,846)	-
Depreciation and amortisation		(12,042)	-
Other general and administration expenses		(13,092)	(5,143)
Finance costs		(17,867)	-
Foreign exchange loss, net		(29,685)	(136)
Loss before tax		**(46,407)**	**(10,391)**
Income tax benefit	5	-	482
Loss for the year		**(46,407)**	**(9,909)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(46,407)**	**(9,909)**

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

Bowen Rail Company Pty Ltd

Statement of financial position

As at 31 March 2023

	Notes	31 March 2023 $'000	31 March 2022 $'000
Assets			
Current assets			
Cash on hand and at bank		878	441
Restricted bank deposits		150	-
Trade and other receivables	6	3,338	3,681
Inventory	7	3,243	196
Prepayments		2,686	1,426
Total current assets		**10,295**	**5,744**
Non-current assets			
Capital work in progress	8	1,310	236,470
Property, plant and equipment	9	269,750	-
Intangible assets	10	13,095	-
Total non-current assets		**284,155**	**236,470**
Total assets		**294,450**	**242,214**
Liabilities			
Current liabilities			
Trade and other payables	11	53,469	56,625
Interest-bearing loans	12	6,386	-
Employee benefits		967	461
Total current liabilities		**60,821**	**57,085**
Non-current liabilities			
Interest-bearing loans	12	243,827	169,487
Non-interest bearing loans	12	44,949	24,423
Employee benefits		42	-
Total non-current liabilities		**288,818**	**193,910**
Total liabilities		**349,640**	**250,996**
Net liabilities		**(55,190)**	**(8,782)**
Equity			
Issued capital	13	2	2
Accumulated losses		(55,192)	(8,785)
Total capital deficiency		**(55,190)**	**(8,783)**

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

Bowen Rail Company Pty Ltd

Statement of changes in equity

For the year ended 31 March 2023

	Ordinary shares	(Accumulated losses)/ Retained earnings	Total
	$'000	**$'000**	**$'000**
For the year ended 31 March 2023			
At 1 April 2022	2	(8,785)	(8,783)
Loss for the year	-	(46,407)	(46,407)
Total comprehensive loss for the year	**-**	**(46,407)**	**(46,407)**
At 31 March 2023	**2**	**(55,192)**	**(55,190)**
For the year ended 31 March 2022			
At 1 April 2021	2	1,124	1,126
Loss for the year	-	(9,909)	(9,909)
Total comprehensive loss for the year	**-**	**(9,909)**	**(9,909)**
At 31 March 2022	**2**	**(8,785)**	**(8,783)**

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

Bowen Rail Company Pty Ltd

Statement of cash flows

For the year ended 31 March 2023

	Year ended 31 March 2023 $'000	Year ended 31 March 2022 $'000
Cash flows from/(used in) operating activities		
Receipts from customers	79,384	-
Payments to suppliers and employees	(69,576)	(10,966)
Interest received	5	-
Interest paid	(2,143)	-
Net cash from/(used in) operating activities	**7,670**	**(10,966)**
Cash flows used in investing activities		
Investment in restricted bank deposit	(150)	-
Addiitons of capital work in progress	(91,971)	(146,854)
Net cash used in investing activities	**(92,121)**	**(146,854)**
Cash flows from financing activities		
Advances from related parties, net	34,174	6,535
Proceeds from related party borrowings	-	185,347
Repayment of related party borrowings	2,667	(34,203)
Proceeds from borrowings - other	114,940	-
Repayment of borrowings - other	(66,757)	-
Net cash from financing activities	**85,024**	**157,679**
Net increase/(decrease) in cash at bank and on hand	573	(141)
Foreign exchange difference	(136)	119
Cash at bank and on hand at beginning of the year	441	463
Cash at bank and on hand at year end	**878**	**441**

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

1 CORPORATE INFORMATION

The financial statements of Bowen Rail Company Pty Ltd (the 'Company') for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Directors on 1 May 2023.

Bowen Rail Company Pty Ltd is a company limited by shares and is incorporated in Australia. Parent entity details are disclosed in Note 14(a). The Company's principal place of business is Level 9, 120 Edward Street, Brisbane, Queensland, Australia.

The Company is principally engaged in a coal rail haulage operation in Australia.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all periods presented, unless otherwise stated.

Statement of compliance

These general purpose financial statements have been prepared in compliance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standards – Simplified Disclosures*. The Company is a for-profit, private sector entity which is not publicly accountable for the purposes of preparing these financial statements.

The financial report has been prepared on a historical cost basis, except as otherwise stated, and is presented in Australian dollars. Comparative information has been reclassified where required for consistency with the current year's presentation.

All values are rounded to the nearest thousand ($'000), except when otherwise indicated, under the option available to the Company as provided in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

(b) Going concern

During the year ended 31 March 2023, the Company incurred a loss after tax of $46.4 million (2022 loss: $9.9 million). The Company's normalised result before tax for the year, excluding net foreign exchange losses of $29.7 million (2022 losses: $0.1 million), is a loss before tax of $16.7 million (2022: $10.3 million).

As at 31 March 2023, the Company's current liabilities exceeded current assets by $50.5 million (2022: $51.3 million). The net current liability position is mainly due to the classification as current liabilities of the Company's related party loans and other payables (refer to Notes 11 & 12).

The financial report has been prepared on a going concern basis, which contemplates continuity in the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the Company to continue as a going concern is dependent upon the ongoing support of its shareholder. Consistent with prior years, the Company is dependent on the ongoing financial support of Adani Enterprises Ltd ('AEL') (its ultimate parent entity) and has received a letter of support as part of the finalisation of the financial report for the year ended 31 March 2023. AEL has agreed to not call on the Company to repay any loans or other amounts owing to it or entities under its control if, after payment of the loans or the other amounts, the Company would not be able to meet its debts as and when they fall due for a period not less than twelve months from the date of these financial statements. Additionally, AEL, in its own capacity or through entities under its control, has agreed to provide financial support to the Company for a period at least twelve months from the date of these financial statements.

Based on the letter of support received, the Directors of the Company are satisfied funds will be available to meet the planned activities and contractual commitments for at least 12 months from the date of the authorisation of these financial statements. In making this assessment, the Directors have considered the ability of AEL to continue to provide effective financial support in light of matters detailed in Note 16 to the financial report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation

The Company's functional currency is the Australian dollar, being the currency of the primary economic environment in which it operates.

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the appropriate exchange rates ruling at that date. Foreign exchange differences are dealt with in the profit or loss.

(d) Lease revenue

Revenue is earned from a rail haulage agreement. Under the agreement lease revenue is calculated on a per product tonne basis and include: Variable Operating and Maintenance charges ('VOM'); and capacity charges. The VOM charge offsets operating and maintenance costs related to the rail asset. The capacity charge is determined through tariff rates determined by the Company. The Company is able to recover in the contract year any shortfall of capacity charges through Take-or-Pay clauses when annual volumes railed are less than the contracted volumes.The lease payment related to the provision of promised services to the customer as the performance obligations are met. The fulfilment of performance obligations occurs when the product is delivered to and unloaded at its destination. The amount of revenue recognised reflects the consideration to which the Company is or expects to be entitled to in exchange for those services.

(e) Other income recognition

Interest

Interest income 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 EIR, 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.

(f) Income taxes

Current 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 reporting date between the tax bases of assets and liabilities and their carrying amount for financial 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 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in 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 Statement of Cash Flows, cash at bank and on hand includes deposits at call which are readily convertible to cash on hand, as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivables are recognised when an amount of consideration that is unconditional is due from the customer, i.e. only the passage of time is required before payment of the consideration is due. Refer to accounting policies in note 2(j) Financial Instruments (i) Financial assets - initial recognition and measurement; and (ii) Financial assets - subsequent measurement.

(j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets - initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ('OCI'), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(ii) Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

► Financial assets at amortised cost (debt instruments)
► Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

► The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
► The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include cash on hand and at bank and trade and other receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(iii) De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised when:

► The rights to receive cash flows from the asset have expired; or

► The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iv) Impairment of financial assets

The Company recognises an allowance for expected credit losses ('ECL's') for all debt instruments not held at fair value through profit or loss. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For other receivables and contract assets, the Company applies a simplified approach in calculating ECL's. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements help by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(v) Financial liabilities - initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or trade and other payables as appropriate. The Company's financial liabilities currently comprise trade and other payables and interest and non-interest bearing loans from related parties.

All financial liabilities are recognised initially at net of directly attributable transactions costs.

(vi) Financial liabilities - subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below.

Trade and other payables and Loans from related parties

This category is the most relevant to the Company. After initial recognition, trade and other payables and loans from related parties are subsequently measured at amortised cost using the EIR method. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

(vii) De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(viii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(k) Capital work in progress

Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leases

The Company 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.

(i) Company as a lessee

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

(ii) Company as a lessor

When the Company acts as a lessor, it determines at inception whether each lease is a finance lease or an operating lease.

Operating Lease

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Finance Lease

Leases in which the Company transfer substantially all the risks and benefits of ownership of an asset are classified as finance leases. Where the Company is an intermidiary lessor, it accounts for its interest in the head lease and the sublease seperately. It assesses the lease clasification of a sublease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. The Company derecognises the right of use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease. If an arrangement contains lease and non lease components, the Company applies AASB 15 to allocate consideration in the contract.

(m) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

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

► Rolling stock	5 to 30 years
► Plant and machinery	10 years
► Building	10 to 25 years
► Furniture and fixtures	5 to 15 years
► Tracks	15 to 50 years
► General civil	25 to 50 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 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 profit or loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(n) Intangible assets

Intangible assets represent costs incurred by the Company in establishing a third party rail connection. The costs are amortised over the term of the right to use agreement, and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units or 'CGU's').

The recoverable amount is the greater of an asset's fair value less costs to sell and value in use. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Trade and other payables

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

(p) Interest-bearing loans

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for a least 12 months after the reporting date.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction and production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Deferred borrowing costs are amortised over the life of the loan based on the EIR method.

(r) Contributed equity

Ordinary shares and additional capital contributions are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) New and amended accounting standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022.

In the prior year, the Company adopted AASB 2020-3 Amendments to AASB 116 - Property, Plant and Equipment: Proceeds before Intended Use, which relates to the capitalisation of costs during testing and commissioning. The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment no longer applied to the Company upon commencement of operations (refer Note 3 *Operations start date*).

During the current year, the Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are detailed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

AASB 2020-1 Amendments to AASs – *Classification of Liabilities as Current or Non-current*

The amendments clarify:

► What is meant by a right to defer settlement

► That a right to defer must exist at the end of the reporting period

► That classification is unaffected by the likelihood that an entity will exercise its deferral right

► That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New and amended accounting standards and interpretations (continued)

AASB 2022-6 Amendments to AAS's - *Non-current Liabilities with Covenants*

The amendments clarify the requirements for classifying liabilities as current or non-current, specifically

► The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists

► Management intention or expectation does not affect the classification of liabilities

► In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.

AASB 2022-6 provides further requirements regarding the first amendment by

► Clarifying that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current

► Adding presentation and disclosure requirements for non-current liabilities subject to compliance with future covenants within the next 12 months

► Clarifying specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date.

AASB 2020-1 amendments are effective for annual reporting periods beginning on or after 1 January 2024 and AASB 2022-6 amendments are effective for annual reporting periods beginning on or after 1 January 2023. These amendments are applied retrospectively, and earlier application is permitted.

AASB 2021-2 AASB 101 and AASB Practice Statement 2 - *Making Materiality Judgements – Disclosure of Accounting Policies*

The amendments to AASB 101 require disclosure of material accounting policy information, instead of significant accounting policies. Unlike 'material', 'significant' was not defined in Australian Accounting Standards. Leveraging the existing definition of material with additional guidance is expected to help preparers make more effective accounting policy disclosures. The guidance illustrates circumstances where an entity is likely to consider accounting policy information to be material. Entity-specific accounting policy information is emphasised as being more useful than generic information or summaries of the requirements of Australian Accounting Standards.

The amendments to AASB Practice Statement 2 supplement the amendments to AASB 101 by illustrating how the four-step materiality process can identify material accounting policy information. Earlier application of the amendments is permitted.

AASB 2021-6 Amendments to AAS's - *Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*

To be consistent with the amendments made by AASB 2021-2 to accounting policy disclosures, the AASB amended specific Australian Accounting Standards to improve the usefulness of accounting policy disclosures. AASB 1060 was amended to highlight that information about the measurement bases for financial instruments is expected to be material.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

AASB 2021-2 Amendments to AASB 108 – *Definition of Accounting Estimates*

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New and amended accounting standards and interpretations (continued)

AASB 2021-5 Amendments to AASs – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Deferred taxes representing amounts of income tax payable or recoverable in the future must be recognised on temporary differences unless prohibited by AASB 112 in certain circumstances. One of these circumstances, known as the initial recognition exception, applies when a transaction affects neither accounting profit nor taxable profit, and is not a business combination. Views differ about applying this exception to transactions that, on initial recognition, create both an asset and liability (and could give rise to equal amounts of taxable and deductible temporary differences) such as:

► Recognising a right-of-use asset and a lease liability when commencing a lease

► Recognising decommissioning, restoration and similar liabilities with corresponding amounts included in the cost of the related asset.

Some entities have previously recognised deferred tax consequences for these types of transactions, having concluded that they did not qualify for the initial recognition exception. The amendments to AASB 112 clarify that the exception would not normally apply. That is, the scope of this exception has been narrowed such that it no longer applies to transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The amendments apply from the beginning of the earliest comparative period presented to:

► All transactions occurring on or after that date

► Deferred tax balances, arising from leases and decommissioning, restoration and similar liabilities, existing at that date

The cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Company is currently assessing the impact of the new and amended accounting standards to determine the impact these will have on the Company's financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make estimates and judgements that affect the amounts reported in the financial statements and notes. Actual results could differ from those estimates. The following judgements have the most significant effect on the amounts recognised in the financial statements:

Property, plant and equipment

Property, plant and equipment subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount for the cash generating unit ('CGU') to which the asset belongs. CGU's are the smallest identifiable group of assets that generate cash flows that are largely independent from the cash flows of other assets or group of assets.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less cost of disposal or value-in-use. An impairment loss is recognised in profit or loss if the carrying amount of the asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU.

Rolling stock

Plant and equipment includes rolling stock assets which are used to transport coal from mine to port. The useful lives of rolling stock assets are determined based on the expected engineering life, and are reviewed annually.

Rolling stock assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The level of rolling stock required is determined with consideration of key assumptions, including forecast volumes, productivity and contingent fleet requirements.

Deferred tax

Deferred tax assets are recognised for all temporary differences (including unused tax losses) to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Operations start date

The Company assesses the stage of development of the rail operations to determine when its rolling stock moves into the operation phase, this being when the assets are in place and fully licensed to operate commercially at its intended use. The Company considers various relevant criteria to assess when the operation phase is considered to have commenced. At this point, all related amounts are reclassified from ‘Capital work in progress’ to ‘Property, plant and equipment’. At this point, the capitalisation of certain development costs ceases and also, at this point, depreciation commences.

During the year, the Company assessed that it had met the criteria above and therefore the operations phase had commenced.

Lease classification

The Company has entered into a lease agreement with Adani Mining Pty Ltd (AMPL). The Company has determined, based on an evaluation of terms and conditions, that the arrangement represents an operating lease.

The initial lease period is based on management's assessment, which represents the initial 5 year term plus a 5 year option to extend.

Functional currency

The functional currency for the Company is the currency of the primary economic environment in which the Company operates. The functional currency of the Company is the Australian dollar. Determination of functional currency may involve certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

		31 March $'000	31 March $'000
4	**LEASE REVENUE**		
	Variable lease income - related party	60,543	-
	Fixed lease income - related party	11,625	-
	Total lease revenue	**72,168**	-

The Company has entered into a rail haulage agreement with Adani Mining Pty Ltd (AMPL), a related company, for haulage services using the Company's rolling stock. Fixed lease revenue is recognised as the relevant performance obligations are satisfied over time by the provision of freight transport services and is billed monthly. Variable lease revenue is billed monthly in arrears and recognised at rates/basis as agreed between the parties. At each balance date, both fixed and variable lease revenue includes an amount of revenue for which performance obligations have been met under the respective contract but have not yet settled. These amounts are recognised as trade receivables.

The initial term of the lease is for 10 years.

Future minimum fixed rentals receivable under this non-cancellable operating lease as at 31 March 2023 are as follows:

Within one year	19,375	-
Between 1 and 5 years	93,000	-
More than 5 years	98,813	-
	211,188	-

5	**INCOME TAX**		
	Numerical reconciliation of income tax expense to prima facie tax payable		
	Accounting loss before income tax	(46,407)	(10,391)
	At Australia's statutory income tax rate of 30% (2022: 30%)	13,922	3,117
	Non-deductible expenditure	(1,447)	-
	Tax losses not recognised	(12,475)	(2,636)
		-	**482**
	Reconciliation of deferred tax assets/(liabilities), net		
	Tax benefit/(expense) during the period recognised in profit or loss	-	482
		-	**482**
	Tax losses		
	Unused tax losses	**55,711**	**18,270**
	Potential tax benefit	**16,713**	**5,481**

The Company has unrecognised deferred tax assets in relation to the tax losses amounting to $16.7 million (2022: $5.5 million).

6	**TRADE AND OTHER RECEIVABLES**		
	Due from related parties - receivable on demand and non-interest bearing	38	38
	Advances and deposits with vendors	2,910	2,968
	GST receivable	390	675
	Total trade and other receivables	**3,338**	**3,681**

7	**INVENTORY**		
	Fuel	372	-
	Stock in transit	2,013	-
	Other items	858	196
		3,243	**196**

		31 March 2023 $'000	31 March 2022 $'000
8	**CAPITAL WORK IN PROGRESS**		
	Balance at the beginning of the year	236,470	51,870
	Additions	55,458	177,895
	Capitalised interest	4,269	6,705
	Capitalised to property, plant and equipment and intangible assets on commencement of operations during the year	(294,887)	-
	Balance at the end of the year	**1,310**	**236,470**
9	**PROPERTY, PLANT AND EQUIPMENT**		
	Land		
	At cost and net carrying amount	**3,772**	**-**
	Buildings		
	At cost	2,925	-
	Less: accumulated depreciation	(29)	-
	Net carrying amount	**2,897**	**-**
	Rolling stock		
	At cost	227,561	-
	Less: accumulated depreciation	(11,407)	-
	Net carrying amount	**216,153**	**-**
	Furniture and fixtures		
	At cost	196	-
	Less: accumulated depreciation	(6)	-
	Net carrying amount	**190**	**-**
	Track		
	At cost	7,609	-
	Less: accumulated depreciation	(47)	-
	Net carrying amount	**7,561**	**-**
	General civil		
	At cost	36,517	-
	Less: accumulated depreciation	(225)	-
	Net carrying amount	**36,291**	**-**
	Plant and machinery		
	At cost	3,023	-
	Less: accumulated depreciation	(140)	-
	Net carrying amount	**2,883**	**-**
	Total property, plant and equipment		
	At cost	281,604	-
	Less: accumulated depreciation	(11,854)	-
	Net carrying amount	**269,750**	**-**

		31 March 2023 $'000	31 March 2022 $'000
9	**PROPERTY, PLANT AND EQUIPMENT (continued)**		
	Reconciliation of carrying amounts at the beginning and end of the year		
	Land		
	Capitalised from capital work in progress during the year	**3,772**	**-**
	Buildings		
	Capitalised from capital work in progress during the year	2,925	-
	Depreciation charged for the year	(29)	-
	Balance at the end of the year	**2,897**	**-**
	Rolling stock		
	Capitalised from capital work in progress during the year	227,561	-
	Depreciation charged for the year	(11,407)	-
	Balance at the end of the year	**216,153**	**-**
	Furniture and fixtures		
	Capitalised from capital work in progress during the year	196	-
	Depreciation charged for the year	(6)	-
	Balance at the end of the year	**190**	**-**
	Track		
	Capitalised from capital work in progress during the year	7,609	-
	Depreciation charged for the year	(47)	-
	Balance at the end of the year	**7,561**	**-**
	General civil		
	Capitalised from capital work in progress during the year	36,517	-
	Depreciation charged for the year	(225)	-
	Balance at the end of the year	**36,291**	**-**
	Plant and machinery		
	Capitalised from capital work in progress during the year	3,023	-
	Depreciation charged for the year	(140)	-
	Balance at the end of the year	**2,883**	**-**
	Total property, plant and equipment		
	Capitalised from capital work in progress during the year	281,604	-
	Depreciation charged for the year	(11,854)	-
	Total property, plant and equipment at the end of the year	**269,750**	**-**

		31 March 2023	31 March 2022
		$'000	$'000
10	**INTANGIBLE ASSETS**		
	Right to use third party rail connection		
	Capitalised from capital work in progress	13,283	-
	Less: accumulated amortisation	(188)	-
	Balance at the end of the year	**13,095**	**-**
11	**TRADE AND OTHER PAYABLES**		
	Amounts due to related parties - non interest bearing and payable on demand	17,717	4,912
	Accrued interest - related parties	26,223	6,705
	Accrued interest - others	476	-
	Other payables	9,054	45,008
	Total trade and other payables	**53,469**	**56,625**
12	**LOANS PAYABLE**		
	Current		
	Interest-bearing: equipment financing*	6,456	-
	Non-interest bearing loan**	-	-
		6,456	**-**
	Less : Deferred borrowing costs	(70)	-
	Total current loans	**6,386**	**-**
	Non-current		
	Interest-bearing: equipment financing*	43,700	-
	Non-interest bearing loan**	44,949	24,423
	Interest-bearing loan ***	200,477	169,487
		289,126	**193,910**
	Less : Deferred borrowing costs	(350)	-
	Total non-current loans	**288,777**	**193,910**

* Equipment financing
Represents a Lease-Purchase Agreement denominated in US dollars for US$33.7 million established in the current period to finance 14 locomotives. The facility carries interest at commercial rates, with repayments over 7 years from the draw down. These are secured against the respective assets of the Company and a corporate guarantee from one of the parent entities. The arrangement is recognised as the acquisition and financing of equipment (rather than a sale and leaseback) since the financier has no control over the assets in order to support a sale having occurred.

** Non-interest bearing loan
On 9 September 2020, the Company entered into a US dollar loan facility agreement with a related party. The amount of the facility was initially US$10 million, which has been increased by subsequent amendments to US$70 million. Under this facility, the drawn down balance as at 31 March 2023 was US$30.2 million (2022: US$18.3 million).

*** Interest-bearing loan
On 18 April 2021, the Company entered into a US$100 million loan facility agreement with a related party. On 1 September 2021, the agreement was amended to increase the facility to US$150 million. Under this facility, as at 31 March 2023 the Company had drawn down US$134.56 million (2022: US$126.81 million). The loan bears interest at benchmark rate plus a margin of 650 points per annum. The loan is repayable at the end of the 60th month from the date of the last drawdown.

13	**CONTRIBUTED EQUITY**		
	Issued and paid-up capital		
	2,000 ordinary shares of $1 each fully paid	**2**	**2**

The ordinary shareholder has the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

14 RELATED PARTY DISCLOSURES

(a) Parent entities

The Company is controlled by the following entities:

Name and place of incorporation	Type	Ownership Interest 31 March 2023	Ownership Interest 31 March 2022
Adani Enterprises Ltd, India	Ultimate parent entity	100%	100%
Bowen Rail Operations Pte Ltd, Singapore	Immediate parent entity	100%	100%

There were no transactions between the Company and its ultimate parent entities during the financial year (2022: nil).

(b) Transactions with other related parties	Year ended 31 March 2023 $'000	Year ended 31 March 2022 $'000
The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.		
Lease revenue (refer Note 4)	72,168	-
Recharge of expenses	(8,834)	(6,155)
Interest	(19,517)	(6,705)

Terms and conditions of transactions with related parties

Related party transactions are based on agreements between parties.

(c) Outstanding balances arising from sales/purchases of goods and services

Related party receivables are reported in Note 6 (including terms and conditions).
Related party payables are reported in Note 11 (including terms and conditions).

(d) Compensation of key management personnel

Total compensation	**1,776**	**1,440**

The amounts disclosed in the table are the amounts recognised as an expense or included in capital work in progress during the reporting period related to key management personnel.

	31 March 2023	31 March 2022
	$'000	$'000
14 RELATED PARTY DISCLOSURES (continued)		
(e) Loans from related parties (refer note 12)		
Abbot Point Port Holdings Pte Ltd		
Opening balance	169,487	-
Loans advanced	11,858	171,410
Movements in foreign exchange rates	19,132	(1,923)
Closing balance	**200,477**	**169,487**
Bowen Rail Operations Pte Ltd		
Opening balance	-	32,755
Repayments	-	(34,203)
Movements in foreign exchange rates	-	1,448
Closing balance	**-**	**-**
Adani Mining Pty Ltd		
Opening balance	24,423	10,929
Loans advanced	16,984	13,937
Movements in foreign exchange rates	3,542	(443)
Closing balance	**44,949**	**24,423**

15 AUDITOR'S REMUNERATION

The auditor of Bowen Rail Company Pty Ltd is Ernst & Young Australia.

Amounts received or due and receivable by Ernst & Young Australia for an audit or review of the financial report of the Company	**50**	**26**

16 OTHER MATTERS

During the year ended 31 March 2023, a short seller issued a report alleging certain issues against the ultimate parent company Adani Enterprises Limited ('AEL') and its related entities. These allegations have been refuted by AEL and its related entities in its detailed response submitted to Bombay Stock Exchange and National Stock Exchange on 29 January 2023. The Company has assessed that no material financial adjustment arises to the Company's financial information for the year ended 31 March 2023 or any prior period with respect to the allegations (including matters detailed in Note 2(b) to the financial report).

To uphold the principles of good governance, AEL has undertaken review of transactions referred to in the short seller's report through an independent law firm. The report confirms AEL's compliance with applicable laws and regulations. Further, in the context of the short seller's report, a petition was filed with the Honourable Supreme Court of India, and the Securities and Exchange Board of India ('SEBI') is examining compliance with laws and regulations by conducting enquiries regarding related party transactions and other allegations against AEL and its related entities.

17 CAPITAL COMMITMENTS		
Capital work in progress	**1,459**	**61,425**
18 CONTINGENT LIABILITIES		
Bank guarantees issued on behalf of the Company	**100**	**100**

The guarantees are secured against restricted bank deposits of $100,000.

19 SUBSEQUENT EVENTS

There have been no other matters or circumstances that have arisen since the end of the financial year, that have significantly affected, or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs after the year ended 31 March 2023.

Bowen Rail Company Pty Ltd
Directors' declaration

In the directors' opinion:

(a) The financial statements and notes of Bowen Rail Company Pty Ltd for the financial year ended 31 March 2023 are in accordance with the C*orporations Act 2001* , including:

(i) giving a true and fair view of the Company's financial position as at 31 March 2023 and of its performance for the year then ended on that date; and

(ii) complying with *Australian Accounting Standards - Simplified Disclosures* and the *Corporations Regulations 2001.*

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board of Directors



Samir Vora
Director

Brisbane, 1 May 2023

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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Independent auditor's report to the members of Bowen Rail Company Pty Ltd

Opinion

We have audited the financial report of Bowen Rail Company Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2023, the statement of comprehensive income, statement of changes in equity and 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 of the Company is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's financial position as at 31 March 2023 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 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.

Information other than the financial report and auditor's report thereon

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.

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Other Matter

We draw attention to Note 16 Other Matters in the financial report which describes allegations made by a short seller on Adani Enterprises Limited as ultimate parent of the company and its related entities which has been refuted by Adani Enterprises Limited and its related entities. Our opinion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 Company 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 Company's internal control.

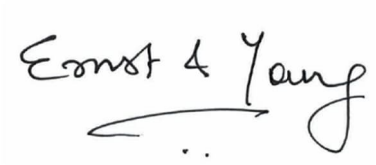
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- 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 Company'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 Company 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



Madhu Nair
Partner
Brisbane
1 May 2023