

ADANI INFRASTRUCTURE PTY LTD

ACN: 606 764 827

SPECIAL PURPOSE FINANCIAL ACCOUNT

YEAR ENDED 31 MARCH 2017

ADANI INFRASTRUCTURE PTY LTD
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2017

Your directors submit their report for year ended on 31 March 2017.

Directors

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

Jeyakumar Janakaraj (appointed 30 June 2015)

Samir Vora (appointed 30 June 2015)

Corporate Information

Adani Infrastructure Pty Ltd is a Company limited by shares that is incorporated and domiciled in Australia.

The Company was incorporated and commenced operations on 30 June 2015.

The registered office of Adani Infrastructure Pty Ltd is located at:

Level 25, 10 Eagle Street,
Brisbane, Queensland 4000, Australia

Company Secretary

The Company Secretary of Adani Infrastructure Pty Ltd at the appointed time and since the end of the financial year is:

S M Groth (appointed 30 June 2015 to 30 September 2015)

Rajesh Gupta (appointed 25 September 2015)

Employees

As at 31 March 2017, the Company had no employees.

Principal Activities

The principal activity of the Company during the year 31 March 2017 was undertaking the pre-construction activities for Adani renewable energy project development and water infrastructure work for the mining project.

Operations and Financial Review

The loss after tax for the Company for the year ended 31 March 2017 was \$956,803.

The company carried out feasibility study and pre-construction activities of various solar project in Australia. During the year, the company have also received water licence from the Queensland Government.

Dividends

No dividend has been paid nor recommended.

Significant Changes in the State of Affairs

Other than the matters detailed as part of our review of the Company's operation for the year ended 31 March 2017, there were no significant changes in the state of affairs of the Company during the current financial year.

Likely Developments and Expected Results

Likely developments in the Company's operations 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 Company.

ADANI INFRASTRUCTURE PTY LTD
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2017

Environmental Regulation and Performance

The Company's operations are subject to State and Federal Environmental Legislative requirements. There were no breaches or non-compliance with these requirements during the financial year ended 31 March 2017 and up to the date of this report.

Significant Events after the Balance Date

There have been no matters or circumstances that have arisen since the end of the financial period 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 period ended 31 March 2017.

Indemnification and Insurance of Directors

During the financial year, a related party paid premiums in respect of Directors' and Officers' Liability Insurance contract. The insurance contract insure 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, 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 during or since the financial year.

Auditor's Independence Declaration


We have obtained an independence declaration from our auditor, Ernst & Young, as attached at page 15.

Non-audit Services

The details of non-audit services provided by the entity's auditor are included in Note 11 to the financial statements. 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.

Signed in accordance with a resolution of directors.

On behalf of the Board



Jeyakumar Janakaraj
Director

Brisbane, Queensland
17 May 2017

ADANI INFRASTRUCTURE PTY LTD
DIRECTORS' DECLARATION
YEAR ENDED 31 MARCH 2017

In accordance with a resolution of the directors of Adani Infrastructure Pty Ltd, we state that:

In the opinion of the directors:

- a) The Company is not a reporting entity as defined in the Australian Accounting Standards;
- b) The financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 March 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent described in note 1 to the financial statements and complying with the *Corporations Regulations 2001*; and
- 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



Jeyakumar Janakaraj
Director

Brisbane, Queensland

12 May 2017

ADANI INFRASTRUCTURE PTY LTD
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31-Mar-17 \$	Period from 30-June-15 to 31-Mar-16 \$
Interest income	2	628	113
General and administration expenses		(957,431)	(1,000)
LOSS BEFORE INCOME TAX		(956,803)	(887)
Income tax expense	3	-	-
LOSS FOR THE PERIOD		(956,803)	(887)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD (NET OF TAX)		(956,803)	(887)

ADANI INFRASTRUCTURE PTY LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

		31-Mar17 \$	31-Mar-16 \$
CURRENT ASSETS			
Cash at bank and on hand	9(b)	71,539	99,338
Other receivables	4	149,051	1,071
TOTAL CURRENT ASSETS		220,590	100,409
NON-CURRENT ASSETS			
Capital work in progress	5	3,962,722	33,372
TOTAL NON-CURRENT ASSETS		3,962,722	33,372
TOTAL ASSETS		4,183,313	133,781
CURRENT LIABILITIES			
Trade and other payables	6	442,673	33,668
Non-interest bearing loan and payable-Adani Mining Pty Ltd		4,697,329	100,000
TOTAL CURRENT LIABILITIES		5,140,002	133,668
TOTAL LIABILITIES		5,140,002	133,668
NET LIABILITIES		(956,690)	113
Contributed equity	7	1,000	1,000
Accumulated losses	8	(957,690)	(887)
TOTAL EQUITY		(956,690)	113

ADANI INFRASTRUCTURE PTY LTD
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2017

	Year ended 31-Mar-17 \$	Period from 30-June-15 to 31-Mar-16 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(953,431)	-
Interest received	628	113
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(952,803)	113
9(a)		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for project expenses	(2,064,996)	(775)
Advance to a related party	-	(1,000)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	(2,064,996)	(1,775)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan	2,990,000	100,000
Capital raised	-	1,000
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,990,000	101,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,799)	99,338
Add opening cash and cash equivalent brought forward	99,338	-
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	71,539	99,338
9(b)		

ADANI INFRASTRUCTURE PTY LTD
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2017

	<i>Contributed equity</i>	<i>Accumulated losses</i>	<i>Total</i>
	\$	\$	\$
At 31 March 2016	1,000	(887)	113
Loss for the year	-	(956,803)	(956,803)
At 31 March 2017	1,000	(957,690)	(956,690)

	<i>Contributed equity</i>	<i>Accumulated losses</i>	<i>Total</i>
	\$	\$	\$
At 30 June 2015			
(incorporation of Adani Infrastructure Pty Ltd)	1,000	-	1,000
Loss for the period	-	(887)	(887)
At period end 31 March 2016	1,000	(887)	113

ADANI INFRASTRUCTURE PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The special purpose financial report of Adani Infrastructure Pty Ltd for the year ended 31 March 2017 was authorised for issue in accordance with a resolution of the Directors on // May 2017

a) Basis of accounting

This special purpose financial report has been prepared for distribution to the members to fulfil the directors' financial reporting requirements under the *Corporations Act 2001*. The accounting policies used in the preparation of this report are, in the opinion of the directors, appropriate to meet the needs of members.

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

At 31 March 2017, the Company has a net asset deficiency of \$956,690 (2016: Surplus\$113). Also, the Company's current liabilities exceed current assets by \$4,919,412 (2016: \$33,259). The going concern basis has been adopted in preparing these accounts on the basis that:

- Adani Mining Pty Ltd an entity under the common control of the Company's ultimate parent, Adani Enterprise Limited has extended a loan facility to the Company to enable pay its debts as and when they fall due (but only to the extent that money is not otherwise available to the Company to meet such liabilities) for a period of at least 12 months from the date of the approval of the financial report;
- Adani Mining Pty Ltd confirmed in writing that it would not demand the payment the amount due from the company for a period of at least 12 months from the date of the approved of the financial report; and
- The Company continues to assess various options for financing the ultimate development and operation of the renewable project.

b) Statement of compliance

The requirements of Accounting Standards and other professional reporting requirements do not have mandatory applicability to the Company because it is not a reporting entity. However, the directors have determined that in order for the financial report to give a true and fair view of the Company's performance, cash flows and financial position, the requirements of the Accounting Standards and other professional reporting requirements in Australia relating to the measurement of assets, liabilities, revenues, expenses and equity should be complied with.

The directors have prepared the financial report in accordance with Accounting Standards and other professional reporting requirements in Australia with the exception of the disclosure requirements of the following:

- AASB 7 *Financial Instruments: Disclosures*;
- AASB 13 *Fair Value Measurement*;
- AASB 112 *Income Taxes*;
- AASB 116 *Property, Plant and Equipment*;
- AASB 117 *Leases*;
- AASB 119 *Employee Benefits*;
- AASB 123 *Borrowing Costs*;
- AASB 124 *Related Party Disclosures*;
- AASB 132 *Financial Instruments: Presentation*;
- AASB 136 *Impairment of Assets*;
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*; and
- AASB 139 *Financial Instruments: Recognition and Measurement*.

The financial report complies with Australian Accounting Standards, except of the disclosure requirements of the pronouncements listed above.

ADANI INFRASTRUCTURE PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b) Statement of compliance (continued)

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 31 March 2017.

The Company has not elected to early adopt these Standards and Interpretations. Based on this assessment management does not expect them to have a material effect on the financial position or performance of the Company.

c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific revenue recognition criteria must also be met before revenue is recognised:

Interest

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

d) 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 balance sheet date between the tax bases of assets and liabilities and their carrying amount of for financial statement purposes.

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

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

ADANI INFRASTRUCTURE PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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 and cash equivalents cash includes deposits at call which are readily convertible to cash on hand.

f) Trade and other receivables

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

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

g) Property, Plant and Equipment

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

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.

The Company is currently in the development phase and has no depreciating asset during the period.

h) Impairment

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

ADANI INFRASTRUCTURE PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) 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.

j) Foreign currency transactions

The Company's currency is the Australian dollar, being the currency of the primary economic environment in which they operate. The special purpose financial report is presented in Australian dollars.

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. Exchange differences are dealt with in the profit or loss.

k) Significant accounting judgements and estimates

The preparation of the special purpose financial report requires management to make estimates and judgements that affect the amounts reported in the special purpose financial report and accompanying notes. Actual results could differ from those estimates.

The following judgements have the most significant effect on the amounts recognised in the special purpose financial report.

Impairment:

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Based on the value in use approach no impairment has been recognised. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next thirty five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows

ADANI INFRASTRUCTURE PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

	Year ended 31-Mar-17 \$	Period from 30-June-15 to 31-Mar-16 \$
2. OTHER INCOME		
Interest income	628	113
	628	113
3. INCOME TAX		
Accounting loss before income tax	(956,803)	(887)
At the statutory income tax rate of 30%	(287,041)	(266)
Tax losses not recognised	287,041	266
At the effective income tax rate	-	-
4. OTHER RECEIVABLES	31-Mar-17	31-Mar-16
	\$	\$
GST receivable	148,051	71
Due from a related party	1,000	1,000
	149,051	1,071

ADANI INFRASTRUCTURE PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

	31-Mar-17 \$	31-Mar-16 \$
5. CAPITAL WORK IN PROGRESS		
Opening balance	33,372	-
Additions for the year/period	3,929,350	33,372
Closing balance	<u>3,962,722</u>	<u>33,372</u>

6. TRADE AND OTHER PAYABLES

Trade creditors and accruals	442,673	33,668
	<u>442,673</u>	<u>33,668</u>

7. CONTRIBUTED EQUITY

(a) Issued and paid up capital

- ordinary shares	<u>1,000</u>	<u>1,000</u>
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(b) Movement in ordinary shares on issue

- Opening balance	1,000	-
- Issued during the period	-	1,000
- Closing balance	<u>1,000</u>	<u>1,000</u>

Ordinary shares have 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.

8. ACCUMULATED LOSSES

Movement in retained earnings were as follows:

- Opening Balance	(887)	-
- Net Loss for the year/ period	(956,803)	(887)
- Closing Balance	<u>(957,690)</u>	<u>(887)</u>

ADANI INFRASTRUCTURE PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

	Year ended 31-Mar-17 \$	Period from 30-Jun-15 to 31-Mar-16 \$
9. STATEMENT OF CASH FLOWS		
<i>Reconciliation of operating loss after tax to net cash flows from operating activities</i>		
Loss after income tax	(956,803)	(887)
<i>Adjustments for:</i>		
<i>Changes in assets and liabilities:</i>		
Increase/(decrease) in trade and other payables	4,000	1,000
Net cash (used in) from operations	(952,803)	113
<i>(b) Reconciliation of cash and cash equivalents:</i>		
- Cash at bank and in hand	71,539	99,338

10. COMMITMENTS

As at 31 March 2017, there are no known commitments.

11. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors of Adani Infrastructure Pty Ltd for

-Audit service	5,000	1,000
-Non Audit service	144,822	-
	149,822	
	1,000	

12. SUBSEQUENT EVENTS

There have been no 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 2017.

ADANI INFRASTRUCTURE PTY LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

	Year ended 31-Mar-17 \$	Period from 30-Jun-15 to 31-Mar-16 \$
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Auditor's Independence Declaration to the Directors of Adani Infrastructure Pty Ltd

As lead auditor for the audit of Adani Infrastructure Pty Ltd for the financial year ended 31 March 2017, 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; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Ernst & Young



Andrew Carrick
Partner
Brisbane
12 May 2017

Independent Auditor's Report to the Members of Adani Infrastructure Pty Ltd

Opinion

We have audited the financial report, being a special purpose financial report, of Adani Infrastructure Pty Ltd (the "Company"), which comprises the statement of financial position as at 31 March 2017, 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 2017 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1, 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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.

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 and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Corporations Act 2001* 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 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

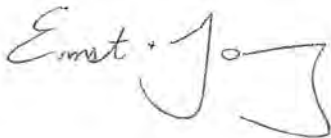
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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.
- 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



Andrew Carrick
Partner
Brisbane
12 May 2017