

Australia Pacific Airports (Melbourne) Pty. Limited

ACN 076 999 114

Half Year Report - 31 December 2024

Australia Pacific Airports (Melbourne) Pty. Limited
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31 December 2024

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General information

The financial statements reflect Australia Pacific Airports (Melbourne) Pty. Limited as a single entity. The financial statements are presented in Australian dollars, which is Australia Pacific Airports (Melbourne) Pty. Limited's functional and presentation currency.

Australia Pacific Airports (Melbourne) Pty. Limited ACN 076 999 114 is a proprietary company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Level 2, Terminal 2,
Melbourne Airport VIC 3043
(03) 9297 1600
website: www.melbourneairport.com.au
Email: reception@melair.com.au

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 February 2025.

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' report
31 December 2024

The Directors of Australia Pacific Airports (Melbourne) Pty. Limited (APAM or the Company) present their report for the Company for the period ended 31 December 2024.

Directors

Name	Position	Period of directorship
Lorie Argus	Director	Appointed 1 July 2022
Jai McDermott	Director	Appointed 30 June 2023
Ruth Martin	Director	Appointed 2 October 2023

Principal activities

During the financial period, the principal activity of the Company was the ownership and management of Melbourne Airport.

Dividends

During the financial period, a final dividend of \$53,693,745 (\$0.537 per share) for the year ended 30 June 2024 was paid (31 December 2023: final dividend of \$139,244,000 at \$1.392 per share).

Review of operations

The past six months delivered a strong period for the Company, with operating profit up 9.6% on the period ended 31 December 2023. A total of 18.3 million passengers passed through Melbourne airport, a 3.5% increase on the corresponding period (31 December 2023: 17.7 million).

International passengers through Melbourne Airport totalled 6.0 million for the six months ended 31 December 2024, reflecting a 9.2% increase on the corresponding period (31 December 2023: 5.5 million) and achieving 102% of pre pandemic levels (six months ended 31 December 2018). A focus on growing capacity across new and existing markets continues, with notable growth in key markets such as India, Vietnam and Indonesia, alongside the introduction of Juneyao Air in December 2024.

The Company welcomed 12.4 million domestic passengers in the half-year ended 31 December 2024, a 1.0% increase on the corresponding period (31 December 2023: 12.2 million) despite both Bonza and Regional Express entering into administration on 30 April 2024 and 30 July 2024 respectively. Excluding these two carriers, growth on the corresponding period was 5.4%.

Melbourne Airport serves as Victoria's gateway to the world, and with Melbourne being Australia's largest city, we are focusing on meeting the growing demand. The ongoing capital program across the precinct continues to progress to cater for passenger demand. Notable milestones during the period included:

- Novotel and ibis Styles hotel opened in July 2024, consisting of 464 rooms, a state-of-the-art gym, a wellness retreat and a number of food and beverage offerings;
- Continued construction of the T2 North Infill Security project, which will deliver a significant upgrade in international baggage systems, including additional capacity;
- Stage 2 of the Elevated Road and Forecourt development continued, which will deliver further capacity and safety enhancements to the road network within the Airport precinct; and
- The T1 Security Screening and Compliance project continued, which includes new passenger screening and checked bag screening equipment and ensures compliance with regulatory requirements under the Aviation Transport Security Act.

Melbourne Airport's Third Runway (M3R) received ministerial approval on 13 September 2024, a major milestone which sets the airport up to serve Victoria's growth for decades to come. The third runway will be parallel to the existing north-south runway and will be the catalyst for the expansion of other facilities at Melbourne Airport. This will help to meet forecast demand and support thousands of new jobs. Work also continues on the Airport Development Plan with a focus on co-creation with our airline partners to support infrastructure in response to current pinch points and future growth.

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' report
31 December 2024

Financial results:

The Company delivered a strong financial performance for the half-year ended 31 December 2024, with operating profit of \$465.3 million (31 December 2023: \$424.7 million) and a profit after tax of \$137.8 million (31 December 2023: \$123.4 million).

Operating Profit (\$m)	Dec-24	Dec-23	Dec-22
Operating profit	465.3	424.7	320.7
Revenue (\$m)	Dec-24	Dec-23	Dec-22
Aeronautical	284.5	260.6	202.2
Retail	96.4	88.5	56.8
Ground Transport	120.2	120.2	109.1
Property	75.3	64.2	59.6
Hotel	11.6	-	-
Outgoings/ recharges	20.6	17.0	21.9

Revenue increased by 14.6% to \$686.0 million for the six months ended 31 December 2024 (31 December 2023: \$598.9 million). Strong passenger performance supported an uplift in revenue across aeronautical, retail and ground transport. Property revenue increased by 17.3% on the corresponding period, supported by annual rent escalations and new developments, with further revenue uplift following the opening of the new hotel on 1 July 2024. The increase in outgoings and recharges reflects the continued expansion of the embedded network including the transition of tenants to GreenPower.

Operating costs, excluding security passthrough costs, increased by \$19.8 million to \$148.6 million (31 December 2023: \$128.7 million). The uplift is a result of costs related to the new hotel, increased cleaning and operational costs aligned to the increase in passenger volumes, and maintenance to support the Melbourne Airport Business Park.

Borrowing costs decreased by \$3.9 million in HY25 to \$142.4 million (31 December 2023: \$146.3 million) as a result of an increase in interest capitalised to projects and reduced amounts accounted as hedge reserve unwind offset by an increase in interest on secured debt.

APAM's balance sheet remains strong with \$1,542.9 million of liquidity at balance date including undrawn secured bank facilities of \$1,400.0 million and cash of \$142.9 million. The Company continues to be compliant with financial covenants for the half-year ended 31 December 2024.

Operating cashflow for the first half of FY25 was \$177.7 million (31 December 2023: \$307.4 million) including a significant lease incentive of \$126.4m paid to a tenant, used to fund the construction of assets on leased land. Excluding this payment, net cash from operating activities was \$304.1 million for the period.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Events occurring after balance sheet date

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Future developments

The Company's future developments and operations are included within the Master Plans of Melbourne Airport 2022. The documents, published every five years, include setting the strategic direction for the airport, providing plans for development, documenting to the public the intended uses of the sites and development proposals and ensuring compliance with environmental legislation and standards.

Rounding of amounts

The Company is of a kind referred to in Australian Securities & Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016, and in accordance with that instrument all financial information has been rounded to the nearest thousand dollars, unless otherwise indicated.

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' report
31 December 2024

This report is made in accordance with a resolution of the Directors.

On behalf of the Directors



Mrs. Ruth Martin
Director

25 February 2025
Melbourne

Independent Auditor's Review Report to the directors of Australia Pacific Airports (Melbourne) Pty. Limited

Conclusion

We have reviewed the half-year financial report of Australia Pacific Airports (Melbourne) Pty. Limited (the "Company"), which comprises the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period ended on that date, notes to the financial statements, including material accounting policy information and other explanatory information, and the declaration of directors as set out on page 7.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of the Company does not present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the half-year ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that makes us believe that the half-year financial report does not present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the half-year ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read 'J Thorne', written over a horizontal line.

Jason Thorne
Partner
Chartered Accountants
Melbourne, 25 February 2025

Australia Pacific Airports (Melbourne) Pty. Limited
Directors' declaration
31 December 2024

In the Directors' opinion:

- the attached financial statements and notes comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting', and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2024 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors

On behalf of the Directors



Mrs. Ruth Martin
Director

25 February 2025
Melbourne

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2024

		31 December 2024 \$'000	31 December 2023 \$'000
Note			
Revenue			
		284,452	260,570
Aeronautical			
Security	3	73,880	46,357
Retail		96,368	88,536
Ground Transport		120,249	120,193
Property		75,273	64,155
Hotel		11,619	-
Outgoings/recharges		20,619	17,030
Other income		3,565	2,040
Profit on sale of property, plant and equipment		18	-
Total revenue		<u>686,043</u>	<u>598,881</u>
Expenses			
		(36,570)	(35,086)
Staff costs			
Security	3	(72,191)	(45,441)
Services and utilities		(78,565)	(60,668)
Maintenance costs		(16,433)	(15,569)
Administration and marketing costs		(7,804)	(9,005)
Other costs		(8,176)	(8,411)
Allowance for expected credit losses		(1,005)	-
Total expenses		<u>(220,744)</u>	<u>(174,180)</u>
Operating Profit		465,299	424,701
Net loss on investment property	9	(6,962)	-
Borrowing costs	2	(142,362)	(146,264)
Interest income		9,346	12,227
Depreciation, amortisation and impairment losses	2	<u>(128,449)</u>	<u>(114,400)</u>
Profit before income tax expense		196,872	176,264
Income tax expense	4	<u>(59,058)</u>	<u>(52,849)</u>
Profit after income tax expense for the period		137,814	123,415
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax		<u>(9,261)</u>	<u>5,728</u>
Other comprehensive income/(loss) for the period, net of tax		<u>(9,261)</u>	<u>5,728</u>
Total comprehensive income for the period		<u><u>128,553</u></u>	<u><u>129,143</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of financial position
As at 31 December 2024

	Note	31 December 2024 \$'000	30 June 2024 \$'000
Assets			
Current assets			
Cash and cash equivalents		142,864	581,977
Trade and other receivables	5	142,747	145,994
Derivative financial instruments	13	-	55,451
Accrued revenue	6	49,768	41,228
Other assets	7	17,500	39,908
Total current assets		<u>352,879</u>	<u>864,558</u>
Non-current assets			
Property, plant and equipment	8	4,356,758	4,007,513
Investment properties	9	2,621,296	2,513,098
Intangible assets	10	672,985	669,589
Derivative financial instruments	13	230,461	145,418
Accrued revenue	6	273,717	279,157
Other assets	7	3,583	4,650
Total non-current assets		<u>8,158,800</u>	<u>7,619,425</u>
Total assets		<u>8,511,679</u>	<u>8,483,983</u>
Liabilities			
Current liabilities			
Payables	11	250,116	369,339
Borrowings	12	119,940	564,635
Income tax payable		75,382	42,179
Employee benefit provisions		20,604	25,139
Lease liabilities		1,287	1,287
Unearned income		8,279	8,377
Total current liabilities		<u>475,608</u>	<u>1,010,956</u>
Non-current liabilities			
Borrowings	12	5,942,540	5,388,429
Deferred tax liability	4	744,344	745,660
Employee benefit provisions		1,758	1,651
Derivative financial instruments	13	46,819	109,950
Lease liabilities		1,560	1,835
Unearned income		18,304	19,615
Total non-current liabilities		<u>6,755,325</u>	<u>6,267,140</u>
Total liabilities		<u>7,230,933</u>	<u>7,278,096</u>
Net assets		<u>1,280,746</u>	<u>1,205,887</u>
Equity			
Issued capital		100,000	100,000
Hedging reserves	14	(21,150)	(11,889)
Retained profits		1,201,896	1,117,776
Total equity		<u>1,280,746</u>	<u>1,205,887</u>

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

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of changes in equity
For the period ended 31 December 2024

	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023	100,000	(23,298)	1,127,760	1,204,462
Profit after income tax expense for the period	-	-	123,415	123,415
Other comprehensive income for the period, net of tax	-	5,728	-	5,728
Total comprehensive income for the period	-	5,728	123,415	129,143
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	(139,244)	(139,244)
Balance at 31 December 2023	<u>100,000</u>	<u>(17,570)</u>	<u>1,111,931</u>	<u>1,194,361</u>
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	100,000	(11,889)	1,117,776	1,205,887
Profit after income tax expense for the period	-	-	137,814	137,814
Other comprehensive loss for the period, net of tax	-	(9,261)	-	(9,261)
Total comprehensive income/(loss) for the period	-	(9,261)	137,814	128,553
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	(53,694)	(53,694)
Balance at 31 December 2024	<u>100,000</u>	<u>(21,150)</u>	<u>1,201,896</u>	<u>1,280,746</u>

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

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of cash flows
For the period ended 31 December 2024

		31 December 2024 \$'000	31 December 2023 \$'000
	Note		
Cash flows from operating activities			
Receipts from customers		760,027	649,540
Payments to suppliers and employees		(437,471)	(231,182)
Interest received		9,998	18,975
Interest paid		(131,687)	(129,897)
Income tax paid		(23,202)	-
Net cash from operating activities	16	177,665	307,436
Cash flows from investing activities			
Payments for investment property		(112,164)	(43,071)
Payments for property, plant and equipment		(437,618)	(334,817)
Payments for intangibles		(4,283)	(56)
Proceeds from sale of property, plant and equipment		18	-
Net cash used in investing activities		(554,047)	(377,944)
Cash flows from financing activities			
Proceeds from borrowings		500,000	270,000
Repayment of borrowings		(505,051)	(976,000)
Dividends paid		(53,694)	(139,244)
Repayment of lease liabilities		(644)	(306)
Payment for debt issue costs		(3,342)	(5,156)
Net cash used in financing activities		(62,731)	(850,706)
Net decrease in cash and cash equivalents		(439,113)	(921,214)
Cash and cash equivalents at the beginning of the financial period		581,977	985,625
Cash and cash equivalents at the end of the financial period		142,864	64,411

The Company paid a significant lease incentive of \$126.4 million to a tenant during the period, which was used to fund the construction of assets on leased land. The assets are not recognised as the Company's assets in accordance with Australian Accounting Standards. Consequently, the payment has been classified as an operating expense in the cash flow statement. This is a one-off transaction in the current period that will lead to operating cash flows in the future. Excluding this payment, net cash from operating activities was \$304.1m for the period.

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

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
31 December 2024

1. Material accounting policy information

The half-year financial report has been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting*.

The half-year financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report of Australian Pacific Airports Corporation Limited for the year ended 30 June 2024.

Basis of preparation

The consolidated half-year financial report has been prepared on the basis of historical cost except for certain non-current assets and financial instruments that are measured at fair value. Historical cost is based on fair value of the consideration given in exchange for assets. All amounts are presented in Australian Dollars unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2024 annual financial report for the financial year ended 30 June 2024.

Comparative amounts

Certain comparative amounts have been reclassified to conform to the current period's presentation resulting from the change of mapping of the general ledger accounts.

Rounding

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Net current liability position

The Company was in a net current liability position of \$122.7 million at 31 December 2024 (30 June 2024: net current liability of \$146.4 million), principally due to \$120.0 million of current borrowings maturing in November 2025.

The net current liability position as at 31 December 2024 is adequately covered by available liquidity as at 31 December 2024 in the form of cash and cash equivalent of \$142.9 million (30 June 2024: \$582.0 million) and total secured bank facilities of \$1,400.0 million (30 June 2024: \$1,400.0 million).

Total secured bank facilities includes a \$1,200.0 million syndicated facility with two equal tranches maturing in August 2026 and August 2028 and a \$200.0 million bilateral facility maturing in April 2026, of which both facilities are undrawn. These facilities, along with the \$142.9 million of cash available, are sufficient to meet forward commitments.

The Directors continually monitor the Company's working capital position and capital commitments with reference to the Company's existing debt facilities and available liquidity and are satisfied that the Company will be able to pay its debts as and when they fall due.

New or amended accounting standards and interpretations adopted

The Company has adopted all new or amended accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and interpretations did not have a material impact on the financial performance or position of the Company.

New or amended accounting standards and interpretations not yet adopted

Effective in the financial year ended 30 June 2025

The Company has applied the following amendments for the first time from 1 July 2024:

1. Material accounting policy information (continued)

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (AASB 101) and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (AASB 101 and AASB Practice Statement 2); and
- AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements (AASB 7 and AASB 107).

The Group's existing accounting policies already comply with the amendments to AASB 101 and therefore, no revisions were required upon adoption.

AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements has no impact on the Group's disclosures as the Group does not have any supplier financial arrangements.

Effective in financial periods beyond the financial period ended 30 June 2025

AASB 121 The Effects of Changes in Foreign Exchange Rates was amended to address the accounting for a transaction or an operation in a foreign currency that is not exchangeable into another currency (effective for annual reporting periods beginning on or after 1 January 2025).

AASB 2024-2 Classification and measurement of financial instruments, it adds new requirements in respect of settling financial liabilities using an electronic payment system and clarifies the accounting for the timing of derecognition of receivables settled in the same way. Moreover, it adds guidance on assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features and amends specific disclosure requirements in AASB 7 (effective for annual reporting periods beginning on or after 1 January 2026).

AASB 18 Presentation and Disclosure in Financial Statements will replace AASB 101 Presentation of Financial Statements and will be effective for annual reporting periods beginning on or after 1 January 2027. Many principles in AASB 101 are retained and it will not impact recognition or measurement of items in the financial statements. However, the changes introduce a new defined structure to the profit and loss statement with the objective of achieving comparability. New disclosures will also be required for some management-defined performance measures to enhance transparency.

The Company is currently assessing the impact of these new standards and amendments but expects that their adoption will not have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

Sustainability related standards

In September 2024, the Australian Accounting Standards Board (AASB) published two Australian Sustainability Reporting standards:

- AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information: entities may elect to apply this voluntary Standard, which would require an entity to disclose information about all sustainability-related risks and opportunities; and
- AASB S2 Climate-related Disclosures: this Standard is a mandatory standard, when applicable, for climate-related disclosures. AASB S2 is based on the international sustainability standard IFRS S2. Like the international standard, AASB S2 incorporates and builds on the framework of the Task Force on Climate-related Financial Disclosures but requires more detailed and quantitative disclosures of the current and anticipated financial impacts of climate change over the short, medium, and long term.

AASB S2 is not mandatory for the Company until 1 July 2025, however, the Company has acknowledged the demand for sustainability related disclosures and has considered the potential impacts of sustainability related matters. There are no current significant financial risks to the 31 December 2024 statement of financial position. The Company is continuing to assess the potential long-term risks of climate change, future climate events, legislation and reporting requirements' impact on the value of assets both tangible and intangible. Inability to satisfy reporting or covenant conditions may impact the availability of funding or the cost of available funding. Management will continue to monitor requirements and implement processes to address climate and sustainability related risks to ensure compliance from 1 July 2025.

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
31 December 2024

2. Profit for the period

Profit for the period has been derived after charging the following specific expenses:

	31 December 2024 \$'000	31 December 2023 \$'000
Depreciation of property, plant and equipment	127,562	113,954
Amortisation of intangible asset	887	446
Total depreciation and amortisation	<u>128,449</u>	<u>114,400</u>
Borrowing costs:		
Interest:		
- Secured debt	154,247	137,885
- Interest capitalised during the period	(23,493)	(18,286)
- Amortisation of deferred borrowing costs	4,125	7,264
Hedge reserve unwind	6,633	18,578
Interest - lease liabilities	369	338
Other finance costs	481	485
Total borrowing costs	<u>142,362</u>	<u>146,264</u>

3. Security

	31 December 2024 \$'000	31 December 2023 \$'000
Security revenue	73,880	46,357
Security costs	(72,191)	(45,441)
Security depreciation and other costs	(1,689)	(916)
	<u>-</u>	<u>-</u>

Security revenue is a pass-through of security operating costs and a capital recovery on depreciation. It is based on the recognition of actual security costs and depreciation incurred.

4. Income tax

(a) Income tax recognised in profit

	31 December 2024 \$'000	31 December 2023 \$'000
Income tax expense comprises of:		
Current tax expense	56,405	14,395
Deferred tax expense	2,653	38,433
Current tax in respect of prior years	-	21
Aggregate income tax expense	<u>59,058</u>	<u>52,849</u>

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Profit before income tax expense	196,872	176,264
Tax at the statutory tax rate of 30% (31 December 2023: 30%)	59,062	52,879
Current tax in respect of prior years	-	21
Non-deductible expenses	(4)	(51)
Income tax expense	<u>59,058</u>	<u>52,849</u>

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
31 December 2024

4. Income tax (continued)

(b) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

	Opening balance 1 July 2024 \$'000	Charged to income \$'000	Charged to equity \$'000	Charged to Intercompany \$'000	Closing balance 31 December 2024 \$'000
Gross deferred tax liabilities:					
Property, plant & equipment incl. software	(155,134)	(3,896)	-	-	(159,030)
Accrued revenue	(60,046)	445	-	-	(59,601)
Investment property	(552,340)	2,089	-	-	(550,251)
Other assets	(1,225)	-	-	-	(1,225)
	<u>(768,745)</u>	<u>(1,362)</u>	<u>-</u>	<u>-</u>	<u>(770,107)</u>
Gross deferred tax assets:					
Provisions & accruals	10,963	(1,032)	-	-	9,931
Unearned income	7,453	(230)	-	-	7,223
Hedge reserve	4,669	(29)	3,969	-	8,609
	<u>23,085</u>	<u>(1,291)</u>	<u>3,969</u>	<u>-</u>	<u>25,763</u>
Net deferred tax liability	<u>(745,660)</u>	<u>(2,653)</u>	<u>3,969</u>	<u>-</u>	<u>(744,344)</u>

5. Trade and other receivables

	31 December 2024 \$'000	30 June 2024 \$'000
<i>Current assets</i>		
Trade and other receivables	153,033	155,274
Less: provision for impairment loss	<u>(10,286)</u>	<u>(9,280)</u>
Total trade and other receivables	<u>142,747</u>	<u>145,994</u>

Revenue is invoiced on 30 day terms, with the exception of property, hotel and rental revenue which is invoiced in advance.

Included in the Company's trade receivable balance are debtors with a carrying amount of \$477,243 (June 2024: \$674,930) net of allowance for expected credit losses, which were overdue (90 days+) as at the reporting date.

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6. Accrued revenue

	31 December 2024 \$'000	30 June 2024 \$'000
<i>Current assets</i>		
Straight line leases	18,316	17,964
Accrued revenue	29,729	21,264
Accrued rebates	1,723	2,000
Total current	<u>49,768</u>	<u>41,228</u>
<i>Non-current assets</i>		
Straight line leases	273,717	278,434
Accrued rebates	-	723
Total non-current	<u>273,717</u>	<u>279,157</u>
Total accrued revenue	<u><u>323,485</u></u>	<u><u>320,385</u></u>

Accrued revenue represents amounts the Group is entitled to receive but has not invoiced at reporting date. When the customer is invoiced, the amount is reclassified to trade receivables.

Straight line leases represent accrued revenue arising from straight line recognition of lease income and from the provision of lease incentives as part of lease contracts with customers. Lease incentives are typically provided at the commencement of a lease which effects the timing of cash flows at the start of the lease, whilst rental revenue is recognised on a straight-line basis over the lease term.

7. Other assets

	31 December 2024 \$'000	30 June 2024 \$'000
<i>Current assets</i>		
Prepayments	16,913	39,420
Term deposits	534	488
Other current assets	53	-
Total current	<u>17,500</u>	<u>39,908</u>
<i>Non-current assets</i>		
Other non-current assets	<u>3,583</u>	<u>4,650</u>
Total other assets	<u><u>21,083</u></u>	<u><u>44,558</u></u>

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8. Property, plant and equipment

	Leasehold land \$'000	Buildings and services \$'000	Roads, runway & other infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
Gross carrying amount						
Balance at 1 July 2024	238,096	2,284,127	1,481,863	1,411,091	1,201,159	6,616,336
Additions	-	-	-	-	476,807	476,807
Transfers to/(from) assets under construction	-	144,459	171,762	154,810	(471,031)	-
Balance at 31 December 2024	238,096	2,428,586	1,653,625	1,565,901	1,206,935	7,093,143
Accumulated depreciation						
Balance at 1 July 2024	(27,779)	(986,358)	(541,383)	(1,053,303)	-	(2,608,823)
Depreciation expense	(1,152)	(52,389)	(24,764)	(49,257)	-	(127,562)
Balance at 31 December 2024	(28,931)	(1,038,747)	(566,147)	(1,102,560)	-	(2,736,385)
Net book value at 31 December 2024	209,165	1,389,839	1,087,478	463,341	1,206,935	4,356,758

	Leasehold land \$'000	Buildings and services \$'000	Roads, runways & other infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
Gross carrying amount						
Balance at 1 July 2023	238,096	2,261,187	1,399,699	1,368,628	672,088	5,939,698
Additions	-	-	-	-	677,406	677,406
Disposals	-	-	-	(163)	-	(163)
Impairment	-	-	-	-	(605)	(605)
Transfers to/(from) assets under construction	-	22,940	82,164	42,626	(147,730)	-
Balance at 30 June 2024	238,096	2,284,127	1,481,863	1,411,091	1,201,159	6,616,336
Accumulated depreciation						
Balance at 1 July 2023	(25,474)	(887,122)	(495,687)	(971,767)	-	(2,380,050)
Depreciation expense	(2,305)	(99,236)	(45,696)	(81,699)	-	(228,936)
Disposals	-	-	-	163	-	163
Balance at 30 June 2024	(27,779)	(986,358)	(541,383)	(1,053,303)	-	(2,608,823)
Net book value at 30 June 2024	210,317	1,297,769	940,480	357,788	1,201,159	4,007,513

9. Investment properties

The Company classifies certain areas of the Airport precinct as investment property as they are held for rental income. These areas include Melbourne Airport Business Park, Hotels (excluding the new Novotel and ibis Styles hotel), Industrial Buildings and Vacant Land. The Company provides investment properties (along with land and buildings in Note 8) as security for borrowings as disclosed in Note 12.

	31 December 2024 \$'000	30 June 2024 \$'000
Balance at beginning of the period	2,513,098	2,281,721
Additions for the period	115,160	136,078
Net gain / (loss) from investment property adjustments for the period	(6,962)	95,299
Balance at end of the year	<u>2,621,296</u>	<u>2,513,098</u>

10. Intangible assets

	Goodwill \$'000	Masterplan \$'000	Software \$'000	Total \$'000
2025				
Balance at 1 July 2024	667,700	1,383	506	669,589
Additions	-	-	4,283	4,283
Amortisation charge	-	(207)	(680)	(887)
	<u>667,700</u>	<u>1,176</u>	<u>4,109</u>	<u>672,985</u>
Cost	667,700	2,074	37,627	707,401
Accumulated amortisation and impairment	-	(898)	(33,518)	(34,416)
Net book value at 31 December 2024	<u>667,700</u>	<u>1,176</u>	<u>4,109</u>	<u>672,985</u>
2024				
	Goodwill \$'000	Masterplan \$'000	Software \$'000	Total \$'000
Balance at 1 July 2023	667,700	1,798	923	670,421
Additions	-	-	17	17
Amortisation charge	-	(415)	(434)	(849)
	<u>667,700</u>	<u>1,383</u>	<u>506</u>	<u>669,589</u>
Cost	667,700	2,074	33,344	703,118
Accumulated amortisation and impairment	-	(691)	(32,838)	(33,529)
Net book value at 30 June 2024	<u>667,700</u>	<u>1,383</u>	<u>506</u>	<u>669,589</u>

11. Payables

	31 December 2024 \$'000	30 June 2024 \$'000
Current liabilities		
Trade and other payables (i)	99,485	218,390
GST payable	3,519	4,115
Accruals for assets under construction	71,551	70,476
Intercompany payables	47,261	47,125
	<u>221,816</u>	<u>340,106</u>
Interest payable to:		
- Secured debt - bank (ii)	28,300	29,233
	<u>250,116</u>	<u>369,339</u>

(i) The average credit period for purchases and services is 30 days.

(ii) Secured by a fixed and floating charge over the Company's assets. There have been no defaults on loans payable during the current or prior years.

12. Borrowings

At the reporting date the Company's debt comprises: Bank facilities (Syndicated and bilateral); term bank debt; domestic bonds (AMTN); Euro bonds (EMTN); and USD private placement bonds (USPP).

The balances and other details related to the Company's interest bearing liabilities are presented in the tables below.

Face value

	Drawn (\$'000) 31 December 2024	Undrawn (\$'000) 31 December 2024	Drawn (\$'000) 30 June 2024	Undrawn (\$'000) 30 June 2024
Drawn and undrawn				
Unsecured bank overdraft	-	22,868	-	22,077
Secured term bank debt	1,300,000	-	1,300,000	-
Secured bank facilities	-	1,400,000	-	1,400,000
	<u>1,300,000</u>	<u>1,422,868</u>	<u>1,300,000</u>	<u>1,422,077</u>
Secured capital markets debt	4,601,633	-	4,606,684	-
Total borrowings (face value)	<u>5,901,633</u>	<u>1,422,868</u>	<u>5,906,684</u>	<u>1,422,077</u>

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12. Borrowings (continued)

Type	Maturity	Currency	Principal Drawn		Carrying Amount (ii)	
			Original Currency \$'000	Face Value (AUD) (i) \$'000	31 December 2024 \$'000	30 June 2024 \$'000
Capital Markets						
Debt						
EMTN	15-Oct-24	EUR	350,000	-	-	564,881
AMTN	11-Nov-25	AUD	120,000	120,000	120,000	120,000
USPP	15-Sep-26	USD	200,000	191,077	321,699	301,932
AMTN	4-Nov-26	AUD	200,000	200,000	200,000	200,000
USPP (\$A)	15-Jan-28	AUD	50,000	50,000	50,000	50,000
EMTN	27-Sep-30	NOK	1,500,000	242,994	212,829	211,099
AMTN	25-Nov-31	AUD	700,000	700,000	700,000	700,000
USPP (iii)	4-Dec-31	USD	105,000	151,844	168,892	158,514
AMTN (\$A) (iii) (iv)	1-Nov-32	AUD	500,000	500,000	500,000	-
EMTN (iii)	24-May-33	EUR	500,000	812,799	836,960	806,972
EMTN (iii)	07-Jun-34	EUR	650,000	1,081,075	1,088,048	1,049,064
USPP	4-Dec-34	USD	105,000	151,844	168,892	158,514
USPP (\$A)	4-Dec-39	AUD	150,000	150,000	150,000	150,000
USPP (\$A)	4-Dec-44	AUD	250,000	250,000	250,000	250,000
Total Capital Market Debt				4,601,633	4,767,320	4,720,976
Bank Debt						
Term Bank Debt	16-Jun-26	AUD		200,000	200,000	200,000
Term Bank Debt	13-Sep-27	AUD		292,000	292,000	292,000
Term Bank Debt	16-Jun-29	AUD		300,000	300,000	300,000
Term Bank Debt	13-Sep-29	AUD		508,000	508,000	508,000
Total Bank Debt				1,300,000	1,300,000	1,300,000
Total borrowings				5,901,633	6,067,320	6,020,976
Fair value adjustments (iii)				-	36,530	(24,845)
Deferred upfront borrowing costs				-	(41,370)	(43,067)
Total net borrowings				5,901,633	6,062,480	5,953,064
Carrying amount					31 December 2024 \$'000	30 June 2024 \$'000
Current					119,940	564,635
Non-current					5,942,540	5,388,429
Total net borrowings					6,062,480	5,953,064

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12. Borrowings (continued)

All the above borrowings are secured by fixed and floating charges over the Company's assets.

(i) Face values of foreign debt shown reflects the AUD value of the hedged principal amount at inception of the debt and payable at maturity.

(ii) Carrying amounts of foreign debt reflect revalued debt in AUD at spot rates as at 31 December 2024 and 30 June 2024, as applicable.

(iii) Individual borrowing carrying amounts exclude fair value hedge accounting adjustments. Debt hedged with a floating pay leg are subject to fair value hedge accounting being the EMTN maturing in May 2033 and June 2034. USPP maturing in 2031 and AMTN maturing in 2032. The cumulative amount of fair value hedge adjustments at 31 December 2024 was \$36,529,744 attributable to each borrowing as follows: EMTN maturing 2033 - \$19,055,101, EMTN maturing 2034 - \$35,916,456 and USPP maturing 2031 - (\$23,262,766) and AMTN maturing 2032 - \$4,820,953.

(iv) A new \$500 million AMTN was issued on 1 November 2024.

13. Derivative financial instruments

The net derivative position (before application of hedge accounting) at reporting date is presented below:

	Current 31 December 2024 \$'000	Non-current 31 December 2024 \$'000	Total 31 December 2024 \$'000	Current 30 June 2024 \$'000	Non-current 30 June 2024 \$'000	Total 30 June 2024 \$'000
Assets						
Cross currency swaps	-	207,540	207,540	55,451	116,156	171,607
Interest rate swaps	-	22,921	22,921	-	29,262	29,262
	-	230,461	230,461	55,451	145,418	200,869
Liabilities						
Cross currency swaps	-	(46,349)	(46,349)	-	(109,950)	(109,950)
Interest rate swaps	-	(470)	(470)	-	-	-
	-	(46,819)	(46,819)	-	(109,950)	(109,950)
Net derivative position assets/(liabilities)	-	183,642	183,642	55,451	35,468	90,919

14. Hedging reserves

	31 December 2024 \$'000	30 June 2024 \$'000
Consolidated		
Opening balance	11,889	23,298
(Gain) / loss on amortisation / unwind of deferred restructuring impact	(6,732)	(21,591)
(Gain) / loss on hedge ineffectiveness	98	(7,889)
(Gain) / loss on amortisation of swaption premium	(183)	(3,710)
(Gain) / loss on interest rate swap and swaption fair value movement	6,812	6,620
(Gain) / loss on cross currency interest rate swap movements	(48,140)	2,064
(Gain) / loss on fair value adjustment to debt	61,375	8,207
(Gain) / loss on income tax related to amounts reclassified to profit and loss	(3,969)	4,890
Closing balance	21,150	11,889

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss at expiry or termination of the hedge transaction.

15. Commitments

	31 December 2024 \$'000	30 June 2024 \$'000
Capital expenditure commitments		
No longer than 1 year	791,001	784,538
Longer than 1 year but no longer than 5 years	198,406	477,999
Total Property, plant and equipment commitments	<u>989,407</u>	<u>1,262,537</u>

Other commitments

The Company has entered into a long-term power purchase agreement to support its sustainability initiatives. This agreement requires the Company to purchase a fixed volume of renewable energy at predetermined prices. As of 31 December 2024, the Company has committed to purchasing 80,000 MWhrs of renewable energy annually through these agreements, with the flexibility of +/- 20%.

16. Notes to the Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

Reconciliation of profit after related income tax to net cash flows from operating activities:

	31 December 2024 \$'000	31 December 2023 \$'000
Profit after income tax expense for the period	137,814	123,415
Adjustments for:		
Net gain on disposal of non-current assets	(18)	-
Amortisation of deferred borrowing costs	4,125	7,264
Hedge reserve unwind	6,633	18,578
Depreciation and amortisation of non-current assets	128,449	114,400
Net loss on investment properties	6,962	-
Non-cash finance lease interest	369	-
Borrowing fees classified as financing costs	481	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	3,716	48,705
Increase in other current assets	(3,827)	(3,296)
Decrease in other non-current assets	1,791	-
Increase in accrued revenue	(7,097)	(46,765)
Increase/(decrease) in trade payables	(130,819)	6,161
Decrease in interest payables	(933)	(9,960)
Decrease in employee provisions	(4,428)	(4,180)
Decrease in unearned revenue	(1,409)	(3,761)
Increase in tax payable	33,203	14,416
Increase in deferred tax liability	2,653	42,459
Net cash from operating activities	<u>177,665</u>	<u>307,436</u>

17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.