

Australia Pacific Airports Corporation Limited

ACN 069 775 266

Half Year Report - 31 December 2024

Australia Pacific Airports Corporation Limited

Contents

31 December 2024

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General information

The financial statements represent Australia Pacific Airports Corporation Limited and its controlled entities as a consolidated group. The financial statements are presented in Australian dollars, which is Australia Pacific Airports Corporation Limited's functional and presentation currency.

Australia Pacific Airports Corporation Limited ACN 069 775 266 is an unlisted public 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 Group's operations and its principal activities are included in the Directors' report.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 February 2025.

Australia Pacific Airports Corporation Limited
Directors' report
31 December 2024

The Directors of Australia Pacific Airports Corporation Limited (the Company) and its controlled entities (the Group or APAC) present their report for the period ended 31 December 2024.

Directors

Name	Position	Period of directorship
Christine O'Reilly	Chair	Appointed 1 October 2024
Peter Hay	Chair	Appointed 1 June 2019, resigned 30 September 2024
Michael Cummings	Director	Appointed 19 March 2015, resigned 20 December 2024
Danny Elia	Director	Appointed 6 October 2015
James Fraser-Smith	Director	Appointed 15 September 2016
Raphael Arndt	Director	Appointed 29 August 2019, resigned 18 October 2024
Talieh Williams	Director	Appointed 1 January 2022, resigned 12 August 2024
Samantha Lewis	Director	Appointed 24 October 2022
Michael Faulkner	Director	Appointed 13 November 2023
Stewart Brentnall	Director	Appointed 12 August 2024
Ben Samild	Director	Appointed 18 October 2024
Nik Kemp	Director	Appointed 20 December 2024
Timothy May	Alternate Director	Appointed 31 August 2023
Daniel Fitzpatrick	Alternate Director	Appointed 13 November 2023

Principal activities

During the financial period, the principal activity of the Group was the ownership and management of Melbourne Airport (APAM) and Launceston Airport (APAL).

Dividends

During the financial period, a final dividend of \$54,585,000 (\$0.462 per share) for the year ended 30 June 2024 was paid (31 December 2023: final dividend of \$141,305,000 at \$1.196 per share).

Review of operations

The past six months delivered a strong period for the Group, with operating profit up 10.2% on the half-year ended 31 December 2023. A total of 19.0 million passengers passed through Melbourne and Launceston airports, a 3.4% increase on the corresponding period (31 December 2023: 18.4 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 Group welcomed 13.1 million domestic passengers in the half year ended 31 December 2024, a 1.0% increase on the corresponding period (31 December 2023: 12.9 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 5.1%.

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 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-

Australia Pacific Airports Corporation Limited
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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.

Financial results:

The Group delivered a strong financial performance for the half year ended 31 December 2024, with operating profit of \$478.4 million (31 December 2023: \$434.1 million) and a profit after tax of \$144.3 million (31 December 2023: \$127.7 million).

Operating Profit (m)	Dec-24	Dec-23	Dec-22
Operating Profit	478.4	434.1	328.6
Revenue (m)	Dec-24	Dec-23	Dec-22
Aeronautical	296.0	268.3	209.0
Retail	97.3	89.6	57.8
Ground Transport	125.8	125.3	113.4
Property	76.0	64.8	60.2
Hotel	11.6	-	-
Outgoings/ recharges	20.9	17.3	22.2

Revenue increased by 14.9% to \$707.1 million for the six months ended 31 December 2024 (31 December 2023: \$615.2 million). Strong passenger performance supported an uplift in revenue across aeronautical, retail and ground transport. Property revenue increased by 17.2% 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 \$20.3 million to \$154.5 million (31 December 2023: \$134.2 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 \$4.0 million in HY25 to \$143.5 million (31 December 2023: \$147.5 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.

APAC's balance sheet remains strong with \$1,581.0 million of liquidity at balance date including undrawn secured bank facilities of \$1,432.2 million and cash of \$148.8 million. The Group continues to be compliant with financial covenants for the half year ended 31 December 2024.

Operating cashflow for the first half of FY25 was \$189.6 million (31 December 2023: \$314.0 million) with the uplift on the back of strong passenger numbers and revenue performance offset by 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 \$316.0 million for the period.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial period.

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 Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Future developments

The Group's future developments and operations are included within the Master Plans of Melbourne Airport (2022) and Launceston Airport (2020). The documents, published every five years, include setting the strategic direction for each 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.

Australia Pacific Airports Corporation Limited
Directors' report
31 December 2024

Rounding of amounts

The Group 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.

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

On behalf of the Directors


Christine O'Reilly
Chair

26 February 2025
Melbourne

Independent Auditor's Review Report to the directors of Australia Pacific Airports Corporation Limited

Conclusion

We have reviewed the half-year financial report of Australia Pacific Airports Corporation Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 the 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 Group does not present fairly, in all material respects, the financial position of the Group 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 Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Director's 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 Group 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 be 'J Thorne', written in a cursive style.

Jason Thorne
Partner
Chartered Accountants
Melbourne, 26 February 2025

Australia Pacific Airports Corporation 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 Group'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 Group 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



Christine O'Reilly
Chair

26 February 2025
Melbourne

Australia Pacific Airports Corporation Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2024

	Note	31 December 2024 \$'000	31 December 2023 \$'000
Revenue			
Aeronautical		296,037	268,286
Security	3	75,944	47,997
Retail		97,307	89,557
Ground Transport		125,801	125,287
Property		75,975	64,807
Hotel		11,619	-
Outgoings/recharges		20,933	17,288
Other income		3,426	1,965
Profit on sale of property, plant and equipment		73	39
Total revenue		707,115	615,226
Expenses			
Staff costs		(39,429)	(37,973)
Security	3	(74,242)	(46,936)
Services and utilities		(80,268)	(62,032)
Maintenance costs		(16,886)	(15,822)
Administration and marketing costs		(8,389)	(9,506)
Other costs		(8,545)	(8,885)
Allowance for expected credit losses expense		(1,005)	-
Total expenses		(228,764)	(181,154)
Operating Profit		478,351	434,072
Net loss on investment property	9	(6,962)	-
Borrowing costs	2	(143,529)	(147,546)
Interest income		9,415	12,300
Depreciation, amortisation and impairment losses	2	(131,051)	(116,427)
Profit before income tax expense		206,224	182,399
Income tax expense	4	(61,946)	(54,689)
Profit after income tax expense for the period		144,278	127,710
Other comprehensive profit/(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		(9,261)	5,728
Other comprehensive profit/(loss) for the period, net of tax		(9,261)	5,728
Total comprehensive income for the period		135,017	133,438

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

Australia Pacific Airports Corporation Limited
Consolidated 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		148,785	587,987
Trade and other receivables	5	146,266	148,967
Derivative financial instruments	13	-	55,451
Accrued revenue	6	49,744	42,515
Other assets	7	17,836	40,164
Total current assets		<u>362,631</u>	<u>875,084</u>
Non-current assets			
Property, plant and equipment	8	4,415,151	4,062,885
Investment properties	9	2,647,856	2,539,644
Intangible assets	10	677,456	674,101
Derivative financial instruments	13	230,461	145,418
Accrued revenue	6	274,307	279,756
Other assets	7	3,582	4,650
Total non-current assets		<u>8,248,813</u>	<u>7,706,454</u>
Total assets		<u>8,611,444</u>	<u>8,581,538</u>
Liabilities			
Current liabilities			
Payables	11	205,648	324,204
Borrowings	12	152,699	564,634
Income tax payable		81,853	46,313
Employee benefit provisions		21,886	26,689
Lease liabilities		1,287	1,287
Unearned income		8,284	8,388
Total current liabilities		<u>471,657</u>	<u>971,515</u>
Non-current liabilities			
Payables	11	1,202	1,202
Borrowings	12	5,942,538	5,427,154
Deferred tax liability	4	753,912	755,380
Employee benefit provisions		1,850	1,717
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>6,766,185</u>	<u>6,316,853</u>
Total liabilities		<u>7,237,842</u>	<u>7,288,368</u>
Net assets		<u>1,373,602</u>	<u>1,293,170</u>
Equity			
Issued capital		118,100	118,100
Hedging reserves	14	(21,150)	(11,889)
Retained profits		1,276,652	1,186,959
Total equity		<u>1,373,602</u>	<u>1,293,170</u>

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

Australia Pacific Airports Corporation Limited
Consolidated statement of changes in equity
For the period ended 31 December 2024

	Issued capital \$'000	Hedging reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023	118,100	(23,298)	1,187,794	1,282,596
Profit after income tax expense for the period	-	-	127,710	127,710
Other comprehensive income for the period, net of tax	-	5,728	-	5,728
Total comprehensive income for the period	-	5,728	127,710	133,438
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	(141,305)	(141,305)
Balance at 31 December 2023	<u>118,100</u>	<u>(17,570)</u>	<u>1,174,199</u>	<u>1,274,729</u>
	Issued capital \$'000	Hedging reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2024	118,100	(11,889)	1,186,959	1,293,170
Profit after income tax expense for the period	-	-	144,278	144,278
Other comprehensive loss for the period, net of tax	-	(9,261)	-	(9,261)
Total comprehensive profit/(loss) for the period	-	(9,261)	144,278	135,017
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid	-	-	(54,585)	(54,585)
Balance at 31 December 2024	<u>118,100</u>	<u>(21,150)</u>	<u>1,276,652</u>	<u>1,373,602</u>

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

Australia Pacific Airports Corporation Limited
Consolidated statement of cash flows
For the period ended 31 December 2024

	Note	31 December 2024 \$'000	31 December 2023 \$'000
Cash flows from operating activities			
Receipts from customers		784,099	665,629
Payments to suppliers and employees		(447,854)	(239,081)
Interest received		10,069	19,048
Interest paid		(132,831)	(131,594)
Income tax paid		(23,905)	-
Net cash from operating activities	16	189,578	314,002
Cash flows from investing activities			
Payments for investment property		(112,178)	(43,087)
Payments for property, plant and equipment		(442,770)	(344,029)
Payments for intangibles		(4,283)	(56)
Proceeds from disposal of property, plant and equipment		73	39
Net cash used in investing activities		(559,158)	(387,133)
Cash flows from financing activities			
Proceeds from borrowings		500,000	274,000
Repayment of borrowings		(511,051)	(976,000)
Dividends paid		(54,585)	(141,305)
Repayment of lease liabilities		(644)	(306)
Payment for debt issue costs		(3,342)	(5,156)
Net cash used in financing activities		(69,622)	(848,767)
Net decrease in cash and cash equivalents		(439,202)	(921,898)
Cash and cash equivalents at the beginning of the financial period		587,987	989,623
Cash and cash equivalents at the end of the financial period		148,785	67,725

The Group 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 Group'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 cashflows in the future. Excluding this payment, net cash from operating activities was \$316.0 million for the period.

Australia Pacific Airports Corporation Limited
Notes to the consolidated 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 Group was in a net current liability position of \$109.0 million at 31 December 2024 (30 June 2024: net current liability of \$96.4 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 \$148.8 million (30 June 2024: \$588.0 million) and total secured bank facilities of \$1,465.0 million (30 June 2024: \$1,465.0 million).

Total secured bank facilities includes a \$1,200.0 million syndicated facility with two equal tranches maturing in August 2026 and August 2028, a \$200.00 million bilateral facility maturing in April 2026 and a \$65.0 million bilateral facility maturing in July 2025, of which \$32.8 million is drawn at 31 December 2024. These facilities, along with the \$148.8 million of cash available, are sufficient to meet forward commitments.

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

New or amended accounting standards and interpretations adopted

The Group 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 Group.

1. Material accounting policy information (continued)

Effective in the financial year ended 30 June 2025

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

- 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 year 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 Group is currently assessing the impact of these new standards and amendments but expects that their adoption will not have a material impact on the Group 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 Group until 1 July 2025, however, the Group 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 Group 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 Corporation Limited
Notes to the consolidated financial statements
31 December 2024

2. Profit for the year

The profit before tax for the year includes the following specific items:

	31 December 2024 \$'000	31 December 2023 \$'000
Depreciation of property, plant and equipment	130,123	115,939
Amortisation of intangible assets	928	488
Total depreciation and amortisation	<u>131,051</u>	<u>116,427</u>
Borrowing costs:		
Interest:		
- Secured debt	155,379	139,119
- Interest capitalised during the period	(23,493)	(18,286)
- Amortisation of deferred borrowing costs	4,160	7,299
Hedge reserve unwind	6,633	18,578
Interest - lease liabilities	369	338
Other finance costs	481	498
Total borrowing costs	<u>143,529</u>	<u>147,546</u>

3. Security

	31 December 2024 \$'000	31 December 2023 \$'000
Security revenue	75,944	47,997
Security costs	(74,242)	(46,936)
Security depreciation and other costs	<u>(1,702)</u>	<u>(1,061)</u>
	<u>-</u>	<u>-</u>

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

Australia Pacific Airports Corporation Limited
Notes to the consolidated financial statements
31 December 2024

4. Income tax

(a) Income tax recognised in profit

	31 December 2024 \$'000	31 December 2023 \$'000
Income tax expense comprises of:		
Current tax	59,445	16,563
Deferred tax	2,501	38,105
Current tax in respect of prior years	-	21
Aggregate income tax expense	61,946	54,689

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	206,224	182,399
Tax at the statutory tax rate of 30% (30 June 2024: 30%)	61,867	54,720
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	79	(52)
Current tax in respect of prior years	-	21
Income tax expense	61,946	54,689

(b) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

	Consolidated			Closing balance 31 December 2024 \$'000
	Opening balance 1 July 2024 \$'000	Charged to income \$'000	Charged to equity \$'000	
Gross deferred tax liabilities:				
Property, plant & equipment	(158,996)	(3,671)	-	(162,667)
Accrued revenue	(60,065)	443	-	(59,622)
Investment property	(558,549)	2,089	-	(556,460)
Other assets	(1,426)	3	-	(1,423)
	(779,036)	(1,136)	-	(780,172)
Gross deferred tax assets:				
Provisions & accruals	11,497	(1,106)	-	10,391
Unearned income	7,455	(230)	-	7,225
Hedge reserve	4,669	(29)	3,969	8,609
Property, plant & equipment	35	-	-	35
	23,656	(1,365)	3,969	26,260
Net deferred tax liability	(755,380)	(2,501)	3,969	(753,912)

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5. Trade and other receivables

	31 December 2024 \$'000	30 June 2024 \$'000
<i>Current assets</i>		
Trade and other receivables	156,724	158,420
Less: provision for impairment loss	<u>(10,458)</u>	<u>(9,453)</u>
Total trade and other receivables	<u><u>146,266</u></u>	<u><u>148,967</u></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 Group's trade receivable balance are debtors with a carrying amount of \$541,761 (30 June 2024: \$675,730) net of allowance for expected credit losses, which were overdue (90 days +) as at the reporting date.

6. Accrued revenue

	31 December 2024 \$'000	30 June 2024 \$'000
<i>Current assets</i>		
Straight line leases	18,334	17,982
Accrued revenue	29,687	22,533
Accrued rebates	<u>1,723</u>	<u>2,000</u>
Total current	<u><u>49,744</u></u>	<u><u>42,515</u></u>
<i>Non-current assets</i>		
Straight line leases	274,307	279,033
Accrued rebates	<u>-</u>	<u>723</u>
Total non-current	<u><u>274,307</u></u>	<u><u>279,756</u></u>
Total accrued revenue	<u><u>324,051</u></u>	<u><u>322,271</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.

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7. Other assets

	31 December 2024 \$'000	30 June 2024 \$'000
<i>Current assets</i>		
Prepayments	17,112	39,539
Bond	534	488
Other current assets	190	137
Total current	17,836	40,164
<i>Non-current assets</i>		
Other non-current assets	3,582	4,650
Total other assets	21,418	44,814

8. Property, plant and equipment

	Leasehold land \$'000	Buildings and services \$'000	Roads, runways & infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
Gross carrying amount						
Balance at 1 July 2024	238,843	2,329,039	1,520,705	1,438,973	1,206,362	6,733,922
Additions	-	-	-	-	482,389	482,389
Disposals	-	-	-	(261)	-	(261)
Transfers to/(from) assets under construction	-	144,549	171,777	154,826	(471,152)	-
Balance at 31 December 2024	238,843	2,473,588	1,692,482	1,593,538	1,217,599	7,216,050
Accumulated depreciation						
Balance at 1 July 2024	(27,970)	(1,007,167)	(562,472)	(1,073,428)	-	(2,671,037)
Depreciation expense	(1,156)	(53,292)	(25,530)	(50,145)	-	(130,123)
Disposals	-	-	-	261	-	261
Balance at 31 December 2024	(29,126)	(1,060,459)	(588,002)	(1,123,312)	-	(2,800,899)
Net book value at 31 December 2024	209,717	1,413,129	1,104,480	470,226	1,217,599	4,415,151

8. Property, plant and equipment (continued)

	Leasehold land \$'000	Buildings and services \$'000	Roads, runways & infra- structure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
Gross carrying amount						
Balance at 1 July 2023	238,843	2,302,219	1,437,069	1,390,112	680,081	6,048,324
Additions	-	-	-	-	686,366	686,366
Disposals	-	-	-	(163)	-	(163)
Impairment	-	-	-	-	(605)	(605)
Transfers to/(from) assets under construction	-	26,820	83,636	49,024	(159,480)	-
Balance at 30 June 2024	238,843	2,329,039	1,520,705	1,438,973	1,206,362	6,733,922
Accumulated depreciation						
Balance at 1 July 2023	(25,657)	(906,194)	(515,226)	(990,322)	-	(2,437,399)
Depreciation expense	(2,313)	(100,973)	(47,246)	(83,269)	-	(233,801)
Disposals	-	-	-	163	-	163
Balance at 30 June 2024	(27,970)	(1,007,167)	(562,472)	(1,073,428)	-	(2,671,037)
Net book value at 30 June 2024	210,873	1,321,872	958,233	365,545	1,206,362	4,062,885

9. Investment properties

The Group 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 Style hotel), Industrial Buildings and Vacant Land. The Group provide 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	2,539,644	2,299,918
Additions for the period	115,174	137,826
Net gain / (loss) from investment property adjustments for the period	(6,962)	101,900
Balance at end of the period	2,647,856	2,539,644

10. Intangible assets

	Goodwill \$'000	Masterplan \$'000	Software \$'000	Total \$'000
2025				
Balance at 1 July 2024	671,866	1,730	505	674,101
Additions	-	-	4,283	4,283
Amortisation charge	-	(249)	(679)	(928)
	671,866	1,481	4,109	677,456
Cost	671,866	2,504	37,627	711,997
Accumulated amortisation and impairment	-	(1,023)	(33,518)	(34,541)
Net book value at 31 December 2024	671,866	1,481	4,109	677,456

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10. Intangible assets (continued)

2024	Goodwill \$'000	Masterplan \$'000	Software \$'000	Total \$'000
Balance at 1 July 2023	671,866	2,228	923	675,017
Additions	-	-	18	18
Amortisation charge	-	(498)	(436)	(934)
	<u>671,866</u>	<u>1,730</u>	<u>505</u>	<u>674,101</u>
Cost	671,866	2,504	33,343	707,713
Accumulated amortisation and impairment	-	(774)	(32,838)	(33,612)
Net book value at 30 June 2024	<u>671,866</u>	<u>1,730</u>	<u>505</u>	<u>674,101</u>

11. Payables

	31 December 2024 \$'000	30 June 2024 \$'000
Current liabilities		
Trade and other payables (i)	100,678	219,324
GST payable	3,738	4,214
Accrual for assets under construction	<u>72,751</u>	<u>71,240</u>
	<u>177,167</u>	<u>294,778</u>
Interest payable to:		
- Secured debt - bank (ii)	<u>28,481</u>	<u>29,426</u>
	<u>205,648</u>	<u>324,204</u>
	31 December 2024 \$'000	30 June 2024 \$'000
Non-current liabilities		
Undistributed capital note liability (iii)	<u>1,202</u>	<u>1,202</u>

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

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

(iii) Capital notes are entitled to 1/9th of net profit of Australia Pacific Airports (Launceston) Pty Ltd with distribution equal to 1/9th of declared dividends. Capital notes are redeemable at the end of the Launceston Airport lease.

12. Borrowings

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

The balances and other details related to the Group's interest bearing liabilities are presented in the tables on the following page.

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12. Borrowings (continued)

			Face value			
			Drawn (\$'000)	Undrawn (\$'000)	Drawn (\$'000)	Undrawn (\$'000)
			31 December 2024	31 December 2024	30 June 2024	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			32,800	1,432,200	38,800	1,426,200
			1,332,800	1,455,068	1,338,800	1,448,277
Secured capital markets debt			4,601,633	-	4,606,684	-
Total borrowings (face value)			5,934,433	1,455,068	5,945,484	1,448,277
			Principal			
			Original	Drawn	Carrying Amount (ii)	
			Currency	Face Value	31 December	30 June
Type	Maturity	Currency	\$'000	(AUD) (i)	2024	2024
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 (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
Cash Advance Facility (v)	30-Jul-25	AUD		32,800	32,800	38,800
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
				1,332,800	1,332,800	1,338,800
Total borrowings				5,934,433	6,100,120	6,059,776
Fair value hedge accounting adjustments (iii)				-	36,530	(24,845)
Deferred upfront borrowing costs				-	(41,413)	(43,143)
Total net borrowings				5,934,433	6,095,237	5,991,788

12. Borrowings (continued)

	31 December 2024 \$'000	30 June 2024 \$'000
Current	152,699	564,634
Non-current	5,942,538	5,427,154
Total net borrowings	<u>6,095,237</u>	<u>5,991,788</u>

All the above borrowings are secured by fixed and floating charges over the Group'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.

(v) Cash Advance Facility refers to the bank facility for Australia Pacific Airports (Launceston) Pty Ltd. The facility is for \$65 million of which \$32.2 million was undrawn at 31 December 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	-	183,642	183,642	55,451	35,468	90,919

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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
	<u>21,150</u>	<u>11,889</u>
Closing balance		

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	794,028	786,655
Longer than 1 year but no longer than 5 years	198,405	477,999
Total property, plant and equipment commitments	<u>992,433</u>	<u>1,264,654</u>

Other commitments

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

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16. Notes to the Statement of Cash Flows

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	144,278	127,710
Adjustments for:		
Amortisation of deferred borrowing costs	4,160	7,299
Non-cash hedge reserve unwind	6,633	18,578
Depreciation and amortisation of non-current assets	131,051	116,427
Net gain on disposal of non-current assets	(73)	(39)
Net loss on investment property	6,962	-
Non-cash finance lease interest	369	-
Borrowing costs reclassified to financing activities	481	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	3,288	48,542
Increase in other current assets	(3,907)	(3,440)
Decrease in other non-current assets	1,791	472
Increase in accrued revenue	(5,777)	(49,089)
Increase/(decrease) in trade payables	(130,686)	10,800
Decrease in interest payables	(945)	(9,925)
Increase in tax payables	35,541	-
Decrease in employee provisions	(4,672)	(4,251)
Decrease in unearned income	(1,416)	(3,780)
Increase in deferred tax liability	2,500	54,698
Net cash from operating activities	<u>189,578</u>	<u>314,002</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 Group's operations, the results of those operations, or the Group's state of affairs in future financial years.