

Australia Pacific Airports (Melbourne) Pty. Limited

ACN 076 999 114

Half Year Report - 31 December 2022

Australia Pacific Airports (Melbourne) Pty. Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2022

	Note	31 December 2022 \$'000	31 December 2021 Restated \$'000
Revenue			
Aeronautical		202,188	40,373
Security	5	34,332	19,421
Retail		56,833	5,731
Landside Access		109,071	23,271
Property		59,604	58,802
Outgoings/recharges		21,881	15,959
Interest		2,465	5
Other income		3,237	1,326
Profit on sale of fixed assets		23	19
Total revenue		<u>489,634</u>	<u>164,907</u>
Expenses			
Staff costs		(35,236)	(27,405)
Security	5	(33,485)	(18,408)
Service and utilities		(51,410)	(36,932)
Maintenance costs		(13,632)	(8,076)
Administration and marketing costs		(8,457)	(3,185)
Other costs		(13,587)	(3,984)
Software as a Service expense	2	(11,294)	(9,178)
Allowance for expected credit losses		654	(29)
Total expenses		<u>(166,447)</u>	<u>(107,197)</u>
Operating profit		323,187	57,710
Depreciation, amortisation and impairment	4	(117,365)	(132,231)
Finance costs	4	<u>(121,732)</u>	<u>(82,227)</u>
Profit/ (loss) before income tax expense		84,090	(156,748)
Income tax expense	6	<u>(25,861)</u>	<u>47,899</u>
Profit/ (loss) after income tax expense for the period		58,229	(108,849)
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	16	<u>(10,027)</u>	<u>28,886</u>
Other Comprehensive income/(loss) for the period, net of tax		<u>(10,027)</u>	<u>28,886</u>
Total Comprehensive income/(loss) for the period		<u><u>48,202</u></u>	<u><u>(79,963)</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 2022

	Note	31 December 2022 \$'000	30 June 2022 Restated \$'000
Assets			
Current assets			
Cash and cash equivalents		156,453	48,827
Trade and other receivables	7	59,792	77,027
Derivative financial instruments	15	169,781	-
Other assets	8	9,266	13,183
Accrued revenue	9	70,651	25,543
Total current assets		<u>465,943</u>	<u>164,580</u>
Non-current assets			
Derivative financial instruments	15	158,606	307,208
Investment properties	10	2,208,110	2,181,414
Property, plant and equipment	11	3,445,631	3,396,746
Intangible assets	12	669,210	672,322
Other assets	8	1,756	2,057
Accrued revenue	9	164,386	168,543
Total non-current assets		<u>6,647,699</u>	<u>6,728,290</u>
Total assets		<u>7,113,642</u>	<u>6,892,870</u>
Liabilities			
Current liabilities			
Payables	13	170,374	129,470
Borrowings	14	1,146,050	374,873
Income tax payable		105	-
Employee benefit provisions		18,761	21,487
Derivative financial instruments	15	2,092	-
Lease liabilities		1,287	1,287
Unearned income		5,345	16,975
Total current liabilities		<u>1,344,014</u>	<u>544,092</u>
Non-current liabilities			
Payables	13	2,500	2,500
Borrowings	14	3,992,751	4,644,843
Deferred tax liability	6	620,000	598,436
Employee benefit provisions		1,744	1,722
Derivative financial instruments	15	44,231	40,359
Lease liabilities		2,787	3,127
Unearned income		4,778	5,156
Total non-current liabilities		<u>4,668,791</u>	<u>5,296,143</u>
Total liabilities		<u>6,012,805</u>	<u>5,840,235</u>
Net assets		<u><u>1,100,837</u></u>	<u><u>1,052,635</u></u>
Equity			
Issued capital		100,000	100,000
Hedging reserves	16	(45,798)	(35,771)
Retained profits		<u>1,046,635</u>	<u>988,406</u>
Total equity		<u><u>1,100,837</u></u>	<u><u>1,052,635</u></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 2022

	Issued capital \$'000	Hedging reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2021	100,000	(139,795)	991,224	951,429
Adjustment for correction of error (Note 3)	-	-	21,541	21,541
Balance at 1 July 2021 - restated	100,000	(139,795)	1,012,765	972,970
Loss after income tax benefit for the period	-	-	(108,849)	(108,849)
Other Comprehensive income for the period, net of tax	-	28,886	-	28,886
Total Comprehensive income/(loss) for the period	-	28,886	(108,849)	(79,963)
Balance at 31 December 2021	<u>100,000</u>	<u>(110,909)</u>	<u>903,916</u>	<u>893,007</u>
	Issued capital \$'000	Hedging reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	100,000	(35,771)	988,406	1,052,635
Profit after income tax expense for the period	-	-	58,229	58,229
Other Comprehensive loss for the period, net of tax	-	(10,027)	-	(10,027)
Total Comprehensive income/(loss) for the period	-	(10,027)	58,229	48,202
Balance at 31 December 2022	<u>100,000</u>	<u>(45,798)</u>	<u>1,046,635</u>	<u>1,100,837</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 2022

	Note	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities			
Receipts from customers		499,893	183,371
Payments to suppliers and employees		(186,304)	(123,968)
Interest received		2,465	5
Interest paid		(85,889)	(58,156)
Income tax received/ (paid)		105	-
Payment for Software as a Service		<u>(12,507)</u>	<u>(9,872)</u>
Net cash from/(used in) operating activities	18	<u>217,763</u>	<u>(8,620)</u>
Cash flows from investing activities			
Payments for investment property		(26,696)	(11,005)
Payments for property, plant and equipment		(147,120)	(68,580)
Payments for intangibles		-	(27)
Proceeds from disposal of property, plant and equipment		<u>29</u>	<u>19</u>
Net cash used in investing activities		<u>(173,787)</u>	<u>(79,593)</u>
Cash flows from financing activities			
Proceeds from borrowings		690,000	1,110,000
Repayment of borrowings		(616,000)	(981,077)
Cash outlay from hedging restructure		-	(26,139)
Repayment of lease liabilities		(340)	(271)
Payment for debt issue costs		<u>(10,010)</u>	<u>(2,420)</u>
Net cash from financing activities		<u>63,650</u>	<u>100,093</u>
Net increase in cash and cash equivalents		107,626	11,880
Cash and cash equivalents at the beginning of the financial period		<u>48,827</u>	<u>27,653</u>
Cash and cash equivalents at the end of the financial period		<u><u>156,453</u></u>	<u><u>39,533</u></u>

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

1. Significant accounting policies

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 (Melbourne) Pty. Limited for the year ended 30 June 2022.

Basis of preparation

The 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 2022 annual financial report for the financial year ended 30 June 2022.

Prior period restatement

Included in Note 3 of the financial report are details of a prior period error associated with straight line accounting for certain long term ground lease contracts, which has been corrected retrospectively via a prior period restatement. The prior period error was identified on transition to a system-based lease accounting platform as part of the Group's finance transformation project (Project Catalyst), resulting in:

- a \$21.5m increase in opening retained earnings as at 1 July 2021;
- a \$0.02m reduction in net loss for the period ended 31 December 2021; and
- a \$31.1m increase in accrued revenue and \$9.2m increase in deferred tax liabilities as at 30 June 2022.

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.

Going Concern

In assessing the financial position of the Company, the Directors are of the view that the Company is positioned to continue operations and has sufficient liquidity available to meet all its operating and funding cost requirements over the course of the next 12 months and remain confident of the viability of the long-term plan of the Company.

The Company was in a net current liability position of \$878.1 million at 31 December 2022 (30 June 2022: net current liabilities \$380 million), however this deficit was comfortably covered by available liquidity as at 31 December 2022 in the form of cash and cash equivalent of \$156.5 million and undrawn bank facilities of \$1,715.0 million (30 June 2022: \$1,747 million).

During the period the Company executed \$800 million in term loans with existing and new term loan investors (\$292 million at 5-years tenor, \$508 million at 7-year tenor), \$665 million drawn during the period with a further \$135 million drawn down in January 2023.

The funds were used to settle facilities maturing in the period with the remainder to commence pre-funding of \$976 million of bonds maturing in September 2023.

The Company achieved compliance with its financial covenants in respect of the Cash Cover Ratio ("CCR") for bank and USPP borrowings for the 31 December 2022 testing period. Strong passenger performance, together with the impact of interest minimisation, assisted the Group in achieving a CCR ratio of 3.27 times for the 6-month period ended 31 December 2022, exceeding the 1.2 times requirement.

The Company have reviewed detailed cash flow projections prepared by management covering a period of 12 months from the date of approval for these financial statements, this considers forecast revenue, operating cash flows including operating and capital expenditure, interest minimisation program and the Company's liquidity position.

The forecast passenger numbers underpinning the financial projections assume no major changes to current border settings within Australia. Based on these passenger forecasts the Company expects to continue to be compliant with its covenants, including the CCR covenant, for the 6-month testing periods ending 30 June 2023 and 31 December 2023.

The Company continues to engage with lenders and rating agencies on current operating performance, commercial and financial performance. The Company's shareholders are committed to retain its investment grade credit rating.

In summary, the Directors are satisfied that the Company has available liquidity to support its operating activities over the course of the next 12 months and will be able to meet its debts as and when they fall due. As a result, the financial statements have been prepared on a going concern basis.

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. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company are:

1. Significant accounting policies (continued)

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments. Effective date: 1 January 2022. The changes in the standard had no impact on the financials report of the Company for the reporting period.

2. Significant income and expense items

Included in the financial statements are a number of significant income and expense items that qualify for adjustment as part of the Company's reporting on covenant compliance to its lenders.

	31 December 2022 \$'000	31 December 2021 \$'000
Expenses		
Software as a Service expense (i)	9,790	8,750

(i) Software as a Service (SaaS)

The Company revised its accounting policy in relation to SaaS arrangements in line with IFRIC guidance in 2021. All expenditure in both the financial periods in relation to SaaS arrangements has been assessed under the new guidance and expensed or capitalised as appropriate. \$11.3m million (31 December 2021: \$9.2 million) of SaaS related costs have been recognised as an expense for the current period, of which the \$9.8 million above is a subset (31 December 2021: \$8.8 million). The above SaaS costs primarily relates to the Catalyst project.

3. Prior period restatement

The Company identified a prior period error associated with straight line accounting for certain long term ground lease contracts, which has been corrected retrospectively via a prior period restatement. The prior period error was identified on transition to a system-based lease accounting platform as part of the Company's finance transformation project (Project Catalyst), resulting in:

- a \$21.5m increase in opening retained earnings as at 1 July 2021;
- a \$0.01m reduction net loss for the period ended 31 December 2021; and
- a \$31.1m increase in accrued revenue and \$9.4m increase in deferred tax liabilities as at 30 June 2022

The comparative information in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position has been restated to retrospectively account for the impact of the prior period error as summarised below. There is no cash impact arising from the prior period error.

	31 December 2021 Reported \$'000	Adjustment \$'000	31 December 2021 Restated \$'000
<i>Extract of key line items affected by the prior period restatement:</i>			
Statement of profit or loss and other comprehensive income			
Property revenue	58,785	17	58,802
Profit/ (loss) before income tax	(156,765)	17	(156,748)
Income tax benefit	47,904	(5)	47,899
Net impact on (loss) for the period	(108,861)	12	(108,849)

	30 June 2022 Reported \$'000	Adjustment \$'000	30 June 2022 Restated \$'000
<i>Extract of key line items affected by the prior period restatement:</i>			
Statement of financial position			
Current assets			
Accrued revenue	24,605	938	25,543
Non-current assets			
Accrued revenue	138,304	30,239	168,543
Non-current liabilities			
Deferred tax liability	(589,083)	(9,353)	(598,436)

3. Prior period restatement (continued)

Net assets	1,030,811	21,824	1,052,635
Retained profits	966,582	21,824	988,406
Total equity	1,030,811	21,824	1,052,635

4. Profit for the period

31 December 2022	31 December 2021
\$'000	\$'000

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

Depreciation of property, plant and equipment	114,258	126,472
Amortisation of intangible assets	3,107	4,602
Impairment of assets under construction	-	1,157
Total Depreciation, amortisation and impairment	117,365	132,231
Interest:		
- Secured debt	101,678	56,157
- Interest capitalised during the period	(5,928)	(2,055)
- Amortisation of deferred borrowing costs	4,201	3,674
Hedge ineffectiveness and other hedge accounting	21,355	23,438
Unwind of discount on finance lease liability	304	265
Other finance costs	122	748
Total finance costs	121,732	82,227

5. Security

31 December 2022	31 December 2021
\$'000	\$'000

Security revenue	34,332	19,421
Security cost	(33,485)	(18,408)
Security depreciation	(847)	(1,013)
	-	-

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.

6. Income tax

(a) Income tax recognised in profit

	31 December 2022 \$'000	31 December 2021 Restated \$'000
<i>Income tax expense comprises of:</i>		
Deferred tax	25,861	(47,006)
Current tax expense/ (benefit) in respect of prior years	-	102
Deferred tax in respect of prior years	-	(995)
	<u>25,861</u>	<u>(47,899)</u>
Aggregate income tax expense	<u>25,861</u>	<u>(47,899)</u>
<i>The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:</i>		
Profit/ (loss) before income tax expense	84,090	(156,748)
	<u>84,090</u>	<u>(156,748)</u>
Tax at the statutory tax rate of 30%	25,227	(47,024)
	<u>25,227</u>	<u>(47,024)</u>
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-taxable income	-	(61)
Non-deductible expenses	634	79
Deferred tax in respect of prior years	-	(995)
	<u>-</u>	<u>(995)</u>
	25,861	(48,001)
Current tax expense/ (benefit) in respect of prior years	-	102
	<u>-</u>	<u>102</u>
Income tax expense	<u>25,861</u>	<u>(47,899)</u>

(b) Deferred tax balances

	Opening balance 1 July 2022 \$'000	Charged to income \$'000	Charged to equity \$'000	Closing balance 31 Dec 2022 \$'000
Gross deferred tax liabilities:				
Property, plant & equipment	(164,913)	7,191	-	(157,722)
Investment property	(517,135)	-	-	(517,135)
Accrued revenue	(47,265)	800	-	(46,465)
Other assets	(1,347)	1,113	-	(234)
	<u>(730,660)</u>	<u>9,104</u>	<u>-</u>	<u>(721,556)</u>
Gross deferred tax assets:				
Provisions & accruals	8,992	(2,225)	-	6,767
Hedge reserve	15,352	(98)	4,297	19,551
Tax losses	107,880	(32,642)	-	75,238
	<u>132,224</u>	<u>(34,965)</u>	<u>4,297</u>	<u>101,556</u>
Net deferred tax liability	<u>(598,436)</u>	<u>(25,861)</u>	<u>4,297</u>	<u>(620,000)</u>

Australia Pacific Airports (Melbourne) Pty. Limited
Notes to the financial statements
31 December 2022

7. Trade and other receivables

	31 December 2022 \$'000	30 June 2022 \$'000
<i>Current assets</i>		
Trade receivables	60,454	79,181
Less: provision for impairment loss	(1,500)	(2,154)
Net trade receivables	<u>58,954</u>	<u>77,027</u>
Other receivables	<u>838</u>	<u>-</u>
	<u><u>59,792</u></u>	<u><u>77,027</u></u>

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

Included in the Company's trade receivable balance are debtors with a carrying amount of \$5,279,748 (June 2022: \$3,197,000), which were overdue (90 days +) as at the reporting date.

8. Other assets

	31 December 2022 \$'000	30 June 2022 \$'000
<i>Current assets</i>		
Prepayments	8,800	12,723
Bond	<u>466</u>	<u>460</u>
Total current	<u>9,266</u>	<u>13,183</u>
<i>Non-current assets</i>		
Other non-current assets	<u>1,756</u>	<u>2,057</u>
	<u><u>11,022</u></u>	<u><u>15,240</u></u>

9. Accrued revenue

	31 December 2022 \$'000	30 June 2022 \$'000
<i>Current assets</i>		
Straight line leases	9,873	9,385
Accrued revenue	58,778	14,158
Airline rebates	<u>2,000</u>	<u>2,000</u>
Total current	<u>70,651</u>	<u>25,543</u>
<i>Non-current assets</i>		
Straight line leases	160,663	163,820
Airline rebates	<u>3,723</u>	<u>4,723</u>
	<u>164,386</u>	<u>168,543</u>
	<u><u>235,037</u></u>	<u><u>194,086</u></u>

10. Investment properties

	31 December 2022 \$'000	30 June 2022 \$'000
<i>Non-current assets</i>		
Investment property at cost	2,166,880	2,166,880
Investment property - WIP	41,230	14,534
	<u>2,208,110</u>	<u>2,181,414</u>

11. Property, plant and equipment

	Leasehold land \$000	Buildings and services \$000	Roads, runway and other infrastructure \$000	Plant and equipment \$000	Assets under construction \$000	Total \$000
Gross carrying amount						
Balance at 1 July 2022	243,774	2,460,064	1,501,392	901,358	437,446	5,544,034
Additions	-	-	-	-	163,166	163,166
Disposals	-	-	-	(23)	-	(23)
Transfers due to change in asset groups	(5,684)	(241,970)	(155,354)	403,008	-	-
Transfers to/(from) assets under construction	6	47,140	44,981	30,979	(123,106)	-
Balance at 31 December 2022	<u>238,096</u>	<u>2,265,234</u>	<u>1,391,019</u>	<u>1,335,322</u>	<u>477,506</u>	<u>5,707,177</u>
Accumulated depreciation						
Balance at 1 July 2022	(24,647)	(956,436)	(501,235)	(664,970)	-	(2,147,288)
Depreciation expense	(1,155)	(49,837)	(21,249)	(42,017)	-	(114,258)
Transfer due to change in asset groups	1,489	169,241	50,373	(221,103)	-	-
Balance at 31 December 2022	<u>(24,313)</u>	<u>(837,032)</u>	<u>(472,111)</u>	<u>(928,090)</u>	<u>-</u>	<u>(2,261,546)</u>
Net book value at 31 December 2022	<u>213,783</u>	<u>1,428,202</u>	<u>918,908</u>	<u>407,232</u>	<u>477,506</u>	<u>3,445,631</u>

	Leasehold land \$'000	Buildings and services \$'000	Roads, runways and other infrastructure \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
Gross carrying amount						
Balance at 1 July 2021	243,774	2,441,106	1,445,670	879,179	341,843	5,351,572
Additions	-	-	-	-	193,879	193,879
Disposals	-	-	-	(21)	-	(21)
Impairment	-	-	-	-	(1,396)	(1,396)
Transfers to/(from) assets under construction	-	18,958	55,722	22,200	(96,880)	-
Balance at 30 June 2022	<u>243,774</u>	<u>2,460,064</u>	<u>1,501,392</u>	<u>901,358</u>	<u>437,446</u>	<u>5,544,034</u>
Accumulated depreciation						
Balance at 1 July 2021	(22,076)	(817,848)	(445,023)	(609,284)	-	(1,894,231)
Depreciation expense	(2,571)	(138,588)	(56,212)	(55,686)	-	(253,057)
Balance at 30 June 2022	<u>(24,647)</u>	<u>(956,436)</u>	<u>(501,235)</u>	<u>(664,970)</u>	<u>-</u>	<u>(2,147,288)</u>
Net book value at 30 June 2022	<u>219,127</u>	<u>1,503,628</u>	<u>1,000,157</u>	<u>236,388</u>	<u>437,446</u>	<u>3,396,746</u>

12. Intangible assets

	Goodwill \$'000	Masterplan \$'000	Software \$'000	Total \$'000
Balance at 1 July 2022	667,700	1,026	3,596	672,322
Additions/(Disposals)	-	-	(5)	(5)
Amortisation charge	-	(1,026)	(2,081)	(3,107)
Net book value at 31 December 2022	<u>667,700</u>	<u>-</u>	<u>1,510</u>	<u>669,210</u>
Cost	667,700	3,673	32,806	704,179
Accumulated amortisation and impairment	-	(3,673)	(31,296)	(34,969)
Net book value at 31 December 2022	<u>667,700</u>	<u>-</u>	<u>1,510</u>	<u>669,210</u>
	Goodwill \$'000	Masterplan \$'000	Software \$'000	Total \$'000
Balance at 1 July 2021	667,700	1,797	10,615	680,112
Disposals	-	(45)	-	(45)
Additions	-	-	451	451
Amortisation charge	-	(726)	(7,470)	(8,196)
Net book value at 30 June 2022	<u>667,700</u>	<u>1,026</u>	<u>3,596</u>	<u>672,322</u>
Cost	667,700	3,673	32,806	704,179
Accumulated amortisation and impairment	-	(2,647)	(29,210)	(31,857)
Net book value at 30 June 2022	<u>667,700</u>	<u>1,026</u>	<u>3,596</u>	<u>672,322</u>

13. Payables

	31 December 2022 \$'000	30 June 2022 \$'000
Current liabilities		
Trade and other payables (i)	63,040	40,064
Accrual for assets under construction	25,365	17,774
Intercompany payables	48,229	48,469
GST payable	1,229	939
	<u>137,863</u>	<u>107,246</u>
Interest payable to: (ii)		
- Secured debt - bank (ii)	<u>32,511</u>	<u>22,224</u>
	<u>170,374</u>	<u>129,470</u>
Non-current liabilities		
Other non-current liabilities	<u>2,500</u>	<u>2,500</u>

(i) The average credit period for purchases and services is 30 days. No interest is charged on trade payables.

(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.

14. Borrowings

At the reporting date the Company's debt comprises: Bank facilities (Syndicated and bilateral); term bank debt; capital markets debt including 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.

	Drawn (\$'000) Dec 22	Undrawn (\$'000) Dec 22	Drawn (\$'000) Jun 22	Undrawn (\$'000) Jun 22
Drawn and undrawn				
Unsecured bank overdraft	-	21,808	-	21,627
Term bank debt	1,165,000	-	500,000	-
Bank facilities	25,000	1,715,000	241,000	1,699,000
Total bank debt	1,190,000	1,736,808	741,000	1,720,627
Capital markets debt	3,688,807	-	4,063,815	-
Total borrowings (face value)	4,878,807	1,736,808	4,804,815	1,720,627

	Maturity	Principle Drawn			Carrying Amount (ii)	
		Original Currency		Face Value (i) (AUD) \$'000	Dec 22 \$'000	Jun 22 \$'000
		Currency	\$'000			
Capital Markets Debt						
AMTN	15-Sep-22	AUD	-	-	-	250,000
USPP (\$A)	15-Nov-22	AUD	-	-	-	125,000
USPP	15-Sep-23	USD	200,000	191,077	295,203	290,681
EMTN (iii)	26-Sep-23	EUR	550,000	784,920	864,916	834,658
EMTN	15-Oct-24	EUR	350,000	505,051	550,401	531,146
AMTN (iii)	11-Nov-25	AUD	120,000	120,000	120,000	120,000
USPP	15-Sep-26	USD	200,000	191,077	295,203	290,681
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	223,630	219,540
AMTN	25-Nov-31	AUD	700,000	700,000	700,000	700,000
USPP (iii)	4-Dec-31	USD	105,000	151,844	154,982	152,607
USPP	4-Dec-34	USD	105,000	151,844	154,982	152,607
USPP	4-Dec-39	AUD	150,000	150,000	150,000	150,000
USPP	4-Dec-44	AUD	250,000	250,000	250,000	250,000
Total capital markets				3,688,807	4,009,317	4,316,920
Bilateral Facility				-	-	100,000
Syndicated Facility (v)				25,000	25,000	140,000
Bilateral Facility (iv)				-	-	1,000
Term Bank Debt				200,000	200,000	200,000
Term Bank Debt (vi)				247,000	247,000	-
Term Bank Debt				300,000	300,000	300,000
Term Bank Debt				418,000	418,000	-
Total Bank Debt				1,190,000	1,190,000	741,000
Fair Value adjustments				-	(34,276)	(14,927)
Deferred Borrowing Costs				-	(26,240)	(23,277)
Total Net Borrowings				4,878,807	5,138,801	5,019,716

14. Borrowings (continued)

- (i) Face values of foreign debt shown reflect the AUD value of the hedged principal amount at inception of the debt.
(ii) Carrying amounts of foreign debt reflect revalued debt in AUD at spot rates as at 31 December 2022.
(iii) Excludes fair value adjustments.
(iv) Bilateral facilities are held with six banks and have a total limit of \$800m with maturity dates ranging from 15 January 2024 to 8 April 2026. Two facilities with a total limit of \$200m were cancelled in October 2022.
(v) The Syndicated Facility has a total facility limit of \$940m, comprising two tranches with individual limits of \$540m (maturing 31 March 2024) and \$400m (maturing 30 September 2024).
(vi) A new \$800m term debt facility was executed on 19 August 2022. The total amount drawn at 31 December 2022 was \$665m. An additional amount of \$135m was drawn under the facility on 16 January 2023.
(vii) The balance of \$5,138,801 is split between current borrowings of \$1,146,050 and non-current borrowings of \$3,992,751.

15. Derivative financial instruments

The Company undertook four restructures of its derivative portfolio between December 2020 and February 2022, aimed at reducing payments in the short term, by resetting out of the money fixed rate cross currency and interest rate swaps to current market interest rates.

The reduction in interest costs for the first three restructures ended in FY22. The reduction in interest cost related to the fourth restructure ended in October 2022 and provided \$15m of cash interest savings in the current period. The restructures triggered a discontinuation of existing hedge relationships resulting in hedge accounting impacts to profit and loss which are reflected in the breakdown of interest detailed in Note 4 and the hedge reserve movement schedule detailed in Note 16.

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

	Current Dec 22 \$'000	Non-current Dec 22 \$'000	Total Dec 22 \$'000	Current Jun 22 \$'000	Non-Current Jun 22 \$'000	Total Jun 22 \$'000
Assets						
Cross currency swaps	165,302	118,524	283,826	-	274,164	274,164
Interest rate swaps	4,479	40,082	44,561	-	33,044	33,044
	<u>169,781</u>	<u>158,606</u>	<u>328,387</u>	<u>-</u>	<u>307,208</u>	<u>307,208</u>
Liabilities						
Cross country swaps	-	(40,226)	(40,226)	-	(38,459)	(38,459)
Interest rate swaps	(2,092)	(4,005)	(6,097)	-	(1,900)	(1,900)
	<u>(2,092)</u>	<u>(44,231)</u>	<u>(46,323)</u>	<u>-</u>	<u>(40,359)</u>	<u>(40,359)</u>
Net derivative position assets/ (liabilities)	<u>167,689</u>	<u>114,375</u>	<u>282,064</u>	<u>-</u>	<u>266,849</u>	<u>266,849</u>

16. Hedging reserves

	31 December 2022 \$'000	30 June 2022 \$'000
Balance at beginning of financial period	35,771	139,795
(Gain) / loss recognised on derivative financial instruments (unrealised)	(27,953)	(177,493)
(Gain) / loss recognised on derivative financial instruments (realised)	(30,570)	28,155
(Gain) / loss on foreign exchange remeasurement transferred to profit and loss	67,395	72,546
(Gain) / loss on hedge ineffectiveness transferred to profit and loss	(1,687)	(6,910)
(Gain) / loss on unwind of discontinued hedge relationships transferred to profit and loss	(23,431)	(43,056)
(Gain) / loss on restructure impacts transferred to profit and loss	-	6,307
(Gain) / loss on cash flow hedges transferred to profit and loss	30,570	(28,155)
Income tax related to amounts above	(4,297)	44,582
Closing Balance	<u>45,798</u>	<u>35,771</u>

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.

17. Commitments for expenditure

	31 December 2022 \$'000	30 June 2022 \$'000
Commitments for expenditure		
Not longer than 1 year	384,421	182,278
Longer than 1 year but not longer than 5 years	162,989	133,232
Total Property, plant and equipment commitments	<u>547,410</u>	<u>315,510</u>

18. Notes to the Statement of Cash Flows

Reconciliation of profit/ (loss) after income tax to net cash from/(used in) operating activities

(a) Reconciliation of cash

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.

(b) Reconciliation of profit after related income tax to net cash flows from operating activities

	31 December 2022 \$'000	31 December 2021 Restated \$'000
Profit/ (loss) after income tax expense for the period	58,229	(108,849)
Adjustments for:		
Net profit on sale of non-current assets	(23)	(19)
Amortisation of deferred borrowing costs	4,201	3,674
Hedge reserve unwind	21,355	11,059
Depreciation and amortisation of non-current assets	117,365	131,074
Impairment of property, plant and equipment	-	1,157
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	17,525	12,215
(Increase)/decrease in other assets	(173)	(1,045)
(Increase)/decrease in accrued revenue	(41,951)	(15,065)
Increase/(decrease) in trade payables	19,695	(6,406)
Increase/(decrease) in interest payables	10,287	(3,041)
Increase/(decrease) in tax payable	105	(7,343)
Increase/(decrease) in employee provisions	(2,704)	169
Increase/(decrease) in unearned revenue	(12,009)	2,078
Increase/(decrease) in deferred tax liabilities	<u>25,861</u>	<u>(28,278)</u>
Net cash from/(used in) operating activities	<u><u>217,763</u></u>	<u><u>(8,620)</u></u>

19. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 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.