



SGSP (AUSTRALIA) ASSETS PTY LTD

ABN 60 126 327 624

FINANCIAL REPORT

For the year ended 31 December 2024



PRINCIPAL ACTIVITIES

For the year ended 31 December 2024

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624



HIGH PRESSURE GAS TRANSMISSION AND PROCESSING

1. **Eastern Gas Pipeline** delivers natural gas from the Gippsland Basin to customers in Sydney and regional New South Wales ("NSW"). Statistics: 18 inch diameter, 797 kilometres in length, approximate capacity of 350 terajoules ("TJ") per day.

2. **Queensland Gas Pipeline** delivers natural gas from the Surat Basin, Denison Trough and Bowen Basin to large industrial users in Gladstone and Rockhampton. Statistics: 12 inch diameter, 627 kilometres in length, approximate capacity of 140 TJ per day.

3. **Northern Gas Pipeline** delivers natural gas between Tennant Creek and Mt Isa. Construction was completed and first gas flowed in January 2019. Statistics: 12 inch diameter, 623 kilometres in length, approximate capacity of 90 TJ per day.

4. **Darling Downs Pipeline ("DDP")** Network consists of three integrated pipelines extending from Spring Gully to Wallumbilla through to the Darling Downs Power Station. Statistics: 292 kilometres in length and capacity ranging from 155TJ/d to 502TJ/d. The DDP network also includes the Atlas Gas Processing Facility and pipeline connecting Surat Basin in QLD to the DDP. Statistics: 60 kilometres in length and capacity of approximately 40TJ per day.

5. **Colongra Gas Pipeline** stores and delivers natural gas across 9 kilometres to the Colongra peaking power station at Munmorah.

6. **VicHub** is a pipeline interconnect facility situated at Longford. The facility

enables gas to flow between the EGP, the Tasmanian gas pipeline and the Victorian gas transmission system. The facility has a nominal daily injection capacity of 150 TJ per day and a withdrawal capacity of 135 TJ per day.

7. **Roma North Pipeline** processes and delivers natural gas from the Surat Basin into the GLNG Comet Ridge to Wallumbilla Pipeline. Statistics: 8 inch diameter, 5 kilometres in length, approximate capacity of 24 TJ per day.

GAS DISTRIBUTION

8. **Jemena Gas Network** was established in 1837 and is the principal gas distribution business in NSW. It typically delivers 90-95 petajoules of natural gas each year to more than 1.5 million homes and businesses throughout NSW.

9. The Group holds a 50% interest in the **ActewAGL Distribution Partnership ("ADP")**, primarily operating as 'Evoenergy'. The remaining 50% is ultimately held by the **Australian Capital Territory ("ACT")** government. ADP owns and operates the gas networks in the ACT, Queanbeyan-Palerang and Nowra.

ELECTRICITY DISTRIBUTION

9. **ADP** owns and operates the electricity distribution network in the ACT.

10. **Jemena Electricity Network ("JEN")** delivers electricity to over 370,000 homes and businesses through approximately 6,300 kilometres of distribution network covering approximately 950 square kilometres of northwest greater Melbourne.

11. The Group holds a 34% interest in **United Energy Distribution Holdings Pty Ltd ("UEDH")**. UEDH group delivers electricity to over 700,000 homes and businesses through a distribution network covering approximately 1,472 square kilometres of southeast Melbourne and the Mornington Peninsula.

OTHER BUSINESSES

12. **Ovida** offers energy solutions that enable customers to access and integrate renewable energy, primarily through long-term agreements where Ovida owns, installs and maintains rooftop solar panels.

SERVICES BUSINESS

13. **Zinfra** provides engineering and design, project management, construction, civil, maintenance and asset operations services to the Australian utility infrastructure sectors and adjacent markets.

SGSP AUSTRALIA ASSETS

Financial report

For the year ended 31 December 2024

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

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The SGSPAA Group operates its businesses under two main brands, Jemena and Zinfra. A third brand, Ovida operates the unregulated electricity assets.



Directors' report

For the year ended 31 December 2024

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

The board of directors of SGSP (Australia) Assets Pty Ltd (the "Company") presents its report together with the consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2024 and the auditor's report thereon.

Directors

The directors of the Company for the year ended 31 December 2024 and up to the date of this report (unless otherwise stated) are listed below:

Mr Jiang Longhua (Chairman)
Mr David Gillespie
Mr Peng Sun (resigned 12 September 2024)
Ms Yanli Liu (appointed 13 September 2024)
Ms Jeanne Gueh Poh Tay
Mr Albert Yeuk Kuk Tse
Ms Yue Joo Chia
Ms Hui Chee Loong
Mr Warwick Leslie Smith

Principal activities

The Group owns and has interests in a portfolio of energy infrastructure assets and related businesses (operated under three brands, being Jemena, Zinfra and Ovida - with partially-owned interests operated under separate brands, United Energy and Evoenergy). Jemena is an investor in a portfolio of gas and electricity assets which is diversified in terms of geography and markets. Zinfra is a services business focused on delivering engineering, design and construction, as well as field based maintenance and operational services across gas and electricity utility infrastructure assets. Ovida offers energy solutions that enable customers to access and integrate renewable energy, primarily through long-term agreements where Ovida owns, installs and maintains rooftop solar panels.

Refer to the inside of the cover page for detailed description of the Group's principal activities.

Review of operations

	Consolidated	
	2024 \$'000	2023 \$'000
Net profit after tax	330,571	234,979
Dividends		
	2024 \$'000	2023 \$'000
Dividends paid by the Company to its shareholders	252,800	159,300

Significant changes in the state of affairs

The Group continues to focus on opportunities to support the deployment of renewable gas in NSW and to evolve the Victorian electricity grid for a lower carbon future. As the external environment continues to evolve with changing energy market, policy, customer and competition dynamics, the Group will consider opportunities to invest to support the broader energy transition. Zinfra's skills, knowledge and experience will continue to be leveraged to meet the significant infrastructure demanded by the energy transition.

On 5 March 2024, there was a rupture on the Queensland Gas Pipeline (QGP) which impacted the pipeline's operations. Following an extensive work program, the pipeline returned to Maximum Allowable Operating Pressure on 9 December 2024, from which date full contracted flows were available to all QGP customers.

Directors' report

For the year ended 31 December 2024

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

In addition, on 29 February 2024, the Company agreed the terms of a capital restructure in relation to the \$800.0 million of Convertible Instruments (CI) that were entered into in 2015 with State Grid International Development Australia Investment Company Limited (SGIDAIC) and Singapore Power International Ltd (SPI).

As part of the capital restructure, on 20 June 2024, the \$800.0 million face value of the CI was converted by SGIDAIC and SPI into fully paid ordinary shares in SGSPAA in proportion to their existing shareholding in the Company. This simplifies SGSPAA's capital structure, which now comprises a total of \$4.0 billion of ordinary shares after the restructure, in addition to external funding arrangements.

In the opinion of the directors there were no other significant changes in the state of affairs of the Group during the year.

Matters subsequent to balance date

No matters or circumstances have arisen since balance date that significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

Likely developments and expected results of operations

The Australian energy sector, while evolving, continues to enable the Group's strong and reliable returns as well as offer new opportunities. The Group aims to be a leader in energy infrastructure ownership and management. Further information on likely developments in the operations of the Group and the expected results of operations has not been included in this report because disclosure of the information may result in unreasonable prejudice to the Group.

Environmental regulation and performance

The Group is subject to environmental regulations under both Commonwealth and State legislation relating to assets in which the Group has an ownership interest and end services provided by the Group to third parties. The directors are not aware of any significant breaches regarding environmental regulations during the year ended 31 December 2024 or to the date of signing this report.

Insurance of directors and officers

The directors and officers of the Group are covered by a directors and officers insurance policy for liabilities and expenses arising as a result of their work, to the extent permitted by law. The nature of the liabilities insured against and the cost of the insurance premiums are confidential in accordance with the terms of the insurance contracts and normal commercial practice.

Auditor's independence declaration

A copy of the auditor's independence declaration, as required under *section 307C of the Corporations Act 2001*, is set out on page 3 and forms part of the Director's report for the year ended 31 December 2024.

Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Amounts in the financial statements have been rounded off in accordance with that instrument, unless otherwise stated.

Signed in accordance with a resolution of the board of directors:

Director: 

David Gillespie

Director: 

Jiang Longhua

Date: 20 March 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of SGSP (Australia) Assets Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of SGSP (Australia) Assets Pty Ltd for the financial year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'Gordon Sangster'.

Gordon Sangster
Partner
Melbourne
20 March 2025

Consolidated income statement

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

	Notes	2024 \$'000	2023 \$'000
Revenue and other income	B1,B2,B3	2,264,055	1,891,163
Share of net profits of associate and joint venture	C3,C4	97,813	134,311
Employee benefits expense	B3, B6	(676,122)	(575,876)
Depreciation and amortisation expense	C1,C2,D7	(400,838)	(326,286)
Materials and services expense	B3	(602,305)	(502,737)
Operating profit		682,603	620,575
Finance income	D2	9,209	9,179
Finance costs	D2	(228,014)	(254,982)
Net finance costs		(218,805)	(245,803)
Profit before income tax	B5	463,798	374,772
Income tax expense	B4	(133,227)	(139,793)
Profit for the year		330,571	234,979
Attributable to:			
Owners of the Company		330,571	234,979

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

Refer to note B1 for operating segment information.

Consolidated statement of comprehensive income

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

	Notes	2024 \$'000	2023 \$'000
Profit for the year		330,571	234,979
Other comprehensive income/(loss)			
Items that will never be reclassified to profit or loss			
Defined benefit superannuation plan actuarial gain/(loss) before tax	B6	4,506	(943)
Tax on defined benefit superannuation plan actuarial (loss)/gain		(1,352)	283
Defined benefit superannuation plan actuarial gain/(loss) after tax		3,154	(660)
Items that are or may be reclassified to profit or loss			
Movement in hedging reserve before tax		(40,901)	(101,680)
Share of movement in associate hedging reserve	C3	(5,906)	(11,847)
Tax on movement in hedging reserve		14,042	34,058
Movement in hedging reserve after tax	D3	(32,765)	(79,469)
Other comprehensive loss for the year		(29,611)	(80,129)
Total consolidated comprehensive income for the year		300,960	154,850
Attributable to:			
Owners of the Company		300,960	154,850

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

Consolidated balance sheet

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

As at 31 December 2024

	Notes	2024 \$'000	2023* Restated \$'000
Current assets			
Cash at bank and in hand		57,815	30,889
Receivables	B7	333,925	295,050
Inventories		82,612	76,817
Derivative financial instruments	D3	1,366	1,327
Prepayments and deposits		36,906	34,170
Total current assets		512,624	438,253
Non-current assets			
Property, plant and equipment	C1	8,329,707	8,161,258
Intangible assets	C2	1,728,541	1,734,786
Investments in associate and joint venture	C3,C4	1,587,530	1,553,868
Right of use assets	D7	56,534	52,012
Lease receivable		80,309	90,889
Derivative financial instruments	D3	575,864	339,304
Defined benefit superannuation plans	B6	54,654	49,660
Total non-current assets		12,413,139	11,981,778
TOTAL ASSETS		12,925,763	12,420,031
Current liabilities			
Payables	B8	214,529	185,673
Provisions	B8	177,834	175,862
Interest bearing liabilities	D1	614,388	1,049,522
Income tax payable		26,222	117,555
Contract liabilities	B2	195,895	127,604
Derivative financial instruments	D3	-	142
Lease liabilities		26,520	23,173
Total current liabilities		1,255,388	1,679,531
Non-current liabilities			
Interest bearing liabilities	D1	5,272,128	5,186,795
Provisions	B8	106,430	120,943
Deferred tax	B4	1,141,216	1,110,288
Lease liabilities		67,191	78,323
Contract liabilities	B2	15,009	4,594
Derivative financial instruments	D3	55,439	74,755
Total non-current liabilities		6,657,413	6,575,698
TOTAL LIABILITIES		7,912,801	8,255,229
Net assets		5,012,962	4,164,802
Share capital	D5	4,000,000	3,200,000
Hedging reserve	D3	148,459	181,224
Retained earnings		864,503	783,578
TOTAL EQUITY		5,012,962	4,164,802

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

* The comparative information is restated on account of a change in accounting policy. Refer to note A(2)(a).

Consolidated statement of changes in equity

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

	Notes	Share capital \$'000	Hedging reserve \$'000	Retained earnings \$'000	Total \$'000
2024					
Balance at 1 January 2024		3,200,000	181,224	783,578	4,164,802
Profit for the year		-	-	330,571	330,571
Other comprehensive (loss)/income					
Hedging reserve movement, net of tax	D3	-	(32,765)	-	(32,765)
Defined benefit superannuation plan actuarial gain, net of tax		-	-	3,154	3,154
Total other comprehensive income/(loss)		-	(32,765)	3,154	(29,611)
Total comprehensive (loss)/income for the year		-	(32,765)	333,725	300,960
Transactions with the owners of the Company recognised directly in equity					
Conversion of Convertible Instruments	D5	800,000	-	-	800,000
Dividends paid to shareholders: \$0.07 per share	E1	-	-	(252,800)	(252,800)
		800,000	-	(252,800)	547,200
Balance at 31 December 2024		4,000,000	148,459	864,503	5,012,962
2023					
Balance at 1 January 2023		3,200,000	260,693	708,559	4,169,252
Profit for the year		-	-	234,979	234,979
Other comprehensive loss					
Hedging reserve movement, net of tax	D3	-	(79,469)	-	(79,469)
Defined benefit superannuation plan actuarial loss, net of tax		-	-	(660)	(660)
Total other comprehensive loss		-	(79,469)	(660)	(80,129)
Total comprehensive (loss)/income for the year		-	(79,469)	234,319	154,850
Transactions with the owners of the Company recognised directly in equity					
Dividends paid to shareholders: \$0.05 per share	E1	-	-	(159,300)	(159,300)
		-	-	(159,300)	(159,300)
Balance at 31 December 2023		3,200,000	181,224	783,578	4,164,802

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

Consolidated cash flow statement

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

		2024 \$'000	2023 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,481,217	2,020,617
Payments to suppliers and employees		(1,460,087)	(1,248,954)
Income taxes paid		(180,941)	(40,718)
Interest received		2,206	2,028
Net cash inflow from operating activities	B5	842,395	732,973
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment and intangibles		(542,863)	(502,796)
Proceeds from sale of property, plant and equipment		26,825	1,179
Dividends and distributions received from investments		57,183	61,536
Net cash outflow from investing activities		(458,855)	(440,081)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	D6	1,147,648	2,073,794
Repayment of borrowings	D6	(994,000)	(1,894,446)
Payment of lease liabilities	D6	(32,327)	(30,063)
Interest paid		(219,004)	(292,053)
Dividends paid	E1	(252,800)	(159,300)
Debt issuance costs		(6,131)	(6,990)
Net cash outflow from financing activities		(356,614)	(309,058)
Net increase/(decrease) in cash and cash equivalents		26,926	(16,166)
Cash and cash equivalents at the beginning of the year		30,889	47,055
Cash and cash equivalents at the end of the year		57,815	30,889

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Cash and cash equivalents comprise cash deposits at call.

Notes to the financial statements

For the year ended 31 December 2024

SGSP (Australia) Assets Pty Ltd
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Notes to the financial statements

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

SECTION A ABOUT THIS REPORT

A1 Basis of preparation

SGSP (Australia) Assets Pty Ltd ("the Company") is a for-profit company domiciled in Australia. The address of the Company's registered office and principal place of business is Level 16, 567 Collins Street, Melbourne, VIC 3000. These consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (collectively "the Group"). The comparative figures are for the year ended 31 December 2023.

The Group primarily consists of two operating businesses, an assets business and a services business. The assets business has ownership interests in a number of regulated and unregulated assets in the Australian energy sector. The services business provides services to the Australian utility infrastructure sectors and adjacent markets. Refer to the inside of the cover page for detailed description of the Group's principal activities.

(a) Going concern basis of accounting

These financial statements have been prepared on a going concern basis, which contemplates the Group continuing in operation for the foreseeable future.

The Group's current liabilities exceed its current assets by \$742.8 million, mainly due to the nature of the business and the classification of debt facilities that are set to mature in 2025. The Group's working capital, investing and financing requirements are being actively managed through operating cashflows and utilisation of debt facilities. The Group has access to unused debt facilities of \$712.4 million (refer to note D4(d)), all of which are available for more than 12 months from the date of authorisation of these financial statements.

The Group has historically generated positive operating cash flows, traded profitably and has a proven track record of successful refinancing of debt facilities. Accordingly, on the basis of present forecasts for positive future operating cash flows, the ability of the Group to manage its investing activities and the current status of refinancing activities for debt facilities which mature over the next twelve months, the directors believe that the going concern basis of preparation is appropriate.

(b) Statement of compliance

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. These financial statements also comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

These financial statements were authorised for issue by the board of directors on 20 March 2025.

(c) Basis of measurement

These financial statements have been prepared under the historical cost convention, with the exception of defined benefit superannuation plans, customer contributions of assets, derivative financial instruments and borrowings in fair value hedge relationships, which are measured at fair value.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's and each Group entity's functional currency. The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Amounts in these financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, unless otherwise stated.

(e) Material accounting policies

The material accounting policies adopted in the preparation of these financial statements are consistent between the periods, except if mentioned otherwise.

Notes to the financial statements

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

SECTION A ABOUT THIS REPORT

A2 Material accounting policies

Material accounting policies adopted in the preparation of these financial statements are disclosed throughout the report and below are policies not listed elsewhere:

(a) Changes in material accounting policies

The Group has adopted Classification of Liabilities as Current or Non-current (*Amendments to AASB 2020-1*) and Non-current Liabilities with Covenants (*Amendments to AASB 2022-6*) from 1 January 2024. The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period. This resulted in a change in the accounting policy for the classification of liabilities that can be settled in a Group entity's own shares (e.g. convertible instruments issued by a Group entity). Previously, the Group excluded all counterparty conversion options when classifying the related liabilities as current or non-current. Under the new accounting policy, when a liability includes a counterparty conversion option whereby the liability may be settled by a transfer of a Group entity's own shares, the Group takes into account the conversion option in classifying the host liability as current or non-current unless the option is classified as equity under AASB 132.

Following the change in accounting policy, the Convertible Instruments (CI) amounting to \$800.0 million as at 31 December 2023 were reclassified from non-current to current. This reclassification reflects the fact that the conversion option could be exercised by the shareholders within 12 months after the reporting period. The CI were converted into equity on 20 June 2024 (refer to note D5). The Group's other liabilities were not impacted by the amendments.

(b) New accounting standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however the Group has not early adopted the new or amended standards in preparing these financial statements.

(i) AASB 118 Presentation and Disclosure in Financial Statements

AASB 118 will replace *AASB 101 Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change;
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements; and
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

AASB 118 will have no impact on the Group's net profit. The changes will effect the way the Group presents the results on the face of the income statement, cash flow statements and discloses information in notes will be altered.

(ii) Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a sale and leaseback
- AASB 2023-5 Amendments to Australian Accounting Standards - Lack of Exchangeability
- AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements

A3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make estimates and judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and judgements are based on past experience and various other factors that are believed to be reasonable judgements under the circumstances. Actual results may differ. The estimates and judgements are reviewed on an ongoing basis. Changes to accounting estimates are recognised prospectively.

The estimates and judgements that are significant to these financial statements are disclosed within each note.

Notes to the financial statements

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

SECTION B OPERATIONS AND PERFORMANCE

B1 Operating segments

(a) Accounting policy

Segment results reflect those that are reported to the Board for the purpose of making decisions about resources to be allocated to the segments and assessing performance. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment results include transactions between segments primarily from the services business servicing the assets business. Such transactions, including any unrealised gains, are eliminated on consolidation.

(b) Operating segments

The Group operates in one geographical segment, which is Australia. The Group comprises the following operating segments:

(i) Electricity distribution

The electricity distribution network delivers electricity from the high voltage transmission network to end users. The Group charges retailers and some large customers regulated rates for the use of the distribution network. The electricity distribution segment does not purchase or sell electricity in the ordinary course of business. This segment includes the Group's investment in the associate and investment in the joint venture (as proportionate to electricity distribution activities).

(ii) Gas distribution

The gas distribution network delivers natural gas to commercial and residential end users. The Group charges retailers and some large customers regulated rates for the use of the distribution network. The gas distribution segment does not sell gas in the ordinary course of business. This segment includes the Group's investment in the joint venture (as proportionate to gas distribution activities).

Revenue from one major customer of the Group's gas distribution segment represents \$191.3 million (year ended 31 December 2023: \$164.2 million) of the Group's total revenue for the year.

(iii) Gas pipelines

The gas transmission pipelines segment transports gas and earns revenue from these services at contracted rates negotiated on arm's length terms.

(iii) Gas processing

The gas processing assets provide gas compression, processing and transportation services to customers and earn revenue from these services at contracted rates negotiated on arm's length terms.

(iv) Services business - Zinfra

Zinfra provides engineering and design, project management, construction, civil, maintenance and asset operations services to the Australian utility infrastructure sectors and adjacent markets, including to other operating segments within the Group.

(v) All other segments

All other segments include contracts for asset management services to Australian utility infrastructure customers (by group entities other than Zinfra) and corporate costs not allocated to identified segments.

Notes to the financial statements

For the year ended 31 December 2024

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

SECTION B OPERATIONS AND PERFORMANCE

(c) Segment performance

		Electricity distribution		Gas distribution		Gas pipelines **		Gas processing **		Services business - Zinfra		All other segments		Inter-segment eliminations		Total	
	Notes	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Operating profit		332,837	327,600	232,918	190,099	108,984	104,618	12,998	15,011	41,437	42,055	(15,006)	(40,340)	(31,565)	(18,456)	682,603	620,575
Revenue and other income	B2(c)	579,949	518,970	638,838	528,676	215,970	226,202	147,552	112,424	1,207,499	984,941	27,307	27,608	(553,060)	(507,615)	2,264,055	1,891,163
Revenue		570,431	500,483	613,358	526,228	215,970	226,202	147,552	112,424	1,207,246	984,941	27,307	24,696	(553,060)	(507,615)	2,228,804	1,867,316
Gas and electricity distribution revenue		447,746	389,566	528,125	448,469	-	-	-	-	-	-	-	-	-	-	975,871	838,035
Gas transmission revenue		-	-	-	-	215,970	226,202	147,552	112,424	-	-	-	-	-	-	363,522	338,583
Infrastructure services revenue		122,685	110,917	85,233	77,759	-	-	-	-	1,207,246	984,941	27,307	24,696	(553,060)	(507,615)	889,411	680,698
Other income		9,518	18,487	25,480	2,448	-	-	-	-	253	-	-	2,912	-	-	35,251	23,847
Share of net profits of associate and joint venture *	C3 C4	84,092	121,992	13,721	12,319	-	-	-	-	-	-	-	-	-	-	97,813	134,311
Depreciation and amortisation expense	C1 C2 D7	(103,237)	(99,194)	(161,942)	(110,949)	(54,726)	(44,916)	(55,756)	(55,338)	(22,017)	(20,512)	(4,866)	2,563	1,726	2,060	(400,838)	(326,286)
Finance income	D2	407	373	207	179	7	26	3,302	3,402	2,485	2,210	2,801	2,989	-	-	9,209	9,179
Finance costs	D2	(83,410)	(83,638)	(89,429)	(100,470)	(20,734)	(27,301)	(30,578)	(38,606)	(3,276)	(3,489)	(587)	(1,477)	-	-	(228,014)	(254,982)
Acquisition of property, plant and equipment and intangibles	C1 C2	307,546	252,328	210,554	206,271	30,049	53,881	4,989	635	23,207	8,332	10,012	8,339	(29,263)	(16,133)	557,094	512,710

* Included within the share of profit is feed-in tariff ("FIT") of (\$24.9) million (post-tax), reflecting the handback of over-recovery in previous years, partly offset with the under-recovery in the current year (CY23:\$17.4 million under-recovery). Refer to Note C4(d) for details.

** Effective 1 March 2024, amendments to the National Gas Law require the Group to operate its gas transmission pipelines and gas processing assets as separate business units. Consequently, the Group has implemented a functionally separate operating model, distinguishing gas processing assets from gas pipelines. As a result, two new operating segments 'Gas pipelines' and 'Gas processing' have been added to the Group. These operating segments were previously reported as 'Gas transmission'. Operating segments are components of the Group for which separate financial information is available and evaluated regularly by the group's chief operating decision maker to decide how to allocate resources and how performance is assessed. Due to the internal restructure the Group has re-evaluated the segment disclosure to align with internal reporting. In accordance with AASB 8, the comparative information information has been restated to align with the revised segments.

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B2 Revenue and other income

(a) Accounting policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue at a point in time or over time, when or as it satisfies performance obligations by transferring control over a promised product or service to a customer.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations. Similarly, if the Group satisfies a performance obligation before it receives consideration, the Group recognises either a contract asset or a receivable on its balance sheet, depending on whether something other than the passage of time is required before the consideration becomes unconditional.

The Group owns and has interests in a portfolio of energy infrastructure assets and related businesses, all operating in its country of domicile, Australia.

Revenue is recognised for customer contracts as follows:

(i) Gas and electricity distribution revenue

Revenue is earned from the distribution of gas and electricity and related services. Revenue is recognised at a point in time, as the services are rendered i.e. on delivery, and incorporates usage estimation where necessary. Credit terms are as stated in note B7(d).

A significant proportion of the Group's distribution services revenue is subject to economic regulation that seeks to determine either prices or revenue outcomes. In these financial statements regulated revenue is recognised as volumes multiplied by the agreed tariffs for the relevant period. Any differences to the regulated outcome are reflected in subsequent reporting periods via actual tariff changes.

(ii) Gas transmission

Revenue is earned from the actual and contracted transmission of gas. Revenue is recognised at a point in time as the services are rendered i.e. on actual/contracted delivery and incorporate usage estimation where necessary. Credit terms are as stated in note B7(d).

(iii) Infrastructure services revenue

Revenue is earned through provision of engineering and design, project management, construction, civil, maintenance and asset operations services. Credit terms are as stated in note B7(d).

For contracts with variable consideration, variable consideration is determined using the expected value or most likely outcome - whichever method is a better prediction of the final outcome. The estimation of the variable consideration amount is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Where the performance obligation is satisfied over time, the input method (i.e. costs incurred) is used to measure progress towards the satisfaction of performance obligations. The costs incurred on contracts are assessed to ensure that they are proportionate to the progress in satisfying the performance obligation. Given the type of contracts executed in the Group, the input method is deemed the most appropriate method as it measures the costs expended to satisfy the obligation.

Revenue is recognised when, or as the performance obligation is satisfied. Revenue is recognised either over time (where the customer receives and consumes all of the benefits provided as work is being performed) using the stage of completion method, or at a point in time (where control is passed on to the customer at a certain point in time).

Consideration received in advance of providing the service is treated as unearned and presented as a contract liability.

Revenue from other income is described as follows:

(i) Dividends and distributions

Dividends and distributions are recognised as revenue when the right to receive payment is established.

Dividends received from associates and distributions received from joint ventures are accounted for in accordance with the equity method of accounting (refer to note C3(a)).

(ii) Other income

Other income mainly includes interest from redeemable preference shares recognised using the effective interest method and gains on sale of property.

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(b) Critical accounting estimates and judgements

(i) Energy delivery

Estimates are made where required to account for the period between the meter reading date and the end of the accounting period. The estimates are made based on factors including historical consumption patterns, base usage and weather conditions.

(ii) Infrastructure services

Reliably measuring the outcome and the stage of completion of contracts involves a level of estimation of a range of factors that are subject to risk and uncertainty. The estimates and judgements relate to forecast revenue and costs to complete, stage of project completion, and the recoverability of unapproved variations, claims and disputes.

The carrying amount of contract assets is set out in note B7.

(c) Disaggregation of revenue

Refer to operating segment note B1(c).

(d) Timing of revenue recognition

	2024 \$'000	2023 \$'000
Goods/services transferred at a point in time	1,503,262	1,305,913
Goods/services transferred over time	725,542	561,403
Revenue	2,228,804	1,867,316

(e) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2024 \$'000	2023 \$'000
Invoiced trade receivables (refer to note B7(c))	123,109	89,470
Contract assets (refer to note B7(c))	186,005	184,585
Contract liabilities	(210,904)	(132,198)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised when the performance obligation is satisfied. The amount of \$76.9 million recognised in contract liabilities at the beginning of the year has been recognised as revenue for the year ended 31 December 2024 (\$82.6 million for the year ended 31 December 2023).

B3 Significant items disclosure

	2024 \$'000	2023 \$'000
Other income, employee benefits, materials and services expenses include:		
Gain on sale of property	25,478	-
Net loss on disposal of plant and equipment	(13,378)	(13,170)
Efficiency program costs *	(10,050)	-
Costs associated with one-off asset incidents **	(9,200)	-

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* Representing expenses related to various initiatives designed to optimise the operating model.

** Reflecting costs in response to the following incidents:

- QGP rupture: On 5 March 2024, there was a rupture on the Queensland Gas Pipeline (QGP) which impacted the pipeline's operations. Following an extensive work program the pipeline returned to Maximum Allowable Operating Pressure on 9 December 2024, from which date full, contracted flows were available to all QGP customers.
- The Group responded to a suspected gas incident impacting a townhouse in the Sydney suburb of Whalan in June 2024. Following this incident there was an unprecedented increase in customer reported leaks and subsequent response across the network.

B4 Taxation

(a) Accounting policy

(i) Tax consolidation

The Company is the head entity in the SGSP (Australia) Assets Pty Ltd tax consolidated group ("tax group") comprising the Company and its wholly owned Australian tax resident subsidiaries. Entities that are not 100% owned and entities that are not residents for Australian tax purposes are generally treated as separate single tax entities.

(ii) Income tax expense or benefit

Income tax expense or benefit comprises current and deferred tax, using tax rates and legislation enacted or substantively enacted as at balance date. Income tax expense or benefit is recognised in the income statement, or in other comprehensive income to the extent that it relates to items recognised there.

(iii) Current tax

Current tax is the expected tax on the taxable income for the year and any adjustment to tax payable or receivable in respect to previous years.

(iv) Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences are not provided for the initial recognition of goodwill, or the initial recognition of assets and liabilities that affect neither accounting profit nor taxable income. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

A deferred tax asset is recognised only to the extent that it is probable that future taxable income will be available against which the asset can be utilised. A deferred tax asset is derecognised to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the tax group intends to settle its tax assets and liabilities on a net basis.

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company has not recognised, or disclosed information about, deferred tax assets and liabilities relating to Pillar Two income taxes.

(v) Goods and Services Tax ("GST")

Revenue, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or other payables in the balance sheet.

(b) Critical accounting estimates and judgements

The tax expense and deferred tax balances are in reference to income tax legislation, aspects of which are subject to interpretation and judgement. These interpretations and judgements are subject to risk and uncertainty and changes in circumstances may alter possible outcomes in relation to tax matters.

An audit in relation to the Company's CI was concluded with the Australian Taxation Office ("ATO") during the year, resulting in the release of all uncertain tax provisions.

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(c) Income tax expense

	2024 \$'000	2023 \$'000
Current tax expense		
Current year	(89,525)	(100,264)
Adjustments for prior years	(84)	12,856
Deferred tax expense		
Origination and reversal of temporary differences	(43,769)	(39,561)
Adjustments for prior years	151	(12,824)
Total income tax expense	(133,227)	(139,793)

(d) Reconciliation of income tax expense to prima facie tax payable

	2024 \$'000	2023 \$'000
Profit before income tax	463,798	374,772
Prima facie tax expense at the Australian tax rate of 30% (2023 - 30%)	(139,139)	(112,432)
Tax effect of amounts which are not assessable / (deductible) in calculating taxable income:		
Net franking credit offset from franked dividends received	4,713	-
Non-assessable income:		
- Other	1,132	-
Non-deductible expenses:		
- CI audit provision	-	(14,706)
- CI interest expenses	-	(12,199)
- Other	-	(488)
Over provision in respect of prior year	67	32
Total income tax expense	(133,227)	(139,793)

(e) Franking credit account

The tax effected franking credit balance as at 31 December 2024 is \$127.2 million (2023 franking credit: \$29.1 million).

(f) Deferred tax liability / (asset)

The balance comprises the tax effect of temporary differences attributable to:

	Opening Balance \$'000	Charged to Income \$'000	Charged to Equity \$'000	Closing Balance \$'000
2024				
Property, plant and equipment	1,057,960	28,115	-	1,086,075
Intangible assets	13,492	(2,094)	-	11,398
Financial assets	127,054	16,424	(14,042)	129,436
Employee provisions	(45,620)	(4,476)	-	(50,096)
Defined benefits	14,898	146	1,352	16,396
Restoration provisions	(5,098)	474	-	(4,624)
Decommissioning provisions	(25,367)	5,082	-	(20,285)
Other items**	(27,031)	(53)	-	(27,084)
	1,110,288	43,618	(12,690)	1,141,216

** Other items mainly include deferred tax for lease liabilities and various other provisions and accruals.

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	Opening Balance \$'000	Charged to Income \$'000	Charged to Equity \$'000	Closing Balance \$'000
2023				
Property, plant and equipment	988,711	69,249	-	1,057,960
Intangible assets	19,167	(5,675)	-	13,492
Financial assets	167,056	(5,944)	(34,058)	127,054
Employee provisions	(42,228)	(3,392)	-	(45,620)
Defined benefits	15,141	40	(283)	14,898
Restoration provisions	(4,644)	(454)	-	(5,098)
Decommissioning provisions	(28,705)	3,338	-	(25,367)
Other items**	(22,254)	(4,777)	-	(27,031)
	1,092,244	52,385	(34,341)	1,110,288

** Other items mainly include deferred tax for lease liabilities and various other provisions and accruals.

Tax effect of unrecognised temporary differences

	2024 \$'000	2023 \$'000
Capital investment in associate	10,705	10,705

B5 Reconciliation of result for the year to net cash flows from operating activities

	2024 \$'000	2023 \$'000
Profit before income tax	463,798	374,772
Non-cash flows in profit:		
Depreciation and amortisation	400,838	326,286
Defined benefit superannuation plans - service costs	2,776	3,149
Non-operating activities:		
Share of profit of associate and joint venture	(97,813)	(134,311)
Finance income	(9,209)	(9,179)
Finance costs including economic hedges	228,014	254,982
Gain on sale of property	(25,478)	-
Loss on disposal of plant and equipment	13,378	13,170
Exchange differences - unrealised	119	416
Changes in assets and liabilities:		
Increase in receivables and other current assets	(31,031)	(85,296)
Increase in inventories	(5,795)	(11,332)
Decrease in payables, provisions, contract liabilities and lease liabilities	81,533	39,006
Interest received	2,206	2,028
Income taxes paid	(180,941)	(40,718)
Net cash inflow from operating activities	842,395	732,973

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B6 Employee costs and defined benefit superannuation plans

(a) Employee benefits expense

	2024 \$'000	2023 \$'000
Defined benefit superannuation plans - service costs	(2,776)	(3,149)
Defined contribution superannuation expenses	(51,478)	(42,777)
Other employee benefit expenses	(621,868)	(529,950)
Total employee benefits expense	(676,122)	(575,876)

(b) Accounting policy

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of balance date are recognised as provisions in respect of employees' services up to balance date and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. Non-vesting sick leave is recognised in the income statement when the leave is taken and measured at the rates paid or payable.

Annual leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

The provision for annual leave is classified as a current liability as the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(ii) Long service leave

The liability for long service leave entitled to be settled within 12 months of balance date is recognised in the current provision for employee benefits and is measured in accordance with the measurement principles described for annual leave above. The liability for long service leave entitled to be settled more than 12 months from balance date is recognised in the non-current provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to balance date.

(iii) Superannuation plans

Defined benefit superannuation plans:

The Group's net asset/liability in respect of defined benefit superannuation plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited by the asset ceiling to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit superannuation plans asset/liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. Net interest income/expense and other expenses related to defined benefit superannuation plans are recognised in the income statement. The Group determines the net interest income/expense by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit superannuation plans asset/liability at the beginning of the year, taking into account any expected contributions and benefit payments.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement. The Group recognises gains and losses on the settlement of a defined benefit superannuation plan when the settlement occurs.

Defined contribution superannuation plans:

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in the income statement in the periods during which the services are rendered by the employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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(iv) Incentive plans

A liability for employee benefits in the form of bonus plans is recognised in provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- There are formal terms in the plan for determining the amount of the benefit;
- The amounts to be paid are determined before the time of completion of the financial report; or
- Past practice gives clear evidence of the amount of the obligation.

(v) Termination benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised for those employees affected that the terminations will be carried out.

(vi) Employee benefit on-costs

Employee benefit on costs, including payroll tax, workers' compensation and superannuation guarantee contribution, are recognised and included in employee benefit liabilities and expenses when the employee benefits to which they relate are recognised as liabilities or expenses.

(c) Critical accounting estimates and judgements

(i) Annual leave and long service leave

When assessing expected future payments of annual and long service leave consideration is given to employee wage increases as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on Australian corporate bonds with terms to maturity that match the expected timing of cash outflows.

(ii) Defined benefits

The present value of the defined benefit obligations and the net expense for defined benefit superannuation plans depends on a number of factors that are determined on an actuarial basis using principal assumptions set out in section B6(j), subject to risks set out in section B6(k), with sensitivities to the assumptions set out in section B6(l).

(d) Defined benefit superannuation plans

The Group makes contributions to one Mercer Investment Nominees Limited ("Equisuper") defined benefit superannuation plan and one Russell Investment Group ("Russell") defined benefit superannuation plan. The plans provide defined benefit amounts to employees or their dependents upon retirement, death, disablement or withdrawal. Benefits are mostly in the form of a lump sum payment based on the employee's final average salary although some defined benefit members are also eligible for pension benefits. The terms and conditions of the two plans are consistent. The plans operate under the regulatory framework provided by the Superannuation Industry (Supervision) legislation. The plans' Trustees are responsible for the governance of the plans and have a legal obligation to act solely in the best interests of the beneficiaries. The trustees are responsible for administration of the plans and payments to beneficiaries, management and investment of the plan assets and compliance with superannuation law and other applicable regulations. The defined benefit sections of the plans are closed to new members.

Actuarial valuations of the funds as at 31 December 2024 and 31 December 2023 were performed resulting in the information set out below:

(e) Balance sheet amounts

The amounts included in the balance sheet arising from the Group's obligations in respect of its defined benefit superannuation plans are as follows:

	2024 \$'000	2023 \$'000
Present value of funded defined benefit obligations	(128,941)	(133,139)
Fair value of plan assets	183,595	182,799
Present value of net assets	54,654	49,660

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(f) Categories of plan assets

The analysis of the plan assets by category is as follows:

	2024 %	2023 %
Australian equities	21.3	18.2
International equities	27.7	23.7
Fixed income	10.2	10.0
Property	4.2	4.3
Cash	7.2	15.4
Growth alternatives	17.0	17.4
Defensive alternatives	12.4	11.0
	100.0	100.0

The fair value measurement of plan assets (refer to note F1) uses a level 2 fair value hierarchy that reflects the significance of the inputs used in making the measurements. Fair value is measured using valuation techniques with significant observable inputs such as investment fund valuations.

(g) Reconciliations

	2024 \$'000	2023 \$'000
<i>Present value of funded defined benefit obligation</i>		
Opening defined benefit obligation	(133,139)	(142,072)
Service cost	(2,776)	(3,149)
Interest cost	(7,414)	(7,526)
Contributions by plan participants	(1,638)	(1,393)
Actuarial (losses)/gains	(8,302)	1,286
Benefits paid by the plan	24,328	19,715
Closing defined benefit obligation	(128,941)	(133,139)
<i>Fair value of plan assets</i>		
Opening fair value of plan assets	182,799	192,541
Interest income	9,885	9,888
Return on plan assets less interest income	12,808	(2,229)
Contributions from the employer	793	921
Contributions by plan participants	1,638	1,393
Benefits paid	(24,328)	(19,715)
Closing fair value of plan assets	183,595	182,799

The actual return on plan assets for the year was a gain of \$22.7million (year ended 31 December 2023: gain of \$7.7 million).

(h) Amounts recognised in the income statement

The amounts recognised in the income statement in respect of these defined benefit superannuation plans are as follows:

	2024 \$'000	2023 \$'000
Service cost	(2,776)	(3,149)
Net interest income	2,471	2,362
Total expense included in the income statement	(305)	(787)

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(i) Amounts recognised in other comprehensive income

The amounts recognised in other comprehensive income are as follows:

	2024 \$'000	2023 \$'000
Actuarial loss before tax recognised in other comprehensive income	4,506	(943)
Cumulative actuarial losses before tax recognised in retained earnings	(6,632)	(11,138)

(j) Principal actuarial assumptions

The principal actuarial assumptions are set out below:

	Russell		Equisuper	
	2024 %	2023 %	2024 %	2023 %
Discount rate (active members)	5.2	5.9	5.2	6.0
Discount rate (pensioners)	N/A	N/A	2.5	2.5
Expected long term salary increase rate	3.5	3.5	3.5	3.5
Expected pension increase rate (per annum)	N/A	N/A	3.5% for first year, 2.5% thereafter	3.5% for first year, 2.5% thereafter
Weighted average duration of the defined benefit obligation (in years)	3.9	4.0	6.0	7.0

(k) Risks

There are a number of risks to which the plans expose the Group. The more significant risks relating to the defined benefits are:

Investment risk: the risk that investment returns will be lower than assumed and the Group will need to increase contributions to offset this shortfall.

Salary growth risk: the risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit obligations and thereby requiring additional employer contributions.

Legislative risk: the risk that legislative changes could be made which increase the cost of providing the defined benefits.

Pension risks: firstly, the risk that pensioner mortality will be lower than expected, resulting in pensions being paid for a longer period. Secondly, that a greater proportion of eligible members elect to take a pension benefit, which is generally more valuable than the corresponding lump sum benefit. Thirdly, the risk that inflation is higher than anticipated, increasing pension payments, and thereby requiring additional employer contributions.

(l) Sensitivity analysis

Reasonably possible changes at balance date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Increase/(decrease) to defined benefit obligation	
	2024 \$'000	2023 \$'000
Defined benefit obligation		
Discount rate (0.5% higher)	(2,578)	(2,845)
Discount rate (0.5% lower)	2,767	3,050
Salary increase rate (0.5% higher)	2,060	2,365
Salary increase rate (0.5% lower)	(1,658)	(2,224)

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(m) Employer contributions

Employer contributions to the defined benefit superannuation plans are based on recommendations by the plans' actuaries. The target funding method is used to determine the contribution rates. Under this method, the employer contribution rate is set to meet a 105% funding target.

Per the actuaries' 2024 reports, total minimum employer contributions to be paid by the Group for the year ending 31 December 2025 are nil. However, the Group may continue to contribute to assist in protecting the financial position of the plan.

B7 Receivables

(a) Accounting policy

Receivables are generally non-interest bearing and stated at amortised cost using the effective interest method, following their initial recognition at fair value. The recoverability of receivables is assessed on an periodic basis and at balance date. The Group applies the AASB 9 simplified approach to measuring expected credit losses for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses.

The carrying amount of receivables is reduced through the use of an allowance account for impaired receivables and any expected loss is immediately expensed in the income statement. The amount of any impairment loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the receivable's original effective interest rate. When a receivable is considered uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off, and impairment reversals based on objective evidence, are credited against the income statement.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Monitoring of contracted retailers in Gas and Electricity Distribution, Gas Pipelines and Gas Processing and major contract debtors via an external consumer and credit risk registry continued throughout 2024, with the Group receiving updates within 24 hours of changes in ownership, directors or any adverse impacts on particular debtors. A secondary process including notifying relevant parts of the business about negative notifications, reviewing and following up all outstanding debts (if needed) is in place.

The default rate and bad debt write offs continue to be lower than the industry benchmark.

(b) Critical accounting estimates and judgements

For estimates and judgements relating to contract assets refer to note B2(b).

(c) Summary

	2024 \$'000	2023 \$'000
Trade receivables	110,278	78,449
Trade receivables from related parties	12,831	11,021
Total invoiced trade receivables	123,109	89,470
Allowance for impairment loss	(4,371)	(4,332)
Contract assets	161,639	149,977
Contract assets due from related parties	24,366	34,608
Total contract assets	186,005	184,585
Allowance for impairment loss	-	(251)
Total trade receivables	304,743	269,472
Other receivables from related parties	6,120	6,120
Other receivables	23,062	19,458
Total receivables	333,925	295,050

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SECTION B OPERATIONS AND PERFORMANCE

(d) Terms and conditions

The average credit terms vary depending on the nature of the accounts receivable balance:

- related parties: 7 to 14 days;
- retailers: 10 days; and
- other external customers: 20 to 30 days.

(e) Ageing of total invoiced trade receivables

	2024 \$'000	2023 \$'000
Not past due	102,666	64,373
Past due not impaired: 0 - 30 days	9,249	13,661
Past due not impaired: 31 - 60 days	2,718	1,973
Past due not impaired: more than 61 days	4,105	5,131
Past due considered impaired	4,371	4,332
Total invoiced trade receivables	123,109	89,470

Total invoiced trade receivables past due not considered impaired are \$16.1 million (2023: \$20.8 million). Payment terms on these amounts have not been renegotiated.

(f) Impairment of receivables

Movements in the provision for impairment of receivables are as follows:

	2024 \$'000	2023 \$'000
Opening balance	4,583	3,612
Additional allowance recognised	2,628	2,829
Amounts utilised	(2,840)	(1,858)
	4,371	4,583

Fair value and credit risk

Due to the short term nature and collectability of the receivables, the carrying amount approximates fair value. The maximum exposure to credit risk is the carrying amount of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to other entities.

Significant changes in credit risk since initial recognition of contract assets generally arise when claims are subject to negotiation or in dispute with customers. Total contract assets subject to negotiation or in dispute as at 31 December 2024 is nil (2023: nil).

B8 Payables, provisions and contingent liabilities

(a) Payables accounting policy

Payables represent liabilities for goods and services provided to the Group prior to balance date that are unpaid. Payables are stated at amortised cost and are generally non-interest bearing.

Foreign currency transactions

Transactions in foreign currencies are translated into the Group's functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at balance date. Foreign currency differences arising on translation are recognised in the income statement, except for differences arising on the translation of qualifying cash flow hedges, which are recognised in other comprehensive income.

(b) Payables summary

	2024 \$'000	2023 \$'000
Trade and other payables	87,115	66,916
Accrued expenses	75,850	73,853
Interest payable	51,564	44,904
Total payables	214,529	185,673

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SECTION B OPERATIONS AND PERFORMANCE

(c) Provisions accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs.

(d) Provisions related critical accounting estimates and judgements

(i) Decommissioning provisions

Estimating future decommissioning costs involves considerable judgement based on the estimated current cost of detailed plans prepared.

(e) Provisions summary

	Current		Non-current	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Employee benefits	152,291	140,175	14,695	11,893
Restoration	5,145	6,481	10,269	10,511
Decommissioning	-	-	67,616	84,555
Other	20,398	29,206	13,850	13,984
Total provisions	177,834	175,862	106,430	120,943

(f) Movements in provisions (excluding employee benefits)

	Decommissioning	Restoration	Other	Total
	\$'000	\$'000	\$'000	\$'000
2024				
Current and non-current				
Opening carrying amount	84,555	16,992	43,190	144,737
Change in estimate	(19,069)	-	2,329	(16,740)
Additional provisions recognised	-	535	4,162	4,697
Unused provisions reversed	-	(231)	(5,775)	(6,006)
Utilised during the year	-	(2,098)	(9,658)	(11,756)
Discounting of provisions	2,130	216	-	2,346
Closing carrying amount	67,616	15,414	34,248	117,278

Decommissioning

Decommissioning provisions are recognised where there is a present obligation in respect of certain gas transmission and processing assets owned by the Group and the present value of the expected costs of removal of these assets at the end of their useful lives. It is probable that an outflow of economic benefit will be required to settle the provision. The provision of future decommissioning costs is the best estimate of the present value of the future expenditure required to settle the obligation at the reporting date. The expected timing of outflows for decommissioning liabilities is not within 12 months from the reporting date. Future decommissioning costs are reviewed annually and where there is a change in the expected decommissioning costs, an adjustment is recorded against the carrying amount of the provision and the associated plant and equipment.

Restoration

Restoration provisions are recognised in respect of civil works and leases.

Other

Other provisions include restructuring, onerous contracts, legal, defect, contract claims, rebates and other miscellaneous provisions. Provisions for defect and contract claims are made for the estimated liability on the known liquidated damage or contract claims arising under service and construction contracts.

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SECTION B OPERATIONS AND PERFORMANCE

(g) Contingent liabilities

From time to time, entities within the Group are party to various legal actions as well as enquiries from regulators and government bodies that have arisen in the normal course of business.

The outcome of currently pending and potential future legal actions, regulatory, administrative and government enquiries of a legal nature cannot be predicted with certainty. Such matters can raise complex legal issues, and are subject to many uncertainties including but not limited to, the facts and circumstances of each matter.

The Group has given consideration to such matters which are or may be subject to claims, penalties and litigation at year end and is of the opinion that any liabilities arising over and above those provided for in the financial statements from such action would not have a material effect on the Group's financial performance or position in future years.

In addition, environmental, make good and restoration provisions are recognised in respect of obligations to remediate and make good disturbance or contamination caused by former gas works, at certain sites. Such provisions are subject to uncertainties such as the extent of disturbance and interpretation of make good and remediation requirements of regulators and other parties who have rights to the underlying land.

Other than above and as disclosed in these financial statements, Management is not aware of any other contingent liabilities that could have a material effect on the financial statements.

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SECTION C OUR ASSETS

C1 Property, plant, and equipment

(a) Accounting policy

The Group recognises the cost of an item of property, plant and equipment as an asset if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as incurred.

All classes of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises the cost of direct materials, direct labour, an appropriate proportion of direct production overheads, and (where relevant) the estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Items of plant and equipment under construction are recognised as construction in progress. Once the asset construction is complete and the asset is capable of operating in the manner intended by management, the item of plant and equipment is transferred from construction in progress to the relevant asset class and depreciation of the asset commences.

Where significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and depreciated separately.

Depreciation is charged to the income statement on a straight line basis over the estimated useful life of each item of property, plant and equipment. Depreciation of assets used to produce new assets is included in the carrying amount of the new asset. Land is not depreciated.

Disposals of items result in their carrying amount being derecognised immediately.

(b) Critical accounting estimates and judgements

Estimates are made regarding useful lives of items of property, plant and equipment based on factors that are subject to risk including the regulatory environment and technological developments.

Change in estimates

On 1 January 2024, in accordance with *AASB 116 Property, Plant and Equipment*, the Group conducted a review and updated the useful life of gas distribution infrastructure assets and certain gas pipeline and processing assets. This adjustment ensures alignment with the latest expectations and industry more closely aligns with the regulatory expectations

As a result of this change, depreciation expenses for the year ended 31 December 2024 increased by approximately \$61.2 million. For future periods, the change is expected to result in an increase in annual depreciation expenses of approximately from \$50.6 million to \$61.2 million for the CY25 to CY33 period and \$42.9 million for the CY34 to CY44 period.

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SECTION C OUR ASSETS

(c) Property, plant and equipment

	Freehold land \$'000	Freehold buildings \$'000	Easements \$'000	Leasehold improvements \$'000	Infrastructure assets \$'000	Other property, plant and equipment \$'000	Leased plant and equipment \$'000	Construction in progress \$'000	Total \$'000
Useful life (years)	Indefinite	5 - 70	30 - 40	10 - 13	5 - 120	4 - 20	10 - 13	n/a	
Year ended 31 December 2024									
Opening carrying amount - 1 January 2024	60,910	98,701	14,821	12,411	7,537,878	21,466	39	415,032	8,161,258
Additions	-	1,394	-	963	287,439	4,669	-	236,826	531,291
Transfers from/(to) other asset classes	-	2,860	-	626	72,825	15,921	-	(88,100)	4,132
Depreciation charge	-	(3,812)	(700)	(3,090)	(318,084)	(11,434)	(19)	-	(337,139)
Disposals	(941)	(794)	-	(305)	(11,829)	(30)	-	-	(13,899)
Decommissioning provision	-	-	-	-	(15,936)	-	-	-	(15,936)
Closing carrying amount - 31 December 2024	59,969	98,349	14,121	10,606	7,552,292	30,592	20	563,758	8,329,707
At 31 December 2024									
Cost	59,969	127,343	21,422	53,635	10,636,124	159,397	275	563,758	11,621,923
Accumulated depreciation	-	(28,994)	(7,301)	(43,029)	(3,083,832)	(128,805)	(255)	-	(3,292,216)
Carrying amount	59,969	98,349	14,121	10,606	7,552,292	30,592	20	563,758	8,329,707
Year ended 31 December 2023									
Opening carrying amount - 1 January 2023	60,910	91,747	15,487	16,005	7,344,611	18,670	58	402,871	7,950,359
Additions	-	1,165	-	145	286,500	7,280	-	189,744	484,834
Impairment loss	-	-	-	(927)	-	-	-	-	(927)
Transfers from/(to) other asset classes	-	9,181	-	30	164,534	4,935	-	(177,583)	1,097
Depreciation charge	-	(3,392)	(666)	(2,842)	(244,558)	(9,223)	(19)	-	(260,700)
Disposals	-	-	-	-	(14,153)	(196)	-	-	(14,349)
Decommissioning provision	-	-	-	-	944	-	-	-	944
Closing carrying amount - 31 December 2023	60,910	98,701	14,821	12,411	7,537,878	21,466	39	415,032	8,161,258
At 31 December 2023									
Cost	60,910	124,227	21,421	55,140	10,330,505	141,607	601	415,032	11,149,443
Accumulated depreciation	-	(25,526)	(6,600)	(42,729)	(2,792,627)	(120,141)	(562)	-	(2,988,185)
Carrying amount	60,910	98,701	14,821	12,411	7,537,878	21,466	39	415,032	8,161,258

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SECTION C OUR ASSETS

C2 Intangible assets

(a) Accounting policy and critical accounting estimates and judgements

All classes of intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged to the income statement on a straight line basis over the estimated useful life of each intangible asset with a finite life.

Estimates are made regarding useful lives of items of intangible assets based on factors that are subject to risk including the regulatory environment and technological developments.

(i) Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in business combinations that are not individually identified and separately recognised.

Goodwill is not amortised but is tested for impairment per the Impairment Policy (refer note C5).

(ii) Electricity distribution licence

A licence is held to distribute electricity to end-users within the Jemena Electricity Network, covering a defined area of north-west greater Melbourne. The licence is issued in perpetuity so long as the associated regulatory requirements are met. Given the Group continuously monitors compliance with regulatory requirements and intends to continue to maintain the network for the foreseeable future, the licence has an indefinite useful life. Therefore the licence is not amortised but is tested for impairment per the Impairment Policy.

(iii) Software

Computer software includes the cost of software licences purchased by the Group and other additional software development costs.

The accounting for costs to implement software in Software-as-a-Service ("SaaS") arrangements depends on whether the Group controls the software. In a SaaS arrangement, where the Group controls the software, implementation costs which are directly attributable to preparing the software for its intended use are capitalised. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software in a SaaS arrangement, where the supplier controls the software, are recognised as materials and services expenses when the services are received.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. Judgement is required to determine whether the additional costs meets the definition of an intangible asset.

(iv) Contract intangibles

Contract intangibles represent the value attributed to the material customer contracts that the Group acquired in business combinations. The value of these contracts are based on independent valuations, predicated on estimates and judgements. The value of these contracts is determined with reference to the separately identifiable net cash flows generated under each contract, discounted back to present value. Their useful lives reflect both the contract terms and, where applicable, assumed renewal periods.

(v) Construction in progress

Internally generated intangibles in progress are recognised as the sum of all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended, at which point the intangible asset is transferred to the relevant asset class and amortisation of the asset commences.

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SECTION C OUR ASSETS

(b) Intangible assets

	Goodwill \$'000 Indefinite	Contract Intangibles \$'000 8 - 33	Electricity distribution licence \$'000 Indefinite	Software \$'000 2 - 22	Construction in progress \$'000 n/a	Total \$'000
Useful life (years)						
Year ended 31 December 2024						
Opening carrying amount - 1 January 2024	1,536,373	42,086	10,516	116,760	29,051	1,734,786
Additions	-	-	-	4,422	37,371	41,793
Transfers from/(to) other asset classes	-	-	-	15,359	(19,491)	(4,132)
Amortisation charge	-	(2,190)	-	(40,890)	-	(43,080)
Disposals	-	-	-	(826)	-	(826)
Closing carrying amount - 31 December 2024	1,536,373	39,896	10,516	94,825	46,931	1,728,541
At 31 December 2024						
Cost	1,536,373	104,158	10,516	784,952	46,931	2,482,930
Accumulated amortisation	-	(64,262)	-	(690,127)	-	(754,389)
Carrying amount	1,536,373	39,896	10,516	94,825	46,931	1,728,541
Year ended 31 December 2023						
Opening carrying amount - 1 January 2023	1,536,373	44,276	10,516	117,241	46,450	1,754,856
Additions	-	-	-	6,985	20,891	27,876
Transfers from/(to) other asset classes	-	-	-	37,193	(38,290)	(1,097)
Amortisation charge	-	(2,190)	-	(44,659)	-	(46,849)
Disposals	-	-	-	-	-	-
Closing carrying amount - 31 December 2023	1,536,373	42,086	10,516	116,760	29,051	1,734,786
At 31 December 2023						
Cost	1,536,373	104,158	10,516	766,299	29,051	2,446,397
Accumulated amortisation	-	(62,072)	-	(649,539)	-	(711,611)
Carrying amount	1,536,373	42,086	10,516	116,760	29,051	1,734,786

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SECTION C OUR ASSETS

C3 Investment in associate

(a) Accounting policy

Associates are those entities in which the Group has significant influence, but no control or joint control, over the financial or operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the income statement and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) United Energy Distribution Holdings Pty Ltd

The Group owns a 34% interest in United Energy Distribution Holdings Pty Ltd ("UEDH"). UEDH Group distributes electricity throughout southeast Melbourne and the Mornington Peninsula in Victoria. The network covers approximately 1,472 square kilometres and services over 700,000 homes and businesses.

(c) Reconciliation of movements in investment in UEDH

	Opening \$'000	Share of profit \$'000	Dividends and Eliminations * \$'000	Share conversion ** \$'000	Share of Other Comprehensive Income \$'000	Closing \$'000
2024						
Ordinary shares	335,953	56,573	(26,240)	-	(5,906)	360,380
Redeemable preference shares ("RPS")	80,783	-	-	-	-	80,783
	416,736	56,573	(26,240)	-	(5,906)	441,163
2023						
Ordinary shares	198,799	46,323	(21,782)	124,460	(11,847)	335,953
Redeemable preference shares	205,243	-	-	(124,460)	-	80,783
	404,042	46,323	(21,782)	-	(11,847)	416,736

* Comprising of dividends received and receivable and the elimination of the transactions between the Group and the associate.

** Tranche A of the RPS was converted into ordinary shares upon its maturity during 2023. This transaction had no impact on the Group's ownership interests.

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SECTION C OUR ASSETS

The following table summarises the balance sheet information of UEDH:

	2024 \$'000	2023 \$'000
Current assets (including cash and cash equivalents - 31 December 2024: \$31.4million; 31 December 2023: \$54.7million)	153,697	160,861
Non-current assets (including financial assets - 31 December 2024: \$168.2 million, 31 December 2023: \$129.8 million)	4,168,315	3,946,224
Current liabilities (including financial liabilities - 31 December 2024: (\$459.3) million, 31 December 2023: (\$1,266.2) million)	(693,739)	(1,505,525)
Non-current liabilities (including financial liabilities - 31 December 2024: (\$2,169.0) million, 31 December 2023: (\$1,238.3) million)	(2,687,624)	(1,730,207)
Net assets (100%)	940,649	871,353

Capital expenditure contracted for at balance date but not recognised as a liability by the UEDH group is as follows:

	2024 \$'000	2023 \$'000
Payable within one year (34%)	3,996	5,250
	3,996	5,250

The following table summarises the income statement information of UEDH:

	2024 \$'000	2023 \$'000
Revenue	837,270	770,926
Depreciation and amortisation	(169,959)	(155,707)
Interest income	2,023	2,481
Interest expense	(116,607)	(137,388)
Net profit after tax	163,671	131,832
Total comprehensive income for distribution	146,300	96,987

The following table summarises the Group's equity accounting of UEDH:

	2024 \$'000	2023 \$'000
Group's share of net assets (34%)	319,821	296,260
Consolidation adjustments	121,342	120,476
Carrying amount of interest in UEDH	441,163	416,736
Group's share of:		
- Profit	56,573	46,323
- Other comprehensive income (hedging reserves)	(5,906)	(11,847)
- Interest on redeemable preference shares held by the Company, included within UEDH group's interest expense	9,518	18,487
Group's total recognised comprehensive income from UEDH	60,185	52,963

The Company is not aware of any UEDH group contingent liabilities that could have a material effect on the financial statements.

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SECTION C OUR ASSETS

C4 Investment in joint venture

(a) Accounting policy

Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are recognised initially at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the income statement and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) ActewAGL Distribution Partnership

The Group holds a 50% interest in the ActewAGL Distribution Partnership ("ADP"), primarily operating as 'Evoenergy'. The remaining 50% is ultimately held by the Australian Capital Territory ("ACT") Government. ADP owns and operates the electricity networks in the ACT and the gas networks in the ACT, Queanbeyan-Palerang, and Nowra.

ADP's financial year is from 1 July to 30 June, which is different to the Group.

(c) Critical accounting estimates and judgements

In classifying as a joint venture the Group considered and made certain judgements about the structure of the arrangement, the legal form of any separate vehicles, the contractual terms of the arrangement and other facts and circumstances.

(d) Reconciliation of movements in investment in ADP

	Opening \$'000	Share of profit* \$'000	Dividends and Eliminations ** \$'000	Closing \$'000
2024				
ActewAGL Distribution Partnership	1,137,132	41,240	(32,005)	1,146,367
	1,137,132	41,240	(32,005)	1,146,367
2023				
ActewAGL Distribution Partnership	1,092,273	87,988	(43,129)	1,137,132
	1,092,273	87,988	(43,129)	1,137,132

* Included within the share of profit is feed-in tariff ("FIT") of (\$24.9) million (post-tax), reflecting the handback of over-recovery in previous years, partly offset with the under-recovery in the current year (CY23:\$17.4 million under-recovery). In the ACT, ADP is subject to a large scale FIT jurisdictional scheme under which FIT support payments are made by ADP to renewable energy generators. ADP is required to collect any shortfall between the average contracted prices and the wholesale spot price on behalf of renewable energy generators from electricity customers.

These FIT support payments operate as a pass through to customers. Where the amount recovered exceeds or is below actual contributions paid to relevant parties, an adjustment is made to future prices to reflect this excess or shortfall. No assets or liabilities is recognised as such an adjustment relates to provision of future services.

** Comprising of dividends received and receivable and the elimination of the transactions between the Group and the joint venture.

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SECTION C OUR ASSETS

The following table summarises the balance sheet information of ADP:

	2024 \$'000	2023 \$'000
Current assets (including cash and cash equivalents - 31 December 2024: \$35.0 million; 31 December 2023: \$58.6 million)	301,767	374,027
Non-current assets (including financial assets - 31 December 2024: \$38.5 million; 31 December 2023: \$36.3 million)	1,703,508	1,624,732
Current liabilities (including financial liabilities - 31 December 2024: (\$4.6) million; 31 December 2023: (\$6.5) million)	(192,926)	(202,332)
Non-current liabilities (including financial liabilities - 31 December 2024: (\$20.7) million, 31 December 2023: (\$23.5) million)	(23,711)	(24,773)
Net assets (100%)	1,788,638	1,771,654

Capital expenditure contracted for at balance date but not recognised as a liability by the joint venture is as follows:

	2024 \$'000	2023 \$'000
Payable within one year (50%)	18,180	18,642
Payable later than one year but not later than five years (50%)	879	6,461
	19,059	25,103

The following table summarises the income statement information of ADP:

	2024 \$'000	2023 \$'000
Revenue	379,561	501,977
Depreciation and amortisation	(69,314)	(66,526)
Interest income	9,425	13,411
Interest expense	(1,288)	(1,425)
Net profit after tax	78,985	172,507
Total comprehensive income for distribution	78,985	172,507

The following table summarises the Group's equity accounting of ADP:

	2024 \$'000	2023 \$'000
Group's share of net assets (50%)	894,319	885,827
Consolidation adjustments	252,048	251,305
Carrying amount of interest in ADP	1,146,367	1,137,132
Total comprehensive income for distribution	78,985	172,507
Group's share of total comprehensive income	41,240	87,988

ADP had contingent liabilities of \$0.86 million relating to bank guarantees as at 31 December 2024 (as at 31 December 2023: \$0.86 million). The Company is not aware of any other ADP contingent liabilities that could have a material effect on the financial statements.

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SECTION C OUR ASSETS

C5 Impairment testing

(a) Accounting policy

An asset is impaired when its carrying amount exceeds its recoverable amount.

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets that have an indefinite useful life and construction in progress intangible assets, the recoverable amount is estimated irrespective of whether there is any indication of impairment.

The recoverable amount of assets is greater of their fair value less costs of disposal and its value in use. In assessing the recoverable amount, the Group applies the fair value less costs of disposal method and discounts the estimated future cash flows to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If it is not possible to estimate the recoverable amount of the individual asset, an entity shall determine the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows independently of the cash flows generated by any other asset or group of assets. For the purpose of impairment testing, goodwill and corporate assets are allocated to the CGUs' carrying amounts.

When the carrying amount of an asset or CGU exceeds its recoverable amount the difference is immediately recognised in the income statement as an impairment loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro-rata basis. An impairment loss in respect of goodwill is not reversed.

Impairment losses in respect of other assets are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment loss had been recognised. The reversal of an impairment loss is recognised in the income statement.

(b) Impairment testing

The Group's CGUs and allocated goodwill and intangible assets that have an indefinite useful life identified for impairment testing are as follows:

	2024 \$'000	2023 \$'000
Carrying amounts of goodwill by CGU		
Jemena Gas Network ("JGN")	502,738	502,738
Jemena Electricity Network ("JEN")	148,144	148,144
Jemena Eastern Gas Pipeline ("EGP")	760,982	760,982
Jemena Queensland Gas Pipeline ("QGP")	10,939	10,939
Jemena Darling Downs Pipeline Network ("DDPN")	25,272	25,272
Jemena Northern Gas Pipeline ("NGP")	-	-
Zinfra	88,298	88,298
Total goodwill	1,536,373	1,536,373
Intangible Assets - JEN licence	10,516	10,516
Total of licence	10,516	10,516
Total	1,546,889	1,546,889

Impairment testing was performed by considering the presence of goodwill and the existence of impairment indicators for the the following CGU's: JGN, JEN, EGP, QGP, NGP, DDPN and Zinfra. The remaining CGUs (UED, AAD, CGP and RNP) were excluded from impairment testing as they do not have goodwill allocated and no impairment indicators were identified. CGU impairment testing was carried out at 31 December 2024 resulting in no impairments being recognised (2023: nil).

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SECTION C OUR ASSETS

(c) Critical accounting estimates and judgements

Fair value less costs of disposal is measured using some inputs that are not based on observable market data, deemed level 3 within the fair value hierarchy as per note F1.

The following table lists critical estimates and assumptions used in estimating the recoverable amount of CGUs:

CGU	Cash Flow Horizon (years) ^a	Terminal Value Assumptions ^b	Post Tax Discount WACC 2024 ^c	Post Tax Discount WACC 2023 ^c	Comments on critical estimates and assumptions
Regulated Assets					
JGN	10 (2023: 10)	RAB 1.35 x (2023: 1.35)	4.78%	4.53%	- For regulated assets where terminal values are a significant driver of recoverable value, the Group monitors risks and opportunities on an ongoing basis in relation to any change including cross checking with implied market multiples of peers and recent market transactions for changes in RAB multiples. In 2024, the free cash flow horizons reflect the key assumptions behind JGN's renewable gas strategy and JEN's growth strategy. - The RAB multiple for JGN is 1.35x which is aligned to market expectations of renewable gas uptake and its position in the future energy mix. Management will continue to closely observe these market expectations in future periods and will adjust this multiple accordingly. - JGN's market and commercial dynamics continue to evolve in 2025 and Management is focussed on further scenario testing with consideration given to JGN's strategy involving the commercial landscape, renewable/green gas transition, future access arrangements and capital programme optimisation. Furthermore, the recent access arrangement proposal balances the short term goals of delivering a safe, reliable network for our customers, while preparing for the long-term goal of supporting the energy transition. These focus points will therefore, underpin JGN's future cash flows and recoverable value in a decarbonisation environment. - JEN's RAB multiple is 1.6x reflects its expected growth as the economy decarbonises and becomes more reliant on renewable electricity. JEN's 2026-31 access arrangement proposal aligns with SGSPAA's climate transition plan, focusing on rebalancing gas and electricity assets while expanding connections to new customers. JEN will continue to optimise a two-way grid that supports both centralised and decentralised generation, with strategic investments ensuring long term reliability, sustainability and supporting asset recoverable values.
JEN	10 (2023: 10)	RAB 1.6 x (2023: 1.6)	4.38%	4.13%	

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CGU	Cash Flow Horizon (years) ^a	Terminal Value Assumptions ^b	Post Tax Discount WACC 2024 ^c	Post Tax Discount WACC 2023 ^c	Comments on critical estimates and assumptions
Gas Transmission					
EGP	10 (2023: 10)	Perpetual Growth (0.50%) - 1.0% (2023: (0.50%) - 1.0%)	5.33% - 6.20%	5.09% - 5.96%	- The Group monitors risks and opportunities on an ongoing basis for any change in the assumptions supporting the growth rates and forward profile of cash flows for these CGUs, including key elements of the discount rate which can have a material impact on the recoverable amount. - The perpetual growth assumption is largely determined by demand/supply dynamics, alternate energy supplies, recontracting and the projected Australian Consumer Price Index. While inflation in the short term is high, the Group expects inflation to normalise and stabilise in the long-term.
QGP	10 (2023: 10)				
DDPN	10 (2023: 10)				
NGP	10 (2023: 10)				
Services					
Zinfra	5 (2023: 5)	Perpetual Growth 1.0% (2023: 1.0 %)	9.54%	9.27%	- The market continues to be highly competitive and may potentially impact revenue and EBITDA margin growth rates. The ability to maintain competitive margins as well as managing re-contracting risk for key customers remains a focus for the business. - Growth is driven mainly by revenue growth project and services contracts supported by identified opportunities, realistic win rates and historical trends.

Notes:

- The forecasts include assumptions related to the growth in revenue, operating expenditure and capital expenditure. For regulated CGUs, the growth assumption is primarily driven by the assumptions in the regulatory building block models with growth being a function of the regulated asset base ("RAB") and the allowable return from the regulator in the current regulatory period and expected future returns in the years post the current regulatory period.
- Terminal values are calculated by applying a multiple to the RAB in the terminal year for regulated assets and terminal growth rates to terminal year cash flows for unregulated assets.
- All CGUs' future nominal cash flows are discounted to their present value using a discount rate based on the weighted average cost of capital ("WACC"). The WACC takes into account the average rates of return required by providers of debt and equity capital (proxy weighted to the market) to compensate them for the time value of money and the inherent risk or uncertainty in achieving the cash flow returns for that outlay of capital estimating a transactional "fair value" environment.
- Long-term risk free rate is consistently applied across the discount WACC rates for all CGUs in the Group.

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SECTION C OUR ASSETS

Reasonably possible change in key assumptions

The recoverable amount for the following CGUs approximates their carrying value. Accordingly, any deterioration in the key assumptions would result in possible recoverable amount deficiencies:

The market, regulatory and commercial dynamics particularly pertaining to EGP and JGN CGUs continue to evolve and Management is focussed on their strategy involving the commercial landscape, renewable gas transition, future access arrangements and capital programme optimisation. These considerations are set in a backdrop of a market trend toward decarbonisation where the impact to long-term gas demand and growth rates continue to be fluid.

- NGP: Management continues to work to secure additional long-term revenues on NGP through various initiatives. Negotiations continue with multiple counterparties and the cash flows included are based on the best information at reporting date. The long term cash flows are mainly reliant on the development of gas reserves in the Beetaloo Basin and customer contracting for transmission services into the East Coast market, or transmission services to supply gas from the East Coast market into the Northern Territory.

- EGP: Management continues to work to further secure long-term revenue on the EGP through the Southern Gas Strategy. The Southern Gas Strategy involves among other things the construction and connection of the EGP to the proposed Port Kembla Energy Terminal. Negotiations continue with multiple counterparties and the cash flows included are based on the best information at reporting date on the most current view of demand and supply factors. Further, the cash flow assumptions also assume that, where relevant, re-contracting will be performed in accordance with any Gas Market Reform rules.

- JGN: Management continues to assess assumptions pertaining to volume relating to residential and industrial/commercial customers and various regulatory assumptions. On a broader lens, Management recognises the need to invest in developing renewable gas technologies and continue to perform scenario testing as part of the long-term strategy to plan for the future of the portfolio, in a decarbonisation environment.

If the assumptions used in the impairment testing were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the three CGUs discussed above in the year ended 31 December 2024.

CGU	Changes required for carrying value to equal recoverable amount					
	Post-tax discount rate		TV - RAB Multiple		TV - Growth Rate	
	2024 %	2023 %	2024 x	2023 x	2024 %	2023 %
JGN	5.25	4.95	1.28	1.29	-	-
EGP	6.41	6.31	-	-	(0.86)	(1.12)
NGP	6.17	6.02	-	-	(0.30)	(0.45)

C6 Capital commitments

Capital expenditure contracted for at balance date but not recognised as a liability by the Group is as follows:

	2024 \$'000	2023 \$'000
Payable within one year	23,846	8,798
Payable later than one year but not later than five years	-	-
	23,846	8,798

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SECTION D FINANCING OUR BUSINESS

D1 Interest bearing liabilities

(a) Accounting policy

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are either stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(b) Interest bearing liabilities

			Current		Non-current	
			2024	2023*	2024	2023*
			\$'000	Restated \$'000	\$'000	Restated \$'000
	Maturity date	Issue rate				
Unsecured						
Bank loans - Syndicated Facility Agreements			615,000	-	360,000	950,000
Bank loans - Bilateral Facility Agreements			-	-	540,709	500,283
Less: borrowing costs			(612)	(72)	(6,808)	(5,833)
Debt securities						
- USD 500m MTN	29-Jul-26	3.250%	-	-	771,837	686,224
- HKD 875m MTN	21-May-27	3.330%	-	-	175,271	157,471
- USD 500m MTN	07-Jul-27	3.500%	-	-	767,695	693,735
- AUD 250m MTN	27-Sep-24	3.750%	-	250,000	-	-
- HKD 785m MTN	28-Mar-29	2.850%	-	-	163,307	147,599
- AUD 92m MTN	20-Jul-29	2.789%	-	-	92,000	92,000
- HKD 739m MTN	20-Dec-29	2.535%	-	-	153,738	138,949
- AUD 159m MTN	27-Feb-35	2.680%	-	-	159,000	159,000
- AUD 350m MTN	15-Sep-28	1.843%	-	-	339,160	336,692
- HKD 900m MTN	04-Jan-27	1.440%	-	-	177,061	156,968
- AUD 100m MTN	29-Nov-28	2.525%	-	-	92,874	91,436
- AUD 300m MTN	17-Dec-29	2.620%	-	-	271,401	266,914
- HKD 800m MTN	18-Oct-32	4.920%	-	-	170,137	157,875
- AUD 106m MTN	08-Dec-32	6.056%	-	-	106,000	106,000
- AUD 50m MTN	08-Dec-32	6.056%	-	-	52,022	-
- AUD 175m MTN	15-Jan-30	BBSW + 1.7%	-	-	175,000	175,000
- AUD 85m MTN	15-Jan-30	BBSW + 1.7%	-	-	85,000	85,000
- HKD 785m MTN	20-Mar-33	4.854%	-	-	167,248	155,433
- HKD 600m MTN	09-Jun-30	4.520%	-	-	125,055	115,128
- AUD 30m MTN	29-Jun-33	5.988%	-	-	30,473	30,721
- AUD 100m MTN	29-Jun-33	5.988%	-	-	103,542	-
- JPY 5b MTN	13-Jun-39	1.960%	-	-	51,664	-
- HKD 766.5m MTN	09-Oct-29	3.540%	-	-	156,986	-
Less: borrowing costs			-	(406)	(8,244)	(9,800)
Convertible instruments	04-Sep-50	10.250%	-	800,000	-	-
			614,388	1,049,522	5,272,128	5,186,795
			614,388	1,049,522	5,272,128	5,186,795

For more information about the Group's exposure to interest rate and foreign currency risk, see note D4. Details of financing facilities utilised/unutilised are also contained in note D4(d).

* Refer to note A2(a) and D5 for further information regarding the reclassification of the CI's comparative balance and its conversion during the year.

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SECTION D FINANCING OUR BUSINESS

D2 Finance income and costs

(a) Accounting policy

Finance income and costs are recognised using the effective interest method.

Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. The capitalisation rate used to determine the amount of borrowing costs to be included in the cost of qualifying assets is the weighted average interest rate of 4.25% for the year applicable to the Group's outstanding borrowings (year ended 31 December 2023: 4.04%). Generally, the Group's gearing rate is applied to the capitalisation rate to determine the amount of interest to capitalise.

(b) Summary

	2024 \$'000	2023 \$'000
Finance income		
Interest on funds invested	795	583
Interest on lease receivable	5,943	6,234
Defined benefit net interest	2,471	2,362
	9,209	9,179
Finance costs		
Interest and finance charges paid/payable on borrowings	(232,441)	(255,699)
Gain/(loss) on the fair value hedging instruments (fair value hedges)	13,018	(163,580)
Gain/(loss) on the fair value hedged items (fair value hedges)	(12,695)	163,064
Ineffectiveness from cash flow hedges	533	(123)
Capitalised finance charges	9,897	8,148
Interest on leases	(3,980)	(4,493)
Unwinding of discount on liabilities	(2,346)	(2,299)
	(228,014)	(254,982)

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SECTION D FINANCING OUR BUSINESS

D3 Derivative financial instruments and hedging reserve

(a) Accounting policy

The Group uses derivative financial instruments such as interest rate swaps, cross currency swaps and foreign exchange contracts to hedge its exposure to foreign exchange and interest rate risks arising from financing activities. The Group does not speculatively trade in derivative financial instruments, however, derivative financial instruments that do not qualify for hedge accounting are accounted for as held for trading.

Derivative financial instruments are recognised at fair value (refer to note F1) determined using level 2 fair value hierarchy inputs, and using discounted cash flow analysis.

The Group applies the maturity date approach to classify derivative financial instruments. Derivative financial instruments are classified as non-current, except for those instruments that mature in less than 12 months from balance date, which are classified as current.

In order to qualify for hedge accounting all of the following hedge effectiveness testing criteria need to be met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio is the same as that resulting from actual amounts of hedged items and hedging instruments for risk management.

(i) Hedge ineffectiveness

Hedge ineffectiveness may arise from counterparty credit risk, changes in timing of the forecast transactions and forecast transactions not occurring. However, the Group tests the hedging effectiveness periodically to ensure that the sources of ineffectiveness do not dominate the hedge relationship.

(ii) Fair value hedges

Changes in the fair value of a derivative financial instrument designated as a fair value hedge of the exposure to changes in fair value of a recognised asset, liability or unrecognised firm commitment, is recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, the gain or loss attributable to the hedged risk is recognised in the income statement with an adjustment to the carrying amount of the hedged item.

(iii) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in the hedging reserve. The ineffective portion of the gain or loss is recognised in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or liability, or a forecast transaction for a non-financial asset or liability becomes a firm commitment for which hedge accounting is applied, the associated cumulative gains or losses is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same year or years during which the asset acquired or liability assumed affects the income statement (e.g. when interest expense is recognised). In either case, if the amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into the income statement.

When a cash flow hedging instrument expires or is sold, terminated or exercised, and the hedged forecast transaction is still expected to occur, the cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement or used to adjust the initial cost of the non-financial item. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

(iv) Foreign currency basis spreads

The cumulative change in fair value of the foreign currency basis spreads of cross currency interest rate swaps designated in hedge relationships is recognised as a cost of hedging in a separate component of the hedging reserve.

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SECTION D FINANCING OUR BUSINESS

(b) Critical accounting estimates and judgements

The fair value of derivative financial instruments is determined as follows:

- the fair value of derivative financial instruments with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices. The quoted market price used is the current mid-price, as the derivative financial instruments are in hedging relationships with offsetting market risks; and

- the fair value of other derivative financial instruments is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Judgements about whether the Group's hedges are in effective economic relationships are on the basis of critical terms of the hedging instrument and hedged item being aligned; including face values, cash flows and currency, and the relationship between the hedged risk and the corresponding value of the hedging derivatives resulting in a hedge ratio of one.

(c) Summary of carrying amount

	Current		Non-current	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Derivative financial instruments - Assets*				
Fair value hedges				
Cross currency swap contracts	-	-	(89,845)	(99,425)
Interest rate swap contracts	-	-	5,786	520
Cash flow hedges				
Cross currency swap contracts	-	-	450,063	195,859
Interest rate swap contracts	1,107	1,253	209,829	242,350
Forward foreign exchange contracts	259	74	31	-
	1,366	1,327	575,864	339,304

	Current		Non-current	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Derivative financial instruments - Liabilities*				
Fair value hedges				
Cross-currency swap contracts	-	-	-	(10,268)
Interest rate swap contracts	-	-	46,142	54,344
Cash flow hedges				
Cross-currency swap contracts	-	-	-	22,695
Interest rate swap contracts	-	-	9,297	7,982
Forward foreign exchange contracts	-	142	-	2
	-	142	55,439	74,755

	2024	2023
	%	%
Weighted Average Interest Rate		
Cross currency swap contracts	5.71	5.21
Interest rate swap contracts	(1.21)	(0.77)

* The Group classifies individual derivative financial instruments with positive fair values as assets and negative fair values as liabilities, with the entire hedge relationship presented as a single entity. The Group also presents the fair value of the derivative financial instruments based on their bifurcated and trifurcated hedge accounting designations.

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SECTION D FINANCING OUR BUSINESS

(d) Foreign currency risk management

The following table summarises the carrying amount and hedge accounting designations of foreign exchange contracts used to manage foreign currency exposure:

	Weighted average exchange rate	Foreign currency contract value FC\$'000	Carrying amount \$'000	Less than 1 year \$'000	1- 5 years \$'000
2024					
Forward foreign currency contracts					
- Buy USD (United States Dollar)	0.6485	4,007	290	259	31
2023					
Forward foreign currency contracts					
- Buy USD (United States Dollar)	0.6583	4,117	(70)	(68)	(2)

(e) Hedge accounting

As 31 December 2024, the Group held various types of derivative financial instruments and formally designated them in cash flow and fair value hedge relationships for accounting purposes, in accordance with the requirements of AASB 9. The following table summarises the derivative financial instruments in the consolidated balance sheet and the effects of hedge accounting on the Group's financial position and performance for 2024.

	Nominal amount of hedging instrument \$'000	Change in the value of the hedging instrument used for calculating hedge ineffectiveness \$'000	Change in value of the hedged item used for calculating hedge ineffectiveness \$'000	Change in value of the hedging instrument recognised in hedging reserve \$'000	Hedge ineffectiveness recognised in (profit) and loss \$'000	Amount reclassified from the cash flow hedge reserve to (profit) or loss \$'000
Cash flow hedges						
Interest (up to 11 years)	3,835,000	(33,982)	33,982	33,982	-	-
Capital expenditure (up to 1 year)	6,178	361	(361)	(361)	-	-
Foreign currency debt (up to 8 years)	2,618,221	276,899	(276,365)	(276,365)	(533)	(283,407)
Fair value hedges						
Local currency debt (up to 8 years)	680,000	13,469	(13,709)	N/A	240	N/A
Foreign currency debt (up to 8 years)	2,338,887	(689)	1,013	N/A	(563)	N/A

The following table summarises the carrying amounts and accumulated fair value adjustments of the hedged items:

	Hedged items	Carrying amount \$'000	Accumulated fair value adjustment \$'000
As at 31 December 2024			
Bank loans	Interest bearing liabilities	(100,709)	(2,915)
Debt securities	Interest bearing liabilities	(3,519,470)	(319,042)
		(3,620,179)	(321,958)
As at 31 December 2023			
Bank loans	Interest bearing liabilities	(95,283)	2,510
Debt securities	Interest bearing liabilities	(3,135,145)	(28,365)
		(3,230,428)	(25,855)

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SECTION D FINANCING OUR BUSINESS

(f) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net changes in the fair value of cash flow hedging instruments related to highly probable forecast transactions. The future periods in which the cash flows associated with derivative financial instruments in the cash flow hedge reserve are expected to impact profit and loss are the same as when the hedged highly probable cash flows are expected to occur.

	2024* \$'000	2023* \$'000
Balance at beginning of the year	181,224	260,693
Revaluation (cash flow hedge accounting)	(23,962)	(75,037)
Revaluation (foreign currency basis spreads)**	(4,669)	3,861
Share of associate's hedge reserve	(4,134)	(8,293)
Balance at end of the year	148,459	181,224

* The numbers are net of tax.

** AASB 9 requires the foreign currency basis spreads of cross currency swaps to be separated from hedge relationships in Equity.

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SECTION D FINANCING OUR BUSINESS

D4 Financial Risk Management

Overview

The Group has exposure to the following risks from the use of financial instruments:

- interest rate risk
- currency risk
- credit risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk, Health, Safety and Environment Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Risk Management framework operates in conjunction with several other policies of the Group, including the:

- Delegations of Financial Authority which sets out the approvals required for such transactions as investment of surplus funds, execution of hedging transactions, borrowings and issue of guarantees and indemnities;
- Treasury Operations Manual which sets out the day-to-day Treasury front office processes such as cash management and the operations of the Treasury back office, such as settlement processes and bank account operations; and
- Refinancing and Hedging Strategy which sets out the refinancing and hedging strategies over the relevant financial period.

Together, these policies provide a financial risk management framework which supports the Group's objectives of finding the right balance between risk and reward to enhance profitability and business performance while minimising current and future exposures.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts;
- interest rate swaps ("IRS"); and
- cross currency swaps ("CCS").

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

It is the Group's policy to ensure, wherever possible, that all hedging activities comply with the hedge accounting requirements of AASB 9 *Financial Instruments*. However, there may be instances where it makes commercial and economic sense to enter into derivative financial instrument transactions that do not achieve hedge accounting. In these instances, under AASB 9 such derivative financial instruments must be classified as "held for trading". However, this classification is not an indication of intent to trade in derivative financial instruments.

The material financial risks associated with the Group's activities are each described below, together with details of the Group's policies for managing the risk.

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SECTION D FINANCING OUR BUSINESS

(a) Interest rate risk

The Group is exposed to the risk of movements in interest rates on its borrowings. In addition, the regulated electricity distribution business and gas distribution business revenues are impacted directly by changes in the interest rates relating to each of their respective price review periods. This is a result of the "building block" approach where interest rates are considered in the determination of the regulatory weighted average cost of capital and consequently, regulated revenues. The price review period is five years for gas and electricity distribution. The AER has in December 2018 issued its guidelines for determining the rate of return for regulated assets. This guideline impacts the hedging approach taken by the Group, as it now references a 10-year trailing average method rather than market observation at the start of the regulatory period. Hedging of interest rate exposure is aligned to the transition path proposed by the AER.

The objective of hedging activities carried out by the Group in relation to these businesses is to minimise the exposure to changes in interest rates by matching the actual cost of debt with the cost of debt assumed by the regulator when setting the rate of return for the relevant business. The exposure is managed by maintaining an appropriate mix of fixed and floating rate borrowings and by the use of IRS.

The debt portfolio of the Group consists of both floating rate debt and fixed rate debt. The Group's interest rate hedging policy is linked to debt notionally allocated to the asset classes. Interest rate derivative financial instruments are used in order to maintain the percentage of allocated fixed rate debt according to the asset classes (Jemena, which includes regulated network assets and pipelines; and Zinfra, which is an infrastructure services business), as approved by the Board. Hedging of the regulated assets is aligned with tenures linked to the respective regulatory reset periods.

As at balance date, the Group had the following financial assets and liabilities exposed to fair value interest rate risk that were not designated in a hedging relationship:

	2024 \$'000	2023 \$'000
Financial assets:		
Cash at bank and in hand	57,815	30,889
	57,815	30,889
Financial liabilities:		
Bank loans and debt securities not designated in an interest rate hedging relationship	1,008,887	500,238
	1,008,887	500,238

The Group utilises IRS to manage its exposure to interest rate risk. Under IRS, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on debt held.

Due to the Group's interest rate risk management policies, the exposure at a corporate level to interest rate risk at any point in time is significantly reduced. At balance date, 84.6% (2023: 90.8%) of the Group's borrowings are fixed through either fixed rate debt or pay fixed IRS.

The Group's exposure to changes in interest rates is limited to exposure denominated in Australian dollars due to our policy of mitigating interest rate risk exposure on foreign currency debt. As a result, the sensitivity analysis below has only been performed based on movements in Australian interest rates. As at reporting date, if Australian interest rates had increased and decreased by 234 basis points as at 31 December 2024 (2023: 249 basis points), with all other variables held constant, post-tax profit and equity would have increased/(decreased) as follows:

Sensitivity Analysis

	2024		2023	
	Net profit/(loss) \$'000	Equity \$'000	Net profit/(loss) \$'000	Equity \$'000
Increase in Australian interest rates	(16,559)	262,853	(10,833)	284,601
Decrease in Australian interest rates	15,468	(307,749)	11,642	(335,748)

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(b) Currency risk

The Group's policy is to eliminate all currency risk due to funding activities in offshore debt markets. All foreign currency denominated debt has been fully hedged through the use of cross currency swaps into Australian dollar debt. Other foreign exchange rate exposures arising from commitments to foreign currency purchases are managed within approved policy parameters utilising forward foreign exchange contracts.

The objective of the Group's currency risk management program is to eliminate material foreign exchange risk by utilising various hedging techniques as approved by the Board. The Group therefore considers currency risk exposure to be minimal.

The Group enters into cross currency swaps to manage exposures from foreign currency loans in USD, CNY, HKD and JPY (refer note D3(c)). It is the policy of the Group to cover 100 per cent of the exposure generated by these loans.

Under cross currency swaps, the Group agrees to exchange specified principal and interest foreign currency amounts at an agreed future date at a specified exchange rate. Such contracts enable the Group to mitigate the risk of adverse movements in foreign exchange rates.

As at balance date, the Group held the following cross currency swaps for foreign currency denominated borrowings. The maturity of these swaps matches the maturity of the relevant foreign currency denominated borrowings.

	2024 \$'000	2023 \$'000
Cross currency swaps notional amounts		
USD	1,319,558	1,319,558
HKD	1,152,890	1,007,222
CNH	97,793	97,793
JPY	47,980	-
	2,618,221	2,424,573

The Group also enters into forward foreign exchange contracts to hedge the exchange rate risk in relation to specific purchase orders (refer note D3 (d)). It is the policy of the Group to fully hedge currency exposures above an approved threshold once the exposure is recognised. The derivative financial instrument used to hedge the exposure is entered into when there is a high degree of certainty as to the nature of the exposure, including currency, amount and delivery date so as to ensure a high level of effectiveness in cash flow hedging.

As at balance date, the Group had the following financial assets and liabilities exposed to currency risk that were not designated in a hedging relationship.

	2024 \$'000	2023 \$'000
Financial assets:		
Cash (USD denominated)	81	463
	81	463

Sensitivity analysis performed by management showed that movement in foreign currencies and the impact on net profit and equity is not material.

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(c) Credit risk

Credit risk refers to the risk a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises from the Group's financial assets, comprising cash and cash equivalents, trade and other receivables and derivative financial instruments.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of transactions conducted are spread amongst approved counterparties. The Group therefore considers credit risk exposure to be minimal.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with strong investment grade credit ratings assigned by international credit rating agencies. Accounts receivable consist of a number of customers, spread across a range of industries and geographical areas. In most part, the Group's revenue is sourced from its regulated energy networks, contracted gas pipelines with large industrial customers, and maintenance services provided predominantly to other regulated energy utilities. Despite the relatively low risk of bad debts, the Group regularly monitors the financial condition of its accounts receivable balances to ensure the exposure to bad debts is minimised. Refer to note B7 for more information.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for impairment losses and credit value adjustments, represents the Group's maximum exposure to credit risk.

(d) Liquidity risk

The Group targets a minimum net liquidity, defined as available short term funds and committed financing facilities. As at balance date, the Group had the following committed financing facilities available:

	2024 \$'000	2023 \$'000
Floating rate		
Unsecured working capital, reviewed annually:		
- Amounts used - bank guarantees	37,607	37,234
- Amount unused	162,393	162,766
Unsecured bilateral facilities with various maturity dates and which may be extended by mutual agreement:		
- Amount used	537,793	502,793
- Amount unused	25,000	60,000
Unsecured syndicated bank loan facilities:		
- Amount used	975,000	950,000
- Amount unused	525,000	230,000
Total amount used	1,550,400	1,490,027
Total amount unused (refer note A1(a))	712,393	452,766

The Group manages liquidity risk by maintaining adequate cash reserves, committed banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As part of managing liquidity risk, the Group aims to maintain a diversified debt portfolio, in terms of maturity and source. In this regard, the Group has raised funds in both the bank debt market, the domestic and offshore capital markets. The investment grade credit rating of the Group ensures ready access to both domestic and offshore capital markets.

Liquidity risk is managed by the Group based on expected net cash inflows and outflows from financial assets and liabilities and available banking facilities combined with access to global capital markets.

The Group continues to manage liquidity and refinancing risks in accordance with the Board approved treasury management framework and long term funding principles. The following table summarises the maturities of the Group's financial assets and liabilities based on the remaining earliest contractual maturities at carrying amount.

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(d) Liquidity risk

	Undiscounted contractual cash flow					
	Carrying amounts \$'000	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total \$'000
As at 31 December 2024						
Financial assets						
Cash and cash equivalents	57,815	57,815	-	-	-	57,815
Receivables	333,925	338,296	-	-	-	338,296
Lease receivables*	80,309	12,126	12,354	28,719	62,465	115,664
Interest rate swaps	216,722	59,476	44,900	113,441	63,571	281,388
Cross-currency swaps	360,218	-	-	-	-	-
Cross currency swaps - receive	-	94,212	1,003,624	1,776,359	325,477	3,199,672
Cross currency swaps - pay	-	(133,611)	(882,241)	(1,496,285)	(304,461)	(2,816,598)
Forward foreign currency contracts	290	262	35	-	-	297
	1,049,279	428,575	178,671	422,234	147,053	1,176,534
Financial liabilities						
Variable interest rate loans	1,227,580	511,307	1,071,288	378,503	297,054	2,258,152
Fixed interest rate loans	4,658,936	142,256	945,908	2,751,636	1,103,608	4,943,408
Convertible instruments	-	-	-	-	-	-
Payables	214,529	214,529	-	-	-	214,529
Lease liabilities	93,711	29,839	27,396	43,664	-	100,899
Interest rate swaps	55,439	13,567	13,362	33,842	(2,310)	58,461
Cross-currency swaps	-	-	-	-	-	-
Cross-currency swaps - receive	-	(9,196)	(9,196)	(27,542)	(251,968)	(297,902)
Cross-currency swaps - pay	-	12,212	11,526	35,428	266,558	325,725
Forward foreign currency contracts	-	-	-	-	-	-
	6,250,195	914,514	2,060,286	3,215,531	1,412,941	7,603,271
Net maturity		(485,938)	(1,881,614)	(2,793,296)	(1,265,888)	(6,426,737)

* The unearned finance income arising from the lease receivables is \$35.4 million (2023: \$36.7 million).

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SECTION D FINANCING OUR BUSINESS

	Undiscounted contractual cash flow					
	Carrying amounts \$'000	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total \$'000
As at 31 December 2023						
Financial assets						
Cash and cash equivalents	30,889	30,889	-	-	-	30,889
Receivables	295,050	299,633	-	-	-	299,633
Lease receivables*	90,889	11,920	12,126	34,393	69,145	127,584
Interest rate swaps	244,123	61,722	43,652	104,919	84,021	294,314
Cross-currency swaps	96,434	-	-	-	-	-
Cross currency swaps - receive	-	65,196	65,210	1,916,204	294,276	2,340,886
Cross currency swaps - pay	-	(105,884)	(97,821)	(1,751,144)	(283,986)	(2,238,835)
Forward foreign currency contracts	74	74	-	-	-	74
	757,459	363,550	23,167	304,372	163,456	854,545
Financial liabilities						
Variable interest rate loans	1,204,095	85,399	427,923	921,018	483,652	1,917,992
Fixed interest rate loans	4,232,222	376,112	116,737	2,520,840	1,539,612	4,553,301
Convertible instruments	800,000	82,000	82,000	246,000	2,577,266	2,987,266
Payables	185,673	185,673	-	-	-	185,673
Lease liabilities	101,496	26,865	24,894	59,217	-	110,976
Interest rate swaps	62,326	13,078	12,756	38,249	5,153	69,236
Cross-currency swaps	12,427	-	-	-	-	-
Cross-currency swaps - receive	-	(22,563)	(22,576)	(156,625)	(486,453)	(688,217)
Cross-currency swaps - pay	-	29,534	26,930	169,560	516,279	742,303
Forward foreign currency contracts	144	135	2	-	-	137
	6,598,383	776,233	668,666	3,798,259	4,635,509	9,878,667
Net maturity		(412,683)	(645,499)	(3,493,887)	(4,472,053)	(9,024,122)

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SECTION D FINANCING OUR BUSINESS

(e) Fair value of financial assets and liabilities

The Group classified the fair value measurements (refer note F1) of its financial instruments using a level 2 fair value hierarchy that reflects the significance of the inputs used in making the measurements. Fair value is measured using valuation techniques and significant market observable data as well as market corroboration based on active quotes. These include industry standard interest rate, foreign exchange and currency basis yield curves sourced directly from the Treasury Management System. In addition, an adjustment to the fair value for all cross currency and interest rate swap contracts is applied for credit risk in accordance with *AASB 13 Fair Value Measurement*. Credit risk is obtained directly from the observable Credit Default Swap curves within the Treasury Management System for each of the relevant counterparties, with the Bilateral Credit Risk applied uniformly across all swap assets and liabilities as at balance date.

With the exception of the below, the fair values of other financial assets and liabilities approximate their carrying amounts.

	Carrying amount		Fair value	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Debt securities (fixed rate)	4,118,227	3,731,939	3,602,374	3,467,440
Debt securities (floating rate)	260,000	260,000	266,126	262,722

(f) Financial covenants

As disclosed in D1(b) and D4(d), the Group's secured bank loans are subject to specific covenants. A breach occurs if, on 30 June or 31 December of each year, (i) the Interest Cover Ratio falls to 1.5 times or below, or (ii) the Gearing Ratio reaches or exceeds 70%. In such cases, the Group may be required to repay its liabilities earlier than the contractual maturity dates.

The Group regularly monitors compliance with its financial covenants and reports the outcome to its banking syndicate on a semi-annual basis. There were no covenant breaches during the year, and the Group expects to remain in compliance with the covenants for the next 12 months from the reporting date.

D5 Share capital

(a) Accounting policy

Ordinary share capital is recorded at the fair value of consideration received. The costs of issuing securities are charged against the share capital. Ordinary share capital bears no special terms or conditions affecting income or Capital entitlements of the shareholders.

(b) Summary

	2024	2023
Fully paid ordinary shares (at \$1 each)	4,000,000,100	3,200,000,100
	4,000,000,100	3,200,000,100

On 29 February 2024, the Company agreed the terms of a capital restructure in relation to the \$800.0 million of CI entered into in 2015 with State Grid International Development Australia Investment Company Limited (SGIDAIC) and Singapore Power International Ltd (SPI).

As part of the capital restructure, on 20 June 2024, the \$800.0 million face value of the CI was converted by SGIDAIC and SPI into fully paid ordinary shares in SGSPAA in proportion to their existing shareholding in the Company. This simplifies SGSPAA's capital structure, which now comprises a total of \$4.0 billion of ordinary shares after the restructure, in addition to external funding arrangements.

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SECTION D FINANCING OUR BUSINESS

D6 Reconciliation of movements of assets and liabilities to cash flows arising from financing activities

	1 January 2024	Cash flows				Non-cash changes			31 December 2024
	Opening Balance \$'000	Proceeds from borrowings \$'000	Repayment of borrowings \$'000	Payment of lease liabilities \$'000	Other \$'000	Fair value changes \$'000	Additions/ (Disposals) \$'000	Other \$'000	Closing Balance \$'000
Interest bearing liabilities									
Bank loans	1,444,378	804,000	(744,000)	-	-	5,426	-	(1,515)	1,508,289
Debt securities	3,991,939	343,648	(250,000)	-	-	290,676	-	1,963	4,378,227
Convertible Instruments	800,000	-	-	-	-	-	-	(800,000)	-
	6,236,317	1,147,648	(994,000)	-	-	296,102	-	(799,552)	5,886,516
Derivative financial instruments - Assets									
Cross currency swap contracts	(96,434)	-	-	-	-	(263,784)	-	-	(360,218)
Interest rate swap contracts	(244,123)	-	-	-	-	27,401	-	-	(216,722)
Forward foreign exchange contracts	(74)	-	-	-	-	(216)	-	-	(290)
	(340,631)	-	-	-	-	(236,599)	-	-	(577,230)
Derivative financial instruments - Liabilities									
Cross currency swap contracts	12,427	-	-	-	-	(12,427)	-	-	-
Interest rate swap contracts	62,326	-	-	-	-	(6,887)	-	-	55,439
Forward foreign exchange contracts	144	-	-	-	-	(144)	-	-	-
	74,897	-	-	-	-	(19,458)	-	-	55,439
Lease liabilities									
Lease liabilities	101,496	-	-	(32,327)	-	-	20,562	3,980	93,711
	101,496	-	-	(32,327)	-	-	20,562	3,980	93,711

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D6 Reconciliation of movements of assets and liabilities to cash flows arising from financing activities

	1 January 2023	Cash flows				Non-cash changes			31 December 2023
	Opening Balance \$'000	Proceeds from borrowings \$'000	Repayment of borrowings \$'000	Payment of lease liabilities \$'000	Other \$'000	Fair value changes \$'000	Additions/ (Disposals) \$'000	Other \$'000	Closing Balance \$'000
Interest bearing liabilities									
Bank loans	825,154	1,687,793	(1,065,000)	-	-	(2,510)	-	(1,059)	1,444,378
Debt securities	4,605,811	386,001	(829,446)	-	-	(173,076)	-	2,649	3,991,939
Convertible Instruments	800,000	-	-	-	-	-	-	-	800,000
	6,230,965	2,073,794	(1,894,446)	-	-	(175,586)	-	1,590	6,236,317
Derivative financial instruments - Assets									
Cross currency swap contracts	(292,479)	-	-	-	-	196,045	-	-	(96,434)
Interest rate swap contracts	(341,112)	-	-	-	-	96,989	-	-	(244,123)
Forward foreign exchange contracts	-	-	-	-	-	(74)	-	-	(74)
	(633,591)	-	-	-	-	292,960	-	-	(340,631)
Derivative financial instruments - Liabilities									
Cross currency swap contracts	14,023	-	-	-	-	(1,596)	-	-	12,427
Interest rate swap contracts	76,951	-	-	-	-	(14,625)	-	-	62,326
Forward foreign exchange contracts	94	-	-	-	-	50	-	-	144
	91,068	-	-	-	-	(16,171)	-	-	74,897
Lease liabilities									
Lease liabilities	100,768	-	-	(30,063)	-	-	26,150	4,641	101,496
	100,768	-	-	(30,063)	-	-	26,150	4,641	101,496

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SECTION D FINANCING OUR BUSINESS

D7 Leases

(a) Accounting policy

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

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

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies AASB 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease and regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

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SECTION D FINANCING OUR BUSINESS

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) Critical accounting estimates and judgements

The assessment of lease term requires judgement as to whether the Group is reasonably certain to exercise extension options.

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group re-assesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

(c) Right of use asset movements

	Land and Buildings \$'000	Motor Vehicles \$'000	Other Property, Plant and Equipment \$'000	Total \$'000
Year ended 31 December 2024				
Opening carrying amount - 1 January 2024	31,313	20,489	210	52,012
Additions	6,328	17,501	1,329	25,158
Depreciation charge	(8,822)	(10,997)	(801)	(20,620)
Disposals	(8)	(8)	-	(16)
Impairment loss	-	-	-	-
Closing carrying amount - 31 December 2024	28,811	26,985	738	56,534
At 31 December 2024				
Cost	99,464	83,497	5,806	188,767
Accumulated depreciation	(70,653)	(56,512)	(5,068)	(132,233)
Carrying amount	28,811	26,985	738	56,534
Year ended 31 December 2023				
Opening carrying amount - 1 January 2023	35,119	11,985	775	47,879
Additions	8,669	17,242	238	26,149
Depreciation charge	(9,196)	(8,738)	(803)	(18,737)
Disposals	-	-	-	-
Impairment loss	(3,279)	-	-	(3,279)
Closing carrying amount - 31 December 2023	31,313	20,489	210	52,012
At 31 December 2023				
Cost	93,244	66,284	4,477	164,005
Accumulated depreciation	(61,931)	(45,795)	(4,267)	(111,993)
Carrying amount	31,313	20,489	210	52,012

(d) Lease receivables

At 31 December 2024, the lease receivables pertain to two categories: property sub-leases, which are classified as finance sub-leases and finance leases of the Group's owned infrastructure assets.

The maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date, is disclosed in note D4(d).

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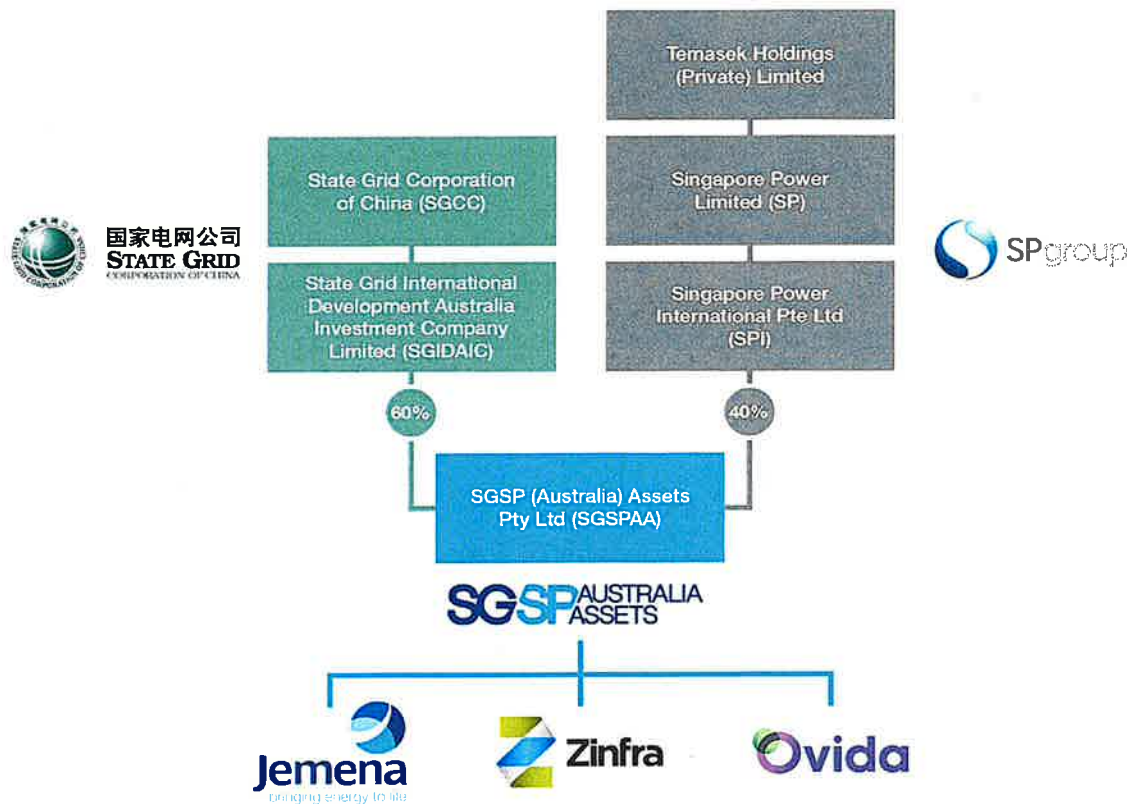
SECTION E GROUP STRUCTURE

E1 Parent entity information

(a) Parent entities

The Company is the ultimate Australian parent of the Group.

The ultimate parent entity is State Grid Corporation of China ("SGCC").



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SECTION E GROUP STRUCTURE

(b) Financial information of the Company

	2024 \$'000	2023 \$'000
Balance sheet		
Current assets	5,380,012	4,818,971
Non-current assets	6,623,669	6,257,242
Total assets	12,003,681	11,076,213
Current liabilities	3,959,808	3,147,070
Non-current liabilities	4,991,734	5,669,547
Total liabilities	8,951,542	8,816,617
Share capital	4,000,000	3,200,000
Reserves	107,589	136,472
Retained earnings	35,182	13,756
Accumulated losses	(1,090,632)	(1,090,632)
Total equity	3,052,139	2,259,596
Income statement		
Profit for the year	274,226	168,901
Other comprehensive loss for the year	(28,884)	(71,192)
Total comprehensive income for the year	245,342	97,709
Dividends		
Dividends paid to shareholders: \$0.07 per share (year ended 31 December 2023: \$0.05 per share)	252,800	159,300

(c) Disclosures of the Company

The Company has provided performance guarantees on behalf of the Group. No liability was recognised as the fair value of the guarantees is immaterial.

The Company did not have any contractual commitments for the acquisition of property, plant and equipment as at 31 December 2024 nor 31 December 2023.

Notes to the financial statements

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

SECTION E GROUP STRUCTURE

E2 Subsidiaries

(a) Accounting policy

(i) Business combinations

The Group accounts for business combinations using the acquisition method. The Group identifies the acquirer and the acquisition date. As of the acquisition date, the Group recognises the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. Then, the Group recognises goodwill as of the acquisition date, measured as the excess of the fair value of consideration transferred over the net assets or net liabilities recognised as described.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and other components of equity. Any resulting gain or loss is recognised in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities, equity, revenues and expenses and cash flows of the following subsidiaries:

Name of entity

Jemena Limited
Jemena Asset Management Pty Ltd
Jemena Asset Management (5) Pty Ltd
Jemena Management Holdings Pty Ltd
Jemena Management Services Pty Ltd
Jemena Electricity Networks (Vic) Ltd
Jemena Gas Networks (NSW) Ltd
Jemena Gas Pipelines Holdings Pty Ltd
Jemena Eastern Gas Pipeline (1) Pty Ltd
Jemena Eastern Gas Pipeline (2) Pty Ltd
Jemena Eastern Gas Pipeline (3) Pty Ltd
Jemena Networks (ACT) Pty Ltd
Jemena Eastern Gas Pipeline Holdings Pty Ltd
Jemena Roma North Pipeline Pty Ltd
Jemena Atlas Processing Pty Ltd
Jemena Roma North Processing Pty Ltd
Jemena Contracting Services (West) Pty Ltd
Jemena NSGC Pty Ltd
Jemena Gas Transmission Pty Ltd
Jemena VicHub Pipeline Pty Ltd

Name of entity

Jemena Queensland Gas Pipeline (1) Pty Ltd
Jemena Queensland Gas Pipeline (2) Pty Ltd
Jemena Malabar Pipeline Pty Ltd
Jemena Colongra Pty Ltd
Jemena EH Pty Ltd
Jemena Holdings Pty Ltd
Jemena Group Holdings Pty Ltd
QGP Unit Trust
Jemena Gas Trust
Jemena Northern Gas Pipeline Pty Ltd
Jemena Darling Downs Pipeline (1) Pty Ltd
Jemena Darling Downs Pipeline (2) Pty Ltd
Jemena Darling Downs Pipeline (3) Pty Ltd
Ovida Infrastructure Pty Ltd
Ovida Pty Ltd
CLM Infrastructure Pty Ltd
Zinfra Pty Ltd
ZNX Pty Ltd
ZNX (2) Pty Ltd
Zinfra Contracting Pty Ltd

All subsidiaries are incorporated in Australia and 100% of their share capital / units issued was owned by the Group during the current year and prior year.

Notes to the financial statements

For the year ended 31 December 2024

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

SECTION E GROUP STRUCTURE

E3 Deed of Cross-Guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee ("ASIC Deed"). The effect of the Deed is that in an insolvency scenario each party to the deed will guarantee payment to creditors of the proven debts of an insolvent entity that is party to the ASIC Deed.

In the year ended 31 December 2019, the Company entered into two ASIC Deeds, being with Jemena subsidiaries ("Jemena closed group") and Zinfra subsidiaries ("Zinfra closed group") as specified below:

The subsidiaries subject to the Jemena closed group Deed are:

Jemena Limited	Jemena Gas Transmission Pty Ltd
Jemena Asset Management Pty Ltd	Jemena VicHub Pipeline Pty Ltd
Jemena Management Holdings Pty Ltd	Jemena Queensland Gas Pipeline (1) Pty Ltd
Jemena Management Services Pty Ltd	Jemena Queensland Gas Pipeline (2) Pty Ltd
Jemena Electricity Networks (Vic) Ltd	Jemena Malabar Pipeline Pty Ltd
Jemena Gas Networks (NSW) Ltd	Jemena Colongra Pty Ltd
Jemena Gas Pipelines Holdings Pty Ltd	Jemena EH Pty Ltd
Jemena Eastern Gas Pipeline (1) Pty Ltd	Jemena Holdings Pty Ltd
Jemena Eastern Gas Pipeline (2) Pty Ltd	Jemena Group Holdings Pty Ltd
Jemena Eastern Gas Pipeline (3) Pty Ltd	Jemena Northern Gas Pipeline Pty Ltd
Jemena Networks (ACT) Pty Ltd	Jemena Darling Downs Pipeline (1) Pty Ltd
Jemena Eastern Gas Pipeline Holdings Pty Ltd	Jemena Darling Downs Pipeline (2) Pty Ltd
Jemena Roma North Pipeline Pty Ltd	Jemena Darling Downs Pipeline (3) Pty Ltd

The subsidiaries subject to the Zinfra closed group Deed are:

Zinfra Pty Ltd	Zinfra Contracting Pty Ltd
ZNX (2) Pty Ltd	ZNX Pty Ltd

There have been no changes to either the Jemena closed group or the Zinfra closed group during the year ended 31 December 2024.

Notes to the financial statements

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

SECTION E GROUP STRUCTURE

A consolidated income statement, comprehensive income and balance sheet, comprising the Company and controlled entities which are a party to the ASIC Deeds, after eliminating all transactions between parties to the ASIC Deeds for the year ended 31 December 2024 is set out as follows:

Income statement for the year ended 31 December 2024

	2024		2023	
	Jemena closed group* \$'000	Zinfra closed group* \$'000	Jemena closed group* \$'000	Zinfra closed group* \$'000
Revenue and other income	1,582,630	1,588,659	1,412,287	1,317,209
Share of net profits of associate and joint venture	97,813	56,572	134,311	46,322
Employee benefits expense	(231,366)	(444,756)	(212,585)	(383,391)
Depreciation and amortisation expense	(379,703)	(21,023)	(306,655)	(19,466)
Materials and services expense	(397,873)	(698,206)	(431,558)	(538,465)
Operating profit	671,501	481,246	595,800	422,209
Finance income	8,429	45,983	8,477	43,178
Finance costs	(227,120)	(232,510)	(253,868)	(257,513)
Net finance costs	(218,691)	(186,527)	(245,391)	(214,335)
Profit before income tax	452,810	294,719	350,409	207,874
Income tax (expense)/benefit	(120,353)	29,010	(126,851)	6,331
Profit for the year	332,457	323,729	223,558	214,205
Other comprehensive (loss)/income for the year (**)	(31,871)	(30,590)	(79,978)	(79,890)
Total comprehensive income for the year	300,586	293,139	143,580	134,315

During the year, the Company paid dividends of \$252.8 million to the shareholders (2023: \$159.3 million).

* The closed group comprises SGSPAA and certain Jemena (for Jemena closed group) or Zinfra (for Zinfra closed group) subsidiaries as listed above.

** Other comprehensive income comprises defined benefit superannuation plan actuarial gain/(loss), movement in hedging reserve and share of other comprehensive income from the associate.

Notes to the financial statements

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

SECTION E GROUP STRUCTURE

Balance sheet as at 31 December 2024

	2024		2023	
	Jemena closed group* \$'000	Zinfra closed group* \$'000	Jemena closed group* \$'000	Zinfra closed group* \$'000
Current assets				
Cash at bank and in hand	-	58,197	5,739	24,859
Receivables	227,277	3,752,355	184,851	3,646,555
Inventories	13,263	69,349	14,681	62,136
Derivative financial instruments	1,340	1,132	1,327	1,253
Prepayments and deposits	32,520	4,386	30,784	3,386
Total current assets	274,400	3,885,419	237,382	3,738,189
Non-current assets				
Property, plant and equipment	8,473,123	35,719	8,292,188	18,669
Intangible assets	1,689,760	38,763	1,693,457	41,293
Investment in subsidiaries	-	4,715,299	-	4,715,299
Investments in associate and joint venture	1,600,546	441,163	1,565,821	296,511
Right of use assets	23,160	33,374	27,541	24,472
Lease receivable	73,845	-	83,896	-
Derivative financial instruments	575,864	575,833	339,304	339,304
Defined benefit superannuation plans	17,156	37,498	15,152	34,508
Total non-current assets	12,453,454	5,877,649	12,017,359	5,470,056
TOTAL ASSETS	12,727,854	9,763,068	12,254,741	9,208,245
Current liabilities				
Payables	327,214	134,815	280,097	105,161
Provisions	93,946	93,888	99,077	91,427
Interest bearing liabilities	614,388	614,388	249,522	249,522
Income tax payable	17,072	17,072	117,555	117,555
Contract liabilities	150,827	45,068	107,909	19,696
Derivative financial instruments	-	-	106	36
Lease liabilities	16,294	10,226	15,473	7,700
Total current liabilities	1,219,741	915,457	869,739	591,097
Non-current liabilities				
Interest bearing liabilities	5,272,128	5,272,128	5,986,795	5,986,795
Provisions	96,201	10,228	111,678	9,265
Deferred tax	1,159,294	34,054	1,127,193	37,568
Lease liabilities	43,098	24,093	60,826	17,497
Contract liabilities	15,009	-	4,594	-
Derivative financial instruments	55,438	55,438	74,755	74,752
Total non-current liabilities	6,641,168	5,395,941	7,365,841	6,125,877
TOTAL LIABILITIES	7,860,909	6,311,398	8,235,580	6,716,974
Net assets	4,866,945	3,451,670	4,019,161	2,491,271
Share capital	4,000,000	4,000,000	3,200,000	3,200,000
Reserves	(39,615)	216,790	(6,807)	249,765
Retained earnings	906,560	(765,120)	825,968	(958,494)
TOTAL EQUITY	4,866,945	3,451,670	4,019,161	2,491,271

* The closed group comprises SGSPAA and certain Jemena (for Jemena closed group) or Zinfra (for Zinfra closed group) subsidiaries as listed above.

Jemena's closed group current liabilities exceed its current assets by \$945.3M, mainly due to the nature of the business and the classification of debt facilitates that are set to mature in 2025. On the basis of present forecasts for positive future operating cash flows, the ability of the closed group to manage its investing activities and the current status of refinancing activities for debt facilities which mature over the next twelve months, there are reasonable grounds to believe that each entity of the closed group will be able to meet any liabilities to which they are, or may become, liable pursuant to the ASIC Deed.

Notes to the financial statements

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

SECTION E GROUP STRUCTURE

E4 Related party transactions

(a) Related entities

Following are the Group's related entities which are identified in accordance with AASBs:

- The Group, via Zinfra, engages in related party transactions with its associate, UEDH, for construction and maintenance of its electricity network in Victoria.
- The Group engages in related party transactions with its joint venture, ADP, to develop, construct, operate and maintain the electricity network and the gas networks in ACT, Queanbeyan and Nowra.
- The Group, via Zinfra, provided construction services to ElectraNet in relation to electricity transmission in South Australia. ElectraNet is a related entity via one of the Company's shareholders.

Services between related parties are provided on mutually agreed terms.

(b) Subsidiaries

Interests in subsidiaries are set out in note E2(b).

(c) Key management personnel

Key management personnel compensation paid (including salaries, superannuation and bonuses) is set out below. The key management personnel of the Group comprise the directors and those executives that report directly to the Managing Director.

	2024 \$	2023 \$
Short-term employee benefits	8,783,837	13,911,506
Long-term employee benefits	1,249,430	915,882
Post-employment benefits	314,112	275,775
Total	10,347,379	15,103,163

(d) Transactions with related parties

The following transactions occurred with related parties:

	2024 \$'000	2023 \$'000
Sales of goods and services		
Associate	182,218	182,106
Joint venture	31,021	28,597
Other income		
Associate - interest on redeemable preference shares	9,520	18,487
Associate – directors' fees	30	30
Joint venture – directors' fees	253	269
Purchase of goods		
Administration expenses to shareholders	7	7

Notes to the financial statements

For the year ended 31 December 2024

SGSP (Australia) Assets Pty Ltd
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SECTION E GROUP STRUCTURE

	2024 \$'000	2023 \$'000
Finance costs		
Shareholders	-	40,663
Dividend payments		
<i>Dividend payments to:</i>		
Shareholders	252,800	159,300
(e) Outstanding balances with related parties		
The following related party balances are outstanding at balance date:		
	2024 \$'000	2023 \$'000
Current receivables		
Associate	30,301	44,659
Joint venture	7,304	7,090
Other related parties	5,712	-
Current payables		
Shareholders *	-	800,000

* The balance pertains to the \$800 million of CI entered into in 2015 with SGIDAIC and SPI. Refer to note D5 for further information regarding the conversion of this CI.

Notes to the financial statements

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

SECTION F OTHER DISCLOSURES

F1 Fair value measurement

(a) Accounting policy

The Group defines a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

F2 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company and its subsidiaries.

(a) Audit services

	2024 \$	2023 \$
Statutory audit	550,000	550,000
Regulatory audits	681,000	681,000
Total remuneration for audit services	1,231,000	1,231,000

(b) Other services

	2024 \$	2023 \$
Taxation services	14,212	48,585
Other assurance services	160,309	138,500
Regulatory advisory services	68,267	121,581
Total remuneration for other services	242,788	308,666

The Group employs KPMG to perform both the statutory audit and the audit of regulatory returns as these returns represent an extension of the information obtained from the statutory audit. Using the same firm for both audits contributes to the efficiency of the audit process.

F3 Events occurring after balance date

No matters or circumstances have arisen since balance date that significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

Directors' declaration

SGSP (Australia) Assets Pty Ltd
ABN 60 126 327 624

For the year ended 31 December 2024

In the directors' opinion:

1. the consolidated financial statements and notes set out on pages 4 to 64 are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the year ended on that date; and
 - (b) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
2. there are reasonable grounds to believe that the Company:
 - (a) will be able to pay its debts as and when they become due and payable; and
 - (b) together with the group subsidiaries identified in Note E3, as parties to the Deeds of Cross Guarantee ("ASIC Deeds"), will be able to meet any liabilities to which they are, or may become, liable pursuant to the ASIC Deeds.
3. the directors draw attention to Note A1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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

Director:



Director:



Date: 20 March 2025



Independent Auditor's Report

To the shareholders of SGSP (Australia) Assets Pty Ltd

Opinion

We have audited the **Financial Report** of SGSP (Australia) Assets Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 31 December 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated balance sheet as at 31 December 2024
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated cash flow statement for the year then ended 31 December 2024
- Notes to the financial statements, including material accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Recoverability of non-current assets, including property, plant and equipment and intangible assets
- Recognition of revenue

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of non-current assets, including property, plant and equipment (\$8,329.7m) and intangible assets (\$1,728.5m)

Refer to Note C5 Impairment Testing

The key audit matter	How the matter was addressed in our audit
Recoverability of non-current assets is a key audit matter due to the: • size of non-current assets (being 96% of total assets); • complex nature of the regulatory framework for determining future revenue and expenditures applicable to the Group's regulated cash generating units (CGUs). This impacts the Group's ability to forecast cash flows for regulated CGUs. This increases the risk of inaccurate forecasts and a wider range of outcomes for us to consider; • Group using complex models to perform its impairment testing. The models use some inputs that are not based on observable market data, deemed level three within the Fair Value Hierarchy as is common for estimates of this nature. This drives additional audit effort associated with gathering evidence in relation to forward looking assumptions applied in the Group's discounted cash flow models for each CGU. Key assumptions in the cash flow models include terminal values, expected capital expenditure, growth rates and discount rates; • sensitivity of certain CGUs to changes in key assumptions;	Working with our valuation specialists where relevant, our procedures included: • considering the appropriateness of the fair value less costs of disposal method applied by the Group to perform the test of non-current assets for impairment against the requirements of the accounting standards; • evaluating key controls over the cash flow models, including review and approval of key assumptions and business unit budgets which form the basis of the cash flow forecasts; • considering the sensitivity of the models by varying key assumptions such as growth rates, terminal values and discount rates to identify those CGUs at higher risk of impairment and to focus our further procedures; • assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models; • assessing cash flow model integrity, including the accuracy of the underlying calculation formulas; • using our industry knowledge and publicly available data, such as regulator information and industry outlooks, assessing the impact of relevant regulatory, technology and other market developments on the Group's discounted cash flow model assumptions; • comparing forecast cash flows contained in the discounted cash flow models to Board approved forecasts; • comparing key capital projects to the Board approved plan and strategy; • comparing a sample of cash flows to customer contracts and historical performance, taking into consideration expected changes in the Group and the environment in which it operates; • checking the consistency of the growth rates to the Group's stated plan and strategy, past performance of the Group, and our experience regarding the feasibility of these in the industry/regulatory environment in which it operates;

• discount rates being complicated in nature and varying according to the conditions and environment the specific CGU is subject to from time to time; and • uncertainty in energy policies and new developments in the Group's industry that are expected to impact the recoverability of the assets, increasing our focus in this area. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	• assessing longer term growth assumptions against regulatory information and industry outlooks; • assessing terminal value multiples by considering against publicly available data of a group of comparable entities; • independently developing a discount rate range for each CGU using publicly available market data for comparable entities to the CGU to assess the Group's discount rates; • comparing implied multiples from comparable market transactions to the implied multiple from the Group's discounted cash flow models and CGU carrying values; and • assessing disclosures in the financial report against the requirements of accounting standards.
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Recognition of revenue (\$2,228.8m)

Refer to Note B2 Revenue and other information

The key audit matter	How the matter was addressed in our audit
Revenue recognition is a key audit matter due to the: - regulatory framework and billing process for the distribution of electricity and gas, in particular the: - inherent complexity in the Group's customer billings processes and systems to estimate energy consumed; and - judgement required to audit the Group's revenue accrual which estimates the unbilled period between the customer's last bill and reporting date. This estimate includes assumptions and data as to consumption patterns and tariffs. - judgement required to audit the Group's estimate of revenue relating to infrastructure services. This estimate includes forward looking assumptions for forecast revenue and costs to complete, stage of project activities and recoverability of unapproved variations and claims.	Our procedures included: - evaluating the appropriateness of the Group's accounting policies for revenue recognition against accounting standard requirements; - working with our Information Technology specialists to test key controls in the revenue process, including interfaces between systems and those relating to recording and billing revenue over accounting periods; - comparing a sample of system tariffs from the Group's billing system to regulatory determinations; - comparing revenue recognised by the Group to our expectation considering historical performance, regulatory determinations, and energy consumption data and forecasts for the industry; - developing an expectation of the expected unbilled energy distribution revenue at year end using historical customer consumption and published prices, and comparing this to the reported accrued revenue; - comparing a sample of accrued revenue balances to actual customer billings subsequent to the year-end, considering the portion of the billing period before year-end; - comparing inputs for a sample of infrastructure services revenue to underlying documentation including customer contracts, variations and claims documentation; - on a sample basis, assessing the Group's assumptions relating to the recoverability of infrastructure services revenue by comparing forecast revenue and cost assumptions used by the Group to estimate revenue relating to infrastructure services against source documents including approved project budgets and customer contracts. We also compared them to actual costs incurred to date and the actual stage of project activities; and - assessing disclosures in the financial report against the requirements of accounting standards.

Other Information

Other Information is financial and non-financial information in SGSP (Australia) Assets Pty Ltd's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwvicgre/ar1_2024.pdf. This description forms part of our Auditor's Report.



KPMG



Gordon Sangster
Partner
Melbourne
20 March 2025

