



23 February 2023

ASX ANNOUNCEMENT

APA Infrastructure Limited (ASX: AP2)

APA Group interim financial results

Attached is an announcement made by APA Group (ASX: APA) which is provided for the information of APA Infrastructure Limited securityholders.

Authorised for release by Amanda Cheney

Company Secretary

APA Infrastructure Limited

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About APA Group (APA)

APA is a leading Australian Securities Exchange (ASX) listed energy infrastructure business. We own and/or manage and operate a diverse, \$22 billion portfolio of gas, electricity, solar and wind assets. Consistent with our purpose to strengthen communities through responsible energy, we deliver approximately half of the nation's gas usage and connect Victoria with South Australia and New South Wales with Queensland through our investments in electricity transmission assets. We are also one of the largest owners and operators of renewable power generation assets in Australia, with wind and solar projects across the country. APA Infrastructure Limited is a wholly owned subsidiary of APA Infrastructure Trust and is the borrowing entity of APA Group. For more information visit APA's website, apa.com.au.

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23 February 2023
ASX Announcement
APA Group (ASX: APA)

INTERIM FINANCIAL RESULTS

APA Group provides the attached for the half year ended 31 December 2022:

- APA Infrastructure Trust Appendix 4D
- APA Infrastructure Trust Interim Financial Report
- APA Investment Trust Interim Financial Report

Authorised for release by Amanda Cheney
Company Secretary
APA Group Limited

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APA Infrastructure Limited is a wholly owned subsidiary of APA Infrastructure Trust and is the borrowing entity of APA Group.

For more information visit APA's website, apa.com.au.

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APA Infrastructure Trust**Results for announcement to the market****For the half year ended 31 December 2022****Appendix 4D**

				Dec 2022 \$'000	Restated ^(a) Dec 2021 \$'000
Results		Change			
Revenue including share of profits from equity accounted investments	Up	8.3%	to	1,498,880	1,384,357
Profit after tax	Up	23.8%	to	190,736	154,080
Free cash flow ^(b)	Down	6.0%	to	484,333	515,055
Free cash flow per security	Down	2.7¢	to	41.0¢	43.7¢
Earnings per security	Up	3.2¢	to	16.2¢	13.0¢

(a) Restated for the impact of the payroll review. Refer to note 2 of the Financial Statements.

(b) Free cash flow is Operating cash flow adjusted for strategically significant transformation projects, less stay-in-business (SIB) capital expenditure, which includes operating asset replacement costs and technology lifecycle costs.

APA Infrastructure Trust
Results for announcement to the market
For the half year ended 31 December 2022
Appendix 4D



Reporting Period

The above results are for the half year ended 31 December 2022. Reference is made to movements from the previous corresponding period being the half year ended 31 December 2021.

Distributions paid and proposed	APA Group	
	Amount per security	Franking credits per security
Interim distribution proposed		
Profit distribution	16.93¢	3.64¢
Capital distribution	9.07¢	–
	26.0¢	3.64¢

The record date for determining entitlements to the unrecognised interim distribution in respect of the current financial year is 30 December 2022.

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (released in September) provide the classification of distribution components for the purposes of preparation of security holder income tax returns.

The Directors have reviewed APA Group's financial position and funding requirements and have decided to maintain the suspension of the Distribution Reinvestment Plan until further notice.

Net asset backing per security	31 Dec 2022	Restated ^(c) 31 Dec 2021
	\$	\$
Net tangible asset backing per security	(0.98)	(0.66)
Net asset backing per security	1.91	2.37

(c) Restated for the impact of the payroll review. Refer to note 2 of the Financial Statements.

Additional information and commentary on results for the half year

For additional disclosures refer to the APA Group interim report for the half year ended 31 December 2022 accompanying this Appendix 4D.



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APA Group

Interim Financial Report

For the half year ended
31 December 2022

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APA INFRASTRUCTURE TRUST DIRECTORS' REPORT

The Directors of APA Group Limited (Responsible Entity) submit their interim financial report of APA Infrastructure Trust (APA Infra) and its controlled entities (together APA or Consolidated Entity) for the half year ended 31 December 2022. This report refers to the consolidated results of APA Infra and APA Investment Trust (APA Invest).

1 Directors

The names of the Directors of the Responsible Entity during the half year and since the half year ended 31 December 2022 are:

Michael Fraser	Chairman
Adam Watson	Chief Executive Officer and Managing Director (appointed as Acting Chief Executive Officer on 30 September 2022 and appointed as permanent Chief Executive Officer and Managing Director on 19 December 2022)
Steven Crane	Director (retired 15 September 2022)
James Fazzino	Director
Debra (Debbie) Goodin	Director
Shirley In't Veld	Director
Rhoda Phillippo	Director
Peter Wasow	Director
Robert Wheals	Chief Executive Officer and Managing Director (resigned 30 September 2022)

Amanda Cheney is the Group General Counsel and Company Secretary of the Responsible Entity and held that role during the half year ended 31 December 2022.

2 Principal Activities

The principal activities of APA during the period continued without significant change being:

- Energy Infrastructure – gas transmission, gas storage and processing, gas-fired and renewable energy power generation and electricity transmission across Australia;
- Asset Management – services for most of APA's energy investments and for third parties; and
- Energy Investments – in unlisted entities.

In the Energy Infrastructure segment, the Power Generation sub-segment has been renamed to Electricity Generation and Transmission to reflect the inclusion of Basslink Pty Ltd and its subsidiary Basslink Telecoms Pty Ltd (together referred to as Basslink) in underlying earnings from the half year ended 31 December 2022. Refer to Note 10 in the attached financial statements for further details.

There were no other significant changes to the principal activities or state of affairs of APA during the half year ended 31 December 2022.

3 Subsequent Events

On 23 February 2023, the Directors declared an interim distribution of 26.0 cents per security (\$306.8 million) for APA Group, an increase of 4.0%, or 1.0 cent per security over the previous corresponding period (half year ended 31 December 2021: 25.0 cents). This is comprised of a distribution of 22.59 cents per security from APA Infrastructure Trust and a distribution of 3.41 cents per security from APA Investment Trust. The APA Infrastructure Trust distribution represents 15.92 cents per security profit distribution and 6.67 cents per security capital distribution. The APA Investment Trust distribution represents a 1.01 cent per security profit distribution and 2.40 cents per security capital distribution. Franking credits of 3.64 cents per security are attached to these distributions. The distribution will be paid on 16 March 2023.

Other than noted above and as disclosed elsewhere in this report, there has not arisen in the interval between the half year ended 31 December 2022 and the date of this report any matter or circumstance that has significantly affected or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

4 Financial Overview

Earnings before interest and tax (EBIT) and EBIT before depreciation and amortisation (EBITDA) are financial measures not prescribed by Australian Accounting Standards (AIFRS) and represent the profit under AIFRS adjusted for specific non-operating and significant items. The Directors consider these measures to reflect the core earnings of the Consolidated Entity, and these are therefore described in this report as 'underlying' measures.

Throughout this report the half year ended 31 December 2022 will be referred to as 1H23 and the half year ended 31 December 2021 will be referred to as 1H22.

The following table provides a summary of key financial data for the period.

	31 Dec 2022 \$000	31 Dec 2021 \$000 ⁽¹⁾	Change ⁽²⁾ \$000	Change ⁽²⁾ %
Total revenue	1,498,880	1,384,357	114,523	8.3%
Pass-through revenue ⁽³⁾	266,960	266,611	349	0.1%
Total revenue excluding pass-through	1,231,920	1,117,746	114,174	10.2%
Total segment revenue excluding pass-through	1,175,434	1,117,437	57,997	5.2%
Underlying EBITDA⁽⁴⁾	878,862	857,663	21,199	2.5%
– Fair value (loss)/gain on contract for difference	(10,076)	8,228	(18,304)	(222.5%)
– Technology transformation projects	(21,715)	(2,682)	(19,033)	(709.7%)
– Wallumbilla Gas Pipeline hedge accounting discontinuation	(18,363)	–	(18,363)	–
– Basslink debt revaluation, interest and integration costs	49,348	–	49,348	–
– Basslink AEMC market compensation	15,258	–	15,258	–
– Payroll review	(2,737)	–	(2,737)	–
Total reported EBITDA	890,577	863,209	27,368	3.2%
Depreciation and amortisation expenses	(356,399)	(371,236)	14,837	4.0%
Total reported EBIT	534,178	491,973	42,205	8.6%
Net interest expense	(229,402)	(239,172)	9,770	4.1%
Profit before income tax	304,776	252,801	51,975	20.6%
Income tax expense	(114,039)	(98,721)	(15,318)	(15.5%)
Profit after tax	190,737	154,080	36,657	23.8%
Free cash flow ⁽⁵⁾	484,333	515,055	(30,722)	(6.0%)
Free cash flow per security (cents)	41.0	43.7	(2.6)	(6.0%)
Earnings per security (cents)	16.2	13.0	3.2	24.6%
Distribution per security (cents)	26.0	25.0	1.0	4.0%
Distribution payout ratio (%) ⁽⁶⁾	63.3%	57.3%	6.0	10.5%
Weighted average number of securities (000)	1,179,894	1,179,894	–	–

Notes: Numbers in the table may not add up due to rounding.

- (1) The comparative information has been restated as a result of the payroll review. For further information refer to note 2 of the attached financial statements.
- (2) Positive/negative changes are shown relative to impact on profit or other relevant performance metric.
- (3) Pass-through revenue is revenue on which no margin is earned.
- (4) Underlying EBITDA excluding the impact of earnings from Basslink and the Orbest Gas Processing Plant is \$867.9m (31 Dec 2021: \$841.6m).
- (5) Free cash flow is Operating Cash Flow adjusted for strategically significant transformation projects, less stay-in-business (SIB) capex. SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs.
- (6) Distribution payout ratio = total distribution applicable to the financial year as a percentage of free cash flow.

4 Financial Overview (continued)

APA's total revenue (excluding pass-through revenue) for the six months to 1H23 was up 10.2% to \$1,231.9 million. This compared to \$1,117.7 million for the six months to 1H22.

Underlying EBITDA increased by 2.5% to \$878.9 (1H22: \$857.7 million).

The 1H23 results reflect a strong performance from the Energy Infrastructure segment, which supported ongoing investment across APA's internal systems and capability. APA is also favourably exposed to rising inflation, with almost all of APA's revenues being inflation linked.

Profit after tax was up 23.8% to \$190.7 million (1H22: \$154.1 million). Net interest and other finance costs decreased for the period by 4.1% to \$229.4 million (1H22: \$239.2 million), whilst depreciation and amortisation expenses decreased by 4.0% to \$356.4 million (1H22: \$371.2 million), due to non-recurrence of 1H22 accelerated depreciation as part of the replacement plan of certain assets. Income tax expense increased 15.5% to \$114.0 million (1H22: \$98.7 million) due to the growth in earnings.

Free cash flow declined 6.0% to \$484.3 million (1H22: \$515.1 million), due to the timing of a large cash receipt (received at the start of January 2023 rather than the end of December 2022), partly offset by the impact of higher earnings and lower tax paid. Free cash flow was 2.0% higher excluding the timing impact.

Total FY23 distributions are expected to be 55.0 cents per security⁽¹⁾, up 3.8% on FY22.

4.1 Business Segment Performances and Operational Review

APA reports across the three business segments:

- **Energy Infrastructure:** APA's wholly or majority owned energy infrastructure assets across gas transmission, compression, processing, storage and electricity generation (gas and renewables) and electricity transmission;
- **Asset Management:** The provision of asset management and operating services for third parties and the majority of APA's Energy Investments; and
- **Energy Investments:** APA's interests in energy infrastructure investments.

(1) Distribution guidance is subject to asset performance, macroeconomic factors, regulatory changes as well as timing of distributions from non-100% owned assets, with distributions to be determined at the discretion of the board at the time. FY23 distribution guidance of 55.0 cps includes 26.0 cps of distribution for the six months ended 31 December 2022.

4.1 Business Segment Performances and Operational Review (continued)

The revenue and EBITDA⁽¹⁾ performance of APA's business segments is set out in the table below.

	31 Dec 2022 \$000	31 Dec 2021 \$000 ⁽¹⁾	Change ⁽²⁾ \$000	Change ⁽²⁾ %
Revenue ⁽³⁾				
Energy Infrastructure				
East Coast Gas	421,573	411,770	9,803	2.4%
West Coast Gas	182,962	166,545	16,417	9.9%
Wallumbilla Gladstone Pipeline	298,363	280,332	18,031	6.4%
Electricity Generation and Transmission	194,714	179,603	15,111	8.4%
Energy Infrastructure total	1,097,614	1,038,250	59,364	5.7%
Asset Management	64,419	60,911	3,508	5.8%
Energy Investments	11,455	16,174	(4,719)	(29.2%)
Other non-contract revenue	1,946	2,102	(156)	(7.4%)
Total segment revenue	1,175,434	1,117,437	57,997	5.2%
Pass-through revenue	266,960	266,611	349	0.1%
Wallumbilla Gladstone Pipeline hedge accounting discontinuation	(18,363)	–	(18,363)	–
Income on Basslink debt investment	49,520	–	49,520	–
Basslink AEMC market compensation	15,258	–	15,258	–
Unallocated revenue ⁽⁴⁾	10,071	309	9,762	n.m.
Total revenue	1,498,880	1,384,357	114,523	8.3%
EBITDA				
Energy Infrastructure				
East Coast Gas	344,719	340,958	3,761	1.1%
West Coast Gas	151,970	136,682	15,288	11.2%
Wallumbilla Gladstone Pipeline	297,035	278,680	18,355	6.6%
Electricity Generation and Transmission ⁽⁵⁾	112,833	99,652	13,181	13.2%
Energy Infrastructure total	906,557	855,972	50,585	5.9%
Asset Management	32,925	41,118	(8,193)	(19.9%)
Energy Investments	11,455	16,174	(4,719)	(29.2%)
Corporate costs	(72,075)	(55,601)	(16,474)	(29.6%)
Underlying EBITDA	878,862	857,663	21,199	2.5%
– Fair value (loss)/gain on contract for difference	(10,076)	8,228	(18,304)	(222.5%)
– Technology transformation projects	(21,715)	(2,682)	(19,033)	(709.7%)
– Wallumbilla Gas Pipeline hedge accounting discontinuation	(18,363)	–	(18,363)	–
– Basslink debt revaluation, interest and integration costs	49,348	–	49,348	–
– Basslink AEMC market compensation	15,258	–	15,258	–
– Payroll review	(2,737)	–	(2,737)	–
Total reported EBITDA	890,577	863,209	27,368	3.2%

Notes: Numbers in the table may not add up due to rounding.

(1) The comparative information has been restated as a result of the payroll review. For further information refer to note 2 of the attached financial statements.

(2) Positive/negative changes are shown relative to impact on profit or other relevant performance metric.

(3) Refer to note 4 of the attached financial statements for additional disclosure on revenue streams from contracts with customers disaggregated by business unit and region.

(4) Interest income is not included in calculation of EBITDA but nets off against interest expense in calculating net interest cost.

(5) The Power Generation sub-segment has been renamed to Electricity Generation and Transmission to align the segment with the nature of operations post the acquisition of Basslink. The results of Basslink Pty Ltd and its subsidiary is included within this segment following acquisition on 20 October 2022.

4.2 Energy Infrastructure

APA's Energy Infrastructure business includes its interconnected East Coast Grid and Western Australian pipelines, renewable and gas-fired electricity generation assets, the Basslink electricity transmission asset as well as complementary energy infrastructure assets such as gas processing and storage assets.

Energy Infrastructure segment revenue was up 5.7% to \$1,097.6 million (1H22: \$1,038.3 million) benefitting from higher inflation linked tariffs.

Energy Infrastructure underlying EBITDA was up 5.9% to \$906.6 million (1H22: \$856.0 million).

East Coast underlying EBITDA for 1H23 increased 1.1% to \$344.7 million (1H22: \$341.0 million). The increase was driven by higher inflation linked revenue, new revenue contracts and higher volumes. This was partly offset by maintenance activity, including flood repairs on the Young Lithgow Pipeline, and the impact of reduced earnings following the sale of Orbost Gas Processing Plant (excluding Orbost, East Coast underlying EBITDA was up 5.1%).

West Coast underlying EBITDA increased 11.2% to \$152.0 million (1H22: \$136.7 million). The increase was driven by higher inflation linked revenue and non-recurrence of a 1H22 one-off operational expense.

The Wallumbilla Gladstone Pipeline underlying EBITDA increased 6.6% to \$297.0 million (1H22: \$278.7 million). The increase was due to tariff escalation, which is linked to the US inflation rate partly offset by unfavourable foreign exchange hedge rates during the period.

Electricity Generation and Transmission underlying EBITDA increased 13.2% to \$112.8 million (1H22: \$99.7 million). The increase was largely due to higher inflation linked revenue, and the addition of Basslink earnings from October 2022 (\$7.7 million).

During the six-month period, 76.4% of Energy Infrastructure revenue (excluding pass-through revenue) was from capacity reservation charges from long term contracts (1H22: 75.3%). Throughput charges and other variable revenues accounted for 11.0% of revenues (1H22: 11.7%). APA also received revenues from the provision of flexible short-term services and other services, accounting for 1.6% of total Energy Infrastructure revenues received (1H22: 1.8%). The portion of APA's revenue that is subject to regulated tariffs was approximately 8.4% of 1H23 Energy Infrastructure revenue (1H22: 8.9%). In total 87.4% of 1H23 revenues were take or pay/regulated (1H22: 86.5%).

APA manages its counterparty risk in a variety of ways including consideration of customers' credit ratings. During the period, approximately 84% of all Energy Infrastructure revenues were received from counterparties with investment grade credit ratings (1H22: 84%). Diversification of the customer base is another risk moderator. During 1H23 46.1% of revenue was from energy sector customers (1H22: 48.4%); 25.0% of revenue was from customers in the utilities sector (1H22: 23.8%); 24.7% from resources sector customers (1H22: 24.7%); and 4.2% from industrial and other customers (1H22: 3.1%).

4.3 Asset Management

APA provides asset management and operational services under long term contracts to the majority of its energy investments and to a number of third parties who own assets where APA has significant operating expertise. APA's major third-party customers are Australian Gas Networks Limited (AGN), Energy Infrastructure Investments Pty Limited (EII) and GDI who receive asset management services under long term contracts.

Revenue (excluding pass-through revenue) from asset management services increased by 5.8% to \$64.4 million (1H22: \$60.9 million) and underlying EBITDA decreased 19.9% to \$32.9 million (1H22: \$41.1 million). Asset Management revenues are largely driven by timing of customer "third-party" projects. The 1H23 result was impacted by a change in project mix with higher 'cost plus margin' projects and lower customer contribution projects, which resulted in higher revenue, but lower EBITDA compared to 1H22.

4.4 Energy Investments

APA has interests in a number of complementary energy investments across Australia as summarised in the table below:

Asset and ownership interests		Asset details and APA services	Partners
Mortlake Gas Pipeline	 50% SEA Gas (Mortlake) Partnership	83 km gas pipeline connecting the Otway Gas Plant to the Mortlake Power Station MAINTENANCE	REST
SEA Gas Pipeline	 50% South East Australia Gas Pty Ltd	687 km gas pipeline from Iona and Port Campbell in Victoria to Adelaide MAINTENANCE	REST
North Brown Hill Wind Farm	 20.2% EII2	132 MW wind farm in South Australia CORPORATE SERVICES	Infrastructure Capital Group Osaka Gas
Allgas Gas Distribution Network	 20% GDI (EII)	~3,900 km Allgas gas distribution network in Queensland with ~120,000 connections CORPORATE SERVICES	Marubeni Corporation State Super OPERATIONAL MANAGEMENT
Kogan North Processing Plant Directlink and Murraylink Electricity Interconnectors Nifty and Telfer Gas Pipelines Wickham Point and Bonaparte Gas Pipelines	 19.9% Energy Infrastructure Investments	Gas processing facilities 12 TJ/day Electricity transmission cables 243 km Gas pipelines totalling 786 km CORPORATE SERVICES	MM Midstream Investments Osaka Gas OPERATIONAL MANAGEMENT

Earnings from Energy Investments decreased by 29.2% to \$11.5 million (1H22: \$16.2 million) driven by lower contributions from the SEAGas Investment.

4.5 Corporate Costs

Corporate costs for the half year increased 29.6% to \$72.1 million (1H22: \$55.6 million). The increase was largely due to costs associated with the investment in corporate capability. APA has continued to build the capability and resilience of its business, including strengthening investments in areas such as electricity transmission, sustainability, community engagement and cyber security.

4.6 Capital and Investment Expenditure

Total capital and investment expenditure for the period was \$683.6 million (1H22: \$403.3 million) including stay-in-business capital expenditure, foundation capital expenditure and investment in acquisitions (Basslink).

Growth capex for the reporting period was \$464.6 million (1H22: \$218.7million).

Stay-in-business capex for 1H23 was \$88.0 million (1H22: \$87.8 million).

Foundation capital expenditure for the reporting period was \$27.6 million (1H22: \$7.9 million).

4.6 Capital and Investment Expenditure (continued)

Capital and investment expenditure for 1H23 is detailed in the table below.

Capital and investment expenditure ⁽¹⁾	Description of major projects	1H23 (\$ million)	1H22 (\$ million)
Growth expenditure			
<i>Regulated growth capex</i>	Western Outer Ring Main (WORM); Winchelsea Compressor Station; Victorian Transmission System, Roma Brisbane Pipeline and Goldfields Gas Pipeline Access Arrangement allowed expenditure	96.6	34.7
<i>Non-regulated growth capex</i>			
East Coast Gas	South West Queensland Pipeline and Moomba Sydney Pipeline capacity expansion, Kurri Kurri Gas Lateral	75.3	57.5
West Coast Gas	Northern Goldfields Interconnect	189.0	76.3
Power Generation	Gruyere Hybrid Energy Microgrid, Mica Creek Solar Farm	94.8	27.0
Customer contribution projects and others	Various pipeline re-location projects	8.9	23.2
Total non-regulated growth capex		368.0	184.0
Total growth capex		464.6	218.7
SIB capex			
Asset lifecycle capex ⁽²⁾		76.0	69.7
IT lifecycle capex		12.0	18.2
Total SIB capex		88.0	87.8
Foundation capex			
Technology and other capex		9.7	–
Corporate Real Estate		17.9	7.9
Total foundation capex		27.6	7.9
Total capital expenditure		580.2	314.5
Investment and acquisitions		103.4	88.8
Total capital and investment expenditure		683.6	403.3

Notes: Numbers in the table may not add up due to rounding.

(1) The capital expenditure shown in this table represents payments for property, plant and equipment as disclosed in the cash flow statement, and excludes accruals brought forward from the prior period and carried forward to next period.

(2) Represents stay-in-business capital expenditure not recoverable from customers and/or regulatory frameworks.

4.7 Capital Management

As at 31 December 2022, APA had 1,179,893,848 securities on issue. This is unchanged from 30 June 2022.

At 31 December 2022, APA had \$11,181 million of drawn debt funding (\$11,146 million as at 30 June 2022) with \$1,600 million of undrawn committed corporate liquidity lines. APA has issued long-term debt into a diverse range of global debt capital markets over the years, including Medium Term Notes in several currencies (Australian dollars, Euros, Sterling and Japanese Yen), United States 144A Notes and Australian dollar Syndicated and Bilateral bank facilities. The debt portfolio has a broad spread of maturities extending out to FY2036, with an average maturity of drawn debt of 6.2 years.

APA has a prudent treasury policy that requires high levels of interest rate hedging to minimise the potential impacts from adverse movements in interest rates. As at 31 December 2022, 100.0% (30 June 2022: 100.0%) of interest obligations on gross borrowings was either hedged into or issued at fixed interest rates for varying periods extending out to 2036.

4.8 Finance costs

For the reporting period, there were net finance costs of \$229.4 million (1H22: \$239.2 million). The actual underlying interest expense was \$25.0 million higher than the same period last year mainly due to the addition of \$1.0 billion of drawn debt in June 2022. However, there were further offsets for capitalised interest, unrealised hedge gains and finance income that brought the net finance costs to \$229.4 million. The average interest rate⁽¹⁾ (including credit margins) that applied to drawn debt was 4.4% for the current period, down slightly from 4.5% in 1H22.

4.9 Credit ratings

APA Infrastructure Limited, the borrowing entity of APA, maintained the following two investment grade credit ratings during the period:

- BBB long-term corporate credit rating (outlook Stable) assigned by Standard & Poor's (S&P) in June 2009, and last confirmed on 31 January 2023; and
- Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 12 September 2022.

APA calculates the Funds From Operations (FFO) to Interest to be 3.5 times (FY2022: 3.6 times) and FFO to Net Debt to be 11.3% for the 12 months to 31 December 2022 (FY22: 11.1%). FFO to Net Debt is the key quantitative measure used by S&P and Moody's to assess APA's credit worthiness and credit rating⁽²⁾.

4.10 Income tax

Income tax expense for the period of \$114.0 million results in an effective income tax rate of 37.4%, compared to 39.0% for the previous corresponding period. The higher level of effective tax rate (compared with the corporate tax rate of 30%) is largely caused by the amortisation charges relating to contract intangibles acquired with the Wallumbilla Gladstone Pipeline which are not deductible for tax purposes.

4.11 Distributions

On 14 September 2022, APA Group paid a final distribution of 28.0 cents per security (\$330.4 million), an increase of 3.7% over the previous corresponding period (FY22 final distribution: 27.0 cents per security). This was comprised of a distribution of 21.71 cents per security from APA Infrastructure Trust and a distribution of 6.29 cents per security from APA Investment Trust. The APA Infrastructure Trust distribution represented a 6.31 cents per security profit distribution and a 15.40 cents per security capital distribution. The APA Investment Trust distribution represented a 1.14 cents per security profit distribution and a 5.15 cents per security capital distribution.

On 23 February 2023, the Directors declared an interim distribution of 26.0 cents per security (\$306.8 million) for APA Group, an increase of 4.0% over the previous corresponding period (1H22: 25.0 cents). This is comprised of a distribution of 22.59 cents per security from APA Infrastructure Trust and a distribution of 3.41 cents per security from APA Investment Trust. The APA Infrastructure Trust distribution represents 15.92 cents per security profit distribution and 6.67 cents per security capital distribution. The APA Investment Trust distribution represents a 1.01 cent per security profit distribution and 2.40 cents per security capital distribution. Franking credits of 3.64 cents per security are attached to these distributions. The distribution will be paid on 16 March 2023. The Distribution Reinvestment Plan remains suspended.

4.12 Guidance for 2023 financial year

APA has reaffirmed its previous guidance for FY23 distributions of 55.0 cents per security, which would represent a 3.8% increase on the prior corresponding period (FY22: 53.0 cents per security)⁽³⁾.

As part of the energy sector supply chain, APA can be impacted by economic downturns, reductions in energy demand and regulatory changes. Given market conditions are not certain, APA's revenues will continue to be subject to customer recontracting, investment decisions and regulatory frameworks.

- (1) The average interest rate is now calculated using period end FX and hedged rates to better reflect actual debt outstanding at period end (comparative year has also been restated). Based on the previous methodology, average interest rate was 4.6% in 1H22.
- (2) The credit metric ratios are now calculated to be more closely aligned with credit rating agency methodology (comparatives have also been restated). Based on the previous methodology, FFO/Net Debt was 11.5% for the 12 months to 30 June 2022. FFO/Interest is unchanged at 3.6 times for the 12 months to 30 June 2022.
- (3) Distribution guidance is subject to asset performance, macroeconomic factors, regulatory changes as well as timing of distributions from non-100% owned assets, with distributions to be determined at the discretion of the board at the time. FY23 distribution guidance of 55.0 cps includes 26.0 cps of distribution for the six months ended 31 December 2022.

5 Economic regulatory matters

Regulatory overview

In 1H23, 8.4% of Energy Infrastructure revenue was from scheme (full regulation) assets.

Gas pipelines are regulated by the Australian Energy Regulator (AER) or, the Economic Regulation Authority of Western Australia (ERA), depending on their location.

Australia's economic regulatory regime for gas pipelines is set out in the National Gas Law (NGL) and the National Gas Rules (NGR). Some of APA's pipelines have been covered by the National Gas Access Regime since it was introduced in the 1990's.

There are currently two frameworks under the NGR:

- 1) Scheme pipelines (NGR Parts 8-12) are subject to either:
 - Full regulation, where the AER or ERA must approve a full access arrangement that sets out reference tariffs, terms and conditions in a negotiate-arbitrate framework. Pipeline users can opt for non-regulated services on full regulation pipelines; or
 - Light regulation, where pipeline owners must publish services and prices and comply with information provision requirements to support negotiations or alternatively seek regulatory approval for a limited access arrangement. A regulatory negotiate-arbitrate mechanism is available in the case of access disputes.
- 2) Non-Scheme pipelines (NGR Part 23) – The Part 23 regime came into effect from August 2017 and provides for tariffs and terms to be negotiated, supported by additional information disclosure and a commercial arbitration mechanism in the event of a dispute.

In May 2021, the Energy National Cabinet Reform Committee (ENCRC) published a Regulation Impact Statement decision on Ministers' preferred option to improve gas pipeline regulation, which proposed to discontinue light regulation and transition to two forms of regulation:

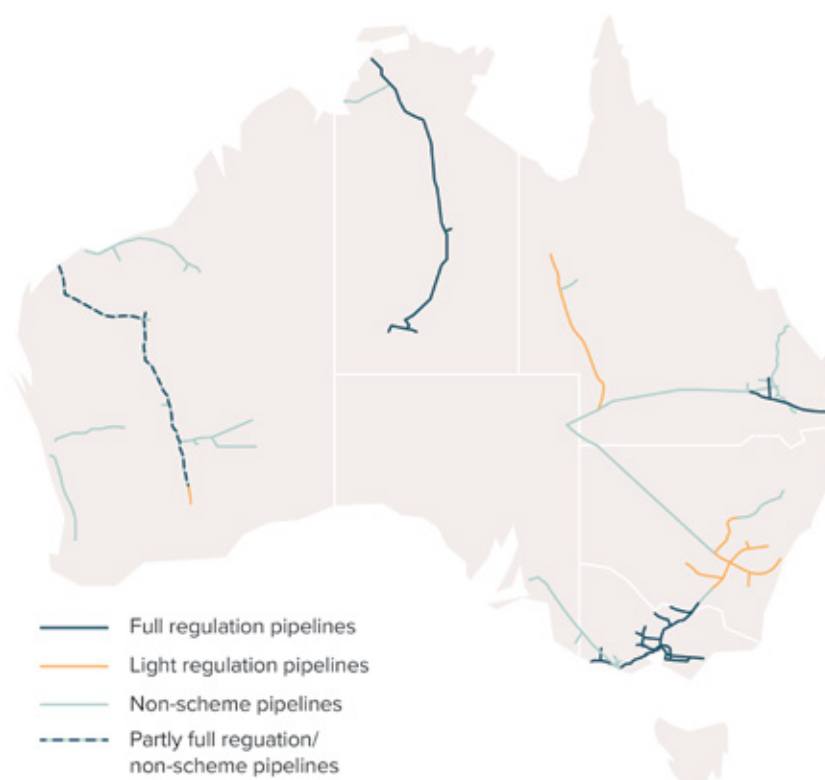
- A "heavier" form for scheme pipelines, based on the current full regulation, and
- A "lighter" form for non-scheme pipelines, based on the current Part 23 regime.

Pipelines currently subject to full regulation, and non-scheme pipelines, will not experience much change, whilst those currently subject to light regulation will become non-scheme pipelines and transition to the new "lighter" form of regulation.

The legislative package to give effect to these reforms passed the South Australian (lead legislator) Parliament in November 2022. The legislative package, if proclaimed by the SA Governor (subject to a separate adoption process in WA), provides the AER and ERA with the power to decide whether gas pipelines will be subject to the "heavier" or "lighter" form of regulation.

Both scheme and non-scheme pipelines would also be subject to a new information disclosure regime under the NGR.

APA pipelines by regulation type



Regulatory resets

The diagram below shows the scheduled regulatory reset dates for pipelines owned and operated by APA:

Current regulatory period	2022	2023	2024	2025	2026	2027
Vic Transmission System ⁽¹⁾						
Goldfields Gas Pipeline						
Amadeus Gas Pipeline						
Roma Brisbane Pipeline ⁽²⁾						

(1) Victoria Transmission System access arrangement from 1 January 2023 to 31 December 2027

(2) Roma Brisbane Pipeline access arrangement from 1 July 2022 to 30 June 2027

6 Auditor's Independence Declaration

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu ("Auditor") as required under section 307C of the Corporations Act is included at page 36.

7 Rounding of Amounts

APA is an entity of the kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Instrument, amounts in the Directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

8 Authorisation

The Directors' report is signed in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Directors



Michael Fraser
Chairman



Adam Watson
CEO and Managing Director

23 February 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	31 Dec 2022 \$'000	Restated 31 Dec 2021 \$'000
Revenue		1,487,729	1,369,300
Share of net profits of associates and joint ventures using the equity method		11,151	15,057
	4	1,498,880	1,384,357
Asset operation and management expenses		(102,680)	(86,605)
Depreciation and amortisation expenses	5	(356,399)	(371,236)
Other operating costs – pass-through	5	(266,960)	(266,611)
Finance costs	5	(239,473)	(239,481)
Employee benefit expense ⁽¹⁾		(187,745)	(162,335)
Other expenses		(30,771)	(13,516)
Fair value (loss)/gains on contract for difference		(10,076)	8,228
Profit before tax		304,776	252,801
Income tax expense ⁽¹⁾		(114,039)	(98,721)
Profit for the period		190,737	154,080
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit plan		12,749	4,378
Income tax relating to items that will not be reclassified subsequently		(3,824)	(1,313)
		8,925	3,065
Items that may be reclassified subsequently to profit or loss:			
Transfer of gain on cash flow hedges to profit or loss		81,841	78,639
Loss on cash flow hedges taken to equity		(443,516)	(74,198)
Gain on associate hedges taken to equity		3,516	2,890
Income tax relating to items that may be reclassified subsequently		107,439	(2,199)
		(250,720)	5,132
Other comprehensive income for the period (net of tax)		(241,795)	8,197
Total comprehensive (loss)/income for the year		(51,058)	162,277
Profit attributable to:			
Unitholders of the parent		178,833	138,433
Non-controlling interest – APA Investment Trust unitholders		11,904	15,647
APA stapled securityholders		190,737	154,080
Total comprehensive (loss)/income attributable to:			
Unitholders of the parent		(62,962)	146,630
Non-controlling interest – APA Investment Trust unitholders		11,904	15,647
APA stapled securityholders		(51,058)	162,277
Earnings per security			
		31 Dec 2022	Restated 31 Dec 2021
Basic (cents per security) ⁽¹⁾	6	16.2	13.0

(1) The comparative information has been restated as a result of the payroll review. For further information refer to note 2.

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

Condensed Consolidated Statement of Financial Position

	31 Dec 2022 \$000	30 Jun 2022 \$000
Current assets		
Cash and cash equivalents	674,750	940,129
Trade and other receivables	436,382	308,542
Other financial assets	33,074	31,573
Inventories	49,605	46,262
Other	27,463	31,335
Assets classified as held for sale ⁽¹⁾	–	294,651
Current assets	1,221,274	1,652,492
Non-current assets		
Trade and other receivables ⁽²⁾	27,216	607,818
Other financial assets	276,707	362,176
Investments accounted for using the equity method	268,869	265,636
Property, plant and equipment	10,507,399	9,420,335
Goodwill	1,183,604	1,183,604
Other intangible assets	2,220,308	2,311,628
Other	34,324	32,598
Non-current assets	14,518,427	14,183,795
Total assets	15,739,701	15,836,287
Current liabilities		
Trade and other payables	466,582	416,998
Lease liabilities	15,287	14,094
Borrowings	202,288	2,507
Other financial liabilities	210,441	205,691
Provisions	126,666	138,232
Unearned revenue	24,202	13,040
Liabilities directly associated with assets classified as held for sale ⁽¹⁾	–	31,156
Current liabilities	1,045,466	821,718
Non-current liabilities		
Trade and other payables	9,290	11,450
Lease liabilities	52,004	43,081
Borrowings	10,884,734	10,901,813
Other financial liabilities	526,127	422,134
Deferred tax liabilities	824,967	862,651
Provisions	97,515	94,079
Unearned revenue	51,487	50,916
Non-current liabilities	12,446,124	12,386,124
Total liabilities	13,491,590	13,207,842
Net assets	2,248,111	2,628,445

(1) On 20 June 2022, the APA Group announced that it had entered into binding agreements with Cooper Energy Limited for the sale of the Orbest Gas Processing Plant resulting in the recognition of assets and liabilities held for sale as at 30 June 2022. On 28 July 2022 APA completed the sale of Orbest Gas Processing Plant to Cooper Energy Limited for an initial upfront consideration of \$210.0 million. The upfront considerations to APA will be followed by a series of deferred payments to APA as follows:

- A first post-completion payment of \$40.0 million within 12 months of completion (being the date on which ownership of the Orbest Gas Processing Plant transfers from APA to Cooper Energy)
- A second post-completion payment of between \$20.0 million and \$40.0 million within 24 months of completion
- A third post completion payment of up to \$40.0 million within 36 months of completion.

The final amounts of the second and third post-completion payments are subject to post-completion plant performance and will be calculated at the point when APA ceases operating the plant.

(2) APA acquired Basslink Pty Ltd and its subsidiary on 20 October 2022. As part of the net consideration, APA was repaid the face value of its 100% interest in Basslink's senior secured debt of \$648.1 million. Refer to Note 10 for further details.

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

Condensed Consolidated Statement of Financial Position (continued)

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Equity			
APA Infrastructure Trust equity:			
Issued capital	9	2,043,713	2,225,463
Reserves		(578,999)	(329,374)
Retained earnings		187,758	74,437
Equity attributable to unitholders of the parent		1,652,472	1,970,526
Non-controlling interests:			
APA Investment Trust:			
Issued capital	9	583,735	644,417
Retained earnings		11,904	13,502
Equity attributable to unitholders of APA Investment Trust		595,639	657,919
Total equity		2,248,111	2,628,445

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

Condensed Consolidated Statement of Changes in Equity

	APA Infrastructure Trust						APA Investment Trust			Total \$000
	Issued capital \$000	Asset revaluation reserve ⁽¹⁾ \$000	Share-based payments reserve ⁽²⁾ \$000	Hedging reserve ⁽³⁾ \$000	Retained earnings ⁽⁴⁾ \$000	Attributable to owner of the parent \$000	Issued capital \$000	Retained earnings \$000	APA Investment Trust \$000	
Balance at 1 July 2021	2,571,420	8,669	2,515	(366,724)	(31,707)	2,184,173	765,313	19,742	785,055	2,969,228
Adjustment for payroll review restatement ⁽⁴⁾	–	–	–	–	(18,250)	(18,250)	–	–	–	(18,250)
Restated balance at 1 July 2021	2,571,420	8,669	2,515	(366,724)	(49,957)	2,165,923	765,313	19,742	785,055	2,950,978
Profit for the period	–	–	–	–	138,433	138,433	–	15,647	15,647	154,080
Other comprehensive income	–	–	–	7,331	4,378	11,709	–	–	–	11,709
Income tax relating to components of other comprehensive income	–	–	–	(2,199)	(1,313)	(3,512)	–	–	–	(3,512)
Total comprehensive income for the period	–	–	–	5,132	141,498	146,630	–	15,647	15,647	162,277
Payment of distributions (note 7)	(219,820)	–	–	–	–	(219,820)	(79,010)	(19,742)	(98,752)	(318,572)
Equity settled long term incentives, net of tax	–	–	1,397	–	–	1,397	–	–	–	1,397
Restated balance at 31 December 2021	2,351,600	8,669	3,912	(361,592)	91,541	2,094,130	686,303	15,647	701,950	2,796,080
Balance at 1 July 2022	2,225,463	8,669	5,488	(343,531)	74,437	1,970,526	644,417	13,502	657,919	2,628,445
Profit for the period	–	–	–	–	178,833	178,833	–	11,904	11,904	190,737
Other comprehensive loss	–	–	–	(358,159)	12,749	(345,410)	–	–	–	(345,410)
Income tax relating to components of other comprehensive income	–	–	–	107,439	(3,824)	103,615	–	–	–	103,615
Total comprehensive loss for the period	–	–	–	(250,720)	187,758	(62,962)	–	11,904	11,904	(51,058)
Payment of distributions (note 7)	(181,750)	–	–	–	(74,437)	(256,187)	(60,682)	(13,502)	(74,184)	(330,371)
Equity settled long term incentives, net of tax	–	–	1,095	–	–	1,095	–	–	–	1,095
Balance at 31 December 2022	2,043,713	8,669	6,583	(594,251)	187,758	1,652,472	583,735	11,904	595,639	2,248,111

(1) The asset revaluation reserve arose on the revaluation of the existing interest in a pipeline as a result of a business combination. Where revalued pipelines are sold, the portion of the asset revaluation reserve which relates to that asset is effectively realised and is transferred directly to retained earnings. The reserve can be used to pay distributions only in limited circumstances.

(2) The share-based payments reserve represents the expenses recognised in the Consolidated Statement of Profit or Loss equal to the portion of the services received based on the fair value of the equity instrument at grant date.

(3) The hedging reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The cumulative deferred gain or loss on the hedge is recognised in the Consolidated Statement of Profit or Loss when the hedged transaction impacts profit or loss, consistent with the applicable accounting policy.

(4) The comparative information has been restated as a result of the payroll review. For further information refer to note 2.

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

Condensed Consolidated Statement of Cash Flows

	Notes	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Receipts from customers		1,528,073	1,506,240
Payments to suppliers and employees		(737,729)	(657,765)
Dividends received from associates and joint ventures		11,433	13,909
Proceeds from repayments of finance leases		583	618
Interest received		9,185	1,417
Interest and other costs of finance paid		(232,725)	(223,641)
Income taxes paid		(25,248)	(37,925)
Net cash provided by operating activities		553,572	602,853
Cash flows from investing activities			
Payments for property, plant and equipment ⁽¹⁾		(678,168)	(305,424)
Proceeds from sale of property, plant and equipment ⁽²⁾		210,651	1,150
Payments for intangible assets		(5,435)	(10,451)
Payments for debt purchase		–	(88,843)
Net cash used in investing activities		(472,952)	(403,568)
Cash flows from financing activities			
Proceeds from borrowings		280	10,400
Repayments of borrowings		(1,561)	(11,810)
Payments of debt and hedge break costs		45	(236)
Transaction costs related to borrowings		(6,644)	(277)
Repayment of lease liabilities		(7,934)	(6,794)
Distributions paid to:			
Unitholders of APA Infrastructure Trust	7	(256,187)	(219,820)
Unitholders of non-controlling interests – APA Investment Trust	7	(74,184)	(98,752)
Net cash used in financing activities		(346,185)	(327,289)
Net decrease in cash and cash equivalents		(265,565)	(128,004)
Cash and cash equivalents at beginning of the period		940,129	652,352
Effect of exchange rate changes on cash and cash equivalents		186	266
Cash and cash equivalents at end of the period		674,750	524,614

(1) Included in payments for property, plant and equipment is the net consideration paid of \$103.4 million to acquire Basslink. Refer to note 10 for further details.

(2) Included in proceeds from the sale of property, plant and equipment is the proceeds from sale of the Orbost Gas Processing Plant.

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

Notes to the condensed consolidated financial statements

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into four sections being: Basis of Preparation; Financial Performance; Capital Management and Other.

Basis of Preparation

1. About this report
2. General information

Financial Performance

3. Segment information
4. Revenue
5. Expenses
6. Earnings per security
7. Distributions

Capital Management

8. Financial risk management
9. Issued capital

Other

10. Basslink Asset Acquisition
11. Commitments and contingencies
12. Adoption of new and revised Accounting Standards
13. Events occurring after reporting date

Notes to the condensed consolidated financial statements (continued)

Basis of Preparation

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2022 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) in accordance with ASIC Corporations Instrument 2016/191 unless otherwise stated.

The half year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by APA Group to the date of the issuance of the half year financial report in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those adopted and disclosed in the annual report for the financial year ended 30 June 2022.

Restatement for payroll review

The first stage of a historical payroll review was completed in August 2022 which identified that certain employees across the Group were not paid in full compliance with the Group's obligations under APA's Enterprise Agreements (EA's). The review identified payment errors to employees subject to these EA's. A provision was recorded as at 30 June 2022, including a restatement of relevant prior periods, which was determined based on the analysis of an initial twelve-month period, extrapolated to seven years and inclusive of interest and other related costs. Whilst the detailed analysis of an additional six annual periods not covered by the initial twelve month review remains ongoing, APA has updated its estimate of the employee payment errors by \$3.1 million (31 December 2021: \$2.2 million) to include the estimated impact of employee payment errors for the half year ended 31 December 2022. A total provision of \$35.5 million has been recorded as at 31 December 2022 (30 June 2022: \$32.4 million) for the estimated employee payment errors, inclusive of interest and other related costs. APA will continue to increase the provision for payment errors until the matter is resolved.

After adjusting for the increase in the provision and other costs relating to the employee payment errors, pre-tax expenses have increased by \$5.0 million for the half year ended 31 December 2022 (31 December 2021: \$2.2 million). Of the \$5.0 million recorded for the half year ended 31 December 2022, \$2.3 million (31 December 2021: \$2.2 million) has been included in underlying EBITDA of the segment result with interest and other related costs of \$2.7 million (31 December 2021: nil) included in reported EBITDA.

Critical accounting estimates and judgements have been made in the calculations to determine the extent of the provision required. Changes to any of these estimates and judgements have the potential to result in a future adjustment to the provision in subsequent periods as the review process continues.

As a consequence of the employee payment errors, the understatement was corrected by restating each of the affected financial statement line items for historical periods in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The impact to the Group's condensed consolidated financial statements in the reporting periods to which they relate, are outlined in the table below.

	31 Dec 2022 \$000	Restated 31 Dec 2021 \$000
1H22 employee payment errors	–	(2,162)
1H23 employee payment errors	(3,052)	–
Employee payment errors	(3,052)	(2,162)
Other costs relating to employee payment errors	(1,903)	–
Total pre-tax impact of employee payment errors	(4,955)	(2,162)
Income tax benefit	697	649
Total employee payment errors, net of tax	(4,258)	(1,513)

Notes to the condensed consolidated financial statements (continued)

Basis of Preparation (continued)

2. General information (continued)

Consolidated Statement of Profit or Loss (extract)

31 December 2021	Impact of restatement		
	Previously reported \$000	Adjustments \$000	Restated \$000
Employee benefit expense	(160,173)	(2,162)	(162,335)
Profit/(loss) before tax	254,963	(2,162)	252,801
Income tax expense	(99,370)	649	(98,721)
Profit/(loss) for the period	155,593	(1,513)	154,080

Financial Performance

3. Segment information

APA Group operates in one geographical segment, being Australia and the revenue from major products and services is shown by the reportable segments.

APA Group reports across the three business segments:

- **Energy Infrastructure:** APA's wholly or majority owned energy infrastructure assets across gas transmission, compression, processing, storage and electricity generation (gas and renewables) and transmission;
- **Asset Management:** The provision of asset management and operating services for third parties and the majority of APA's Energy Investments; and
- **Energy Investments:** APA's interests in energy infrastructure investments.

Reportable segments

Half year ended 31 December 2022	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment revenue⁽¹⁾					
Revenue from contracts with customers	1,097,614	64,419	–	–	1,162,033
Equity accounted net profits	–	–	11,151	–	11,151
Pass-through revenue	31,629	235,331	–	–	266,960
Other income	1,501	–	–	–	1,501
Finance lease and investment interest income	445	–	304	–	749
Total segment revenue	1,131,189	299,750	11,455	–	1,442,394
Wallumbilla Gas Pipeline hedge accounting discontinuation ⁽²⁾	(18,363)	–	–	–	(18,363)
Income on Basslink debt investment ⁽³⁾	–	–	49,520	–	49,520
Basslink AEMC market compensation ⁽⁴⁾	15,258	–	–	–	15,258
Other interest income	–	–	–	10,071	10,071
Total revenue	1,128,084	299,750	60,975	10,071	1,498,880

(1) The revenue reported above represents revenue generated from external customers. Any intersegment sales were immaterial.

(2) In February 2022, following the entry into a series of forward exchange contracts, hedge accounting was discontinued for WGP revenues to be generated from early calendar year 2022 to late calendar year 2025 that were hedged by USD denominated 144A notes. The segment result reflects the hedged rate for revenues in this period, while the WGP hedge accounting discontinuation reflects the non-cash amortisation of the amount deferred in the hedging reserve over the same period relating to the discontinued hedge relationship.

(3) Income including accrued interest and the revaluation gain up until the date of acquisition of Basslink Pty Ltd and its subsidiary on 20 October 2022. As part of the net consideration, APA was repaid the face value of its 100% interest in Basslink's senior secured debt of \$648.1 million. Refer to Note 10 for further details.

(4) On 15 December 2022, the Australian Energy Market Commission (AEMC) approved Basslink's compensation claim of \$15.3 million for direct costs following the application of the administered price cap during an administered price period in Queensland, New South Wales, Victoria and South Australia in June 2022.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

3. Segment information (continued)

Reportable segments (continued)

Half year ended 31 December 2022	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment result					
Segment underlying EBITDA ⁽¹⁾	906,112	32,925	–	–	939,037
Share of net profits of joint ventures and associates using the equity method	–	–	11,151	–	11,151
Finance lease and investment interest income	445	–	304	–	749
Corporate costs	–	–	–	(72,075)	(72,075)
Total underlying EBITDA⁽¹⁾	906,557	32,925	11,455	(72,075)	878,862
Fair value loss on contract for difference ⁽²⁾	(10,076)	–	–	–	(10,076)
Technology transformation projects ⁽³⁾	–	–	–	(21,715)	(21,715)
Wallumbilla Gas Pipeline hedge accounting discontinuation ⁽⁴⁾	(18,363)	–	–	–	(18,363)
Basslink debt revaluation, interest and integration costs ⁽⁵⁾	–	–	49,348	–	49,348
Basslink AEMC market compensation ⁽⁶⁾	15,258	–	–	–	15,258
Payroll review ⁽⁷⁾	–	–	–	(2,737)	(2,737)
Total reported EBITDA⁽⁸⁾	893,376	32,925	60,803	(96,527)	890,577
Depreciation and amortisation	(347,957)	(8,442)	–	–	(356,399)
Total reported EBIT⁽⁹⁾	545,419	24,483	60,803	(96,527)	534,178
Net interest cost ⁽¹⁰⁾					(229,402)
Profit before tax					304,776
Income tax expense					(114,039)
Profit after tax					190,737

(1) Earnings before interest, tax, depreciation, and amortisation ("EBITDA") excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations.

(2) The amount represents a net gain arising from a contract for difference in an electricity sales agreement with a customer that economically hedges the future cash flows of the electricity sales agreement for which hedge accounting is not applicable.

(3) The amount represents costs associated with technology and transformation projects to develop and uplift organisation capabilities, including SaaS customisation and configuration costs incurred during implementation.

(4) In February 2022, following the entry into a series of forward exchange contracts, hedge accounting was discontinued for WGP revenues to be generated from early calendar year 2022 to late calendar year 2025 that were hedged by USD denominated 144A notes. The segment result reflects the hedged rate for revenues in this period, while the WGP hedge accounting discontinuation reflects the non-cash amortisation of the amount deferred in the hedging reserve over the same period relating to the discontinued hedge relationship.

(5) Income including accrued interest and the revaluation gain up until the date of acquisition of Basslink Pty Ltd and its subsidiary on 20 October 2022, net of integration costs of \$0.2 million incurred in half year to 31 December 2022. As part of the net consideration to acquire Basslink, APA was repaid the face value of its 100% interest in Basslink's senior secured debt of \$648.1 million. Refer to Note 10 for further details.

(6) On 15 December 2022, the Australian Energy Market Commission (AEMC) approved Basslink's compensation claim of \$15.3 million for direct costs following the application of the administered price cap during an administered price period in Queensland, New South Wales, Victoria and South Australia in June 2022.

(7) Refer to note 2 for details regarding the payroll review. Estimated payment shortfalls for 1H23 of \$2.2 million are included within underlying EBITDA. Interest and other related costs are included within reported EBITDA.

(8) Earnings before interest, tax, depreciation, and amortisation ("EBITDA").

(9) Earnings before interest and tax ("EBIT").

(10) Excluding finance lease and investment interest income, any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

3. Segment information (continued)

Reportable segments (continued)

As at 31 December 2022	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment assets and liabilities					
Segment assets	14,247,962	233,722	15,171	–	14,496,855
Carrying value of investments using equity method	–	–	268,869	–	268,869
Unallocated assets ⁽¹⁾	–	–	–	973,977	973,977
Total assets	14,247,962	233,722	284,040	973,977	15,739,701
Segment liabilities	635,647	84,816	9,488	–	729,951
Unallocated liabilities ⁽²⁾	–	–	–	12,761,639	12,761,639
Total liabilities	635,647	84,816	9,488	12,761,639	13,491,590

(1) Unallocated assets consist of cash and cash equivalents, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.

(2) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

3. Segment information (continued)

Reportable segments (continued)

Half year ended 31 December 2021 (Restated)	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment revenue⁽¹⁾					
Revenue from contracts with customers	1,038,250	60,911	–	–	1,099,161
Equity accounted net profits	–	–	15,057	–	15,057
Pass-through revenue	34,135	232,476	–	–	266,611
Other income	1,442	160	–	–	1,602
Finance lease and investment interest income	500	–	1,117	–	1,617
Total segment revenue	1,074,327	293,547	16,174	–	1,384,048
Other interest income					309
Total revenue					1,384,357
Segment result					
Segment underlying EBITDA ⁽²⁾⁽³⁾	855,472	41,118	–	–	896,590
Share of net profits of joint ventures and associates using the equity method	–	–	15,057	–	15,057
Finance lease and investment interest income	500	–	1,117	–	1,617
Corporate costs	–	–	–	(55,601)	(55,601)
Total underlying EBITDA⁽²⁾	855,972	41,118	16,174	(55,601)	857,663
Fair value gains on contract for difference ⁽⁴⁾	8,228	–	–	–	8,228
Technology transformation projects ⁽⁵⁾	–	–	–	(2,682)	(2,682)
Total reported EBITDA⁽⁶⁾	864,200	41,118	16,174	(58,283)	863,209
Depreciation and amortisation	(362,943)	(8,293)	–	–	(371,236)
Total reported EBIT⁽⁷⁾	501,257	32,825	16,174	(58,283)	491,973
Net interest cost ⁽⁸⁾					(239,172)
Profit before tax					252,801
Income tax expense ⁽³⁾					(98,721)
Profit after tax					154,080

(1) The revenue reported above represents revenue generated from external customers. Any intersegment sales were immaterial.

(2) Earnings before interest, tax, depreciation, and amortisation ("EBITDA") excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations.

(3) The comparative information has been restated as a result of the payroll review. For further information refer to note 2.

(4) The amount represents a net gain arising from a contract for difference in an electricity sales agreement with a customer that economically hedges the future cash flows of the electricity sales agreement for which hedge accounting is not applicable.

(5) The amount represents costs associated with technology and transformation projects to develop and uplift organisation capabilities, including SaaS customisation and configuration costs incurred during implementation.

(6) Earnings before interest, tax, depreciation, and amortisation ("EBITDA").

(7) Earnings before interest and tax ("EBIT").

(8) Excluding finance lease and investment interest income, any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

3. Segment information (continued)

Reportable segments (continued)

As at 30 June 2022	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment assets	13,452,101	186,069	609,158	–	14,247,328
Carrying value of investments using equity method	–	–	265,636	–	265,636
Unallocated assets ⁽¹⁾	–	–	–	1,323,323	1,323,323
Total assets	13,452,101	186,069	874,794	1,323,323	15,836,287
Segment liabilities	581,656	96,025	–	–	677,681
Unallocated liabilities ⁽²⁾	–	–	–	12,530,161	12,530,161
Total liabilities	581,656	96,025	–	12,530,161	13,207,842

(1) Unallocated assets consist of cash and cash equivalents, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.

(2) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of cross currency swaps, foreign currency forward exchange contracts and equity forwards.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

4. Revenue

Disaggregation of revenue

Revenue is disaggregated below by business unit and region.

	31 Dec 2022 \$'000	Restated 31 Dec 2021 \$'000
Energy Infrastructure		
Wallumbilla Gladstone Pipeline ⁽¹⁾	298,363	280,332
East Coast	421,574	411,770
West Coast	182,963	166,545
Electricity Generation and Transmission ⁽²⁾	194,714	179,603
Energy Infrastructure revenue	1,097,614	1,038,250
Asset Management revenue	64,419	60,911
Energy Investments	11,455	16,174
Other non-contract revenue	1,946	2,102
Total segment revenue	1,175,434	1,117,437
Pass-through revenue	266,960	266,611
Wallumbilla Gas Pipeline hedge accounting discontinuation ⁽³⁾	(18,363)	–
Income on Basslink debt investment ⁽⁴⁾	49,520	–
Basslink AEMC market compensation ⁽⁵⁾	15,258	–
Unallocated revenue	10,071	309
Total revenue	1,498,880	1,384,357
Underlying EBITDA⁽⁶⁾⁽⁷⁾		
Wallumbilla Gladstone Pipeline ⁽¹⁾	297,035	278,680
East Coast	344,719	340,958
West Coast	151,970	136,682
Electricity Generation and Transmission	112,833	99,652
Energy Infrastructure total	906,557	855,972
Asset Management total	32,925	41,118
Energy Investments	11,455	16,174
Corporate costs	(72,075)	(55,601)
Total underlying EBITDA⁽⁶⁾⁽⁷⁾	878,862	857,663

- (1) Wallumbilla Gladstone Pipeline is separated from East Coast Grid in this note as a result of the significance of its revenue and EBITDA to the Group. It is categorised as part of the East Coast Grid cash-generating unit for impairment assessment purposes.
- (2) The Power Generation sub-segment has been renamed to Electricity Generation and Transmission to align the segment with the nature of operations post the acquisition of Basslink. The results of Basslink Pty Ltd and its subsidiary is included within this segment following acquisition on 20 October 2022.
- (3) In February 2022, following entry into a series of forward exchange contracts, hedge accounting was discontinued for WGP revenues to be generated from early calendar year 2022 to late calendar year 2025. The revenues were previously hedged by USD denominated 144A notes. WGP hedge accounting discontinuation reflects the non-cash amortisation of the amount deferred in the hedging reserve over the same period relating to the discontinued hedge relationship.
- (4) Income including accrued interest and the revaluation gain up until the date of acquisition of Basslink Pty Ltd and its subsidiary on 20 October 2022. As part of the net consideration, APA was repaid the face value of its 100% interest in Basslink's senior secured debt of \$648.1 million. Refer to Note 10 for further details.
- (5) On 15 December 2022, the Australian Energy Market Commission (AEMC) approved Basslink's compensation claim of \$15.3 million for direct costs following the application of the administered price cap during an administered price period in Queensland, New South Wales, Victoria and South Australia in June 2022.
- (6) The comparative information has been restated as a result of the payroll review. For further information refer to note 2.
- (7) Earnings before interest, tax, depreciation, and amortisation ("EBITDA") excludes recurring items arising from other activities, transactions that are not directly attributable to the performance of APA Group's business operations and significant items.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

4. Revenue (continued)

Information about major customers

Included in revenues from contracts with customers arising from Energy Infrastructure of \$1,097.6 million (31 December 2021: \$1,038.3 million) are revenues of approximately \$401.7 million (31 December 2021: \$354.6 million) which arose from sales to APA Group's top three customers.

5. Expenses

	31 Dec 2022 \$000	31 Dec 2021 \$000
Depreciation of non-current assets	259,716	273,388
Amortisation of non-current assets	96,683	97,848
Depreciation and amortisation expenses	356,399	371,236
Energy Infrastructure costs – pass-through	31,629	34,135
Asset Management costs – pass-through	235,331	232,476
Other operating costs – pass-through	266,960	266,611
Interest on bank overdrafts and borrowings ⁽¹⁾	250,058	225,940
Amortisation of deferred borrowing costs	5,451	3,878
Other finance costs	3,719	3,420
	259,228	233,238
Less: amounts included in the cost of qualifying assets	(17,106)	(3,850)
	242,122	229,388
(Gain)/loss on derivatives ⁽²⁾	(8,802)	3,723
Unwinding of discount on non-current liabilities	4,056	4,082
Interest incurred on deferred revenue balances	903	1,229
Interest incurred on lease liabilities	1,194	1,059
Finance costs	239,473	239,481

(1) The average interest rate applying to drawn debt is 4.42% p.a. (31 December 2021: 4.51% p.a.) excluding finance costs associated with amortisation of borrowing costs.

(2) Represents unrealised gains and losses on the mark-to-market valuation of derivatives.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

6. Earnings per security

	31 Dec 2022 cents	Restated 31 Dec 2021 cents
Earnings per security		
Basic earnings per unit attributable to the parent ⁽¹⁾	15.2	11.7
Basic earnings per unit attributable to the non-controlling interest	1.0	1.3
Basic earnings per security	16.2	13.0
Diluted earnings per unit attributable to the parent ⁽¹⁾	15.1	11.7
Diluted earnings per unit attributable to the non-controlling interest	1.0	1.3
Diluted earnings per security	16.1	13.0
Underlying earnings per security⁽²⁾		
Underlying basic and diluted earnings per unit attributable to the parent ⁽¹⁾	14.5	11.4
Underlying basic and diluted earnings per unit attributable to the non-controlling interest	1.0	1.3
Underlying basic and diluted earnings per security	15.5	12.7

(1) The comparative information has been restated as a result of the payroll review. For further information refer to note 2.

(2) Excludes recurring items arising from other activities and transactions that are not directly attributable to the performance of APA Group's business operations.

The earnings and weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security are as follows:

	31 Dec 2022 \$000	Restated 31 Dec 2021 \$000
Net profit		
Net profit attributable to unitholders of the parent ⁽¹⁾	178,833	138,433
Net profit attributable to unitholders of the non-controlling interest	11,904	15,647
Net profit attributable to stapled securityholders for calculating basic and diluted earnings per security	190,737	154,080
Underlying net profit		
Net profit attributable to unitholders of the parent	178,833	138,433
Fair value gains on contract for difference, net of tax	7,053	(5,759)
Technology transformation projects, net of tax	15,201	1,877
Wallumbilla Gas Pipeline hedge accounting discontinuation, net of tax	12,854	—
Basslink debt revaluation, interest and integration costs	(34,544)	—
Basslink AEMC market compensation	(10,681)	—
Payroll review ⁽¹⁾	1,916	—
Underlying net profit attributable to unitholders of the parent	170,632	134,551
Underlying net profit attributable to unitholders of the non-controlling interest	11,904	15,647
Underlying net profit attributable to stapled securityholder for calculating basic and diluted earnings per security	182,536	150,198

(1) The comparative information has been restated as a result of the payroll review. For further information refer to note 2.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

6. Earnings per security (continued)

	31 Dec 2022 No. of securities 000	31 Dec 2021 No. of securities 000
Adjusted weighted average number of ordinary securities used in the calculation of:		
Basic earnings per security	1,179,894	1,179,894
Diluted earnings per security ⁽¹⁾	1,182,007	1,181,272

(1) Includes 2.9 million (31 December 2021: 2.2 million) performance rights granted under long-term incentive plan. Each performance right is a right to receive one ordinary stapled security in APA subject to satisfaction of certain performance hurdles and board approval. Further information can be found in the most recent annual report. APA has historically instructed Link Market Services to acquire securities on-market to minimise dilution of existing securityholders.

7. Distributions

	31 Dec 2022 cents per security	31 Dec 2022 Total \$000	31 Dec 2021 cents per security	31 Dec 2021 Total \$000
Recognised amounts				
Final FY22 distribution paid on 14 September 2022 (30 June 2021: Final FY21 distribution paid on 15 September 2021)				
Profit distribution – APA Infrastructure Trust ⁽¹⁾	6.31	74,437	–	–
Capital distribution – APA Infrastructure Trust	15.40	181,750	18.63	219,820
Profit distribution – APA Investment Trust ⁽²⁾	1.14	13,502	1.67	19,742
Capital distribution – APA Investment Trust	5.15	60,682	6.70	79,010
	28.00	330,371	27.00	318,572
Unrecognised amounts				
Interim distribution payable on 16 March 2023⁽³⁾ (31 December 2021: Interim FY22 distribution paid on 17 March 2022)				
Profit distribution – APA Infrastructure Trust ⁽¹⁾	15.92	187,758	9.43	111,304
Capital distribution – APA Infrastructure Trust	6.67	78,732	10.69	126,137
Profit distribution – APA Investment Trust ⁽²⁾	1.01	11,904	1.33	15,647
Capital distribution – APA Investment Trust	2.40	28,379	3.55	41,886
	26.00	306,773	25.00	294,974

(1) APA Infrastructure Trust profit distributions were partially franked (31 December 2021: fully franked).

(2) APA Investment Trust profit distributions were unfranked (31 December 2021: unfranked)

(3) Record date 30 December 2022.

The interim distribution in respect of the financial year has not been recognised in this half year financial report because the distribution was not declared, determined or publicly confirmed prior to 31 December 2022.

Notes to the condensed consolidated financial statements (continued)

Capital Management

8. Financial risk management

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy occur at the end of the reporting period. There have been no transfers between the levels during the half year ended 31 December 2022 (year ended 30 June 2022: none). Transfers between Level 1 and Level 2 are triggered when there are changes to the availability of quoted prices in active markets. Transfers into Level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfer out of Level 3.

Contract for difference

The financial statements include a contract for difference arising from an electricity sales agreement with a customer that guarantees the Group a fixed price for electricity offtake for the agreed term which is measured at fair value. The fair value of the contract for difference is derived from an internal discounted cash flow valuation methodology, which includes some assumptions that are not able to be supported by observable market prices or rates.

In determining the fair value, the following assumptions were used:

- estimated long term forecast electricity pool prices are applied as market prices are not readily tradable and observable for the corresponding term;
- forecast electricity volumes are estimated based on an internal forecast output model;
- the discount rates are based on observable market rates for risk-free instruments of the appropriate term;
- credit adjustments are applied to the discount rates to reflect the risk of default by either the Group or a specific counterparty. Where a counterparty specific credit curve is not observable, an estimated curve is applied which takes into consideration the credit rating of the counterparty and its industry; and
- the instrument is classified in the fair value hierarchy at Level 3.

Changes in any of the aforementioned assumptions may be accompanied by changes in other assumptions which may have an offsetting impact.

Notes to the condensed consolidated financial statements (continued)

Capital Management (continued)

8. Financial risk management (continued)

Fair value hierarchy

As at 31 December 2022	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	–	3,268	–	3,268
Interest rate swaps used for hedging	–	24,530	–	24,530
Cross currency interest rate swaps used for hedging	–	169,678	–	169,678
Forward foreign exchange contracts used for hedging	–	78,295	–	78,295
Contract for difference	–	–	3,421	3,421
	–	275,771	3,421	279,192
Financial liabilities measured at fair value				
Cross currency interest rate swaps used for hedging	–	605,045	–	605,045
Forward foreign exchange contracts used for hedging	–	83,866	–	83,866
Indexed revenue contract	–	9,818	–	9,818
Contract for difference	–	–	15,433	15,433
	–	698,729	15,433	714,162
As at 30 June 2022				
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	–	4,615	–	4,615
Interest rate swaps used for hedging	–	12,392	–	12,392
Cross currency interest rate swaps used for hedging	–	235,200	–	235,200
Forward foreign exchange contracts used for hedging	–	104,204	–	104,204
Contract for difference	–	–	9,260	9,260
	–	356,411	9,260	365,671
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	–	4,039	–	4,039
Cross currency interest rate swaps used for hedging	–	466,843	–	466,843
Forward foreign exchange contracts used for hedging	–	104,545	–	104,545
Indexed revenue contract	–	11,671	–	11,671
Contract for difference	–	–	11,196	11,196
	–	587,098	11,196	598,294

Notes to the condensed consolidated financial statements (continued)

Capital Management (continued)

8. Financial risk management (continued)

Reconciliation of Level 3 fair value measurements

	31 Dec 2022 \$000	30 Jun 2022 \$000
Opening balance	(1,936)	28,526
Revaluation	(4,108)	(27,160)
Settlement	(5,967)	(3,302)
Closing balance	(12,011)	(1,936)

Fair value measurements of financial instruments measured at amortised cost

The financial liabilities included in the following table are fixed rate borrowings. Other debts held by APA Group are floating rate borrowings and amortised cost as recorded in the financial statements approximate their fair values.

	Carrying amount		Fair value (Level 2) ⁽¹⁾	
	31 Dec 2022 \$000	30 Jun 2022 \$000	31 Dec 2022 \$000	30 Jun 2022 \$000
Financial liabilities				
Unsecured Australian Dollar Medium Term Notes	200,000	200,000	198,295	197,715
Unsecured Japanese Yen Medium Term Notes	112,105	106,929	97,237	100,310
Unsecured US Dollar 144A Medium Term Notes	3,304,935	3,262,524	3,113,551	3,212,952
Unsecured British Pound Medium Term Notes	2,836,898	2,823,925	2,277,590	2,492,879
Unsecured Euro Medium Term Notes	3,692,413	3,569,042	2,891,982	2,874,233
	10,146,351	9,962,420	8,578,655	8,878,089

(1) The fair values are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets, discounted at a rate that reflects APA Group's credit risk. These instruments are classified in the fair value hierarchy at Level 2.

Notes to the condensed consolidated financial statements (continued)

Capital Management (continued)

9. Issued capital

	31 Dec 2022 \$000	30 Jun 2022 \$000
APA Infrastructure Trust units		
1,179,893,848 securities, fully paid (30 June 2022: 1,179,893,848 securities, fully paid) ⁽¹⁾	2,043,713	2,225,463

	31 Dec 2022 No. of securities 2022 000	31 Dec 2022 \$000	30 Jun 2022 No. of securities 2022 000	30 Jun 2022 \$000
Movements				
Balance at beginning of financial year	1,179,894	2,225,463	1,179,894	2,571,420
Capital distributions paid (note 7)	–	(181,750)	–	(345,957)
	1,179,894	2,043,713	1,179,894	2,225,463

	31 Dec 2022 \$000	30 Jun 2022 \$000
APA Investment Trust units		
1,179,893,848 securities, fully paid (30 June 2022: 1,179,893,848 securities, fully paid) ⁽¹⁾	583,735	644,417

	31 Dec 2022 No. of securities 2022 000	31 Dec 2022 \$000	30 Jun 2022 No. of securities 2022 000	30 Jun 2022 \$000
Movements				
Balance at beginning of financial year	1,179,894	644,417	1,179,894	765,313
Capital distributions paid (note 7)	–	(60,682)	–	(120,896)
	1,179,894	583,735	1,179,894	644,417

(1) Fully paid securities carry one vote per security and carry the right to distributions.

Notes to the condensed consolidated financial statements (continued)

Other items

10. Basslink Asset Acquisition

On 20 October 2022, APA Group acquired 100% of Basslink Pty Ltd and its subsidiary Basslink Telecoms Pty Ltd (together referred to as Basslink) for a total consideration of \$783.3 million (inclusive of cash acquired). Basslink owns and operates the 370km high voltage direct current (HVDC) electricity interconnector between Victoria and Tasmania. Contracts are in place with Hydro Tasmania and the State of Tasmania. The contracts provide predictable revenues, facilitate the operations of the interconnector and institute operational improvements whilst APA works to convert Basslink to a regulated asset under an agreed consultation process. A revenue contract is in place with Hydro Tasmania until 30 June 2025, by which point the parties expect Basslink to become regulated.

The acquisition adds a third electricity interconnector to APA's energy infrastructure portfolio and is consistent with APA's strategy to increase its electricity transmission footprint and to play a leading role in the energy transition.

The Directors have elected to apply the optional concentration test allowed under AASB 3 Business Combinations (AASB 3) to determine whether the transaction can be accounted for as an asset acquisition. As substantially all of the fair value of the gross assets acquired is concentrated in the interconnector assets within property, plant and equipment, the Directors have determined it is appropriate to account for the transaction as an asset acquisition.

Included in the consolidated net profit for the half year ended 31 December 2022 is revenue of \$12.8 million and underlying earnings before interest, tax, depreciation and amortisation of \$7.7 million, excluding the AEMC market compensation and integration costs, attributable to Basslink following acquisition.

Details of the purchase consideration and the consideration allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of the acquisition are set out below:

Net assets acquired	\$000
Current assets	
Cash and cash equivalents	25,250
Trade and other receivables	8,557
Other	10,618
Current assets	44,425
Non-current assets	
Property, plant and equipment ⁽¹⁾	759,833
Non-current assets	759,833
Total assets	804,258
Current liabilities	
Trade and other payables	5,629
Lease liabilities	73
Provisions	3,384
Unearned revenue	107
Current liabilities	9,193
Non-current liabilities	
Lease liabilities	218
Provisions	11,518
Non-current liabilities	11,736
Total liabilities	20,929
Net assets acquired	783,329
Cash balances acquired	(25,250)
Total consideration⁽²⁾	758,079

(1) Transaction costs of \$25.3 million including stamp duty and acquisition costs have been capitalised into the cost of the interconnector in accordance with AASB 116 Property, Plant & Equipment.

(2) The total consideration included the proceeds from the settlement of the loan receivable from Basslink of \$648.1 million which was net settled as part of the acquisition process and hence has been excluded from the statement of cash flows. \$103.4 million has been included within investing cash flows as part of the "Payments for property, plant and equipment" line item in the statement of cash flows.

Notes to the condensed consolidated financial statements (continued)

Other items (continued)

11. Commitments and contingencies

	31 Dec 2022 \$000	30 Jun 2022 \$000
Capital expenditure commitments		
APA Group – plant and equipment	473,966	549,108
APA Group's share of jointly controlled operations – plant and equipment	12,404	18,734
	486,370	567,842
Contingent liabilities		
Bank guarantees	56,588	41,516

APA Group is subject to a range of operational matters, which can at times raise exposure to assets and liabilities that are uncertain and cannot be measured reliably. This includes our exposure to matters such as regulatory requirements, changes in law, climate change policy, changes to licencing and recognised practising codes including health, safety and environment, employee entitlements, environmental laws and regulations, occupational health and safety requirements, technical and safety standards and asset construction and operation compliance requirements. The preparation of the financial statements requires management to make judgements and estimates and form assumptions that affect the amounts of contingent assets and liabilities reported in the financial statements.

These judgements, estimates and assumptions are based on the most current facts and circumstances and are reassessed on an ongoing basis, the results of which form the basis of the reported amounts that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. This may materially affect financial results and the financial position to be reported in future periods. APA Group continues to assess these judgements, estimates and assumptions relating to the disclosure of contingent assets and liabilities.

Contingent assets and liabilities relate predominantly to possible benefits or obligations whose existence will only be confirmed by uncertain future events and present obligations where the transfer of economic resources is not probable or cannot be reliably estimated. Therefore such amounts are not recognised in the financial statements.

APA Group had no material contingent assets and liabilities as at 31 December 2022, other than those disclosed above.

12. Adoption of new and revised Accounting Standards

New and amended Accounting Standards that are effective for the current period

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.

The adoption of the above standards and interpretations do not have a material impact on APA Group's accounting policies or any of the amounts recognised in the financial statements.

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations on issue but not yet effective are not expected to have a material impact on APA Group's accounting policies or any of the amounts recognised in the financial statements.

13. Events occurring after reporting date

On 23 February 2023, the Directors declared an interim distribution of 26.0 cents per security (\$306.8 million) for APA Group, an increase of 4.0%, or 1.0 cent per security over the previous corresponding period (half year ended 31 December 2021: 25.0 cents). This is comprised of a distribution of 22.59 cents per security from APA Infrastructure Trust and a distribution of 3.41 cents per security from APA Investment Trust. The APA Infrastructure Trust distribution represents 15.92 cents per security profit distribution and 6.67 cents per security capital distribution. The APA Investment Trust distribution represents a 1.01 cent per security profit distribution and 2.40 cents per security capital distribution. Franking credits of 3.64 cents per security are attached to these distributions. The distribution will be paid on 16 March 2023.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to the period end that would require adjustment to or disclosure in the financial statements.

Declaration by the Directors of APA Group Limited

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that Australian Infrastructure Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of APA Group.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Michael Fraser
Chairman



Adam Watson
CEO and Managing Director

SYDNEY, 23 February 2023



Deloitte Touche Tohmatsu
ABN 74 490 121 060

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23 February 2023

The Directors
APA Group Limited
as Responsible Entity for APA Infrastructure Trust
Level 25, 580 George Street
Sydney NSW 2000

Dear Directors

**Auditor's Independence Declaration
to APA Group Limited as Responsible Entity for APA Infrastructure Trust**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of APA Group Limited as Responsible Entity for APA Infrastructure Trust.

As lead audit partner for the review of the half year financial report of APA Infrastructure Trust for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Jamie Gatt".

Jamie Gatt
Partner
Chartered Accountant

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Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the Unitholders of APA Infrastructure Trust

Conclusion

We have reviewed the half-year financial report of APA Infrastructure Trust (the "Trust") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 13 to 35.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the the Group is not 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 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Trust are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Deloitte.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

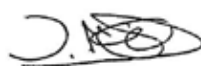
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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



DELOITTE TOUCHE TOHMATSU



Jamie Gatt
Partner
Chartered Accountant
Sydney, 23 February 2023



Jimmy McGarty
Partner
Chartered Accountant
Sydney, 23 February 2023

APA INVESTMENT TRUST DIRECTORS' REPORT

The Directors of APA Group Limited ("Responsible Entity") submit their interim financial report of APA Investment Trust ("APA Invest") and its controlled entity (together "Consolidated Entity") for the half year ended 31 December 2022. This report and the financial statements attached refer to the consolidated results of APA Invest, one of the two stapled entities of APA Group, with the other stapled entity being APA Infrastructure Trust (together "APA").

1 Directors

The names of the Directors of the Responsible Entity during the half year and since the half year ended 31 December 2022 are:

Michael Fraser	Chairman
Adam Watson	Chief Executive Officer and Managing Director (appointed as Acting Chief Executive Officer on 30 September 2022 and appointed as permanent Chief Executive Officer and Managing Director on 19 December 2022)
Steven Crane	Director (retired 15 September 2022)
James Fazzino	Director
Debra (Debbie) Goodin	Director
Shirley In't Veld	Director
Rhoda Phillippo	Director
Peter Wasow	Director
Robert Wheals	Chief Executive Officer and Managing Director (resigned 30 September 2022)

Amanda Cheney is the Group General Counsel and Company Secretary of the Responsible Entity and held that role during the half year ended 31 December 2022.

2 Principal Activities

The Consolidated Entity operates as an investment and financing entity within the APA Group.

3 Subsequent Events

On 23 February 2023, the Directors declared an interim distribution of 3.41 cents per security (\$40.3 million). The distribution represents a 1.01 cent per security unfranked profit distribution and 2.40 cents capital distribution. The distribution will be paid on 16 March 2023.

Other than what is noted above and as disclosed elsewhere in this report, there has not arisen in the interval between the end of the half year ended 31 December 2022 and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

4 Review and Results of Operations

Throughout this report the half year ended 31 December 2022 will be referred to as 1H23 and the half year ended 31 December 2021 will be referred to as 1H22.

Consolidated Entity reported net profit after tax was \$11.9 million (1H22: \$15.6 million) and total revenue was \$11.9 million (1H22: \$15.6 million) for the half year ended 31 December 2022.

5 Distributions

On 14 September 2022, APA Invest paid a final distribution of 6.29 cents per unit (\$74.2 million). The distribution represented a 1.14 cents per unit profit distribution and a 5.15 cents per unit capital distribution.

On 23 February 2023, the Directors declared an interim distribution of 3.41 cents per security (\$40.3 million). The distribution represents a 1.01 cent per security unfranked profit distribution and 2.40 cents capital distribution. The distribution will be paid on 16 March 2023.

6 Auditor's Independence Declaration

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu ("Auditor") as required under section 307C of the Corporations Act is included at page 50.

7 Rounding of Amounts

The Consolidated Entity is an entity of the kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Instrument, amounts in the Directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

8 Authorisation

The Directors' report is signed in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Directors



Michael Fraser
Chairman



Adam Watson
CEO and Managing Director

23 February 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	31 Dec 2022 \$000	31 Dec 2021 \$000
Revenue	3	11,904	15,647
Profit before tax		11,904	15,647
Income tax expense		–	–
Profit for the period		11,904	15,647
Other comprehensive income			
Total comprehensive income for the period		11,904	15,647
Profit Attributable to:			
Unitholders of the parent		11,904	15,647
		11,904	15,647
Total comprehensive income attributable to:			
Unitholders of the parent		11,904	15,647
Earnings per unit		31 Dec 2022	31 Dec 2021
Basic and diluted (cents per unit)	4	1.0	1.3

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

Condensed Consolidated Statement of Financial Position

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current assets			
Receivables		961	938
Non-current assets			
Receivables		3,753	4,239
Other financial assets		590,945	652,759
Total non-current assets		594,698	656,998
Total assets		595,659	657,936
Current liabilities			
Trade and other payables		20	17
Total liabilities		20	17
Net assets		595,639	657,919
Equity			
Issued capital	6	583,735	644,417
Retained earnings		11,904	13,502
Total equity		595,639	657,919

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

Condensed Consolidated Statement of Changes in Equity

	Note	Issued capital \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2021		765,313	19,742	785,055
Profit for the period		–	15,647	15,647
Total comprehensive income for the period		–	15,647	15,647
Payment of distributions	5	(79,010)	(19,742)	(98,752)
Balance at 31 December 2021		686,303	15,647	701,950
Balance at 1 July 2022		644,417	13,502	657,919
Profit for the period		–	11,904	11,904
Total comprehensive income for the period		–	11,904	11,904
Payment of distributions	5	(60,682)	(13,502)	(74,184)
Balance at 31 December 2022		583,735	11,904	595,639

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

Condensed Consolidated Statement of Cash Flows

	Note	31 Dec 2022 \$000	31 Dec 2021 \$000
Cash flows from operating activities			
Trust distribution – related party		9,334	10,051
Interest received – related party		2,197	5,249
Proceeds from repayments of finance leases		584	584
Receipts from customers		255	206
Net cash provided by operating activities		12,370	16,090
Cash flows from investing activities			
Proceeds from related party		61,814	82,662
Net cash provided by investing activities		61,814	82,662
Cash flows from financing activities			
Distributions to unitholders	5	(74,184)	(98,752)
Net cash used in financing activities		(74,184)	(98,752)
Net increase in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of the period		–	–
Cash and cash equivalents at end of the period		–	–

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

Notes to the condensed consolidated financial statements

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into four sections being: Basis of Preparation; Financial Performance; Capital Management and Other.

Basis of Preparation

1. About this report
2. General information

Financial Performance

3. Profit from operations
4. Earnings per unit
5. Distributions

Capital Management

6. Issued capital

Other

7. Contingencies
8. Adoption of new and revised Accounting Standards
9. Events occurring after reporting date

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2022 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) in accordance with ASIC Corporations Instrument 2016/191 unless otherwise stated.

The half year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by APA Group to the date of the issuance of the half year financial report in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those adopted and disclosed in the annual report for the financial year ended 30 June 2022.

Segment information

The Consolidated Entity has one reportable segment being Energy Infrastructure Investment.

The Consolidated Entity is an entity within the APA Infrastructure Trust stapled group. As the Trust only operates in one segment, it has not disclosed segment information separately.

Notes to the condensed consolidated financial statements (continued)

Financial Performance

3. Profit from operations

Profit before income tax includes the following items of income:

	31 Dec 2022 \$000	31 Dec 2021 \$000
Revenue		
Distributions		
Trust distribution – related party	9,334	10,051
	9,334	10,051
Finance income		
Interest – related party	2,197	5,249
Finance lease income – related party	120	142
	2,317	5,391
Other revenue		
Other	253	205
Total revenue	11,904	15,647

4. Earnings per unit

	31 Dec 2022 cents	31 Dec 2021 cents
Basic and diluted earnings per unit	1.0	1.3

The earnings and weighted average number of units used in the calculation of basic and diluted earnings per unit are as follows:

	31 Dec 2022 \$000	31 Dec 2021 \$000
Net profit attributable to unitholders for calculating basic and diluted earnings per unit	11,904	15,647

	31 Dec 2022 No. of units 000	31 Dec 2021 No. of units 000
Adjusted weighted average number of ordinary units used in the calculation of:		
Basic earnings per unit	1,179,894	1,179,894
Diluted earnings per unit ⁽¹⁾	1,182,007	1,181,272

(1) Includes 2.9 million (31 December 2021: 2.2 million) performance rights granted under long-term incentive plan. Each performance right is a right to receive one ordinary stapled security in APA subject to satisfaction of certain performance hurdles and board approval. Further information can be found in the most recent annual report. APA has historically instructed Link Market Services to acquire securities on-market to minimise dilution of existing securityholders.

Notes to the condensed consolidated financial statements (continued)

Financial Performance (continued)

5. Distributions

	31 Dec 2022 cents per unit	31 Dec 2022 Total \$000	31 Dec 2021 cents per unit	31 Dec 2021 Total \$000
Recognised amounts				
Final FY22 distribution payable on 14 September 2022 (30 June 2021: Final FY21 distribution payable on 15 September 2021)				
Profit distribution ⁽¹⁾	1.14	13,502	1.67	19,742
Capital distribution	5.15	60,682	6.70	79,010
	6.29	74,184	8.37	98,752
Unrecognised amounts				
Interim distribution payable on 16 March 2023⁽²⁾ (31 December 2021: Interim FY22 distribution payable on 17 March 2022)				
Profit distribution ⁽¹⁾	1.01	11,904	1.33	15,647
Capital distribution	2.40	28,379	3.55	41,886
	3.41	40,283	4.88	57,533

(1) Profit distributions partially franked (30 June 2021, 31 December 2021, 30 June 2022: unfranked).

(2) Record date 30 December 2022.

The interim distribution in respect of the financial year has not been recognised in this half year financial report because the distribution was not declared, determined or publicly confirmed prior to 31 December 2022.

Capital Management

6. Issued capital

	31 Dec 2022 No. of units 000	31 Dec 2022 Total \$000	30 Jun 2022 No. of units 000	30 Jun 2022 Total \$000
Movements				
Balance at beginning of financial year	1,179,894	644,417	1,179,894	765,313
Capital distributions paid (note 5)	–	(60,682)	–	(120,896)
	1,179,894	583,735	1,179,894	644,417

(1) Fully paid units carry one vote per unit and carry the right to distributions.

Notes to the condensed consolidated financial statements (continued)

Other

7. Contingencies

The Consolidated Entity had no material contingent assets, liabilities and commitments as at 31 December 2022 (30 June 2022: \$nil).

8. Adoption of new and revised Accounting Standards

Standards and Interpretations affecting amounts reported in the current period

There have not been any new or revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Entity's operations that are effective for the current reporting period.

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations on issue but not yet effective are not expected to have a material impact on the Consolidated Entity's accounting policies or any of the amounts recognised in the financial statements.

9. Events occurring after reporting date

On 23 February 2023, the Directors declared an interim distribution for the 2023 financial year of 3.41 cents per unit (\$40.3 million). The distribution represents a 1.01 cents per unit and 2.40 cents per unit capital distribution. The distribution will be paid on 16 March 2023.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to the period end that would require adjustment to or disclosure in the financial statements.

Declaration by the Directors of APA Group Limited

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that APA Investment Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Michael Fraser
Chairman



Adam Watson
CEO and Managing Director

SYDNEY, 23 February 2023



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ABN 74 490 121 060

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23 February 2023

The Directors
APA Group Limited
as Responsible Entity for APA Investment Trust
Level 25, 580 George Street
Sydney NSW 2000

Dear Directors

**Auditor's Independence Declaration
to APA Group Limited as Responsible Entity for APA Investment Trust**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of APA Infrastructure Limited as Responsible Entity for APA Investment Trust.

As lead audit partner for the review of the half year financial report of APA Investment Trust for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

A stylized, handwritten signature of "Deloitte Touche Tohmatsu" in black ink.

DELOITTE TOUCHE TOHMATSU

A stylized, handwritten signature of "Jamie Gatt" in black ink.

Jamie Gatt
Partner
Chartered Accountant

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Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the Unitholders of APA Investment Trust

Conclusion

We have reviewed the half-year financial report of APA Investment Trust ("APA Invest") and its controlled entity (together the "Consolidated Entity"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 41 to 49.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Consolidated Entity is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Consolidated Entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Consolidated Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Deloitte.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

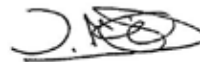
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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



DELOITTE TOUCHE TOHMATSU



Jamie Gatt
Partner
Chartered Accountant
Sydney, 23 February 2023



Jimmy McGarty
Partner
Chartered Accountant
Sydney, 23 February 2023

always
powering
ahead

apa