Alliance Aviation Services Limited
ACN 153 361 525 | ABN 96 153 361 525

PO Box 1126, Eagle Farm QLD 4009
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www.allianceairlines.com.au

10th August 2022

ASX Market Announcement Office
10 Bridge Street
SYDNEY NSW 2000

Via: ASX Online

Dear Sir / Madam

Announcement for release via Market Announcement Platform

Please find attached an announcement titled "Alliance Aviation Services Limited Appendix 4E and Annual Report" ("**Announcement**") for release via the ASX Market Announcement Platform.

For further information regarding this Announcement, please contact:

Marc Devine
Chief Financial Officer & Company Secretary
P: + 61 7 3212 1201

By Order of the Board.

Nicola Clark
Company Secretary

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ASX code: AQZ

Appendix 4E
Preliminary Final Report
For Year Ended 30 June 2022
(Previous reporting period year ended 30 June 2021)

The following sets out the requirements of Appendix 4E with the stipulated information either provided here or cross-referenced to the 2022 Financial Report and associated documents as released to the Australian Stock Exchange and as published on the Company's website www.allianceairlines.com.au.

Results for announcement to the market

Revenue and profit after tax Comparison to previous period	***Increase / Decrease***	***Change %***		***To $'000***
Revenue from ordinary activities	Increase	19.1	to	367,520
Loss from ordinary activities after tax attributable to members	Decrease	-116%	to	(5,207)
Loss for the period attributable to members	Decrease	-116%	to	(5,207)

Dividends/distributions

There is no dividend declared for the year ending 30 June 2022.

Additional information

Net tangible asset backing

	2022	**2021**
Net tangible asset backing per ordinary share	1.78	1.82

Audit status

This report has been based on the consolidated financial statements for the year ended 30 June 2022 which have been subject to an audit review by PricewaterhouseCoopers. The audit report contains no qualifications.

Additional information and commentary

The statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and the accompanying notes to these statements is contained in the Financial Report for the year ended 30 June 2022 as released on the Australian Stock Exchange and published on the Company's website www.allianceairlines.com.au.

For more information contact:

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Chief Financial Officer
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ALLIANCE AVIATION SERVICES LIMITED
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ANNUAL REPORT
For the year ended 30 June 2022

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DIRECTORS REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Alliance Aviation Services Limited (the "Company" or "Alliance") and the entities it controlled at the end of, or during, the year ended 30 June 2022.

DIRECTORS

The following persons were Directors of Alliance for the entire financial year ended 30 June 2022:

Name	Role	Period of Directorship
Stephen Padgett, OAM	Chairman, Non-executive Director	Appointed 26 October 2011
Scott McMillan	Managing Director	Appointed 26 October 2011
Peter Housden	Independent non-executive Director	Appointed 26 October 2011
David Crombie, AM	Independent non-executive Director	Appointed 26 October 2011
Lee Schofield	Chief Executive Officer	Appointed 28 May 2015 Resigned 27 July 2022

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of contract, charter and allied aviation services to the mining, energy, tourism and government sectors both domestically and internationally. The Group also provides specialised aviation services to airlines and clients including aircraft wet leasing, dry leasing, airport management, aircraft trading, parts sales, engine leasing and engineering services.

KEY MESSAGES

The key messages from this report are:

- The Group has delivered a statutory loss before tax (LBT) for the year of $7.1 million, a decrease on the previous year of $54.1 million or (115.1%) (2021: profit before tax (PBT) of $47.0 million).
- Alliance reports an underlying PBT of $45.3 million for the year. The underlying adjustments are summarised below however include costs of $39.1 million related to the introduction of the E190 fleet and E190 carrying costs, $12.1 million write down of the Fokker 50 fleet, an inventory adjustment of $0.4 million and legal costs associated with the Qantas scheme of arrangement of $0.8 million.
- The Group has implemented a number of strategies re-focussing on its core business activities of providing aircraft capacity to the resources sector and wet lease clients. As a result, the Group has activated a plan for the early retirement of the Fokker 50 fleet, commenced the integration of the Unity Aviation Maintenance organisation with Alliance's and continued to reduce its regular public transport (RPT) footprint.
- Revenue from continuing operations increased to $367.5 million (2021: $308.7 million).
- Flight hours increased by 25.3% to 47,519 for the financial year (2021: 37,913 hours). Contract and wet lease hours both increased which were in part offset by the focussed reduction in RPT hours. Charter hours also decreased however a number of charter clients were transitioned to long term contract clients.
- The Group's existing contract activity continued to increase in the year with two material contracts renewed in the period and one contract at renewal execution stage; and
- Fourteen E190 aircraft were added to the fleet bringing the total fleet numbers to 61 as at 30 June 2022 (2021: 48) including two on dry lease.

FINANCIAL REVIEW

Alliance Aviation Services Limited has recorded a statutory net loss before tax of $7.1 million and a statutory net loss after tax of $5.2 million for the financial year ended 30 June 2022. This is a decrease in net profit before tax of $55.4 million or 114.6 % when compared to the year ended 30 June 2021.

Key financial metrics in respect of FY2022 are included in the table below with the prior financial period included to facilitate a direct comparison between years. The table below contains both the statutory and underlying results.

	Statutory 30 June 2022 $m	Underlying Adjustments $m	Underlying 30 June 2022 $m	
Total Revenue ($m)	369.4	-	369.4	306.6
Earnings before Interest, Tax, Depreciation and Amortisation	47.6	43.4	91.0	87.8
Profit/(Loss) Before Tax	(7.1)	52.4	45.3	48.3
Income Tax Expense / (benefit)	1.9	(15.7)	(13.8)	(14.6)
Net Profit After Tax	(5.2)	36.7	31.5	33.7
Earnings per share - cents	(3.2)	22.8	19.6	21.0
Total dividends paid / payable in relation to the financial period – cents	-	-	-	-
Net assets	313.5	36.7	350.2	318.1
Net operating cash flow	52.5	39.3	91.8	39.8

The underlying comprises:

- $39.1 million of operational costs incurred as part of the addition of the E190 fleet. These included costs such as additional flight crew, cabin crew, engineers and corporate staff employed by the Group, training costs and air operators certificate variation costs.
- $12.1 million of impairment related to the transfer of assets and inventory to the F50 disposal group.
- $0.4 million inventory adjustment
- $0.8 million of legal costs associated with the proposed Qantas takeover.

Revenue from continuing operations increased 19% to $368 million (2021: $309 million). Contract and wet lease revenues increased throughout the year and aviation services revenues were stable. There were significant reductions in both the charter and RPT.

- Contract revenues were $258 million for the year, an increase on last year of 21% (2021: $214 million). The sustained activity within the resources sectors and the conversion from ad-hoc charter to contract of two resources sectors clients generated a strong revenue result. Contracts with two key clients were extended during FY2022 with the third at execution stage.

- Charter revenue decreased to $25 million when compared to the prior year (2021: $44 million). There was less idle capacity within the network to facilitate the demand for charter services. In addition, a number of charter clients converted to contract clients with in FY22 resulting in a transfer of annualised $22 million away from charter revenue.

- Wet lease revenue increased by 610% in the year to $55 million. Services for Virgin Australia and Qantas grew month on month from April as post COVID-19 domestic travel opened up and consumer demand increased. This trend is expected to continue into FY23 with Qantas exercising options for the full 18 E190 aircraft commitment.

- Regular public transport (RPT) revenue decreased by $16 million, or 47% for the year. The key drivers being the transfer of Olympic Dam traffic to contracted services ($7 million) and the cessation of flying on the Virgin Gladstone route ($5 million). The Group also ceased a number of marginal services which accounted for an additional $6 million.

- Aviation services revenue of $9 million (2021: $8 million) was generated in the financial year. The Group continues to operate ground handling and aerodrome management services for a number of key clients and the sales of spare parts and parts leasing has increased throughout the year.

CASH FLOW

Operating cash flow for the year was $52.5 million, an increase of 32% or $12.7 million from the previous financial year.

The sustained Fokker operational activity along with the cash adjustments for the underlying assumptions noted above generated an underlying operating cash flow of $91.8 million.

Cash outflows related to investing activities for the year were $99.3 million, a decrease of $106.3 million on the prior year. $68.1 million was expended on aircraft and asset acquisition costs relating to the E190 programme. Fourteen of the E190 aircraft have been inducted into the operational fleet in FY2022 bringing the total inducted at 30 June 2022 to nineteen. The remaining aircraft are scheduled to be inducted throughout FY2023.

The Group's net increase in debt was $33.8 million. This comprised a $13.5 million drawdown for aircraft settlements, $12.5 million working capital drawdown and $12.5 million drawdown from the Northern Australian Infrastructure Facility for the Rockhampton Hangar Project. Loan repayments for the year were $4.7 million.

CAPITAL EXPENDITURE

Capital expenditure for the period was $120.8 million (2021: $224.6 million).

Capital expenditure on pre-existing fleet and services was $37.5 million (2021: $35.7 million). Other capital expenditure incurred during the year for the expansion of the Alliance business was $83.3 million which included the addition of 14 aircraft into the fleet with 19 of these operational at balance date. The investment in these aircraft meets the future operational requirements of the Group. The remaining aircraft will enter the fleet throughout financial year 2023.

A reconciliation of this investment is included below.

Reconciliation of Capital Expenditure	**2022 $m**	2021 $m
Fleet Maintenance		
Cash outflows		
Base maintenance providers	**6.8**	**5.6**
Engine care program	**12.9**	**14.3**
Other miscellaneous	**1.8**	**2.6**
Operating costs capitalised (from operating cash flow)	**1.7**	**2.4**
Total Cash outflows	**23.2**	**24.9**
Non-cash		
Parts from inventory used in base maintenance	**14.3**	**10.8**
Total existing fleet maintenance	**37.5**	**35.7**
Growth capital expenditure		
Cash outflows		
Entry into service maintenance providers	**-**	**0.6**
Costs associated with E190 program	**68.1**	**175.9**
Unity Acquisition	**-**	**6.6**
Rockhampton Hangar	**9.8**	**-**
Operating costs capitalised (from operating cash flow)	**3.2**	**1.6**
Total Cash outflows	**81.1**	**184.7**
Non-cash		
Parts from inventory used in base maintenance	**2.2**	**4.2**
Total growth fleet maintenance	**83.3**	**188.9**
Total capital expenditure	**120.8**	**224.6**

SUMMARY OF OPERATIONAL METRICS

The metrics below represent key indicators the Group uses to monitor operational performance.

Details	2022	2021	% Change
Aircraft in Service	61*	48	27%
Contracted Flight Hours	26,926	25,873	4%
Wet Lease Flight Hours	16,112	2,262	612%
Regular Public Transport (RPT) Hours	1,934	4,759	(59%)
Charter Flight Hours	1,946	4,479	(57%)
Other Flight Hours (incl. Maintenance)	601	540	11%
Total Flight Hours	47,519	37,913	25%
Average Staff Numbers	816	601	36%
Revenue per Employee - $'000	450	514	(12%)
Contract Revenue as a % of Total Revenue	57%	69%	(19%)

- Includes two aircraft on dry lease

Contract hours increased marginally during the period. Wet lease hours grew at a rapid rate as both Qantas and Virgin increased their hours in response to consumer demand and easing of COVID-19 travel restrictions from April 2022. Alliance continued to decrease its RPT footprint by converting a portion of this to wet lease. Charter hours reduced in the year as a result of the conversion of a number of clients to contract and a reduction in idle capacity towards the end of the year.

As at 30 June 2022, Alliance employed 916 full time equivalent staff which is an increase of 199 (28%) from the previous financial year (2021: 717). This increase provides staffing for the additional aircraft and associated support services.

The Group has bolstered its presence in both Adelaide and Darwin and continues to have a broad operational footprint, with bases in Brisbane, Townsville, Cairns, Perth, Rockhampton, and Alice Springs.

Alliance continues to hold an enviable industry leading on time performance record with an average of 94% (2021: 93%) for the year ended 30 June 2022. This is one of the major factors that sets Alliance's performance apart from its competitors.

SAFETY

Safety continues to be the most important operational requirement for the Group and remains one of the Group's three core values. It is paramount to the success of the Group in winning new contracts and renewing existing contracts.

During this reporting period, Alliance successfully maintained its IOSA accreditation and BARS Gold Status. Both are globally recognised and in conjunction with Australian regulatory oversight, provide a robust Safety, Security and Quality Framework for all operations.

There is a continued focus on COVID-19 and the impact the pandemic has on the health and wellbeing of our employees, contractors, clients and passengers. The Alliance response to COVID-19 has been in line with the health advice as issued by respective governments. A number of these measures continue today, and Alliance has implemented a vaccination policy that requires all staff are vaccinated for COVID-19 and influenza.

FLEET

CURRENT FLEET

Alliance operates a fleet of Fokker and Embraer aircraft. The fleet consists of three types of Fokker aircraft namely the F100 (100 seat jet aircraft), F70 (80 seat jet aircraft) and the F50 (50 seat turboprop aircraft) and one type of Embraer aircraft, the E190 (two cabin configurations, either a 94, 97 or 100 seat jet aircraft).

The total number of Alliance aircraft in service as at 30 June 2022 is shown below:

Aircraft	**2022**	2021
F50 (to be retired in FY2023)	**5**	5
F70	**13**	14
F100	**24**	24
E190	**19***	5
Total Aircraft	**61**	48

* Includes two aircraft on dry lease.

The Group continues to utilise a number of base maintenance providers including Jet Aviation in Cairns, Fokker Services Asia in Singapore, Austrian Airlines Technik in Slovakia and COOPESA in Central America.

THE INTRODUCTION OF THE EMBRAER FLEET

Throughout FY22 the following milestones have been achieved relating to the induction of the Embraer E190 fleet:

- The Group paid for the five remaining E190 aircraft which were contracted in December 2020.
- The Group also paid for the three additional E190 aircraft purchased in FY22.
- An additional 14 Embraer E190 have been added to the Group's AOC as at 30 June 2022 bringing the total to 19.
- Qantas has exercised options for all 18 E190 aircraft under contract, with operational deliveries in July, November, December and two in January 2023 for the last four options exercised.

OUTLOOK AND DIVIDEND

OUTLOOK

The Company had forecast that the final quarter of the 2022 financial year would see a substantial uplift in financial performance. This did occur however it was tempered by the ongoing impacts of COVID-19 on crew and the general disruption witnessed domestically to aviation as a whole.

In the same period Alliance did experience a level of crew turnover with a number of pilots resigning to take roles overseas. These resignations impacted both the training and the activity pipelines.

To ensure that both aircraft and crew are deployed in a timely manner, Alliance has initiated the following:

- A focus of increasing recruitment of pilots
- Non-monetary incentivisation for pilots to stay with Alliance
- Increase in the training pipeline by utilising an E190 simulator in Gatwick (currently 12 pilots overseas)
- Increased utilisation of the local E190 simulator
- Transition of the Unity Aviation Maintenance operations into those of Alliance. The result is a single maintenance organisation responsible for Fokker and Embraer line maintenance
- Simplifying the business – Fokker 50 early fleet retirement, reduction of RPT routes enables Alliance to focus on the E190 fleet introduction and its robust contract charter activities.

Alliance maintains a positive outlook and by the end of January 2023, the Group will have deployed all 33 of its E190 aircraft.

DIVIDEND

The Directors have formed the view that capital is best retained within the business to complete the substantial expansion program which will lay the foundation for an annualised increase in flight hours by the end of FY2023.

As a result, the Board has decided not to declare a final dividend for the year ending 30 June 2022. This will be revisited at the end of the first half of FY2023.

OTHER RELEVANT FACTS

ENVIRONMENTAL REGULATION

The Group's operations are subject to a significant range of Commonwealth, State, Territory and international environmental legislation. The Group is committed to environmental sustainability with high standards for environmental performance. The Board places particular focus on the environmental aspects of operations through the Executive Safety Action Group (ESAG) which is responsible for monitoring compliance with these regulations and reporting to the Directors.

The Directors are satisfied that the Group has adequate systems in place for the management of the Group's environmental exposure and environmental performance. The Directors are not aware of any breaches of any environmental legislation or of any material environmental incidents during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group which occurred during the reporting period that have not been disclosed previously in this report.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance statement for Alliance Aviation Services Limited is located at:

http://www.allianceairlines.com.au/investor-centre/corporate-governance

INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

MR STEPHEN PADGETT, OAM
(Chairman and Non-Executive Director)

EXPERIENCE AND EXPERTISE

Mr Padgett was a founding shareholder and inaugural Chairman of entities formed in 2002 which were predecessors of the current Group.

Mr Padgett has extensive aviation experience in his own private companies since pre-1980, having founded Aeromil Australia / Aeromil Pacific which was the Cessna aircraft and parts distributor for Australasia and which was sold to Hawker Pacific where he was Deputy Chairman, Australia. Mr Padgett is a life member of the Regional Aviation Association of Australia, chairman of the Australian Aviation Hall of Fame (AAHOF) and member of the National Council for the Air Force cadets (AAFC). Mr Padgett was awarded the Medal of the Order of Australia (OAM) for services to the aviation industry in 2020.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

None.

FORMER LISTED DIRECTORSHIPS IN THE LAST THREE YEARS

None.

SPECIAL RESPONSIBILITIES

Chairman of the Board and a member of the Nomination and Remuneration and Audit committees.

INTERESTS IN SHARES, OPTIONS AND RIGHTS

6,203,269 ordinary shares held.

MR PETER HOUSDEN
(Non-Executive Director)

EXPERIENCE AND EXPERTISE

Mr Housden has over 50 years' experience in accounting, finance and management across a range of industries, including over 30 years as a Director of ASX listed companies.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

None.

FORMER LISTED DIRECTORSHIPS IN THE LAST THREE YEARS

GrainCorp Limited.

SPECIAL RESPONSIBILITIES

Chairman of the Audit committee and a member of the Nomination and Remuneration committee.

INTERESTS IN SHARES, OPTIONS AND RIGHTS

49,698 ordinary shares held.

MR DAVID CROMBIE, AM
(Non-Executive Director)

EXPERIENCE AND EXPERTISE

Mr Crombie has extensive experience in the agricultural industry founding GRM International (now Palladium Group) a company managing development projects in Australia and overseas.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

ECP Emerging Growth Limited.

FORMER LISTED DIRECTORSHIPS IN THE LAST THREE YEARS

Australian Agricultural Company Ltd.

SPECIAL RESPONSIBILITIES

Chairman of the Nomination and Remuneration committee and member of the Audit Committee.

INTERESTS IN SHARES, OPTIONS AND RIGHTS

179,466 ordinary shares held.

MR SCOTT MCMILLAN
(Managing Director)

EXPERIENCE AND EXPERTISE

Scott McMillan has been Managing Director of Alliance since its establishment in April 2002. Prior to joining Alliance, Scott held various positions with Ansett Australia, Flight West Airlines, and qualified as a chartered accountant with Peat Marwick Mitchell & Co (now KPMG). Scott has been involved in the aviation industry since 1986 in Australasia across various financial, operational and commercial roles, including significant experience in the FIFO industry.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

None.

FORMER LISTED DIRECTORSHIPS IN THE LAST THREE YEARS

None.

SPECIAL RESPONSIBILITIES

Managing Director.

INTERESTS IN SHARES, OPTIONS AND RIGHTS

3,773,425 ordinary shares held and nil rights that are performance qualified.

MR LEE SCHOFIELD
(Executive Director and Chief Executive Officer)
Resigned 27th July 2022

EXPERIENCE AND EXPERTISE

Mr Schofield has broad experience as a solicitor working in corporate, commercial and transport matters. His specific aviation experience includes legal and commercial roles with an international aircraft leasing company, and he was a member of the executive team at an Australian based airline prior to joining Alliance.

OTHER CURRENT LISTED COMPANY DIRECTORSHIPS

None.

FORMER LISTED DIRECTORSHIPS IN THE LAST THREE YEARS

None.

SPECIAL RESPONSIBILITIES

Chief Executive Officer.

INTERESTS IN SHARES, OPTIONS AND RIGHTS

163,568 ordinary shares held and nil rights that are performance qualified.

COMPANY SECRETARIES

Mrs Nicola Clark and Mr Marc Devine were appointed as joint Company Secretaries on 18th August 2017. Mr Marc Devine is also the Chief Financial Officer of the Group.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

Directors	Full Meeting of Directors		Meetings of Committees			
			Audit*		Nomination and Remuneration*	
	Attended	Held	Attended	Held	Attended	Held
S Padgett	6	6	4	4	3	3
P Housden	6	6	4	4	3	3
D Crombie	6	6	4	4	3	3
S McMillan	6	6	-	-	-	-
L Schofield	6	6	-	-	-	-

*Mr Schofield and Mr McMillan were present at these meetings as invitees only.

REMUNERATION REPORT

The Directors present the Group's 2022 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

REMUNERATION POLICY

NON-EXECUTIVE DIRECTOR'S FEES

Fees and payments made to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. There has been no change to Other Non-Executive Directors fees in the financial year other than CPI and the increase in the superannuation guarantee to 10.0% (2021: 9.5%).

An annual base fee has been set for the Chairman and other Directors. Additional fees are paid to Non-Executive Directors who chair a committee. The Chairman's remuneration is inclusive of committee fees.

Non-Executive Directors' fees are determined within an aggregate Directors' fee annual pool limit, which is periodically recommended for approval by shareholders. The approved maximum currently stands at $700,000 per annum.

This limit can only be changed by approval of shareholders at a general meeting.

The following table outlines the Non-Executive Director fee rates that were applicable during the financial year:

Fee Type	**2022 (Fees inclusive of superannuation) $**	2021 (Fees inclusive of superannuation) $
Base fees		
Chair	**192,780**	192,780
Other Non-Executive Directors	**81,290**	80,920
Additional Fees		
Committee - chair	**14,521**	14,455

Superannuation contributions required under the Australian superannuation guarantee legislation will continue to be made and are inclusive to the Directors' overall fee entitlements.

Alliance does not pay benefits (other than statutory entitlements) on retirement of Directors.

EXECUTIVE REMUNERATION STRATEGY AND FRAMEWORK

The Nomination and Remuneration committee reviews and determines the remuneration policy and structure annually to ensure it remains aligned to business needs, and meets the principles contained in the Nomination and Remuneration committee charter. From time to time, the committee may also engage external remuneration consultants to assist with remuneration reviews.

The Group's executive remuneration strategy is designed to attract, retain and motivate a highly qualified and experienced executive management team with the necessary skills required to lead the Group in achieving its business and strategic objectives.

The strategy also ensures that the executive management team is able to work towards meeting key performance targets that are clear, easily understood and aligned with the Group's overall objectives. The strategy also allows for identification of performance outcomes which are a direct result of the actions of the individual executive management team member.

The Board ensures that executive remuneration satisfies the following key criteria to ensure good remuneration practices are in place:

- competitive and reasonable, enabling the Company to attract and retain key talent,
- aligned to the Company's strategic and business objectives and the creation of shareholder value,
- transparent and easily understood, and
- acceptable to shareholders.

The executive remuneration and reward framework has a number of components:

- Base pay and benefits, including superannuation (referred to as "Total Fixed Annual Remuneration" or "TFAR"); and
- A target performance incentive plan that combines traditional short-term (cash) and long-term (equity) performance incentives (referred to as the "Performance Incentive Plan" or "PIP").

The combination of the above comprises an executive's Total Target Annual Remuneration ("TTAR").

The PIP also contains stretch targets, which if met, allow for additional remuneration to be provided to the employees covered under the plan.

TOTAL FIXED ANNUAL REMUNERATION (TFAR)

Executives receive their base pay, superannuation and any other prescribed benefits as a total fixed annual remuneration (TFAR) package. Executives can elect to salary sacrifice certain items and may also receive non-monetary benefits.

The TFAR provides a base level of reward for each executive for completion of role and business specific accountabilities. The TFAR is set with reference to the role, qualifications, responsibilities, skill and prior experience.

The only guaranteed increase in the majority of executive management employment contracts is aligned to any movement in the consumer price index. TFAR is reviewed annually by the Nomination and Remuneration committee.

PERFORMANCE INCENTIVE PLAN (PIP)

The Board is committed to a remuneration reward framework that is focused on creating sustainable shareholder value, which is supported by an equity ownership culture which is made available to Key Management Personnel ("KMP") and other members of the executive management team.

The Performance Incentive plan combines the features of short-term incentive (STI) and long-term incentive (LTI) plans and ensures alignment with longer term business strategy. The vesting and exercise requirements of the equity-based incentives ensures Key Management Personnel and executive management team members interests are aligned with the long-term interests of the Group and its shareholders.

The PIP sets a target amount as a percentage of fixed remuneration (Target Opportunity) and an additional percentage for stretch performance (Stretch Target Opportunity). These targets are assessed against a scorecard of KPIs. This target amount is split 50/50 into cash bonuses and performance rights.

The Board considers that this model achieves the goal of providing a transparent and simple remuneration framework.

FY2022 KEY MANAGEMENT PERSONNEL PIP TARGETS

The performance right grant is based on a 5-day volume weighted average share price of $4.1250, calculated from 06 August 2021. The performance period is 1 July 2021 to 30 June 2022 and performance is assessed against a scorecard of internal key performance indicators as determined by the Board.

Once assessed, the performance rights become performance qualified, and vesting is then based on continuous service. These vesting periods assist the Group with its targeted retention strategy of Key Management Personnel and executive management team. The vesting schedule is 50% of the qualified rights vest in August 2023 (Tranche 1) and 50% vest in August 2024 (Tranche 2).

TOTAL TARGET ANNUAL REMUNERATION

Key Management Personnel's total target annual remuneration (TTAR) package comprises three components :

- Total Fixed Annual Remuneration which represents 60% of TTAR.
- Target Incentive which represents 30% of TTAR and is awarded 50% in cash and 50% in deferred rights.
- Stretch target which represents 10% of TTAR and is awarded 50% in cash and 50% in deferred rights.

PERFORMANCE INCENTIVE PLAN (PIP) SUMMARY

The following outlines the key terms of the Performance Incentive plan which is effective from 1 July 2021.

Performance incentive structure	Performance Incentive Plan to be delivered in the form of up to 50% cash and 50% performance rights (each right equates to a right to one ordinary share).
Performance incentive quantum	Target Incentive for FY2022: 30% of Total Fixed Annual Remuneration (TFAR). There is an opportunity to earn up to 40% of TFAR for exceptional performance. (Stretch Target).
Grant date and allocation methodology	Performance Incentive plan rights are allocated on an annual basis. Performance rights will be granted at the start of each 12-month performance period (i.e., financial year) and where required shareholder approval will be sought. The allocation methodology is as follows: 1. The value of the equity portion of the performance incentive is calculated. 2. The number of performance rights to be granted is calculated by dividing the maximum possible equity incentive award dollar value (i.e., include stretch targets) by a 5-day average VWAP from around the time of the grant date; and 3. The total number of Performance Rights is granted post shareholder approval and will vest subject to achievement of the required KPI's.
Performance period	Performance is assessed over the financial year – for this incentive plan allocation the financial year ends 30 June 2022.
Performance criteria	Performance will be assessed over a 12-month period against a scorecard of KPIs determined by the Board. These KPIs will include a majority of financial metrics (40% or more together with a small number of operational metrics). • Meet or exceed a PBT of $62.4m for the financial year. • On time performance in excess of 95% for QQ Charter flights and in excess of 92% for wet lease and RPT operations. • The Company's safety record is preserved as measured by: (1) maintaining IOSA accreditation; (2) maintaining BARS Gold: (3) No serious incidents during the year; and (4) no insurance claims greater than the insurance deductable.
Performance Rights vesting conditions	Once the performance criteria have been met and the financial statements are released with an unqualified audit opinion, vesting is based purely on service i.e., for performance rights to vest the participant must remain continuously employed by the Group at each vesting date. Any performance rights which do not vest due to the holder not meeting the KPI targets will lapse. The vesting schedule is as follows: • 50% of the rights will vest on the later of 15th August 2023 or the date on which the Group's FY23 financial statements with unqualified audit opinion are released to the ASX. (Tranche 1) • 50% of the rights will vest on the later of 15th August 2024 or the date on which the Group's FY24 financial statements with unqualified audit opinion are released to the ASX. (Tranche 2)
Exercise of rights	The rights will be deemed exercised on the date of provision of the vesting and confirmation notice or, if the individual is not permitted to trade securities under the Groups securities trading policy on such date, the first subsequent day that the individual is permitted to trade such securities.
Expire Date of Rights	The rights will expire 36 months after the grant date.
Exercise price	Nil.
Cash incentives	Once performance has been assessed, the cash incentives payments are made post the release of the Group's audited and unqualified FY2022 financial statements to the ASX.
Board Discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any deferred PI award.

The table below summarises a number of key financial measures from the last five years:

	2022	2021	2020	2019	2018
Profit/(Loss) for the year attributable to Alliance Aviation Services Ltd ($'000)	(5,207)	33,671	26,972	22,735	18,111
Basic Earnings per share (Cents)	(3.24)	21.00	21.09	18.65	14.72
Dividend Payments ($'000)	-	-	11,061	16,278	6,755
Dividend Payout ratio (%)	-	-	41.0	71.6	37.3
Increase / (Decrease) in share price (%)	(21.5)	50.2	17.4	33.7	99.0

ASSESSMENT OF PERFORMANCE

Performance against the performance targets are assessed by the Board. The Managing Director and the Executive Directors' performances are assessed against the individual KPIs by the Nomination and Remuneration committee which then makes recommendations to the Board. The performance of other Key Management Personnel against their individual KPIs is assessed by the Managing Director, who confers with the Nomination and Remuneration committee and then the Board regarding this assessment.

The Board believes the method of assessment is rigorous and provides a balanced evaluation of the Managing Director, Executive Director and other KMP performance.

The qualification of performance incentives is generally considered by the Nomination and Remuneration committee and the Board after the financial accounts for that performance period (financial year) have been audited. Post this review the Board approves the payment of any cash bonuses and confirms the quantum of performance rights that have become qualified rights.

KEY MANAGEMENT PERSONNEL AND EXECUTIVE MANAGEMENT TEAM PERFORMANCE INCENTIVE OUTCOMES

To support the business plan for the financial year, the Board set performance targets for each member of the Key Management Personnel and the executive management team. These targets were linked to financial, safety and strategic objectives of the Group. Financial targets include the achievement of the forecast FY2022 PBT. Non-financial targets include safety and on time performance targets.

The table below show the performance incentive plan outcomes for Key Management Personnel. The FY2022 performance targets for PBT and safety were not met and as a result the Board exercised its discretion to deem the PIP criteria were not achieved for FY2022.

The performance incentive target opportunity is set at 30% of TFAR and the stretch target opportunity is 40% of TFAR. These targets are measured against a scorecard of key performance indicators as shown below. 50% of the PIP will be delivered by way of a grant of performance rights and 50% by way of a cash bonus.

KPI Target Results	**TFAR**	**PI Target as per KPI**	**KPI Outcome**	**Stretch KPI Outcome**	**Total PI awarded**	**Cash Bonus awarded (50% of total)**	**Performance Rights awarded (50% of Total)**
		$			**$**	**$**	**$**
Scott McMillan **Managing Director**	567,701	170,310	0%	0%	-	-	-
Lee Schofield **Executive Director and Chief Executive Officer**	414,893	124,468	0%	0%	-	-	-
Marc Devine **Chief Financial Officer**	296,164	88,849	0%	0%	-	-	-
Stewart Tully **Chief Operating Officer**	307,347	92,204	0%	0%	-	-	-
Robert Nelson **General Manager Commercial, Aviation Business Development**	291,325	87,398	0%	0%	-	-	-

CESSATION OF EMPLOYMENT

Under the service agreements for Key Management Personal and other members of the executive management team, if a member ceased employment with the Group before performance against targets were assessed, they would generally not be entitled to receive any awards, unless otherwise determined by the Board.

SERVICE AGREEMENTS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. This letter of appointment summaries the Board's policies and terms and includes remuneration details relevant to the Director.

Remuneration and other terms of employment for the Managing Director, Executive Director and the other Key Management Personnel are formalised in employment agreements. These agreements provide for remuneration in the form of TFAR and any other applicable benefits. The service agreements are summarised below:

Name	Commencement Date	Term of Employment Contract	Base Salary & Superannuation	Termination Benefits	Notice Period
S McMillan Managing Director	12-Apr-02	On-going	567,701	Nil	12 months
L Schofield Chief Executive Officer	12-Jun-12	Resigned 27 July 2022	414,893	Nil	12 months
M Devine Chief Financial Officer / Company Secretary	9-May-16	On-going	296,164	Nil	12 months
S Tully Chief Operating Officer	25-Oct-15	On-going	307,347	Nil	3 months
R Nelson General Manager Commercial, Aviation Business Development	11-Apr-21	On-going	291,325	Nil	3 months

DETAILS OF REMUNERATION PAID AND ACCRUED

The following tables show details of the remuneration received by the Directors and the Key Management Personnel of the Group for the current and previous financial year.

2022	Fixed Remuneration				Variable Remuneration			Total
	Short-term Employee Benefits		Post Employment Benefits	Long Term Employee Benefits	Short-term Employee Benefits[3]	Long Term Benefits	Share Based Payments[1,2]	
	Cash Salary $	Annual Leave $	Super-annuation $	Long Service Leave $	Cash Bonus $	Termination Benefits $	Performance Rights per PIP $	$
Non-Executive Directors								
S Padgett	176,055	-	17,606	-	-	-	-	193,661
D Crombie	87,100	-	8,710	-	-	-	-	95,810
P Housden	95,810	-	-	-	-	-	-	95,810
Sub-total Non-Executive Directors	**358,965**	**-**	**26,316**	**-**	**-**	**-**	**-**	**385,281**
Executive Directors								
S McMillan	555,597	46,225	27,500	12,507	141,925[3]	-	2,484	786,238
L Schofield	403,149	3,667	23,568	18,805	103,723[3]	-	1,815	554,727
Other Key Management Personnel								
M Devine	282,982	6,212	23,568	5,162	74,041[3]	-	1,296	393,261
S Tully	288,606	1,769	27,500	5,635	76,837[3]	-	1,015	401,362
R Nelson	268,679	(1,317)	23,568	954	-	-	-	291,884
Sub-total Executive Directors and other Key Management Personnel	**1,799,013**	**56,556**	**125,704**	**43,063**	**396,526**	**-**	**6,610**	**2,427,472**
Total Key Management Personnel compensation (group)	**2,157,978**	**56,556**	**152,020**	**43,063**	**396,526**	**-**	**6,610**	**2,812,753**

1. Rights to deferred shares granted under the executive STI scheme are expensed over the performance period, which includes the year to which the bonus relates and the subsequent vesting period of the rights.
2. Equity-settled share-based payments as per Corporations Regulation 2M.3.03(1) Item 11. These include negative amounts for options and rights forfeited during the year.
3. Ex-gratia bonus paid as agreed by the Remuneration Committee on 16 August 2021.

2021	Fixed Remuneration				Variable Remuneration			Total
	Short-term Employee Benefits		Post Employment Benefits	Long Term Employee Benefits	Short-term Employee Benefits[3]	Long Term Benefits	Share Based Payments[1,2]	
	Cash Salary $	Annual Leave $	Super-annuation $	Long Service Leave $	Cash Bonus $	Termination Benefits $	Performance Rights per PIP $	$
Non-Executive Directors								
S Padgett	176,055	-	16,725	-	-	-	-	192,780
D Crombie	87,100	-	8,275	-	-	-	-	95,375
P Housden	95,375	-	-	-	-	-	-	95,375
Sub-total Non-Executive Directors	**358,530**	**-**	**25,000**	**-**	**-**	**-**	**-**	**383,530**
Executive Directors								
S McMillan	540,201	19,634	25,000	7,261	84,780[3]	-	24,873	701,749
L Schofield	391,313	(14,388)	21,694	11,238	61,951[3]	-	18,742	490,550
Other Key Management Personnel								
M Devine	273,124	10,639	21,694	2,847	44,223[3]	-	13,096	365,623
S Tully	81,250	14,026	5,993	12,277	-	-	-	113,546
R Nelson[4]	59,188	5,134	5,623	178	-	-	-	70,123
S Edwards[4]	142,613	(9,597)	13,548	(13,031)	47,363[3]	-	15,764	196,660
Sub-total Executive Directors and other Key Management Personnel	**1,487,689**	**25,448**	**93,552**	**20,770**	**238,317**	**-**	**72,475**	**1,938,251**
Total Key Management Personnel compensation (group)	**1,846,219**	**25,448**	**118,552**	**20,770**	**238,317**	**-**	**72,475**	**2,321,781**

1: Rights to deferred shares granted under the executive STI scheme are expensed over the performance period, which includes the year to which the bonus relates and the subsequent vesting period of the rights.

2: Equity-settled share-based payments as per Corporations Regulation 2M.3.03(1) Item 11. These include negative amounts for options and rights forfeited during the year.

3. Ex-gratia bonus paid as agreed by the Remuneration Committee on 23 August 2020

4. The amount reported relates to the remuneration made while acting as Key Management Personnel.

OTHER KEY MANAGEMENT PERSONNEL DISCLOSURES

KEY MANAGEMENT PERSONNEL – RIGHTS HOLDINGS

The number of performance rights held by Directors and other Key Management Personnel of the Group during the financial year are shown below:

Performance Rights	Balance at 1 July 2021	Granted as Remuneration	Cancelled	FY 2022 Exercised and vested*	Forfeited	Balance at 30 June 2022
Directors						
S McMillan	25,425	27,524	-	(25,425)	(27,524)	-
L Schofield	18,579	20,116	-	(18,579)	(20,116)	-
Other Key Management Personnel						
M Devine	13,262	14,360	-	(13,262)	(14,360)	-
S Tully	10,393	14,902	-	(10,393)	(14,902)	-
R Nelson	-	14,125	-	-	(14,125)	-

*Share price at date exercised - $4.07. These rights relate to vested rights from Tranche 2 of the FY19 grant (October 2018) vested on 15 August 2021.

Grant Date	Vesting Date Tranche 1	Vesting Date Tranche 2	Fair Value at Grant Date $
2 November 2017	15 August 2019	15 August 2020	1.50
30 October 2018	15 August 2020	15 August 2020	2.38
30 October 2019	15 August 2021	15 August 2022	2.51
16 September 2020	15 August 2022	15 August 2023	3.70
16 September 2021	15 August 2023	15 August 2024	4.02

RIGHTS TO ORDINARY SHARES - REMUNERATION

For each grant of rights to ordinary shares, the percentage of the grant that vested in the financial year, and the percentage that was forfeited because the KMP did not meet the service and performance criteria are set out below. The minimum value of the rights yet to vest is nil, as the rights will be forfeited if the service condition is not met. The maximum value of the rights yet to vest is determined as the amount of the grant date fair value that is yet to be expensed to the income statement.

PERFORMANCE RIGHTS

	Directors		KMP		
	S McMillan	**L Schofield**	**M Devine**	**S Tully**	**R Nelson**
FY Granted – 2019					
Number granted	63,536	61,075	32,195	25,981	
Share price as grant date ($)	2.38	2.38	2.38	2.38	
Vested %	80	80	80	80	
Vested number	25,425	48,860	25,756	10,392	
Qualified %*	80	80	80	80	
Forfeited %	20	20	20	20	
Tranche 1 vesting date	15 Aug 2020	15 Aug 2020	15 Aug 2020	15 Aug 2020	
Tranche 2 vesting date	15 Aug 2021	15 Aug 2021	15 Aug 2021	15 Aug 2021	
Estimated value yet to vest ($)	-	-	-	-	
FY Granted – 2020					
Number granted	55,683	40,689	29,045	22,760	
Share price as grant date ($)	2.51	2.51	2.51	2.51	
Vested %	-	-	-	-	
Vested number	-	-	-	-	
Qualified %*	-	-	-	-	
Forfeited %	100	100	100	100	
Tranche 1 vesting date ^	15 Aug 2021	15 Aug 2021	15 Aug 2021	15 Aug 2021	
Tranche 2 vesting date ^	15 Aug 2022	15 Aug 2022	15 Aug 2022	15 Aug 2022	
Estimated value yet to vest ($)	-	-	-	-	
FY Granted – 2021					
Number granted	39,770	29,061	20,745	20,758	2,204
Share price as grant date ($)	3.70	3.70	3.70	3.70	4.57#
Vested %	-	-	-	-	-
Vested number	-	-	-	-	-
Qualified %*	-	-	-	-	-
Forfeited %	100	100	100	100	100
Tranche 1 vesting date	15 Aug 2022	15 Aug 2022	15 Aug 2022	15 Aug 2022	15 Aug 2022
Tranche 2 vesting date	15 Aug 2023	15 Aug 2023	15 Aug 2023	15 Aug 2023	15 Aug 2023
Estimated value yet to vest ($)	-	-	-	-	-
FY Granted – 2022					
Number granted	37,847	27,660	19,745	20,490	19,422
Share price as grant date ($)	4.07	4.07	4.07	4.07	4.07
Vested %	-	-	-	-	-
Vested number	-	-	-	-	-
Qualified %*	-	-	-	-	-
Forfeited %	100	100	100	100	100
Tranche 1 vesting date	15 Aug 2023	15 Aug 2023	15 Aug 2023	15 Aug 2023	15 Aug 2023
Tranche 2 vesting date	15 Aug 2024	15 Aug 2024	15 Aug 2024	15 Aug 2024	15 Aug 2024
Estimated value yet to vest ($)	-	-	-	-	-

* Once non-market vesting conditions defined as part of PIP are met, the performance rights become qualified.

^ Due to the COVID-19 pandemic the Board at its meeting held in Brisbane on 16 April 2020 cancelled the PIP for FY2020.

Based on join date of 12 April 2021.

KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

The number of ordinary shares held by Directors and Key Management Personnel (and their related parties) of the Group during the financial year are as follows:

Ordinary Shares - number	Balance at 1 July 2021	Exercise of Rights	FY 2022 Other Additions	Disposals	Balance at 30 June 2022
Directors					
S McMillan	**3,700,000**	25,425	48,000	-	**3,773,425**
L Schofield	**144,989**	18,579	-	-	**163,568**
S Padgett	**6,203,269**	-	-	-	**6,203,269**
D Crombie	**179,466**	-		-	**179,466**
P Housden	**49,698**	-		-	**49,698**
Other Key Management Personnel					
M Devine	**48,715**	13,262	2,516	-	**64,493**
S Tully	**76,729**	10,393	-	-	**87,122**
R Nelson	**-**	-	4502	-	**4,502**

Ordinary Shares - number	Balance at 1 July 2020	Exercise of Rights	FY 2021 Other Additions	Disposals	Balance at 30 June 2021
Directors					
S McMillan	**4,174,179**	46,320	10,527	(531,206)	3,700,000
L Schofield	**91,454**	43,008	10,527	-	144,989
S Padgett	**7,392,742**	-	10,527	(1,200,000)	6,203,269
D Crombie	**168,939**	-	10,527	-	179,466
P Housden	**39,171**	-	10,527	-	49,698
Other Key Management Personnel					
M Devine	**18,048**	26,140	10,527	(6,000)	48,715
S Tully[0]	**44,422**	21,780	10,527	-	76,729
R Nelson		-	-	-	-
S Edwards*	**16,319**	47,864	10,021		74,204

[0]Stewart Tully was appointed to a newly created role of Chief Operating Officer on 19 April 2021. Prior to this date Stewart held the role of General Manager Operations and held 44,422 shares.

LOANS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

There have been no loans to Directors or Key Management Personnel during the financial year.

SHARES UNDER OPTION

There were no ordinary shares of Alliance Aviation Services Limited under option at the date of the report.

The end of the audited remuneration report

INSURANCE AND INDEMNITY OF OFFICERS

During the financial year, Alliance and its controlled entities paid premiums to insure the Directors and Company Secretaries of the Group companies.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

NON-AUDIT SERVICES

The Company may decide to employ the audit firm on assignments additional to their statutory audit duties where the audit firms expertise and experience with the Group are important.

Details of the amounts paid or payable to the audit firm (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in note J5 to the financial statements.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

S Padgett, OAM
Chairman
Sydney
10 August 2022

Auditor's Independence Declaration

As lead auditor for the audit of Alliance Aviation Services Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Alliance Aviation Services Limited and the entities it controlled during the period.

Tim Allman
Partner
PricewaterhouseCoopers

Brisbane
10 August 2022

Financial Statements

For the year ended 30 June 2022

These financial statements are consolidated financial statements for the Group consisting of Alliance Aviation Services Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Alliance Aviation Services Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Alliance Aviation Services Limited
81 Pandanus Avenue
Brisbane Airport QLD 4009

The financial statements were authorised for issue by the Directors on 10 August 2022. The Directors have the power to amend and reissue the financial statements.

All press releases, financial statements, corporate governance statements and additional information are available on our website: www.allianceairlines.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Notes	**30 June 2022 $'000**	Restated* 30 June 2021 $'000
Revenue and Income			
Revenue from continuing operations	A1	**367,520**	308,605
Net foreign exchange gains / (losses)		**(1,897)**	(2,242)
Other income		**3,785**	232
Total Revenue and Income		**369,408**	306,595
Expenses			
Direct flight costs	A3	**(130,788)**	(92,391)
Parts and inventory costs	A3	**(35,256)**	(27,224)
Labour and staff related costs	A3	**(127,619)**	(89,326)
Repairs and maintenance costs		**(1,358)**	(1,000)
Accommodation and utility costs		**(2,284)**	(1,941)
IT and communications costs		**(3,847)**	(3,088)
Other administrative costs		**(8,509)**	(5,080)
Finance costs	A3	**(7,708)**	(2,656)
Impairment loss on write-down of disposal group	D5	**(12,141)**	-
Depreciation and amortisation		**(47,004)**	(36,885)
Total Expenses		**(376,514)**	(259,591)
Profit before income tax for the period		**(7,106)**	47,004
Income tax expense	E1	**1,899**	(14,220)
Profit for the period		**(5,207)**	32,784
Other Comprehensive Income			
Items that may be classified to profit or loss:		**-**	-
Other Comprehensive Income for the period net of tax		**-**	-
Total Comprehensive Income for the period		**(5,207)**	32,784
Total Comprehensive Income for the period is attributable to:			
Owners of Alliance Aviation Services Limited		**(5,207)**	32,784

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Earnings Per Share for Profit from Continuing Operations Attributable to the Ordinary Equity Holders of the Company		**Cents**	Restated* Cents
Basic earnings per share	G3	**(3.24)**	20.45
Diluted earnings per share	G3	**(3.24)**	20.36

*Refer to Note K1 for information on restatements

Consolidated Balance Sheet

For the year ended 30 June 2022

	Notes	30 June 2022 $'000	Restated* 30 June 2021 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	B1	**20,895**	36,222
Receivables	J1	**57,137**	49,361
Disposal group held for sale	D5	**4,608**	-
Inventory	D1	**82,448**	85,043
Total Current Assets		**165,088**	170,626
Non-Current Assets			
Property, plant & equipment	D2	**473,886**	406,729
Intangibles	D3	**272**	383
Right of use assets	D4	**27,244**	27,989
Total Non-Current Assets		**501,402**	435,101
Total Assets		**666,490**	605,727
LIABILITIES			
Current Liabilities			
Trade and other payables	J2	**76,623**	44,224
Borrowings	B2	**5,252**	4,752
Current tax liabilities		**1,209**	3,527
Lease liabilities	D4	**2,559**	2,201
Provisions	J3	**15,157**	11,841
Total Current Liabilities		**100,800**	**66,545**
Non-Current Liabilities			
Borrowings	B2	**184,827**	151,535
Provisions	J3	**1,280**	1,303
Deferred tax liability	E2	**39,262**	41,280
Lease liabilities	D4	**26,866**	26,928
Total Non-Current Liabilities		**252,235**	221,046
Total Liabilities		**353,035**	287,591
Net Assets		**313,455**	318,136
EQUITY			
Contributed equity	G1	**288,206**	287,426
Reserves	G2	**(110,492)**	(110,238)
Retained earnings		**135,741**	140,948
Total Equity		**313,455**	318,136

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

*Refer to Note K1 for information on restatements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Notes	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 July 2021		**287,426**	**(110,238)**	**140,948**	**318,136**
Profit for the period				**(5,207)**	**(5,207)**
Other comprehensive income					
Total comprehensive income for the period				**(5,207)**	**(5,207)**
Transactions with owners in their capacity as owners:					
Share-based payment reserve	G2	**381**	**(334)**		**47**
Share placement issue	G1				
Employee share plan issue		**399**			**399**
Foreign currency translation reserve			**80**		**80**
Closing Balance as at 30 June 2022		**288,206**	**(110,492)**	**135,741**	**313,455**

	Notes	Contributed Equity $'000	Reserves $'000	Restated Retained Earnings $'000	Restated* Total Equity $'000
Balance as at 1 July 2020		**282,530**	**(109,845)**	**109,379**	**282,064**
Adjustment re prior year - Refer Note K1		-	-	(1,215)	(1,215)
Restated balance as at 1 July 2020		**282 530**	**(109,845)**	**(108,164)**	**280,849**
Profit for the period		**-**	**-**	**32,784**	**32,784**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income for the period		**-**	**-**	**32,784**	**32,784**
Transactions with owners in their capacity as owners:					
Share-based payment reserve	G2	**623**	**(450)**	**-**	**173**
Share placement issue	G1	**3,837**	**-**	**-**	**3,837**
Employee share plan issue		**436**	**-**	**-**	**436**
Foreign currency translation reserve		**-**	**57**	**-**	**57**
Closing Balance as at 30 June 2021		**287,426**	**(110,238)**	**140,948**	**318,136**

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

*Refer to Note K1 for information on restatements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	30 June 2022 $'000	30 June 2021 $'000
Cash Flows from Operating Activities			
Receipts from customers (inclusive of GST)		**415,430**	336,911
Payments to suppliers (inclusive of GST)		**(354,857)**	(294,707)
Interest received		**24**	163
Interest paid		**(6,671)**	(1,567)
Income tax paid		**(1,472)**	(1,003)
Net Cash Flows from Operating Activities	**B4**	**52,454**	39,797
Cash Flows from Investing Activities			
Payments for property, plant and equipment		**(99,311)**	(205,675)
Net Cash Inflow (Outflow) from Investing Activities		**(99,311)**	(205,675)
Cash Flows from Financing Activities			
Proceeds from Share Issue		**-**	**3,438**
Proceeds from borrowings		**38,500**	**146,500**
Repayment of borrowings		**(4,752)**	**(44,613)**
Share issue costs		**-**	**-**
Principal elements of lease payments		**(2,217)**	**(2,030)**
Net Cash Inflow (Outflow) from Financing Activities		**31,531**	103,295
Net Increase (Decrease) in Cash and Cash Equivalents		**(15,326)**	(62,583)
Cash and cash equivalents at the beginning of the year		**36,222**	98,788
Effects of exchange rate on cash and cash equivalents		**(1)**	17
Cash and Cash Equivalents at End of the Year	**B1**	**20,895**	**36,222**

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

TABLE OF CONTENTS

A. FINANCIAL OVERVIEW

A1 - REVENUE FROM CONTINUING OPERATIONS

The Group recognises revenue at a point in time once control of the goods or services passes to the customer. Revenue is derived from contract air charter services, ad-hoc air charter services, wet lease services, regular public transport (RPT) services and several allied aviation services including part sales, aircraft, engine and parts leasing, aerodrome management services and other engineering services.

In the following table revenue has been disaggregated by type of revenue.

	30 June 2022 $'000	30 June 2021 $'000
Contract revenue	**257,752**	**214,209**
Charter revenue	**25,434**	**43,700**
Wet lease revenue	**55,408**	**7,849**
RPT revenue	**17,930**	**33,563**
Aviation services revenue	**8,922**	**7,963**
Other revenue	**2,074**	**1,321**
Total revenue generated at a point in time	**367,520**	**308,605**

ACCOUNTING POLICY

The Group derives revenue from the transfer of goods and the delivery of services at points in time as detailed below:

(i) Contract air charter services

The Group's primary business is the transportation by air of workers and contractors to and from remote project sites of major mining and energy companies. Contract air charter services are subject to contracts with companies. Revenue is derived and recognised in accordance with an agreed flight schedule, based on completed flights.

Revenue is generally calculated on a price paid on a 'per round trip' basis with the contracts including cost pass-through mechanisms for movements in foreign currency exchange rates, fuel prices and consumer price index changes. These cost pass-through mechanisms are invoiced on a monthly or quarterly basis.

(ii) Ad-hoc charter services

Alliance also utilises its fleet to provide ad-hoc charter services to a range of corporate, government, tourism, educational and sporting customers predominantly through surplus capacity. Revenue is derived in accordance with an agreed flight schedule based on completed flights.

(iii) Wet lease services

The Group also utilises its fleet for wet lease contracts. A wet lease of an aircraft is an arrangement whereby the Group provides an aircraft, crew, maintenance and insurance to a third-party airline operator. Revenue is derived in accordance with an agreed flight schedule based on completed block hours per flight.

(iv) Regular Public Transport (RPT)

Alliance provides RPT services to a number of regional ports across Australia. RPT refers to services provided by Alliance to passengers who buy and pay for tickets on scheduled flights. Revenue is derived on a per passenger basis in accordance with an agreed flight schedule based on completed flights.

(v) Aviation services

Alliance has a large inventory consisting of aircraft and aircraft parts. Revenue is generated by Alliance through the sale of aircraft parts to third parties. Alliance also provides line and heavy maintenance services to other aircraft operators. These services include the provision of labour and parts and are invoiced based on typical market conditions of cost-plus margin on both components.

A. FINANCIAL OVERVIEW (CONTINUED)

A1 - REVENUE FROM CONTINUING OPERATIONS (CONTINUED)

ACCOUNTING POLICY (CONTINUED)

Alliance also manages a number of aerodromes and provides airport and ground handling services to contract clients. These services are invoiced as a fee for service and are generally invoiced on a monthly or per turn basis.

Revenue is measured at the fair value of the consideration received or receivable.

A2 - OTHER INCOME

	2022 $’000	2021 $’000
Interest income	**16**	152
Other Income	**3,769**	80
	3,785	232

ACCOUNTING POLICY

Interest income is recognised on a time proportioned basis using the effective interest method.

Other Income includes aircraft and engine lease revenue recognised on either a fixed monthly payment, per day lease rate or a per cycle lease rate. In some cases, all rates are applicable

A3 - MATERIAL PROFIT OR LOSS ITEMS

The Group has identified a number of items which are material due to the significance of their value and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	2022 $'000	Restated* 2021 $’000
Direct flight costs	**(130,788)**	(92,391)
General parts and inventory costs	**(35,256)**	(27,224)
Interest expense	**(7,708)**	(2,656)
Labour and staff related costs		
Salaries and wages	**(105,161)**	(74,488)
Superannuation	**(9,265)**	(6,387)
Contractors	**(3,387)**	(2,677)
Travel and accommodation	**(5,121)**	(2,629)
Work cover and payroll tax	**(5,903)**	(4,294)
Other employee expenses	**(3,668)**	(2,893)
Costs capitalised as part of heavy maintenance activities	**4,886**	4,042
	(127,619)	(89,326)
Short-term or low value lease payments where no Right of Use asset is recognised		
Minimum lease payments	**(672)**	(255)
Minimum sublease receipts	**434**	429

*Refer to Note K1 for information on restatements.

GOVERNMENT GRANTS

The table below shows the value of Government Grants and Rebates that were provided to support the aviation industry through the COVID-19 pandemic. These amounts have been accounted for as reductions in the line-item expenses listed below in accordance with the Group’s accounting policy.

A. FINANCIAL OVERVIEW (CONTINUED)

A3 - MATERIAL PROFIT OR LOSS ITEMS (CONTINUED)

GOVERNMENT GRANTS (CONTINUED)

	2022 $'000	2021 $'000
Direct flight costs	**-**	8,836
Labour and staff related costs	**-**	-
Total government grants and rebates included in expenses	**-**	8,836

ACCOUNTING POLICY

Government grants, including non-monetary grants at fair value, shall not be recognised until it is probable that:

a) the Group will comply with the conditions attaching to them; and

b) the grants will be received.

A government grant is not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

The manner in which a grant is received does not affect the accounting method to be adopted in regard to the grant. Thus, a grant is accounted for in the same manner whether it is received in cash or as a reduction of a liability to the government.

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

B. CASH MANAGEMENT

B1 - CASH AND CASH EQUIVALENTS

	2022 $'000	2021 $'000
Cash at bank and on hand	**20,895**	36,222

ACCOUNTING POLICY

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. CASH MANAGEMENT (CONTINUED)

B2 - BORROWINGS

FACILITIES

The type of borrowing facilities available and utilised as at 30 June 2022 is shown below:

Funding Mechanism	Financier Limit ANZ $'000	Pricoa $'000	NAIF $'000	Current Available $'000	Utilisation $'000
Term loan facility I	**21,535**	-	-	-	**21,535**
Term loan facility II	**43,500**	-	-	-	**43,500**
Term loan facility lll	**12,500**	-	-	-	**12,500**
Working capital multi option facility l	**4,000**	-	-	**3,914**	**86**
Working capital multi option facility ll	**12,500**	-	-	**12,500**	-
Bank guarantee facility	**1,000**	-	-	**322**	**678**
Northern Australia Infrastructure Facility (NAIF)	-	-	**21,000**	**8,456**	**12,544**
Senior secured guaranteed notes	-	**100,000**	-	-	**100,000**
Total	**95,035**	**100,000**	**21,000**	**25,192**	**190,843**

The term loans are amortising loans with repayments due each quarter for term loan facility I and lll, and each quarter from December 2021 for term loan facility II. Any voluntary repayments may not be redrawn. The term loans have an expiration date of 12 July 2024. The Group has secured a facility agreement with the Northern Australian Infrastructure Facility to complete the construction of a three-bay maintenance facility in Rockhampton. The Rockhampton facility will provide support for the expanding fleet and ensure access to maintenance facilities into the future.

The working capital multi option facility I may be drawn at any time to its limit of $4 million and is subject to annual review each December. The bank can withdraw the facility with 60 days written notice. The working capital multi option facility ll may be drawn at any time to its limit of $12.5 million and has a stepped reduction to nil at 31 March 2023.

The senior secured guaranteed notes are due progressively over the next ten years with 25% due in November 2025, 25% due in May 2028 and 50% due in May 2031.

The term loans, working capital multi option facility and the senior secured guaranteed notes are subject to certain financial covenants and restrictions such as debt service cover ratios, leverage ratios and others. As reported at the half year the Group received waivers from its financiers for December 2021. The Group has successfully renegotiated the baseline financial covenants to be used in future periods. The baseline position for debt covenant calculations has been amended to reflect the full impact of the changes in calculations relating to AASB16.

During the remainder of the year ended 30 June 2022, the Group maintained compliance with the revised and agreed financial covenants and restrictions of these facilities.

ACCOUNTING POLICY

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

B. CASH MANAGEMENT (CONTINUED)

B2 - BORROWINGS (CONTINUED)

ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2022 $'000	Restated* 2021 $'000
Current		
Floating charge		
Cash and cash equivalents	**20,895**	36,222
Receivables	**57,137**	49,361
Inventory	**82,448**	85,043
Total current assets pledged as security	**160,480**	170,626
Non-Current		
First mortgage	**455,209**	390,301
Aircraft	**455,209**	390,301
Floating charge		
Plant and equipment	**18,677**	16,428
Intangibles	**272**	383
Total Non-current assets pledged as security	**474,158**	407,112
Total Assets Pledged as Security	**634,638**	577,738

*Refer to Note K1 for information on restatements.

B3 - NET CASH (DEBT)

This section sets out an analysis of net cash (debt) and the movements in net cash (debt) for each of the periods presented.

	2022 $'000	2021 $'000
Cash and cash equivalents	**20,895**	36,222
Borrowings – repayable within one year	**(5,252)**	(4,752)
Borrowings – repayable after one year	**(184,827)**	(151,535)
Net Cash / (Debt)	**(169,184)**	(120,065)
Cash and cash equivalents	**20,895**	36,222
Gross debt - variable interest rates	**(90,079)**	(56,287)
Gross debt - fixed interest rates	**(100,000)**	(100,000)
Net Cash / (Debt)	**(169,184)**	(120,065)

	Opening Balance 1 July 2021	Drawdowns	Repayments	Closing Balance 30 June 2022
Term Loan Facilities	**56,287**	**26,000**	**(4,752)**	**77,535**
Senior secured guaranteed notes	**100,000**	**-**	**-**	**100,000**
Northern Australia Infrastructure Facility	**-**	**12,544**	**-**	**12,544**
Closing Net Book Value as at 30 June 2022	**156,287**	**38,544**	**(4,752)**	**190,079**

	Opening Balance 1 July 2020	Drawdowns	Repayments	Closing Balance 30 June 2021
Term Loan Facilities	**54,400**	**46,500**	**(44,613)**	**56,287**
Senior secured guaranteed notes	**-**	**100,000**	**-**	**100,000**
Closing Net Book Value as at 30 June 2022	**54,400**	**146,500**	**(44,613)**	**156,287**

B. CASH MANAGEMENT (CONTINUED)

B4 - RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2022 $'000	Restated* 2021 $'000
Profit for the year (after tax)	**(5,207)**	32,784
Depreciation and amortisation	**47,004**	36,885
Costs incurred as part of heavy maintenance program	**4,886**	4,042
Net (gain)/loss on foreign exchange differences	**(1,897)**	(2,242)
Net (gain)/loss on assets held for sale	**12,141**	-
Change in operating assets and liabilities,		
(Increase)/decrease in trade debtors	**(6,164)**	4,067
(Increase)/decrease in inventory	**(28,077)**	(47,487)
(Increase)/decrease in prepayments and other assets	**(1,612)**	150
Increase/(decrease) in trade creditors	**27,092**	(2,352)
Increase/(decrease) in other operating liabilities	**5,308**	(1,958)
Increase/(decrease) in provision for income taxes payable	**(2,318)**	2,246
Increase/(decrease) in deferred tax	**(2,018)**	10,971
Increase/(decrease) in other provisions	**3,316**	2,691
Net Cash Inflow (Outflow) from Operating Activities	**52,454**	39,797

*Refer to Note K1 for information on restatements.

C. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to safeguard the ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

C1 - DIVIDENDS

ORDINARY SHARES

	2022 $'000	2021 $'000
In respect of financial year ended 30 June 2021 no final dividend was declared	-	-
In respect of financial year ended 30 June 2022 no interim dividend was declared.	-	-

DIVIDENDS DECLARED BUT NOT RECORDED

A final dividend has not been declared for year ended 30 June 2022.

ACCOUNTING POLICY

Provision is made for any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

C. CAPITAL MANAGEMENT (CONTINUED)

C2 – FRANKING CREDITS

	2022 $'000	2021 $'000
Franking credits available for subsequent reporting based on a tax rate of 30% (2021: 30%)	**10,540**	8,649

ACCOUNTING POLICY

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

D. INVENTORY, PROPERTY, PLANT & EQUIPMENT, INTANGIBLES AND LEASES

D1 - INVENTORY

	2022 $'000	Restated* 2021 $'000
Aircraft spares and spare engines		
• Fokker	**36,420**	35,607
• Embraer	**33,713**	38,268
Total Aircraft spares and spare engines	**70,133**	73,875
Consumables	**12,315**	11,168
Total Inventory	**82,448**	85,043

*Refer to Note K1 for information on restatements.

AMOUNTS RECOGNISED IN PROFIT OR LOSS

Inventory recognised as an expense during the year ended 30 June 2022 amounted to $5,017k (2021: $3,099K), and is included in parts and inventory costs.

Inventory items relating to the F50 fleet and identified as part of the disposal group have been transferred to the Asset/disposal Groups held for sale. The net realisable value of the transfer was $8.0 million. The impairment is detailed in Note D5.

ACCOUNTING POLICY

Inventory is measured at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventory to their present location and condition. Inventory consists of spare aircraft and engine parts, spare engines, components, and whole aircraft where the intent of acquisition was to hold as inventory for sale or breakdown for spare parts.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group's maintenance program relies on access to spare parts (rotables) which are interchangeable with parts currently utilised on an aircraft. These rotables are parts that are removed from aircraft and transferred from property, plant and equipment into inventory at the lower of cost or net realisable value (core value).

D1 – INVENTORY (CONTINUED)

ACCOUNTING POLICY (CONTINUED)

Rotables that are taken out of inventory and fitted to an aircraft are transferred to property plant and equipment at the carrying value at the time of transfer.

Note K5 discloses the critical estimates and judgements in relation to inventory value.

D2 - PROPERTY, PLANT AND EQUIPMENT

	Aircraft Assets $'000	Property, Plant& Equipment $'000	Total $'000
Opening Balance as at 30 June 2021			
Cost	**660,606**	**36,268**	**696,874**
Accumulated depreciation	**(270,306)**	**(19,839)**	**(290,145)**
Net Book Value	**390,300**	**16,429**	**406,729**
Year ended 30 June2021			
Opening net book amount	**390,300**	**16,429**	**406,729**
Additions	**131,987**	**4,546**	**136,533**
Disposals at Cost		**(278)**	**(278)**
Disposals – Accumulated Depreciation	**-**	**192**	**192**
Transfers – Other	**(15,657)**		**(15,657)**
Transfers disposal group held for sale	**(9,127)**	**(45)**	**(9,172)**
Depreciation charge	**(42,294)**	**(2167)**	**(44,461)**
Closing Net Book Value as at 30 June 2022	**455,209**	**18,677**	**473,886**

Opening Balance as at 30 June 2020			
Cost	**450,311**	**21,942**	**472 253**
Accumulated depreciation	**(236,936)**	**(18,516)**	**(255,452)**
Net Book Value	**213,375**	**3,426**	**216,801**
Year ended 30 June2020			
Opening net book amount	**213,375**	**3,426**	**216,801**
Additions	**218,380**	**14,332**	**232,712**
Disposals at Cost	**-**	**(6)**	**(6)**
Disposals – Accumulated Depreciation	**-**	**4**	**4**
Transfers – Other	**(8,085)**	**-**	**(8,085)**
Depreciation charge	**(33,370)**	**(1,327)**	**(34,697)**
Closing Net Book Value as at 30 June 2021	**390,300**	**16,429**	**406,729**

ADDITIONS AND TRANSFERS

Additions to property, plant and equipment for year ended 30 June 2022 includes 14 E190 aircraft that were added to the Groups air operators' certificate, all aircraft heavy maintenance and the addition of any major and significant components. Transfers relate to the removal of rotable parts from the aircraft which are transferred to inventory.

Aircraft assets and Property, plant & equipment relating to the Fokker50 fleet identified as part of the disposal group have been transferred to the Disposal Groups held for sale. Refer to Note D5 for further information.

D2. INVENTORY, PROPERTY, PLANT & EQUIPMENT, INTANGIBLES AND LEASES (CONTINUED)

D2 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

ACCOUNTING POLICY

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using both straight line and unit of usage method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as shown in the table below:

	Depreciation calculation method	Time-based terms
Aircraft assets		
5-18 years Aircraft assets (subject to time-based depreciation)	Calendar based	5-18 years
5-12 years Aircraft assets (subject to usage-based depreciation)	Remaining flight cycles/hours	-
Property, plant & equipment		
Leasehold improvements	Calendar based	4-20 years
Vehicles	Calendar based	5-8 years
Furniture, fittings & equipment	Calendar based	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The Group also reviews annually whether the triggers indicating a risk of impairment exist. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (refer Note K5).

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of all non-current assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the Consolidated Income Statement of the Group in the reporting period of disposal.

Alliance has contracted with Rolls-Royce to maintain F100 aircraft (TAY650-15) engines as part of a total care program. Rolls-Royce supplies replacement aircraft engines, spare engines and parts in exchange for a monthly fee calculated by multiplying a contract rate to the total engine hours under the agreement.

Under this agreement, 46 F100 engines (TAY650-15) are recognised as a single 'pool of engines' and recognised as part of property plant and equipment.

The monthly payments are capitalised to this single pool of engines as they are incurred as these payments represent an increase to the economic value of the engines. The pool of engines is then amortised using a unit of usage basis which considers the current net book value and the number of remaining flight cycles.

D3 - INTANGIBLE ASSETS

	2022 **$'000**	2021 $'000
Opening net book amount	**383**	494
Additions	**-**	-
Amortisation charge	**(111)**	(111)
Closing Net Book Value	**272**	383

D2. INVENTORY, PROPERTY, PLANT & EQUIPMENT, INTANGIBLES AND LEASES (CONTINUED)

D3 - INTANGIBLE ASSETS (CONTINUED)

The Group amortises intangible assets over the following period:

Classification	Amortisation calculation method	Time-based terms
Certifications	Calendar based	2 years
Internally generated software	Calendar based	3-5 years

Intangible assets are recorded at cost less accumulated amortisation and impairment. They are classified as having a useful life that is finite and are amortised on a straight-line basis over the useful economic life.

D4 - LEASES

This note provides information for leases where the Group is a lessee.

AMOUNTS RECOGNISED IN THE CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet shows the following amounts relating to leases:

	30 June 2022 $'000	30 June 2021 $'000
Right of use assets		
Properties	**27,244**	27,989
Total right of use assets	**27,244**	27,989
Lease liabilities		
Current	**2,559**	2,201
Non-current	**26,866**	26,928
Total lease liabilities	**29,425**	29,129

ADDITIONS

Additions to the right of use assets during the 2022 financial year were $1,688k which consists of new property leases in Darwin, Adelaide and Cairns.

AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

The consolidated statement of profit or loss and other comprehensive income includes the following amounts relating to leases:

	30 June 2022 $'000	30 June 2021 $'000
Depreciation charge for right of use assets		
Properties	**2,432**	2,076
Total depreciation charge for right of use assets	**2,432**	2,076
Other costs relating to leases:		
Interest expense (included in finance costs)	**849**	757

Total cash out-flow for leases for the year ended 30 June 2022 was $2,029k.

D. INVENTORY, PROPERTY, PLANT & EQUIPMENT, INTANGIBLES AND LEASES (CONTINUED)

D4 - LEASES (CONTINUED)

THE GROUP'S LEASING ACTIVITIES

The Group leases various offices, warehouses, and equipment. Rental contracts are typically made for fixed periods of six months to twenty years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

ACCOUNTING POLICY

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the Group under residual value guarantees.
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Alliance Aviation Services Limited, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate takes effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date less any lease incentives received.
- any initial direct costs.
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment, some ground service equipment and airport apron licences.

D. INVENTORY, PROPERTY, PLANT & EQUIPMENT, INTANGIBLES AND LEASES (CONTINUED)

D4 - LEASES (CONTINUED)

EXTENSION AND TERMINATION OPTIONS

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

D5 –DISPOSAL GROUP HELD FOR SALE

The Group has identified the Fokker 50 fleet along with related engines, inventory and specific property, plant and equipment as forming a disposal group in accordance with *AASB5 - Non-current Assets Held for Sale and Discontinued Operations*.

Utilisation of the Fokker 50 fleet decreased after the upgrade of the Olympic Dam runway to a jet capable air strip. The Fokker 50's continued to service both contract and ad-hoc charter clients however a review was undertaken to assess the ongoing profitability of the fleet and these services. The outcome of the review was that Alliance's clients preferred jet services and that the opportunities to utilise the aircraft on ad-hoc charters was not likely to provide any material profitability to the business. The Group decided to retire the fleet early and through this process a buyer has been identified and a letter of intent has been executed in FY22 with completion expected in the first quarter of FY23.

The Group recognised an impairment loss on the write-down of the disposal group to fair value less costs to sell of $12.1million. This impairment has been recorded against Property, Plant & Equipment ($6.6m) and Inventory ($5.5 m).

	Aircraft Assets $'000	Property, Plant& Equipment $'000	Inventory $'000	Total $'000
Carrying value	9,127	45	7,577	16,749
Less: Impairment	(6,616)	(32)	(5,493)	(12,141)
Balance as at 30 June 2022	**2,511**	**13**	**2,084**	**4,608**

ACCOUNTING POLICY

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

E. INCOME TAX EXPENSE AND DEFERRED TAX

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

E1 - INCOME TAX EXPENSE

	2022 $'000	Restated* 2021 $'000
(a) Income Tax Expense		
Current tax		
Current tax on profits for the year	25	4,530
Total current tax expense	25	4,530
Deferred income tax		
Utilisation of unused tax losses	-	1,441
Decrease/(increase) in deferred tax assets	(12,830)	(1,412)
(Decrease)/increase in deferred tax liabilities	10,906	9,661
Total deferred tax expense / (benefit)	(1,924)	9,690
Income tax expense on profit from continuing operations	(1,899)	14,220
Effective tax rate	26.7%	30.2%

	2022 $'000	2021 $'000
(b) Numerical Reconciliation of Income Tax (Benefit) / Expense to Prima Facie Tax Payable		
Profit / (loss) before income tax expense	(7,106)	47,004
Tax at the Australian Corporate tax rate of 30% (2021:30%)	(2,132)	14,101
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry	233	119
Income Tax (Benefit) / Expense	(1,899)	14,220

	2022 $'000	2021 $'000
(c) Amounts recognised directly in equity		
Aggregate deferred tax arising in the reporting period and directly credited to equity	(117)	(117)

* Refer to Note K1 for information on restatements.

E. INCOME TAX EXPENSE AND DEFERRED TAX (CONTINUED)

E2 - DEFERRED TAX ASSETS AND LIABILITIES

Deferred Tax Assets	2022 $'000	Restated* 2021 $'000
The Balance Comprises Temporary Differences Attributable to:		
Tax losses	**7,973**	31
Employee benefits	**4,931**	3,943
Property, plant and equipment	**4,359**	413
	17,264	4,387
Other		
Unrealised foreign exchange	**1,288**	1,207
Accruals	**166**	135
Other	**1,188**	1,253
Sub-Total Other	**2,642**	2,595
Total deferred tax assets	**19,905**	6,982
Set-off of deferred tax liabilities pursuant to set-off provisions	**(19,905)**	(6,982)
Net Deferred Tax Assets	**-**	-

Deferred Tax Liabilities	2022 $'000	Restated* 2021 $'000
Balance Comprises Temporary Differences Attributable to:		
Property, plant and equipment	**57,901**	47,412
Prepayments and other assets	**-**	-
Other	**-**	473
Unrealised Foreign Exchange	**1,276**	376
Sub-Total Other	**59,167**	48,362
Total Deferred Tax Liabilities	**59,167**	48,362
Set-off of deferred tax assets pursuant to set off provisions	**(19,905)**	(6,982)
Net Deferred Tax Liabilities	**39,262**	41,280

* Refer to Note K1 for information on restatements.

ACCOUNTING POLICY

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Directors periodically evaluate the position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

E. INCOME TAX EXPENSE AND DEFERRED TAX (CONTINUED)

E2 - DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

ACCOUNTING POLICY (CONTINUED)

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Alliance Aviation Services Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred Tax Asset movements	Tax Losses $'000	Employee Benefits $'000	Property, Plant and Equipment $'000	Other $'000	Total $'000
Balance as at 1 July 2020	**1,439**	**3,136**	**234**	**1302**	**6,111**
Restated Charged/(credited) to Profit or Loss	(1,408)	807	179	1,293	**871**
Restated Balance as at 30 June 2021	**31**	**3,943**	**413**	**2,595**	**6,982**
Charged/(credited) to Profit or loss	7,942	988	3,946	47	**12,923**
Charged/(credited) directly to equity	-	-	-	-	**-**
Balance as at 30 June 2022	**7,973**	**4,931**	**4,359**	**2,642**	**19,905**

Deferred Tax Liability movements	Intangible Assets $'000	Property, Plant and Equipment $'000	Other $'000	Total $'000
Balance as at 1 July 2020	**(6)**	**37,630**	**597**	**38,221**
Restated (Charged)/ credited to Profit or Loss	(4)	9,791	253	**10,041**
Restated Balance as at 30 June 2021	**(10)**	**47,421**	**850**	**48,262**
(Charged)/ credited to Profit or loss	-	10,480	426	**10,905**
Balance as at 30 June 2022	**(10)**	**57,901**	**1,276**	**59,167**

F. FINANCIAL INSTRUMENTS

F1 - FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange rate risk and aging analysis for credit risk. The use of financial instruments is governed by the Group's policies approved by the Board of Directors and are not entered into for speculative purposes. The Group holds the following financial instruments:

F. FINANCIAL INSTRUMENTS (CONTINUED)

F1 - FINANCIAL RISK MANAGEMENT (CONTINUED)

	2022 $'000	2021 $'000
Financial Assets		
Cash and cash equivalents	**20,895**	36,222
Trade and other receivables*	**53,520**	47,356
Total Financial Assets	**74,415**	83,578
Financial Liabilities		
Trade and other payables	**76,623**	44.225
Borrowings	**190,079**	156,287
Lease liabilities	**29,425**	29,129
Total Financial Liabilities	**296,127**	229,641
Net Financial Assets/(Liabilities)	**(221,712)**	(146,063)

- excludes prepayments and other assets

FOREIGN EXCHANGE RISK

The Group has transactional currency risks arising from receivables and payables in currencies other than the Group's functional currency. The currencies giving rise to this risk are primarily US dollar and the Euro. Where possible, the risk is managed by forecasting and structuring of receipt and payment timings, including invoicing clients in US dollars and the Euro where possible.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars and a sensitivity impact of a 5% rate movement is shown in the tables below.

	2022				2021			
	USD $'000	**EUR $'000**	**GBP $'000**	**NZD $'000**	USD $'000	EUR $'000	GBP $'000	NZD $'000
Trade and Other Receivables	**1,931**	**-**	**11**	**-**	**3,031**	-	-	-

Sensitivity: As at 30 June 2022, if the Australian dollar had strengthened or weakened against other currencies by 5% and all other variables held constant, post-tax profit for the year would have been higher/lower by $98k (2021: +/- $152k).

	2022				2021			
	USD $'000	**EUR $'000**	**GBP $'000**	**NZD $'000**	USD $'000	EUR $'000	GBP $'000	NZD $'000
Trade and Other Payables	**(13,796)**	**(1,784)**	**-**	**-**	(7,745)	(734)	(11)	(131)

Sensitivity: As at 30 June 2022, if the Australian dollar had strengthened or weakened against other currencies by 5% and all other variables held constant, post-tax profit for the year would have been higher/lower by $779k (2021: +/- $431k).

F. FINANCIAL INSTRUMENTS (CONTINUED)

F1 - FINANCIAL RISK MANAGEMENT (CONTINUED)

INTEREST RATE RISK

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

The Group's variable rate borrowings outstanding as at 30 June 2022 and a sensitivity analysis of movement of 25 basis points is shown in the tables below.

	2022 Weighted Ave. Interest Rate %	2022 Balance $'000	2021 Weighted Ave. Interest Rate %	2021 Balance $'000
Bank Loans	**4.3**	**90,079**	3.0	56,287
Net exposure to cash flow interest rate risk		**90,079**		56,287
Profit and Loss Impact				
Sensitivity +/- impact of 0.25% change: $'000		225		141

CREDIT RISK

Credit risk arises from cash and cash equivalents, held to maturity investments, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables. All available cash is held in financial institutions with a credit rating of A- or higher.

RISK MANAGEMENT

Credit risk is managed on a Group basis by assessing the credit quality of counterparties by taking into account their financial position, past experience, credit rating and other factors. Counterparty information sourced from credit rating agencies is also utilised to support the management of credit risk. The Group's major customers are principally focused on the resources industry, albeit over a range of commodities.

IMPAIRMENT OF TRADE RECEIVABLES

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rate and loss allowance has been assessed as $nil as at 30 June 2022 (30 June 2021: $nil). This is because there is no history of default, revenue is generated primarily through [insert a sentence], hence the recoverability of receivables can be determined with a high degree of certainty on a forward-looking basis. Refer to note [x] for more information on the trade receivables policy of the Group.

The Group records trade receivables and loans in the following classifications:

- Neither past due nor impaired trade receivables and loans are those that are within their relevant contractual payment terms and thus have no expected credit loss due to the reasons above.
- Past due but not impaired trade receivables and loans are those that have fallen outside of their contractual settlement terms. However there remains an expectation of full recovery, with no change in credit risk based on the financial position of the client or counterparty and as such there is no expected credit loss.
- Past due and impaired trade receivables and loans are those that have fallen outside of the prescribed settlement terms and/or there is evidence to suggest that the client or counterparty will fail to meet their obligations and thus would result in an expected credit loss. This is $nil as at 30 June 2022 (2021 - $nil).

F. FINANCIAL INSTRUMENTS (CONTINUED)

F1 - FINANCIAL RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the Group held no deposits at call (2021 – nil). Due to the dynamic nature of the underlying businesses, the Directors maintain flexibility in funding by maintaining availability under committed credit lines.

RISK MANAGEMENT

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note B1) on the basis of expected cash flows. In addition, the Group's liquidity management policy involves managing credit risk relating to financial assets, comparing the maturity profile of financial liabilities with the realisation profile of financial assets, monitoring balance sheet liquidity ratios against internal requirements and maintaining debt financing plans.

MATURITIES OF FINANCIAL LIABILITIES

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

MATURITIES OF FINANCIAL LIABILITIES (CONTINUED)

The amounts disclosed in the tables are the contractual undiscounted cash flows since the fair values are not materially different to their carrying amounts and amortisations payments (fixed repayments of principal) are scheduled quarterly until the expiration of the facilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The amounts below also include estimated interest payments where applicable.

The Group has long-term arrangements in place for the Alliance Airlines Pty Limited and the Unity Aviation Maintenance Pty Ltd hangars located at Brisbane airport. These leases both have terms expiring in the second quarter of financial year 2041.

LIQUIDITY RISK

Carrying Contractual Maturities of Financial Liabilities As at 30 June 2022	**Less than 6 Months** **$'000**	**6-12 Months** **$'000**	**Between 1 & 2 Years** **$'000**	**Between 2 & 5 Years** **$'000**	**Over 5 Years** **$'000**	**Total Contractual Cash Flows** **$'000**	**Carrying Amount (assets) /Liabilities** **$'000**
Trade payables	**56,240**	**-**	**-**	**-**	**-**	**56,240**	**56,240**
Borrowings	**6,718**	**6,613**	**15,237**	**98,281**	**104,371**	**231,220**	**190,079**
Lease liabilities	**1,343**	**1,227**	**2,468**	**8,428**	**23,883**	**37,349**	**29,425**
Total Non-Derivatives	**64,301**	**7,840**	**17,705**	**106,709**	**128,254**	**324,809**	**275,744**

Carrying Contractual Maturities of Financial Liabilities **As at 30 June 2021**	**Less than 6 Months** **$'000**	**6-12 Months** **$'000**	**Between 1 & 2 Years** **$'000**	**Between 2 & 5 Years** **$'000**	**Over 5 Years** **$'000**	**Total Contractual Cash Flows** **$'000**	**Carrying Amount (assets) /Liabilities** **$'000**
Trade payables	44,775	15	45	-	-	44,835	44,835
Borrowings	4,438	4,902	9,726	82,084	86,239	187,389	156,287
Lease liabilities	1,243	943	2,269	7,067	26,237	37,759	29,129
Total Non-Derivatives	**50,456**	**5,860**	**12,040**	**89,151**	**112,476**	**269,983**	**230,251**

F. FINANCIAL INSTRUMENTS (CONTINUED)

F1 - FINANCIAL RISK MANAGEMENT (CONTINUED)

PRICE RISK

The Group is not exposed to any specific material commodity price risk.

F2 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Judgements and estimates are made in determining the fair values of assets and liabilities that are recognised and measured at fair value in the financial statements.

DISCLOSED FAIR VALUES

RECEIVABLES

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the majority of non-current receivables, the fair values are not materially different to their carrying amounts since the interest on those receivables is close to current market rates.

TRADE AND OTHER PAYABLES

Due to the short-term nature of the trade and other payables, their carrying amount is assumed to be the same as their fair value.

BORROWINGS

The Directors consider that for all borrowings, the fair values are the same as their carrying amounts, since the interest payable on these borrowings is either close to the market rates or the borrowings are of a short-term nature.

G. EQUITY

G1 - CONTRIBUTED EQUITY

	2022		2021	
	No. of shares	**$'000**	No. of shares	$'000
a) Share Capital				
Ordinary shares - fully paid	**160,734,697**	**288,206**	160,489,134	282,530
Total Contributed Equity	**160,734,697**	**288,206**	160,489,134	282,530
b) Movement in Ordinary Share Capital Issued and Fully Paid Ordinary Shares:				
At the beginning of the financial period	**160,489,134**	**287,426**	158,610,102	282,530
Dividend reinvestment plan issues				
Performance incentive shares vested and exercised	**149,005**	**381**	379,641	623
Share Issue			1,346,355	3,837
Staff share plan	**96,558**	**399**	153,036	436
Balance at the End of the Financial Year	**160,734,697**	**288,206**	160,489,134	287,426

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

G. EQUITY (CONTINUED)

G1 - CONTRIBUTED EQUITY (CONTINUED)

DIVIDEND REINVESTMENT PLAN

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

ACCOUNTING POLICY

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

G2 - RESERVES

The following table shows a breakdown of the balance sheet line item 'Reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	2022	2021
	$'000	$'000
Reserves		
Reorganisation reserve	**(111,082)**	(111,082)
Share-Based Payment Reserve	**433**	767
Foreign currency translation reserve	**157**	77
	(110,492)	(110,238)
Movements:		
Reorganisation Reserve		
Opening balance - 1 July	**(111,082)**	(111,082)
Closing balance - 30 June	**(111,082)**	(111,082)
Share-based payments		
Balance - 1 July	**767**	1,217
Vested	**(334)**	(623)
Release of reserve	**-**	173
Balance – 30 June	**433**	767
Foreign currency translation reserve		
Balance - 1 July	**77**	20
Current year movement	**80**	57
Balance - 30 June	**157**	77

NATURE AND PURPOSE OF OTHER RESERVES

REORGANISATION RESERVE

This reserve is used to record the difference between the recognised equity of the parent entity and the net assets of the acquired controlled entities.

SHARE BASED PAYMENT RESERVE

The Company has established a share-based payment reserve which records the estimated amount of ordinary share capital to be issued as consideration for future transactions. The reserve records the grant date fair value of performance rights issued to employees under the Long-Term Incentive Plan and associated movements.

G. EQUITY (CONTINUED)

G2 - RESERVES (CONTINUED)

FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on translation of the foreign controlled entity are accumulated in a separate reserve within equity.

G3 - EARNINGS PER SHARE

	30 June 2022	Restated* 30 June 2021
Basic Earnings Per Share		
Total basic earnings per share attributable to the ordinary equity holders of the company. (cents)	**(3.24)**	21.00
Diluted Earnings Per Share		
Total diluted earnings per share attributable to the ordinary equity holders of the company. (cents)	**(3.24)**	20.92
Earnings used in the calculation of basic and diluted earnings per share from continuing operations		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share. ($'000)	**(5,207)**	33,671
Weighted Average Number of Shares used as the Denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**160,679,797**	160,341,107
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**160,703,993**	160,982,972

* Refer to Note K1 for information on restatements.

INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

PERFORMANCE RIGHTS

Performance rights granted to employees under the Alliance Aviation Services Limited LTI plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights have not been included in the determination of basic earnings per share Refer note H2.

ACCOUNTING POLICY

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

G. EQUITY (CONTINUED)

G3 - EARNINGS PER SHARE (CONTINUED)

ACCOUNTING POLICY (CONTINUED)

DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

H. KEY MANAGEMENT PERSONNEL

H1 – KEY MANAGEMENT PERSONNEL DISCLOSURES

KEY MANAGEMENT PERSONNEL COMPENSATION

	2022	2021
	$	$
Short-term employee benefits	**2,611,060**	2,109,983
Post-employment benefits	**152,020**	118,552
Long-term benefits	**43,063**	20,770
Share based payments	**6,610**	72,475
	2,812,753	2,321,780

Detailed remuneration disclosures are provided in the remuneration report on page 10.

H2 - SHARE BASED PAYMENTS

PERFORMANCE INCENTIVE PLAN

Alliance is committed to a reward framework that is focussed on creating shareholder value, which is supported by an equity ownership culture. The Group's Performance Incentive Plan (PIP) supports this goal by assisting with the attraction, motivation and retention of employees (including Executive Directors).

The PIP consists of two key remuneration elements namely the payment of cash incentives and the granting of performance rights. Under the plan, participants are granted rights which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The number of performance rights granted is calculated by dividing the dollar value of the participant's long-term incentive by the ASX volume weighted average price of the shares in the period prior to the date of offer of the performance rights. Unless otherwise determined by the Board in its discretion, performance rights are issued for nil consideration.

The amount of performance rights that will vest depends upon the achievement of certain performance standards being met over the course of the performance period (the financial year). These performance metrics include achieving financial, operational and safety targets. Once the rights have become performance qualified, the only remaining vesting condition that must be met is one of continuous employment.

In the event of cessation of employment unvested rights are forfeited unless otherwise determined by the Board, in which case any service condition will be deemed to have been fulfilled as at the testing date and subject to performance testing along with other participants. It is noted that the Board has discretion to allow "Good Leavers" to retain their participation in the PIP plan beyond the date of cessation of employment when deemed appropriate to the circumstances.

H2 - SHARE BASED PAYMENTS (CONTINUED)

PERFORMANCE INCENTIVE PLAN (CONTINUED)

Performance rights will automatically vest on a day nominated by the Board after they determine the vesting conditions have all been satisfied (Vesting Determination Date).

The performance rights will automatically exercise on the Vesting Determination Date unless that date occurs outside a trading window permitted under the Company's Securities Trading Policy, in which case the performance rights will exercise upon the first day of the next trading window. Upon exercise of the performance rights, the Company must issue or procure the transfer of one share for each performance right, or alternatively may in its discretion elect to pay the cash equivalent value to the participant.

Rights are granted under the plan for no consideration and carry no dividend or voting rights. When exercised, each right is converted into one ordinary share.

Performance rights will lapse on the first to occur of:

- the expiry date.
- the vesting conditions not being satisfied by the Vesting Determination Date.
- unless the Board otherwise determines, by the cessation of the employment of the employee to whom the offer of performance rights was made. The Board determination will depend upon the reason for employment ceasing (resignation, dismissal for cause, death or illness).

The details of the Performance Rights granted are shown below:

Employee Category	Number of performance rights granted (target and stretch targets)
Executive Directors^	65,507
Other Key Management Personnel	59,657
Senior Management	166,447
Rights granted during the period	**291,611**

^ The grant of the maximum amount of performance rights available to the Managing Director and Executive Director were approved by the shareholders at the Annual General Meeting held on 10 November 2021.

The movements of performance rights issued during the year are as follows:

	2022 **'000**	2021 '000
Rights at the start of the period	**149**	**529**
Granted during the year	**291**	**290**
Vested and exercised	**(149)**	**(380)**
Forfeited / Cancelled	**(291)**	**(290)**
Rights at the end of the period	**-**	**149**

The performance rights granted as the equity portion of the employee incentive plan are assessed against a scorecard of key performance indicators set by the Board Nomination and Remuneration committee. This assessment occurs once the financial statements for the performance period (FY2021) have been audited and signed off by the Board. Once assessed the performance rights become qualified and vesting is then based on continuous service. These qualified rights then vest over a two-year period being 50% in August 2023 and 50% in August 2024.

As at the date of signing this report nil rights will become performance qualified.

H. KEY MANAGEMENT PERSONNEL (CONTINUED)

H2 - SHARE BASED PAYMENTS (CONTINUED)

PERFORMANCE INCENTIVE PLAN (CONTINUED)

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2022 $'000	2021 $'000
Performance rights – Long Term Incentive Plan	**47**	174
	47	174

ACCOUNTING POLICY

Share-based compensation benefits may be provided to employees via the Alliance Aviation Services Limited Performance Incentive plan (PIP).

The fair value of rights granted under the PIP are recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market

performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

I. RELATED PARTY TRANSACTIONS

I1 - PARENT ENTITIES

The parent entity within the Group is Alliance Aviation Services Limited.

I2 - KEY MANAGEMENT PERSONNEL

Disclosures relating to the compensation of KMP are included in Note H and in the Remuneration Report included in the Directors' Report.

I3 - SUBSIDIARIES

The ownership interests in subsidiaries are set out in note J7. Transactions between entities within the Group during the reporting period consisted of loans advanced and repaid, operating expenses paid, inventory items purchased and sold and maintenance labour costs.

Where transactions are entered into with KMP, these are approved by the Board. Board members who have an interest in the matter either directly or via a related party do not participate in the Board approval process. No new arrangements have been entered into during FY2022.

A Director, Mr Steve Padgett, is a Director and Shareholder of Eternitie Pty Ltd. The Group has a contract with Eternitie Pty Ltd for the lease of office space in Sydney. This lease is based on normal commercial terms and conditions.

I. RELATED PARTY TRANSACTIONS (CONTINUED)

I3 – SUBSIDIARIES(CONTINUED)

During the period, the Group provided storage maintenance, aircraft parking and other engineering maintenance services to VIF Aircraft Pty Ltd, of which Chairman, Mr Steve Padgett and the Managing Director, Mr Scott McMillan, are shareholders. These services were provided on an arm's length basis under normal commercial terms for the type of services provided.

An operating lease agreement was previously entered into between KBX Pty Ltd and the Group for the lease of a Fokker 70, VIP configured aircraft of which Chairman, Mr Steve Padgett and the Managing Director, Mr Scott McMillan, are shareholders. This aircraft was marketed by the Group for VIP charter operations both domestically and throughout Asia. The lease ended on 31 March 2021 and has not been renewed.

I4 - TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	2022 **$'000**	2021 $'000
Lease of Sydney Office	**(45)**	(45)
Aircraft lease fees - VH-KBX	**-**	(277)
Engineering and Maintenance services - VH - VIF	**319**	171
Engineering and Maintenance services - VH - KBX	**-**	443
Total Cash Inflows / (Outflows)	**274**	292

The following balances are recognised in the financial statements as outstanding balances arising from sales/purchases of goods and services to related parties.

	2022 **$'000**	2021 $'000
Trade receivables		
VIF Aircraft Pty Ltd	**59**	80
KBX Pty Ltd	**-**	443
Total Key Management Trade Receivables	**59**	523
Net Balance Owed from/(Owing to) Key Management Personnel	**59**	523

J. OTHER ITEMS

J1 - TRADE AND OTHER RECEIVABLES

	2022 **$'000**	Restated 2021 $'000
Current assets		
Trade receivables	**50,566**	43,069
Other receivables	**2,954**	4,287
Prepayments and other assets	**3,617**	2,005
Total receivables	**57,137**	49,361

J. OTHER ITEMS (CONTINUED)

J1 - TRADE AND OTHER RECEIVABLES (CONTINUED)

Carrying Contractual Maturities of Financial Assets As at 30 June 2022	Less than 6 Months $'000	6-12 Months $'000	Between 1 & 2 Years $'000	Between 2 & 5 Years $'000	Over 5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
Trade receivables	50,566	-	-	-	-	50,566	50,566
Total	**50,566**	**-**	**-**	**-**	**-**	**50,566**	**50,566**

Carrying Contractual Maturities of Financial Assets As at 30 June 2021	Less than 6 Months $'000	6-12 Months $'000	Between 1 & 2 Years $'000	Between 2 & 5 Years $'000	Over 5 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
Trade receivables	43,069	-	-	-	-	43,069	43,069
Total	**43,069**	**-**	**-**	**-**	**-**	**43,069**	**43,069**

PAST DUE BUT NOT IMPAIRED

As at 30 June 2022, trade receivables of $3,436k (2021: $15,402k) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and as a result no adjustment has been made relating to AASB9.

OTHER RECEIVABLES

These are generally sundry debtors, deposits and accrued revenue held which arise during the normal course of business.

ACCOUNTING POLICY

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30-45 days and therefore are all classified as current.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

On that basis, the Group has concluded that no loss allowance needs to be recognised for the year ended 30 June 2022.

J. OTHER ITEMS (CONTINUED)

J2 - TRADE AND OTHER PAYABLES

	2022 $'000	2021 $'000
Current liabilities		
Trade payables	**56,240**	29,148
Other payables	**20,383**	15,076
Total Payables	**76,623**	44,224

ACCOUNTING POLICY

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are initially recognised at their fair value, and subsequently measured at amortised cost using the effective interest method.

In accordance with AASB 15 Revenue from Contracts with Customers the Group records a contract liability for funds received from clients in advance of their travel date. The contract liability is valued based on the relevant contract or ticket terms. A review has confirmed that at balance date it is probable that all amounts held will be collected in FY2022 and therefore no adjustment has been made for the time value of money.

Revenue is released from the contract liability account to the Comprehensive statement of profit or loss and other comprehensive income in the month in which the travel takes place. The Contract Liability was $1.0m in FY2022 (2021: $2.1m).

Carrying Contractual Maturities of Financial Assets	**Less than 6 Months**	**6-12 Months**	**Between 1 & 2 Years**	**Between 2 & 5 Years**	**Over 5 Years**	**Total Contractual Cash Flows**	**Carrying Amount**
As at 30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade Payables	56,240	-	-	-	-	56,240	56,240
Total	**56,240**	**-**	**-**	**-**	**-**	**56,240**	**56,240**

Carrying Contractual Maturities of Financial Assets	**Less than 6 Months**	**6-12 Months**	**Between 1 & 2 Years**	**Between 2 & 5 Years**	**Over 5 Years**	**Total Contractual Cash Flows**	**Carrying Amount**
As at 30 June 2021	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade Payables	29,148	-	-	-	-	29,148	29,148
Total	**29,148**	**-**	**-**	**-**	**-**	**29,148**	**29,148**

J3 - PROVISIONS

	2022 $'000	2021 $'000
Employee benefits - Annual Leave	**9,818**	7,369
Employee benefits - Long Service Leave	**5,339**	4,472
Total Current Provisions	**15,157**	**11,841**
Employee benefits - Long Service Leave	**1,280**	1,303
Total Non-Current Provisions	**1,280**	1,303
Total Provisions	**16,437**	13,144

J. OTHER ITEMS (CONTINUED)

J3 – PROVISIONS (CONTINUED)

AMOUNTS NOT EXPECTED TO BE SETTLED WITHIN THE NEXT 12 MONTHS

The leave obligations cover the Group's liabilities for long service leave and annual leave which are classified as either short-term or long-term benefits.

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

Long service leave that is not expected to be settled wholly within 12 months after the end of the period are measured as the present value of expected future payments to be made. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The entire amount of the annual leave provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

ACCOUNTING POLICY

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events.
- it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

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

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

J4 - CONTINGENCIES AND COMMITMENTS

CONTINGENT ASSETS

Alliance has lodged a claim for $23 million with the voluntary administrators of Virgin Australia Airlines Pty Limited. The claim relates to the unused portion of the block hour commitment as defined in the Master ACMI Wet lease Services Agreement. A contingent asset has not been recognised as a receivable at 30 June 2022 as any expected receipt of the claim is dependent on the outcome of the creditors trust adjudication process. This process has been delayed and further delays are expected. It is not likely that adjudication will occur prior to the signing of this report and therefore the Directors believe it prudent to continue to not recognise this asset at this time. There continues to be uncertainty in relation to the amount of any dividend to be received.

CONTINGENT LIABILITIES

Alliance has on issue six bank guarantees relating to existing leases totalling $0.62 million (2021: $0.62 million).

CAPITAL COMMITMENTS

The Group is party to a Total Care Services Agreement with Rolls-Royce for the maintenance of Fokker 100 aircraft engines. The agreement is based on engine operating hours for 46 Tay 650-15 engines and is payable monthly in arrears.

J4 - CONTINGENCIES AND COMMITMENTS (CONTINUED)

CAPITAL COMMITMENTS (CONTINUED)

The agreement expires in December 2024 although has an option to extend to December 2026. An amount of $3.4 million is recorded against Trade & Other Payables on the Consolidated Balance Sheet as at 30 June 2022 (FY 2021: $2.5 million).

J5 - REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by PricewaterhouseCoopers (PWC) as the auditor of the parent entity, Alliance Aviation Services Limited, by PWC's related network firms and by non-related audit firms:

	2022 **$**	2021 $
PricewaterhouseCoopers		
Audit and other Assurance Services		
Audit and review of financial statements	**280,600**	278,800
Total Remuneration for Audit and other Assurance Services	**280,600**	278,800
Taxation Services	**25,000**	260,194
Other Non-Assurance Services	**462,310**	391,667
Total Remuneration for Taxation and Non-Assurance Services	**487,310**	651,861
Total Auditor's Remuneration	**767,910**	930,661

It is the Group's policy to employ PwC on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important. PwC will not be used where it could affect their independence.

These assignments are principally tax advice and due diligence reporting on various projects. During FY 2022 the Group engaged the PwC taxation team to assist with the Combined Assurance Review conducted by the ATO and the business services team to assist with a feasibility study and funding request support on a potential major capital project.

J. OTHER ITEMS (CONTINUED)

J6 - PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts for the reporting period ended 30 June 2022.

	2022 $'000	Restated* 2021 $'000
Balance Sheet		
Current Assets	**17**	**7**
Non-current assets	**286,386**	**276,122**
Total Assets	**286,403**	**276,129**
Current Liabilities	**1,370**	**3,546**
Non-current liabilities	**158,349**	**148,345**
Total Liabilities	**159,719**	**151,891**
Net Assets	**126,684**	**124,238**
EQUITY		
Issued Capital	**287,024**	**287,024**
Reserves	**(111,256)**	**(111,256)**
Share-based payments	**332**	**332**
Retained earnings	**(49,416)**	**(51,862)**
Total Equity	**126,684**	**124,238**
Profit or (Loss) for the Year	**2,446**	**(14,826)**

*Refer to Note K1 for information on restatements.

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE ENTITIES

Investments in subsidiaries are accounted for at cost in the financial statements of Alliance Aviation Services Limited.

TAX CONSOLIDATION LEGISLATION

Alliance Aviation Services Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Alliance Aviation Services Limited, and the controlled entities are in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Alliance Aviation Services Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Alliance Aviation Services Limited for any current tax payable assumed and are compensated by Alliance Aviation Services Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Alliance Aviation Services Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

J. OTHER ITEMS (CONTINUED)

J6 - PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

TAX CONSOLIDATION LEGISLATION (CONTINUED)

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

J7 - SUBSIDIARIES

SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note K2. The proportion of ownership interest is equal to the proportion of voting power held.

Name of Entity	Country of Incorporation	Class of Shares	2022	2021
Alliance Airlines Pty Limited ⁼	Australia	Ordinary	100%	100%
Alliance Leasing No.1 Pty Ltd ⁼	Australia	Ordinary	100%	100%
Alliance Leasing No.2 Pty Ltd ⁼	Australia	Ordinary	100%	100%
Alliance Leasing No.3 Pty Ltd ⁼	Australia	Ordinary	100%	100%
Jet Engine Leasing Pty Ltd ⁼	Australia	Ordinary	100%	100%
Avoco Pty Ltd	Australia	Ordinary	100%	100%
Bravo Airlines Pty Limited ⁼	Australia	Ordinary	100%	100%
Unity Aviation Maintenance Pty Ltd^ ⁼	Australia	Ordinary	100%	100%
Alliance Aviation Slovakia s.r.o.	Slovakia	Ordinary	100%	100%

^Alliance Aviation Services Limited gained control of Unity Aviation Maintenance Pty Ltd on 30th November 2020.

⁼Parties to a Deed of Cross Guarantee (Amended and Restated), dated 30 June 2021 with Alliance Aviation Services Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding up of that company. These companies are relieved from the requirement to prepare financial statements.

J8 - EVENTS OCCURING AFTER THE REPORTING PERIOD

The Group is not aware of any matters or circumstances that have arisen since the end of the financial year which have significantly or may significantly affect the operations and results of the Group. Whilst COVID-19 and subsequent government border closures continue to cause disruption to the aviation sector in general, Alliance's robust and diverse business model means that the majority of its operations have been largely unaffected and Alliance's core business remains strong.

K. BASIS OF PREPARATION

K1 - COMPLIANCE

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.* Alliance Aviation Services Limited is a for-profit entity for the purpose of preparing the financial statements.

COMPLIANCE WITH IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention.

PRIOR YEAR COMPARATIVE RESTATEMENTS

The prior year comparatives (as well as opening retained earnings as at 1 July 2020) have been restated for two items relating to prior years. The first adjustment relates to inventory and was identified through stock take procedures performed during the year. The second adjustment related to costs capitalised which should have been expensed as incurred. The impact is summarised below:

	30 June 2021	Increase / (Decrease)	30 June 2021 (restated)
	$'000	$'000	$'000
Inventory – Note D1	**86,466**	(1,423)	85,043
Receivables – Note J1	**50,941**	(1,580)	49,361
Deferred Tax Liabilities – Note E2	**42,181**	(901)	41,280
Retained Earnings	**143,050**	(2,102)	140,948

The after-tax adjustment to profit for the period for the year ended 30 June 2021 was a reduction of $0.8 million from $33.7 million to $32.8 million

Retained earnings as at 1 July 2020 reduced by $1.2 million from $109.4 million to $108.2 million. Basic and diluted earnings per share for the prior year have also been restated. These adjustments are immaterial individually and in aggregate to the comparative numbers.

K2 - PRINCIPLES OF CONSOLIDATION

SUBSIDIARIES

The Consolidated Financial Statements include the financial statements of the parent entity, Alliance Aviation Services Limited ("Company" or "Alliance") and its subsidiaries (together referred to as the "Group"). Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

K. BASIS OF PREPARATION (CONTINUED)

K3 - SEGMENT REPORTING

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Alliance Aviation Limited Board of Directors.

The Board of Directors have determined the operating segment based on the reports reviewed and considers the business has one segment, being the provision of aircraft charter services and aviation services CGU for the reporting period ended 30 June 2022.

All operations are integral to and blended with each other and the Directors do not assess the financial performance of any one part of the business but rather individual projects that the broader business undertakes.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the income statement. The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

K4 - FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Alliance Aviation Services Limited's functional and presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

K5 - CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS

The preparation of financial statements requires the use of accounting estimates which, by definition will seldom equal the actual results. The Directors also need to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of any changes to policy and changes to previous estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

CARRYING VALUE OF AIRCRAFT

AIRCRAFT USEFUL LIFE AND DEPRECIATION

The aircraft useful life is based on estimates and assumptions which are derived from a combination of manufacturer guidelines, aircraft remaining cycles and future maintenance requirements.

K5 - CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS (CONTINUED)

There are four principal groups of components of each aircraft which assist with the determination of the useful lives and depreciation rates:

(i) The airframe.
(ii) Major components including the engines, landing gears and other significant value items which by their nature also have a maintenance constraint which affects the useful life.
(iii) Other significant components are also tracked individually which may also have a maintenance constraint; and
(iv) Other assets of each aircraft which are normally 'pooled' for which an effective life of five years is generally applied.

As aircraft represent a significant portion of the assets of the Group, their useful life assumptions and estimates will impact the depreciation expense and the written down value of the aircrafts.

The useful life assumptions are reviewed on an annual basis, given consideration to variables, including historical and forecast usage rates, technological advancements and changes in legal and economic conditions.

The Group performs heavy maintenance checks on a number of existing fleet units each financial year. These checks result in an increase in the useful life of the asset.

CARRYING VALUE OF AIRCRAFT (CONTINUED)

The Directors assess the most appropriate depreciation method for each of the individual assets identified in component groups (i), (ii) and (iii). The balance of other assets in components group (iv) has been pooled. Refer to note D2 for details of current depreciation method and rates used. Refer to K6 for Impairment of assets.

CAPITALISATION OF OVERHEAD RELATING TO HEAVY MAINTENANCE

The Group performs heavy maintenance checks on a number of existing fleet units each financial year.

The Group capitalises labour and part costs for these checks to the aircraft asset. This capitalisation is based on invoices and other information received from external suppliers and timesheets completed by the engineering staff.

In addition to the parts and labour costs incurred, the Group capitalises an amount of overhead (overhead burden) to the aircraft asset. The overhead burden rate per labour hour is calculated at the start of each financial year by reviewing the pool of overhead costs that can be directly attributed to maintenance checks. This pool of costs includes maintenance planners, technical records staff, freight costs and procurement time amongst others. Once this pool of costs has been calculated, it is then spread out over the number of labour hours incurred in that financial year. This calculated rate is then capitalised at the finalisation of the maintenance check to the aircraft asset.

TRANSFERS OF PROPERTY, PLANT AND EQUIPMENT TO/FROM INVENTORY

There are a number of parts that are removed from an aircraft which can be re-used either in their removed condition or re-used post repair or refurbishment. These parts are typically referred to as rotables. In some cases, parts are removed in a serviceable condition for inspection only.

The rotables removed as unserviceable are transferred from property, plant and equipment into inventory at the lower of cost or net realisable value (core value). Core value is a pre-determined benchmark that is representative of a marketable value of the part in its unserviceable condition. The benchmark values have been set historically and are adjusted as and when market conditions dictate.

Management assessment of these market conditions includes:

- Manufacturers service bulletins.
- Remaining useful life / cycles.
- Estimated repair and replacement costs.
- Availability of similar rotables in stock; and
- Availability of similar rotables on the open market.

K. BASIS OF PREPARATION (CONTINUED)

K5 - CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS (CONTINUED)

CAPITALISATION OF OVERHEAD RELATING TO HEAVY MAINTENANCE (CONTINUED)

Rotables that are removed for inspection purpose only are transferred at its carrying value until such time as the inspection is completed when any adjustments (if required) are made to the carrying value.

Note D1 discloses the accounting policy in relation to the Group's accounting treatment of Inventory.

K6 - IMPAIRMENT OF ASSETS

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). The Directors have determined that the group has one CGU, being the aircraft & aviation services CGU.

Non-financial assets that incurred impairment in the past are reviewed for possible reversal of the impairment at the end of each reporting period.

During FY2022 the majority of the aviation sector globally and domestically continued to be negatively impacted by the COVID-19 pandemic. The impacts of COVID-19 have been prolonged and infiltrated deeper into the aviation sector with COVID-19 related illness and restrictions impacting on staffing and the ability to service client requirements.

The Directors have reviewed and assessed whether any impairment indicators are present at the reporting date and based on the analysis undertaken, including the drivers that resulted in the reported loss for the financial year, concluded that there are indicators present.

Accordingly, impairment testing has been performed for the aircraft & aviation services CGU. The recoverable amount was based on value-in-use calculations using a discounted cash flow model. The key assumptions on which management have based their cash flow projections include flight hours, contract renewals, aircraft capacity including the new E190 fleet, long term inflation rate of 2.5% and a pre tax discount rate of [14.3%].

The impairment testing indicates the recoverable amount exceeds the relevant carrying amount for the aircraft & aviation services CGU.

As part of the impairment testing, sensitivity analysis has been performed which considers reasonably possible changes in the above key assumptions. The impairment assessment of the aircraft & aviation services CGU was not sensitive to reasonable possible changes in key assumptions.

K7 - GOODS AND SERVICES TAX (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

K. BASIS OF PREPARATION (CONTINUED)

K8 - ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

L - CHANGES IN ACCOUNTING POLICIES

L1 - NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is that they are likely to be immaterial to the group in future reporting periods and on foreseeable future transactions.

DIRECTORS DECLARATION

In the Directors' opinion:

(a) The financial statements and notes set out on pages 24 to 63 are in accordance with the *Corporations Act 2001,* including:

i complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

ii giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note J7 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note J7.

Note K1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

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

S Padgett, OAM

Chairman

Date: 10 August 2022

Sydney

Independent auditor's report

To the member of Alliance Aviation Services Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Alliance Aviation Services Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality	Audit scope	Key audit matters
• For the purpose of our audit we used overall Group materiality of $1.8 million, which represents approximately 0.5% of the Group's total revenues. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group total revenues because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 0.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Carrying value of Property, Plant and Equipment – Carrying value of Inventory • These are further described in the Key audit matters section of our report.

pwc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Carrying value of Property, Plant and Equipment *(Refer to Note D2, K5 and K6) $473.9m* Aircraft assets represent a significant portion of property, plant and equipment as well as total assets of the Group.	
Additions and useful lives Additions to plant and equipment for the year ended 30 June 2022 includes 14 E190 aircraft that were added to the Groups air operators' certificate, all aircraft heavy maintenance and the addition of any major and significant components. The Group performs heavy maintenance checks on a number of existing fleet units each financial year. These checks result in an increase in the useful life of the asset. The Group capitalises labour and part costs for these checks to the aircraft asset. The useful life assumptions are reviewed on an annual basis, giving consideration to variables, including historical and forecast usage rates, technological advancements and changes in legal and economic conditions.	Our audit procedures included the following: • Assessed the reasonableness of total costs of internal labour and overhead applicable to heavy maintenance by considering the nature of the direct costs identified to consider their eligibility to be capitalised. • Assessed the reasonableness of the proportion of total labour hours allocated to direct heavy maintenance by agreeing a sample of labour hours and costs to approved timesheets, detailed pay run reports or third-party invoices. • Tested a sample of aircraft asset additions to third party invoices and contracts. • Tested, on a sample basis, whether the useful lives and depreciation methods applied to aircraft assets are appropriate and consistent with the Group's accounting policy. • Recalculated, for a sample of assets, the depreciation charges by using the depreciation method and useful lives. • Evaluated the adequacy of the disclosure made in Note D2 and K5 of the financial report, in light of the requirements of the Australian Accounting Standards.
Impairment of assets During the year ended 30 June 2022 impairment indicators have been identified by the group for the aircraft & aviation services Cash Generating Unit (CGU).	Our audit procedures included the following: • Assessed whether the Group's assessment of CGUs was consistent with our knowledge of the Group's operations and internal Group reporting. • Assessed whether the carrying value of the CGUs included all assets and liabilities attributable to the CGU and that the model included all cash flows attributable to the CGU.

Key audit matter	How our audit addressed the key audit matter
The recoverable amount of the CGU has been estimated using value in use (VIU) methodology utilising a discounted cash flow model. The key assumptions on which management have based their cash flow projections include flight hours, contract renewals, aircraft capacity including the new E190 fleet, long term inflation rate of 2.5% and a pre tax discount rate of 14.3%. The carrying value of property, plant and equipment was a key audit matter due to the significance of the aircraft assets balance on the consolidated balance sheet and the judgement exercised in assessing the carrying value.	• Obtained management's trigger assessment and VIU calculation and compared against the requirements of the accounting standards. • Tested that forecast cash flows used in the models were derived from the most up-to date corporate plan formally approved by the Board. • Evaluated the Group's forecast future cash flows by comparing forecast information with historical growth rates and by comparing to available market information • Assessed, with assistance from PwC valuation experts: – the forecast terminal value growth rate of 2.5% by comparing it to economic forecasts; – that the pre-tax discount rate applied in the model reflects the risks of the CGU; and – the mathematical accuracy of the model. • Evaluated the Group's sensitivity analysis to assess whether a reasonably possible change in underlying assumptions would give rise to an impairment. • Evaluated the adequacy of the disclosures made in Note K6 in the financial report, in light of the requirements of the Australian Accounting Standards.
Carrying value of Inventory *(Refer to Note D1 and K5) $82.4m* Inventory consists of spare aircraft and engine parts (rotable parts), spare engines, components, consumables and whole aircraft where the intent of acquisition was to hold as inventory for sale or breakdown for spare parts. Throughout the year the Group makes judgements and estimates as to the carrying value allocated to rotable parts which are transferred from property, plant and equipment (PPE) to inventory and measured at the lower of cost and net realisable value. The carrying value of inventory was a key audit matter due to the significance of the aircraft and engines inventory balance on the consolidated balance sheet and the judgements involved in determining the carrying value.	We have performed the following procedures over inventory; • Attended a sample of stock counts and performed independent count procedures (on site and remotely) at several locations by targeting high value items such as engines, and physically inspected a sample of inventory items to verify the existence of the sampled assets in the inventory listing. • Obtained third party confirmations to verify the existence of inventory assets in the custody of the third parties. • Agreed a sample of aircraft and engine asset additions to third party invoices and contracts. • For transfers of PPE to inventory, we compared the carrying amount of inventory at the time of transfer to the lower of cost or net realisable value. • Assessed the methodology and verified/assessed the data and assumptions underlying the net realisable value (core value). • Evaluated the adequacy of the disclosures made in Notes D1 and K5 in the financial report, in light of the requirements of the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 10 to 19 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Alliance Aviation Services Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Allman
Partner

Brisbane
10 August 2022

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30 June 2022 unless stated otherwise.

DISTRIBUTION OF EQUITY SECURITIES

Analysis of the number of equity security holders by size of holding and the total percentage of securities in that class held by the holders in each category:

	Ordinary shares			
	Shares		Rights	
Holding by size	**No. of holders**	**% Of shares on issue**	**No. of holders**	**% Of rights on issue**
1 – 1,000	1,863	0.51	-	-
1,001 – 5,000	1,286	2.05	-	-
5,001 – 10,000	388	1.81	-	-
10,001- 100,000	419	6.98	-	-
100,000 and over	54	88.65	-	-
Total	**4,010**	**100.00**	-	-

There were 118 holders of less than a marketable parcel of ordinary share.

EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares	
Equity Holder	**Number Held**	**% Issued Shares**
Qantas Airways Limited	31,705,969	19.73
Citicorp Nominees Pty Limited	19,452,089	12.10
Bond Street Custodians Limited (CAJ – D64993 A/C)	14,671,211	9.13
National Nominees Limited	12,786,260	7.95
KIOWA Two Thousand Corporate Trustee Company Limited	9,277,665	5.77
HSBC Custody Nominees (Australia) Limited	8,812,766	5.48
J P Morgan Nominees Australia Pty Ltd	6,553,872	4.08
Airline Investments Australia Pty Ltd (Finehold & Pastoral Unit)	6,203,269	3.86
Mr Hugh Jones & Mrs Pixie Jones & Mr Raymond Clarke (2000 A/C)	5,996,330	3.73
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	5,899,403	3.67
Bond Street Custodians Limited (CAJ-V02075 A/C)	3,183,842	1.98
KIOWA Two Thousand Corporate Trustee Company Limited (2000 A/C)	2,193,897	1.36
BNP Paribas Noms Pty Ltd (DRP)	2,086,761	1.30
BNP Paribas Noms Pty Ltd (DRP A/C)	1,844,143	1.15
Bond Street Custodians Limited (CAJ – D09461 A//C)	1,804,225	1.12
HSBC Custody Nominees (Australia) Limited (NT- CMNWLTH SUPER CORP A/C)	1,432,430	0.89
Bond Street Custodians Limited (CAJ – D68501 A/C)	1,000,010	0.62
Mrs Wanda Susan Drennan & Mr Geoffrey John Drennan (GJ SUPA COMBO S/F A/C)	458,000	0.28
Pencars Pty Ltd	444,000	0.28
Pacific Custodians Pty Limited (Control)	417,424	0.26
Sub Total	**136,223,566**	**84.75**
Balance of register	24,511,131	15.25
Total	**160,734,697**	**100.00**

SUBSTANTIAL HOLDERS

Substantial holders (including associate holdings) in the Company, based on the most recent substantial holder notices lodged with the Company and ASX, are set out below:

	Ordinary Shares	
Equity Holder	**Number Held**	**% Issued Shares**
Qantas Airways Limited	24,812,011	15.44
Remco Properties Pty Ltd	18,653,499	11.61
Perennial Value Management Limited	15,436,900	9.60
KIOWA Two Thousand Corporate Trustee Company Limited	15,992,892	9.95
Total		46.60

VOTING RIGHTS

FULLY PAID ORDINARY SHARES

The voting rights attaching to each ordinary share are on a show of hands and every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

PERFORMANCE RIGHTS

The performance rights do not have any voting rights. The fully paid ordinary shares to be allotted on the exercise of the performance rights will have the voting rights noted above for fully paid ordinary shares.

COMPANY DIRECTORY

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA	Street:	81 Pandanus Avenue Brisbane Airport QLD 4009
	Website:	www.allianceairlines.com.au
	Phone:	07 3212 1201
	Fax :	07 3212 1522
	Email:	executive@allianceairlines.com.au
	ACN:	153 361 525
	IATA Code	QQ
DIRECTORS	S Padgett, OAM	Non-Executive Chairman
	S McMillan	Managing Director
	P Housden	Independent Non-Executive Director
	D Crombie, AM	Independent Non-Executive Director
SECRETARIES	N Clark and M Devine	
SENIOR MANAGEMENT	Chief Financial Officer	M Devine
	Chief Operating Officer	S Tully
	General Manager Commercial, Aviation Business Development	R Nelson
SHARE REGISTER	Link Market Services Limited Level 21, 10 Eagle Street Brisbane QLD 4000	
AUDITOR	PricewaterhouseCoopers 480 Queen Street Brisbane QLD 4000	
SOLICITORS	Norton White Level 4, 66 Hunter Street Sydney NSW 2000 Herbert Smith Freehills 80 Collins Street Melbourne VIC 3000	
FINANCIERS	Australia and New Zealand Banking Group Limited 111 Eagle Street Brisbane QLD 4000 Pricoa Private Capital 126 Phillip Street Sydney NSW 2000 *Fiduciary Services* Australia and New Zealand Banking Group Limited	
STOCK EXCHANGE	Australian Securities Exchange Exchange Centre 20 Bridge Street Sydney NSW 2000 ASX Code : AQZ	

An electronic copy of this Annual Report is available at www.allianceairlines.com.au