



**Alliance Aviation Services Limited**  
**ABN 96 153 361 525**  
**ASX code: AQZ**

8 February 2023

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

<b>Revenue and profit after tax Comparison to previous period</b>	<b>Increase / Decrease</b>	<b>Change %</b>		<b>To \$'000</b>
<b>Revenue</b> from ordinary activities	Increase	37.5%	to	235,321
Profit from ordinary activities after tax attributable to members	Increase	292.2%	to	6,556
<b>Profit</b> for the period attributable to members	Increase	292.2%	to	6,556

**Dividends/distributions**

There is no interim dividend declared for the half year ending 31 December 2022.

**Additional information**

**Net tangible asset backing**

	<b>Dec -22</b>	<b>Jun- 22</b>
Net tangible asset backing per ordinary share	1.83	1.78

**Audit status**

This report has been based on the consolidated financial statements for the half year ended 31 December 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 half year ended 31 December 2022 as released on the Australian Stock Exchange and published on the Company's website [www.allianceairlines.com.au](http://www.allianceairlines.com.au).

*For more information contact:*

*Marc Devine*  
*Chief Financial Officer*  
*Alliance Aviation Services Limited*  
*+61 7 3212 1201*

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**Alliance Aviation Services Limited**

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**ALLIANCE AVIATION SERVICES LIMITED**  
**ACN 153 361 525**

**INTERIM REPORT**  
**For the half year ended 31 December 2022**

# Alliance Aviation Services Limited

Interim report for the half year ended 31 December 2022

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# Alliance Aviation Services Limited

Interim report for the half year ended 31 December 2022

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# Director's Report

for the half year ended 31 December 2022

## DIRECTOR'S REPORT

Your directors are pleased to 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 half year ended 31 December 2022.

## DIRECTORS

The following persons were Directors of Alliance Aviation Services Limited during the whole of the half year and up to the date of this report, unless otherwise noted:

- Stephen Padgett OAM
- Scott McMillan
- Peter Housden
- David Crombie AM
- Lee Schofield (resigned 27 July 2022)

## FINANCIAL REVIEW

The Group has reported a statutory profit before tax of \$9,462k, an increase of \$13,956k when compared to the prior comparative period loss before tax adjustments of \$4,494k. The Group's underlying financial result is a profit before tax of \$13,218k, with the only underlying adjustment being \$3,756k for legal and other fees associated with the proposed Qantas scheme of arrangement and associated ACCC review.

The Group has continued with the deployment of the Embraer fleet for wet lease arrangements, with a significant step up in activity in the last half of the reporting period. The Group continues to invest in the E190 fleet with the remaining three aircraft due to arrive in Australia in the third quarter of FY2023. The Rockhampton maintenance facility is nearing completion and is expected to be operational by April 2023. The completion of these two major projects will establish a new benchmark for future performance, both from an operational and financial perspective.

During the reporting period:

- Revenue and Other Income increased to \$238.5 million (1HFY2022: \$170.1 million), up 40.2%.
- Flight hours operated set a new record of 32,365 for the half year (1HFY2022: 20,843).
- Six E190's joined the operating fleet in the period with one of the six being dry leased; and
- 16 of the 18 aircraft allocated under the Qantas wet lease agreement were operational by the end of December 2022.

## SUMMARY OF FINANCIAL RESULTS

Key financial metrics in respect of the half year ended 31 December 2022 are included in the table below with the prior financial period included to facilitate a direct comparison between years.

Item	31 Dec 2022 \$'000	31 Dec 2021 \$'000	Change \$'000
Total Revenue and Other Income	238,468	170,107	68,361
Earnings before Interest, Tax, Depreciation and Amortisation	42,280	21,371	20,909
Profit Before Tax	9,462	(4,494)	13,956
Income Tax Expense	(2,906)	1,083	(3,989)
Net Profit After Tax	6,556	(3,411)	9,967
Earnings Per Share – cents	4.08	(2.10)	6.18
Net Assets	319,946	313,455	6,491
Net Operating Cash Flow	23,623	26,943	(3,320)

# Director's Report

for the half year ended 31 December 2022

In the prior comparative period, the Group employed additional pilots, cabin crew, engineers and overhead staff to support the growth of the Group. COVID-19 related restrictions resulted in extended delays to the utilisation of additional aircraft, the additional costs incurred were captured and adjusted to determine the underlying result. In the current period the Group has incurred legal costs associated with the Qantas Airways Limited proposed scheme of arrangement for the Group. The table below shows the underlying net profit after tax for periods ending 31 December 2021 and 31 December 2022.

Item	Actual 31 Dec 2022 \$'000	Underlying Adjustments* \$'000	Underlying 31 Dec 2022 \$'000	Underlying 31 Dec 2021 \$'000
Total Revenue	238,468	-	238,468	170,107
Earnings before Interest, Tax, Depreciation and Amortisation	42,280	3,756	46,036	40,487
Profit Before Tax	9,462	3,756	13,218	20,706
Income Tax (Expense)/ Benefit	(2,906)	(1,127)	(4,033)	(6,480)
Net Profit After Tax	6,556	2,629	9,185	14,226
Net Assets	319,946	2,629	322,575	335,053
Net Operating Cash Flow	23,623	3,756	27,379	50,371

\*Underlying items relate to the consulting fees for the Qantas proposed scheme of arrangement and ACCC review.

## REVENUE

Revenue increased 40.2% to \$238,468k for the half year, up on \$170,107 for the half year to 31 December 2021.

The increase in total revenue in the first half was driven by growth in contract and wet lease revenues of 19% and 316% respectively. These increases were offset by Charter and RPT revenues decreasing by 23.5% and 30.3% when compared to the prior comparative period.

- Wet lease revenue increased during the half by \$47,088k to \$61,988k (2021: \$14,900k). Wet lease activity and utilisation increased significantly from mid-October 2022 as more pilots and aircraft were made available to service the increasing demand.
- Charter revenue reduced to \$8,128k in the half as a result of lower activity levels compared to the prior half-year comparative period due to capacity constraints. A number of ad-hoc charter clients also moved to contract revenue.
- Regular passenger transport (RPT) revenue declined 30.3% to \$7,673k in the first half of FY2023. This decrease is aligned with the Group's strategy of supplying capacity to high utilisation wet lease flying and contract charter clients; and
- Aviation services revenue decreased slightly in the half to \$5,076k (2021: \$5,842k) due to decreased inventory sales transactions.

## CASHFLOW

Statutory operating cash flow for the half year was \$23,623k, a decrease of \$3,320k from the prior year comparative (\$26,943k). The following are factors that affected the operating cash flow in the first half:

- Acquisition of inventory packages for the Embraer fleet of \$3,318k;
- The continued investment in pilots, cabin crew and engineering training and increased overhead costs associated with the E190 expansion program; and
- The costs associated with the Qantas bid and resultant Australian Competition & Consumer Commission (ACCC) activity \$3,756k

Cash outflows related to investing activities in the half year were \$54,975k, a decrease of \$5,351k on the prior half-year comparative. During the half year \$29,160k was incurred in relation to the Embraer program and associated costs. The balance of three remaining E190 aircraft will arrive in Australia in the 3<sup>rd</sup> quarter of FY2023.

# Director's Report

for the half year ended 31 December 2022

The Group increased its debt by \$17,667k in the half year as facilities were drawn upon to satisfy E190 aircraft settlements, entry into service costs and costs associated with the Rockhampton maintenance facility project.

## CAPITAL EXPENDITURE

Capital expenditure for the period was \$77,635k (2021: \$69,601k).

Capital expenditure on pre-existing fleet and services was \$31,421k. Growth capital expenditure incurred during the half-year was \$46,214k which included E190 introduction costs, and the expenditure related to the Rockhampton Maintenance Facility. A summary of the capital expenditure is shown below.

Item	1H FY 2023 Actual - \$'000	1H FY 2022 Actual - \$'000
<b>Existing Fleet Maintenance</b>		
<b>Cash outflows</b>		
Base maintenance costs	4,148	4,587
Engine care program costs	8,252	7,767
Other miscellaneous costs	895	1,014
Operating costs capitalised	582	1,329
<b>Total cash outflows</b>	<b>13,877</b>	<b>14,697</b>
<b>Non-cash</b>		
Parts from inventory used in base maintenance	17,544	3,863
<b>Total existing fleet maintenance</b>	<b>31,421</b>	<b>18,560</b>
<b>Growth capital expenditure</b>		
<b>Cash outflows</b>		
Embraer program costs	29,160	45,511
Rockhampton project costs	12,521	1,444
Operating costs capitalised	1,293	1,477
<b>Total cash outflow</b>	<b>42,974</b>	<b>48,432</b>
<b>Non-cash</b>		
Parts from inventory used in entry into service maintenance	3,240	2,609
<b>Total growth fleet maintenance</b>	<b>46,214</b>	<b>51,041</b>
<b>Total capital expenditure</b>	<b>77,635</b>	<b>69,601</b>

## SUMMARY OF OPERATIONAL METRICS

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

Item	31 Dec 2022	31 Dec 2021	Change
Aircraft in Service	62*	56*	6
Contract Flight Hours	13,578	13,892	(2%)
Wet Lease Flight Hours	17,248	4,517	282%
RPT Flight Hours	561	1,249	(55%)
Charter Flight Hours	608	871	(30%)
Other (Includes maintenance)	370	314	18%
<b>Total Flight Hours</b>	<b>32,365</b>	<b>20,843</b>	<b>55%</b>
*This number does not include three E190's on dry lease.			
On Time Performance	97%	97%	-
Closing Staff Numbers	1,063	804	32%
Contract Revenue % of Total Revenue	64%	75%	(11)pp



# Director's Report

for the half year ended 31 December 2022

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## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than disclosed elsewhere in this report, there were no significant changes in the state of affairs of the Group during the half year ended 31 December 2022.

## AUDITORS 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 5.

## ROUNDING OF AMOUNTS

The Company is of a kind referred to in the Australian Securities and Investment Commission (ASIC) Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial 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 of Alliance Airlines Services Limited.



**S Padgett, OAM**  
**Chairman**  
**Sydney**  
**08 February 2023**

# Auditors Independence Declaration

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## Auditor's Independence Declaration

As lead auditor for the review of Alliance Aviation Services Limited for the half-year ended 31 December 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Tim Allman', is written over a horizontal line.

Tim Allman  
Partner  
PricewaterhouseCoopers

Brisbane  
8 February 2023

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Liability limited by a scheme approved under Professional Standards Legislation.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2022

	Notes	31 December 2022 \$'000	31 December 2021 \$'000
<b>Revenue and Income</b>			
Revenue from continuing operations	A1	235,321	171,167
Net foreign exchange gains / (losses)		(831)	(1,072)
Other income		3,978	12
<b>Total Revenue and Income</b>		<b>238,468</b>	<b>170,107</b>
<b>Expenses</b>			
Direct flight costs		(80,842)	(61,800)
Parts and inventory costs		(17,900)	(16,670)
Labour and staff related costs		(84,063)	(62,684)
Repairs and maintenance costs		(726)	(732)
Accommodation and utility costs		(1,382)	(1,078)
IT and communications costs		(2,621)	(1,924)
Other administrative costs		(8,654)	(3,848)
Finance costs		(5,634)	(3,388)
Depreciation and amortisation		(27,184)	(22,477)
<b>Total Expenses</b>		<b>(229,006)</b>	<b>(174,601)</b>
<b>Profit/(Loss) before income tax for the period</b>		<b>9,462</b>	<b>(4,494)</b>
Income tax benefit/(expense)	E1	(2,906)	1,083
<b>Profit/(Loss) for the period</b>		<b>6,556</b>	<b>(3,411)</b>
<b>Other Comprehensive Income</b>			
<b>Items that may be reclassified to profit and loss</b>			
Other comprehensive income for the half year, net of tax		-	-
<b>Total comprehensive income for the half year</b>		<b>6,556</b>	<b>(3,411)</b>
Total comprehensive income for the period is attributable to:			
<b>Owners of Alliance Aviation Services Limited</b>		<b>6,556</b>	<b>(3,411)</b>

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

	31 December 2022 Cents	31 December 2021 Cents
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company</b>		
Basic earnings per share	4.08	(2.10)
Diluted earnings per share	4.08	(2.10)

# Consolidated Balance Sheet

For the half year ended 31 December 2022

	Notes	31 December 2022 \$'000	30 June 2022 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	B1	5,963	20,895
Receivables		74,740	57,137
Disposal group held for sale		-	4,608
Inventories	D1	86,356	82,448
<b>Total Current Assets</b>		<b>167,059</b>	<b>165,088</b>
<b>Non-Current Assets</b>			
Property, plant & equipment	D2	519,389	473,886
Intangibles	D3	244	272
Right of use assets	D4	26,181	27,244
<b>Total Non-Current Assets</b>		<b>545,814</b>	<b>501,402</b>
<b>Total Assets</b>		<b>712,873</b>	<b>666,490</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank Overdraft		12,100	-
Trade and other payables		91,133	76,623
Borrowings	B2	6,352	5,252
Current tax liabilities	E1	206	1,209
Lease liabilities	D4	2,485	2,559
Provisions		16,664	15,157
<b>Total Current Liabilities</b>		<b>128,940</b>	<b>100,800</b>
<b>Non-Current Liabilities</b>			
Borrowings	B2	189,557	184,827
Provisions		1,361	1,280
Deferred tax liability		46,802	39,262
Lease liabilities	D4	26,267	26,866
<b>Total Non-Current Liabilities</b>		<b>263,987</b>	<b>252,235</b>
<b>Total Liabilities</b>		<b>392,927</b>	<b>353,035</b>
<b>Net Assets</b>		<b>319,946</b>	<b>313,455</b>
<b>Equity</b>			
Contributed equity	F1	288,206	288,206
Reserves		(110,558)	(110,492)
Retained earnings		142,298	135,741
<b>Total Equity</b>		<b>319,946</b>	<b>313,455</b>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the half year ended 31 December 2022

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Cash flow from operating activities</b>		
Receipts from customers	262,412	205,632
Payments to suppliers	(237,159)	(175,687)
Interest received	23	22
Interest paid	(4,737)	(3,024)
Income taxes (paid)/received	3,084	-
<b>Net cash inflow / (outflow) from operating activities</b>	<b>23,623</b>	<b>26,943</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant, and equipment	(54,975)	(60,326)
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(54,975)</b>	<b>(60,326)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	20,393	13,500
Principal elements of lease payments	(1,351)	(1,218)
Repayment of borrowings	(2,626)	(2,126)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>16,416</b>	<b>10,156</b>
Net increase (decrease) in cash and cash equivalents	(14,936)	(23,227)
Cash and cash equivalents at the beginning of the half year	20,895	36,222
Effects of currency translation on cash and cash equivalents	4	-
<b>Cash and cash equivalents as at 31 December 2022</b>	<b>5,963</b>	<b>12,995</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the half year ended 31 December 2022

	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance as at 1 July 2022</b>	<b>288,206</b>	<b>(110,492)</b>	<b>135,741</b>	<b>313,455</b>
<b>Comprehensive income</b>				
Profit for the half year	-	-	6,556	6,556
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>			<b>6,556</b>	<b>6,556</b>
Foreign currency translation reserve	-	(65)	-	(65)
	-	(65)	-	(65)
<b>Closing Balance as at 31 December 2022</b>	<b>288,206</b>	<b>(110,557)</b>	<b>142,297</b>	<b>319,946</b>
	Contributed Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance as at 1 July 2021</b>	<b>287,426</b>	<b>(110,297)</b>	<b>140,948</b>	<b>318,077</b>
<b>Comprehensive income</b>				
Profit for the half year	-	-	(3,411)	(3,411)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(3,411)</b>	<b>(3,411)</b>
Share-based payment reserve	-	(334)	-	(334)
Employee Share Plan	399	-	-	399
Settlement of performance incentive scheme rights	381	118	-	499
Foreign currency translation reserve	-	21	-	21
	<b>780</b>	<b>(254)</b>	<b>-</b>	<b>585</b>
<b>Closing Balance as at 31 December 2021</b>	<b>288,206</b>	<b>(110,492)</b>	<b>137,537</b>	<b>315,251</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the half year ended 31 December 2022

## 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 leasing services, regular passenger transport (RPT) services and allied aviation services including part sales, engine and parts leasing, aerodrome management services and other engineering services.

The Group's operations and revenue streams are consistent with those described in the Group's Annual Report for the year ended 30 June 2022.

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

	<b>31 December 2022 \$'000</b>	31 December 2021 \$'000
Contract revenue	<b>152,053</b>	127,862
Wet lease revenue	<b>61,988</b>	14,900
RPT revenue	<b>7,673</b>	11,004
Charter revenue	<b>8,128</b>	10,629
Aviation services revenue	<b>5,076</b>	5,842
Other revenue	<b>403</b>	930
<b>Total revenue from continuing operations</b>	<b>235,321</b>	171,167

## B – CASH MANAGEMENT

### B1 - CASH AND CASH EQUIVALENTS

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>31 December 2022 \$'000</b>	<b>30 June 2022 \$'000</b>
Cash at bank and on hand	<b>5,963</b>	20,895
<b>Total Cash and Cash Equivalents</b>	<b>5,963</b>	20,895

# Notes to the Financial Statements

For the half year ended 31 December 2022

## B – CASH MANAGEMENT (CONTINUED)

### B2 - BORROWINGS

The Group's borrowing facilities have increased in the half year ended 31 December 2022 to \$195,909k (FY 22: \$190,079k). The type of borrowing facilities available and used as at 31 December 2022 is shown below:

FACILITIES	Financier Limits			Current Available \$'000	Utilisation \$'000
	ANZ \$'000	PRICOA \$'000	NAIF \$'000		
Term loan facility I	19,909			-	19,909
Term loan facility II	42,500			-	42,500
Term Loan Facility III	12,500			-	12,500
Northern Australia Infrastructure Facility (NAIF)			21,000	-	21,000
Senior secured guaranteed notes		100,000		-	100,000
<b>Borrowing Facilities</b>	<b>74,909</b>	<b>100,000</b>	<b>21,000</b>	-	<b>195,909</b>
Working capital multi option facility I	4,000			640	3,360
Working capital multi option facility II	9,000			200	8,800
Bank Guarantee facility	1,000			322	678
<b>Total</b>	<b>88,909</b>	<b>100,000</b>	<b>21,000</b>	<b>1,162</b>	<b>208,747</b>

## C – CAPITAL MANAGEMENT

The Group's objective 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. To maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group received a waiver for a certain financial covenant for December 2022. During the remainder of the period ended 31 December 2022, the Group remained compliant with the financial covenants and other restrictions of the facilities set out in note B2. Management and the Board will also continue to monitor risks relating to the current operating environment and ensure that risk mitigation strategies are in place should the current political and financial environment present challenges to the performance of the business.

### C1 - DIVIDENDS

#### FRANKING CREDITS

	31 December 2022 \$'000	31 December 2021 \$'000
Franking credits available for subsequent reporting based on a tax rate of 30% (2021: 30%)	5,928	9,069



# Notes to the Financial Statements

For the half year ended 31 December 2022

## D – OTHER ASSETS

### D1 - INVENTORY

Inventory consists of spare aircraft and engine parts, spare engines and components. The following balances contain inventory for the Fokker and Embraer fleet types.

	31 December 2022 \$'000	30 June 2022 \$'000
Aircraft spares and spare engines		
• Fokker	29,533	36,420
• Embraer	40,786	33,713
<b>Total Aircraft spares and spare engines</b>	<b>70,319</b>	<b>70,133</b>
Consumables	16,037	12,315
<b>Total Inventory</b>	<b>86,356</b>	<b>82,448</b>

### AMOUNT RECOGNISED IN PROFIT AND LOSS

Inventory recognised as an expense during the half year ended 31 December 2022 amounted to \$1,183k (\$2,336k: 2021) and is included in parts and inventories expense.

### D2 - PROPERTY, PLANT & EQUIPMENT

Item	Aircraft Assets \$'000	Property, Plant & Equipment \$'000	Total \$'000
<b>As at 30 June 2022</b>			
Cost	767,809	40,491	808,300
Accumulated Depreciation	(312,600)	(21,814)	(334,414)
<b>Net Book Value</b>	<b>455,209</b>	<b>18,677</b>	<b>473,886</b>
<b>Half year ended 31 December 2022</b>			
Opening net book amount	455,209	18,677	473,886
Additions	81,373	784	82,157
Transfers	(4,521)	-	(4,521)
Disposals – Cost	-	(7,598)	(7,598)
Disposals – Accumulated Depreciation	-	1,334	1,334
Transfer to Asset group held for sale	(41)	41	-
Depreciation charge for period	(24,901)	(968)	(25,869)
<b>Closing net book value</b>	<b>507,119</b>	<b>12,270</b>	<b>519,389</b>
<b>As at 31 December 2022</b>			
Cost	844,620	33,718	878,338
Accumulated depreciation	(337,501)	(21,448)	(358,949)
<b>Net book value</b>	<b>507,119</b>	<b>12,270</b>	<b>519,389</b>

Queensland Government grants have been off set against the carrying amount of the fit-out costs associated with the Rockhampton Hangar. The grants will be recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the life of the assets as a reduced depreciation expense. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

# Notes to the Financial Statements

For the half year ended 31 December 2022

## D – OTHER ASSETS (CONTINUED)

### D2 - PROPERTY, PLANT & EQUIPMENT (CONTINUED)

#### ADDITIONS AND TRANSFERS

Additions to property, plant & equipment for the period ended 31 December 2022 include any aircraft entered into service, all aircraft heavy maintenance and the addition of major modifications and significant components. Transfers relate to the removal of rotatable parts from the aircraft which are transferred to inventory.

### D3 – INTANGIBLES

Intangibles relate to certifications and internally generated software.

Item	31 December 2022 \$'000	30 June 2022 \$'000
Opening net book amount	272	383
Amortisation charge	(28)	(111)
<b>Closing net book value</b>	<b>244</b>	<b>272</b>

### D4 – RIGHT OF USE ASSETS (LEASES)

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

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

#### AMOUNTS RECOGNISED IN THE BALANCE SHEET

The Balance Sheet shows the following amounts in relation to leases:

	31 December 2022 \$'000	30 June 2022 \$'000
<b>Right of use Assets</b>		
Property, Plant & Equipment	26,181	27,244
<b>Total Right of Use Assets</b>	<b>26,181</b>	<b>27,244</b>
<b>Lease Liabilities</b>		
Current	2,485	2,559
Non-Current	26,267	26,866
<b>Total Lease Liabilities</b>	<b>28,752</b>	<b>29,425</b>

# Notes to the Financial Statements

For the half year ended 31 December 2022

## D – OTHER ASSETS (CONTINUED)

### D4 - RIGHT OF USE ASSETS (LEASES) (CONTINUED)

#### AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

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 negotiated lease term not in excess of twelve months.

Extension and termination options are typically included in 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 the extension and termination options held are exercisable only by the Group and not by the respective lessor.

## E – INCOME TAX

### E1 - INCOME TAX

	31 December 2022 \$'000	31 December 2021 \$'000
<b>Income tax expense</b>		
Current tax expense	-	-
Adjustments for current tax of prior periods	14	25
<b>Total income tax expense</b>	<b>14</b>	<b>25</b>
<b>Deferred income tax expense included in the income tax expense comprises:</b>		
Decrease / (Increase) in deferred tax assets	(3,774)	(5,676)
Increase / (Decrease) in deferred tax liabilities	6,666	4,567
	<b>2,892</b>	<b>(1,108)</b>
<b>Income tax expense from continuing operations</b>	<b>2,906</b>	<b>(1,083)</b>
<b>Effective tax rate</b>	<b>31%</b>	<b>24%</b>
<b>Numerical reconciliation of income tax to prima facie tax payable</b>		
Profit/(loss) before income tax expense	9,462	(4,494)
Tax at the Australian tax rate of 30% (2021: 30%)	2,838	(1,348)
<b>Tax effect of amounts which are not deductible/(taxable) in the calculation of taxable income:</b>		
Sundry	68	265
<b>Income tax expense</b>	<b>2,906</b>	<b>(1,083)</b>

# Notes to the Financial Statements

For the half year ended 31 December 2022

## F – EQUITY

### F1 - CONTRIBUTED EQUITY

	31 December 2022		30 June 2022	
	No. Shares	\$000	No. Shares	\$000
<b>Share Capital</b>				
Ordinary shares – fully paid	160,734,697	288,206	160,734,697	288,206
<b>Total Contributed Equity</b>	<b>160,734,697</b>	<b>288,206</b>	<b>160,734,697</b>	<b>288,206</b>
<b>Movement in ordinary share capital issued and fully paid shares:</b>				
<b>Balance at the beginning of the period</b>	160,734,697	288,206	160,489,134	287,426
Dividend reinvestment plan issues	-	-	-	-
Performance incentive shares vested and exercised	-	-	149,005	381
Share purchase plan issues	-	-	-	-
Employee share plan issues	-	-	96,558	399
<b>Balance at the end of the period</b>	<b>160,734,697</b>	<b>288,206</b>	<b>160,734,697</b>	<b>288,206</b>

## G – RELATED PARTY TRANSACTIONS

### G1 - RELATED PARTY TRANSACTIONS

Where transactions are entered into with Key Management Personnel (KMP), these are approved by the Board. Board members who have an interest in the matter either directly or via related party do not participate in the Board approval process. No new arrangements have been entered into since the annual report for year ended 30 June 2022.

## H – OTHER ITEMS

### H1 – CONTINGENCIES AND COMMITMENTS

#### CONTINGENT LIABILITIES

Alliance has on issue six bank guarantees relating to existing leases totalling \$618k (FY22: \$618k)

#### CAPITAL COMMITMENTS

#### ROLLS ROYCE TOTAL CARE SERVICES AGREEMENT

The Group is a 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. The agreement expires in December 2024 although the Group has an option to extend to December 2026.

### H2 - EVENTS OCCURRING AFTER BALANCE DATE

The Directors are not aware of any other matters or circumstances not otherwise dealt with in the interim financial report that have significantly affected or may significantly affect the operations of the consolidated Group, the results of those operations or the state of the consolidated Group in the period subsequent to the half year ended 31 December 2022.

# Notes to the Financial Statements

For the half year ended 31 December 2022

## I – BASIS OF PREPARATION

### I1 - COMPLIANCE

This is the interim financial report for Alliance Aviation Services Limited (the “Company”) and its controlled entities (collectively referred to as “Alliance” or “the Group”) for the half year ended 31 December 2022.

The interim financial report has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*. The interim report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act. 2001*.

#### Going Concern

The Interim Financial Report has been prepared on a going concern basis, which assumes that the Group will be able to discharge their liabilities, as and when they fall due in the ordinary course of business.

## J – CHANGES IN ACCOUNTING POLICIES

### J1 – NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED BY THE GROUP

The accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period. Several amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of these standards.

# Directors' Declaration

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DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

In the Directors' opinion:

- The financial statements and notes set out on pages 6 to 16 are in accordance with the *Corporations Act 2001*, including:
  - complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date, and
  - there are reasonable grounds to believe that Alliance Aviation Services Limited will be able to pay its debts as and when they become due and payable.

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



**S Padgett, OAM**

**Chairman**

**Sydney**

**08 February 2023**

# Independent Auditor's Report to Members

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## ***Independent auditor's review report to the members of Alliance Aviation Services Limited***

### **Report on the half-year financial report**

#### ***Conclusion***

We have reviewed the half-year financial report of Alliance Aviation Services Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Alliance Aviation Services Limited does not comply with the *Corporations Act 2001* including:

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

#### ***Basis for conclusion***

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### ***Responsibilities of the directors for the half-year financial report***

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

#### ***Auditor's responsibilities for the review of the half-year financial report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that

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## Independent Auditor's Report to Members

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the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

*PricewaterhouseCoopers*

PricewaterhouseCoopers



Tim Allman  
Partner

Brisbane  
8 February 2023