

ASX Announcement
25 August 2021

Appendix 4D and Half Year Financial Report

Dalrymple Bay Infrastructure Limited (ASX:DBI) (“DBI” or “the Company”) releases today the following in accordance with ASX Listing Rule 4.2A:

1. Appendix 4D;
2. Half Year Financial Report for the period ended 30 June 2021.

Investor Call Details

As previously advised, DBI will hold an Investor Call at 11.00am (AEST) today, 25 August 2021.

Call details: To register please use the following link:

<https://s1.c-conf.com/diamondpass/10015206-n4e2rd.html>

Please note that registered participants will receive their dial in number upon registration.

-ENDS-

Authorised for release by the Board of Dalrymple Bay Infrastructure Limited.

More information

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About Dalrymple Bay Infrastructure

Dalrymple Bay Infrastructure (DBI) through its foundation asset, the Dalrymple Bay Terminal (DBT), aims to provide safe and efficient terminal infrastructure and services for producers and consumers of high quality Australian coal exports. DBT, as the world’s largest metallurgical coal export facility, serves as a global gateway from the Bowen Basin and is a critical link in the global steelmaking supply chain. By providing operational excellence and options for capacity expansions to meet expected strong export demand, DBI intends to deliver value to security holders through distributions, ongoing investment and capital growth. dbinfrastructure.com.au

Forward Looking Statements

This announcement (including the Appendix 4D and the Financial Statements attached) contains certain forward-looking statements with respect to the financial condition, operations and business of the Company and certain plans and objectives of the management of DBI. Forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms “believes”, “estimates”, “anticipates”, “expects”, “predicts”, “intends”, “plans”, “goals”, “targets”, “aims”, “outlook”, “guidance”, “forecasts”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Such forward looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of the Company to be materially different from the results or performance expressed or implied by such forward looking statements. Actual results may materially vary from any forecasts in this announcement. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of DBI, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this announcement. In particular, no representation or warranty, express or implied is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this announcement nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances.

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Appendix 4D

HALF YEAR FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2021

REPORTING PERIOD: 1 January 2021 to 30 June 2021
PREVIOUS CORRESPONDING PERIOD: N/A¹

RESULTS FOR ANNOUNCEMENTS TO THE MARKET

This report comprises the half-year financial information given to the Australian Securities Exchange (ASX) under Listing Rule 4.2A. This report is based upon the consolidated interim financial statements for Dalrymple Bay Infrastructure Limited ("DBI" or "the Company") for the half year ended 30 June 2021.

	Current Reporting Period \$'m	Previous Corresponding Period \$'m	Change %
Revenue from ordinary activities	219.7	N/A	N/A
Profit after tax from ordinary activities attributable to members	113.2	N/A	N/A
Net profit for the period attributable to members	113.2	N/A	N/A

DISTRIBUTIONS²

	Paid or Payable On	Amount per security (cents)	Franked Amount per security (cents)
Interim Quarterly Distribution for the Quarter ended 31 March 2021	16 June 2021	4.5	NIL
The record date for determining entitlements to the interim distribution was 25 May 2021			
Interim Quarterly Distribution for the Quarter ended 30 June 2021 ³	16 September 2021	4.5	NIL
The record date for determining entitlements to the interim distribution is 31 August 2021			

NET TANGIBLE ASSETS PER SECURITY

	Current Reporting Period	Previous Corresponding Period
Net tangible asset backing per ordinary security ⁴	\$6.26	N/A

¹ DBI was incorporated on the 7 August 2020 and listed on the Australian Securities Exchange (ASX) on 8 December 2020. The DBI Group (comprising DBI and its subsidiaries) was formed on 8 December 2020, following the Restructure described in DBI's Prospectus released to the ASX on 8 December 2020 (the Prospectus). Accordingly, there is no previous corresponding period for the half-year reporting period ending 30 June 2021.

² The Interim Quarterly Distributions paid or payable in respect of Quarters ending 31 March 2021 and 30 June 2021 take the form of a partial repayment of principal on the Loan Notes.

³ Approved by the Board of DBI on 25 August 2021.

⁴ Net Tangible Assets used as the basis for this calculation include the service concession arrangement granted to subsidiaries of DBI by the State of Queensland over the Dalrymple Bay Terminal. Assets of this type are characterised as Intangible Assets under Australian Accounting Standards.

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COMPLIANCE WITH IFRS

The attached financial report complies with Australian Accounting Standards (AAS). Compliance with AAS ensures that the financial report complies with International Financial Reporting Standards (IFRS).

AUDIT

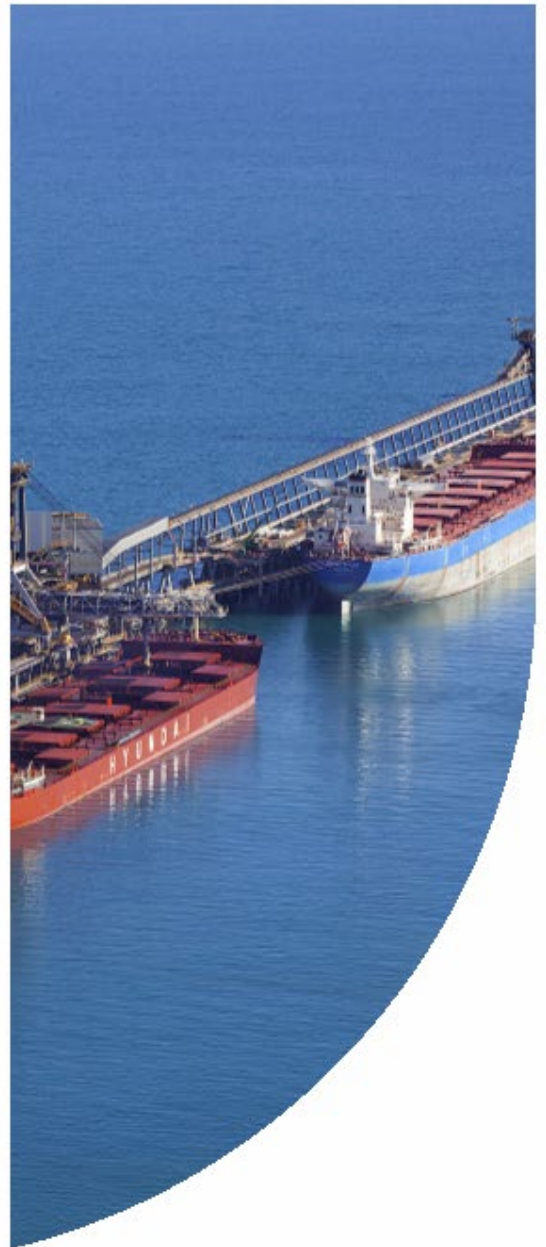
This report is based upon consolidated financial statements which have been reviewed by Deloitte Touche Tohmatsu. For additional information supporting the Appendix 4D disclosure requirements, refer to the Director's Report and the consolidated financial statements for the half year ended 30 June 2021 which accompany this Appendix 4D.

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Dalrymple Bay
Infrastructure

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Dalrymple Bay Infrastructure Limited
ACN 643 302 032

Interim Financial Report
for the half year ended 30 June 2021

Dalrymple Bay Infrastructure Limited

ABN 76 643 302 032

Interim report – Half-year ended 30 June 2021

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and any public announcements made by Dalrymple Bay Infrastructure Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Dalrymple Bay Infrastructure Limited is a public company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Dalrymple Bay Infrastructure Limited
Brookfield Global Manager Australia Pty Ltd, Brookfield Place
Level 19, 10 Carrington Street
Sydney NSW 2000

Its principal place of business is:

Dalrymple Bay Infrastructure Limited
Level 15, Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Dalrymple Bay Infrastructure Limited's securities are traded on the Australian Securities Exchange (ASX).

Directors' Report

The Directors of Dalrymple Bay Infrastructure Limited (the 'Company' or 'DBI') present their report together with the Condensed Consolidated Financial Statements for DBI and its controlled entities for the period ended 30 June 2021.

The Dalrymple Bay Infrastructure Limited consolidated group ('the Group') comprises the Company, and

- Dalrymple Bay Infrastructure Holdings Pty Ltd
- Dalrymple Bay Infrastructure Management Pty Ltd ('DBIM')
- Dalrymple Bay Finance Pty Ltd ('DB Finance')
- Dalrymple Bay Investor Services Pty Ltd ('DBIS') (Trustee for the DBT Trust)
- DBT Trust
- BPIRE Pty Ltd (Trustee for the BPI Trust, BIAT and Brookfield DP Trust)
- BPI Trust
- Brookfield DP Trust
- Brookfield Infrastructure Australia Trust ('BIAT')
- Dudgeon Point Project Management Pty Ltd
- DBHex Holdings Pty Ltd; and
- DBHex Management Pty Ltd

(together the 'DBT Entities')

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

Directors

The Directors who held office during the whole of the half-year and up to the date of this report were:

Directors	Position
Hon Dr David Hamill AM	Chairman, Independent Non-Executive Director
Mr Anthony Timbrell	Chief Executive Officer (CEO) and Executive Director
Mr Bahir Manios	Non-Executive Director
Ms Bronwyn Morris AM	Independent Non-Executive Director
Dr Eileen Doyle	Independent Non-Executive Director
Mr Jonathon Sellar	Alternate Non-Executive Director for Bahir Manios

Principal activities

The Group's principal activity during the period was the provision of capacity to independent customers to ship coal through the Dalrymple Bay Terminal ('DBT'), which is located at the Port of Hay Point, south of Mackay in Queensland.

Distributions and dividends

The Company declared a distribution of 4.5 cents per security with a record date of 25 May 2021 and payment date of 16 June 2021.

On 25 August 2021, the directors declared a quarterly distribution of 4.5 cents per security to the security holders in respect of the half year ended 30 June 2021 to be paid to security holders on 16 September 2021.

These distributions were in the form of a partial repayment of the principal of the DBI loan notes issued to securityholders ('Loan Notes').

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On-market buy back

On 26 February 2021, the Company announced to the ASX its intent to establish an on-market buy-back program which enables the Company to buy back up to 10% of its issued securities during the period to 31 December 2021, should the Directors consider it advantageous to do so. The on-market buy-back commenced on 29 March 2021.¹

As at 30 June 2021, a total of 3,078,474 securities have been acquired for a total of \$6.7 million under the program. These securities have subsequently been cancelled. All buy-backs were within the '10/12 limit' permitted by the Corporations Act 2001 (Cth) and therefore did not require securityholder approval.

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¹ Refer previous announcement by the Company to the ASX: "Announcement of buy-back - Appendix 3C" and "Full Year Results Release" dated 26 February 2021; "On Market Share Buy-Back Update" and "Changes relating to buy-back - Appendix 3D" dated 29 March 2021

Operating and financial review

DBT is a specialty metallurgical coal terminal that operates 24 hours a day. More than 80 different grades of metallurgical coal from the Bowen Basin are exported to 26 countries. Key 1HY-21 operating highlights include:

- Total coal exports for the six months of 1HY-2021 totalled 25.3mt of coal (versus 55mt in CY-20)²
- DBI's coal export capacity remains under long term take or pay contracts ensuring that DBI has no volume or commodity price risk
- Coal exports during 1HY-21 were approximately 82.5% metallurgical coal and 17.5% thermal coal.
- Key export destinations were Japan, South Korea, India, Taiwan and Europe, accounting for approximately 77% of total exports.
- Exports to China continue to be impacted by the Chinese government ban on Australian coal.
- Operations at two large underground mines serviced by DBT were interrupted for substantial parts of the year, however as a result of the relevant Users' take or pay contracts, this has no financial impact on DBI. Both mines are expected to be operating this year.

Financial Review

During the reporting period, the Group made a net operating profit after income tax of \$113,190,109.

\$ million	1HY-21 Statutory Results ³ (1 January to 30 June 2021)	Prospectus Forecast 1HY-21 ⁴ (1 January to 30 June 2021)
TIC Revenue	100.9	100.9
Handling Revenue	118.8	129.3
Total Revenue	219.7	230.2
Terminal operator's handling costs	(118.8)	(129.3)
G&A Expenses (excluding IPO Transaction Costs) ⁴	(7.2)	(8.4)
G&A Expenses reversal (IPO Transaction Costs) ⁴	94.0	-
EBITDA (non-statutory)⁵	187.7	92.5
Net finance costs ⁶	(39.4)	(49.4)
Depreciation and Amortisation	(19.5)	(19.4)
Profit before Tax	128.9	23.7
Income tax expense	(15.7)	(9.4)
Net profit after tax	113.2	14.3

² DBI was incorporated on 7 August 2020 and the DBI Group (comprising DBI and its wholly owned subsidiaries) was formed on 8 December 2020 following the Restructure (as that term is defined in the Prospectus) at which time DBI acquired Dalrymple Bay Infrastructure Management Pty Ltd (DBIM) and DBT Trust (which are the main entities conducting the business of DBI in respect of DBT as set out in the Prospectus).

³ 1H-21 is the half year reporting period from 1 January to 30 June 2021.

⁴ IPO is Initial Public Offering and Prospectus Forecast is the forecast provided in DBI's prospectus on listing on the Australian Securities Exchange (ASX), as released to the ASX on 8 December 2020. "G&A Expenses" means general and administrative expenses and IPO Transaction Costs are detailed in Note 30 to DBI's Financial Report for the period ended 31 December 2020 released to the ASX on 26 February 2021 and described in the Prospectus as "Transaction Costs".

⁵ Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA has been included to enable comparisons to the Prospectus

⁶ Includes Interest expense and fair value adjustments on Stapled Loan Notes. This is net of interest received shown in the financial statements as other income.

When comparing statutory results for the period to the 1HY-21 forecast provided in DBI's listing prospectus released to the ASX on 8 December 2020 (Prospectus):

- Terminal Infrastructure Charge (TIC) Revenue was per Prospectus Forecast.
- Handling Revenue as charged to Users and DBT's operator's handling costs paid by the Group, being a pass through in DBI's accounts, has no impact on DBI's EBITDA. This revenue and cost was 8% below forecast reflecting lower spend by DBT's operator than budgeted due to lower than forecast throughput.
- Underlying G&A expenses of \$7.2 million were 14% favourable to Prospectus of \$8.4 million primarily due to a delay in new staff appointments and lower than forecast insurance costs.
- A reversal of IPO Transaction Costs of \$94 million was recorded during the period following finalisation of various items for which preliminary estimates were provided for in the Prospectus at the time of listing. Of the original \$132 million provided by subsidiaries of Brookfield and co-investors (the 'Selling Entities'⁷), \$34 million was returned to the Selling Entities during the period and the remaining \$5 million will be used to settle remaining costs or returned once all IPO Transaction Costs have been finalised.
- Net finance costs of \$39.4 million comprises interest on the Group's external bank facilities and issued bonds as well as non-cash fair value adjustments on the non-interest-bearing loan notes stapled to each share issued to DBI Securityholders.
- External interest expense and financing costs of \$41.3 million was within 0.5% of Prospectus forecast of \$41.1 million
- The interest and fair value adjustments through the profit or loss on loan notes attributable to securityholders was \$13.6 million during the period compared to Prospectus forecast of \$8.1 million. This variance arose as a result of the early principal repayment made by the Q1-2021 distribution. This variance has been offset by the \$9.7 million unwind of the fair value adjustment on debt and the \$5.9 million unrealised gain on hedging, neither of which were included in the Prospectus.

Balance Sheet

Liquidity in the Group as at 30 June 2021 comprised \$233 million in undrawn bank facilities (which includes \$60 million undrawn on the liquidity facility) and, \$38.2 million in Cash and Cash Equivalents (approximately \$4 million of which was earmarked to meet IPO Transaction Costs). The Group also had \$33 million held in a debt service reserve account.

The Group's debt book comprises bank debt and fixed and floating rate bonds, with a weighted average tenor of 5.24 years. Subsidiaries of DBI refinanced \$260 million of facilities subsequent to 30 June 2021, well in advance of their 2022 maturities. As at 30 June 2021, total reported statutory borrowings were \$2,002.2 million (at 30 June 2021, non-statutory drawn debt was \$1,840.9 million)⁸.

The Group's Treasury Policy requires that at least 75% of core floating debt is fixed with interest rate swaps to align with the regulatory regime. During May 2021, one of the Company's subsidiaries, DB Finance, entered into \$1,450 million of interest rate swaps to fix the base rate of a proportion of its debt book. These swaps had various forward start dates during June 2021 and will expire on various dates during June 2026. The average swap rate transacted was 1.173% lower than the average rate of the \$1,600 million of interest rate swaps that expired in June 2021.

Furthermore, currency exposure on the USD-denominated USPP notes is 100% hedged under cross currency interest rate swaps (CCIRS) transacted at the time of raising the USD debt. CCIRS have the effect of hedging currency exposure on the debt principal and converting the fixed USD interest rates to the

⁷ Selling Entities means the Exiting Securityholders as defined in the Prospectus

⁸ Non-statutory debt uses the foreign currency exchange rate per the CCIR swaps to translate USD denominated debt to AUD. Drawn debt includes \$27million drawn on a Revolving Bank Facility which was due to mature 6 June 2022 and which was refinanced subsequent to reporting date.

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equivalent AUD floating rate. These CCIRS are hedged for the life of the foreign currency borrowings, removing sensitivity to foreign exchange movements for both interest and principal.

Regulatory Environment

Under the regulatory regime applying to DBT and administered by the Queensland Competition Authority ('QCA'), DBIM is required to submit a draft access undertaking to the QCA for approval every 5 years. DBIM submitted a draft access undertaking (2019 DAU) to the QCA for assessment on 1 July 2019 proposing a transition to a lighter-handed regulatory framework in the form of a 'negotiate-arbitrate' pricing regime. On 1 July 2021, the QCA approved the amended 2019 Draft Access Undertaking in the form submitted to the QCA by DBIM on 12 May 2021, following the QCA's Final Decision on 30 March 2021 which endorsed the application of a lighter-handed regulatory framework.

Commercial negotiations with customers are currently underway and DBI will update the market once outcomes are reached. When agreements are reached with customers or any disputes are determined by an arbitrator, the price as agreed or determined will be backdated to an effective date of 1 July 2021 and a retrospective payment adjustment will be made.

Up until a time where a new pricing agreement is reached, DBI will continue under the current pricing agreement that has facilitated the Company's ability to pay a 1H1-21 distribution of 9 cents per security.

ESG Performance

The Company operates under industry leading Environment, Social and Governance (ESG) and sustainability principles. DBI and the operator of the DBT recognise that DBT's location within the Great Barrier Reef World Heritage Area and its proximity to residential communities brings responsibility to ensure operations continue to have no detrimental impact on people or the unique ecosystem. Together, DBI and the operator are committed to protecting and enhancing the environment through leading environmental management practices and strong partnerships with environmental groups.

During 2020, DBI, in collaboration with DBT's operator, launched the DBT Sustainability Strategy 2020 which sets the framework for the management of ESG risks and to build on the sustainability programs and initiatives already in place. DBI will report on its sustainability performance and progress against the Strategy in its inaugural Sustainability Report in September 2021.

Outlook

The Directors have maintained distribution guidance of 9 cents per security for 1HY-21 with a 2Q-21 quarterly distribution to be declared on 25 August 2021 to be paid in September 2021. The Directors have provided further distribution guidance of 9 cents per security for 2H-21 to be paid across two quarterly distributions. The 1HY-21 distribution payments will provide an FFO payout ratio which, as noted in the Prospectus, will be above DBI's longer term target payout ratio of 60-80% of FFO. The Company will continue to focus on its core investment drivers and target to grow distributions per share by 1%-2% per annum for the foreseeable future.

These investment drivers include:

- Delivering on DBI's whole-of-terminal commitment to ESG and sustainability
- Continuing to price negotiation with customers under the lighter-handed regulatory framework
- Maintaining stable, predictable cash flows, with high margins, via our long-term take-or-pay contracts
- Continuing the longstanding relationships with customers and strong alignment through the value chain
- Progressing the opportunities to capture long-term growth in Bowen Basin metallurgical coal production via growth options such as the 8X expansion
- Growing the asset base through continued investment in sustaining capital expenditure; and
- Maintaining an investment grade balance sheet.

8X Expansion

DBT retains significant expansion optionality to accommodate the expected growth in metallurgical coal exports from the Bowen Basin. The 8X expansion presents a well-defined technical and commercial pathway to expand capacity in 4 phases. The 8X expansion is focused on terminal optimisation by maximising storage volume as well as increasing inloading and outloading capabilities within the existing footprint of DBT and its marine facilities.

In December 2020, DBI completed the technical aspects of the 8X FEL2 Study (pre-feasibility) which was fully underwritten by access seekers. The study revealed that the 8X expansion can expand the system capacity to 99.1Mtpa at a cost of \$1,276 million.

Following full underwriting for the next stage of studies, DBI commenced the FEL3 (full feasibility study) in April 2021. The FEL3 study and associated economic assessments are expected to complete late 2022.

Changes in state of affairs

The Company has not been financially impacted by COVID-19 events. The Directors have concluded this after noting no disruption to the operations at DBT due to COVID-19 and recognising the take or pay nature of customer contracts.

Other than that, there was no significant change in the state of affairs of the Company during the period.

Environmental regulation

The Group's assets are subject to compliance with applicable Commonwealth and Queensland State environmental laws. The Directors believe that the Group has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Group.

Subsequent events

On 1 July 2021, the QCA approved DBIM's draft access undertaking (2021 AU). Under the 2021 AU, DBIM is now required to negotiate pricing with each of its customers and, if pricing is unable to be reached, the dispute may be referred to the QCA for arbitration. Any price agreed or arbitrated after 1 July 2021 will be back-dated effective 1 July 2021.

A \$200 million bank facility agreement was signed on 13 August 2021. This is a replacement facility for the \$200 million facility due to mature in June 2022. The new facility consists of 2 tranches, a five year \$170 million tranche and a four year \$30 million tranche. On 10 August 2021, the maturity date of the \$60 million liquidity facility due to expire in September 2022 was extended for a further two years to 20 September 2024.

On 17 August 2021, the Group executed a Memorandum of Understanding (MOU) with North Queensland Bulk Ports Corporation (NQBP), the Brookfield Infrastructure Group (Australia) Pty Ltd and ITOCHU Corporation. Under the MOU, the parties will negotiate funding arrangements for feasibility studies into a green hydrogen production, storage and export facility at DBT.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the consolidated entities, the results of those operations, or the state of affairs of the Group in future financial years.

Future developments

As referred to above, DBI retains significant expansion optionality to accommodate the expected growth in metallurgical coal exports from the Bowen Basin. The 8X expansion presents a well-defined technical and commercial pathway to expand capacity in 4 phases. DBI is currently undertaking the FEL3 (feasibility study) for the 8X expansion.

DBIM is required to submit to DBCT Holdings Pty Limited, a master plan that addresses any changes to DBT in respect to circumstances, demand, technology or other relevant matters each year, unless there is no change to the previous year's master plan.

A copy of the DBIM master plan is available on DBI's website, www.dbinfrastructure.com.au

Indemnification of officers and auditors

During the reporting period, the Company paid premiums to insure certain officers of the Company (as named above), and the Executive Officers of the Company's subsidiaries, against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act, 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such by officer or auditor.

Auditor's independence declaration

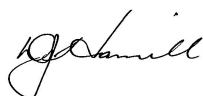
The auditor's independence declaration is included on page 10 of the interim financial report.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors of the Company made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors.



Hon Dr David Hamill AM

Chairman

Brisbane

25 August 2021

25 August 2021

The Board of Directors
Dalrymple Bay Infrastructure Limited
Level 15, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Dear Board Members

Auditor's Independence Declaration to Dalrymple Bay Infrastructure Limited

In accordance with section 307C of the Corporations Act 2001, we are pleased to provide the following declaration of independence to the Board of Directors of Dalrymple Bay Infrastructure Limited.

As lead audit partners for the review of the half year financial report of Dalrymple Bay Infrastructure Limited for the half year ended 30 June 2021, we declare that to the best of our knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

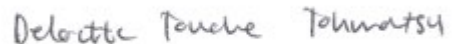
Yours faithfully



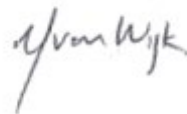
DELOITTE TOUCHE TOHMATSU



Stephen Tarling
Partner
Chartered Accountants



DELOITTE TOUCHE TOHMATSU



Yvonne van Wijk
Partner
Chartered Accountants

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2021

	Notes	Period ended 30 June 2021 ¹ \$'000
Continuing operations		
Revenue from contracts with customers	3	219,665
Other income		104
Total Income		<u>219,769</u>
Expense		
Depreciation and amortisation expense		(19,478)
Finance costs	5	(39,504)
Operating and management charges		(118,752)
Reversal of IPO Transaction Costs	17	94,000
Other expenses		(7,155)
Total expenses		<u>(90,889)</u>
Profit before income tax		<u>128,880</u>
Income tax expense	6	(15,690)
Profit for the period		<u>113,190</u>
Profit is attributable to:		
Company shareholders/Owners of the Company		<u>113,190</u>
Profit for the period		<u>113,190</u>
Other comprehensive income		
Gain on cash flow hedges taken to equity		12,476
Loss on cash flow hedges transferred to profit		(3,043)
Income tax expense relating to components of other comprehensive income		(2,830)
Other comprehensive income for the period, net of tax		<u>6,603</u>
Total comprehensive income for the period		<u>119,793</u>
Total comprehensive income for the period is attributable to:		
Owners of Dalrymple Bay Infrastructure		119,793
		\$
Earnings per share for profit attributable to the ordinary equity holders of the Company:		
Basic and diluted earnings per security		0.23

¹ There are no 30 June 2020 comparatives as DBI was incorporated on 7 August 2020.

Condensed Consolidated Statement of Financial Position

For the half year ended 30 June 2021

		30 June 2021 \$'000	31 December 2020 \$'000
	Notes		
CURRENT ASSETS			
Cash and cash equivalents		38,221	139,135
Trade and other receivables		42,372	45,305
Prepayments		1,662	3,678
Total current assets		82,255	188,118
NON-CURRENT ASSETS			
Other financial assets	7	267,334	263,256
Property, plant and equipment		150	8
Intangible assets	10	3,110,950	3,110,150
Right-of-use assets		1,440	449
Total non-current assets		3,379,874	3,373,863
Total assets		3,462,129	3,561,981
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	62,587	157,233
Borrowings	12	27,000	33,000
Other financial liabilities	8	-	14,619
Employee provisions		1,681	1,411
Deferred capital contribution	17	5,183	132,432
Lease liabilities		302	246
Total current liabilities		96,753	338,941
Non-current liabilities			
Borrowings	12	1,975,216	2,006,539
Loan note attributable to securityholders	11	244,692	252,649
Lease liabilities		1,146	212
Other financial liabilities	8	79,607	64,658
Deferred tax liabilities		46,124	28,436
Employee provisions		1,280	612
Total non-current liabilities		2,348,065	2,353,106
Total liabilities		2,444,818	2,692,047
Net assets		1,017,311	869,934
EQUITY			
Issued capital		980,518	987,216
Reserves		36,811	(4,074)
Retained earnings		(18)	(113,208)
Total equity		1,017,311	869,934

Condensed Consolidated Statement of Changes in Equity

For the half year ended 30 June 2021

Attributable to owners of Dalrymple Bay Infrastructure Limited

Consolidated	Notes	Issued capital \$'000	Hedge reserve \$'000	Capital contribution \$'000	Retained earnings \$'000	Total \$'000
Balance at 31 December 2020		987,216	(4,074)	-	(113,208)	869,934
Profit for the period		-	-	-	113,190	113,190
Amounts recognised in the current period		-	9,433	-	-	9,433
Income tax relating to components of other comprehensive income		-	(2,830)	-	-	(2,830)
Total comprehensive income for the period		-	6,603	-	113,190	119,793
Transactions with owners in their capacity as owners:						
Capital contribution by Selling Entities	17	-	-	34,282	-	34,282
Buy back of stapled securities and other	11	(7,531)	-	-	-	(7,531)
Income tax relating to movements in equity		833	-	-	-	833
		(6,698)	-	34,282	-	27,584
Balance at 30 June 2021		980,518	2,529	34,282	(18)	1,017,311

Condensed Consolidated Statement of Cash Flows

For the half year ended 30 June 2021

	30 June 2021
	Notes \$'000
Cash flows from operating activities	
Receipts from customers	244,617
Payments to suppliers and employees	(144,249)
Interest received	104
Interest and other costs of finance paid	(42,940)
Net cash inflow from operating activities	57,532
Cash flows from investing activities	
Payments for property, plant and equipment	(160)
Payment for additions to intangibles	10 (19,929)
Repayment of deferred capital contribution	17 (93,000)
Proceeds from deposits (cash withdrawn from debt service reserve)	7 3,000
Net cash outflow from investing activities	(110,089)
Cash flows from financing activities	
Proceeds from borrowings	20,000
Repayment of borrowings	(39,000)
Distribution through part repayment of the stapled loan note	11 (22,450)
Principal elements of lease payments	(162)
Payment for securities buybacks	14 (6,745)
Net cash outflow from financing activities	(48,357)
Net decrease in cash and cash equivalents	(100,914)
Cash and cash equivalents at the beginning of the period	139,135
Cash and cash equivalents at end of the period	38,221

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1. Summary of Accounting Policies

Going concern

The financial statements have been prepared on the basis that the Group is a going concern, able to realise its assets in the ordinary course of business and settle liabilities as and when they fall due.

As at 30 June 2021, the Group's current liabilities exceeded its current assets by \$14 million, primarily due to the inclusion of a drawn bank facility totalling \$27 million as a current liability. This bank facility, with a total facility limit of \$200 million, is due to mature in June 2022. The facility has been successfully refinanced subsequent to the half year end and a new multi-tranche \$200 million facility agreement was signed 13 August 2021. This facility will be classified as non-current (refer note 20).

The Directors are therefore of the opinion that the preparation of the financial statements as a going concern is appropriate.

Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting* (AASB 134). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This interim financial report for the half year ended 30 June 2021, does not include all the notes of a type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual financial report for the year ended 31 December 2020, together with any public announcements made by the Company during the current period in accordance with any continuous disclosure obligation arising under the Corporations Act 2001.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for financial instruments, which are measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those applied in the Company's annual report for the year ended 31 December 2020. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Rounding off of amounts

The Company is a company of the kind referred to in Australian Securities and Investment Commission (ASIC) Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Corporations Instrument amounts in the Directors' Report and the interim financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

2. Adoption of New and Revised Australian Accounting Standards

Standards and Interpretations adopted that impacted the Financial Statements

Details of the Standards and Interpretations adopted in these Financial Statements that have had an impact on the amounts reported are set out below.

AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2.

The interest rate benchmark reform aims to discontinue Interbank Offered Rates (IBORs) and replace these interest rate benchmarks with alternate Risk Free Rates (RFRs).

In the year ended 31 December 2020 the Group adopted AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform (AASB 2019-3). These amendments modify specific hedge accounting requirements and allow the Group to apply certain exceptions in respect of hedge relationships that are impacted by market wide interest rate benchmark reform.

In the current year, the Group adopted AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2 (AASB 2020-8). These amendments are mandatory for annual reporting periods beginning on or after 1 January 2021. Phase 2 amendments enable the Group to reflect the effects of transitioning IBORs to RFRs without giving rise to accounting impacts that would not provide useful information to users of financial statements.

March 2021 FCA Announcement relating to the discontinuation and replacement of IBOR settings

On 5 March 2021, the Financial Conduct Authority (FCA) in the United Kingdom announced cessation dates with respect to Euro, Sterling, Swiss, Japanese and US dollar IBORs. Only the changes to the USD-LIBOR are relevant to the Group's portfolio of financial instruments. The cessation dates relevant to USD-LIBOR are:

- 1) Immediately after December 31, 2021, publication of the 1-week and 2-month USD-LIBOR settings will permanently cease; and
- 2) Immediately after June 30, 2023, the 1-month, 3-month and 6-month USD-LIBOR settings will cease to be provided or, subject to the FCA's consideration of the case, be provided on a synthetic basis and will no longer be representative of the underlying market and economic reality they are intended to measure and that representativeness will not be restored.

Risks arising from the interest rate benchmark reform

The Group has performed an assessment of exposure linked to USD-LIBOR. At 30 June 2021, the Group has not identified:

- Any debt instruments directly linked or referenced to USD-LIBOR as all offshore bonds issued are issued in fixed rate; or
- Any Cross Currency Interest Rate Swaps (CCIRS) directly linked to USD-LIBOR as these instruments swap the fixed rate USD denominated debt to floating BBSW interest rate.

Despite not having any direct USD-LIBOR linked debt or swap instruments, the Group has designated derivative hedging instruments in hedge accounting relationships against the fair value exposure of the Group's USD fixed rate debt associated with USD-LIBOR3m benchmark interest rate risk and thus will have an indirect exposure to changes in USD-LIBOR3m benchmark interest rates.

The valuations of CCIRS hedging instruments are based on USD-LIBOR swap rates, which will be impacted upon USD-LIBOR discontinuation.

Accounting impacts arising from the application of the interest rate benchmark reform

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group that reference the USD-LIBOR benchmark rates and extend beyond 2021, the date by which the reform is expected to be implemented.

- Fair value hedges where USD-LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the USD-LIBOR risk component; and
- Cash flow hedges where USD-LIBOR-linked derivatives are designated as a cash flow hedge of USD-LIBOR-linked cash flows.

These hedges have a nominal value of \$1,022 million (USD977 million) and are maturing from 2023 to 2032.

The application of the amendments impacts the Group's accounting in the following ways:

The Group has issued US dollar (USD) denominated fixed rate debt which it hedges using USD fixed to BBSW CCIRS. The Group has indirect exposure to the USD-LIBOR through the fair value exposure of the Group's USD fixed rate debt and the use of the USD-LIBOR curve as the discount curve on the USD leg of

the CCIRS. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, USD-LIBOR, may no longer be separately identifiable and there is uncertainty about the replacement of the floating interest rates included in the respective fair value hedge relationships. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship will be discontinued.

The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reform even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The aggregate notional volume of CCIRS designated in hedge accounting relationships impacted by the transition is USD 977 million at 30 June 2021.

The Group's Treasury and Legal teams are working closely with banks and swap counterparties to understand the process of replacing the USD-LIBOR with replacement RFR and implications on the pricing and valuation of existing hedging instruments.

3. Revenue

The Group derives its revenue from contracts with customers for the transfer of services over time. The Group generates revenue from users through the following access charges:

- TIC levied per tonne of contracted capacity on a take-or-pay basis; and
- a handling charge which consists of:
 - a fixed handling charge, levied per tonne of contracted capacity; and
 - a variable handling charge, levied based on actual use.

The handling charge represents the costs of terminal operations and maintenance costs that are charged to the users of the DBT. The net contribution of handling charges to DBI's cash flow is nil.

An analysis of the Group's revenue for the period is as follows:

	Consolidated
	30 June 2021
	\$'000
Revenue from contracts with customers:	
Revenue from rendering of services – terminal infrastructure charge	100,913
Revenue from rendering of services – handling charges	118,752
	219,665

4. Segment Information

The Group has one primary business and operates in one geographical region - Australia. Its principal activity is the provision of capacity to independent customers to ship coal through DBT located at the Port of Hay Point, south of Mackay in Queensland, Australia.

There are currently 17 mines that utilise DBT. Six of the users account for approximately 90% of the contracted tonnage at 30 June 2021

5. Finance Costs

	Consolidated
	30 June 2021
	\$'000
a) Finance costs	
Profit for the period has been arrived at after charging the following finance costs:	
Interest on borrowings	40,258
Other finance costs	1,226
Amortisation of the fair value adjustment to debt ¹	(9,669)
Interest accrued and fair value adjustments to the Loan Notes attributable to securityholders	13,660
	45,475
b) Hedging Costs	
Hedge ineffectiveness	(5,971)
	39,504

¹ Includes adjustments to effective interest in relation to the fair value adjustments resulting from the asset acquisition.

6. Income Taxes

a) Income tax recognised in profit or loss

	Consolidated
	30 June 2021
	\$'000
Income tax expense comprises:	
Deferred tax expense relating to the origination and reversal of temporary differences	17,066
Adjustment to deferred tax expense of prior periods	(1,376)
Total tax expense	15,690
Income tax on pre-tax accounting profit reconciles to tax expense as follows:	
Profit/(loss) for the period	128,880
Income tax benefit calculated at tax rate of 30.0%	38,664
Non-assessable income and other permanent differences	(24,047)
Difference in depreciation rates between tax and accounting	2,449
	17,066
Over provision of income tax in previous period	(1,376)
	15,690

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7. Other Financial Assets

	Consolidated	
	30 June 2021 \$'000	31 December 2020 \$'000
Derivatives		
Non-current:		
Cross currency interest rate swaps	224,493	216,591
Interest rate swaps	9,347	10,169
	233,840	226,760
Other financial assets		
Non-current:		
Debt Service Reserve deposit – at amortised cost ¹	33,000	36,000
Other secure deposits	494	496
	33,494	36,496
	267,334	263,256

¹ The Debt service reserve deposit is interest-bearing and is held in accordance with the DB Finance Deed of Common Provisions. At 30 June 2021 the average interest rate is 0.36%.

8. Other financial liabilities

	Consolidated	
	30 June 2021 \$'000	31 December 2020 \$'000
Derivatives		
Current:		
Cross currency interest rate swaps	-	14,619
	-	14,619
Non-Current:		
Cross currency interest rate swaps	22,507	7,316
Interest rate swaps	57,100	57,342
	79,607	64,658
	79,607	79,277

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9. Trade and other payables

	Consolidated	
	30 June	31 December
	2021	2020
	\$'000	\$'000
Trade payables ¹	53,972	42,325
Other payables ²	4,151	109,994
Interest payable	3,396	4,914
GST Payable	1,068	-
	62,587	157,233

¹ The average credit period on purchases of goods and services is 30 days. No interest is incurred on trade creditors. Trade payables are measured at amortised cost.

² Other payables are the accrued IPO Transaction Costs. Funds for these costs have been provided by the Selling Entities. A \$94 million accrual from the prior year has been reversed (refer note 17)

10. Intangible assets

	Consolidated	
	30 June	31 December
	2021	2020
	\$'000	\$'000
Gross carrying amount:		
Balance at beginning of period	3,112,606	-
Addition as a result of the asset acquisition ¹	-	3,111,349
Additions	20,129	1,257
Balance at end of reporting period	3,132,735	3,112,606
Accumulated amortisation:		
Balance at beginning of period	2,456	-
Amortisation expense	19,329	2,456
Balance at end of reporting period	21,785	2,456
Net book value	3,110,950	3,110,150

¹ On 8 December 2020, DBI acquired the DBT Entities and as a result recorded the terminal lease as a service concession intangible asset at cost.

The Group's principal asset is its lease of and right to use the DBT. This asset is considered to be a Service Concession Arrangement which should be accounted for as a service concession asset under *Service Concession Arrangements* (Interpretation 12). The Group recognises an intangible asset arising from a service concession arrangement at cost, which at the IPO was the cost to DBI to purchase the asset.

Intangible assets recognised under Interpretation 12 are amortised over the total lease period available to DBI (80 years from December 2020 to September 2100). The total lease period available comprises a 50-year lease (which commenced in September 2001) with an option for a 49-year extension.

At 30 June 2021, the Group reviewed the carrying amount of its intangible asset to determine whether there were any indicators of impairment loss. Both internal and external sources of information were considered, including the impact of the COVID 19 pandemic and trade disputes with China. As a result of the take or pay contracts and continued demand for metallurgical coal, no impairment indicators have been identified.

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11. Loan Attributable to Securityholders

DBI classifies its stapled securities issued as part of the IPO as compound financial instruments. The component parts of stapled securities issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue of the stapled securities, the fair value of the liability component, in this case the Loan Note attributable to securityholders, is estimated using the prevailing market interest rate for a similar instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method with finance costs recognised through profit and loss until extinguished upon redemption.

During the period, an early part repayment of the principal amount occurred and as a result the fair value of the liability was recalculated with the adjustment recorded as finance costs. Also during the period, the Group has purchased and cancelled 3,078,474 of the stapled securities (refer note 14).

	Consolidated	
	30 June 2021 \$'000	31 December 2020 \$'000
Loan note attributable to securityholders		
Balance at beginning of the period	252,649	-
Issue of Loan Notes to securityholders	-	252,862
Fair value adjustment ¹	10,117	-
Principal repayment in the form of a distribution	(22,450)	-
Purchased and cancelled notes as a result of buybacks	(1,570)	-
Less: Issue costs associated with Loan Notes	-	(958)
Interest accrued	5,946	745
	244,692	252,649

¹ Fair value adjustment to the note balance as result of early repayment of the principal amount.

12. Borrowings

During the half-year, the \$200 million revolver bank facility was reclassified from non-current to current. The facility was drawn to \$27 million as at 30 June 2021 (31 December 2020: \$33 million). The \$33 million drawn on the liquidity facility at 31 December 2020 has been repaid during the half-year.

Consolidated	30 June 2021			30 December 2020		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Secured - at amortised cost						
Bank loans	27,000	297,879	324,879	33,000	310,551	343,551
Guaranteed Notes	-	86,910	86,910	-	85,719	85,719
USPP Fixed Rate Notes	-	1,590,427	1,590,427	-	1,610,269	1,610,269
Total secured borrowings	27,000	1,975,216	2,002,216	33,000	2,006,539	2,039,539

13. Distribution paid

Consolidated	Cents per Security	Total \$'000
Distribution paid:		
Interim distribution paid on 16 June 2021		
Loan repayment	4.5	22,450

On 16 June 2021, DBI repaid \$0.045 per security to a total of \$22.45 million on the stapled loan notes.

This distribution was treated as an early partial repayment of principal of the stapled loan notes.

On 25 August 2021, the directors declared a quarterly distribution of 4.5 cents per security to the security holders in respect of the half year ended 30 June 2021 to be paid to security holders on 16 September 2021. The total estimated distribution to be paid is \$22.4 million. This has not been reflected in the financial results as at 30 June 2021.

14. Stapled securities and buy backs

During the half year, the Company purchased and cancelled 3,078,474 of its ordinary shares and stapled loan notes for \$6.74 million. As a result of these purchases, \$5.17 million was transferred out of issued capital and the loan notes attributable to securityholders have been reduced by \$1.57 million.

15. Hedge Reserves

Consolidated	30 June 2021 \$'000	31 December 2020 \$'000
Balance at the beginning of the period	(4,074)	-
Gain/(Loss) on cash flow hedges taken to equity	12,476	(16,978)
Income tax related to amounts taken to equity	(3,743)	5,093
(Gain)/Loss on cash flow hedges transferred to profit or loss	(3,043)	11,159
Income tax related to amounts transferred to profit or loss	913	(3,348)
	2,529	4,074

The hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss.

16. Contingent Assets and Liabilities

a) Contingent assets

There are no known or material contingent assets as at 30 June 2021 (31 December 2020: Nil).

b) Contingent liabilities

A provision for restoration and rehabilitation will be recognised for costs expected to be incurred on cessation of the lease term with the Queensland Government only when there is an obligation under the lease agreements, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be measured reliably. The provision would reflect a present obligation

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based on the area disturbed at the balance sheet date, under the Group's obligations under the Port Services Agreement (PSA).

The likelihood of restoration and rehabilitation is assessed by management on a regular basis. There are three triggering events under the Group's lease documents which may give rise to a rehabilitation obligation. These are:

- the lessor (DBCT Holdings Pty Limited, a wholly owned Queensland Government entity) giving 5 years notice prior to expiration of the lease term (99 years as the 49 extension is at the Group's option)
- The Group defaults but only after 20 years into the lease; and
- if the Group surrenders the lease and the lessor accepts the surrender subject to rehabilitation.

The likelihood of restoration and rehabilitation is assessed by management on a regular basis. Management consider the following factors:

- No triggering event requiring remediation has occurred as at 30 June 2021. That is, the lessor has not to date notified the Group of an obligation to rehabilitate the leased area under the Port Services Agreement (PSA), there has been no default and the Group has not, nor does it intend to, surrender the lease.
- The probability of potential remediation and rehabilitation are influenced by a range of complex factors. The Directors note the current demand for the deep-water nature of the port, which is rare and extremely expensive to build and subject to ever more stringent environmental approvals. This is coupled with the supporting rail infrastructure servicing the port, vacant surrounding land to support future expansion/industrialisation, geographical proximity to major equatorial shipping lanes and sheltered waters.
- Independent studies indicate extensive metallurgical coal reserves in the Bowen Basin and the anticipated ongoing and increasing demand for metallurgical coal, implying continued economic life at the end of the full lease term of DBT .
- Although there is a risk that the lessor may notify the Group of its obligation to rehabilitate the leased area in the future, the nature of rehabilitation requirements is currently unknown. The Group's current intention is to exercise the extension option and therefore any potential rehabilitation obligation may only occur in the lead up to 2100, if at all.

The Directors have determined there is a contingent liability in respect of the Group's obligations under the PSA to rehabilitate DBT at the expiry of the long-term lease but do not currently believe that economic outflows are probable.

For the purposes of calculating a remediation allowance to inform pricing the Queensland Competition Authority has (as part of the final decision in relation to the 2019 DAU) provided an updated cost assessment for the rehabilitation of DBT of \$850 million (in 2021 dollars) from \$814 million as of 31 December 2020, assuming a full rehabilitation where the land is returned to its natural state.

17. Deferred Capital Contributions

As part of the IPO, the Selling Entities had committed to funding the IPO Transaction Costs and \$132 million was withheld from settlement by DBI to fund these costs. As at 31 December 2020 a deferred capital contribution of \$132 million was recorded as a current liability. The \$132 million was based on preliminary estimates. As these costs are finalised, the liability will be transferred to equity as a capital contribution. DBI is required to return any funds not used to settle the IPO Transaction.

As at 30 June 2021, DBI updated the estimated IPO Transaction Costs payable (originally recorded in the Statement of Financial Position as at 31 December 2021 and the Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2021) to reflect new information and has therefore reversed accruals through the Condensed Statement of Profit or Loss and Other Comprehensive Income totalling \$94 million. As a result, the funds not required have been returned to the Selling Entities.

To date, \$93 million was refunded to the Selling Entities and any remaining funds not required will be returned to the Selling Entities once all costs have been finalised.

Further, DBI recognised \$34 million of IPO Transaction Costs that have been finalised and settled in equity as a capital contribution, derecognising a previously held deferred capital contribution liability. The remaining balance recorded as a deferred capital contribution liability will be transferred to equity once all the IPO Transaction Costs have been settled.

18. Related party transactions

Transactions involving Brookfield Infrastructure Partners L.P. and its subsidiaries as an entity with significant influence over DBI:

As detailed in note 17, DBI has returned \$93 million of the IPO Transaction Costs that will not be incurred to the Selling entities (which include Brookfield). Further, an amount of \$34.3 million of the IPO Transaction Costs that have been settled is now recorded as a capital contribution.

Additionally, from IPO, the Selling Entities have agreed to indemnify DBI against any payment that arises in respect of a dispute with the Australian Taxation Office as it relates to a legacy withholding tax issue. If any part of the amounts already paid is recovered, this will be refunded to the Selling Entities. No amounts have been recognised in the financial statements in relation to this matter.

From IPO, DBI and Brookfield Infrastructure Group (Australia) Pty Ltd ('Brookfield Infrastructure') became parties to a transitional services agreement ('Transitional Services Agreement') under which Brookfield Infrastructure will provide certain transitional services to DBI for 12 months following the IPO, including:

- legal, tax, company secretarial and treasury services, as agreed between the parties in writing from time to time
- any service that Brookfield Infrastructure was providing during the 12 month period prior to the IPO and which is reasonably necessary to enable DBI to conduct the business after completion of the IPO; and
- certain other incidental services.

There are no fees payable for the transitional services (unless otherwise agreed by the parties from time to time).

The Group has signed a MOU on 17 August 2021, to which Brookfield Infrastructure Group (Australia) Pty Ltd is a party. (Refer note 20)

19. Fair value measurements of financial instruments

The fair value of financial instruments is determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve derived from quoted interest rates, adjusted for credit risk of the Group and various counterparties, for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The fair value of forward exchange contracts is determined using quoted forward exchange market rates and yield curves derived from quoted interest rates matching maturities of the contract, adjusted for credit risk.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2021 and 31 December 2020 on a recurring basis:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated - At 30 June 2021				
Financial assets				
Derivative financial assets	-	233,840	-	233,840
Total financial assets	-	233,840	-	233,840
Financial Liabilities				
Derivative financial liabilities	-	79,607	-	79,607
Total financial liabilities	-	79,607	-	79,607
Consolidated - At 31 December 2020				
Financial assets				
Financial assets at FVPL	-	226,760	-	226,760
Derivative financial assets	-	226,760	-	226,760
Total financial assets	-	226,760	-	226,760
Financial Liabilities				
Derivative financial liabilities	-	79,277	-	79,277
Total financial liabilities	-	79,277	-	79,277

Consolidated	30 June 2021		30 December 2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Bank Facilities	324,879	325,037	343,551	343,592
Notes	1,677,337	1,714,552	1,695,988	1,693,059

20. Subsequent Events

On 1 July 2021, the QCA approved DBIM's draft access undertaking (2021 AU). Under the 2021 AU, DBIM is now required to negotiate pricing with each of its customers and, if pricing is unable to be reached, the dispute may be referred to the QCA for arbitration. Any price agreed or arbitrated after 1 July 2021 will be back-dated effective 1 July 2021.

A \$200 million bank facility agreement was signed on 13 August 2021. This is a replacement facility for the \$200 million facility due to mature in June 2022. The new facility will be classified as non-current as it consists of 2 tranches, a five year \$170 million tranche and a four year \$30 million tranche. On 10 August

2021, the maturity date of the \$60 million liquidity facility due to expire in September 2022 was extended for a further two years to 20 September 2024.

On 17 August 2021, the Group executed a Memorandum of Understanding (MOU) with North Queensland Bulk Ports Corporation (NQBP), the Brookfield Infrastructure Group (Australia) Pty Ltd and ITOCHU Corporation. Under the MOU, the parties will negotiate funding arrangements for feasibility studies into a green hydrogen production, storage and export facility at DBT.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the consolidated entities, the results of those operations, or the state of affairs of the Group in future financial years.

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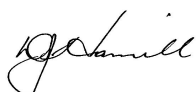
Directors' Declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that Dalrymple Bay Infrastructure Limited will be able to pay its debts as and when they become due and payable; and
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2021 and performance of the consolidated entity for the half-year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s.303(6) of the Corporations Act 2001

On behalf of the Directors



Hon Dr David Hamill AM

Chairman

Brisbane

25 August 2021

Independent Auditor's Review Report to the Members of Dalrymple Bay Infrastructure Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dalrymple Bay Infrastructure Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 11 to 27.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2021 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*.

Basis for Conclusion

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

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

Directors' Responsibilities for the Half-year Financial Report

The directors of the 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.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

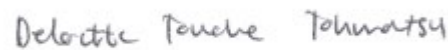


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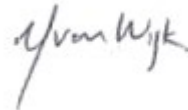


Stephen Tarling
Partner
Chartered Accountants

Brisbane, 25 August 2021



DELOITTE TOUCHE TOHMATSU



Yvonne van Wijk
Partner
Chartered Accountants

Sydney, 25 August 2021