

Australia Pacific Airports Corporation Limited

Directors' Report

The Directors of Australia Pacific Airports Corporation Limited (APAC) ACN 069 775 266 submit herewith the annual report of the Company for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

<i>Name</i>	<i>Appointment</i>
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Continuing

Mr D. Crawford	Chairman - Appointed 30 April 2012
Mr C. Woodruff	Managing Director and Chief Executive Officer - Appointed 31 August 2007
Mr K. Mangini	Appointed 16 October 2009
Ms N. Lennie	Appointed 20 January 2011
Mr R. Hedley	Appointed 16 June 2008, Resigned 30 August 2010, Re-appointed 2 May 2011
Mr J. Harvey	Appointed 2 May 2011, Resigned 15 February 2013, Re-appointed 25 March 2013
Mr J. Garcia	Appointed 21 October 2011 (as alternate for Mr K. Mangini)
Ms M. Beltran	Appointed 17 August 2012
Mr N. Maruf	Appointed 13 February 2013 (as alternate for Mr R. Hedley)
Mr S. Davies	Appointed 16 May 2013 & 21 June 2013 (as alternate for Ms. M Beltran & Mr. B Hynes)
Mr B. Hynes	Appointed 21 June 2013

Not Continuing

Mr C. Cabanes	Resigned 21 January 2013 (as alternate for Mr R. Hedley)
Mr A. Fellowes	Resigned 13 March 2013
Mr P. Breen	Resigned 22 May 2013

The above named Directors held office during and since the end of the financial year, except as stated above.

Particulars of the Directors of the Company during and since the end of the financial year are set out in Appendix 1 which forms part of the Director's Report.

Australia Pacific Airports Corporation Limited

Directors' Report

Directors' meetings

The following table sets out the number of Board and Committee meetings held during the financial year, and the number of meetings attended by each Director whilst they were a Director or member of the relevant Committee. During the financial year, the total number of meetings held was fifteen Board meetings, three Audit and Risk Management Committee meetings, eighteen Finance and Project Committee meetings and four Remuneration Committee meetings.

Directors	Board of Directors		Audit and Risk Management		Finance and Projects		Remuneration	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
<i>Continuing</i>								
Mr D. Crawford	15	15	3	3	-	-	2	2
Mr C. Woodruff	15	15	3	3	18	17	4	4
Mr R. Hedley	15	15	3	3	18	18	-	-
Mr K. Mangini	15	12	3	3	-	-	4	4
- Mr J. Garcia (alt)	2	2	-	-	3	3	-	-
Ms N. Lennie	15	15	3	3	18	15	-	-
Mr J. Harvey	13	11	3	3	-	-	2	1
Ms M. Beltran	13	13	2	2	9	9	2	2
Mr B. Hynes	1	1	-	-	-	-	-	-
<i>Not continuing</i>								
Mr A. Fellowes	9	9	2	2	12	10	-	-
Mr P. Breen	13	12	3	2	8	8	2	2

Company Secretary	Board of Directors		Audit and Risk Management		Finance and Projects		Remuneration	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
<i>Continuing</i>								
Ms L. Evans	15	15	3	3	18	15	4	3
<i>Not Continuing</i>								
Mr W. K. Clark	2	2	1	1	3	3	-	-

Principal activities

The consolidated entity's principal activity in the course of the financial year was the management of airport operations at Melbourne Airport and Launceston Airport.

Review of operations

APAC and its subsidiaries recorded revenue of \$642,503,000 and operating expenses of \$172,030,000 resulting in earnings before investment property gains, borrowing costs, tax, depreciation and amortisation of \$470,473,00 for the year ended 30 June 2013.

Changes in fair value of investment property gave rise to a gain of \$43,871,000 which resulted in earnings before borrowing costs, tax, depreciation & amortisation of \$514,344,000.

Depreciation and amortisation expense was \$84,054,000 and total borrowing costs were \$141,364,000 giving a profit before income tax of \$288,926,000 and profit after income tax of \$202,011,000 (2012: profit after tax \$169,723,000).

Dividends

The Directors declared a final dividend for the year ended 30 June 2012 of \$70,860,000 (0.60 cents per share) paid on 15 December 2012 and an interim dividend for the year ended 30 June 2013 of \$77,591,700 (0.66 cents per share) paid on 15 June 2013.

The Directors have not yet made a recommendation for any further dividend for year ended 30 June 2013.

Australia Pacific Airports Corporation Limited

Directors' Report

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulations

In relation to environmental matters, the consolidated entity is subject to the Airports Act 1996 ("the Act") and the Airports (Environment Protection) Regulations 1997 ("the Regulations"). The Board is satisfied that the results of environmental monitoring conducted by internal and external specialists during the year ended 30 June 2013 demonstrate compliance with the Act and the Regulations. The consolidated entity has not been subject to any prosecutions, notices or orders under the Act or Regulations during the year ended 30 June 2013.

In addition to other environmental regulations, APAC and its subsidiaries operate under the Act and the Regulations and as part of compliance with this legislation, each Airport prepares an annual report on environmental performance which can be obtained by contacting APAC or the individual airports.

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all Executive Officers of the Company and of any related body corporate against a liability incurred by 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 entered into a deed of indemnity with each Director and their alternates which provides that the Company will:

- indemnify the Director to the extent permitted by law against liabilities incurred as a Director of the Company, other than liabilities to the Company or a related body corporate, or which arise from a lack of good faith or honesty on the part of the Director;
- maintain insurance which, to the extent permitted by law, insures the Director against all losses or liabilities incurred by the Director as an officer of the Company;
- keep a complete set of Board documents and give the Director access to those documents;

both during the period the Director holds office and for a period of seven years after the Director ceases to hold office.

The Company has not otherwise, during or since the financial year, 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 an officer or auditor.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the Financial Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Corporate governance

The Directors are responsible for the corporate governance practices of the Company. This statement sets out the main corporate governance practices that were in operation throughout the financial year, except where otherwise indicated.

Australia Pacific Airports Corporation Limited

Directors' Report

Board of Directors

On the day on which the Directors' Report was made, the Board consisted of 7 non-executive Directors and 1 Managing Director and Chief Executive Officer. Details of the Directors are set out on page 1 of the Directors' Report.

The primary responsibilities of the Board include:

- the appointment of the Managing Director and Chief Executive Officer;
- the establishment of the long term goals of the Company and strategic plans to achieve those goals;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a monthly basis;
- ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities; and
- the approval of the annual financial statements.

The Board has determined to form three Committees to support the Board in the following areas:

- Audit and Risk Management;
- Finance and Projects; and
- Remuneration.

The role and purpose of each Committee is addressed in the paragraphs below.

Separate charters, agenda and minutes are maintained for each of the three Committees, and auditors and other external advisors regularly participate in meetings.

Audit & Risk Management Committee

The Board is responsible for the Company's system of internal control and endorsing the Risk Management Framework. The Board regularly monitors the operational and financial aspects of the Company's activities and considers the recommendations and advice of auditors and other external advisors on the operational and financial risks that face the Company.

The Board ensures that recommendations made by the auditors and other external advisers are investigated and where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

A system of risk management has been in place for a number of years which allows the Board directly to monitor management performance in assessing and controlling risk. The system includes external advisers whose reports are communicated to the Board both directly and indirectly.

The Board is satisfied that this process assists the Board to effectively monitor management performance in risk management and control.

The Board has determined not to maintain a separate sub-committee for audit and risk management, but requires that all Directors participate in these discussions. The Audit and Risk Management Committee meetings provide a separate forum for the review of:

- the annual financial statements and other external financial reporting requirements prior to their approval by the Board;
- the effectiveness of management information systems including risk management systems and systems of internal control;
- the efficiency and effectiveness of the internal and external audit functions, including reviewing the respective audit plans; and
- the independence of auditors and the appropriateness of their appointment for any other services.

The Committee meets at least once a year with the External Auditor without executives being present.

Australia Pacific Airports Corporation Limited

Directors' Report

Finance and Projects Committee

The Finance and Projects Committee is comprised of three non-executive Directors and meets at least six times per year. Its focus is on the financial arrangements of the Company, including:

- awareness of the Company's financial risk profile and monitoring the Company's financial strategy; and
- assisting the Board in reviewing the Company's corporate financial model, including the basis for any assumptions contained in the model and the process by which the model is prepared.

The Finance and Projects Committee is also charged with reviewing and reporting to the Board on any large scale projects which the Company intends to embark on including Company growth projects, and capital projects of a value which exceeds the authority delegated to the Chief Executive Officer. Except in the case of projects delegated by the Board to the Committee for review and approve, the Committee has no delegated authority of its own.

Remuneration Committee

The Remuneration Committee is comprised of three non-executive Directors and meets at least four times each year. The Remuneration Committee reports to the Board in relation to:

- the contractual terms, remuneration and performance metrics of the Chief Executive Officer and the Executive Team reporting to him;
- remuneration of the Chairman and members of the Board;
- succession planning for senior executives; and
- human resources strategy and its implementation.

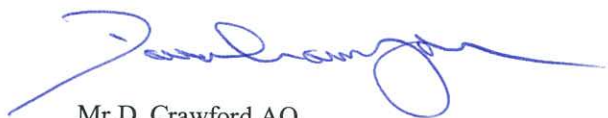
The Remuneration Committee has no delegated authority to make decisions on behalf of the Board.

Auditor's Independence Declaration

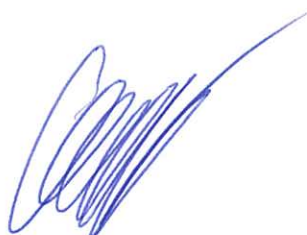
The auditor's independence declaration is included on page 6 of the financial report.

This Directors Report is signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Mr D. Crawford AO
Chairman
MELBOURNE



Mr C. Woodruff
Managing Director
MELBOURNE

26 August 2013

Members of the Board
Australia Pacific Airports (Melbourne) Pty Limited
Level 2, Terminal 2
MELBOURNE AIRPORT VIC 3043

26 August 2013

Dear Board Members

Auditors Independence Declaration - Australia Pacific Airports Corporation Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australia Pacific Airports Corporation Limited.

As lead audit partner for the audit of the financial statements of Australia Pacific Airports Corporation Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



S Pelusi
Partner
Chartered Accountants

Independent Auditor's Report to the Members of Australia Pacific Airports Corporation Limited

We have audited the accompanying financial report of Australia Pacific Airports Corporation Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 9 to 40.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australia Pacific Airports Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Australia Pacific Airports Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.



DELOITTE TOUCHE TOHMATSU



S Pelusi
Partner
Chartered Accountants
Melbourne, 26 August 2013

Australia Pacific Airports Corporation Limited

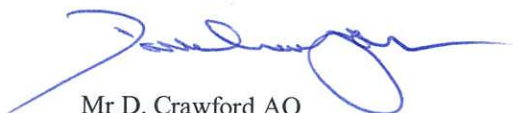
Directors' Declaration

The Directors declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (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 and performance of the consolidated entity; and
- (c) In the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 1 to the financial statements.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Mr D. Crawford AO
Chairman
MELBOURNE



Mr C. Woodruff
Managing Director
MELBOURNE

26 August 2013

Australia Pacific Airports Corporation Limited

Statement of Profit or Loss and other Comprehensive Income for the financial year ended 30 June 2013

	Note	Consolidated 2013 \$'000	2012 \$'000
<i>Revenue</i>		642,503	588,926
Less: operating costs			
Staff costs		36,800	33,779
Service and utilities		95,080	82,118
Maintenance costs		18,455	16,435
Administration, marketing and other		21,695	19,557
<i>Operating profit</i>		470,473	437,037
Add:			
Change in fair value of investment property		43,871	17,412
<i>Profit before borrowing costs, depreciation and amortisation</i>		514,344	454,449
Less:			
Depreciation and amortisation		84,054	74,933
Borrowing costs		141,364	136,767
<i>Profit before income tax expense</i>	2	288,926	242,749
Less:			
Income tax expense	3	86,915	73,026
<i>Profit for the year</i>		202,011	169,723
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive income for the year, net of tax		69,752	(24,729)
<i>Total comprehensive income for the year</i>		271,763	144,994

Notes to the financial statements are included on pages 14 to 40

Australia Pacific Airports Corporation Limited

Statement of Financial Position as at 30 June 2013

	Note	Consolidated 2013 \$'000	2012 \$'000
<i>Current assets</i>			
Cash at bank	31(a)	3,854	3,047
Inventories	6	184	246
Receivables	7	43,365	32,461
Other financial assets	8	266	385
<i>Total current assets</i>		47,669	36,139
<i>Non-current assets</i>			
Property, plant and equipment	9	1,545,508	1,384,386
Investment property	10	1,085,917	1,009,782
Goodwill	11	671,866	671,866
Other capitalised costs	12	1,772	-
Other financial assets	13	43,431	7,380
<i>Total non-current assets</i>		3,348,494	3,073,414
<i>Total assets</i>		3,396,163	3,109,553
<i>Current liabilities</i>			
Payables	14	87,672	70,424
Borrowings	15	-	10,000
Current tax liabilities	16	19,132	10,936
Provisions	17	5,592	5,318
Other financial liabilities	18	8,018	12,582
<i>Total current liabilities</i>		120,414	109,260
<i>Non-current liabilities</i>			
Borrowings	19	2,025,173	1,901,152
Payables	20	1,202	1,202
Deferred tax liabilities	21	392,325	344,244
Provisions	22	1,520	1,275
Other liabilities	23	43,822	64,024
<i>Total non-current liabilities</i>		2,464,042	2,311,897
<i>Total liabilities</i>		2,584,456	2,421,157
<i>Net assets</i>		811,707	688,396
<i>Equity</i>			
Issued capital	25	118,100	118,100
Reserves	26	8,920	(60,832)
Retained earnings	27	684,687	631,128
<i>Total equity</i>		811,707	688,396

Notes to the financial statements are included on pages 14 to 40

Australia Pacific Airports Corporation Limited

Statement of Changes in Equity for the financial year ended 30 June 2013

	Issued Capital \$'000	Consolidated Hedging Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2011	118,100	(36,103)	603,125	685,122
Profit for the year	-	-	169,723	169,723
Other comprehensive income for the year	-	(24,729)	-	(24,729)
Total comprehensive income for the year (net of income tax)	-	(24,729)	169,723	144,994
Dividend paid	-	-	(141,720)	(141,720)
Balance at 30 June 2012	118,100	(60,832)	631,128	688,396
Profit for the year	-	-	202,011	202,011
Other comprehensive income for the year	-	69,752	-	69,752
Total comprehensive income for the year (net of income tax)	-	69,752	202,011	271,763
Dividend paid	-	-	(148,452)	(148,452)
Balance at 30 June 2013	118,100	8,920	684,687	811,707

Notes to the financial statements are included on pages 14 to 40

Australia Pacific Airports Corporation Limited

Statement of Cash Flows for the financial year ended 30 June 2013

	Note	Consolidated Inflows (Outflows) 2013 \$'000	2012 \$'000
<i>Cash flows from operating activities</i>			
Receipts from customers		695,591	652,146
Payments to suppliers and employees		(233,694)	(206,394)
Income tax received/(paid)		(60,531)	(52,413)
Interest received		468	571
Interest and other costs of finance paid		(146,553)	(131,145)
Net cash provided by operating activities	31(c)	255,281	262,765
<i>Cash flows from investing activities</i>			
Payment for property, plant and equipment		(205,017)	(176,457)
Proceeds from sale of property, plant and equipment		101	110
Payment for investment property		(49,369)	(32,681)
Payment for other intangible assets		(2,211)	-
Net cash used in investing activities		(256,496)	(209,028)
<i>Cash flows from financing activities</i>			
Proceeds from borrowings		578,000	994,731
Repayment of borrowings		(425,000)	(891,000)
Payment for debt issue costs		(2,526)	(3,800)
Dividend paid	33	(148,452)	(141,720)
Net cash provided by/ (used in) financing activities		2,022	(41,789)
Net increase in cash		807	11,948
Cash at the beginning of the financial year		3,047	(8,901)
Cash at the end of the financial year	31(a)	3,854	3,047

Notes to the financial statements are included on pages 14 to 40

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

1. Summary of accounting policies

Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. For the purposes of preparing the financial statements, the Company is a for-profit entity. The financial report includes the consolidated financial statements of the group. Accounting Standards include Australian Accounting Standards.

Compliance with the Australian Accounting Standards ensures that the consolidated financial statements and notes of the entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 26 August 2013.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except the certain non-current assets and financial instruments. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated all amounts are presented in Australian dollars.

Going concern

As at 30 June 2013, the consolidated entity has net current liabilities of \$72,745,000 (2012: \$73,121,000). The company has net current assets of \$20,135,000 (2012: \$19,883,000). Despite the deficiency in net current assets as at 30 June 2013, the Directors are of the view that the group is a going concern due to the long history of profitability, unused finance facilities of \$486,500,000 (2012: \$239,500,000), forecast positive cash flows and the strong net asset position.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the Financial Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in 'Accounting Standard AASB 127 Consolidated and Separate Financial Statements'. A list of subsidiaries appears in Note 29 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all inter-company balances and transactions and unrealised profits arising within the consolidated entity are eliminated in full.

(b) Cash

Cash comprises of cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value.

(d) Receivables

Trade receivables are recorded at amounts due less any allowance for doubtful debts.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

1. Summary of accounting policies (cont'd)

(e) *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition, or at current book value if transferred from Investment Property.

Depreciation is provided on property, including buildings, plant and equipment, roads, runways and other infrastructure but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

- | | |
|---|-------------|
| • Buildings | 10–40 years |
| • Roads, runways and other infrastructure | 13–80 years |
| • Plant and equipment | 3–15 years |

Land leased as part of the airport acquisition has been valued at acquisition at fair value. The leased land is amortised on a straight line basis over the term of each lease, which is 99 years.

(f) *Investment Property*

Property held to earn rentals and/or for capital appreciation, is presented in the balance sheet as investment property. Investment property is initially recorded at cost, including transaction costs. Subsequent to initial recognition, investment property is recorded at fair value. Gains or losses arising from a change in the fair value of this investment property are recognised in the profit or loss for the period in which they arise.

(g) *Goodwill*

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually. Whenever there is an indication that the goodwill may be impaired, the impairment is recognised immediately in profit or loss and is not subsequently reversed.

(h) *Impairment of assets*

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) *Capitalised borrowing costs*

Interest costs directly attributable to assets under construction are capitalised as part of the costs of those assets up to the date of completion of each asset.

(j) *Investments*

Investments in controlled entities are recorded at cost.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

1. Summary of accounting policies (cont'd)

(k) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(l) Borrowings

Borrowings are recorded at an amount equal to the net proceeds received. Borrowing costs are recognised on an accrual basis.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Ancillary costs incurred by the consolidated entity in establishing funding facilities are capitalised and amortised over the term of the facilities. These costs are netted off against the loan in the balance sheet.

Foreign currency borrowings are reported at historic exchange rates with movement in the spot rate reflected in the exchange rate fluctuation to the extent that these are unhedged, the value is reflected in the profit and loss otherwise the movement is reflected in the hedge reserve.

(m) Provisions

Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(n) Superannuation

The consolidated entity makes contributions to accumulation funds on behalf of its employees. These contributions are expensed when incurred.

(o) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of other long service leave not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(p) Revenue recognition

Aeronautical revenue

Revenue from landing fees, terminal and security charges is recognised on an accruals basis when the service is provided.

Retail revenue

Revenue from retail customers is recognised on an accruals basis when the service or goods are provided.

Property revenue

Revenue from the investment property (as defined in 1(f)) throughout the airport is recognised on an accruals basis in accordance with terms of relevant lease agreements.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

1. Summary of accounting policies (cont'd)

(p) *Revenue recognition (cont'd)*

Rental revenue

Revenue from rental of non investment property is recognised on an accruals basis in accordance with terms of relevant lease agreements.

Dividend and interest income

Dividend income is recognised when declared.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Outgoings and other income

Revenue received from recharging of outgoings and sundry other income is recognised on an accruals basis when the goods or services are provided.

(q) *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cashflows are included in the Cash Flow Statement on a gross basis. The GST component of cashflows arising from investing activities which is recoverable from, or payable to, the taxation authority is classified as an operating cashflow.

(r) *Derivative financial instruments*

The consolidated entity enters into interest rate swaps and cross currency interest rate swaps. The swaps have been allocated against the underlying cross currency and interest rate exposure and to this extent modify the cross currency and interest rate risk of the underlying debt. The interest rate swaps and cross currency interest rate swaps are initially recognised at fair value on the date a contract is entered into, and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss, unless the derivative is designated and effective as a hedging instrument, in which event, the timing of recognition in profit or loss depends on the nature of the hedge relationship.

Further details of derivative financial instruments are disclosed in Note 32 to the financial statements.

(s) *Income tax*

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

1. Summary of accounting policies (cont'd)

(s) *Income tax (cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle that carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in that income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken to account in the determination of goodwill or excess.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Australia Pacific Airports Corporation Ltd ("APAC") is the head entity in the tax-consolidated group. Tax expense/recovery, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'group allocation' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by APAC (as head entity in the tax-consolidated group).

(t) *Adoption of new and revised Accounting Standards*

Standards and Interpretations in issue not yet adopted

In the current year, the consolidated entity has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

The adoption of all new and revised Standards and Interpretations did not affect the amounts reported for the current or prior periods. In addition, the new and revised Standards and Interpretations have not had a material impact and not resulted in change to the Consolidated Entity's presentation of or disclosure in these financial statements.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' and the relevant amending standards	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint arrangements standards'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

1. Summary of accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint arrangements standards'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014	30 June 2015

The potential effect of the revised Standards/ Interpretations on the Company's financial statements has not yet been determined.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

1. Summary of accounting policies (cont'd)

(u) *Critical accounting judgments and key sources of estimation uncertainty*

In the preparation of the financial statements, the Directors are required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported carrying values of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Investment Property

Investment property is held at fair value. Fair value is determined with reference to a third party valuation (see Note 10). When determining fair value, assumptions must be made about the yield which the investment property will generate in the future, including the outcome of future rent reviews, the rent which will be achieved for sites not yet tenanted, and future rental income growth. A suitable discount rate to calculate present value must also be selected.

Goodwill

When determining whether goodwill is impaired, it is necessary to estimate the value-in-use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash-flows expected to arise from the cash generating unit and a suitable discount rate to calculate present value. The Directors have assessed that no impairment of goodwill has occurred during the year.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

	Consolidated	
	2013 \$'000	2012 \$'000
2. Profit for the year		
(a) Revenue		
Revenue consisted of the following items:		
Aeronautical revenue	252,343	219,236
Security	33,284	28,718
Retail revenue	256,812	248,026
Property revenue	63,932	59,914
Rental revenue	7,352	7,205
Outgoings/recharge	26,700	23,491
Other income	1,512	1,680
Interest revenue		
– Other entities	468	571
	642,403	588,841
Other	100	85
Total revenue	642,503	588,926
(b) Investment property increase/(decrease) in fair value	43,871	17,412
(c) Profit for the year		
Profit for the year has been derived after changing the following expenses:		
Employee benefits expense – superannuation contributions	3,341	3,187
Net bad and doubtful debts(recoverable) arising from other entities	110	358
Borrowing costs:		
Interest		
– Secured debt – other entities	146,734	140,021
– Unsecured debt – other entities	375	317
– Interest capitalised during the year	24 (9,524)	(7,603)
– Amortisation of deferred borrowing costs	19 2,908	3,111
– Borrowing costs related to debt	19 871	921
Total borrowing costs	141,364	136,767
Depreciation of property, plant and equipment	83,615	74,933
Amortisation of other intangible assets	439	-
Depreciation and Amortisation	84,054	74,933

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

	Consolidated	
	2013 \$'000	2012 \$'000
3. Income tax		
(a) Income tax recognised in profit		
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:		
<i>Profit from operations</i>	288,926	242,749
Income tax expense calculated at 30%	86,678	72,826
<i>Permanent differences:</i>		
Non deductible expenses	189	167
Non-deductible depreciation	48	33
Under/(over) provision of income tax in previous year	-	-
Income tax expense	86,915	73,026
Income tax expense comprises of:		
Current tax expense/(benefit)	68,728	57,731
Deferred tax expense/(benefit)	18,187	15,295
Income tax expense	86,915	73,026

The Directors of Australia Pacific Airports Corporation Limited (head entity) have elected for those entities within the consolidated group that are wholly-owned Australian resident entities to be taxed as single entity from 1 July 2003. Accordingly, the Company became part of a tax-consolidated group with effect from 1 July 2003.

Entities within the tax consolidated group have entered into a tax sharing agreement with the head entity. Under the terms of this agreement, Australia Pacific Airports Corporation Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the net profit or loss of the entity and the current tax rate.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

3. Income tax (cont'd)

(b) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

	Consolidated			
	Opening balance	Charged to income	Charged to equity	Closing balance
	\$'000	\$'000	\$'000	\$'000
2012				
Gross deferred tax liabilities:				
Property, plant and equipment	171,754	19,278	-	191,032
Investment property	188,171	(5,132)	-	183,039
Other	1,085	503	-	1,588
	361,010	14,649	-	375,659
Gross deferred tax assets:				
Provisions and accruals	3,158	59	-	3,217
Unearned income	1,948	(349)	-	1,599
Other	883	(356)	-	527
Hedge	15,474	-	10,598	26,072
	21,463	(646)	10,598	31,415
Net deferred tax liability	339,547	15,295	(10,598)	344,244
2013				
Gross deferred tax liabilities:				
Property, plant and equipment	191,032	31,356	-	222,388
Investment property	183,039	(13,161)	-	169,878
Other	1,588	347	-	1,935
	375,659	18,542	-	394,201
Gross deferred tax assets:				
Provisions and accruals	3,217	815	-	4,032
Unearned income	1,599	(115)	-	1,484
Other	527	(345)	-	182
Hedge	26,072	-	(29,894)	(3,822)
	31,415	355	(29,894)	1,876
Net deferred tax liability	344,244	18,187	29,894	392,325

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

	Consolidated	
	2013	2012
	\$	\$
4. Key management personnel compensation		
The aggregate compensation of the key management personnel of the Company is set out below:		
The key management personnel during the year were, Mr D.Crawford, Mr C.Woodruff, Mr W.K.Clark, Mr A.Watson, Ms L.Evans, Ms C.Newsome, Mr L.Horton, Mr S.Gandy, Ms G.Gray, Mr N.Agnew, Mr B.Thompson, Mr M.Francis, Ms P.Graham, Mr D. Cappel		
Short-term employee benefits	6,184,222	5,092,890
Post employment benefits	96,598	308,771
	6,580,820	5,401,661
5. Remuneration of auditors		
Auditor of the parent entity		
<i>Deloitte Touche Tohmatsu</i>		
Auditing the financial report – statutory	197,400	193,530
Auditing of regulatory accounts and compliance items	104,220	42,325
Tax compliance advice and other	42,050	88,189
	343,670	324,044
	2013	2012
	\$'000	\$'000
6. Inventories		
Materials and stores (at cost)	184	246
7. Current receivables		
Trade receivables (1)	43,365	32,461
Less: Provision for doubtful debts	-	-
	43,365	32,461
(1) Revenue is generally charged on 30 day terms, with the exception of property and rental revenue which are charged in advance. Most agreements allow for interest to be charged on overdue balances between 1.5% to 2.0% above overdraft rates. The average payment period is 5 days outside the standard payment terms.		
The consolidated entity has an allowance for doubtful debts to the credit quality of the trade receivable. This is calculated from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited, due to the spread and quality of the customers.		
Included in the consolidated entity's trade receivable balance are debtors with a carrying amount of \$2,589,000 (2012: \$2,426,000), which were overdue as at the reporting date and of which the consolidated entity has impaired Nil (2012: Nil) as there may be change on credit quality and the Company believes that the net amount is considered recoverable.		
Receivables from entities within the wholly owned group include amounts from operating and from the group's tax funding arrangement.		
The consolidated entity and the Company do hold bank guarantees in respect of some receivables but the amounts are not material.		

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

		Consolidated	
		2013	2012
		\$'000	\$'000
8. Other current financial assets			
Prepayments		266	385
		Consolidated	
	\$'000	\$'000	\$'000
	Leasehold land	Buildings	Roads, runways and other infrastructure
			Plant and equipment
			Assets under construction
			Total
9. Property, plant and equipment			
Gross carrying amount – at cost			
Balance at 30 June 2012	67,362	586,304	784,555
Additions	-	-	-
Disposals	-	(596)	(1,201)
Transfers (to) / from Investment Property	17,105	-	-
Transfers to / (from) assets under construction	16	47,872	61,422
Balance at 30 June 2013	84,483	633,580	844,776
Accumulated depreciation/ amortisation			
Balance at 30 June 2012	9,195	157,437	188,064
Depreciation and amortisation expense	828	24,705	26,024
Disposals	-	(401)	(793)
Transfers to Investment Property	-	-	-
Balance at 30 June 2013	10,023	181,741	213,295
Net book value as at 30 June 2013	74,460	451,839	631,481
			200,863
			186,865
			1,545,508

An independent valuation of certain assets was completed at 30 June 2012. Leasehold land, buildings, roads and runways and other infrastructure were valued by Mr Gary Longden FAPI of the firm Jones Lang LaSalle. The valuation was based on depreciated replacement value. The Directors have adopted cost approach in the accounts. If the valuation had been booked the carrying values would have been \$150,800,000 for leasehold land, \$487,700,000 for buildings and \$855,300,000 for roads, runways and infrastructure as at 30 June 2012. The valuation did not include any allowance for capital gains tax that may arise on disposal.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

	Consolidated	
	2013 \$'000	2012 \$'000
9. Property, plant and equipment (cont'd)		
Aggregate depreciation and amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year.		
• Leasehold land	828	718
• Buildings	24,705	23,163
• Roads, runways and other infrastructure	26,024	23,516
• Plant and equipment	32,058	27,536
	83,615	74,933

	Consolidated					
	\$'000 Leasehold land	\$'000 Buildings	\$'000 Roads, runways and other infrastructure	\$'000 Plant and equipment	\$'000 Assets under construction	\$'000 Total
Gross carrying amount – at cost						
Balance at 30 June 2011	67,449	491,307	704,176	309,790	162,960	1,735,682
Additions	-	-	-	-	179,809	179,809
Disposals	-	(320)	(80)	(1,450)	-	(1,850)
Transfers to Investment Property	(87)	(193)	(62)	(11)	-	(353)
Transfers to / (from) assets under construction	-	95,510	80,521	60,936	(236,967)	-
Balance at 30 June 2012	67,362	586,304	784,555	369,265	105,802	1,913,288
Accumulated depreciation/ amortisation						
Balance at 30 June 2011	8,490	134,600	164,634	148,086	-	455,810
Depreciation and amortisation expense	718	23,163	23,516	27,536	-	74,933
Disposals	-	(294)	(80)	(1,413)	-	(1,787)
Transfers to Investment Property	(13)	(32)	(6)	(3)	-	(54)
Balance at 30 June 2012	9,195	157,437	188,064	174,206	-	528,902
Net book value as at 30 June 2012	58,167	428,867	596,491	195,059	105,802	1,384,386

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

	Consolidated	
	2013	2012
	\$'000	\$'000
10. Investment property		
Balance at beginning of financial year	1,009,782	959,390
Additions for the year	49,369	32,681
Transfer (to) / from property, plant and equipment	(17,105)	299
Net gain/(loss) from fair value adjustment	43,871	17,412
Balance at end of financial year	1,085,917	1,009,782

Investment property was valued by Mr. Martin Reynolds AAPI of the firm Jones Lang LaSalle. Mr. Reynolds is an independent valuer and has extensive experience of valuing property for the consolidated entity. The value of investment property is measured on a fair value basis being the amounts for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar property in the same location and subject to similar leases.

In assessing the value of the investment property, the independent valuer has considered two bases of valuation being:

1. discounted cash flow; and
2. capitalisation approach

	Consolidated	
	2013	2012
	\$'000	\$'000
11. Goodwill		
Goodwill at cost:	671,866	671,866
Goodwill has been allocated for impairment testing to two cash generating units, being the operations of Melbourne (\$667,700,000) and Launceston Airports (\$4,166,000). The recoverable amount of cash generating units is determined based on a value in use calculation which use cashflow projections based on financial budgets approved by management covering a ten year period, and a discount rate of 11.9% per annum, (2012: 11.9%).		
12. Other capitalised costs		
Gross carrying amount – at cost		
Balance at 1 July	-	-
Additions	2,211	-
Balance at 30 June	2,211	-
Accumulated amortisation		
Balance at 1 July	-	-
Amortisation expense	(439)	-
Balance at 30 June	(439)	-
Net book value at 30 June	1,772	-
13. Other financial assets		
Cross currency interest rate swap	43,431	7,380

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

	Consolidated	
	2013	2012
	\$'000	\$'000
14. Current payables		
Trade payables (1)	60,582	44,137
Goods and services tax payable	1,767	2,735
Non-trade payables to: (2)		
– Other	731	387
	63,080	47,259
Interest payable to:		
– Secured debt – other entities (3)	24,254	22,903
– Other	338	262
	24,592	23,165
	87,672	70,424
(1) The average credit period for purchases and services was 31 days. No interest is charged on trade payables.		
(2) The credit period for services for non trade payables to other related parties was 90 days. No interest is charged on non trade payables to other related parties.		
(3) Secured by a fixed and floating charge over the consolidated entity's assets. Security given is all the assets of all operating companies. There have been no defaults on loans payable during the current or prior years.		
15. Current borrowings		
<i>Secured:</i>		
– Senior – bank debt (i)	-	10,000
(i) Secured by a fixed and floating charge over the consolidated entity's assets. Security given is all the assets of the operating companies. There have been no defaults on loans payable during the current or prior years.		
16. Current tax liabilities		
Income tax payable	19,132	10,936
17. Current provisions		
Employee benefits	5,592	5,318
18. Other current financial liabilities		
Interest rate swaps	8,018	12,582

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

	Consolidated	
	2013	2012
	\$'000	\$'000
19. Non-current borrowings		
<i>Secured:</i>		
– Bank debt (i)	428,500	665,500
– Domestic Bonds (i)		
Fixed rate notes (6.5% 25 August 2014)	100,000	100,000
Fixed rate notes (6.0% 15 December 2015) (ii)	100,000	100,000
Variable rate notes (15 December 2015) (ii)	200,000	200,000
Fixed rate notes (7.0% 25 August 2016)	250,000	250,000
Fixed rate notes (5.0% 4 June 2020)	225,000	-
– US Private Placements (i)		
Fixed rate US \$200m (7.5% 15 September 2021) (iii)	191,077	191,077
Fixed rate US \$200m (7.4% 15 September 2023) (iii)	191,077	191,077
Fixed rate US \$200m (7.4% 15 September 2026) (iii)	191,077	191,077
Fixed rate (5.95% 15 January 2028)	50,000	-
Variable rate notes (15 November 2022)	125,000	-
	2,051,731	1,888,731
Exchange rate fluctuation (Fair value hedge)	(16,731)	22,629
	2,035,000	1,911,360
Deferred borrowing costs	(9,827)	(10,208)
	2,025,173	1,901,152
Aggregate amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:		
• Deferred borrowing costs	2,908	3,111
(i) Secured by a fixed and floating charge over the entity's assets		
(ii) Debt subject to credit wrapping by MBIA Inc		
(iii) Excludes cross currency swaps that convert the US private placement notes US \$600m into AUD.		
20. Non-current payables		
Non trade payables	1,202	1,202
21. Deferred tax liabilities		
Temporary differences	392,325	344,244
22. Non-current provisions		
Employee benefits	1,520	1,275

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

	Consolidated	
	2013	2012
	\$'000	\$'000
23. Non-current other liabilities		
Unearned revenue	4,415	4,947
Interest rate swaps	39,407	59,077
	43,822	64,024
24. Capitalised borrowing costs		
Property, Plant and Equipment	7,734	6,992
Investment Property	1,790	611
	9,524	7,603
Weighted average capitalisation rate on funds borrowed during the year was 7.0% (2012: 7.5%)		
25. Issued capital		
118,100,000 Ordinary shares – fully paid (2012: 118,100,000)	118,100	118,100
<i>Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.</i>		
Fully paid ordinary shares carry one vote per share and carry the right to dividends		
26. Reserves		
<i>Hedge reserves</i>		
Balance at beginning of financial year	(60,832)	(36,103)
Gains / (loss) recognised: fair value adjustment	99,646	(35,327)
Deferred tax arising on hedges	(29,894)	10,598
	69,752	(24,729)
Balance at end of financial year	8,920	(60,832)
The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss.		
27. Retained earnings		
Balance at beginning of financial year	631,128	603,125
Profit for the year	202,011	169,723
Dividends paid	(148,452)	(141,720)
Balance at end of financial year	684,687	631,128

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

		Consolidated	
		2013	2012
		\$'000	\$'000
28. Commitments for expenditure			
Capital expenditure commitments			
Property, plant and equipment			
Not longer than 1 year		198,687	90,181
Longer than 1 year but not longer than 5 years		-	-
		198,687	90,181

29. Subsidiaries

Name of entity		Country of incorporation	Ownership Interest	
			2013 %	2012 %
Parent entity				
Australia Pacific Airports Corporation Limited		Australia		
Subsidiaries				
APAC (Holdings No 2) Pty. Limited		Australia	100	100
– Australia Pacific Airports (Melbourne) Pty. Limited		Australia	100	100
Australia Pacific Airports (Property) Pty. Limited	(i) (ii)	Australia	100	100
APAC (Holdings) Pty. Limited	(i)	Australia	100	100
– Australia Pacific Airports (Launceston) Pty. Limited	(i)	Australia	100	100

- (i) These subsidiaries are classified as small proprietary companies and in accordance with the Corporations Act 2001 are relieved from the requirement to prepare, audit and lodge financial statements.
- (ii) This subsidiary was dormant during the financial year.

30. Related party disclosures

(a) *Equity interests in related parties*

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 28 to the financial statements.

(b) *Key management personnel compensation*

Details of key management personnel compensation are disclosed in Note 4 to the financial statements.

(c) *Transactions within the wholly-owned group*

The ultimate parent entity in the wholly-owned group is Australia Pacific Airports Corporation Limited (APAC).

During the financial year APAC provided operational administration services at cost to other entities in the wholly-owned group.

Other transactions that occurred during the financial year between entities in the wholly-owned group were the advancement and repayment of loans.

In accordance with tax sharing arrangements (refer to Note 3) tax payments have been received or accrued to reflect the wholly owned controlled entity's share of the tax expense of the tax consolidated group.

The ultimate parent entity in the wholly-owned group and the parent entity in the tax consolidated entity is Australia Pacific Airports Corporation Limited.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

	Consolidated	
	2013 \$'000	2012 \$'000
31. Notes to the Cash Flow Statement		
<i>(a) Reconciliation of cash</i>		
For the purposes of the Cash Flow Statement cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
– Cash at bank	3,854	3,047
<i>(b) Financing facilities</i>		
Secured bank overdraft facility reviewed annually (i):		
• Amount used	-	-
• Amount unused	10,000	10,000
<i>(i) Secured by a fixed and floating charge over the consolidated entity's assets.</i>		
Secured bank bill facility reviewed annually:		
• Amount used	-	10,000
• Amount unused	10,000	-
Secured loan facilities with various maturity dates through to October 2014 and which may be extended by mutual agreement:		
• Amount used	428,500	665,500
• Amount unused	466,500	229,500
Secured bond issued and credit wrapped by MBIA Insurance Corporation:		
• Due 15 December 2015 – fixed (ii)	100,000	100,000
• Due 15 December 2015 – floating (ii)	200,000	200,000
• Due 26 August 2014 – fixed	100,000	100,000
• Due 26 August 2016 – fixed	200,000	250,000
• Due 15 June 2020 - fixed	225,000	-
US Private Placement		
• US \$200m Due 15 September 2021 – fixed (i)	191,077	191,077
• US \$200m Due 15 September 2023 – fixed (i)	191,077	191,077
• US \$200m Due 15 September 2026 - fixed (i)	191,077	191,077
• Exchange rate fluctuation (Fair value hedge)	(16,731)	22,629
• Due 15 January 2028 - fixed	50,000	-
• Due 15 November 2022 – floating	125,000	-
<i>(i) Excludes cross currency swaps that convert the US private placement notes of US \$600m into AUD \$.</i>		
<i>(ii) Debt subject to credit wrapping by MBIA Inc.</i>		

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

	Consolidated	
	2013 \$'000	2012 \$'000
31. Notes to the Cash Flow Statement (cont'd)		
<i>(c) Reconciliation of profit for the year to net cashflows from operating activities:</i>		
Profit for the year	202,011	169,723
Net loss/(profit) on sale of non-current assets	517	(47)
Loss/(gain) on investment property	(43,871)	(17,412)
Depreciation and amortisation of property, plant and equipment	84,054	74,933
Amortisation of deferred borrowing costs	2,908	3,111
Capitalised interest during the year	(9,524)	(7,603)
(Increase)/decrease in assets:		
Current receivables	(10,904)	4,430
Current inventories	62	106
Other current assets	119	(119)
Increase/(decrease) in liabilities:		
Current trade payables	2,111	5,387
Interest payable	1,427	9,193
Tax payable	8,196	5,330
Current provisions	274	690
Deferred tax liabilities	18,188	15,283
Non current liabilities – other	(532)	(430)
Non current provisions	245	190
Net cash from operating activities	255,281	262,765

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

32. Financial instruments

(a) Capital risk management

The consolidated entity manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt while maintaining a strong investment grade credit rating.

The capital structure of the consolidated entity consists of debt, which includes the borrowings disclosed on Notes 13, 14 and 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 25, 26 and 27 respectively.

The consolidated entity's overall strategy remains unchanged from 2012. During the financial period the group has complied with all imposed capital requirements including bank covenants.

(b) Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(c) Categories of Financial Instruments

	Consolidated	
	2013 \$'000	2012 \$'000
Financial Assets		
Cash at Bank	3,854	3,047
Loans and receivables:		
Trade receivables	43,365	32,461
Derivative instruments at fair value through other comprehensive income	43,431	7,380
Financial Liabilities		
Amortised cost:		
Bank overdraft	-	-
Trade payables	60,582	44,138
GST payable	1,767	2,735
Interest payable	24,592	23,165
Tax payable	19,132	10,936
Current interest rate swaps	8,018	12,582
Other current non trade payables	731	387
Borrowings	2,035,000	1,921,360
Non current payables	1,202	1,202
Non current interest rate swaps	39,407	59,077

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

32. Financial instruments (cont'd)

(d) Financial risk management objectives

The consolidated entity's corporate treasury function provides services to the business, co-ordinates access to domestic and financial markets, monitors and manages the financial risks relating to the operations of the consolidated entity through internal risk reports which analyses exposures by degree and magnitude of risk. These risks include market risk (including fair value interest rate risk), credit risk, liquidity risk and cashflow interest rate risk. The consolidated entity seeks to minimise the effects of interest rate risks, by using derivative financial instruments to hedge these exposures. The use of financial derivatives is governed by the group's policies approved by the Board of Directors through written policy on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. The consolidated entity does not enter into or trade financial instruments, including derivative financial, for financial purposes.

(e) Interest rate risk management

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate, including interest rate swaps, forward interest rate contracts and cross currency hedges to mitigate the risk of rising interest rates.

The consolidated entity does not enter into or trade derivative financial instruments for speculative purposes.

The Company and the group's exposures to interest rates on the financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(f) Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the consolidated entity's:

- Net profit would increase/decrease by \$621,000 (2012: increase/decrease by \$489,000). This is due to interest rates on its variable rate borrowings.
- Other equity reserves would increase/decrease by \$6,418 (2012: increase/decrease \$10,660,000) mainly as a result of the changes in fair value of available for sale fixed rate instruments.

The consolidated entity has no material interest revenue.

(g) Interest rate swap contracts

Under interest rate derivative contracts, the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of rising interest rates.

The following table details the notional amounts and remaining terms of interest rate derivative contracts outstanding as at the reporting date.

Outstanding floating for fixed contracts	Average contracted fixed interest rate		Notional principal amount		Fair Value of interest rate swaps	
	2013 %	2012 %	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Consolidated						
Less than 1 year	5.9	6.7	412,000	460,000	(8,252)	(12,581)
1 to 2 years	6.2	6.1	450,000	362,000	(29,716)	(10,934)
2 to 5 years	6.0	6.2	132,000	560,000	(9,416)	(48,144)
5 years +	7.4	7.4	556,500	595,860	43,431	7,380
			1,550,500	1,977,860	(3,953)	(64,279)

The fair value of these contracts as at 30 June 2013 is disclosed in Note 13, 18 and 2

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

32. Financial instruments (cont'd)

(h) Liquidity risk

The following table details the consolidated entity's exposure to liquidity risk as at 30 June 2013.

2013	Weighted average effective interest rate %	1-3 Months \$'000	3 Months to 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial Assets						
Current Receivables	-	43,365	-	-	-	43,365
Cash at Bank	-	3,854	-	-	-	3,854
Equity Instruments at fair value through other comprehensive income	-	-	-	-	43,431	43,431
		47,219	-	-	43,431	90,650
Financial liabilities						
Current trade payables	-	63,080	-	-	-	63,080
Interest payable	-	24,592	-	-	-	24,592
Tax payable	-	-	19,132	-	-	19,132
Bank loans	5.1	-	-	428,500	-	428,500
- Fixed rate notes (25 August 2014)	6.5	-	-	100,000	-	100,000
- Fixed rate notes (15 December 2015)	6.0	-	-	100,000	-	100,000
- Variable rate notes (15 December 2015)	4.2	-	-	200,000	-	200,000
- Fixed rate notes (25 August 2016)	7.0	-	-	250,000	-	250,000
- Fixed rate notes (4 June 2020)	5.0	-	-	-	225,000	225,000
US Private Placement						
US \$200m Due 15 September 2021 – fixed (i)	7.5	-	-	-	191,077	191,077
US \$200m Due 15 September 2023 – fixed (i)	7.4	-	-	-	191,077	191,077
US \$200m Due 15 September 2026 - fixed (i)	7.4	-	-	-	191,077	191,077
Fixed rate (15 January 2028)	5.9	-	-	-	50,000	50,000
Variable rate (15 November 2022)	5.6	-	-	-	125,000	125,000
Interest rate swaps	-	-	8,018	39,407	-	47,425
		87,672	27,150	1,117,907	973,231	2,205,960

(i) Excludes cross currency swaps that convert the US private placement notes of US \$600m into AUD \$.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

32. Financial instruments (cont'd)

(h) Liquidity risk (cont'd)

The following table details the consolidated entity's exposure to liquidity risk as at 30 June 2012.

2012	Weighted average effective interest rate %	1-3 Months \$'000	3 Months to 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
Financial Assets						
Current Receivables	-	32,461	-	-	-	32,461
Cash at Bank	-	3,047	-	-	-	3,047
Equity Instruments at fair value through other comprehensive income	-	-	-	-	7,380	7,380
		35,508	-	-	7,380	42,888
Financial liabilities						
Current trade payables	-	47,260	-	-	-	47,260
Interest payable	-	23,166	-	-	-	23,166
Tax payable	-	-	10,936	-	-	10,936
Bank loans	6.2	10,000	-	665,500	-	675,500
– Fixed rate notes (26 August 2014)	6.5	-	-	100,000	-	100,000
– Fixed rate notes (15 December 2015)	6.0	-	-	100,000	-	100,000
– Variable rate notes (15 December 2015)	5.3	-	-	200,000	-	200,000
– Fixed rate notes (25 August 2016)	7.0	-	-	250,000	-	250,000
US Private Placement	-	-	-	-	-	-
US \$200m Due 15 September 2021 – fixed (i)	7.5	-	-	-	191,077	191,077
US \$200m Due 15 September 2023 – fixed (i)	7.4	-	-	-	191,077	191,077
US \$200m Due 15 September 2026 – fixed (i)	7.4	-	-	-	191,077	191,077
Interest rate swaps	-	-	12,582	59,077	-	71,659
		80,426	23,518	1,374,577	573,231	2,051,752

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

32. Financial instruments (cont'd)

(i) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security.

(j) Fair value

Except as detailed below, the carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

The fair value of all financial instruments is derived from quoted market interest rates which are subsequently incorporated within generally applied discounted cash flow models. The amounts carried on the Statement of Financial position approximate the fair value with the following exceptions:

Financial liabilities	Carrying amount \$'000		Net fair value \$'000	
	2013	2012	2013	2012
Borrowings – Other entities	8,290	1,202	1,202	7,969

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are based on observable market data (unobservable inputs).

The following tables present the consolidated entity's assets and liabilities measured and recognised at fair value at 30 June 2013. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

30 June 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
<i>Equity Instruments at fair value through other comprehensive income</i>	-	43,431	-	43,431
Total assets	-	43,431	-	43,431
Liabilities				
<i>Interest rate swaps</i>	-	47,384	-	47,384
Total liabilities	-	47,384	-	47,384

There were no transfers between levels in the period.

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

32. Financial instruments (cont'd)

(k) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	Consolidated	
	2013	2012
	\$'000	\$'000
33. Dividends		
Fully franked dividend paid during the financial year (refer to Director's Report for details) (2013: \$1.26 per share, 2012: \$1.20 per share)	148,452	141,720
Franking account	50,930	48,967
34. Parent entity disclosures		
(a) Financial position:		
<i>Assets:</i>		
Current assets	39,267	31,087
Non-current assets	127,483	127,745
Total assets	166,750	158,832
<i>Liabilities:</i>		
Current liabilities	19,132	11,204
Non-current liabilities	-	-
Total liabilities	19,132	11,204
<i>Net Assets</i>	<i>147,618</i>	<i>147,628</i>
<i>Equity:</i>		
Issued capital	118,100	118,100
Retained earnings	29,518	29,528
<i>Total equity</i>	<i>147,956</i>	<i>147,628</i>
(b) Financial performance:		
Profit for the year	148,443	141,684
Other comprehensive income	-	-
Total comprehensive income	148,443	141,384
(c) Non balance sheet commitments:		
Guarantees of debt	-	-
Contingent liabilities	-	-
Commitments for the acquisition of property, plant and equipment by the parent company	-	-

Australia Pacific Airports Corporation Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2013

35. Additional Company Information

Australia Pacific Airports Corporation Limited ACN 069 775 266 is an unlisted public company incorporated and operating in Australia.

Principal Registered Office and Principal Place of Business
Level 2, Terminal 2
Melbourne Airport
(03) 9297 1600

Website: www.melbourneairport.com.au

Email: reception@melair.com.au

DAVID CRAWFORD AO

Chairman of the Board

David Crawford was appointed Chairman of APAC in April 2012.

David is also the Chairman of Lend Lease Corporation Limited and Andrology Australia, Director of BHP Billiton Limited, and a Member of Advisory Boards for Allens, Evans & Partners Pty Ltd, and Bank of America Merrill Lynch.

David retired as a Partner and National Chairman of KPMG in 2001 after more than 30 years service.

In his professional capacity as a Partner of KPMG, he has specialised in working in the restructuring of companies in financial difficulties. He has acted as a consultant and/or advisor to several major companies and government departments.

He has conducted reviews of the structure and governance of the Australian Football League, Soccer in Australia and the Australian Cricket Board. He was Chairman of the Committee appointed by the Federal Government to report on the Future of Sport in Australia

David holds a Bachelor of Commerce and a Bachelor of Law from the University of Melbourne, is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Australian Society of Certified Practising Accountants and a Fellow of the Institute of Company Directors in Australia.

CHRIS WOODRUFF

Managing Director and Chief Executive Officer

Chris was appointed a Director of APAC in August 2007.

Chris has over 24 years experience in the aviation industry having joined BAA in 1989 as a Retail Manager.

He has held a number of senior management positions within BAA, including Chief Executive Officer of Budapest Airport, Operations Director of Heathrow Airport, Retail Director of Gatwick and Heathrow Airports, Managing Director of World Duty Free Inflight and General Manager of Gatwick North Terminal. Prior to joining BAA, Chris worked for a UK retail company.

Chris is also on the Board of Melbourne Convention Bureau.

KYLE MANGINI

Kyle Mangini was appointed a Director of APAC in October 2009.

Kyle is the Global Head of Infrastructure at IFM where he is responsible for managing all aspects of IFM's \$15 billion infrastructure portfolio. Kyle is a member of IFM's Investments Committee.

Kyle has over 20 years of experience in investment banking and asset management, including senior roles with Credit Suisse First Bank and SBC Warburg. He has infrastructure experience in Asia, Australia, Europe and North and South America. His relevant transaction experience includes the execution of mergers, acquisitions, divestitures, initial public offerings, public bond offerings, Rule 144A private placements, commercial bank facilities and derivatives. Kyle is a director of Pacific Hydro and a former director of Brisbane Airport and Darwin Airport.

NADINE LENNIE

Nadine Lennie was appointed a Director of APAC in January 2011.

Nadine is a Director of Infrastructure and Timberland at the Future Fund. Since joining the Future Fund in April 2008 she has been responsible for establishing the infrastructure investment program including developing a strategy, recruiting and managing an investment team and making a series of infrastructure and timberland investments.

Nadine has over 15 years experience in the financial advisory and funds management sectors. Prior to joining the Future Fund, Nadine was an Investment Director with Hastings Funds Management where she was responsible for the Australian equity acquisition program. Prior to that she worked as a Director at PricewaterhouseCoopers where she assisted the various Australian State Governments establish their PPP policies and successfully acted as a financial adviser to both private and public sector participants in the PPP programs. Nadine also worked for Bankers Trust and Hambros Corporate Finance. She holds an economics degree majoring in Actuarial Studies.

RICHARD HEDLEY

Richard Hedley was appointed a Director of APAC in May 2011, having previously served as a Director from June 2008 to August 2010.

Richard is Portfolio Manager and Head of Asset Management - Infrastructure Asia Pacific at Deutsche Asset and Wealth Management. In this role Richard is responsible for infrastructure funds invested across the transport, utilities and timberland sectors and is responsible for leading portfolio strategy, implementation and asset management. Richard has represented RREEF's investors on the boards of a number of companies and is currently also a director of Allgas Energy, the Port of Geelong and Hancock Victorian Plantations. Prior to joining Deutsche Bank in 2001, Richard was Legal Counsel at Dresdner Kleinwort Benson, part of the Dresdner Bank Group, in London. Before that he was a lawyer at Bell Gully in New Zealand.

Richard holds a Master of Applied Finance from Macquarie University in Sydney together with a Bachelor of Laws with Honours and a Bachelor of Commerce from the University of Otago in New Zealand. Richard has been admitted as a Barrister and Solicitor of the High Court of New Zealand and is a member of the Australian Institute of Company Directors.

JOHN HARVEY

John Harvey was appointed a Director of APAC in March 2013, having previously served as a Director from May 2011 to February 2013.

John is currently a Director and Audit Committee Chairman of Australian Infrastructure Fund Limited and David Jones Limited. John was previously Chief Executive Officer (CEO) of the Mt Eliza Business School and prior to that the inaugural CEO of PricewaterhouseCoopers in Australia. John had a 25-year career with PricewaterhouseCoopers during which he provided professional advisory services to many multinational and Australian national companies and was a registered company auditor for 20 years.

MAR BELTRAN

Mar Beltran was appointed a Director of APAC in August 2012.

Mar Beltran leads a number of Portfolios within the AMP Capital Infrastructure team, she is involved across pooled institutional products, retail products and separate account mandates, as well as overseeing investment strategy and processes with respect to a number of customized accounts. Mar works closely with the broader global team to generate opportunities to package and deliver infrastructure investments to existing and new clients. Mar has more than 19 years of Infrastructure investment and asset management experience across transportation, energy and PPPs. She managed the PPP Community Infrastructure Fund in 2011 and was also responsible for the Core Infrastructure Fund from its launch until 2010. Prior to joining AMP Capital in 2006 she worked for Ferrovial Infrastructure. Previous Directorships include Reliance Rail, Sydney airport, the Ferrovial Investment Trust Board of Trustees and the Spanish Chamber of Commerce in Australia and Bristol airport in the UK.

Mar holds an Executive MBA from the Australian Graduate School of Management and has a Senior Aeronautical Engineering Degree from Madrid Polytechnic University in Spain. Mar is a member of the AMP Capital Diversity Advisory Committee.

BRYAN HYNES

Bryan Hynes was appointed a Director of APAC in June 2013.

Bryan is the Managing Director of AMP Capital Shopping Centres which operates one of the largest portfolio of Shopping Centres in Australia and New Zealand and a key part of AMP Property Portfolio with an Asset Value in excess of \$16 billion of Assets under management. Bryan is responsible for the Shopping Centre business from leading the senior management team, through to the portfolio strategy, implementation, asset management, leasing and development, including the delivery of a \$2.5 billion development pipeline current underway.

Bryan has more than 20 years' experience working within the Australian and New Zealand shopping centre industry. Bryan joined AMP Capital Shopping Centres in 1999 and has held various senior management roles prior to his appointment to Managing Director in 2008. Previously Bryan was an Associate Director of Shopping Centre Management for Byvan. Bryan's experience includes the direct management of large portfolio of shopping centres, finance, consultancy in the development and planning of a large number of major retail projects.

Bryan Hynes is a CSMA, Grad Cert SCM, LREA, GAICD. Bryan is a Director of the Shopping Centre Council of Australia (SCCA), a member of the International Council of Shopping Centre (ICSC), Australian Institute of Company Directors (GAICD), and a member of the AMP Capital Investors' Property Leadership team.

COMPANY SECRETARY

LISA EVANS

General Counsel and Company Secretary

Lisa joined APAC in March 2009 and was also appointed Company Secretary of APAC and its subsidiaries.

Lisa holds a Bachelor of Laws and Bachelor of Arts (with a major in Japanese language) from the University of Canterbury in Christchurch. Lisa has been admitted as a Barrister and Solicitor of the High Court of New Zealand and was admitted to legal practice in Victoria in 2000. Lisa is also a Member of the Australian Institute of Company Directors.

Prior to joining APAC, Lisa held the role of Senior Legal Counsel at Symbion Health Ltd (formerly Mayne Group Ltd) for approximately 5 years, following 10 years in private practice in both Australia and New Zealand.