ANNUAL REPORT 13/14

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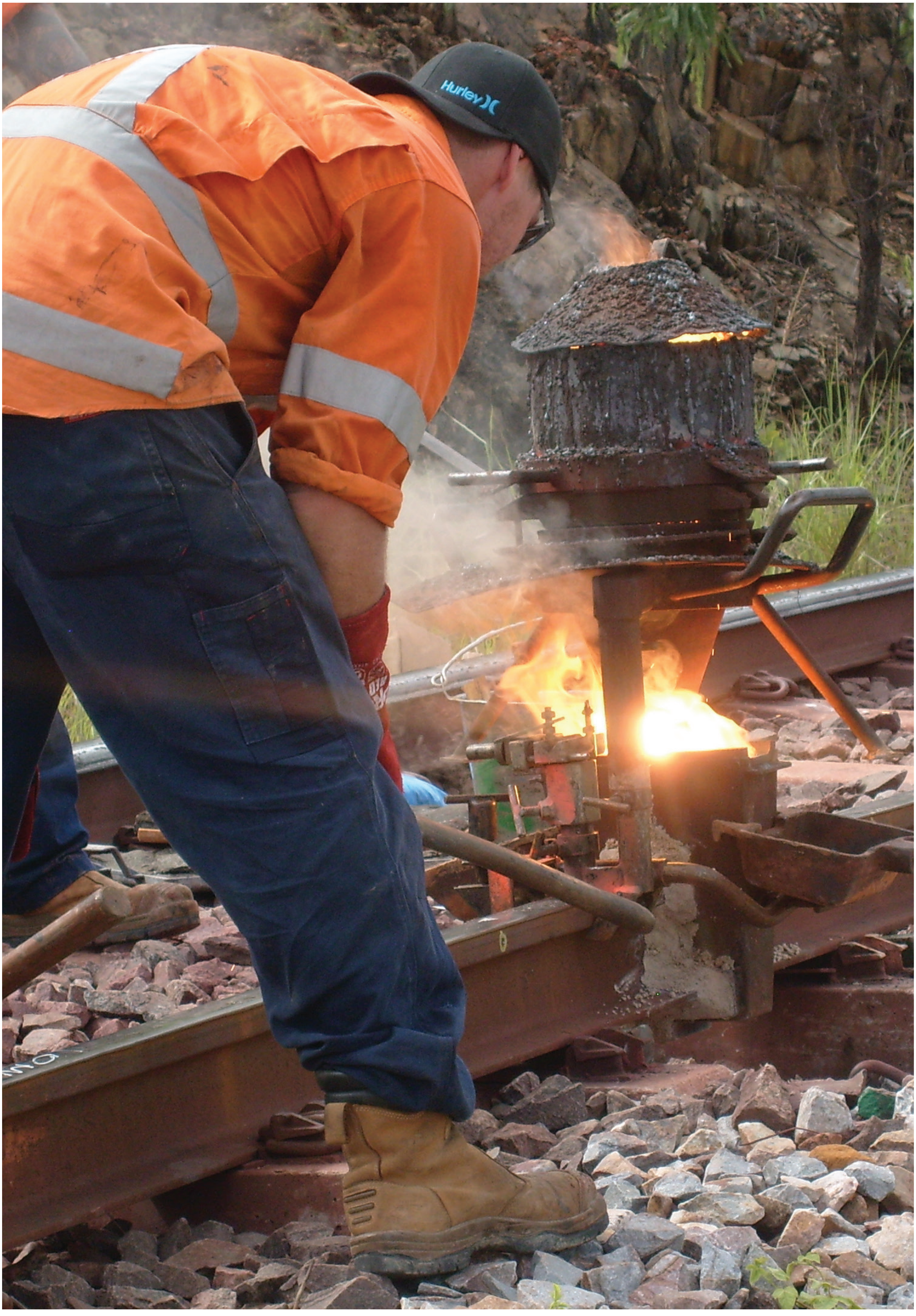
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LETTER TO THE MINISTER FOR TRANSPORT

The Hon Peter Donald Styles MLA
Minister for Transport
GPO Box 3146
Darwin NT 0801

Dear Minister Styles

RE: AUSTRALASIA RAILWAY CORPORATION ANNUAL REPORT

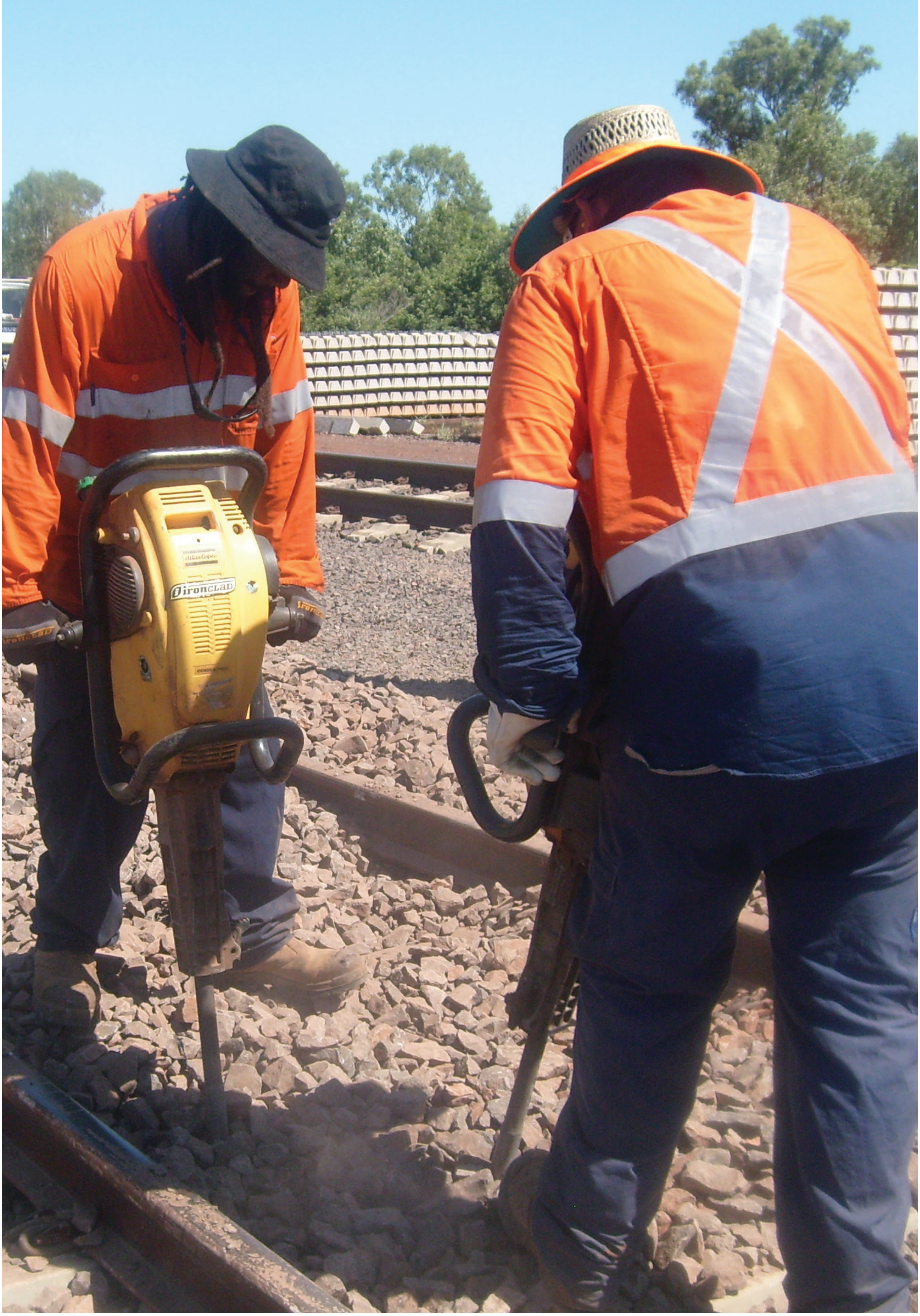
I have pleasure in presenting the 2013/2014 Annual Report of the AustralAsia Railway Corporation.

The report details the activities and operations of the Corporation for the year ending 30 June 2014, in accordance with the provisions of section 32(2) of the *AustralAsia Railway Corporation Act 1996*.

There is no additional information attached to the report that is required to be presented under section 32(1) of the Act, as there were no directions, objections, confirmations or reasons given under Section19 of the Act during the period to which the report relates.

Yours faithfully

PETER CALDWELL
Chairman
26 August 2014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CHAIRMAN'S OVERVIEW

Despite falling commodity prices in the global market throughout the year contributing to a decline in mining activity along the central corridor, the past year has seen a consolidation of business by Genesee and Wyoming Australia (North) [GWA(N)] with an increase in the intermodal freight task. A combined total of over 3.65 million tonnes of freight was transported in 2014 representing a 5.5% increase over the previous financial year.

A number of derailments impacting on the reliability of freight services throughout the period have highlighted the need for ongoing attention to infrastructure and rolling stock maintenance and reinforced the importance of personnel training and compliance with safety systems. Audit of the insurance proceeds arising from these derailments has confirmed that all moneys received have been applied to the repair and reinstatement of the railway and the corridor.

Apart from incidents involving track closure, the measure of on-time freight availability consistently met or exceeded target levels throughout the period and continues to be at the forefront of the GWA(N) business model. The capital investment in new locomotives, trackside bearing monitors and the ongoing pursuit of efficiencies through innovation including in-line fuelling and fuel optimisation equipment is delivering benefits to customers and the GWA(N) bottom line.

BULK MINERALS

Bulk minerals traffic again provided the majority of business during the year. However, the suspension of mining at Territory Resources' Frances Creek mine and indefinite delays to the development of the Sherwin Iron project resulted in anticipated increases in tonnages failing to eventuate. Investment in additional passing loops to manage the expected extra train paths to accommodate new mines would now appear not to be required for some time.

GENERAL FREIGHT

The steady growth of domestic freight movements along the central corridor between South Australia and the Northern Territory has continued. GWA(N) reports growth of approximately 4% per annum in intermodal freight. The growth in the NT economy as a result of the construction of the Ichthys LNG Project continues to positively impact domestic freight volumes and this is expected to continue until the end of the construction period in 2016. The recent completion of the Darwin Marine Supply Base will provide further opportunities to supply the offshore supply sector.

AUSTRALASIA TRADE ROUTE

Despite the cyclical decrease in mineral exports, the AustralAsia Railway will provide an ongoing stimulus to the development of the AustralAsia Trade Route through the developing Port of Darwin. Regular international shipping services between Darwin to ports in north and south east Asia will be required to provide competitive freight import/export opportunities to service resource developments and evolving opportunities in agriculture/horticulture.

A PERSONAL NOTE

This is my last Annual Report as Chairman. I am pleased to say that Alastair Shields who has a long association and direct involvement with the Project will be taking over as Chairman from 1 September 2014

Peter Caldwell

Chairman

19 August 2014

ROLE OF THE AUSTRALASIA RAILWAY CORPORATION

The AustralAsia Railway Corporation ("the Corporation") is a statutory body established under the AustralAsia Railway Corporation Act 1996 (NT) and is supported by South Australia through complementary legislation.

The Corporation was established in 1997 by the Northern Territory and South Australian Governments to manage the awarding of a Build, Own, Operate and Transfer back (BOOT) concession and to enter into contractual arrangements with the successful consortium, its successors and assignees, throughout the life of the Concession.

The Corporation's obligations under the project documents are guaranteed by the two Governments. The rights and obligations of the two Governments are set out in the Inter-Governmental Agreement.

The current owner GWA (North) Pty Ltd and the Corporation are parties to a Concession Deed which details rights and obligations, including project risks. The Deed seeks to mitigate those risks by apportioning appropriate responsibility for them. The Corporation holds security over the works in the event that the Concession is terminated.

With the commencement of operations in 2004, the Corporation's role changed substantially. The Corporation continues to ensure delivery of all its obligations under the Concession Deed and ensures other parties deliver on their obligations throughout the Concession Period.

Since the sale of the concession to GWA (N) in December 2010, the corporation is less able to rely on the financial scrutiny applied to the operation of the business by the financiers under the previous ownership arrangements. Consequently the corporation applies increased resources to monitoring the business and its financial performance under the terms of the amended Concession Deed.

An important responsibility of the Corporation is to ensure the rail infrastructure is maintained in a fit for purpose state. The Corporation ensures that annual inspections are conducted and maintenance reports are routinely scrutinised to ensure compliance with Concession obligations.

The Corporation also provides advice to the Northern Territory and South Australian Governments on matters impacting the railway as required.

BUSINESS OVERVIEW

Despite the recent downturn in mine production due to falling commodity prices, freight tonnages on the AustralAsia Railway have grown over previous year levels to reach 3.65 million tonnes in the 2014 financial year.

Business performance categorised as Intermodal, Bulk Products and Passenger Train Access was as follows:

INTERMODAL

Twelve trains per week operating between Adelaide and Darwin captured more than 90% of all contestable intermodal freight carrying a total 886,000 tonnes comprising containerised general freight, automotive and specialised products. This represents growth of 4% over the previous year and has reached a level which has caused GWA(N) to assess the current number and configuration of services with a likely increase in well wagons to allow for increased double stacking of containers.

GWA(N) is currently finalising commercial negotiations which will see a return of Australian Defence Force movements to rail in the coming year.

BULK PRODUCTS

An average 24 train services were operated per week from mine rail loading sidings along the corridor to Darwin and Adelaide ports. Overall, total tonnages were 7% higher to 2.74 million tonnes with increases in Territory Resources exceeding the reductions attributable to OZ Minerals and OM Manganese.

The suspension of mining operations by Territory Resources at the Frances Creek mine and OZ Minerals can be expected to result in a significant decline in bulk products with a low possibility for the commencement of new bulk business for the coming year.

Sherwin Iron had made application for access but with the business now under voluntary administration, it is now unlikely that this new business will eventuate in the near term.

The loss of bulk liquids 'piggyback' road tanker operations to road transport along with the move to inline refuelling of locomotives within the railway operations business, contributed to a drop of 45% in bulk liquids from the previous 49,300 tonnes to 26,900 tonnes for the year.

PASSENGER TRAIN ACCESS

Since 2012, continued uncertainty has been moderated by a degree of recovery in global economies. This, together with the sustained high Australian dollar impacting the number visitations from GSR's traditional overseas markets and record numbers of Australians taking advantage of the exchange rate to travel overseas has resulted in a reduction in passenger numbers for The Ghan passenger service since the GFC.

Great Southern Rail (GSR) implemented a new pricing policy in April 2013 that included service enhancements in the ticket price which has been well accepted by consumers and has led to increased patronage on GSR's premium services with Gold and Platinum services increasing from

34,000 sectors in 2012 to 44,000 in 2014. This has been balanced by a reduction in the economy sit-up sectors from 13,000 to 8,000 over the same period.

GSR expects that the premium classes will continue to grow as a result of further improvements effective 1 April 2015 which will include a four day/three night Ghan during the peak season, with extended stopovers in Alice Springs. New stops at Marla and Manguri (Coober Pedy) in SA will also be featured.

In 2014, Great Southern Rail was a finalist for Best Domestic Tour Operator in the Australian National Travel Industry Awards. The Ghan was named an inductee to Luxury Travel Magazine's Hall of Fame (five-time Best Rail Journey winner) and was awarded the AFAR Media [travel publication focused on Experiential Travel based in the United States] Best Transcontinental Rail Journey.

These awards followed the 2013 South Australian Tourism Industry Council Award for Major Tour/Transport Operator and finalist in the Australian Tourism Awards. The Ghan continues to be recognised as one of the world's great rail journeys.

BOARD MEMBERS

CHAIRMAN

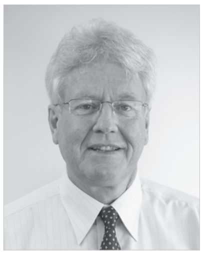
MR PETER CALDWELL

BA Hons (Econ), PSM, FAICD

Appointed chairman 20 February 2013

(Initially appointed 28 June 2004)

Mr Caldwell is the Associate Utilities Commissioner of the Northern Territory. He previously worked as the Deputy Under Treasurer in the Northern Territory Treasury. He has also worked in the Northern Territory Departments of Industries and Development; and Mines and Energy; the Asian Development Bank; the Commonwealth Departments of Trade, Territories and Treasury; and the University of Ghana. Mr Caldwell is Deputy Chairman of the Territory Insurance Office and a Director of NT Gas Pty Limited.



CHIEF EXECUTIVE OFFICER

BRENDAN LAWSON

Dip.CE, FIEAust, PSM

Appointed CEO 6 October 2004

Brendan Lawson is the Chief Executive Officer of the AustralAsia Railway Corporation. Mr Lawson is a civil engineer with a background in construction of transport infrastructure and has been associated with the AustralAsia Railway Project since 1996. Previous roles with the Northern Territory Government involved managing a range of preconstruction activities for the Railway, project management of Darwin's East Arm Port, Project Administrator of the Darwin Waterfront Development and the Darwin Marine Supply Base.

MR ROB FULLER

LL.B

Appointed 1 September 2012

Mr Fuller is Manager, Legal Services in the South Australian Crown Solicitor's Office. Robert is a solicitor representing the South Australian Government and practices in the areas of public finance, project finance, debt capital markets, derivatives, insurance and general commercial. Past board appointment included Director of the South Australian statutory body RESI Corporation.

MS CLARE GARDINER-BARNES

DIPT, GdipArts (Leadership), MSWAP

Appointed 21 May 2013.

Ms Gardiner-Barnes is Chief Executive of the Northern Territory Department of Transport with responsibility for transport assets, policy, planning and safety, public transport, road, rail, aviation, shipping, freight and logistics. Clare is currently a member of the Austroads Board. Previous board appointments include the Heavy Vehicle Charging and Investment Board.

Clare has over 20 years' experience in the public sector including previous roles within the Northern Territory Government such as the Chief Executive of the Department of Children and Families.

MR MARK WILLIAMS

BE, M.Eng.SC (Research)

Appointed 1 September 2013

Mark Williams is Director Sustainable Transport in the South Australian Department of Planning, Transport and Infrastructure. Mr Williams is a civil engineer with over 30 years experience in railway infrastructure and operations.

Mr Williams has worked for the South Australian Government from 2001 and has been a member of the South Australian Rail Task Force as the transport representative. Previous roles included working for the Australian National Railways Commission and the private sector.

BOARD MEMBERS REPORT

The Board Members present their report on the accounts for the financial year ended 30 June 2014.

MEMBERS

The following persons held office as Members of the AustralAsia Railway Corporation ("the Corporation") Board during the year and up to date of this report:

» Peter Caldwell (Appointed 28 June 2004)
» Brendan Lawson (Appointed Chief Executive Officer 6 October 2004)
» Mark Williams (Appointed 1 September 2013)
» Robert Fuller (Appointed 1 September 2012)
» Clare Gardiner-Barnes (Appointed 21 May 2013)

Further details on Members are provided at Note 12 to the financial statements and member profiles at page 36 and 37 of the Annual Report.

PRINCIPAL ACTIVITIES

The functions of the Corporation are specified in the AustralAsia Railway Corporation Act 1996 (NT).

The Corporation was created to facilitate the completion of the AustralAsia Railway on behalf of the Northern Territory and South Australian Governments and subsequent to completion, to monitor operations of the railway throughout the fifty year concession period to ensure obligations and responsibilities of the Concession Holder and Governments under the Concession Deed are met.

MINISTERIAL DIRECTIONS

No ministerial directions were received by the Corporation under Sections 18 or 19 of the AustralAsia Railway Corporation Act (NT) for the financial year ended 30 June 2014.

REVIEW OF OPERATIONS AND SIGNIFICANT CHANGES DURING THE FINANCIAL YEAR

The Corporation's role is to monitor operations to ensure responsibilities under the Concession Deed and the statutory obligations pursuant to the AustralAsia Railway Corporation Act (NT) are met. The Concession Deed covers the rights, responsibilities and obligations of the Concession Holder and Governments throughout the fifty year concession period from 2004.

Significant responsibilities of the Corporation include ensuring that the rail infrastructure, including the $427.5 million (valued at cost) of Corporation owned infrastructure, is maintained in a 'fit for purpose' state by the Concession Holder throughout the Concession Period and that secure title over the rail corridor is held throughout this time.

The Corporation also provides advice and assistance to the Northern Territory and South Australian Governments on AustralAsia Railway matters.

This financial year has been the third full financial year of operations since the concession was sold to GWA (North) Pty Ltd. The year has continued to focus on establishing stronger relationships and reporting regimes with the Concession Holder to ensure that both GWA (North) Pty Ltd and the Corporation meet their responsibilities in accordance with the Concession Deed.

Activities during the year resulted in the Corporation recording an operating deficit of $3.6 million. This operating deficit resulted significantly from depreciation charges of $3.5 million to the accounts, reflecting use of the Corporation's $427.5 million (valued at cost) rail infrastructure assets. Operating deficits do not affect the operations of the Corporation, with Governments providing the necessary resources to ensure the going concern of the entity.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

At the date of this report there is no matter or circumstance which has arisen since 30 June 2014 that has significantly affected or may significantly affect:

a) the operations in the financial year subsequent to 30 June 2014, of the Corporation; or
b) the results of those operations; or
c) the state of affairs in financial year subsequent to 30 June 2014, of the Corporation.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

In accordance with contractual agreements resulting from operations during past financial years, the Corporation expects to continue to receive operational grants and payments towards operational expenditure during the 2014-15 financial year, and perform any other services necessary to monitor operations of the AustralAsia Railway on behalf of the Northern Territory and South Australian Governments.

AUDITOR

The independent audit firm of BDO Audit (NT) continued as auditor in accordance with Section 27 of the *AustralAsia Railway Corporation Act* and Section 327 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 40.

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

P.J. Caldwell

PETER CALDWELL

Chairman
19 August 2014

B.J. Lawson.

BRENDAN LAWSON

Chief Executive Officer
19 August 2014

BOARD MEMBERS' DECLARATION

The Board Members declare that:

1. The financial statements and accompanying notes;
   a) are in accordance with the Corporations Act 2001 and comply with Australian Accounting Standards (including Australian Accounting Interpretations) and;
   b) give a true and fair view of the Corporation's financial position as at 30 June 2014 and of its performance for the period ended on that date.
2. In the opinion of the Board Members, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

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

P.J. Caldwell

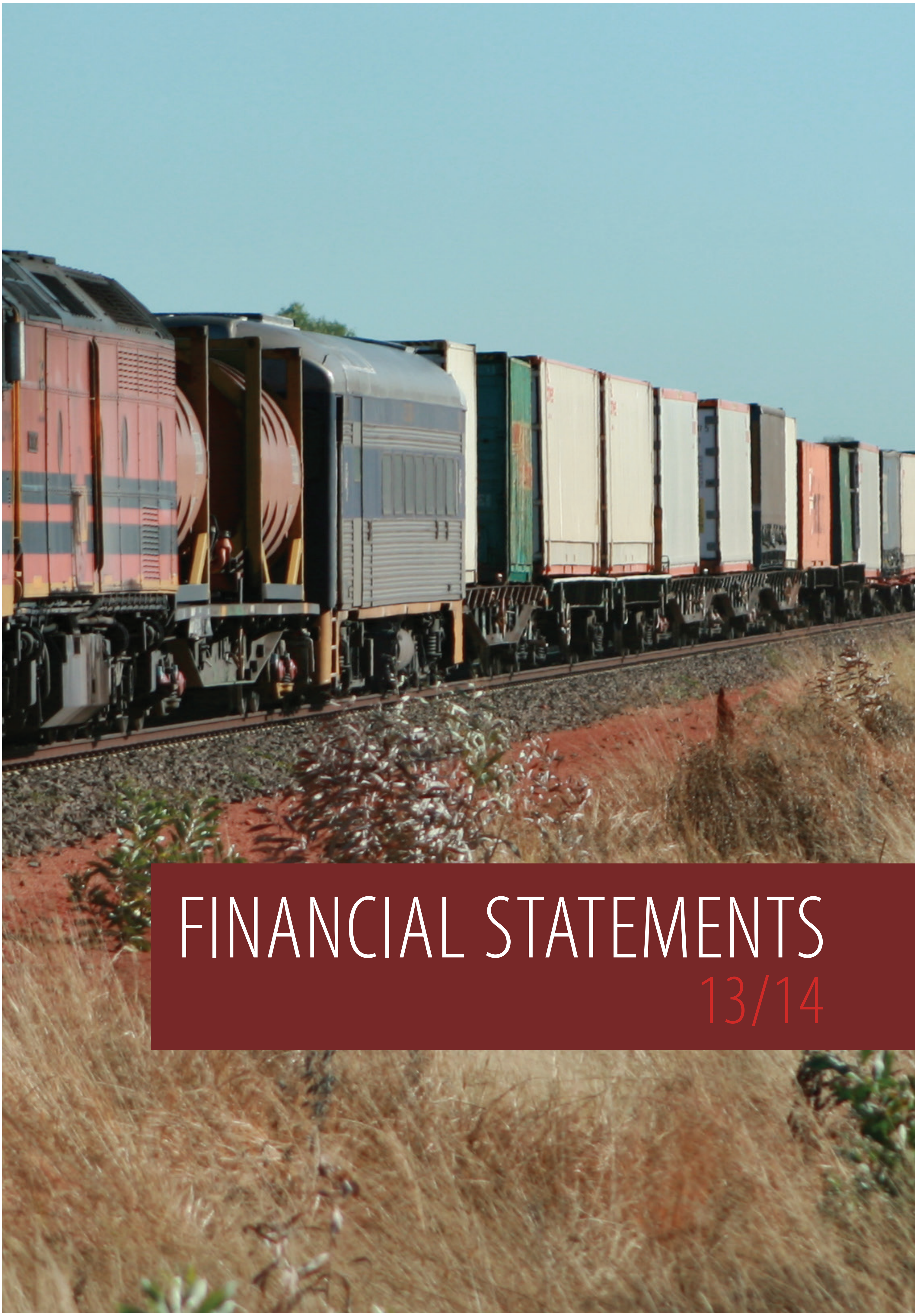
PETER CALDWELL

Chairman
19 August 2014

B.J. Lawson.

BRENDAN LAWSON

Chief Executive Officer
19 August 2014



FINANCIAL STATEMENTS 13/14

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Income			
Income from Ordinary Activities		204	202
Other		89	34
Total Income	**3**	**293**	**236**
Expenses			
Employee Expenses		118	116
Depreciation and Amortisation		3,548	3,547
Other Expenses	4	220	111
Total Expenses		**3,886**	**3,774**
Surplus/(Deficit) for the Year		**(3,593)**	**(3,538)**
Other Comprehensive Income			
Other Comprehensive Income for the Year		-	-
Total Other Comprehensive Income		**-**	**-**
Total Comprehensive Income for the Year		**(3,593)**	**(3,538)**

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Current Assets			
Cash and Cash Equivalents	5	254	327
Trade and Other Receivables	6	2	3
Total Current Assets		**256**	**330**
Non Current Assets			
Property, Plant and Equipment	7	390,546	394,093
Total Non-Current Assets		**390,546**	**394,093**
TOTAL ASSETS		**390,802**	**394,423**
Current Liabilities			
Trade and Other Payables	8	36	65
Total Current Liabilities		**36**	**65**
Non-Current Liabilities			
Net Loans		-	-
Net Advances		-	-
Total Non-Current Liabilities	**9**	**-**	**-**
TOTAL LIABILITIES		**36**	**65**
NET ASSETS		**390,766**	**394,358**
Equity			
Accumulated Funds		390,766	394,358
TOTAL EQUITY		**390,766**	**394,358**

The Statement of Financial Position should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Accumulated Funds			
Balance at 1 July		394,358	397,897
Surplus/(Deficit) for the Period		(3,593)	(3,538)
Other Comprehensive income for the year		-	-
Total Comprehensive Deficit for the year		(3,593)	(3,538)
BALANCE AT 30 JUNE		**390,766**	**394,358**

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Cash Flows from Operating Activities			
Grants and Subsidies Received		204	202
Net Payments for Goods and Services		(366)	(153)
Interest Received		7	9
Other Income		82	-
Net Cash Provided by/(Used In) Operating Activities	**10**	**(73)**	**58**
Net increase in cash and cash equivalents		(73)	58
Cash and cash equivalents at the beginning of the financial year		327	269
Cash and Cash Equivalents at the end of the Financial Year	**5**	**254**	**327**

The Statement of Cash Flows should be read in conjunction with the notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. GENERAL INFORMATION

The AustralAsia Railway Corporation ("the Corporation") is a statutory authority, incorporated in Australia and operating within Darwin, Northern Territory, Australia.

Principal place of business:
Level 5 Hospitality
7 Kitchener Drive, Darwin NT 0800

Postal address:
GPO Box 1449, Darwin NT 0801

The Corporation was established to facilitate the completion of the AustralAsia Railway on behalf of the Northern Territory and South Australian Governments and subsequent to completion, to monitor operations of the railway throughout the fifty year concession period (which commenced in 2004) to ensure obligations and responsibilities of the Concession Holder and Governments under the Concession Deed are met.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements are general purpose financial statements and have been prepared to fulfil the Corporation's reporting requirements under the *AustralAsia Railway Corporation Act* and the *Corporations Act 2001*. The accounting policies used in the preparation of these financial statements are consistent with those of previous years unless stated otherwise, and in the opinion of the Board Members are appropriate to meet the needs of the *AustralAsia Railway Corporation*.

The financial statements have been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the AustralAsia Railway Corporation Act and the Corporations Act 2001.

The financial statements comprise AustralAsia Railway Corporation financial statements as an individual entity. For the purposes of preparing the financial statements, the Corporation is a not-for-profit entity.

The financial statements were authorised for issue by the Board Members on 19 August 2014.

a. Basis of Preparation

The financial statements have been prepared on an accrual basis using historical cost, except for the revaluation of certain non-current assets and financial instruments that are measured at re-valued amounts or fair values, as explained in the accounting policies below.

Cost is based on the fair values of the consideration given in exchange for assets.

The corporation is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. All amounts are presented in Australian dollars and have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

b. Critical Accounting Estimates and Judgements

The Board Members evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

Key Estimates – Impairment

The Corporation assesses impairment at each reporting date by evaluating conditions specific to the Corporation that may lead to impairment of assets. Where an impairment indicator exists, the recoverable amount of the asset is determined and impairment losses are recognised in profit and loss where an asset's carrying value exceeds its recoverable amount. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

Key Judgements – Allowance for impairment losses

The provision of impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position. There is no allowance for impairment recognised as at 30 June 2014 (2013: Nil).

c. Adoption of new and revised accounting standards

The Corporation has adopted all the new, revised or amended Accounting standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Corporation from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Corporation.

The following Accounting Standards and Interpretation are most relevant to the Corporation.

(i) AASB 13 (issued September 2011) Fair Value Measurement

This standard applies prospectively from the 30 June 2014 reporting period.

This replaces the guidance on fair value measurements in existing AASB accounting literature with a single standard. It clarifies the definition of fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. With some exceptions, the standard requires entities to classify these measurements into a fair value hierarchy based on the nature of the inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable

There are extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy.

The Corporation has conducted a detailed analysis on the current fair value disclosures and those required by AASB 13 and the standard has minimal impact on current disclosures made in the financial statements.

(ii) AASB CF 2013-1 Amendments to the Australian Conceptual Framework, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

AASB CF 2013-1 incorporates Chapters 1 and 3 of the IASB's Conceptual Framework for Financial Reporting into the AASB Framework for the Preparation and Presentation of Financial Statements. It also withdraws SAC 2 Objective of General Purpose Financial Reporting. The standards do not impact the financial statements.

(iii) AASB 2012-2 (issued June 2012) - Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)

This is effective from annual reporting periods commencing on or after 1 January 2013.

Financial Instruments: Disclosures to require an entity to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

Additional disclosure requirement for financial instruments which are set off include;

- The gross amounts of those recognised financial assets and recognised financial liabilities;
- The amounts that are set off in accordance with AASB 132 when determining net amounts presented in the statement of financial position;
- The net amounts presented in the statement of financial position;
- The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in set off amounts disclosed in the statement of financial position including:

- (i) amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria in paragraph 42 of AASB 132; and
- (ii) amounts related to financial collateral (including cash collateral); and

» The net amount after deducting the amounts subjected to an enforceable master netting arrangement or similar agreement that are not included in the set off amounts disclosed in the statement of financial position from the amounts disclosed in the statement of financial position.

This standard has minimal impact on current disclosures made in the financial statements.

d. Accounting Standards Issued But Not Yet Effective

New accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Corporation has not adopted any of these standards earlier than their effective start date. The Corporation's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 (issued December 2009 and amended December 2010, December 2013 and June 2014) amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:

» Amortised cost;

» Fair value through profit and loss; and

» Fair value through other comprehensive income.

This is effective from annual reporting periods beginning on or after 1 January 2018.

The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. These include the requirements relating to:

» Classification and measurement of financial liabilities; and

» Derecognition requirements for financial assets and liabilities.

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. The entity is yet to make an assessment of the impact of these amendments on the financial statements when AASB 9 is first adopted.

(iv) AASB 2012-3 (issued June 2012) -Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)

This is effective from annual reporting periods commencing on or after 1 January 2014.

This standard addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 Financial Instruments: Presentation.

This standard clarifies the requirement of what conditions need to be satisfied under paragraph 42 of AASB 132 in order for a financial asset or liability to be set off.

To qualify for a set off, a financial asset and liability should meet the criterion below:

» "currently has a legally enforceable right to set off the recognised amounts". This means the right of set off;
  - must not be contingent on a future event; and
  - must be legally enforceable in all of the following circumstances:
    (i) the normal course of business;
    (ii) the event of default; and
    (iii) the event of insolvency or bankruptcy of the entity and all of the counterparties;

And;

Intends either to settle on a net basis or to realise the asset and settle the liability simultaneously".

When this standard is adopted for the first time on 1 July 2014, it will have minimal impact on current disclosures made in the financial statements.

e. Going Concern Basis

The ongoing operations of the Corporation are reliant on continued funding by the Northern Territory and South Australian Governments.

f. 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 receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

g. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable exclusive of the amount of GST. Corporation revenue from ordinary activities comprises grants received from the Northern Territory and South Australian Governments.

h. Government Grants

Grants that are non reciprocal in nature are recognised at their fair value where there is reasonable assurance that the grant will be received and the entity will comply with all the attached conditions.

i. Income Tax

The Corporation is exempt from income tax as per the Income Tax Assessment Act 1936.

j. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and Statement of Financial Position, cash and cash equivalents includes cash on hand and cash held in the Corporation's bank account.

k. Investments and Other Financial Assets

Investments and other financial assets are initially measured at either amortised cost or fair value depending of their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the corporation establishes fair value by using valuation techniques. These included the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Corporation has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity.

Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Corporation assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Derecognition of financial assets

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

l. Trade and Other Receivables

Trade and other receivables are recognised at fair value less any allowance for impairment losses. Collectability of receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. The allowance for impairment losses represents the amount of receivables the Corporation estimates are likely to be uncollectible and are considered doubtful.

Trade receivables are generally settled within 30 days.

m. Property, Plant and Equipment

The property, plant and equipment of the Corporation comprises of railway infrastructure. Railway infrastructure represents the Corporation's share of the $1.1 billion total of new rail infrastructure located between Alice Springs and Darwin completed in 2004.

The Corporation values land, buildings and infrastructure assets in accordance with the Australian Accounting Standard AASB 116 Property, Plant & Equipment and annually reviews the carrying balances of its assets in accordance with Accounting Standards to ensure any impairment loss is appropriately recorded.

Railway infrastructure is recorded at the cost of acquisition, being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition.

Plant and equipment acquired are recorded at the cost of acquisition, being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition.

Depreciation is provided on property, plant and equipment (excluding Earthworks and Capping Layer). 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 useful lives are used in the calculation of depreciation:

Railway Infrastructure

Culverts and Bridges	50 years
Yards and Freight Handling Facilities	50 years
Signalling	15 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

n. Borrowings

Loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Interest expense is recognised on an accrual basis (refer Note 9). No interest was payable on loans for either financial period.

o. Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Corporation. These amounts are unsecured and are usually settled within normal trading terms of 30 days.

p. Employee/Member Benefits

The Corporation reimburses the Northern Territory Government for the relevant proportion of employee annual leave, leave bonuses, long service leave, Superannuation Guarantee Levy and other employee benefits.

q. Comparative Amounts

Comparative information has been reclassified and restated where necessary to be consistent with disclosures in the current reporting format.

r. Commitments

Disclosures in relation to capital and other commitments are shown at note 13 and are consistent with the requirements contained in AASB 101. Commitments are those contracted as at 30 June 2014 where the amount of the future commitment can be reliably measured.

s. Services Received Free of Charge

During the 2014 financial year the Corporation received advisory services from officers of the Northern Territory and South Australian Governments at no charge. These amounts are not readily determined and are considered immaterial.

3. REVENUE

	2014 $'000	2013 $'000
Income from Ordinary Activities		
Operating Grants and Other Contributions		
Northern Territory Government	104	102
South Australian Government	100	100
Other		
Interest on Cash Balances	7	9
Other Income	82	25
Total Revenue	**293**	**236**

4. OTHER EXPENSES

Audit Fees (auditors received no other benefits)*	9	9
Other Operational Costs	211	102
Total Other Expenses	**220**	**111**

*Audit fees payable for services provided for the 2013-14 financial statement audit $9,200

5. CASH AND CASH EQUIVALENTS

Cash at Bank	254	327
Cash on Hand	-	-
Total Cash and Cash Equivalents	**254**	**327**

6. TRADE AND OTHER RECEIVABLES

	2014 $'000	2013 $'000
Current		
Trade Receivables	-	-
Other	-	1
Goods and Services Tax Recoverable	2	2
Total Trade and Other Receivables	**2**	**3**
Consisting of:		
Government Agencies	2	3
External Bodies	-	-

Receivables are all current and are neither due nor impaired. The Corporation does not hold any financial assets whose terms have been renegotiated, but would otherwise be past due or impaired. No collateral is held as security for any of the trade or other receivables balances.

7. PROPERTY, PLANT AND EQUIPMENT

Infrastructure Assets

	2014 $'000	2013 $'000
Earthworks and Capping Layer		
At Cost	270,917	270,917
Total Earthworks and Capping Layer	**270,917**	**270,917**
Culverts and Bridges		
At Cost	127,662	127,662
Less: Accumulated Depreciation	26,596	24,043
Total Culverts and Bridges	**101,066**	**103,619**
Freight Handling and Signalling		
At Cost	28,920	28,920
Less: Accumulated Depreciation	10,357	9,363
Total Freight Handling and Signalling	**18,563**	**19,557**
Total Property, Plant and Equipment	**390,546**	**394,093**

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	2014 $'000	2013 $'000
Earthworks and Capping Layer		
Carrying amount at beginning of year	270,917	270,917
Carrying amount at end of year	**270,917**	**270,917**
Culverts and Bridges		
Carrying amount at beginning of year	103,619	106,172
Depreciation	(2,553)	(2,553)
Carrying amount at end of year	**101,066**	**103,619**
Freight Handling and Signalling		
Carrying amount at beginning of year	19,557	20,551
Depreciation	(994)	(994)
Carrying amount at end of year	**18,563**	**19,557**
Total Property, Plant and Equipment	**390,546**	**394,093**

8. TRADE AND OTHER PAYABLES

Current		
Trade Payables	36	65
Total Trade and Other Payables	**36**	**65**
Consisting of:		
Government Agencies	18	51
External Bodies	18	14

9. OTHER FINANCIAL LIABILITIES

	2014 $'000	2013 $'000
Net Loans		
Loan from Northern Territory Government	25,000	25,000
Loan from South Australia Government	25,000	25,000
Total Loans from Governments	**50,000**	**50,000**
Loans to the Concession Holder	(50,000)	(50,000)
Net Loans	**-**	**-**

The Corporation received loans from the Northern Territory and South Australian Governments totalling $50 million for the purpose of on lending to the Concession Holder. With the sale of the concession to GWA (North) Pty Ltd in late 2010, GWA (North) Pty Ltd has accepted responsibility to repay these loans on the same terms as applied to the Consortium (the original Concession Holder). Repayment of loans to Government is conditional upon receipt of loan repayments from the Concession Holder.

Therefore, the loan liability of $50 million has been netted off against the loan asset of $50 million in the statement of financial position. The full amount of $50 million was drawn down by the original Concession Holder and is not repayable until the completion of the 50 year concession period. Interest on the loan is triggered only after significant cumulative profits are earned by the Concession Holder and these are not anticipated in the short to medium term. Interest on the loan to the Concession Holder is secured over the assets of the Concession Holder.

10. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of operating surplus/ (deficit) for the period to net cash flows from operating activities:

	2014 $'000	2013 $'000
Operating Surplus/(Deficit)	**(3,593)**	**(3,538)**
Non-cash items		
Depreciation and Amortisation	3,548	3,547
Changes in assets and liabilities		
(Increase)/decrease in receivables	1	8
(Decrease)/Increase in payables	(29)	41
Net Cash from Operating Activities	**(73)**	**58**

11. FINANCIAL RISK MANAGEMENT

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Capital Risk Management

The Corporation manages its capital to ensure that it will be able to continue as a going concern. Financial instruments held by the Corporation include cash, receivables, payables and other financial liabilities. The fair values of the financial assets and liabilities approximate the carrying values.

There have been no substantive changes in the Corporation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(b) Categories of Financial Instruments

	2014 $'000	2013 $'000
Financial Assets		
Cash and Cash Equivalents	254	327
Receivables	2	3
Loans Receivable	50,000	50,000
Total Financial Assets	**50,256**	**50,330**
Financial Liabilities		
Payables	36	65
Loans Payable	50,000	50,000
Total Financial Liabilities	**50,036**	**50,065**

(c) Financial Risk Management Objectives

The Board has overall responsibility for the determination of risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the management team. The Corporation's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Corporation where such impacts may be material. The Board receives an appropriate number of reports per annum from the Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

(d) Interest Rate Risk

Interest rate risk is the risk of financial loss and/or increased costs due to adverse movements in the values of financial assets and liabilities as a result of changes in interest rates.

The Corporation has minimal exposure to interest rate risk with the exception of cash at bank. The exposure to interest rate risk on financial assets and financial liabilities is set out in the following table.

	2014 $'000	2013 $'000
Variable Rate Instrument		
Financial Assets	254	327
Financial Liabilities	-	-

(e) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Corporation incurring a financial loss. Credit risk arises from cash assets and deposits with financial institutions, as well as credit exposures to the Corporation's outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the Corporation securing trade and other receivables.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6.

(f) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk by continuously monitoring forecast and actual cash flows and is funded by the Northern Territory and South Australian Government as required.

(g) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Corporation is exposed to is interest rate risk.

(h) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values apart from the following provided below;

	2014		2013	
	Total Carrying Amount	**Net Fair Value Level 3**	**Total Carrying Amount**	**Net Fair Value Level 3**
	$000	$000	$000	$000
Financial Assets and Liabilities				
Loans Receivable	50,000	18,387	50,000	17,943
Borrowings and advances	(50,000)	(18,387)	(50,000)	(17,943)
Total Financial Assets and Liabilities	-	-	-	-

The fair value of the loan receivable and borrowings is estimated by discounting the remaining contractual maturity at the current Commonwealth Bond rate. Refer to Note 9 for the further information on right of set-off.

(i) Maturity Analysis

The following tables detail the Corporation's remaining contractual maturity for commitments relating to its financial assets and liabilities:

2014	Carrying Amount $'000	1 Year or Less $'000	2 to 5 Years $'000	Over 5 Years $'000
Financial Liabilities				
Payables	36	36	-	-
State/Territory Govt Loans	50,000	-	-	50,000
Total Financial Liabilities	**50,036**	**36**	**-**	**50,000**
Financial Assets				
Receivables	2	2	-	-
Loans to Concession Holder	50,000	-	-	50,000
Total Financial Assets	**50,002**	**2**	**-**	**50,000**

2013	Carrying Amount $'000	1 Year or Less $'000	2 to 5 Years $'000	Over 5 Years $'000
Financial Liabilities				
Payables	65	65	-	-
State/Territory Govt Loans	50,000	-	-	50,000
Total Financial Liabilities	**50,065**	**65**	**-**	**50,000**
Financial Assets				
Receivables	3	3	-	-
Loans to Concession Holder	50,000	-	-	50,000
Total Financial Assets	**50,003**	**3**	**-**	**50,000**

12. DETAILS OF BOARD MEMBERS

Members Remuneration

The number of Members of the Corporation whose income from the Corporation falls within the following bands:

	2014 $'000	2013 $'000
$0	4	4
$1 to $79,999	1	1
Total income paid or payable, or otherwise made available to all Members of the Corporation from the Corporation	**70**	**51**

All current Board Members, except the Chairman, are Northern Territory or South Australian public servants and are remunerated by their respective jurisdictions.

Key management personnel remuneration	2014 $	2013 $
Short-term employee benefits	101,667	101,032
Other long term benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
Total Key Personnel Remuneration	**101,667**	**101,032**

Short-term benefits as stated above incorporate the part-time services of the Chief Executive Officer. These benefits are paid on a reimbursement basis as the Corporation's personnel are employed by the Northern Territory Government.

Full Meetings of Board Members

There were 4 meetings for the 2013-14 financial period attended by:

Member	Meetings Eligible to Attend	Meetings Attended
Peter Caldwell	4	4
Brendan Lawson	4	4
Mark Williams	4	3
Robert Fuller	4	4
Clare Gardiner-Barnes	4	4

Election and Continuation in Office of Board Members

The date of appointment of members:

Member	Initial Date of Appointment
Peter Caldwell	28 June 2004
Brendan Lawson	6 October 2004
Mark Williams	1 September 2013
Robert Fuller	1 September 2012
Clare Gardiner- Barnes	21 May 2013

13. COMMITMENTS

There are no commitments other than those quantified within the financial statements as at 30 June 2014.

14. CONTINGENT LIABILITIES

Guarantees and indemnities provided under contracts to which the Corporation is a party are ultimately underwritten by the Governments of the Northern Territory and/or South Australia. The Corporation has provided a number of indemnities under the project documents according to a risk allocation structure agreed with the Concession Holder and other parties to the project documents.

Principally, the Corporation has granted indemnities to ensure that title to the railway corridor is secure for the construction and operation of the railway infrastructure. These indemnities cover risks related to native title, claims under the Aboriginal Land Rights Act, undisclosed interests on the corridor, environmental contamination, heritage and sacred sites, and environmental assessment processes. For all of these risks, the Corporation has undertaken extensive work to secure appropriate title and to minimise the likelihood of any problems arising. The contingent liabilities arising from these indemnities are unquantifiable, though there is a low probability that they will arise.

The project documents provide for the early termination of the concession arrangement by the Concession Holder in certain circumstances that would give rise to the payment of an Early Termination Amount. The Early Termination Amount will be calculated by reference to the market value of the Project as at the date of termination. In return for making the Early Termination Amount payment, ownership of the railway infrastructure will return to the Corporation.

There is an extensive risk management regime in place for all events that would give rise to an Early Termination Amount payment. In particular, the Corporation has specified periods to cure the event that would give rise to the termination. For all of these events, the cure is within the control of either the Corporation and/or the NT/SA Governments. During the cure period, the Corporation provides an indemnity to the Concession Holder for any losses it suffers as a result of the event that the Corporation/Governments are seeking to cure.

The contingent liabilities arising from all of the above guarantees and indemnities are unquantifiable, but expected to be immaterial. However, for all of the events that would give rise to the liabilities, the Corporation has comprehensive risk management procedures in place. Accordingly, although the prospects of any one of the contingent liabilities eventuating is considered to be minimal, the Corporation has established contract management procedures to deal with possible eventualities should they arise.

15. SUPPLEMENTARY INFORMATION

Distributions

No dividends or distributions were paid or proposed during the financial period ended 30 June 2014.

Number of Employees

The Corporation reimbursed the Northern Territory Government for an average of 3 part time employees contracted to the Corporation during the financial year (2013 – 3 part time employees).

Indemnifying Officers

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid by the Corporation, during or since the end of the financial year, to any person who is or has been an officer or auditor of the Corporation.

Segments

The Corporation operates solely in Australia to monitor the operations of the AustralAsia Railway on behalf of the Northern Territory and South Australian Governments.

16. EVENTS SUBSEQUENT TO BALANCE DATE

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements, other than those disclosed herein.

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AUSTRALIA

DECLARATION OF INDEPENDENCE BY BDO AUDIT (NT) TO THE BOARD MEMBERS OF AUSTRALASIA RAILWAY CORPORATION

In accordance to Section 307C of the *Corporations Act 2001* as auditor of AustralAsia Railway Corporation for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

C J Sciacca
Partner

BDO

BDO Audit (NT)
Chartered Accountants

Darwin: 25 August 2014

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GPO Box 4640 Darwin NT 0801
AUSTRALIA

INDEPENDENT AUDITOR'S REPORT

To the board members of AustralAsia Railway Corporation

We have audited the accompanying financial report of AustralAsia Railway Corporation, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the board members' declaration.

Board Members' Responsibility for the Financial Report

The board members of the Corporation 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 the *AustralAsia Railway Corporations Act 1996 (NT)* 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.

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 about 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 Corporation 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 Corporation 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.

Independence

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 board members of Corporation, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of AustralAsia Railway Corporation is in accordance with the *Corporations Act 2001 and the AustralAsia Railway Corporations Act 1996 (NT)*, including:

(a) giving a true and fair view of the Corporation financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

BDO Audit (NT)

Carmelo Joseph Sciacca

Audit Partner

Darwin: 25 August 2014

LEGISLATION

The AustralAsia Railway Corporation was established by the *AustralAsia Railway Corporation Act 1996* (NT) which was assented to on 7 January 1997, and commenced on 25 August 1997. The legislation is supported by the complementary enactment of the *Alice Springs to Darwin Railway Act 1997* (SA).

The AustralAsia Railway Corporation Act 1996 (NT) has been amended by:

- *AustralAsia Railway Corporation Amendment Act 1998*
- *AustralAsia Railway Corporation Amendment Act 2000*
- *AustralAsia Railway Corporation Amendment Act No. 2 2000*
- *AustralAsia Railway Corporation Amendment Act 2001*
- *AustralAsia Railway (Special Provisions) Regulations 2000*
- *Corporation Reform (Consequential Amendments NT) Act 2001*

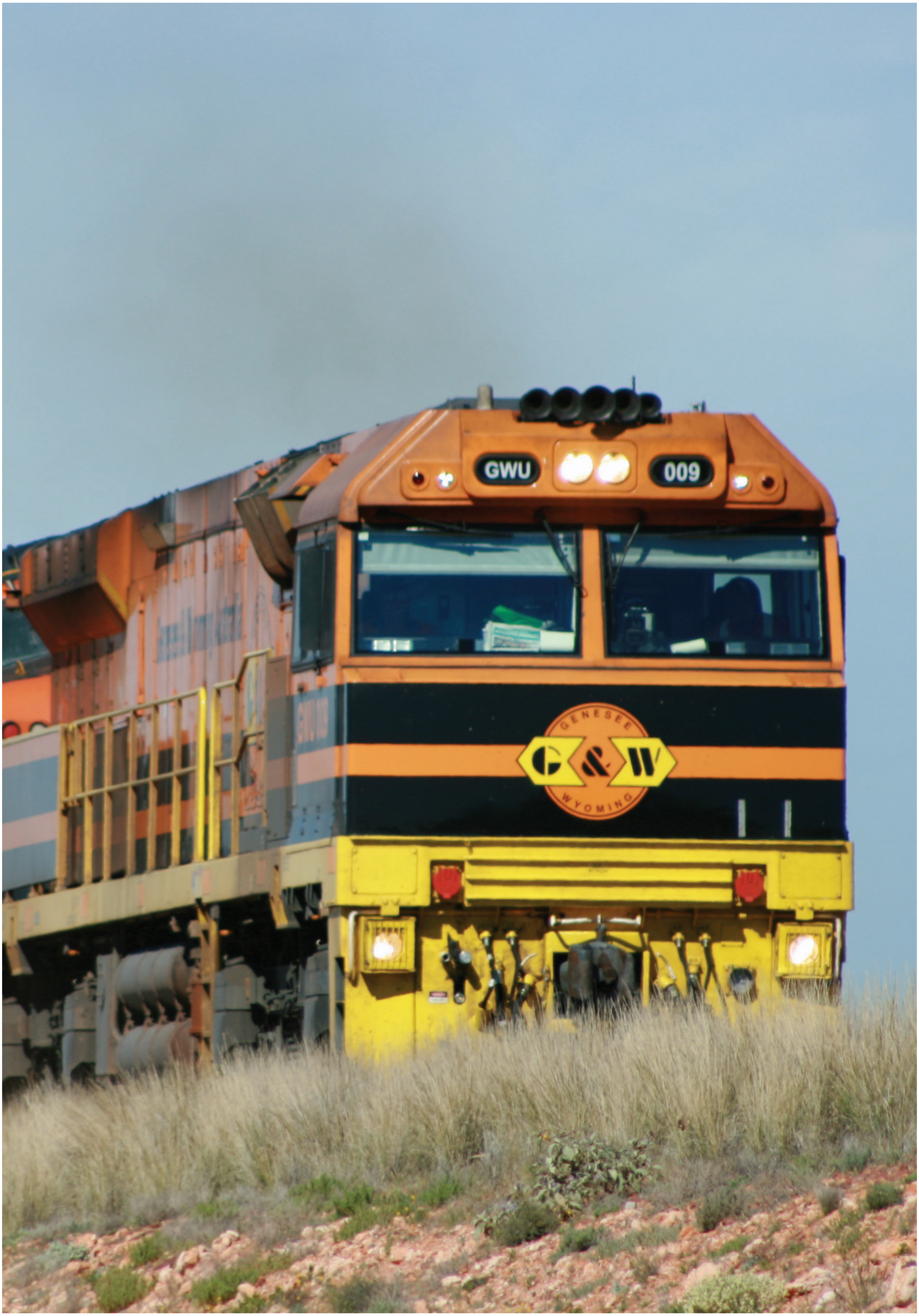
The Northern Territory and South Australian Governments have also passed additional supporting legislation that ensures an efficient interface between various pieces of South Australian and Northern Territory legislation and the processes involved in constructing and operating the AustralAsia Railway.

In the Northern Territory, thelegislation includes:

- *AustralAsia Railway (Special Provisions) Act 1999*
- *AustralAsia Railway (Special Provisions) Amendment Act 2000*
- *AustralAsia Railway (Special Provisions) Amendment Act (No. 2) 2000*
- *AustralAsia Railway (Third Party Access) Act 1999*
- *AustralAsia Railway (Special Provisions) Amendment Act 2003*
- *AustralAsia Railway (Third Party Access) Amendment Act 2003*
- *AustralAsia Railway (Special Provisions) Amendment Act 2004*

In South Australia, the legislation includes:

- *Alice Springs to Darwin Railway Act 1997*
- *Alice Springs to Darwin Railway (Financial Commitment) Amendment Act 1999*
- *AustralAsia Railway (Third Party Access) Act 1999*
- *Alice Springs to Darwin Railway (Miscellaneous) Amendment Act 2000*
- *Alice Springs to Darwin Railway (Financial Commitment Amendment) Act 2001*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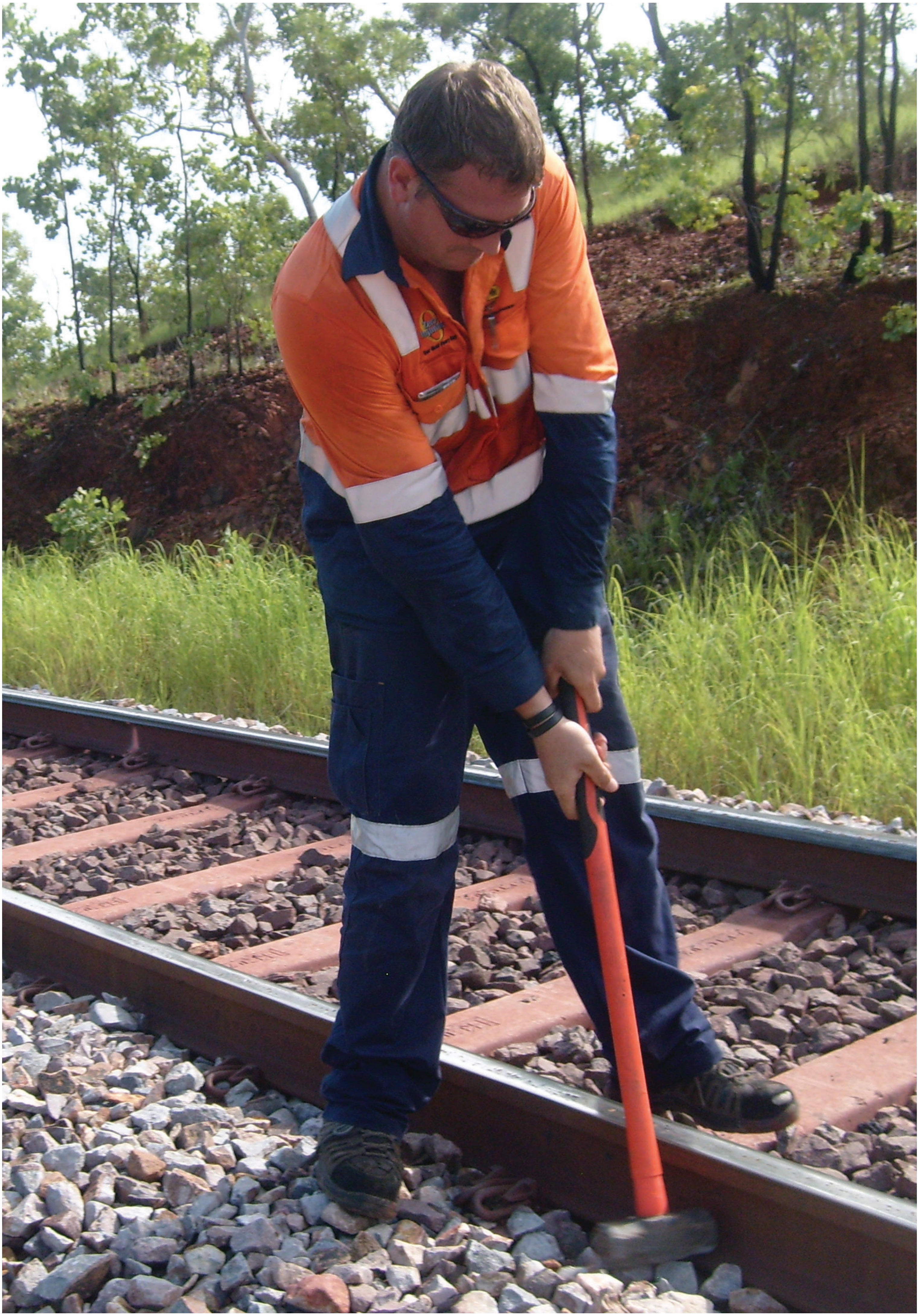

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