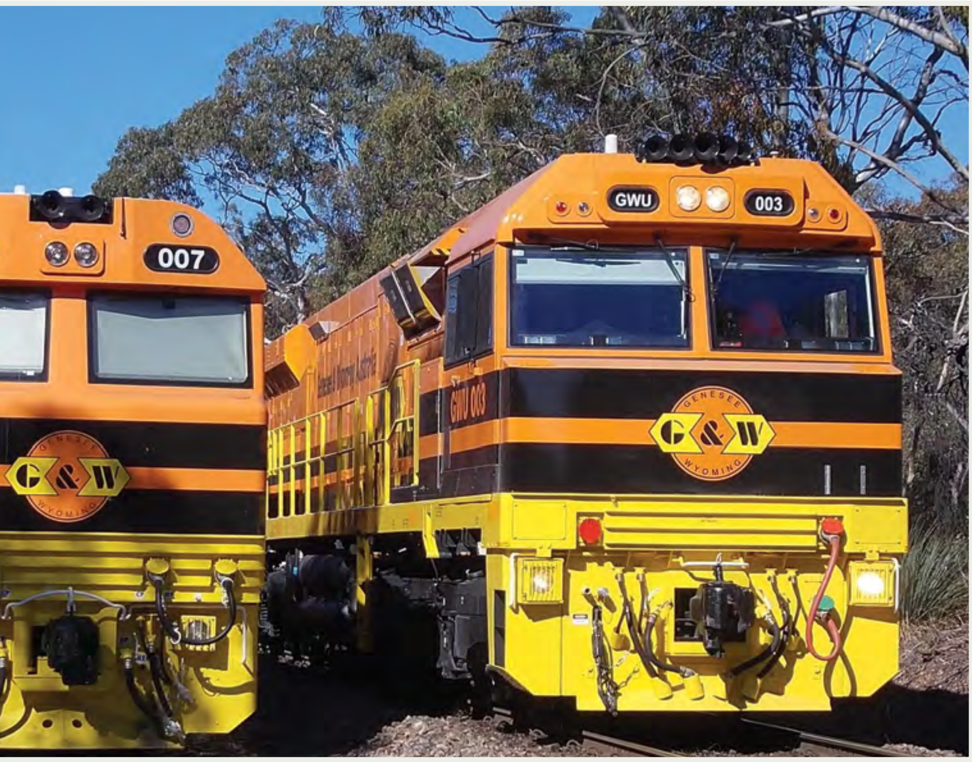
AUSTRALASIA RAILWAY CORPORATION

Annual Report

2011– 12



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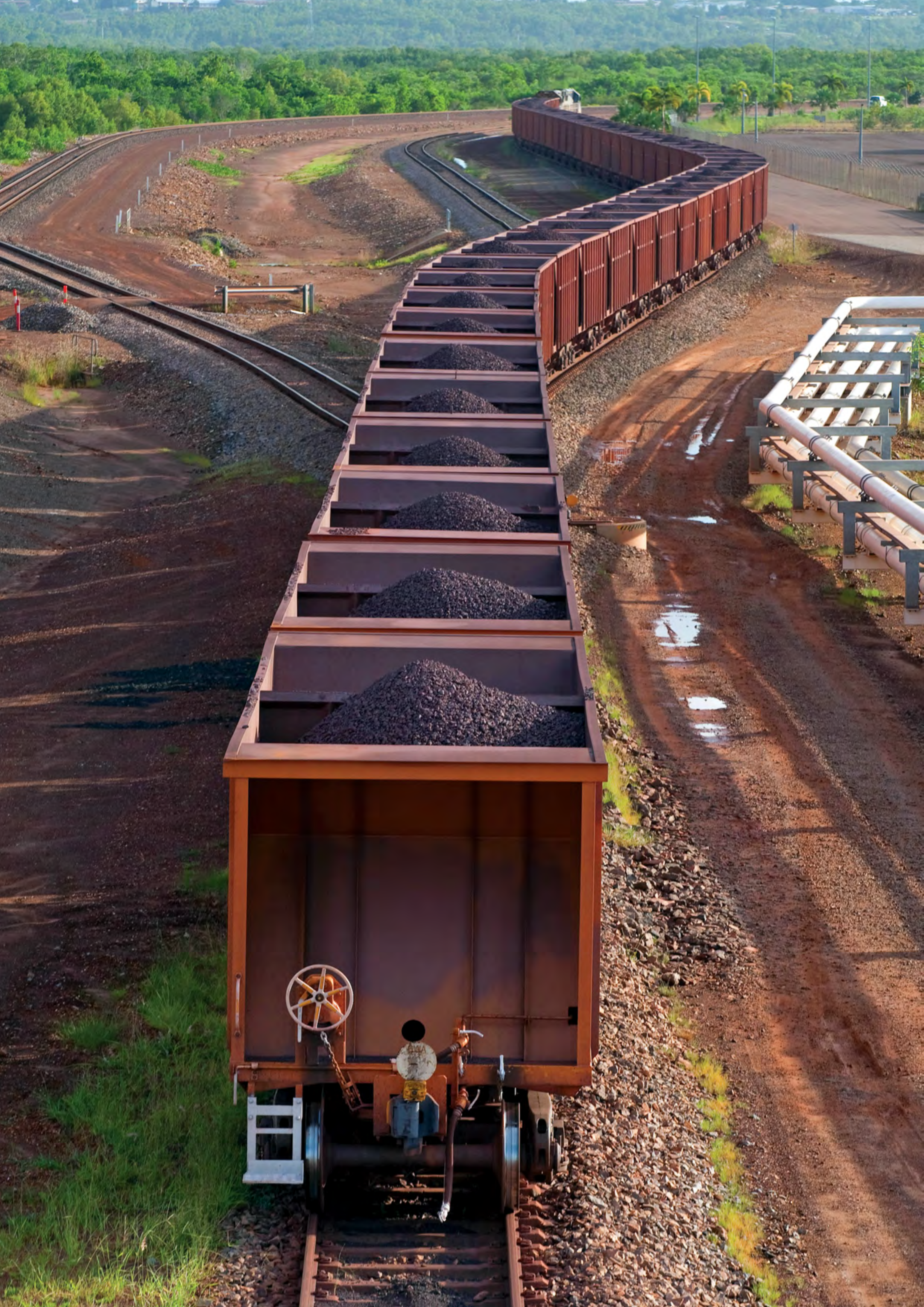

Letter to the Minister for Transport

The Hon Adam Giles MLA
Minister for Transport
GPO Box 3146
Darwin NT 0801

Dear Minister Giles

RE: AUSTRALASIA RAILWAY CORPORATION ANNUAL REPORT

I have pleasure in presenting the 2011–12 Annual Report of the AustralAsia Railway Corporation.

The report details the activities and operations of the Corporation for the year ending 30 June 2012, 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

PAUL TYRRELL, AO
15 October 2012


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Table of Contents

Chairman's Overview

The past year has been the first full year of railway operations by Genesee and Wyoming Australia (North) [GWA(N)] since it purchased the concession on 1 December 2010.

The year has seen its challenges for GWA(N) with track closures due to flooding and the Edith River bridge derailment in December. Ahead of publication of a formal report by ATSB into the derailment anticipated later this year, GWA(N) has implemented a number of measures to mitigate future flood events. These include updating of extreme weather event procedures within operational plans, engagement of a weather monitoring and interpretation service, installation of water level monitoring and advance signalling devices at the site of major river crossings between Katherine and Darwin, installation of permanent water level markers on the bridges and development of extreme weather event training courses for crews.

In addition to disruptions of services due to track events, there have been reductions in mine production due to wet season influences. Despite this, improved tonnages for Territory Resources are expected to almost fully restore the 13% reduction from the previous year, with a total tonnage achievement of 3.5 million tonnes for the year (2011 3.3 million tonnes). The Ghan passenger service faces challenges from the high Australian dollar and the continuing Global Financial situation, yet continues to deliver domestic and international tourists a world class travel experience with attractions and side visits along the track between Adelaide and Darwin.

The early commitment by the new owners to improved levels of customer service, and investment in 16 new locomotives,

new Lifting Equipment in Alice Springs and Darwin, in-line fuelling equipment, and the refurbishment of Crew Vans, combined with significant investment in personnel training to meet the existing and emerging business opportunities all auger well for the future growth of the railway.

Bulk Minerals

Bulk minerals traffic continues to provide the majority of the business with the existing contracts providing for increased volumes and extended duration. Investment in additional infrastructure required to manage train paths through Berrimah yard for bulk minerals exports moving to the port has been deferred until the Northern Territory Government strategy for investment in port bulk handling infrastructure has been determined.

With the announcement of BHP Billiton's Olympic Dam Expansion Project to export product through the Port of Darwin, it is likely that additional passing loops will be necessary to accommodate the anticipated growth in traffic. There remain a number of other prospective minerals projects which are currently the subject of feasibility studies and subject to ongoing review as market opportunities arise.

General Freight

The operators report growth of some 2% per annum in intermodal freight. Despite the Edith River Bridge derailment in December and the subsequent termination of northbound services at Katherine for a period of some two months, the operators have managed to retain the bulk of their customers and even win back some that had earlier departed.

The steady growth of domestic freight movements along the central corridor between South Australia and the Northern Territory have continued. The continued growth of the “piggy back” road fuel tanker traffic to Alice Springs, especially servicing the Tanami mining province, has further contributed to the removal of heavy vehicles from the road network with significant social benefits to the regional communities.

The anticipated growth in the NT economy as a result of the decision to proceed with the construction of the Ichthys LNG Project and the complementary construction of the Darwin Marine Supply base to service the burgeoning offshore oil and gas sector are expected to positively impact domestic freight volumes in the near term.

AustralAsia Trade Route

With the likely increase in mineral exports and domestic demand, the AustralAsia Railway will provide an ongoing stimulus to the development of the AustralAsia Trade Route through the developing Port of Darwin.

Increased frequency of international shipping services between Darwin and the ports of Shanghai and Surabaya will provide competitive freight import/export opportunities to service resource developments.

PAUL TYRRELL, AO
Chairman

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 new owner GWA (North) Pty Ltd and the Corporation are parties to a Concession Deed (amended at the time of project transfer to better reflect the structure of the Concession Holder) 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 a contracting world economy and track disruptions due to widespread extraordinary weather effects, including a derailment at the Edith River Bridge, freight tonnages on the AustralAsia Railway were maintained near previous year levels at 3.3 million tonnes in the 2012 financial year. Business is categorised as Intermodal, Bulk Products and Passenger Train Access where performance in each category was as follows:

Intermodal

More than 90% of intermodal freight between Adelaide and Darwin is transported by rail. Twelve trains per week operating between Adelaide and Darwin carried around 800,000 tonnes of intermodal freight comprising containerised general freight, automotive, specialised products and military movements. Intermodal freight tonnages are growing at around 2% per annum, in contrast with reductions in freight transported on other rail networks.

Bulk Products

On average, 24 trains operated per week between rail loading sidings servicing mines along the corridor and Darwin, transporting bulk minerals comprising manganese ore, iron ore and copper/gold concentrates. Despite the ongoing contraction in the world economy, this business is expected to consolidate and grow with prospects of further growth likely to materialise with increasing world demand for minerals on the back of an improving economic outlook for Australia's trading partners in north Asia.

Since the commencement of the OZ Minerals business and the continuing growth of OM Manganese and Territory Resources, there is increasing confidence in the prospect of further bulk minerals projects proceeding. In addition to bulk minerals, bulk liquids comprising 'piggy back' road tanker operations continued to expand as the preferred method of servicing the Tanami mining province.

Passenger Train Access

Ongoing uncertainty in global economies, together with the continued growth in the Australian dollar, has impacted on domestic travel in Australia as well as visitations from traditional overseas markets. The Ghan passenger service consequently experienced a reduction in passenger numbers for the year to 30 June. This was further impacted by the closure of the Edith River Bridge for two months following a cyclone. Great Southern Rail adjusted its operating schedule to recognise this change in demand but has continued to market value-based offers to consumers to sustain passenger numbers.

The Ghan continued to maintain high standards during the year, winning awards for 'best train journey in Australia' and 'best luxury rail journey', both voted for by readers of travel magazines. Great Southern Rail (GSR) also took out top honours in the Australian Business Awards 2012 in the category of Service Excellence. GSR employees achieve a customer satisfaction rating of 90%, which is well above the industry standard.

Board Members

Chairman
Mr Paul Tyrrell, AO
B.EC, Dip.CE, FIEAust

Appointed Chairman 28 June 2004

Initial appointment to Board 4 September 1997 as the Chief Executive of the Corporation. Paul Tyrrell is Chairman of the Darwin Waterfront Corporation. Senior past appointments have included Chief Executive (CE) of the Northern Territory Department of the Chief Minister, Chair of the NT Major Projects Group, Chair of the Chief Executives Coordination Group, Secretary, NT Department of Lands and Housing, Secretary, NT Department of Transport and Works, CE of the Darwin Port Corporation and Chair of the Gas Task Force at the time the Inpex project was secured for Darwin.

Chief Executive Officer
Brendan Lawson PSM
Dip.CE, FIEAust

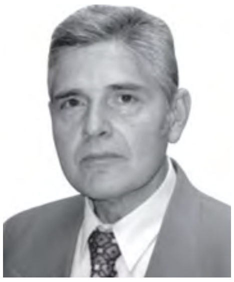
Appointed CEO 6 October 2004

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, and Project Administrator of the Darwin Waterfront Development. He currently holds the position of Executive Director, Strategic Projects Implementation Office within the NT Department of the Chief Minister.

Ms Pamela Martin
LL.B

Appointed 28 June 2004

Ms Martin is Commercial Counsel in the South Australian Department of the Premier and Cabinet. Ms Martin is a solicitor specialising in commercial matters. She is Deputy Chancellor and a member of the Council of the University of Adelaide. She is the Chair of the Council of Walford Anglican School for Girls and a member of the Adelaide to Outback GP Training Program Board. Past Board appointments include the Land Management Corporation, the South Australian Film Corporation and the South Australian Affordable Housing Trust.



Mr Joseph Ullianich
B.Ec, CPA

Appointed 28 June 2004
(Retired 31 August 2012)

Mr Ullianich is Executive Director, Financial Services in the South Australian Department for Families and Communities. From October 1997 until his appointment to the AARC Board, Mr Ullianich had been a member of the South Australian Rail Taskforce as the Treasury representative. Senior past appointments included Director, Finance and Investment, Department of Treasury and Finance. Past Board appointments included South Australian Asset Management Corporation and the Southern Group Insurance Corporation.

Mr Peter Caldwell
BA Hons (Econ), PSM, FAICD

Appointed 28 June 2004

Mr Caldwell is Deputy Under Treasurer, Northern Territory Treasury and Associate Utilities Commissioner of the Northern Territory. He previously 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.

Board Members' Report

The Board Members present their report on the accounts for the financial year ended 30 June 2012.

Members

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

- Paul Tyrrell, AO (Appointed Chairman 28 June 2004)
- Brendan Lawson (Appointed Chief Executive Officer 6 October 2004)
- Pamela Martin (Appointed 28 June 2004)
- Joseph Ullianich (Appointed 28 June 2004, retired 31 August 2012)
- Peter Caldwell (Appointed 28 June 2004)

Further details on Members are provided at Note 12 to the financial statements and member profiles at page 10 and 11 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, monitor operations of the railway throughout the 50 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 2012.

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 50 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 first full financial year of operations since the concession was sold to GWA (North) Pty Ltd. The focus of the year has been in establishing a strong relationship and reporting regimes with the Concession Holder to ensure that both the Corporation and GWA (North) Pty Ltd 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 largely resulted 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 2012 that has significantly affected or may significantly affect:

a) the operations in the financial year subsequent to 30 June 2012, of the Corporation; or

b) the results of those operations; or

c) the state of affairs in financial year subsequent to 30 June 2012, 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 2012–13 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) was reappointed 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 38.

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

PAUL TYRRELL, AO
Chairman
11 September 2012

B.J. Lawson.

BRENDAN LAWSON
Chief Executive Officer
11 September 2012

Board Members' Declaration

The Board Members declare that:

1. The financial statements and 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 2012 and of its performance for the period ended on that date.

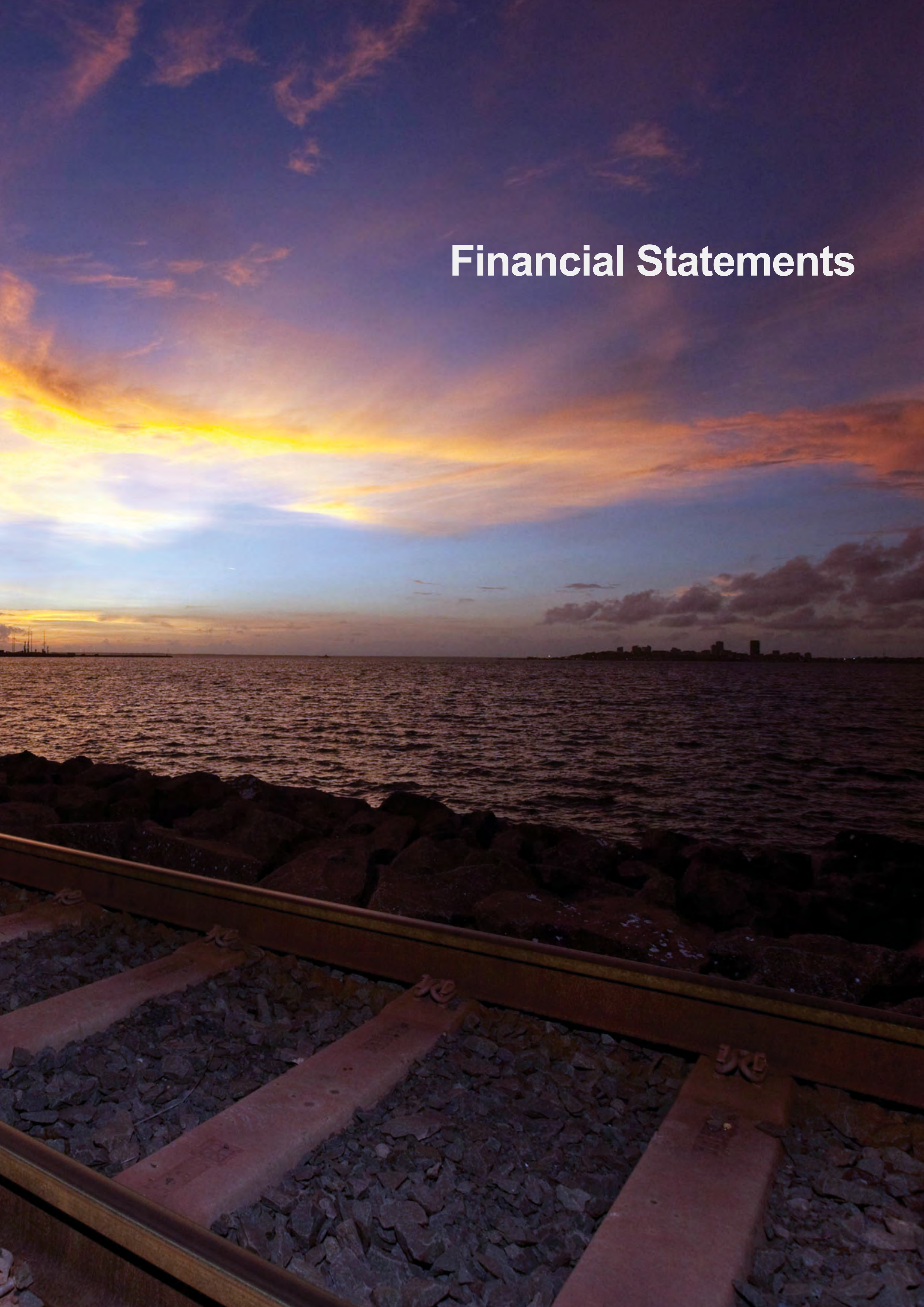
2. In the opinion of the Board Members, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

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

PAUL TYRRELL, AO
Chairman
11 September 2012

BRENDAN LAWSON
Chief Executive Officer
11 September 2012

Financial Statements



Statement of Comprehensive Income
For the year ended 30 June 2012

	Note	2012	2011
		$'000	$'000
Income			
Income from Ordinary Activities		200	200
Other		12	36
Total Income	**3**	**212**	**236**
Expenses			
Employee Expenses		119	97
Depreciation and Amortisation		3,548	3,548
Other Expenses	4	102	95
Total Expenses		**3,769**	**3740**
Surplus/(Deficit) for the Year		**(3,557)**	**(3,504)**
Other Comprehensive Income			
Other Comprehensive Income for the Year		-	-
Total Other Comprehensive Income		**-**	**-**
Total Comprehensive Income for the Year		**(3,557)**	**(3,504)**

The Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements.

Statement of Financial Position
As at 30 June 2012

	Note	2012	2011
		$'000	$'000
Current Assets			
Cash and Cash Equivalents	5	269	323
Trade and Other Receivables	6	11	18
Total Current Assets		**280**	**341**
Non Current Assets			
Property, Plant and Equipment	7	397,641	401,189
Total Non Current Assets		**397,641**	**401,189**
TOTAL ASSETS		**397,921**	**401,530**
Current Liabilities			
Trade and Other Payables	8	24	77
Total Current Liabilities		**24**	**77**
Non Current Liabilities			
Net Loans		-	-
Net Advances		-	-
Total Non Current Liabilities	**9**	**-**	**-**
TOTAL LIABILITIES		**24**	**77**
NET ASSETS		**397,897**	**401,453**
Equity			
Accumulated Funds		397,897	401,453
TOTAL EQUITY		**397,897**	**401,453**

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 2012

	Note	2012	2011
		$'000	$'000
Accumulated Funds			
Balance at 1 July		401,453	404,957
Surplus/(Deficit) for the Period		(3,556)	(3,504)
BALANCE AT 30 JUNE		**397,897**	**401,453**

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 2012

	Note	2012	2011
		$'000	$'000
Cash Flows from Operating Activities			
Grants and Subsidies Received		200	250
Payments for Goods and Services		(266)	(173)
Interest Received		12	12
Other Income		-	24
Net Cash Provided by/(Used In) Operating Activities	**10**	**(54)**	**113**

Net increase in cash and cash equivalents		(54)	113
Cash and cash equivalents at the beginning of the financial year		323	210
Cash and Cash Equivalents at the end of the Financial Year	**5**	**269**	**323**

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 2012

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 50 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 were authorised for issue by the Board Members on 11 September 2012.

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.

All amounts are presented in Australian dollars and have been rounded to the nearest thousand dollars, in accordance with Class Order 98/100, unless otherwise indicated.

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 debtors financial position.

c) Adoption of New and Revised Accounting Standards

AASB 124 Related Party Disclosures (December 2009), AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]

The Standards amend the requirements of the previous version of AASB 124 to clarify the definition of a related party, provide a partial exemption from related party disclosure requirements for government-related entities and include an explicit requirement to disclose commitments involving related parties. The Standards do not impact the financial statements.

AASB 1054 Australian Additional Disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]

The Standards are a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the Australian Accounting Standards Board (AASB) and New Zealand's Financial Reporting Standards Board. AASB 2011-1 amends a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards (IFRS) and harmonization between Australian and New Zealand Standards. The Standard relocates and deletes various Australian-specific guidance and disclosures from other Standards and aligns the wording used to that adopted in IFRSs. Relocated Australian-specific disclosures are now contained in AASB 1054. The Standards do not impact the financial statements.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Interpretation 13]

The Standard amends a number of pronouncements as a result of the International Accounting Standards Board (IASB) 2008–2010 cycle of annual improvements. Key amendments include clarification of content of statement of changes in equity (AASB 101) and financial instrument disclosures (AASB 7). The Standard does not impact the financial statements.

AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard does not impact the financial statements.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7]

The Standard makes amendments to AASB 7 Financial Instruments: Disclosures resulting from the IASB's comprehensive review of off balance sheet activities. The amendments introduce additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The Standard does not impact the financial statements.

AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]

The Standard extends relief from consolidation to not-for-profit entities in particular circumstances, by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity and the ultimate or intermediate parent entity are not-for-profit entities that comply with Australian Accounting Standards. The Standard does not impact the financial statements.

d) Accounting Standards Issued but Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. 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) 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
- Fair value through other comprehensive income.

These are effective for annual reporting periods beginning on or after 1 January 2015.

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 2016. The entity has not yet made an assessment of the impact of these amendments.

The Corporation does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.

(ii) AASB 11 (issued August 2011)
Joint Arrangements

Effective on annual reporting periods commencing on or after 1 January 2013.

Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).

Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed).

However, where terms of the contractual arrangement, or other factors and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets, the arrangement will be treated as a joint operation and joint venture parties will account for the assets, liabilities and revenues in accordance with the contract.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

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

Effective on annual reporting periods commencing on or after 1 January 2013.

Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.

Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments, e.g. land and buildings, investment properties etc.

The entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.

When this standard is adopted for the first time on 1 July 2013, additional disclosures will be required about fair values.

(iv) AASB 2011-9 (issued September 2011) *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*

Effective on annual periods commencing on or after 1 July 2012.

Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP.

Various name changes of statements in AASB 101 as follows:

- Statement of Comprehensive Income – to be referred to as 'Statement of Profit or Loss and Other Comprehensive Income'
- Statements – to be referred to as 'Statement of Profit or Loss' and 'Statement of Comprehensive Income'.

OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.

When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the Statement of Comprehensive Income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).

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 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 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 company establishes fair value by using valuation techniques. These include the use of recent arms 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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are 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 loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit and loss.

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.

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. 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 2012 where the amount of the future commitment can be reliably measured.

s) Services Received Free of Charge

During the 2012 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 considered immaterial.

3. Revenue

	2012	2011
	$'000	$'000
Income from Ordinary Activities *Operating Grants and Other Contributions*		
Northern Territory Government	100	100
South Australian Government	100	100
Other		
Interest on Cash Balances	12	12
Other Income	-	24
Total Revenue	**212**	**236**

4. Other Expenses

Audit Fees *(auditors received no other benefits)*	9	7
Other Operational Costs	93	88
Total Other Expenses	**102**	**95**

5. Cash and Cash Equivalents

Cash at Bank	269	323
Cash on Hand	-	-
Total Cash and Cash Equivalents	**269**	**323**

6. Trade and Other Receivables

Current		
Trade Receivables	-	-
Other	11	18
Goods and Services Tax Recoverable	-	-
Total Trade and Other Receivables	**11**	**18**

Consisting of:		
Government Agencies	11	18
External Bodies	-	-

No receivables are past due or 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

	2012	2011
	$'000	$'000
Infrastructure Assets		
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	21,490	(18,936)
Total Culverts and Bridges	**106,172**	**108,726**
Freight Handling and Signalling		
At Cost	28,920	28,920
Less: Accumulated Depreciation	8,369	(7,374)
Total Freight Handling and Signalling	**20,551**	**21,546**
Total Property, Plant and Equipment	**397,641**	**401,189**

Reconciliations

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

	2012 $'000	2011 $'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	108,726	111,279
Depreciation	(2,553)	(2,553)
Carrying amount at end of year	**106,172**	**108,726**
Freight Handling and Signalling		
Carrying amount at beginning of year	21,546	22,540
Depreciation	(994)	(994)
Carrying amount at end of year	**20,551**	**21,546**
Total Property, Plant and Equipment	**397,641**	**401,189**

* Included in Culverts and Bridges is the Edith River bridge, which was damaged by flood waters and a subsequent derailment in late December 2011. The bridge was returned to operational status by the end of February 2012, and the operator advises final repairs have been completed by the end of August 2012.

8. Trade and Other Payables

Current		
Trade Payables	24	77
Total Trade and Other Payables	**24**	**77**
Consisting of:		
Government Agencies	11	69
External Bodies	13	8

9. Other Financial Liabilities

	2012	2011
	$'000	$'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 Consortium. 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 has been netted off against the loan asset. 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:

	2012	2011
	$'000	$'000
Operating Surplus/(Deficit)	(3,556)	(3,504)
Non-cash items		
Depreciation and Amortisation	3,548	3,548
Changes in assets and liabilities		
(Increase)/decrease in receivables	7	83
(Decrease)/Increase in payables	(53)	(14)
Net Cash from Operating Activities	**(54)**	**113**

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

	2012	2011
	$'000	$'000
Financial Assets		
Cash and Cash Equivalents	269	323
Receivables	11	18
Loans Receivable	50,000	50,000
Total Financial Assets	**50,280**	**50,341**
Financial Liabilities		
Payables	24	77
Loans Payable	50,000	50,000
Total Financial Liabilities	**50,024**	**50,077**

(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.

	2012	2011
	$'000	$'000
Variable Rate Instrument		
Financial Assets	269	323
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.

(i) Maturity Analysis

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

2012	**Carrying Amount $'000**	**1 Year or Less $'000**	**2 to 5 Years $'000**	**Over 5 Years $'000**
Financial Liabilities				
Payables	24	24		
State/Territory Govt Loans	50,000			50,000
Total Financial Liabilities	**50,024**	**24**	**-**	**50,000**
Financial Assets				
Receivables	11	11		
Loans to Concession Holder	50,000			50,000
Total Financial Assets	**50,011**	**11**	**-**	**50,000**

2011	**Carrying Amount $'000**	**1 Year or Less $'000**	**2 to 5 Years $'000**	**Over 5 Years $'000**
Financial Liabilities				
Payables	77	77	-	-
State/Territory Govt Loans	50,000	-	-	50,000
Total Financial Liabilities	**50,077**	**77**	**-**	**50,000**
Financial Assets				
Receivables	18	18		
Loans to Consortium	50,000	-	-	50,000
Total Financial Assets	**50,018**	**18**		**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:

	2012	2011
	$'000	$'000
$0	4	4
$1 to $50,000	1	1
Total income paid or payable, or otherwise made available to all Members of the Corporation from the Corporation	**43**	**30**

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

	2012	2011
	$	$
Short-term employee benefits	84,628	56,000
Other long term benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
Total Key Personnel Remuneration	**84,628**	**56,000**

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 full-time by the Northern Territory Government.

Full Meetings of Board Members

There are four meetings for the 2011–12 financial period attended by:

Member	Meetings Eligible to Attend	Meetings Attended
Paul Tyrrell, AO	4	4
Brendan Lawson	4	4
Pamela Martin	4	4
Joseph Ullianich	4	2
Peter Caldwell	4	4

Election and Continuation in Office of Board Members

The date of appointment of members:

Member	Initial Date of Appointment
Paul Tyrrell, AO	4 September 1997
Brendan Lawson	6 October 2004
Pamela Martin	28 June 2004
Joseph Ullianich	28 June 2004 *(Retired 31 August 2012)*
Peter Caldwell	28 June 2004

13. Commitments

There are no commitments other than those quantified within the financial statements as at 30 June 2012.

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 Northern Territory and South Australian 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 2012.

Number of Employees

The Corporation reimbursed the Northern Territory Government for an average of three part-time employees contracted to the Corporation during the financial year (compared to four part-time employees in 2010–2011).

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.
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).

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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 2012, 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: 20 September 2012

BDO

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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 2012, the statement of 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 company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001*, and the *AustralAsia Railway Corporations Act 1996 (NT)* and for such internal control as the board members 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 have 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 Corporation'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 Corporation's internal control.
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall presentation of the financial report.

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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 AustralAsia Railway Corporation, would be in the same terms if given to the board members as at the time of the 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 company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

BDO

BDO Audit (NT)

C J Sciacca
Partner

Darwin: 20 September 2012

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, the legislation 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*

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*

AustralAsia Railway Corporation **Annual Report** **2011–12**