20th ANNIVERSARY

INTEGRATED REPORT

Forward thinking, embracing change

2013

AIRPORTS COMPANY SOUTH AFRICA

Mission: To develop and manage world-class airports for the benefit of all stakeholders

Vision: To be a world-leading airport business

Strategy: To build an efficient and customer-focused business

Values: PRIDE

Passion - Living our values and pursuing our goals

Results - Being customer and partner focused

Integrity - Enabling trust and respect in all our actions

Diversity - Promoting our African heritage in a global context

Excellence - Continuously improving and innovating our business

Contents

Note: The convention used in this integrated annual report for annotating Rand billion values is as follows: amounts are decimalised, i.e. R1,234 billion is equivalent to R1 234 000 000.

Company Profile

FORMATION

Created in 1993 as a State-owned company under the Companies Act of 2008, as amended, and the Airports Company Act of 1993, as amended, Airports Company South Africa SOC Ltd is legally and financially autonomous and operates under commercial law.

OUR MANDATE

In terms of the Airports Company Act (No 44 of 1993), Airports Company South Africa is mandated to undertake the acquisition, establishment, development, provision, maintenance, management, control or operation of any airport, any part of any airport or any facility or service at any airport normally related to the functioning of an airport.

OWNERSHIP

The company is owned by the South African Government (74,6 percent), the Public Investment Corporation SOC Ltd (20 percent), empowerment investors (4,21 percent) and the Staff Share Incentive Scheme (1,19 percent). The company is accountable to the Department of Transport.

AIRPORTS

South Africa's nine principal airports: O.R. Tambo, Cape Town, King Shaka (Durban), Port Elizabeth, Bram Fischer (Bloemfontein) and Upington International Airports, and East London, George and Kimberley Airports are owned and operated by Airports Company South Africa. The airports are major generators of direct and indirect employment and business opportunities, providing the core of development nodes.

REVENUE

The company has two distinct revenue streams. One, defined as aeronautical income, is derived from regulated tariffs, consisting of aircraft landing and aircraft parking charges, and passenger service charges. Regulated charges differ for international, regional and domestic air traffic movements, and passengers. Aeronautical income generated 64 percent of the Group's revenue for the year under review.

The balance of 36 percent is classified as 'non-aeronautical' income and is generated from commercial undertakings, which includes retail operations, car parking, car rental concessions, advertising, property leases and hotel operations. The balance is from international undertakings through Airports Company South Africa's partnerships in two consortiums. The partnership to develop and manage Chhatrapati Shivaji International Airport in Mumbai, India, has been in place for six years and has proved to be a worthwhile undertaking.

The success of this venture encouraged a more recent partnership in a consortium to develop and operate Guarulhos International Airport in São Paulo, Brazil. This is the busiest international airport in Latin America and will be pivotal to the success of Brazil's forthcoming hosting of the 2014 FIFA World Cup and 2016 Olympic Games. The successful facilitation of the 2010 FIFA World Cup by Airports Company South Africa was an outstanding reference for the company in securing involvement in this project.

Ongoing focus on service excellence has resulted in further awards for the company's nine airports and will remain an area of unrelenting attention in the future.

The company continues to demonstrate its role as a responsible corporate citizen through its environmental programmes. This is clearly demonstrated through the five airports that have achieved ISO 14001 accreditation, with programmes in place for the remaining four airports to also qualify for accreditation. Corporate social investment initiatives are ongoing, with increasing participation in community projects in areas surrounding airports.

Group Structure

BOARD OF DIRECTORS

Company Secretary

MANAGING DIRECTOR

Finance Director

Group Executive: Aviation Services

- Assistant Group Executive: Airport Planning

Group Executive: Communications and Brand Management

Group Executive: Commercial Services

Group Executive: Human Resources

Group Executive: Governance and Assurance

Group Executive: Operations

- General Manager: O.R. Tambo International Airport
- General Manager: Cape Town International Airport
- General Manager: King Shaka International Airport
- General Manager: Regional Airports

Operating Structure

AIRPORT OPERATIONS

O.R. Tambo International Airport
Cape Town International Airport
King Shaka International Airport
Port Elizabeth International Airport
East London Airport
George Airport
Bram Fischer International Airport
Kimberley Airport
Upington International Airport

AVIATION SERVICES

Airport Planning
Environment
Geographic Information System
Projects
Research and Quality Management

COMMERCIAL SERVICES

Retail
Car Parking
Car Rental
Advertising
Property
Airport Management Solutions

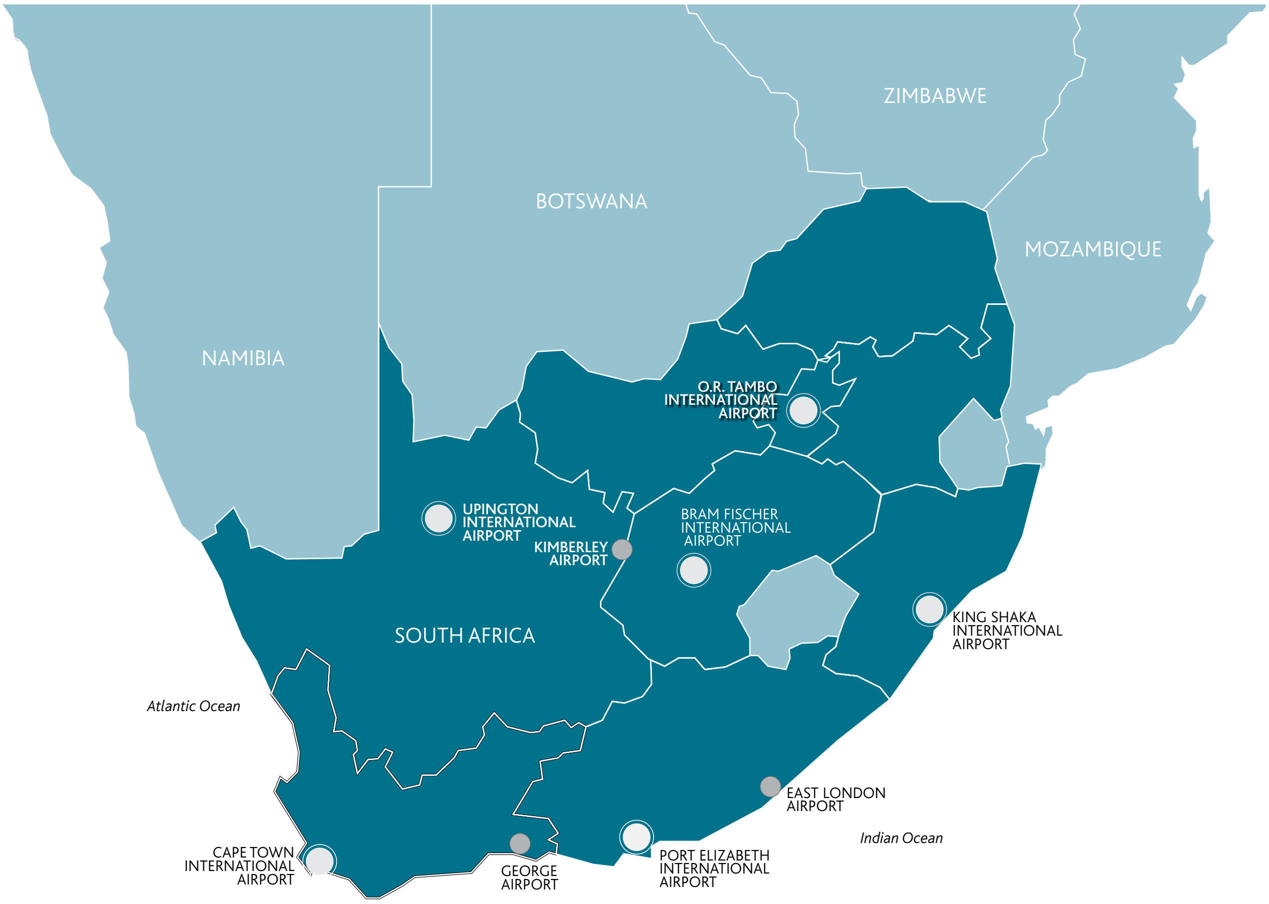
SUPPORT FUNCTIONS

Finance and IT
Internal Audit
Communications and Brand Management
Human Resources
Strategy
Risk Management
Company Secretariat
Legal

Airport Statistics

	2012/13	2011/12
O.R. TAMBO INTERNATIONAL AIRPORT		
Passenger throughput	**18 621 259**	19 004 001
Total air traffic movements	**199 803**	212 448
International flight departures	**30 903**	30 903
Hourly runway capacity (air traffic movements)	**62**	62
Annual passenger handling capacity	**28 000 000**	28 000 000
Public parking bays	**16 300**	16 300
CAPE TOWN INTERNATIONAL AIRPORT		
Passenger throughput	**8 434 799**	8 576 709
Total air traffic movements	**89 073**	97 935
International flight departures	**2 454**	2 925
Hourly runway capacity (air traffic movements)	**30**	30
Annual passenger handling capacity	**14 000 000**	14 000 000
Public parking bays	**6 080**	6 080
KING SHAKA INTERNATIONAL AIRPORT		
Passenger throughput	**4 668 467**	5 040 094
Total air traffic movements	**49 673**	55 194
International flight departures	**869**	702
Hourly runway capacity (air traffic movements)	**24**	24
Annual passenger handling capacity	**7 500 000**	7 500 000
Public parking bays	**4 500**	4 500
PORT ELIZABETH INTERNATIONAL AIRPORT		
Passenger throughput	**1 311 553**	1 364 976
Total air traffic movements	**62 912**	68 893
Hourly runway capacity (air traffic movements)	**32**	32
Annual passenger handling capacity	**2 000 000**	2 000 000
Public parking bays	**900**	900
EAST LONDON AIRPORT		
Passenger throughput	**644 520**	681 529
Total air traffic movements	**30 501**	32 587
Hourly runway capacity (air traffic movements)	**30**	30
Annual passenger handling capacity	**1 200 000**	1 200 000
Public parking bays	**550**	550
GEORGE AIRPORT		
Passenger throughput	**544 306**	575 799
Total air traffic movements	**39 664**	33 479
Hourly runway capacity (air traffic movements)	**20**	20
Annual passenger handling capacity	**900 000**	900 000
Public parking bays	**415**	415
BRAM FISCHER INTERNATIONAL AIRPORT		
Passenger throughput	**411 655**	441 954
Total air traffic movements	**17 515**	20 088
Hourly runway capacity (air traffic movements)	**24**	24
Annual passenger handling capacity	**600 000**	600 000
Public parking bays	**370**	370
KIMBERLEY AIRPORT		
Passenger throughput	**151 405**	140 248
Total air traffic movements	**11 556**	12 347
Hourly runway capacity (air traffic movements)	**12**	12
Annual passenger handling capacity	**200 000**	200 000
Public parking bays	**90**	90
UPINGTON INTERNATIONAL AIRPORT		
Passenger throughput	**55 726**	52 224
Total air traffic movements	**8 072**	7 826
Hourly runway capacity (air traffic movements)	**12**	12
Annual passenger handling capacity	**100 000**	100 000
Public parking bays	**100**	100

AIRPORT LOCATIONS



International airport
National airport
Concessioned airport

Board of Directors

Busisiwe ('Busi') Mabuza
Non-executive Chairman

Investment Executive: Vulindlela Holdings

Qualifications
BA (Mathematics and Computer Science)
MBA (Finance and Information Systems)

Directorships
Development Bank of Southern Africa
Afgri Ltd

Roshan Morar
Non-executive Deputy Chairman

Founding and Managing Partner: Morar Inc

Qualifications
BComm
BCompt Hons
CA (SA)
Certified Fraud Examiner

Directorships
Public Investment Corporation SOC Ltd
South African National Roads Agency SOC Ltd
SA Corporate Real Estate Fund

Bongani Maseko
Managing Director

Qualifications
BSc Aviation Business Administration

Appointed 15 May 2013

Kenosi Moroka
Non-executive Director

Managing Director: Moroka Attorneys

Qualifications
LLB
B.Iuris

Directorships
Centlec SOC Ltd

Appointed 1 December 2012

Elias Masilela
Non-executive Director

CEO: Public Investment Corporation SOC Ltd

Qualifications
BA (Economics and Statistics)
MSc (Economic Policy and Analysis)

Tryphosa Ramano
Non-executive Director

Chief Financial Officer: PPC

Qualifications
BComm
CA (SA)

Directorships
Land and Agricultural Development Bank of South Africa

Mohlakore ('Mohla') Matsaba
Alternate Non-executive Director

Portfolio Manager for Social Infrastructure:
Public Investment Corporation SOC Ltd

Qualifications
Diploma in Architecture
BTech (Quantity Surveying)
MBA

Directorships
Oakleaf Investment Holdings: Non-executive Director
Schools and Education Investment Impact Fund of South Africa:
(Trustee and Investment Committee Member)
Nozalo Health Partners
ADR International Airports South Africa (Pty) Ltd
Ethembeni Healthcare (Pty) Ltd

Chwayita Mabude
Non-executive Director

Independent business ventures

Qualifications
BCompt

Directorships
Eskom Holdings SOC Ltd
Pebble Bed Modular Reactor (Pty) Ltd
Mollo Holdings

Appointed 1 December 2012

Board of Directors (Continued)

Maureen Manyama-Matome
Finance Director

Qualifications
BCom Hons (Taxation)
CA (SA)
MBA

Directorships
South African Reserve Bank

Appointed 1 April 2013

John Lamola
Non-executive Director

Principal Consultant: Baji Aviation Services
Research Fellow: Department of Philosopy, University of Fort Hare

Qualifications
BTh (SA)
PhD (Edin)
MBA (Embry-Riddle)

Appointed 1 December 2012

Priscillah Mabelane
Non-executive Director

Chief Financial Officer: BP Southern Africa

Qualifications
BCom
BComm Hons
CA (SA)
Diploma in Tax

Appointed 1 August 2012

Skhumbuzo Macozoma
Non-executive Director

Managing Director: Johannesburg Roads Agency

Qualifications
BSc (Civil Engineering)
MSc (Civil Engineering)

Martie Janse van Rensburg
Non-executive Director

Independent Consultant

Qualifications
BComm
BCompt Hons
CA (SA)

Directorships
Johannesburg Water SOC Ltd
Headstream Water Holdings
NMI Group of Companies
Denel SOC Ltd
FirstRand Bank: Credit Committee (Africa)

Retired 12 November 2012

Bajabulile Luthuli
Non-executive Director

Chief Financial Officer: Marchfirst Engineering

Qualifications
BCom
BCompt Hons
CA (SA)

Directorships
Eskom Holdings SOC Ltd
NUMSA Investment Company (Pty) Ltd
AWCA Investment Holdings
Petroleum Agency of South Africa
South African Diamonds and Precious Metals Regulator

Appointed 1 December 2012

Company Secretary

Tracy Gwatkin
Company Secretary

Qualifications:
BA (Law) LLB (Wits)
Post Graduate Diploma in Management Practice (GSB UCT)
Certified Financial Planner

Resigned 31 March 2013

Executive Committee

Andre Vermeulen

Acting Group Executive: Airport Operations

Andre qualified as a Mechanical Engineer in 1994 and then joined Airports Company South Africa as an 'Engineer-in-Training'. He was appointed as head of Mechanical Maintenance at O.R. Tambo International in 1997 and to the position of Maintenance and Engineering Manager in 2001.

He was promoted to Group Manager: Airport Operations in 2005 and and took responsibility for standardising operational systems for the Group, specifically delivering the new Airport Management Centre for O.R. Tambo International. Andre has experience in all disciplines of airport engineering, airport operations, developing integrated IT platforms and general management.

Andre assumed the role of Acting Group Executive: Airport Operations in October 2011 and is currently still acting in this position.

Pieter du Plessis

Group Executive: Human Resources

Pieter, registered industrial psychologist, has extensive experience in strategic human resource management, including transformation and change management, human capital development, talent and succession management, employee relations and engagement, and remuneration and reward management. He commenced his career as Human Resources Manager at O.R. Tambo International for a period of six years, after which he managed the operations portfolio for more than three years in the capacity of Assistant General Manager: Operations, thus combining his human resources exposure with operation experience.

Pieter took up his current position in 2003, with responsibility for all areas of Human Resources management across the Group.

Goran Vracar

Assistant Group Executive: Airport Planning

Goran has a degree in Air Traffic and Transportation Engineering and 32 years' experience in airport operation, planning and design. He worked at Belgrade International Airport before joining Airports Company South Africa in 1994.

In his current capacity, Goran is responsible for planning for all the Group's airports.

Haroon Jeena

Group Executive: Commercial Services

Haroon is a chartered accountant and has a Higher Diploma in Tax Law.

He joined Airports Company South Africa in August 1999 as Group Manager: Property Administration, Investments and IT, and then moved to Commercial, Finance and Asset Management. Haroon took responsibility for the Group's property portfolio in 2003 and was then appointed to the position of Group Executive in 2008.

William Tlou

Acting Finance Director

William holds an honours degree in Accounting Science from the University of South Africa; he is a chartered accountant by profession. He joined Airports Company South Africa in 2008 as Group Specialist: Finance. Prior to his appointment as Acting Finance Director, he was Group Manager: Finance. He previously held positions as Senior Manager: Financial Accounting as well as Senior Audit Manager before joining the company. He currently serves on the board of JIA Piazza Park (Pty) Ltd, a subsidiary of Airports Company South Africa.

Resigned 24 May 2013

John Neville

Group Executive: Aviation Services

John's working career started in the UK in 1968 as a building surveyor for John Laing Construction. He emigrated to South Africa in 1974, where his career progressed into project management and property development.

He joined Airports Company South Africa in 1999 as Group Manager: Projects, responsible for the expansion and improvement projects at the company's airports. John was appointed to his current position in 2006.

He is Chairman of the Corporate Capital Expenditure Committee and is a standing member of the Corporate Tender Board and the IT Steering Committee.

Tebogo Mekgoe

General Manager: O.R. Tambo International Airport

Tebogo has a BSc in Mechanical Engineering from the University of Cape Town, a Diploma in Advanced Airport Operations from IATA and an Executive MBA through the UCT Graduate School of Business.

He started his career at Airports Company South Africa in June 2000 as a Mechanical Maintenance Engineer at O.R. Tambo International. During his 13-year tenure with the company, Tebogo has held various positions, including HoD: Surface Maintenance, Airport Manager: East London Airport and Assistant General Manager: O.R. Tambo International, during which time he was Project Leader of the 2010 FIFA World Cup Operations (2008-2010). Tebogo was appointed to his current position in October 2012.

Deon Cloete

General Manager: Cape Town International Airport

Deon holds two degrees: a Bachelor's Degree in Commerce and a Master's Degree in Business Leadership from the University of South Africa. He has 26 years' experience in the aviation industry.

He has served at all nine of the company's airports and was also seconded to South African Airways in 2000/2001, where he served as General Manger: Support Services.

Deon is a Board member of WESGRO, the Western Cape Economic Development Agency responsible for tourism, trade and investment.

Executive Committee (Continued)

Terence Delomoney

General Manager: King Shaka International Airport

Terence is a chartered accountant by profession and joined Airports Company South Africa in 2000. He initially headed the portfolios of Finance and Commercial at Durban International Airport and then progressed to the position of Assistant General Manager: Support, which included responsibility for projects, engineering and IT. This was during the period when the six National Airports were managed and supported through Durban International.

He was appointed General Manager: Durban International Airport and National Airports in August 2008. Terence subsequently managed the development and transfer to King Shaka International on 1 May 2010. In addition, he is Chairman of the company's Corporate Social Investment Committee and is also a Board member of the iLembe Chamber of Commerce, Industry and Tourism.

Yvette Schoeman

General Manager: Regional Airports

Yvette has a Bachelors Degree from the University of the North West, majoring in psychology.

She joined Airports Company South Africa in 1994 as a Client Manager at O.R. Tambo International, progressing to Department Head. In 1999 Yvette was seconded to SAA for six months and, on her return, took up the position of Terminal Manager at O.R. Tambo International. In 2005 Yvette was appointed as Airport Manager at George Airport from where she took over responsibility in 2008 for the National Airports as an Assistant General Manager. Yvette was appointed as General Manager: Regional Airports in November 2012 on the formation of the new business unit.

Chairman's Review

This year will mark a momentous occasion in the history of Airports Company South Africa: twenty years in business since inception of the company on 23 July 1993. This makes the closing of the 2013 financial year an appropriate time to celebrate the successes of the past twenty years and look forward to what the future may bring. At this proud moment for all of us at Airports Company South Africa, we acknowledge our stakeholders for their support and their immeasurable contribution to our successes.

This year, South Africa hosted the BRICS summit, which was a very important event for us, given our continued involvement and investments in India and Brazil. Our participation in these concessions was undoubtedly secured through the leveraging of the depth of skills and experience that Airports Company South Africa has accumulated over the years.

We acknowledge the City of Ekurhuleni, which successfully hosted the Airport Cities Expo and Conference this year. The company's involvement in this conference has reconfirmed that, in order to have the requisite impact, the development of airports is not supposed to happen in isolation, but in conjunction with those partners that will contribute to the success of the 'aerotropolis' and 'airport city' models. Consequently, the Board takes stakeholder management and engagement very seriously.

Good corporate governance will always play a major role in ensuring the sound management of Airports Company South Africa's business. In line with this imperative, the Social and Ethics Committee was established and the other Board committees strengthened during the period under review. In addition, initiatives to enhance procurement processes through new supply chain management systems were implemented during the year.

During the period under review, the company achieved higher than anticipated financial returns and made some progress with respect to our objective to contribute to job creation. Whilst the company has a pleasing employment equity profile within senior management, the Board has noted areas that require improvement within the executive level and for people with disabilities. In this regard, Airports Company South Africa has achieved 67 percent of its predetermined objectives as set out in the shareholders' compact, in line with S55 (2) of the PFMA.

The sterling financial results that the company has reported are attributable to the efficiency gains realised from optimising the infrastructure developed during the 2006-2010 capital investment programme. This was further positively impacted by a reduction in net financing cost, due to an early debt redemption strategy that the Group has adopted. Furthermore, there has been a change in the customer mix, whereby there was an upward movement in international passenger traffic, which contributed positively to our total revenue.

The company's future objectives have been clearly defined in the recently adopted ten-year plan for the period from 2014 to 2024. The focus will continue on delivering against our mandate through effective corporate governance and stakeholder management, with the aim of establishing and maintaining win-win partnerships. I have every confidence in the ability of Airports Company South Africa to continue to deliver to expectations.

Let me take this opportunity to welcome four new additional non-executive directors who were appointed to the Board of Airports Company South Africa on 1 December 2012 for a period of three years. The new members are Adv Kenosi Moroka, Ms Chwayita Mabude, Dr John Lamola and Ms Bajabulile Luthuli. The appointment of these directors has already enhanced the effectiveness of the Board and brings a further spread of experience for the benefit of the Group.

You would be aware that Mr Bongani Maseko was appointed as Managing Director for the Group, with effect from 15 May 2013, following approval by the Cabinet. In addition, Ms Maureen Manyama-Matome was appointed Finance Director, with effect from 1 April 2013. I wish to congratulate both Mr Maseko and Ms Manyama-Matome on their appointments. The Board of Directors looks forward to continuing to work with them both in taking the Group forward, particularly within the context of the recently approved ten-year business plan. We wish them success in their endeavours to chart a new chapter for the organisation.

Finally, I would like to thank Mr Dikobe Benedict Martins, the Minister of Transport, and his Deputy, Ms Lydia Sindisiwe Chikunga, for their keen interest in Airports Company South Africa. Their support, guidance and engaging manner helped propel both the Board and management forward. Ms Ruth Bhengu, Chairman of the Parliamentary Transport Portfolio Committee and her committee members continue to play a key role by keeping the Board and management focused on their deliverables.

At the time of publishing these results, we had received the news of the appointment of Ms Dipuo Peters as the new Minister of Transport. We would like to congratulate Minister Peters on her appointment, as well as on being the first women minister to lead the transport portfolio in South Africa. In closing, and on behalf of the Board, I would like to wish Mr Dikobe Benedict Martins success in his new portfolio as the Minister of Energy.

Busisiwe Mabuza
Non-executive Chairman

Managing Director's Review

Companies undoubtedly progress from one phase to another, and I am happy to report that Airports Company South Africa has moved confidently into a period of consolidation and preparation. Consolidation that follows an extraordinary round of building a suite of airports that compares with that of any developed country in the world. Consolidation that recognises the importance of maintaining infrastructure in premium condition to continue providing safe and secure facilities to service our passengers and all of our stakeholders.

However, the most important aspects of consolidation are the ways through which we optimise the facilities we own and operate, and our determination to improve our customer service levels. Efficiencies will flow from improved service facilities provided to our airport partners, including our taking advantage of the latest technologies, such as the use of faster and more sophisticated X-ray equipment at security checkpoints and the inevitable advances in information technology.

The business has achieved a degree of maturity, enabling the Group to look forward with the benefit of having a successful track record for reference purposes. This has resulted in the preparation this year of a ten-year plan to guide us in a structured and confident manner into the 2014 to 2024 period. This plan has been approved by the Board and gives us a road map for the next ten years.

Clearly defined in this ten-year plan is the need to make adequate preparation for the next round of infrastructure development, but only when the aviation industry has the necessary appetite.

The slow recovery in departing passenger numbers clearly demonstrates the lethargic growth that threatens the health of the industry and even the viability of some of its players. The statistics for the 2012/13 financial year are still four percent below those for the 2007/08 year, and forecasts for the 2013/14 year are for minimal growth at best. Projections for the following ten years, inextricably linked to the health of the global economy, are for minimal growth for the following two years (2014/15-16). It is then expected that growth will accelerate to 26,5 million in 2024, or a growth of 52 percent over the period.

Whatever the argument, there is no doubt that the aviation sector continues to suffer from the uncertain recovery of the world economy, an over-supply of seats and consistently high fuel prices. Airports Company South Africa fully recognises its responsibility to contribute to the best of its ability to an environment that encourages healthy growth in the sector. Planned tariff increases, implemented after consultation with the industry and projected to remain fairly constant, will assist airlines in managing their costs.

The newly implemented ten-year plan plays a clear role in defining exactly how this will be achieved. Furthermore, it clearly identifies the importance of the R991 million profit that Airports Company South Africa has reported for the 2012/13 financial year. This is a significant increase over the R188 million profit recorded in the previous year and is a clear reflection of reaping the benefits of the R17 billion capital investments made in the 2006 to 2010 period.

The Economic Regulator's ruling that tariffs to cover the cost of infrastructure development may only be implemented once facilities have been brought into operation resulted in the 34,8 percent tariff increase in the previous financial year and one of 6,5 percent in the reporting year. This increase in revenue was supported through an almost 28 percent reduction in financing costs to R1,462 billion through astute financial management.

This level of profitability should be considered as preparation for the future of infrastructure development, which comprises of both investments that are inevitable and those that are dependent upon market conditions.

The company plans to invest R39 billion in capital over the next ten years, divided between four categories, as follows:

- Maintaining the current asset base – 33 percent
- Efficiency and technology to improve functional effectiveness – seven percent
- Keeping pace with statutory and compliance obligations – three percent
- Increasing the airports' capability to handle growing volumes of passengers, cargo and aircraft, as well as providing commercial facilities to cater for increasing volumes – 57 percent.

Some of the major infrastructure projects include additional fuel storage tanks, remote apron stands, additional parking, and bulk earthworks and services for the midfield terminal at O.R. Tambo International. It must be noted, however, that if capacity requirement projections indicate a foreseeable capacity constraint, it may be necessary to bring forward the delivery of the midfield terminal. This is an investment of approximately R27 billion. Projects at Cape Town International include a new, realigned runway, and additional parking and car rental parking bays.

Airports Company South Africa will continue with its efforts to enhance the Group's income from non-aeronautical revenue. The organisation's valuable, non-aviation related property assets will be unlocked through a new property development strategy. Furthermore, successes in India and Brazil will inform Airport Management Solutions' (AMS) new focus on opportunities in emerging markets. Airports Company South Africa, in collaboration with the South African Government will, in the foreseeable future, pursue viable business opportunities in Africa.

Hand-in-glove with improved efficiencies is perpetual attention to passenger and airline service delivery. Providing high quality service will only be possible if the right people and facilities are there to deliver it. Consequently, training of both Airports Company South Africa and airport stakeholders' staff will receive ongoing focus.

Airports Company South Africa joined the Airports Council International's (ACI) Airports Service Quality (ASQ) programme in 2006 and has seen quality ratings improve from an average of 3,67 then to 4,08 by the end of 2012. The ASQ ratings fall within a range of one (worst) to five (best). In the next ten years it is planned to improve ratings further through quicker connection times, better baggage handling, shorter waiting times and generally improved customer service. In addition, the use of social media will be extended to improve two-way passenger interactions.

On 23 July 2013, Airports Company South Africa celebrated having been in business for twenty years. This is an important chronological milestone. It is an anniversary that will be extensively recognised within the company for the duration of 2013 and the creative style of this annual report clearly demonstrates our sense of achievement.

A catch phrase, 'From State to state-of-the-art', clearly epitomises our twenty-year journey. At inception, the company inherited nine very basic airports from the government, with minimal passenger comforts and services. Twenty years later we are the proud owners of a network of airports that is a shining example of what can be achieved over a relatively short time span.

In this reporting year we have seen an important evolution in our management structure with the implementation of a new business unit, 'Regional Airports'. This has enabled the devolution of an overburdened responsibility for King Shaka International Airport management and support structures into an entirely new structure. It has already enabled focus to be placed on support for the six regional airports (East London, Port Elizabeth, George, Bram Fischer, Kimberley and Upington). Particular emphasis will be placed on the property development and retail portfolios.

As a sign of the ever-changing face of South Africa, Bloemfontein International Airport was renamed 'Bram Fischer' in December 2012 in honour of a Bloemfontein-born, Afrikaner patriot lawyer who dedicated his legal life to the anti-apartheid struggle.

Economic regulation cannot be addressed in isolation from the business as a whole. The Permission Application must be developed and maintained in alignment with the Group's broader corporate strategy. There are very few major corporate initiatives that could be successfully implemented without supportive economic regulatory outcomes. Examples that immediately come to mind are enhanced quality of service (requiring additional operational expenditure) and major capital expansion projects needing funding and a fair return on investment.

Obtaining greater clarity on the regulatory framework is fundamental to all Airports Company South Africa's plans, both short and long term. The company has a leading role to play in engaging with key industry players and contributing to the debate.

A clear understanding has emerged that the single most important driver of the economic regulatory framework is the quality of Airports Company South Africa's constructive engagement with industry. Improving the quality of the consultative process includes aspects such as the appropriateness of the information provided to the industry and our preparedness in amending assumptions, developing options and considering alternatives. Furthermore, it is essential that we create the link between capital expenditure programmes and tariff increases.

In conclusion, I would like to record my thanks and confidence in not only the Group's executive team but also to the entire staff complement. Without their commitment to the furtherance of the Group's ideals through dedicated and professional application to their individual responsibilities, we would not be in the strong position that we are today.

Bongani Maseko
Managing Director

Strategy

Strategic Positioning

This reporting year provided the platform for the preparation and approval of a ten-year plan for the period from 2014 to 2024. It comes at a time when external factors largely govern the rate at which infrastructural development can be undertaken.

There was a drastic reduction in passenger numbers after the world economic crisis in 2008 and the number of departing passengers from our airports had still not returned to 2008 figures by the end of the 2013 financial year. In fact, the figure is still four percent below that for the 2007/08 financial year.

Projections for the next ten years, inextricably linked to the health of the global economy, are for no growth in the 2013/14 financial year (17,4 million) and minimal growth for the following two years. It is then expected that growth will accelerate to 26,5 million in 2024, or a growth of 52 percent over the period.

The health of the world's airline industry and growth in passenger numbers are synonymous. An over-supply of seats in the past few years, coupled with high fuel prices, has placed huge pressure on airlines' profitability and, in some cases, their viability.

These factors dictate very simply that Airports Company South Africa cannot invest heavily in new infrastructure for the next few years. The company is in the fortunate position of having a superb suite of airports and expansion can be delayed. This does mean, however, that the most has to be made of existing facilities through the optimisation of efficiencies.

It is planned to invest R39 billion in capital over the next ten years, divided between four categories:

- Maintaining the current asset base – 33 percent
- Efficiency and technology to improve functional effectiveness – seven percent
- Keeping pace with statutory and compliance obligations – three percent
- Increasing the airports' capability to handle growing volumes of passengers, cargo and aircraft, as well as providing commercial facilities to cater for increasing volumes – 57 percent.

Some of the major infrastructure projects include additional fuel storage tanks, remote apron stands, additional parking, and bulk earthworks and services for the midfield terminal at O.R. Tambo International. It must be noted, however, that if an unexpectedly rapid growth in flight and passenger numbers occurs, it may be necessary to bring forward the delivery of the midfield terminal. This is an investment of approximately R27 billion. At Cape Town International, projects include a new, realigned runway, and additional parking and car rental parking bays.

Hand-in-glove with improved efficiencies is perpetual attention to passenger and airline service delivery. Providing high quality service will only be possible if the right people and facilities are there to deliver it. Consequently, training of both Airports Company South Africa and airport stakeholders' staff will receive ongoing focus.

Airports Company South Africa joined the Airports Council International's (ACI) Airports Service Quality (ASQ) programme in 2006 and has seen quality ratings improve from an average of 3, 67 in 2006 to 4,08 by the end of 2012; the ratings range from one (poorest) to five (best). In the next ten years it is planned to improve further through quicker connection times, better baggage handling, shorter waiting times and generally improved customer service. The use of social media will be extended to improve two-way passenger interactions.

Continued focus on commercial activities has increased this income to the extent that it contributed 36 percent of Group revenue in the 2012/13 financial year. This has actually shown a reduction in percentage contribution over the past two years because of the large tariff increases since the new infrastructure has been brought into operation.

Efforts to increase this contribution will continue. The organisation's valuable, non-aviation related property assets will be unlocked through a new property development strategy. Successes in India and Brazil will inform Airport Management Solutions' new focus on opportunities in Africa and, subsequently, those in emerging markets.

Obtaining greater clarity on the regulatory framework is fundamental to all Airports Company South Africa's plans, both short and long term. The company has a leading role to play in engaging with key industry players and contributing substantially to the debate.

The key drivers of economic regulation and GDP growth will determine the speed at which new infrastructure capacity is delivered. If there is no meaningful economic growth new capacity will be deferred; if passenger growth recovers, infrastructure programmes will be accelerated.

The Group will continue to promote airport excellence by retaining focus on safety and security, enhancing customer service, driving airport efficiencies, improving satisfaction levels for both passengers and airlines, and promoting transformation in all aspects of the business.

Staff capacity will continue to be built to deliver against the ten-year plan, growing the pipeline of critical skills, monitoring staff satisfaction and further promoting employment equity. Equally, Airports Company South Africa is committed to making its contribution to the government's National Development Plan 2030 through such aspects as economic development, job creation and social transformation. The key risks to delivering this plan are GDP growth and economic regulation.

In conclusion, key requirements to deliver the planned outcomes of the ten-year plan are:

- Managing and developing a high-performing and continuously engaged workforce
- Finalising economic regulation legislation and the funding framework
- Accelerating a sustainability and transformation programme
- Strengthening business excellence
- Identifying and securing new business
- Building win-win partnerships with stakeholders
- Delivering shareholder value.

These seven imperatives are the essence of Airports Company South Africa's long-term strategy.

Delivering on our Objectives

The table below reflects the company's strategic deliverables and the extent to which they have been achieved.

Strategic objective	Strategic objective definition	Measure	Definition	2012/13 Target	2012/13 Actual
Financial perspective					
Grow shareholder value (Group)	Growing shareholder value to deliver sustainable returns in line with expectations, to balance investment in infrastructure and to contribute to the development of South Africa's economy at large.	ROCE (company)	Return on capital employed, as reported in the financial statements.	8,2%	7,68%
		EBITDA (company)	Earnings before interest, tax, depreciation and amortisation, as reported in the financial statements.	R4,303 billion	R4,493 billion
Customer perspective					
Passengers	Airports Council International (ACI) manages the Airport Service Quality (ASQ) programme, which is the world's leading airport customer satisfaction benchmark programme, with over 190 airports in more than 50 countries surveying their passengers every month of the year. All airports use the same questionnaire and follow the same methodology. The programme's highly detailed sample plan, tailored to each airport's traffic, ensures comparable results.	ASQ rating	ASQ survey scores presented by ACI (weighted average).	International 3,9 Domestic 3,8	4,0 4,1
Internal process perspective					
Diversified work force	Transformation	Diversified workforce as per Board- approved EE plan	Employment equity score as per the approved Empowerdex scorecard	11,51	11,73
Learning and growth perspective - transformation and employee engagement					
Employee engagement and readiness	Building the Airports Company South Africa culture: PRIDE	Employee satisfaction index	Assessment of the organisational employee satisfaction	3,0	3,2

Stakeholder Engagement

CONTEXT

Airports Company South Africa recognises that in delivering on the key business imperatives, the Group has to have a robust stakeholder management strategy that clearly identifies its stakeholder base. This strategy must understand the key interests and concerns of its stakeholder base and have a clear programme of action in respect of how those concerns are to be addressed. Additionally, the strategy has to identify key platforms of engagement with stakeholders and audiences that will enable relationship building. These platforms incorporate key industry events such as conferences, sponsored and non-sponsored events, hosting of stakeholders in key calendar events, including social and sporting events, all of which allow our business to effectively engage with stakeholders both formally and informally.

In November 2011, key strategic interventions were identified that were needed to reposition the business to optimise opportunities for growth and long-term sustainability. One was the development of a comprehensive stakeholder relationship management strategy. In this context, a strategic framework for the management of our relationships with key stakeholders has now been developed, setting the tone for key messaging for our engagements with them.

Key stakeholders, around which communication and engagement should be centred, have been identified and areas around which stakeholder support would be required or is of critical importance. In developing this framework, the objective was set to provide a consistent platform through which it would be possible to:

- Position Airports Company South Africa and its leadership within key identified stakeholder groups critical to our business
- Lobby support to enhance the company's business objectives at different platforms
- Prioritise relationship development and relationship building, and work towards minimising disruptive inputs into realising the organisation's business objectives
- Successfully establish an emotional bond with stakeholders at corporate and business unit levels.

Having set these objectives, it was recognised that relationship building with Airports Company South Africa's key stakeholders, especially those that directly impact the business, needs to be integrated into all levels of the business to:

- Entrench the accessibility and credibility of the company's leadership and voice
- Gain an intimate understanding of stakeholders' areas of interest and key concerns
- Cultivate interest in Airports Company South Africa's business, and broadly in the development of the aviation industry.

STAKEHOLDER GROUPS AND INTERESTS

Stakeholder group	Matters of potential interest	Page reference
Passengers	• Service quality • Customer care • Aviation security	48 - 56 53 - 54 54 - 55
Airlines	• Cost of doing business • Aviation security • Air quality and noise • Infrastructure	43 54 - 55 61 - 62 48 - 49
Employees	• Corporate social investment • Employment equity, training and wellness	76 - 78 67 - 74
Government (local, provincial and national)	• Infrastructure • Procurement • Environmental impact • Corporate social investment • Governance	48 - 49 46 59 - 64 76 - 78 28 - 35
Investors	• Environmental impact • Corporate social investment • Economic impact • Risk management • Governance	59 - 64 76 - 78 38 - 39 26 - 27 28 - 35

Stakeholder Engagement (Continued)

STAKEHOLDER GROUPS AND INTERESTS (CONTINUED)

Stakeholder group	Matters of potential interest	Page reference
Regulating Committee	• Service quality • Economic impact	48 - 56 38 - 39
Trade unions	• Governance • Wellness • Corporate social investment • Training • Remuneration • Employment equity	28 - 35 73 76 - 78 71 - 73 73 74
Utility suppliers	• Energy and water consumption • Waste management	59 - 60 61
Air Traffic and Navigation Services	• Safety • Air quality and noise	52 - 53 61 - 62
Retailers and property tenants	• Growth and economic impact • Energy and water consumption • Waste management	37 - 46 59 - 60 61
Security service providers	• Consistent regulation and oversight	54 - 55
South African Civil Aviation Authority	• Safety and security regulations	52 - 55
Non-Governmental Organisations	• Wildlife strikes	62 - 63

In line with Airports Company South Africa's stakeholder strategy, the following key activations were managed during the year under review to give the Group the opportunity to engage the industry at large.

Air Cargo Conference

Held in South Africa for the first time, in February 2013, the Air Cargo Africa 2013 Conference and Exhibition provided a platform for global and local cargo industry players to exhibit their products and services for potential partnerships, with the aim of improving trade relations in the industry. This conference and exhibition provided Airports Company South Africa, and O.R. Tambo International in particular, the opportunity to promote the various facilities and services that our gateway airport has to offer, while also promoting the brand holistically. It also created an opportunity for Airports Company South Africa to venture into a global marketing platform to not only introduce itself as a competitive company but to test industry perception as a whole.

Air Cargo Africa 2013 enabled various organisations in the air cargo industry to access investment and trade opportunities in the African market. The event is specifically conceptualised to tap opportunities in the African market. The conference allowed significant industry players to discuss issues concerning the air cargo fraternity, and present possible solutions, while it also afforded various formal and informal networking sessions.

Airline Associations

Amongst the company's valued, key partnerships are those with the Airline Association of Southern Africa (AASA) and the Board of Airline Representatives of South Africa (BARSA). Airports Company South Africa took the opportunity to sponsor AASA's annual general meeting and conference held in Mozambique in October 2012. This provided the opportunity to strengthen relationships with AASA's constituent airlines, and to respond to industry concerns on a variety of issues, including the permission application. This partnership is ongoing.

Similarly, the organisation continues to engage with BARSA through different platforms, despite it not having held its annual general meeting during the year under review, a gathering that Airports Company South Africa has always sponsored.

Zulu 200th Anniversary Cultural Festival

King Shaka International Airport hosted the Zulu Cultural Festival 'Umgidi We Lembe' in September 2012. This prestigious event is a build-up to the 200th anniversary of the formation of the Zulu Nation by King Shaka kaSenzangakhona in 2016 and was attended by dignitaries, including members of the Zulu Royal Family.

The festivity started with a welcome tribute to King Goodwill Zwelithini and his wives that accompanied him, by Amabutho, Traditional Dancers and Praise Poets. The King's speech centred on unity and the importance of the preservation of the Zulu Heritage, and emphasised the place that this festival occupies in the calendar of the Zulu people.

Renaming of Bloemfontein International Airport

The renaming of Bloemfontein International Airport to Bram Fischer International Airport took place on 13 December 2012. The event coincided with the unveiling of the Nelson Mandela Statue in the city. It was officiated over by President Jacob Zuma and hosted by the Minister of Transport, the Premier of the Free State, and the Chairperson of the Board and the Acting Managing Director of Airports Company South Africa.

International Civil Aviation Day

International Civil Aviation Day is observed annually on 7 December to raise awareness of the importance of civil aviation and the role that the International Civil Aviation Organisation (ICAO) plays in international air transport. ICAO, with support from governments, organisations, businesses and individuals, actively promotes International Civil Aviation Day through various activities and events.

The North West Province hosted 2012's celebrations. The Joint Aviation Awareness Programme members (including Airports Company South Africa) participated in a career exhibition for school learners. Proceedings on the day included an airshow, messages from the North West Provincial Government as well as the Deputy Director General: Aviation at the Department of Transport.

Future Stakeholder-related Events

One of Airports Company South Africa's key missions is to work with identified stakeholders in industry and government to position South Africa as a preferred host country for industry events. These high-profile events give South Africa recognition in the global market place as a cutting-edge, global player, contributing to the organisation being able to fulfill its vision of being a world-leading airport business.

Working with our partners, Airports Company South Africa has secured the following major events for the coming years: a major achievement for our business.

Airport Cities Expo

Airports Company South Africa has partnered with the City of Ekurhuleni to host the Airport Cities World Conference and Exhibition in April 2013. This is the first time in its eleven-year history that the conference has been held on the African Continent. As host airport authority, represented by O.R. Tambo International Airport, the company is one of the sponsors of the event.

This conference provides an annual one-stop, global forum to facilitate discussion on key issues regarding macro developments that incorporate airports. A new strategic approach to airport planning and associated commercial development is gaining prominence around the world. This is the airport city and aerotropolis model. It consists of an airport-centred commercial core (the airport city) and outlying corridors and clusters of aviation-linked businesses that make up the greater aerotropolis. Virtually all commercial functions found in a modern metropolitan downtown are establishing themselves in airport cities and their surrounding aerotropolises. Ekurhuleni Metropolitan Municipality and O.R. Tambo International Airport are working together as the nucleus of an aerotropolis.

International Air Transport Association

The International Air Transport Association (IATA) held its annual general meeting and World Air Transport Summit (WATS) in Cape Town in June 2013. The event attracted the top leadership of the air transport industry. These events provided an ideal opportunity for Airports Company South Africa to nurture existing relationships with stakeholders, especially the world's airlines, and to establish new industry partnerships.

Airports Council International Africa Annual General Assembly 2014

The role and significance of Airports Council International (ACI) in the global airport community cannot be underestimated. It has 573 members, operating 1 751 airports in 174 countries, representing more than 95 percent of global airport traffic.

World Routes 2015

In March 2013, South Africa was announced as host of the 21st World Route Development Forum (World Routes). It is scheduled to take place in Durban in September 2015.

This marks the first time in its history that the event will be held in Africa. World Routes is the global meeting place for every airline, airport, tourism board and government stakeholder, and attracts attendees from over 110 countries. The event is focused around the development of the world's air services and hosting World Routes provides a unique opportunity for a destination to showcase its airport, its city and its country to the air service decision-makers of the world.

INTEGRATED RISK MANAGEMENT

As a world-class airport operator, Airports Company South Africa acknowledges that effective management of risk is central to the achievement of the Group's vision to be a world-leading airport business. By understanding and managing risk, the Group can provide greater certainty and security for employees, customers and stakeholders.

The Group's integrated risk management process aims to achieve an appropriate balance between realising opportunities for gains while minimising adverse impacts. Assurance of good corporate governance is achieved through the regular measurement, reporting and communication of risk management performance.

RISK MANAGEMENT GOVERNANCE STRUCTURE

The Board is responsible for the Group's risk management performance. Key Board accountabilities include the identification of major risks, and that appropriate systems and processes are in place to manage the identified risks, so that the Group's assets and reputation are suitably protected.

Furthermore, the Board ensures that the risk management process is accurately aligned to the strategy and performance objectives of the Group. The Board also provides stakeholders with assurance that key risks are properly identified, assessed, mitigated and monitored.

Management is accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the Group. The effectiveness of the integrated risk management programme is measured on an annual basis by the Internal Audit function and reported to the Audit and Risk Committee.

STRATEGIC RISK REGISTER

Airports Company South Africa maintains a strategic risk register, which contains key risks faced by the Group that require Executive Committee or Board attention. The register is regularly updated and reviewed by the Board's Audit and Risk Committee. In the year under review, the Board Audit and Risk Committee met five times, where there were robust discussions on the strategic risk register.

BUSINESS CONTINUITY MANAGEMENT

The nature of Airports Company South Africa's business necessitates stringent business continuity and, in particular, emergency management and crisis management plans. During this period, a continued focus was placed on the integration of business continuity management throughout the organisation.

MANAGING RISK

In the pursuit of its corporate strategy of building an efficient and customer-focused business, Airports Company South Africa continued to feel the impact of the adverse economic conditions, both directly and indirectly. In particular, the Company faced the following key risks.

Key risks	Impact on Airports Company South Africa
The financial instability of airlines	The risk of unsustainable low-cost airlines became a reality when 1time Airline was liquidated. This risk has since spread to other, non-low-cost airlines and has necessitated the further tightening of the Group's collection processes to minimise the exposure to bad debts. This risk also has wider-reaching impact in terms of passenger numbers and passenger growth, which is a key driver for both aeronautical and non-aeronautical revenue.
Delays in permanently filling key executive positions	Whilst new Board members were appointed early in the year under review, which resulted in Airports Company South Africa having a full Board complement, the delays in filling key leadership positions on a permanent basis was a key concern. This exposed the organisation to possible delays in making key business decisions, potentially compromising the Group's ability to efficiently deliver on its strategy. However, this was counteracted by the existence of good governance structures for decision-making and the fact that highly experienced and strong individuals were formally appointed in acting capacities, with the appropriate decision-making authority.
Fuel supply shortage or disruption	Due to the continued dependence on a limited number of refineries for aviation fuel, and the fragility of supply mechanisms to the airports, this remained a challenge, not only for Airports Company South Africa, but also for the country as a whole. As the major fuel consumer, O.R. Tambo International has partially addressed this risk through the commissioning of additional storage facilities. However, further treatment of this risk is being addressed at a country level, where a fuel master plan needs to be developed.

Key Risks	Impact on Airports Company South Africa
Inability to deliver on commitments for Brazil	As previously reported, the continued successful growth of Airports Company South Africa is largely dependent on the creation of new revenue streams. One of the key initiatives in this regard is the Group's participation in the concession to manage Guarulhos International Airport in Brazil. A key deliverable for the concession is the completion of critical, identified infrastructure in time for the 2014 FIFA World Cup. Due to the extremely tight deadlines, it may be difficult to complete this infrastructure on schedule. The consequence for Airports Company South Africa, as the airport operator in the concession, may be in the form of a negative impact on the Group's reputation and on the ability to deliver Airport Management Solutions' strategy in the long term. This risk is being addressed in the main through the allocation of additional resources with key project management experience and specialised skills. In addition, contingency plans are being developed.

EMERGING RISKS

Airports Company South Africa regularly reviews internal and external environments for factors that may cause risks for the business. Major emerging risks with a wider, potential and systemic impact on the company in the forthcoming financial year are described below.

1. Regulatory regime
   Whilst the promulgation of new tariffs in 2012 gave Airports Company South Africa some relief in the short term, the lack of an enabling, stable and predictable regulatory regime remains one of the Group's key challenges in the long term. Such a lack may compromise the Group's ability to make the necessary infrastructure investments to meet future demand.
2. The growth of Lanseria Airport and ending the exclusive Kulula.com deal is allowing other airlines to enter that market.
3. The growth of other hubs, such as those in the Middle East and other African countries, could reduce transfer traffic at the Group's major hub of O.R. Tambo International.
4. The growth of Gulf carriers directly into other African markets.

Corporate Governance and Compliance

Airports Company South Africa SOC Ltd is registered as a 'State-owned Company' as defined in the Companies Act, 2008 and is listed as a major public entity in terms of Schedule 2 of the Public Finance Management Act, 1999 (PFMA). The Group's governance and assurance framework includes the guardianship of standards and integrity, as well as a dedication to protecting the interests of all stakeholders.

The Group is committed to continually enhancing its corporate governance processes in line with best practice in a manner that facilitates the development and management of world-class airports. This is done whilst ensuring that operations are ethically conducted within the applicable regulatory framework.

The approach to corporate governance is based on six fundamental principles: accountability, transparency, responsibility, independence, ethical fairness and social development. These principles enhance the Group's values expressed in the acronym PRIDE (Passion, Results, Integrity, Diversity and Excellence).

Furthermore, there is a Code of Ethics and Business Conduct approved by the Board and monitored by the Audit and Risk Committee, as well as behavioural standards specified in an employee manual.

BOARD OF DIRECTORS

The Board is responsible for setting the direction and strategy of the company, as well as overseeing the planning, optimal allocation of resources, the maintenance of ethical business practices, effective risk management and communication with all stakeholders.

The composition of the Board for the year under review is as follows:

Director	Appointment date
Ms Busisiwe Mabuza (Chairman)	2012.03.01
Mr Roshan Morar (Deputy chairman)	2012.01.01
Ms Priscillah Mabelane	2012.08.01
Ms Chwayita Mabude	2012.12.01
Mr Skhumbuzo Macozoma	2012.03.01
Mr Elias Masilela	2012.01.01
Ms Mohla Matsaba (alt to Mr Masilela)	2012.01.01
Adv Kenosi Moroka	2012.12.01
Dr John Lamola	2012.12.01
Ms Bajabulile Luthuli	2012.12.01
Ms Tryphosa Ramano	2012.03.01
Ms Martie Janse van Rensburg	Retired 2012.11.12
Mr Bongani Maseko (Executive Director)	2013.05.15
Ms Maureen Manyama-Matome (Executive Director)	2013.04.01

INDEPENDENCE OF THE BOARD

The independence of the Board is maintained by adhering to certain key principles:

- The shareholders at the Annual General Meeting ratify the appointment of the Board members for a fixed term
- The positions of Chairman and Managing Director are kept separate
- Both the Chairman and the Deputy Chairman are non-executive members of the Board
- Board committees are chaired by non-executive Board members, with the exception of the Executive Committee, which is chaired by the Managing Director.

BOARD CHARTER

The Board Charter and terms of reference define the framework, authority and parameters within which the Board operates. For ease of alignment and business interface with the Group, the Board invites selected executive managers to its meetings, whilst specifically reserving its right to meet without management's presence, when required.

The Board is fully committed to maintaining the standards of integrity, accountability and openness required to achieve effective corporate governance. The Board Charter and terms of reference confirm the Board's accountability, fiduciary duties, the duty to declare conflicts of interest, the constitution of the Board committees and the relationship with Airports Company South Africa employees and management.

Furthermore, the Charter defines the Board's responsibility to:

- Report on integrated sustainability
- Promote a stakeholder-inclusive approach
- Monitor operational performance and management
- Confirm that the risk management process is accurately aligned to the strategy and performance objectives of the Group
- Ensure that all material risks are identified and that appropriate systems and processes are in place to manage the identified risks, in order to ensure that the Group's assets and reputation are protected
- Provide stakeholders with the assurance that all material risks are properly identified, assessed, mitigated and monitored
- Determine appropriate policies and processes to ensure the sound corporate governance of Airports Company South Africa.

Remuneration of the Board

The non-executive directors are remunerated on a basis as agreed by the shareholders at the annual general meeting, with the specific approval of the Minister of Transport. These directors are remunerated on the basis of a monthly retainer and Board and committee meeting attendance fees.

Details of the directors' remuneration are included in the notes to the annual financial statements. The Board meets formally at least four times a year to determine the strategic direction of the Group, as well as its business, operational, social and environmental objectives.

The Board sets broad policy, approves significant projects and deliberates on material aspects of the business. It also monitors the implementation of the objectives by executive management, in line with the Group's strategic objectives.

The Board has finance, audit, corporate governance, legal and risk management skills and experience. It also incorporates skills and experience in property, commerce and general business, which all fit the Group's scope of operations.

The composition and number of non-executive directors ensures that their views carry significant weight in Board decisions. The directors have unfettered access to company information and may seek independent professional advice when required.

The Company Secretary

The Company Secretary, who is appointed by the Board, ensures that the directors are aware of all laws relevant to, or affecting the Group, as well as sound corporate governance practices. The Company Secretary also offers the directors guidance on their duties and responsibilities and provides secretarial and administrative support to the Board and its committees. The directors have unrestricted access to the Company Secretary.

Board Efficacy Review

The Board operates with an established structure, which ensures that there are adequate processes in place to monitor its operations. The assessment of the effectiveness of both the structure and processes of the Board ensures the achievement of Airports Company South Africa's objectives, as well as maintaining sound corporate governance.

Board Meetings

	Special		Special			
Name of Director	2012.05.04	2012.06.01	2012.07.19	2012.09.03	2012.12.03	2013.02.25
Ms Busisiwe Mabuza (Chair)	*	*	*	*	*	*
Ms Priscillah Mabelane	^	^	^	A	A	A
Ms Chwayita Mabude	N/A	N/A	N/A	N/A	N/A	*
Mr Skhumbuzo Macozoma	*	*	*	A	A	*
Mr Elias Masilela	A	*	*	*	*	*
Ms Mohla Matsaba (alt to Mr Masilela)	*	*	*	*	*	*
Mr Roshan Morar	*	*	*	*	*	*
Adv Kenosi Moroka	N/A	N/A	N/A	N/A	N/A	*
Dr John Lamola	N/A	N/A	N/A	N/A	N/A	*
Ms Bajabulile Luthuli	N/A	N/A	N/A	N/A	N/A	*
Ms Tryphosa Ramano	*	A	A	A	*	A
Ms Martie Janse van Rensburg	*	*	*	*	R	R

*: Attendance R: Retired A: Apology N/A: Appointed 2012.12.01 ^: Appointed 2012.08.01

Corporate Governance and Compliance (Continued)

Board Committees

Six committees, which report directly to the Board, have been established to focus on key functional areas where specialist expertise is required. With the exception of the Executive Committee, which is chaired by the Managing Director, all the committees are chaired by a non-executive director and their members are non-executive directors. Executives who are not members of a specific committee attend meetings by invitation.

To ensure that the terms of reference of the committees remain current and comply with best practice, they are periodically reviewed and, where necessary, amended.

The Board committees were reconstituted, with the appointment of additional Board members, on 25 February 2013. as follows. New appointments are shown in the first table, below.

Audit and Risk Committee

The Audit and Risk Committee meets at least quarterly to consider annual and interim financial statements, accounting policies and the safeguarding of assets, audit plans and the findings of external and internal auditors. This committee also monitors governance and ethical standards, and focuses on the management of enterprise-wide risks within the risk management framework.

All members of this committee, including the chairman, are non-executive directors. Both external and internal auditors have unrestricted access to the chairman and may meet privately with the committee when required, but formally at least once a year.

The Auditor-General also ratifies the appointment or reappointment (as the case may be) of the external auditors on an annual basis. Joint external auditors, PricewaterhouseCoopers and Ngubane & Co, were reappointed at the annual general meeting.

The Audit and Risk Committee terms of reference, which articulate the mandate of the committee, is updated on an annual basis. In particular, the inclusion of monitoring of the Group's performance, as it relates to information technology governance, was included in the most recent review of the terms of reference.

Committee Appointments

Name of Director	Audit and Risk	Tresury and Economic	Commercial	Remuneration and Nominations	Social and Ethics
Ms Bajabulile Luthuli	†	†	–	–	–
Ms Chwayita Mabude	†	–	†	–	–
Dr John Lamola	–	† (Chair)	–	†	–
Adv Kenosi Moroka	–	–	†	–	† (Chair)
Mr Bongani Maseko (Managing director)	–	–	–	–	†
Ms Busisiwe Mabuza	–	–	†	–	†

† Appointed to committee on 2013.02.25 – Not a member of the committee

Audit and Risk Committee Meetings

Name of Director	Date of appointment to the Committee	2012.05.16	Special 2012.07.13	2012.08.13	2012.11.07	2013.02.13
Ms Tryphosa Ramano (Chair)	2012.05.04	*	*	*	*	*
Mr Roshan Morar	2012.05.04	*	*	A	*	*
Ms Martie Janse van Rensburg	2012.05.04	*	*	*	*	R
Mr Skhumbuzo Macozoma	Interim replacement for Ms Martie Janse van Rsensburg, subsequent to her retirement on 2012.11.12					

*: Attendance R: Retired A: Apology

Treasury and Economic Regulatory Committee Meetings

Name of Director	Date of appointment to the Committee	2012.08.08	2012.12.10	2013.02.20
Mr Elias Masilela#	2012.05.04	A	A	A
Ms Mohla Matsaba (alt to Mr E Masilela)	2012.05.04		*	*
Ms Tryphosa Ramano (Acting Chair)	2012.05.04	A	*	*
Ms Martie Janse van Rensburg	2012.05.04	*	R	R
Ms Priscillah Mabelane	2012.05.04	*	A	A

*: Attendance R: Retired A: Apology

#: Interim replacement for Ms M J v Rensburg subsequent to her retirement on 2012.11.12

Treasury and Economic Regulatory Committee

The role of this committee is to assist the Board in discharging its responsibilities relating to meeting PFMA and treasury regulations and requirements in performing the treasury function. Also, the committee assumes corporate accountability and associated risks in terms of treasury and oversees the development and implementation of the economic regulatory strategy. In addition, it ensures compliance with economic regulatory and legislative requirements. The committee also applies specialist skills to investment, funding and budgeting requirements.

Commercial Committee

The Commercial Committee provides oversight of the Group's property and commercial business, including the retail and advertising portfolios, as well as B-BBEE and transformation aspects, in order to deliver customer service and increase shareholder value. The committee's main responsibility is to review and monitor the role, objectives and strategic plans of the commercial business unit, which contributes to Airports Company South Africa's profitability.

Commercial Committee Meetings

Name of Director	Date of appointment to the Committee	2012.08.10	2012.11.16	2013.02.13
Mr Roshan Morar (Chair)	2012.05.04	*	*	*
Mr Elias Masilela	2012.05.04	*	*	*
Ms Mohla Matsaba (alt to Mr E Masilela)	2012.05.04			
Mr Skhumbuzo Macozoma	2012.05.04	*	*	*

*: Attendance

Corporate Governance and Compliance (Continued)

Remuneration and Nominations Committee Meetings

Name of Director	Date of appointment to the Committee	2012.07.13	2012.11.09	2013.02.18
Ms Busisiwe Mabuza (Chair)	2012.05.04	*	*	*
Mr Roshan Morar	2012.05.04	*	*	*
Mr Skhumbuzo Macozoma	2012.05.04	*	*	A

*: Attendance

Remuneration and Nominations Committee

This committee was constituted in May 2012, following the Board's decision to merge the functions of the Directors' Affairs Committee with that of the Human Resources, Transformation and Remuneration Committee.

The objectives of the committee are to enable the implementation of a formal process of reviewing the balance and effectiveness of the Board, identifying the skills required, and to recommend to the Minister of Transport those individuals who possess these skills for appointment as executive and non-executive directors. This committee also ensures that an adequate and appropriate succession plan is in place for directors and executives.

In addition, the committee provides guidelines and procedures to ensure that human resourcing and remuneration strategies are aligned to the Group's objectives, including addressing past workplace inequalities.

Social and Ethics Committee

This committee is a new requirement under the Companies Act 2008, and took effect from 1 May 2012.

The primary functions of the committee are to monitor the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice with regard to:

- Social and economic development
- Good corporate citizenship
- The environment, health and public safety
- Consumer relationships
- Labour and employment
  - The Group's standing in terms of the International Labour Organisation protocol on decent work and working conditions
  - The Group's employment relationships, and its contribution towards the educational development of its employees
- To draw matters within its mandate to the attention of the Board as occasion requires
- To report, through one of its members, to the shareholders at the Group's annual general meeting on matters within its mandate.

Social and Ethics Committee Meetings

Name of Director	Date of appointment to the Committee	2012.10.24
Ms Priscillah Mabelane	2012.05.04	A
Ms Martie Janse van Rensburg (Acting Chair)	2012.05.04	*
Mr Elias Masilela	2012.05.04	*
Ms Mohla Matsaba (alt to Mr E Masilela)	2012.05.04	

* Attendance N/A: Appointed 2013.02.25 A: Appology

Executive Committee

The committee is accountable to the Board and the Managing Director, and assists the Managing Director to guide and control the overall direction of the business. Furthermore, it acts as a medium of communication and co-ordination between the various business units and the Board.

Other Governance-related Matters

The Board also considers matters relating to procurement that are above the delegated levels of authority of executive management.

Compliance Function

The main focus of the function is to ensure compliance with Airports Company South Africa's compliance and regulatory universe. Its work is ongoing and geared towards ensuring that the Group is not adversely exposed to legal and compliance risks.

No material non-compliance of legislation or regulatory requirements has come to the attention of the Board in the year under review.

Public Finance Management Act, 1999 (PFMA)

The Board is the accounting authority in terms of the PFMA, in which Airports Company South Africa is listed as a Schedule 2 public entity. The PFMA focuses on financial management with related outputs and responsibilities.

Directors comply with their fiduciary duties as set out in the PFMA. The responsibilities of the Board, in terms of the PFMA, include taking appropriate action to ensure that:

- Economic, efficient, effective and transparent systems of financial and risk management and internal controls are in place
- A system is maintained for properly evaluating all major capital projects prior to making a final decision on each project
- Appropriate and effective measures are implemented to prevent irregular or fruitless and wasteful expenditure, expenditure not complying with legislation or losses from criminal conduct
- All revenues due to Airports Company South Africa are collected
- Available working capital is managed economically and efficiently
- The objectives and allocation of resources are defined in an economic, efficient, effective and transparent manner.

King Report on Corporate Governance for South Africa 2009 (King III)

Airports Company South Africa complies substantially with the provisions of King III, where possible, in light of the broader regulatory framework in which it operates. The results of such reviews are reported to the Audit and Risk Committee.

Promotion of Access to Information

Airports Company South Africa complied with the requirements of the Promotion of Access to Information Act of 2000, and the information manual is available on the Group's website and intranet.

Airports Company Act and Companies Act

For the period under review, Airports Company South Africa has substantially complied with both the Airports Company Act, 1993, and the Companies Act, 2008.

Code of Conduct

Airports Company South Africa has updated its code of conduct for all employees and consultants and it has been rolled out.

Corporate Governance and Compliance (Continued)

Risk Management

An integrated risk management strategy and process is one of the Group's key focus areas. Risks and opportunities, against business objectives, are identified during risk assessments. Risk integration between airports and business units is reviewed by various committees to ensure a co-ordinated approach to risk mitigation measures.

Airports Company South Africa's philosophy regarding risk management is conservative, with a low appetite for risk, as well as low tolerance levels, in the interests of preventing shareholder value erosion.

The Executive Committee is accountable for the implementation of risk management and its accountabilities in this regard are:

- To set and direct risk management frameworks and standards.
- To reinforce accountability for risk controls.
- To evaluate the effectiveness of the risk management framework.
- To participate in strategic risk assessments.
- To establish the Airports Company South Africa risk profile.
- To evaluate risk management performance.

The Group continues to effectively manage all material risks with frequent reports to the Board and committees.

Internal Audit

Internal controls comprise the methods and procedures implemented by management to achieve the objectives of safeguarding Group assets, efficient and effective employment of resources, the prevention and detection of errors and fraud, ensuring the accuracy of accounting records and the timely production of reliable financial and operational information.

The Board is responsible for the design, implementation and maintenance of appropriate internal controls in mitigation of the inherent risks of the Group.

The Internal Audit function, the independence of which is ensured through a functional reporting line to the Chairman of the Audit and Risk Committee, examines and evaluates the Group's activities, with the objective of assisting executive management and the Board in the effective discharge of their responsibilities. The other major areas of activity are monitoring of the system of internal controls as elaborated above, identifying and reporting on error, fraud and discrepancies, and monitoring corporate governance.

The mandate of the Internal Audit function, which is captured holistically in the Internal Audit Charter and reviewed annually by the Audit and Risk Committee, includes independently appraising the appropriateness, adequacy and effectiveness of the Group's systems of internal controls and reporting on these to management and the Audit and Risk Committee.

The three-year, risk-based audit plan covers major risks emanating from Airports Company South Africa's integrated risk management process. The plan covers an equal balance of operational and financial risks and, in particular, covers operational risks pertaining to the environment, aviation safety and aviation security, among others. The audit plan is approved by the Audit and Risk Committee and reviewed annually, based on changes to the Group's risk profile. This ensures that the audit coverage is focused on identifying high-risk areas.

On an annual basis, the Internal Audit unit reviews the Group's assessment against its predetermined objectives through the review of the adequacy of management's key performance assessment tool and the verification of management's assessment.

The Internal Audit mandate includes the design and implementation of a combined assurance framework within the Group. This framework is expected to be defined and approved by the Audit and Risk Committee within the next financial year, with the rollout progressing within the years following thereafter.

The Internal Audit function provides an annual written assessment on the effectiveness of the internal controls, and the internal financial controls, to the Audit and Risk Committee, for recommendation to the Board.

Nothing has come to the attention of the Board to indicate that there are any material breaches in controls in the year under review.

Ethics

Airports Company South Africa employs a number of tools to ensure that the business operates in an ethical environment and is able to effectively combat fraud. These are:

- An established Code of Ethics and Business Conduct.
- A Fraud Prevention Policy and a Fraud Response Plan.
- An anonymous tip-off hotline, available for use by employees and stakeholders to alert the organisation to any fraudulent or unethical conduct or any breaches of the Code of Ethics and Business Conduct.

These tools are enabled through a continuous awareness process to which all areas of the business are exposed.

An organisation's compliance and ethics programme must evolve as the business's regulatory and economic conditions transform. One of the tools employed to monitor this progress is the annual assessment by the Internal Audit function on the effectiveness of the ethics and fraud prevention programmes within the Group. Airports Company South Africa is now progressing to more evolved processes with the maturing of the process that provides ongoing training to enable the assessment of the proficiency levels of the organisation relating to ethics. Furthermore, it is pursuing the key goal of enhancing the current Fraud Prevention Programme through the establishment of a strategic project. This aims to provide improved structures and processes, such as the establishment of an optimised Fraud Prevention Committee, which will include members of a bargaining council and a non-bargaining council.

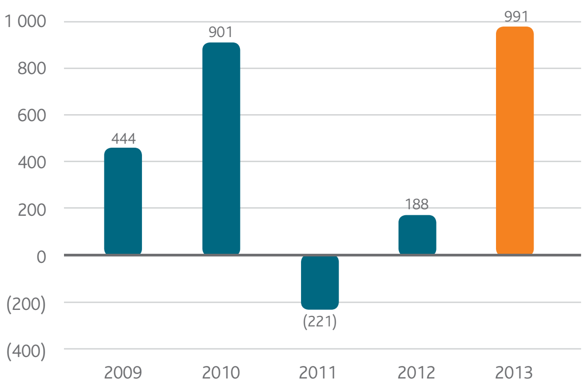
Financial and Operational Review

Financial Review

OVERVIEW

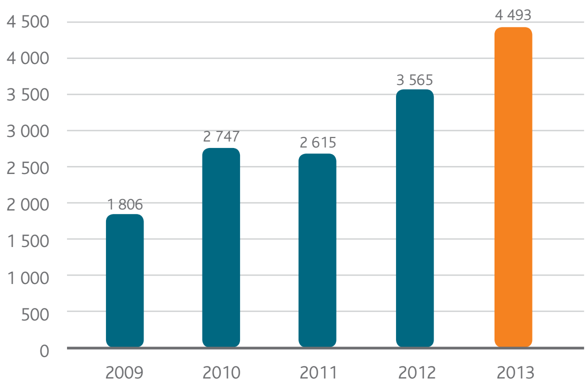
The Group posted a R991 million profit for the financial year ended 31 March 2013. This is a significant increase in profit when compared to the prior year's profit of R188 million. The increase in profit is an indication that the Group is starting to reap the benefits of the 2006 to 2010 capital investment programme. The results in the 2013 financial year are driven primarily by an increase in aeronautical revenue as a result of the tariff increase

Profit/(loss) after tax (R million)



of 34,8 percent, implemented during the 2012 financial year (i.e. from 1 October 2011) and a further increase of 6,5 percent implemented during the 2013 financial year. The profit line was further enhanced by a reduction in net financing costs to R1,462 billion (2012: R2,034 billion). The reduction in financing costs is largely due to the settlement of borrowings that matured in the 2013 financial year, as well as the closing out of interest rate swaps during the latter part of the 2012 financial year.

EBITDA (R billion)



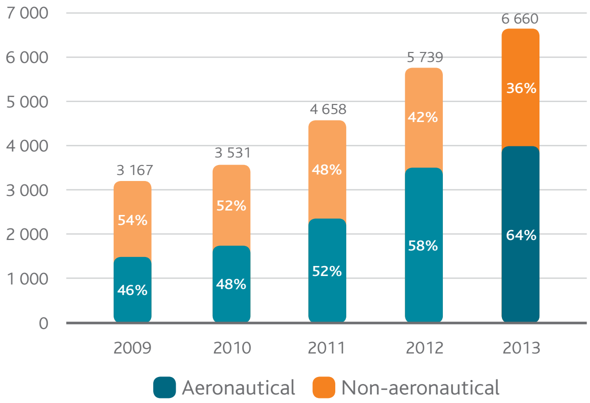
The sluggish GDP growth has a negative impact on both passenger and air traffic performance. As a result, the company experienced a decrease in overall passenger numbers of some three percent when compared to the prior year.

REVENUE AND TRAFFIC TRENDS

The Group revenue comprises both aeronautical and non-aeronautical revenue streams. The aeronautical revenues are derived from regulated income, which includes a passenger service charge, and aircraft landing and parking charges. Non-aeronautical revenue is derived from the Group's commercial activities and comprises mainly of property rentals, retail concessionaires, car rental, car parking and advertising.

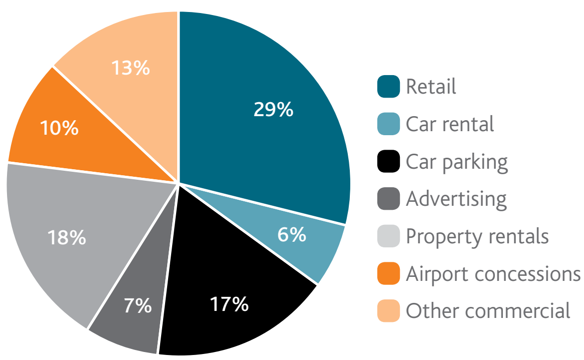
Total revenue for the year ended 31 March 2013 increased by 16 percent to R6,660 billion (2012: R5,739 billion). This represents a 27 percent increase in aeronautical revenue to R4,246 billion (2012: R3,350 billion) and a one percent increase in non-aeronautical revenues to R2,414 billion (2012: R2,389 billion).

Total revenue (R billion)



The non-aeronautical revenue increase of R25 million continues to strengthen the positive contribution of commercial activities to the revenue of the Group. In the 2013 financial year, however, the contribution from non-aeronautical revenue to total revenue decreased to 36 percent (2012: 42 percent). The decrease in percentage contribution is as a direct result of the disproportionate step-up increase of the aeronautical revenue.

Non-aeronautical revenue



FINANCIAL REVIEW (CONTINUED)

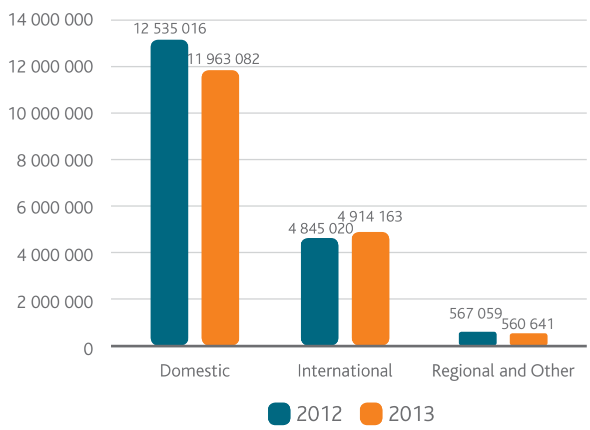
Aeronautical Revenue

The increase in aeronautical revenue of 27 percent (R896 million) is due primarily to the increase in tariffs of 6,5 percent (2012: 34,8 percent). The increase in revenue comes despite the decrease in the overall traffic numbers and mixes for both departing passengers and aircraft landings of domestic, regional and international departing passengers (70%, 27% and 3% in 2013 respectively vs 69%, 27% and 3% in 2012) and aircraft landings (61%, 39% and 15% in 2013 vs 58%, 42% and 17% in 2012).. While the revenue increase is attributable to tariff increases, the tariffs implemented are as per the regulatory approval of the 2011-2015 permission cycle.

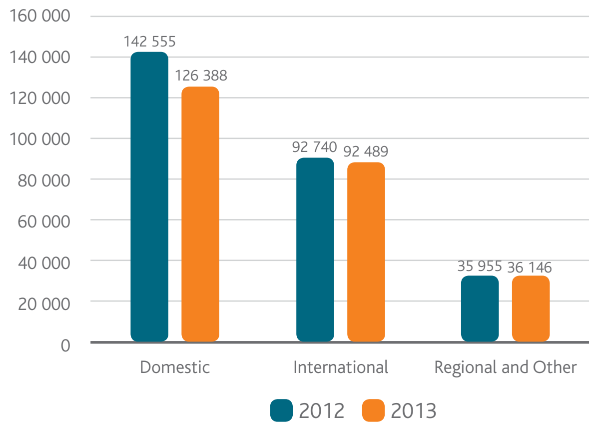
Traffic trends

The Group experienced a disappointing decline in total departing passengers for the period under review, with traffic for the 2013 financial year ending three percent lower than the previous year. To date, 17,4 million passengers (2012: 17,9 million) departed from the Group's network of airports. Aircraft landings declined by six percent to 271 250 (2012: 272 320). Both International passenger traffic and aircraft landings increased by one percent when compared to that of the prior year. Domestic passengers, who constitute approximately 70 percent of the total passenger traffic, decreased by five percent and related aircraft landings decreased by 11 percent as compared to the previous period. Regional departing passengers decreased by one percent, while related aircraft movements (landings) remained the same as in the 2012 financial year.

Departing passenger traffic



Aircraft landings



Non-aeronautical Revenue

The Commercial Services division is responsible for generating revenue from non-aeronautical sources. This is achieved through retail, car rental, advertising concessions, car parking, property development income and on-going leases, investment and consultancy fees derived from Airports Company South Africa's airport management expertise.

Non-aeronautical revenue continues to serve as a stable and growing source of revenue. The increase in non-aeronautical revenue is driven by customer spend and new lease contracts, which are underpinned by strong minimum rentals to protect the Group from downside risk associated with lower traffic volumes. In the year under review, this revenue contributed 36 percent (2012: 42 percent) of Group revenue and grew by one percent (2012: 22 percent) to R2,414 billion (2012: R2,389 billion).

VALUE ADDED

The Group continues to create value for its stakeholders. The value added by the Group is the measure of wealth the Group has created in its operations by adding value to the cost of services it provides. The statement opposite summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out is the amount retained and re-invested in the Group for the replacement of assets and the further development of operations.

	31 March 2013 R'000	% increase/ (decrease)	31 March 2012 R'000
VALUE ADDED			
Value added by operations	5 099 079		4 183 677
Sales of goods and services	6 660 261		5 738 543
Less: Cost of goods and services provided	(1 561 182)		(1 554 866)
Value added by investing activities	414 402		249 135
Finance income	124 728		47 133
Other income	289 674		202 002
Total value added	5 513 481	24,1%	4 432 812
VALUE DISTRIBUTED			
Distributed to employees	(873 954)		(769 481)
Distributed to providers of capital – finance costs	(1 587 054)		(2 081 460)
Distributed to government	(485 421)		(25 682)
Income tax expense	(485 421)		(25 682)
Value reinvested	(1 575 986)		(1 368 616)
Depreciation and amortisation	(1 411 432)		(1 463 804)
Deferred taxation	(164 554)		95 188
Total distributions	(4 552 415)	7,2%	(4 245 239)
VALUE RETAINED			
Income retained in the business	(991 066)		(187 573)
Retained profit	(991 066)		(187 573)
Minority interests	–		–
Total retained for investment	(991 066)	428,4%	(187 573)
Total value distributed and retained	(5 513 481)		(4 432 812)

RETAIL

Retail revenue, adjusted for negative R29 million (2012: positive R32 million) straight-lining of lease income, grew by eight percent (2012: seven percent) to R817 million (2012: R758 million). The growth in retail revenue is attributable to the annual rental escalation from on-going leases, a moderate increase of 2,4 percent in international passengers at O.R. Tambo International and the increased spending power afforded to foreign departing passengers by the depreciation of the South African Rand.

Trading conditions continue to be tough with the European economic climate still in crisis and the disposable income of South African passengers under strain. The spend per passenger in the international airside duty-free mall at O.R. Tambo International showed resilient growth of seven percent to R390 per passenger. The revamped and improved core duty-free stores at O.R. Tambo and Cape Town International Airports, as well as the introduction of the premium fashion brand, Burberry, assisted in maintaining this spend. The BRICS summit, held in March 2013 in KwaZulu-Natal, resulted in a positive growth in retail spending at King Shaka International Airport, with most delegates utilising this airport.

To improve the Retail Airport Service Quality rating, retailer employee training will be focused on customer care behavioural standards, sales etiquette and product knowledge. Positive improvement in the rating will result in increased concessionaire turnover and rental revenue to the airports. In an effort to provide improved passenger convenience, the provision of limited free Wi-Fi access will be made available.

A new service called 'Buy on Departures and Collect on Arrivals' is being discussed with the South African Revenue Service's Customs department. This service will allow passengers to pre-purchase duty free products when they depart and to collect their goods in the restricted zone prior to the customs inspection area upon their arrival back into the country.

For the year ahead, the economic climate in Europe (i.e. the destination for the vast majority of international departing passengers) remains a concern with regard to the growth of this passenger segment. On the positive side, the weak South African Rand makes the country an attractive destination for the leisure and tourist traveller.

Car Rental

Car rental revenue grew by nine percent (2012: six percent) to R168 million (2012: R154 million) after adjusting for straight-lining of leases totalling R4 million (2012: R8 million). This growth was assisted by the car rental business, which charges for time and kilometres, growing by ten percent to R1,4 billion, notwithstanding the 2,8 percent decline in passengers. An improved and increased fleet of vehicles supported this improvement.

Car rental capacity at most airports is sufficient for the short to medium term. At O.R. Tambo International Airport plans are being initiated to consider consolidating the car rental business into a single operation off-site when the future midfield terminal is anticipated to be commissioned in 2022. As part of this planning process lease expiry dates for the group are being consolidated to terminate in line with the last expiring date, which is May 2015.

The challenge facing the car rental industry is the anticipated increase in its operating costs. High energy, labour and motor vehicle cost increases will either result in increased rental rates being absorbed by users, or car rental operators having to lower their margins and improve efficiencies.

Car Parking

Parking revenue increased slightly by five percent (2012: five percent) to R456 million (2012: R435 million) against an overall decline of 2,8 percent in departing passenger numbers and a stressed global economy over the review period.

O.R. Tambo International managed to improve its 2013 financial year performance by three percent to R241 million (2012: R235 million) despite the 1,8 percent decline in passengers. The Gautrain has adversely affected the parking revenue by an estimated four percent, which has stabilised since the opening of all its stations. It still remains uncertain what effect the tolling of the access routes to O.R. Tambo International will have, once implemented. During the year, a partnership with a 'previously disadvantaged' entity was developed for a car wash business in the parking garages.

Cape Town International achieved an eight percent growth in revenue to R120 million (2012: R111 million), despite a decline in departing passengers of 1,8 percent. The improved revenue is attributed to reconfigured product offerings meeting passenger needs and a moderate tariff increase linked to product tariff restructuring.

King Shaka International posted a six percent growth in revenue to R70 million year-on-year (2012: R66 million), against a decline in departing passenger numbers of 7,4 percent. The introduction of reconfigured product offerings and traffic management controls, which resulted in additional parking, were mainly responsible for the improved performance.

Regional airports performed well, with a revenue growth of 14 percent to R24 million (2012: R21 million), whilst passenger numbers declined by 4,4 percent over the review period. Improved parking management measures and moderate tariff increases reflect in the results.

Parking revenue growth has been largely achieved through very moderate tariff increases, management interventions and product reconfigurations.

Strategies to improve customer communication, the customers' parking experience through more convenient payment methods, focused customer service programmes and enhancing management efficiencies will be introduced in the forthcoming year. These interventions are anticipated to improve financial results.

Advertising

The group advertising portfolio has achieved total annual revenue of R195 million (2012: R187 million) in the year under review. This shows a year-on-year growth of six percent (2012: 18 percent decline).

In the current financial year, the portfolio has shown satisfactory recovery in line with global media growth and with King Shaka International Airport showing stronger results. The growth was spurred by the division focusing on displays and activations as a major industry growth area.

Advertising Strategy

The advertising strategy is two-fold. Firstly, it is to increase airport advertising awareness by the creation of a portal called ACSA MEDIA website. Through this website, airport advertising is taken to the media buyers' desktop. The website enables the viewer to interrogate the airport and passenger profiles, advertising sites on offer and the concessionaires that can be contacted to purchase space on the advertising sites.

The second part of the strategy is to create value by consolidating many of the smaller advertising sites into large, impactful sites, thereby creating well-defined advertising zones.

Future Growth

Future growth for advertising is anticipated to come from displays and activations. The brands are seeking channels to receive feedback in order to respond to market needs. This is achieved through direct interaction with the consumer by way of activations, sampling and displays.

The results have been overwhelming, with this section of the business growing from a R1 million per annum income into R4,5 million per annum in the 2013 financial year.

Digital migration remains a huge area of focus for the advertising portfolio. In the year under review, the portfolio launched Airport TV. This medium seeks to compete for the television advertising spend, which constitutes about 46 percent of the total South African, as well as global, advertising spend. This medium is leveraging the 'dwell time', which is one of the key drivers of advertising. The market uptake was very positive after the first three months of operation and the outlook is optimistic.

Property

The Group Property income, excluding the straight-lining of leases of R10 million, (2012: R24 million), remained flat at R618 million (2012: R617 million).

Three factors have contributed to the lack of growth. Foremost is the loss of the revenue-generating properties at the previous Durban International Airport site. In compliance with the terms of the sale agreement with Transnet, all risk and reward emanating from these properties passed to Transnet upon transfer, which occurred on 1 October 2012. The disposed properties contributed R22 million in the current year (2012: R17 million).

The second contributing factor is the stagnant economy and its resultant effect on the domestic property market. The current market favours tenants as landlords scramble to retain quality tenants or lure new tenants with lucrative enticements to fill vacancies. Airports Company South Africa has also not been shielded from competing landlords in the surrounding commercial nodes, and has had to adopt a less aggressive approach in rental negotiations with tenants in order to ward off the competition.

The third contributing factor may be ascribed to the expiry of the lease entered into in 2007 with Denel. Although Denel has been successfully retained, they have shrunk their operations into a smaller gross lettable area. The resultant rental has accordingly diminished to R32 million (2012: R39 million).

Resulting from the new lease with Denel, approximately 40 000m² of lettable premises and about 100ha of developable land reverted to Airports Company South Africa. During this financial year the process of enabling this land has progressed and proclamation of phases one and two is expected by the last quarter of 2013. Market demand has improved in this area and this is substantiated by the strong flow of enquiries that have been received. This has culminated in the year under review for the proposed development of a 17-hectare industrial park within the precinct. This should prove to be catalytic for further development opportunities materialising.

It is testimony to a conscientious approach in negotiating and crafting new leases for existing space, as well as successfully retaining preferred tenants, that vacancies in the terminal buildings approximate to about six percent, and in comparison this is less than the market average of ten percent. A major contributor to vacancies is existing space adversely affected following the development of the new terminals. In general the new terminals have had a positive impact on rental revenue, but in their wake they have diminished the locations (previously regarded as prime) of some older, previously occupied space.

Industrial vacancies comprising hangars, workshops and warehouses have experienced vacancies of about six percent. These vacancies are being marketed by the airport via its broker network and Airports Company South Africa's website.

Reviewing the commentary by various authorities and institutions, it is apparent that the international and domestic economies are unlikely to improve in the near future. Consequently, it is essential to value the existing tenant base by offering competitive tenant retention strategies with respect to tenant installations, improving the quality of existing stock and improving our customer relationships. In this respect a major refurbishment of the East and West Wing offices at O.R. Tambo International Airport has been approved and will commence in the new financial year.

The InterContinental Hotel, at O.R. Tambo International Airport, grew revenue to R99 million, a 13 percent increase over the previous financial year (2012: R88m). The hotel is still ranked the best (number one) InterContinental Group Hotel in Africa and number three for 'Best in Class' for the entire Africa, Middle East and Asian region and is ranked 23 out of 170 InterContinental Hotels worldwide.

The process to unbundle Airports Company South Africa's non-aviation property assets into a new subsidiary, 'PropCo', began in the year under review. It is anticipated that it will be operational by the beginning of the 2014/15 financial year.

Commercial property entities such as PropCo have already been established to optimise airport land assets at leading international airports like Schiphol (Amsterdam), Charles de Gaulle (Paris) and Incheon in South Korea. Such subsidiary entities have proven to be very profitable; they help generate commercial land uses that complement aeronautical functions and mitigate against negative growth in passenger and cargo traffic.

In addition to having a solid financial and governance model, PropCo, by aligning itself to the 'aerotropolis' and 'aerocity' national imperatives, can bring broader benefits to Airports Company South Africa and the regions its airports serve.

Financial Review (Continued)

Airport Management Solutions

During the current financial year, Airports Company South Africa received numerous requests to participate in public/private partnerships, mainly within the African continent. These were in the form of airport concessions, management contracts and technical consultancy services. African countries currently involved in airport modernisation and greenfield projects include Mozambique, Angola, Zambia, São Tomé en Principe, Kenya, Ghana, Nigeria, Benin, the Democratic Republic of the Congo (DRC) and others.

Given the sub-optimal nature of many of these African airports, one of the key challenges facing most projects is funding. Other challenges include the adoption of enabling legal and regulatory frameworks, especially as it relates to the tariff regime.

In partnership with various development funding institutions, Airport Management Solutions recently developed a limited recourse funding approach for unlocking these projects. This would enable Airports Company South Africa to be instrumental as a lead or master technical consultant and, to the extent possible, as an airport operator, albeit for a limited period. As an airport operator, Airports Company South Africa would be involved in skills transfer and the implementation of business processes and supporting systems aimed at ensuring compliance to ICAO and local regulations, as well as exploiting commercial opportunities for the benefit of the airport.

However, infrastructure or redevelopment capital requirements would be based on traffic forecasts as a key value driver, thereby eliminating the possibility for over-investment. This approach would see a number of airports on the continent being upgraded in compliance with safety and security standards or requirements. Following from this would be the improvement of service standards and ultimately that of the passenger travel experience, as well as improved connectivity within the African continent.

In line with this approach, the company is currently involved in a greenfield airport project in Benin, where the government wishes to build a new airport in its capital city, Cotonou, earmarked to become a hub in West Africa. As a lead technical consultant, Airports Company South Africa is currently involved in technical review studies that will inform the size and cost of the project.

In terms of the Public Finance Management Act and the Airports Company Act, Airports Company South Africa is required to pursue airport opportunities outside South Africa through a separate special purpose vehicle in order to minimise financial risk to its local balance sheet.

The commercial rationale for pursuing the international strategy is promoted by forecast growth rates within the company's South African airports expected to be low, whilst those outside South Africa are buoyant and, in some instances, double digit. Airports Company South Africa possesses the expertise and experience to unlock these projects, which would provide excellent equity returns on investments. To date, the strategy for setting up the stand-alone entity has been approved, whilst supporting business plans are due for approval early in the new financial year.

The new entity will develop an investment framework and mandate, and an independent board of directors that will provide guidance in terms of airport investment opportunities.

Guarulhos International Airport, São Paulo, Brazil

The twenty-year concession for the expansion, maintenance and operation of Guarulhos International Airport, concluded in the previous financial year, is divided into two phases. Phase one activities will be undertaken until 2016 and have to date included the approval of the Operational Transition/Transfer Plan by ANAC, the Brazilian Airports Authority, in August 2012. This was followed by an observation period, while the previous airport operator, Infraero, continued to operate the airport.

Activities associated with airport certification included the updating of the Aerodrome Manual of Operations and the Airport Security Plan. In addition, the Fire and Rescue services were evaluated and secured from the previous service provider.

A wide-ranging series of projects to effect minor and visual improvements in infrastructure has been implemented and covers areas such as information technology improvements, the provision of additional parking bays, improved way-finding, new security screening equipment and other upgrades.

The construction of a new, 180 000m^2 passenger terminal building is in progress, with the foundations completed ahead of schedule. The commissioning and integration of processes, people, infrastructure and systems is scheduled to take place from January 2014 as part of the Operational Readiness and Airport Transition Programme.

A plan for re-marking the aprons and layout changes to some of the apron service roads to increase the staging and parking areas for baggage dollies by approximately 2 500m^2 has been started. All bays are planned to be remarked in line with the ACI standard and is scheduled for completion by the end of June 2013.

The operation of Guarulhos International Airport was transferred to the concessionaire, of which Airports Company South Africa is a part, on 15 February 2013.

Financial Contributions

To date, Airports Company South Africa has invested R77 million, with R244 million to be invested in the 2013/14 financial year and a further R140 million between 2014 and 2017. In total, equity investment by Airports Company South Africa, approximating Brazilian Reals R$105 million (equivalent to about R461 million), is expected to be realised over the next five to six years.

A performance bond of R$884,8 million, of which Airports Company South Africa's exposure is ten percent, will be due for further renewal on 6 April 2014.

Chhatrapati Shivaji International Airport, Mumbai, India

During the year ended 31 March 2013, air traffic movements decreased seven percent to 244 499, passengers decreased from 30,7 million to 30,2 million and cargo handled directly by the company decreased from 349 363 tons to 342 626 tons. The main reasons for these declines were the shutdown of Kingfisher Airlines and low growth in Indian GDP.

Profit after tax for the operating company, Mumbai International Airport Limited, decreased by 14 percent to Indian Rupee Rs1,54 billion (approximately R240 million). Increased expenses included paying agricultural taxes backdated to 2006, bad debt provisions and increased power and maintenance costs.

The new integrated terminal is progressing satisfactorily, with the international section to be commissioned in the last quarter of 2013 and the domestic terminal completion occurring in the last quarter 2014. With the airport currently trading well above capacity this commissioning will be well received by passengers and airlines. Other development is progressing satisfactorily, including the multilevel car park, the elevated access road and the completion of the air traffic control tower.

The Indian Regulator announced a tariff increase of 164 percent, effective from February 2013, and granted the airport a separate development levy of Indian Rupees Rs34 billion, collectable over a period of time as a separate passenger charge. These charges are the first regulated increases since commencement of operations in 2006.

Major objectives for the forthcoming financial year are the increase in hourly runway capacity from 40 to 42 air traffic movements, the commissioning of the new international terminal and achieving profitability of real estate development.

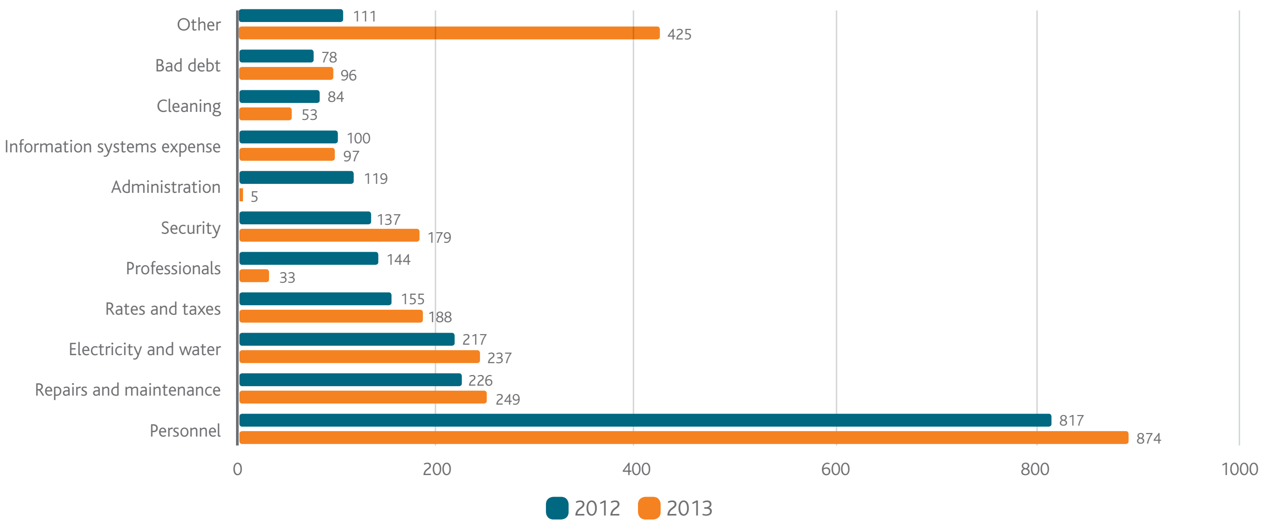
Mthatha

In addition, Airport Management Solutions provided consultancy to the Department of Transport. This included a guidance and oversight role for the construction of a new runway and associated taxiways at Mthatha Airport, as well as the development of a new terminal building. This consultancy is ongoing.

OPERATING EXPENSES

Total operating expenses increased by five percent to R2,435 billion (2012: R2,324 billion), in line with inflation. The Group continues to focus on managing discretionary expenses and processes are constantly reviewed to reduce cost and enhance efficiency. The company realised some savings in operational costs due to these initiatives. However, the positive gains were eroded by the unusually large impairment expense pertaining to one of the company's major customers, 1time Airline, which filed for liquidation during the 2013 financial year. The major categories of costs are reflected in the figure below.

Operating expenditure (R'million)



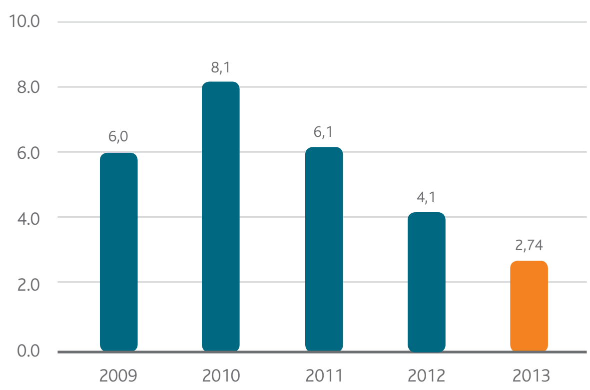
Financial Review (Continued)

Debt and Financing Costs

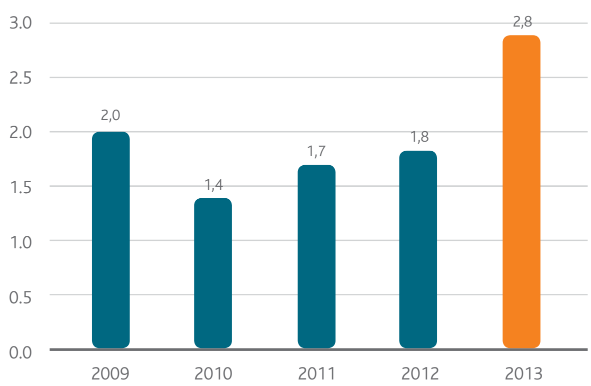
Total interest-bearing borrowing debt for the Group at the end of the financial year was R14,8 billion (2012: 16,7 billion). The decrease in interest-bearing borrowings is mainly due to the repayment of R606 million of the FirstRand loan, which matured in September 2012. In addition, due to its favourable cash position, the company negotiated an early settlement of the DBSA Loan of R1,3 billion. The loan was settled on 28 March 2013, which is nine years earlier than the maturity date of 1 March 2024. At least 61 percent of the outstanding interest-bearing borrowings have fixed interest rates (after taking interest-rate swaps into account); whilst 19 percent is linked to inflation and the remaining 20 percent is linked to JIBAR.

The significant profits in the 2013 financial year improved the Group's credit metrics with net debt to EBITDA improving to 2,74x (2012: 4,1x) and EBITDA interest coverage increasing to 2,8x (2012: 1,8x).

Net debt to EBITDA



EBITDA interest coverage



The net financing cost associated with the borrowings to fund the capital expenditure programme continues to have a major impact on earnings before tax. The net financing cost for the year ended 31 March 2013 was R1,462 billion, which is a decrease of 28 percent compared to that of the prior year. The decrease is driven largely by the quarterly capital repayment of the loans that are amortising, as well as settlement of the loans that have reached maturity. In addition, the company was able to invest the surplus cash balance in call, term deposits and money-market funds to earn a healthy interest income of R125 million (2013: 47 million).

The current outstanding debt of the Group is mainly long term and in line with the maturity profile of the assets that were constructed during the period from 2006 to 2010. More than 55 percent of the debt has maturity periods greater than five years and total debt redemption is less than R2 billion per annum in any given year. While the Group has a fairly stable balance sheet and very strong liquidity, at least R4,5 billion of the debt outstanding is due within the next three financial years. In the short term, no additional funding is required by the Group and the focus will be on implementing the debt redemption plan to deal with the maturing obligations.

Capital Expenditure

Following the completion of the major capital investment programme in the 2011 financial year, the capital expenditure for the 2013 financial year continued to be limited to refurbishment and replacement projects, with no true new capacity projects. This limitation was also cognisant of the uncertainties with respect to the economic regulatory framework. However, the increase in capital expenditure to R996 million (2012: 431 million) is mainly due to the company's proportionate share of the capital expenditure incurred on the Brazil concession arrangement.

Financial Position

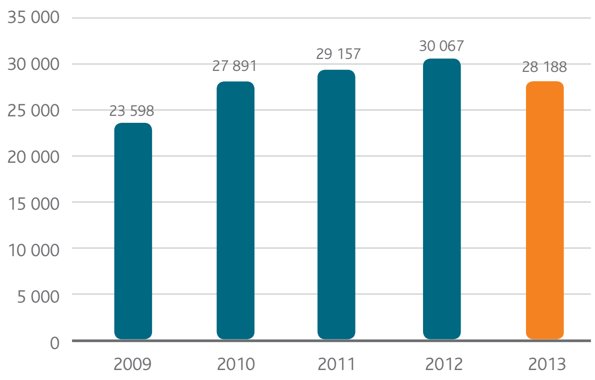
Non-current assets

The Group's non-current assets increased by less than one percent to R24,8 billion (2012: R24,6 billion). This is due to an increase in the investment property, as well as investments in associates.

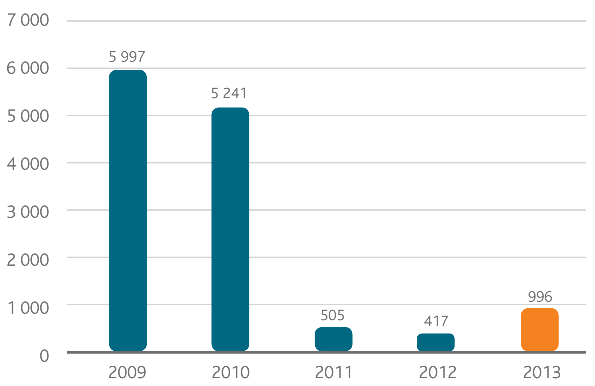
Current assets

The Group's current assets decreased from R3,622 billion to R3,409 billion. The decrease of R213 million is mainly due to an decrease in trade and other receivables of R110 million, as well as an increase in short-term investment of R605 million. The increase in short-term investments resulted in a corresponding decrease in cash and cash equivalents of R719 million.

Total assets (R million)



Capital expenditure



Non-current liabilities

The Group's non-current liabilities decreased by 22 percent to R13,3 billion (2012: R16,9 billion). This is mainly attributable to a decrease of R3,727 billion in interest-bearing borrowings due to maturing loans and debt instruments.

Current liabilities

The Group's current liabilities increased by 15 percent to R3,885 billion (2012: R3,383 billion). The increase is mainly due to increased current interest-bearing borrowings.

Cash Position

Airports Company South Africa retains a strong cash position, well above the minimum required level for debt service cover ratios, as defined in the loan agreements, especially when taking into account the short-term investments, which are in highly liquid instruments.

The Group generated cash from operations of R4,221 billion (2012: R2,955 billion), mainly as a result of the increased revenue. The cash generated was mainly used to pay interest of R1,548 billion against additions to property, plant and equipment of R990 million, as well as to repay maturing debt obligations of R2,095 billion. The balance, which represents surplus cash, was invested in call, term deposits, unit trusts and money market funds for a total amount of R2,466 million.

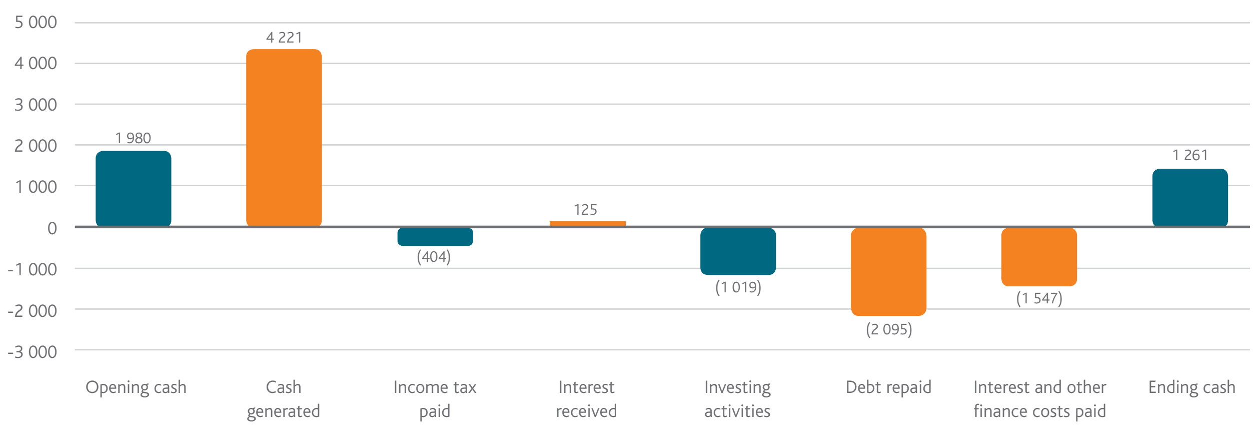
RATINGS

The Fitch Rating Agency affirmed Airports Company South Africa's long-term local currency rating at 'BBB', with a stable outlook. Fitch also affirmed the Group's national long-term rating and the R30 billion domestic medium-term note programme rating at 'AA- (zaf)', and revised the outlook from 'positive' to 'stable'.

ECONOMIC REGULATION

In the 2013 financial year, the company has put its efforts into assisting the Department of Transport to develop a funding model that will ensure predictability and transparency of the economic regulatory framework. These efforts are slowly beginning to bear fruit.

Cash position development (R million)



FINANCIAL REVIEW (CONTINUED)

The company firmly believes that regulatory decision making is one of the key uncertainties that need to be addressed before the next permission cycle commences. The discretion that the Regulating Committee had assigned itself over the years has led to an unexpected outcome from tariff applications. These unexpected outcomes impacted on Airports Company South Africa's ability to plan for capital projects with an acceptable degree of certainty. The company's economic regulatory strategy therefore set as objectives the improvement of predictability, transparency and a balance of risk and reward within the economic regulatory framework.

The Department of Transport and the industry have united to resolve the issues of economic regulation, as it ultimately has a negative impact, particularly on airlines and passengers. The company welcomes and commends the Department of Transport for establishing a process of robust review of the economic regulatory framework. With this process, it is envisaged that the primary legislation will be amended in time for the next tariff application, due in March 2014.

The company recognises that the quality of our constructive engagements with the industry forms a solid foundation for the economic regulatory strategy, and that this will receive the necessary focus in the 2014 financial year.

DIVIDEND

The Board proposed an ordinary dividend of R99,1 million, based on the Group's dividend policy, taking into consideration the Group's financial position at 31 March 2013, future requirements and the need to maintain an optimal capital structure.

SUPPLY CHAIN MANAGEMENT

Airports Company South Africa will see a complete transformation of its business, from its people to its business partners, over the next few years. The Supply Chain Management department is going through major restructuring in order to be well positioned to effectively and efficiently deliver on the Group's Supply Chain Management requirements. The restructuring is aimed at transforming the department from being mostly service delivery and business support focused to one that is value adding and a strategic partner to the business.

Supply Chain Management has embarked on robust transformation imperatives, which include employment equity, preferential procurement, enterprise development and corporate social investment initiatives. These transformation initiatives will not be done in isolation but will be aligned with national procurement legislation and the National Development Plan. A formal transformation strategy has been adopted and will govern these initiatives within the company on an ongoing basis.

In the financial year under review, Airports Company South Africa made a concerted effort and channelled approximately R2 billion of its controllable spend to support transformation. Current policies, procedures and the overall Supply Chain Management strategy are being reviewed with the objective of increasing this figure.

Initiatives to improve data purification, category management and supplier management are also under way. Implementation of these initiatives has begun and will continue in the forthcoming financial year to ensure clear identification and categorisation of the company's procurement spend, thereby crystallising the focus areas, especially with regard to transformation.

To ensure improved efficiencies within the procurement value chain, local tender committees will be introduced in the latter part of 2013. Members of these committees will undergo rigorous training, including governance and ethics. Efficiencies will include improved turnaround times in tender approvals, increased speed in tender executions, improved supplier payment cycles, and management of localisation and transformation.

Training and development of Exempt Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs) has begun and will be continued as an ongoing undertaking to equip suppliers with the necessary skills to effectively manage the ramifications of doing business with a large organisation.

The Supply Chain Management department will begin developing a new reporting tool in the forthcoming financial year. This will provide holistic reporting of procurement activities within the business and provide full visibility, for management and governance purposes, up to Board level. This reporting will also enable consistent monitoring and measurement of efficiencies within the department.

AIRPORT OPERATIONS

AIRPORT PLANNING

Due to low traffic growth during the financial year, Airport Planning, in line with Group strategy, continued its efforts to ensure that utilisation of assets is optimised before significant investment can be made in new infrastructure.

To this end, Airport Planning established several internal and external interactions and forums with business units and external stakeholders, which included airline associations. These resulted in the exchange of operational information, survey work and the standardisation of modelling efforts to obtain a better understanding of the capacity and throughput of airport systems and facilities. Airport Planning also spearheaded a joint study with Air Traffic and Navigation Systems (ATNS), funded by the United States Trade and Development Agency (USTDA), to craft a joint roadmap between the two organisations for the enhancement of airside and airspace capacity.

In addition, a number of studies were completed at O.R. Tambo, Cape Town and King Shaka International Airports that included landside, terminal and airside traffic surveys. These indicated that some operational and infrastructural initiatives could be implemented to achieve increased throughputs. These informed capacity and demand models, resulting in the update of the capacity outlook for the business.

The environmental impact analysis (EIA) process for the realignment of the runway at Cape Town International Airport has commenced and detailed studies are in progress as part of the extensive approval process. It is estimated that this process will be concluded within 24 months if no significant issues develop during the process.

At a strategic planning level, the unit was involved with a number of initiatives over all spheres of government to ensure that planning efforts are co-ordinated and integrated to ensure the sustainable development of the Group's airports.

At a national level, the Airport Planning department is providing input into a number of aviation and transport policies and projects, such as Strategic Integrated Projects that are currently being developed. At a provincial level, the department is involved with Gauteng's 25-year Integrated Transport Master Plan. More locally, Airports Company South Africa is intensively involved with the Ekurhuleni Metropolitan Municipality's 'aerotropolis' initiative.

In the next financial year, in conjunction with users, Airport Planning will focus on the assembly of a revised optimum development programme for the Group's airports. This is as a direct result of significant enhancements being expected to be brought into operation only in the last quarter of the decade.

PROJECTS

During the reporting period, Airports Company South Africa expended R990 million on capital projects. The focus was mainly on refurbishment and maintenance of infrastructure to maintain a high quality standard of infrastructure and to extend the useful lifespan to enable on-going, safe, operating conditions for all stakeholders.

O.R. Tambo International Airport saw the completion of re-furbishment work to aircraft stands on the main apron in front of the terminal buildings at the end of 2012, at a cost of R76 million, work that commenced in the previous reporting period.

Further refurbishment work to various taxiways and airside roads at O.R. Tambo International Airport, to the value R50 million, was completed, whilst refurbishment work on the landside ingress/ egress road system commenced and is on-going.

Design planning commenced for the refurbishment of the Fuel Storage Depot at O.R. Tambo International Airport and this will be implemented, in a phased manner, over the next three years.

The Environmental Impact Assessment (EIA) process associated with the development of a new, realigned runway at Cape Town International Airport has commenced.

Substantial refurbishment work to the runways at Cape Town International and East London Airport continued through the review period at a combined capital expenditure during the review period of R204 million. The design for the rehabilitation of the runway at George Airport was completed.

Kimberley Airport saw runway and taxiway refurbishment works commenced, with the bulk of the work completed during the reporting period, whilst at Bram Fischer International Airport, rehabilitation of taxiways was completed.

At Port Elizabeth International Airport, the design phase was concluded and the procurement has commenced for the rehabilitation of the secondary runway, as well as for the upgrade of the main storm water system.

OPERATIONAL STATISTICS

Airport	Financial year	Total air traffic movements	Total passengers	On-time target	On-time performance	Total load factor
O.R. Tambo International	2009/10	178 388	17 501 932	80%	83,03%	69%
O.R. Tambo International	2010/11	186 108	18 644 728	80%	82,71%	69%
O.R. Tambo International	2011/12	212 448	19 004 001	85%	83,79%	72%
O.R. Tambo International	2012/13	199 803	18 621 259	85%	85,90%	68%
Cape Town International	2009/10	73 200	7 799 252	85%	86,08%	75%
Cape Town International	2010/11	74 598	8 225 422	86%	84,97%	76%
Cape Town International	2011/12	78 333	8 576 709	87%	86,81%	75%
Cape Town International	2012/13	89 073	8 434 799	87%	89,86%	77%
Durban International	2009/10	48 291	4 396 411	89%	90,29%	74%
King Shaka International	2010/11	49 725	4 886 552	89%	84,21%	75%
King Shaka International	2011/12	55 194	5 040 094	89%	87,74%	78%
King Shaka International	2012/13	49 673	4 668 467	89,62%	89,22%	74%

Airport Operations (Continued)

O.R. Tambo International Airport

The airport remains the busiest in Africa, handling over 18,6 million passengers and almost 200 000 aircraft movements in the past financial year. Both these statistics have decreased in the past year as a result of airlines experiencing financial difficulties with high fuel costs and the global economic situation.

Airport on-time departure performance improved from 83,79 percent to 85,9 percent, mainly through effective collaboration with stakeholders and process improvements in the areas of passenger facilitation, baggage handling and aircraft management.

A sixteen-month project to partially reconstruct and rehabilitate Alpha and Bravo aprons, together with their related taxi lanes, was completed during the year. While taking into account operational constraints in terms of aircraft parking capacity and safety requirements in a live airport environment, this project was completed on time and within budget. The concrete debris from the site was recycled and used during the construction process, resulting in a significant cost saving and a reduction in the environmental impact of the project.

In what was described as a ground breaking partnership, O.R. Tambo International Airport officially affirmed its support for the aerotropolis concept. Gauteng Province, the City of Ekurhuleni and O.R. Tambo International (on behalf of Airports Company South Africa) have all pledged their support to transform Ekurhuleni into an aerotropolis.

O.R. Tambo International Airport participated in the Air Cargo Africa 2013 exhibition and conference in February 2013. This annual event attracts more than 600 executives from the world's aviation sector. The highlight of the event was the airport being awarded the prestigious 2013 African Airport of the Year award for Airport Cargo Excellence.

Over recent years, O.R. Tambo International Airport has successfully proved itself as a major role player in the facilitation of large-scale event processing. During the 2012/13 financial year, the airport played a significant role in the processing of hundreds of sporting greats and thousands of fans during the 2012 Olympic and Paralympics Games, as well as the African Cup of Nations (AFCON) soccer tournament.

In a historic milestone, O.R. Tambo International welcomed the first ever Boeing 787 Dreamliner to land in Africa, flown by Ethiopian Airlines. The first mid-sized airplane capable of flying long-range routes, the 787 Dreamliner seats between 210 and 290 passengers, depending on configuration. For the third consecutive year, O.R. Tambo International continues to be the only airport in Africa to facilitate daily, scheduled A380 flights. Furthermore, two Boeing 747-800 cargo freighters (the second largest freighters) are facilitated twice a week, demonstrating the airport's ability to handle large amounts of cargo at any one time.

Cape Town International Airport

Once again, Cape Town International Airport has been acclaimed by both Airports Council International (ACI) and SKYTRAX as the 'Best Airport in Africa', this time for the third consecutive year. While this is a laudable achievement, the team is not resting on its laurels, recognising that this has created an appropriate platform to launch the airport to the next level.

Cape Town International is an airport largely served by a single runway, which previously underwent an extensive refurbishment in 2007. Within the context of the decision to delay the realignment of the runway it became necessary to again do a full refurbishment of the current runway. This will ensure that there will be no structural defects that could disrupt or compromise continued operations and safety for the next five to seven years. The refurbishment of the current runway was commenced in August 2012 and is due for completion in mid-2013.

Looking forward to future expansion requirements, it is inevitable that the existing runway will have to be realigned. Rapid-exit taxiways and other associated improvements on the realigned runway will increase the hourly flight capacity by as much as 45 percent. This is an important improvement considering that the current airport is already running at maximum capacity during certain peak periods. In addition to that, the realignment of the runway is also informed by the need for expansion of key infrastructure capacity such as aircraft parking bays and manoeuvring taxi lanes.

The current runway position, relevant to the terminal buildings, does not allow any efficient expansion of the terminal towards the runway. In the current configuration, expansion would have to be parallel to the runway, resulting in an extremely inefficient, elongated terminal. A realigned runway will permit better utilisation of the airport footprint and more efficient expansion of the terminal.

The Environmental Impact Assessment (EIA) for the realignment was initiated during the period under review. Due to the complexity of the process, it is not expected to be completed before the end of 2014. A successful Record of Decision (ROD) would not mean that the project would automatically proceed; this will only happen at such time that Airports Company South Africa and the aviation industry, by way of the airline associations, have agreed on the funding model for the realigned runway.

During 2012, the City of Cape Town experienced a large number of, at times, violent service delivery protests, which had a direct impact on the airport. There were occasions when free and safe access to the airport was compromised. In response to these risks, and in collaboration with all security agencies and airport stakeholders, the airport has developed robust contingency plans for such eventualities, including alternative routing in and out of the airport.

In 2009 a joint process was embarked upon with the City of Cape Town to prioritise and relocate informal settlements on and around the airport precinct. During 2012, the first informal settlers were successfully relocated into long-term permanent housing: some 350 families were relocated. To continue the relocation process, a MoU was successfully concluded in December 2012 between the City of Cape Town and Airports Company South Africa. This details the key principles agreed between the two parties on the solution for permanent housing for the remainder of the informal settlers: some 2 200 households.

Continued emphasis is placed on the management of the airport's relationship with the surrounding communities, and generally healthy and cordial relationships exist. However, the proximity of the informal settlements does pose a serious risk and during the period under review the airport had one major security incident resulting in a stowaway. The airport responded to the incident with the utmost seriousness and a host of mitigation measures was put in place. Nevertheless, the relocation of the informal settlements is a key priority.

An acquisition plan for the land required to provide for the ultimate development of Cape Town International, as per the Airport Master Plan, has been commenced. Initial engagements with the respective landowners have taken place.

King Shaka International Airport

Opened on 1 May 2010, King Shaka International Airport has now been operating for three years and is encouraging more international flights for Durban, supporting tourism growth and giving KwaZulu-Natal direct access to the world. This world-class facility is a major economic catalyst in the region and has been recognised through its winning of awards. In 2012, the airport was voted top in the Regional Airport category for Africa in the Skytrax World Airport Awards for 2012 and Second Best Airport in Africa by Airports Council International.

Durban is renowned as an events city and the airport plays an important facilitation role in ensuring their success. King Shaka International Airport has made significant progress in terms of stakeholder collaboration with its local, provincial and tourism partners, and was part of the team that won the bid to host the World Routes Conference in 2015.

The BRICS Summit, held in Durban in March 2013, resulted in some impressive statistics for the airport. During the ten-day period, the airport facilitated 149 aircraft arrivals and 149 departures, all five BRICS heads of state and 26 heads of state from other countries. In addition, 180 government ministers, 2 500 foreign delegates and 400 members of the international media passed through King Shaka International.

During the year under review, the airport's international air traffic and passengers reflected a growth of 24 percent and 14 percent respectively. This was as a result of Emirates changing their aircraft to an Airbus 777-300 with additional capacity of 150 passengers per flight, with effect from June 2012.

SA Express introduced two new routes in the financial year: Lusaka in June 2012 and Harare in November 2012. Four flights a week are operated and load factors have been increasing steadily. Due to rationalisation, Air Mauritius withdrew all flights through King Shaka International in October 2012. However, the airline has indicated that it will resume its two flights per week through the airport in July 2013.

REGIONAL AIRPORTS

New Business Unit

Durban International Airport provided support for the six 'domestic airports' from 2004. However, over the ensuing years, major changes required that this situation be revisited. Of greatest significance was that King Shaka International Airport was built and brought into operation, requiring dedicated airport management focus on this major undertaking. This made the provision of support for the domestic airports far more challenging and made a review of the structure a necessity.

Early in the year under review the Executive Committee approved the creation of a new business unit, 'Regional Airports', together with its structure and functions. Support functions such as human resources, commercial and technical support are provided centrally, together with consolidation and representation of regional airports at an executive level.

Establishment of the Regional Airports structure and function will reach completion by the end of 2013, ensuring that the regional airports can operate autonomously and that each airport improves on profitability.

A focus area for the Regional Airports office is the growth of commercial revenue at the airports. Property development is an important component of this thrust and the Boulevard Precinct project at Bram Fischer International is showing positive progress and further interest. The environmental impact assessment for a filling station at George Airport is complete and construction is expected to start in 2013.

Retail business at the smaller airports remains a challenge and there is a concerted drive to secure tenants for vacant space. It has long been assumed that each airport serves a predominance of passengers, be it leisure, general business, mining, political or the judiciary. Consequently, a survey has been commissioned to gain a better understanding of the passenger 'mix' at each airport and so be able to design tailor-made retail and food and beverage offerings to better address the individual market at each airport.

Renaming of Bloemfontein International Airport

The process to rename Bloemfontein International Airport was started in December 2011, with public hearings and consultations at which the new name 'Bram Fischer' was endorsed. Abram Louis Fischer, 'Bram' as he was commonly known, came from a prominent Afrikaner family and was an important figure in the apartheid struggle. As a lawyer, he served as legal defence for a number of struggle heroes, including Nelson Mandela.

At a function on 13 December 2012, President Jacob Zuma officially renamed Bloemfontein International Airport as Bram Fischer International Airport.

Upington International Airport

Solar farm

The undoubted benefits of independent power producers (IPPs) generating electricity and 'selling' any excess requirement into the Eskom national grid prompted an investigation into the opportunities of such a project in the Northern Cape.

The precinct at Upington International Airport presents an ideal combination of the almost ideal solar conditions of the Northern Cape and a secure location for the low-profile photovoltaic cell arrays adjacent to the runway in areas previously considered to be unusable.

The project has been approved and a successful bidder selected through a tender process. It is expected that construction will start in June 2013 and take about twelve months to complete. There will be two sites, one generating about 2MW and the other about 10MW.

Square Kilometre Array (SKA)

The location of this globally important radio telescope in the Northern Cape positions Upington International as its nearest airport. This massive project will have a direct effect on the town and the airport.

Storage, maintenance, repair and overhaul (MRO) facility

Upington International is an ideal location for a project of this nature because of its arid climate, abundant availability of land and long runway. There is proven international demand for such a facility, both from Europe and throughout Africa, with a number of aircraft operators already having expressed interest.

A business plan has been concluded and a procurement process will be pursued towards the end of 2013. The current estimation is that the project will create 180 permanent jobs.

AVIATION SAFETY

The founding principles of the International Civil Aviation Organisation (ICAO), contained in the Chicago Convention of 1945, require states to ensure the safe and orderly growth of international civil aviation. This is achieved by means of standards and recommended practices prescribed by ICAO to ensure that all aerodromes have compliant runways, taxiways, navigational aids, lighting, civil infrastructure and procedures to ensure safety.

In addition to the South African Civil Aviation Authority oversight role, Airports Company South Africa ensures safety through the following model:

The management of safety includes a combination of reactive, proactive and predictive methodologies, which are all embedded in a Safety Management System (SMS) prescribed by ICAO. This approach includes safety performance and measuring targets over and above regulatory compliance. The SMS is comprised of four core pillars, namely: safety policy, data collection and analysis, safety risk assessment and safety promotion.

Airports Company South Africa's Safety Management System requires a continuous process of hazard identification and risk assessment, which is embedded as a regular activity. Hazards are regularly identified, analysed, consequences assessed in terms of severity and probability, and mitigation measures and controls are put in place.

Safety Campaigns

Over and above local safety campaigns in the year under review, a national campaign involving approximately 3 000 staff and stakeholders was held at our nine airports under the innovative theme 'Snakes for Safety'.

The snake metaphor was used to describe various hazards in the workplace. For instance, a hazard that gives clear, advanced warning by visual or audible warning is compared to a cobra. Airside examples are clear signage, warning lighting, reversing alarms and traffic cones. Each example was reinforced with a demonstration of a live snake.

Local Runway Safety Teams

South Africa was the first sub-Saharan state to establish Local Runway Safety Teams (LRST), as recommended by ICAO. The primary purpose of an LRST is prevention of runway incursions. However, a secondary purpose is to advise on potential issues and to recommend mitigation strategies that take into account matters that involve runway or taxiway safety.

Functional LRSTs are established at O.R. Tambo, Cape Town, King Shaka, Bram Fischer and Port Elizabeth International Airports. Team meetings are attended by airline pilots, air traffic control, ground handlers, fire and rescue services, maintenance service providers, airlines and airport departmental representatives.

Birds and Wildlife

Bird and wildlife are managed in a manner that goes beyond ICAO recommendations. Airports Company South Africa has successfully adopted a scientifically based approach in partnership with wildlife non-governmental organisations. In doing so, bird and wildlife management is conducted in an environmentally sensitive and sustainable manner, reducing the need for elimination tactics.

An innovative wildlife management programme, which has been in place for ten years, involves the use of dogs to chase birds away from runways. A highlight of the year under review was the introduction of a second Springer Spaniel, 'Griffon', to the team at O.R. Tambo International.

A variety of approaches is adopted, including wildlife habitat management, grass cutting, other vegetation management and species behaviour. Each airport has a comprehensive wildlife management plan, consisting of every aspect of the aerodrome relating to the risk of bird and wildlife strikes, including detailed species lists, behaviour and mitigation strategies. An increase in the number of aircraft strikes through collision with African Scrub Hares and Helmeted Guineafowl resulted in some elimination exercises being conducted.

The use of night vision camera traps has resulted in the identification of various nocturnal species. Whenever possible, these were captured and released into a controlled environment in conjunction with local conservation organisations.

Presence of snakes on airport precincts is a regular occurrence, and safe and effective capture, followed by release into another acceptable environment, is an essential part of wildlife management. In August 2012, thirteen airside staff members were trained in the identification, handling, first aid and other aspects of snakes.

Aerodrome Rescue and Fire Fighting Services

The company's fire services play a vital role in ensuring that our aerodromes are compliant with ICAO standards and are in a state of readiness for any emergencies. Major refurbishments commenced at Bram Fischer and Port Elizabeth International Airports during the year under review and will be completed in 2013. State-of-the-art emergency crisis centres are included in the upgrades. Cape Town and O.R. Tambo International Airports will each receive two of the very latest 8 x 8 crash tenders during the course of the 2013.

The Aircraft Training facility at Upington International Airport was implemented in late 2011. During the course of 2012 and 2013, rescue and fire fighting teams from the Group's airports visited Upington to practice forcible aircraft entry training. This is the only facility in Africa that provides this type of training on real aircraft fuselages. One aircraft is kept intact and used for evacuation training by fire fighters. The fuselage is filled with harmless smoke and breathing apparatus has to be used to rescue life-sized manikins.

Future plans for the facility are to continue training Airports Company South Africa fire fighters and to market it to aerodrome fire departments in the rest of South Africa and Africa.

CUSTOMER CARE

Airports Company South Africa continues to strive to deliver an efficient and seamless experience. However, it is clear from surveyed passengers that we are still some way off from achieving this goal. Frustration still exists around parking, check-in, security and baggage. Most frustrations experienced by passengers stem from a lack of information and poor communication between the airline, the airport and the passenger.

The growth of personal mobile technology is ushering in a new era of passenger-centric services at Airports Company South Africa. Customers expect to be constantly informed by connecting to a variety of sources, while maintaining contact with their social networks. To keep pace with the expectations of the customer, the Group will continue to take advantage of emerging devices and technologies. As personal technology continues to evolve, Airports Company South Africa is keeping pace with customer expectations and utilising new platforms to improve loyalty and travel efficiency.

In the last financial year, 13 627 customers communicated with the Customer Care department. Of these, five percent were compliments, 21 percent complaints, 41 percent suggestions and 33 percent were enquiries. Airports Company South Africa's social media strategy was launched in mid-2012 and online platforms have since initiated conversation with a reach potential of more than 17 million people. In commercial terms, this would have been equivalent to R3,9 million a month. Most communication, on average, is neutral, with ten percent being positive and two percent negative.

The Airports Company South Africa customer-driven approach has at its cornerstone a focus on what matters most to the customer, and this is elaborated on when determining our customer priorities. One important market research tool used by the Group to identify customer priorities is Airports Council International's (ACI) independent Airport Service Quality (ASQ) survey.

A progressive and comprehensive customer care approach has been developed to achieve a distinct and sustainable airport service culture for the Group's airports. An airport-wide approach was taken to influence behaviour over the short term, with the long-term goal to entrench a permanent service culture within every employee present at an airport. Airports Company South Africa is leading the change management process of 'This is the way we serve our customers, every time, every day'. A total of 25 percent of the airport community was trained in this culture in the financial year under review.

In line with the customer care strategy of providing the right information, on the right platform, at the right time to improve customer communication, the 'Airport app' will be launched in the next financial year to ensure that our customers will receive information in real time. The application is so advanced that non-airport customers can also use it.

Assisted Passenger Approach

Airports Company South Africa has always been committed to ensuring that its airports comply with operational requirements for assisted passengers. The need for a Group-wide project addressing the needs of assisted passengers arose from a fragmented airport community providing a variety of services for assisted passengers.

The Group forms only one part of an airport community that provides facilities and services to passengers with disabilities. Our objective, in conjunction with our stakeholders, is to ensure that the end-to-end experience of assisted passengers is efficient, effective and dignified. The objectives are underpinned by three pillars that guide us in terms of focus, namely: Operations, Infrastructure and Training.

AVIATION SECURITY

International Aviation Security Conference

Airports Company South Africa was represented in a high-level South African delegation that attended an important International Civil Aviation Organisation (ICAO) aviation security conference in Canada in September 2012. Senior officials from 135 countries and 27 international organisations attended the three-day event to seek agreement on a number of critical security priorities. This included the agreement for the implementation of new air cargo security measures, developed collaboratively by aviation and cargo sector experts.

The conference focus was on how to implement tighter security measures on a more sustainable, long-term basis. The objective was to agree on co-ordinated, risk-based approaches, which will provide solutions that are both more effective and efficient for airports, airlines and passengers. Topics included:

- Sharing of passenger information, in conjunction with advanced risk analyses
- The latest screening innovations, leading to where aviation can be as secure as it is today but less obtrusive
- The development of a globally-agreed, security sustainability standpoint
- The threat posed by insiders
- Ways of augmenting assistance to States experiencing security deficiencies
- Enhancing the security of passports.

Baggage Pilferage

In an effort to reduce baggage irregularities and pilferage, Airports Company South Africa embarked on a system-wide, structured approach to the situation. In order to successfully execute baggage protection and pilferage prevention, the Group has created and manages an Integrated Team Operation Plan. Its intention is to exceed airlines' and passengers' expectations in terms of efficiency and effectiveness. As part of the plan, several initiatives were launched to systematically re-engineer the way in which baggage is handled. Some of these are:

- Covertly and overtly monitoring the loading and unloading of baggage to and from airline carts
- Ensuring that ground handlers and airlines provide sufficient supervision to ensure continual monitoring of transfer baggage
- Responding to incidents of baggage pilferage and conducting effective investigations
- Collaboration with the South African Police Service, airlines and other stakeholders to implement the integrated team operation plan across the Group's network
- Improved selection and recruitment processes for baggage handlers by ground handling companies
- Ongoing vetting of all apron staff and regular, random, polygraph testing.

The implementation of the plan has achieved excellent results, with a 56 percent decline in baggage pilferage reported by major airlines in the 2012/13 financial year as compared to 2011/12.

Security Technology

The random use of Explosive Trace Detection (ETD) technology at the Group's airports nationwide is being increased as an additional layer of security. ETD technology is a critical tool in staying ahead of evolving threats to aviation security. So far, 12 trace detection machines have been purchased and deployed at airports.

Since 2009, the random use of ETD technology within security checkpoints to screen passengers' hands and carry-on luggage has been increased. In addition, the technology has been piloted in the checkpoint queue at O.R. Tambo International to comply with the random screening of passengers as prescribed in the National Aviation Security programme.

Passengers can now expect to see the increased random use of ETD technology at security checkpoints, as well as in the checkpoint queues. Security officers may swab a piece of luggage or passengers' hands, then use ETD technology to test for explosives. The swab is placed inside the ETD unit, which analyses the content for the presence of potential explosive residue.

Aviation Security Training

The Aviation Security Professional Management Course (PMC) is an advanced aviation security training programme and carries a formal designation (AVSEC PM), making it the first of its kind, globally.

The programme was developed by ICAO to provide senior management in aviation security with additional management skills and a greater understanding of the application of standards and recommended practices, as well as the use of the ICAO Security Manual. It is a predominantly web-based programme and uses an innovative, on-line, classroom approach.

An Airports Company South Africa team, consisting of seven senior managers, graduated in Nairobi in July 2012. The benefits of the course extend far beyond the actual qualification to allow successful graduates permanent access to an exclusive e-network community of aviation security experts who have successfully completed the PMC curriculum. This community facilitates the sharing of information and optimises the exchange of the latest international aviation security knowledge and best practices. It also provides a forum for exchanging experiences about training strategies and promotes intra-regional and international co-operation amongst its members.

INFORMATION TECHNOLOGY

The company's Information Technology (IT) function provides the platform for Airports Company South Africa to confidently rely on information communications technology to operate across all sections of the business. As such, IT is responsible for providing strategic and operational support to the Group in line with business requirements.

In executing its mandate to business, the unit's role focuses on the following key IT areas:

- Operations: the provision of effective service delivery solutions against agreed service levels
- Finance: providing cost effective and optimised service delivery capabilities
- Compliance: maintaining a balanced IT governance approach to manage IT risk to deliver value, ensure sustainability and promote organisational growth
- Projects: standardisation and simplification of enterprise architecture to ensure IT investments are aligned with the Group's business strategy
- Human Capital and Talent: continuous development of an agile IT team with appropriate staff competencies and capabilities to support business requirements.

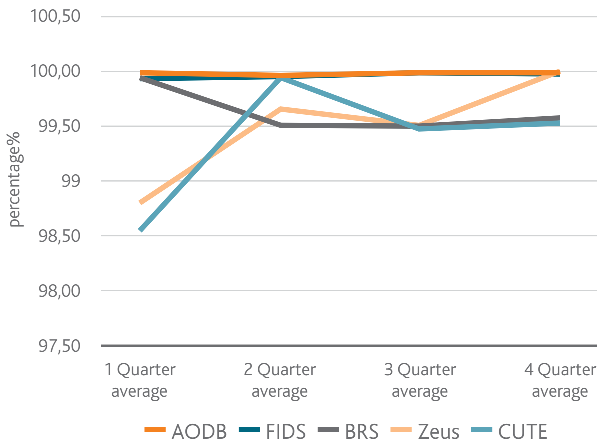
Systems Availability

IT performance reporting provides a critical means of assessing the effectiveness of the IT function and its value to the business. Systems are categorised according to Board-approved mandates in which systems are classified as critical, priority and operational. Critical systems that have a direct impact on the movement of passengers, baggage and aircraft are given priority to minimise operational impact.

The critical systems performed well in the financial year under review and have consistently exceeded the benchmark of 98 percent. The flight information display system (FIDS) received concerted attention during the year, resulting in a meaningful improvement in its availability over the last two quarters. The performance of the software system (Zeus) supporting the Airport Management Centres (AMCs) also improved through the timeous application of software upgrades.

Airport Operations (Continued)

Average uptime per quarter



AODB: airport operational database
FIDS: flight information display system
BRS: baggage reconciliation system
Zeus: airport management centre software
CUTE: common-use terminal equipment

Customer Satisfaction

A customer satisfaction index was introduced during the year, whereby users are encouraged to rate the performance of their experience with the service desk. The rating scale is based on a rating of from one to six, and the average customer satisfaction rating for the year was 4,5. The target for the average benchmark to be achieved for the forthcoming financial year is set at 5.

Governance

The approach to IT governance is based on six fundamental principles: accountability, transparency, responsibility, independence, ethical fairness and social development. The Board of Airports Company South Africa is fully committed to maintaining the standards of integrity, accountability and transparency required to achieve effective governance of information technology.

Human Capital

Establishing and maintaining a competent pool of IT resources is one of the greatest challenges facing the IT sector today. Airports Company South Africa's information technology is considered to be state-of-the-art, with expensive and complex hardware and software components. However, the success of the IT function depends more on the people that manage and support the technology than on the deployed technology itself.

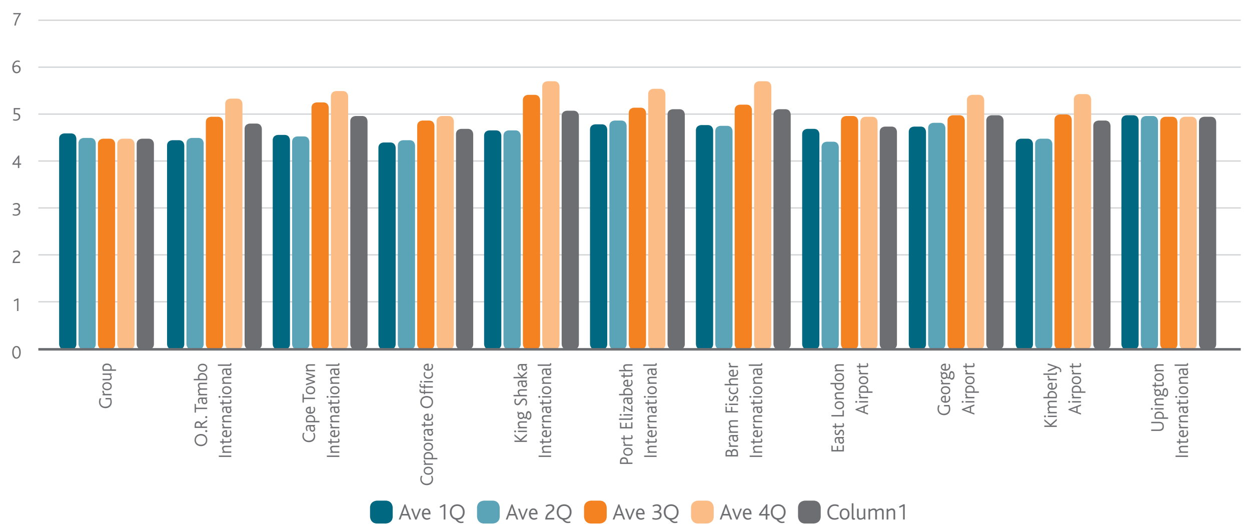
Consequently, recruiting and retaining talent remains a key success factor for the IT division. To help address this requirement, nine IT internships have been approved for the coming year for young, deserving graduates willing to gain exposure in the aviation IT environment. Airports Company South Africa will be partnering with the MICT SETA and their vendors to source, train and develop young graduates.

Service Delivery

Continued emphasis in the forthcoming year will be placed on improving the overall capacity and technical competence of IT operational staff to meet and exceed the expectations of IT users. The following service delivery areas will receive particular attention:

- The provision of improved service level agreements (SLAs).
- Reducing the average time to resolve calls.
- Reducing the number of repeat calls.
- Improving the overall customer satisfaction index.

Customer satisfaction rating



Environment

Environment

ENVIRONMENTAL POLICY

The Group Environmental Policy was reviewed in the reporting year and found to be relevant: no changes were made. Airports Company South Africa continues to commit to responsible environmental practices by maintaining its environmental management system and complying with environmental legislation. Furthermore, it will continue to monitor and measure significant environmental aspects and impacts of airport activities and operations to ensure continual improvement in the Group's environmental performance. The company will review its Environmental Policy on an ongoing basis to ensure that it is aligned to sustainable development objectives.

ENVIRONMENTAL STRATEGY

In the year under review, the Group Environmental Strategy was approved by the Executive Committee. The strategy provides direction for environmental management over the next five years and maps key objectives. These encompass initiatives to be undertaken, focusing on energy conservation, climate change, water management, waste management, air quality management, noise management and biodiversity.

CLIMATE CHANGE AND ENERGY CONSERVATION

Electricity Consumption

The electricity consumption for the four major airports is shown in the table below (unaudited figures). The reduction in energy consumption in the year under review is attributed to an energy saving drive across the Group. This includes the use of building management systems to manage energy consumption. Furthermore, light emitting diode (LED) technologies have been introduced in the public areas, street and airfield lighting.

Energy saving initiatives, including the use of LED technology, have also been implemented at East London, George and Kimberley Airports and at Bram Fischer and Upington International Airports.

In addition, as a pilot project East London Airport installed a solar panel to generate electricity for the public car parking area. Upington International Airport is in the process of conducting feasibility studies on the use of solar panels for electricity generation.

Electricity Consumption

Airport	2012/13	2011/12	2010/11	2009/10	2008/09
Cape Town International	67 774 778	69 590 621	73 120 669	53 433 678	52 976 525
O.R. Tambo International	140 307 627	149 231 457	157 825 733	147 480 150	130 655 100
King Shaka International*	36 773 318	37 085 765	37 206 146	9 852 600	9 847 000
Port Elizabeth International	10 201 892	11 209 020	10 428 309	8 939 267	9 654 934

*Note: 2009/10 and 2008/09 figures are for Durban International Airport

Fuel and Diesel Consumption

The fuel and diesel consumption for company owned and driven vehicles is shown in the table overleaf (unaudited figures). The increase in the fuel consumption at Port Elizabeth International is as a result of extensive use of mobile pumps that were used to pump storm water flooding that occurred in winter. In mitigation, a project has commenced, in conjunction with the municipality, to upgrade the storm water system. It is the first year that George Airport is reporting on fuel consumption of company owned and driven vehicles.

ENVIRONMENT (CONTINUED)

Fuel and Diesel Consumption (litres)

Airport	2012/13	2011/12	2010/11
Cape Town International	101 005	93 641	113 482
O.R. Tambo International	168 184	184 276	226 200
King Shaka International	99 522	82 057	95 745
Port Elizabeth International	16 931	12 399	24 331
George Airport	23 206	–	–

WATER RESOURCE MANAGEMENT

Water Withdrawal by Source

The water consumption for the four major airports is shown in the table below (unaudited figures).

Water Consumption (kilo-litres)

Airport	2012/13	2011/12	2010/11	2009/10	2008/09
Cape Town International	519 463	463 239	397 034	387 724	400 851
O.R. Tambo International	929 832	1 008 260	1 260 000	1 526 277	1 228 141
King Shaka International*	175 930	245 782	228 448	221 420	226 370
Port Elizabeth International	63 708	39 144	43 947	45 680	47 811

*Note: 2009/10 and 2008/09 figures are for Durban International Airport

The decrease in water consumption at O.R. Tambo International Airport is attributed to various water saving initiatives that have been implemented. These incorporate replacing taps with water saving nozzles, the use of borehole water for irrigation and the metering of tenant's water consumption at the airport. Construction activity has reduced and this has also contributed to water savings. The airport has commenced with an integrated water resource management programme, which will further contribute to water conservation in the future.

The decrease in water consumption at King Shaka International Airport is attributed to a project that was undertaken to repair water leaks. This will continue into the next financial year and will provide for rapid detection of leaks occurring on the airport precinct. Further to this, feasibility studies are under way to identify further resource conservation measures and these include:

- A water reduction strategy
- The use of borehole water for irrigation
- Recirculation of water generated by air conditioners chillers in the passenger terminal.

King Shaka International Airport continued to purify sewerage generated from the airport at its two waste water treatment works. The treated water is used to irrigate sugar cane fields adjacent to the plant and is also used for hydroponics. This has a positive effect in reducing the impact on water resources.

The municipal water feed at Port Elizabeth International Airport had two major underground pipe bursts, which damaged the airport's water meters. Following an investigation by the municipality, the airport received a rebate of approximately R200 000 on their water account.

At George Airport, water harvesting is undertaken at the Maintenance and Engineering facility and at the Fire and Rescue department. This water is used to wash vehicles.

WASTE MANAGEMENT

The waste recycled for four airports is shown in the table below (unaudited figures).

Waste Recycled (kilograms)

Airport	2012/13	2011/12	2010/11	2009/10	2008/09
Cape Town International	1 016 640	547 290	329 156	304 395	297 474
O.R. Tambo International	1 333 450	1 228 231	1 651 565	1 094 750	–
King Shaka International	406 133	494 330	470 417	–	–
George Airport	17 464	–	–	–	–

The waste recycling campaign that was held with food and beverage outlets at Cape Town International Airport in the previous financial year was very successful, as the amount of waste recycled almost doubled when compared to the previous financial year. In the year under review, the airport recycled approximately 48 percent of the waste generated.

There was an increase in the waste recycled to approximately 25 percent of waste generated at O.R. Tambo International Airport. The development of an integrated waste management plan, which commenced in the 2012/13 financial year, was completed and will be implemented at the beginning of the next financial year. This will result in an increase in the waste recycled.

While the amount of recycled waste reduced at King Shaka International Airport in comparison to the previous financial year, it consisted of approximately 41 percent of the total waste generated.

A waste recycling programme commenced at George Airport in 2010 and in the year under review, approximately 22 percent of the waste generated was recycled. This financial year is the first time that recycled waste has been formally reported at the airport.

A new waste facility was constructed for the collection of all waste streams at Port Elizabeth International Airport. In the year under review, the waste disposal contract was revised to a waste management contract, in accordance with the waste management plan, which was reviewed in the previous financial year. Recycled waste will be reported upon in the next financial year.

East London Airport is in the process of constructing a new waste facility.

AIR QUALITY MANAGEMENT

Air quality monitoring continued to be measured at O.R. Tambo and Cape Town International Airports. Monitoring was carried out in accordance with the National Ambient Air Quality Standards and SANS 1929 Ambient Air Quality Standard.

Air Quality Transgressions

Airport	2012/13	2011/12	2010/11
Cape Town International	0	0	9
O.R. Tambo International	147	98	31

No transgressions to the relevant standards were reported at Cape Town International Airport, where air quality monitoring is conducted on the airport site. Transgressions to the relevant standards continue to be recorded at O.R. Tambo International, where air quality monitoring is performed off the airport precinct. Readings are influenced by the close proximity of the air quality monitoring station to external sources such as the R21 Freeway, industrial sources and the Kelvin coal-fired power station.

Air quality monitoring at various points within the O.R. Tambo International precinct was conducted during the 2012/13 financial year. With collection of more data during the following year, it will be possible to make comparisons with data from outside the precinct. Meaningful identification of emissions' origination in such a congested area as that in and around O.R. Tambo International Airport is complex. Multiple sources, such as aircraft, cars, industry and a power station all contribute to the air quality mix. Comparative analysis may yield meaningful input to the design and management of further air quality control measures.

King Shaka International Airport completed an air emissions inventory, which commenced in the previous financial year. An air quality monitoring station will be installed in the 2013/14 financial year.

Environment (Continued)

NOISE MANAGEMENT

A project commenced to install permanent aircraft noise monitoring and tracking equipment at O.R. Tambo, Cape Town and King Shaka International Airports in the 2013/14 financial year. Noise monitoring terminals will be located at strategic locations in the vicinity of the airports. The monitoring and tracking system will assist with the measurement of aircraft noise and adherence of aircraft to flight procedures.

Local authorities were engaged and consulted regarding aircraft noise contours and land use planning in the vicinity of the airports.

Consultation continued with the interested and affected parties at the Aircraft Noise Consultative Committee that was formed at King Shaka International Airport in 2010.

The aircraft noise complaints received for the four major airports are detailed in the table below.

Noise complaints

Airport	2012/2013	2011/12	2010/11
Cape Town International	0	4	0
O.R. Tambo International	2	1	0
King Shaka International	69	53	95
Port Elizabeth International	4	5	5

SIGNIFICANT FUEL SPILLS

No significant fuel spills occurred within the Group in the reporting year. Seven years after the fuel spillage that occurred into Blaauwpan from O.R. Tambo International Airport, the rehabilitation and monitoring programme is still operational. An evaluation was carried out in December 2012 and the next and final evaluation will be conducted in December 2013.

BIODIVERSITY

Community Ecosystem Based Adaptation Programme

King Shaka International Airport partnered with Wildlands Conservation Trust to develop a community ecosystem-based adaptation programme within the catchment of the Tongaat River. The project is aimed at developing community skills through:

- Unlocking the 'green-preneur' potential of the poor and unemployed by nurturing the development of waste and 'food–preneurs' who collect material for recycling, grow trees and organic food
- Ecosystem restoration, whereby communities restore the ecosystems that provide life support: forests, rivers, wetlands and grasslands. The focus of this project is the Tongaat River catchment in which lies the majority of the footprint of the airport
- Formal conservation of priority biodiversity.

Eradication of Alien Vegetation

King Shaka International Airport commenced with a project to clear alien vegetation at the airport in the reporting year and it will continue until January 2015. Alien vegetation was also cleared on land that is jointly owned by Airports Company South Africa and Dube TradePort.

At Port Elizabeth International Airport, a local community was employed to eradicate 50 hectares of alien vegetation on the airport precinct in the 2012/13 financial year. In the new financial year, the airport will consult with Working for Water to assist with a growth suppression poison application programme. This forms part of the phased approach to eradicate 180 hectares of alien vegetation.

East London Airport will commence with the eradication of approximately 21 hectares of alien vegetation in the new financial year.

Barn (European) Swallows

The bird radar used to monitor the Barn Swallow activity was fully operational from October to March, when the swallows roost at Mount Moreland wetlands immediately adjacent to King Shaka International Airport. During this season, it was observed that the swallows were only present at the wetlands for half of the season. For the latter part of the season, the swallows relocated to another roosting site, away from the airport.

A study was conducted to determine the condition of the wetland and it was determined that the wetland was ecologically sound and still provided the required conditions for the swallows to roost. The reason for their relocation was determined to be based on a matter of preference. Monitoring of the swallows will resume in October 2013, when they return from Europe. There has been a decline in Barn Swallow aircraft strikes from ten strikes in 2010 to one strike in this reporting financial year.

Bird and Wildlife Strikes

The programme to employ Border Collies and Springer Spaniels to scare birds away from runways continues to be successfully operated at O.R. Tambo and King Shaka International Airports.

East London Airport has successfully concluded agreements with nearby private game reserves to assist with the relocation of wildlife found on the airfield.

The Fire and Rescue Services are conducting patrols at Kimberley Airport to scare birds and wildlife from the runways.

The number of aircraft bird and wildlife strikes is shown in the table adjasent.

Bird and Wildlife Strikes

Airport	2012/13	2011/12	2010/11
Cape Town International	23	18	14
O.R. Tambo International	176	253	170
King Shaka International	42	49	49
Port Elizabeth International	30	24	25
Bram Fischer International	8	14	8
Kimberley Airport	3	1	12
East London Airport	6	10	14
George Airport	14	16	14
Upington International	1	2	4

COMPLIANCE WITH LAWS AND REGULATIONS

During the financial year under review, for the sixth consecutive year there were no fines or non-monetary directives levied for non-compliance with environmental laws and regulations.

ISO 14001: 2004 Certification

In 2011, five airports were ISO 14001 certified, as listed in the table below. In the year under review, external surveillance audits were conducted at these airports and no major findings were determined. The airports maintained their ISO 14001 certification. The next external surveillance audits will be carried out in 2013.

Environment (Continued)

ISO 14001 certification

Airport	Status of ISO 14001 and EMS*	External surveillance audit
Cape Town International	ISO-certified in May 2011	June 2012
O.R. Tambo International	EMS* aligned to ISO 14001	
King Shaka International	Implementing ISO 14001	
Port Elizabeth International	ISO-certified in July 2011	July 2012
Bram Fischer International	EMS aligned to ISO 14001	
Kimberley Airport	EMS aligned to ISO 14001	
East London Airport	ISO-certified in Oct 2011	September 2012
George Airport	ISO-certified in June 2011	July 2012 & March 2013
Upington International	ISO-certified in June 2011	June 2012

* EMS: Environmental Management System

International Standards Organisation (ISO) certification at our airports is being addressed in a phased approach. The second phase, the certification of O.R. Tambo, King Shaka and Bram Fischer International Airports, as well as Kimberley Airport, is under way and it is projected that certification will take place in the 2014/15 financial year. In line with the Environmental Strategy, Group certification is planned for the 2015/16 year.

CHALLENGES

There were a number of environmental challenges experienced in the Group in the year under review. Included in these is the lack of regulations to restrict the use of older, noisier aircraft. Engagement with the Department of Transport and the South African Civil Aviation Authority has begun to address this situation through the drafting of regulations. Determining the impact that noise regulations would have on the aviation industry will be an important consideration.

Commitment to environmental reporting compliant with the guidelines of the Global Reporting Initiative (GRI) is accepted by Airports Company South Africa. However, an area that requires improvement is the lack of Group targets and audited data for electricity, water and fuel usage, as well as the percentage of waste that is recycled.

This deficiency has been recognised and, in the 2013/14 financial year, Group targets will be set and audit processes implemented. These will incorporate electricity, water, fuel, waste, noise, air quality and, possibly, biodiversity. Benchmarks will be established and these, together with the Group targets and audited results, will enable the company to measure environmental performance in a far more accurate manner. This process will be reported in next year's integrated annual report.

It was reported last year that the National Airspace Committee was investigating the impact on the aviation industry of regulations governing the height that must be flown above protected areas. This evaluation and resultant recommendations to minimise the effect on civil aviation have not as yet been completed.

The possible effect of flight restrictions governing overflying areas identified for optical and radio astronomy (such as the Square Kilometre Array (SKA) in the Northern Cape) was included in last year's report. It can now be reported that provisions have been made that will minimise any effect on civil aviation.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Employees and Communities

Human Resources

THE HR FOCUS TOWARDS 2024

The overarching objective for Airports Company South Africa's Human Resources team is to ensure competent and performance-driven employees, focused on the achievement of the Group's operational goals and delivery of the business strategy.

The Executive Committee continuously considers future capability requirements as dictated by the Group strategy and the interventions required to ensure optimal resourcing. Key to the aforementioned is the identification of critical, scarce and core skills, ensuring a fit between the resourcing approach and the business strategy.

In executing its mandate, the HR division manages the full spectrum of the Group's human capital value chain: resourcing, talent management, performance management, remuneration, reward and recognition, training and development, employee engagement and relationship management, and employee satisfaction and organisational culture. Particular attention is paid to the organisation's transformation imperatives of employment equity and skills development.

Noting the above, the HR function is cognisant of the Group's international strategy, which includes operating airports within India and South America, also noting the intention to further expand into Africa.

KEY PERFORMANCE IMPERATIVES

The HR community supports the company's long-term objectives through delivering on the following imperatives:

ALIGNING HUMAN CAPITAL TO LONG-TERM STRATEGY

Delivering on Our Company Strategy

Real leadership is about productivity, people and purpose, that results in a cohesive group of people working together effectively toward a common goal or purpose. Insights into the overall commitment level of leadership, support for strategy and even unawareness, will be leveraged to ensure integration into the rollout of the ten-year plan.

A Voice for the People

Airports Company South Africa has embarked on a change process aimed at ensuring business growth, relevance, sustainability, efficiency and cost management, and business performance excellence.

Within this context, the Group focused on interventions strengthening the Employee-Customer-Profit Chain with the ultimate view of achieving business impact, in order to realise the impact that engaged employees have on strategy implementation.

In this regard the following Key Performance Indicators (KPI's) were established to measure the impact of the change process. A noteworthy improvement was observed in all KPIs.

- Reach/Attendance – the number of employees reached through the process. A target for 85 percent reach of employees was set. This was the first of such interventions across the business which posed some challenges in terms of reach. However, the average reach was 67 percent.
- Response/Content – the extent to which people are satisfied with the process and content of the change journey. For those employees reached through the engagement sessions, an average of 88 percent satisfaction with content was achieved against a target of 75 percent.
- Change readiness – the extent to which people buy in and readiness to embrace the changes in the organisation. An average of 82,4 percent was achieved against a 75 percent target.
- Employee Engagement – the extent to which employees are more engaged with the organisation, which ultimately leads to improved performance, discretionary effort, and retention and in longer term, customer satisfaction and financial performance.

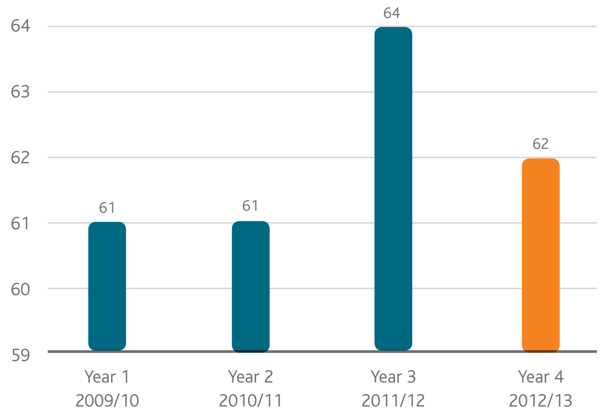
CULTIVATING VISIONARY LEADERSHIP

Leadership development remains a strategic priority for the company. In this regard, several leadership programmes have been implemented over a number of years. Leadership development is further enhanced by constructive coaching and mentoring programmes to embed a learning culture and ensure sustainable growth.

Supervisory Development Programme

A supervisory development programme was implemented four years ago, aimed at impacting positively on performance. To date, 186 supervisors and junior managers have completed the programme. The company plans to train a minimum of 60 supervisors in the 2013/14 financial year.

Supervisory development programme intake

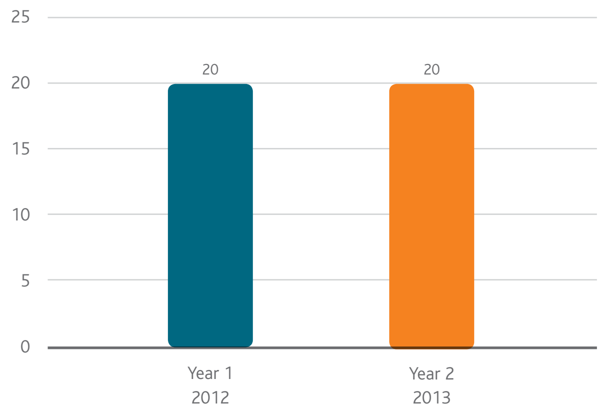


Executive Development Programme

In order to ensure that the company has a strong succession talent bench, the Executive Development programme for senior managers commenced in 2012.

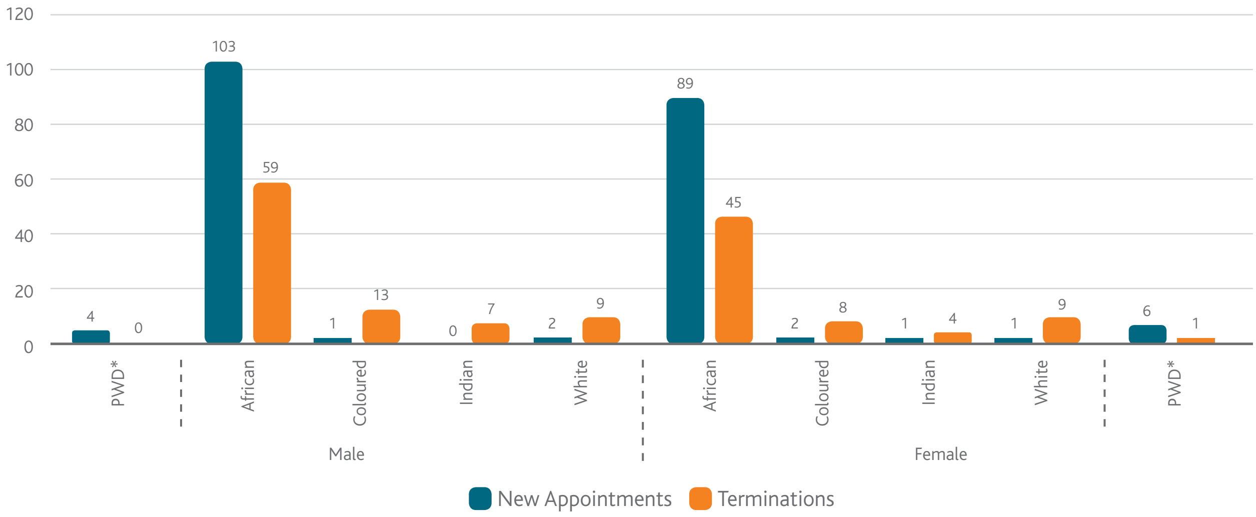
The programme is designed to support the Group's strategic intent and business challenges. Participants have been guided to develop senior leadership capabilities which allow them to be personally and intellectually more effective in leading a dynamic and global organisation.

Executive development programme intake



The 20 candidates, who were enrolled during 2012, successfully completed with some delegates being appointed into senior management positions subsequent to the graduation. The company plans to train another 20 candidates in the 2013/14 financial year.

External appointments and terminations by race and gender – 2012/13



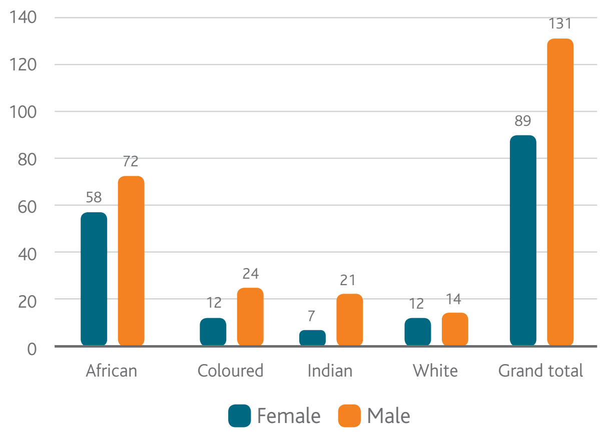
*PWD: Persons with disability (These numbers are incorporated in teh remainder of the sheet)

ATTRACT, RETAIN AND ENGAGE TALENT

The company continuously considers future capability requirements aligned to strategy. Key to this is the identification of critical, scarce and core skills. In particular, noting transformation objectives, the resourcing strategy is focused on an integrated approach of buy, borrow, bind and build skill.

Within the broad context of the five-year Employment Equity plan and succession and resourcing initiatives, efforts continuously emphasise achievement of our plans. In this regard the graphs following reflect the extent of appointments by race and gender as well as internal promotions. During year one of the Employment Equity plan, starting 1 September 2011, good progress was made in resourcing the business adequately, noting the transformation
objectives.

Internal Promotions by race and gender – 2012/13



The above is based on a strong Employer Brand and Employee value proposition. In this regard the company was certified as a BEST Employer through an independent benchmarking process for the second consecutive year.

The company fully complies with best practice principles and does not engage in child, forced or compulsory labour.

The business experienced an average turnover rate of six percent throughout the year, which compares positively to the national benchmarks, including reference to turnover by age group, gender and region.

Human Resources (Continued)

Total workforce by employment type, employment contract, and region.

	Employment contract – Actual staff employed				
Airport	FTE budget	Permanent staff	Temporary staff	Learners interns and students	Total staff employed
Bram Fishcer	76	64	0	1	65
Cape Town	583	514	17	3	534
Corporate	319	236	38	10	284
East London	72	66	0	1	67
Regional general management	11	11	0	0	11
George	71	62	0	10	72
Kimberley	42	40	0	1	41
King Shaka	416	348	4	26	378
O.R Tambo	1 232	1 061	3	74	1 138
Port Elizabeth	139	109	0	1	110
Upington	26	19	0	0	19
Total	**2 987**	**2 530**	**62**	**127**	**2 719**

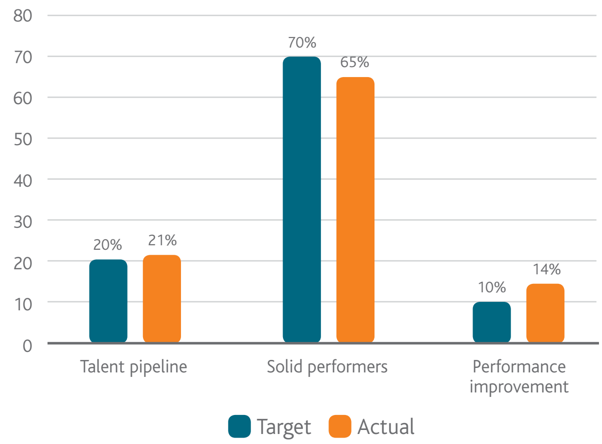
The main staff complement is made up of permanent employees. However, flexibility exists in that temporary resources are employed from time to time to serve needs that are temporary in nature. The company had five permanent employees and one temporary resource seconded to Brazil during the period under review.

NURTURING TALENT

Talent management has been fully integrated as a business process within the company for the last five years; this is evident within all regions having fully functional Talent Forums and Committees.

The aggressive pursuit of the agreed targets has stabilised performance over recent years and all interventions within the People Intelligence environment are directed to maintain the achievements into the future. As it relates to strategic leadership development interventions, the agreed targets were met and in certain categories exceeded.

Talent investment 2012/13



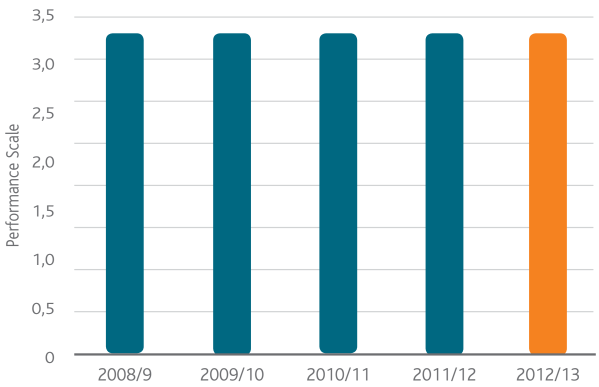
Succession development was greatly improved by the successful implementation and delivery of the Executive Development Programme. Based on the Talent Investment matrix, most senior positions and international secondments can be filled from within the company.

Target-driven Management

Target-driven management underpins the company's high performance culture. Each year, the Airports Company South Africa Board approves a Company Performance Framework. Each of our central business units sets its performance targets in a Balance Scorecard framework that serves to track performance on a monthly and quarterly basis, according to key performance indicators. The Learning and Growth perspective establishes performance measures for the efficient progression of all employees across the business.

Business units' performance scores have stabilised over the last four years and the company averaged a performance score of 3,3, on a five-point scale, where a score of 3 is considered satisfactory.

Aggregated performance



TRAINING AND DEVELOPMENT

Building a Competent Workforce

Several leadership programmes have been implemented over a period of years to ensure continuous building of capacity, including capacity of senior leadership. This is supported by several programmes to build future capacity by developing young talent.

A formal Workplace Skills Plan was developed to support regulatory compliance, business needs and career development requirements. Full compliance was achieved against the company's training plan. Technical training is provided through the company's Training Academy.

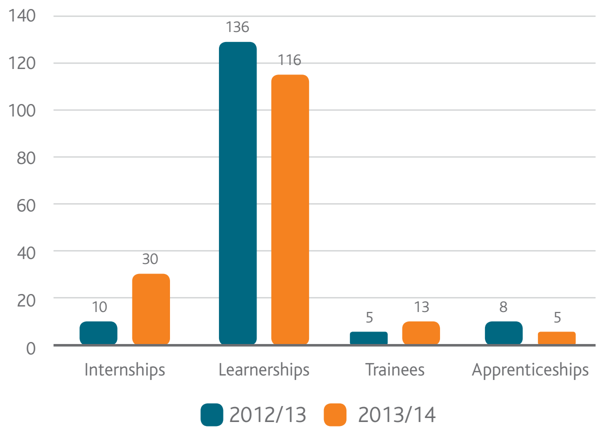
The table below depicts the training programmes executed for the financial year ending March 2013.

SOL	Total planned training	Total number of employees trained	Total number of company employees	Total number of interventions attended	% Trained/ SOL against planned	% Trained/SOL all company employees	Cost/SOL R'000
SOL 1	91	115	277	191	126	42	141 000
SOL 2	831	751	1 085	2 162	90	69	3 146 000
SOL 3	421	548	847	1 467	130	65	2 979 000
SOL 4	136	154	259	372	113	59	1 124 000
SOL 5	108	104	195	191	96	53	583 000
SOL 6	20	27	39	48	135	69	188 000
SOL 7	3	2	9	3	67	22	8 000
Total	**1 610**	**1 701**	**2 711**	**4 434**	**106**	**63**	**8 169 000**

Human Resources (Continued)

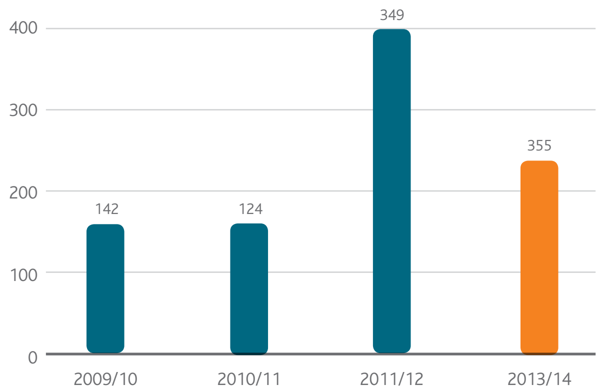
Several programmes have been successfully implemented over the last two years to develop young talent to ensure future skills availability. These include the following programmes:

Young talent programmes

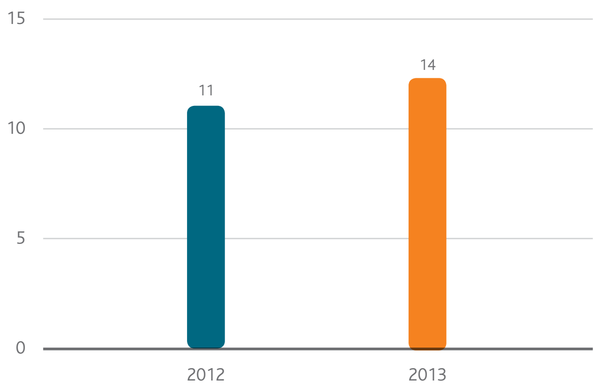


The focus on learning and development extends to providing support for pursuing further education. The support is in the form of a fully funded bursary for employees and their children. The studies that are funded are in line with the Group's requirements for scarce and critical skills.

Staff bursaries



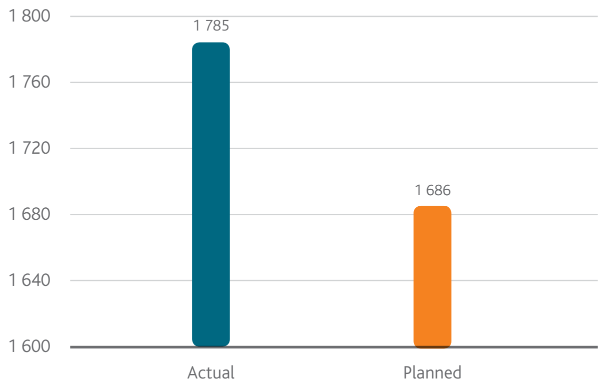
Employees' children's bursaries



Aviation Security Training

All airports have met the South African Civil Aviation Authority compliance requirements, whilst the aggregate compliance for the Group, against the Board-approved KPIs, was exceeded by six percent. For compliance purposes, the aviation security training target will remain at 100 percent of all security personnel in the next financial year.

AVSEC training



Aviation Safety

The development of the Aerodrome Emergency Management System (AEMS) training programme was concluded in March 2013. This new intervention is an interactive, picture-based programme aimed at training the Group's staff and stakeholders at each airport on procedures to be followed during specific emergencies such as hijackings, aircraft crashes and other incidents. The programme will commence at O.R. Tambo International Airport in July 2013, with all other airports scheduled for training during the 2013/14 financial year.

International Training

The Airports Company South Africa Training Academy is an accredited ICAO Aviation Security Training Centre and two international and five regional courses were conducted during the year. The highlight for the year was having the ICAO AVSEC Professional Management Course hosted at the Academy in 2012 and 2013. The Academy has also cultivated a relationship with the US Department of State's Antiterrorism Assistance (ATA) Programme and will conduct a seven-day Airport Security Management training programme in June 2013.

HOLISTIC WELLBEING

Airports Company South Africa understands that employee job satisfaction and engagement (the discretionary effort employees put into their work) are important to business sustainability. An annual employee satisfaction survey is conducted to identify and understand the factors important to overall employee job satisfaction and engagement. A total of 1 672 employees (66 percent of the current headcount) participated in the survey. Group performance for the year ended March 2012 was 3,16 out of 5 and at 3,23 at the end of March 2013, demonstrating an encouraging improvement in employee satisfaction. This improvement exceeds the target of 3 and it is anticipated that the forthcoming year's performance should also exceed the target of 3.

Since the launch of the improved Employee Wellness Programme in December 2011, the total engagement rate, which includes uptake of all services provided, amounted to 50,3 percent during the period under review. The uptake includes annualised usage of the core counselling and advisory services of 16,8 percent. This compares to an annualised core counselling and advisory engagement rate of seven percent across all client companies utilising this programme during the same period.

In addition, it is understood that employee satisfaction is also underpinned by effective administration of employee benefits and remuneration. An integrated Human Resources Shared Services Centre was created in November 2008 to efficiently manage transactional matters, allowing staff to focus on adding value to the business.

COMPETITIVE REWARD, REMUNERATION AND RECOGNITION

The overall objective of the Reward and Remuneration policy and approach is to attract, retain and motivate staff towards performance excellence. It is in this context that the principles of market-related remuneration, internal equity and fairness, and rewarding performance excellence are respected.

The Group recognises the importance of appropriately rewarding performance and thereby considers the value of a reward mix. A 'total reward' approach has been adopted, ranging from financial benefits, such as guaranteed remuneration and employee benefits, to non-financial benefits comprising of a talent management initiative, learning and development opportunities and employee wellbeing programmes.

EMPLOYEE RELATIONSHIP MANAGEMENT

The focus of our employee relations approach is to maintain leadership focus on employee relations, noting that engaged employees are more committed to delivering on a Group's strategy.

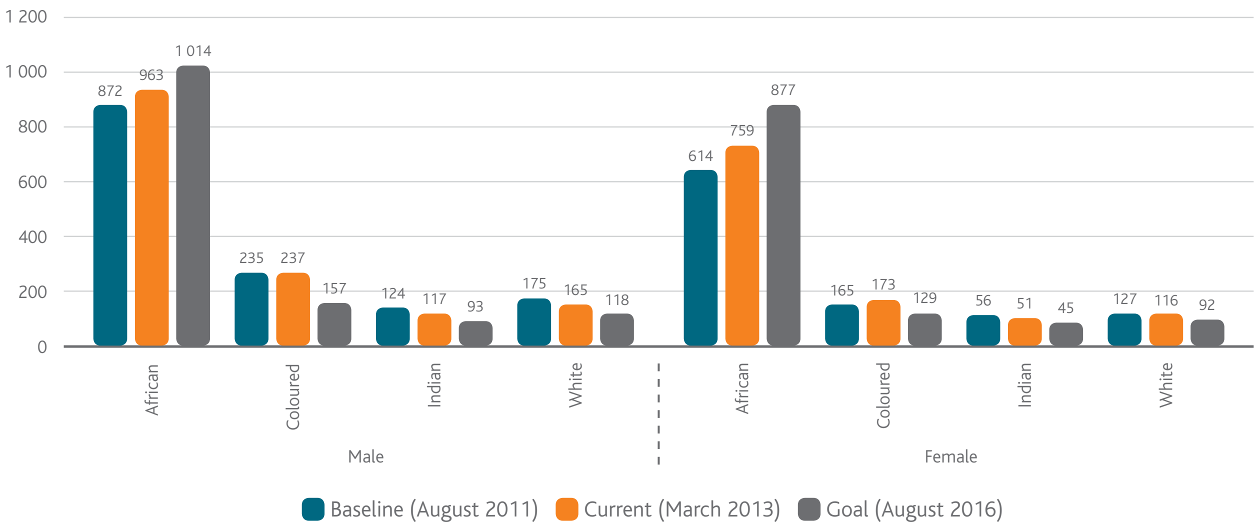
In 2005 Airports Company South Africa concluded a recognition agreement with the National Education, Health and Allied Workers Union (NEHAWU), a trade union affiliated to Cosatu. This partnership has since grown from strength to strength as supported by the following agreements:

1. A Recognition and Procedural agreement which commenced in January 2005, was reviewed and amended in November 2011 and will terminate once NEHAWU ceases to be a representative and/or majority trade union.
2. An Agency Shop agreement concluded in January 2005 and will prevail until NEHAWU ceases to be a representative and/or majority trade union.
3. The Picking agreement effective from January 2005 can only be used by NEHAWU members who are not designated as providers of essential services and will terminate once NEHAWU ceases to be a representative trade union.
4. Six wage agreements over the years, one of which was a multi-year agreement. Wage agreements are negotiated annually and take effect from 1 September each year.

In terms of good governance, labour representatives are consulted on policy development and amendments, in particular as it relates to conditions of employment. The strong partnership with NEHAWU delivered the design and amendment of several policies to the benefit of Airports Company South Africa employees. Each airport has a Shop Steward Committee which meets with local management on a regular basis to discuss employee collective matters.

In 2005, the Essential Services Committee of the Commission for Conciliation, Mediation and Arbitration (CCMA) designated several services as essential services for a period of one year.

Workplace profile progress: 2011 to 2013



The Group has since been designated as an essential service on a permanent basis and this serves to ensure stability within the management of the Group's airports.

Dispute resolution mechanisms exist to facilitate processes related to the rights for employees to be represented at disciplinary and grievance hearings, and the CCMA, in line with labour legislation.

TRANSFORMATION AND EMPLOYMENT EQUITY

Airports Company South Africa is committed to building a workforce that is fully representative of the demographics of South Africa, which is free from all forms of unfair discrimination and where diversity is a key strength towards performance excellence and productivity. Furthermore, the Employment Equity Strategy aims to support the Broad-Based Black Economic Empowerment status (B-BBEE) of the Group.

It is from this perspective that the Group is strongly focused to ensure implementation of the required transformational processes, also noting relevant legislative requirements. In this regard the Group has implemented a structure to monitor and evaluate continuous progress. Roles and responsibilities are clearly defined in the plan and Employment Equity Forums exist to ensure progress monitoring and correction.

The Group duly submitted a Board-approved Employment Equity Plan to the Department of Labour for the five-year period from 2011 to 2016.

In this regard, the company achieved a B-BBEE rating of 11,73 during 2011/12 against a target of 11,51. The target for 2012/13 was 12,39. The actual rating for the 2012/13 financial year will be finalised in October 2013. Until that time, the current rating of 11,73 remains valid.

WORKFORCE PROFILE PROGRESS

Continuous progress is made towards achievement of set numerical targets and specific success was again demonstrated during the 2012/13 year.

Good progress was made in ensuring that the workforce profile is more representative of the demographics of South Africa as it relates to designated employees in the groups African male and female. It is required that the focus remains on maintaining the achievements, considering market challenges. In considering the challenges to achieve the company plan, affirmative action measures are being implemented, monitored and continually measured against the action plans in place.

Considerable progress was made with the representation of people with disabilities, where the representation increased by 133 percent, from 18 to 42 people, therefore achieving the target for the year in line with the five-year plan. The appointment of people with disabilities is supported by additional interventions to ensure full integration into the business.

The five-year Employment Equity plan includes specific affirmative action measures that are implemented as projects to ensure long-term sustainable impact relating to transformation. The projects range from institutionalising employment equity, diversity integration, and interactive and regular communication, amongst others.

Social Impact

Responsibilities for any company operating in the second decade of the 21st century have become far more demanding than even ten years ago. This is particularly so for environmental and social considerations and have been largely driven by direction from King III and the Global Reporting Initiative. For Airports Company South Africa, this has been strongly reinforced by the South African Government's expectation that the company will drive its mandate to address transformation, job creation and poverty alleviation.

With this background, it should be no surprise that the Corporate Social Investment (CSI) programme of Airports Company South Africa is one that receives priority attention. The programme has been in place for twenty years, since the formation of the company in 1993, and may now be considered to have reached maturity, particularly with respect to strategy, management and governance.

Community upliftment, social development and social cohesion are strategic imperatives that inform Airports Company South Africa's mission towards improving the quality of life of South Africa's most vulnerable segments of society. In the financial year ended on 31 March 2013, Airports Company South Africa distributed R58,8 million through its CSI programme.

Airports Company South Africa is in the business of providing the facilities and services for 'moving people' and consequently provides the platform for a host of other stakeholders to work in unison to deliver an efficient and enjoyable travel experience for airport users. It is for this reason that the CSI strategy is premised on the fundamental principle of 'moving people, changing lives'.

The CSI budget allocation is focused on three main areas impacted directly by the Group's operations: community development, mobility and care for the environment. The programme extends far beyond simple financial contributions, although these play an important part of supporting projects that meet CSI objectives.

Surrounding each of the company's nine airports are multiple communities, often with severe socio-economic challenges. Just as these demands are diverse, so are the staff complements of these airports, ranging from more than 1 000 at O.R. Tambo International Airport to just 19 at Upington International. Each airport has its own CSI programme, each of which involves the participation of staff members, whether on a hands-on basis or from a consultative or management standpoint. Furthermore, and equally gratifying, is that many airport stakeholders contribute to projects, adding to the overall impact.

Partnerships are vital for extending the potential to address major undertakings and the recent, strategically important co-operation with the South African National Community Organisation (SANCO) enabled the support of the Masakhane Schools Renovation Project in the Harding region of KwaZulu-Natal. Four schools, providing education for 3 400 children, have benefited from being upgraded from unacceptably dilapidated conditions to showcase education facilities. Other partnerships are in the process of formation to support the desperate need to improve infrastructure at so many South African schools, especially in rural areas.

Fulfilling social responsibilities is considered an integral component of the way that Airports Company South Africa conducts its business. The Corporate Social Investment programme is the vehicle that implements this function and the company is fulfilling its objectives by both meeting and exceeding its CSI targets in a responsible manner.

Managing a budget that disbursed R58,8 million is similar to running a medium-sized business. However, as a part of the operations of a state-owned company, it carries stringent oversight and governance obligations. The Corporate Social Investment portfolio, through the CSI Committee, is responsible for:

- Custodianship of the Corporate Social Investment strategy development and review.
- Ensuring that this strategy integrates with the overall business strategy.
- The identification and implementation of projects at corporate level, with the proviso that the selected projects complement business objectives.
- The provision of strategic support for airport-based projects, both in their identification and implementation.
- Securing approval from the CSI Committee for all key projects, while providing guidance on opportunistic interventions that stand to benefit the business.
- Providing an overall administrative function for the portfolio.
- Managing the reporting, monitoring and evaluation of the function.

Over the years, Airports Company South Africa has striven to be a responsible and caring corporate citizen, pursuing key strategic projects that have enabled the Group to make meaningful contributions towards improving the quality of life of disadvantaged South Africans.

The focus of the programmes is in the areas of community support, care for the environment and supporting people with disabilities. Empowerment of women, youth development, education and training are critical subsets of these categories. Involvement of Airports Company South Africa staff members in CSI projects is a vital element of the Group's strategic focus.

The importance and relevance of staff involvement in projects, especially those associated with the airports, provided the impetus for the formation of CSI committees at the larger airports. Responsibilities include the assessment and adjudication of projects submitted by staff members for support. It extends to the overall management of projects, and their governance and reporting.

MOBILITY

Airports Company South Africa has, for many years, given priority to providing access to, and means of mobility for people with physical disabilities through projects that enhance their integration into society, provide physical support, infrastructure improvement, skills development, education and awareness. Four long-term initiatives support this objective: Wheelchair Tennis, the Outeniqua Wheelchair Challenge, the Wheelchair Donation Programme and the Disability Trade & Lifestyle Expo and Conference.

Airports Company South Africa was recognised at the December 2012 National Disability Awards for its commitment and investment within the disability environment, through its world-class programmes. The company received the prestigious National Disability Champion Award, which recognises sustained and extraordinary commitment to improving the lives of persons with disabilities.

The 8th Annual Airports Company South Africa Disability Trade & Lifestyle Expo and Conference was held in September 2012. Sponsored by Airports Company South Africa, the conference serves as a platform where challenges experienced by people with disabilities are raised and also engages delegates on how they can work together towards finding solutions that will improve the lives of people with disabilities.

The Wheelchair Donation Programme has provided in excess of 10 000 wheelchairs and buggies since the inception of the programme ten years ago. In the 2012/13 financial year, 688 wheelchairs and buggies were handed over. Each wheelchair recipient is assessed by a therapist to determine the size and best configuration of the chair. This depends on the severity of the disability and might include features such as upholstery, special footrests, cushions and upholstery for back posture, or a posture buggy for those with more severe postural deformities. It should be noted that the wheelchairs are manufactured in South Africa.

Wheelchair tennis is a young sport in South Africa, now only in its tenth year. Airports Company South Africa has been the main sponsor of the sport, through Wheelchair Tennis South Africa (WTSA), for the past eight years. It is gratifying that this support has enabled the sport to flourish, and today, more than 450 players receive coaching each week at 45 active development centres across South Africa.

Amazingly, South Africa has sixty players in the world rankings, surpassed only by Japan. Furthermore, four players qualified on merit for the London Paralympics in London in 2012. Considering that the sport is so young, South African players have raced up the world rankings and Lucas Sithole, South Africa's number one quadriplegic player, has now achieved a personal best ranking of world number five. Kgothatso Montjane (fondly known as 'KG'), South Africa's number one woman player, has achieved a personal best ranking of number six in the world.

Social Impact (Continued)

COMMUNITY SUPPORT

Largely implemented through the programmes of the individual airports, this component of the overall company objectives has advanced as progressively as any other in the past two years.

Recognition of local community needs is best identified through Group employees who are either close to or part of that community.

The nine airports support a multiplicity of projects and programmes, ranging from support for orphans and disadvantaged children, homes for children with disabilities and school donation programmes to education, skills development for unemployed people, social enterprise accelerators and community support and upliftment.

WOMEN'S VOLUNTEER PROGRAMME

The Women's Volunteer Programme is a CSI initiative that allows employees to play a significant role in making a positive contribution towards the development of our communities. Through this programme, the volunteers are empowered to make a positive difference at special needs schools around our airports that provide education for learners with disabilities.

The programme was launched in 2009 and encourages women employees to identify special needs schools that require assistance with improving the lives of the pupils. The project is currently active for O.R. Tambo and Cape Town International Airports and Corporate Office employees.

The project is run in partnership with the Association of People with Disability (APD), which provides project management services to Airports Company South Africa and includes direct interaction with the volunteers and the schools.

ENVIRONMENT

Responsibility for the effect that we have as individuals and organisations on the environment in which we live and operate has become far more accepted in the past few years. King III and the Global Reporting Initiative have provided clear guidelines for reporting obligations and these, in turn, have had a considerable influence on attitudes towards the environment.

Airports Company South Africa owns nine substantial properties across South Africa and the company is meticulous in striving for compliance with regulations and legislation. However, it takes its responsibilities far beyond compliance by including wide-ranging programmes, within the corporate social investment sphere, to support environmental initiatives.

This has been achieved by developing strategic partnerships that support key community environmental projects in airport precincts and areas surrounding them. Some important national environmental projects are also supported.

The partnership with the Wildlands Conservation trust is focused on an initiative centred on the Tongaat River catchment, within which lies the majority of the footprint of King Shaka International Airport.

The project supports and manages the sustainable development of the Hambanathi and Ndwedwe communities, both of which are poor communities with urban and rural components. A ten-person restoration team has been formed, consisting of previously unemployed community members aged between 18 and 35.

The project also includes the support of the existing 140 Ndwedwe community members, all drawn from the unemployed and marginalised sectors of the community, who grow indigenous trees from seed. The seedlings are bartered for food, building materials, water tanks and educational support. Home-based vegetable growing is also encouraged as a means of diet supplementation and income generation through the sale of excess vegetables.

Airports Company South Africa has partnered with BirdLife South Africa, the leading bird conservation non-governmental organisation (NGO) in South Africa. The Group's support includes being a 'Species Champion' for the threatened Secretary Bird. Research in this programme involves attaching sophisticated, satellite-linked tracking devices to birds to gain valuable information about their movements and habits. Analysis of data to be collected over a five-year period will inform the design and implementation of conservation measures to prevent further decline in the numbers of this iconic bird.

WWF-South Africa is part of the World Wildlife Fund global network. It is an NGO with the goals of conserving South Africa's biodiversity assets, addressing climate change and improving the livelihoods of communities dependent on natural resources through better environmental practices.

As a means of demonstrating its belief in environmental responsibility, Airports Company South Africa supports WWF-SA's Land and Stewardship Programme. The work of this programme aims to produce a network of land parcels, protected from adverse human impacts, providing opportunities to explore sustainable land use practices and innovative land transactions. The programme has a biodiversity conservation focus, which includes the protection of endangered ecosystems, as well as identifying areas of high water yield critical to the water security of an already water scarce country.

Financial Contents

Directors' Responsibility for the Annual Financial Statements

For the year ended 31 March 2013

The report is presented in terms of Treasury Regulations and the Public Finance Management Act (Act no 1 of 1999, as amended) (PFMA), which requires the directors to maintain adequate accounting records to prepare financial statements that fairly present the consolidated and separate financial position of Airports Company South Africa SOC Ltd (the Company and the Group). Information pertaining to the company and the Group and performance against its predefined objectives is disclosed on page 87 of the integrated annual report.

The prescribed disclosure of the emoluments, in terms of Treasury Regulation 28.1.1, is reflected in note 38.2 and note 38.3 on pages 134 to 136 of the annual financial statements.

The Board of Directors is responsible for the preparation and fair presentation of the annual financial statements of the company and the Group, comprising the consolidated and separate statements of the financial position at 31 March 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Directors' Report, and have been prepared in terms of International Financial Reporting Standards, the Companies Act of South Africa, 71 of 2008, as amended, and the Public Finance Management Act, 1 of 1999, as amended.

The directors also confirm the other information included in the integrated annual report and are responsible for both its accuracy and its consistency with the annual financial statements.

In order for the Board of Directors to discharge its responsibilities, as well as those bestowed on it in terms of the PFMA, management has developed and continues to maintain a system of internal controls. The Board has ultimate responsibility for the system of internal controls and reviews its operations primarily through the Audit and Risk Committee and various other risk monitoring committees. Nothing significant has come to the attention of the directors to indicate that any material breakdown has occurred in the functioning of these controls, procedures and systems during the year under review.

The Board of Directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable under the circumstances.

The Board of Directors' responsibilities also include maintaining adequate accounting records and an effective system of risk management. The Board believes that the Company and the Group will be a going concern in the year ahead and has for this reason adopted the going concern basis in preparing the Group annual financial statements.

The independent external auditors are responsible for expressing an opinion on the consolidated and separate annual financial statements and whether they are fairly presented in accordance with the applicable financial reporting framework.

In the opinion of the directors, based on the information available to date, the financial statements, as set out on pages 88 to 147, fairly present the financial position of the company and the Group at 31 March 2013 and the results of its operations and cash flow information for the year then ended.

The Company and Group annual financial statements for the year ended 31 March 2013 have been prepared under the supervision of the Finance Director, Ms M Manyama-Matome CA (SA), approved by the Board of Directors and signed on its behalf on 19 July 2013 by:

B Mabuza
Chairman
19 July 2013

R Morar
Deputy Chairman
19 July 2013

Certificate by the Company Secretary

In terms of S88(2)(e) of the Companies Act 71 of 2008, I, as Company Secretary, certify that to the best of my knowledge and belief, Airports Company South Africa SOC Ltd has lodged with the Registrar of Companies for the financial year ended 31 March 2013, all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up-to-date.

In terms of S8(1) of the Airports Company South Africa Act 44 of 1993, I certify that, for the financial year ended 31 March 2013, Airports Company South Africa SOC Ltd has lodged, with the Minister of Transport, the financial statements in respect of the preceding financial year.

M Manyama-Matome
Acting Company Secretary
19 July 2013

Report of the Board Audit and Risk Committee

For the year ended 31 March 2013

The report of the Board Audit and Risk Committee is in terms of Treasury Regulations 27(1)(10)(b) and (c) of the Public Finance Management Act no 1 of 1999, as amended. In execution of its duties during the past financial year, the Board Audit and Risk Committee has:

- Reviewed the Group's policies and procedures for detecting and preventing fraud.
- Reviewed the effectiveness of the Group's policies, systems and procedures.
- Reviewed the effectiveness and adequacy of the Internal Audit department and adequacy of its annual work plan.
- Considered whether the independence, objectives, organisation staffing plans, financial budgets, audit plans and standing of the internal audit function provide adequate support to enable the committee to meet its objectives.
- Reviewed the results of the work performed by the internal audit areas, internal control and any significant investigation and management response.
- Reviewed the Group's compliance with significant legal and regulatory provisions.
- Reviewed such significant reported cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the corporation.
- Reviewed the controls over significant financial and operational risks.
- Reviewed any other relevant matters referred to it by the Board.
- Reviewed the adequacy, reliability and accuracy of financial information provided by management and other users of such information.
- Reviewed the accounting and auditing concerns identified by internal and external auditors
- Reviewed the annual integrated report and financial statements, taken as a whole, to ensure they present a balanced and understandable assessment of the position, performance and prospects of the company.
- Recommended the integrated report for approval by the Board.
- Reviewed the external auditors findings and reports submitted to management.
- Reviewed the independence and objectivity of the external auditors.
- Reviewed the internal audit charter to ensure that the internal audit function discharges its responsibilities with independence and objectivity and in accordance with the international standards for the professional practice of internal auditing (standards).

Where weaknesses were identified in internal controls, corrective action was taken to eliminate or reduce the risks. The Board Audit and Risk Committee is of the opinion, based on the information and explanations given by management and the Internal Audit department and discussions with the independent external auditors on the results of their audits, that the internal controls of the company have operated effectively throughout the year under review and, where internal controls did not operate effectively, compensating controls have ensured the Group's assets have been safeguarded, proper accounting records maintained and resources utilised efficiently.

The Board Audit and Risk Committee reviewed the 'going concern' of the Company and the Group and is satisfied that the adoption of the going concern premise in the preparation of the annual financial statements is appropriate.

We therefore recommend that the annual financial statements, as submitted, be approved.

On behalf of the Board Audit and Risk Committee

Ramano

MMT Ramano
Chairman
19 July 2013

Report of the Independent Auditors

For the year ended 31 March 2013

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

We have audited the accompanying consolidated and separate financial statements of Airports Company South Africa (SOC) Limited, which comprise the consolidated and separate statements of financial position as at 31 March 2013, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 88 to 148.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by the Public Finance Management Act of South Africa and the Companies Act of South Africa, and for such internal control as the directors determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with the Public Audit Act of South Africa, the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Airports Company South Africa (SOC) Limited as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Public Finance Management Act of South Africa and the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2013, we have read the Directors' Report, the Audit Committee's Report and the company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

OTHER MATTERS

The supplementary information as set out on pages 148 to 150 does not form part of the consolidated and separate financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Of the total number of 12 targets planned for the year, five of the targets were not achieved during the year under review. This represents 33 percent of total planned targets that were not achieved during the year under review.

Report of the Independent Auditors (continued)

For the year ended 31 March 2013

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

PAA Requirements

In accordance with the PAA and the General Notice issued in terms thereof, we report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined Objectives

We performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on page 87 of the annual report.

The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with Laws and Regulations

We did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

Companies Act Requirements

As required by the Companies Act of South Africa, 2008 (Act No. 71 of 2008), we performed audit procedures on compliance with requirements of the Act. No findings were noted.

Internal Control

We did not identify any deficiencies in internal control which we considered sufficiently significant for inclusion in this report

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: R Dhanlall
Registered Auditor
Johannesburg
21 August 2013

Ngubane & Co

Ngubane & Co (JHB) Inc
Director: E Sibanda
Registered Auditor
Midrand
21 August 2013

DIRECTORS' REPORT

For the year ended 31 March 2013

The Directors present their 20th annual report, which forms part of the audited financial statements of the Company and the Group for the year ended 31 March 2013.

The company was established in terms of the Airports Company Act of 1993 as amended and the Companies Act of 2008 as amended.

NATURE OF BUSINESS

The principal activities of the company are the acquisition, development, provision, maintenance, management and operation of airports or parts of airports or any facilities or services that are normally performed at an airport. Other operations in the Group mainly comprise hotel operations.

There have been no material changes to the nature of the Groups's business from prior years.

REVIEW OF OPERATIONS

Revenue for the Group amounted to R6,660 billion (2012: R5,739 billion) including non-aeronautical revenue of R2,414 billion (2012: R2,389 billion).

Profit before income tax for the Group amounted to R1,641 billion (2012: R118 million).

The profit for the year for the Group was R991 million (2012: R188 million) after making provision for taxation expense of R650 million (2012: R-70 million tax income).

DIVIDENDS

No dividend was paid during the financial year. On 26 July 2013, the Board of Directors proposed an ordinary dividend declaration of 10% of group profit for the year.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year R990 million (2012: R417 million) was spent on capital expenditure relating to improvements, expansions and replacements by the Group. (Refer to Notes 6 to 8 for more details.)

SHARE CAPITAL

There were no changes to the authorised and issued share capital of the company and the Group during the financial year.

GOING CONCERN

The Directors have no reason to believe that the Group or any material company within the Group will not be going concerns in the foreseeable future based on forecasts and available cash resources.

EVENTS SUBSEQUENT TO REPORTING SHEET DATE

Weakening of the Rand Against the Dollar

The Rand/Dollar exchange weakened by approximately nine percent from R9,225 to around R10,092 since year end. The effect on the figures at 31 March 2013 would have been to increase the Group equity and Group profit by R62,553 million.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The following information relates to the company's financial interests in its subsidiaries, associates and joint ventures. The nature of the subsidiaries' businesses are information technology, airport management and hotel operations.

	Issued share capital	% Holding		Cost of shares		Loans less impairments		(Loss)/profit after tax	
		2013 %	2012 %	2013 R'000	2012 R'000	2013 R'000	2012 R'000	2013 R'000	2012 R'000
OSI Airport Systems (Pty) Ltd[s]	1 000	51	51	**	**	–	–	–	–
Pilanesberg International Airport (Pty) Ltd[s]	1 000	–	–	–	–	–	–	–	(3 088)
Precinct 2A (Pty) Ltd	100	100	100	**	**	636 523	54 489	(9 559)	13 198
JIA Piazza Park (Pty) Ltd[s]	100	100	100	**	**	–	321	(2 052)	(1 716)
Airport Logistics Property Holdings (Pty) Ltd[JV]	2	50	50	**	**	–	–	2 906	3 153
Guardrisk Life Ltd (cell captive)[s]	40	100	100	225	225	–	–	1 013	(348)
ACSA Global Ltd[s]	6	100	100	**	**	99 804	79 438	44 014	162 494
La Mercy JV Property Investments (Pty) Ltd[a]	100	40	40	**	**	–	–	4 855	451
Aeroporto de Guarulhos Participações S.A.[a]	852 826 000	10	–	76 892	–	–	–	(7 846)	–
				77 117	225	736 327	134 248	33 331	174 144

** Amounts below R1 000 [s] Subsidiary [JV] Joint Venture [a] Associate

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

The Group has a 50 percent interest in Airport Logistics Property Holdings (Pty) Ltd, which is a joint venture between the company and The Bidvest Group Ltd.

ACSA Global Ltd holds a 10 percent interest in the Mumbai International Airport concession (MIAL). ACSA Global Ltd is registered in Mauritius. The investment in MIAL has been accounted for as an associate.

The Group has a 40 percent stake in the La Mercy JV Property Investments (Pty) Ltd company. The company is a property holding, development and letting company. The investment in the company has been accounted for as an associate.

ACSA SOC Ltd holds a 10 percent interest in the Aeroporto de Guarulhos Participações S.A. concession. Aeroporto de Guarulhos Participações S.A. is registered in Brazil. The investment has been accounted for as an associate.

Details of the assets, liabilities, revenues and expenses of the joint ventures and associates that are included in the consolidated statement of comprehensive income and the statement of financial position are set out in notes 10 and 11 of the annual financial statements.

The Group's accounts include the consolidation of the Airport Management Share Incentive Scheme Company (Pty) Ltd and Lexshell 342 Investment Holdings (Pty) Ltd. These companies are consolidated in terms of International Financial Reporting Standards. The Group consolidates these entities as it is exposed to significant risks that are associated with loans extended to the entities to acquire shares of the company. Furthermore, the Group receives rewards associated with the employment of the beneficiaries.

Effective 1 October 2011, Airport Company South Africa ('the company') ceased control, management and operational responsibilities of Pilanesberg International Airport as per the agreement with the North West Provincial Government. Refer to note 9 for more details.

ORDINARY SHAREHOLDING ANALYSIS

An analysis of shareholders extracted from the register of ordinary shareholders at 31 March 2013 is as follows:

	% of share capital	Number of shares
SA Government – National Department of Transport	74,60	372 994 884
ADR International Airports SA (Pty) Ltd (refer below)	20,00	100 000 000
Staff Share Incentive Schemes	1,19	5 962 452
Empowerment Investors		
G10 Investments (Pty) Ltd	1,21	6 042 664
African Harvest Strategic Investments (Pty) Ltd	1,40	7 000 000
Pybus Thirty Four Investments (Pty) Ltd	0,40	2 000 000
Telle Investments (Pty) Ltd	0,80	4 000 000
Upfront Investments 64 (Pty) Ltd	0,40	2 000 000
	100,00	**500 000 000**

ADR International Airports SA (Pty) Ltd is ultimately a wholly owned subsidiary of the Public Investment Corporation SOC Ltd, which manages assets on behalf of the Government Employees' Pension Fund.

DIRECTORS AND SECRETARY

Details of the Directors and Secretary of the company are given on pages 8 to 11 of this Integrated report.

INTERESTS OF DIRECTORS AND OFFICERS

No contracts were entered into in which directors and officers of the company had an interest and which affect the business of the Group. The directors had no interest in any third party or company responsible for managing any of the business activities of the Group. The emoluments of directors are determined by the shareholders. No long-term service contracts exist between directors and the company (other than for non-executive directors). (Directors emoluments can be found in notes 38.2 and 38.3.)

INFORMATION REQUIRED IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT

Losses due to criminal conduct or irregular or fruitless and wasteful expenditure:

In terms of the materiality framework agreed with the shareholder, any losses due to criminal conduct or irregular or fruitless and wasteful expenditure that individually (or collectively where items are closey related) exceed R10 million, must be reported.

Fruitless and wasteful expenditure of R13,6 million, and irregular expenditure of R32,8 million, was suffered by the Group in relation to an information technology contract entered into in an irregular manner. Management has instituted preventative and corrective measures as considered appropriate, including disciplinary and possible legal action.

Management has controls in place to monitor and report on this type of expenditure on a regular basis. This information is considered and presented to the Executive Committee and the Audit and Risk Committee for review on a quarterly basis.

Directors' Report (continued)

For the year ended 31 March 2013

Information presented in terms of s(55)2 of the PFMA:

Performance against predetermined objectives

National objectives	Business objectives	Annual performance indicators	Annual target	Results
Management of transport costs and infrastructure development to contribute to Growth and Development Programme	Contribute towards job creation	Total number of job opportunities created in line with capex spend and other initiatives	20 380	20 325
Efficient administration of the organisation	Provide returns to shareholders	Achieve budgeted return on capital employed (ROCE) for the Group	8,2%	7,68%
		Achieve budgeted EBITDA for the Group	R4,303 billion	R4,494 billion **EBITDA Margin = 65% (budgeted: 62%)**
Corporate governance and legislative compliance	Ensure compliance to licence and good corporate citizenship	Extent of regulatory compliance	Achieve full regulatory compliance	No material non-compliance noted
Black economic empowerment	Ensure compliance with Code of Good Practice on B-BBEE	Achievement of targets set by the Board on **B-BBEE**	Level 4	Level 3
Employment equity	Ensure compliance with Employment Equity legislation	Achievement of targets set by the Board	**Executive** 81,80% Black 18,20% White **Senior management** 67,40% Black 32,60% White **Disabled** 1,7% (of staff complement) **Gender targets** **Executive** 78% male 22% female **Senior management** 67% male 33% female	**Executive** 44% - Black 56% - White **Senior management** 73% - Black 27% - White **Disabled** 1,24% (of staff complement) **Gender performance** **Executive** 89% male 11% female **Senior management** 68% male 32% female
Corporate social Investment	Ensure investment in CSI	Total amount invested in CSI	R56 million	R58,8 million
Improved airfreight services	Develop airfreight strategy	Develop cargo strategy	Implement and roll-out cargo strategy	Not achieved

Consolidated Statement of Financial Position

For the year ended 31 March 2013

	Note	GROUP 31 March 2013 R'000	GROUP 31 March 2012 R'000	COMPANY 31 March 2013 R'000	COMPANY 31 March 2012 R'000
ASSETS					
Non-current assets		**24 779 618**	24 594 799	**23 797 858**	23 166 948
Property, plant and equipment	6	**20 260 408**	20 624 767	**20 236 977**	20 602 926
Investment property	8	**3 166 027**	2 832 652	**2 263 137**	1 959 582
Intangible assets	7	**150 480**	214 745	**150 465**	214 498
Investment in subsidiaries	9	**–**	–	**782 975**	180 569
Investment in joint ventures	10	**–**	–	*****	*
Investments in associates	11	**932 832**	748 643	**112 273**	35 381
Other non-current assets	12	**269 871**	173 992	**252 031**	173 992
Current assets		**3 408 662**	3 621 856	**3 339 449**	3 532 243
Inventories	13	**6 222**	6 220	**–**	–
Derivative financial instruments	27	**11 214**	–	**11 214**	–
Trade and other receivables	14	**925 209**	1 035 251	**919 064**	1 029 001
Investments	16	**1 204 998**	600 000	**1 204 998**	600 000
Cash and cash equivalents	15	**1 261 019**	1 980 385	**1 204 173**	1 903 242
Non-current assets held for sale	17	**–**	1 850 000	**–**	1 850 000
Total assets		**28 188 280**	30 066 655	**27 137 307**	28 549 191
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**500 000**	500 000	**500 000**	500 000
Share premium	18	**250 000**	250 000	**250 000**	250 000
Other reserves	20	**(203 714)**	719 096	**(83 287)**	856 346
Treasury share reserve	19	**(44 024)**	(44 024)	**–**	–
Retained earnings		**10 436 782**	8 264 557	**9 487 426**	7 396 482
Total equity attributable to equity holders		**10 939 044**	9 689 629	**10 154 139**	9 002 828
Total equity		**10 939 044**	9 689 629	**10 154 139**	9 002 828
Non-current liabilities		**13 364 441**	16 993 204	**13 162 508**	16 832 724
Interest-bearing borrowings	24	**11 919 339**	15 647 002	**11 880 909**	15 600 538
Retirement benefit obligations	21	**185 482**	125 577	**168 514**	125 577
Derivative financial instruments	27	**226 551**	129 426	**226 551**	129 426
Deferred income	22	**72 248**	74 059	**72 248**	74 059
Deferred income tax liabilities	23	**960 821**	1 017 140	**814 286**	903 124
Current liabilities		**3 884 792**	3 383 822	**3 820 660**	2 713 639
Trade and other payables	25	**857 085**	948 419	**808 717**	916 240
Interest-bearing borrowings	24	**2 855 688**	1 063 774	**2 839 924**	442 367
Provisions	26	**103 500**	87 026	**103 500**	87 026
Derivative financial instruments	27	**45 383**	65 349	**45 383**	65 349
Current income tax liability		**20 437**	16 597	**20 437**	–
Deferred income	22	**2 699**	1 202 657	**2 699**	1 202 657
Total liabilities		**17 249 234**	20 377 026	**16 983 168**	19 546 363
Total equity and liabilities		**28 188 280**	30 066 655	**27 137 307**	28 549 191

* Amount less than R1 000

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Note	GROUP 31 March 2013 R'000	GROUP 31 March 2012 R'000	COMPANY 31 March 2013 R'000	COMPANY 31 March 2012 R'000
Revenue	29	**6 660 261**	5 738 543	**6 506 729**	5 586 104
Other operating income	30	**268 565**	150 967	**236 329**	462
Employee benefit expenses	31	**(873 954)**	(769 481)	**(853 229)**	(750 859)
Depreciation and amortisation expense	6 & 7	**(1 411 432)**	(1 463 804)	**(1 407 473)**	(1 446 725)
Other operating expenses	32	**(1 561 182)**	(1 554 866)	**(1 519 164)**	(1 523 309)
Operating profit		**3 082 258**	2 101 359	**2 963 192**	1 865 673
Share of profit of equity accounted associate	11	**21 108**	51 035	**–**	–
Net finance expense	33	**(1 462 326)**	(2 034 327)	**(1 394 346)**	(1 962 983)
Finance income	33	**124 728**	47 133	**153 470**	48 786
Finance expenses	33	**(1 612 484)**	(1 594 657)	**(1 573 246)**	(1 524 966)
Losses on remeasurement and disposal of trading financial instruments	33	**25 430**	(486 803)	**25 430**	(486 803)
Profit/(losses) before tax		**1 641 040**	118 067	**1 568 846**	(97 310)
Income tax expense	34	**(649 975)**	69 506	**(654 928)**	89 566
Profit/(loss) for the year		**991 065**	187 573	**913 918**	(7 744)
Other comprehensive income for the year, net of tax		**5 367**	(102 180)	**(15 590)**	(34 732)
Fair value on investment property		**67 303**	–	**67 303**	–
Actuarial losses on defined benefit post retirement medical aid liability	21	**(17 276)**	(8 008)	**(17 276)**	(8 008)
Foreign currency translation differences		**28 166**	(46 028)	**–**	–
Cash flow hedge reserve on derivative financial instruments		**(71 680)**	(40 231)	**(71 680)**	(40 231)
Income tax relating to components of other comprehensive income		**(1 146)**	(7 913)	**6 063**	13 507
Total comprehensive income for the year		**996 432**	85 393	**898 328**	(42 476)
Profit/(loss) attributable to owners of the parent		**991 065**	187 573	**913 918**	(7 744)
Total comprehensive income attributable to owners of the parent		**996 432**	85 393	**898 328**	(42 476)
Earnings/(loss) per share					
Basic (cents)		**200,61**	37,97	**182,78**	(1,57)
Diluted (cents)		**200,61**	37,97	**182,78**	(1,57)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Note	GROUP 31 March 2013 R'000	GROUP 31 March 2012 R'000	COMPANY 31 March 2013 R'000	COMPANY 31 March 2012 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		**6 684 679**	5 784 485	**6 546 468**	5 492 881
Cash paid to suppliers and employees		**(2 463 597)**	(2 830 062)	**(2 434 184)**	(2 737 153)
Cash generated from operations	39.1	**4 221 082**	2 954 423	**4 112 284**	2 755 728
Income tax (paid)/received	39.2	**(404 001)**	34 680	**(386 473)**	40 700
Interest received		**124 728**	47 132	**153 470**	48 786
Net cash inflow from operating activities		**3 941 809**	3 036 235	**3 879 281**	2 845 214
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in investments in associates		**(76 892)**	(32 163)	**(76 892)**	(3 131)
Increase in short-term investments		**(604 998)**	(600 000)	**(604 998)**	(600 000)
Loans (granted to)/repaid by subsidiaries		**–**	–	**(635 206)**	107 716
Proceeds on disposal of property, plant and equipment		**3 520**	13 703	**3 481**	13 703
Proceeds on disposal of Assets Held for Sale		**650 000**	1 200 000	**650 000**	1 200 000
Additions to property, plant and equipment and investment property		**(990 628)**	(417 100)	**(985 266)**	(414 438)
Net cash outflow from investing activities		**(1 018 998)**	164 440	**(1 648 881)**	303 850
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest-bearing borrowings repaid		**(2 094 838)**	(2 962 394)	**(1 481 162)**	(2 957 044)
Interest-bearing borrowings raised		**–**	2 960 429	**–**	2 960 429
Financial instruments held for trading		**(72 743)**	(425 861)	**(72 743)**	(425 861)
Interest paid		**(1 474 891)**	(1 471 292)	**(1 375 564)**	(1 401 937)
Net cash (outflow)/inflow from financing activities		**(3 642 472)**	(1 899 118)	**(2 929 469)**	(1 824 413)
Net foreign currency translation adjustments		**295**	(53)	**–**	–
(Decrease)/increase in cash and cash equivalents		**(719 366)**	1 301 504	**(699 069)**	1 324 651
Cash and cash equivalents at beginning of year		**1 980 385**	678 881	**1 903 242**	578 591
Cash and cash equivalents at end of year	15	**1 261 019**	1 980 385	**1 204 173**	1 903 242

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Share capital R'000	Share premium R'000	Retained earnings R'000	Treasury share reserve R'000	Other reserves R'000	Total R'000	Deben-tures R'000	Total R'000
GROUP								
Balance at 1 April 2011	500 000	250 000	8 070 624	(44 024)	821 637	9 598 237	6 000	9 604 237
Transactions with owners								
Comprehensive income								
Profit for the year	–	–	187 573	–	–	187 573	–	187 573
Other comprehensive income	–	–	6 360	–	(102 541)	(96 181)	(6 000)	(102 181)
Actuarial losses on defined benefit post retirement medical aid liability, net of tax	–	–	–	–	(5 767)	(5 767)	–	(5 767)
Foreign currency translation differences, net of tax					(67 448)	(67 448)	–	(67 448)
Cash flow hedge reserve on derivative financial instruments, net of tax	–	–	–	–	(28 966)	(28 966)	–	(28 966)
Transfer between reserves	–	–	6 360	–	(360)	6 000	(6 000)	–
Total comprehensive income	–	–	193 933	–	(102 541)	91 392	(6 000)	85 392
Balance at 1 April 2012	500 000	250 000	8 264 557	(44 024)	719 096	9 689 629	–	9 689 629
Transactions with owners								
Comprehensive income								
Profit for the year	–	–	**991 065**	–	–	**991 065**	–	**991 065**
Other comprehensive income	–	–	**1 181 160**	–	**(922 810)**	**258 351**	–	**258 351**
Actuarial losses on defined benefit post retirement medical aid liability, net of tax	–	–	–	–	**(12 439)**	**(12 439)**	–	**(12 439)**
Gain on revaluation of investment property, net of tax					**48 458**	**48 458**	–	**48 458**
Foreign currency translation differences, net of tax	–	–	–	–	**20 957**	**20 957**	–	**20 957**
Cash flow hedge reserve on derivative financial instruments, net of tax	–	–	–	–	**(51 610)**	**(51 610)**	–	**(51 610)**
Transfer on disposal of asset held for sale, net of tax (note 17)	–	–	**928 176**	–	**(928 176)**	–	–	–
Deferred tax on transfer	–	–	**252 984**	–	–	**252 984**	–	**252 984**
Total comprehensive income	–	–	**2 172 225**	–	**(922 810)**	**1 249 415**	–	**1 249 415**
Balance at 31 March 2013	**500 000**	**250 000**	**10 436 782**	**(44 024)**	**(203 714)**	**10 939 044**	–	**10 939 044**
COMPANY								
Balance at 1 April 2011	500 000	250 000	7 404 226	–	891 079	9 045 305	–	9 045 305
Transactions with owners	–							
Comprehensive income								
Profit for the year	–	–	(7 744)	–	–	(7 744)	–	(7 744)
Other comprehensive income	–	–	–	–	(34 733)	(34 733)	–	(34 733)
Actuarial losses on defined benefit post retirement medical aid liability, net of tax	–	–	–	–	(5 767)	(5 767)	–	(5 767)
Cash flow hedge reserve on derivative financial instruments, net of tax	–				(28 966)	(28 966)	–	(28 966)
Total comprehensive income	–	–	(7 744)	–	(34 733)	(42 477)	–	(42 477)
Balance at 1 April 2012	**500 000**	**250 000**	**7 396 482**	–	**856 346**	**9 002 828**	–	**9 002 828**
Transactions with owners								
Comprehensive income	–	–	**913 918**	–	–	**913 918**	–	**913 918**
Profit for the year								
Other comprehensive income	–	–	**1 177 026**	–	**(939 633)**	**237 393**	–	**237 393**
Actuarial losses on defined benefit post retirement medical aid liability, net of tax	–	–	–	–	**(12 439)**	**(12 439)**	–	**(12 439)**
Cash flow hedge reserve on derivative financial instruments, net of tax	–	–	–	–	**(51 610)**	**(51 610)**	–	**(51 610)**
Gain on revaluation of investment property, net of tax	–	–	–	–	**48 458**	**48 458**		**48 458**
Transfer on disposal of asset held for sale, net of tax (note 17)	–	–	**924 042**	–	**(924 042)**	–	–	–
Deferred tax on transfer	–	–	**252 984**	–	–	**252 984**	–	**252 952**
Total comprehensive income	–	–	**2 090 944**	–	**(939 633)**	**1 151 311**	–	**1 151 311**
Balance at 31 March 2013	**500 000**	**250 000**	**9 487 426**	–	**(83 287)**	**10 154 139**	–	**10 154 139**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

1 CORPORATE INFORMATION

Airports Company South Africa SOC Limited is a company domiciled in South Africa. The address of the company's registered office is The Maples, Riverwoods Office Park, 24 Johnson Road, Bedfordview. The financial statements of the company for the year ended 31 March 2013 comprise those of the company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in jointly controlled and associated entities. The Group is primarily involved in the acquisition, development, provision, maintenance, management and operation of airports or parts of airports or any facilities or services that are normally performed at an airport. Other operations in the Group mainly comprise hotel operations.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB), as well as the requirements of the South African Companies Act of 2008 and the requirements of the Public Finance Management Act (Act 1 of 1999, as amended).

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment property and certain financial instruments that are carried at fair value.

2.2 Functional and presentation currency

These financial statements are presented in South African Rand, which is the company's functional currency. All financial information presented in Rand has been rounded to the nearest thousand.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

Subsidiaries

Subdiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Consolidation ceases from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The company's investments in subsidiaries are carried at cost, net of accumulated impairment losses. Cost is adjusted to reflect the changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Subsidiaries (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

Jointly controlled entities

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity.

The company's investment in jointly controlled entities is carried at cost, net of accumulated impairment losses.

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group recognises its interests in the joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar line items, line by line, in its consolidated financial statements. Adjustments are made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised if the loss provided evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Transactions with minority interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

3.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rental income is recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of rental income, over the term of the lease.

Revenue of the Group comprises the following:

Aeronautical revenue

Aeronautical revenue consists of the following:

Landing fees

Landing fees are determined by using regulated tariffs for aircraft landings based on the maximum take-off weight of landing aircrafts for each landing.

Passenger service charges

Passenger service charges are determined by using regulated tariffs for each departing passenger at an airport of departure.

Aircraft parking

Aircraft parking fees are determined on regulated tariffs for each aircraft parked for over four hours, based on the maximum take-off weight of aircraft parking per 24-hour period.

Commercial revenue

Commercial revenue consists of the following:

Advertising

Revenue is generated through the rental of advertising space to concessionaires. Rental income is normally based on the higher of a minimum guaranteed rental or a percentage of turnover.

Retail

Revenue is generated through the rental of retail space to concessionaires. Rental income is normally based on the greater of a percentage of turnover or a minimum monthly rental.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Revenue recognition (continued)

Commercial revenue (continued)

Parking

Revenue generated by providing short- and long-term parking facilities is determined on time-based tariffs.

Car hire

Revenue is generated from concession fees and the rental of space and kiosks to car hire companies.

Property rental

Revenue is generated through the rentals of offices, air lounges, aviation fuel depots, warehousing, logistics facilities, hotels and filling stations, based on medium- to long-term rental agreements with tenants.

Hotel operations

Revenue comprises the invoice value of accommodation and the sale of food and beverages. Accommodation income is recognised in the financial statements at the date guests are invoiced.

Premiums received

Premiums received comprise the net gains on investments invested in an insurance cell captive.

Other

Other revenue mainly consists of the recovery of electricity and water charges and fees charged for the issuing of permits, and dividend income.

Dividend income is recognised in profit and loss on the date that the Group's right to receive payment is established.

3.3 Construction contracts

Construction revenue

A construction contract is defined by IAS 11, 'Construction contracts', as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion' method to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred, plus recognised profits (less recognised losses), exceed progress billings; a contract represents a liability where the opposite is the case.

3.4 Other operating income

Other income is any income that accrued to the Group from activities that are not part of the normal operations and is recognised as earned.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Finance income and expense

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit and loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit and loss, using the effective interest method.

3.6 Leases

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustment is known.

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to those assets.

Other leases are operating leases not recognised in the Group's statement of financial position.

3.7 Foreign currency

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to South African Rand at closing rate. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to South African Rand at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the Foreign Currency Translation Reserve (FCTR) is transferred to profit and loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in a foreign operation and are recognised directly in other comprehensive income in the FCTR.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the funtional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost of the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit and loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans and medical aid schemes are recognised as an employee benefit expense in profit and loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Group's net obligation in respect of post-employment medical benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is determined by the actuarial assumptions that have maturity terms approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions directly to equity in the statement of other comprehensive income in the period in which they arise.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or incentive scheme plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.10 Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the profit and loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of the previous years.

Deferred tax is recognised using the balance sheet method by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that is probable that they will not reverse in the foreseeable future and the timing of the reversal of the temporary difference is controlled by the Group.
In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rate that is expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will realise.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.11 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition and construction of qualifying assets are capitalised during the period of time required to complete and prepare the property for its intended use, as part of the cost of the asset.

When parts of an item of property, plant and equipment (i.e. equipment, motor vehicles, roads, runways and aprons, and buildings) have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other operating income' in profit and loss.

Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as Investment property at cost if fair value is not easily determinable until the development is complete.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss, as incurred.

Depreciation

Depreciation is recognised in profit and loss on a straight-line basis to reduce the assets to their residual values over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

– Equipment	3 – 12 years
– Motor vehicles	5 years
– Roads, runways and aprons	20 – 50 years
– Buildings	20 – 30 years

Depreciation methods, useful lives and residual values are re-assesed at each reporting date.

Notes to the Financial Statements (continued)

For the year ended 31 March 2013

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Investment property

Investment property is property which is held either to earn rental income, or for capital appreciation, or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is carried at fair value, representing open market value determined annually by independent expert valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, or location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in comprehensive income as part of other income.

3.13 Intangible assets

Intangible assets comprise: computer software, development costs of the Enterprise Resource Planning system and other information management systems. These intangible assets are measured initially at cost and are carried at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are amortised from the date they are available for use. The amortisation period and the amortisation method for an intangible asset are reviewed at each financial year-end.

The current estimated useful life is three to five years.

3.14 Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Impairment (continued)

Financial assets (continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- A breach of contract, such as a default or delinquency in payments
- The probability that the debtor will enter bankruptcy or other financial reorganisation
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit and loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit and loss.

3.15 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the 'first-in, first-out' principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their current location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term, highly-liquid investments with original maturities of three months or less, and bank overdrafts.

3.17 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Accounting for finance income and expense is discussed in note 3.5.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all the risks and rewards of ownership, without retaining control. Any interest in the transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Financial instruments (continued)

Held-to-maturity investments

If the Group has a positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest rate method, less any impairment losses.

Financial assets at fair value through profit and loss

An instrument is classified at fair value through profit and loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit and loss if the Group manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transactions costs are recognised in profit and loss when incurred. Financial instruments at fair value through profit and loss are measured at fair value, and changes therein are recognised in profit and loss.

Non-derivative financial instruments

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 included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

Other

Cash and cash equivalents are measured at amortised cost.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit and loss. Changes in the fair value of separable embedded derivatives are recognised immediately in profit and loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit and loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value are recognised in profit and loss.

Economic hedges

The derivative instruments are used to hedge the risk of fluctuations in monetary assets and liabilities denominated in foreign currencies. The entity does not have a desgnated hedging strategy and does not apply hedge accounting therefore the changes in the fair value of such derivatives are recognised in profit and loss as part of foreign currency gains and losses.

3.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.19 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Related parties

Airport Company South Africa's related parties include entities directly or indirectly owned by the South African Government.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. The Group regards all individuals from the level of Group Executive up to the Board of Directors as key management per the definition of the standard.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the entity.

Other related party transactions are also disclosed in terms of the requirements of the standard. The objective of the standard and the financial statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

3.21 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Executive Committee that makes strategic decisions.

3.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises convertible bonds and share options granted to employees.

3.23 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction, rather than through continuing use.

3.24 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

3.25 New standards and interpretations issued but not yet effective

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after the dates as indicated, but the Group has not early adopted them.

3.25.1 Amendment to IFRS 7 Financial instruments disclosure (effective 1 January 2013)

The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The Group will apply the amendment from 1 April 2013.

3.25.2 Amendments to IAS 19 Employee Benefits (effective 1 January 2013)

The IASB has issued an amendment to IAS 19, 'Employee Benefits', which makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The Group will apply the amendment from 1 April 2013.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25.3 Amendment to IFRS 9 – Financial instruments (effective 1 January 2015)

This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The Group will apply the amendment on 1 April 2015.

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. The Group will apply the amendment on 1 April 2015.

3.25.4 IFRS 10 – Consolidated financial statements (effective 1 January 2013)

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a Group consolidates as its subsidiaries. The Group will apply the amendment on 1 April 2013.

3.25.5 IFRS 11 – Joint arrangements (effective 1 January 2013)

This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group will apply the amendment on 1 April 2013.

3.25.6 IFRS 12 - Disclosure of interests in other entities (effective 1 January 2013)

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group will apply the amendment on 1 April 2013.

3.25.7 IFRS 13 – Fair value measurement (effective 1 January 2013)

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Group will apply the amendment on 1 April 2013.

4 FINANCIAL RISK MANAGEMENT

The Group recognises that an effective risk management function is fundamental to its business. Taking international best practice into account, Airports Company South Africa's comprehensive risk management process involves identifying, understanding and managing the risks associated with each of the Group's business units. Risk awareness, control and compliance are embedded in the Group's day-to-day activities. The Group Risk Management unit independently monitors, manages and reports risk as mandated by the Board of Directors through the Board Risk Committee, and the Treasury and Economic Regulation Committee. The Executive Committee and business units are ultimately responsible for managing risks that arise.

4 FINANCIAL RISK MANAGEMENT (continued)

Sound financial risk management framework is in place at Airports Company South Africa, based on a best-practice Enterprise Risk Management Framework, built on rigorous governance structures. These frameworks are supported by an experienced team that manages the exposures across the Group structures and these are regularly monitored and reported to the respective committees and ultimately to Board.

Credit risk

Credit risk is the risk of loss to the Group as a result of the failure by a customer or counterparty to meet its contractual obligations. The credit risk that Airports Company South Africa faces arises mainly from commercial and aeronautical business.These risks are mitigated by the guarantees held for the exposure at a given period. Credit risks can also arise from cash and cash equivalents, accounts receivable and derivative financial instruments. These risks are effectively managed in terms of the Board approved financial risk management framework that specifies the investment and counterparty policies. As at 31 March 2013 the Group had no significant concentration of credit risk from treasury trading activities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default rate of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 32 percent (2012: 32 percent) of the Group's aeronautical revenue is attributable to transactions with a single customer. The main concentration of credit risk is in the Johannesburg region, which approximate 61 percent (2012: 58 percent) of the trade receivables of the Group.

The Treasury and Economic Regulation Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amount, and these limits are reviewed on an ongoing basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment/cash basis.

More than 60 percent of the Group's customers have been transacting with the Group for over 15 years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are individual or legal entity, whether they are aeronautical, commercial or retail customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's aeronautical and commercial customers. Customers that are graded as 'high risk' are placed on a restricted customer list, and future transactions are made on a prepayment basis with approval of the Treasury and Economic Regulation Committee.

Investments

In complying with the Treasury Regulation, Airports Company South Africa's Financial Risk Management Framework limits the Group to investments in A short-term rated instrument or AAA rated instruments and counterparts.

Guarantees

The Group has no formal policy for providing financial guarantees.

Market risk

Market risk is the risk that the Airports Company South Africa's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates and commodity prices. The main market risk arises from treasury activities and both aeronautical and non-aeronautical business. The Group has developed analytical tools that are used to perform various analyses in order to assess the impact of market risk on business and to identify mitigants to manage the risk within approved tolerance levels.

4 FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

Airports Company South Africa's interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the company to cash flow risks, and borrowings issued at fixed rates expose the company to fair value interest rate risk. Airports Company South Africa's policy is to maintain a mix of fixed to floating rate debt within the Board-approved parameters.

As at 31 March 2013, Airports Company South Africa's fixed to floating rate profile after hedging, on net debt was 77 percent (2012: 59 percent) fixed.

Tariff risk

Approximately half of the Group's revenue is regulated by an independent economic regulator using a price cap methodology. The regulated tariff is linked to the CPI index. A change in CPI has a positive or a negative impact on the revenue earned by the Group. However, the Group is allowed to adjust the difference between actual and forecast CPI in future tariffs. The tariff is determined every five years, with an option to re-open after three years. The Board has approved a regulatory strategy which seeks to proactively influence the regulatory approach in line with best practice. In this regard, the Group proactively manages the economic regulatory risk while balancing the interests of both the Group and the customers.

Foreign exchange risk

Airports Company South Africa has two foreign investments that gives rise to limited exposure to foreign currency risk, arising primarily with respect to the Brazilian Real and Indian Rupee. All foreign debt instruments are issued in Rands or, where applicable, hedged through cross-currency swaps. The Group also uses foreign exchange contracts to hedge material expenditure once the project or purchase cash flows are certain.

Liquidity and funding risk

Liquidity risk is the risk of not being able to generate sufficient cash to honour financial commitments. In Airports Company South Africa it refers particularly to the risk of the Group not being able to advance funds for capital expenditure, redeem and service loans, finance operational costs and service unanticipated financial commitments.

The objective of The Financial Risk Management Framework is to ensure continuity of funding and flexibility, ensuring debt maturities are spread over a range of dates to manage refinancing risks. The Group had all funding required for the 2013 financial year. Further, the Group mitigates this risk by maintaining banking facilities with major South African banks that cover 12 months' funding requirements. The Group is not exposed to excessive refinancing risk in any one year.

As at 31 March 2013, the Group had committed and un-committed facilities of R4,5 billion (2012: R4,8 billion).

	Committed		Uncommitted		Total
	Expiry date	Facility amount R'000	Expiry date	Facility amount R'000	Facility amount R'000
			April 2013	250 000	**250 000**
	May 2014	1 000 000		–	**1 000 000**
	March 2014	3 250 000		–	**3 250 000**
		4 250 000		250 000	**4 500 000**
Utilised facilities		(2 250 000)		–	**(2 250 000)**
Total unutilised		2 000 000		250 000	**2 250 000**

Uncommitted facilities represent undrawn lines of credit where the bank has an agreement with the company to make available an amount (up to the maximum specified) in loans on demand from the Group. The Group is under no obligation to actually take out a loan at any particular time. Committed facilities are those lines of credit where the Group and the bank have clearly defined terms and conditions which bind the bank to lend the Group up to the amounts stated in the agreement.

4 FINANCIAL RISK MANAGEMENT (continued)

In addition, the table below analyses the Group's financial liabilities in terms of their maturities. The amounts disclosed are the contractual undiscounted cash (inflows)/outflows.

	Carrying amount	Contractual cash flows	6 months or less	Between 6-12 months	Between 1-2 years	Between 2-5 years	More than 5 years
2013							
GROUP							
Secured borrowings	52 693	64 910	6 891	7 099	15 111	35 809	–
Unsecured borrowings	14 722 334	21 049 033	782 607	2 081 157	2 277 875	3 513 706	12 393 688
Trade and other payables	817 432	817 432	817 432	–	–	–	–
Derivative financial instruments	271 934	271 939	38 401	36 259	62 832	108 831	25 616
	15 864 393	22 203 314	1 645 331	2 124 515	2 355 818	3 658 346	12 419 304
COMPANY							
Unsecured borrowings	14 720 834	21 049 033	782 607	2 081 157	2 277 875	3 513 706	12 393 688
Trade and other payables	769 063	769 063	769 063	–	–	–	–
Derivative financial instruments	271 934	271 939	38 401	36 259	62 832	108 831	25 616
	15 761 831	22 090 035	1 590 071	2 117 416	2 340 707	3 622 537	12 419 304
2012							
GROUP							
Secured borrowings	666 371	792 338	28 066	634 450	27 984	89 458	12 380
Unsecured borrowings	16 044 405	24 384 016	765 053	1 774 902	1 509 993	5 653 815	14 680 253
Trade and other payables	910 354	910 354	910 354	–	–	–	–
Derivative financial instruments	194 775	227 292	80 723	48 636	34 439	27 512	35 982
Financial guarantees	1 200 000	1 200 000	1 200 000	–	–	–	–
	19 015 905	27 514 000	2 984 196	2 457 988	1 572 416	5 770 785	14 728 615
COMPANY							
Unsecured borrowings	16 042 905	24 384 016	765 053	1 774 902	1 509 993	5 653 815	14 680 253
Trade and other payables	878 917	878 917	878 917	–	–	–	–
Derivative financial instruments	194 775	227 292	80 723	48 636	34 439	27 512	35 982
Financial guarantees	1 200 000	1 200 000	1 200 000	–	–	–	–
	18 316 597	26 690 225	2 924 693	1 823 538	1 544 432	5 681 327	14 716 235

Capital risk management

The Group's capital management strategy is designed to ensure that the Group is adequately capitalised in a manner consistent with the Group's risk profile, economic regulatory requirements and maintaining an investment rating levels. This strategy is intended to maintain investors confidence in the Group's debt issues in the debt capital markets.

The Group monitors capital adequacy through the gearing ratio, as represented by net interest-bearing debt to total capital. Net debt is calculated as total interest-bearing borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents plus short-term investments. Total capital is calculated as 'equity' as shown in the consolidated balance sheet, plus net debt. The gearing ratio for the Group at 31 March 2013 was 53 percent (2012: 59 percent).

4 FINANCIAL RISK MANAGEMENT (continued)

During 2013, the Group's strategy changed from 2012 to a gearing ratio within 57 percent to 60 percent (2012: 60 percent to 65 percent) and maintain an investment credit rating. The gearing ratios as at 31 March 2013 and 2012 were as follows:

	2013 R'000	2012 R'000
GROUP		
Total borrowings	**14 775 027**	16 710 776
Less: cash and cash equivalents plus short-term investments	**(2 466 017)**	(2 580 385)
Net debt	**12 309 010**	14 130 391
Total equity	**10 939 047**	9 689 630
Total capital	**23 248 057**	23 820 021
Gearing ratio (net debt divided by total capital)	**53%**	59%
COMPANY		
Total borrowings	**14 720 834**	16 042 905
Less: cash and cash equivalents plus short-term investments	**(2 409 171)**	(2 503 242)
Net debt	**12 311 663**	13 539 663
Total equity	**10 154 139**	9 002 828
Total capital	**22 465 802**	22 542 491
Gearing ratio (net debt divided by total capital)	**55%**	60%

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

Fair value estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date. The Group uses the current bid prices to determine the market prices for financial assets.

The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices and dealer quotes for similar instruments are used for long-term debt.

The fair values of forward foreign exchange contracts are determined using forward exchange rates at the balance sheet date.

The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves.

Other techniques such as estimated discounted cashflows, are used to determine fair values for the remaining financial instruments.

The carrying value of trade receivables less impairment provision, and carrying value of trade payables, are assumed to approximate their fair values. The fair value of financial liabilities for discounting purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are addressed below:

Fair value of financial instruments

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date. The Group has used discounted cash flow analysis for financial assets that are not traded in active markets.

Post-retirement medical aid obligation

The present value of the post-retirement medical aid obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post-retirement medical aid include the discount rate. Any changes in these assumptions will impact the carrying amount of post-retirement medical aid obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post retirement medical aid obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related post retirement medical aid liability.

Other key assumptions for post-retirement medical aid obligations are based in part on current market conditions. Additional information is disclosed in note 21.

Were the discount rate used to differ by one percent from management's estimates, the carrying amount of post-retirement medical aid obligations would be an estimated R40,19 million lower or R30,89 million higher.

Fair value of investment property

The fair values of investment properties are determined using the discounted cashflow analysis valuation technique, using transactions observable in the market at the balance sheet date. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

Useful lives and residual values of assets

The Group reassess the useful lives and residual values of property, plant and equipment annually by reference to the age or known condition of the assets and the Group's expected use of the related assets.

Accounting for investment in associate

The Group's ten percent shareholdings in Mumbai International Airport (Pty) Limited and Aeroporto de Guarulhos Participações S.A. has been accounted for using the equity method as the Group believes that it has the ability (and power) to participate in the financial and operating policy decisions, which gives the Group significant influence.

		GROUP			COMPANY	
	Cost R'000	Accumulated depreciation R'000	Carrying amount R'000	Cost R'000	Accumulated depreciation R'000	Carrying amount R'000
6 PROPERTY, PLANT AND EQUIPMENT						
2013						
Owned assets						
Land and buildings	13 845 977	(2 697 553)	11 148 424	13 844 179	(2 696 440)	11 147 739
Land	742 777	–	742 777	742 777	–	742 777
Buildings	13 103 200	(2 697 553)	10 405 647	13 101 402	(2 696 440)	10 404 962
Roads, runways and aprons	7 836 461	(1 522 939)	6 313 522	7 836 461	(1 522 939)	6 313 522
Vehicles and equipment	4 047 509	(2 656 671)	1 390 816	4 013 069	(2 644 845)	1 368 224
Equipment	3 793 558	(2 511 288)	1 282 271	3 759 113	(2 499 462)	1 259 651
Vehicles	253 951	(145 383)	108 545	253 956	(145 383)	108 573
Capital work in progress	1 407 646	–	1 407 646	1 407 492	–	1 407 492
	27 137 593	(6 877 162)	20 260 408	27 101 201	(6 864 224)	20 236 977
Leased assets						
Vehicles and equipment	90 645	(90 645)	–	90 645	(90 645)	–
Equipment	85 970	(85 970)	–	85 970	(85 970)	–
Vehicles	4 675	(4 675)	–	4 675	(4 675)	–
Total property, plant and equipment	27 228 238	(6 967 807)	20 260 408	27 191 846	(6 954 869)	20 236 977
2012						
Owned assets						
Land and buildings	13 812 461	(2 153 770)	11 658 691	13 810 663	(2 152 828)	11 657 835
Land	727 963	–	727 963	727 963	–	727 963
Buildings	13 084 498	(2 153 770)	10 930 728	13 082 700	(2 152 828)	10 929 872
Roads, runways and aprons	7 687 840	(1 261 385)	6 426 455	7 687 840	(1 261 385)	6 426 455
Vehicles and equipment	3 880 996	(2 229 425)	1 651 571	3 829 026	(2 198 288)	1 630 738
Equipment	3 644 730	(2 101 685)	1 543 045	3 592 760	(2 070 548)	1 522 212
Vehicles	236 266	(127 740)	108 526	236 266	(127 740)	108 526
Capital work in progress	888 050	–	888 050	887 898	–	887 898
	26 269 347	(5 644 580)	20 624 767	26 215 427	(5 612 501)	20 602 926
Leased assets						
Vehicles and equipment	90 645	(90 645)	–	90 645	(90 645)	–
Equipment	85 970	(85 970)	–	85 970	(85 970)	–
Vehicles	4 675	(4 675)	–	4 675	(4 675)	–
Total property, plant and equipment	26 359 992	(5 735 225)	20 624 767	26 306 072	(5 703 146)	20 602 926

6 PROPERTY, PLANT AND EQUIPMENT (continued)

Ownership
Details of the land and buildings are recorded in a register which may be inspected by the members or their duly authorised agents at the Group's registered office.

The Group's land and buildings consist of land, buildings and equipment, including air corridors and other related equipment.

Borrowing costs
Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 10,34 percent in the 2012 year to expenditure on such assets. No interest was capitalised in 2013.

	Carrying amount at beginning of year R'000	Additions R'000	Transfers R'000	Depreciation R'000	Disposals R'000	Carrying amount at end of year R'000
GROUP						
Movement for the year 2013						
Owned assets						
Land and buildings	11 658 691	26 467	25 828	(562 550)	(12)	11 148 425
Land	727 963	–	14 826	–	(12)	742 777
Buildings	10 930 728	26 467	11 002	(562 550)	–	10 405 647
Roads, runways and aprons	6 426 455	–	168 795	(281 728)	–	6 313 522
Vehicles and equipment	1 651 571	181 261	22 987	(464 959)	(39)	1 390 816
Equipment	1 543 045	159 479	22 987	(443 196)	(39)	1 282 271
Vehicles	108 526	21 782	–	(21 763)	–	108 545
Capital work in progress	888 050	737 206	(217 610)	–	–	1 407 646
Total property, plant and equipment	20 624 767	944 935	–	(1 309 237)	(51)	20 260 408
COMPANY						
Owned assets						
Land and buildings	11 657 835	26 465	25 828	(562 377)	(12)	11 147 739
Land	727 963	–	14 826	–	(12)	742 777
Buildings	10 929 872	26 465	11 002	(562 377)	–	10 404 962
Roads, runways and aprons	6 426 455	–	168 795	(281 728)	–	6 313 522
Vehicles and equipment	1 630 738	175 920	22 987	(461 421)	–	1 368 224
Equipment	1 522 212	154 133	22 987	(439 681)	–	1 259 651
Vehicles	108 526	21 787	–	(21 740)	–	108 573
Capital work in progress	887 898	737 204	217 610	–	–	1 407 492
Total property, plant and equipment	20 602 926	939 589	–	(1 305 526)	(12)	20 236 977

	Carrying amount at beginning of year R'000	Additions R'000	Transfers R'000	Depreciation R'000	Disposals R'000	Carrying amount at end of year R'000
6 PROPERTY, PLANT AND EQUIPMENT (continued)						
GROUP						
Movement for the year (continued)						
2012						
Owned assets						
Land and buildings	12 166 914	–	61 558	(569 770)	(11)	11 658 691
Land	727 963	–	–	–	–	727 963
Buildings	11 438 951	–	61 558	(569 770)	(11)	10 930 728
Roads, runways and aprons	6 549 981	–	154 909	(278 435)	–	6 426 455
Vehicles and equipment	2 030 901	49 456	98 236	(520 962)	(6 060)	1 651 571
Equipment	1 910 887	35 531	102 698	(500 011)	(6 060)	1 543 045
Vehicles	120 014	13 925	(4 462)	(20 951)	–	108 526
Capital work in progress	841 796	360 957	(314 703)	–	–	888 050
	21 589 592	410 413	–	(1 369 167)	(6 071)	20 624 767
COMPANY						
Owned assets						
Land and buildings	12 161 191	–	61 558	(564 903)	(11)	11 657 835
Land	727 963	–	–	–	–	727 963
Buildings	11 433 228	–	61 558	(564 903)	(11)	10 929 872
Roads, runways and aprons	6 543 674	–	154 727	(271 946)	–	6 426 455
Vehicles and equipment	2 002 505	46 131	98 236	(515 540)	(594)	1 630 738
Equipment	1 882 690	32 206	102 698	(494 788)	(594)	1 522 212
Vehicles	119 815	9 463	–	(20 752)	–	108 526
Capital work in progress	841 614	365 267	(318 983)	–	–	887 898
	21 548 984	406 936	–	(1 352 389)	(605)	20 602 926

	GROUP			COMPANY		
	Cost R'000	Accumulated amortisation R'000	Carrying amount R'000	Cost R'000	Accumulated amortisation R'000	Carrying amount R'000
7 INTANGIBLE ASSETS						
2013						
Computer software	536 485	(386 005)	150 480	536 468	(386 003)	150 465
	536 485	(386 005)	150 480	536 468	(386 003)	150 465
2012						
Computer software	491 430	(276 685)	214 745	498 554	(284 056)	214 498
	491 430	(276 685)	214 745	498 554	(284 056)	214 498

	Carrying amount at beginning of year R'000	Additions R'000	Transfers R'000	Amortisation expense R'000	Disposals R'000	Carrying amount at end of year R'000
GROUP						
Movement for the year						
2013						
Computer software	214 745	37 930	–	(102 195)	–	150 480
Total Intangible assets	214 745	37 930	–	(102 195)	–	150 480
COMPANY						
Computer software	214 498	37 914	–	(101 947)	–	150 465
Total Intangible assets	214 498	37 914	–	(101 947)	–	150 465
GROUP						
2012						
Computer software	301 273	8 110	–	(94 637)	(1)	214 745
Total Intangible assets	301 273	8 110	–	(94 637)	(1)	214 745
COMPANY						
Computer software	300 724	8 110	–	(94 336)	–	214 498
Total Intangible assets	300 724	8 110	–	(94 336)	–	214 498

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
8	**INVESTMENT PROPERTY**				
	Balance at 1 April	**2 832 652**	4 669 802	**1 959 582**	3 814 692
	Improvements	**7 763**	11 316	**7 763**	11 316
	Change in fair value				
	– Recognised in statement of comprehensive income	**258 309**	1 534	**228 489**	(16 426)
	– Recognised in other comprehensive income	**67 303**	–	**67 303**	–
	Transfer to non-current asset held for sale	**–**	(1 850 000)	**–**	(1 850 000)
	Balance at 31 March	**3 166 027**	2 832 652	**2 263 137**	1 959 582

Investment properties are stated at fair value, which has been determined based on valuations performed by accredited independent valuers, as at 31 March 2013 and 31 March 2012. The valuers are industry specialists in valuing these types of investment properties. The fair values of the properties have been determined on transactions observable in the market. Where there was lack of comparable data, a valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The following main inputs have been used:

	GROUP AND COMPANY	
	2013	2012
Market yield of comparable properties (percent)	**10-15**	10-15
Average escalation of lease rentals (percent)	**8-12**	8-12
Average duration of lease (years)	**3-5**	3-5

Investment properties with a fair value of Rnil (2012: R737 million) have been encumbered by secured borrowings.

The Group's investment property consists of land and buildings.

Details of the investment properties are recorded in a register which may be inspected by the members or their duly authorised agents at the Group's registered office. Investment property comprises a number of commercial properties that are leased to third parties. No contingent rents are charged.

Rental income of R529 million (2012: R558 million) from investment properties has been included in revenue of the Group and company (note 29).

		COMPANY	
		2013 R'000	2012 R'000
9	**INVESTMENT IN SUBSIDIARIES**		
	Shares at cost	**225**	225
	Indebtedness	**782 750**	229 662
	Provision for impairment	**–**	(49 318)
	Total interest in subsidiaries	**782 975**	180 569
	Directors' valuation	**782 975**	180 569
	Aggregate after tax profits of subsidiary companies	**34 819**	158 866

9 INVESTMENT IN SUBSIDIARIES (continued)

Details of the company's subsidiaries at 31 March 2013 are as follows:

Subsidiaries	Principal activity	Country of incorporation	Issued share capital R'000	Interest held	Investment at cost R'000	Indebtedness R'000
2013						
Guardrisk Life Ltd (cell captive)	Insurance	South Africa	225	100%	225	–
Other						
OSI Airport Systems (Pty) Ltd	Dormant	South Africa	–	51%	–	–
Pilanesberg International Airport (Pty) Ltd	Airport management	South Africa	–	0%	–	–
Precinct 2A (Pty) Ltd	Property owning	South Africa	–	100%	–	636 523
JIA Piazza Park (Pty) Ltd	Hotel operations	South Africa	–	100%	–	–
ACSA Global Ltd	Management company	Mauritius	–	100%	–	99 804
					225	736 327

The Group's accounts include the consolidation of the Airport Management Share Incentive Scheme Company (Proprietary) Limited and Lexshell 342 Investment Holdings (Proprietary) Limited. Although the Airport Management Share Incentive Scheme Company (Proprietary) Limited is wholly owned by the Airport Management Share Incentive Scheme Trust and Lexshell 342 Investment Holdings (Proprietary) Limited is wholly owned by the Airports Company South Africa Kagano Trust, in terms of SIC-12, 'Consolidation of Special Purpose Entities', the Group consolidates these entities as it is exposed to significant risks that are associated with intercompany loan funding and the company receives significant rewards associated with the employment of the beneficiaries. Details of special purpose entities consolidated in terms of SIC-12 are as follows:

Special purposes entities	Principal activity	Country of incorporation	Issued share capital R'000	Interest held	Investment at cost R'000	Indebtedness R'000
Lexshell 342 Investment Holdings (Pty) Ltd	Employee share option plan	South Africa	–	–	–	17 437
Airport Management Share Incentive Scheme Company (Pty) Ltd	Employee share option plan	South Africa	–	–	–	28 986
					–	46 423
Total					225	782 750

9 INVESTMENT IN SUBSIDIARIES (continued)

Details of the company's subsidiaries at 31 March 2013 are as follows:

Subsidiaries	Principal activity	Country of incorporation	Issued share capital R'000	Interest held	Investment at cost R'000	Indebted-ness R'000
2012						
Guardrisk Life Ltd (cell captive)	Insurance	South Africa	225	100%	225	–
Other						
OSI Airport Systems (Pty) Ltd	Dormant	South Africa	–*	51%	–	–
Pilanesberg International Airport (Pty) Ltd	Airport management	South Africa	–*	100%	–	49 319
Precinct 2A (Pty) Ltd	Property owning	South Africa	–*	100%	–	54 489
JIA Piazza Park (Pty) Ltd	Hotel operations	South Africa	–*	100%	–	321
ACSA Global Ltd	Management company	Mauritius	–*	100%	–	79 438
* Amount less than R1 000					225	183 567
2012						
Special purposes entities						
Lexshell 342 Investment Holdings (Pty) Ltd	Employee share option plan	South Africa	–	–	–	17 120
Airport Management Share Incentive Scheme Company (Pty) Ltd	Employee share option plan	South Africa	–	–	–	28 975
					–	46 095
Total					225	229 662

Termination of concession agreement

On 1 October 2011, Pilanesberg International Airport (Pty) Ltd (a subsidiary of the company) terminated its concession agreement with the North West Provincial Government to manage and operate the Pilanesberg International Airport. Accordingly, the company no longer controls the airport and has ceased to consolidate the results of operation of the airport. The following were carrying amounts of the assets and liabilities at the date of termination:

	2012 R'000
Property, plant and equipment	12 902
Debentures	(6 000)
Trade and other payables	(1 046)
Intercompany loan	(50 707)
Total net assets/(liabilities) disposed	(44 851)
Loss on disposal of the subsidiary	(44 851)
Total disposal proceeds	–
Cash and cash equivalents in subsidiary disposed of	3
Net cash inflow to the Group	–

10 INVESTMENT IN JOINT VENTURES

The Group has the following significant interests in joint ventures:

Airport Logistics Property Holdings (Pty) Ltd

The company has a 50 percent interest in a joint venture, Airport Logistics Property Holdings (Pty) Ltd, held through Airports Company South Africa SOC Ltd.

The following represents the Group's share of assets, liabilities, revenue and expenses of the joint venture:

	Airport Logistics Property Holdings (Pty) Ltd	
	2013	2012
	R'000	R'000
GROUP		
Investment property	**174 900**	136 480
Current assets	**24 286**	21 898
	199 186	158 378
Non-current liabilities	**68 047**	15 893
Current liabilities	**58 208**	99 663
	126 255	115 556
Net assets	**72 931**	42 822
Income	**13 853**	12 280
Expenses	**(10 947)**	(9 193)
Profit before income tax	**2 906**	3 087
Income tax expense	**–**	(844)
(Loss)/profit for the year	**2 906**	(2 223)

11 INVESTMENT IN ASSOCIATES

Investment in Mumbai International Airport Private Limited

The Group has a 10 percent equity interest in the 30-year concession (with an option for a further 30 years) to modernise the Chhatrapati Shivaji International Airport in Mumbai. Airports Company South Africa is an integral investor in the project, as well as being the designated airport operator. The investment has been accounted for as an associate.

Investment in La Mercy JV Property Investments (Pty) Ltd

The Group has a 40 percent stake in La Mercy JV Property Investments (Pty) Ltd. The company is a property holding, development and letting company. The investment in the company has been accounted for as an associate.

Aeroporto de Guarulhos Participações S.A.

The Group has a ten percent equity interest, through Airports Company South Africa SOC Limited, in the 20-year concession to modernise the Guarulhos International Airport. Airports Company South Africa is an integral investor in the project, as well as being the designated airport operator for a five-year period. The Group has the power to participate in the financial and operating policy decisions through a memorandum of understanding between the two parties. The investment has therefore been accounted for as an associate.

11 INVESTMENT IN ASSOCIATES (continued)

	La Mercy Joint Venture Co		Mumbai International Airport Private Ltd	
	GROUP			
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
GROUP				
Balance at beginning of year	**150 845**	147 263	**597 798**	499 866
Additional equity contribution	**–**	3 131	**–**	43 367
Share of profit	**4 855**	451	**24 099**	50 584
Foreign currency translation difference	**–**	–	**86 814**	3 981
Balance at end of year	**155 700**	150 845	**708 711**	597 798
Total investment			**864 411**	748 643

	Aeroporto de Guarulhos Participações S.A	
	2013 R'000	2012 R'000
GROUP		
Balance at beginning of year	**–**	–
Equity contribution	**76 892**	–
Share of loss	**(7 846)**	–
Foreign currency translation difference	**(625)**	–
Balance at end of year	**68 421**	–
Total investment	**932 832**	748 643
COMPANY		
Balance at beginning of year	**35 381**	32 250
Additional equity contribution	**76 892**	3 131
Balance at end of year	**112 273**	35 381

The following amounts represent the Group's share of the assets, liabilities, revenue and expenses of the associate:

	La Mercy Joint Venture Co		Mumbai International Airport Private Ltd	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
Property, plant and equipment, and investment property	**180 000**	172 500	**1 970 864**	1 366 745
Current assets	**20 928**	19 741	**305 510**	208 689
	200 928	192 241	**2 276 374**	1 575 434
Non-current liabilities	**47 977**	40 891	**249 090**	182 608
Loans	**–**	–	**1 053 980**	581 760
Current liabilities	**336**	505	**268 142**	213 268
	48 313	41 396	**1 571 212**	977 636
Net assets	**152 615**	150 845	**705 162**	597 798
Income	**5 945**	451	**229 954**	218 375
Expenses	**(1 090)**	–	**(194 039)**	(160 246)
Profit before income tax	**4 855**	451	**35 915**	58 129
Income tax expense	**–**	–	**(11 816)**	(7 545)
– Current year	**–**	–	**(11 816)**	(19 052)
– Prior year over-provision deferred tax	**–**	–	**–**	11 507
Profit for the year	**4 855**	451	**24 099**	50 584

11 INVESTMENT IN ASSOCIATES (continued)

	Aeroporto de Guarulhos Participações S.A. 31 March 2013 R'000	31 March 2012 R'000
Property, plant and equipment and investment property	**5 597 032**	–
Deferred tax assets	**2 686**	–
Current assets	**206 736**	–
	5 806 454	–
Non-current liabilities	**5 142 332**	–
Current liabilities	**508 275**	–
	5 650 607	–
Net assets	**155 847**	–
Income	**309 274**	–
Expenses	**(319 608)**	–
Loss before income tax	**(10 334)**	–
Income tax expense	**2 488**	–
– Current year	**2 488**	–
– Prior year over-provision deferred tax	**–**	–
Loss for the year	**(7 846)**	–

	Group 2013 R'000	2012 R'000
Total profit for the Group	**21 108**	51 035

	GROUP 31 March 2013 R'000	31 March 2012 R'000	COMPANY 31 March 2013 R'000	31 March 2012 R'000
Guarantees issued				
Airports Company South Africa has issued the following guarantees:				
Loan guarantees				
Loan guarantee issued by Airports Company South Africa SOC Ltd USD 88 485 300 (2012: USD Nil)	**8 162 880**	–	**–**	–
Equity Guarantees				
Airport operator guarantee issued by ACSA Global Ltd INR300 00 00 000 (2012: INR300 00 00 000).	**492 900**	492 900	**–**	–
	8 655 780	492 900	**–**	–

Performance guarantees:

The Airport Operator guarantee is limited to the company's performance fee of USD1 129 371 (2012: USD1 103 439).

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
12	**OTHER NON-CURRENT ASSETS**				
	Lease receivable non-current portion	**252 031**	173 992	**252 031**	173 992
	Investments	**17 840**	–	**–**	–
		269 871	173 992	**252 031**	173 992
13	**INVENTORIES**				
	Hotel food and beverages	**6 222**	6 220	**–**	–
		6 222	6 220	**–**	–
14	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**921 253**	786 954	**891 560**	760 825
	Loan to joint venture/associate	**43 248**	20 131	**67 539**	40 261
	Impairment of trade and other receivables	**(215 769)**	(131 412)	**(215 702)**	(131 412)
	Loans and receivables	**748 732**	675 673	**743 397**	669 674
	Taxation receivable	**239**	77 809	**–**	77 809
	Prepayments	**3 061**	11 793	**2 805**	11 793
	Other receivables	**15 143**	12 700	**14 828**	12 449
	Lease receivables	**71 610**	175 107	**71 610**	175 107
	Insurance rent-a-captive receivable (*)	**86 424**	82 169	**86 424**	82 169
		925 209	1 035 251	**919 064**	1 029 001
	Timing of trade and other receivables				
	Within one year	**925 209**	1 035 251	**919 064**	1 029 001
		925 209	1 035 251	**919 064**	1 029 001

The average credit period is 35 days (2012: 40 days). No interest is incurred on trade receivables.

Trade receivables are carried at cost, which normally approximates their fair value due to short-term maturity thereof. No interest is charged on trade receivables.

An adjustment for impairment of receivables has been made for estimated irrecoverable amounts.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in notes 4 and 40.

Loans to joint ventures and associates bear no interest and have no fixed repayment terms.

* The contingency policies are underwritten by Guardrisk and Centriq. The amount receivable represents the balance of the special experience account. The special experience account is payable on demand

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
15	**CASH AND CASH EQUIVALENTS**				
	Bank balances	**1 009 045**	1 340 379	**952 199**	1 263 236
	Money markets	**251 974**	640 006	**251 974**	640 006
		1 261 019	1 980 385	**1 204 173**	1 903 242

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 40.

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
16	**INVESTMENTS**				
	Cash deposit	**–**	600 000	**–**	600 000
	Unit trusts	**1 204 998**	–	**1 204 998**	–
		1 204 998	600 000	**1 204 998**	600 000
	The cash deposit at 31 March 2012 represented 50 percent of the deposit received from Transnet in respect of disposal of Durban International Airport by the company. The deposit was held as a call deposit for a minimum period of six months until such time that all the suspensive sale conditions were fullfilled. The deposit earned interest at the company's nominal effective rate. Refer to note 28 for the guarantee disclosed in favour of Transnet and note 17 for the disclosure of non-current assets held for sale.				
17	**NON-CURRENT ASSETS HELD FOR SALE**				
	Assets classified as held for sale				
	Fair value of non-current asset held for sale previously classified under investment property	**–**	1 850 000	**–**	1 850 000
	Assets classified as held for sale at 31 March 2013	**–**	1 850 000	**–**	1 850 000
	At 31 March 2012, the immovable assets of the Durban Internation Airport were presented as a non-current asset held for sale following a commitment of the Group's management on 31 March 2012 to a plan to sell facilities, due to the move of the airport operations to King Shaka International Airport in La Mercy. A sale and transfer to Transnet SOC Ltd was completed on 30 September 2012. At 31 March 2012, the fair value of non-current assets held for sale was R1,85 billion, which was the agreed selling price. A deposit of R1,2 billion was received on 31 March 2012 and the balance was received on 30 September 2012.				
18	**ISSUED SHARE CAPITAL AND SHARE PREMIUM**				
	Authorised				
	1 000 000 000 ordinary R1 par-value shares	**1 000 000**	1 000 000	**1 000 000**	1 000 000
	Issued				
	500 000 000 ordinary R1 par-value shares	**500 000**	500 000	**500 000**	500 000
	Share premium	**250 000**	250 000	**250 000**	250 000
		750 000	750 000	**750 000**	750 000

There were no changes to the share capital of the company for the financial years ended 31 March 2013 and 31 March 2012

		GROUP	
		31 March 2013 R'000	31 March 2012 R'000
19	**TREASURY SHARE RESERVE**		
	The Treasury Share Reserve represents the company's own shares held by the Group. Refer also to note 9.	**(44 024)**	(44 024)

5 962 452 shares (2012: 5 962 452 shares) are held by the Airport Management Share Incentive Scheme Company (Pty) Ltd and Lexshell 342 Investment Holdings (Pty) Ltd.

		Total R'000	Fair value R'000	Foreign currency translation reserve R'000	Actuarial losses R'000	Life fund R'000
20	**OTHER RESERVES**					
	GROUP					
	At 1 April 2011	821 637	924 041	(73 936)	(32 962)	4 494
	Actuarial losses, net of tax	(5 767)	–	–	(5 767)	–
	Gain on revaluation of investment property	–	–	–	–	–
	Transfer from life fund	(360)	–	–	–	(360)
	Cash flow hedge reserve on derivative financial instruments, net of tax	(28 966)	(28 966)	–	–	–
	Translation differences, net of tax	(67 448)	-	(67 448)	–	–
	At 1 April 2012	**719 096**	**895 075**	**(141 384)**	**(38 729)**	**4 134**
	Actuarial losses, net of tax	**(12 439)**	-	–	**(12 439)**	–
	Gain on revaluation of investment property	**48 458**	**48 458**	–	–	–
	Transfer to retained earnings	**(928 176)**	**(924 042)**	–	–	**(4 134)**
	Cash flow hedge reserve on derivative financial instruments, net of tax	**(53 676)**	**(53 676)**	–	–	–
	Ineffective portion of cash flow hedge	**2 066**	**2 066**	–	–	–
	Foreign currency translation differences, net of tax	**20 957**	–	**20 957**	–	–
	At 31 March 2013	**(203 714)**	**(32 119)**	**(120 427)**	**(51 168)**	–
	COMPANY					
	At 1 April 2011	891 079	924 041	–	(32 962)	–
	Cash flow hedge reserve on derivative financial instruments, net of tax	(28 966)	(28 966)	–	–	–
	Actuarial losses, net of tax	(5 767)	–	–	(5 767)	–
	At 1 April 2012	**856 346**	**895 075**	–	**(38 729)**	–
	Cash flow hedge reserve on derivative financial instruments, net of tax	**(53 676)**	**(53 676)**			
	Ineffective portion of cash flow hedge	**2 066**	**2 066**	–	–	–
	Actuarial losses, net of tax	**(12 439)**	–	–	**(12 439)**	–
	Gain on revaluation of investment property	**48 458**	**48 458**	–	–	–
	Transfer to retained earnings on disposal of assets classified as held for sale	**(924 042)**	**(924 042)**	–	–	–
	At 31 March 2013	**(83 287)**	**(32 119)**	–	**(51 168)**	–

20 OTHER RESERVES (continued)

Defined benefit plan actuarial losses

Actuarial losses are recognised directly in equity/other reserves in terms of IAS 19 employee benefits.

Life Fund

The transfer to the Life Fund represents amounts to fund future pension payments. The company acquired 100 percent shareholding in a cell captive with Guardrisk Life Ltd in September 2003 to fund its obligation arising from 2002, whereby the company agreed to increase the minimum pension payout to employees. Guardrisk performs a half-yearly review per individual covered to establish the present value of the company's obligation on the prescribed valuation basis (as approved by Guardrisk Life Statutory Actuaries) in order to assess the company's commitment as per the assets and expressed liabilities and ensure sufficient life funds are transferred to the non-distributable reserves.

Foreign currency translation reserve (FCTR)

The foreign currency translation reserve arises on translation of the Group's interests in foreign entities into the reporting currency.

Disposal of assets held for sale

The transfer to retained earnings relates to the realisation of the fair value gain that arose when the Durban International Airport assets were transferred from property, plant and equipment to investment property, prior to them being classified as held for sale. The revaluation was realised upon the sale of the assets held for sale in the current financial year (refer to note 17).

21 RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plans

Pension fund

All full-time employees of the company are members of the pension fund, a defined contribution fund, subject to the Pension Funds Act 1956. On 31 March 2008 an actuarial valuation was performed by independent consulting actuaries, who found the fund to be in a sound financial position. No events have had a significant effect on the fund's position since this valuation.

Defined benefit plan

Post retirement medical benefits

	GROUP		COMPANY	
	31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
Present value of unfunded obligations	**168 514**	125 577	**168 514**	125 577

21 RETIREMENT BENEFIT OBLIGATIONS (continued)

The company makes contributions to a defined benefit plan that provides medical benefits to employees upon retirement. The employees eligible for the post retirement benefit are those who were in employment at 1 August 2007. The plan entitles retired employees to receive a reimbursement of certain medical costs.

	GROUP		COMPANY	
	31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
Movement in the present value of the defined benefit obligations				
Balance at beginning of the year	**125 577**	137 106	**125 577**	137 106
Prior overprovision	**–**	(36 517)	**–**	(36 517)
Current service cost	**14 328**	7 682	**14 328**	7 682
Interest cost	**11 333**	9 298	**11 333**	9 298
Actuarial loss	**17 276**	8 008	**17 276**	8 008
Balance at end of the year	**168 514**	125 577	**168 514**	125 577
Expense recognised in comprehensive income				
Current service cost	**14 328**	7 682	**14 328**	7 682
Interest cost	**11 333**	9 298	**11 333**	9 298
Balance at end of the year	**25 661**	16 980	**25 661**	16 980
The expense is recognised in operational and administrative expenses in the income statement				
Expense recognised in other comprehensive income				
Balance at beginning of the year	**53 789**	45 781	**53 789**	45 781
Actuarial loss recognised during the year	**17 276**	8 008	**17 276**	8 008
Balance at end of the year	**71 065**	53 789	**71 065**	53 789
Principal actuarial assumptions at the balance sheet date				
Discount rate	**8,41%**	9,02%	**8,41%**	9,02%
Health care cost inflation	**7,88%**	7,80%	**7,88%**	7,80%
Average retirement age	**60**	60	**60**	60

The assumptions used by actuaries are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Assumed healthcare cost trend rates have a significant effect on the amounts recognised. A one percentage point change in assumed healthcare cost trend would have the following effects:

	1% increase	**1% decrease**
Effect on the aggregate current service and interest cost	6 823	(5 244)
Effect on defined benefit obligation	40 191	(30 889)

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Present value of unfunded obligations	**168 514**	125 577	137 107	105 043	89 280

Expected contributions to post employment benefit plans for the year ended 31 March 2013 are R2,344 million.

21 RETIREMENT BENEFIT OBLIGATIONS (continued)

	GROUP		COMPANY	
	31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
Life Fund				
Balance at beginning of the year	**–**	–	**–**	–
Initial recognition of liability	**16 968**	–	**–**	–
Actuarial loss	**–**	–	**–**	–
Balance at end of the year	**16 968**	–	**–**	–
Total retirement benefit obligation	**185 482**	125 577	**168 514**	125 577

22 DEFERRED INCOME

	GROUP 31 March 2013 R'000	GROUP 31 March 2012 R'000	COMPANY 31 March 2013 R'000	COMPANY 31 March 2012 R'000
Dube TradePort rentals received in advance				
Opening balance	**30 329**	31 419	**30 329**	31 419
Less: amounts recognised in comprehensive income	**(1 090)**	(1 090)	**(1 090)**	(1 090)
Balance at end of year	**29 239**	30 329	**29 239**	30 329
Gautrain development				
Opening balance	**12 527**	13 217	**12 527**	13 217
Less: amounts recognised in comprehensive income	**(690)**	(690)	**(690)**	(690)
Balance at end of year	**11 837**	12 527	**11 837**	12 527
Government grants				
Opening balance	**33 684**	34 386	**33 684**	34 386
Additional grant received	**717**	–	**717**	–
Less: amounts recognised in comprehensive income	**(726)**	(702)	**(726)**	(702)
Balance at end of year	**33 675**	33 684	**33 675**	33 684
Other income received in advance				
Opening balance	**1 200 176**	–	**1 200 176**	–
Additional rentals received – base rentals	**566**	322	**566**	322
Other income received in advance*	**–**	1 200 000	**–**	1 200 000
Less: amounts recognised in comprehensive income	**(371)**	(146)	**(371)**	(146)
Balance at end of year	**195**	1 200 176	**195**	1 200 176
Total deferred income	**74 946**	1 276 716	**74 946**	1 276 716
Current	**2 698**	1 202 657	**2 698**	1 202 657
Non-current	**72 248**	74 059	**72 248**	74 059

Government grants

The Group has been awarded a government grant. The grant of R35,088 million was received in the 2010 financial year. The grant was used for the construction of the road within the Cape Town International Airport precinct.

* Other income received in advance represents a deposit received from Transnet in respect of the disposal of the Durban International Airport site by the company.

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
23	**DEFERRED TAX LIABILITIES**				
	Balance at beginning of the year	**1 017 140**	1 080 452	**903 124**	1 010 814
	Movements during the year:				
	– Recognised in the statement of comprehensive income	**264 058**	(71 225)	**223 653**	(94 184)
	– Prior year adjustment	**(53 444)**	–	**(53 444)**	–
	– Recognised directly in other comprehensive income	**(266 933)**	7 913	**(259 047)**	(13 507)
	Balance at end of year	**960 821**	1 017 140	**814 286**	903 124
	Deferred tax liabilities expected to be recovered after more than 12 months	**1 005 761**	1 093 182	**859 226**	979 167
	Deferred tax liabilities expected to be recovered within the next 12 months	**(44 940)**	(76 043)	**(44 940)**	(76 044)
		960 821	1 017 140	**814 286**	903 124
	Comprising:				
	Deferred tax liabilities				
	Property, plant and equipment	**576 847**	664 282	**578 249**	665 293
	Investment property	**366 195**	292 930	**316 152**	240 110
	Non-current assets held for sale	**–**	263 113	**–**	263 113
	Intangible assets	**34 688**	6 406	**34 688**	6 406
	Lease receivables	**90 619**	97 748	**90 619**	97 748
	Provisions	**(93 330)**	(83 486)	**(93 330)**	(83 486)
	Derivative financial instruments	**(73 001)**	(54 537)	**(73 001)**	(54 537)
	Investments in associates	**103 743**	68 056	**5 849**	5 849
	Prepayments	**357**	2 874	**357**	2 874
	Impairment of trade and other receivables	**(45 297)**	(27 597)	**(45 297)**	(27 597)
	Assessed loss	**–**	(212 649)	**–**	(212 649)
		960 821	1 017 140	**814 286**	903 124
	Income tax for components of other comprehensive income				
	Actuarial losses on defined benefit post retirement medical aid liability	**(4 837)**	(2 242)	**(4 837)**	(2 242)
	Fair value gains on investment property	**(234 140)**	–	**(234 140)**	–
	Cash flow hedge	**(20 070)**	(11 265)	**(20 070)**	(11 265)
	Foreign currency translation differences	**(7 886)**	(12 888)	**–**	–
		(266 933)	(26 395)	**(259 047)**	(13 507)

The deferred tax on land and assets held for resale was calculated applying an effective capital gains tax rate of 18,6 percent (2012: 18,6 percent). Deferred tax on all other assets and liabilities was calculated at the statutory rate of 28 percent (2012: 28 percent). It is expected that the deferred tax assets and liabilities would be recovered through the use or the sale of assets and the settlement of liabilities.

		GROUP				COMPANY			
		Carrying value 2013 R'000	**Fair value 2013 R'000**	Carrying value 2012 R'000	Fair value 2012 R'000	**Carrying value 2013 R'000**	**Fair value 2013 R'000**	Carrying value 2012 R'000	Fair value 2012 R'000
24	**INTEREST-BEARING BORROWINGS**								
	Unsecured								
	Long-term bonds	**9 886 158**	**11 102 807**	9 735 276	10 467 104	**9 886 158**	**11 102 807**	9 735 276	10 467 104
	Nedbank Bul. Loan	**1 751 890**	**1 952 588**	1 750 000	1 963 874	**1 751 890**	**1 952 588**	1 750 000	1 963 874
	Infrustructure Finance Corporation Limited (INCA)	**204 760**	**225 347**	223 519	245 868	**204 760**	**225 317**	223 519	245 868
	Development Bank of South Africa (DBSA)	**–**	**–**	1 371 615	1 503 029	**–**	**–**	1 371 615	1 503 029
	Southern Sun Loan	**1 500**	**1 500**	1 500	1 500	**–**	**–**	–	–
	L' Agence Francaise de Developpement (AFD)	**934 853**	**1 098 046**	1 019 894	1 157 984	**934 853**	**1 098 046**	1 019 894	1 157 984
	L' Agence Francaise de Developpement (AFD1)	**1 943 173**	**2 398 795**	1 942 601	2 303 328	**1 943 173**	**2 398 795**	1 942 601	2 303 328
		14 722 334	**16 779 083**	16 044 405	17 642 687	**14 720 834**	**16 777 583**	16 042 905	17 641 187
	Secured								
	FirstRand Bank Ltd	**–**	**–**	607 996	629 094	**–**	**–**	–	–
	Bidvest Properties (Pty) Ltd – Loan -1	**7 748**	**7 748**	9 572	9 572	**–**	**–**	–	–
	Bidvest Properties (Pty) Ltd – Loan - 2	**13 929**	**13 929**	15 592	15 592	**–**	**–**	–	–
	Bidvest Properties (Pty) Ltd – Loan - 3	**31 016**	**31 016**	33 211	33 211	**–**	**–**	–	–
		52 693	**52 693**	666 371	687 469	**–**	**–**	–	–
	Total	**14 775 027**	**16 831 776**	16 710 776	18 330 156	**14 720 834**	**16 777 583**	16 042 905	17 641 187
	Maturity analysis:								
	Current portion	**2 855 688**	**2 855 688**	1 063 774	1 063 774	**2 839 924**	**2 839 924**	442 367	442 367
	Non-current portion	**11 919 339**	**13 976 088**	15 647 002	17 266 382	**11 880 909**	**13 937 659**	15 600 538	17 198 820
		14 775 027	**16 831 776**	16 710 776	18 330 156	**14 720 834**	**16 777 583**	16 042 905	17 641 187

Secured borrowings

Total borrowings include liabilities that are secured by the land and buildings of the Group classified as investment property to the value of R nil (2012: R737 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2013

		Security number	Interest rate %	Nominal R'000	Maturity date	GROUP 2013 R'000	GROUP 2012 R'000	COMPANY 2013 R'000	COMPANY 2012 R'000
						Carrying value			
24	**INTEREST-BEARING BORROWINGS (continued)**								
	Terms and debt repayment schedule								
		AIR02U	7.62	500 000	Oct 2014	**508 954**	509 542	**508 954**	509 542
		AIR03U	7.58	500 000	Oct 2014	**507 130**	507 208	**507 130**	507 208
	Long-term bonds	AIRL02	10.50	1 000 000	Feb 2014	**1 242 112**	1 176 107	**1 242 112**	1 176 107
		AIR03	10.86	1 729 000	Mar 2016	**1 731 875**	1 739 510	**1 731 875**	1 739 510
		AIR01	8.58	2 000 000	Mar 2019	**2 001 572**	2 000 181	**2 001 572**	2 000 181
		AIR02	11.30	1 712 000	Apr 2023	**1 832 898**	1 833 950	**1 832 898**	1 833 950
		AIRL01	8.64	1 191 000	Apr 2028	**1 536 782**	1 443 920	**1 536 782**	1 443 920
		AIR04U	11.59	500 000	Oct 2029	**524 835**	524 858	**524 835**	524 858
						9 886 158	9 735 276	**9 886 158**	9 735 276
	FirstRand Bank Ltd		10.02	606 000	Sep 2012	**–**	607 996	**–**	–
	Southern Sun Hotel Interests (Pty) Ltd		2.00	1 500	Dec 2013	**1 500**	1 500	**–**	–
	Bidvest Properties (Pty) Ltd – Loan 1		10.72	12 980	Sep 2015	**7 748**	9 572	**–**	–
	Bidvest Properties (Pty) Ltd – Loan 2		10.72	18 424	Sep 2015	**13 929**	15 592	**–**	–
	Bidvest Properties (Pty) Ltd – Loan 3		11.00	38 127	May 2017	**31 016**	33 211	**–**	–
	Nedbank Bul Loan		Prime linked	1 750 000	Sep 2020	**1 751 890**	1 750 000	**1 751 890**	1 750 000
	L' Agence Francaise de Developpement (AFD)		10.35	985 490	Nov 2023	**934 853**	1 019 894	**934 853**	1 019 894
	L' Agence Francaise de Developpement (AFD1)		10.55	1 942 200	Apr 2026	**1 943 173**	1 942 601	**1 943 173**	1 942 601
	Infrastructure Finance Corporation Limited (INCA)		JIBAR linked	250 000	Nov 2023	**204 760**	223 519	**204 760**	223 519
	Development Bank of Southern Africa		JIBAR linked	1 500 000	Dec 2023	**–**	1 371 615	**–**	1 371 615
						4 888 869	6 975 500	**4 834 676**	6 307 629
	Total interest-bearing borrowings					**14 775 027**	16 710 776	**14 720 834**	16 042 905

Currency: All borrowings are denominated in ZAR.

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
25	**TRADE AND OTHER PAYABLES**				
	Trade payables	**712 373**	757 397	**665 289**	732 063
	Financial liabilities at amortised cost	**712 373**	757 397	**665 289**	732 063
	Leave payable	**39 653**	38 065	**39 653**	37 323
	Bonuses payable	**8 022**	8 342	**8 022**	7 404
	Trade debtors deposits	**49 910**	38 074	**49 910**	36 350
	VAT payable	**15 658**	80 497	**15 658**	79 966
	Other payables	**31 469**	26 044	**30 185**	23 134
		857 085	948 419	**808 717**	916 240
	Timing of trade and other payables				
	Within one year	**857 085**	948 419	**808 717**	916 240
		857 085	948 419	**808 717**	916 240

The average credit period is between 60 and 140 days (2012: 60 and 140 days). No interest is incurred on trade payables.

Trade payables and accruals principally comprise amounts outstanding for trade purchases, capital expenditure accruals and other costs.

Trade payables are stated at cost, which normally approximates the fair value, due to the short-term maturity thereof.

The bonuses payable represents the liability accrued for at year-end relating to contractual employee bonus payments.

Included in other payables is lease payables, which relates to the straight-lining of lease accruals.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 4.

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
26	**PROVISIONS**				
	Staff incentive bonuses				
	Balance at beginning of the year	**87 026**	65 694	**87 026**	65 694
	Additional provision in the year	**103 500**	87 026	**103 500**	87 026
	Utilisation of provision	**(87 026)**	(65 694)	**(87 026)**	(65 694)
	Balance at end of the year	**103 500**	87 026	**103 500**	87 026
	Analysed as follows				
	Current liabilities	**103 500**	87 026	**103 500**	87 026

The accumulated staff bonus represents the liability at year-end provided for a planned employee incentive bonus payment. The provision for bonuses is payable within three months of finalisation of the audited financial statements.

	2013 Liabilities R'000	2013 Assets R'000	2012 Liabilities R'000
27 DERIVATIVE FINANCIAL INSTRUMENTS			
GROUP			
Interest rate swaps – cashflow hedge	271 934	–	194 775
Forward exchange contracts – held for trading	–	11 214	–
Total	271 934	11 214	194 775
	271 934	11 214	194 775
Current portion	45 383	11 214	65 349
Non-current portion	226 551	–	129 426
COMPANY			
Interest rate swaps – cashflow hedge	271 934	–	194 775
Forward exchange contracts – held for trading	–	11 214	–
Total	271 934	11 214	194 775
	271 934	11 214	194 775
Current portion	45 383	11 214	65 349
Non-current portion	226 551	–	129 426

Interest rate swaps

The Group is exposed to the floating rates of interest: South African prime rates and JIBAR. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

The Group has entered into interest rate swap contracts that entitle or oblige it to receive interest at fixed rates on notional principal amounts and entitle or oblige it to pay interest at floating rates on the same notional principal amounts. The interest rate swaps allow the Group to swap long-term debt from floating rates to fixed rates that are lower, or higher, than those available if it had borrowed directly at floating rates. Under the interest rate swap contracts, the Group agrees with other parties to exchange, at specified quarterly and semi-annual intervals, the difference between fixed rates and floating rate interest amounts that are calculated by reference to the agreed notional principal amounts.

The ineffective portion recognised in profit or loss that arises from cashflow hedges amounts to a gain of R2,7 million (2012: Rnil).

Forward exchange contracts

The Group is exposed to foreign currency fluctuations resulting from the US Dollar. The Group manages its foreign currency risk by entering into forward exchange contracts, which have the effect of fixing the exchange rate at which transactions will be done. These forward exchange contracts entitle or oblige the Group to buy foreign currency at fixed rates on the same notional principal amounts.

27 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The notional principal amounts of the outstanding interest rate swap contracts were as follows:

			GROUP AND COMPANY		GROUP AND COMPANY	
			2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
Instrument number and maturity	*Receive*	*Pay*	*Notional amount*		*Fair value*	
30 September 2020	3m JIBAR + 1,92%	10,980%	**1 750 000**	1 750 000	**(248 045)**	(175 214)
30 November 2023	3m JIBAR + 1,90%	10,980%	**250 000**	250 000	**(23 889)**	(19 561)
					(271 934)	(194 775)
30 April 2013 (US $ rate)	8,83	R40 083	**$4 541**	–	**1 965**	–
31 July 2013 (US $ rate)	8,93	R143 560	**$16 069**	–	**6 931**	–
30 October 2013 (US $ rate)	9,04	R48 731	**$5 390**	–	**2 318**	–
					11 214	–

	GROUP		COMPANY	
	31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
28 FINANCIAL GUARANTEE				
The guarantee was granted to Transnet as a result of the sale of Durban International Airport immovable property. The sale took place on 31 March 2012 and Transnet SOC Ltd made a first payment of R1,2 billion. The final payment of R650 million was received on 30 September 2012. The transfer of ownership process took place on 30 September, after approval was obtained from the Competition Commission authorities. The guarantee granted comprised a 50 percent cash component and 50 percent reserve on the extisting facility.				
Cash component	–	600 000	–	600 000
Existing facility	–	600 000	–	600 000
Total financial guarantee	–	1 200 000	–	1 200 000
29 REVENUE				
Revenue comprises:				
Aeronautical	**4 245 654**	3 349 653	**4 245 654**	3 349 426
Retail[1]	**1 603 477**	1 573 629	**1 603 477**	1 573 454
Property rental	**528 599**	558 045	**483 429**	502 404
Hotel operations	**98 767**	88 121	**–**	–
Recoveries[2]	**117 287**	106 877	**117 287**	106 877
Construction revenue	**–**	–	**–**	–
Other	**66 477**	62 218	**56 882**	53 943
	6 660 261	5 738 543	**6 506 729**	5 586 104

[1] Retail revenue includes revenue form core retail, car parking, advertising and car rental.

[2] Recoveries revenue include water, electricity and other utility charges recovered from tenants.

Notes to the Financial Statements (Continued)

For the year ended 31 March 2013

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
30	**OTHER OPERATING INCOME**				
	Net (loss)/profit on disposal of assets	**3 469**	13 132	**3 469**	13 132
	Fair value gains/(losses) on investment property and non-current assets held for sale	**258 309**	1 534	**228 489**	(16 426)
	Other^	**6 787**	136 301	**4 371**	3 756
		268 565	150 967	**236 329**	462
	^In 2012 the Group received a once-off payment of R113,2 million from Bidvest for not exercising its rights to participate in share transactions involving the sale of shares by Bidvest in the associate investment in Mumbai International Airport (MIAL).				
31	**EMPLOYEE BENEFIT EXPENSES**				
	Salaries and other personnel costs	**773 933**	697 743	**753 208**	679 121
	Medical aid benefits	**43 134**	20 072	**43 134**	20 072
	Pension benefits	**56 887**	51 666	**56 887**	51 666
		873 954	769 481	**853 229**	750 859
32	**OTHER OPERATING EXPENSES**				
	Auditors' remuneration	**6 687**	6 641	**6 362**	6 306
	Operating lease expense	**55 222**	18 299	**19 205**	18 275
	Repairs and maintenance	**248 923**	226 065	**245 941**	223 093
	Security	**179 288**	137 082	**178 323**	135 904
	Impairment of trade and other receivables	**96 181**	127 503	**96 181**	127 468
	Information system expense	**97 161**	100 078	**95 431**	99 172
	Electricity and water	**236 750**	216 984	**230 985**	212 731
	Rates and Taxes	**187 955**	154 755	**177 800**	153 165
	Cleaning	**90 885**	84 479	**90 790**	83 894
	Marketing	**52 781**	51 341	**52 170**	48 014
	Managerial, technical and other fees	**105 420**	151 098	**104 239**	137 571
	Travel	**32 648**	24 282	**30 382**	22 744
	Insurance	**29 579**	44 357	**29 381**	44 172
	Administration	**51 484**	55 257	**44 594**	47 126
	Training and development	**4 686**	13 203	**4 558**	13 143
	Foreign currency losses	**1 419**	11 435	**1 419**	-
	Consumables	**16 165**	28 316	**12 969**	28 316
	Corporate social investment	**58 809**	64 875	**58 809**	64 875
	Telephone	**13 155**	12 544	**13 023**	12 544
	Recruitment expenses	**8 360**	11 458	**8 229**	11 458
	Legal expenses	**12 097**	7 633	**12 073**	7 633
	Other	**(24 473)**	7 181	**6 300**	25 705
		1 561 182	1 554 866	**1 519 164**	1 523 309

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
33	**NET FINANCE INCOME AND EXPENSE**				
	Interest received	**124 728**	47 133	**153 470**	48 786
	Finance income	**124 728**	47 133	**153 470**	48 786
	Finance expense	**(1 612 484)**	(1 594 657)	**(1 573 246)**	(1 524 966)
	Losses on remeasurement and disposal of trading financial instruments	**25 430**	(486 803)	**25 430**	(486 803)
	Total finance expense	**(1 587 054)**	(2 081 460)	**(1 547 816)**	(2 011 769)
	Net finance expense	**(1 462 326)**	(2 034 327)	**(1 394 346)**	(1 962 983)
34	**INCOME TAX EXPENSE**				
	South African normal taxation				
	Current taxation				
	– Current year	**431 060**	21 064	**430 358**	–
	– Prior year	**54 361**	4 618	**54 361**	4 618
	Deferred taxation				
	– Current year	**217 998**	(95 188)	**223 653**	(94 184)
	– Prior year	**(53 444)**	–	**(53 444)**	–
		649 975	(69 506)	**654 928**	(89 566)
	Normal tax rate reconciliation	**%**	%	**%**	%
	Standard tax rate	**28,00**	(28,00)	**28,00**	(28,00)
	Non-deductible expenses	**1,59**	22,05	**13,63**	26,75
	Resolution of certain tax positions	**0,28**	3,91	**–**	4,75
	CGT rate differential[1]	**(10,55)**	(146,60)	**(5,96)**	(136,94)
	Prior year adjustments	**–**	28,06	**0,86**	34,04
	Other	**20,29**	5,72	**–**	7,36
	Effective tax rate	**39,61**	(114,86)	**41,75**	(92,04)

[1] The CGT rate differential is attributable to the sale of the Durban International Airport site.

35 EARNINGS AND DIVIDENDS PER SHARE

The calculation of basic earnings per ordinary share is based on the Group and company net profit attributable to ordinary shareholders of R991 million and R914 million respectively (2012: R188 million profit and R8 million loss) and 494 million and 500 million ordinary shares in issue during the year (2012: 494 million and 500 million). There were no dilutive potential ordinary shares for the the current and prior financial years.

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
36	**OPERATING LEASES**				
	The Group as lessee				
	Minimum lease payments recognised under operating leases as an expense during the year.	**55 222**	18 299	**19 205**	18 275
	At the balance sheet date, the Group has outstanding commitments under non-cancellable operating leases for future minimum lease payments, recognised on the cash basis:				
	Within one year	**10 007**	10 782	**10 007**	10 782
	Two to five years	**36 922**	5 410	**36 922**	5 410
		46 929	16 192	**46 929**	16 192
	The Group mainly leases office and other equipment. These leases typically run for a period between one and five years and usually have no option to renew.				
	The Group as lessor				
	The Group rents out its investment properties on airport land under operating leases. Property rental income earned during the year was R529 million (2011: R558 million). The properties are managed and maintained by internal property managers.				
	At the balance sheet date, the Group has contracted with tenants for the following future minimum cash lease payments:				
	Within one year	**1 198 224**	929 079	**1 198 224**	929 079
	Two to five years	**2 143 389**	2 413 446	**2 143 389**	2 413 446
	After five years	**2 672 000**	1 372 175	**2 672 000**	1 372 175
		6 013 613	4 714 700	**6 013 613**	4 714 700
	Unrecognised lease payments	**6 013 613**	4 714 700	**6 013 613**	4 714 700
37	**CAPITAL COMMITMENTS**				
	Capital commitments				
	– Contracted				
	Within one year	**74 610**	275 180	**74 610**	275 180
	Two to five years	**–**	130 407	**–**	130 407
	After five years	**188 139**	–	**188 139**	–
	– Authorised by the directors but not yet contracted for*	**421 599**	450 000	**421 599**	450 000
		684 348	855 587	**684 348**	855 587

*Commitments authorised by directors not yet contracted for, relate to the partnership investment with Investimentos E Participacoes EM INFRA-ESTRUTURA S.A. ('Invepar'), for acquiring 51 percent of Guarulhos International Airport concession, with Airports Company South Africa acquiring a ten percent stake. The Group has commited an initial investment of R450 million. Refer to note 11 for more details.

38 RELATED PARTIES

Airports Company South Africa Ltd is one of 21 Schedule 2 major public entities in terms of the Public Finance Management Act (Act 1 of 1999 as amended) and therefore falls within the national sphere of government. As a consequence, Airports Company South Africa SOC Ltd has a significant number of related parties that are public entities. In addition, the company has a related party relationship with its subsidiaries, associates and with its directors and executive officers (key management). Unless specifically disclosed, these transactions are concluded on an arm's length basis and the Group is able to transact with any entity.

	GROUP		COMPANY	
	31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
38.1 Transactions with related entities				
The following is a summary of transactions with related parties during the year and balances due at year-end:				
National departments				
Services rendered	**26 203**	29 961	**26 203**	29 961
Services received	**395**	1 443	**395**	1 443
Amount due/(from)	**2 424**	8 334	**2 424**	8 334
Constitutional institutions				
Services received	**131**	–	**131**	–
Major public entities				
Services rendered	**1 937 398**	1 441 679	**1 937 398**	1 441 679
Services received	**59 765**	43 805	**59 765**	43 805
Amount due/(from)	**210 278**	192 470	**210 278**	192 470
Amount due/(to)	**(1 224)**	(417)	**(1 224)**	(417)
Other national public entities				
Services rendered	**19 056**	28 799	**19 056**	28 799
Services received	**463 912**	302 541	**463 912**	302 541
Amount due/(from)	**4 055**	7 220	**4 055**	7 220
Amount due/(to)	**(5 018)**	(18 648)	**(5 018)**	(18 648)
Subsidiaries and joint ventures				
Services rendered	**65 312**	34 361	**65 312**	34 361
Amount due/(from)	**–**	–	**803 866**	164 113

Services rendered to related major public entities consist primarily of aeronautical and rental services for the Group and for the company.

All transactions with these related parties (other than intercompany loan balances) are priced on an arm's-length basis and are to be settled within one to 12 months of the reporting date. None of the balances is secured.

	GROUP		COMPANY	
38.2 Remuneration				
Executive directors	**6 572**	17 397	**6 572**	17 397
Non-executive directors	**2 309**	687	**2 309**	687
Executive management	**25 167**	29 651	**25 167**	29 651
	34 048	47 735	**34 048**	47 735

38 RELATED PARTIES (continued)

38.2 Remuneration (continued)

All executive directors and executive management are eligible for an annual performance bonus payment linked to appropriate targets. During the current year, a liability for incentive bonus of R6 million (2012: R6 million) was raised in terms of the performance management system for executive directors and executive management. The structure of the individual bonus plans and awards is decided by the Human Resources Transformation and Remuneration Committee.

38.3 Transactions with key management personnel

The key management personnel compensations for the company are as follows:

	Salary 2013 R'000	Long-term incentive 2012 R'000	Short-term incentive 2012 R'000	**Fees 2013 R'000**	Total R'000
Executive Directors					
B Maseko[1] (Acting Managing Director, effective[1] October 2011)	**2 579**	–	1 557	**–**	4 136
VW Tlou[1] (Acting Finance Director, effective[1] September 2011)	**1 717**	–	719	**–**	2 436
	4 296	–	2 276	**–**	6 572
These require separate disclosure in terms of Treasury Regulation 28.1.1. Senior personnel remuneration is as follows:					
Executive management					
DA Cloete	**1 789**	–	1 210	**–**	2 999
PM du Plessis	**1 772**	–	1 205	**–**	2 977
H Jeena	**2 015**	–	1 490	**–**	3 505
CJ Hlekane*	**1 051**	–	1 357	**–**	2 408
TS Mekgoe^	**878**	–	–	**–**	878
T Delomoney	**1 659**	–	1 052	**–**	2 711
JR Neville	**2 268**	–	1 550	**–**	3 818
G Vracar	**1 599**	–	1 039	**–**	2 638
YE Schoeman#	**637**	–	162	**–**	799
A Vermeulen[1] (Acting Group Executive: Airport Operations effective 1 October 2011)	**1 715**	–	719	**–**	2 434
	15 383	–	9 784	**–**	25 167

* Resigned 30 September 2012 ^Appointed 10 October 2012 #Appointed 1 November 2012 [1] Salary includes acting allowance

		Fees 2013 R'000	**Total 2013 R'000**
Non-executive Directors – Company			
B Mabuza (Chairman)	(appointed 1 March 2012)	**595**	**595**
E Masilela*	(appointed 1 January 2012)	**291**	**291**
MJ van Rensburg	(retired 12 November 2012)	**259**	**259**
R Morar	(appointed 1 January 2012)	**341**	**341**
S Macozoma	(appointed 1 March 2012)	**273**	**273**
BP Mabelane	(appointed 1 August 2012)	**84**	**84**
T Ramano	(appointed 1 March 2012)	**313**	**313**
J Lamola	(appointed 1 December 2012)	**38**	**38**
KM Moroka	(appointed 1 December 2012)	**38**	**38**
B Luthuli	(appointed 1 December 2012)	**38**	**38**
C Mabude	(appointed 1 December 2012)	**38**	**38**
		2 308	**2 308**

* Note: Fees payable to the PIC.

38 RELATED PARTIES (continued)

38.3 Transactions with key management personnel (continued)

		Salary 2012 R'000	Long-term incentive 2012 R'000	Short-term incentive 2012 R'000	Fees 2012 R'000	Total R'000
Executive Directors						
MW Hlahla	(resigned 30 September 2011)	2 571	6 494	4 385	–	13 450
BP Mabelane	(resigned 31 August 2011)	1 764	582	1 601	–	3 947
		4 335	7 076	5 986	–	17 397

These require separate disclosure in terms of Treasury Regulation 28.1.1. Senior personnel remuneration is as follows:

	Salary 2012 R'000	Long-term incentive 2012 R'000	Short-term incentive 2012 R'000	Fees 2012 R'000	Total R'000
Executive management					
B Maseko (Acting Managing Director, effective 1 October 2011)	2 280	847	1 111	–	4 238
DA Cloete	2 027	516	705	–	3 248
PM du Plessis	1 658	660	760	–	3 078
H Jeena	1 881	733	979	–	3 593
CJ Hlekane	1 844	566	968	–	3 378
N Rapoo#	392	–	731		1 123
T Delomoney	1 519	458	657	–	2 634
JR Neville	2 122	843	1 064	–	4 029
G Vracar	1 490	467	691	–	2 648
VW Tlou (Acting Finance Director effective 1 September 2011)	983	–	–	–	983
A Vermeulen (Acting Group Executive: Airport Operations effective 1 October 2011)	697	–	–	–	697
	16 893	5 090	7 666	–	29 649

#Resigned 31 May 2011

		Fees	Total 2012 R'000	2012 R'000
Non-executive Directors – Company				
B Mabuza (Chairperson)	(appointed 1 March 2012)		–	–
E Masilela*	(appointed 1 January 2012)		–	–
MJ van Rensburg	(appointed 1 April 2010)		299	299
R Morar	(appointed 1 January 2012)		35	35
S Macozoma	(appointed 1 March 2012)		–	–
T Ramano	(appointed 1 March 2012)		–	–
A Kekana	(resigned 1 January 2012)		138	138
WC van der Vent	(resigned 1 January 2012)		215	215
			687	687

*Note: Fees payable to the PIC

		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
39	**CASHFLOW WORKINGS**				
39.1	**Cash generated from operations**				
	Profit/(loss) before tax	**1 641 040**	118 067	**1 568 846**	(97 310)
	Adjustments:				
	Depreciation and amortisation expense	**1 411 432**	1 463 804	**1 407 473**	1 446 725
	Impairment of trade and other receivables	**96 181**	127 503	**96 181**	127 468
	Finance expense/(less capitalised costs)	**1 612 484**	1 594 657	**1 573 246**	1 524 966
	Finance income	**(124 728)**	(47 133)	**(153 470)**	(48 786)
	Share of profit of associate	**(21 108)**	(51 035)	**–**	–
	Unrealised fair value gains and losses	**(258 309)**	58 928	**(228 489)**	76 888
	Profit on disposal of assets	**(3 469)**	(13 132)	**(3 469)**	(13 132)
	Movement in deferred revenue	**(1 769)**	(2 306)	**(1 769)**	(2 306)
	Movement in retirement benefit obligations	**42 629**	(19 537)	**25 661**	(19 537)
	Movement in provisions and other	**169 296**	(66 883)	**169 296**	21 333
		4 563 679	3 162 933	**4 453 506**	3 016 309
	Working capital changes:				
	(Increase) in trade and other receivables	**(251 262)**	(229 044)	**(233 698)**	(283 468)
	Decrease/(increase) in inventories	**(2)**	(5 304)	**–**	–
	(Decrease)/increase in trade payables	**(91 333)**	25 837	**(107 524)**	22 887
		4 221 082	2 954 422	**4 112 284**	2 755 728
39.2	**Income tax (paid)/received**				
	Balance at beginning of the year	**61 212**	121 574	**77 809**	123 127
	Income statement charge	**(485 411)**	(25 682)	**(484 719)**	(4 618)
	Balance at end of the year	**20 198**	(61 212)	**20 437**	(77 809)
		(404 001)	34 680	**(386 473)**	40 700

		Carrying amount			
		GROUP		COMPANY	
		31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
40	**FINANCIAL INSTRUMENTS**				
40.1	**Credit risk**				
	Exposure to credit risk				
	The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:				
	Loans and receivables	**748 732**	675 673	**743 397**	669 674
		748 732	675 673	**743 397**	669 674
	The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:				
	O.R. Tambo International Airport	**451 853**	414 287	**451 853**	414 287
	Cape Town International Airport	**152 762**	157 346	**152 762**	157 346
	King Shaka International Airport	**91 013**	78 461	**91 013**	78 461
	Port Elizabeth International Airport	**23 503**	25 283	**23 503**	25 283
	East London Airport	**8 311**	11 492	**8 311**	11 492
	George Airport	**6 061**	8 291	**6 061**	8 291
	Bram Fischer International Airport	**4 149**	4 059	**4 149**	4 059
	Kimberley Airport	**1 597**	1 782	**1 597**	1 782
	Upington International Airport	**4 411**	2 277	**4 411**	2 277
	Johannesburg corporate office and other	**220 841**	103 807	**215 439**	97 808
		964 501	807 085	**959 099**	801 086
	Less: Impairment allowance	**(215 769)**	(131 412)	**(215 702)**	(131 412)
		748 732	675 673	**743 397**	669 674
	The maximum exposure to credit risk for trade receivables at the reporting date before the impairment provision, guarantees and deposits held by type of customer was:				
	Aeronautical	**661 278**	645 683	**661 278**	645 683
	Commercial	**194 433**	34 174	**194 433**	34 174
	Other	**108 790**	127 228	**103 388**	138 107
		964 501	807 085	**959 099**	817 964

40 FINANCIAL INSTRUMENTS (continued)

40.1 Credit risk (continued)

Exposure to credit risk (continued)

The following table represents an age analysis of trade and other receivables. Trade and other receivables are considered past due should a qualifying payment not be received within 30 days.

	Trade and other receivables R'000	Allowance for impairment R'000	Trade and other receivables, net of allowance for impairment R'000	Impairment as a percentage of trade and other receivables R'000
2013				
GROUP				
Not past due	**134 558**	**–**	**134 558**	**–**
Past due 0 – 30 days	**504 656**	**–**	**504 656**	**–**
Past due 31 – 60 days	**96 844**	**–**	**96 844**	**–**
Past due 61 – 90 days	**228 443**	**(215 769)**	**12 674**	**94.4%**
Total trade and other receivables	**964 501**	**(215 769)**	**748 732**	**22.4%**
COMPANY				
Not past due	**129 156**	**–**	**129 156**	**–**
Past due 0 – 30 days	**504 656**	**–**	**504 656**	**–**
Past due 31 – 60 days	**96 844**	**–**	**96 844**	**–**
Past due 61 – 90 days	**228 443**	**(215 769)**	**12 674**	**94.4%**
Total trade and other receivables	**959 099**	**(215 769)**	**743 332**	**22.5%**
2012				
GROUP				
Not past due	562 437	–	562 437	–
Past due 0 – 30 days	95 826	–	95 826	–
Past due 31 – 60 days	71 931	–	71 931	–
Past due 61 – 90 days	76 891	(131 412)	(54 521)	170.9%
Total trade and other receivables	807 085	(131 412)	675 673	16.3%
COMPANY				
Not past due	573 316	–	573 316	–
Past due 0 – 30 days	95 826	–	95 826	–
Past due 31 – 60 days	71 931	–	71 931	–
Past due 61 – 90 days	76 891	(131 412)	(54 521)	170.9%
Total trade and other receivables	817 964	(131 412)	686 552	16.1%

	GROUP		COMPANY	
	31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
40 FINANCIAL INSTRUMENTS (continued)				
40.1 Credit risk (continued)				
Impairment loss				
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:				
Balance at 1 April	**131 412**	27 591	**131 412**	27 591
Increase/(decrease) in allowance	**84 357**	103 821	**84 290**	103 821
Balance at 31 March	**215 769**	131 412	**215 702**	131 412

Credit quality of financial instruments

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about the customer. Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. 60 percent of the trade receivables that are neither past due nor impaired were recovered within one month after the reporting date. Of the trade receivables balance at the end of the year, R181 million (2012: R9,2 million) is due from one significant client, the Group's largest. There are no other customers who represent more than ten percent of the total balance of trade receivables. As at 31 March 2013, Airports Company South Africa had no significant concentration of credit risk (2012: Nil).

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amounts owing is possible; at that point the amounts considered irrecoverable and are written off against the allowance account.

The Group believes that, based on historic default rates, no other impairment allowance in respect of trade receivables not past due or past due 61 – 90 days is required.

40.2 Currency risk

Exposure to currency risk

In order to manage risks from fluctuations in currency rates, the Group makes use of forward exchange contracts to manage exposure to fluctuations in foreign currency rates on importation of equipment.

The Group's exposure to foreign currency risks was as follows, based on notional amounts:

	2013	2012	
	USD '000	Euro '000	USD '000
GROUP			
Trade receivables	**836**	–	826
Cash and cash equivalents	**1 095**	–	9
Trade payables	**(1 032)**	(158)	(447)
Gross balance sheet exposure	**2 114**	(158)	388
COMPANY			
Trade payables	**(632)**	(158)	(461)
Foreign exchange contracts	**1 216**	–	–
Gross balance sheet exposure	**(632)**	(158)	(461)

	Average rate		Reporting spot rate	
	2013	2012	**2013**	2012
	R'000	R'000	**R'000**	R'000
40 FINANCIAL INSTRUMENTS (continued)				
40.2 Currency risk (continued)				
Exposure to currency risk (continued)				
The following significant exchange rates applied during the year:				
Euro	**10,945**	9,487	**11,807**	9,651
USD	**8,423**	7,173	**9,225**	6,793
GBP	**13,418**	11,147	**14,012**	10,921
INR	**0,1552**	0,156	**0,169**	0,152
BRS	**4,2189**	–	**4,555**	–

Sensitivity analysis

A 10 percent strengthening of the Rand against the following currencies at 31 March would have increased/(decreased) equity, and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

	Equity R'000	Profit or loss R'000
31 March 2013		
USD	**(75 268)**	**(36 670)**
INR	**(3 092)**	**(2 907)**
BRL	**(2 402)**	**(2 907)**
	(80 762)	**(42 484)**
31 March 2012		
USD	–	–
Euro	–	–

A 10 percent weakening of the Rand against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant. Deviations in all cases were less than R1 000.

40.3 Interest rate risk

Profile

At the reporting date, the interest profile of the Group's interest-bearing financial instruments was:

	Carrying amount			
	GROUP		COMPANY	
	31 March 2013 R'000	31 March 2012 R'000	**31 March 2013 R'000**	31 March 2012 R'000
Fixed-rate instruments				
Financial liabilities	**10 038 176**	10 745 617	**9 985 291**	10 077 746
Variable-rate instruments				
Financial liabilities	**4 759 741**	5 965 161	**4 759 741**	5 965 161

40 FINANCIAL INSTRUMENTS (continued)

40.3 Interest rate risk (continued)

Cash flow sensitivity analysis for variable-rate instruments

An increase of 50 basis points in interest rates at the reporting date would have increased/(decreased) profit and loss before tax by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012. A decrease of 50 basis points would have had the equal but opposite effect on the profit and loss before tax.

	GROUP AND COMPANY Profit and loss 50 bp increase R'000
At 31 March 2013	**(6 748)**
At 31 March 2012	(6 005)

Fair values and financial instrument by category

Fair values versus carrying amount

The fair values of financial assets and liabilities, together with the carrying amount shown in the balance sheet, are as follows:

		31 March 2013		31 March 2012	
	Classification	**Carrying amount R'000**	**Fair value R'000**	Carrying amount R'000	Fair value R'000
GROUP					
Interest-bearing borrowings	Other liabilities at amortised cost	**(14 775 027)**	**(16 831 776)**	(16 710 776)	(18 330 156)
Derivative financial instruments – liabilities	Held for trading	**(271 934)**	**(271 934)**	(194 775)	(194 775)
Derivative financial instruments – assets	Held for trading	**11 214**	**11 214**	–	–
Cash and cash equivalents	Loans and receivables	**1 261 019**	**1 261 019**	1 980 385	1 980 385
Investments	Loans and receivables	**1 204 998**	**1 204 998**	600 000	600 000
Trade and other receivables	Loans and receivables	**1 120 409**	**1 120 409**	1 022 343	1 022 343
Trade payables and accruals	Other liabilities at amortised cost	**(817 432)**	**(817 432)**	(910 354)	(910 354)
COMPANY					
Interest-bearing borrowings	Other liabilities at amortised cost	**(14 720 834)**	**(16 777 583)**	(16 042 905)	(17 641 187)
Derivative financial instruments – liabilities	Held for trading	**(271 934)**	**(271 934)**	(194 775)	(194 775)
Derivative financial instruments – assets	Held for trading	**11 214**	**11 214**	–	–
Cash and cash equivalents	Loans and receivables	**1 204 173**	**1 204 173**	1 903 173	1 903 242
Investments	Loans and receivables	**1 204 998**	**1 204 998**	600 000	600 000
Trade and other receivables	Loans and receivables	**1 096 680**	**1 096 680**	1 016 093	1 016 093
Trade payables and accruals	Other liabilities at amortised cost	**(769 064)**	**(769 064)**	(878 917)	(878 917)

The basis for determining the fair values is disclosed in note 4.

40 FINANCIAL INSTRUMENTS (continued)

40.3 Interest rate risk (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

	Level 1	Level 2	Level 3	Total
GROUP				
31 March 2013				
Derivative financial instruments - assets	**11 214**	**–**	**–**	**11 214**
Derivative financial instruments - liabilities	**–**	**(271 934)**	**–**	**(271 934)**
31 March 2012				
Derivative financial instruments - assets	–	–	–	–
Derivative financial instruments - liabilities	–	(194 775)	–	(194 775)
COMPANY				
31 March 2013				
Derivative financial instruments - assets	**–**	**11 214**	**–**	**11 214**
Derivative financial instruments - liabilities	**–**	**(271 934)**	**–**	**(271 934)**
31 March 2012				
Derivative financial instruments - assets	–	–	–	–
Derivative financial instruments - liabilities	–	(194 775)	–	(194 775)

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

41 CONTINGENT LIABILITIES

Nedbank has provided guarantees of R26,018 million to Airports Company South Africa SOC Limited.

42 EVENTS AFTER REPORTING DATE

Weakening of the Rand against the Dollar

The Rand/Dollar exchange weakened by approximately nine percent from R9,225 to around R10,092 since year-end. The effect on the figures at 31 March 2013 would have been to increase the Group equity and group profit by R62,553 million.

– Dividends

On 26 July 2013, the Board of Directors proposed an ordinary dividend declaration of 10% of Group profit for the year after tax.

43 RECLASSIFICATION OF COMPARATIVES

43.1 Fair value gains on investment properties

The Group reclassified the fair value gains on investment properties in the current financial year to other operating income. The reclassification was done in order to improve disclosure. The reclassification does not have an impact on the statement of financial position or the statement of cash flows. The effect of reclassification on prior year statement of comprehensive income is as follows:

	GROUP 2012		
	Previously stated R'000	Re-classification R'000	Reclassified amount R'000
STATEMENT OF COMPREHENSIVE INCOME			
Other operating income	149 433	1 543	150 976
Fair value gains on investment properties	1 534	(1 534)	–

	COMPANY 2012		
STATEMENT OF COMPREHENSIVE INCOME			
Other operating income	16 888	(16 426)	462
Fair value gains on investment properties	(16 426)	16 426	–

43.2 Net cash flows from operating activities

The Group reclassified tax received in 2012 to cash generated by operations. The reclassification was done to improve disclosure. The reclassification does not have an impact on the statement of financial position or the statement of cash flows. The effect on prior year amounts is as follows:

	GROUP 2012		
	Previously stated R'000	Re-classification R'000	Reclassified amount R'000
STATEMENT OF CASH FLOWS			
Cash paid to suppliers and employees	(2 879 249)	49 187	(2 830 062)
Income tax received/(paid)	83 867	(49 187)	34 680

	COMPANY 2012		
STATEMENT OF CASH FLOWS			
Cash paid to suppliers and employees	(2 770 626)	33 473	(2 737 153)
Income tax received/(paid)	74 173	(33 473)	40 700

44 SEGMENT INFORMATION

The Group's reported operating segments are based on reports reviewed by the Executive Committee to make strategic decisions. The reportable segments offer the same services (except for Corporate and other) and are managed separately because they require different marketing strategies.

Information regarding the operations of each reportable segment is included below. The Executive Committee assesses the performance of the operating segments as a measure of earnings before interest, taxation, depreciation and amortisation expense (EBITDA). Interest income and expenditure are not allocated to operating segments as they are driven largely by the Corporate division, which manages the cash requirements of the company. Corporate overhead expenses are not allocated to the reportable segments.

Sales between operating segments are carried out at arm's-length. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the income statement.

	2013 R'000	2012 R'000
EBITDA for reportable segments and other segments	**4 493 691**	3 565 164
Depreciation and amortisation expense	**(1 411 432)**	(1 463 804)
Share of profit of equity accounted associate	**21 108**	51 035
Net finance expense	**(1 462 326)**	(2 034 327)
Profit/(loss) before tax	**1 641 041**	118 068
Reportable segment assets are reconciled to total assets as follows:		
Segment assets for reportable segments	**25 439 068**	25 439 068
Other segment assets	**2 749 213**	4 627 587
	28 188 281	30 066 655
Reportable segment liabilities are reconciled to total liabilities as follows:		
Segment liabilities for reportable segments	**28 628 084**	15 019 301
Other segment liabilities and eliminations	**(27 407 069)**	(12 581 563)
Unallocated		
Deferred tax	**960 821**	1 017 140
Derivative financial instruments: non-current	**226 551**	129 426
Derivative financial instruments: current	**45 383**	65 349
Income tax liabilities	**20 437**	16 597
Interest-bearing liabilities: non-current	**11 919 339**	15 647 002
Interest-bearing liabilities: current	**2 855 688**	1 063 774
	17 249 234	20 377 025

44 SEGMENT INFORMATION (continued)

	O.R.Tambo International R'000	Cape Town International R'000	King Shaka International R'000	Bram Fischer International R'000	East London Airport R'000	George Airport R'000	Kimberley Airport R'000
2013							
Aeronautical	**2 785 914**	**836 518**	**363 146**	**33 757**	**49 768**	**40 100**	**12 026**
Non-aeronautical	**1 395 658**	**451 493**	**244 914**	**15 682**	**21 179**	**18 084**	**5 669**
– Retail	**1 023 176**	**334 766**	**173 752**	**9 744**	**15 947**	**11 765**	**4 034**
– Property	**372 482**	**116 727**	**71 162**	**5 938**	**5 232**	**6 319**	**1 635**
Other	**22 330**	**7 815**	**18 169**	**456**	**666**	**371**	**501**
Total external revenue	**4 203 902**	**1 295 826**	**626 229**	**49 895**	**71 613**	**58 555**	**18 196**
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	**3 401 281**	**925 982**	**357 909**	**11 651**	**37 144**	**28 220**	**1 157**
Depreciation and amortisation	**553 008**	**266 268**	**395 274**	**18 599**	**27 638**	**17 857**	**11 472**
Interest income	**2 176**	**2 428**	**278**	**–**	**–**	**–**	**–**
Interest expense	**–**	**5 130**	**–**	**–**	**–**	**1**	**1**
Reportable total assets	**13 315 104**	**4 089 318**	**3 392 714**	**282 869**	**504 509**	**294 348**	**117 715**
Reportable total liabilities	**269 434**	**187 009**	**138 355**	**18 188**	**39 426**	**26 266**	**17 823**
2012							
Aeronautical	2 145 776	695 921	307 822	28 017	41 104	33 494	8 867
Non-aeronautical	1 291 724	442 522	240 068	14 136	19 397	15 413	5 725
– Retail	1 006 991	328 233	166 387	10 285	15 650	11 554	4 411
– Property	284 733	114 289	73 681	3 851	3 747	3 859	1 314
Other	75 263	33 602	35 728	2 053	2 261	2 414	565
Total external revenue	3 512 763	1 172 045	583 618	44 206	62 762	51 321	15 157
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	2 681 123	812 902	323 964	18 483	34 962	21 479	1 700
Depreciation and amortisation	619 601	278 033	402 322	22 912	25 270	16 596	10 137
Interest income	1 801	2 418	61	–	–	–	–
Interest expense	–	931	–	–	–	–	–
Reportable total assets	9 311 837	4 392 331	7 786 244	485 377	456 461	272 266	237 906
Reportable total liabilities	271 072	1 712 413	6 723 069	321 885	207 232	106 278	145 062

* EBITDA is calculated as revenue, plus other operating income, less employee benefit expense, less other operating expenses.

Port Elizabeth International R'000	Upington International R'000	Pilanesberg International R'000	Corporate Office R'000	Precinct 2A R'000	JIA Piazza Park R'000	Unallocated and other R'000	Elimination R'000	Total R'000
101 801	**6 960**	**–**	**–**	**–**	**–**	**15 664**	**–**	**4 245 654**
47 096	**4 418**	**–**	**–**	**67 002**	**98 767**	**284 764**	**(35 490)**	**2 634 027**
28 407	**1 884**	**–**	**–**	**–**	**98 767**	**271 104**	**(35 490)**	**1 937 856**
18 689	**2 534**	**–**	**–**	**67 002**	**–**	**13 660**	**–**	**696 171**
979	**1 342**	**–**	**4 251**	**–**	**–**	**(261 509)**	**–**	**(219 420)**
149 876	**12 720**	**–**	**4 251**	**67 002**	**98 767**	**38 919**	**(35 490)**	**6 660 261**
92 965	**(2 396)**	**–**	**724 525**	**53 263**	**1 734**	**(1 139 744)**	**–**	**4 493 691**
32 536	**7 951**	**–**	**76 794**	**1**	**3 959**	**75**	**–**	**1 411 432**
–	**–**	**–**	**148 588**	**615**	**306**	**(27 938)**	**(29 821)**	**124 728**
–	**–**	**–**	**1 568 114**	**58 553**	**133**	**(11 523)**	**(29 821)**	**1 612 484**
655 795	**55 701**	**–**	**20 044 195**	**759 915**	**41 208**	**(14 513 779)**	**(851 332)**	**28 188 281**
18 164	**6 003**	**–**	**3 265 678**	**673 341**	**11 978**	**13 382 346**	**(804 768)**	**17 249 234**
83 268	5 157	227	–	–	–	–	–	3 349 653
42 801	4 073	190	–	72 406	88 121	16 066	(32 845)	2 219 797
28 203	1 741	175	–	–	88 121	–	(32 845)	1 628 906
14 598	2 332	15	–	72 406	–	16 066	–	590 891
4 061	1 951	89	2 920	–	–	8 186	–	169 093
130 130	11 181	506	2 920	72 406	88 121	24 252	(32 845)	5 738 543
74 647	(3 031)	55 028	(637 405)	61 194	1 141	117 443	–	3 563 630
28 266	8 587	13 370	34 997	3	3 707	3	–	1 463 804
–	–	–	44 505	–	357	(2 009)	(1 515)	47 133
–	–	–	1 524 035	60 870	134	8 687	(1 515)	1 594 657
635 779	137 348	–	12 069 787	796 025	40 598	2 681 378	(9 236 682)	30 066 655
171 719	124 499	–	4 525 646	699 903	10 523	14 331 944	(8 974 219)	20 377 026

		2013 R'000	2012 R'000
45.	**Irregular or fruitless and wasteful expenditure**		
45.1	**Irregular expenditure**		
	Openning balance	–	–
	Add: irregular expenditure - current year	32 832	–
	Less: amounts written off	–	–
	Less: amounts not recoverable (not condoned)	–	–
	Irregular expenditure awaiting write off	32 832	–
	Analysis of expenditure awaiting write-off per age classification		
	Current year	32 832	–
	Prior years	–	–
	Total	32 832	
	Details of irregular expenditure		
	Current year:		
	R32,8 million in respect of an IT contract under investigation.		
45.2	**Fruitless and wasteful expenditure**		
	Openning balance	–	–
	Add: fruitless and wasteful expenditure - current year	13 625	–
	Less: amounts written off	–	–
	Less: amounts not recoverable (not condoned)	–	–
	Fruitless and wasteful expenditure awaiting write off	13 625	–
	Analysis of expenditure awaiting write-off per age classification		
	Current year	13 625	–
	Prior years	–	–
	Total	13 625	–
	Details of Fruitless and wasteful expenditure		
	Current year:		
	R13,6 million in respect of an IT contract under investigation.		

Statistical Review

For the year ended 31 March 2013

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
GROUP					
Operations					
Aeronautical revenue	**4 245 654**	3 349 653	2 430 447	1 702 372	1 452 067
Non-Aeronautical revenue	**2 414 607**	2 388 890	2 227 792	1 828 453	1 714 015
Revenue	**6 660 261**	5 738 543	4 658 239	3 530 825	3 166 082
EBITDA	**4 493 691**	3 563 630	2 615 131	2 672 775	1 744 410
Operating profit	**3 082 259**	2 099 826	1 169 903	1 595 326	995 471
Profit before tax	**1 641 042**	118 068	(181 303)	995 038	633 310
Profit for the year	**1 298 412**	187 573	(220 530)	900 786	443 897
Depreciation and amortisation	**(1 411 432)**	(1 463 804)	(1 445 228)	(1 077 449)	(748 939)
Capital expenditure	**(990 571)**	(417 100)	(505 368)	(5 240 614)	(5 996 937)
Financial Position					
Capital and reserves	**10 939 047**	9 689 630	9 598 237	8 968 132	8 074 650
Non current liabilities excluding deferred tax	**12 403 620**	15 976 064	15 091 193	14 935 848	9 204 201
Deferred tax	**906 321**	1 017 140	1 080 452	749 849	775 234
Debentures	**–**	–	6 000	6 000	6 000
	24 248 987	26 682 834	25 775 882	24 659 829	18 060 085
Property, plant and equipment, investment property and intangible assets	**23 576 915**	23 672 164	26 560 669	25 812 860	21 064 552
Investment in associates	**932 832**	748 643	647 129	661 327	459 978
Non-current receivables	**269 871**	173 992	150 115	113 725	116 511
Current assets	**3 408 663**	3 621 856	1 798 666	1 303 266	1 957 071
Non-current assets held for sale	**–**	1 850 000	–	–	–
Total assets	**28 188 281**	30 066 655	29 156 579	27 891 178	23 598 112
Current liabilities	**3 884 776**	(3 383 822)	(3 380 698)	(3 231 349)	(5 538 027)
	32 073 057	24 832 834	25 775 881	24 659 829	18 060 085
Cash flow					
Net cash available/(utilsed in) operating activities	**3 902 295**	3 036 235	1 665 084	1 168 094	1 579 105
Cash generated / (utilised) in investing activities	**(1 018 938)**	164 440	(532 908)	(4 330 247)	(5 950 526)
Net cash generated / (utilised) by financing activities	**(3 603 017)**	(1 899 118)	(887 749)	2 600 731	5 237 261
Net cash (outflow)/inflow	**(719 366)**	1 301 504	244 884	(555 347)	877 309
Profitability					
Earnings per share(cents)	**262,82**	37,97	(44,64)	182,33	89,85
Productivity					
Number of employees	**2 715**	2 490	2 342	2 225	2 232
Revenue per employee (R')	**2 453 135**	2 304 636	1 989 000	1 586 888	1 418 496
Operating profit per employee (R')	**1 135 270**	843 304	499 532	717 001	445 999
Departing passengers per employee	**6 423**	7 208	7 476	7 549	7 525
Cost to Income	**54%**	63%	75%	55%	69%

The supplementary information presented on pages 149 to 151 does not form part of the financial statements and is unaudited.

	2013	2012	2011	2010	2009
GROUP					
Other key statistics (in numbers)					
Aircraft landings					
International	**36 146**	34 716	34 423	34 423	33 590
Domestic	**126 388**	142 696	139 839	139 839	137 645
Regional	**11 251**	12 087	11 492	11 492	12 150
Non-scheduled	**81 238**	82 821	88 538	88 538	91 329
	255 023	272 320	274 292	274 714	279 545
Departing passengers					
International	**4 914 163**	4 845 495	4 734 075	4 452 380	4 491 602
Domestic	**11 963 082**	12 534 937	12 205 426	11 529 284	11 771 190
Regional	**487 569**	490 407	462 261	449 648	443 657
Non-scheduled	**73 072**	76 715	107 506	79 330	90 161
	17 437 886	17 947 554	17 509 268	16 510 642	16 796 610
Number of airlines					
International	**44**	44	55	55	54
Domestic	**6**	7	8	7	7
	50	51	63	62	61
Aeronautical tariffs					
Passenger service charges					
Domestic	**R101,75**	R96,49	R57,02	R42,98	R35,96
Regional	**R212,23**	R19,12	R117,54	R89,47	R74,56
International	**R279,82**	R262,28	R155,26	R118,42	R98,25
Landing fees (based on an aircraft with a maximum take off weight of 60 000kg)					
Domestic	**R 4 437,01**	R 4 166,02	R 2 456,08	R 1 872,82	R 1 558,55
Regional	**R 6 472,85**	R 6 067,52	R 3 582,78	R 2 732,24	R 2 273,53
International	**R 8 507,50**	R 7 986,88	R 4 709,26	R 3 590,94	R 2 988,28
Operational volume (in numbers)					
Aircraft landings					
O.R. Tambo International	**100 007**	106 353	106 378	101 307	106 261
Cape Town International	**44 537**	48 996	46 818	46 302	47 805
King Shaka International	**24 850**	27 556	27 398	26 454	25 905
Port Elizabeth International	**31 821**	35 087	36 534	39 169	34 888
East London Airport	**15 265**	16 285	19 324	17 930	17 421
George Airport	**19 815**	16 726	16 502	20 931	21 647
Bram Fischer International	**8 925**	10 161	9 423	11 362	12 364
Kimberley Airport	**5 766**	6 172	6 226	5 980	7 615
Upington International	**4 037**	3 924	3 588	3 395	3 228
Company	**255 023**	271 260	272 191	272 830	277 134
Pilanesberg International	**–**	1 060	2 101	1 884	2 381
Total	**255 023**	272 320	274 292	274 714	279 515

Statistical Review (continued)

For the year ended 31 March 2013

	2013	2012	2011	2010	2009
Departing passengers ('000)					
O.R. Tambo International	**9 318**	9 491	9 329	8 819	9 045
Cape Town International	**4 226**	4 301	4 113	3 912	3 917
King Shaka International	**2 337**	2 526	2 440	2 208	2 164
Port Elizabeth International	**651**	682	708	676	705
East London Airport	**323**	339	339	337	347
George Airport	**274**	290	273	270	303
Bram Fischer International	**207**	222	209	199	205
Kimberley Airport	**75**	70	66	66	76
Upington International	**27**	26	24	21	24
Company	**17 438**	17 947	17 501	16 508	16 786
Pilanesberg International	**–**	1	4	3	4
Total	**17 438**	17 948	17 505	16 511	16 790
Staff					
O.R. Tambo International	**1 184**	1 064	1 041	986	1 031
Cape Town International	**547**	521	457	442	460
King Shaka International	**391**	335	335	292	247
Port Elizabeth International	**112**	103	99	100	99
East London Airport	**67**	63	61	59	54
George Airport	**72**	60	67	63	59
Bram Fischer International	**66**	63	69	69	67
Kimberley Airport	**41**	39	34	31	33
Upington International	**19**	20	20	13	14
Corporate Office	**216**	222	147	158	157
Company	**2 715**	2 490	2 330	2 213	2 221
Pilanesberg International	**–**	–	12	12	11
Total	**2 715**	2 490	2 342	2 225	2 232

ADMINISTRATION

AIRPORTS COMPANY SOUTH AFRICA SOC LIMITED

Reg No 1993/004149/30

REGISTERED OFFICE

The Maples
Riverwoods Office Park
24 Johnson Road
Bedfordview
2008

POSTAL ADDRESS

P O Box 75480
Gardenview
2047

BOARD OF DIRECTORS

B Mabuza, Non-executive Chairman
R Morar, Non-executive Deputy Chairman
J Lamola, Non-executive Director
B Luthuli, Non-executive Director
P Mabelane, Non-executive Director
C Mabude, Non-executive Director
S Macozoma, Non-executive Director
E Masilela, Non-executive Director
M Matsaba, Non-executive Director (Alternate Director to E Masilela)
K Moroka, Non-executive Director
T Ramano, Non-executive Director
B Maseko, Managing Director
M Manyama-Matome, Finance Director

ACTING COMPANY SECRETARY

M Manyama-Matome

INDEPENDENT EXTERNAL AUDITORS

Ngubane & Co Inc
Director: E Sibanda
Registered Auditor
Midrand

PricewaterhouseCoopers Inc
Director: R Dhanlall
Registered Auditor
Johannesburg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