INTEGRATED REPORT 2014

Embracing forward thinking

AIRPORTS COMPANY
SOUTH AFRICA

CONTENTS

NAVIGATION ICONS:

- HUMAN CAPITAL
- SUSTAINABILITY AND TRANSFORMATION
- ECONOMIC REGULATION
- ENVIRONMENTAL OUTCOMES
- NEW BUSINESS
- ECONOMIC OUTCOMES
- BUSINESS EXCELLENCE
- SOCIAL OUTCOMES
- WIN-WIN PARTNERSHIPS
- AFS ANNUAL FINANCIAL STATEMENTS
- SHAREHOLDER VALUE
- GRI GLOBAL REPORTING INITIATIVE
- AWARDS AND RECOGNITION

AIRPORTS COMPANY
SOUTH AFRICA SOC LTD

"OVER THE PAST FEW DECADES, THE ROLE OF THE AIRPORT HAS EVOLVED FROM BEING A GATEWAY FOR TRAVEL, TO A KEY SECTOR THAT ENABLES THE WAY THAT WE LIVE AND WORK IN A WORLD THAT IS INCREASINGLY GLOBALLY CONNECTED. OUR STRATEGY REMAINS TO BUILD AN EFFICIENT AND CUSTOMER-FOCUSED BUSINESS."

KING SHAKA INTERNATIONAL AIRPORT

OUR INTEGRATED REPORT

This integrated report seeks to engage, inform and involve our stakeholders with regards to our corporate activities during the 2014 reporting period including business practices, strategy, and management focus.

We have shared our framework for measurement and target setting with evidence to show our commitment to reaching and exceeding our business objectives and strategic thrusts. We have used internationally acknowledged frameworks and standards in our reporting. This report also reflects how we have helped to achieve the goals of the National Development Plan (NDP). In the interests of transparency we have reported on both the positive and negative outcomes for the reporting year, and how we intend to improve or mitigate our negatives by providing, contingencies for circumstances that are out of our control such as the global economic environment.

We have provided a strategic and holistic explanation of how Airports Company South Africa has used the resources and relationships available in order to create and sustain value in the short, medium, and longer term.

We underwent internal rationalisation during this period and accordingly the titles of managing director and financial director have changed to chief executive officer (CEO) and chief financial officer (CFO) respectively. The latter terms are used throughout this report for consistency and clarity.

SCOPE AND BOUNDARY

All events reported on in the integrated report occurred during the 2014 financial year (1 April 2013 – 31 March 2014) unless otherwise specified.

In the spirit of embracing and furthering our advancement in integrated reporting, we have prepared the following two reports:

OUR 2014 INTEGRATED REPORT	OUR 2014 ANNUAL FINANCIAL STATEMENTS
Our integrated report is directed at all our key stakeholders that have supported the growth of our business since 1993. Accordingly, based on the frameworks and guidelines, research and feedback, we have strengthened and revised the layout and structure of this year's Integrated Report.	AFS This report includes reports of the independent auditors; the Audit Committee; the directors; the annual financial statements and the corporate governance reports.
The following frameworks adopted and applied include: • The International Integrated Reporting Council (IIRC) • The Integrated Reporting Framework Consultation Draft, 2013 • The King Code of Governance for South Africa (2009) (King III) • The Global Reporting Initiative (GRI) G3 • The AA 1000 Stakeholder Engagement Standard (Accountability).	The following frameworks adopted and applied include: • The International Financial Reporting Standards (IFRS) • The King Code of Governance for South Africa (2009) (King III) • The Companies Act No 71 of 2008 (Companies Act) • The Public Finance Management Act No. 1 of 1999 (PFMA).

This report tells an integrated story of how we created value during the 2014 financial year; and opportunities that will be embarked on going forward. It further aims to inform our stakeholders of our mandate, structures, performance review of the strategy and strategic thrusts, governance, and insights into the risks, challenges and opportunities. It includes advances made in social development and transformation, and economic and environmental sustainability towards creating sustainable value for all.

The late Nelson Mandela said: "After climbing a great hill, one only finds that there are many more hills to climb." In this spirit, we will continue to improve our integrated reporting through learning and benchmarking with our peers, and adopting best practice as vetted by an assurance process.

Airports Company South Africa is in the early stages of applying the Global Reporting Initiative (GRI) G3 principles. The GRI G3 principles were applied to assist us report as completely as possible on all practices relevant to our Company stakeholders, as well as those of internal planning, reporting, assurance, and risk management processes.

Airports Company South Africa has declared a C application level in terms of GRI G3 guidelines, based on the guidelines as noted in the GRI table. (Refer to www.airports.co.za)

FORWARD-LOOKING STATEMENTS

The Integrated Annual Report includes forward-looking statements that relate to the possible future financial position and results of our operations. These statements involve risk and uncertainty, as they relate to events and circumstances that may or may not occur in the future.

Factors that could cause actual future results to differ materially from those in the forward-looking statements include, but are not limited to, global and domestic economic conditions, the nature of the aviation sector and, more specifically, the airline operators' performance; changes in passenger profiles and choices, retail offerings, interest rates, credit and the associated risks of borrowing and funding, gross and operating margins, capital management, and competitive and economic regulatory factors.

We do not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events or otherwise. The forward-looking statements have not been reviewed or reported on by our external auditor.

BOARD OF DIRECTORS' APPROVAL OF OUR INTEGRATED REPORT

Our Audit and Risk Committee is responsible for reviewing and recommending the Integrated Report including the Annual Financial Statements to the Board for approval.

The Board has reviewed the Integrated Report and believes that it addresses all material issues, and fairly represents the integrated performance of Airports Company South Africa SOC Ltd.

The 2014 Airports Company South Africa SOC Ltd Integrated Report was approved by the Board on 22 July 2014.

B Mabuza
Chairman

B Maseko
Chief Executive Officer
22 July 2014

CELEBRATING OUR 20 YEAR ANNIVERSARY!

OUR MANDATE

Airports Company South Africa is mandated to undertake the acquisition, establishment, development, provision, maintenance, management, and 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 in terms of the Airports Company Act (No 44 of 1993).

En-route to being the measure for international airport companies

In 1993, we inherited a group of basic airports with dated terminal buildings offering little in the way of passenger comforts and services. Twenty years later, our airports have been transformed to nine world leading, structurally and functionally advanced airports of which South Africa can be justifiably proud.

Reflecting on the twenty-year journey should really be more than just a look at where our Company and infrastructure are today compared to 1993. We are 74.6% owned by the South African Government. We operate commercially like any other business, while simultaneously contributing to the Government agenda through compliance with the dual mandate applicable to state-owned companies. We run a profitable business and the success is attributable to all of our employees who relentlessly pursue growth opportunities, deliver infrastructure developments, strengthen business excellence, and provide customer-focused services to the aviation industry. International success in our partnerships at Chhatrapati Shivaji International Airport in Mumbai, India and at Guarulhos International Airport in São Paulo, Brazil has led us to continue to explore further opportunities in Africa and beyond. We hold a strong governance position, with a fully constituted Board of Directors and a recently approved ten-year plan, which provides us with a route map for the future, and increases our ability to plan and lead effectively.

1989 – 1999

1989

Civil aviation, airports and air traffic services formed one function. Consultants, assigned by the Directorate of Civil Aviation (Department of Transport), reviewed the strategy and structure of South Africa's civil aviation administration and recommended that the three entities function separately.

1990

Government's policy - The Deregulation of Domestic Air Services was published.

1992

A steering committee and consultants reviewed the most appropriate structure for state airports and air traffic and navigation services.

1993

The Airports Company Act (No. 44 of 1993) was passed in April, and shortly after; the assets of state airports were transferred to the Airports Company Limited.

1994

On 1 April, all relevant state employees at the airports were transferred to our employ - new jobs were created and 700 people recruited and trained as in-house security staff.

1995

After the lifting of sanctions, foreign airlines serving South Africa increased from 21 (1991) to 50 (1995) at Johannesburg International, from two to 11 at Cape Town International, and from three to nine at Durban International.

The 2010 FIFA World Cup South Africa™ and African Cup of Nations brought with them thousands of fans who wanted to see their favourite teams playing across the country.

1996

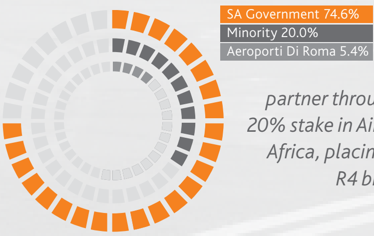
The Board signed off a review of our vision, mission and business, philosophy in consultation with staff, stakeholders and clients.

1997

The flying icon on the logo was applied and a corporate identity introduced.

Introduction of sophisticated x-ray equipment available for passengers and baggage, improved procurement and focused environmental management programmes.

1998



Aeroporti di Roma was introduced as a strategic equity partner through the acquisition of a 20% stake in Airports Company South Africa, placing a value of more than R4 billion on the Company.

1999

Airports Company South Africa's productivity ranked third among airports in the world.

A 4,000-bay multi-storey parkade at Johannesburg International was opened.

Launched the Bird Strike Avoidance Programme, jointly with the Endangered Wildlife Trust.

OUR COMPANY (CONTINUED)

2000 – 2005

2000

Airports Company South Africa seen as the leader in airport safety in Africa.

Launched Airports Company South Africa' Airporter trolley, locally designed and manufactured with the principle of 'safety first'.

International joint venture with SITA to market airport software worldwide.

Embarked on an integrated environmental management programme to manage noise, air, ground, water, and fauna and flora.

Completion of the new international arrivals terminal and the upgrade of the international departures check-in area, as well as the new international departures holding area, at Johannesburg International.

Installed modern equipment to screen all hold-baggage on international aircraft, capable of detecting every known device or incendiary material before baggage is loaded into aircraft holds.

2001

Airport Sun Intercontinental Hotel opened at Johannesburg International.

R2 million British Airways first class arrivals lounge completed (then, the second in the world).

Johannesburg International perishable cargo facility became operational.

World-class international arrivals facility at Cape Town International opened and started operations.

South African Post Office Limited (SAPO) Johannesburg International mail facility opened.

2002

New aircraft viewing deck opened at Johannesburg International.

Live flight information SMS-service introduced to the public.

2003

New domestic terminal building at Johannesburg International was commissioned, with the terminal building relocation to the new facility performed overnight.

2004

International Trade Bureau at Johannesburg International opened for business, offering a permanent exhibition facility.

The upgraded Port Elizabeth International terminal officially opened in May 2004.

2005

The introduction of new banknotes necessitated an upgrade of both software and hardware for all parking pay stations.

2006 – 2009

2006

Aeroporti di Roma (ADR) sold its 20% interest in the Company to the Public Investment Corporation (PIC) at R1.67 billion.

Airports Company South Africa and a consortium that includes the Indian company GVK, and South African listed company Bidvest, won a concession to manage Chhatrapati Shivaji International Airport in Mumbai, India. In addition a 10% equity shareholding was also secured.

In October, the country's flagship airport (Johannesburg International) was renamed O.R. Tambo International Airport as a tribute to one of the new South Africa's important founding fathers, Oliver Reginald Tambo.

About 1.2 million litres of Jet A1 fuel was spilled on 6 November 2006 at O.R. Tambo International Airport and fed into Blaauwpan Dam. As a result of the containment and recovery plan, approximately 632 259 litres were recovered along the storm water system. Blaauwpan Dam has subsequently been fully rehabilitated.

First Airbus A380 flight lands at O.R. Tambo International Airport in November as a test flight.

2007

Airports Company South Africa introduced self-check-in at its airports. All airlines are given the option to operate their self-service check-in software on the flight check machines.

Airports Company South Africa upgraded its George Airport through an investment of R43 million.

2008

Introduction of the evolved corporate identity.

AIRPORTS COMPANY
SOUTH AFRICA

2009

Installation of the final components of the baggage handling system. One of the benefits was to reduce baggage pilferage and mishandled bags at O.R. Tambo International.

Runway refurbishment at Bloemfontein International was completed in April.

R14.5 million runway and taxiway rehabilitation project was completed early in November 2009 at George Airport. In December, an Embraer 135 operated by SA Airlink ran off the runway. The SACAA introduced restrictions on aircraft movements at George during wet weather.

OUR COMPANY (CONTINUED)

2010 - 2013

2010

Completion and launch of all airport infrastructure deliverables in time for 2010 FIFA World Cup South Africa™.

On 18 February, Air France-KLM's scheduled A380 aircraft (flight number AF995), the world's largest civil passenger aircraft, landed at O.R. Tambo International Airport.

South African Airways marked the impending opening of the new King Shaka International Airport, north of Durban, with a special flight from O.R. Tambo International on Thursday, 29 April. King Shaka International officially started operations on 1 May 2010.

Airports Company South Africa shone as the airport authority that delivered world-class airports and passenger service for the 2010 FIFA World Cup South Africa™.

2011

Airports Company South Africa resolved to withdraw its management services from Pilanesberg International Airport.

2012

Regional Airports business unit created.

Sale of Durban International Airport site in the South Basin for R1.85 billion to Transnet SOC Limited concluded.

Bloemfontein International Airport renamed Bram Fischer International Airport at a ceremony held at the airport in December.

Full Board of Directors appointed.

2013

Airports Company South Africa sponsors the first Airport Cities Conference and Exhibition, together with Ekurhuleni Metropolitan Municipality. O.R. Tambo International commits to partner with Ekurhuleni to create the 'aerotropolis model for Africa'. An aerotrpolis is defined as a city built around an airport offering businesses speedy connectivity to their suppliers, customers, and enterprise partners nationally and world-wide.

Airports Company South Africa celebrates its 20-year birthday anniversary on 23 July.

BRAM FISCHER INTERNATIONAL AIRPORT

HIGHLIGHTS OF THE YEAR IN REVIEW

FINANCIAL PERSPECTIVE

10.56%
Return on capital employed
(2013: 7.18%)

R4.6 billion
EBITDA
(2013: R4.4 billion)

2.34x
Net Debt/EBITDA
(2013: 2.76 X)

R7.1 billion
Revenue
(2013: R6.6 billion)

R4.6 billion
Aeronautical revenue
(2013: R4.2 billion)

R2.6 billion
Non-aeronautical revenue
(2013: R2.4 billion)

38%
Cost to income
(2013: 37%)

CUSTOMER AND STAKEHOLDER PERSPECTIVE

4.02
Airport service quality
(2013: 4.00)

3.6
Stakeholder survey
(2013: 3.4)

INTERNAL PROCESSES PERSPECTIVE

17,419,183
Departing passengers
(2013: 17,437,886)

261,294
Air traffic movements - landings
(2013: 255,034)

88%
On-time departures*
(2013: 83%)

Level 2 [93.03]
BBBEE rating (Empowerdex)
(2013: Level 3 [79.99])

13.77
Employment equity (Empowerdex)
(2013: 11.73)

20 977
Job opportunities created
(2013: 20 325)

R100 million
Economic development spend
(2013: R58.5 million)

LEARNING AND GROWTH PERSPECTIVE

3.6
Employee satisfaction survey
(2013: 3.2)

22.16
Skills development (Empowerdex)
(2013: 17.36)

2,819
Employees
(2013: 2,715)

*On time departures – this measure monitors the actual time an aircraft departs as compared to the scheduled departure time.

EXCELLENT CUSTOMER EXPERIENCE RECOGNISED

Airports Company South Africa provides passengers, airlines, tenants, and visitors with the best airport experience. This is defined by the sum of all experiences of all our stakeholders within our airports. Every passenger and visitor has come to experience world-class airport facilities, efficient operations, and excellent customer service at our airports.

The following awards were received within the year under review, and emphasises our aim of delivering customer-focused services.

Airports Council International – Airport Service Quality	Best Airport by Region – Africa category	First place – Cape Town International Airport Second place – King Shaka International Airport
	Best small Airport by Region – Africa category	First place – Upington International Airport
	Best improved small Airport by Region – Africa category	East London Airport
Cape Town International Airport has won its fourth consecutive award as Best Airport in Africa. *Upington International Airport has won its third consecutive award as Best Small Airport in Africa.*		
Skytrax World's Best Airports Awards	Best in Africa	First place – O.R. Tambo International Airport Second place – Cape Town International Airport Third place – King Shaka International Airport
	Best Regional Airport in Africa	First place – King Shaka International Airport
	Best Airport staff in Africa	First place – Cape Town International Airport
Certified top employer: Number one employer in industry – Public sector		
Security watch Africa - Best security and safety conscious airport in Africa		

"Once again, these awards validate that your dedication to excellence in customer service is recognised by your passengers, community members and the entire aviation industry."

- Angela Gittens, Director General, ACI World

OUR BUSINESS

"WE HAVE FIVE CORE VALUES THAT ARE TOP-OF-MIND IN EVERYTHING THAT WE DO AND DIRECT US IN OUR LONG-TERM PLANNING. OUR STRATEGY IS BUILT ON COLLABORATIVE AND COHERENT ENGAGEMENTS WITH OUR STAKEHOLDERS."

EAST LONDON AIRPORT

OUR STRATEGY

OUR CORE VALUES

We have five core values encapsulated in the acronym PRIDE that are top-of-mind in everything that we do and direct us in our long-term planning as well as in our endeavour to be an efficient customer-focused business.

PASSION	RESULTS	INTEGRITY	DIVERSITY	EXCELLENCE
Living our values and pursuing our goals	Being customer and partner focused	Enabling trust and respect in all our actions	Promoting our African heritage	Continually improving and innovating our business

VISION
To be a world-leading airport business

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

OUR STRATEGIC PROPOSITION
To build an efficient customer-focused business

OUR COMMITMENTS TO OUR STAKEHOLDERS
Purposeful engagements
Agreed scope of engagements and expected outcomes

OUR STRATEGIC FRAMEWORK

Our strategy is built on collaborative and coherent engagements with our stakeholders. We focus on strengthening our internal business processes and making the most of our bespoke information technology. We direct our efforts to improve our employees' skills and understanding as part of our effort to build human capital.

DELIVER SHAREHOLDER VALUE^

- Deliver long-term profitability*
- Control funding and cost of borrowing*

BUILD WIN-WIN PARTNERSHIPS WITH OUR STAKEHOLDERS^

- Entrench and deepen partner relationships*
- Deliver exceptional passenger services*

IDENTIFY AND SECURE NEW BUSINESS OPPORTUNITIES^	FINALISE ECONOMIC REGULATION LEGISLATION AND THE FUNDING FRAMEWORK^	ACCELERATE A SUSTAINABILITY AND TRANSFORMATION PROGRAMME^	BUSINESS EXCELLENCE^
Optimise regulatory return*	Finalise economic regulation legislation*	Good governance compliance*	Improve "on-time" departures*
	Agree on funding framework*	Improve BBBEE rating*	Reduce aviation safety incidents*
		Improve employment equity*	Eliminate aviation security incidents*
		Economic viability – job creation*	Inclusive infrastructure planning and development*
			Make the most of our IT development for competitive advantage*

MANAGING AND DEVELOPING A HIGH PERFORMING TEAM^

- Ensure succession planning*
- Manage talent*
- Strengthen culture*

^Strategic thrust *Strategic objective

OUR STRUCTURES

OWNERSHIP STRUCTURE

Airports Company South Africa is a state-owned company and a schedule 2 public entity as per the PFMA, and is accountable to the Minister of Transport on behalf of the South African Government.

OWNERSHIP STRUCTURE SHAREHOLDING

- **74.6%** South African Government
- **20%** Public Investment Corporation*
- **4.21%** Empowerment Investors
  - 1.21% G10 Investments (Pty) Ltd
  - 1.40% African Harvest Strategic Investments (Pty) Ltd
  - 0.40% Pybus Thirty Four Investments (Pty) Ltd
  - 0.80% Tele Investments (Pty) Ltd
  - 0.40% Upfront Investments 64 (Pty) Ltd
- **1.19%** Staff Share Incentive Scheme

***Note:** ADR International Airports SA (Pty) Ltd is wholly owned subsidiary of PIC, which manages assets on behalf of the Government Employees' Pension Fund

LEGAL STRUCTURE

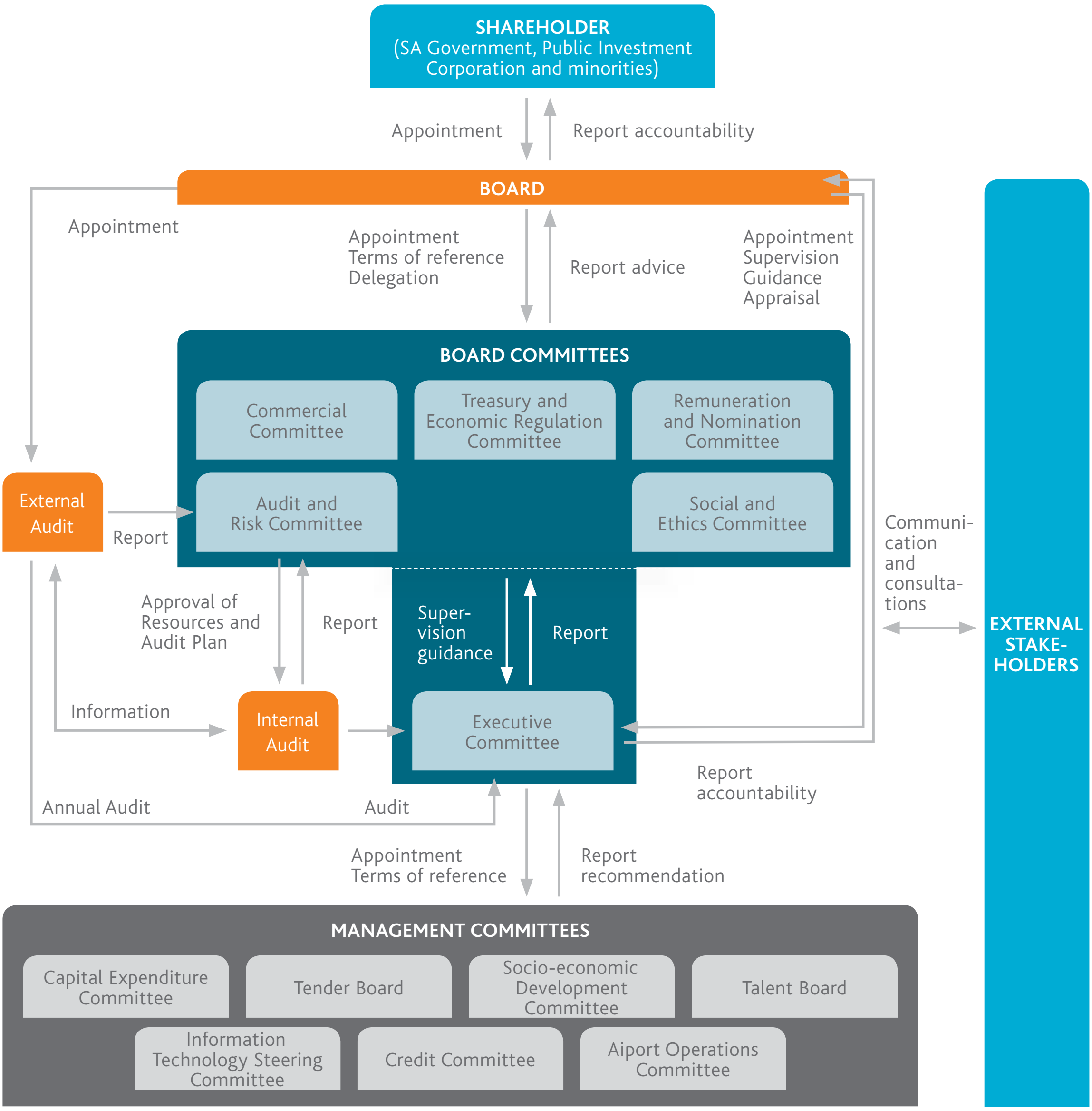
Financial detail, accounting treatment, descriptions and performance are reflected in the Annual Financial Statements.

LEGAL STRUCTURE

Airports Company South Africa – Company	100% Owned Subsidiaries	Special Purpose Entities	Investments in Joint Ventures	Investment in Associates
Aeronautical Business	Precinct 2A (Pty) Ltd (Property Owing)	Lexshell 342 Investment Holdings (Pty) Ltd	Airport Logistics Property Holdings 50% Interest	La Mercy Joint Venture Company 40%
Non-Aeronautical Business	ACSA Global Ltd Management Company (Mauritius)	Airport Management Incentive Scheme Company		Mumbai International Airport Private Limited 10%
	JIA Piazza Park (Pty) Ltd Hotel Operations			Aeroporto de Guarulhos ParticpaçõS.A. 10%

CORPORATE GOVERNANCE STRUCTURE

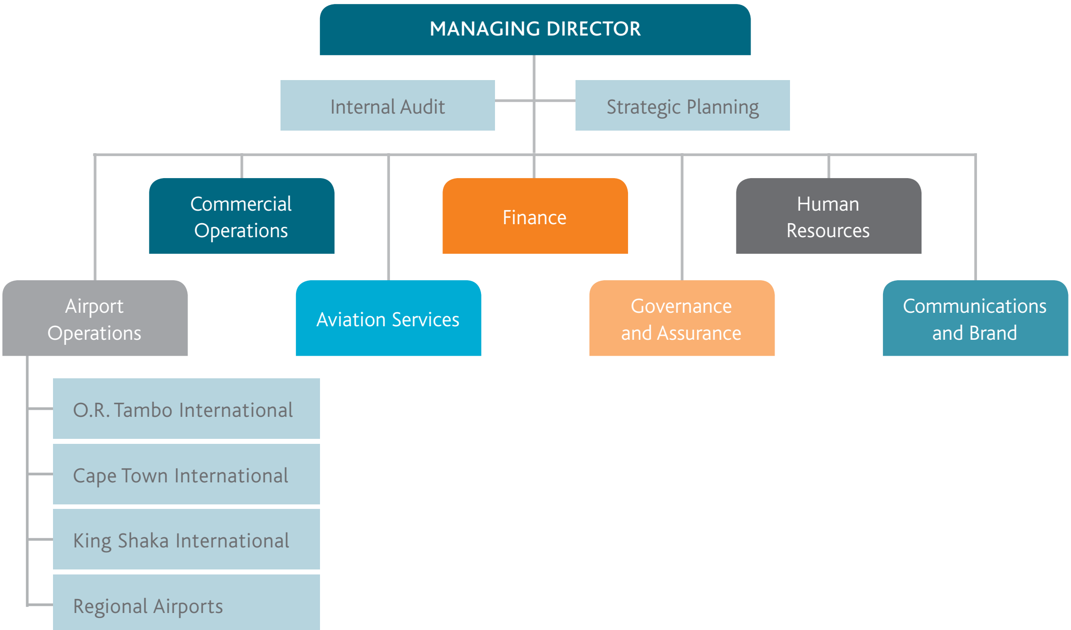
The independent Board of Directors is appointed by the Minister of Transport, and is responsible for strategic direction and oversight of Airports Company South Africa. The Exco, under the leadership of the CEO, is responsible for the day-to-day management of our Company. Please find more detailed information in the Corporate Governance section on page 144.



OUR STRUCTURES (CONTINUED)

OPERATING STRUCTURE

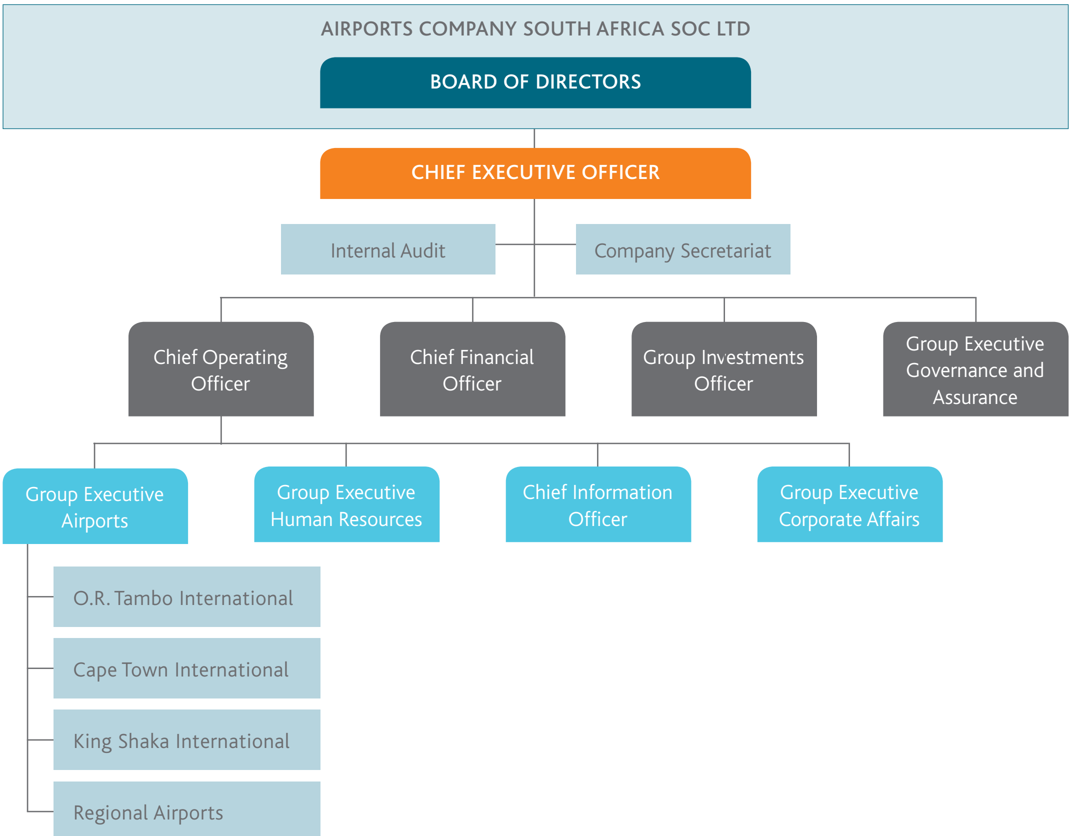
The structure pictured was in place throughout the year under review.



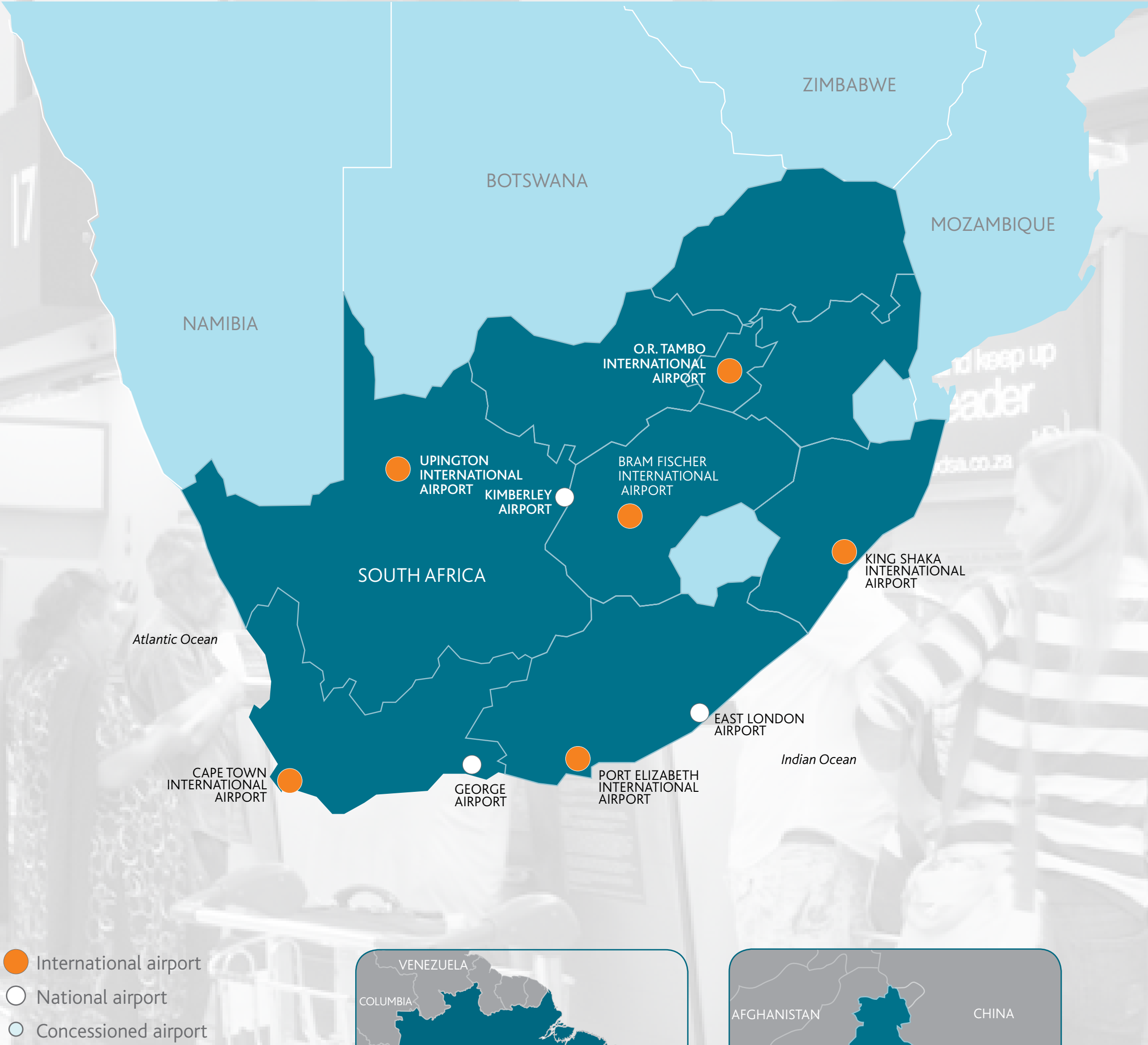
During 2014 we planned the realignment of our operating structure, which became effective in April 2014, and was designed to ensure optimal delivery of our strategy in line with our approved 2015 – 2017 corporate plan. In addition, we will embark on a programme, led by the COO, to re-engineer our business operating model.

The following high-level principles were considered in the restructured leadership structure:

- Strengthening stakeholder engagement and management processes
- Running airports as an integrated business
- Pursuing strategic investments as separate businesses
- Focusing on commercial activities
- Driving internal efficiencies
- Maintaining regulatory safety, security, and good governance



OUR FOOTPRINT



AIRPORT CAPACITY

	2014	2013
O.R. TAMBO INTERNATIONAL AIRPORT		
Passenger throughput	**18 820 988**	18 621 259
Total air traffic movements	**206 603**	199 802
International flight departures	**32 223**	30 786
Hourly runway capacity (air traffic movements)	**53**	60
Annual passenger handling capacity	**28 000 000**	28 000 000
Public parking bays	**16 300**	16 300
CAPE TOWN INTERNATIONAL AIRPORT		
Passenger throughput	**8 392 989**	8 434 799
Total air traffic movements	**88 573**	89 073
International flight departures	**2 484**	2 454
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	**4 465 088**	4 668 467
Total air traffic movements	**49 559**	49 669
International flight departures	**1 066**	869
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	**1 251 178**	1 311 553
Total air traffic movements	**67 350**	62 911
Hourly runway capacity (air traffic movements)	**24**	24
Annual passenger handling capacity	**2 000 000**	2 000 000
Public parking bays	**1 669**	1 669
EAST LONDON AIRPORT		
Passenger throughput	**664 684**	644 520
Total air traffic movements	**31 165**	30 501
Hourly runway capacity (air traffic movements)	**25**	25
Annual passenger handling capacity	**1 200 000**	1 200 000
Public parking bays	**947**	947

AIRPORT CAPACITY (CONTINUED)

	2014	2013
GEORGE AIRPORT		
Passenger throughput	**572 130**	544 306
Total air traffic movements	**43 758**	39 644
Hourly runway capacity (air traffic movements)	**12**	12
Annual passenger handling capacity	**900 000**	900 000
Public parking bays	**768**	768
BRAM FISCHER INTERNATIONAL AIRPORT		
Passenger throughput	**382 155**	411 655
Total air traffic movements	**14 066**	17 515
Hourly runway capacity (air traffic movements)	**10**	10
Annual passenger handling capacity	**600 000**	600 000
Public parking bays	**734**	734
KIMBERLEY AIRPORT	**157 225**	151 405
Passenger throughput	**10 597**	11 556
Total air traffic movements	**10**	10
Hourly runway capacity (air traffic movements)	**200 000**	200 000
Annual passenger handling capacity	**195**	195
Public parking bays		
UPINGTON INTERNATIONAL AIRPORT		
Passenger throughput	**65 387**	55 726
Total air traffic movements	**9 745**	8 072
Hourly runway capacity (air traffic movements)	**12**	12
Annual passenger handling capacity	**100 000**	100 000
Public parking bays	**108**	108

"THE PERFORMANCE AGAINST THE PREDETERMINED OBJECTIVES IS CONTINUALLY MONITORED BY THE BOARD. WE ARE PROUD THAT OUR COMPANY HAS SUCCESSFULLY MET 94% OF ITS PREDETERMINED OBJECTIVES AND SHOWED A SIGNIFICANT IMPROVEMENT FROM THE PRIOR YEAR."

KING SHAKA INTERNATIONAL AIRPORT

PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

Airports Company South Africa enters into a shareholders' compact with its major shareholder, as represented by the Minister of Transport, on an annual basis.

The performance against the predetermined objectives' key performance indicators is continually monitored by the Board through the Audit and Risk Committee, and is reported to the Department of Transport shareholder on a quarterly basis. The table below outlines the performance for the period under review, as compared to the targets as well as the prior year performance.

Our key performance indicators have been assured internally by our internal audit department and the external auditors.

STRATEGIC THRUST	STRATEGIC OBJECTIVE (AND KEY PERFORMANCE INDICATORS)	SHAREHOLDERS COMPACT (DEPARTMENT OF TRANSPORT OBJECTIVES)	2014	2013	2014 TARGET	GROWTH ON 2013	MET OR EXCEEDED TARGET
Managing and developing a high performing and engaged team	Ensure succession planning (% successors for critical positions)	Increased contribution to job creation	**65%**	64%	65%	√	√
			The target was achieved as a result of the HR division working closely with management to ensure that succession levels were brought in line with the required levels.				
	Manage talent (% of successors with development plans)		**94%**	49%	80%	√	√
			The focus towards ensuring development plans are in place for the approved critical positions are being well managed.				
	Strengthen culture (Employee Satisfaction Survey)		**3.60**	3.23	= or > 3	√	√
			The stand-out improvement resulted from specific attention being paid to the aspects of performance management and skills development. Reward and recognition were also addressed notably due to the conclusion of the employee share scheme and the post-retirement medical aid scheme.				

STRATEGIC THRUST	STRATEGIC OBJECTIVE (AND KEY PERFORMANCE INDICATORS)	SHAREHOLDERS COMPACT (DEPARTMENT OF TRANSPORT OBJECTIVES)	2014	2013	2014 TARGET	GROWTH ON 2013	MET OR EXCEEDED TARGET
Acceleration of sustainability and transformation programmes	Good governance: Compliance (status of compliance – legislations and regulations)	An efficient and integrated infrastructure that serves as a catalyst for social and economic development	**100%**	Not a measured KPI in this period	100%	N/A	√
			There have not been any reported catastrophic, critical, significant, or moderate consequences during the period under review, and on the balance of probability the Company may be regarded as compliant.				
	Improve BBBEE rating (BBBEE compliance and rating – Recognition level)		**Level 2 (93.03)**	Level 3 (79.99)	Level 3 (80.00)	√	√
			The Empowerdex Rating report of 25 October 2013 showed that we improved from a Level 3 (79.99) to a Level 2 (93.03). We improved in all areas: management and control (5.96 to 7.10), employment equity (11.73 to 13.77), skills development (17.36 to 22.16), preferential procurement (26.50 to 30.00), enterprise development (13.44 to 15.00) and socio-economic development (5.00 - 5.00).				
	Improve employment equity (employment equity as per the DTI index)		**13.77**	11.73	12.39	√	√
			Resulting from a concerted effort by management, our Company's Employment Equity rating progressed since last year and exceeded the target.				
	Economic viability (secure livelihoods – economic impact – job creation)		**20 977 Job opportunities created**	20 325 Job opportunities created	24 000 Job opportunities created	√	X
			Our Company created 20 977 job opportunities (87% of target), while it is an improvement from the previous year, we were not able to meet the target of 24 000 job opportunities. The under-achievement was primarily due to the underspent capital expenditure. Management acknowledges this shortcoming and will be putting measures and programmes in place to ensure that future years' capital expenditure planning and budgeting are more robust and delivered upon in the future.				

PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES (CONTINUED)

STRATEGIC THRUST	STRATEGIC OBJECTIVE (AND KEY PERFORMANCE INDICATORS)	SHAREHOLDERS COMPACT (DEPARTMENT OF TRANSPORT OBJECTIVES)	2014	2013	2014 TARGET	GROWTH ON 2013	MET OR EXCEEDED TARGET
Strengthen business excellence. Continually re-engineer and align business process operations	On-time departures	Improved public transport systems	**88%**	83%	= or > 85%	√	√
			All airports met and exceeded the target of 85% resulting from consistent and focused efforts as a result of collaborative decision-making between stakeholders in the airport operational end-to-end value chain and the airport management centers.				
	Aviation safety incidents (aviation safety incidents and accidents – No. of incidents /1000 movements)	A transport mode that is safe and secure	**0.524**	0.667	<0.700	√	√
			Safety incidents and accidents are at low levels resulting from diligent and active safety management controls.				
	Aviation security incidents (number of major security breaches)		**0**	3	0	√	√
			No major incidents reported.				
	Inclusive infrastructure planning and development (time growth factor in relation to spare capacity factor)	Improved rural access, infrastructure and mobility	**0**	Not a measured KPI in this period	<5 = 3 >5 - <10 = 4 > 10 = 2	N/A	√
			This KPI serves to assist us in continually monitoring crucial operating infrastructure to allow for timely response to changes in capacity demand. The YTD Time Growth Factor in relation to Spare Capacity Factor has been computed to be 0 - this means that the new capacity will be provided exactly at the time when design capacity is saturated.				
	Leverage IT for competitive advantage (availability of critical IT systems viz AMS; FIDS; CUTE; ZEUS (AMC) and BRS)	Improved public transport systems	**99.68%**	99.85%	98%	X	√
			This KPI serves to track the uptime of six critical airport operational IT platforms as it represents the backbone of the airport operations.				

STRATEGIC THRUST	STRATEGIC OBJECTIVE (AND KEY PERFORMANCE INDICATORS)	SHAREHOLDERS COMPACT (DEPARTMENT OF TRANSPORT OBJECTIVES)	2014	2013	2014 TARGET	GROWTH ON 2013	MET OR EXCEEDED TARGET
Identify and secure new business opportunities	Optimise regulatory return (Propco – Rm of property investments) (AMS – consultancy and concessions)	An efficient and integrated infrastructure that serves as a catalyst for social and economic development	**PropCo – R164 million** **AMS – R15 million**	Not a measured KPI in this period	PropCo – R50 million AMS – R10 million	N/A	√
			PropCo - new business in ongoing property portfolio asset growth - comprising of O.R. Tambo International - East West Wing (R8 million); Cape Town International Fedex and Freight Services - (R27 million); Bram Fischer - Services to Boulevard (R37 million); Upington Solar Farm, Rio Glass Warehouse, Rio Glass Services - (R79 million); King Shaka International Sasol (R2 million). Airport Management Solutions (AMS) – Technical services provided at the Guarulhos Airport (R15 million).				
Build win-win partnerships with all stakeholders	Deliver exceptional passenger services (Airports Service Quality – ASQ)	Improved public transport systems	**4.02**	4.00	> 4.00	√	√
			Based on an international independent ASQ rating (ratings scale 1 being poor; 5 being outstanding). All airports scored greater than 4 with the exception of O.R. Tambo International (3.9), Port Elizabeth (3.9), and Kimberley (3.7). The weighted average Company score was 4.02.				
	Entrench and deepen partner relations (stakeholders assessments)		**3.6**	3.4	3.6	√	√
			All airports have scored greater than 3.6 with the exception of O.R. Tambo International (3.4) and George (3.5). The weighted average Company score was 3.6.				

PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES (CONTINUED)

STRATEGIC THRUST	STRATEGIC OBJECTIVE (AND KEY PERFORMANCE INDICATORS)	SHAREHOLDERS COMPACT (DEPARTMENT OF TRANSPORT OBJECTIVES)	2014	2013	2014 TARGET	GROWTH ON 2013	MET OR EXCEEDED TARGET
Deliver shareholder value	Deliver long-term profitability (ROCE)	An efficient and integrated infrastructure that serves as a catalyst for social and economic development	**10.56%**	8.25%	8.10%	√	√
			The marked improved performance is largely due a higher profit reported for the period under review as a result of higher revenue and lower than anticipated operational costs.				
	Control funding and cost of borrowing (Net Debt/ EBITDA)		**2.34X**	2.76X	2.90X	√	√
			The Net Debt/EBITDA performance has improved as compared to the prior year and target. This is largely due to a high EBITDA and lower debt levels. The EBITDA for the period under review of R4.6 billion has exceeded the prior year by 4.6%. The increase in EBITDA is due to higher revenue reported resulting from the aeronautical tariff increase and an increase in international traffic. In addition there was an early settlement of the DBSA loan (R1.3 billion) and AIR02U bond (R500 million), as well as the settlement of the inflation linked bond AIRL02 (R1.2 billion), resulting in lower debt for the period under review.				

"OUR INTEGRATED RISK MANAGEMENT PROCESS AIMS TO ACHIEVE AN APPROPRIATE BALANCE BETWEEN REALISING OPPORTUNITIES FOR GAINS WHILE MINIMISING ADVERSE IMPACTS THROUGH PREVENTION STRATEGIES."

OUR MATERIAL RISKS AND CHALLENGES

We acknowledge that effective risk management is central to the achievement of our strategic goals.

By understanding and managing risk, we can provide greater certainty that our pre-determined strategic objectives will be achieved.

INTEGRATED RISK MANAGEMENT PROCESS

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

RISKS ASSESSMENT PROCESS

The risks identified are developed through risk assessment sessions held with both the Exco and the Board to identify which risks impact our strategic risk objectives. The risks are classified in terms of priority I, II and III and are classified as such in the strategic risk register. Strategic risks and mitigating strategies are closely monitored and reported to the Board Audit and Risk Committee quarterly. Management reviews progress on the implementation of the risk prevention strategies on a monthly basis. Management conducts a formal risk review on a quarterly basis.

STRATEGIC RISKS FACING THE COMPANY

Strategic risks, aligned to the strategic objectives, are reflected in the risk register.

STRATEGIC OBJECTIVES	IDENTIFIED RISK	MITIGATION TREATMENT	REFERENCE/ LINKAGES
Deliver long-term profitability	Airports Company South Africa may not be able to realise budgeted returns due to proposed/assumed tariffs not being approved, leading to the inability to fund future growth/ capacity demand.	• Improved planning process by proactively engaging with our stakeholders/ customers to ensure buy-in for the strategy and corporate plan. • Participate in the Steering Committee coordinated by the Department of Transport. • Proactive engagements with the Regulating Committee. • Developed an economic strategy towards preparing for the Permission Application for 2016 – 2020.	Stakeholder engagement: page 76 Economic regulation: page 112
	Security of fuel supply negatively impacting the operations.	• Continue to engage with the Department of Energy to contribute toward a countrywide strategy for a "master fuel plan" for South Africa. • Application of a service level agreement with service providers to maintain our minimum stock levels. • Regular maintenance of our infrastructure in line with the maintenance strategy.	Airport Operations – Cape Town International Airport: page 127

STRATEGIC RISKS FACING THE COMPANY (CONTINUED)

STRATEGIC OBJECTIVES	IDENTIFIED RISK	MITIGATION TREATMENT	REFERENCE/ LINKAGES
Deliver long-term profitability (continued)	Negative impact of competition from other modes of transport and other airports, and the impacts arising from the potential loss of O.R. Tambo International Airport hub status.	• Re-establish market and route development capacity. • Actively engage Government, business, tourism authorities, and airlines to consolidate O.R. Tambo International Airport hub status and launch new routes and destinations.	Our Strategy – Identify and secure new business opportunities: page 17
	Airports Company South Africa may not be able to respond timeously to the changing external environmental factors such as GDP, interest rates and currency fluctuations.	• Developed an explicit business model. • Reviewed our ability to adapt our business model to changing scenarios (considering external factors not under the Company's control).	Our structures – Operating structure: page 20 and 21
	Airports Company South Africa may not be able to raise funding capacity growth, thereby negatively impacting the ability to sustain future growth/ profitability.	• Finance monitors compliance to its covenants on a monthly basis. Other sources of funding are explored on a case-by-case basis.	Delivering shareholder value – Debt and financing cost: page 72
	Airlines may default on their debts with Airports Company South Africa due to financial instability and a decline in traffic and passenger growth.	• Monitor the passenger patterns and model to project expectations for passenger growth. This, combined with the tightening of the collection process, provides us with a stronger early warning system. • Failure of one airline, no matter the size, is predicted to only have a short-term impact on passenger numbers as other airlines increase their capacity to cater for more passengers.	Corporate governance structure – Management committees (Credit Committee): page 19 (The Credit Committee has been established to monitor this type of risk)

OUR MATERIAL RISKS AND CHALLENGES

(CONTINUED)

STRATEGIC RISKS FACING THE COMPANY (CONTINUED)

STRATEGIC OBJECTIVES	IDENTIFIED RISK	MITIGATION TREATMENT	REFERENCE/ LINKAGES
Deliver long-term profitability (continued)	Inability to manage a major crisis, impacting on operations.	• Crisis communication is to be reviewed and updated. The plan to be tested through further training and simulation exercises. • To entrench business continuity management.	Airport operations – Fire and Rescue: page 120
Leverage IT for competitive advantage	Misalignment between business and IT strategies, which may lead to incorrect prioritisation, missed opportunities, and limited business value.	• Maintain closer relationships between IT and business; understand and prioritise business requirements. • Prioritisation matrix to be introduced for initiatives requiring IT involvement. • IT management to identify and prioritise business initiatives that have an IT component. IT to review and realign each division's strategy.	Information technology: page 142
Entrench and deepen stakeholder relationships	Non-performance or non-delivery by our stakeholders, negatively impacting our passengers and our reputation.	• Developed a process of consultation on infrastructure capacity provision with stakeholders for the Permission Application to be internally approved.	Economic regulation: page 112
	Inability to achieve agreement on business imperatives with stakeholders and shareholders.	• Developed a strategy that was approved and implemented from which associated engagement plans were developed. The plans are reviewed and executed each financial year. • The Reputation Institute conducts a survey of key stakeholders and the results are presented to the Board. • The Board will be monitoring the progress on the identified areas of improvement.	Building win-win partnerships with our stakeholders: page 76

STRATEGIC RISKS FACING THE COMPANY (CONTINUED)

STRATEGIC OBJECTIVES	IDENTIFIED RISK	MITIGATION TREATMENT	REFERENCE/ LINKAGES
Enhance returns (identify and secure new business)	Financial losses due to bad investments and, in the case of joint ventures, not performing as intended.	• Detailed contingency plan, risk assessment, and budget allocation to be developed. • Deployment of group manager projects to evaluate the contracts and programmes. • Introduction of an operational readiness programme for the projects.	Commercial operations: page 133
Ensure succession planning; manage talent	Lack of a robust succession planning process leading to loss of critical skills.	• The Talent Board, using a robust talent management framework, monitors succession planning for critical positions. • Individual development plans for potential successors are closely managed and their progress monitored by the Talent Board.	Managing and developing a high performing team – Succession planning and talent management: page 92
Good governance	Major impacts of potential non-compliance with laws and regulations.	• We operate in a highly regulated environment, and regulatory requirements are closely monitored, audited and assurance regularly provided. • The compliance function has been elevated to a higher level and a newly appointed group manager is responsible for the implementation of the compliance processes.	Assurance and compliance – Compliance framework and related processes: page 173
Strengthen culture	Non-alignment of the workforce to Airports Company South Africa's vision and values resulting in a workforce that is not engaged in supporting the strategy.	• Implemented a change management process to ensure dissemination of the business strategy. • An employee satisfaction survey is conducted to determine employee engagement. The outcomes of the survey inform future culture management initiatives.	Managing and developing a high performing team – Engaged employees as a business imperative: page 94

OUR MATERIAL RISKS AND CHALLENGES

(CONTINUED)

STRATEGIC RISKS FACING THE COMPANY (CONTINUED)

STRATEGIC OBJECTIVES	IDENTIFIED RISK	MITIGATION TREATMENT	REFERENCE/ LINKAGES
Deliver quality airport service for passengers	Inability to create and improve facilitation processes and experience leading to poor customer service.	• Continually research and implement best practice facilitation processes.	Airport operations – Customer service remains key: page 118

MACRO AND INDUSTRY-RELATED CHALLENGES

We are cognisant that the following macro- and industry-related challenges may have a direct or indirect impact on our strategic goals and we closely monitor:

- Changes in real GDP, which shows a significant correlation of 0.83 in relation to passenger growth
- The impact of fuel price and foreign exchange on airlines; changing passenger numbers and the liquidity of airlines
- Interest rates affecting our current borrowings, as well as the affordability of future borrowings
- The impact of our credit rating and sovereign rating on the cost of capital
- The security of fuel and electricity supply.

Airports Company South Africa's Corporate Plan 2015 – 2017 forms the basis of our forward-looking statements.

The Corporate Plan has been developed within the context of the current realities of the economic regulatory framework that determines airport revenues combined with the growth prospects of the South African economy.

Shareholder value creation over the long term is fundamental to our ability to be self-sufficient and which in turn would enable the continual delivery of major infrastructure requirements against the demand of the aviation industry.

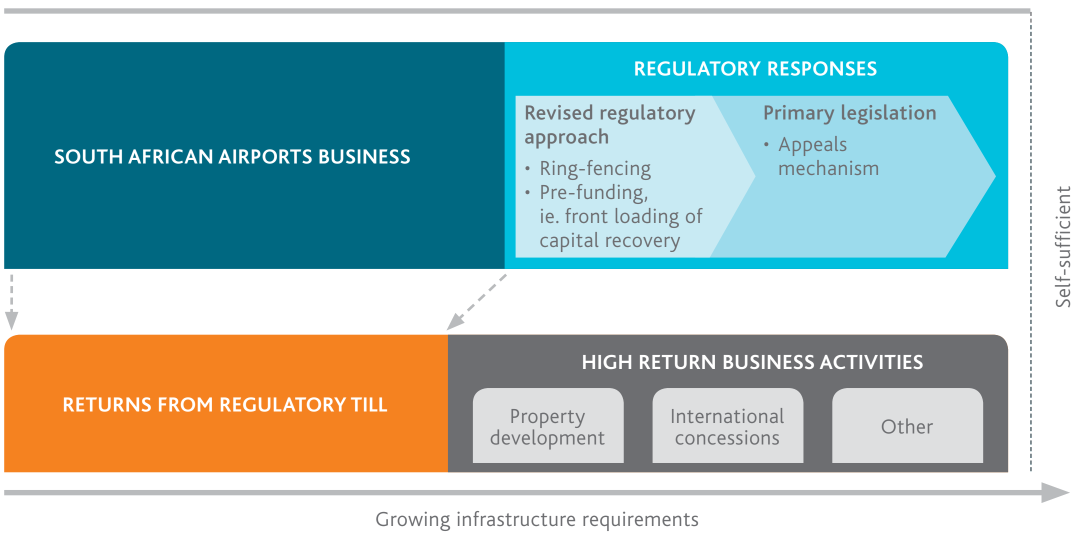
ECONOMIC REGULATION

We recognise our dependence on the leadership of the Department of Transport with respect to the implementation of the Economic Regulatory Review Roadmap. We will maintain engagement with the Department of Transport, which is a pivotal role player in the process of finalising the amendments to the Airports Company Act as well as the adoption of a revised funding model as regulated. We will be submitting our Permission Application for the period 2016 – 2020 during the period under review.

CONSTRUCTIVE ENGAGEMENT WITH INDUSTRY

Focus is being placed on the enhancement of the constructive engagement process that forms the basis of collaboration between Airports Company South Africa and the industry towards sustainability. The development of potential 'ring-fenced' opportunities, such as property development and international investments to augment returns, are also being pursued.

Until these changes to legislation and the funding model are effected, management will continue to develop strategies to mitigate the implications of the current economic regulatory approach. One of these strategies would be to assess whether the regulatory decisions provide for reasonable certainty of appropriate returns that would satisfy capital providers. The compliance-related capital expenditure will be prioritised, while new capacity infrastructure investments may be delayed or excluded depending on the prevailing economic environment.

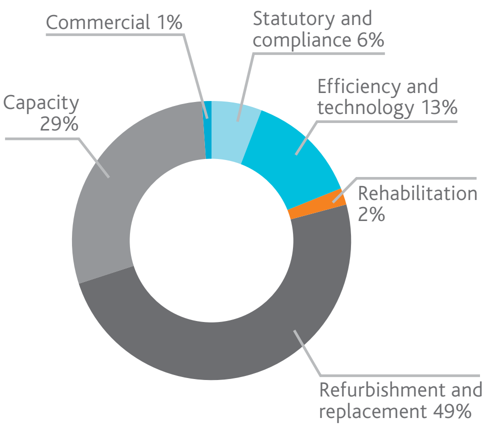


LOOKING AHEAD (CONTINUED)

FUNDING NEW CAPITAL INVESTMENT

We have planned R7.7 billion capital expenditure investments over the next three years (2015 – 2017), which includes the investment requirements based on industry demand.

Capital expenditure programme 2015 – 2017



We will be exploring efficient ways of funding all the long-term capacity required. Funding will comprise of a combination of internally generated cash and new debt without compromising our balance sheet, credit metrics and covenants arising from the investors.

RETURNS ENHANCEMENT INITIATIVES

Successes in India and Brazil and emerging market growth drivers will inform Airport Management Solutions' new focus on opportunities in emerging markets, including Africa. The greatest potential for us to strengthen our hub status would be to bolster our air links with the other BRICS countries, especially China and India in Asia and Brazil in Latin America. Business development and growth, with an emphasis on Africa, is an area of focus for us to increase the contribution to profit and returns from non-aeronautical sources, such as the establishment of a property development company for the unlocking of non-aviation related property assets for development.

STAKEHOLDER MANAGEMENT

We will continue our timely, consistent and on-going engagement with all key stakeholders, as part of our commitment to developing and establishing coherent partnerships for the creation of sustainable value and growth.

ECONOMIC IMPACT

Over the past few decades, the role of the airport has evolved from being a gateway for travel, to a key sector that enables the way that we live and work in a world that is increasingly globally connected. We have created significant job opportunities, and we are a strong contributor to South Africa's GDP growth and tax revenue. We expect this positive economic impact to continue.

TRANSFORMATION

We will be focusing on the implementation/execution of the transformation strategy which was approved by the Board in 2013. The transformation strategy is aimed at both procurement and commercial opportunities within our Company to ensure that businesses owned by women, youth and people with disabilities are increased. We will endeavour to maintain a Level 2 Broad-Based Black Economic Empowerment (BBBEE) contributor status, using the new BBBEE codes. Our Company has planned to conduct a gap analysis to ensure that the mitigating factors are implemented before the effective date of the new BBBEE codes of 1 April 2015.

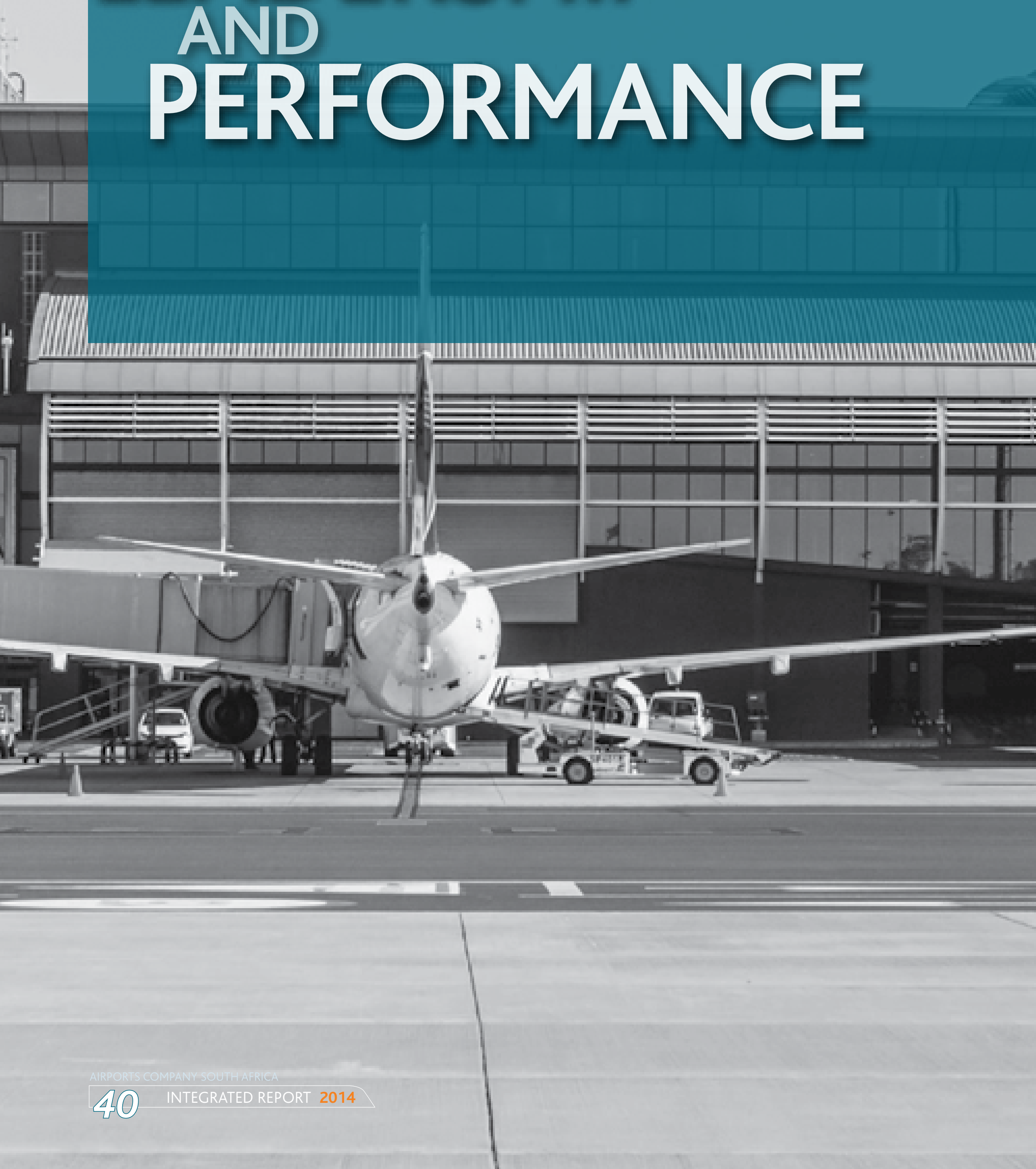
JOB CREATION

We support our major shareholder's goal of ensuring the execution of economic infrastructure, which is regarded as the foundation of social and economic development (National Development Plan 2030). We contribute directly and indirectly to job creation through our operating and capital expenditure spending.

Our planned job creation, of approximately 100 000 jobs, is primarily based on capital and operational spend for the next three years (2015 – 2017).

	Y0 2015	Y1 2016	Y2 2017
Planned job creation	26 095	39 543	41 077
Capex	8 860	21 010	21 376
Opex	17 235	18 533	19 701
Spend (R billion)			
Capex (Rbn)	R1.3	R3.2	R3.2
Opex (Rbn)	R1.9	R2.0	R2.1

LEADERSHIP AND PERFORMANCE



"GOOD GOVERNANCE AND LEADERSHIP IS CENTRAL TO THE ACHIEVEMENT OF OUR VISION TO BE A WORLD LEADING AIRPORT BUSINESS."

KING SHAKA INTERNATIONAL AIRPORT

CHAIRMAN'S STATEMENT

"FORWARD THINKING AND THOROUGH PLANNING HELPED US FULFIL OUR COMPLEX ECONOMIC AND SOCIAL MANDATES."

Dear Stakeholders

I am pleased to present this report dealing with the period in which we celebrated our 20-year anniversary. We have made giant leaps since we took over South Africa's nine principal airports in 1993, with an asset base of R281 million to an asset base of R28 billion (2014).

I would like to thank our staff and stakeholders for the part played in our Company's success over the past 20 years. You have shown innovation and dedication in building an airports company that rivals the best in the world. Airports are gateways and often the first impression that visitors have of towns, cities and countries. They play a key role in commerce, trade, development and cross-cultural understanding. Airports act as hubs for major global airlines, which carry thousands of people and tons of cargo to and from different locations. We can be justifiably proud of the positive image of our modern, functional and world-class airports. We are also proud of the tremendous value they have created for the economy of South Africa.

We note the retirement of Elias Masilela and Mohla Matsaba (alternative to Elias Masilela) from the Public Investment Corporation SOC Ltd (PIC) in July 2013 and thank them for the valuable contributions made during their tenure on our Board. Deon Botha, a shareholder representative of PIC, was appointed to the Board on 1 August 2013 and we extend him a warm welcome.

Forward thinking and thorough planning helped us fulfil our complex economic and social mandates, and bolster our financial position in a challenging economic period. Job creation is a key NDP outcome and although we have created more jobs than in the previous period, we have not met our target. In order to ensure that we deepen our role and impact to contribute to the NDP outcomes, we have enhanced our operating structure as the first step towards reengineering our operating model We have also embarked on initiatives and engagements to strengthen engagement with the aviation industry participants and our stakeholder communities.

TRANSFORMATION

We are very pleased with our achievements against the various measures of transformation and sustainability, including employment equity, skills development, enterprise development and preferential procurement.

This year, the Company achieved a level 2 Broad-Based Black Economic Empowerment (BBBEE) rating, and we continue to invest in transformation programmes. As part of our transformation agenda, we have identified various socio-economic development initiatives that we believe will make the most profound impact on our country's communities. We paid particular attention to the allocation of available funds with an emphasis on promoting social

Level 2

This year, we moved from Level 3 Broad-Based Black Economic Empowerment (BBBEE) rating to Level 2.

inclusion and integration through education, and the empowerment of vulnerable groups such as people with disabilities, women and the youth.

The Company's focus on empowerment and development of women and youth continues to yield positive results. We focused on the recruitment of women and on providing an enabling environment for women to prosper. In addition, we are in advanced discussions in support of a joint industry initiative to develop programmes aimed at broadening and deepening the participation of women in the different aspects of the industry.

SUSTAINABILITY

This year's integrated report provides consistent and transparent feedback on value-creation efforts during the year and all factors material to our future sustainability. A key tenet of an integrated approach is inclusivity – which the AA1000 Framework Standard best describes as "the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability".

CONTINUOUS IMPROVEMENTS

There are three areas in which our Company strives for consistent improvement: safety, security and customer service. This has paid off in that no serious incidents were reported in safety and security. We are also very mindful of the potential impacts of the airports on the environment, and we are pleased to report on a number of initiatives to reduce our carbon impact and protect our biodiversity.

STAKEHOLDER ENGAGEMENT

Primary stakeholder research involving 297 respondents was conducted to assess the material issues, concerns and expectations of various groupings and how these issues impact on our strategy. This information and insight will strengthen our stakeholder engagement plans informing how we interact positively with our partners.

PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

In keeping with the Shareholders Compact; Section 55 (2) of the Public Finance Management Act (PFMA), we are proud that our Company has successfully met 94% of its predetermined objectives and a significant improvement over the previous financial year. The job creation objective remains an area of improvement.

BUSINESS EXCELLENCE RECOGNISED

We have once again been recognised through a number of awards and accolades, including the prestigious Airport Council International and Skytrax Awards, for our customer-focused strategy. We especially congratulate Cape Town International Airport for winning its fourth consecutive award as Best Airport in Africa, and Upington International Airport for its third consecutive award as Best Small Airport in Africa.

Since inception, our Company has seen technological advances in aviation and business; experienced volatile macro- and micro-economic trends; has undergone sweeping structural changes; handled world events; ventured beyond the borders of South Africa to Mumbai, India, and São Paulo, Brazil; invested in wide-ranging socio-economic developments; advanced transformation programmes in line with the NDP; and developed new markets and economic opportunities.

APPRECIATION

For all these achievements and more, we extend our gratitude to our Honourable Minister Elizabeth Dipuo Peters and her Deputy Sindisiwe Chikunga, for their dedicated and steadfast support. The appreciation of our Board and executive team is further extended to our customers, shareholders, and other stakeholders for their unrelenting support. It is our pledge to continue to respond to your interests, growing from strength to strength in delivering long-term sustainable value.

Busisiwe Mabuza
Chairman

BUSISIWE (BUSI) MABUZA (51)

Chairman

Qualifications

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

Experience and expertise

Busi's extensive experience in a number of sectors (including the South African financial services and energy sectors) has gained her an in-depth knowledge of business strategy, strategic evaluation of organisations and corporate governance. Busi previously served on the Boards of the Strategic Fuel Fund, the Minerals and Energy Education and Training Institute and Ethos Private Equity Limited.

Responsibilities

Non-executive Chairman
Member of the Social and Ethics Board Committee
Chairman of the Remuneration and Nominations Committee

Appointment date

1 March 2012

Other directorships

Central Energy Fund
Africa Business News (Pty) Ltd
Industrial Development Corporation
Development Bank of Southern Africa
Nehawu Investment Holdings
Tsogo Sun

ROSHAN MORAR (48)

Deputy Chairman

Qualifications

CA (SA)
Certified Fraud Examiner
BCom
BCompt Hons

Experience and expertise

Roshan is the managing and founding partner of Morar Inc., an audit and accounting practice. He has obtained substantial experience in all aspects of the corporate environment, more especially in property investments and finance, risk management and private equity transactions. He has also been involved in an advisory capacity to various successful start-up businesses, black economic empowerment management buyouts, among others. Roshan has extensive experience as a director and chairman of many boards and board committees.

Responsibilities

Non-executive Deputy Chairman
Chairman of the Commercial Board Committee
Member of the Audit and Risk Committee
Member of the Remuneration and Nominations Committee

Appointment date

1 January 2012

Other directorships

Public Investment Corporation SOC Ltd
SANRAL SOC Ltd
Adcock Ingram Ltd

OUR BOARD (CONTINUED)

BONGANI MASEKO (46)

Chief Executive Officer

Qualifications

BSc Aviation Business Administration

Experience and expertise

Bongani was formally appointed chief executive officer (formerly known as managing director) of Airports Company South Africa in May 2013. Prior to his appointment as acting managing director in 2011, he was the Group executive: Airport Operations since September 2004. His responsibilities included the day-to-day operations at all Airports Company South Africa airports. He also spent three and half years leading O.R. Tambo International Airport as the general manager. He gained considerable experience at San Francisco International Airport in the US where he worked for eight years in various capacities.

Responsibilities

Executive director
Chairman of Exco
Member of the Social and Ethics Committee

Appointment date

15 May 2013

Other directorships

ACSA Global Limited
Airports Management Share Incentive Scheme Company (Pty) Ltd
Mumbai International Airport Limited

MAUREEN MANYAMA-MATOME (37)

Chief Financial Officer

Qualifications

BCom Hons (Taxation)
CA (SA)
MBA

Experience and expertise

Prior to Maureen's appointment at Airports Company South Africa, she was executive financial director at SAFCOL. She had also acted as chief executive officer during her tenure with the organisation. Maureen has held various senior positions in both the private and public sectors including that of general manager: Finance and Support at Postbank.

Responsibilities

Executive director
Exco Member

Appointment date

1 April 2013

Other directorships

South African Reserve Bank
Aspen Pharmacare Holdings (effective 1 June 2014)

TRYPHOSA RAMANO (42)

Qualifications
BCom
CA (SA)

Experience and expertise
Tryphosa is currently the chief financial officer of PPC. Before joining PPC, she was the chief executive officer of WIP International (a subsidiary of WIPHOLD with a focus on African expansion) and chief financial officer of South African Airways (SAA). While at SAA, her leadership abilities enabled her to manage multiple responsibilities and to also demonstrate extensive experience in directing company strategy. Prior to SAA, Tryphosa was chief director of asset management at the National Treasury where she was involved in the listing of Telkom on JSE and NYSE.

Responsibilities
Chairman of the Audit and Risk Committee
Member of the Treasury and Economic Regulations Committee

Appointment date
1 March 2012

Other directorships
Land and Agricultural Development Bank of South Africa
PPC Limited's Board and its subsidiaries
President of ABSIP
Chairman of BBC

MCDONALD (KENOSI) MOROKA (52)

Qualifications
B Iuris
LLB

Experience and expertise
Kenosi is the managing director of Moroka Attorneys (Thaba Nchu and Bloemfontein). He is also a practicing attorney and has been involved in numerous statutory bodies and activities including holding the position of president of the Free State Law Society, Board of Control of the Attorney's Fidelity Fund, councilor on the Board of the South African Law Society, director of the Liquor Board, Free State Gambling Board, Free State Social Housing Company, National Electronic Media Institute of South Africa, among others. He is involved in numerous social responsibility initiatives.

Responsibilities
Chairman Social and Ethics Committee
Member of the Commercial Board Committee

Appointment date
1 December 2012

Other directorships
Centlec SOC Ltd
USAASA SOC Ltd

OUR BOARD (CONTINUED)

SKHUMBUZO MACOZOMA (38)

Qualifications

BSc (Civil Engineering)
MSc (Civil Engineering)

Experience and expertise

Skhumbuzo is the managing director of the Johannesburg Roads Agency. He was the executive of strategic business at Sizwe IT Group. He was part of the 2010 FIFA World Cup South Africa™ Organising Committee SA and served as the chief officer of transport and logistics. He was a joint recipient of the CILTSA Special Logistics Award for the successful execution of the 2010 FIFA World Cup South Africa™ freight logistics operations. Skhumbuzo previously served as the chief director of Integrated Infrastructure Network Development at the Department of Transport where his responsibilities included infrastructure planning, coordination and financing. He was also responsible for infrastructure delivery oversight and management. He previously served on the Boards of the Tshwane Environmental Development Trust and the South African National Roads Agency SOC Limited (SANRAL).

Responsibilities

Member of the Commercial Board Committee
Member of the Remuneration and Nominations Committee

Appointment date

1 March 2012

Other directorships

Solid Touch Construction (Pty) Ltd – Chairman

BAJABULILE LUTHULI (41)

Qualifications

BCom
BCompt Hons
CA (SA)

Experience and expertise

Bajabulile formerly held the positions of chief financial officer of Marchfirst Engineering, transformation executive at Hewlett Packard South Africa, senior transaction advisor for Africa Vukani Capital and advisor to the director general at the KwaZulu Natal Economic Development Department on a contract basis, group finance and strategy manager of Unilever SA, and a management consultant at the KwaZulu Natal Provincial Treasury Department.

Responsibilities

Member of the Audit and Risk Committee
Member of the Treasury and Economic Regulations Committee

Appointment date

1 December 2012

Other directorships

Eskom Holdings SOC Ltd
Petroleum Agency of South Africa
Nestlife Insurance
Reef Tankers

JOHN LAMOLA (52)

Qualifications

BTh (SA)

PhD (Edin)

MBA (Embry-Riddle)

Experience and expertise

John is an aviation consultant and lecturer in philosophy and ethics at the University of Pretoria. He is the former chief executive officer of Denel Aviation (DATAM), and an advisor to local and international public and private institutions on aviation projects and social investment programmes. He has served on numerous boards of listed and unlisted companies, in the property, tourism, and health care sector. In addition to his role as the founding director of Baji Aviation Services, John is the deputy chairman of the Board of the National Heritage Council, and a member of the Eskom Solar Industry Advisory Committee.

Responsibilities

Chairman of the Treasury and Economic Regulations Committee

Member of the Remuneration and Nominations Committee

Appointment date

1 December 2012

Other directorships

Baji Aviation Services

Baji Holdings

PRISCILLAH MABELANE (41)

Qualifications

BCom

BCom Hons

CA (SA)

Diploma in Tax

Experience and expertise

Priscillah is currently the chief financial officer of BP South Africa (Pty) Ltd. Prior to joining BP SA she was the executive director of finance for Airports Company South Africa. She previously worked for Ernst & Young as tax director and Eskom Holdings where she served in numerous roles. She has extensive experience in the areas of financial management, taxation, and audit.

Responsibilities

Social and Ethics Committee Member

Appointment date

1 August 2012

Other directorships

BP South Africa (Pty) Ltd

CHWAYITA MABUDE (45)

Qualifications

BCompt

Experience and expertise

Chwayita is a seasoned financial accounting practitioner and later a manager for finance, accounts and audit, with skills and knowledge from contributing in various organisations and sectors for over 15 years. She served as financial manager within the JD Group. Chwayita is a former financial manager at DST International (SA). She has held positions including assistant financial manager at Transnet Pension Fund and chief accountant at South African Ports Authority. She also served as a board member of Gauteng Women in Transport (Pty) Ltd, and the National Women's Association. She has served as chairman of the Audit and Risk Committee for Eskom. Chwayita is a professional member of the Institute of Directors of Southern Africa.

Responsibilities

Member of the Commercial Board Committee
Member of the Audit and Risk Committee

Appointment date

1 December 2012

Other directorships

Eskom Holdings SOC Ltd Main Board and Audit Committee
Pebble Bed Modular Reactor (Pty) Ltd Main Board
Mollo Holdings Main Board

ELIAS MASILELA (49)

Qualifications

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

Experience and expertise

Elias was the previous chief executive officer of Public Investment Corporation Limited. Prior to this, he headed up policy strategy at Sanlam. He is the chairman of Ingagaru Property Investments. Elias served as the chairman of Economic Research Southern Africa. He served as the chairman of Number 43 Trelawney Park kwaMagogo Foundation. He was a non-executive member of the Institute of Retirement Funds and also served as a non-executive director of South African Reserve Bank, and a member of the Government Employee Pension Fund, until joining the PIC. He is a member of the National Planning Commission and sits on the Board of the UN Global Compact, advising the secretary general of the UN.

Responsibilities

Member of the Treasury and Economic Regulation Committee
Member of the Social and Ethics Committee
Member of the Commercial Board Committee

Appointment date

1 January 2012
Resigned with effect from 31 July 2013

Other directorships

Ingagaru Property Investments
Victoria & Alfred Waterfront (Pty) Ltd

MOHLAKORE ('MOHLA') MATSABA (39)

Qualifications

Diploma in Architecture
BTech (Quantity Surveying)
MBA

Experience and expertise

Mohla serves as portfolio manager for social infrastructure at Public Investment Corporation SOC Ltd. She serves as a trustee of the Schools and Education Investment Impact Fund of South Africa.

Responsibilities

Alternate non-executive director to Elias Masilela and Deon Botha respectively.

Appointment date

1 January 2012
Resigned with effect from 31 July 2013

Other directorships

Oakleaf Investment Holdings
Nozalo Health Partners
Community Properties Holdings Ltd
Ethembeni Healthcare (Pty) Ltd

DEON BOTHA (45)

Qualifications

B Com (Law)
B Com Honors (Business Sciences)

Experience and expertise

Deon is a corporate governance specialist at the Public Investment Corporation (PIC). He joined the National Treasury of South Africa as a parliamentary officer dealing with financial legislation. He was appointed manager in the office of the then director-general, Maria Ramos and served as head ministerial support services and private secretary to former Finance Minister, Trevor Manuel.

In 2004 he was seconded by the National Treasury to the then Public Investment Commissioners as senior manager of special projects to drive the corporatisation of the Public Investment Commissioners and the establishment of the Public Investment Corporation. He was then tasked with establishing a corporate governance function within the PIC and he was appointed as senior corporate governance specialist.

Deon is responsible for all environmental, social and governance matters at the PIC investments and operations. Deon is also a senior research fellow of the Centre for Corporate Governance in Africa at the Graduate School of Business at the University of Stellenbosch.

Responsibilities

Non-executive director
Member of the Treasury and Economic Regulation Committee
Member of the Commercial Board Committee

Appointment date

1 August 2013

Other directorships

JIA Piazza Park (Pty) Ltd

OUR BOARD (CONTINUED)

NOSISA BOMKAZI KEKANA (42)

Company Secretary

Qualifications

B Iuris
LLB
Higher Diploma in Company Law

Experience and expertise

Nosisa is an admitted attorney of the High Court of South Africa. She has practised law in the Eastern Cape and Gauteng. She has served as a legal advisor, compliance officer, and company secretary in various industries including construction, telecommunication, and investments for both listed and unlisted entities. Nosisa serves as an Audit Committee member of the Ingquza Hill local municipality in the Eastern Cape.

Responsibilities

Nosisa's role includes ensuring compliance with the principles of good corporate governance, the Companies Act, and other relevant legislation on the Board of Airports Company South Africa.

Appointment date

1 November 2013

Other directorships

None

"WE HAVE CLOSED THE GAP AND NOW STAND TALL AS THE PROUD OWNERS OF A NETWORK OF NINE AIRPORTS THAT CAN CHALLENGE THE BEST IN THE WORLD."

CHIEF EXECUTIVE OFFICER'S REPORT

MARKING 20 YEARS OF GROWTH FROM "STATE" TO "STATE-OF-THE-ART".

Airports Company South Africa SOC Ltd has responded well and effectively to internal restructuring changes and external economic and global aviation trends over the past year. This is reflected in our financial, operational, and socio-economic development and transformation results.

The 2014 financial year saw us face some challenges, so I thank our stakeholders and key partners for their support in what was nevertheless a really successful year. A spirit of positive cooperation in the industry and an increasingly optimistic outlook for South Africa and the African continent helped us meet and exceed our targets in most areas of operation.

The focus in the past two decades has largely been on air transport infrastructure and passenger service improvement.

Since taking over the country's nine principal airports in 1993, we have closed the gap left by under-investment in airport infrastructure in the eighties and early nineties. We now stand tall as the proud owners of a network of nine airports that can challenge the best in the world.

For the 2014 reporting period, the Airports Company South Africa Group reported a profit after tax of R1.7 billion.

As predicted domestic passenger traffic remained flat, and we note that levels closely align to the country's GDP. However, international traffic increased by about 4% from the preceding year, probably on the back of the weak Rand and from some positive signs of growth coming from the United States and elsewhere.

A slow local and global economy does have a direct effect on passenger numbers. South Africa's economic growth for 2013 was reported at 1.9%, a reduction from 2012's 2.5%. This is of concern as domestic passenger numbers accounted for just 67% of the total in the year under review.

STAKEHOLDER ENGAGEMENT

Close cooperation with multiple stakeholders is fundamental for effective interplay in our industry. To put this in perspective, there are 1 143 permanent Airports Company South Africa staff members at O.R. Tambo International Airport and more than 30 000 other people who work there every day. Each person plays a part in delivering excellent facilities and services for our customers, which include the airlines and passengers. Close cooperation among stakeholders is critical in achieving long-term growth and sustainability at our airports.

To ensure a thorough understanding, we conducted a survey into the views and concerns of our stakeholder groups examining how roles work together in helping us achieve our strategic goals. Based on the results, we are developing detailed stakeholder engagement plans.

10 year plan

with a renewed focus on ensuring that our airport infrastructure maintains pace with the growth and needs of the South African economy.

We believe that this exercise will greatly enhance our relationship and understanding with our stakeholders and result in improved service delivery.

We have clearly mapped out a 10-year plan with a renewed focus on ensuring that our airport infrastructure maintains pace with the growth and needs of the South African economy. We continually strive to improve efficiencies at our airports and focus on the aviation industry's sustainability as a whole, while ensuring that the expectation of key stakeholders are addressed.

EXPANDING OUR OPERATIONAL FOOTPRINT

Our high-level review of factors bearing on the industry's sustainability showed that we need a deliberate focus in three specific areas - development and growth of the business, the overall efficiency of our business operations, and maintaining our relevance given the socio-economic context within which we operate. We will continue to refine and implement the new operating model under the leadership of our chief operating officer and chief investment officer.

Our people are our greatest asset and have a cumulative wealth of experience and skills. This depth and breadth of experience and knowledge is extremely valuable in international markets and helped us achieve notable successes beyond our shores. Our Company has, through its airport management skills, rendered related services to Chhatrapati Shivaji International Airport (CSIA), Mumbai. The investment continues to add value to the Airports Company South Africa Group.

In 2012 we entered into a twenty-year concession to work with the Brazilian company Invepar for airport operation and management services at Guarulhos International Airport in São Paulo. The terminal has now been opened, ahead of schedule, and provided additional facilities for the 2014 FIFA World Cup Brazil™.

These concessions demonstrate our expertise in airports management and enhance South Africa's position within BRICS. We aim to strengthen and expand existing footprints in India and Brazil through upcoming opportunities in these countries.

We are also engaging airports in Africa to share our technical expertise and knowledge to help develop the African continent's aeronautical infrastructure through the transfer of skills and human resource capabilities.

RECOGNITION AND AWARDS

Our customer service orientation has been rewarded through a number of awards. We won the Airports Council International award in its Airport Service Quality programme and we are extremely proud that Cape Town International won Best Airport in Africa for the fourth consecutive year. King Shaka International won second place and O.R. Tambo International, fifth place. Upington International won 'Best Small Airport in Africa' for the third

CHIEF EXECUTIVE OFFICER'S REPORT

(CONTINUED)

consecutive year and East London the Best Improvement in Africa award.

Our relentless pursuit of excellence was recognised by winning all three of the 2014 Skytrax awards available for the Africa region. O.R. Tambo International was named Best Airport in Africa, and King Shaka International won the award for the Best Regional Airport in Africa for the second successive year. Skytrax also afforded Cape Town International Best Airport Staff in Africa award.

TRANSFORMATION

Transformation is a challenge we face head on and a key priority achieved through a number of initiatives including improving employment equity and sourcing products from local and empowered suppliers. It is essential that we continue to demonstrate social responsibility through our enterprise development and socio-economic development initiatives, as well as through environmental responsibility.

Transformation is an ongoing process that requires the identification and recruitment of skilled and qualified individuals, and overcoming obstacles in being able to achieve this objective. Our Board-approved transformation policy makes provision for the resources needed to help us increase procurement from the previously disadvantaged sector, including black-owned small and medium enterprises, women-owned businesses and in providing opportunities for young entrepreneurs. Implementation of this policy will increase in the new financial year.

Our fully constituted Board has been in place long enough to gain a thorough understanding of our Group and the industry, and brings a broad range of experience and skills that assist in guiding our Company.

OUTLOOK

The five core outcomes of the organisation continued to be the foundation of our current strategy and will continue to guide our future strategies. We focus on sustainability, growth, efficiency and cost management, relevance and business performance excellence.

In the coming year, we aim to increase our consulting and management contracts for airports in Africa and beyond, and make the most of our valuable property assets. This will address the need to increase the percentage of non-aeronautical revenue with the appointment of a group investments officer to lead these business opportunities.

Continued review of the economic regulatory framework and industry engagement will hopefully result in improved transparency and predictability in regulatory decision-making. Airlines in particular are affected by the harsh economic climate, and we understand the need to help airlines prosper for our mutual sustainability. This does require that we balance our capital expenditure for capacity expansion at our airports to meet predicted growth in passenger numbers.

APPRECIATION

23 July 2013 marked the birth of Airports Company South Africa 20 years ago. It marks twenty years of phenomenal growth and has culminated in a mature and successful Company. We have commemorated this date with various activities and events during the year and strengthened a spirit of cohesion and pride. I would like to thank all of our employees and stakeholders, once again, for their contributions to making our Company one in which we can all be proud.

Bongani Maseko
Chief Executive Officer

"OUR RELENTLESS PURSUIT OF EXCELLENCE WAS RECOGNISED BY WINNING ALL THREE OF THE 2014 SKYTRAX AWARDS FOR THE AFRICA REGION."

OUR EXECUTIVE TEAM

COMPOSITION

The CEO has been tasked with appointing members of the Exco, with agreement from the Board's Remuneration and Nomination Committee. All members of the Exco are suitably skilled and experienced for their respective areas of responsibility.

The Exco comprises of the following members:

- CEO (profile on page 46)
- CFO (profile on page 46)
- Group Executives
- General Managers: airports

RESPONSIBILITIES

The Exco is accountable to the Board through the CEO, and collectively responsible for managing the business of our Company within the confines of the Group's delegated levels of authority. Furthermore, the committee acts as a medium of communication and coordination between the various business units and the Board.

ANDRE VERMEULEN (43)

Acting Airports Operations Director

Andre qualified as a mechanical engineer in 1994. He joined Airports Company South Africa as an engineer in training and was appointed the head of mechanical maintenance at O.R. Tambo International Airport in 1997. In 2001, Andre was appointed as the maintenance and engineering manager at O.R. Tambo International Airport where he was responsible for engineering systems in major projects such as the new domestic terminal building at the airport. In 2005 Andre was promoted to group manger airport operations and has since been responsible for standardising systems within operations countrywide and delivered the new Airport Management Centre for O.R. Tambo International Airport. Andre has 14 years' airport experience in all disciplines of engineering and more recently focused on developing integrated IT platforms for operations.

Joined Airports Company South Africa in 1995, appointed to Exco in 2011.

Appointed as the Group Executive: Airports effective 1 July 2014.

BONGIWE MBOMVU (47)

Group Executive: Governance and Assurance

Bongiwe has a Bachelor of Social Science, Bachelor of Law (LLB) and Master of Law (LLM) from the University of Cape Town. She started working at Old Mutual as a legal adviser and then worked for different financial services companies such as Sanlam, Southern Life and Norwich Life as legal adviser and compliance officer. She was later appointed as a legal, compliance and secretariat officer at the Life Offices Association before taking the position of group company secretary at Metropolitan Holdings. Prior to joining Airports Company South Africa, Bongiwe was a group company secretary at Eskom Holdings. There are four disciplines that report into Governance and Assurance and, because of the nature of this portfolio, the Group Executive attends Board meetings, the Audit and Risk Committee, and the Social and Ethics Committee meetings. Under the Governance and Assurance business unit are Group Legal, Company Secretariat, Group Risk Management and Compliance and Ethics.

Joined Airports Company South Africa in 2013, appointed to Exco in 2013.

OUR EXECUTIVE TEAM (CONTINUED)

HAROON JEENA (50)

Group Executive: Commercial Services

Haroon is a chartered accountant and has a Higher Diploma in Tax Law. He joined Airports Company South Africa as a group manager of property administration, investments and IT and then moved to commercial, finance and asset management. Haroon took responsibility for the Company's property portfolio in 2003 and was then appointed to the position of group executive in 2008.

Joined Airports Company South Africa in 1999, appointed to Exco in 2008.

PIETER DU PLESSIS (53)

Group Executive: Human Resources

Pieter, a registered industrial psychologist, has extensive experience in strategic human resource management, transformation and change management, and human resources capital development. He was human resources manager at O.R. Tambo International Airport for six years, where he also managed the operations portfolio for more than three years as assistant general manager of operations, thus combining his human resources exposure with operational experience. Pieter is responsible for all areas of human resources management for Group staff.

Joined Airports Company South Africa in 1993, appointed to Exco in 2003.

JOHN NEVILLE (63)

Group Executive: Aviation Services

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

John joined Airports Company South Africa in 1999 as group manager of projects, responsible for the expansion and improvement projects at our airports. John was appointed to Group Executive: Aviation Services in 2006. He served as chairman of the Corporate Capital Expenditure Committee and was a standing member of the Corporate Tender Board and the IT Steering Committee.

Joined Airports Company South Africa in 1999, appointed to Exco in 2006.

Retired on 31 March 2014.

GORAN VRACAR (63)

Assistant Group Executive: Airport Planning

Goran has a degree in Air Traffic and Transportation Engineering coupled with 33 years' experience in airport operation, planning and design. He worked at Belgrade International Airport before joining Airports Company South Africa in 1994. In his role as assistant group executive of Airport Planning, he was responsible for planning for all our airports. He served as a standing member of the Corporate Capex Committee and the Social Enterprise Committee.

Joined Airports Company South Africa in 1994, appointed to Exco in 2010

Retired on 31 March 2014.

OUR EXECUTIVE TEAM (CONTINUED)

TEBOGO MEKGOE (39)

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 14-year tenure with the Company, Tebogo has held various positions, including airport manager of East London Airport and assistant general manager of O.R. Tambo International, during which time he was project leader of the 2010 FIFA World Cup South Africa™ Operations (2008 – 2010).

Joined Airports Company South Africa in 2000, appointed to Exco in 2012.

Appointed as the Chief Operating Officer (COO) effective April 2014.

YVETTE SCHOEMAN (48)

General Manager: Regional Airports

Yvette has a Bachelor's 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, following which she took up the position of terminal manager at O.R. Tambo International. In 2005 she was appointed as Airport Manager at George Airport and in 2008 for the national airports as an assistant general manager. Yvette was appointed as general manager of regional airports on the formation of the new business unit in 2012.

Joined Airports Company South Africa in 1994, appointed to Exco in 2012.

TERENCE DELOMONEY (46)

General Manager: King Shaka International Airport

Terence is a chartered accountant 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 of Support Services, 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 of Durban International Airport and National Airports in August 2008. Terence subsequently managed the development and transfer to King Shaka International. In addition, he is chairman of our Socio-Economic Development Committee and is also a Board member of the iLembe Chamber of Commerce, Industry and Tourism.

Joined Airports Company South Africa in 2000, appointed to Exco in 2008.

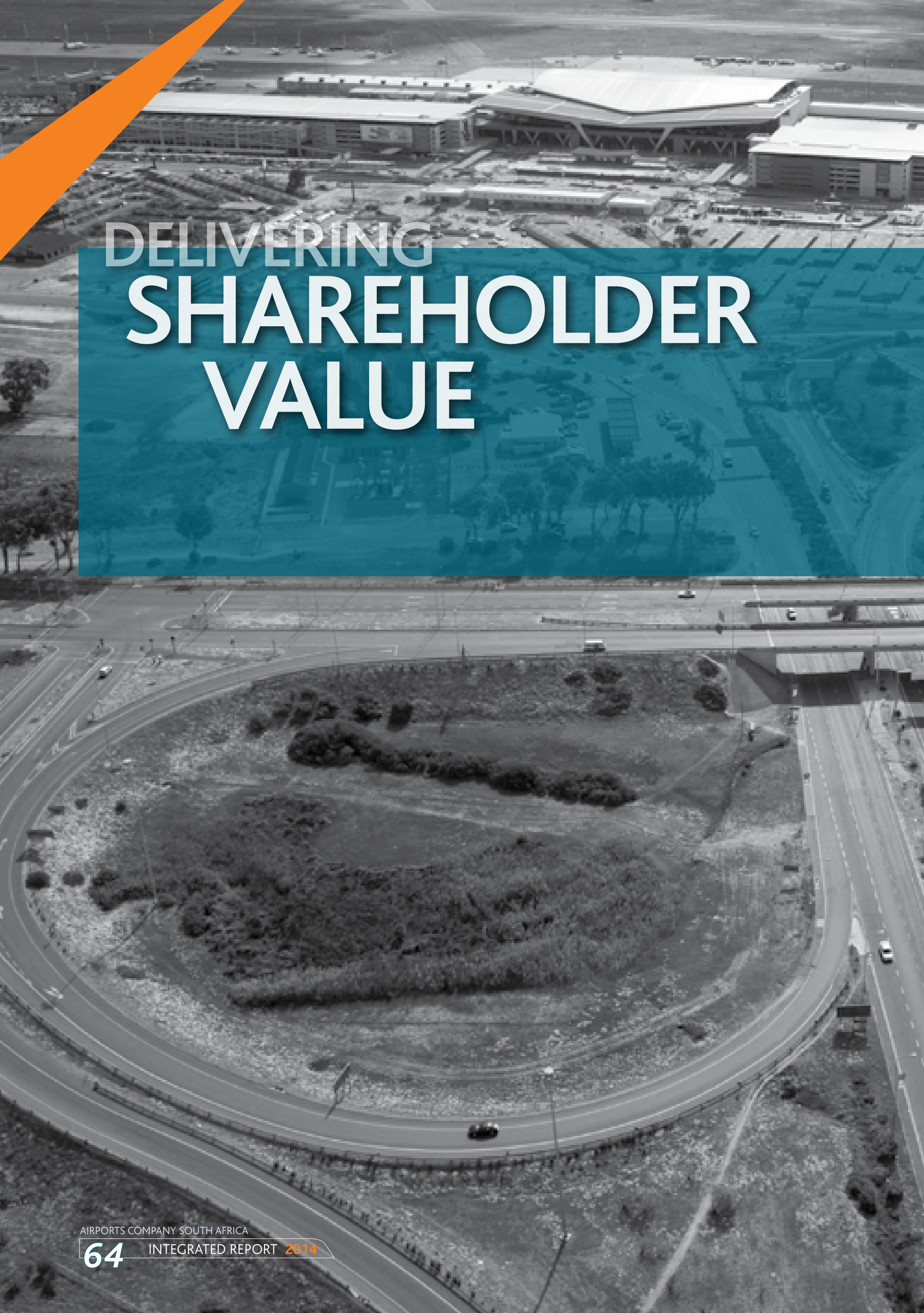
DEON CLOETE (48)

General Manager: Cape Town International Airport

Deon holds a Bachelor's Degree in Commerce and a Master's Degree in Business Leadership from the University of South Africa. He has 27 years' experience in the aviation industry and during this time he has served at all nine of our airports and was also seconded to South African Airways in 2000/2001, where he served as General Manager: Support Services. Deon serves on the Boards of WESGRO, the Western Cape Economic Development Agency responsible for tourism, trade and investment as well as the NSRI, the National Sea Rescue Institute.

Joined Airports Company South Africa in 1994, appointed to Exco in 2001.

DELIVERING SHAREHOLDER VALUE



"WE HAVE CONTINUED TO DELIVER SHAREHOLDER VALUE THROUGH ACHIEVING PROFITABILITY. WE ENSURED THAT BOTH THE FUNDING AND COST OF BORROWING ARE WELL MANAGED AND DELIVERED ON ALL COMMITMENTS TO OUR INVESTORS."

CAPE TOWN INTERNATIONAL AIRPORT

CHIEF FINANCIAL OFFICER'S REPORT

ENSURING FINANCIAL AND COMMERCIAL SUSTAINABILITY

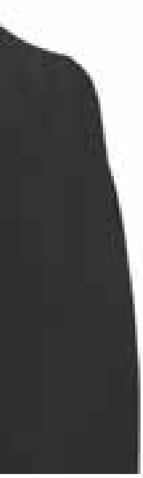
We have continued to deliver shareholder value through achieving profitability. We ensured that both the funding and cost of borrowing are well managed and delivered on all commitments to our investors.

"THE COMPANY HAS CONTINUED TO DELIVER SHAREHOLDER VALUE, HONOURED ITS OBLIGATIONS AND OPERATED WITHIN THE COVENANTS."

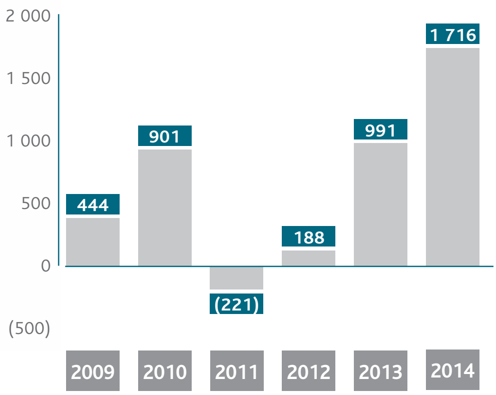
FINANCIAL OVERVIEW

Figures in Rand million	**2014**	2013	Change on prior year %
Financial results			
Revenue	**7 126**	6 647	7.2%
Operating profit	**3 244**	3 030	7.1%
EBITDA	**4 647**	4 442	4.6%
Profit for the year	**1 716**	991	73.1%
Cash generated from operations	**4 404**	4 209	5.1%
Financial position			
Total assets	**27 987**	28 096	(0.5%)
Total liabilities	**15 303**	17 157	10.8%
Key financial ratios			
Return on capital employed	**10.56%**	7.25%	
Net debt/capitalisation	**46.00%**	53.00%	
Net debt/EBITDA	**2.34X**	2.76X	
Debt service cover ratio by available cash	**2.21X**	2.0X	
Credit ratings	**AA-**	AA-	

The profit reported for the year ended 31 March 2014 is R1.7 billion, which has increased by 73% and represents the highest profit that we have generated since inception. The results are primarily driven by a growth in revenue, both aeronautical and non-aeronautical as well as reduction in the finance costs.



Profit/(loss) after tax
R'milion



The increased profits are partly the result of the major capital expenditure programme, which was completed by 2010.

For the year under review, the Group's financial performance certainly surprised on the upside considering the continued pressure on the domestic aviation industry. The contributions to profit after tax consisted of non-cash profits, resulting from fair value adjustments amounting to 24% of profit after tax, income from associates and subsidiaries amounting to 13% of profit after tax, which provided the greatest impetus to this performance. Tax benefits, due to bad debts written off and capital allowances, provide for a lower effective tax rate contributing further to profit after tax.

At an operational level, performance was in line with expectations – contributing just over half of the Group's profit after tax. The Group's increased ability to develop more robust forecasts allowed for early recognition of lower traffic volumes, which led to the pro-active postponement of major infrastructure investments. Domestic traffic volume continued to decline by another 2.2% during the year under review, while some robust traffic volume growth of 4.1% was experienced with international traffic. Domestic aircraft landings were 0.9% lower than the previous year and international landings, 3.1% higher. The yield per landing on international aircraft landings grew by 6.5%, which was higher than the tariff increase, indicating the continuing trend by airlines to introduce larger aircraft on international routes.

Commendable performance of non-aeronautical revenues, which grew by 13.5% year-on-year, primarily driven by the growth in international traffic and the related impact on retail concessionaire revenues, provided for a total revenue growth of 9.6% (including non-cash revenues).

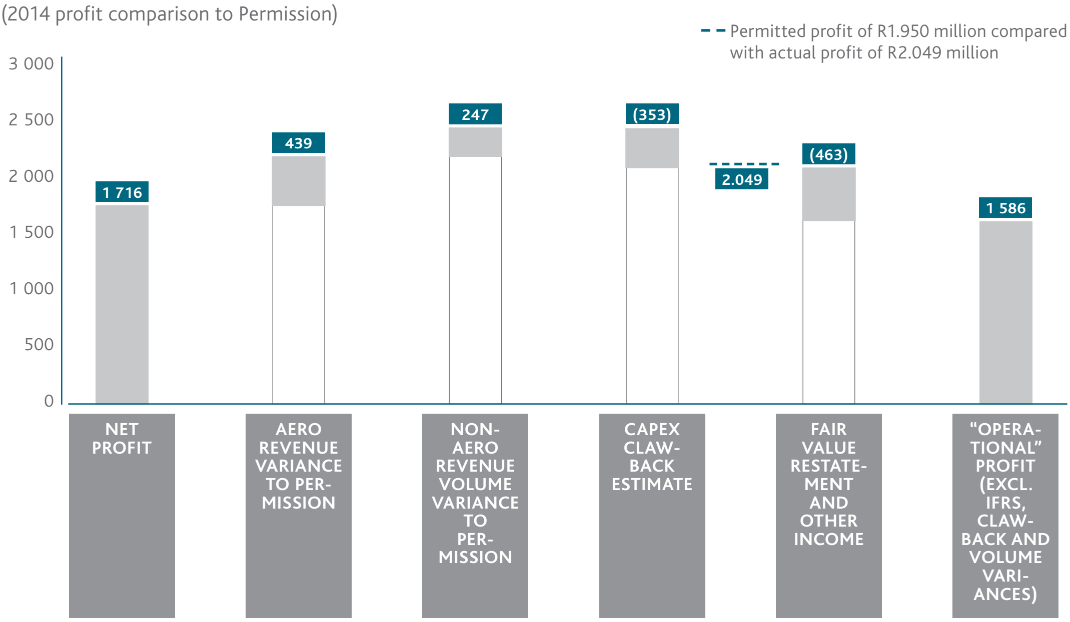
Cash flows increased by 6% as compared to the R4.2 billion reported for the 2013 financial year. We continued with our early debt redemption strategy during the 2013 financial year whereby borrowings of R2.1 billion were redeemed and for 2014 an amount of R1.9 billion was repaid.

Our key credit metrics improved in the 2014 financial year, with net debt to EBITDA improving to 2.34x (2013: 2.76x) and EBITDA interest coverage increasing to 3.4x (2013: 2.8x).

CAPITAL EXPENDITURE

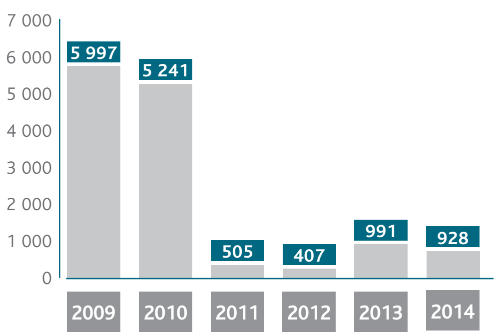
It is satisfactory that the Group exceeded the profitability as foreseen by the 2011 to 2015 Permission while almost three million fewer passengers were facilitated through the Group's airports during the year under review. The following graph analyses the profit reported vs Permission Profit for the 2014 financial year:

Profitablility analysis
(2014 profit comparison to Permission)



Key to this performance was the contribution of non-cash non-operational activities, though more volatile in nature than operational activities.

Capital expenditure
R' million



VALUE CREATED

We have continued to create value for our stakeholders, which has grown by 8% to R6.0 billion as compared to the R5.6 billion in 2013 financial year. The statement pictured summarises the total wealth created and further demonstrates how the value was distributed among key stakeholders.

Figures in Rand million	FY 2014	FY 2013	Change on prior year %
VALUE CREATED			
Value added by operations	**5 438 371**	5 146 759	6%
Sale of goods and services	**7 126 961**	6 646 602	7%
Less: Cost of goods provided	**(1 688 590)**	(1 499 843)	13%
Value added by investing activities	**551 140**	416 474	32%
Finance income	**64 702**	126 259	(49%)
Other income	**486 438**	290 215	68%
Total value added	**5 989 511**	5 563 233	8%
VALUE DISTRIBUTED			
Distributed to stakeholders	**2 273 704**	2 511 035	(9%)
Benefits to employees	**992 804**	873 953	14%
Socio-economic development	**56 394**	58 810	(4%)
Providers of capital (finance cost)	**1 224 506**	1 578 272	(22%)
Distributed to government and shareholders	**575 508**	485 416	19%
Income tax expense	**477 583**	485 416	(2%)
Dividends to shareholders	**97 925**	–	100%
Value reinvested	**1 522 013**	1 575 986	(3%)
Depreciation and armotisation	**1 402 510**	1 411 432	(1%)
Deferred taxation	**119 503**	164 554	(27%)
VALUE RETAINED			
Income retained in the business	**10 360 736**	10 135 670	2%
Transfer to reserves (retained earnings)	**10 360 736**	10 135 670	2%
Total value distributed and retained	**5 989 511**	5 563 233	8%

REVENUE

The revenue has shown a 7.2% year-on-year increase to R7.1 billion in the 2014 reporting period. Our revenue streams are classified as aeronautical and non-aeronautical. Total revenue composition remained at 64% for aeronautical and 36% for non-aeronautical, for both 2013 and 2014 financial years.

Aeronautical revenue

Aeronautical revenue is generated from aircraft landing, parking fees and passenger service fees. The traffic trends indicate that the departing passenger numbers have shown a zero growth year-on-year to 17.4 million; and the aircraft traffic movements have shown 2% growth from 255 053 (2013) to 261 291 (2014).

CHIEF FINANCIAL OFFICER'S REPORT

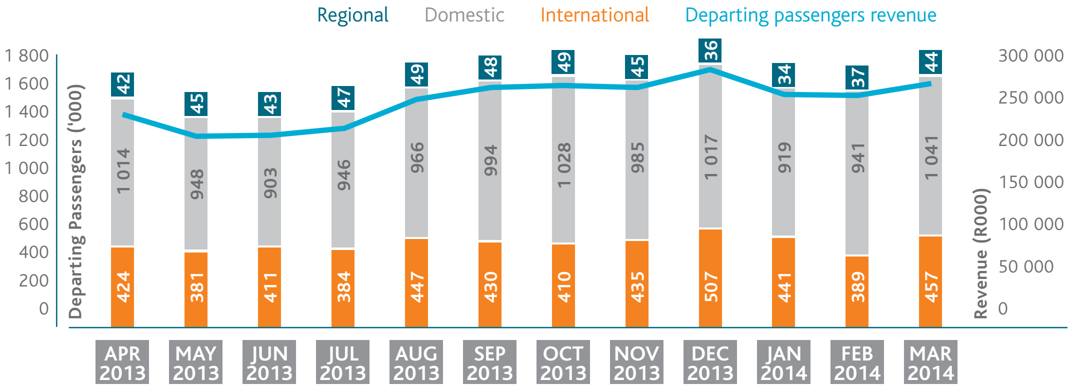
(CONTINUED)

Aeronautical revenue of R4.6 billion shows a year-on-year growth as compared to the R4.2 billion reported in the 2013 financial year. This is largely influenced by:

- An effective tariff increase of 9.1% for the 2014 financial period
- Increased international and regional departing passengers
- 6% increase in international aircraft landings.

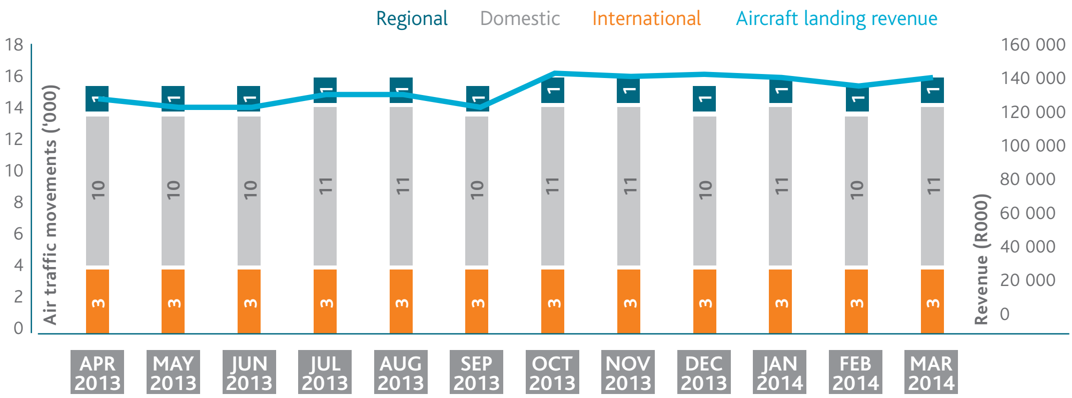
The 2014 trend for departing passengers has been largely influenced by the 2% growth in the number of international passengers.

Departing passengers and related revenue



The trend in aircraft traffic movements has been significantly impacted by a 6% year-on-year growth, while the domestic aircraft movements declined by 1%.

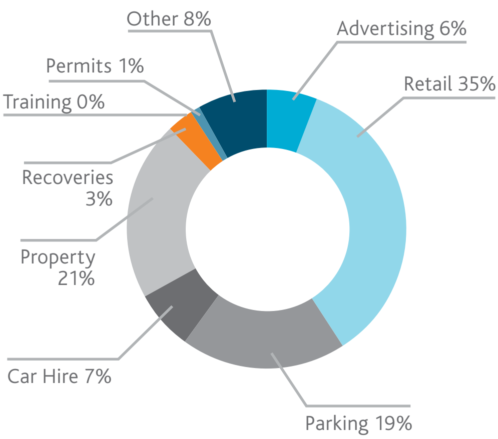
Air traffic movements and related revenue



Non-aeronautical revenue

The non-aeronautical revenue, which is also referred to as commercial revenue, consists of concessions on core retail, car parking, advertising, car rental and costs recovered from tenants including water, electricity and other utility charges amounted to R2.6 billion in total revenue and showed an 8% year-on-year growth.

Composition of non-aeronautical revenue
(for the year ended 31 March 2014)

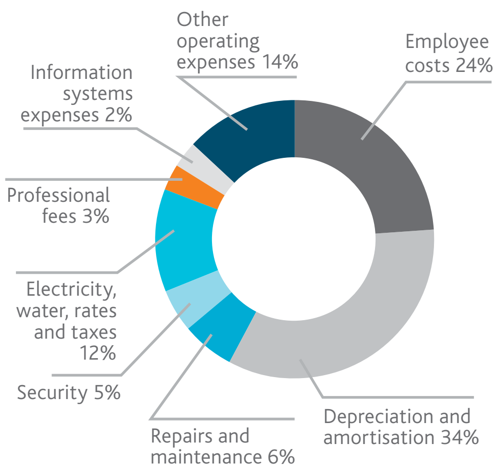


OPERATING EXPENSES

The total operating expenses have shown an 8% year-on-year growth to R4.1 billion. The year-on-year increase has been influenced by:

- The employee costs increased by 14% (R119 million) year-on-year. The increase was influenced by annual salary and wage increases (R50 million) granted to staff, additional head-count (R39 million), and post-retirement medical aid benefit payout (R25 million); while the consolidated subsidiaries had a R5 million impact on the unfavourable variance.
- The depreciation, amortisation and impairments of R1.4 billion remained on par with the 2013 period.
- Electricity and water increased 11% (R26 million) year-on-year to R262.2 million, and rates and taxes increased by 18% (R30 million) year-on-year to R217.9 million. The annual increases were not within our control since these are regulated charges.
- Repairs and maintenance increased by 8% (R21 million) to R270 million while the security costs/expenses increased by 16% (R30 million) to R200 million.
- The other operating expenses of R568 million was the sum of auditors' remuneration, operating lease expenses, impairment of trade and other receivables, cleaning, marketing, travelling, insurance, administration, training, consumables and corporate social investment. Training expenses increased by more than a 100% to R32.2 million. Marketing expenses increased by 33% (R17 million) to R70 million due to the twentieth birthday celebration. Consumable expenses increased by more than a 100% due to the roll out of new uniforms during the year. These are costs associated with the design, production and distribution of new uniforms to airports. The insurance expenses for the Group amounted to R39.6 million (2014) as compared to R29.6 million (2013).

Total operating expenses by category
(for the year ended 31 March 2014)



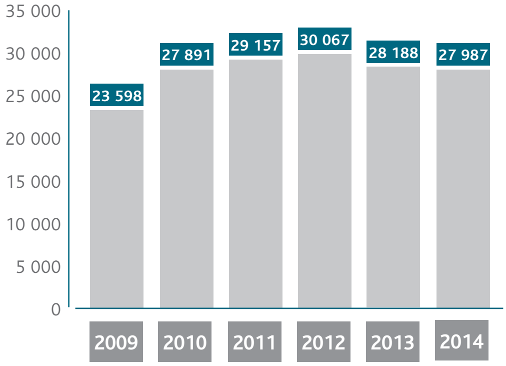
CHIEF FINANCIAL OFFICER'S REPORT

(CONTINUED)

BALANCE SHEET

Our balance sheet remains strong and well capitalised. The total assets as at 31 March 2014 were R27.9 billion and have shown a year-on-year decline of 0.5%. The trend in total assets is depicted.

Total assets
R' million



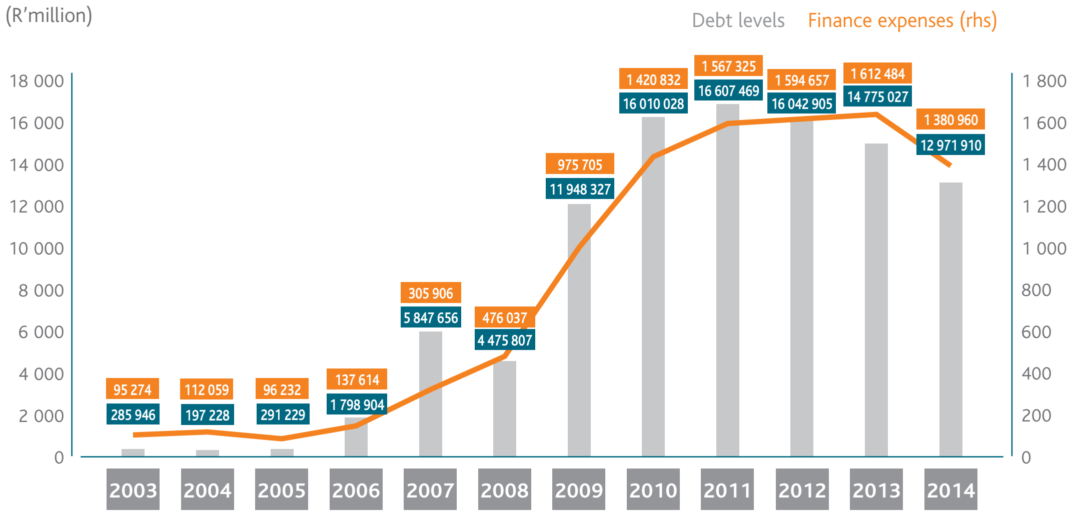
The total assets balance has been influenced by factors including:

- Non-current assets: an increase in property, plant and equipment (PPE) and intangible assets due to the capital expenditure of R928 million incurred during the year; an increase in the investment properties which is influenced largely by Fair Value Gains from valuations (R68.7 million) and improvement of R16.1 million on the investment properties; increase in investment in associates and the R181.1 million equity contribution to Aeroporto de Guarulhos in Brazil.
- The current assets have declined year-on-year by 8% as a result of the reduction in cash reserves used in repaying the borrowings which matured during the 2014 financial period. The declining assets were partially mitigated by an 11% increase in trade and other receivables, which closed at R943 million.

DEBT AND FINANCING COSTS

Gross debt declined from R14.7 billion (2013) to R12.9 billion (2014) due to our deleveraging process. This process started during the 2013 financial year when debt of R2.1 billion was redeemed while R1.9 billion was repaid during the period under review.

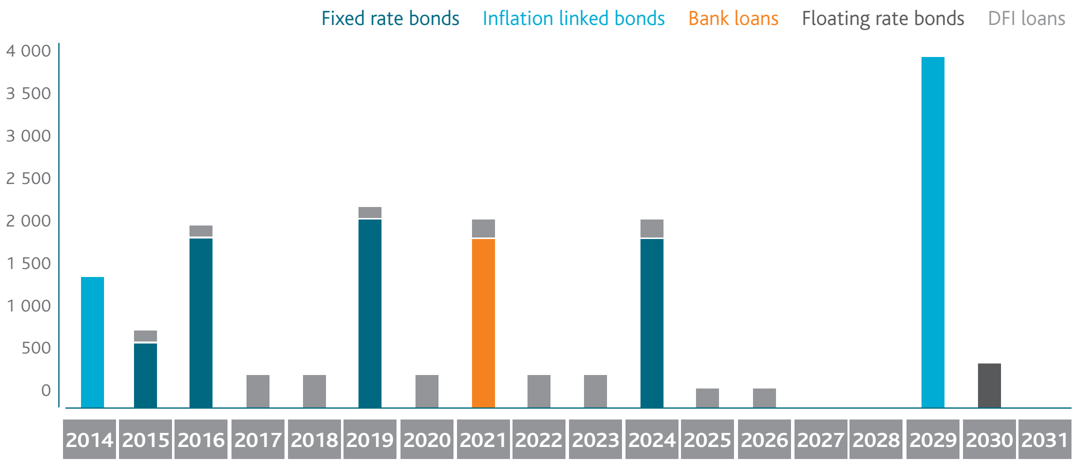
Debt levels and gross finance expenses
(R'million)



Subsequent to the repayments that occurred in 2013, we settled R500 million of the unlisted AIR02U bond. The bond was settled at no cost on 5 July 2013, which is fifteen months earlier than its maturity date of 5 October 2014. The debt was further reduced by the repayment of R1.3 billion of the five-year inflation-linked listed bond, AIRL02, which matured on 18 February 2014. The total debt comprises of bonds (62%) issued under its R30 billion domestic medium-term note programme, DFI loans (22%) and bank loans (16%). The fixed rate debt accounted for 86% of the total debt portfolio after taking into account interest rate swaps.

Airports Company South Africa has over the previous years, lengthened its liabilities profile to match on average the economic life of our assets. The graph depicts the debt maturity profile of the current borrowings:

Debt maturity profile of current borrowings



FINANCE COSTS

The net financing cost for the year was R1.2 billion, which is a decrease by 22% compared to that of the prior year. The early repayment of debt, settlement of loans that have reached maturity, and the capital repayment of the loans that are amortising largely drove the decrease. In addition, we were able to invest surplus cash in call, term deposits, money market and income funds to earn a healthy interest income of R65 million.

CREDIT RATING REVIEWS

On 29 November 2013, Fitch Ratings gave Airports Company South Africa an international long-term local currency rating of 'BBB', with a stable outlook. Fitch also affirmed our national long-term rating and a R30 billion domestic medium-term note programme rating at 'AA- (zaf)' and the national short-term rating at 'F1+ (zaf)'. Fitch expects our financial performance to remain stable over the next few years, based on our ability to recoup previous capital expenditure with regulatory tariff increases, which have already buoyed revenues amid recently declining passenger volumes. As a result, Fitch expects recent deleveraging to be sustained in the short-term despite a recent drop in traffic (decline of 2.8% year-on-year departing passengers for the financial year to 31 March 2014). However, increased capital expenditure projections against a backdrop of continued uncertainty in the economic environment, the domestic aviation market and the regulatory environment, are said to likely cause leverage to increase in the medium-term.

This has constrained Airports Company South Africa's ratings at current levels despite recent deleveraging efforts, and is reflected in the stable outlook assigned by Fitch. Fitch stated in its rating sensitivity analysis that an upgrade could be warranted if net debt/EBITDA consistently aims at below 3x over the next five years, with a strong degree of visibility. Implementation of a clear and supportive regulatory framework would also be favourable for the ratings.

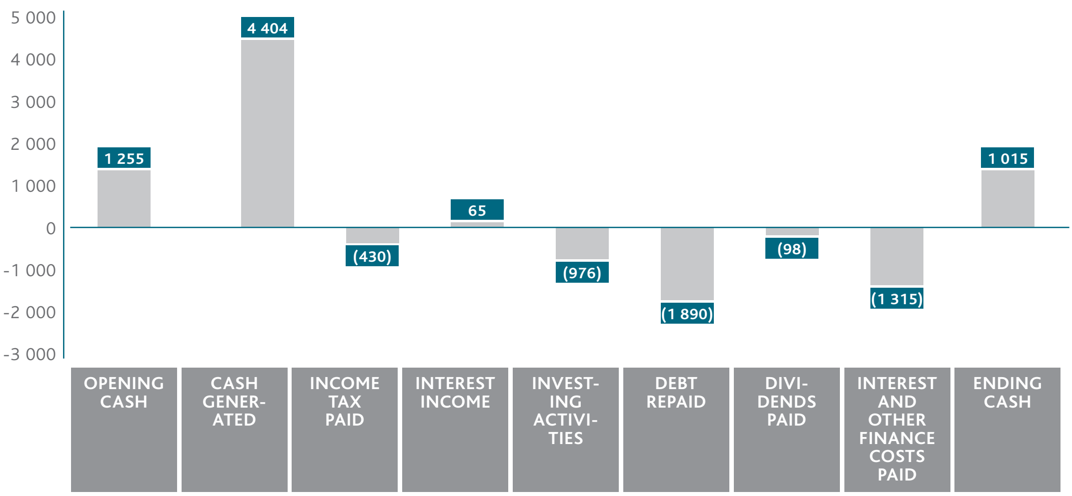
The ratings could be downgraded if Fitch-calculated net debt/EBITDA rises to beyond 4x to 5x for a sustained period. A marked deterioration in the general economy in South Africa could also prompt a negative rating action and a change in the sovereign long-term issuer default rating would also cause the ratings to be reviewed.

CASH FLOWS

The cash flow analysis for the period ended 31 March 2014 is depicted in the graph below:

The cash as at 31 March 2014 was R1 billion and has declined by R239.6 million (19%) as compared to the 2013 financial year's balance. The performance has been influenced by various factors:

- The cash generated from operations grew by 6% to R4.5 billion.
- We had experienced a decline in the interest income due to a year-on-year decline in cash reserves.
- The cash outflows from investing activities declined year-on-year by 4% with R975.5 million nvested during the 2014 financial period. The major contributors was the capital expenditure spending of R927 million, and the equity contributions to Aeroporto de Guarulhos in Brazil of R181.1 million.
- The cash outflows from financing activities were R3.3 billion in 2014 as compared to R3.6 billion in 2014. We continued to honour our agreements for the repayment of interest-bearing borrowings (2014: R1.9 billion) and interest/finance costs (2014: R1.3 billion).



OUTLOOK

We are planning to deliver a healthy EBITDA, which averages R4.4 billion per annum over the next three financial years.

	2015B	2016E	2017E
Departing passengers	17.8 million	18.4 million	19.0 million
Aircraft landings	260 644	262 434	270 513
Tariff Increase on previous year	5.6%	(12.0%)	0%
Revenue	R7.6 billion	R7.4 billion	R7.9 billion
EBITDA	R4.6 billion	R4.2 billion	R4.4 billion
Net profit	R1.3 billion	R1.1 billion	R1.2 billion
Capital expenditure	R1.3 billion	R3.1 billion	R3.2 billion
Return on capital employed	9.8%	8.1%	7.7%
(Target 10.3% - 11.2%)			
Net Debt/EBITDA	2,1x	2,4x	2,4x

FUNDING REQUIREMENTS

The 2015 – 2017 corporate plan shows that over the forecasted three-year period, cash carried over, plus cash generated from operations will fund 61% of the capital expenditure programme, and debt will be required to fund 31%.

It is further noted that over the first year of the forecasted three-year period, capital expenditure will be funded solely by cash carried over plus cash generated from operations. The funding shortfall expected requires new borrowings of R1.3 billion in 2016 and R1 billion in 2017.

FUNDING REQUIREMENTS: 2015E -2017E

Most of the R2.3 billion funding requirement over the forecasted period is expected to be funded under our domestic medium-term note programme to refinance maturing debt and meet capital expenditure requirements given the favourable market conditions expected both from a demand and pricing perspective.

Funding requirements: 2015E – 2017E

BUILDING WIN-WIN PARTNERSHIPS WITH OUR STAKEHOLDERS

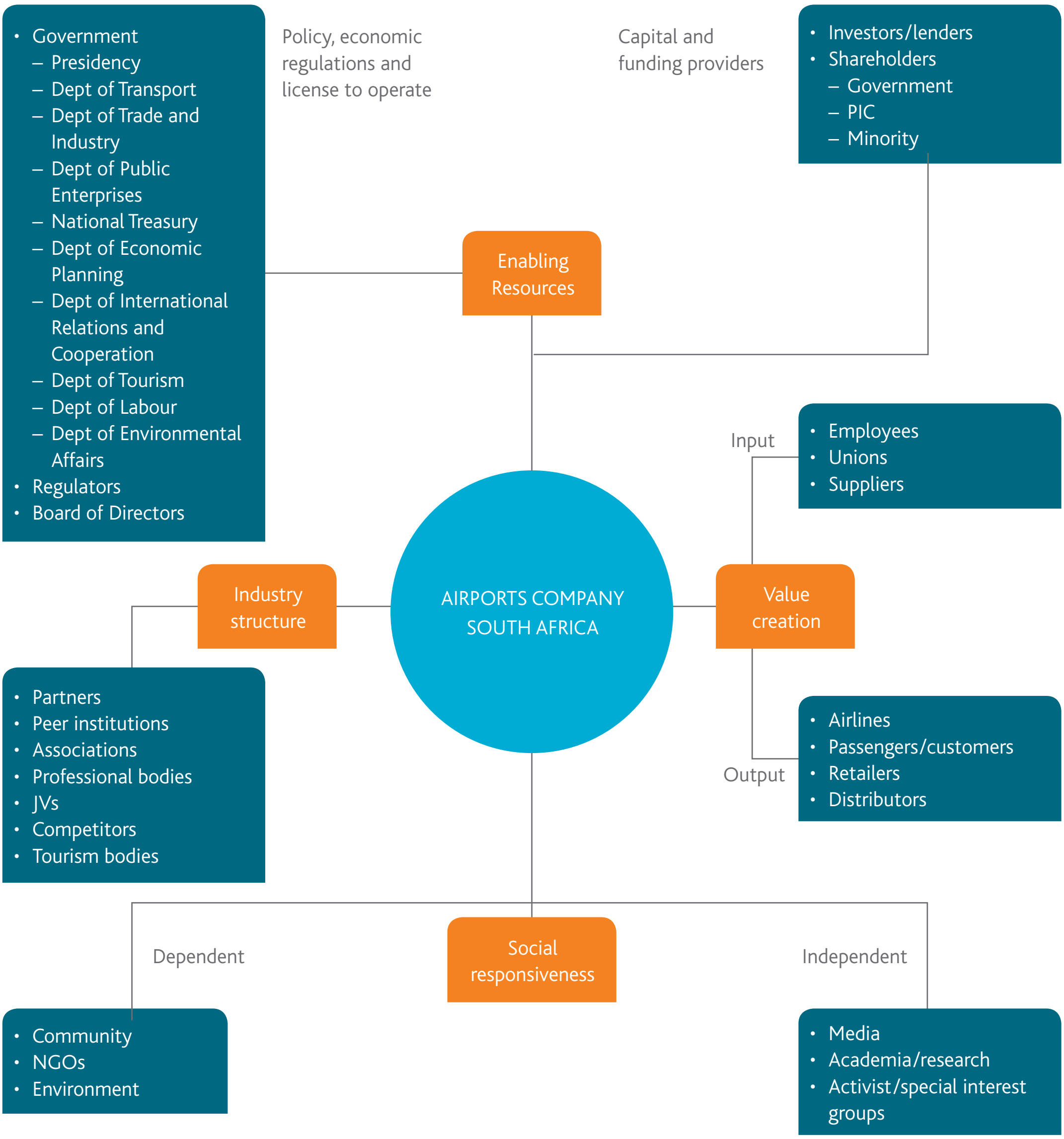
"WE HIGHLY VALUE OUR RELATIONSHIP WITH OUR STAKEHOLDERS. OUR EFFORTS AT ADDRESSING AREAS OF IMPROVEMENT ARE PROGRESSING WELL. THE IMPLEMENTATION OF OUR STAKEHOLDER MANAGEMENT STRATEGY PLAN IS WELL UNDERWAY."

CAPE TOWN INTERNATIONAL AIRPORT

STAKEHOLDER MANAGEMENT

STAKEHOLDER GROUP

We will continue our pro-active, consistent and on-going engagement of all stakeholders as we are committed to develop and establish coherent partnerships to create sustainable value and growth for all. Airports Company South Africa recognises the importance of stakeholder engagement for growth, relevance and sustainability. The diagram shows our approach to stakeholder categorisation, which shapes the engagement and management processes.



STAKEHOLDER MANAGEMENT STRATEGY

We have always recognised stakeholder management as a key business imperative as opposed to a matter of compliance in terms of the recommendations of King III. We understand the key role that stakeholders play in achieving long-term growth, relevance and sustainability for our Company. For this reason, the Exco approved a comprehensive stakeholder relationship management strategy in March 2012.

The key objective of the strategy is to build coherent partnerships in order to keep business relevant and to create sustainable growth. This strategy was supported by a plan of action that emphasises relationship building and identified critical platforms of engagement with stakeholders, along with the key messaging required for each stakeholder group. The plan seeks to:

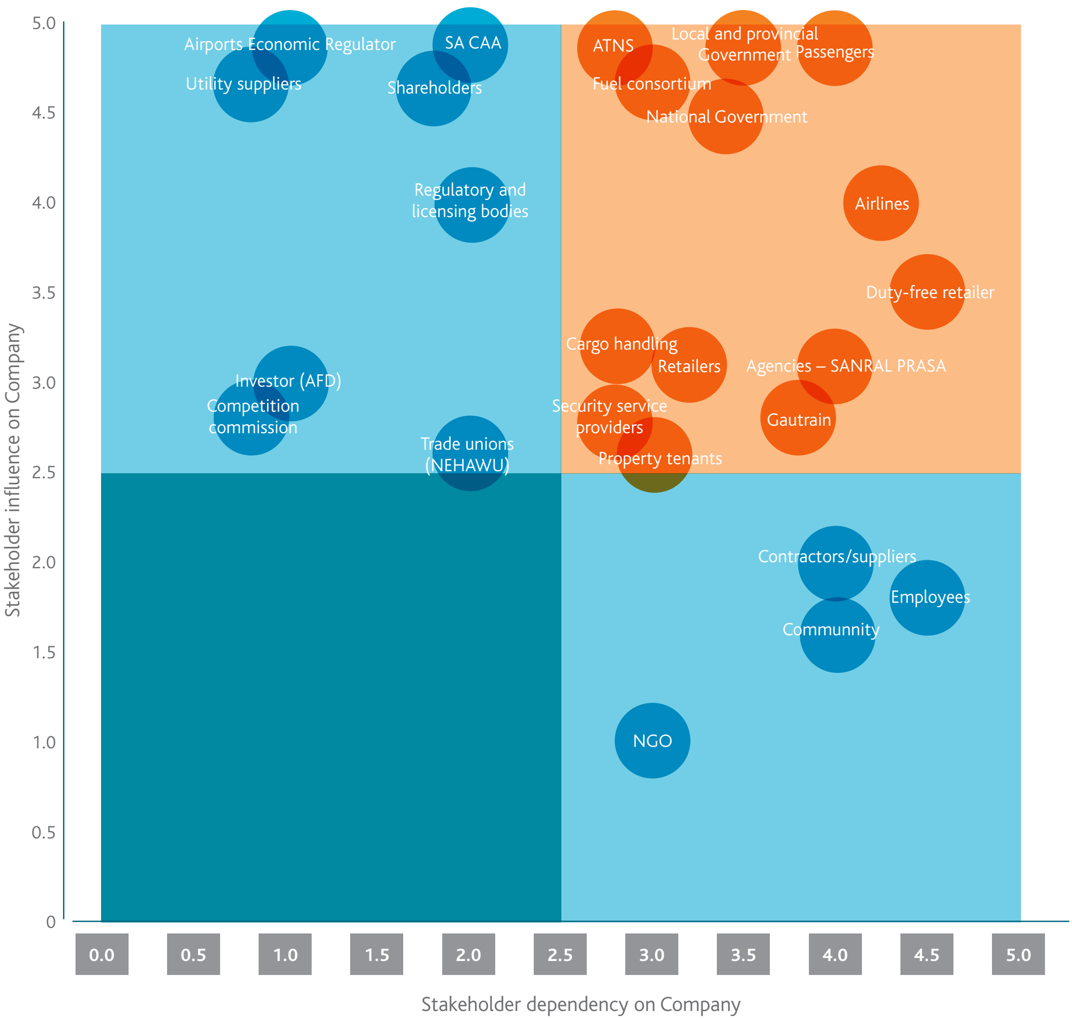
- Leverage our corporate reputation to gain competitive advantage
- Minimise our reputational risk while protecting reputational capital
- Engage with all relevant stakeholders to improve mutually beneficial outcomes
- Create and integrate a reputation management and measurement system with a comprehensive communication strategy that includes key messaging requirements.

STAKEHOLDER ENGAGEMENT

One of the foundational tenets to embed a sustainable strategy is to understand our key stakeholders. In doing so, we have used the AA1000 Stakeholder Engagement Standard (AA1000SES) that provides a framework to help organisations ensure stakeholder engagement processes are purpose driven, robust and deliver results. The methodology helped us to assess the influence and dependency of our stakeholders, such as our shareholders who have decision-making power and the groups that are most dependent on our organisation, for example, employees and their families.

STAKEHOLDER MANAGEMENT (CONTINUED)

Our Company assesed the degree of dependency and influence each stakeholder group has on the achievement of our strategic objectives. The diagram below shows the outcome of the assessment. The top right quadrant illustrates that most of our stakeholders have both a high influence and high dependency on us. The bottom right quadrant reveals that some stakeholders have a high dependency on us with a relatively low influence. The top left quadrant highlights those stakeholders that have a high level of influence on us with a lesser dependency. These results helped us to plan and guide our stakeholder management approach to build mutually beneficial relationships.



In the diagram below, we mapped our stakeholders to our strategic thrusts to align our engagement approach with a focus on supporting and delivering, not only on our vision, but also adding value to our stakeholders.

Strategic thrusts	STAKEHOLDER CLASSIFICATION TABLE						
	Enabling		Value creation		Social responsiveness		Industry structure
	Policy, economic regulations and license to operate	Capital and funding providers	Input	Output	Independent	Dependent	
	Government, regulators and Board of Directors	Shareholders, investors and lenders	Employees, unions and suppliers	Airlines, passengers, customers, retailers and distributors	Media, academia, activists and special interest groups	Community, NGOs and environmentalists	Associations, partners, professional bodies, JV partners, competitors, tourism bodies
Managing and developing a high performing and engaged team	√	√	√	√	√	√	√
Finalisation of economic regulation legislation and funding framework	√	√	√	√			√
Acceleration of sustainability and transformation programmes	√		√	√	√	√	√
Strengthen business excellence		√	√	√	√	√	√
Identifying and securing new business	√	√	√	√			√
Building win-win partnerships with all stakeholders	√	√	√	√	√	√	√
Deliver shareholder value	√	√	√	√	√	√	√

STAKEHOLDER MANAGEMENT (CONTINUED)

To ensure growth and performance in our stakeholder management strategy, we set a strategic objective and a key performance indicator (5 point scale) to track the level of satisfaction among our stakeholders. The process started in 2010 and the diagram indicates steady progress, although some airports have shown a decline.

Airport	**2014**	2013	2012	2011	2010
O.R. Tambo International	**3.1**	3.1	3.0	3.4	3.4
Cape Town International	**3.4**	3.5	3.6	3.8	3.9
King Shaka International	**3.6**	3.6	3.7	3.8	3.9
Port Elizabeth International	**3.4**	3.6	3.6	3.7	3.9
East London	**3.5**	3.7	3.8	3.9	3.8
George	**3.4**	3.3	3.6	3.7	3.5
Bram Fischer International	**3.7**	3.9	3.8	4.0	3.6
Kimberley	**3.3**	3.8	3.8	4.0	3.8
Upington International	**3.2**	4.2	4.2	3.8	3.7

Targets were set on an annualised basis to measure the level of improvement over time. The results of the survey are disseminated on a monthly basis to each airport; however the individual stakeholder results are kept confidential by the Research Department to ensure that the stakeholder completes the survey with optimum objectivity and confidence. This has assisted in identifying problem areas and provided guidelines to the respective functional managers to address issues in a timely manner.

To progress our stakeholder strategy, we initiated a study with the Reputational Institute. We applied a phased approach to the research survey to canvas all stakeholder groups. We used the 80:20 principle to assist us in selecting the 20% of stakeholders that impact 80% of the strategic goals and required outcomes as outlined in the table below. The table is structured in no particular order.

STAKEHOLDER	REQUIRED OUTCOMES	SECTION REFERENCE
Shareholders	Growth and protection of shareholder value	Our business: page 14 Delivering shareholder value: page 64 Building win-win partnerships with our stakeholders: page 76 Accelerating our sustainability and transformation programme: page 96 Corporate governance: page 144
Employees	Healthy employee relations, highly talented and diverse workforce, empowered and engaged staff, training and development	Managing and developing a high-performing team: page 88 Accelerating our sustainability and transformation programme: page 96

STAKEHOLDER	REQUIRED OUTCOMES	SECTION REFERENCE
Investors/ lenders	Ability to honour debt commitments	Delivering shareholder value: page 64
Department of Transport (Policy)	Enablement and development support for business growth and sustainability	Delivering shareholder value: page 64 Accelerating our sustainability and transformation programme: page 96 Corporate governance: page 144
SA Government (Presidency and other key departments)	Policy, sharing of plans, alignment of national transport master plans	Our business: page 14 Accelerating our sustainability and transformation programme: page 96 Business excellence: page 114 Corporate governance: page 144
Economic Regulator	Predictability, transparency of decisions, balance between risk and reward	Our business: page 14 Delivering shareholder value: page 64 Accelerating our sustainability and transformation programme: page 96 Corporate governance: page 144
Airlines	Sharing of growth plans, alignment of strategies, optimisation of asset use, tariff reduction	Business excellence: page 114
Passengers	Trust and improved service delivery	Airports Company South Africa SOC Ltd: page 2 Business excellence: page 114
Tenants and concessionaires	Support, value-add to customer experience, contribute to bottom-line, alignment of strategies, growth and sustainability	Business excellence: page 114
Communities	Support, trust and service delivery buy-in	Building win-win partnerships with our stakeholders: page 76 Accelerating our sustainability and transformation programme: page 96
Regulatory and licensing bodies	Transparency, support, fairness, predictability	Airports Company South Africa SOC Ltd: page 6 Accelerating our sustainability and transformation programme: page 96 Corporate governance: page 144

The research centered around the seven key dimentions which will have an impact on our Company's corporate culture namely: facilities and services, innovation, work place, governance, citizenship, leadership and performance.

The outcome of the study was a situational analysis of our relationship with our stakeholders. The survey consisted of 297 interceptive interviews conducted in the first tranche. The results were categorised into four quadrants:

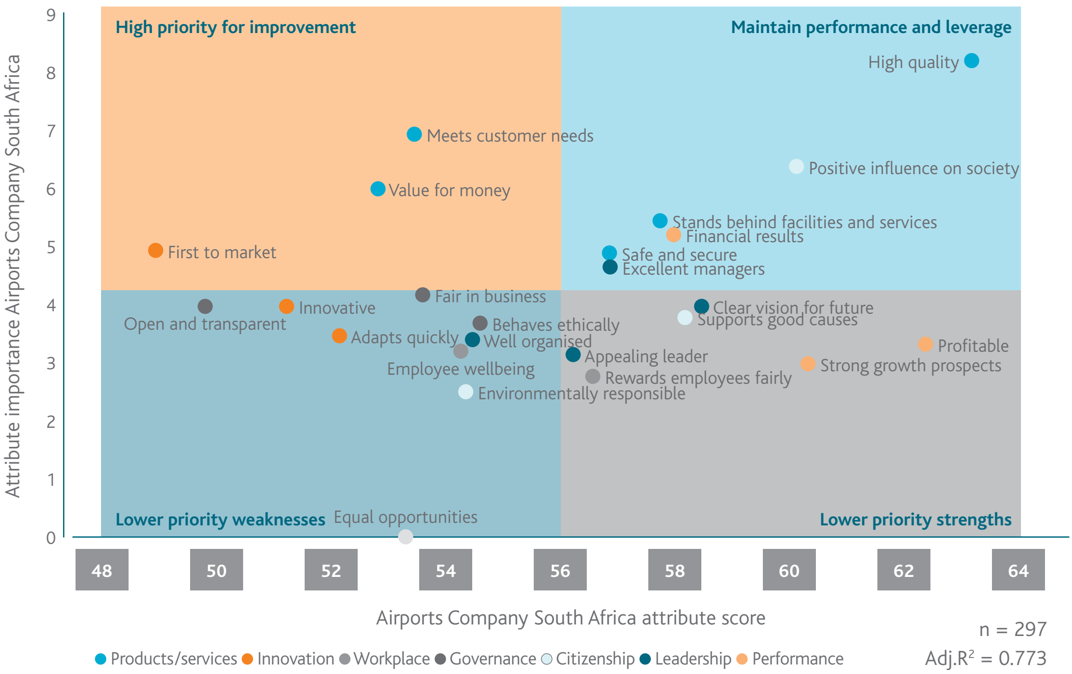
(1) **High priority for improvement:** the elements are very important to stakeholders in this quadrant, however we are not perceived to be doing well.

(2) **Maintain performance and leverage:** this quadrant is regarded as the most important to stakeholders and shows that we are performing well.

(3) **Low priority strengths:** the elements in this quadrant are considered less important to the stakeholders and we are doing well in these areas.

(4) **Low priority weaknesses:** the elements are of a lesser concern to the stakeholders and we are not perceived to be performing well.

Stakeholder perception



We have addressed these findings with our senior management and stakeholder engagement plans are being developed to address issues of concern in the short-term. A further review will be conducted in the new financial year.

The recent stakeholder reputational survey will be repeated on an annual basis. The outputs and outcomes of the results will be used to annually review and further strengthen our stakeholder engagements. This approach will ensure that the strategy remains current, valid and appropriate at all times. Additionally, the stakeholder survey provides a good platform for our Company to improve training needs of its senior managers, as well as the implementation of a centralised automated database management system that responds to the needs of business. Following this, the stakeholder programme will be rolled out to all business units to ensure that the approach is well embedded in the organisation.

We used the following approaches to engage with our stakeholders:

STAKEHOLDERS			ENGAGEMENT MEDIUMS
Category	**Classification**	**Stakeholder**	
Enabling	Policy, economic regulations and license to operate	Government, regulators and Board of Directors	One-on-one meetings with Department of Transport officials, attending portfolio committees, quarterly performance reports, annual general meeting, quarterly reviews with the Economic Regulator (ER), constructive engagement meetings with Airline Associations, Airlines, ER and industry specialist, airport events, our website, among others.
	Capital and funding providers	Shareholders, investors and lenders	Meetings with shareholders, road shows, one-on-one meetings with funders and borrowers, Fitch rating engagement, results presentations, annual general meeting, our website, among others.
Value creation	Input	Employees, unions and suppliers	20-year birthday celebration events, employee road shows, leadership forums, intranet, e-mail communication, policies, procedures, collective bargaining council meetings, employment equity forums, preferential procurement programmes.
	Output	Airlines, passengers, customers, retailers and distributors	Website, social media, Hello Peter online forum, flight information systems, security forums, safety forums, airline meetings, association meetings, quarterly airport, stakeholder meetings, Feather Awards.
Social responsiveness	Independent	Media, academia, activists and special interest groups	Website, social media, Hello Peter forum, flight information systems, annual results presentation, airport events, company reports, articles, interviews, task teams, forums, quarterly airport stakeholder meetings, Feather Awards, participation at international aviation-related events.

STAKEHOLDER MANAGEMENT (CONTINUED)

Approaches to engage with our stakeholders (continued)

STAKEHOLDERS			ENGAGEMENT MEDIUMS
Category	**Classification**	**Stakeholder**	
Social responsiveness (continued)	Dependent	Community, NGOs and environmentalists	Participation in the ICAO website, Hello Peter forum, flight information systems, annual results presentation, airport events, company reports, articles, interviews, task teams, forums, quarterly airport stakeholder meetings, Feather Awards.
Industry structure		Associations, partners, professional bodies, JV partners, competitors, tourism bodies	Industry association meetings, Airport Council International meetings, ICAO meetings, meetings with JV partners and subsidiaries.

ENGAGEMENTS WITH INDUSTRY

We are particularly pleased to report that throughout the year, we had constructive engagements with the economic regulator, airlines, Department of Transport and other role players. The primary objective is to develop mutual and common ground through improved understanding and cooperation on areas such as peak capacities, industry drivers, levels of service and others that will lead to defining the most appropriate funding model and value proposition for the passenger and policy requirements.

INVESTORS' ROADSHOWS

Paramount to good investor relations, our Company continues with its annual roadshows to domestic investors, including interventions wherein executive and senior management engages with investors on a one-on-one basis. We will further host annual roadshow meetings with financial institutions and rating agencies at the beginning of each financial year to share our Board approved ten-year corporate plan as well as the borrowing plan.

Annual Ratings Review meetings are currently held with Fitch Ratings to provide an update on our financial position and share projected numbers in the business plan to enable the agency to determine ratings for our Company.

The market engagements assist greatly in updating key stakeholders timeously on initiatives undertaken by the Company and allows for quick and transparent information sharing.

Our Company conducts its market engagements mainly through the following means:

- Annual Investor and Corporate Plan roadshows
- Regular updates by announcement through Johannesburg Stock Exchange News Services, SENS
- Updates on the Company's website.

In line with our stakeholder strategy, we hosted and participated in the following events during the year under review. The events give us the opportunity to engage with our stakeholders at large while also increasing our visibility.

AIRPORT CITIES WORLD CONFERENCE

We partnered with the City of Ekurhuleni by co-hosting Airports Cities World Conference and Expo. This event, held from 24 to 26 April 2013, was the first to be held on the African continent in its 11-year history. It brought together over 800 delegates from more than 60 countries to focus on the increasingly important topic of 'aerotropolis' development. This was an important platform for sharing experiences and to learn about global trends in airport cities 'aerotropolis' development.

TOURISM INDABA

We participated in the Tourism Indaba exhibition, the largest travel trade show in Africa, and third largest in the world. It is an event that attracts key tourism industry role players and is hosted by SA Tourism. The platform is known for 'owning the traveller' (the passenger), and therefore, it allowed us an opportunity to host business-to-business meetings that focussed on travel trade and media. We also set up an exhibition stand and hosted a cocktail reception for travel media. Our key communication message was based on highlighting our role as a partner in facilitating tourism growth in the country.

INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA)

We participated as a co-sponsor and exhibitor at the 69th IATA annual general meeting and World Air Transport Summit held at Cape Town's International Convention Centre. This event attracts the top leadership of the air transport industry, mainly representing IATA's 242 member airlines. The platform allowed our CEO to participate as a panellist to share with delegates the tremendous opportunities our country and continent present for both trade and tourism, and how to strengthen air links for the continent beyond traditional markets.

AIRPORTS COMPANY SOUTH AFRICA FEATHER AWARDS

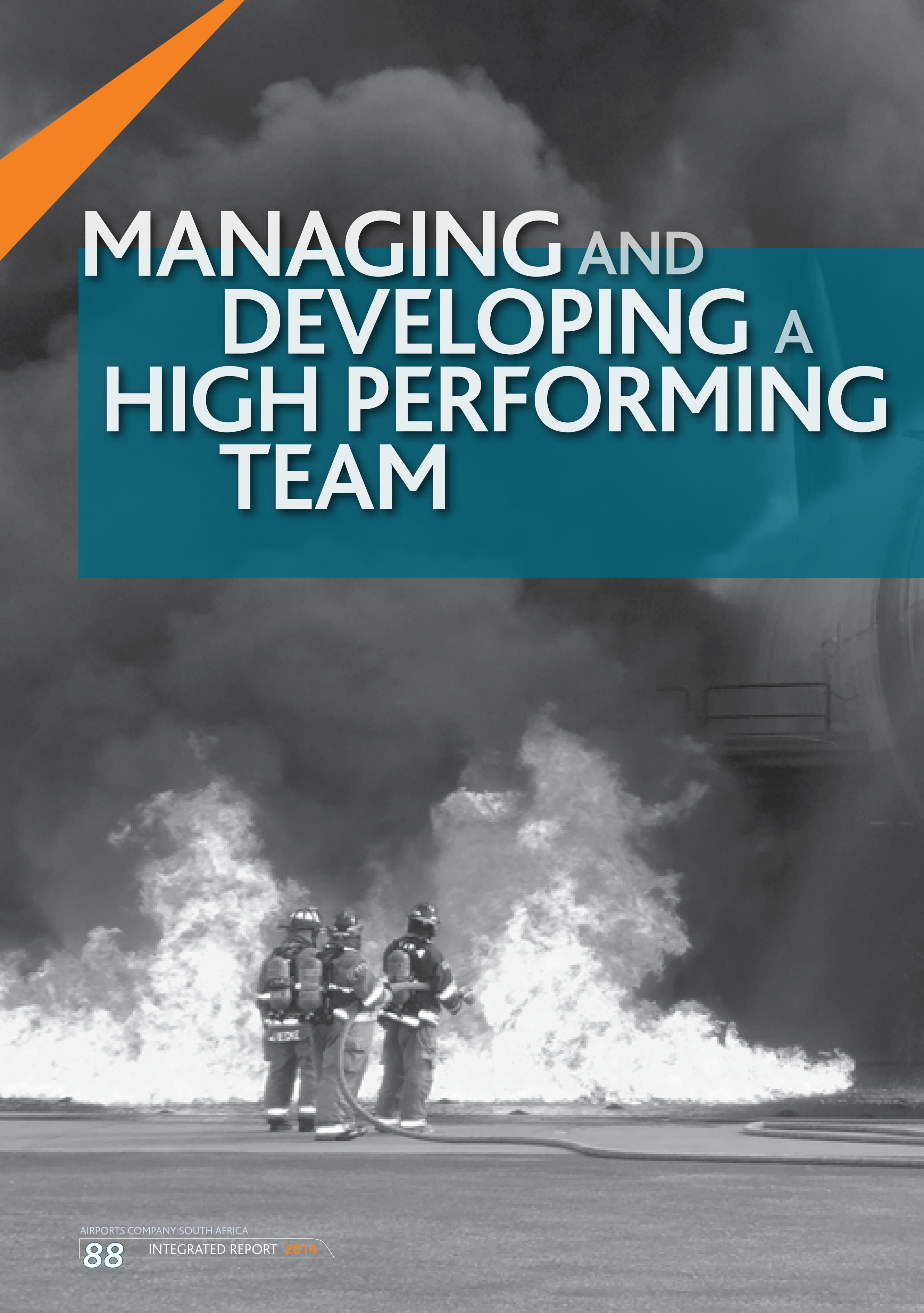
The Feather Awards is an annual stakeholder event that we host to recognise and thank the top performing stakeholders in their respective categories for excellent performance and service rendered to passengers and customers throughout the respective years. The 2013-event marked 12 years of the awards at international airports and 10 years at regional airports. Our stakeholders are rewarded for exceptional and consistent performance throughout the year that contributes to our airports maintaining a recognised global status.

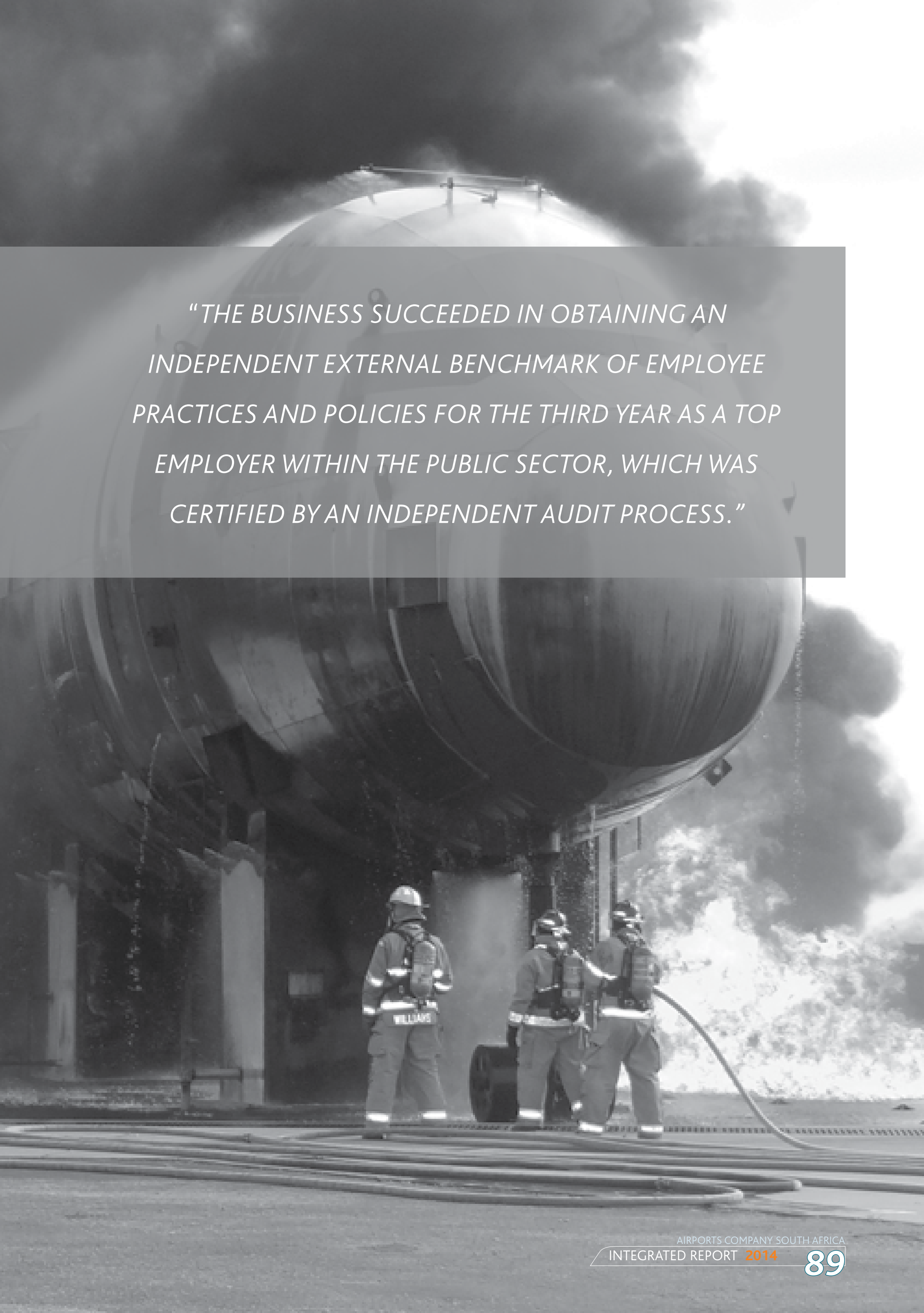
AIRPORTS COMPANY SOUTH AFRICA GOLF DAY

Airports Company South Africa Golf Day is a stakeholder relationship building event that allows our business representatives to meet stakeholders in a less formal setting. The event allows closer interaction and gives stakeholders the opportunity to interface directly with our senior managers and Board. During the period under review, the event took place at the Royal Johannesburg and Kensington Golf Club. In attendance were 120 guests, representing Government departments, funders, shareholders, airlines, ground handling operators, tenants and concessioners, regulating bodies and management.

Airports Company South Africa continues to support the Department of Transport in many of its activities. We also pride ourselves in mobility community activities and disability awareness. Our employees are continually engaged through roadshows and other events about the various activities in which they may participate.

MANAGING AND DEVELOPING A HIGH PERFORMING TEAM





"THE BUSINESS SUCCEEDED IN OBTAINING AN INDEPENDENT EXTERNAL BENCHMARK OF EMPLOYEE PRACTICES AND POLICIES FOR THE THIRD YEAR AS A TOP EMPLOYER WITHIN THE PUBLIC SECTOR, WHICH WAS CERTIFIED BY AN INDEPENDENT AUDIT PROCESS."

MANAGING AND DEVELOPING A HIGH PERFORMING TEAM

Airports Company South Africa is top employer within the public sector for the third consecutive year.

The business succeeded in achieving an independent external benchmark of employee practices and policies for the third year as a top employer, which was certified by an independent audit process. The Top Employers Institute (previously known as the CRF Institute) presented us with the "Number One Employer in Industry 2014 – Public Sector" award). Winning this award distinguishes us from other employers in the public sector and demonstrates how an innovative, forward-thinking culture produces excellence. In addition, our annual employee satisfaction survey (ESAT) results reflect an improvement from 3.2 (2013) to 3.6 (2014) out of a maximum score of five. Management continues to address the areas of improvement flagged in the ESAT report.

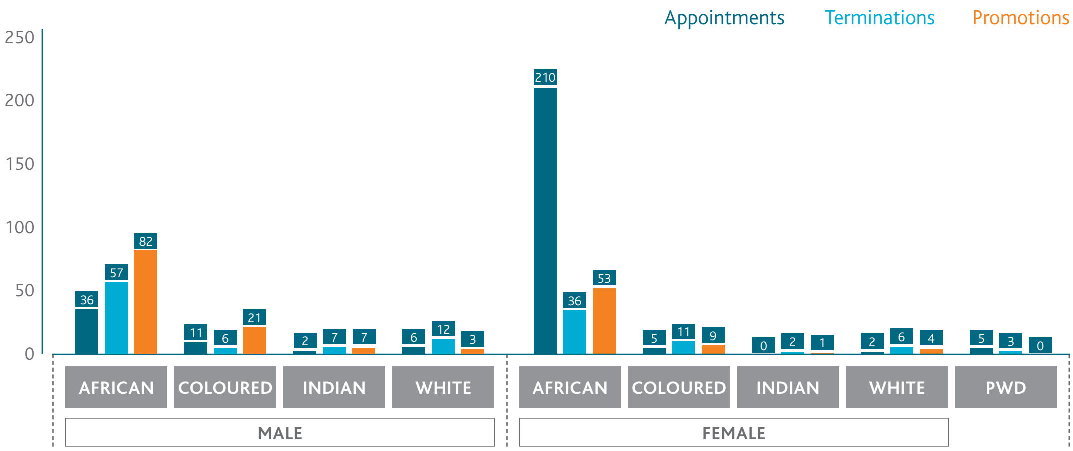
Total staff complement increased from 2 715 (2013) to 2 819 (2014).
Black employees represent 89.96% of the total workforce against a target of 90.20%.
People with disabilities represent 1.7% of the workforce against a target of 1.9%.
Women represented 43.6% of the workforce against a target of 44.5%.
Black females represent 39.43% of the workforce against a target of 40.2%.
Our **employee wellness programme** reported 833 referrals, an increase from 670 referrals (2013) with a positive impact on productivity and uptake of the programme.
We are pleased to report that **no industrial action took place during the year**, despite the adverse broader labour environment within South Africa.
The number of people trained totalled 6 326, an improvement on the 3 018 reported in 2013.
We nurtured and mentored 125 young talent candidates for critical and core skills through learnerships, internships, trainee programmes, bursaries (including Company employees' children who have embarked on studies that are aligned with our critical workforce segment).
Training spend accounted for R30 million which represents 5% of the salary bill. This is above the industry benchmark or norm of 3%.
A target of 65% for **successors of critical positions** has been met, as outlined in the shareholders' compact.

EMPLOYEES

Skills availability is critical for sustainable business achievements. Finding the right talent at the right time ensures we have people with the knowledge and skills to execute our strategy and support our transformation objectives. We consider skills availability as a key enabler. Future capability requirements to align to strategy, is well supported by our transformation objectives and a well-defined employment equity plan, critical to the availability of the right talent at the right time. This is valued as an aspect that is possible against the background of a strong employer brand and a compelling employee value proposition.

Within the broad context of the five-year employment equity plan and succession initiatives, our business efforts are focused on achieving the targets outlined in the plans. The trend of strong internal capacity building continued with appointments (295) and promotions (179) supporting the transformation imperatives of the business.

Appointments, internal promotions and terminations of all permanent employees for period April 2013 - 2014



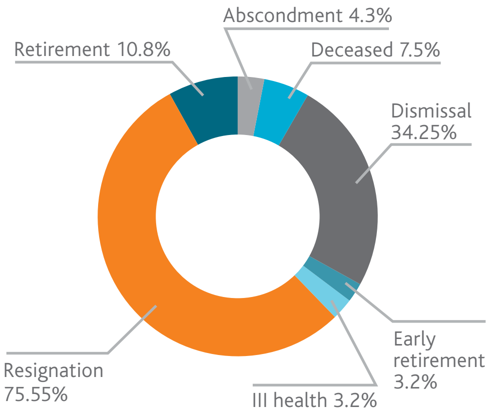
The continued focus on skills acquisition demonstrates our delivery and commitment to transformation in line with our business plan.

Termination reasons

Category	Resig-nation	Dis-missal	Abscond-ment	De-ceased	Early retire-ment	Ill health	Second-ment	Retire-ment	Grand total
African	52	23	4	5	2	2	–	5	**93**
Coloured	9	7	–	–	–	–	–	–	**16**
Indian	5	3	–	1	–	–	–	–	**9**
White	8	1	–	1	1	1	–	6	**18**
Grand total	**74**	**34**	**4**	**7**	**3**	**3**	**–**	**11**	**136**

MANAGING AND DEVELOPING A HIGH PERFORMING TEAM (CONTINUED)

Termination reasons



Our Company continued to be a responsible citizen and we do not engage in child labour.

SUCCESSION PLANNING AND TALENT MANAGEMENT

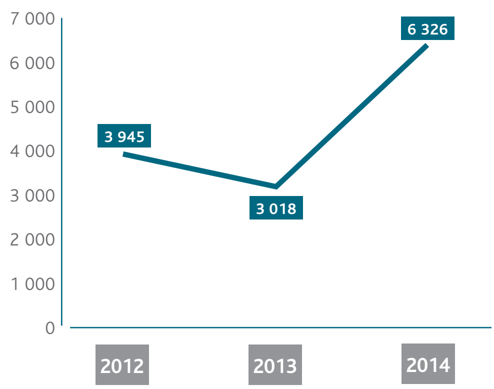
We continue to ensure a sustainable and diverse workforce through succession planning management, transformation and focused development interventions. Building and blending talent internally, rather than sourcing it externally has significant benefits in terms of cost, motivation and risk management. This was achieved recently when three posts for airport assistant general managers were filled from within our succession pool.

TRAINING AND DEVELOPMENT

We have spent R30 million on training and development during the year. This represents 5% of the salary bill, which exceeds best practice standards of 3%. We support the development of our employees to ensure continual and enhanced performance and profitability. A formal workplace skills plan ensures compliance with business needs and career development, and full compliance was achieved against our training plan. Technical training is provided through the Airports Company South Africa Training Academy. The focus for technical capability has been on deepening aviation safety and security skills by providing international training through the Airports Council International, International Civil Aviation Organisation (ICAO), International Air Transport Association (IATA) and Transport Security Administration.

The graph below depicts the number of employees trained in the past three years. Training in 2014 is almost equivalent to the training conducted during the past two years combined, and shows an increase of over 100% year-on-year.

Employees trained



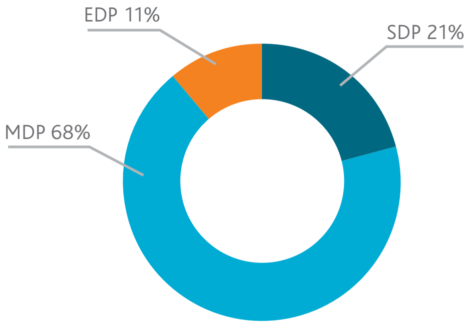
LEADERSHIP DEVELOPMENT

Leadership development remains a strategic priority. Several leadership programmes were implemented over the past few years. This is further enhanced by constructive coaching and mentoring programmes to embed a learning culture and ensure sustainable growth. Over the past years we have implemented leadership development programmes tailored to address three different levels consisting of:

- A supervisory development programme (SDP) targeting front line managers
- A management development programme (MDP) in partnership with Gordon Institute of Business Science Business School, aimed at middle management

- An executive development programme (EDP) in partnership with Henley Business School, focused on the senior leadership team.

A total of 362 leaders have been developed as part of the programme to date, and the composition is as follows:



INTERVENTIONS TO SUPPORT SKILLS DEVELOPMENT

One of the key focus areas of our capacity-building strategy is developing young talent. This is supported by several programmes to build future capacity. We nurtured 125 young talented candidates for critical and core skills through learnerships, internships, trainee programmes, and bursaries (including for employees' children who have embarked on studies that are aligned with our critical workforce segment).

EXTERNAL (#40)	
Employee children	14 trainees
	ACSA employee children's bursaries
	Scarce and critical skills
Sakhisizwe	16 trainees
	PDI full bursary support
	Scarce and critical skills
Techno Girl	20 trainees
	Job shadowing
	Engineering and finance skills

INTERNAL (#85)	
Trainees	13 trainees
	Permanent
	Graduate engineers/Real estate
Interns	35 trainees
	18 month contract
	Various fields
Learners	37 trainees
	Customer care; Security; Business administration
	12 month contract

The focus on young talent also extends to providing job exposure for high school pupils and hosting events that promote career awareness within the aviation industry through the Joint Aviation Awareness Programme and International Civil Aviation Day.

EMPLOYEE RELATIONS

We operate within a unionised environment with the National, Education, Health and Allied Workers Union (NEHAWU) as our representative trade union since 31 January 2005. This relationship is key and considered to be a strategic partnership, which resulted in employee relations stability and as thus supporting uninterrupted aviation service delivery to Africa and the world. Employee relations are stable with successful resolutions around:

- Robust yet mature collective bargaining
- Structured and vibrant employee communications
- Resilient and dynamic workplace consultation forums
- Joint resolution and other workplace structures.

It needs to be acknowledged that we conduct our business within the broader labour relations environment of the country, which is currently beset with many challenges.

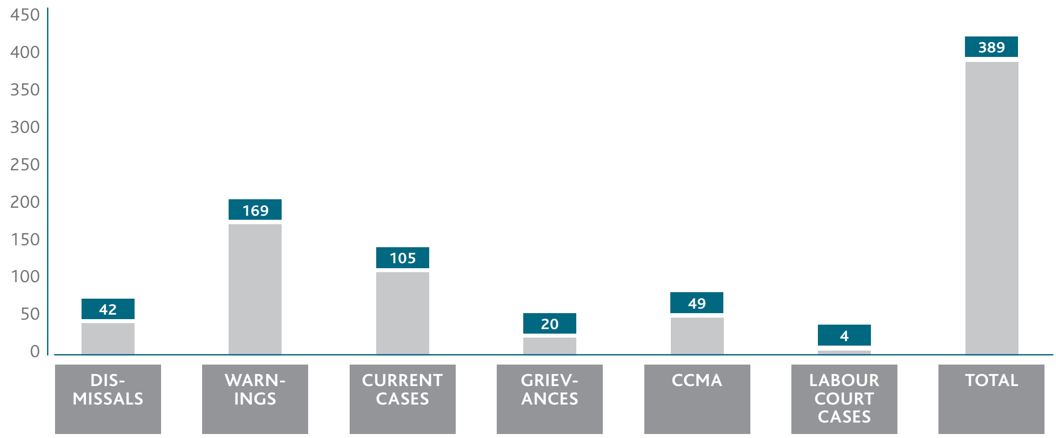
MANAGING AND DEVELOPING A HIGH PERFORMING TEAM (CONTINUED)

While other companies may experience regular employee relations disputes, we are fortunate to report that there has been no strike action for almost a decade.

Cooperative relationships with NEHAWU will be fostered, particularly in light of the new amendments to the Labour Relations Act, which brings a new set of employee relations challenges.

ENGAGED EMPLOYEES AS A BUSINESS IMPERATIVE

Employee relations cases 2014



During the year we improved our engagement with staff to ensure full business and strategy understanding is enhanced among the employees. The CEO engaged with all staff before implementing a programme of recurring interaction between management and staff at airport level. We aim to achieve the goals of the corporate plan and strategy by continually focusing on a strategically aligned programme that equips leadership with the relevant knowledge, awareness and skills to inspire, communicate and achieve our objectives.

Highlights for the period under review include:

FIFA WORLD CUP BRAZIL™

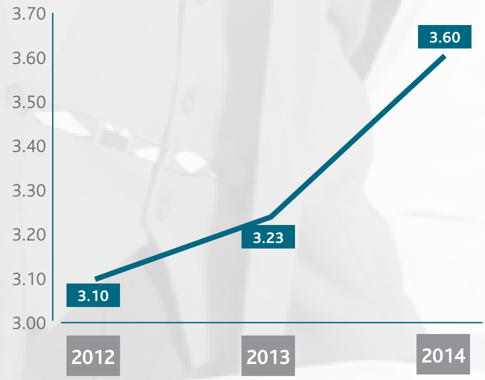
The sponsoring of 20 employees to attend the 2014 FIFA World Cup Brazil™, culminating in our 20-year anniversary celebrations, for the June 2014 period.

UNIFORM LAUNCH

We ran a lively campaign to canvas input from employees in the re-design and distribution of our newly branded uniforms.

An annual employee survey was conducted and is designed to ascertain the levels of engagement, which was marked by a high participation rate of 58% as compared to previous years' participation. A total of 1 607 employees participated in the survey. Our performance, at the end of March 2014, indicated engagement levels of 3.6 out of 5. This is an encouraging improvement from 2013 results and a trend we hope will continue. Our plan includes planned interventions to positively increase employee engagement in leadership, values and reward drivers within the framework of existing engagement regarding opportunities, work, people and organisation.

Comparative scores of employee satisfation surveys

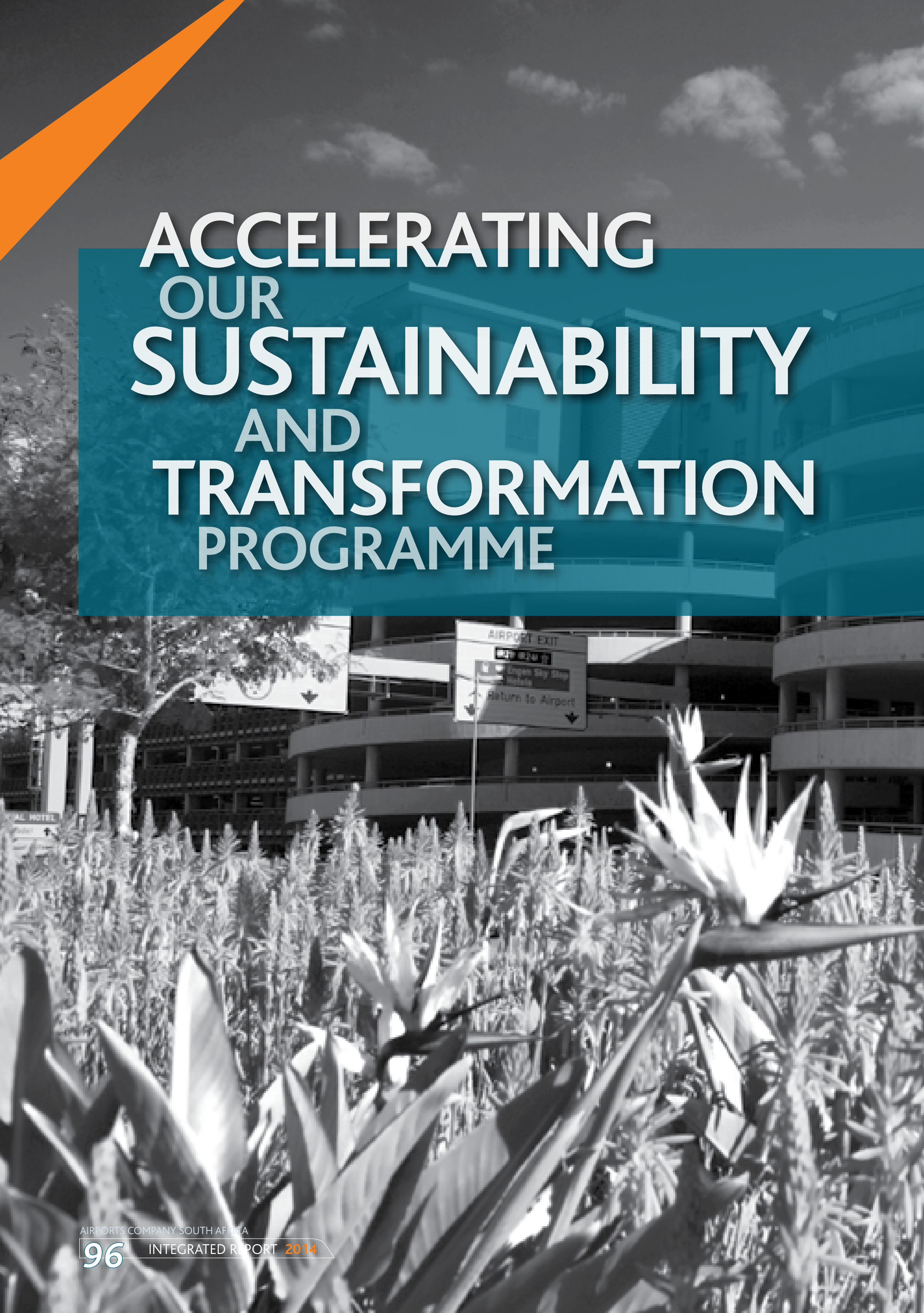


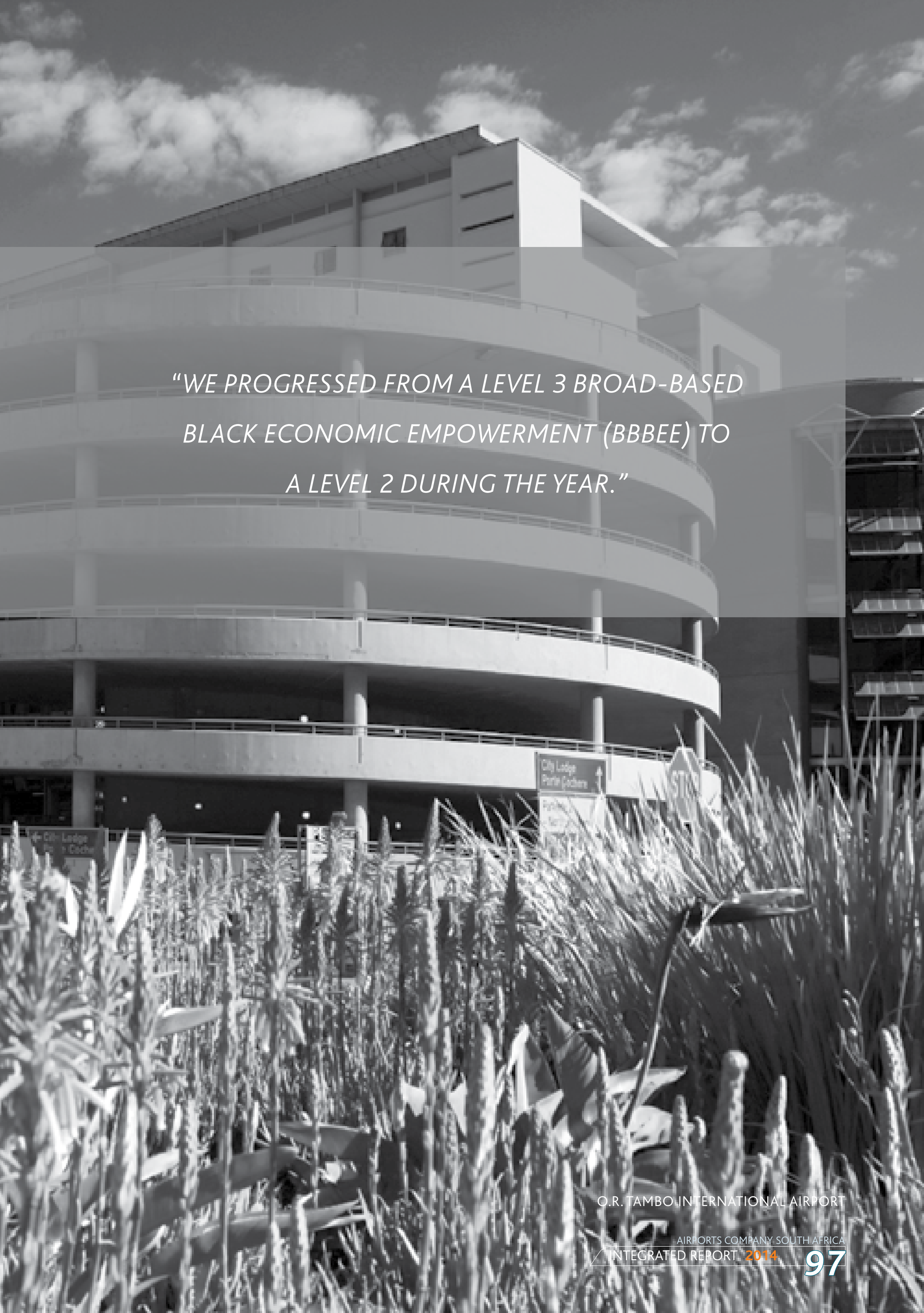
The areas of improvement were identified in leadership development, including coaching interventions, which will be further strengthened in the 2015 financial year. Specific attention was paid to the important aspects of performance management and skills development. Several aspects impacting on reward and recognition were addressed during the year, noting the conclusion of the staff share incentive scheme and the post-retirement medical aid liability.

HOLISTIC APPROACH TO EMPLOYEE WELLNESS

The overall healthcare engagement programme rate has shown an increase, and individual usage of the core counselling and advisory services is at 15.6% for the year, remaining well above the industry average of 10.5%.

ACCELERATING OUR SUSTAINABILITY AND TRANSFORMATION PROGRAMME





"WE PROGRESSED FROM A LEVEL 3 BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) TO A LEVEL 2 DURING THE YEAR."

O.R. TAMBO INTERNATIONAL AIRPORT

TRANSFORMATION

We progressed from a Level 3 Broad-Based Black Economic Empowerment (BBBEE) to a Level 2 during the year. The Company's performance exceeded the targeted Level 3 outlined in the shareholder's compact.

Total score by element	Weighting	October 2013 verification	October 2012 verification
Management control	10	7.10	5.96
Employment equity	15	13.77	11.93
Skills development	25	22.16	17.36
Preferential procurement	30	30.00	26.50
Enterprise development	15	15.00	13.44
Socio economic development	5	5.00	5.00
Total	**100**	**93.03**	79.99
		AAA	AA
Contribution level		**Level 2**	Level 3

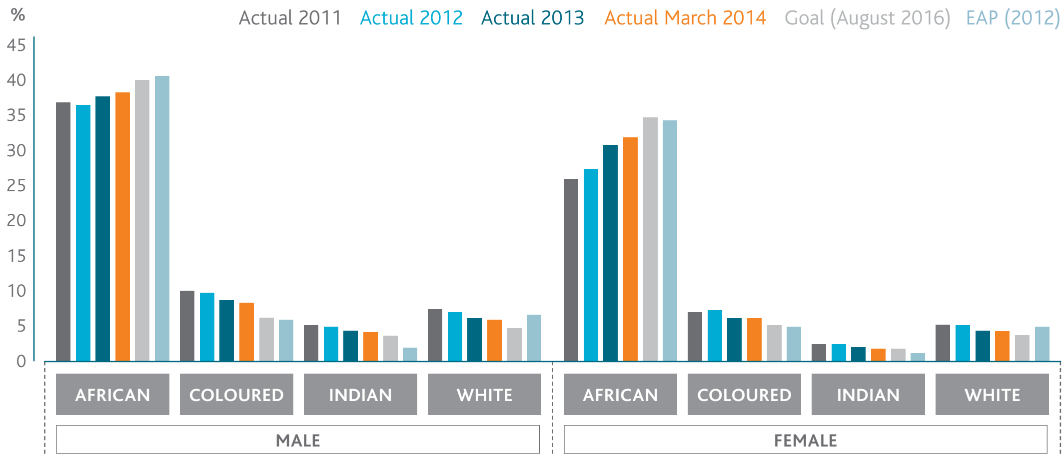
EMPLOYMENT EQUITY

We are focused on sustainable transformation and the achievement of a fully diverse workforce, free of all forms of unfair discrimination. A culture of diversity strengthens performance and should enhance productivity. Our enabling employment equity strategy supports sustainable transformation and has the following objectives:

- To eliminate all forms of discrimination and to correct imbalances in the composition of the workforce with regard to race, gender and disability
- To ensure that all categories of employment, including directors, management and all other employees, make consistent progress towards reflecting the demographic profile of South Africa at national and provincial levels
- To establish fair and equitable employment opportunities and conditions of service, including benefits, for all employees
- To retain and develop people from designated groups and the implementation of appropriate training measures, aligning with legislative requirements
- To ensure a performance orientated culture that promotes equality in performance management, measurement, development, and remuneration
- To create a culture that will support and encourage employees to respect diversity
- To promote the Black Economic Empowerment principles to which we subscribe.

The Board, focusing on alignment of the workforce profile, and seeking to create a truly representative South African company, approved a 5-year employment equity plan for the period 2011 – 2016. Our plan, now in the third year, is aligned to the principles in the Employment Equity Act and we have made good progress as demonstrated:

Company workforce diversity progress against employment equity goals as at 31 August 2016 and EAP



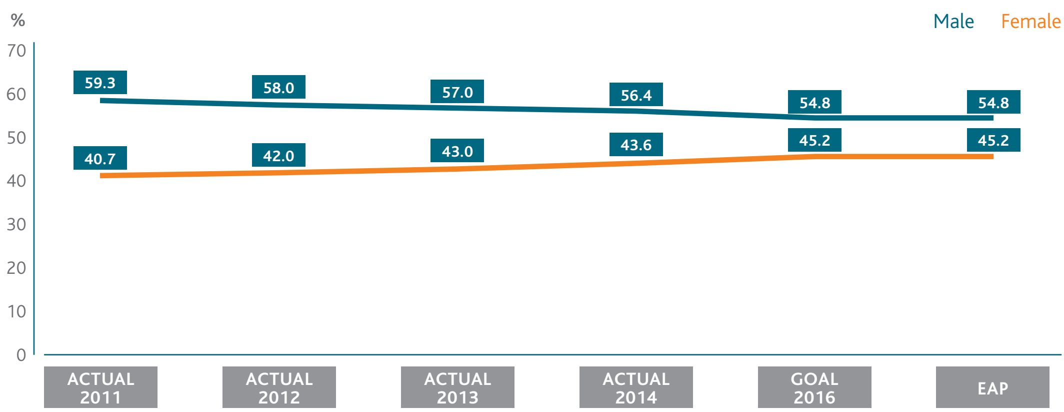
We continue with robust interventions toward achieving full diversity. These include:

- Removing barriers to entry and a focus on ensuring employment equity
- A strong focus on enhancing equitable representation at all occupational levels
- Increased training and development including apprenticeships and other talent development initiatives supporting BBBEE
- Development of a leadership pipeline
- Retention as a priority, supported by our retention policy and approach.

GENDER

Our gender representation has also improved. The gender breakdown consists of 57% men and 43% women (2013) to current levels of 56.4% men and 43.6% women. The overall gender representation is now better aligned to the economically active population (EAP) and our 2016 goal of 54.8% men and 45.2% women.

Gender representation



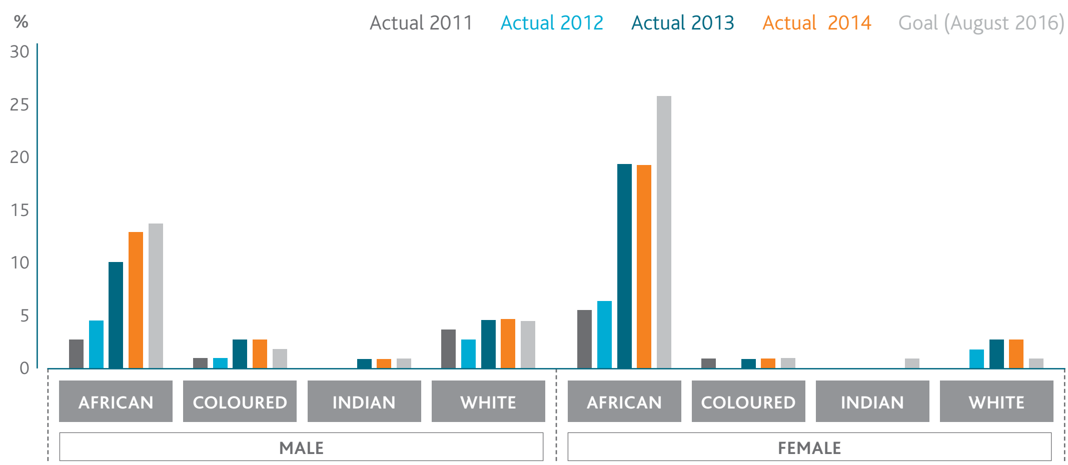
TRANSFORMATION (CONTINUED)

PEOPLE WITH DISABILITIES

A focus is on employing and attending to the needs of people living with disabilities and this is also reflected in our flagship socio-economic programme concentrating on mobility – Wheelchair Tennis South Africa. We are pleased that South Africa's tennis ace, Lucas Sithole, was the singles and doubles runner-up at the Australian Open, and that five of the players rank top 20 in the world.

The overall transformation related to employment of people with disabilities includes comprehensive plans for inclusion and training. We support this programme through awareness, policy enhancement, and continued monitoring while ensuring that the environment is conducive.

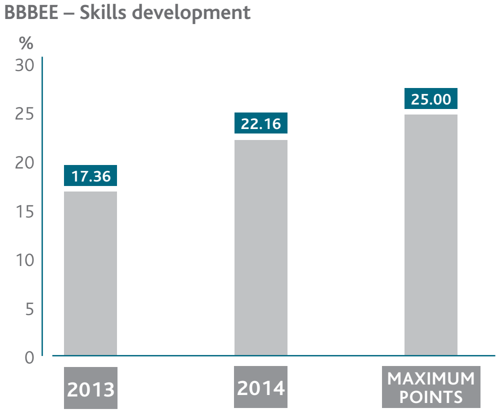
Employment of people with disabilities: Progress against goals



SKILLS DEVELOPMENT

We continue to make significant improvements in developing skills. Out of 25 possible points, as outlined in the BBBEE Act and Codes, we improved from 17.36 (October 2012) to 22.16 (October 2013).

BBBEE – Skills development



We achieved the maximum number of points in all the components that are considered within this element with the exception of people with disabilities as detailed below:

	2014	2013	Target/ (maximum points)
Spend on black people	**5.00**	3.81	5.0
Spend on black women	**4.71**	1.55	5.0
Spend on black people with disabilities	**0.22**	0.00	1.5
Spend on black women with disabilities	**0.23**	0.00	1.5
Learnerships (black)	**6.00**	6.00	6.0
Learnerships (black women)	**6.00**	6.00	6.0
Total points earned	**22.16**	17.36	25.0

We will continue to place more emphasis on people with disabilities to bring about full participation. We also have plans to focus on young talent.

PREFERENTIAL PROCUREMENT

Our procurement spend is used to support the Government transformation agenda in ensuring the participation of previously disadvantaged entities. Preference is given to the following businesses owned by black, black women, youth and people with disabilities, within our sphere of influence:

Preferential procurement analysis	**2014**	2013
BBBEE procurement spend from all empowered suppliers based on the BBBEE recognition levels.	**R2.1 billion**	R1.9 billion
BBBEE procurement spend from all empowered suppliers that are qualifying small enterprises based on applicable BBBEE recognition levels.	**R600 million**	R412 million
BBBEE procurement spend from all exempted enterprises based on applicable BBBEE recognition levels.	**R186 million**	R149 million
BBBEE procurement spend from all empowered suppliers that are at least 51% black-owned based on applicable BBBEE recognition levels.	**R867 million**	R649 million
BBBEE procurement spend from all empowered suppliers that are at least 30% black-women owned based on applicable BBBEE recognition levels.	**R426 million**	R276 million

"EACH YEAR, WE IDENTIFY STRATEGIC SOCIO-ECONOMIC DEVELOPMENT INITIATIVES THAT ARE WORTHY OF SUPPORT AS PART OF OUR SOCIAL AND TRANSFORMATION AGENDA."

LUCAS SITHOLE – SOUTH AFRICAN WHEELCHAIR TENNIS PLAYER

ECONOMIC DEVELOPMENT SPEND

	2014	2013
Annual value of economic development contributions and sector-specific programmes made by the measured entity as a percentage of the target.	**R58.8 million**	R33.0 million

ENTERPRISE DEVELOPMENT

We have spent R13.9 million seed capital in funding enterprise development beneficiaries during the 2014 financial year. Our contributions go towards operating and financial capacity, and the enterprise development towards business sustainability. Further initiatives and indirect funding was granted to assist the beneficiaries through mentoring and coaching to ensure that they are viable and sustainable in their initial year of operation and beyond.

Socio-economic development (SED)

We identify strategic socio-economic development initiatives that are worthy of support as part of our social and transformation agenda. This is part of our contribution to improving the lives of South African communities.

Our SED strategy places mobility, community development, environment, and philanthropy at the centre of our contribution to social upliftment. The emphasis is placed on promoting social inclusion and integration through education and empowerment of vulnerable groups. It includes interventions for improving the quality of life of South Africa's most vulnerable segments of society focusing on women, youth, and people with disabilities.

In the 2014 financial year, the Exco approved a budget allocation of R42.2 million to be spent on SED, which has all been allocated and spent in the areas outlined below:

Focus area	% Split	2014
Community development	**44%**	**R18.7 million**
Mobility projects	**40%**	**R17.0 million**
Environment projects	**11%**	**R4.8 million**
CEO's priority projects	**5%**	**R1.7 million**
Total	**100%**	**R42.2 million**

SUSTAINABILITY (CONTINUED)

Some of our SED projects include:

COMMUNITY DEVELOPMENT

We focus on community development in areas where we have a presence. Regional airports play a big role in the projects in their areas, with support from our corporate structure. We make the most of our strong partnerships for the provision of much needed infrastructure to communities, including:

- *Education and training through the support of community projects that promote education and supportive infrastructure and facilities, especially in the area of early childhood development*
- *Facilitation of social inclusion of historically marginalised groups in our society, including women, children and youth, and people living with disabilities.*

ENVIRONMENTAL PROTECTION AND MANAGEMENT

We have developed strategic partnerships over time to support important community environmental projects, especially in the airports' surrounds. We are also involved in national environmental projects aimed at the protection of the quality of our environment. These include:

- *Air quality management*
- *Birdlife protection and development*
- *Wildlife and conservation management*
- *Rehabilitation of physical and built environment and greening initiatives*
- *Environmental education and awareness.*

MOBILITY

Paving the way for mobility and accessibility for people living with disabilities has always been a strong focus for our Company.

This especially applies to people with physical disabilities to help them move around easier, and access resources they may need. In addition, we provide occupational and emotional support, physical support systems, infrastructure improvement and skills development. We believe education and awareness will help integrate people living with disabilities into society. Our projects are developed in consultation and dialogue with stakeholders involved in mobility, and we seek to forge long-term partnerships with Government and other private sector players such as NGOs.

PHILANTHROPY/CEO'S PRIORITY PROJECTS

This fund enables the CEO and Exco to fund deserving small-scale projects that address worthy causes not included in our SED strategy.

These can be anything from education, health and welfare, to arts and heritage. If the projects are thought to create value, the CEO and the Exco have the flexibility to make decisive and timely interventions.

These donations tend to favour relevant charitable causes.

ENVIRONMENTAL OUTCOMES

Environmental policy

Our environmental policy is in the process of being reviewed and will be finalised in the 2015 reporting year. While there will be no significant changes to the policy in terms of environmental management, the policy is being reviewed to provide further clarity on significant environmental aspects and impacts of airport activities and operations to ensure continual improvement in our environmental performance.

Environmental strategy

The environmental management practices and initiatives were aligned to our environmental strategy during the year. The five-year strategy focuses on energy conservation, climate change, water management, waste management, air quality management, noise management, and biodiversity.

Climate change and energy conservation

Electricity consumption

We continued to benefit from the implementation of building energy management systems and energy saving technologies that were installed at our airports, and continued to maintain a reduction in energy consumption. The electricity consumption for the four major airports (unaudited figures):

Electricity consumption (kWh)

Airport	**2014**	2013	2012	2011	2010
Cape Town International	**67 309 605**	67 774 778	69 590 621	73 120 669	53 433 678
O.R. Tambo International	**135 315 992**	140 307 627	149 231 457	157 825 733	147 480 150
King Shaka International*	**35 621 776**	36 773 318	37 085 765	37 206 146	9 852 600
Port Elizabeth International	**9 136 951**	10 201 892	11 209 020	10 428 309	8 939 267

* 2010 figures are for Durban International Airport

Fuel and diesel consumption

The fuel and diesel consumption of our vehicles for five airports (unaudited figures):

Fuel and diesel consumption (litres)

Airport	**2014**	2013	2012	2011
Cape Town International	**94 597**	101 005	93 641	113 482
O.R. Tambo International	**162 798**	168 184	184 276	226 200
King Shaka International	**184 944**	99 522	82 057	95 745
Port Elizabeth International	**126 847**	16 931	12 399	24 331
George Airport	**26 871**	23 206	–	–

The decrease in the fuel consumption at Cape Town International Airport is as a result of the replacement of 60% of the vehicle fleet. The vehicles were replaced with smaller engines and diesel-propelled engines.

The increase in the fuel consumption at King Shaka International Airport is as a result of an increase in the vehicle fleet.

In the year under review, Port Elizabeth International Airport also increased its fleet. Adding to fuel consumption for the period were additional bird patrols due to increased bird activity at the airport as well as travel to Upington International Airport to conduct fire and rescue training.

Water resource management

Water withdrawal by source

Our airports continue to benefit from our water resource management programme resulting from the implementation of various water saving initiatives. The water consumption trend for the four major airports (unaudited figures):

Water consumption (kilo-litres)

Airport	**2014**	2013	2012	2011	2010
Cape Town International	**413 966**	519 463	463 239	397 034	387 724
O.R. Tambo International	**961 760**	929 832	1 008 260	1 260 000	1 526 277
King Shaka International*	**197 440**	175 930	245 782	228 448	221 420
Port Elizabeth International	**53 719**	63 708	39 144	43 947	45 680

* 2010 is for Durban International Airport

While there has been a slight increase in water consumption at our airports in Johannesburg and Durban compared to 2013, the consumption is still well below the annual peak experienced in preceding years.

King Shaka International Airport operates two sewerage works from its site. The treated water is reused for irrigation as well as for hydroponics. A feasibility study to investigate further water conservation measures is underway.

During the 2014 financial year, the municipal water feed at Port Elizabeth International Airport had two major underground pipe bursts, which damaged the airport's water meters. These were repaired and have resulted in corrected water readings.

George Airport continues to harvest rainwater at the fire station, which is used to wash vehicles.

Waste management

Our waste recycling programmes continue to make significant reductions in waste taken to landfill sites. The waste recycled for four airports is shown (unaudited figures):

Waste recycled (kilograms)

Airport	**2014**	2013	2012	2011	2010
Cape Town International	**1 228 182**	1 016 640	547 290	329 156	304 395
O.R. Tambo International	**1 251 668**	1 333 450	1 228 231	1 651 565	1 094 750
King Shaka International	**453 669**	406 133	494 330	470 417	–
George Airport	**15 151**	17 464	–	–	–

O.R Tambo International Airport implemented its waste management plan during 2014.

A new waste management contract was concluded and implemented at Port Elizabeth International Airport, towards the latter part of the 2014 financial year. Waste separation and recycling has begun at the airport and we will report on its progress in the next financial year.

A new waste facility was constructed at East London Airport and a new waste management service provider will separate waste streams and recycle waste, which will be measured and reported.

Air quality management

Air quality monitoring continued to be measured at our aiports in Johannesurg and Cape Town. Monitoring was carried out in accordance with the National Ambient Air Quality Standards and SANS 1929 Ambient Air Quality Standard.

Air quality transgressions

Airport	**2014**	2013	2012	2011
Cape Town International	**–**	–	–	9
O.R. Tambo International	**36**	147	98	31

No transgressions to the relevant standards were reported at Cape Town International Airport from air quality monitoring conducted at the airport.

O.R. Tambo International Airport plans to conduct a dispersion modeling exercise, which will assist with emission reduction strategies during 2015.

King Shaka International Airport has embarked on a project to install air emissions monitoring equipment in and around the airport precinct. Monitoring is in accordance with the National Ambient Air Quality Standards and SANS 1929 Ambient Air Quality Standard. Monitoring will begin in May 2014.

Noise management

Aircraft noise monitoring and tracking equipment was installed at O.R. Tambo International Airport, Cape Town International Airport and King Shaka International Airport in 2014. Noise monitoring terminals were installed at strategic locations in the vicinity of the airports. The monitoring and tracking system is used to assist with the measurement of aircraft noise and adherence to aircraft flight procedures.

The aircraft noise abatement operating procedures are in the process of being reviewed to reduce the impact of aircraft noise on communities around the airports.

The reduction of aircraft noise complaints received in the year in review, is a result of continued consultation with the interested and affected parties, such as the through the Noise Consultative Committee that was formed at King Shaka International Airport in 2010.

The incidents of aircraft noise reported are detailed in the table:

Noise complaints

Airport	**2014**	2013	2012	2011
Cape Town International	**1**	–	4	–
O.R. Tambo International	**–**	2	1	–
King Shaka International	**13**	69	53	95
Port Elizabeth International	**1**	4	5	5

"THERE ARE THREE AREAS IN WHICH WE NEVER COMPROMISE: SAFETY, SECURITY AND CUSTOMER SERVICE."

Significant fuel spills

No significant fuel spills occurred in the reporting year. The rehabilitation and monitoring programme to manage the fuel spillage into the Blaauwpan Dam from O.R. Tambo International Airport in November 2006, was completed in December 2013. All the affected areas were successfully rehabilitated. A report was submitted to the relevant authorities.

Biodiversity

Biodiversity assessment

O.R. Tambo International Airport conducted a baseline biodiversity assessment of open spaces in 2014. The study was used to develop a biodiversity management and monitoring programme, which will assist the airport with the management of biologically important areas so as to preserve existing biodiversity and protect any affected species.

Community ecosystem-based adaption programme

King Shaka International Airport, in partnership with the Wildlands Conservation Trust, is developing a community ecosystem-based adaptation programme within the catchment of the Tongaat River. As part of the project we continued to develop community skills and restore the ecosystem. The community is involved in waste recycling, "tree-prenuership", restoration, and alien vegetation eradication within the catchment area. The programme has opened up opportunities for employment for local people, and has also created a sense of ecological protection.

Eradication of alien vegetation

King Shaka International Airport continued with its project to clear and treat alien vegetation within the airport precinct. The initial clearing of 236 hectares of alien invasive vegetation has been completed. A follow-up of 189 hectares is currently underway. Alien vegetation was also cleared from land that we own jointly with Dube TradePort.

Port Elizabeth International Airport continued with its phased approach to eradicate 180 hectares of alien vegetation. In 2014, 92 hectares of alien vegetation was eradicated. In the next financial year, the remaining alien vegetation will be eradicated and a programme to suppress its re-growth will be implemented.

In the year under review, an environmental consultant was appointed to assist with the eradication of the alien vegetation at East London Airport, so that 21 hectares can now be cleared as was previously reported.

Barn (European) Swallows

The bird radar used to monitor the barn swallow activity at King Shaka International Airport, was fully operational from October 2013, during the time when the swallows roost at the Froggy Pond and Lake Victoria Wetlands (Mount Moreland Wetlands), which are adjacent to the airport. The barn swallows were observed in these wetlands in large numbers from October 2013 to mid-February 2014. Up to three million barn swallows roost at these Wetlands and this has attracted a lot of visitors and tourists to the area.

King Shaka International Airport owns Froggy Pond and has entered into a partnership with the local community (Mount Moreland Conservancy) to manage this Wetland. The main aim is to ensure that this habitat is protected and preserved accordingly.

Bird and wildlife strikes

A programme to employ border collies and springer spaniels to scare birds away from runways continues to be successfully operated at O.R. Tambo International Airport and King Shaka International Airport.

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

Bird and wildlife strikes:

Airport	**2014**	2013	2012	2011
Cape Town International	**39**	23	18	14
O.R. Tambo International	**144**	176	253	170
King Shaka International	**45**	42	49	49
Port Elizabeth International	**58**	30	24	25
Bram Fischer International	**24**	8	14	8
Kimberley Airport	**14**	3	1	12
East London Airport	**8**	6	10	14
George Airport	**29**	14	16	14
Upington International	**5**	1	2	4

Compliance with laws and regulations

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

International Standards Organisation (ISO) 14001: 2004 certification

In 2011, five airports were ISO 14001 certified, as listed in the table. ***In the year under review, external re-certification audits were conducted at these airports and they all retained their respective ISO 14001 certification.*** The next external surveillance audits will be carried out in 2015.

AIRPORT	STATUS OF ISO 14001 AND EMS*	EXTERNAL RE-CERTIFICATION AUDIT
Cape Town International	ISO-certified in May 2011	February 2014
O.R. Tambo International	EMS aligned to ISO 14001	–
King Shaka International	Implementing ISO 14001	–
Port Elizabeth International	ISO-certified in July 2011	March 2014
Bram Fischer International	EMS aligned to ISO 14001	–
Kimberley Airport	EMS aligned to ISO 14001	–
East London Airport	ISO-certified in Oct 2011	March 2014
George Airport	ISO-certified in June 2011	March 2014
Upington International	ISO-certified in June 2011	March 2014

* EMS: Environmental Management System

The ISO certification at our airports is being addressed in a phased approach. The second phase entails the certification of our airports in Johannesburg, Durban, Bloemfontein and Kimberley, and is projected to take place in the 2015 financial year. In line with the environmental strategy, Group certification is planned for the 2016 financial year.

ECONOMIC OUTCOMES

The aviation sector plays a significant role in the world's economy, enabling the movement of passengers and cargo on a massive scale. Over the past few decades, the role of the airport has evolved from being a gateway for travel, to a key sector that enables the way that we live and work in a world that is increasingly globally connected.

Our estimated contribution to South Africa's GDP growth on an average annual basis, over the period 2008 to 2011 was 0.13%, and its contribution to tax revenue was R7.8 billion.

We support the NDP 2030 and will be channeling our resources to ensure that we actively contribute to the achievement of its goals such as eliminating poverty and reducing inequality.

We use a custom-designed model to measure the job opportunities created through our capital and operational expenditure.

- It is estimated that between 2008 and 2011, 75 000 job opportunities were created, through the airports themselves, and through new opportunities arising from linked sectors. Of the jobs opportunities created, 23 000 were direct, and 52 000 were indirect. As a result of our future expansion plans up until 2023, we will create 330 000 additional job opportunities and contribute positively to the South African economy. The expansion may add up to as much as 0.7% to the South African GDP on an average annual basis.
- Our job opportunity creation is aligned to the NDP and included in our strategic documentation.

Our contribution includes increased connectivity to South Africa, increased consumer benefit through infrastructure investment, and increased tourism and improved service delivery.

ECONOMIC REGULATION

ECONOMIC REGULATION

We recognise that regulatory decision-making is a key uncertainty in strategic and financial planning. The Regulating Committee, using the Airports Company Act as a basis, has wide-ranging discretion and this has led to a number of unexpected outcomes from tariff applications and positions in its regulatory approach. We acknowledge that the manner in which we engaged with the industry in the past has contributed to the Regulating Committee's position regarding the use of its discretion. This impacted on our ability to plan with the required level of certainty for regulatory outcomes within the current approach. It also leads to below par returns for capital investors not commensurate with the risk.

Our Board has taken the view that new capacity infrastructure investments envisaged in our current long-term plan would only be undertaken if the economic regulatory approach provides for a satisfactory return on investment and ultimately improves returns over time in order to increase shareholder value. This would alleviate the need for equity injections from shareholders when future major airport infrastructure investments are required by the industry. The introduction of a ten-year planning window and enabling scenario planning over the past year has also enhanced our ability to evaluate the impact of strategic and regulatory decisions over at least two five-year regulatory cycles.

The economic regulatory strategy focuses on the improvement of predictability, transparency, and balance of risk and reward within the current economic regulatory framework, working on two levels:

- The economic regulatory policy setting whereby we contribute towards amendments to the Airports Company Act to introduce a merit-based appeals mechanism and the appropriate regulations to be promulgated by the Minister of Transport when needed. The Department of Transport oversees the Steering Committee and the Project Team made up of industry members.

- The economic regulatory strategy seeks to find agreement within the industry through discussions with representatives from industry bodies, for a funding model that would ensure long-term sustainability and determine the necessary incentives for infrastructure investment with the transparency sought by investors.

Constructive engagement as the foundation of the economic regulatory strategy

We also recognise that the foundation of the economic regulatory strategy, and the successful completion and implementation of the economic regulatory review, is dependent on the quality of constructive engagement with the industry. Improved understanding in areas such as peak capacities, industry drivers, and levels of service will lead to defining the most appropriate funding model and value proposition for passengers and for policy requirements.

A focus on improving the quality of constructive engagement with the industry was initially in preparation for the 2016 – 2020 Permission Application, but will continue in the form of a continual constructive engagement programme for future Permission cycles.

Pictured is the programme developed and implemented to improve industry consultation and align our strategy development:

CHARTING A WAY THROUGH UNCERTAINTY		IDENTIFYING THE AREAS OF FOCUS		CONVERSATIONS REGARDING THE AREAS OF FOCUS		FORMAL PERMISSION CONSULTATION	
March – June 2012	• No Regulating Committee • Permission Application • Task team recommendations • Department of Transport review process • Declining passenger numbers • Airline viability • Growth uncertainty	December 2012	• Drivers • Peak capacity understanding • Understanding industry drivers • Impact of service level agreements outcomes • Funding model appropriateness • "Fun" factor in customer experience • Reduction of cost to industry	October – December 2013	• Peak capacity per airport methodology, measurement and drivers • Industry drivers, such as lower operational cost and quick turnaround times • Service level per sub-system as opposed to Airport Service Quality	February – May 2014	• Needs validation • Response validation • Development programme • Concept designs • Cost: Capital expenditure programme • Regulatory asset base, fair rate of return, operational expenditure, non-aeronautical revenues • Tariff scenarios • Property development and Airport Management Solutions

Regulatory approach and 2016 – 2020 Permission Application

We welcome positive proposals in the draft regulatory Approach that were mooted for the 2016 to 2020 Permission Application including:

- A hybrid till as evidenced by the ring fencing of share investments and the development of land not in use for airport operations
- Clarification on the use of regulatory discretion, for example with respect to the correction factor determination.

Should these proposals be retained in the final Approach it will allow for an engaging consultation with the industry and a subsequent tariff application to support our strategic objectives.

The inclusion of a concept within the draft Approach does not automatically lead to acceptance, such as a further proposal allowing for pre-funding of major infrastructure investments, which was then unfortunately retracted again by the Regulating Committee.

The Permission Application is due for submission by the end of November 2014 and will be based on the Approach that is to be finalised by the Regulating Committee by September 2014. Challenges experienced by the Regulating Committee led to a delay in the Permission Application submission first due on 30 June 2014. As a Permission is required by legislation, the Regulating Committee will grant a zero tariff increase Permission for the 2016 to 2020 regulatory period during the current financial year, with the understanding that such Permission would be amended, if required, by 30 June 2015 following the postponed Permission Application.

Our Company welcomes and appreciates the positive collaboration and cooperation during the continual constructive engagement with industry and the Regulatory Committee and the high levels of agreement reached to date.

BUSINESS EXCELLENCE

"AN AEROTROPOLIS IS A CITY BUILT AROUND AN AIRPORT OFFERING BUSINESSES SPEEDY CONNECTIVITY TO THEIR SUPPLIERS, CUSTOMERS, AND ENTERPRISE PARTNERS NATIONALLY AND WORLDWIDE."

CAPE TOWN INTERNATIONAL AIRPORT

AIRPORT OPERATIONS

AIRPORT PLANNING

Our strategy remains to optimise the use of assets before significant investment is made in new infrastructure. Recently we have seen growth in economic prospects, especially in the sub-Saharan region.

This economic growth, while still modest in the domestic market, is supported by continued expansion in the international passenger market, which has resulted in revised traffic forecasts for the medium term. Our airport planning team has forecast and refined schedules to meet this demand. We have re-modeled our medium term capacity needs by using resource assignment tools from our operational environment. This process was also used to craft a joint roadmap with Air Traffic and Navigation Services for the enhancement of airside and airspace capacity. Previous studies have been thoroughly recalibrated and confirm an optimal time for starting infrastructure upgrades to achieve increased traffic at our airports.

During 2014, the planning team, in consultation with our partners, focused on the assembly of a revised optimum development programme for our airports. We are pleased that the results of these interactions show a new level of openness and maturity for our industry, which will be beneficial in the process of obtaining the new Permission to levy aeronautical charges.

Industry cooperation saw coordinated and integrated planning to ensure the sustainable development of our airports. This included detailed participation in the National Airport Development Plan, the White Paper on National Policy for Civil Aviation that was driven by the National Department of Transport, and the Ekurhuleni Metropolitan Municipality's "aerotropolis" initiative.

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

PROJECTS

During the 2014 reporting period, we spent around R928 million on capital projects. The primary area of spend was on the refurbishment and maintenance of infrastructure to maintain high quality standards and to extend the useful lifespan for on-going, safe, operating conditions.

- The runway rehabilitation project at Cape Town International Airport was completed in 2013 which saw the application of ultra-thin frictional course over the entire runway at a cost of approximately R197 million along with the new landside locker facility and cargo centre upgrades.
- O.R. Tambo International Airport saw the on-going refurbishment of airside pavements at a cost of R46 million which will continue over the coming five year period for a further cost of R231 million.
- Design planning began for the refurbishment of the fuel storage depot at O.R. Tambo International Airport. This will be implemented in a phased manner over the next three financial years.
- The rehabilitation of the runway at George Airport is nearing completion along with the upgrades of the storm water system at Port Elizabeth Airport.

Other new projects to commence during the 2015 financial year include the realignment of the runway and new domestic terminal at Cape Town International Airport and the recommencement of the remote apron parking stands at O.R. Tambo International Airport.

All these projects are currently in the planning phase and are under discussion with the airline community as part of the Permission consultation process.

AIRPORT OPERATIONS

Our airports continued to achieve good revenue results with overall growth for our international airports in Johannesburg, Cape Town and Durban, which improved by 7% compared to the 2013 performance. The positive financial results are largely attributed to an increase in international passengers, given the depreciated exchange rate of the Rand to the major currencies. The regional airports continued to improve their financial performance year-on-year, however are still loss-making airports.

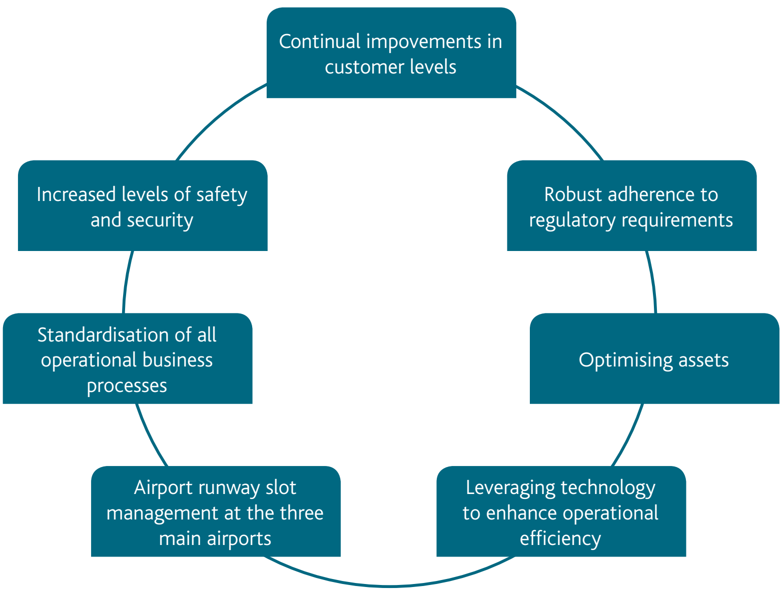
Although air travel continued to grow, the global economic downturn still sees the affordability of air travel influence the demand. During 2014, passenger numbers remained flat. Future growth remains highly dependent on global and regional recovery.

Meanwhile the United Kingdom continues to be South Africa's largest source market followed closely by Germany. Africa continues to show growth, affirming it as the largest source market for business opportunities.

Currently the three international airports are featured in the Top 50 Best Airports in the World (Source: Skytrax), ahead of airports such as London, Gatwick, Dusseldorf, Bangkok and San Francisco International.

The Cape Town – Johannesburg route remains very popular and is the tenth busiest route in the world and one of three non-Asian routes in the top ten. The other two non-Asian routes are Rio de Janeiro – São Paulo in the third position and Melbourne – Sydney in the fifth place found according to Amadeus Air Traffic Travel Intelligence. The Cape Town – Johannesburg route is still the most profitable route for us.

The business is well positioned to thrive in the next decade, with its internal 10-year plan in place. In the airport operational environment there are a number of priority areas and airport operations are responsible for a diverse range of services that include:



AIRPORT OPERATIONS (CONTINUED)

CUSTOMER SERVICE REMAINS KEY

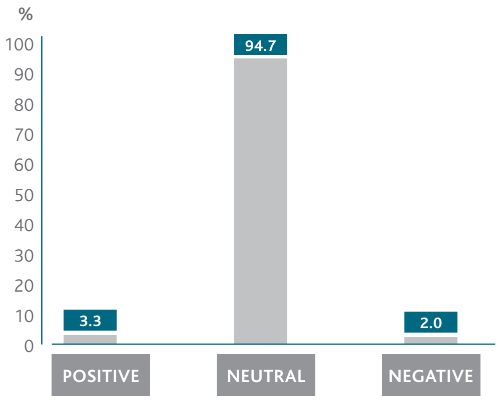
Customer service continues to be a driving factor for the business. We have three key areas for maintaining and delivering sustainable customer-focused services:

1. **Participation in the Airports Council International (ACI) benchmarking exercise,** which is the tool used to measure passenger perception and feedback of airport services and facilities.
2. **The airports have a customer complaints system (Viewing Deck System)** by which passengers and airport users can log any complaints or compliments, and receive a response within 24 hours during a normal working week.
3. **Customer Service Training** is coordinated at both a business unit level – SA Host Customer Training Workshops in Cape Town and standardised national training known as Behavioural Standards Training at all airports.

During the year, 12 545 customers interacted with the customer care department. All the customer communication queries were resolved within 86.41% of the business rules, which requires a 24-hour response rate and closure of the issue within 48 hours, and a further seven to ten working days allowed when a member of the value chain is required to assist in resolving the matter.

More recently airports have adopted social media as customer interface platforms. With the growth of personal mobile technology, a new era of customer-centric services is becoming a business reality. There is a clear shift in consumer expectations with an increasing need for immediate gratification. Of the airports' passengers, 39% are between the age of 16 and 35 years. They fall within "generation Y" and are technology-savvy, used to having information at their fingertips. We have developed a mobile application (App) that is an excellent tool for travellers and other customers who require further support and direction at the airport. Users are able to book their own flights using the App, and will have access to other useful information such as airport maps, airline information, parking, and online shopping. This is set to become an indispensable part of the airport experience for passengers in the future.

The feedback on social media is summarised as follows:



SELF-SERVICE TECHNOLOGY ADVANCES

To improve efficiencies at airports, a globally accepted "Fast Travel Roadmap" has been developed by the International Air Transport Association (IATA). This strategy provides for technological innovation that will increase passenger involvement in their travel logistics making the process more efficient. Various targets have been set for home and mobile check-in, self-bag drop, self-boarding and various other self-service initiatives. Over the next two years a comprehensive self-service roadmap will be developed and implemented throughout the country with the assistance and participation of all relevant stakeholders. In general, Africa has been slow to adopt the new strategy and a lot of effort will be expended to bring our airports to the level of those in Europe and elsewhere.

COLLABORATIVE DECISION-MAKING

We adopted the global trend of collaborative decision-making between stakeholders in the airport's operational end-to-end value chain. This approach has led to discipline, transparency and common goals through the implementation of an Airport Management Centre (AMC) at our three main international airports. These airports are now run, managed and controlled in real time with access to up-to-date information, involvement of all stakeholders and ultimately collaborative decision-making to benefit the entire airport system, and not just the individual stakeholder. This has led to our airports ranking as some of the most efficient and on-time airports in the world. The AMC manages on-time performance and during the year the on-time performance for the three international airports has consistently been performing to equal or above 85%.

AIRPORT SLOT MANAGEMENT

While world-scheduling guidelines (WSG) do exist they were not legislated, and major events such as the 2010 FIFA World Cup South Africa™, have exposed deficiencies in the scheduling of flight arrival and departures in the South African context. Currently a slot coordinator gets appointed for the country and the authorised person then approves additional movements based on declared airspace, runway and terminal capacity at each airport. During the year the Company, together with the airlines, the Department of Transport and the Air Traffic Navigation Services formalised the slot management process in line with the WSG.

AIRSIDE EFFICIENCY INITIATIVES

In delivering outstanding airport infrastructure, Airport Operations is tasked with optimising the use of its infrastructure. The following initiatives were implemented during the period under review:

- Measures to decrease aircraft turnaround times
- A review of minimum connecting times (MCT) for major airports
- The implementation of baggage transfer and passenger processes to match MCTs
- A review of domestic airline fleets to understand their requirements
- A review of domestic airline aircraft parking demands

SAFETY CONTINUES TO BE A KEY BUSINESS PRIORITY

Safety has always been the main focus of our business activities. Senior management's commitment to safety is formally expressed in the Safety Policy Statement, which includes our fundamental safety beliefs:

- Safety is a core business and personal value
- Safety is a source of our competitive advantage
- Our business will be strengthened by making safety excellence an integral part of all aviation activities
- All accidents and serious incidents are preventable
- All levels of line management are accountable for our safety performance.

We have a comprehensive safety management system in place. It incorporates a process approach with clear policy and objectives, and systematic hazard identification and risk assessment procedures, defined controls and assurance processes. This is complemented by improvements in the electronic safety data and collection reporting systems, which enable integrated reporting, risk assessment, data capture and analysis in one streamlined programme.

SAFETY RISK MANAGEMENT

The new Annexure 19 of the Chicago Convention dedicated to safety management, requires a mandatory continual process of hazard identification and risk assessment. To ensure full compliance, we have defined and structured processes and completed a comprehensive training programme for safety staff.

We are actively involved with the ACI, International Civil Aviation Organisation (ICAO) and its members to serve on both the World Safety and Technical Committee and the African Regional Committee. We are participating in an international benchmarking exercise on key safety performance indicators and will be sharing data on a confidential basis with other airports.

We contribute toward a pool of safety experts to promote aviation safety within Africa through the Airport Excellence in Safety Programme of ACI, which consists of peer reviews of African airports. We have offered our expertise to Mozambique, Jakarta, Mauritius, Namibia and Zambia.

To ensure a positive safety culture we conduct regular safety promotion and awareness programmes. Every year we run a national safety campaign at each of our nine airports. All stakeholders, are invited to attend to learn, reaffirm and continuously develop an interactive and on-going safety culture. An example is "Snakes for Safety", an industrial theatre piece that uses live snakes as metaphors to train all stakeholders in identifying safety risks in their workplace.

On-going safety training is essential in maintaining a safety culture. Every year we use the ACI training programme on safety training courses to train all of our staff within all departments, and across all of our nine airports.

BIRD AND WILDLIFE

South Africa's world-renowned biodiversity creates challenges for managing the varying risks that the wildlife poses at our airports. The Kalahari, in which the Kimberley and Upington International airports are located, provides an environment for springhares and other mammals. Cape Town International is a habitat for the Cape dune mole rats and Bloemfontein for mongooses and ground squirrels. Durban is host to barn swallows and various antelope.

A specific wildlife management plan has been developed for each airport. An integral part of each of these plans is our advanced programme of using handheld computers with built-in global positioning systems and cameras to monitor wildlife on the airfields.

The presence of the world's largest Barn Swallow roost (between two and three million birds) within two kilometres of the main runway at King Shaka International Airport has led to the installation of the world's first detection system to provide advanced warning of potential bird strike situations.

We have been actively involved in mitigating all the risks involved pertaining to birds and wildlife. The highlight of this past financial year has been the training and deployment of a second springer spaniel, Griffon, to chase birds from the runways at O.R. Tambo International.

There had been an increase in the number of African scrub hares on the airside and a decision was made to conduct a culling exercise as a last resort. The population of African scrub hares was greatly reduced to lower the risk on the runways. The presence of snakes in the airport precinct is a regular occurrence, and safe and effective capture, followed by release into another acceptable environment, is an essential part of our wildlife management.

FIRE AND RESCUE

Given the inherent risk at any aerodrome of an aircraft crash, the Chicago Convention demands that all aerodromes are prepared to deliver a controlled, organised, effective response in the unlikely event that an accident should occur.

We sent a group of fire fighters from all airports to the Dallas Fort Worth International training centre for a three week training programme during the year. The centre has a multi-million dollar training facility with modern technology and simulators. Dallas Fort Worth Airport has recently formed a partnership with Embry-Riddle Aeronautical University which is the world's largest, fully-accredited university specialising in aviation and aerospace training in aircraft rescue and fire fighting. Fire fighters trained at this centre can acquire credits towards a Bachelor's degree in Fire Science and will be equipped with the skills to lead the modern fire department's training. Our fire fighters will receive the prestigious and internationally recognised Aviation Fire Fighter qualification that is endorsed by the National Fire Protectors Association.

New fire tenders have been procured to ensure that our fleet has the latest technology, and remains reliable and effective.

SECURITY IS A MAIN AREA OF FOCUS FOR OUR COMPANY

We continue to work together with various stakeholders to ensure that our airports are safe and secure. During the year, we have made major strides in the fight against baggage pilferage at all our airports. In Cape Town, a locker facility has been commissioned and will be used by all stakeholders working to help prevent baggage pilferage. We have convened a committee to look at other innovations to mitigate this risk.

We have concluded an agreement with preferred service providers for the supply, delivery, installation, testing and commissioning of explosives trace detectors (ETD). The ETD security equipment is able to detect extremely small explosive devices. Staff are trained to detect and trace explosive material on passengers and hand baggage.

INTERNATIONAL CIVIL AVIATION ORGANISATION (ICAO) UNIVERSAL SECURITY AUDIT PROGRAMME

This programme was designed to determine each country's degree of compliance in implementing the Standards of Annexure 17, and to determine the extent to which a country's implementation of its security system is sustainable. To help evaluate a country's aviation security oversight capabilities and the actual measures in place, audits were conducted in August 2012 at O.R Tambo International Airport. This audit provided a comprehensive picture of the overall aviation security effectiveness of the country's aviation security systems. In March 2014, after the analysis of audit results, ICAO has declared that South Africa has been classified a Category 1 State, which meets, and is compliant with, the requirements of Annexure 17.

AIRPORT OPERATIONS (CONTINUED)

AIRPORT THROUGHPUT STATISTICS

Air Traffic Movement (ATM)

Airport	TOTAL			DOMESTIC		INTERNATIONAL		REGIONAL		NON-SCHEDULED	
	2014	2013	% var	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
O.R. Tambo International Airport	**206 603**	199 802	3.4%	**96 788**	95 869	**66 993**	63 610	**19 408**	19 021	**23 414**	21 302
Cape Town International Airport	**88 573**	89 073	(0.6%)	**60 665**	62 065	**4 961**	4 906	**2 855**	3 557	**20 092**	18 545
King Shaka International Airport	**49 559**	49 669	(0.2%)	**42 928**	43 875	**2 134**	1 739			**4 497**	4 055
Bram Fischer International Airport	**14 066**	17 515	(19.7%)	**7 949**	8 733					**6 117**	8 782
East London Airport	**31 165**	30 501	2.2%	**10 853**	10 631					**20 312**	19 870
George Airport	**43 758**	39 664	10.3%	**7 900**	7 238					**35 858**	32 426
Kimberley Airport	**10 597**	11 556	(8.3%)	**3 814**	3 450					**6 783**	8 106
Port Elizabeth Airport	**67 350**	62 911	7.1%	**18 744**	19 384					**48 606**	43 527
Upington International Airport	**9 745**	8 072	20.7%	**2 312**	1 938					**7 433**	6 134
Group performance	**521 416**	**508 763**	**2.5%**	**251 953**	**253 183**	**74 088**	**70 255**	**22 263**	**22 578**	**173 112**	**162 747**

Passenger (PAX) numbers

Airport	TOTAL PAX 2014	TOTAL PAX 2013	% var	DOMESTIC PAX 2014	DOMESTIC PAX 2013	INTERNATIONAL PAX 2014	INTERNATIONAL PAX 2013	REGIONAL PAX 2014	REGIONAL PAX 2013	NON-SCHEDULED PAX 2014	NON-SCHEDULED PAX 2013
O.R. Tambo International Airport	**18 820 988**	18 621 259	1.1%	**9 257 225**	9 437 069	**8 570 384**	8 276 845	**894 670**	826 676	**98 709**	80 669
Cape Town International Airport	**8 392 989**	8 434 799	(0.5%)	**6 879 919**	6 951 577	**1 355 524**	1 325 481	**143 356**	144 148	**14 190**	13 593
King Shaka International Airport	**4 465 088**	4 668 467	(4.4%)	**4 179 121**	4 430 677	**277 866**	226 764			**8 101**	11 026
Bram Fischer International Airport	**382 155**	411 655	(7.2%)	**373 147**	400 918					**9 008**	10 737
East London Airport	**664 684**	644 520	3.1%	**662 965**	642 682					**1 719**	1 838
George Airport	**572 130**	544 306	5.1%	**554 590**	530 220					**17 540**	14 086
Kimberley Airport	**157 225**	151 405	3.8%	**151 880**	146 060					**5 345**	5 345
Port Elizabeth Airport	**1 251 178**	1 311 553	(4.6%)	**1 248 685**	1 309 305					**2 493**	2 248
Upington International Airport	**65 387**	55 726	17.3%	**60 849**	50 460					**4 538**	5 266
Group performance	**34 771 824**	**34 843 690**	**(0.2%)**	**23 368 381**	**23 898 968**	**10 203 774**	**9 829 090**	**1 038 026**	**970 824**	**161 643**	**144 808**

Points to note: Most of Airports Company South Africa's airports saw a decline in ATM and passenger numbers. Although Upington International Airport has a very low base, this airport experienced double-digit growth. The loss of domestic carriers, such as 1Time, and various international carriers has contributed to the downturn. Ultimately, future continued growth remains highly dependent on global and regional recovery.

"CAPE TOWN INTERNATIONAL AIRPORT IS CURRENTLY AFRICA'S THIRD BUSIEST AIRPORT, AND IT IS RECOGNISED AS AFRICA'S MOST AWARD-WINNING AIRPORT."

Aeronautical and non-aeronautical revenue

The tariff increases were published in the Government Gazette No.37186, Vol.582 on 20 December 2013 as required by the Airports Company Act No.44 of 1993. The tariff increases, coupled with increased international traffic, bolstered our revenue. Revenue increased from domestic flights, mostly due to the tariff increase. Advertising revenues decreased due to the difficult trading conditions experienced during the year. This decline is linked to the global recession, where companies cut down on their advertising and marketing spend.

However, retail numbers were positively influenced by the weaker Rand value against other currencies. This led to an increase in international passengers, much higher than expected for the period. This had a major impact on the trading environment, especially in duty-free areas.

Figures in Rand thousand	AERONAUTICAL REVENUE		
Airport	**2014**	2013	% Var
O.R. Tambo International Airport	**3 025 212**	2 785 914	9%
Cape Town International Airport	**882 667**	836 518	6%
King Shaka International Airport	**394 413**	378 810	4%
Bram Fischer International Airport	**32 921**	33 757	(2%)
East London Airport	**54 962**	49 768	10%
George Airport	**44 733**	40 100	12%
Kimberley Airport	**13 554**	12 026	13%
Port Elizabeth Airport	**102 964**	101 801	1%
Upington International Airport	**7 875**	6 960	13%

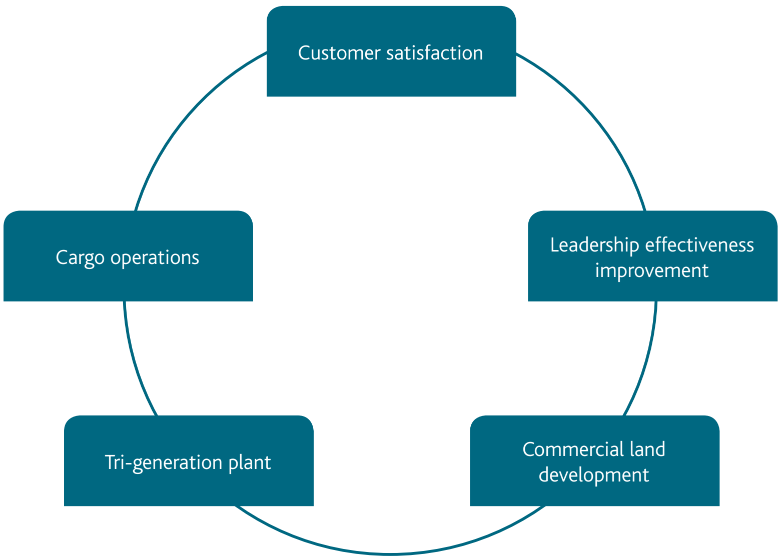
	NON-AERONAUTICAL REVENUE								
Figures in Rand thousand	PROPERTY			ADVERTISING			RETAIL		
Airport	**2014**	2013	% Var	**2014**	2013	% Var	**2014**	2013	% Var
O.R. Tambo International Airport	**348 714**	309 569	13%	**86 388**	99 366	(13%)	**1 038 573**	923 809	12%
Cape Town International Airport	**96 090**	90 154	7%	**39 959**	47 043	(15%)	**316 029**	287 723	10%
King Shaka International Airport	**33 193**	53 113	(21%)	**32 947**	35 281	(7%)	**140 439**	138 471	1%
Bram Fischer International Airport	**4 550**	4 204	8%	**1 129**	1 704	(34%)	**10 013**	8 041	25%
East London Airport	**4 385**	3 803	15%	**1 787**	2 265	(21%)	**17 176**	13 683	26%
George Airport	**4 943**	4 086	21%	**2 257**	1 714	32%	**12 562**	10 052	25%
Kimberley Airport	**1 466**	1 345	9%	**486**	1 066	(54%)	**4 589**	2 968	55%
Port Elizabeth Airport	**15 702**	15 276	3%	**6 464**	6 775	(5%)	**23 908**	21 632	11%
Upington International Airport	**2 737**	1 878	46%	**324**	242	34%	**2 545**	1 642	55%

AIRPORT OPERATIONS (CONTINUED)

O.R. Tambo International Airport

O.R. Tambo International Airport continues to maintain its position as the busiest airport in Africa. The airport was awarded a Skytrax award for the Best Airport in Africa. The airport is now home to four Airbus A380 flights into Africa following British Airways' (BA) recently introduced regular A380 operations. BA joins Air France, Lufthansa and Emirates, making O.R. Tambo International Airport the only airport in Africa to have daily scheduled A380 flights.

The following key initiatives have been identified as being critical to ensuring O.R. Tambo International Airport's long-term sustainability:



Capital expenditure of R55 billion is planned over the next ten years (2015 – 2025), of which R46 billion is for new capacity, including midfield enablement, and R9 billion for maintenance/refurbishment/replacement. It must be noted that if capacity requirement trajectory triggers indicate a foreseeable capacity constraint, collaboration will be sought with industry and the Economic Regulator to bring forward the delivery of the midfield terminal (an approximate R36 billion investment).

The Oliver Reginald Tambo Memorial Exhibition was unveiled, as part of our 20-year birthday celebrations, as 2013 also marked the commemoration of 20 years since the passing of Oliver Reginald Tambo, the airport's namesake. The exhibition is dedicated to the history of the freedom stalwart, and features a historical timeline of the airport and aviation history. The exhibition exposes thousands of school children, local and international visitors to part of South Africa's rich history.

The "aerotropolis" concept is in the spotlight, and great strides have been made in partnership with the Ekurhuleni municipality to affirm O.R. Tambo International Airport's readiness to be part of an African aerotropolis. The airport hosted and participated in the Airport Cities Conference and Exhibition in April 2013. This event, which attracts a variety of high-profile industry participants such as airport CEOs, directors, master planners, architects and security managers, was hosted for the first time in Africa in its 11-year history.

The airport has replaced approximately 250 directional signs with the aim of making navigation easier and improving airport user experience. Together with airline partners, the airport will be testing a "self bag-drop" concept next year to improve the seamless journey of our passengers.

Aircraft stands Delta 1 to 13, which primarily accommodate cargo flights, have been redesigned, and development will begin in July 2014 for completion in August 2015. This is ahead of increased demand for cargo. The Delta upgrade provides the capacity required in the short to medium term and includes an additional Code F A380 parking bay. We have completed the design for ground support equipment staging areas and the unit load device storage sites. Development will begin during the next financial year. Fixed staircases to the passenger loading bridges on parking bays C1 to C8 are being considered, to increase passenger convenience.

We have undertaken to maintain our runway and taxiway infrastructure as part of the airport's preventative maintenance programme to meet global standards set by the ICAO. We were able to complete these projects in a live environment safely and on time, a great achievement for the airport.

Cape Town International Airport

Cape Town International Airport is currently Africa's third busiest airport, following O.R. Tambo International Airport and Cairo International Airport and ***is recognised as Africa's most award-winning airport.***

The airport was nominated for Best Airport in Africa by ACI for the fourth year running and was also awarded Best Airport in Africa for Staff Excellence and came second in the Skytrax Best Airport in Africa award.

A capital expenditure spend of R11.8 billion is planned for the next ten years (2015 – 2025), of which R5.5 billion is for new capacity and R6.3 billion for mostly maintenance and refurbishment.

The following key initiatives have been identified as being critical in ensuring Cape Town International Airport's long-term sustainability:

AIRPORT OPERATIONS (CONTINUED)

We signed a Memorandum of Understanding (MOU) with the City of Cape Town for the relocation of the Freedom Farm Informal settlement adjacent to the airport. This details a full and final solution for permanent housing for the remainder of the informal settlers, some 2 300 households in total. Continued emphasis is placed on the management of our relationship with the surrounding communities. Regular meetings are convened with community leaders and we drive various social programmes within this community.

The significance of the relocation is closely linked to the airports ability to realign its runway and unlock land required for the airport's future expansion. The runway realignment project is currently undergoing an environmental impact assessment ideally set for conclusion toward the latter half of 2014. A critical milestone is the industry's endorsement of this project. Meanwhile the runway and the adjacent surfaces were upgraded and the runway lighting system was improved.

In light of protest action plaguing the region and often impacting adversely on airport operations an MOU was signed with the City of Cape Town traffic department affording the AMC with direct access to their traffic operations centre. This allows the airport real-time monitoring of the major routes in the city, and for pre-emptive planning in the event of possible incidents which could affect airport operations.

The airport was affected by low fuel stocks during the year. While the airport has put various plans in play to mitigate low fuel levels, it has begun the environmental impact assessment process for a seventh fuel tank.

An energy management system which monitors and controls real-time energy consumption was implemented, and other highlights include an improved enforcement process together with the South African Police Service in dealing with illegal touters, the implementation of a license plate recognition system and a bay detection system on the drop-off road.

An area at the airport known as "Precinct 3" will be used for commercial development. The airport has issued a request for proposals for the construction of a hotel and an office park.

Other projects included the relocation of emigration, a new airline lounge for British Airways, and an upgrade of the cargo centre. The long-stay parking was relocated and undercover walkways provided.

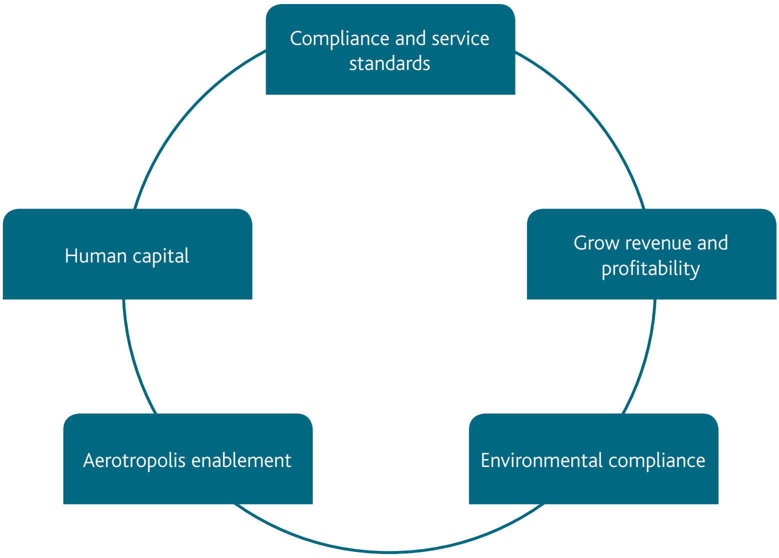
The airport has made major strides in improving its ambiance, and certain areas now reflect a regional character.

King Shaka International Airport

A major achievement, King Shaka International Airport was part of a successful bid to host the World Routes Conference in Durban scheduled to take place in 2015. This is in partnership with the KwaZulu Natal Department of Economic Development and Tourism, Dube Tradeport, Ethekwini Municipality and other agencies. This is aligned to the airports strategy of growing direct international traffic into the region, and the region's broader marketing effort to grow tourism and economic development.

The airport's participation in the development of an aerotropolis together with the relevant Government bodies will unlock the economic potential of the region. The aerotropolis strategy seeks to advance economic development in the province, driven by airport infrastructure to foster international connectivity, infrastructure growth, urbanisation and modernisation.

The following imperatives have been identified as being critical in ensuring King Shaka airport's long-term goals:



Airports Company South Africa invested R5.3 million in the construction and development of an international departure business lounge at the airport to increase its offerings to international business passengers.

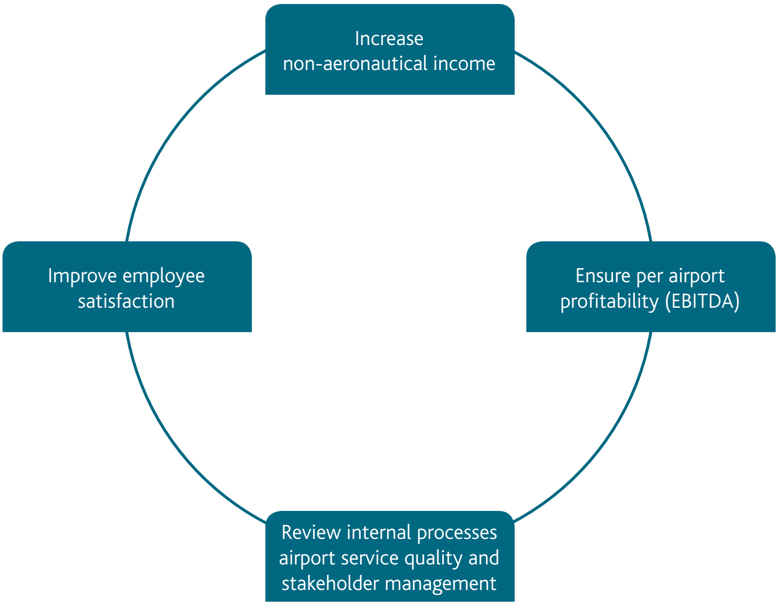
British Airways performed a pilot training programme for the Airbus A380 at King Shaka International Airport. The airplane is a double-deck, wide-body, four-engine jet airliner. This was in preparation for the Johannesburg – London route being introduced in 2014. King Shaka International Airport was chosen for the training flights due to the compatibility of the airside infrastructure, supporting systems and relatively quiet airspace. The airport will be the primary diversion airport for the A380, and King Shaka International Airport used this opportunity to test and validate its A380 systems, infrastructure, and procedures.

Regional airports

The six regional airports operate mainly as feeder airports for the three international airports in Johannesburg, Cape Town and Durban. No infrastructural development is planned for the regional airports during the next ten years (2015 – 2025).

AIRPORT OPERATIONS (CONTINUED)

The following initiatives have been identified as being critical in ensuring that the long-term imperatives for the regional airports are met:



Highlights for our regional airports include:

- A R30 million warehouse development project at Upington International Airport was completed
- R41 million was invested in bulk services at The Boulevard development at Bram Fischer International Airport in Bloemfontein
- A filing station was commissioned for George Airport.

"THE SIX REGIONAL AIRPORTS OPERATE MAINLY AS FEEDER AIRPORTS FOR THE THREE INTERNATIONAL AIRPORTS."

UPINGTON INTERNATIONAL AIRPORT

"OUR OBJECTIVE IS TO BUILD AWARENESS OF THE OVER 150 RETAIL OPPORTUNITIES THAT WILL BECOME AVAILABLE AT OUR AIRPORTS IN THE COMING YEAR."

NON-AERONAUTICAL REVENUE

Commercial Services generates revenue through our non-aeronautical assets. The division achieves this through concessions with retailers, car rental, advertising, car parking, property development, and on-going property leases, and investment income from foreign investments. We also earn consultancy fees on advisory and consultancy services offered to other airports.

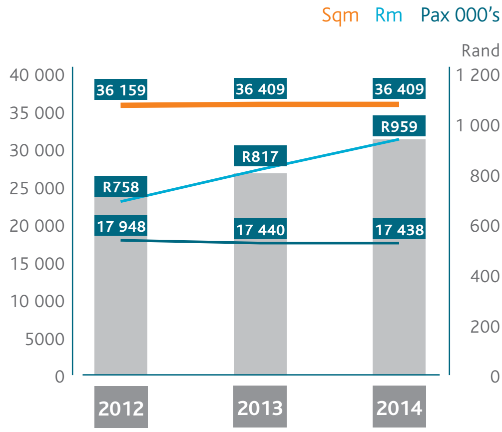
During the year, non-aeronautical revenue contributed 36% (2013: 36%) to our total revenue and showed an 8% growth (2013: 1%) to R2.6 billion (2013: R2.4 billion). Included in non-aeronautical income are utility recoveries, permit income and other sundry income of R301 million (2013: R283 million). The contribution of non-aeronautical income is critical to our growth as it allows us to earn income from sources that are not regulated. The net income return achievable on commercial assets is set at hurdle rates higher than the net income return achieved on the regulatory asset base.

RETAIL

The retail revenue grew to R959 million (2013: R817 million) during the year, adjusted for negative R50 million (2013: negative R29 million) straight-lining of lease income. The 17% (2013: 8%) growth in retail revenue is mainly attributable to the guaranteed annual rental escalation from on-going leases and higher turnover-related rentals from an increase in international departing passengers. In addition, most international departing passengers continued to benefit from the weaker Rand and as thus spent more in duty-free malls. The retail spend per passenger in the international airside duty-free mall at O.R. Tambo International, which accounts for 84% of international departing passengers, grew by 20% from R390 to R466 per passenger.

The number of domestic passengers declined by 2.2% (2013: negative 4.6%) and with less income at their disposal from a depressed economy, spent less at airport retailers affecting retail turnover. Passenger spend reflected 9.2% growth from R69 to R76 at landside and domestic airside retail outlets, which was lower than the annual rental escalation of approximately 10%.

Retail – 3 year performance



Average annual retail income growth over the last three years was 12.5%. The letting area set aside for retailers grew slightly by 0.7%, with passenger growth showing only a 0.2% increase in the three-year period. However, the revenue per passenger (domestic and international) has increased by 17% from R46.86 to R54.98, over the previous year and 14% per annum compound growth over the last three years. Over this period revenue derived at O.R. Tambo International Airport contributed towards 80% of our retail revenue, of which 86% is earned from the duty-free mall. The increase in retail income was further supported by the improvements in the retail offerings at our airports.

Retailer employee training focused on customer care behavioural standards, sales etiquette, and product knowledge. The positive attitude of all airport staff in the retail value chain has resulted in an improved sales penetration. In addition, the introduction of free access

COMMERCIAL OPERATIONS (CONTINUED)

to Wi-Fi for 30 minutes has supported the improvement in the retail Airport Service Quality (ASQ) rating from 3.4 to 3.5 out of 5. The annual ASQ Awards recognise and reward the best airports in the world according to Airports Council International's ASQ passenger satisfaction survey. They represent the highest possible accolade for airport operators and are an opportunity to celebrate the commitment of airports worldwide to continualy improve the passenger experience.

A proposed new service called "Buy-on-Departures and Collect-on-Arrivals" is being negotiated with the South African Revenue Service's Customs department. If approved, this service will allow passengers to pre-purchase duty-free products on departure and collect their goods in the restricted zone prior to Customs upon their return. Implementation, subject to legislative approval, is targeted for the next financial year.

The retail division focused on the development, approval, and adoption of the retail transformation strategy, which is underpinned by three pillars:

- Improved public awareness of airport retail opportunities to widen participation
- Preference given to new entrants meeting mandatory and functional criteria with one or less retail opportunities at an airport, ensuring wider participation in the economic growth of South Africa
- Retail opportunities reserved for emerging business, micro-enterprises, black women, people with disabilities and youth allows emerging businesses to become part of the airport shopping community.

We used various media to present our retail opportunities to these communities, including roadshows. Our objective is to build awareness of the over 150 retail opportunities that will become available at our airports in the coming year.

In the 2015 financial year, an increased number of international visitors is expected, which will provide a stimulus to promote growth in retail income.

CAR RENTAL

Car rental revenue grew to R185 million (2013: R168 million) after adjusting for negative R11 million straight-lining of lease income. The income growth from the car rental concessions is linked to the annual escalations of 8% in contractual and turnover rentals. The turnover of car rental operators at the airport grew by 12% to R1.6 billion. The growth in the car rental business is helped by increased inbound international passengers.

Car rental capacity at the airports is designed to meet short- to medium-term operational requirements of the car rental operators. Plans are being considered to consolidate the car rental business into a convenient single operation at O.R. Tambo International Airport, as part of the future midfield terminal planning likely to be commissioned in 2022.

The car rental leases expire during 2015 and open tenders are being planned to meet the requirements of car rental operators and their customers that will provide an opportunity for wider participation and set aside opportunities for emerging businesses.

The decrease in domestic corporate and leisure travel, and the Government's decision to tighten spend on travelling costs, remains a challenge for the car rental industry. Car rental operators optimise their fleet to increase their profit margins, and the optimisation of their fleet should impact upon the resulting rental offer in the upcoming tender.

PROPERTY

The commercial property market remains a two-tier market where prime properties continue to perform well while secondary properties remain under threat. With the depressed economy, this trend is likely to continue for another 12 to 18 months. The property market is influenced by renewed confidence in the economy that should follow after the general elections in May 2014, and certainty on the outlook for lending rates influenced by decisions on tightening quantitative easing in the United States and Europe.

Our property income grew from R515 million (2013) to R541 million (2014).

As from April 2013, City Lodge Hotels started paying minimum rentals, which in addition to annual escalations on the remaining leases, contributed to the 5% growth in the portfolio. We also achieved higher rentals on the renewal of leases across the portfolio. The growth of the property portfolio was affected by the sale of Durban International Airport's remote properties to Transnet SOC Ltd, with effect from 1 October 2013.

The concept of an aerotropolis, defined as a city built around an airport offering businesses speedy connectivity to their suppliers, customers, and enterprise partners nationally and world-wide, is gaining understanding in the broader market. Property holdings at both O.R. Tambo International Airport and King Shaka International Airport are well placed to benefit as local authorities plan the surrounding metropolis to meet growth in passenger numbers and cargo.

The commercial team has engaged consultants to validate proposals for a mixed-use commercial precinct of approximately 150 000 square metres to be built in front of the terminal buildings in the Western Precinct at O.R. Tambo International Airport. Studies to investigate the viability of investment in a secondary access system including a vehicular and pedestrian bridge across the R21 highway to Rhodesfield and Kempton Park are currently underway, for completion in mid-2014.

We plan to unlock over 1 000 hectares of land across our airports for non-core property development through the establishment of a property development subsidiary, "PropCo". We vigorously tested the strategy and mechanics prior to consultation with the regulator, stakeholders and shareholders for finalisation in the new financial year.

The development of a petrol filling station on King Shaka International Airport land is underway and is expected to be complete in September 2014.

Cape Town International Airport will be evaluating proposals for a new hotel in the terminal precinct in the coming year. A further request for proposals will be issued for industrial developments to be undertaken on available land situated on the eastern precinct alongside Symphony Road.

A proposed concept for a maintenance repair-and-overhaul facility was issued early in 2014 focusing on storage for ancillary operations, and we are seeking a suitable tenant. The Department of Trade and Industry has shown interest in this concept including de-marcating this land as part of the Northern Cape's Special Economic Zone.

The Boulevard commercial precinct at Bram Fischer International Airport in Bloemfontein has been equipped with internal services and the first land lease for a step-down medical facility is in the process of being finalised. The application for zoning rights to accommodate a solar farm has been approved by the Free State Provincial Land Advisory Board.

A request for proposals to develop and manage a service station at George Airport will be issued early in the new financial year. All zoning processes have been completed.

PRECINCT 2A INVESTMENTS (PROPRIETARY) LIMITED

Airports Company South Africa wholly owns Precinct 2A. It consists of 240 hectares with a potential 188 hectares available for development. The Denel Campus is currently situated on this land and up until October 2012, the entire precinct was let to Denel. After October 2012, we let 114 hectares (61% of this land) to Denel for a 10 year period ending in 2022, and are in the process of unlocking 74 hectares for commercial developments. We continue to earn rentals from existing tenants situated on a portion of the 74 hectares in the interim. The rental income was R63 million (2013: R67 million) for the year. Over 160 hectares of the 240-hectare site is also being considered for future aviation requirements.

The EIA record of decision was issued for the entire precinct during December 2013, but is subject to further environmental studies. These studies are underway and the issuing of final conditions of establishment for the first phase of commercial development on some 43 hectares, to be known as Atlas Proper, is expected by July 2014.

JIA PIAZZA PARK (PROPRIETARY) LIMITED

Airports Company South Africa wholly owns JIA Piazza Park, and in turn leases the InterContinental hotel building to JIA Piazza Park, situated at O.R. Tambo International Airport. The hotel business itself is undertaken by JIA Piazza Park, which in turn has secured reservation and licensing agreements with the InterContinental Hotel Group and a management agreement with Tsogo Sun to operate the hotels up to 2026.

We received R42 million in rentals in 2014 up from R36 million in 2013. Our results reflect that hotel turnover for the O.R. Tambo InterContinental generated revenue of R115 million (2013: R99 million); an improvement of 16% (2013: 12%). Growth from the corporate sector remains low, and the growth in occupancy comes from our marketing efforts to increase business from Government, leisure, and special tour operators.

The hotel won the following awards during the reporting period:

- Skytrax award for 2014 – Best Airport Hotel in Africa.
- InterContinental Hotel Group Torch Bearer Award 2014 recognising the top franchise hotel across all measurements in the AMEA (Africa, Middle East, Europe and Asia) region.
- The Trip Advisor Travellers Choice Award 2014.
- The World Luxury Hotels award – Continent (Africa) Winner: Luxury Airport Hotel.

The hotel strategy is focused on maximising room rates, without negatively affecting occupancy, by ensuring the hotel delivers the best customer experience and value for money. A soft-furnishing refurbishment is planned for 2016.

Corporate guests remain the primary target market representing over 50% of the guest mix, but this market remains the most volatile and rate sensitive. The hotel's good financial results are also as a result of currency exchange rates, brand loyalty for the InterContinental hotel group and our relationships with the tour operators.

PROPERTY INVESTMENTS IN ASSOCIATES

Airports Logistics Property Holdings (Proprietary) Limited is a 50% joint venture with Bidvest Holding Limited and is accounted for in our results. The joint venture company has leased land from Airports Company South Africa for up to 45 years, and has developed two distribution centres at O.R. Tambo International and a third at Cape Town International Airport. Airports Company South Africa SOC's portion of the rental earned totals R15 million (2013: R14 million).

La Mercy Joint Venture Company (Proprietary) Limited (LMJVC), a joint venture held 40% by Airports Company South Africa and 60% by Dube Trade Port Company Limited. LMJVC has developed property within the Dube Tradeport/King Shaka Airport precinct Dube City offering office accommodation, hotel sites and street retail outlets. The broader objective of this joint venture is to develop commercial opportunities on 848 hectares freehold land held by LMJVC. To date 120 000 square metres of bulk rights fully serviced have been developed for commercial activity in the township of Dube City. This is a long-term venture promoting the aerotropolis concept aligned to the growth of businesses north of Durban.

The 120 000 bulk square metres currently held by LMJVC are to be disposed of to its shareholders with 55% to Dube Trade Port Company Limited and 45% to Airports Company South Africa.

The amount of R0.225 million (2013: R0.150 million) came from land leases to sugar cane farmers and utility recoveries.

CAR PARKING

Passenger volumes, tariff structure, availability of parking bays, and competing forms of transport drive our car parking performance. Parking revenue increased by 6% (2013: 5%) to R482 million (2013: R456 million) despite a flat 0.1% (2013: 2.8%) in total departing passengers.

The departing passenger numbers remained almost static year-on-year, and parking tariff increases were held below consumer price index (CPI). In response to market demand, additional parking configuration and choices were introduced without increasing the number of parking bays. A successful marketing campaign was devised to attract more people into the parking areas resulting in increased revenue.

Increased management and control efficiencies were our main focus in 2014, along with the promotion of alternative payment methods.

Plans to optimise controls and further enhance marketing strategies will continue in the new financial year. Tariff increases of below CPI have been budgeted for the 2015 financial year.

ADVERTISING

Airport advertising has evolved over the past ten years, with the most dramatic changes having taken place in the last three years. The main factors that are driving the changes of our business are:

- The change in how advertisers are planning and buying media (driven by clients not media owners)
- The change in passenger behaviour (preoccupied and less receptive to messaging)
- The use of new technology.

Advertising revenue declined by R29 million year-on-year to R169 million (2013: R195 million).

This decline in revenue was as a result of long-term contracts coming to an end and not being renewed at previous rates. We are reformatting our advertising sites to meet advertiser demand and revising the selling platform. An industry expert was appointed to research and provide new strategies. The outcome of this study will be reviewed for adoption and implementation in the second quarter of the 2015 financial year. Existing contracts have been renewed for up to one year in the interim.

CHHATRAPATI SHIVAJI INTERNATIONAL AIRPORT, MUMBAI, INDIA

Our 10% equity in Chhatrapati Shivaji International Airport (CSIA) investment through MIAL is made through our wholly owned subsidiary, Airport Company South Africa Global (Proprietary) Limited, domiciled in Mauritius.

To date we have made equity investments of R281 million in Mumbai International Airports (Private) Limited (MIAL) through ACSA Global with no further equity investments anticipated. The loan funding advanced by Airports Company South Africa to ACSA Global net of income earned is R93 million. The equity accounted financial results can be found on pages 53 to 57 of annual financial statements. MIAL's profit after tax increased by 37% to Indian Rupee Rs2.12 billion (approximately R375 million). This is attributable to a 124% increase in aeronautical revenue as a result of revised tariffs, coupled with a 7% growth in air traffic movements and passengers. Increased expenses included paying agricultural taxes backdated to 2006, bad debt provisions, and increased power and maintenance costs. The results were impacted by higher depreciation and interest charges following the commissioning of the new integrated international terminal in January 2014.

During the year, air traffic movements and passengers increased by 7% to 260,666 and 32.2 million respectively. In February 2014 all cargo activities at CSIA were outsourced to Concor Air Limited.

The new integrated terminal began operations on 12 February 2014 for International passengers. CSIA effectively increased its annual capacity to 40 million passengers with a retail footprint of 18,580 square meters.

The new Integrated Terminal 2 (T2) was built to be highly energy and water efficient. Sewage recycling, water recycling and rain water harvesting technologies will contribute to a 20% reduction in water use. Using a high-performance glazing system with a custom frit pattern, T2 achieves optimal thermal performance with reduced glare. Perforated metal panels on the terminal's curtain wall filters the low western and eastern sun angles, creating a comfortable day-lit space for waiting passengers, and responsive daylight controls balance outdoor and indoor light levels for optimal energy savings. Combined with strategically placed skylights throughout the check-in hall, these will reduce T2's energy consumption by 23%. The terminal also has a Level 2 accreditation in carbon management by ACI.

Awards received during the financial year:

- CSIA received Forbes India Art award for Jaya He, the art programme at T2.
- MIAL was the runner-up in the Best Cargo Airport 2013 award by Air Cargo Agents Association of India (ACAAI) for outstanding performance of a cargo team in 2013.
- MIAL received the Best Airport from ACAAI & KALE Logistics for the second consecutive year acknowledging our excellence in connecting the cargo community.
- CSIA received Level 2 Airport Carbon Accreditation for Reduction of its Carbon Footprint by ACI.

GUARULHOS INTERNATIONAL AIRPORT, SÃO PAULO, BRAZIL

Airports Company South Africa together with Investimentos e Participações em Infra-estrutura S.A (Invepar) holds 51% of the 20 year concession to develop, maintain and operate the GRU through Guarulhos Participações S.A (GRUpar), a joint venture which is owned by Invepar with 90% and Airports Company South Africa with 10%. The effective shareholding of our Company is 5.1%. To date we have made R258 million (2013: R77 million) equity payments into GRUpar with R143 million planned in the forthcoming years.

The operations at the airport continue to be challenged with constrained capacity as the airport processed 35.9 million passengers and grew year-on-year by 9.7%, which is significantly above the 33.7 million passengers that were included in the business plan. In the December 2013 reporting period, domestic passengers grew by 10.4% and international passengers by 8.5% compared to 2012.

The airport handled 284 000 air traffic movements (ATMs) in 2013 and grew by 3.7% compared to 2012, which is also higher than the 252 200 ATMs included in the business plan. The domestic ATMs grew by 7.8% and the international ATMs declined by 6.1% compared to 2012. The decline in international ATMs was largely attributed to the lack of apron capacity, the use of larger aircraft and higher load factors. The international ATMs showed a recovery in the second half of the year with lower percentage negative growth.

The average passenger satisfaction survey score for December 2013 was 3.6 and the monthly score has been varying between 3.7 and 3.5 throughout the year. Despite several initiatives implemented by the team, the scores remained unchanged largely as a result of the levels of congestion experienced in several areas such as the check-in areas, holding lounges, baggage reclaim and the drop-and-go and arrivals roads. Several actions were taken to improve service levels but service levels will only really improve as additional capacity is brought on stream and the existing infrastructure is retrofitted.

The financial results were in line with anticipated bid projections.

The operational plan for GRU Airport remains to commission new infrastructure in a phased approach. The first phase will increase capacity to handle a minimum of 1 050 passengers per hour to be completed by May 2014 with an ultimate capacity for 1,800 passengers per hour for departures and 2 200 passengers per hour for arrivals. The first phase carried the airport through the 2014 FIFA World Cup Brazil™ and the subsequent phases will then continue until September 2014.

We conducted a peer review during February, to establish whether there were any actions that could be taken to mitigate the risk of completing and operating the terminal by 11 May 2014. We are pleased to report that our recommendations were adopted and the terminal was open and operational ahead of the deadline.

The operational planning for the 2014 FIFA World Cup Brazil™ was done in close collaboration with all the Government authorities, the Local Organising Committee and airlines. The operational plan for GRU Airport includes the facilitation of several international arrivals of teams, the heads of state for the opening ceremony as well as plans for aviation traffic that is expected for the semi-final game. The plan for GRU Airport was approved by CONAERO (the coordinating body tasked to integrate the plans of all Government authorities).

We facilitated the 2014 FIFA World Cup Brazil™ planning workshops with Brazilian delegations that included GRU airport staff, Infraero Airports Authority, participating national Government agencies including airspace management and regulatory aviation authorities. We were also requested to carry out a peer review of the 2014 FIFA World Cup Brazil™ plans, develop a campaign to motivate airport staff ahead of the event and to develop a customer service plan for the airport.

AIRPORT MANAGEMENT SOLUTIONS – OUTLOOK

Airport Management Solutions is an internal division of Airports Company South Africa seeking income from investments and consultancy fees derived from advisory and consultancy services offered to other airports.

We engaged with a number of African countries currently involved in airport modernisation and Greenfield projects, including Ghana, Benin, and the Democratic Republic of the Congo. All of these engagements reached different levels of finalisation. In April 2014, we announced that we have signed an MOU with Ghana Airport to offer management and technical consultancy services for the development and refurbishment of Ghana's airports.

The commercial rationale for pursuing the international strategy was prompted by low growth rates forecasted for South African airports, while those outside South Africa are buoyant and in some instances show double-digit growth. We possess the expertise and experience to unlock these projects, which would provide excellent equity returns on investments should any concessions or management contracts be secured after providing

COMMERCIAL OPERATIONS (CONTINUED)

for advisory and consultancy services, provided at competitive rates in the first stage of the engagement.

We also intend to strengthen our footprint in Brazil and India. An example is the development of a Greenfield international airport in Navi in Mumbai, which has been approved by India's government. By 2018-20 it is anticipated, in which we hold a 10% equity stake through MIAL, will be operating under full capacity. CSIA should reach maximum capacity of 40 million passengers and the Mumbai market is forecast to grow to beyond 80 million passengers per annum by 2030. The planning and development of a second airport serving the Mumbai metropolitan region has now become an urgent requirement.

It is proposed that the project is developed on 1 160-hectares and is expected to have an ultimate capacity of 100 million passengers per annum. Bidders are required to develop this airport with a 10-million passenger per annum capacity in the first phase. The project will be awarded following a competitive international two-stage bidding process.

We will participate in the Navi Airport tender through MIAL, and is anticipated that the equity contribution required for Navi Airport will be met through cash flows retained from the real estate development programme.

We have exercised our call option with Invepar to increase our equity holding in GRUpar to 20%, subject to approval by aviation authorities in Brazil. Should this be approved, the amount payable to Invepar for the additional 10% equity in GRUpar is to be determined with reference to the contribution made by Invepar at historic cost plus overnight interest from date of disbursement by Invepar to date of receiving monies from Airports Company South Africa.

"AN ACTION PLAN TO IMPROVE SERVICE LEVELS HAS BEEN DEVELOPED AND IMPLEMENTED."

O.R. TAMBO INTERNATIONAL AIRPORT

INFORMATION TECHNOLOGY

Our information technology (IT) function aims to maximise productivity and sustainability by improving existing technologies and developing new technology solutions that enhance stakeholder experience at our airports.

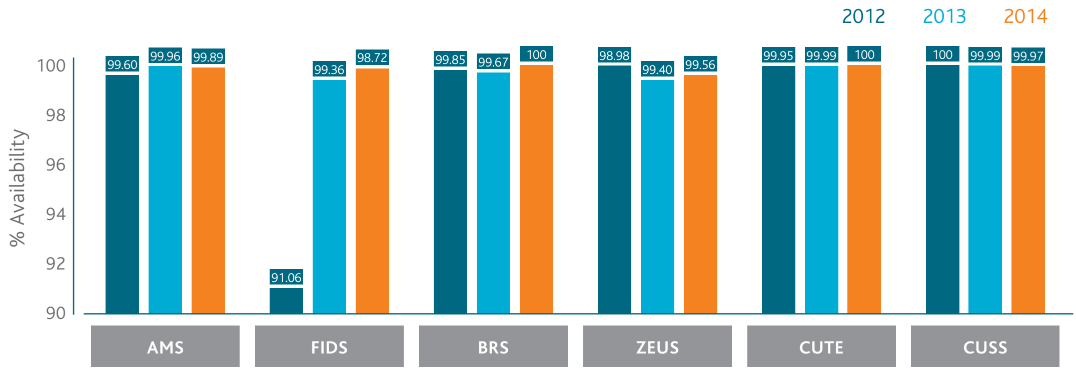
The demand for new technology to increase service levels and keep abreast of developments is balanced with the need to optimise costs. Careful planning gives the flexibility and agility to meet demands and trends as they arise.

We have experienced one of the most challenging years for IT in our history, allowing us to learn many lessons, while still maintaining the required service levels.

The availability of the six critical systems, and supporting systems, has remained above the required availability benchmark of 98% for the last three years.

The six systems are core to flight scheduling and resource management, flight information display, baggage handling, passenger processing at check in, situational awareness and collaborative decision-making.

Year-on-year availability levels are depicted in the graph:

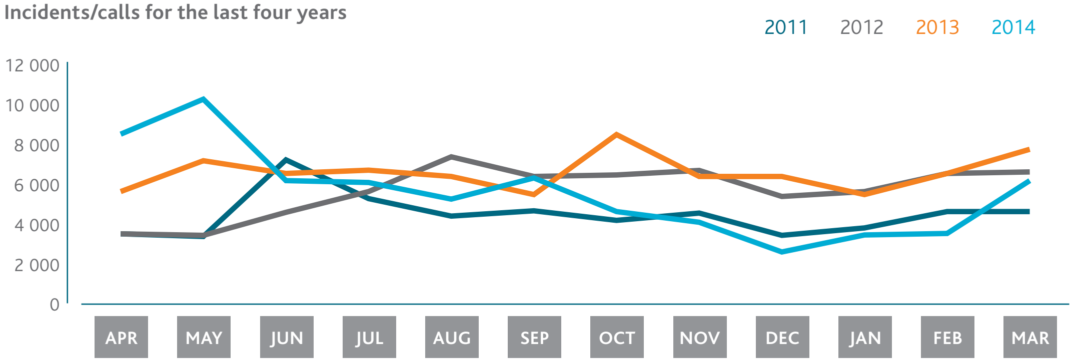


Our airports IT environment is secure to date and we have a zero penetration rate.

In the applications space, IT has implemented improved controls in the execution of business processes and data integrity, thus managing segregation of duties and audit trails of master data for key applications. Version management has been implemented in the Oracle enterprise resource planning (ERP) solution to ensure that value is derived from the licence agreements.

The IT team has also reduced the number of support calls by 12 000 from the previous year, minimised the average time to resolve calls, lowered the number of repeat calls and improved the overall customer satisfaction index from 4.5 in 2013 to five in 2014 out of a possible six as depicted in the following graph:

Incidents/calls for the last four years



The IT project management office (PMO) has implemented solutions that will create value for the business, such as Contract Management, Incident Management, HR Self Service, Oracle iProcurement, and consolidation of four payrolls into one, as well as Data Analytics for retail. The IT PMO also delivered the enterprise content management (ECM) business requirement specification and the slots management solution business case. The compilation of the common user terminal equipment (CUTE) and common user self-service (CUSS) business case is in progress to be implemented during the 2015 financial year.

The primary focus in IT infrastructure has been to optimise and accelerate the Wide Area Network transaction speed. We also acquired additional security hardware and software during the year.

The IT organisational charter was approved by the various governance bodies within the organisation.

The Information Technology Architecture Council, placed greater emphasis on system architectures in 2014, and will implement business solution architectures, such as ECM in the next financial year.

FUTURE OUTLOOK

Initiatives to improve the management of IT assets and configurations, capital management as well as supplier management have begun. Training in our system/IT solutions team has been earmarked as an area where our IT function could create value. Self-help online training programmmes are being considered. We are concluding operational level agreements throughout our Company to streamline the physical infrastructure. IT governance will also have more focus to ensure compliance to the Protection of Personal Information Act for example.

We are developing a master systems plan for the areas that will benefit from the ERP solution and the ERP should provide a single source for critical data analytics and business intelligence. Our IT department is presently drafting a recommendation on improvements to IT system security.

The IT integration team is in the process of developing the first of a series of data analytical solutions for the Airports Management Centre, starting with passenger figures.

Areas of improvement for 2015 include the monitoring of potential issues before they impact the business such as service level management, software licence management, a reduction in IT risks, and audit findings.

CORPORATE GOVERNANCE

"OUR CORPORATE GOVERNANCE FRAMEWORK ENABLES THE COMPANY TO HOLD A BALANCE BETWEEN ECONOMIC AND SOCIAL GOALS; ENCOURAGES EFFICIENT USE OF RESOURCES WHILE EQUALLY REQUIRING ACCOUNTABILITY FOR THE STEWARDSHIP OF THOSE RESOURCES."

UPINGTON INTERNATIONAL AIRPORT

CORPORATE GOVERNANCE

The King III Code on Corporate Governance states that corporate governance is the process of balancing power between the shareholders, Board of Directors, company managers, employees and other relevant stakeholders. Adherence to this code is a critical platform in ensuring that we manage, direct and control our Company effectively. In accordance with King III, ***the Board is ultimately responsible for corporate governance and has two main functions: to determine our Company's strategic direction (and consequently, its ultimate performance), and to take responsibility for the ultimate control of the Company.***

We strive to achieve the highest standards and during the 2014 financial year, our Board has ensured that decisions taken allow full and effective control over our Company, and in-depth discussion and interrogation of our strategic issues, performance and sustainability. This includes the important issues of transformation, employment equity and other employee-related matters. The Board actively ensures compliance with King III principles, the Companies Act and the PFMA requirements; and related regulations.

We are committed to maintaining the highest standards of ethical behaviour in all activities by making every effort to combat unethical conduct.

ETHICS

Ethics receives rigorous attention through the Social and Ethics Committee, a sub-committee of the Board, which monitors and reports on ethics as part of its duties in terms of the Companies Act (No. 71 of 2008) and its terms of reference. We also support a focus on ethical leadership and the management of ethics contained in King III, which includes the assessment, monitoring, reporting and disclosure of ethical performance.

In support of both fostering an ethical workplace culture and managing ethics effectively, we have undertaken numerous initiatives during the period under review:

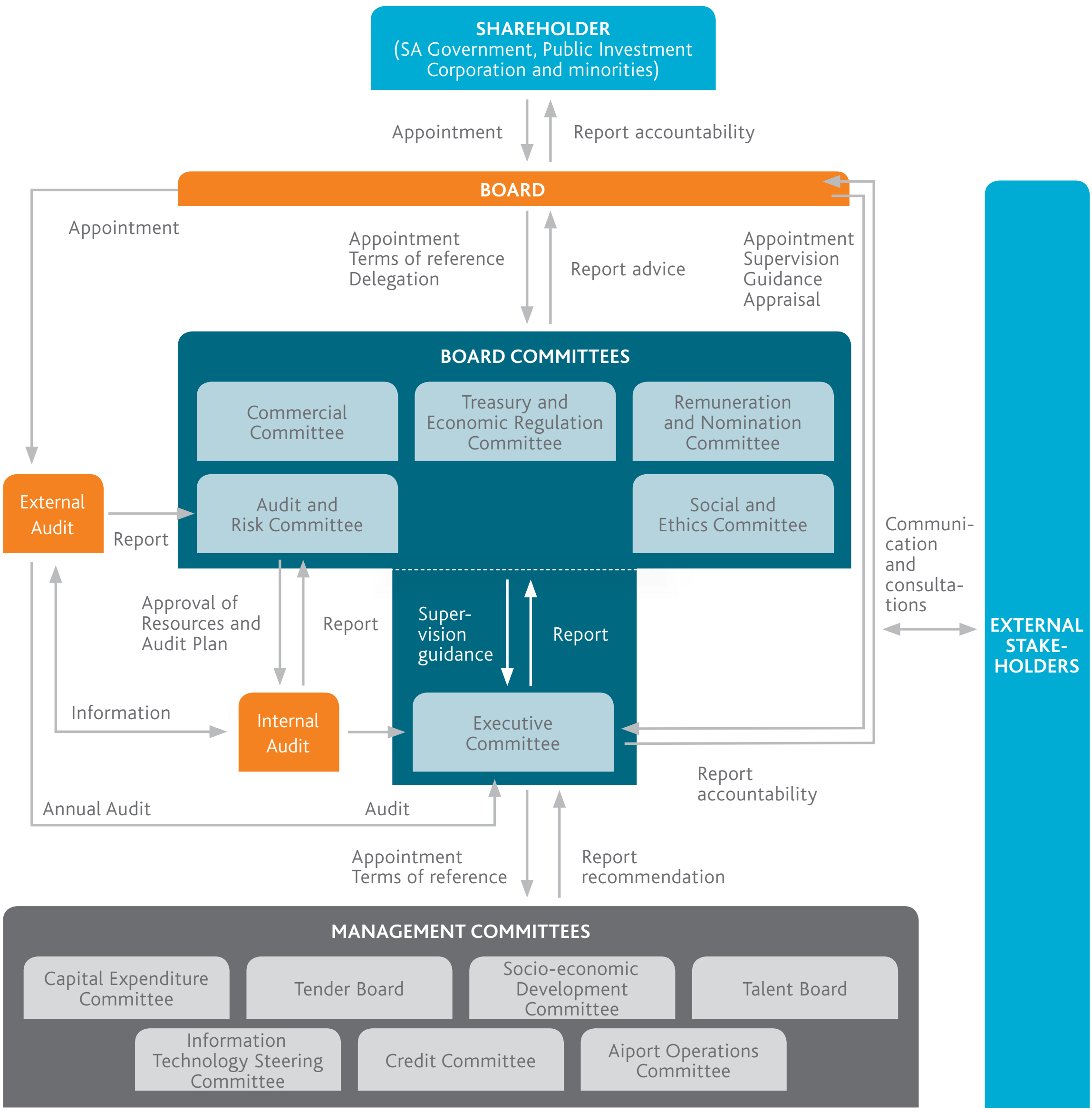
- We have produced and updated a comprehensive Code of Ethics (encompassing the Company's values, its Code of Conduct and supporting ethics-related policies), aligned with current legislation and best practices. The Code of Ethics serves as a crucial foundation of our ethics initiatives by defining our ethical standards and providing clear guidance for behaviours. This Code includes a new policy aimed at preventing unethical or illegal practices related to the giving or receiving of gifts.
- An ethics strategy workshop with the Ethics Forum served to clarify our ethics goals and supported an ethics strategy to build a common understanding of these issues among the ethics officers.
- We developed two customised e-learning modules that will be mandatory for all employees, in line with our belief that training is recognised as a mechanism that can shape ethical conduct. The module on bribery, fraud and corruption is aimed at reducing these offences while the disorderly conduct module is intended to at reinforce of an understanding of unacceptable workplace behaviour.
- In relation to communication, we have written a series of succinct ethics messages for use in appropriate communication channels with the aim of building and supporting sound levels of ethical awareness. The ethics messages includes, *"Live up to your highest standards"* which is based on or supported by a sound ethos, values, character and honesty.

We continue to use an anonymous ethics hotline to enable employees and stakeholders to report breaches of ethics without fear of retribution.

GOVERNANCE FRAMEWORK

Our corporate governance framework allows the Board to balance its role of providing risk oversight and strategic counsel by ensuring adherence to regulatory requirements and risk tolerance.

We operate within a clearly defined governance framework as depicted below:



DELEGATION OF AUTHORITY

While the Board retains effective control and authority, provision is made for the delegation of authority to relevant Board committees and the CEO in line with clearly defined mandates and authorities outlined in the delegation of authority framework. These committees provide in-depth focus on specific areas delegated. Each committee has a mandate that sets out the role, responsibilities, scope of authority, composition, terms of reference and procedures, which is reviewed annually by the Board.

The CEO is conferred responsibility to manage the business and affairs of the Company. Our Exco assists the CEO in his day-to-day management, subject to the limits on the delegation of authority.

The Board may, subject at all times to the Public Finance Management Act (PFMA), the Companies Act and Airports Company South Africa Memorandum of Incorporation, and with the consent of the Minister, delegate certain functions to the management of the Company.

Management and control is vested in the directors who, in addition to the powers and authorities expressly conferred to them in the Airports Company Memorandum of Incorporation and the Airports Company Act, may exercise or delegate all such powers.

With regards to our delegation of authority, we are governed in all aspects by the Airports Company South Africa Memorandum of Incorporation.

"THE BOARD PROVIDES LEADERSHIP AND STRATEGIC OVERSIGHT, AND OVERSEES THE INTERNAL CONTROL MANAGEMENT WHILE ENSURING THAT RISKS ARE APPROPRIATELY MANAGED IN THE PURSUIT OF DELIVERING SUSTAINABLE VALUE TO OUR SHAREHOLDERS AND STAKEHOLDERS."

THE BOARD

The Board is fully committed to maintaining the standards of integrity, accountability and openness required to achieve effective corporate governance.

THE BOARD

The Board has the overall responsibility for the leadership, control and performance of our Company. The Board ensures that we maintain effective, efficient and transparent systems of financial and risk management, and internal control as a PFMA schedule 2 public entity. Each Board member has a fiduciary duty to act in good faith and in the best interests of our Company.

BOARD CHARTER

The Board of Directors operates under the approved terms of reference, and provides leadership and strategic oversight, and oversees the internal control management while ensuring that risks are appropriately managed in the pursuit of delivering sustainable value to our shareholders and stakeholders. The Board ensures adherence to principles of good governance and accountability as outlined in King III and its Board charter. The Board is collectively aware of their responsibilities and each member possesses the necessary skills and competencies.

BOARD COMPOSITION

Our Memorandum of Incorporation (MOI) provides that the Board shall comprise of a minimum of three directors and a maximum of 12 directors; the majority of which should be the non-executive directors. The executive directors are the CEO and the CFO. The Board has 12 directors, the majority of whom are independent non-executive directors. The structure has provided a conducive environment for independence and an objective decision-making process. Our MOI also ensures the independence of the Board in that none of the members are public servants or holders of any office of profit under the Government or a member of parliament or any provincial, legislative or local authority or municipal or other council in the Republic of South Africa.

The Board collectively possess a variety of skills and qualifications including finance, law, aviation and other required to execute on its mandate.

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

DIRECTOR	APPOINTMENT DATE
Busisiwe Mabuza (Chairman)	1 March 2012
Roshan Morar (Deputy Chairman)	1 January 2012
Skhumbuzo Macozoma	1 March 2012
Priscillah Mabelane	1 August 2012*
Chwayita Mabude	1 December 2012
Kenosi Moroka	1 December 2012
John Lamola	1 December 2012
Bajabulile Luthuli	1 December 2012
Tryphosa Ramano	1 March 2012
Deon Botha	31 July 2013*
Elias Masilela	Resigned 31 July 2013
Mohla Matsaba (alternative to Elias Masilela)	Resigned 31 October 2013
Elias Masilela	Resigned 31 July 2013
Deon Botha	1 August 2013

* The following directors are not considered as independent non-executive directors as per King III recommendations:

- Priscillah Mabelane as she previously held executive capacity as financial director of Airports Company South Africa until August 2011.
- Deon Botha as a result of his position as a shareholder representative of the Public Investment Corporation SOC Limited.

THE BOARD (CONTINUED)

CHAIRMAN AND CEO

The Minister of Transport appoints the Chairman of the Board. The Board identifies and nominates the CEO and CFO for appointment by the Minister. The positions of Chairman and CEO are kept separate with clearly defined roles, to ensure a balance of authority and power.

APPOINTMENT

The Board members are appointed by the Minister of Transport on behalf of Government. The Minister of Transport, reviews the composition of the Board on an annual basis, which ensures the rotation of directors at appropriate intervals while ensuring that the Board remains dynamic in carrying out its fiduciary duties. The term of office of non-executive directors is three years, as is set out in the Company's MOI, and with a possibility of re-appointment which is limited to two consecutive terms.

STRATEGY

The Board is responsible for our strategic direction. Management presents the Group strategy annually for the Board's approval. The Board ensures the strategy is aligned with our values and key performance indicators and targets outlined in the shareholders' compact, and monitors its implementation in relation to our risk profile. Company performance is monitored through quarterly management reports and other measures.

The Board has a year planner which details all the meetings of the Board and its committees. Board meetings are held every quarter and any member, with the approval of the Chairman, may request to convene a Board meeting. Meetings may be held on an ad hoc basis to consider special or urgent matters.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

Newly appointed Board members receive a comprehensive, formal and tailored induction programme. Our key sections and critical policies requiring adherence are presented. Briefings on airport operations, commercial operations, major developments and site visits to the airport facilities ensure that new members are empowered and become familiar with the aviation industry and our objectives, strategies, operations and control environment.

DIRECTORS' EFFECTIVENESS AND PERFORMANCE EVALUATION

The Board and the Board committees are appraised on an annual basis. For the period under review, the Board procured the services of an independent service provider to appraise our Board and its committees. The appraisal was undertaken during April 2014 and its results were considered at a Board meeting held on 22 July 2014.

The appraisal included Board self-appraisal and Board committee self-appraisal and individual director's appraisal of peers.

- The Board is self-appraisal included the review of the Board composition, Board responsibilities, Board committees, the Board's relationship with management, stakeholder relationships, Board meetings, and general observations.
- The Board Committees' self-appraisal included a review of the Board Committees' roles and responsibilities, composition, relationship with management, Board and other relationships, committee meetings and general observations.
- The individual director's performance peer appraisal was premised on the provisions of the current South African legislations applicable to us and the Airports Company South Africa Memorandum of Incorporation.

A report detailing the outcome of the results together with recommended actions was finalised and presented to our Chairman and the Minister of Transport.

COMPANY SECRETARY

The company secretary is responsible for developing systems and processes that enable the Board to discharge specific functions efficiently and effectively. The company secretary is accountable to the Board for ensuring that the Board procedures are followed and reviewed regularly and compliance with applicable rules and regulations. The company secretary is also responsible to the Board for corporate governance issues, setting the annual plans for the Board and related Board committees and keeping the Board updated on new relevant legislation. The individual Board members have access to the company secretary.

BOARD COMMITTEE TERMS OF REFERENCE

The Board committees' terms of reference define the framework, authority and parameters within which the Board committees operate and confirms the accountability, fiduciary duties, the duty to declare conflicts of interest, the constitution of the committees and the relationship with our employees and management.

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 Exco, which is chaired by the CEO, the other committees have a non-executive director as a chairman, and their members are non-executive directors. Executives who are not members of a specific committee attend meetings by invitation. The committees in place are: Audit and Risk, Treasury and Economic Regulations, Commercial Board, Remuneration and Nomination Committee, Social and Ethics Committee, and the Exco.

BOARDS COMMITTEES COMPOSITION					
Committee member	**Audit and Risk**	**Remunera-tion and Nomination**	**Treasury and Economic Regulations**	**Commercial Board**	**Social and Ethics Committee**
Busisiwe Mabuza (Chair)	N/A	Chairman	N/A	N/A	√
Roshan Morar	√	√	N/A	Chairman	N/A
John Lamola	N/A	√	Chairman	N/A	N/A
Deon Botha	N/A	N/A	√	N/A	N/A
Elias Masilela	N/A	N/A	√	√	N/A
Kenosi Moroka	N/A	N/A	N/A	√	Chairman
Skhumbuzo Macozoma	N/A	√	N/A	√	N/A
Bajabulile Luthuli	√	N/A	√	N/A	N/A
Chwayita Mabude	√	N/A	N/A	√	N/A
Mohla Matsaba (alternate to Elias Masilela/Deon Botha)	N/A	N/A	N/A	N/A	N/A
Priscillah Mabelane	N/A	N/A	N/A	N/A	√
Tryphosa Ramano	Chairman	N/A	√	N/A	N/A
Bongani Maseko	N/A	N/A	N/A	N/A	√
Maureen Manyama-Matome	N/A	N/A	N/A	N/A	N/A

Chairman √ = Member N/A = not a member

To ensure that the terms of reference of the committees remain current and comply with best practice, they are reviewed annually and, where necessary, amended; and approved by the Board.

Key terms of reference and focus areas (summary):

BOARD	KEY TERMS OF REFERENCE, FOCUS AREAS AND THE YEAR AHEAD (SUMMARY)
Chairman Busisiwe Mabuza **Members** Roshan Morar John Lamola Deon Botha Elias Masilela Kenosi Moroka Skhumbuzo Macozoma Bajabulile Luthuli Chwayita Mabude Mohla Matsaba (alternate to Elias Masilela) Priscillah Mabelane Tryphosa Ramano Bongani Maseko Maureen Manyama-Matome	• 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 • 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 our 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 • Ensure that the terms of reference of the committees remain current and comply with best practice, are annually reviewed and, where necessary, amended.

BOARD MEETING ATTENDANCE							
		Special	Special			Special	
	30 May 2013	19 Jul 2013	26 Jul 2013	29 Aug 2013	28 Nov 2013	28 Jan 2014	6 Mar 2014
Busisiwe Mabuza	*	*	*	*	*	*	*
Roshan Morar	*	A	A	*	*	*	*
John Lamola	*	*	*	*	*	*	*
Deon Botha	≈	≈	≈	*	*	*	*
Elias Masilela	N/A	*	A	R	R	R	R
Kenosi Moroka	*	A	*	*	*	A	A
Skhumbuzo Macozoma	*	*	*	*	*	*	*
Bajabulile Luthuli	*	*	A	*	*	*	*
Chwayita Mabude	A	*	*	*	*	*	*
Mohla Matsaba (alternate to Elias Masilela)	*	*	A	*	R	R	R
Priscillah Mabelane	*	*	*	A	*	*	*
Tryphosa Ramano	A	A	A	*	A	*	*
Bongani Maseko	*	*	A	*	*	*	*
Maureen Manyama-Matome	*	*	*	*	*	*	*

* = Attendance   A = Apology   R = Resigned   ≈ = Appointed on 31 July 2013

BOARD COMMITTEE TERMS OF REFERENCE
(CONTINUED)

BOARD	SUMMARY OF KEY TERMS OF REFERENCE
Chairman Busisiwe Mabuza **Members** Roshan Morar John Lamola Deon Botha Elias Masilela Kenosi Moroka Skhumbuzo Macozoma Bajabulile Luthuli Chwayita Mabude Mohla Matsaba (alternate to Elias Masilela) Priscillah Mabelane Tryphosa Ramano Bongani Maseko Maureen Manyama-Matome	• An extraordinary shareholders' AGM was convened on 18 April 2013 for the approval of our MOI • The AGM was convened on the 30 August 2013.

ANNUAL GENERAL MEETING ATTENDANCE BY DIRECTORS		
	Special	
	18 Apr 2013	**30 Aug 2013**
Busisiwe Mabuza	*	*
Roshan Morar	*	*
John Lamola	*	*
Deon Botha	≈	*
Elias Masilela	A	R
Kenosi Moroka	*	*
Skhumbuzo Macozoma	*	*
Bajabulile Luthuli	A	A
Chwayita Mabude	A	*
Mohla Matsaba (alternate to Elias Masilela)	A	*
Priscillah Mabelane	A	A
Tryphosa Ramano	A	*
Bongani Maseko	*	*
Maureen Manyama-Matome	*	*

* = Attendance A = Apology R = Resigned ≈ = Appointed on 31 July 2013

AUDIT AND RISK COMMITTEE	SUMMARY OF KEY TERMS OF REFERENCE
Chairman Tryphosa Ramano **Members** Roshan Morar Bajabulile Luthuli Chwayita Mabude	• The Audit and Risk Committee meets at least quarterly to consider annual and interim financial statements, quarterly reports for submission to the Department of Transport, integrated report oversight over combined assurance, 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 re-appointment of the external auditors on an annual basis. • Joint external auditors, PricewaterhouseCoopers and Ngubane & Co, were reappointed at the 2013 annual general meeting, until the PFMA external tender process has been finalised. 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 our performance, as it relates to information technology governance.

AUDIT AND RISK COMMITTEE MEETING ATTENDANCE							
		Special			Special		
	14 May 2013	10 Jul 2013	14 Aug 2013	14 Nov 2013	21 Nov 2013	21 Jan 2014	17 Mar 2014
Tryphosa Ramano	*	*	*	A	*	*	*
Roshan Morar	*	*	*	*	A	A	*
Bajabulile Luthuli	*	A	*	*	*	*	*
Chwayita Mabude	*	*	*	*	A	*	*

* = Attendance   A = Apology

BOARD COMMITTEE TERMS OF REFERENCE
(CONTINUED)

TREASURY AND ECONOMIC REGULATIONS COMMITTEE	SUMMARY OF KEY TERMS OF REFERENCE
Chairman John Lamola **Members** Deon Botha Elias Masilela Bajabulile Luthuli Mohla Matsaba (alternate to Elias Masilela) Tryphosa Ramano	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 as well as economic regulation responsibilities. 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.

TREASURY AND ECONOMIC REGULATIONS COMMITTEE MEETING ATTENDANCE				
	20 May 2013	19 Aug 2013	18 Nov 2013	20 Feb 2014
John Lamola	*	*	*	*
Deon Botha	≈	A	*	A
Elias Masilela	A	R	R	R
Bajabulile Luthuli	*	A	*	*
Mohla Matsaba (alternate to Elias Masilela)	*	*	R	R
Tryphosa Ramano	A	*	A	*

* – Attendance A – Apology R – Resigned ≈ – Appointed on 31 July 2013

COMMERCIAL BOARD COMMITTEE	SUMMARY OF KEY TERMS OF REFERENCE
Chairman Roshan Morar **Members** Deon Botha Elias Masilela Kenosi Moroka Skhumbuzo Macozoma Chwayita Mabude Mohla Matsaba (alternate to Elias Masilela)	The Commercial Committee provides oversight of our property and commercial business, including the retail and advertising portfolios, Supply Chain Management: BBBEE 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. The committee also has oversight of our supply chain management, and capital expenditure proposals that require Board approval.

COMMERCIAL BOARD COMMITTEE MEETING ATTENDANCE						
			Special	Special		
	13 May 2013	14 Aug 2013	1 Oct 2013	14 Oct 2013	14 Nov 2014	19 Feb 2014
Roshan Morar	*	*	*	*	*	*
Deon Botha	≈	≈	*	*	A	*
Elias Masilela	N/A	R	R	R	R	R
Kenosi Moroka	*	*	A	A	*	*
Skhumbuzo Macozoma	*	*	*	*	*	*
Chwayita Mabude	*	*	*	*	*	*
Mohla Matsaba (alternate to Elias Masilela)	*	A	R	R	R	R

* – Attendance A – Apology R – Resigned ≈ – Appointed on 31 July 2013 N/A = Attended by Alternate Member (Mohla Matsaba)

REMUNERATION AND NOMINATION COMMITTEE	SUMMARY OF KEY TERMS OF REFERENCE
Chairman Busisiwe Mabuza **Members** Roshan Morar John Lamola Skhumbuzo Macozoma	The objectives of this committee are to enable the implementation of a formal process of reviewing the balance and effectiveness of the Board, identifying the skills required, and recommending 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 oversight over people and management to ensure that human resourcing, remuneration, performance management and talent management strategies are aligned to our objectives, including addressing past workplace inequalities.

REMUNERATION AND NOMINATIONS COMMITTEE MEETING ATTENDANCE					
	17 May 2013	9 Jul 2013	19 Jul 2013	4 Sep 2013	11 Feb 2014
Busisiwe Mabuza	*	*	*	*	*
Roshan Morar	*	*	*	*	*
John Lamola	*	*	*	*	*
Skhumbuzo Macozoma	*	*	*	*	A

* – Attendance A – Apology

BOARD COMMITTEE TERMS OF REFERENCE

(CONTINUED)

SOCIAL AND ETHICS COMMITTEE	SUMMARY OF KEY TERMS OF REFERENCE
Chairman Kenosi Moroka **Members** Busisiwe Mabuza Priscillah Mabelane Bongani Maseko	The primary functions of the committee are to monitor our activities, 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 – Our standing in terms of the International Labour Organisation protocol on decent work and working conditions – Our employment relationships, and contribution towards the educational development of our employees • To draw matters within our mandate to the attention of the Board as the occasion requires • To report, through one of our members, to the shareholders at our AGM on matters within our mandate.

SOCIAL AND ETHICS COMMITTEE MEETING ATTENDANCE				
	15 May 2013	8 Aug 2013	7 Nov 2013	12 Feb 2014
Kenosi Moroka	*	*	*	*
Busisiwe Mabuza	*	*	*	*
Priscillah Mabelane	A	*	A	*
Bongani Maseko	*	*	*	A

* – Attendance A – Apology

"THE BOARD ENSURES THAT THE RISK MANAGEMENT PROCESS IS ACCURATELY ALIGNED TO THE STRATEGY AND PERFORMANCE OBJECTIVES."

REMUNERATION REPORT

OVERVIEW OF REMUNERATION POLICY AND PHILOSOPHY

Our remuneration strategy is to ensure that the remuneration mix is market competitive and equitable. The aim of the remuneration policy and philosophy is to:

- Align with our strategic thrusts and value drivers
- Attract and retain key talent
- Foster, encourage and promote superior performance
- Support the philosophy of value-based management
- Be the preferred employer and best company for which to work.

Remuneration is a tool necessary for cultural change, and motivating behaviour that embraces our values. It allows us to retain people with the requisite skills and experience, and reward individual achievements.

OVERVIEW OF KEY ELEMENTS OF THE REMUNERATION

We embrace global best practice reward models to ensure our remuneration mix is competitive and motivates adherence to our values.

BARGAINING UNIT EMPLOYEES

Bargaining unit employees (all those below middle management) receive a basic salary plus benefits. Major benefits include membership of the pension and provident fund, medical aid, housing assistance scheme and an annual bonus. Basic conditions of service (including basic salary) are reviewed annually through a collective bargaining process. Bargaining unit employees also participate in our annual performance short-term incentive scheme.

MANAGEMENT

Management employees are remunerated on a total cost-to-company package, which includes base pay and compulsory benefits such as pensionable earnings, retirement and medical aid, and the cash component. The salaries are reviewed annually. The Exco takes into account financial factors, market benchmarks, and Company performance when reviewing management salaries. Managerial employees also participate in our annual performance short-term incentive scheme based on performance against targets. This is subject to Board approval.

EXECUTIVE REMUNERATION

The CEO has a five year employment contract in line with our basic conditions of service. The CFO and the Exco have permanent employment contracts in line with our basic conditions of service. Executive remuneration is based on shareholder guidelines, Company performance and individual performance. The remuneration mix and review process is on the same basis as that of management. In 2014, the incentive scheme for the executives was discontinued and accordingly they received the last payment during the 2013 financial year.

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors are paid a retainer and meeting fees. The fees are reviewed and approved annually in accordance with the shareholder requirements at the AGM. Non-executive directors are reimbursed for company-related expenses.

OVERVIEW OF THE VARIABLE REMUNERATION - SHORT-TERM INCENTIVE

Our variable pay consists only of the annual short-term bonus incentive (STI). The scheme is designed to motivate and reward employees for achieving Company financial, strategic and operational objectives. The Exco members, management and employees are all eligible to participate in the scheme, which is linked to business and individual performance. The STI bonus is paid in arrears every financial year and is subject to Board approval.

The factors influencing the employee bonus calculation are based on target bonus percentage, Company and individual performance rating. Employee categories are allocated on target bonus percentage as depicted below:

EMPLOYEE CATEGORY	BONUS CATEGORY (% OF BASIC SALARY/TOTAL PACKAGE)
CEO	50%
CFO and executives	35% – 45%
Senior management	30% – 35%
Management	25% – 30%
Outside bargaining unit employees	14% – 25%
Inside bargaining unit employees	8.33%

REMUNERATION REPORT (CONTINUED)

2014 REMUNERATION SUMMARY FOR DIRECTORS AND MANAGEMENT

	BASE SALARY[6]	BENEFITS (RETIREMENT AND MEDICAL AID)[5]
Executive Directors		
Bongani Maseko	2 946 841	568 020
Maureen Manyama-Matome	2 148 609	232 757
Sub-totals	**5 095 450**	**800 777**
Non-executive Directors		
Franklin Sonn	–	–
Priscillah Mabelane	–	–
Roshan Morar	–	–
Dennis Skhumbuzo	–	–
Busisiwe Mabuza	–	–
Tryphosa Ramano	–	–
John Lamola	–	–
Kenosi Moroka	–	–
Bajabulile Luthuli	–	–
Chwayita Mabude	–	–
Elias Masilela (fees payable to the PIC) (resigned 31 July 2013)	–	–
Deon Botha (fees payable to the PIC) (appointed 1 August 2013)	–	–
Sub-totals	**–**	**–**
Executive Committee		
Deon Cloete	1 659 497	561 711
Terence Delomoney	1 566 712	316 781
Pieter Du Plessis	1 688 454	387 184
Haroon Jeena	1 916 774	411 277
Bongiwe Mbomvu[1]	1 027 237	139 430
Tebogo Mekgoe	1 679 092	281 965
John Neville[3]	2 130 080	267 706
Yvette Schoeman	1 496 485	351 126
Andre Vermeulen[2]	1 607 885	434 496
Sub-totals	**14 772 216**	**3 151 674**
Top three earners – Non-executive members		
GoranVracar[3]	1 487 974	197 028
Dirk Kunz	1 465 791	241 210
Aubrey Matlabe	1 443 942	193 720
Sub-totals	**4 397 707**	**631 958**
Total	**24 265 373**	**4 584 410**

Note 1: Bongiwe Mbomvu was appointed on 1 September 2013
Note 2: Andre Vermeulen, acting Group Executive Airport Operations since 1 September 2011
Note 3: John Neville and Goran Vracar retired with effect from 31 March 2014
Note 4: Senior Executive LTIPS is ceded and the last payment made was in 2013
Note 5: Company post-medical aid retirement policy was wound up in 2014. The proceeds is added as part of the benefits (retirement and medical aid).
Note 6: Other travel and subsistence allowance is added as part of the base pay
Note 7: 2013 is not reflected because the three top earners can change every year

CASH BONUS (PAID IN AUGUST 2013)	DIRECTORS' FEES	COMMITTEE FEES	LTIP'S EARNED IN RESPECT[4]	TOTAL EMOLUMENTS 2014	TOTAL EMOLUMENTS 2013
1 750 788			1 066 829	6 332 478	4 136 225
–	–	–	–	2 381 366	–
1 750 788	**–**	**–**	**1 066 829**	**8 713 845**	**4 136 225**
–	–	17 251	–	17 251	32 672
–	125 381	86 155	–	211 536	84 031
–	125 381	357 194	–	482 575	341 086
–	125 381	300 842	–	426 223	273 185
–	452 074	294 329	–	746 402	–
–	125 381	232 755	–	358 136	313 466
–	125 381	337 817	–	463 198	38 132
–	125 381	199 525	–	324 906	38 132
–	125 381	209 916	–	335 297	38 132
–	125 381	338 791	–	464 172	38 132
–	68 328	43 434	–	111 762	
–	184 192	100 947	–	285 139	–
–	**1 707 641**	**2 374 575**	**–**	**4 226 597**	**1 196 968**
843 671	–	–	637 984	3 702 863	2 999 889
782 035	–	–	578 137	3 243 665	2 711 743
835 132	–	–	803 836	3 714 605	2 977 965
953 391	–	–	903 035	4 184 477	3 504 986
–	–	–	–	1 166 667	–
708 885	–	–	–	2 669 942	877 669
1 072 969	–	–	1 027 824	4 498 579	3 817 195
617 106	–	–	–	2 464 717	799 164
791 707	–	–	–	2 834 088	2 434 348
6 604 896			**3 950 816**	**28 479 602**	**20 122 959**
813 276	–	–	572 709	3 070 987	
408 186	–	–	–	2 115 187	
705 794	–	–	–	2 343 456	
1 927 256	**–**	**–**	**572 709**	**7 529 630**	
10 282 940	**1 455 121**	**2 374 575**	**5 590 354**	**48 949 673**	**25 456 152**

"WE NOW STAND TALL AS THE PROUD OWNERS OF A NETWORK OF NINE AIRPORTS THAT CAN CHALLENGE THE BEST IN THE WORLD."

UPINGTON INTERNATIONAL AIRPORT

ASSURANCE AND COMPLIANCE

Effective management of risk is central to the achievement of our vision a world-leading airport business.

INTEGRATED RISK MANAGEMENT

By understanding and managing risk, we can provide greater certainty that the set objectives will be achieved.

Our 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. To achieve this, the risk management function includes:

- Reviewing our risk management policy and framework.
- Board and Exco assessment of risks impacting on our strategic objectives.
- Risk management was tabled as part of the Exco agenda, subsequently Exco decided to establish an Executive Risk Management Committee (ERMC) to specifically monitor and support risk management initiatives.

  Accordingly, on 6 May 2014, the ERMC was established to oversee and support risk management implementation. The ERMC will be a sub-committee of the Exco.

RISK GOVERNANCE STRUCTURE

The Board is accountable for our risk management performance. Board accountabilities include the identification of major risks impacting on our strategy and objectives, and ensuring that appropriate systems and processes are in place to manage the identified risks, so that our assets and reputation are protected.

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

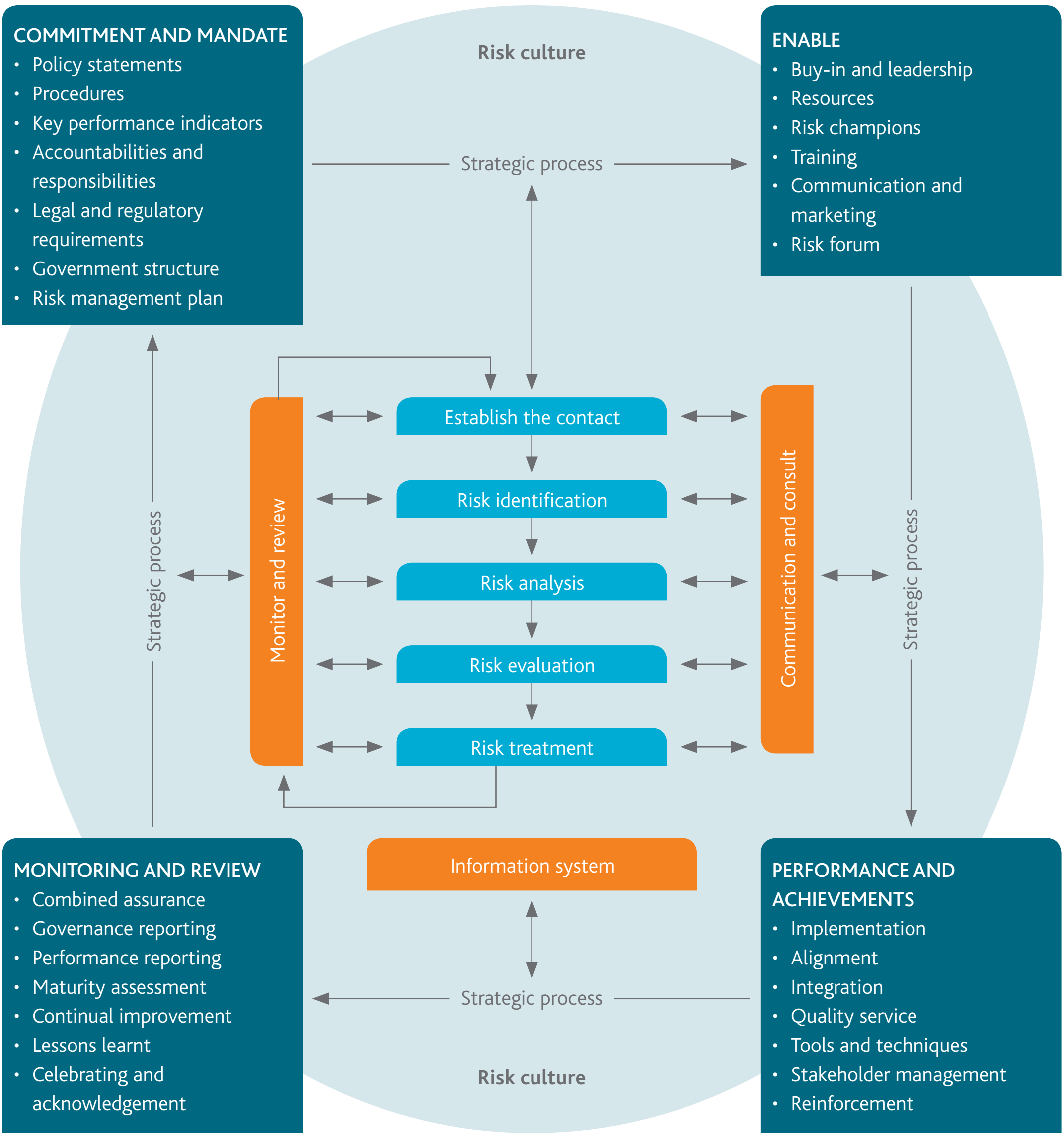
Management is accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into our day-to-day activities. Operational Risk Committees are established at our airports to assist management in the implementation and monitoring of risk management strategies.

The Board Audit and Risk Committee provides oversight over the performance of the risk management function on a quarterly basis.

ASSURANCE AND COMPLIANCE (CONTINUED)

RISK MANAGEMENT POLICY

We adopted a risk management framework and policy to guide our enterprise-wide risk management process. The framework and policy were reviewed for alignment to the National Treasury requirements and best practice in terms of King III recommendations and other relevant reports such as ISO 31000.



RISK MANAGEMENT METHODOLOGY

We have adopted a structured approach to risk management, using consistent approaches to the assessment and treatment of all types of risk, at all levels and for all activities. Our risk management programme is aligned to best practice as set out in ISO 31000, King lll and National Treasury guidelines.

Internal control

Lines of defence

Responsibility for the management of risks rest with executive and line management in all divisions, business units, airports and special projects, is still the responsibility of management to ensure that effective controls are implemented to address the risks and provide reasonable assurance against material misstatements and loss.

Control assurance focuses on improving our ability to manage risk effectively, so that we can quickly and confidently act on opportunities to improve and sustain the quality standards, create value and achieve sustained growth. One of the key streams of integration is ensuring that our risk management and internal audit processes create an integrated work methodology to make the most of our combined control assurance strategy.

Effectiveness of risk management

The effectiveness of our risk management process is independently assessed by our internal audit department. Internal Audit reports to the Board Audit and Risk Committee on the effectiveness of the process adopted and implemented by management in managing risks impacting on our strategy and objectives.

IT governance and risks

IT governance is an integral part of corporate governance and has become a vital part of doing business today, as it is fundamental to the support, sustainability and growth of our Company. IT integrates across all aspects, components and processes and is therefore not only an operational enabler, but also an asset that can be used to maximise opportunities and to gain a competitive advantage.

With the dependency on technology to run our core functions, IT has inherently become a strategic business partner with managing an IT asset-base of over R1 billion.

While the Board is ultimately responsible for the governance of IT, the Exco has been delegated the responsibility of implementing the governance structures, processes and practices in line with King III principles; hence the IT Steering Committee was established as a sub-committee of the Exco.

The IT strategic plan project is underway to ensure effective alignment between corporate plans and IT strategy.

Over the last three three years, IT had placed its focus on optimising and improving the IT operations by focusing on incident management, change management, configuration management and release management. Our IT function scores its progress at three out of a possible five.

A growth maturity plan was identified and rolled out together with establishing an IT Compliance and Assurance Department within its structures. This department's primary focus is to embed the principles of quality assurance and quality control. The IT Compliance and Assurance team also focuses on the acts, legislation, regulations and laws pertaining to the IT organisation.

Disclosure of current and possible future risks

We maintain a strategic risk register with itemised core risks and is monitored on a continual basis by the Board. In 2014, the Exco and the Board held independent risk assessment meetings to consolidate and include all potential risks that impact its strategy. The register is regularly updated and reviewed by management and is reported to the Board's Audit and Risk Committee on a quarterly basis. Progress in the management of current risks and the identification of possible future risks is reported quarterly to the Board through the Board's Audit and Risk Committee. Refer to our material risks and challenges section on page 32.

Current risk threatening the long-term sustainability of our business

These risks are classified as "priority 1" risks and are monitored on a regular basis by management and reported to the Board Audit and Risk Committee quarterly.

1) We may not be able to realise budgeted returns due to proposed/assumed tariffs not being approved, leading to inability to fund future growth/capacity demand. To prevent this occurring we have adopted the following:
    - An improved planning process by engaging with our stakeholders/customers to ensure agreement with our strategy and corporate plan
    - Participation in the Department of Transport's Steering Committee, which provides a platform to engage with different stakeholders
    - Regular engagement and communication with the Regulating Committee
    - An economic strategy in preparation for the Permission Application for 2016-2020.

2) Security of fuel supply negatively impacting the operations. The erratic fuel supply has an indirect impact on our objective of delivering on long-term profitability. We acknowledge that this is an industry-wide risk involving various stakeholders, and combined efforts need to be made to address the risks to ensure we continue to provide the required services. We have implemented the following strategies to address the risks:
    - Engaged with relevant South African stakeholders through forums coordinated by the Department of Energy to contribute towards a country-wide strategy for a fuel master plan
    - Continued to enforce the service level agreement entered into with service providers to maintain minimum stock levels to support airlines
    - Conducted regular maintenance of our infrastructure to maintain maximum holding capacity at our airports
    - Consider possible expansion of the holding capacity through the installation of additional tanks at identified airports.

INTERNAL AUDIT

The internal audit function provides an independent, objective assurance and consulting services. It brings a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and the governance process.

The internal audit function operates within a co-sourced environment. An internal audit charter, approved by the Audit Committee, regulates the relationship between the internal audit and its stakeholders namely: management, external auditors, other assurance providers, and the Audit Committee. The head of Internal Audit reports administratively to the CEO and functionally to the Audit Committee.

Internal controls comprise the methods and procedures implemented by management to ensure the:

- Safeguarding of Company assets
- Efficient and effective employment of resources
- Prevention and detection of errors and fraud
- Effectiveness of operations
- The reliability and accuracy of financial and operational information
- The governance on the information systems environment
- Compliance wiht laws, regulations and the Company's policies and procedures.

The three-year risk-based audit plan covers major risks identified in the integrated risk management process. The risk-based audit plan covers an equal balance of operational and financial risks. Operational risks pertaining to areas such as environmental management processes, aviation safety, occupational health and safety, and aviation security are included in the plan.

On an annual basis internal audit reviews the Company's assessment against the predetermined objectives. The audit plan is approved by the Audit and Risk Committee and reviewed annually, based on changes to our risk profile, as this ensures that the audit coverage is focused on identifying high-risk areas.

Combined assurance

The internal audit mandate includes the design and implementation of a combined assurance framework. We have achieved sound collaboration between assurance providers, and in the past year some combined assurance concepts were piloted through the execution of joint audits between internal audit and assurance providers. Lessons learnt from these joint audits were tabled for discussion. Overall, the progress is slower than anticipated.

The finalisation of the development of the framework and the phased implementation is expected to progress well in 2015 and beyond. External audit has relied on some of the work done by internal audit, and conducts an annual ISA 610 on internal audit.

Effectiveness of governance, risk management and internal controls environment

The internal audit function provides a 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 each year. Nothing has come to the attention of the Board to indicate that there are any material breaches in controls in 2014. However, Supply Chain management, IT and Contract management do pose a high risk. Internal audit has recommended management intervention and focus in these areas. Management tasked with investigating these areas aimed to implement the required preventative and corrective action.

Nature of relationship with Audit and Risk Committee

The Board is responsible for the design, implementation and maintenance of appropriate internal controls in mitigation of the inherent risks. The internal audit function, whose independence is ensured through a functional reporting line to the Audit and Risk Committee, examines and evaluates our activities, with the objective of assisting the Exco and the Board in the effective discharge of their responsibilities.

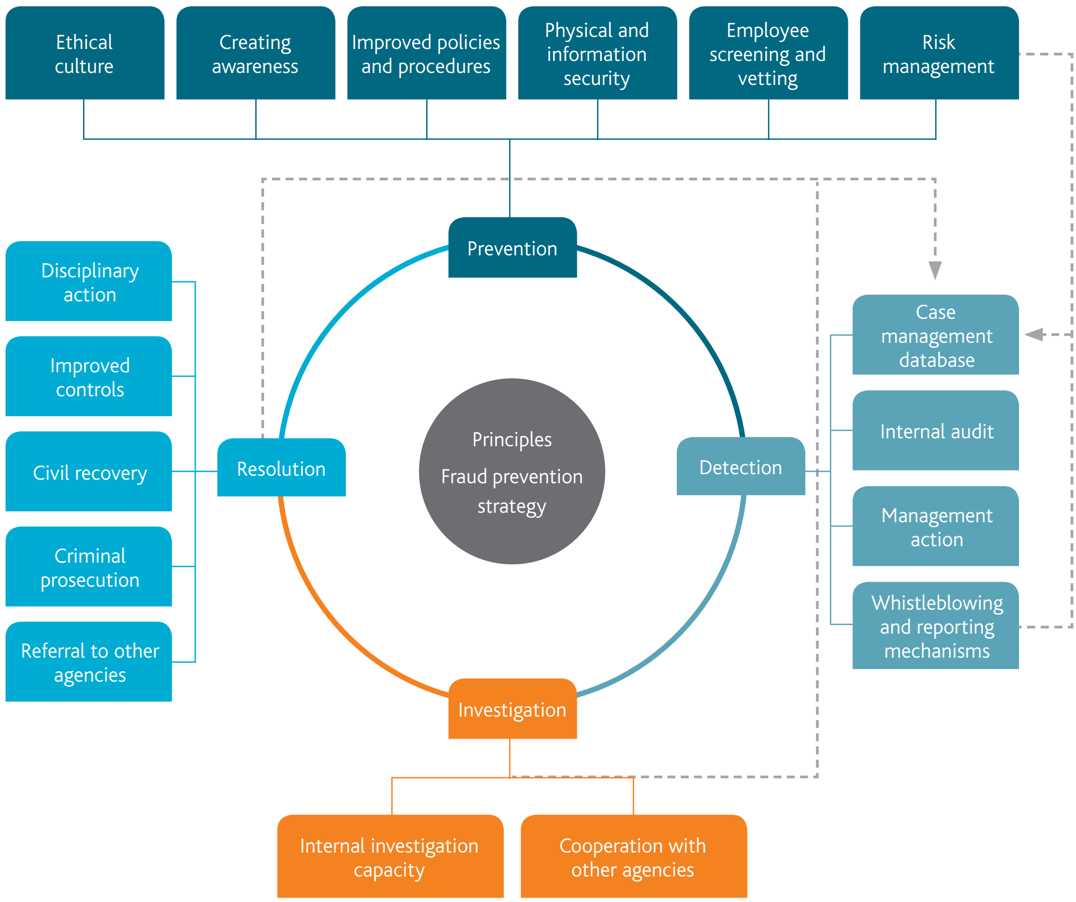
The mandate of the internal audit function which is comprehensively covered within the regularly reviewed internal audit charter, includes independently appraising the appropriateness, adequacy and effectiveness of our systems of internal controls and reporting on these to management and the Audit and Risk Committee. Internal audit have unrestricted access to the chairman of the Audit and Risk Committee as well as the chairman of the Board.

Collectively the Internal Audit function possesses the knowledge, skills and competencies required to perform its responsibilities. These are supplemented by a co-source agreement that facilitates the inclusion of expertise of a technical nature in various disciplines. Through its affiliation with various professional bodies including the Institute of Internal Auditors South Africa, the internal audit function has access to best practices, standards and guidance. An external quality assurance process must be concluded every five years by a qualified, independent assessor. This external review was conducted by the Institute of Internal Auditors, who rated our Internal Audit function as generally compliant.

Anti-corruption programme

We support and foster a culture of zero tolerance to fraud and corruption in all activities. We have adopted the approach of compiling a comprehensive and integrated anti-corruption programme, incorporating all elements of prevention, detection, investigation and resolution, which is coordinated through the internal audit function. The framework is best described in the diagram.

Anti-corruption framework



Instances of fraud and irregular activities are reported either through our anonymous tip-off line or directly to the internal audit function. These are evaluated for further investigations. The recommendations and outcomes emanating from these investigations are reported to the Exco and the Audit and Risk Committee, and will gain momentum in 2015.

COMPLIANCE FRAMEWORK

COMPLIANCE FRAMEWORK AND RELATED PROCESSES

The Boards' responsibilities

The Board is committed to complying with all applicable regulatory requirements, and is kept informed of changes that could potentially affect us. The Board requires that all business units, departments and contractors comply with applicable laws, including relevant company policies.

Our corporate governance processes are in line with international best practice and regulations. Our staff members are aware of compliance issues in their day-to-day conduct, especially since it operates a business in a highly regulated environment. We follow a risk-based approach to compliance risk management and have established a compliance function to ensure that the business manages compliance risk effectively.

We have embarked on the implementation of a risk-based approach to compliance, with an approved compliance policy and framework. The rating methodology and approach are aligned to the enterprise risk management framework and the Generally Accepted Compliance Practice Framework as endorsed by the Compliance Institute of South Africa. Features and benefits of the approach include the following:

- Enabling the Board and senior management to discharge their regulatory responsibilities by providing advice and fulfilling an assurance role
- Identifying and influencing new regulatory requirements which may have an impact on our Company
- A two-tier compliance risk measurement framework assisting with the categorisation and ranking of risk
- Efficient allocation of resources to core and high risk compliance requirements
- Reviewing and monitoring of key regulatory requirements within the context of materiality limits applicable to Airports Company South Africa
- Reporting of the status of compliance and any material breaches or key risks to the Board, through the Audit and Risk Committee and senior management at various forums.

Our compliance framework seeks to integrate various regulatory compliance concepts into a framework in which a common definition is established based on four identified components:

1) **Compliance strategy** to develop a compliance framework which supports our business strategy and is integrated, efficient and universally applied; to foster a compliance culture which prevents non-compliance and identifies and capitalises on opportunities for operational efficiencies that arise from compliance risks.

2) **Compliance governance** is the set of policies, roles, responsibilities, and processes that are required by us to guide, direct, and control how we comply with regulatory requirements. Effective compliance governance anticipates the needs and goals of the business units and divisions' compliance and management teams.

3) **Compliance universe** consisting of a list of all the identified regulatory requirements applicable to Airports Company South Africa.

4) **Compliance process** is a structured approach for incorporating compliance into the day-to-day operations. Compliance is an on-going process at every level and consists of seven interrelated phases:
    - Compliance universe (regulatory requirements applicable to Airports Company South Africa)
    - Categorisation of compliance universe in terms of "core, topical or secondary"
    - Prioritise as "high, medium or low" risk in terms of probability and seriousness
    - Compliance risk profile
    - Compliance risk management plan
    - Compliance monitoring
    - Compliance reporting

ASSURANCE AND APPROVALS

"WE ARE ENGAGING AIRPORTS IN AFRICA TO SHARE OUR TECHNICAL EXPERTISE AND KNOWLEDGE TO HELP DEVELOP THE AFRICAN CONTINENT'S AERONAUTICAL INFRASTRUCTURE THROUGH THE TRANSFER OF SKILLS AND HUMAN RESOURCE CAPABILITIES."

GEORGE AIRPORT

REPORT OF THE BOARD AUDIT AND RISK COMMITTEE

For the year ended 31 March 2014

The Audit and Risk Committee report is prepared in terms of the Public Finance Management Act of 1999 as amended including its related regulations; Companies Act No. 71 of 2008 (as amended) and the principle stipulated by the King III Code of Corporate Governance.

TERMS OF REFERENCE

The Audit and Risk Committee of Airports Company South Africa consists of four independent non-executive directors. The skills and competencies of the members are outlined under section 3.2 of the integrated report. The Audit and Risk Committee operated under terms of reference which is approved by the Board. The committee has carried out its duties as per the Companies Act and the Public Finance Management Act, including the special mandates that are assigned by the Board from time to time.

RESPONSIBILITIES

The committee reports that it has discharged its responsibilities as it relates to the following, namely review of:

- The effectiveness of internal controls.
- The risk management process and performance.
- The reliability, adequacy and effectiveness, of financial and non-financial information provided by management through the quarterly reports that are submitted to the Department of Transport.
- The accounting and auditing concerns, as identified by the auditors (both internal and external) as well as reviewing the adequacy of managements' corrective action in response to both significant internal and external audit findings.
- Compliance with legal and regulatory provisions.
- The committee has also reviewed the litigation report on a continuous basis to ensure that they are disclosed appropriately.
- Effectiveness of the internal audit function.
- Independence and objectivity of the external auditors.
- The performance of the internal audit, functions through quarterly progress reports. The committee approved the annual operational internal audit plan and a strategic three-year rolling plan; and was satisfied that the plans were addressing the risks identified per the strategic risk register.
- Monitored the relationship between management, internal auditors and external auditors.

INTERNAL CONTROLS (INCLUDING INTERNAL FINANCIAL CONTROLS)

The committee continued, through its engagement during the period under review, to provide oversight on the Company's internal control system to ensure that it was designed and implemented in a manner that achieves the following:

- The reliability and integrity of financial information
- Compliance on applicable laws and regulations
- Achievements of pre-determined objectives
- Economy and efficiency of operations
- Safeguarding of assets.

The committee is of the opinion that the internal financial controls are adequate to ensure that the financial records may be relied upon in the preparation of the annual financial statements, and accountability for assets and liabilities is maintained. The conclusion has been reached based on the discussions and explanations obtained from management and external and internal auditors based on the results of their audits.

No significant matters relating to the material breakdown of internal controls have come to the attention of the committee, other than those reported in the directors' report. The committee is satisfied with the expertise, adequacy of the resources and experience of the finance team, under the leadership of the CFO, that were responsible for the financial statements of the Group.

FINANCIAL STATEMENTS; INTEGRATED REPORT AND DRAFT AUDIT OPINION

The committee is satisfied that the accounting policies adopted in the preparation of the annual financial statements are appropriate, and that the judgements and estimates made in their preparation are reasonable and prudent.

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

The Committee has, at is meeting on 8 July 2014, considered the audited annual financial statements; integrated report; report to management as well as the draft audit opinion, which were all recommended to the special Board meeting held on the 22 July 2014 for approval.

On behalf of the Board Audit and Risk Committee.

Tryphosa Ramano
Chairman
22 July 2014

DIRECTORS' RESPONSIBILITIES AND APPROVAL

For the year ended 31 March 2014

The directors are required in terms of the Companies Act No. 71 of 2008, Treasury Regulations and the Public Finance Management Act No.1 of 1999 as amended (PFMA), to maintain adequate accounting records and are responsible for the content and integrity of the summary consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the summary consolidated annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB). The external auditors are engaged to express an independent opinion on the summary consolidated annual financial statements.

The summary consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the summary consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The external auditors are responsible for independently auditing and reporting on the Group's summary consolidated annual financial statements. The summary consolidated annual financial statements have been examined by the Group's external auditors and their report is presented on pages 181 to 183.

The summary consolidated annual financial statements set out on pages 186 to 214, which have been prepared on the going concern basis, were approved by the Board on 22 July 2014 and were signed on its behalf by:

B Mabuza
Chairman
22 July 2014

R Morar
Deputy Chairman
22 July 2014

“COMMENDABLE PERFORMANCE OF NON-AERONAUTICAL REVENUES PROVIDED FOR A TOTAL REVENUE GROWTH OF 9.6%.”

KIMBERLEY AIRPORT

GROUP SECRETARY'S CERTIFICATION

For the year ended 31 March 2014

DECLARATION BY THE GROUP SECRETARY IN RESPECT OF SECTION 88(2)(E) OF THE COMPANIES ACT

In terms of Section 88(2)(e) of the Companies Act, No.71 of 2008, as amended, I certify that the Group has lodged with the Commissioner 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 Section 8(1) of the Airports Company Act, No.44 of 1993, I certify that, for the financial year ended 31 March 2014, Airports Company South Africa SOC Limited has lodged, with the Minister of Transport, the financial statements in respect of the preceding financial year.

Nosisa Kekana
Company Secretary
22 July 2014

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AIRPORTS COMPANY SOUTH AFRICA SOC LIMITED

For the year ended 31 March 2014

The summary consolidated financial statements, set out on pages 188 to 214, which comprise the summary consolidated statement of financial position as at 31 March 2014, and the summary consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Airports Company South Africa SOC Limited for the year ended 31 March 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 31 July 2014. Our auditor's report on the audited consolidated financial statements contained an Other matter paragraph: "Other reports required by the Companies Act" (refer below).

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa and the Public Finance Management Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Airports Company South Africa SOC Limited.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with note 2 and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

OPINION

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Airports Company South Africa SOC Limited for the year ended 31 March 2014 are consistent, in all material respects, with those consolidated financial statements, in accordance with note 2 and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "Other reports required by the Companies Act" paragraph in our audit report dated 31 July 2014 states that as part of our audit of the consolidated financial statements for the year ended 31 March 2014, 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 financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

Ngubane & Co (Jhb) Inc.
Director: E Sibanda
Registered auditor
Midrand
31 July 2014

PricewaterhouseCoopers Inc.
Director: R Dhanlall
Registered auditor
Johannesburg
31 July 2014

DIRECTORS' REPORT

For the year ended 31 March 2014

The directors have pleasure in submitting their report on the consolidated annual financial statements of Airports Company South Africa SOC Limited and the Group for the year ended 31 March 2014.

The Company was established in terms of the Airports Company Act, No.44 of 1993 as amended and the Companies Act, No.71 of 2008 as amended.

NATURE OF BUSINESS

The principal activities of the Company are the acquisition, establishment, development, provision, maintenance, management, control and operation of airports or part of any airport or any facilities or services that are normally performed at an airport.

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

REVIEW OF OPERATIONS

Revenue for the Group amounted to R7.1 billion (2013: R6.6 billion), including non-aeronautical revenue of R2.6 billion (2013: R2.4 billion).

Profit before income tax for the Group amounted to R2.3 billion (2013: R1.6 billion).

The profit for the year for the Group was R1.7 billion (2013: R991 million) after taxation expense of R597 million (2013: R650 million).

DIVIDENDS

The Board of Directors has approved an ordinary dividend of R300 million for the 2014 financial year (2013: R99 million).

CAPITAL EXPENDITURE

During the year R928 million (2013: R990 million) was spent on capital expenditure relating to improvements, expansions and replacements by the Group. (Refer to Notes 5, 6 and 7 and 36 on capital commitments 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 financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

The Group has a 100% interest in ACSA Global Ltd, a management company incorporated in Mauritius. The Company has been accounted for as a subsidiary.

ACSA Global Ltd holds a 10% 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.

Airports Company South Africa SOC Ltd has a 40% interest in the 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.

Airports Company South Africa SOC Ltd holds a 10% interest in Aeroporto de Guarulhos Participações S.A. 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 9 and 10 of the annual financial statements.

The Group's accounts include the consolidation of the Airports 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.

DIRECTORS AND SECRETARY

Details of the directors and secretary of the Company are given on pages 45 to 52.

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 (Directors emoluments can be found in note 38).

INFORMATION REQUIRED IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT

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 closely related) exceed R60 million, must be reported.

Fruitless and wasteful expenditure of R0.5 million (2013: R13.6 million) in relation to not returning and/or demanding a refund on non-functional equipment and forfeited deposits was suffered. Management has instituted preventative and corrective measures as considered appropriate, including disciplinary and possible legal action.

Irregular expenditure of R82 million (2013: R32.8 million) was suffered by the Group, in relation to non-adherence to procurement procedures. 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.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

"WE HAVE CONTINUED TO CREATE VALUE FOR OUR STAKEHOLDERS, AND THE VALUE CREATED HAS GROWN BY 8% TO R6.0 BILLION (2014) AS COMPARED TO R5.6 BILLION (2013)."

EAST LONDON AIRPORT

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

Figures in Rand thousand	Note	2014	2013	1 April 2012
ASSETS				
Non-current assets		**24 954 264**	24 690 018	24 519 622
Property, plant and equipment	5	**19 808 871**	20 260 405	20 624 757
Investment property	6	**3 275 949**	2 991 127	2 696 172
Intangible assets		**110 608**	150 480	214 755
Investment in subsidiaries	7	**–**	–	–
Investment in joint ventures	7	**107 383**	85 078	43 752
Investments in associates	7	**1 422 739**	932 832	748 643
Other non-current assets		**228 714**	270 096	191 543
Current assets		**3 032 483**	3 405 768	3 619 359
Inventories		**1 180**	6 222	6 220
Tax receivable		**461**	614	–
Derivative financial instruments		**–**	11 215	–
Trade and other receivables	15	**942 765**	928 599	1 038 760
Investments	8	**1 073 569**	1 204 998	600 000
Cash and cash equivalents	8	**1 014 508**	1 254 120	1 974 379
Non-current assets held for sale		**–**	–	1 850 000
Total assets		**27 986 747**	28 095 786	29 988 981
EQUITY AND LIABILITIES				
Equity				
Share capital		**500 000**	500 000	500 000
Share premium		**250 000**	250 000	250 000
Other reserves		**(77 467)**	(204 355)	719 458
Treasury share reserve		**(44 024)**	(44 024)	(44 024)
Retained earnings		**12 055 313**	10 437 027	8 264 557
Total equity attributable to equity holders		**12 683 822**	10 938 648	9 689 991

Figures in Rand thousand	Note	2014	2013	1 April 2012
Non-current liabilities		**12 397 400**	13 309 547	16 947 454
Interest bearing borrowings	10	**11 125 401**	11 880 638	15 600 538
Retirement benefit obligations		**34 858**	186 484	142 545
Derivative financial instruments		**48 081**	226 551	129 426
Deferred income		**69 614**	72 249	74 060
Deferred tax liabilities	9	**1 119 446**	943 625	1 000 885
Current liabilities		**2 905 525**	3 847 591	3 351 536
Trade and other payables		**816 040**	833 876	928 046
Interest bearing borrowings	10	**1 846 509**	2 841 696	1 051 863
Provisions		**120 000**	103 500	87 026
Derivative financial instruments		**51 601**	45 383	65 349
Income tax liability		**68 644**	20 437	16 595
Deferred income		**2 731**	2 699	1 202 657
Total liabilities		**15 302 925**	17 157 138	20 298 990
Total equity and liabilities		**27 986 747**	28 095 786	29 988 981

SUMMARY CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

Figures in Rand thousand	Note	2014	Restated 2013
Revenue	11	**7 126 961**	6 646 602
Other operating income		**257 856**	227 781
Employee benefit expenses		**(992 804)**	(873 953)
Depreciation and amortisation expense	5	**(1 402 510)**	(1 411 433)
Other operating expenses		**(1 744 984)**	(1 558 653)
Operating profit		**3 244 519**	3 030 344
Share of profit of equity accounted investments	7	**228 582**	62 434
Net finance expense		**(1 159 804)**	(1 451 498)
Finance income	12	**64 702**	126 259
Finance expenses	12	**(1 380 960)**	(1 603 702)
Gains on remeasurement and disposal of trading financial instruments	12	**156 454**	25 945
Profit before tax		**2 313 297**	1 641 280
Income tax expense		**(597 086)**	(649 970)
Profit for the period		**1 716 211**	991 310
Other comprehensive income for the year, net of tax		**126 888**	4 363
Actuarial gain/(loss)		**43 987**	(18 278)
Gains and losses on property revaluation		**20 710**	67 303
Exchange differences on translating foreign operations		**86 380**	28 166
Effects of cashflow hedges		**15 323**	(71 680)
Deferred tax		**(39 512)**	(1 148)
Total comprehensive income for the year		**1 843 099**	995 673
Profit attributable to:			
Owners of the parent		**1 716 211**	991 310
		1 716 211	991 310
Total comprehensive income attributable to:			
Owners of the parent		**1 843 099**	995 673
		1 843 099	995 673
Basic earnings per share (cents)		**347.41**	200.67
Diluted earnings per share (cents)		**347.41**	200.67

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

Figures in Rand thousand	Note	2014	Restated 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**7 164 160**	6 670 524
Cash paid to suppliers and employees		**(2 760 003)**	(2 461 993)
Cash generated from operations	13	**4 404 157**	4 208 531
Income tax paid	14	**(429 223)**	(404 381)
Interest received		**64 702**	126 259
Net cash inflow from operating activities		**4 039 636**	3 930 409
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		**(863 322)**	(944 934)
Sale of property, plant and equipment		**2 087**	3 520
Purchase of investment property		**(16 106)**	(7 763)
Purchase of intangible assets		**(48 573)**	(37 930)
Decrease/(increase) in short-term investments		**131 429**	(604 998)
Proceeds on disposal of assets held for sale		**–**	650 000
Investments in associates		**(181 054)**	(76 892)
Net cash outflow from investing activities		**(975 539)**	(1 018 997)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest bearing borrowings repaid		**(1 889 951)**	(2 094 838)
Financial instruments held for trading		**(76 761)**	(72 743)
Dividends paid		**(97 528)**	–
Interest paid		**(1 239 469)**	(1 464 385)
Net cash outflow from financing activities		**(3 303 709)**	(3 631 966)
Net foreign currency translation adjustments		**–**	295
Increase in cash and cash equivalents		**(239 612)**	(720 259)
Cash and cash equivalents at beginning of period		**1 254 120**	1 974 379
Effect of foreign exchange rate changes on cash held		**–**	–
Cash and cash equivalents at end of period		**1 014 508**	1 254 120

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

Figures in Rand thousand	Share capital	Share premium	Retained earnings	Treasury shares reserve	Other reserves	Total equity
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
GROUP						
Balance at 1 April 2012	500 000	250 000	8 264 557	(44 024)	719 458	9 689 991
Comprehensive income						
Profit for the year			991 310			991 310
Other comprehensive income	–	–	1 181 160	–	(923 813)	257 347
Actuarial losses on defined benefit PRMAL net of tax					(13 441)	(13 441)
Cash flow hedge					(51 610)	(51 610)
Foreign currency translation differences, net of tax					20 956	20 956
Gain on revaluation of investment property, net of tax					48 458	48 458
Transfer between reserves			928 176		(928 176)	–
Deferred tax on transfer between reserves			252 984			252 984
Balance at 1 April 2013	500 000	250 000	10 437 027	(44 024)	(204 355)	10 938 648
Comprehensive income						
Profit for the year	–	–	**1 716 211**	–	–	**1 716 211**
Other comprehensive income	–	–	–	–	**126 888**	**126 888**
Actuarial losses on defined benefit PRMAL net of tax	–	–	–	–	**31 675**	**31 675**
Cash flow hedge	–	–	–	–	**11 033**	**11 033**
Foreign currency translation differences, net of tax	–	–	–	–	**69 269**	**69 269**
Gain on revaluation of investment property, net of tax	–	–	–	–	**14 911**	**14 911**
Dividends declared			**(97 925)**			**(97 925)**
Total comprehensive income	–	–	**1 618 286**	–	**126 888**	**1 745 174**
Balance at 31 March 2014	**500 000**	**250 000**	**12 055 313**	**(44 024)**	**(77 467)**	**12 683 822**

SELECTED NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. GENERAL 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 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, as mandated by the Airports Company Act No.44 of 1994.

The full set of audited Group and Company financial statements for the year ended 31 March 2014 are available for inspection at the Company's registered office and on the Company website at www.airports.co.za.

The summary consolidated financial statements were prepared under the supervision of the Chief Financial Officer, Maureen Manyama-Matome CA(SA).

2. BASIS OF PREPARATION

The summary consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB), the preparation and disclosure requirements of IAS34 – interim financial statements and reporting in the manner required by the Companies Act No. 71 of 2008. Although the audited consolidated financial statements have been prepared in accordance with the Public Finance Management Act of 1999 (PFMA), the PFMA does not prescribe or prohibit the preparation of these summary consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the summary consolidated financial statements are disclosed in note 4.

The accounting policies, methods of computation and preparation applied by the Group in preparing these summary consolidated annual financial statements are consistent with those applied in the full set of financial statements and those applied in the prior year, except for the changes set out in note 4, changes in accounting policy.

Basis of measurement

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

Functional and presentation currency

These financial statements are presented in South African Rand, which is the Company's functional currency, and were rounded to the nearest thousand.

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing these summary consolidated annual financial statements, management has made use of certain judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. These judgements, estimates and assumptions pertain largely to:

- Fair values of financial instruments
- Post retirement medical aid liability

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

- Fair values of investment properties
- Useful lives and residual values of property, plant and equipment and intangibles
- Accounting for investments in associates

The significant judgments, estimates and assumptions made by management were substantially the same as those applied to the financial statements as at and for the year ended 31 March 2013.

4. CHANGE IN ACCOUNTING POLICY

The Group adopted "IFRS 11 Joint arrangements" in the current year.

IFRS 11 was issued in May 2011 and replaces "IAS 31 Interests in Joint Ventures". IFRS 11 classifies joint arrangements as joint operations or joint ventures depending on the contractual rights and obligations of each investor rather than the legal structure of the joint arrangement. A joint operation exists when the parties that have joint control have rights to the assets and obligations for the liabilities relating to the joint arrangement. A joint venture exists when the parties that have joint control, have rights only to the net assets of the joint arrangement.

Joint ventures are required to be accounted for using the equity method of accounting in the Group's financial statements and either at cost or fair value in the joint venture's separate financial statements. Joint operations are accounted for, in both the Group and separate financial statements (as defined by "IAS 27 Separate Financial Statements"), by recognising and measuring the assets, liabilities, income and expenses of the joint operation in relation to the involvement with the joint operation.

The previous accounting policy for joint ventures was proportionate consolidation. Therefore, any joint ventures identified in the Group are now required to be equity accounted in accordance with the provisions of IFRS 11. Joint operations will continue to be accounted for by recognising the assets, liabilities, income and expenses of the joint operation in relation to the Group's involvement with the joint operation.

The aggregate effects of the changes in accounting policy in relation to the adoption of IFRS 11 on the summary consolidated annual financial statements for the years ended 31 March 2013 and 31 March 2012, are as follows:

Total effect on net financial position:

	PREVIOUSLY STATED	
	2013	2012
Total assets – previously stated	28 188 280	30 066 655
Restatement	(92 494)	(77 674)
Total assets – restated amount	28 095 786	29 988 981
Total liabilities – previously stated	17 249 234	20 377 026
Restatement	(1 946 309)	(3 219 888)
Total liabilities – restated amount	15 302 925	17 157 138
Total effect on net profit for for the period:		
Total net profit for the period – previously stated	991 065	187 573
Restatement	245	–
Total net profit for the period – restated amount	991 310	187 573

5. 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.

SELECTED NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Figures in Rand thousand	Opening balance	Additions	Disposals	Transfer	De-preciation	Total
2014						
Land	**742 777**	**–**	**–**	**–**	**–**	**742 777**
Buildings	**10 405 647**	**2 040**	**(27)**	**133 557**	**(563 308)**	**9 977 909**
Equipment	**1 282 243**	**117 846**	**–**	**304 756**	**(407 182)**	**1 297 663**
Motor vehicles	**108 573**	**6 578**	**(710)**	**3 202**	**(23 869)**	**93 774**
Roads, runways and aprons	**6 313 522**	**74 081**	**(39)**	**444 276**	**(319 721)**	**6 512 119**
Work in progress	**1 407 643**	**662 777**	**–**	**(885 791)**	**–**	**1 184 629**
Total	**20 260 405**	**863 322**	**(776)**	**–**	**(1 314 080)**	**19 808 871**
2013						
Land	727 963	–	(12)	14 826	–	742 777
Buildings	10 930 728	26 467	–	11 002	(562 550)	10 405 647
Equipment	1 543 045	159 446	(39)	22 987	(443 196)	1 282 243
Motor vehicles	108 526	21 810	–	–	(21 763)	108 573
Roads, runways and aprons	6 426 455	–	–	168 795	(281 728)	6 313 522
Work in progress	888 050	737 203	–	(217 610)	–	1 407 643
Total	20 624 767	944 926	(51)	–	(1 309 237)	20 260 405

6. 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 operating income where the use of owner-occupied properties changes to being used for earning rental income, capital appreciation, or both.

Figures in Rand thousand	**2014**	2013	2012
Balance at 1 April	**2 991 127**	2 696 172	4 533 322
Improvements	**16 106**	7 763	11 316
Change in fair value:			
– Recognised in statement of comprehensive income	**248 006**	219 889	1 534
– Recognised in other comprehensive income	**20 710**	67 303	–
Transfer to non-current assets held for sale	**–**	–	(1 850 000)
Balance at 31 March	**3 275 949**	2 991 127	2 696 172

6. INVESTMENT PROPERTY (CONTINUED)

Investment properties are stated at fair value, which has been determined based on valuations performed by accredited independent valuers, as at 31 March 2014 and 31 March 2013. 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 for both the Group and the Company:

	2014	2013	2012
Market yield of comparable properties (%)	**8 – 12**	10 – 15	10 – 15
Average escalation of lease rentals (%)	**8 – 10**	8 – 12	8 – 12
Average duration of lease (years)	**3 – 5**	3 – 5	3 – 5

Investment properties with a fair value of Rnil have been encumbered by secured borrowings (2013: Rnil; 2012: R737 million).

Details of the investment properties are recorded in a register which may be inspected by the shareholders or their duly authorised agents at the Group's registered office, as required by Regulation 25(3) of the Companies Act Regulations, 2011. Investment property comprises a number of commercial properties that are leased to third parties. No contingent rents are charged.

Rental income of R533 million (2013: R515 million) from investment properties has been included in revenue of the Group and Company (refer to note 11).

Investment properties are classified as level 2 fair value assets (refer to note 19).

7. CONSOLIDATION

Subsidiaries

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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. 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.

SELECTED NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

7. CONSOLIDATION (CONTINUED)

Subsidiaries (continued)

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.

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.

Accounting policies of the subsidiaries are consistent with those of the Group.

Investments in associates and joint arrangements

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

A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost.

If the ownership interest in an associate or joint venture 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.

The Group's share of its associates' and joint ventures' 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 and joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

Accounting policies of the joint ventures and associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group's policy for accounting for investments in joint ventures changed from the proportional accounting to the equity accounting method, due to the first time adoption of IFRS 11, Joint arrangements

7. CONSOLIDATION (CONTINUED)

Investments in associates and joint arrangements (continued)

in 2014. The change in accounting policy has been applied as from 1 April 2011. The effects of the change in accounting policies on the financial position, comprehensive income and the cash flows of the Group at 1 April 2012 and 31 March 2013 are shown in note 4.

Transactions eliminated on consolidation

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.

7.1 Investments in subsidiaries

Details of the Company's subsidiaries at 31 March are as follows:

Subsidiary	Principal activity	Country of incorporation	Interest held
OSI Airport Systems (Pty) Ltd	Dormant	South Africa	51%
Pilanesberg International Airport (Pty) Ltd	Dormant	South Africa	100%
Precinct 2A (Pty) Ltd	**Property owning**	**South Africa**	**100%**
JIA Piazza Park (Pty) Ltd	**Hotel operations**	**South Africa**	**100%**
ACSA Global Ltd	**Management company**	**Mauritius**	**100%**

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 ACSA Kagano Trust, in terms of IFRS 10 , "Consolidated Financial Statements", the Group consolidates these entities as it has power over the relevant activities of those entities and exposure to variable returns associated with the intercompany loan funding and the company receives significant rewards associated with the employment of the beneficiaries. Details of thoses entities are as follows:

Entity	Principal activity	Country of incorporation	Interest held
Lexshell 342 Investment Holdings (Pty) Ltd	Employee share option plan	South Africa	–
Airport Management Share Incentive Scheme Company (Pty) Ltd	Employee share option plan	South Africa	–

"THE REVENUE HAS SHOWN A 7.2% YEAR-ON-YEAR INCREASE TO R7.1 BILLION IN THE 2014 REPORTING PERIOD."

UPINGTON INTERNATIONAL AIRPORT

SELECTED NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

7. CONSOLIDATION (CONTINUED)

7.2 Investments in associates and joint ventures

Details of the Group's associates and joint ventures, which are equity accounted, are as follows at 31 March:

Figures in Rand thousand Entity	Country of incor-poration	Interest held	Profit for the period	Net assets	Re-conciling items	Share of equity accoun-ted earnings	Carrying value of Invest-ment
2014							
Joint ventures							
Airport Logistics Property Holdings (Pty) Ltd	South Africa	50%	44 608	214 766	–	22 304	107 383
Associates							
La Mercy JV Property Investments (Pty) Ltd	South Africa	40%	1 273	390 522	–	509	156 209
Aeroporto de Guarulhos Participações S.A.	Brazil	10%	591 881	5 740 113	(78 201)	59 188	495 810
Mumbai International Airport Private Limited	India	10%	1 465 801	7 707 190	–	146 580	770 719
Totals						228 581	1 530 121
2013							
Joint ventures							
Airport Logistics Property Holdings (Pty) Ltd	South Africa	50%	82 651	170 156		41 326	85 078
Associates							
La Mercy JV Property Investments (Pty) Ltd	South Africa	40%	12 138	389 251	–	4 855	155 700
Aeroporto de Guarulhos Participações S.A.	Brazil	10%	(78 463)	1 557 890	(87 368)	(7 846)	68 421
Mumbai International Airport Private Limited	India	10%	240 990	166 356 410		24 099	16 635 641
Totals						62 433	16 944 840

SELECTED NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

8. 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.

Figures in Rand thousand	**2014**	2013	2012
Cash on hand	**75**	75	78
Bank balances	**795 654**	1 002 071	1 334 295
Money markets	**218 779**	251 974	640 006
Cash	**1 014 508**	1 254 120	1 974 379
Cash deposit	**–**	–	600 000
Stanlib Income Fund	**1 073 569**	1 204 998	–
Investments	**1 073 569**	1 204 998	600 000
Balance at 31 March	**2 088 077**	2 459 118	2 574 379

9. DEFERRED TAX LIABILITY

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.

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.

9. DEFERRED TAX LIABILITY (CONTINUED)

Figures in Rand thousand	**2014**	2013	2012
Balance at 1 April	**943 625**	1 000 885	1 066 363
Movements during the year:			
– Recognised in the statement of comprehensive income	**119 503**	263 117	(73 391)
– Prior year adjustment	**–**	(53 444)	–
– Recognised directly in other comprehensive income	**56 318**	(266 933)	7 913
Balance at 31 March	**1 119 446**	943 625	1 000 885
Income tax for components of other comprehensive income			
Actuarial losses on defined benefit post retirement medical aid liability	**12 316**	(4 837)	(2 242)
Fair value gains on investment property	**5 799**	(234 140)	–
Cash flow hedge	**4 291**	(20 070)	(11 264)
Foreign currency translation differences	**33 912**	(7 886)	21 419
	56 318	(266 933)	7 913

10. INTEREST-BEARING BORROWINGS

Figures in Rand thousand	**Carrying value 2014**	**Fair value 2014**	Carrying value 2013	Fair value 2013	Carrying value 2012	Fair value 2012
GROUP						
Unsecured:						
Long-term bonds	**8 239 364**	**8 867 641**	9 886 158	11 102 807	9 735 276	10 467 104
Nedbank Bul. Loan	**1 751 643**	**1 921 170**	1 751 890	1 952 588	1 750 000	1 963 874
Infrustructure Finance Corporation Limited (INCA)	**185 526**	**202 386**	204 760	225 347	223 519	245 868
Development Bank of South Africa (DBSA)	**–**	**–**	–	–	1 371 615	1 503 029
Southern Sun Loan	**1 500**	**1 500**	1 500	1 500	1 500	1 500
L'Agence Franchaise de Developpement (AFD)	**850 069**	**928 018**	934 853	1 098 046	1 019 894	1 157 984
L'Agence Franchaise de Developpement (AFD1)	**1 943 808**	**2 172 109**	1 943 173	2 398 795	1 942 601	2 303 328
	12 971 910	**14 092 824**	14 722 334	16 779 082	16 044 405	17 642 687

SELECTED NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

10. INTEREST-BEARING BORROWINGS (CONTINUED)

Figures in Rand thousand	**Carrying value 2014**	**Fair value 2014**	Carrying value 2013	Fair value 2013	Carrying value 2012	Fair value 2012
Secured:						
Firstrand Bank Ltd	**–**	**–**	–	–	607 996	629 094
Balance at 31 March	**12 971 910**	**14 092 824**	14 722 334	16 779 082	16 652 401	18 271 781
Maturity analysis:						
Current portion	**1 846 509**	**1 846 509**	2 841 696	2 841 696	1 015 863	1 015 863
Non-current portion	**11 125 401**	**12 246 315**	11 880 638	13 937 386	15 636 538	17 255 918
	12 971 910	**14 092 824**	14 722 334	16 779 082	16 652 401	18 271 781

11. REVENUE

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 and returns, 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 aeronautical revenue (landing fees, passenger service charges, and aircraft parking) and non-aeronautical revenue (advertising, retail, car parking, car hire, property rental, hote operations, and premiums).

Figures in Rand thousand	**2014**	2013
Aeronautical	**4 559 301**	4 245 654
Retail[1]	**1 733 681**	1 603 477
Rental income	**532 710**	514 941
Hotel operations	**114 814**	98 767
Recoveries[2]	**115 863**	117 287
Other	**70 592**	66 476
	7 126 961	6 646 602

[1] Retail revenue includes revenue form core retail, car parking, advertising and car rental

[2] Recoveries include water, electricity and other utility charges recovered from tenants

12. 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

Figures in Rand thousand	2014	2013
Finance income	64 702	126 259
Finance expense	(1 380 960)	(1 603 702)
Gains/(losses) on remeasurement and disposal of trading financial instruments	156 454	25 945
Total finance expense	(1 224 506)	(1 577 757)
Net finance expense	(1 159 804)	(1 451 498)

13. CASH GENERATED FROM OPERATIONS

Figures in Rand thousand	2014	2013
Profit/(loss) before taxation	2 313 297	1 641 280
Adjustments for:		
Depreciation and amortisation	1 402 510	1 411 433
Impairment of trade and other receivables	8 500	96 181
Profit on sale of assets	(1 311)	(3 469)
Income from equity accounted investments	(228 582)	(62 434)
Interest received – investment	(64 702)	(126 259)
Finance costs	1 380 960	1 603 702
Movements in retirement benefit assets and liabilities	(95 846)	60 599
Movements in provisions	16 500	283 740
Deferred income	(2 603)	(1 769)
Unrealised fair value gains and losses	(330 520)	(220 534)
	4 398 203	4 682 470
Changes in working capital:		
Inventories	5 042	(2)
Other non-current assets	41 414	(95 879)
Trade and other receivables	(22 666)	(285 123)
Trade and other payables	(17 836)	(92 935)
Cash generated from operations	4 404 157	4 208 531

SELECTED NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2014

14. TAX PAID

Figures in Rand thousand	**2014**	2013
Balance at beginning of the year	**(19 823)**	74 610
Current tax for the year recognised in profit or loss	**(477 583)**	(485 416)
Balance at end of the year	**68 183**	19 823
	(429 223)	(390 983)

15. TRADE AND OTHER 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.

Trade and other receivables are 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.

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.

All impairment losses are recognised in profit and loss.

Figures in Rand thousand	**2014**	2013
Trade receivables	**807 369**	903 239
Loan to joint venture/associate	**49 847**	65 579
Impairment of trade and other receivables	**(56 795)**	(215 769)
Loans and receivables	**800 421**	753 049
Taxation receivable	**–**	239
Prepayments	**1 789**	3 061
Insurance rent-a-captive receivable (*)	**87 394**	86 424
Lease receivables	**43 597**	71 610
Other receivables	**9 564**	14 216
	942 765	928 599

* 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.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

The average credit period is 33 days (2013: 35 days; 2012: 40 days). No interest is earned on trade receivables. Trade receivables are carried at cost which normally approximates their fair value due to short-term maturity thereof. 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 below.

Loans to joint ventures and associates bear no interest and have no fixed repayment terms.

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.

Figures in Rand thousand	Trade and other receivables	Allowance for impairment	Trade and other receivables, net of allowance for impairment	Impairment as a percentage of trade and other receivables
2014				
Not past due	**604 714**	**–**	**604 714**	
Past due 0 – 30 days	**113 463**	**–**	**113 463**	
Past due 31 – 60 days	**30 075**	**–**	**30 075**	
Past due 61 – 90 days	**108 964**	**(56 795)**	**52 169**	**7%**
Total trade and other receivables	**857 216**	**(56 795)**	**800 421**	**7%**
2013				
Not past due	138 875	–	138 875	
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	22%
Total trade and other receivables	968 818	(215 769)	753 049	22%

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment loss

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Figures in Rand thousand	**2014**	2013
Balance at 1 April	**215 769**	131 412
Increase in allowance	**7 309**	84 357
Balance at 31 March	**(166 283)**	–
	56 795	215 769

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% 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, R137 million (2013: R181 million) is due from one significant client, the Group's largest. There are no other customers who represent more than 10% of the total balance of trade receivables. As at 31 March 2013, Airports Company South Africa had no significant concentration of credit risk (2013: 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.

16. CAPITAL COMMITMENTS

Figures in Rand thousand	2014	2013
– Contracted		
Within one year	**237 739**	74 610
Two to five years	**79 985**	–
After five years	**373 285**	188 139
– Authorised by the directors but not yet contracted for (*)	**211 740**	421 599
	902 749	684 348

* Commitments authorised by directors not yet contracted for, relate to the partnership investment with Investimentos e Participações em Infra-estrutura S.A (Invepar), for acquiring 51% of Guarulhos International Airport concession, with Airports Company South Africa acquiring 10% stake. The Group commited to an initial investment of R450 million.

There are no commitments in relation to investments in joint ventures.

17. DIVIDENDS PER SHARE

Figures in Rand thousand	2014	2013
Final (cents)	**19.82**	–

The final dividend was declared and authorised in respect of the 2013 financial year end at the annual general meeting held on 29 August 2013.

18. RELATED PARTIES

The Airports Company South Africa SOC Ltd is one of 21 Schedule 2 major public entities in terms of the Public Finance Management Act1 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.

Relationships

Subsidiaries	Refer to note 7
Joint ventures	Refer to note 7
Associates	Refer to note 7

SELECTED NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

For the year ended 31 March 2014

18.1 Related party transactions and balances

Figures in Rand thousand	**2014**	2013
National departments		
Services rendered	**35 140**	26 203
Services received	**278**	395
Amount due from	**1 364**	2 424
Amount due to	**48**	–
Constitutional institutions		
Services received	**35**	131
Amount due to	**(32)**	–
Major public entities		
Services rendered	**2 118 499**	1 937 398
Services received	**68 051**	59 765
Amount due from	**250 835**	210 278
Amount due to	**(694)**	(1 224)
Other National public entities		
Services rendered	**17 865**	19 506
Services received	**404 072**	463 912
Amount due from	**1 543**	4 055
Amount due to	**(16 550)**	(5 018)
Subsidiaries joint ventures and associates		
Services rendered	**44 480**	65 312
Amount due from	**–**	–

18. RELATED PARTIES (CONTINUED)

18.2 Remuneration

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 R11 million (2013: 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 Board through the Remuneration and Nomination Committee.

Figures in Rand thousand	Salary	Other benefits*	Total
2014			
Executive			
Bongani Maseko (appointed 15 May 2013)	**2 947**	**3 386**	**6 333**
Maureen Manyama-Matome (appointed 1 April 2013)	**2 149**	**233**	**2 382**
	5 096	**3 619**	**8 715**
2013			
Bongani Maseko (Acting Managing Director, effective 1 October 2011)[1]	2 579	1 557	4 136
William Tlou (Acting Finance Director, effective 1 September 2011)[1]	1 717	719	2 436
	4 296	2 276	6 572

* Other benefits comprise retirement medical benefits, cash bonus and long-term incentive

[1] Salary includes acting allowance

Figures in Rand thousand	Directors' fees 2014	Directors' fees 2013
Non-executive		
Busisiwe Mabuza (Chairman – appointed 1 March 2012)	**746**	595
Deon Botha (appointed 1 August 2013) (fees payable to the PIC)	**285**	–
Elias Masilela (resigned 31 July 2013) (fees payable to the PIC)	**112**	291
Roshan Morar (appointed 1 January 2012)	**483**	341
Skhumbuzo Macozoma (appointed 1 March 2012)	**426**	273
Priscillah Mabelane (appointed 1 August 2012)	**212**	84
Tryphosa Ramano (appointed 1 March 2012)	**358**	313
John Lamola (appointed 1 December 2012)	**463**	38
Kenosi Moroka (appointed 1 December 2012)	**325**	38
Bajabulile Luthuli (appointed 1 December 2012)	**355**	38
Chwayita Mabude (appointed 1 December 2012)	**464**	38
Martie van Rensburg (retired 12 November 2013)	**–**	259
	4 209	2 308

SELECTED NOTES TO THE AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

For the year ended 31 March 2014

18. RELATED PARTIES (CONTINUED)

18.2 Remuneration (continued)

	Salary	Other benefits*	Total
2014			
Prescribed officers			
Deon Cloete	**1 659**	**2 043**	**3 702**
Pieter du Plessis	**1 688**	**2 026**	**3 714**
Haroon Jeena	**1 917**	**2 268**	**4 185**
Tebogo Mekgoe	**1 679**	**991**	**2 670**
Bongiwe Mbomvu (appointed 1 September 2013)	**1 027**	**139**	**1 166**
Terence Delomoney	**1 567**	**1 677**	**3 244**
John Neville	**2 130**	**2 368**	**4 498**
Goran Vracar	**1 488**	**1 583**	**3 071**
Yvette Schoeman	**1 496**	**968**	**2 464**
Andre Vermeulen (Acting Group Executive: Airport Operations, effective 1 October 2011)	**1 608**	**1 226**	**2 834**
	16 259	**15 289**	**31 548**
2013			
Prescribed officers			
Deon Cloete	1 789	1 210	2 999
Pieter du Plessis	1 772	1 205	2 977
Haroon Jeena	2 015	1 490	3 505
Chris Hlekane (resigned 30 September 2012)	1 051	1 357	2 408
Tebogo Mekgoe (appointed 10 October 2012)	878	–	878
Andre Vermeulen (Acting Group Executive: Airport Operations effective 1 October 2011)	1 715	719	2 434
Terence Delomoney	1 659	1 052	2 711
John Neville	2 268	1 550	3 818
Goran Vracar	1 599	1 039	2 638
Yvette Schoeman (appointed 1 November 2012)	637	162	799
	15 383	9 784	22 759

* Other benefits comprise retirement medical benefits, cash bonus and long-term incentive.

19. FAIR VALUE INFORMATION

Fair value hierarchy

The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The table below analyses assets and liabilities carried at fair value:

Figures in Rand thousand	**2014**	2013
Level 2		
Recurring fair value measurements		
Assets	**3 275 949**	2 991 127
Investment property	–	11 215
Foreign exchange contracts		
Liabilities		
Interest rate swaps	**(99 682)**	(271 934)
Non-recurring fair value measurements		
Assets held for sale and disposal groups in accordance with IFRS 5	–	1 850 000

Buildings which were classified as non current assets held for sale in 2012 have been recognised at fair value less costs to sell because the assets fair value less costs to sell is lower than its carrying amount.

The fair values of investment properties have been determined based on valuations performed by accredited independent valuers, as at 31 March 2014 and 31 March 2013. 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.

No changes have been made to the valuation technique.

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.

19. FAIR VALUE INFORMATION

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.

GROUP STATISTICAL REVIEW

For the year ended 31 March 2014

Figures in Rand thousand	**2014**	2013	2012	2011	2010
Operations					
Aeronautical revenue	**4 559 301**	4 245 654	3 349 653	2 430 447	1 702 372
Non-aeronautical revenue	**2 567 660**	2 400 948	2 388 890	2 227 792	1 828 453
Revenue	**7 126 961**	6 646 602	5 738 543	4 658 239	3 530 825
EBITDA	**4 647 029**	4 442 297	3 563 630	2 615 131	2 672 775
Operating profit	**3 244 519**	3 030 344	2 099 826	1 169 903	1 595 326
Profit before tax	**2 313 297**	1 641 280	118 068	(181 303)	995 038
Profit for the year	**1 716 221**	991 310	187 573	(220 530)	900 786
Depreciation and amortisation	**(1 402 510)**	(1 411 433)	(1 463 804)	(1 445 228)	(1 077 449)
Dividends paid	**(97 925)**	–	–	–	–
Capital expenditure	**(928 001)**	(990 603)	(417 100)	(505 368)	(5 240 614)
Financial position					
Capital and reserves	**12 683 822**	10 938 648	9 689 991	9 598 237	8 968 132
Non current liabilities excluding deferred tax	**11 277 954**	12 365 922	15 946 569	15 091 193	14 935 848
Deferred tax	**1 119 446**	943 625	1 000 885	1 080 452	749 849
Debentures	**–**	–	–	6 000	6 000
	25 081 222	24 324 474	26 637 445	25 775 882	24 659 829
Property, plant and equipment, investment property and intangible assets	**23 096 428**	23 402 012	23 535 684	26 560 669	25 812 860
Investment in joint ventures	**107 383**	85 078	43 752	–	–
Investment in associates	**1 422 739**	932 832	748 643	647 129	661 327
Other non-current assets	**228 714**	270 096	191 543	150 115	113 725
Current assets	**3 032 483**	3 405 768	3 619 359	1 798 666	1 303 266
Non-current assets held for sale		–	1 850 000	–	–
Total assets	**27 887 747**	28 095 786	29 988 981	29 156 579	27 891 178
Current liabilities	**(2 905 525)**	(3 847 591)	3 351 536	(3 380 698)	(3 231 349)
	24 982 222	24 248 195	33 340 517	25 775 881	24 659 829

GROUP STATISTICAL REVIEW (CONTINUED)

For the year ended 31 March 2014

Figures in Rand thousand	2014	2013	2012	2011	2010
Cash flow					
Net cash generated in operating activities	**4 117 354**	3 930 409	3 036 235	1 665 084	1 168 094
Cash (utilised)/generated in investing activities	**(976 496)**	(1 018 997)	164 440	(532 908)	(4 330 247)
Net cash (utilised)/generated by financing activities	**(3 380 470)**	(3 631 966)	(1 899 118)	(887 749)	2 600 731
Net cash (outflow)/inflow	**(239 612)**	(720 554)	1 301 504	244 884	(555 347)
Profitability					
Earnings per share (cents)	**347.41**	200.67	37.97	(44.64)	182.33
Dividends per share (cents)	**19.82**	–	–	–	–
Productivity					
Number of employees	**2 819**	2 715	2 490	2 342	2 225
Revenue per employee (R')	**2 528 188**	2 448 104	2 304 636	1 989 000	1 586 888
Operating profit per employee (R')	**1 150 947**	1 116 149	843 304	499 532	717 001
Departing passengers per employee	**6 179**	6 423	7 208	7 476	7 549
Cost to income	**54%**	54%	63%	75%	55%

OTHER KEY STATISTICS (IN NUMBERS)

	2014	2013	2012	2011	2010
Aircraft landings					
International	**38 315**	36 146	34 716	34 423	34 423
Domestic	**125 956**	126 388	142 696	139 839	139 839
Regional	**11 131**	11 251	12 087	11 492	11 492
Non-scheduled	**85 892**	81 238	82 821	88 538	88 538
	261 294	255 023	272 320	274 292	274 714
Departing passengers					
International	**5 116 779**	4 914 163	4 845 495	4 734 075	4 452 380
Domestic	**11 701 577**	11 963 082	12 534 937	12 205 426	11 529 284
Regional	**518 989**	487 569	490 407	462 261	449 648
Non-scheduled	**81 838**	73 072	76 715	107 506	79 330
	17 419 183	17 437 886	17 947 554	17 509 268	16 510 642
Number of airlines					
International	**43**	44	44	55	55
Domestic	**7**	6	7	8	7
	50	50	51	63	62
Aeronautical tariffs					
Passenger service charges					
Domestic	**R105.26**	R101.75	R96.49	R57.02	R42.98
Regional	**R218.42**	R212.23	R19.12	R117.54	R89.47
International	**R287.72**	R279.82	R262.28	R155.26	R118.42
Landing fees (based on an aircraft with a maximum take off weight of 60 000kg)					
Domestic	**R4 561.84**	R4 437.01	R4 166.02	R2 456.08	R1 872.82
Regional	**R6 654.63**	R6 472.85	R6 067.52	R3 582.78	R2 732.24
International	**R8 746.74**	R8 507.50	R7 986.88	R4 709.26	R3 590.94

GROUP STATISTICAL REVIEW (CONTINUED)

For the year ended 31 March 2014

OPERATIONAL VOLUME (IN NUMBERS)

	2014	2013	2012	2011	2010
Aircraft landings					
O.R. Tambo International	**103 341**	100 007	106 353	106 378	101 307
Cape Town International	**44 281**	44 537	48 996	46 818	46 302
King Shaka International	**24 797**	24 850	27 556	27 398	26 454
Port Elizabeth	**33 956**	31 821	35 087	36 534	39 169
East London Airport	**15 238**	15 265	16 285	19 324	17 930
George Airport	**22 233**	19 815	16 726	16 502	20 931
Bram Fischer International	**7 281**	8 925	10 161	9 423	11 362
Kimberley Airport	**5 290**	5 766	6 172	6 226	5 980
Upington International	**4 877**	4 037	3 924	3 588	3 395
Company	**261 294**	255 023	271 260	272 191	272 830
Pilanesberg International	**–**	–	1 060	2 101	1 884
Total	**261 294**	255 023	272 320	274 292	274 714
Departing passengers ('000)					
O.R. Tambo International	**9 415**	9 318	9 491	9 329	8 819
Cape Town International	**4 216**	4 226	4 301	4 113	3 912
King Shaka International	**2 241**	2 337	2 526	2 440	2 208
Port Elizabeth	**624**	651	682	708	676
East London Airport	**333**	323	339	339	337
George Airport	**289**	274	290	273	270
Bram Fischer International	**192**	207	222	209	199
Kimberley Airport	**78**	75	70	66	66
Upington International	32	27	26	24	21
Company	**17 419**	17 438	17 947	17 501	16 508
Pilanesberg International		–	1	4	3
Total	**17 419**	17 438	17 948	17 505	16 511

OPERATIONAL VOLUME (IN NUMBERS) (CONTINUED)

	2014	2013	2012	2011	2010
Staff					
O.R. Tambo International	**1 148**	1 184	1 064	1 041	986
Cape Town International	**549**	547	521	457	442
King Shaka International	**413**	391	335	335	292
Port Elizabeth	**108**	112	103	99	100
East London Airport	**67**	67	63	61	59
George Airport	**68**	72	60	67	63
Bram Fischer International	**67**	66	63	69	69
Kimberley Airport	**39**	41	39	34	31
Upington International	**23**	19	20	20	13
Corporate Office	**309**	216	222	147	158
Regional Airports	**28**	–	–	–	–
Company	**2 819**	2 715	2 490	2 330	2 213
Pilanesberg International	**–**	–	–	12	12
Total	**2 819**	2 715	2 490	2 342	2 225

ABBREVIATIONS AND ACRONYMS

"WE ARE ENGAGING AIRPORTS IN AFRICA TO SHARE OUR TECHNICAL EXPERTISE AND KNOWLEDGE TO HELP DEVELOP THE AFRICAN CONTINENT'S AERONAUTICAL INFRASTRUCTURE THROUGH THE TRANSFER OF SKILLS AND HUMAN RESOURCE CAPABILITIES."

PORT ELIZABETH INTERNATIONAL AIRPORT

ABBREVIATIONS AND ACRONYMS

AASA	Airline Association of South Africa
ACAAI	Air Cargo Agents Association of India
Accountability	AA 1000 Stakeholder engagement standard
ACI	Airports Council International
ACSA	Airports Company South Africa
AGM	Annual general meeting
AMC	Airport Management Centre
AMS	Airport Management System
APEX	Airport excellence in safety
ASQ	Airport service quality
ATM	Air traffic movements
ATNS	Air Traffic Navigation Services
BARSA	Board of Airline Representatives South Africa
BBBEE	Broad-Based Black economic empowerment
BCM	Business continuity management
BRICS	Five major emerging national economies: Brazil, Russia, India, China and South Africa
BRS	Baggage Reconciliation System
CEO	Chief executive officer
CFO	Chief financial officer
CIDB	Construction industry development board
Companies Act	Companies Act No 71 of 2008
COO	Chief operating officer
CPI	Consumer price index
CSI	Corporate social investment
CSIA	Chhatrapati Shivaji International Airport
CUSS	Common user self service
CUTE	Common User Terminal Equipment
DFI	Development finance institution
DMTN	Domestic medium-term note
DRC	Democratic Republic of Congo
DTP	Dube Trade Port
EAP	Economically active population
EBITDA	Earnings before interest tax depreciation and ammortisation

ECM	Enterprise content management
EDP	Executive development programme
EIA	Environmental Impact Assessment
ER	Economic Regulator
ERMC	Executive Risk Management Committee
ERP	Enterprise resource planning
ETD	Explosive trace detectors
Exco	Executive Committee
FIDS	Flight Information Display Systems
GDP	Gross domestic product
GPS	Global positioning system
GRI G3	Global reporting initiative (GRI) G3
GVK	A leading Indian conglomerate with diversified interests across various sectors of economic significance. GVK is a partner in MIAL consortium India
IATA	International Air Transport Association
ICAD	International civil aviation day
ICAO	International Civil Aviation Organisation
IFRS	International financial reporting standards
IIRC	International integrated reporting council
ISA 610	International standard on auditing 610 (Revised)
ISO	International standards organisation
IT	Information technology
JAAP	Joint aviation awareness programme
JV	Joint venture
King III	King code of governance for South Africa (2009)
KPI	Key performance indicator
LMJVC	La Mercy Joint Venture Company
Ltd	Limited
MCT	Minimum connecting times
MDP	Management development programme
MIAL	Mumbai International Airport Limited
MOU	Memorandum of understanding
MRO	Maintenance, repair and overhaul

ABBREVIATIONS AND ACRONYMS (CONTINUED)

NDP	National Development Plan
NEHAWU	National education, health and allied workers union
NGO	Non-governmental organisation
OLA	Operational level agreement
PAX	Passengers
Permission	Permission Application
PFMA	Public Finance Management Act No. 1 of 1999
PIC	Public Investment Corporation
PMO	Project management office
POPI	Protection of Personal Information Act
PPE	Property, plant and equipment
PropCo	Property company
PWD	People with disabilities
RFP	Request for proposal
ROCE	Return on capital employed
SAA	South African Airways
SACAA	South African Civil Aviation Authority
SANRAL	South African National Roads Agency
SANS	South African National Standards
SAPOS	South Africa Post Office Limited
SDP	Supervisory development programme
SED	Socio-economic development
SEZ	Special economic zone
SMS	Short message service
SOC	State owned company
STI	Short-term incentive
TMPS	Total measurable procurement spend
TSA	Transport security administration
UTFC	Ultra-thin fractional course
WAN	Wide area network
WSG	World scheduling guidelines
ZEUS	Name of a system used in Airport Operations

COMPANY INFORMATION

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

Busisiwe Mabuza, Non-executive Chairman
Roshan Morar, Non-executive Deputy Chairman
John Lamola, Non-executive Director
Bajabulile Luthuli, Non-executive Director
Priscillah Mabelane, Non-executive Director
Chwayita Mabude, Non-executive Director
Skhumbuzo Macozoma, Non-executive Director
Elias Masilela, Non-executive Director (resigned July 2013)
Mohlakore Matsaba, Non-executive Director (Alternate Director to Elias Masilela) (resigned July 2013)
Kenosi Moroka, Non-executive Director
Tryphosa Ramano, Non-executive Director
Deon Botha, Non-executive Director (appointed August 2013)
Bongani Maseko, Chief Executive Officer
Maureen Manyama-Matome, Chief Financial Officer

COMPANY SECRETARY

N Kekana

INDEPENDENT EXTERNAL AUDITORS

Ngubane & Co (Jhb) Inc.
Director: E Sibanda
Registered Auditor
Midrand

PricewaterhouseCoopers Inc.
Director: R Dhanlall
Registered Auditor
Johannesburg

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AIRPORTS COMPANY
SOUTH AFRICA