
DBCT HOLDINGS PTY LTD

ABN 57 096 395 783

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

CONTENTS

DIRECTORS' REPORT	3
STATEMENT OF COMPREHENSIVE INCOME	7
BALANCE SHEET	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS.....	12
DIRECTORS' DECLARATION	25
INDEPENDENT AUDITOR'S REPORT	30

DIRECTORS' REPORT

The directors submit the following report for the year ended 30 June 2012 made in accordance with a resolution of the Board of Directors.

DIRECTORS

The names of the directors of DBCT Holdings Pty Ltd (DBCTH) in office during or since the end of the financial year are as follows:

Current directors	Appointed
G Bradley (Chairman)	10 August 2012
P Noble	18 August 2011
J Frazer	18 August 2011
K Millman	18 May 2012
L Gordon	10 August 2012

Former directors	Resigned
I Munro ⁽¹⁾	9 August 2012
T Spencer ⁽²⁾	4 May 2012
D Jackson ⁽³⁾	18 August 2011
G Brown	18 August 2011
K Madsen	18 August 2011
L Hannah	18 August 2011

(1) Appointed 18 August 2011, Chairman 24 May 2012 to 9 August 2012

(2) Appointed 18 August 2011, Chairman 19 December 2011 to 4 May 2012

(3) Former Chairman

No directors held any interest in shares or options of DBCTH.

PRINCIPAL ACTIVITIES

The principal activity of DBCTH during the year was to act as a corporate vehicle through which the Queensland Government owns and leases the assets comprising the Dalrymple Bay Coal Terminal.

There were no significant changes in the nature of the above activities during the financial year.

DIVIDENDS

No dividends were declared or paid during the year (2011: nil).

REVIEW AND RESULTS OF OPERATIONS

The net loss of DBCTH for the financial year was -\$133,984 (2011: \$1,187,240 profit).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

A change in directors occurred on 18 August 2011 following the transfer on 1 July 2011 of the remaining 50% of shares in DBCTH to Queensland Treasury Holdings Pty Ltd. DBCTH is now wholly owned by Queensland Treasury Holdings Pty Ltd.

EVENTS SUBSEQUENT TO BALANCE DATE

Change of Chairman

On 10 August 2012, DBCTH appointed G Bradley and L Gordon as Directors of the Company with G Bradley appointed as Chairman on 14 August 2012.

Other Matters

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of DBCTH, the results of those operations or the state of affairs of the Company in future financial years.

INSURANCE PREMIUMS

During the financial year, the company procured Directors' and Officers' Liability insurance for a run-off period from 22 October 2011 to 22 October 2018.

PERFORMANCE IN RELATION TO ENVIRONMENTAL LEGISLATION

The operations of the Dalrymple Bay Coal Terminal are subject to environmental regulation under both Commonwealth and State legislation in relation to its interest in the coal terminal.

The terminal's operations are solely in Queensland, and there are significant environmental compliance requirements in relation to chemical storage, petroleum storage, stockpiling and loading of bulk goods, sewage treatment, waste discharge, noise pollution and air pollution.

In accordance with the Framework Agreement and Port Services Agreement, the risks and benefits and day-to-day management of the Dalrymple Bay Coal Terminal reside with the lessee of the terminal, DBCT Investor Services Pty Ltd as trustee of the DBCT Trust.

The directors of DBCTH maintain monitoring oversight of environmental issues in relation to the Terminal.

The Framework Agreement provides an indemnity to the lessee, in relation to pre-existing contamination, for remediation costs at the expiry of the lease, provided the lessee gives notice to the State before the tenth anniversary of commencement of the lease.

The directors are not aware of any significant breaches of environmental regulations, during or since the financial year ended 30 June 2012.

DIRECTORS' REMUNERATION

No income was paid or made available to any director of DBCTH after the change in directors on 18 August 2011. Prior to this change, directors' remuneration was determined in accordance with DBCTH's Constitution and Shareholders' Agreement and required written agreement of shareholders.

Non-independent directors and alternate directors were not paid any emoluments, in accordance with the Shareholders' Agreement.

Details of the nature and amount of each element of the emolument of each independent director of DBCTH for the year are as follows:

	Base Salary	Superannuation
	\$	\$
D Jackson	4 702	6 651
G Brown	3 472	313
K Madsen	3 472	313

INDEMNIFICATION OF OFFICERS AND AUDITORS

DBCTH has not, during the financial year, in respect of any person who is, or has been, an officer or auditor of DBCTH or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

The State has entered into deeds indemnifying the current and a number of the former company officers for certain liabilities which they may incur by reason of acting as an officer of DBCTH.

The auditor of DBCTH for the year ended 30 June 2012 is the Auditor-General of Queensland.

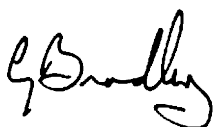
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 6.

ROUNDING OF AMOUNTS

DBCTH is a kind of entity referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded to the nearest thousand dollars, unless stated to be otherwise.

Signed in accordance with a resolution of the Board of Directors.



G P Bradley
Chairman

16 August 2012

AUDITOR'S INDEPENDENCE DECLARATION

To the directors of DBCT Holdings Pty Ltd

This audit independence declaration has been provided pursuant to s 307C of the *Corporations Act 2001*.

Independence Declaration

As lead auditor for the audit of DBCT Holdings Pty Ltd for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been –

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



K JOHNSON FCA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Notes	2012 \$000	2011 \$000
Income			
Interest	3	9 631	12 124
Amortisation of unearned revenue		299	289
Lease income		35	34
Total income		9 965	12 447
Expenses			
Finance costs		9 606	10 684
Operating lease rentals		335	324
Directors' remuneration		19	114
Other		139	138
Total expenses	4	10 099	11 260
(Loss)/profit before income tax		(134)	1 187
Income tax expense	2 (l)	-	-
(Loss)/profit after tax		(134)	1 187
Total comprehensive income attributable to the owners of DBCT Holdings Pty Ltd		(134)	1 187

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BALANCE SHEET

As at 30 June 2012

	Notes	2012 \$000	2011 \$000
Current Assets			
Cash and cash equivalents	5	393	244
Lease receivables	6	19 438	20 665
Prepayments	7	134	98
Other receivables		1	18
Total Current Assets		19 966	21 025
Non-Current Assets			
Lease receivables	6	167 474	186 912
Financial assets at fair value through profit or loss	8	9 852	10 451
Total Non-Current Assets		177 326	197 363
TOTAL ASSETS		197 292	218 388
Current Liabilities			
Payables	9	194	179
Interest-bearing liabilities	10	19 438	20 665
Deferred income	11	365	335
Total Current Liabilities		19 997	21 179
Non-Current Liabilities			
Interest-bearing liabilities	10	167 474	186 912
Deferred income	11	3 938	4 280
Total Non-Current Liabilities		171 412	191 192
TOTAL LIABILITIES		191 409	212 371
NET ASSETS		5 883	6 017
Equity			
Contributed equity	12	-	-
Retained profits		5 883	6 017
TOTAL EQUITY		5 883	6 017

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Total Equity \$000
Balance at 1 July 2010	4 830
Profit for the year	1 187
Balance at 30 June 2011	6 017
Balance at 1 July 2011	6 017
Loss for the year	(134)
Balance at 30 June 2012	5 883

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Notes	2012 \$000	2011 \$000
Cash flows from operating activities			
Interest received – lease and novation		9 606	10 684
Interest paid – lease and novation		(9 606)	(10 684)
Interest received on investments		36	16
Payments to suppliers and employees		(489)	(570)
Net cash used in operating activities	13	(453)	(554)
Cash flows from investing activities			
Lease payments received		960	922
Novation payments received		19 705	23 055
Redemptions of long-term investments		602	505
Net cash provided by investing activities		21 267	24 482
Cash flows from financing activities			
Repayment of borrowings – QTC		(20 665)	(23 977)
Net cash used in financing activities		(20 665)	(23 977)
Net increase/(decrease) in cash and cash equivalents		149	(49)
Cash and cash equivalents at beginning of financial year		244	293
Cash and cash equivalents at end of financial year	5	393	244

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012**1. General Information**

The financial report of DBCT Holdings Pty Ltd (DBCTH) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 14 August 2012.

DBCTH was jointly owned by Queensland Treasury Holdings Pty Ltd (QTH) and Transport Holdings Queensland Pty Ltd. On 1 July 2011, the share held by Transport Holdings Queensland Pty Ltd was transferred to QTH, such that DBCTH is now wholly owned by QTH.

DBCTH acts as a corporate vehicle through which the Queensland Government owns and leases the assets comprising the Dalrymple Bay Coal Terminal. DBCTH is a for profit company incorporated and domiciled in Brisbane, Australia. The address of its registered office is Level 14, 61 Mary Street, Brisbane.

DBCTH was established for the sole purpose of entering into the following long term leases with the original lessee, Babcock and Brown Infrastructure Trust on 14 September 2001:

- Plant Lease
- Onshore Sub-lease
- Offshore Sub-sub-lease
- Road Sub-sub-lease

Brookfield Infrastructure Partners LP purchased 100% of issued shares in the current primary lessee, Prime Infrastructure Trust (PIT) on 8 December 2010. PIT accounts for the majority of the revenue earned by DBCTH in the form of lease rental income and novation payments.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Basis of measurement

The financial statements have been prepared using the historical cost convention other than by the revaluation of financial assets at fair value through profit or loss.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is DBCTH's functional currency.

Use of judgments and assumptions

DBCTH has made no judgements or assumptions which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

Comparative figures

Comparative figures have been adjusted, where necessary, to conform to changes in presentation in the current year. No comparative figures were amended in the current year.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

2. Summary of significant accounting policies (continued)

(b) Cash and cash equivalents

For the purposes of the Balance Sheet and Statement of Cash Flows, cash includes cash at bank and deposits at call. Cash and short term deposits are stated at net realisable value.

(c) Recognition and derecognition of financial assets and liabilities

Financial assets and financial liabilities are recognised on the Balance Sheet when DBCTH becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by DBCTH.

A financial liability is removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expires.

(d) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Payments made under operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item are recognised as an expense on a straight-line basis over the term of the lease.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases where DBCTH transfers substantially all the risks and rewards of ownership of the leased item to the lessee are classified as finance leases. A receivable at an amount equal to the present value of the lease payments is recognised.

The difference between the gross receivable and the present value of the receivable is finance income which is recognised over the term of the lease using the effective interest method.

(e) Receivables

Finance lease receivable

Finance leases, in which DBCTH is the lessor, are recognised in the Balance Sheet as receivables. They are recorded on the commencement of the lease at the net investment in the lease, being the present value of the minimum lease payments receivable.

The revenue attributable to finance leases is brought to account in the Statement of Comprehensive Income based on a constant periodic rate of return on the net investment in the finance lease.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

2. Summary of significant accounting policies (continued)

(e) Receivables continued

Novation receivable

The novation receivable whereby DBCTH purchased the rights and obligations under the User Agreements for the provision of coal handling services is recorded at commencement of the arrangement being the present value of the minimum novation payments receivable.

The revenue attributable to the novation receivable is brought to account in the Statement of Comprehensive Income based on a constant periodic rate of return on the net investment in the novation.

(f) Financial assets at fair value through profit or loss

Financial assets held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

(g) Impairment

The carrying amounts of DBCTH's financial assets, other than financial assets at fair value through profit or loss, are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's carrying amount is written down to the asset's estimated recoverable amount.

(h) Payables

These amounts represent liabilities for goods and services provided to DBCTH prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Interest-bearing liabilities

Borrowings are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial liability.

Borrowing costs are expensed as incurred.

(j) Deferred income

The deferred income represents the gain on the leasing arrangements for Dalrymple Bay Coal Terminal which was deferred and is amortised over the life of the lease.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

2. Summary of significant accounting policies (continued)

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(l) Income tax

The directors have obtained professional advice that DBCTH has a tax-exempt status, and these financial statements have been prepared on this basis.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO, are classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of GST recoverable from, or payable to, the ATO.

(n) New accounting standards and interpretations

A number of new and amended accounting standards are mandatory for the first time for the year ended 30 June 2012. The adoption of these standards or interpretations did not have any significant impact on the financial statements or the performance of DBCTH.

Certain new accounting standards and interpretations have been published that are effective for annual periods beginning after 1 July 2012 and have not been applied in preparing these financial statements. DBCTH's assessment of the impact of standards and interpretations on issue but not yet effective is that they are not expected to have any significant impact on the financial statements or performance of DBCTH. However, the pronouncements may result in changes to how information is currently disclosed in the financial statements. DBCTH does not plan to early adopt any of these standards.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

3. Interest

	2012	2011
	\$000	\$000
Interest		
- QTC Cash Fund	21	16
- QIC Growth Fund	794	833
- Other corporations	9 606	10 684
Net fair value (loss)/gain		
- QIC Growth Fund	(790)	591
	9 631	12 124

4. Expenses

Expenses

Finance costs

- Interest expense	9 606	10 684
Total finance costs	9 606	10 684

Operating lease rentals

- Lease payments	335	324
Total operating lease rentals	335	324

Directors' remuneration

- Remuneration	12	105
- Superannuation	7	9
Total directors' remuneration	19	114

Other expenses

- Audit fees	10	7
- Professional fees	100	95
- Management fees – QIC	15	16
- Insurance	12	19
- Other	2	1
Total other expenses	139	138

Total Expenses

10 099	11 260
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Notes to and forming part of the Financial Statements for the year ended 30 June 2012

5. Cash and cash equivalents

	2012	2011
	\$000	\$000
CBA Cash at Bank	2	-
QTC Cash Fund	391	244
	393	244

6. Lease receivables

Current

Lease receivable	1 022	960
Novation receivable	18 416	19 705
	19 438	20 665

Non-Current

Lease receivable	113 018	114 040
Novation receivable	54 456	72 872
	167 474	186 912

Total

Lease receivable	114 040	115 000
Novation receivable	72 872	92 577
	186 912	207 577

Lease receivable

Finance leases

Minimum lease payments

- Not later than one year	6 471	6 471
- Later than one year and not later than five years	25 882	25 882
- Later than five years	221 344	227 815
Minimum lease commitments receivable at balance date ^(a)	253 697	260 168

Less: future finance charges	(139 657)	(145 168)
Total lease receivable	114 040	115 000

Present value of minimum lease payments

- Not later than one year	1 022	960
- Later than one year and not later than five years	4 578	4 365
- Later than five years	108 440	109 675
	114 040	115 000

- ^(a) These lease commitments receivable represent payments due from the primary lessee under the Plant lease, On-shore sub-lease, Off-shore sub-sub-lease and Road sub-sub-lease. The terms of the Plant lease and On-shore sub-lease are 50 years each, with options to renew for a further 49 years, while the Off-shore sub-sub-lease and Road sub-sub-lease terms are 99 years each. There are no guaranteed residuals for any of the leases.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

6. Lease receivables (continued)

	2012	2011
	\$000	\$000
Novation receivable		
Minimum lease payments		
- Not later than one year	21 578	23 800
- Later than one year and not later than five years	39 946	52 586
- Later than five years	23 644	32 581
Minimum novation payments receivable at balance date ^(b)	85 168	108 967
Less: future finance charges	(12 295)	(16 390)
Total novation receivable	72 873	92 577
Present value of minimum lease payments		
- Not later than one year	18 416	19 705
- Later than one year and not later than five years	32 511	43 270
- Later than five years	21 946	29 602
	72 873	92 577

(b) The novation receivable represents payments owing to North Queensland Bulk Ports Corporation Limited from DBCT Management Pty Ltd which has been novated to DBCT Holdings Pty Ltd. The novation payments to be made are set out in the Framework Agreement, with the final payment to be made on 30 June 2020.

7. Prepayments

Operating lease rentals	81	92
Insurance	53	6
	134	98

8. Financial assets at fair value through profit or loss

Non-current

Units in unlisted trust		
-QIC Growth Fund # 2	9 852	10 451
	9 852	10 451

The market value of investments as at 30 June 2012 was \$9,851,798 (2011: \$10,450,653).

The sale of the above securities at balance date for the values shown would not have given rise to a tax liability due to DBCTH's tax exempt status (refer to Summary of Significant Accounting Policies Note 2 (I)).

9. Payables

Current

Trade payables	32	15
Non trade payables to:		
- ATO (Pay As You Go)	-	1
- ATO (GST payable)	162	163
	194	179

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

10. Interest-bearing liabilities

		2012	2011
		\$000	\$000
Current			
Borrowings secured by a fixed and floating charge			
- Lease Loan QTC	(a)	1 022	960
- Novation Loan QTC	(b)	18 416	19 705
		19 438	20 665
Non-Current			
Borrowings secured by a fixed and floating charge			
- Lease Loan QTC	(a)	113 018	114 040
- Novation Loan QTC	(b)	54 456	72 872
		167 474	186 912

- (a) The long-term Lease Loan from Queensland Treasury Corporation (QTC), a related party, is for a period of 50 years, unless terminated earlier. Interest on the loan is fixed at 4.8% per annum, calculated on the daily balance and payable in arrears on each date rent is payable. The increase in the balance outstanding for the current period is due to a reduction in the interest component and a corresponding increase in the principal component of the scheduled repayments over time.

A first ranking registered fixed and floating charge has been granted by DBCTH in favour of QTC over all the assets and undertakings of DBCTH.

- (b) The long-term Novation Loan from QTC is for a period of 20 years, unless terminated earlier. Interest on the loan is fixed at 4.8% per annum, calculated on the daily balance and payable in arrears on each date rent is payable.

A first ranking registered fixed and floating charge has been granted by DBCTH in favour of QTC over all the assets and undertakings of DBCTH.

11. Deferred income

Current			
Sub lease on land		365	335
		365	335
Non-current			
Sub lease on land		3 938	4 280
		3 938	4 280

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

12. Contributed equity

(a) Issued and paid up capital

	2012	2011
	\$	\$
Issued and paid up		
2 ordinary class shares	2	2
	<u>2</u>	<u>2</u>

(b) Movements in shares on issue

	2012	2011
	Number of	Number of
	shares	shares
Beginning of the financial year	2	2
Issued during the year	-	-
End of the financial year	<u>2</u>	<u>2</u>

(c) Terms and conditions of contributed equity

Ordinary shares

Ordinary shareholders have the right to receive dividends as declared and, in the event of a winding up of DBCTH, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of DBCTH.

13. Reconciliation of profit after income tax to cash flows from operating activities

	2012	2011
	\$000	\$000
(Loss) / profit for the year	(134)	1 187
Adjusted for non-operating activities		
Decrease in amortisation of unearned income	(312)	(280)
Net fair value movement on investment - QIC Growth Fund	790	(591)
Net investment - QIC Growth Fund	(794)	(833)
Changes in assets and liabilities		
(Increase) in prepayments	(36)	(23)
Decrease /(Increase) in receivables	15	(4)
Increase / (decrease) in payables	18	(10)
Net cash used in operating activities	<u>(453)</u>	<u>(554)</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

14. Expenditure commitments

	2012	2011
	\$000	\$000
Lease expenditure commitments		
<i>Operating leases:</i>		
Minimum lease payments		
- Not later than one year	363	359
- Later than one year and not later than five years	1 454	1 435
- Later than five years	14 353	14 528
Aggregate lease expenditure contracted for at balance date	<u>16 170</u>	<u>16 322</u>

These commitments represent payments due for the On-shore lease, Off-shore sub-lease, Road sub-lease and Land leases. The payments have not been discounted and exclude any future year escalations for CPI increases or projected outgoings which are provided for under the terms of each lease.

15. Related party transactions

(a) Ultimate controlling entity

The ultimate Australian controlling entity during the year was the State of Queensland.

(b) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of DBCTH, being members of the board of directors.

i. Compensation

Compensation includes income paid or payable, or otherwise made available, in respect of the financial year, to all directors of DBCTH, directly or indirectly, from the entity or any related party:

	2012	2011
	\$	\$
Directors		
Short-term employee benefits ⁽¹⁾	11 646	104 165
Post-employment benefits ⁽²⁾	7 277	9 375
Total	<u>18 923</u>	<u>113 540</u>

⁽¹⁾ Short-term employment benefits include fees paid to directors

⁽²⁾ Post-employment benefits include superannuation payments

ii. Other officers

DBCTH does not employ any other officers. All administration is out-sourced to QTC, a related party. QTC charges a fee for these services. Refer to Note 15 (c).

iii. Other transactions

There were no loans to/from key management personnel during the financial year.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

15. Related party transactions (continued)

(c) Other related party transactions

During the year the following transactions were undertaken between DBCTH and related parties. All transactions are on commercial terms and conditions.

Queensland Treasury Corporation (QTC)

- QTC has a 40% shareholding in Queensland Treasury Holdings Pty Ltd (QTH), the sole Shareholder of DBCTH.
- At 30 June 2012 an amount of \$114,039,515 (2011: \$114,999,060) remains outstanding on the Lease Loan. Interest on the Lease Loan is fixed at 4.8% per annum. The term of the Lease Loan is 50 years, unless terminated earlier. Interest charged on the Lease Loan during the year ended 30 June 2012 amounted to \$5,510,961 (2011: \$5,548,313).

At 30 June 2012, an amount of \$72,872,954 (2011: \$92,577,997) remains outstanding on the Novation Loan. Interest is fixed on the loan at a rate of 4.8% per annum. The term of the Novation Loan is 20 years, unless terminated earlier. Interest charged on the loan during the year amounted to \$4,094,782 (2011: \$5,135,489).

- QTC provides administrative services to DBCTH in accordance with a Service Level Agreement. Total fees of \$41,687 (2011: \$27,541) (including GST) were charged for these services during the year ended 30 June 2012.
- Funds invested with the QTC Cash Fund as at 30 June 2012 totaled \$390,532 (2011: \$244,179) and interest income received during the year totaled \$21,142 (2011: \$16,090).

Other

- DBCTH paid \$11,795 (including GST) for directors' and officers' insurance cover on behalf of the former directors and their spouses during the year ended 30 June 2012. (2011: \$19,331).

16. Remuneration of auditor

	2012	2011
	\$	\$
Amount received, or due and receivable, by the Auditor-General of Queensland for :		
Audit of accounts	9 500	8 700
	9 500	8 700

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

17. Financial risk management

DBCTH's activities expose it to a variety of financial risks including market risk (interest rate risk and price risk), liquidity risk and credit risk. DBCTH manages its exposure to these financial risks through a set of policies and procedures approved by the Board.

(a) Market risk

i. Interest rate risk

DBCTH is exposed to interest rate risk through its investment in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests in a wide variety of high credit rating counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

ii. Price risk

DBCTH is exposed to equity price risk arising from investments in the QIC Growth Fund which are classified in the Balance Sheet as financial assets at fair value through profit or loss. The QIC Growth Fund invests mainly in fixed interest and equities.

(b) Liquidity risk

DBCTH is exposed to liquidity risk in the normal course of business and through its borrowings from Queensland Treasury Corporation however this is mitigated by back to back arrangements whereby DBCTH's debt obligations are matched by the receipt of lease payments from the primary lessee (refer Notes 6 & 10).

The following table analyses the financial liabilities held by DBCTH into relevant maturity periods based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, except for payables which are shown at their carrying value.

As at 30 June 2012

Contractual Maturity Period at 30 June 2012					
	0 to 3 months \$000	3 to 12 months \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000
Financial Liabilities					
Current					
Payables	194	-	-	-	194
Interest-bearing liabilities	7 012	21 036	65 828	244 989	338 865
	7 206	21 036	65 828	244 989	339 059

As at 30 June 2011

Contractual Maturity Period at 30 June 2011					
	0 to 3 months \$000	3 to 12 months \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000
Financial Liabilities					
Current					
Payables	179	-	-	-	179
Interest-bearing liabilities	7 568	22 703	78 468	260 397	369 136
	7 747	22 703	78 468	260 397	369 315

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

17. Financial risk management (continued)

(c) Credit risk

The maximum credit risk exposure of DBCTH is represented by the carrying amounts of assets recognised in the Balance Sheet.

DBCTH's primary exposure to credit risk is through its investment in the QIC Growth Fund and QTC Cash Fund. The lease receivable is backed by a deposit held in the QTC Cash Fund on behalf of the primary lessee to meet its obligations under the lease.

Other than as mentioned above, DBCTH has no significant concentrations of credit risk with any single counterparty or group of counterparties.

(d) Fair values of assets and liabilities

The carrying amounts and fair values of financial assets and liabilities of DBCTH at balance date are as follows:

	2012	2012	2011	2011
	Book Value	Fair Value	Book Value	Fair Value
	\$000	\$000	\$000	\$000
Financial Assets				
Cash and cash equivalents	393	393	244	244
Lease receivables	186 912	186 912	207 577	207 577
Other receivables	1	1	18	18
Financial assets at fair value through profit or loss	9 852	9 852	10 451	10 451
	197 158	197 158	218 290	218 290
Financial Liabilities				
Payables	194	194	179	179
Interest-bearing liabilities	186 912	186 912	207 577	207 577
	187 106	187 106	207 756	207 756

The fair values of Cash and cash equivalents, Lease receivables, Other receivables, Financial assets at fair value through profit or loss, Payables and Interest-bearing liabilities are represented by their carrying value. The fair values of Interest-bearing liabilities and Lease receivables offset due to back to back arrangements whereby DBCTH's debt obligations are matched by lease payments received from the primary lessee.

(e) Fair value hierarchy

All financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 7: *Financial Instruments: Disclosures*. The fair value hierarchy reflects the significance of the inputs used to determine the valuation of these instruments.

Level 1 fair value measurements are those derived directly from quoted market prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 fair value measurements are those using inputs other than quoted prices included within level 1 that are observable directly or indirectly from market data.

Level 3 fair value measurements are those derived from unobservable inputs or observable inputs to which significant adjustments have been applied.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012

17. Financial risk management (continued)

(e) Fair value hierarchy (continued)

The principal inputs used to determine the valuation of financial instruments are discussed below:

The fair value of the QTC Cash Fund is based on the current redemption value of the fund.

The fair value of investments in the QIC Growth Fund is measured at the hard close redemption price at reporting date.

No financial liabilities are measured at fair value.

Classification according to the fair value hierarchy				Total Carrying Amount
As at 30 June 2012	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	(\$000)
Financial Assets				
CBA Cash at Bank	2	-	-	2
QTC Cash Fund	-	391	-	391
QIC Growth Fund	-	9 852	-	9 852
	2	10 243	-	10 245

Classification according to the fair value hierarchy				Total Carrying Amount
As at 30 June 2011	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	(\$000)
Financial Assets				
CBA Cash at Bank	-	-	-	-
QTC Cash Fund	-	244	-	244
QIC Growth Fund	-	10 451	-	10 451
	-	10 695	-	10 695

18. Events subsequent to balance date

On 10 August 2012, DBCTH appointed G Bradley and L Gordon as Directors of the Company with G Bradley appointed as Chairman on 14 August 2012.

There are no other matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of DBCTH, the results of those operations or the state of affairs of DBCTH in future years.

DIRECTORS' DECLARATION

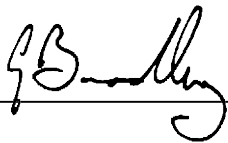
The directors of DBCT Holdings Pty Ltd declare that:

The financial statements and notes set out on pages 7 to 24 are in accordance with the *Corporations Act 2001*, including:

- a. complying with Accounting Standards, the *Corporations Regulations 2001*, and
- b. giving a true and fair view of the financial position as at 30 June 2012 and of its performance, as represented by the results of its operations, changes in equity and its cash flows for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read 'G Bradley', is written over a horizontal line.

G Bradley
Brisbane
16 August 2012

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DBCT Holdings Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of DBCT Holdings Pty Ltd which comprises the balance sheet as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of DBCT Holdings Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion, the financial report of DBCT Holdings Pty Ltd is in accordance with the *Corporations Act 2001*, including –

- (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of DBCT Holdings Pty Ltd for the year ended 30 June 2012. Where the financial report is included on Queensland Treasury and Trade's website the accountable officer is responsible for the integrity of Queensland Treasury and Trade's website and I have not been engaged to report on the integrity of Queensland Treasury and Trade's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.



K JOHNSON FCA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane