

**Kent Airport Limited (formerly Infratil Kent
Airport Limited)**

Directors' report and financial statements
Registered number SC176703
31 March 2013

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2013.

Change of name

On 29 November 2013, and pursuant to the entire share capital of the company being acquired by Manston Skyport Limited, the company changed its name from Infratil Kent Airport Limited to Kent Airport Limited.

Principal activity and business review

The principal activity of the company is the operation of Manston, Kent's International Airport, which is owned by a fellow subsidiary undertaking, Kent Facilities Limited. The results for the year are set out on page 5 which continue to reflect difficult trading conditions experienced, during the year under review.

Given its location and infrastructure quality, the directors believe Manston Airport can play a significant role in satisfying the medium to longer term runway capacity issues in the South East of England and the airport continues to take an active involvement in all discussions relating to this.

The directors appointed following the change in ownership are in the process of conducting a comprehensive review of the business with a view to determining the nature, level and timing of the investment necessary to enable the airport to be developed fully as an international airport venue.

Going concern

The directors have reviewed the company's financial position and, on the basis of a confirmation of continuing financial support from its immediate parent undertaking, Manston Skyport Limited, are satisfied that the company is able to manage its affairs for the foreseeable future.

Financial instruments

The company's policy is to minimise the use of complex financial instruments.

Dividend

The directors do not propose the payment of a dividend in respect of the current year (2012: £nil).

Directors

The directors who held office during the year and at the date of this report were as follows:

C Buchanan	(appointed 23 May 2012)
I Cochrane	(resigned 29 November 2013)
S Fitzgerald	(resigned 29 November 2013)
AB Mackinnon	(appointed 29 November 2013)
DAR Newman	(resigned 14 October 2013)
P Walker	(appointed 23 May 2012, resigned 29 November 2013)
TM Wilson	(resigned 29 November 2013)
AJM Welch	(appointed 29 November 2013)

Share capital

On 14 October 2013 the company issued 31,353,275 fully paid ordinary shares of £1 to its then parent, Infratil Airports Europe Limited, at par, with the consideration being provided from the capitalisation of intra-group loans.

On 29 November 2013 the company issued 924,873 fully paid ordinary shares of £1 to its then parent, Infratil Airports Europe Limited, at par, with the consideration being provided from the capitalisation of intra-group loans.

Change of control

On 29 November 2013, the entire issued share capital of the company was acquired by Manston Skyport Limited, a company registered in Scotland.

Directors' report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Employees

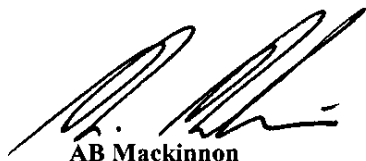
The company recognises its obligations to give disabled people full and fair consideration for all vacancies subject to the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the company will retain existing employees who become disabled and at the same time provide fair opportunities for the career development of disabled people.

The airport continues to engage fully with its employees, regularly exchanging information concerning operations and providing them with information on matters of concern to them as employees. Consultation with representatives of staff has also continued to take place on a regular basis, so that the views of employees can be taken fully into account in making decisions which are likely to affect their interests.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



AB Mackinnon
Director

50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

20 January 2014

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditor's report to the members of Kent Airport Limited (formerly Infratil Kent Airport Limited)

We have audited the financial statements of Kent Airport Limited (formerly Infratil Kent Airport Limited) for the year ended 31 March 2013 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Martin Ross (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

20 February 2014

Profit and Loss Account
for the year ended 31 March 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover	<i>1</i>	7,024	9,121
Cost of sales		(9,991)	(13,073)
Gross loss		(2,967)	(3,952)
Other operating expenses		(650)	(430)
Operating loss		(3,617)	(4,382)
Interest payable and similar charges	<i>5</i>	(5)	(7)
Loss on ordinary activities before taxation	<i>2</i>	(3,622)	(4,389)
Tax on loss on ordinary activities	<i>6</i>	-	220
Loss for the financial year	<i>11</i>	(3,622)	(4,169)


All activities of the company are continuing.

The company has no recognised gains or losses other than the above loss for the current or prior financial year.

Balance Sheet
at 31 March 2013

	<i>Note</i>	2013 £000	2012 £000
Current assets			
Stocks	7	149	265
Debtors	8	827	2,632
Cash at bank and in hand		25	2
		<hr/>	<hr/>
Creditors: amounts falling due within one year	9	1,001 (30,384)	2,899 (28,660)
		<hr/>	<hr/>
Net current liabilities and net liabilities		(29,383)	(25,761)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	(29,383)	(25,761)
		<hr/>	<hr/>
Shareholders' deficit	12	(29,383)	(25,761)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 20 January 2014 and were signed on its behalf by:



AB Mackinnon
Director

Company registered number: Registered number SC176703

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £29.4 million, which the directors believe to be appropriate for the following reasons. On 14 October 2013 and 29 November 2013, respectively, the company issued 31,353,275 and 924,873 fully paid ordinary shares of £1 to its then parent, Infratil Airports Europe Limited, at par, with the consideration being provided from the capitalisation of intra-group loans and on 29 November 2013 the company's entire share capital was sold to Manston Skyport Limited for a nominal consideration. The company is dependent for its future working capital on funds provided to it by Manston Skyport Limited, the company's new immediate parent. Manston Skyport Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts already made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the undertaking from Manston Skyport Limited, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Aerofuel stocks are stated at the lower of cost and net realisable value. Non aerofuel stocks are stated at cost less provision for impairment.

Pension costs

The company operates a defined contribution stakeholder scheme. The assets of the scheme are held separately from those of the company in independently administered funds.

The pension charge represents the amounts payable by the company to these funds in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 Loss on ordinary activities before taxation

	2013 £000	2012 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Hire of plant and machinery – rentals payable under operating leases	100	79
<i>Auditor's remuneration:</i>		
	2013 £000	2012 £000
Audit of these financial statements	20	15

3 Remuneration of directors

No remuneration was paid to the directors in respect of services provided to the company in the current or prior year.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2013	2012
Administrative and managerial	5	4
Operational	95	98
	100	102

The aggregate payroll costs of these persons were as follows:

	2013 £000	2012 £000
Wages and salaries	2,494	2,329
Social security costs	251	231
Other pension costs	69	69
	2,814	2,629

Notes (continued)

5 Interest payable and similar charges

	2013 £000	2012 £000
Bank interest payable	5	7

6 Taxation

Analysis of credit in period

	2013 £000	2012 £000
<i>UK corporation tax</i>		
Current tax credit on loss for the year	-	220

Factors affecting the tax credit for the current period

The current tax credit for the year is lower (2012: lower) than the standard rate of corporation tax in the UK (24%, 2012: 26%). The differences are explained below.

	2013 £000	2012 £000
Loss on ordinary activities before tax	(3,622)	(4,389)
Current tax at 24% (2012: 26%)	(869)	(1,141)
<i>Effects of:</i>		
Unrecognised tax losses carried forward	1,083	849
Disallowable expenditure	(250)	1
Difference in tax rates	36	71
Total corporation tax credit	-	(220)

The company has a deferred tax asset of £5,445,000 (2012: £4,833,000) which has not been recognised due to uncertainty over its recoverability.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly and reduce the unrecognised deferred tax asset at 31 March 2013 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date).

It has not as yet been possible to quantify the full anticipated effect of the announced further reduction to 20%, although this will further reduce the company's future current tax charge and reduce the company's unrecognised deferred tax asset accordingly.

Notes (continued)

7 Stocks

	2013 £000	2012 £000
Consumable and fuel stock	149	265

8 Debtors

	2013 £000	2012 £000
Trade debtors	550	402
Amounts owed by group undertakings	-	1,985
Prepayments and accrued income	277	245
	827	2,632

9 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	24	126
Amounts owed to group undertakings	29,653	23,612
Accruals and deferred income	707	4,922
	30,384	28,660

As explained in note 15, subsequent to the balance sheet date amounts owed to group undertakings were capitalised as consideration for the issue of new shares in the company.

10 Called up share capital

	2013 £	2012 £
<i>Allotted, issued and fully paid</i>		
2 ordinary shares of £1 each	2	2

Details of changes in share capital after the balance sheet date are set out in note 15.

11 Profit and loss account

	2013 £000
Balance at beginning of year	(25,761)
Loss for the financial year	(3,622)
Balance at end of year	(29,383)

Notes (continued)

12 Reconciliation of movement in shareholders' deficit

	2013 £000	2012 £000
Loss for the year	(3,622)	(4,169)
Net increase in shareholders' deficit	(3,622)	(4,169)
Opening shareholder's deficit	(25,761)	(21,592)
Closing shareholders' deficit	(29,383)	(25,761)

The deficit on shareholders' funds was reduced subsequent to the balance sheet date through the issue of new shares, the consideration in respect of which was satisfied through the elimination of intra group indebtedness (note 15).

13 Guarantees and other financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2013 £000	2012 £000
Operating leases which expire:		
Within one year	-	22
In the second to fifth year inclusive	36	36
	36	58

14 Pensions

The pension scheme operated by the company is a defined contribution scheme. The pension cost charge for the year represents contributions payable to the scheme and amounted to £69,000 (2012: £69,000). There are outstanding contributions at the end of the year of £9,000 (2012: £9,000).

15 Post balance sheet events

On 14 October 2013 and 29 November 2013, respectively, the company issued 31,353,275 and 924,873 fully paid ordinary shares of £1 to its then parent, Infratil Airports Europe Limited, at par, with the consideration being provided from the capitalisation of intra-group loans.

On 29 November 2013, the entire issued share capital of the company was acquired by Manston Skyport Limited, a company registered in Scotland for a nominal sum.

16 Related party disclosures

As the company was a wholly owned subsidiary of Infratil Limited at 31 March 2013, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of that group (or investees of the group qualifying as related parties). The consolidated financial statements of Infratil Limited can be obtained from the group's registered office, 5 Market Lane, PO Box 320, Wellington 6140, New Zealand or from the group's website www.infratil.com.

Charges to profit and loss in the period amounting to £86,000 (2012: £88,000) have been made for services provided by Morrison & Co Infrastructure Management Ltd, the management company of Infratil Limited.

Notes *(continued)*

17 Ultimate parent company

Pursuant to the acquisition of the entire share capital of the company by Manston Skyport Limited on 29 November 2013, the Company is a subsidiary undertaking of Highland Global Transport Limited which is the ultimate parent company incorporated in the United Kingdom.