Future Generation Investment Fund Limited
(Formerly Australian Infrastructure Fund Limited)

ABN 97 063 935 553

Consolidated Financial Statements
for the year ended 30 June 2014

Future Generation Investment Fund Limited (Formerly Australian Infrastructure Fund Limited)

ANNUAL FINANCIAL REPORT – 30 JUNE 2014

CONTENTS

Directors' Report

The directors of Future Generation Investment Fund Limited (formerly Australian Infrastructure Fund Limited or AIFL) present their report together with the consolidated financial statements of Future Generation Investment Fund Limited ("FGIFL" or the "Company") consisting of FGIFL and the entities it controlled at the end of or during the year ended 30 June 2014.

The consolidated group is referred to as FGX (formerly "AIX").

A change of name to Future Generation Investment Fund Limited was approved at an Extraordinary General Meeting held on 7 July 2014. Reference may be made to former names for historical accuracy.

Structure of consolidated financial statements

Until 23 May 2013 the ordinary shares issued by AIFL were stapled to ordinary units issued by Australian Infrastructure Fund Trust ("AIFT"). The combined entity of AIFL and its controlled entities were known as the Australian Infrastructure Fund Limited ("AIX"). When preparing the consolidated financial statements, AIFL was identified as the parent entity.

At an Extraordinary General Meeting on 15 January 2013, security holders approved the de-stapling of the AIFT units from the AIFL shares, to facilitate the distribution of proceeds from the offer proposed by the Future Fund to acquire all the infrastructure assets of AIX ("the Proposed Transaction"). Further, security holders also approved removal of the Constitutional requirement that AIFL shares and AIFT units be unstapled within three months of receiving security holder approval.

The AIFL shares and AIFT ordinary units were de-stapled on 23 May 2013, all AIFT ordinary units were cancelled on 28 May 2013 and AIFT was delisted on 5 June 2013.

On 2 October 2013, the Company agreed that an independent unrelated party, W.A. Blue Gum Limited ("New RE"), become the responsible entity of AIFT under an Implementation Deed which was completed on 19 February 2014 on which date the New RE's associated entities acquired ownership of AIFT.

Upon completion of the Deed, an amount of $450,000 was retained by AIFT and the remaining balance of funds of $3,284 was distributed to AIFL on 14 February 2014.

The consolidated financial statements presented comprise the entire group, consisting of FGIFL and its controlled entity; A.C.N. 159 615 719 Limited. They include the trading results of AIFT for the period 1 July 2013 to 19 February 2014.

Directors

The names of the directors of the Company in office during the year and up to the date of this report are:

Jonathan Trollip - Chairman	Appointed 8 October 2013
Gabriel Radzyminski	Appointed 8 October 2013
Paul Jensen	Appointed 8 October 2013
Geoffrey Wilson	Appointed 7 July 2014
Paul Espie - Chairman	Appointed 5 June 1994 & resigned 8 October 2013
John Harvey	Appointed 21 July 2004 & resigned 8 October 2013
Michael Hutchinson	Appointed 19 September 2005 & resigned 8 October 2013

Information on Directors

Jonathan Trollip (Chairman)
Jonathan Trollip has 30 years legal and commercial experience in the international financial sector. Jonathan is currently a principal and Director of Sydney-based structured finance group Meridian International Capital Limited with whom he has been for the past 20 years. Prior to that, Jonathan was a Partner with Herbert Smith Freehills (previously Freehills) whom he joined after qualifying and working as a lawyer in London.

Jonathan has post graduate degrees in economics and law, is a Fellow of the Australian Institute of Company Directors, has been admitted to practice as solicitor in England and Australia and holds a current solicitor's practising certificate.

Jonathan is Chairman of Global Value Fund Limited and holds a number of private company directorships in the commercial and not-for-profit sectors.

Gabriel Radzyminski
Gabriel Radzyminski has been involved in the financial services sector for more than 17 years. He is Managing Director of Sandon Capital Pty Limited, a funds management and advisory firm specialising in activist investing. Sandon Capital is the investment manager of two wholesale managed investment schemes and a listed investment company.

Directors' Report (continued)

Information on Directors (continued)

Gabriel serves as Chairman of Sandon Capital Investments Limited, an executive Director of Mercantile Investment Company Limited and a non-executive Director of Murchison Metals Limited.

Paul Jensen
Paul Jensen has over 25 years of international experience in finance, investment management and banking, with specific expertise in strategy formation, governance and financial performance. Paul is a Fellow of the Australian Institute of Company Directors and holds a Bachelor Degree in Accounting and Commercial Law.

Paul is a Director of two listed investment companies; WAM Capital Limited and Sandon Capital Investments Limited.

Geoffrey Wilson
Geoffrey Wilson has 34 years experience in the Australian and international securities industry. Geoffrey holds a Bachelor of Science Degree and a Graduate Management Qualification. Geoffrey is also a Fellow of the Australian Institute of Company Directors and a Fellow of the Securities Institute of Australia.

Geoffrey is currently Chairman of WAM Capital Limited, WAM Research Limited, WAM Active Limited and Australian Stockbrokers Foundation.

Geoffrey is a Director of Australian Leaders Fund Limited, Clime Capital Limited, Global Value Fund Limited, Incubator Capital Limited, Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Odyssey House, McGrath Foundation, Australian Children's Music Foundation and a member of the Second Bite NSW Advisory Committee. Geoffrey is also founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Company secretaries

The names and details of the company secretaries of the Company in office during the year and until the date of this report are set out below.

Mark Licciardo (Appointed 8 October 2013)
Qualifications: B Bus(Acc), GradDip CSP, FCIS, MAICD
Mark Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. Prior to establishing Mertons, Mark was Company Secretary of the Transurban Group (2004-07) and Australian Foundation Investment Company Limited (1997-04). Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark is a former Chairman of the Chartered Secretaries Australia (CSA) in Victoria, a fellow of CSA, a member of the Australian Institute of Company Directors (AICD) and a director of several public and private companies.

Kate Thorley (Appointed 17 June 2014)
Qualifications: B Comm, GradDip Fin, GradDip CorpGov, CPA
Kate Thorley has considerable experience in funds management, financial accounting and corporate governance. Kate is the Chief Executive Officer and Company Secretary of Wilson Asset Management (International) Pty Limited and is also the Company Secretary of WAM Capital Limited, WAM Research Limited and WAM Active Limited. Kate is a Director of WAM Research Limited and WAM Active Limited.

Jane Frawley (Appointed 28 May 2010 & resigned 8 October 2013)
Jefferson Petch (Appointed 1 July 2011 & resigned 8 October 2013)

Principal activities

At an Extraordinary General Meeting (EGM) on 15 January 2013, AIX security holders passed a number of resolutions approving the Proposed Transaction. Shortly thereafter AIX entered into individual sale and purchase deeds with the Future Fund or its nominee for the sale of each of AIX's assets. The entry into these sale arrangements triggered pre-emptive rights in favour of asset-level co-investors at most of the AIX assets such that co-investors at these assets had the right to purchase the assets at the price offered by the Future Fund.

The asset sale was completed over the course of January to April 2013, with the final asset sale completing on 15 April 2013. AIX then completed a special review and due diligence process and on 13 May 2013 confirmed that the Cash Return to AIX security holders was expected to amount to $3.1925 per AIX stapled security. This Cash Return comprised an expected Main Return of $3.018576 per AIX stapled security and an expected Residual Return of $0.173924 per AIX stapled security.

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Directors' Report (continued)

Principal activities (continued)

The Main Return of $1,873,732,585 ($3.018576 per AIX stapled security) was subsequently paid to security holders on 30 May 2013 following the:

- de-stapling of AIFL shares and AIFT ordinary units on 23 May 2013; and
- cancellation of all AIFT ordinary units on 28 May 2013.

A special unit with an issue value of $10 per special unit was also issued by AIFT to AIFL and also AIFL's wholly owned subsidiary, A.C.N. 159 615 719 Limited. This resulted in AIFT also becoming a wholly owned subsidiary of AIFL. Consequently, AIX security holders continued to have an indirect ownership interest in AIFT in their capacity as shareholders of AIFL. Hastings continued to act as Responsible Entity for AIFT, until completion of the Implementation Deed.

Hastings, as Responsible Entity for AIFT, applied to the ASX on 31 May 2013 to de-list AIFT. AIFT was subsequently delisted on 5 June 2013. This did not affect the ongoing listing of AIFL ordinary shares.

At a general meeting of AIFL shareholders held on 21 June 2013, the AIFL shareholders approved a resolution to reduce the share capital of AIFL. This resulted in a Residual Return payment of $107,960,530 ($0.173924 per AIFL ordinary share) to each AIFL shareholder being made on 8 July 2013.

On 8 August 2013, the Company received a request from a shareholder, RBC Investor Services Australia Nominees Pty Limited on behalf of Wilson Asset Management (International) Pty Limited ("Wilson"), to convene a general meeting of shareholders.

Wilson proposed to put resolutions at the general meeting, which sought to replace the then current Directors with Directors nominated by Wilson.

On 27 August 2013, the Company announced that it resolved to pay a fully franked dividend of $1,862,202; being 0.30 cents per share. This was paid on 21 October 2013.

On 2 October 2013, the Company announced that it resolved to pay a further fully franked dividend of $3,034,768; being 0.4889 cents per share. This was paid on 21 October 2013.

At a general meeting of AIFL shareholders held on 8 October 2013, the shareholders approved a further distribution to shareholders of 0.81 cents per share; which was paid on 22 October 2013. The previous Board resigned and appointments of the new Directors being Mr Jonathan Trollip, Mr Gabriel Radzyminski and Mr Paul Jensen were approved by shareholders.

Following the granting of an extension by ASIC, the Annual General Meeting of the Company was held on 20 December 2013.

Loss of Control of AIFT

On 2 October 2013, the Company agreed that an independent unrelated party, W.A. Blue Gum Limited ("New RE"), become the responsible entity of AIFT under an Implementation Deed which was completed on 19 February 2014 on which date the New RE's associated entities acquired ownership of AIFT.

Upon completion of the Deed, an amount of $450,000 was retained by AIFT and the remaining balance of funds $3,284 was distributed to AIFL on 14 February 2014.

Company information

The Company is incorporated and domiciled in Australia. The registered office of the Company is located at Level 11, 139 Macquarie Street, Sydney NSW 2000.

At 30 June 2014 the Company had no employees, apart from non-executive directors of the Company (2013: nil).

Review and results of operations

Results

The loss after income tax attributable to securityholders of FGX for the year ended 30 June 2014 was $6,261,000 (2013: profit of $168,320,000). This includes losses recognised on disposal of AIFT of $450,000.

Directors' Report (continued)

Distributions and dividends

Final dividend and distribution

No final dividend or distribution was declared as at 30 June 2014 (2013: $nil).

Main Return dividend, distribution, return of capital and cancellation of units

At a general meeting of AIFL shareholders held on 21 June 2013, the AIFL shareholders approved a resolution to reduce the share capital of AIFL. This resulted in a Residual Return payment of $107,960,530 ($0.173924 per AIFL ordinary share) to each AIFL shareholder being made on 8 July 2013.

Interim dividend and distribution

A fully franked dividend of $1,862,202; being 0.30 cents per share was paid on 21 October 2013.

A further fully franked dividend of $3,034,768; being 0.4889 cents per share was paid on 21 October 2013.

A further distribution to shareholders of 0.81 cents per share was paid on 22 October 2013.

Business strategies and prospects

The Directors received a proposal from the Wilson Foundation in March 2014, an entity associated with Mr Geoffrey Wilson, to transform the Company into a Listed Investment Company with a charitable purpose (the "Wilson Foundation Proposal"). There were three broad components to the Wilson Foundation Proposal:

(a) *An Equal Access Buy Back ("EABB") of shares in the Company at the projected NTA backing per share less any transaction expenses.*
The EABB will provide those shareholders seeking to exit their investment a cash consideration of 0.5 cents per share.

(b) *$1 million commitment from Wilson Foundation*
In order to allow up to 100% of shareholders to exit their investment by means of the EABB, the Wilson Foundation will invest $1 million in the Company by way of subscription for new shares at an issue price equal to the buyback price under the EABB.

(c) *Capital Raising*
The Company will then seek to raise new capital by way of a Prospectus for the purposes of establishing and funding the Listed Investment Company with a charitable purpose ("Charitable Listed Investment Company").

The Company entered into an agreement with the Wilson Foundation to pursue the Wilson Foundation Proposal. This agreement was conditional on the Company obtaining all necessary shareholder and regulatory approvals, waivers and consents to implement it. This was approved by shareholders at an Extraordinary General Meeting convened on 7 July 2014.

Charitable Listed Investment Company purpose
The new capital raised subsequent to year end will be allocated to a small select group of leading fund managers. The investment objectives of the Company will be to preserve shareholder capital, provide a growing stream of fully franked dividends and to provide capital growth.

The fund managers will forgo their management and performance fees and will manage their allocation on a "gross return" basis. Accordingly, the Company's investment return will be enhanced by virtue of the forgone investment management fees of the selected managers.

Each year the Company will allocate 1.0% of its assets to designated charities. Where forgone fees are greater than the charitable donation, the balance will be for the benefit of the shareholders.

Significant changes in state of affairs

Other than detailed in the Directors Report, in the opinion of the Directors, there were no other significant changes in the state of affairs of FGX that occurred during the year.

Directors' Report (continued)

Matters subsequent to the end of the year

At an Extraordinary General Meeting of Shareholders held on 7 July 2014, the following resolutions were passed:

(a) Change of the name of the Company to Future Generation Investment Fund Limited
(b) Appointment of Geoffrey Wilson as a Director of the Company
(c) Approval of the following as proposed by the Wilson Foundation:-
- Equal access buyback
- The issue of 200,000,000 shares to Wilson Foundation at 0.5 cents per share and an increase in voting power of Wilson Foundation to up to 100%
- Consolidation of the issued share capital of the Company
- The issue of up to 500 million new shares and 500 million new options to applicants under the Prospectus.

The offer for up to 181,818,182 shares each with an attaching option opened on 7 July 2014 and is expected to close on or before 3 September 2014.

The Company's shares were placed in a trading halt on 7 July 2014. The Company has requested a voluntary suspension of trading in Shares which will continue until the offer is successfully completed.

An application to voluntarily deregister the Group's controlled entity: A.C.N. 159 615 719 Limited was lodged with ASIC on 25 June 2014. The notice to deregister was published on the ASIC Insolvency Notices on 1 July 2014 and the deregistration is expected to take effect on 1 September 2014.

Other than the events described above and under business strategies and prospects, no significant events have occurred since the end of the reporting period which would impact on the financial position of FGX disclosed in the Consolidated Statement of Financial Position as at 30 June 2014 or on the results and cash flows of FGX for the year ended on that date.

Directors meetings

The number of Directors' meetings (including meetings of committees of directors) held during the year and the number of meetings attended by each Director is shown in the table below:

Director's Name	FGIFL Board Meetings		FGIFL Audit & Risk Committee Meetings	
	Meetings held while a director	Meetings attended	Meetings held while a member	Meetings attended
Jonathan Trollip [1]	6	5	1	1
Gabriel Radzyminski [1]	6	6	1	1
Paul Jensen [1]	6	6	1	1
Paul Espie [2]	4	4	-	-
John Harvey [2]	4	4	-	-
Michael Hutchinson [2]	4	4	-	-

[1] Appointed 8 October 2013
[2] Resigned 8 October 2013

Directors' interests

The interests of each Director in the shares of the Company at the date of this report are shown in the table below:

Director's Name	Number of shares held in AIFL		
	Beneficially held in own name	Beneficially held in the name of another	Total Holdings
Jonathan Trollip	0	0	0
Gabriel Radzyminski	0	0	0
Paul Jensen	0	0	0
Geoffrey Wilson	0	909,091*	909,091

- Post consolidation of share capital

Directors' Report (continued)

Indemnification and insurance of officers and auditors

During or since the year end, the Company has paid premiums in respect of a contract insuring all the Directors and executive officers of the Company. The terms of the policy prohibit disclosure of the details of the insurance cover and premium paid.

The auditor of the Company is not indemnified out of the assets of the Company and FGX.

Non audit services

During the year the following fees were paid or payable for non-audit services provided by the auditor of the Company, its related practices and non-related audit firms:

	2014 $	2013 $
Amounts paid and payable excluding GST, to PricewaterhouseCoopers, for:		
- Agreed upon Procedures - Annual Report	-	3,246
- Agreed upon Procedures - Calculation of Cash Return	-	12,500
- Agreed upon Procedures - Non-statutory review	4,000	13,750
- Agreed upon Procedures - EGM	-	12,500
- Specified Procedures - Internalisation	-	118,000
Total non-audit services	4,000	159,996

Proceedings on behalf of the Company

No proceedings have been brought on behalf of the Company, nor has any application been made in respect of the Company under section 237 of the *Corporations Act 2001.*

Environmental regulation

The operations of the Group are not subject to any particular significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Group. However, there may be environmental regulations that relate to each of the assets that are or were owned by FGX. Compliance with these regulations is the responsibility of the Board and management of the investee companies rather than FGX.

Rounding of amounts to the nearest thousand dollars

The Group is an entity of the kind referred to in Class Order 98/100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the Directors' Report and consolidated financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

The Directors are satisfied the assurance and other services that were provided did not impair the independence of the auditor.

Remuneration Report

The Directors of the Company present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the year ended 30 June 2014. This remuneration report forms part of the Directors' Report.

The information provided in this remuneration report has been audited as required by section 308 (3C) of the *Corporations Act 2001.*

Directors' Report (continued)

Remuneration Report (continued)

(a) Board and Remuneration Committee Responsibility

The responsibility for the Company's remuneration policy rests with the Board. No Remuneration Committee has been formed.

(b) Non-executive Directors' remuneration

(i) Remuneration Policy

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors of the Company.

The fees paid to Directors are set at levels that reflect both the responsibilities of, and the time commitments required from, the Directors to discharge their duties. In order to maintain their independence and impartiality, the remuneration of the non-executive Directors is not linked to the performance of the Company.

In setting fee levels, the Board takes into account:

- independent professional advice;
- fees paid by comparable companies;
- the general time commitment required from Directors and the risks associated with discharging the duties attaching to the role of Director; and
- the level of remuneration necessary to attract and retain Directors of a suitable calibre.

The Board will continue to review its approach to non-executive Director remuneration to ensure it remains in line with general industry practice and best practice principles of corporate governance.

(ii) Remuneration structure

Directors' fees expensed for the year ended 30 June 2014 totalled $215,244 (2013: $1,175,337).

The AIFL Director's Retirement Plan (the Plan) was phased out in April 2003, so that directors who joined the Board after that date are not entitled to a retirement benefit under the Plan. The former Chairman of the Board was appointed prior to April 2003 and was therefore entitled to a retirement benefit under the Plan.

In order to preserve the value of the former Chairman's long-standing retirement benefits notwithstanding the new fee arrangements that applied from 1 July 2013 referred to below, the former Chairman resigned from the Board effective 30 June 2013 and was re-appointed with immediate effect as a non-executive Director and Chairman. Consistent with board policy, the retirement benefit under the Plan was terminated when the retirement benefit became payable.

As a consequence of the former Chairman's retirement on 30 June 2013, his retirement benefit of $696,928 became due and payable as at 30 June 2013. The benefit was paid on 8 October 2013.

The former Directors who resigned on 8 October 2013 were remunerated under new arrangements which commenced on 1 July 2013. These new arrangements included a reduction in annual board fees by 50%, resulting in the Chairman being entitled to a fee of $137,500 per annum and Directors being entitled to a fee of $55,000 per annum.

The current Directors who were appointed on 8 October 2013 were paid a fixed fee per annum as well as eligible superannuation contributions. Fees paid to the current Directors are detailed on the following page.

In accordance with the AIFL Constitution, Directors are entitled to additional remuneration for extra services or special exertions made by them for the benefit of AIX. Under these provisions, the current Directors received additional fees in respect of the services they performed in relation to the Wilson Foundation Proposal. These additional amounts are detailed in Note 26 (c).

Directors' Report (continued)

Remuneration Report (continued)

(iii) Remuneration paid or payable to non-executive Directors

Details of non-executive Directors' remuneration for the year ended 30 June 2014 are set out in the following table. No bonuses, options or other emoluments are paid to the Directors of FGIFL.

Director name:		*Short-term*		*Post employment*		
		Board fees	Committee fees	Superannuation	Retirement benefits	Total
		$	$	$	$	$
Jonathan Trollip						
	2014[(1)]	13,386	-	1,238	-	14,624
	2013	-	-	-	-	-
Gabriel Radzyminski						
	2014[(2)]	10,039	-	929	-	10,968
	2013	-	-	-	-	-
Paul Jensen						
	2014[(3)]	12,020	-	-	-	12,020
	2013	-	-	-	-	-
Paul Espie						
	2014	102,389	-	7,623	-	110,012
	2013 [(4) (6)]	325,000	-	24,750	696,928	1,046,678
James Evans						
	2014	-	-	-	-	-
	2013	100,834	-	9,075	-	109,909
John Harvey						
	2014	44,955	-	1,383	-	46,338
	2013 [(5)]	110,000	23,000	11,970	-	144,970
Robert Humphris						
	2014	-	-	-	-	-
	2013	100,833	-	9,075	-	109,908
Michael Hutchinson						
	2014	32,455	-	1,383	-	33,838
	2013 [(4)]	160,000	-	14,400	-	174,400
Robert Tsenin						
	2014	-	-	-	-	-
	2013	100,833	10,542	10,024	-	121,399

Total compensation: Key management personnel of AIFL

	Board fees	Committee fees	Superannuation	Retirement benefits	Total
2014	215,244	-	12,556	-	227,800
2013	897,501	33,542	79,294	696,928	1,707,265

(1) In addition to the fees detailed above Jonathan Trollip was paid additional fees of $21,000 by way of salary sacrifice into superannuation for his services in relation to the Wilson Foundation Proposal.

(2) In addition to the fees detailed above, entity associated with Gabriel Radzyminski was paid additional fees of $13,750 for his services in relation to the Wilson Foundation Proposal.

(3) In addition to the fees detailed above, entity associated with Paul Jensen was paid additional fees of $27,500 for his services in relation to the Wilson Foundation Proposal.

(4) Board fee includes $50,000 paid in relation to work performed in connection with the internalisation proposal and the Future Fund transaction.

(5) In addition to the fees detailed above John Harvey was paid board fees of $151,376 and superannuation contributions of $13,624 for services provided following his appointment to the Australia Pacific Airports Corporation Limited board as AIX's representative. These amounts were fully recovered by AIFL from Hastings. Hastings reimbursement of these costs is reflected in Note 8 – Other income.

(6) Paul Espie's retirement benefit became due and payable upon his retirement at 30 June 2013.

Directors' Report (continued)

Remuneration report (continued)

(iv) Interests in the securities issued by FGX held by non-executive Directors and their related entities

Interests in the securities issued by FGX held by non-executive Directors and their related entities at the end of the reporting period are as follows:

Name		Opening Holding 1 July No.	Acquisitions No.	DRP Issue No.	Disposals No.	Closing Holding 30 June No.
Jonathan Trollip						
	2014	-	-	-	-	-
	2013	-	-	-	-	-
Gabriel Radzyminski						
	2014	-	-	-	-	-
	2013	-	-	-	-	-
Paul Jensen						
	2014	-	-	-	-	-
	2013	-	-	-	-	-

Relationship with and fees paid to the former Manager - Hastings Funds Management Limited

The Company previously contracted Hastings to manage its administration and investments.

Hastings was previously paid a fee to provide a range of services and as part of that arrangement Hastings was required to provide appropriately qualified employees and resources to undertake those services, including the former AIX Chief Executive Officer, the Hastings Chief Executive Officer and the AIFL Company Secretaries. These individuals were and are remunerated by Hastings or its related entities out of the management fee.

(i) Base Management Fees

Current year
There is currently no management agreement in place and no management fees were paid for the year ended 30 June 2014.

Prior year
In accordance with the AIFL management agreement and the AIFT Constitution, Hastings as Manager and Responsible Entity was entitled to a base management fee.

The AIFL management agreement and the AIFT Constitution provides for the management fee to be calculated at the rate of 1% per annum of AIX's market capitalisation, based on the volume weighted average traded price over the 20 business days prior to the calculation date multiplied by the stapled securities outstanding. The management fee accrued daily and was payable monthly in arrears.

The management fee was varied following execution of a facilitation deed on 23 November 2012 between Hastings in its personal capacity, Hastings Management Pty Ltd, AIFL and Hastings as Responsible Entity for AIFT (Facilitation Deed). For the period commencing on 24 August 2012 (being the date that AIX announced the indicative offer that it had received from the Future Fund) and ended on the date on which all AIFT units except those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL) are cancelled, the management fee for each month or part thereof was the lesser of:

- $1,342,933, being 1% of AIX's market capitalisation on 24 August 2012, divided by 12 months; and
- 1% of AIX's market capitalisation on the last day of each calendar month occurring after 24 August 2012, divided by 12 months.

The variation to the management fee was subject to:

- the sale of each of AIX's investments to the Future Fund (or another person pursuant to the Future Fund Transaction); and
- the cancellation of all AIFT units aside from those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL).

For the period from the date on which all AIFT units except those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL) were cancelled, Hastings received a management fee of $1 million for its services as trustee and manager of AIFT and AIFL.

Directors' Report (continued)

Relationship with and fees paid to the Manager - Hastings Funds Management Limited (continued)
(ii) Performance Fees

Current year
There is currently no performance fee agreement in place and no performance fees were paid for the year ended 30 June 2014.

Prior year
AIX performance fees were payable at the conclusion of each year ended 30 June where there was a positive performance position relative to benchmark for the year ended 30 June after taking into account any previous shortfall.

Specifically, under the AIFL Management Agreement and the AIFT Consolidated Constitution, at the end of each year Hastings was entitled to a performance fee equal to 10% of the out-performance of AIX's total return (growth in security price plus reinvested distributions) against the ASX 200 Industrials Accumulation Index return (Benchmark Return), after taking into account any carried forward performance deficit (previous shortfall). If the calculation of the AIX total return for a year was less than the benchmark return for that year, the shortfall was carried forward and taken into account in calculating whether the AIX total return exceeds the benchmark return in subsequent years.

The AIFL Management Agreement (section 5) and the AIFT Consolidated Constitution (sections 48 and 71) were silent as to the precise form in which the performance fees were to be settled. However the AIFT Consolidated Constitution (section 71) did provide AIFL the discretion to determine the form of settlement. At the 2010 AIX Annual General Meeting (AGM) held on 17 November 2010 security holders approved the resolution that if performance fees were payable to Hastings then the AIFL Board would be entitled to require Hastings to be paid some or all of the performance fee in either cash or AIX securities. This approval was in place for a period of three years from the date of the AGM, that was, until 17 November 2013.

The performance fee as at 1 July 2012 was varied following execution of the Facilitation Deed. For the period commencing on 1 July 2012 and ending on the date which all of the AIFT units were cancelled (other than those held by AIFL or a wholly owned subsidiary of AIFL), a performance fee of $54 million was paid subject to:

- the sale of each of AIX's investments to the Future Fund (or another person pursuant to the Future Fund Transaction); and
- the cancellation of all AIFT units aside from those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL).

In accordance with AASB 2 *Share Based Payments*, the fair value of the performance fee as at 31 December 2012 was assessed as being $54 million for FGX (formerly AIX) (exclusive of GST).

This amount represented the performance fee that had been agreed to be paid to Hastings under the Facilitation Deed in consideration for the performance of Hastings for its services for the period commencing 1 July 2012 and ended on the date on which all AIFT units except those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL) were cancelled. The performance fee was paid upon the cancellation of all AIFT units aside from those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL), which occurred on 28 May 2013.

Corporate governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to the principles of corporate governance as set out on the Company's website.

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

Jonathan Trollip

Jonathan Trollip
Chairman
27 August 2014

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Auditor's Independence Declaration

As lead auditor for the audit of Future Generation Investment Fund Limited for the year ended 30 June 2014, 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.

This declaration is in respect of Future Generation Investment Fund Limited and the entities it controlled during the period.

Christopher Lewis
Partner
PricewaterhouseCoopers

Melbourne
27 August 2014

PricewaterhouseCoopers, ABN 52 780 433 757
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2014 $'000	2013 $'000
Income			
Interest income	3	306	25,028
Dividend income	4	-	38,245
Distribution income	5	-	616
Net gain/(loss) - securities	6	-	161,906
Net gain/(loss) - subsidiaries	7	(450)	2,584
Net gain/(loss) - cash and cash equivalents		-	34
Net gain/(loss) - other		-	(22)
Other income	8	-	429
Total income		(144)	228,820
Expenses			
Manager base fees	9	-	15,657
Manager performance fees	10	-	55,350
Board administrative expenses		31	87
Director fees		215	1,175
Director retirement expense		12	(83)
Investment expenses		13	23
Audit fees		72	136
Insurance	30	318	172
Insurance – AIFT	30	312	-
Insurance – D & O Runoff Cover	30	308	-
Prudential expenses		169	145
Tax fees		168	1,328
Security holder and investor relations expenses		502	891
Strategic initiatives costs	11(a)	1,170	5,993
Recapitalisation Costs	11(b)	325	-
Other expenses		46	297
Finance costs	12	-	1,248
Total expenses		3,661	82,419
Net (loss)/ profit before income tax for the year		(3,805)	146,401
Income tax expense/(benefit)	14(a)	2,456	(21,919)
Net (loss)/ profit after income tax for the year		(6,261)	168,320
Other comprehensive income for the year, net of tax			
Other comprehensive income for the year, net of tax		-	-
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/income for the year		(6,261)	168,320

Basic (loss)/ earnings per security (cents)	(1.01)	27.12
Weighted average number of securities (000's)	620,734	620,734
Net (loss)/profit after income tax ($000's)	(6,261)	168,320

Diluted earnings per security are no different from basic earnings per security.

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Note	2014 $'000	2013 $'000
Assets			
Cash and cash equivalents	15	3,330	123,081
Receivables	16	6	5,368
Other assets	17	8	111
Current tax asset	14(c)	68	-
Deferred tax asset	14(e)	203	155
Total assets		3,615	128,715
Liabilities			
Payables	18	317	1,130
Current tax liability	14(d)	-	88
Total liabilities		317	1,218
Net assets		3,298	127,497
Equity			
Contributed equity	19(b)	3,528	116,569
Reserves	20	(3,781)	(35,476)
Retained earnings	21	3,551	46,404
Total equity		3,298	127,497

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total $'000
At 1 July 2012		1,043,575	(35,476)	858,952	1,867,051
Net profit/(loss) after income tax for the year		-	-	168,320	168,320
Other comprehensive income/(loss) for the year, net of tax		-	-	-	-
Total comprehensive income/(loss) for the year		-	-	168,320	168,320
Transactions with owners in their capacity as owners:					
Ordinary units cancelled during the year	19(b)	(327,109)	-	-	(327,109)
Transfer from contributed equity upon cancellation of ordinary units	21	(556,445)	-	556,445	-
Return of capital	19(b)	(43,452)	-	-	(43,452)
Dividends and distributions paid and payable to securityholders	25	-	-	(1,537,313)	(1,537,313)
As at 30 June 2013		116,569	(35,476)	46,404	127,497
At 1 July 2013		116,569	(35,476)	46,404	127,497
Net (loss) after income tax for the year		-	-	(6,261)	(6,261)
Other comprehensive income/(loss) for the year, net of tax		-	-	-	-
Total comprehensive income/(loss) for the year		-	-	(6,261)	(6,261)
Transactions with owners in their capacity as owners:					
Loss of control in AIFT – deconsolidation of reserves and retained earnings		-	31,695	(31,695)	-
Ordinary units cancelled during the year		-	-	-	-
Transfer from contributed equity upon cancellation of ordinary units		-	-	-	-
Share restructure costs charged to equity		(52)	-	-	(52)
Return of capital		(112,989)	-	-	(112,989)
Dividends and distributions paid and payable to securityholders		-	-	(4,897)	(4,897)
As at 30 June 2014		3,528	(3,781)	3,551	3,298

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

Consolidated Statement of Cash Flows

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Interest received		306	25,030
Dividends received		-	38,245
Distributions received		-	594
Other income received		5,362	591
Finance costs paid		(9)	(815)
Other expenses paid		(2,867)	(26,394)
Performance fees paid		-	(90,826)
Income tax paid		(2,660)	(14,849)
Net cash flows (used in) operating activities	15(a)	132	(68,424)
Cash flows from investing activities			
Loss on disposal of subsidiary - AIFT		(450)	-
Payments for unlisted security loan advances		-	(1,348)
Proceeds from sale of unlisted securities		-	1,970,456
Proceeds from sale of subsidiary		-	10,795
Proceeds from repayment of unlisted loan securities		-	2,410
Net cash flows (used in)/provided by investing activities		(450)	1,982,313
Cash flows from financing activities			
Payment of strategic initiatives costs		(1,170)	(5,903)
Payment of recapitalisation costs		(325)	-
Payment upon cancellation of ordinary units		-	(327,109)
Share restructure costs charged to equity		(52)	-
Payment upon return of capital		(112,989)	(43,452)
Dividends and distributions paid		(4,897)	(1,571,454)
Net cash flows (used in) financing activities		(119,433)	(1,947,918)
Net decrease in cash and cash equivalents		(119,751)	(34,029)
Cash and cash equivalents at the beginning of the year		123,081	157,110
Effects of foreign exchange rate movements on cash and cash equivalents		-	2
Impact on cash and cash equivalents upon sale of subsidiary		-	(2)
Cash and cash equivalents at the end of the year	15(b)	3,330	123,081

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

1 General information

Future Generation Investment Fund Limited (formerly Australian Infrastructure Funds Limited) was incorporated in Australia under the Constitution dated 14 November 2007. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The registered office of Future Generation Investment Fund Limited ("FGIFL" or "the Company") is located at Level 11, 139 Macquarie Street, Sydney NSW 2000.

As at 30 June 2014 FGIFL had nil employees, apart from the non-executive directors of FGIFL (2013: nil employees).

The financial report was approved for release by the Board of Directors on 27 August 2014.

Structure of consolidated financial statements

Until 23 May 2013 the ordinary shares issued by AIFL were stapled to ordinary units issued by Australian Infrastructure Fund Trust ("AIFT"). The combined entity of AIFL and its controlled entities were known as the Australian Infrastructure Fund Limited ("AIX"). When preparing the consolidated financial statements, AIFL was identified as the parent entity.

At an Extraordinary General Meeting on 15 January 2013, security holders approved the de-stapling of the AIFT units from the AIFL shares, to facilitate the distribution of proceeds from the offer proposed by the Future Fund to acquire all the infrastructure assets of AIX ("the Proposed Transaction"). Further, security holders also approved removal of the Constitutional requirement that AIFL shares and AIFT units be unstapled within three months of receiving security holder approval.

The AIFL shares and AIFT ordinary units were de-stapled on 23 May 2013, all AIFT ordinary units were cancelled on 28 May 2013 and AIFT was delisted on 5 June 2013.

On 2 October 2013, the Company agreed that an independent unrelated party, W.A. Blue Gum Limited ("New RE"), become the responsible entity of AIFT under an Implementation Deed which was completed on 19 February 2014 on which date the New RE's associated entities acquired ownership of AIFT.

Upon completion of the Deed, an amount of $450,000 was retained by AIFT and the remaining balance of funds $3,284 was distributed to AIFL on 14 February 2014.

The consolidated financial statements presented comprise the entire group, consisting of FGIFL and its controlled entity; A.C.N. 159 615 719 Limited. They include the results of AIFT for the period 1 July 2013 to 19 February 2014. The consolidated group is referred to as FGX (formerly "AIX").

2 Summary of significant accounting policies

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

(a) Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards (including Interpretations), the *Corporations Act 2001* and AIFL's Constitution.

The consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except where otherwise stated.

The Consolidated Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

The functional and presentation currency of FGIFL and its controlled entities is Australian dollars.

The consolidated financial statements of FGIFL for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of Directors of FGIFL. The Directors of FGIFL have the power to amend and reissue the consolidated financial statements.

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that became mandatorily applicable for periods beginning on or after 1 July 2013. The Directors' assessment of the impact of these new standards (to the extent relevant to FGX) and interpretations is set out below:

(i) AASB 10 *Consolidated Financial Statements*

AASB 10 *Consolidated Financial Statements* (AASB 10) replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation - Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships.

The objective of this standard is to establish principles for the preparation and presentation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. FGIFL has reviewed its investments in other entities to assess whether the conclusion as to whether FGIFL controls an investee or not is different under AASB 10. No differences were identified; and therefore there has been no change to the Company's financial statements as a result of the introduction and adoption of AASB 10.

(ii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*

AASB 13 consolidates fair value measurement guidance from across various Australian Accounting Standards into a single standard. AASB 13 does not change when fair value can or should be used. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard largely incorporates valuation practices that are already commonly used today; however, it does also introduce a number of changes including:

(a) A requirement for the fair value of financial liabilities to be determined based on the assumption that they will be transferred to another party rather than otherwise settled or extinguished "exit price" concept. As a result own credit risk will be incorporated into the fair value of financial liabilities (including derivative liabilities). Derivative assets should also incorporate credit risk into the valuation.

(b) An explicit requirement for the fair value of both assets and liabilities to incorporate credit risk

(c) The removal of the requirement to use bid and ask prices for actively-quoted financial assets and financial liabilities respectively. Instead, the most representative price within the bid-ask spread should be used.

(d) The introduction of a fair value hierarchy for non-financial assets and liabilities measured at fair value similar to what AASB 7 currently prescribes for financial instruments for year-end disclosures.

(e) The introduction of additional disclosures related to level 3 fair value measurements and significant unobservable inputs.

This standard did not materially impact the fair value amounts reported in the Group's financial statements.

2 Summary of significant accounting policies (continued)

(b) Standards issued but not yet effective

(iii) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9,* AASB 2010- 7 *Amendments to Australian Accounting Standards arising AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2017)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has also now introduced revised rules around hedge accounting.

This standard is not applicable until 1 January 2017 but is available for early adoption. The Directors do not expect this to have a significant impact on the recognition and measurement of the Group's financial instruments. The derecognition rules have not been changed from the previous requirements, and the Group does not apply hedge accounting.

(c) Basis of consolidation

Subsidiaries are all 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

On 19 February 2014, FGX lost control of AIFT. Loss on disposal of interest in AIFT was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The financial statements of subsidiaries are prepared for the same reporting period as FGIFL, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

(d) Parent entity financial information

The financial information for the parent entity, disclosed in Note 31 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries
Investments in subsidiaries are recorded at fair value through profit or loss in the individual financial statements of the parent entities.

The fair value of each subsidiary is determined by reference to the net asset value of the subsidiary.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the Consolidated Statement of Financial Position.

2 Summary of significant accounting policies (continued)

(f) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Receivables may include interest and dividends. Interest and dividends are accrued in accordance with the policy note set out in Note 2(h).

All receivables, unless otherwise stated, are non-interest bearing, unsecured and generally received within 30 days of being recorded as receivables.

Impairment allowance

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised as expense in the profit or loss. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are written back against the impairment allowance in the profit or loss.

(g) Payables

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Payables include liabilities and accrued expenses owing by FGX which are unpaid as at the end of the reporting period.

All payables, unless otherwise stated, are non-interest bearing, unsecured and generally settled on 30 day terms.

(h) Income and expense recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to FGX and the income can be reliably measured.

Expenses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when FGX has a present obligation (legal or constructive) as a result of a past event that can be reliably measured and where the expenses do not produce future economic benefits that qualify for recognition in the Consolidated Statement of Financial Position.

The following specific recognition criteria must also be met before income and expenses are recognised:

Interest income
Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividend and distribution income
Dividend and distribution income is recognised when there is control over the right to receive the dividend or distribution payment.

Unrealised and realised gains or losses on securities
In the prior year, unrealised gains or losses on securities were recognised through profit or loss and represented:

- Movements in the fair value of securities which were held as at the end of the reporting period.
  Unrealised gains or losses on securities which were held at the end of that reporting period were calculated as the difference between the fair value at the end of that reporting period and the fair value at the end of previous reporting period or the date the securities were acquired.
- Reversal of any life-to-date unrealised gains or losses as at the previous reporting period in connection with any securities that had been sold, restructured, settled or terminated in the previous reporting period.

2 Summary of significant accounting policies (continued)

(h) Income and expense recognition (continued)

Unrealised and realised gains or losses on securities (continued)
Realised gains or losses on securities were recognised through profit or loss upon the sale, restructure, settlement or termination of securities and were calculated as the difference between the settlement amount and the fair value upon initial recognition.

Manager and Responsible Entity base management fees
Information in relation to Manager and Responsible Entity base management fees payable to the former manager Hastings is provided in Note 9.

Hastings was entitled under the AIFT Constitution and the AIFL management agreement to be reimbursed for certain expenses incurred in administering AIX. The basis on which the expenses were reimbursed is defined in the AIFT Constitution and the AIFL management agreement.

Manager and Responsible Entity performance fees
Information in relation to Manager and Responsible Entity performance fees payable to the former manager Hastings is provided in Note 10.

The performance fee arrangement that was in place with Hastings was required to be accounted for under AASB 2 *Share Based Payments* as it is a share-based payment transaction in which the terms of the arrangement provided AIX and Consolidated AIFL with a choice of settlement in either cash or AIX stapled securities.

Current Period
No performance fees were paid for the year ended 30 June 2014.

Prior Period
In the prior period, AIX and Consolidated AIFL had a present obligation to settle the performance fee in cash, as supported by AIFL's determination to cash settle the performance fee for the year ended 30 June 2012. As a consequence, AIX and Consolidated AIFL accounted for any performance fee transaction in accordance with the requirements of AASB 2 applying to cash settled share-based payment transactions.

Applying AASB 2 in this regard, for cash settled share-based payment transactions, AIX and Consolidated AIFL were required to measure the performance fee obligation and the liability incurred at the fair value of the performance fee liability. Until the liability is settled, AIX and Consolidated AIFL were required to re-measure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income for the period.

This approach resulted in the fair value assessment of the AIX performance fee liability position being conducted at 31 December 2012.

2 Summary of significant accounting policies (continued)

(i) Income tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of offset exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of offset exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Rounding of amounts to the nearest thousand dollars

FGX is an entity of the kind referred to in Class Order 98/100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the consolidated financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

	2014 $'000	2013 $'000

3 Interest income

	2014 $'000	2013 $'000
Cash and cash equivalents	306	14,869
Unlisted securities	-	10,156
Other	-	3
Total interest income	306	25,028

4 Dividend income

	2014 $'000	2013 $'000
Unlisted securities	-	38,245
Total dividend income	-	38,245

5 Distribution income

	2014 $'000	2013 $'000
Unlisted securities	-	616
Total distribution income	-	616

6 Net gain/(loss) - securities

	2014 $'000	2013 $'000
Net gain/(loss) - unlisted securities		
Net gain/(loss) - unrealised	-	(1,384,627)
Net gain/(loss) - realised	-	1,546,533
Total net gain/(loss) - unlisted securities	-	161,906
Total net gain/(loss) - securities	-	161,906

In the prior year, as part of the Future Fund transaction, AIX sold its interests in Perth Airport, Australian Pacific Airports Corporation, Queensland Airports, Airport Development Group and Statewide Roads for gross sale proceeds of $1,992,325,950 in consideration for its $425,055,035 investment holding. These sales resulted in a holding period gain on sale of $1,546,783,564 (net of divestment costs).

The prior year net unrealised loss of $1,384,626,999 reflected the reversal of unrealised gains totalling $1,093,483,174 that were recognised in prior years for Perth Airport, Australian Pacific Airports Corporation, Queensland Airports and Airport Development Group and prior year unrealised losses of $291,143,825 recognised with respect to HTAC up until the date of sale of the subsidiary holding the Group's interest in HTAC.

7 Net gain/(loss) - subsidiaries

	2014 $'000	2013 $'000
Net (loss)/gain - realised	(450)	2,584
Total net (loss)/gain - subsidiaries	(450)	2,584

On 19 February 2014, an independent unrelated party acquired ownership of AIFT. As a result of this, a loss on disposal of AIFT of $450,000 was recognised.

In the prior year, as part of the Future Fund transaction, AIX sold its interests in its wholly owned subsidiary that held AIX's interest in HOCHTIEF Airport Capital Group for gross sale proceeds of $11,214,948 in consideration for its $8,211,186 net asset value. These sales resulted in a gain on sale of $2,584,073 (net of divestment costs).

8 Other income

	2014 $'000	2013 $'000
Director fee income	-	264
Director fee reimbursement	-	165
Total other income	-	429

In the prior year, Director fee income represented amounts received from infrastructure assets for Director services provided by AIX's nominated Director representatives on the boards of its infrastructure assets.

Director fee reimbursement reflected amounts reimbursed by Hastings to the Company in connection with board fees and superannuation contributions paid to John Harvey in connection with John Harvey representing FGX on the Australian Pacific Airports Corporation Board.

	2014 $'000	2013 $'000

9 Manager and Responsible Entity base management fees

	2014 $'000	2013 $'000
Manager base fees	-	15,657
Total Manager base fees	-	15,657

Current year
There is currently no management agreement in place and no management fees were paid for year ended 30 June 2014.

Prior year
In accordance with the AIFL management agreement and the AIFT Constitution, Hastings as Manager and Responsible Entity was entitled to a base management fee.

The AIFL management agreement and the AIFT Constitution provides for the management fee to be calculated at the rate of 1% per annum of AIX''s market capitalisation, based on the volume weighted average traded price over the 20 business days prior to the calculation date multiplied by the stapled securities outstanding. The management fee accrued daily and was payable monthly in arrears.

The management fee was varied following execution of a facilitation deed on 23 November 2012 between Hastings in its personal capacity, Hastings Management Pty Ltd, AIFL and Hastings as Responsible Entity for AIFT (Facilitation Deed). For the period commencing on 24 August 2012 (being the date that AIX announced the indicative offer that it had received from the Future Fund) and ended on the date on which all AIFT units except those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL) are cancelled, the management fee for each month or part thereof was the lesser of:

- $1,342,933, being 1% of FGX's market capitalisation on 24 August 2012, divided by 12 months; and
- 1% of AIX's market capitalisation on the last day of each calendar month occurring after 24 August 2012, divided by 12 months.

The variation to the management fee was subject to:

- the sale of each of AIX's investments to the Future Fund (or another person pursuant to the Future Fund Transaction); and
- the cancellation of all AIFT units aside from those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL).

A special unit with an issue value of $10 per special unit was also issued by AIFT to AIFL and also AIFL's wholly owned subsidiary, A.C.N. 159 615 719 Limited. This resulted in AIFT also becoming a wholly owned subsidiary of AIFL. Hastings received a management fee of $1 million for its services as trustee and manager of AIFT and AIFL.

10 Manager and Responsible Entity performance fees

	2014 $'000	2013 $'000
Manager performance fees	-	55,350
Total Manager performance fees	-	55,350

Current year
There is currently no performance fee agreement in place and no performance fees were paid for the year ended 30 June 2014.

Prior year
AIX performance fees were payable at the conclusion of each year ended 30 June where there was a positive performance position relative to benchmark for the year ended 30 June after taking into account any previous shortfall.

Specifically, under the AIFL Management Agreement and the AIFT Consolidated Constitution, at the end of each year Hastings was entitled to a performance fee equal to 10% of the out-performance of AIX's total return (growth in security price plus reinvested distributions) against the ASX 200 Industrials Accumulation Index return (Benchmark Return), after taking into account any carried forward performance deficit (previous shortfall). If the calculation of the FGX total return for a year was less than the benchmark return for that year, the shortfall was carried forward and taken into account in calculating whether the AIX total return exceeds the benchmark return in subsequent years.

10 Manager performance fees (continued)

The AIFL Management Agreement (section 5) and the AIFT Consolidated Constitution (sections 48 and 71) were silent as to the precise form in which the performance fees were to be settled. However the AIFT Consolidated Constitution (section 71) did provide AIFL the discretion to determine the form of settlement. At the 2010 AIX Annual General Meeting (AGM) held on 17 November 2010 security holders approved the resolution that if performance fees were payable to Hastings then the AIFL Board would be entitled to require Hastings to be paid some or all of the performance fee in either cash or AIX securities. This approval was in place for a period of three years from the date of the AGM, that was, until 17 November 2013.

The performance fee as at 1 July 2012 was varied following execution of the Facilitation Deed. For the period commencing on 1 July 2012 and ending on the date which all of the AIFT units were cancelled (other than those held by AIFL or a wholly owned subsidiary of AIFL), a performance fee of $54 million was paid subject to:

- the sale of each of AIX's investments to the Future Fund (or another person pursuant to the Future Fund Transaction); and
- the cancellation of all AIFT units aside from those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL).

In accordance with AASB 2 *Share Based Payments*, the fair value of the performance fee as at 31 December 2012 was assessed as being $54 million for AIX (exclusive of GST).

This amount represented the performance fee that had been agreed to be paid to Hastings under the Facilitation Deed in consideration for the performance of Hastings for its services for the period commencing 1 July 2012 and ended on the date on which all AIFT units except those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL) were cancelled. The performance fee was paid upon the cancellation of all AIFT units aside from those AIFT units held by AIFL (or a wholly owned subsidiary of AIFL), which occurred on 28 May 2013.

11(a) Strategic initiatives costs

	2014 $'000	2013 $'000
Restructure legal fees	740	-
Change in RE expenses	330	-
Fund Holding Deed defence costs	100	-
Internalisation costs	-	3,763
Future Fund Offer costs	-	2,230
Total strategic initiatives costs	1,170	5,993

Restructure legal fees

Legal fees were incurred as a result of legal advice obtained for issues relating to the proposed winding up process of AIFL and AIFT, including reviewing and providing advice on liquidation process, research regarding capital return payment and advice regarding implementation agreement for new RE.

Change in RE expenses

An implementation deed was entered into for the change of the Responsible Entity ("RE") of AIFT from Hastings Funds Management Limited ("HFML") to W.A Blue Gum. As part of the deed, AIFL paid a non-refundable signing fee to the new RE in consideration of the costs incurred by the new RE in implementing the deed. AIFL also prepaid a completion fee to HFML to hold on behalf of AIFL in immediately available funds. Hastings was responsible for the completion of this transaction.

Fund Holding Deed defence costs

A fee was paid to Hastings Management Pty Limited ("funder") as an indemnity fee for any possible claims against either AIFL or AIFT under the sale agreements. The party must then provide a Notice of Claim and the funder must pay either AIFL or AIFT the defence costs likely to be incurred in respect of the claim. The sale agreements were various shares and units sale agreements entered into by AIFL and AIFT.

Internalisation costs

On 29 June 2012, the boards of AIFL and Hastings announced that they had entered into a non-binding agreement on the key terms upon which the management of AIX could be internalised. It was intended that the in-principle agreement would be developed into a detailed implementation agreement following which, if appropriate terms were agreed, the approval of AIX securityholders would be sought.

11(a) Strategic initiatives costs (continued)

Internalisation costs (continued)

Internalisation costs reflect, amongst other costs, financial advisor fees, legal fees and tax fees, incurred in connection with the internalisation process, specifically, the negotiation of the non-binding in-principle internalisation agreement and the development of a detailed implementation agreement.

Future Fund Offer costs

On 24 August 2012, AIFL and Hastings announced that AIX had received a proposal from the Future Fund to acquire all of AIX's infrastructure assets, and had entered into a conditional and non-binding memorandum of understanding with the Future Fund.

On 26 November 2012, AIFL and Hastings announced that AIX had entered into a binding implementation agreement with the Future Fund (Future Fund Offer) for the proposed sale of AIX's infrastructure assets. The approval of AIX securityholders to the Future Fund Offer and to the distribution of the net proceeds was sought, and received, on 15 January 2013, following which binding sale agreements were entered into for all of AIX's infrastructure assets.

Future Fund Offer costs reflect costs incurred in relation to the advice received in connection with the distribution of net sale proceeds to AIX security holders and costs incurred to ensure on-going management arrangements.

11(b) Recapitalisation costs

	2014 $'000	2013 $'000
Recapitalisation costs	325	-

Recapitalisation costs

The Company incurred costs in relation to the new strategic direction announced by the Directors in relation to the Wilson Foundation Proposal. The Wilson Foundation Proposal included an equal access share buy-back scheme as well as capital raising. The costs included legal adviser fees and investigating accountant fees. Fees were also paid to related entities of the Directors for their services in relation to that proposal. Full details of the fees paid to the Directors are in Note 26 (c) – Related Party Transactions.

12 Finance costs

	2014 $'000	2013 $'000
Other borrowing costs	-	1,248
Total finance costs	-	1,248

In the prior year, other borrowing costs comprised establishment fees, agency fees and facility fees relating to the $100 million standby debt facility with Westpac and ANZ.

On 29 January 2013 AIX cancelled this $100 million standby debt facility with Westpac and ANZ.

13 Audit fees

During the year, the following fees were paid or payable for services provided by the auditor:

Amounts paid and payable excluding GST, to PricewaterhouseCoopers, for:

(a) Audit services		
- Audit and Review of Financial Statements	68	83
- Audit of Compliance Plan	-	7
Total audit services	68	90
(b) Non-audit services		
- Agreed upon Procedures - Annual Report	-	3
- Agreed upon Procedures - Calculation of Cash Return	4	12
- Agreed upon Procedures - Non-statutory review	-	14
- Agreed upon Procedures - EGM	-	13
- Specified Procedures - Internalisation	-	118
Total non-audit services	4	160

14 Income tax

	2014 $'000	2013 $'000
(a) Major components of income tax for the year recognised in the Income Statement		
Current tax expense/(benefit)	2,503	15,236
Deferred tax expense/(benefit)	(48)	(37,155)
Total income tax expense/(benefit)	2,455	(21,919)
(b) Reconciliation of prima facie tax to income tax expense for the year		
Net (loss)/profit before income tax for the year	(3,805)	146,401
Tax at the applicable Australian tax rate of 30% (2013 - 30%)	(1,141)	43,920
Tax effect of amounts either not deductible/(taxable), or are attributable income in nature, in calculating the taxable income:		
Profit not assessable in hands of the Trust	-	(127,849)
Non assessable income	-	(178)
Other assessable income	4,144	-
Franked dividend gross up	460	348
Tax offset for franked dividend	(1,535)	(1,161)
Non deductible expenses	527	-
Derecognition of current year temporary differences	-	89,409
Derecognition of prior year temporary difference	-	(26,408)
Rerecognition of prior year capital losses	-	-
Income tax expense/(benefit)	2,455	(21,919)
(c) Current tax asset		
Current tax asset	68	-
(d) Current tax liability		
Current tax liability	-	88
(e) Deferred tax asset		
Temporary differences		
Audit & accounting fees	24	12
Recapitalisation & capital raising costs	96	-
Restructure costs	-	143
D & O insurance runoff cover	83	-
Total deferred tax asset	203	155

The movement in the deferred tax asset balance has been charged through profit or loss. Deferred tax asset of $477,000 relating to restructure costs has not been recognised until the probability of future taxable income is clarified.

Deferred tax assets relating to capital raising costs charged to equity have been recognised in the Statement of Financial Position totalling $18,000.

Franking Credits

	2014	2013
Balance of franking account at year end arising from:		
Opening balance at 1 July	-	5,239,702
Payment of provision for income tax	1,101,889	14,848,706
Receipt of fully franked dividends	1,534,657	1,161,374
Payment of fully franked dividends	(2,098,701)	(21,249,782)
	537,845	-

	2014 $'000	2013 $'000

15 Cash and cash equivalents

(a) Reconciliation of net (loss)/profit after income tax to the net cash flows from operating activities

	2014 $'000	2013 $'000
Net (loss)/profit after income tax	(6,261)	168,320
Adjustments for non-cash and non-operating items:		
Net gain/(loss) - securities	-	(161,906)
Net loss/(gain) - subsidiaries	450	(2,584)
Net gain/(loss) - cash and cash equivalents	-	(34)
Net gain/(loss) - other	-	22
Net gain/(loss) - distribution income	-	(22)
Strategic initiatives costs	1,170	5,993
Recapitalisation costs	325	-
Changes in operating related assets and liabilities:		
Decrease/(increase) in receivables	5,362	(5,004)
Decrease in prepayments	103	373
(Increase)/decrease in accrued income	-	(115)
(Decrease) in payables	(813)	(35,919)
(Decrease)/increase in current tax liability	(157)	391
Increase in deferred tax assets	(47)	(37,159)
Increase/(decrease) in provisions	-	(780)
Net cash flows from operating activities	132	(68,424)

(b) Components of cash and cash equivalents

	2014 $'000	2013 $'000
Cash at bank	3,330	123,081

Cash at bank earns interest at floating rates based on daily deposit rates.

(c) Significant non-cash investing and financing activities

There were no significant non-cash investing and financing activities during the year (2013: nil).

16 Receivables

	2014 $'000	2013 $'000
Other receivables	6	5,368

None of the receivables are impaired or past due but not impaired.

17 Other assets

	2014 $'000	2013 $'000
Prepayments	8	111
Total other assets	8	111

18 Payables

	2014 $'000	2013 $'000
Payable - Directors	-	697
Other payables	317	433
Total payables	317	1,130

The Payable – Directors balance in the prior year related to the retirement benefit payable to Paul Espie.

19 Contributed equity

	2014 $'000	2013 $'000
Ordinary securities	3,528	116,569
Total issued securities	3,528	116,569
(a) Issued ordinary securities (number)	**No. '000**	**No. '000**
Opening balance	620,734	620,734
Issued ordinary securities at the end of the year	620,734	620,734
(b) Issued ordinary securities (dollars)	**$'000**	**$'000**
Opening balance	116,569	1,043,575
Cancellation of ordinary units	-	(327,109)
Recapitalisation costs charged to equity	(52)	-
Return of capital	(112,989)	(43,452)
Transfer balance of ordinary units to retained earnings	-	(556,445)
Issued ordinary securities at the end of the year	3,528	116,569

The Company has authorised share capital amounting to 620,733,944 ordinary shares.

On 23 May 2013 the AIFL ordinary shares and AIFT ordinary units were de-stapled. Subsequent to this, on 28 May 2013 all of the AIFT ordinary units were cancelled. AIFL shareholders continued to 19 February 2014 to have an indirect ownership in AIFT in their capacity as shareholders in AIFL.

On 28 May 2013 AIFT cancelled all of its ordinary units on issue for a total cancellation consideration of $327,109,000. Following the cancellation of ordinary units, the remaining net asset value of the ordinary units was transferred from contributed equity to retained earnings.

On 30 May 2013 AIFL made a return of capital of $43,452,000 to AIX security holders.

On 8 July 2013 AIFL made a residual return of capital of $107,960,530 to AIX security holders.

On 22 October 2013 AIFL made a return of capital of $5,027,945 to AIX security holders.

Issued ordinary securities as at 30 June 2014 and 30 June 2013 comprised FGIFL ordinary shares.

(c) Terms and conditions of issued securities

FGIFL (formerly AIFL) Ordinary Shares

FGIFL shareholders have various rights under FGIFL's Constitution, including the right to:

- receive dividends; and
- attend and vote at meetings of shareholders; and

The rights, obligations and restrictions attached to each share are identical in all respects.

20 Reserves

	2014 $'000	2013 $'000
Security-based payment reserve	(3,781)	(35,476)
Total reserves	(3,781)	(35,476)
Movement in the security based payment reserve:		
Opening balance	(35,476)	(35,476)
Adjustment on loss of control in AIFT	31,695	-
Closing balance	(3,781)	(35,476)

The current year movement to the security-based payment reserve is as a result of the loss of control in AIFT on 19 February 2014.

21 Retained earnings

Opening balance	46,404	858,952
Net (loss)/profit after income tax	(6,261)	168,320
Adjustment on loss of control in AIFT	(31,695)	-
Distributions and dividends paid and payable to securityholders	(4,897)	(1,537,313)
Transfer net issue value balance of ordinary units from contributed equity upon cancellation of ordinary units	-	556,445
Closing balance	3,551	46,404

The prior year movement in retained earnings included the remaining net issue value of AIFT ordinary units of $556,445,196, which was transferred from contributed equity on 28 May 2013 following the cancellation of AIFT ordinary units on 28 May 2013.

22 Distributions and dividends to securityholders

Interim distribution and dividend declared and paid	4,897	34,140
Main return distribution and dividend declared and paid	-	1,503,173
Total distributions and dividends declared paid and payable to securityholders	4,897	1,537,313
Comprising:		
Distributions declared during the year	-	1,491,730
Dividends declared during the year	4,897	45,583
	4,897	1,537,313

Final dividend and distribution

Final dividend and distribution

No final dividend or distribution was declared as at 30 June 2014 (2013: $nil).

Main Return dividend, distribution, return of capital and cancellation of units

At a general meeting of AIFL shareholders held on 21 June 2013, the AIFL shareholders approved a resolution to reduce the share capital of AIFL. This resulted in a Residual Return payment of $107,960,530 ($0.173924 per AIFL ordinary share) to each AIFL shareholder being made on 8 July 2013.

Interim dividend and distribution

A fully franked dividend of $1,862,202; being 0.30 cents per share was paid on 21 October 2013.

A further fully franked dividend of $3,034,768; being 0.4889 cents per share was paid on 21 October 2013.

A further distribution to shareholders of 0.81 cents per share was paid on 22 October 2013.

23 Franking credit availability

	2014 $'000	2013 $'000
Franking credits available for distribution at the end of the year	537,845	-

24 Segment information

Operating segments are based on the reports reviewed by the Board of FGIFL that are used to make strategic decisions for FGX.

The Company's previous reportable operating segment was investment in unlisted infrastructure securities and is now in the cash and term deposits segment.

25 Financial instruments

(a) Financial risk management objectives and policies

FGX's principal financial instrument as at 30 June 2014 is cash.

FGX has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

FGX does not enter into or trade financial instruments for speculative purposes.

The main risks arising from FGX's financial instruments as at 30 June 2014 are interest rate risk and credit risk.

The main risks arising from FGX's financial instruments in the prior year were interest rate risk and liquidity risk.

The Directors of FGIFL review and agree policies for managing each of these risks.

Interest rate risk

Interest rate risk is the risk that a financial instrument's value or the value of its cash flows may fluctuate as a result of changes in market interest rates. Financial instruments whose cashflows are determined by reference to variable interest rates include cash and cash equivalents and interest bearing receivables.

Movements in interest rates directly affect cashflows generated by FGX's cash and cash equivalents, and previously directly affected interest bearing receivables, interest bearing unlisted securities and interest bearing borrowings.

The Directors believe the interest rate risk exposure is relatively low and does not pose potential risk to the Company.

Credit risk

Credit risk represents the risk that a counterparty will be unable to pay amounts in full when they fall due and FGX will incur a financial loss.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

Liquidity risk

Liquidity risk is the risk that FGX may not be able to generate sufficient cash resources to settle its obligations in full as and when they fall due or can do so in forms that are materially disadvantageous.

To manage liquidity risk, the Board actively monitors cash balances and forecast operational cashflows and liabilities on a regular basis. In addition to available cash on hand, in the prior year FGX had short term funding lines.

All FGX's financial liabilities as at 30 June 2014 were at call and due within twelve months.

(b) Summarised sensitivity analysis

The following tables summarise the sensitivity of material financial assets and financial liabilities to movements in interest rates.

Interest Rate Sensitivity

The effect of a +/- 1% shift in interest rates has been selected for interest rate sensitivity as it represents the approximate historic 12 month average movement in the yield of the 10 year Australian Government Bond Rate (the risk free rate). In any 12 month period the shift in interest rates could be more or less than 1%.

25 Financial instruments (continued)

(b) Summarised sensitivity analysis (continued)

A change in interest rates affects the interest revenue and interest expense of FGX, affecting (as applicable) cash and cash equivalents and interest bearing receivables.

2014

		Interest rate risk			
		-1.0%		1.0%	
	Carrying Value $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	3,330	(33)	(33)	33	33
Receivables	6	-	-	-	-
Financial liabilities					
Payables	317	-	-	-	-
Total increase/(decrease)		(33)	(33)	33	33

2013

		Interest rate risk			
		-1.0%		1.0%	
	Carrying Value $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	123,081	(1,231)	(1,231)	1,231	1,231
Receivables	5,368	-	-	-	-
Financial liabilities					
Payables	1,130	-	-	-	-
Total increase/(decrease)		(1,231)	(1,231)	1,231	1,231

(c) Fair values of financial instruments

The carrying amounts of FGX's financial instruments and the methods and assumptions used to determine the fair values of instruments are summarised below.

Cash and cash equivalents
The carrying amounts of cash and cash equivalents approximate their fair values because of their short term to maturity.

Receivables and payables
The carrying amounts of receivables and payables approximate their fair values because of their short term to settlement.

26 Related party transactions

(a) Associate entities

Names of associate entities

	2014 Holding	2013 Holding
Associate entities and interests in these entities at the end of the year are as follows:		
Perth Airport Development Group & PAPT Holdings Pty Ltd (Perth Airport)	0.00%	0.00%
HOCHTIEF AirPort Capital Group	0.00%	0.00%
Queensland Airports Limited	0.00%	0.00%
Airport Development Group Pty Ltd	0.00%	0.00%
Port of Portland	0.00%	0.00%
Metro Light Rail and Monorail	0.00%	0.00%

Transactions with associate entities

Distribution income from:		
HOCHTIEF AirPort Capital Group	-	616
Dividend income from:		
Airport Development Group Pty Ltd	-	12,192
Port of Geelong Unit Trust & Infrastructure Investment Corporation	-	8,097
Interest income from:		
HOCHTIEF AirPort Capital Group	-	5,094
Queensland Airports Limited	-	3,378
Advance/(repayment) of unlisted security loans to/(from):		
Perth Airport Development Group & PAPT Holdings Pty Ltd (Perth Airport)	-	(801)

(b) Other related parties - the former Manager

Name of the former Manager

The former Manager of AIFL was Hastings Funds Management Limited (Hastings) and the immediate parent entity of Hastings was Hastings Management Pty Limited (formerly Westpac Institutional Holdings Pty Limited).

The ultimate parent entity of Hastings Management Pty Limited was Westpac Banking Corporation (Westpac) which held 100 percent of the ordinary issued capital of Hastings Management Pty Limited throughout 2013.

	2014 $'000	2013 $'000
Transactions with the Manager and its related entities		
Manager base fees		
Hastings	-	15,657
Manager performance fees		
Hastings	-	55,350
Reimbursement of expenses paid or payable on behalf of AIX		
Hastings	-	255
Distributions, dividends, returns of capital and cancellation of units declared to		
Westpac	-	55,362
Interest income		
Westpac	-	14,869
Finance expenses		
Westpac		
Standby debt facility - facility fees	-	802
Standby debt facility - agency fee	-	16
Standby debt facility - establishment, amendment & cancellation fees	-	394

26 Related party transactions (continued)

	2014 $'000	2013 $'000
Transactions with the Manager and its related entities (continued)		
Bank fees		
Westpac	-	14

For further details in relation to base management fees and performance fees paid to Hastings refer to Note 9 – Manager base fees and Note 10 – Manager performance fees.

Outstanding balances with the Manager and its related entities
Cash and cash equivalents

Westpac	-	123,081

(c) Related parties of Directors

The following fees were paid to the associated entities of the Directors for their services in relation to the Wilson Foundation Proposal.

Sandon Capital Pty Limited (entity associated with Gabriel Radzyminski)	14	-
Felsen Pty Limited (entity associated with Paul Jensen)	28	-
Piaster Pty Limited ATF Trollip Family Superfund (associated with Jonathan Trollip)	21	-
	63	-

27 Key management personnel

(a) Names of key management personnel

The names of the key management personnel of FGIFL during the year and up to the date of this report are:

Jonathan Trollip	Chairman & Director (appointed on 8 October 2013)
Gabriel Radzyminski	Director (appointed on 8 October 2013)
Paul Jensen	Director (appointed on 8 October 2013)
Geoffrey Wilson	Director (appointed on 7 July 2014)
Paul Espie	Chairman (resigned on 8 October 2013)
John Harvey	Director (resigned on 8 October 2013)
Michael Hutchinson	Director (resigned on 8 October 2013)

(b) Compensation policy for key management personnel

(i) Compensation policy for key management personnel of FGIFL

Board responsibility

The responsibility for the Company's remuneration policy rests with the Board.

27 Key management personnel (continued)

(b) Compensation policy for key management personnel (continued)

Non-executive directors' remuneration

Remuneration policy

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors of the Company.

The fees paid to Directors are set at levels that reflect both the responsibilities of, and the time commitments required from, the Directors to discharge their duties. In order to maintain their independence and impartiality, the remuneration of the non-executive Directors is not linked to the performance of the Company.

In setting fee levels, the Board takes into account:

- independent professional advice;
- fees paid by comparable companies;
- the general time commitment required from Directors and the risks associated with discharging the duties attaching to the role of Director; and
- the level of remuneration necessary to attract and retain Directors of a suitable calibre.

The Board will continue to review its approach to non-executive Director remuneration to ensure it remains in line with general industry practice and best practice principles of corporate governance.

Remuneration structure

Directors' fees expensed for the year ended 30 June 2014 totalled $215,244 (2013: $1,175,337).

The AIFL Director's Retirement Plan (the Plan) was phased out in April 2003, so that directors who joined the Board after that date were not entitled to a retirement benefit under the Plan. The former Chairman of the Board was appointed prior to April 2003 and was therefore entitled to a retirement benefit under the Plan.

In order to preserve the value of the former Chairman's long-standing retirement benefits notwithstanding the new fee arrangements that applied from 1 July 2013 referred to below, the former Chairman resigned from the Board effective 30 June 2013 and was re-appointed with immediate effect as a non-executive director and Chairman. Consistent with board policy, the retirement benefit under the Plan was terminated when the retirement benefit became payable.

As a consequence of the former Chairman's retirement on 30 June 2013, his retirement benefit of $696,928 became due and payable as at 30 June 2013. The benefit was paid on 8 October 2013.

The former Directors who resigned on 8 October 2013 were remunerated under new arrangements which commenced on 1 July 2013. These new arrangements included a reduction in annual board fees by 50%, resulting in the Chairman being entitled to a fee of $137,500 per annum and Directors being entitled to a fee of $55,000 per annum.

The current Directors who were appointed on 8 October 2013 were paid a fixed fee per annum as well as superannuation contributions.

In accordance with the AIFL Constitution, directors are entitled to additional remuneration for extra services or special exertions made by them for the benefit of AIX. Under these provisions, the current Directors were awarded additional remuneration by the Board in respect of the services they performed in relation to the Wilson Foundation Proposal. These additional amounts are detailed in Note 26 (c).

27 Key management personnel (continued)

(b) Compensation policy for key management personnel (continued)

(i) Compensation policy for key management personnel of FGIFL (continued)

Remuneration paid or payable to non-executive Directors

Details of non-executive Directors' remuneration for the year ended 30 June 2014 are set out in the following table. No bonuses, options or other emoluments are paid to the directors of FGIFL.

		Short-term		*Post employment*		
Director name:		**Board fees**	**Committee fees**	**Superannuation**	**Retirement benefits**	**Total**
		$	**$**	**$**	**$**	**$**
Jonathan Trollip						
	2014[1]	13,386	-	1,238	-	14,624
	2013	-	-	-	-	-
Gabriel Radzyminski						
	2014[2]	10,039	-	929	-	10,968
	2013	-	-	-	-	-
Paul Jensen						
	2014[3][4]	12,020	-	-	-	12,020
	2013	-	-	-	-	-
Paul Espie						
	2014	102,389	-	7,623	-	110,012
	2013 [5] [7]	325,000	-	24,750	696,928	1,046,678
James Evans						
	2014	-	-	-	-	-
	2013	100,834	-	9,075	-	109,909
John Harvey						
	2014	44,955	-	1,383	-	46,338
	2013 [6]	110,000	23,000	11,970	-	144,970
Robert Humphris						
	2014	-	-	-	-	-
	2013	100,833	-	9,075	-	109,908
Michael Hutchinson						
	2014	32,455	-	1,383	-	33,838
	2013 [5]	160,000	-	14,400	-	174,400
Robert Tsenin						
	2014	-	-	-	-	-
	2013	100,833	10,542	10,024	-	121,399
Total compensation: Key management personnel of AIFL						
	2014	215,244	-	12,556	-	227,800
	2013	897,501	33,542	79,294	696,928	1,707,265

(1) In addition to the fees detailed above Jonathan Trollip was paid additional fees of $21,000 by way of salary sacrifice into superannuation for his services in relation to the Wilson Foundation Proposal.

(2) In addition to the fees detailed above, entity associated with Gabriel Radzyminski was paid additional fees of $13,750 for his services in relation to the Wilson Foundation Proposal.

(3) In addition to the fees detailed above, entity associated with Paul Jensen was paid additional fees of $27,500 for his services in relation to the Wilson Foundation Proposal.

(4) Director's fees paid to Paul Jensen are paid to Felsen Pty Limited, an entity associated with Paul Jensen.

(5) Board fee includes $50,000 paid in relation to work performed in connection with the internalisation proposal and the Future Fund transaction.

(6) In addition to the fees detailed above John Harvey was paid board fees of $151,376 and superannuation contributions of $13,624 for services provided following his appointment to the Australia Pacific Airports Corporation Limited board as AIX's representative. These amounts were fully recovered by AIFL from Hastings. Hastings reimbursement of these costs is reflected in Note 8 – Other income.

(7) Paul Espie's retirement benefit became due and payable upon his retirement at 30 June 2013.

27 Key management personnel (continued)

(c) Key management personnel interests in financial instruments issued by FGX

Interests acquired or disposed of in the financial instruments issued by FGX were within the allowable trading periods determined by the Board of Directors of FGIFL and Hastings. No securities were granted to key management personnel during the year as compensation.

Interests in the securities issued by FGX held by key management personnel and their related entities at the end of the reporting period were as follows:

Name		Opening Holding 1 July No.	Acquisitions No.	DRP Issue No.	Disposals No.	Closing Holding 30 June No.
Jonathan Trollip						
	2014	-	-	-	-	-
	2013	-	-	-	-	-
Gabriel Radzyminski						
	2014	-	-	-	-	-
	2013	-	-	-	-	-
Paul Jensen						
	2014	-	-	-	-	-
	2013	-	-	-	-	-

(d) Amounts declared and paid or payable by FGX to key management personnel and their related entities

Distributions, dividends, returns of capital and proceeds upon cancellation of ordinary units that were declared and paid by FGX to key management personnel and their related entities during the year were as follows:

Name	Amounts Declared 2014 $	2013 $
Jonathan Trollip (appointed on 8 October 2013)	-	-
Gabriel Radzyminski (appointed on 8 October 2013)	-	-
Paul Jensen (appointed on 8 October 2013)	-	-
Paul Espie	-	2,786,713
Stephen Gibbs	-	427
John Harvey	-	259,677
Robert Humphris	-	922,073
Michael Hutchinson	-	375,050
James McDonald	-	46,104
Robert Tsenin	-	482,736

28 Earnings per security

	2014	2013
Basic (loss)/earnings per security (cents)	(1.01)	27.12
Weighted average number of securities (000's)	620,734	620,734
Net (loss)/profit after income tax ($000's)	(6,261)	168,320

Diluted earnings per security equates to basic earnings per security.

29 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, contingent liabilities or commitments at 30 June 2014 or 30 June 2013.

30 Insurances

The current Board appointed on 8 October 2013 have only incurred insurance costs of $22,527 of which $14,810 has been expensed in the year ended 30 June 2014. All other insurance costs were incurred prior to 8 October 2013.

31 Events after the end of reporting period

At an Extraordinary General Meeting of Shareholders held on 7 July 2014, the following resolutions were passed:

(d) Change of the name of the Company to Future Generation Investment Fund Limited
(e) Appointment of Geoffrey Wilson as a Director of the Company
(f) Approval of the following as proposed by the Wilson Foundation:-
- Equal access buyback
- The issue of 200,000,000 shares to Wilson Foundation at 0.5 cents per share and an Increase in voting power of Wilson Foundation to up to 100%
- Consolidation of the issued share capital of the Company
- The issue of up to 500 million new shares and 500 million new options to applicants under the Prospectus.

The offer for up to 181,818,182 shares each with an attaching option opened on 7 July 2014 and is expected to close on or before 3 September 2014.

The Company's shares were placed in a trading halt on 7 July 2014. The Company has requested a voluntary suspension of trading in Shares which will continue until the offer is successfully completed.

An application to voluntarily deregister the Group's controlled entity: A.C.N. 159 615 719 Limited was lodged with ASIC on 25 June 2014. The notice to deregister was published on the ASIC Insolvency Notices on 1 July 2014 and the deregistration is expected to take effect on 1 September 2014.

Other than the events described above and under business strategies and prospects, no significant events have occurred since the end of the reporting period which would impact on the financial position of FGX disclosed in the Consolidated Statement of Financial Position as at 30 June 2014 or on the results and cash flows of FGX for the year ended on that date.

32 Parent entity financial information

(a) Summary of financial information

	2014 $'000	2013 $'000
Statements of Financial Position		
Assets		
Current assets	3,614	117,011
Non-current assets	-	9,576
Total Assets	3,614	126,587
Liabilities		
Current liabilities	317	3,652
Non-current liabilities	-	-
Total Liabilities	317	3,652
Equity		
Contributed equity	3,528	116,569
Reserves	(3,781)	(3,781)
Retained earnings	3,550	10,147
Total Equity	3,297	122,935
Statements of Comprehensive Income		
Net (loss)/profit after income tax for the year	(1,700)	15,652
Total comprehensive (loss)/income for the year	(1,700)	15,652

(b) Contingent assets and liabilities and commitments

There were no outstanding contingent assets, contingent liabilities or commitments at 30 June 2014 or 30 June 2013.

Directors' Declaration

In accordance with a resolution of the Directors of Future Generation Investment Fund Limited, the Directors of the Company declare that:

(a) the financial statements and notes, as set out on pages 12 to 37 are in accordance with the *Corporations Act 2001*, and:

(i) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

(ii) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date; and

(b) 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; and

(c) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Directors of the Company.

Jonathan Trollip
Chairman
27 August 2014

Independent auditor's report to the members of Future Generation Investment Fund Limited

Report on the financial report

We have audited the accompanying financial report of Future Generation Investment Fund Limited (the company), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Future Generation Investment Fund Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

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. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report 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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Auditor's opinion

In our opinion:

(a) the financial report of Future Generation Investment Fund Limited is in accordance with the *Corporations Act 2001,* including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 6 to 9 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Future Generation Investment Fund Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

Christopher Lewis
Partner

Melbourne
27 August 2014

Corporate Governance Statement

The Board of Directors of Future Generation Investment Fund Limited (`**FGIFL**' or `**the Company**') is responsible for the corporate governance of the Company. The Board has chosen to prepare the Corporate Governance Statement ("CGS") in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on a company's website.

Accordingly, a copy of the company's CGS is available on the company's website at www.futuregeninvest.com.au under the Governance section.

ASX Additional Information

Information as at 25 August 2014

Shares (ASX: FGX)
The number of investors holding shares within the ranges outlined in the table and the number of investors holding less than a marketable parcel of shares on 25 August 2014 is shown below:

Range	Total holders	Shares	% of Issued Capital
1 - 1,000	6,654	320,075	17.44
1,001 - 5,000	74	191,161	10.42
5,001 - 10,000	16	118,605	6.46
10,001 - 100,000	15	296,295	16.14
100,001 - 9,999,999,999	1	909,091	49.54
Rounding			**0.00**
Total	**6,760**	**1,835,227**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Shares
Minimum $ 500.00 parcel at $ 0.0050 per share	100,000	6,759	926,136

Top 20 holders of FULLY PAID ORDINARY SHARES

Rank	Name	Shares	% of Shares
1	WILSON FOUNDATION PTY LIMITED <WILSON FOUNDATION A/C>	909,091	49.54
2	MS ALICE FAY LUMKIN	45,455	2.48
3	MR CHRISTOPHER AMIES & MISS JACINTA AMIES <AMIES SUPER FUND A/C>	29,546	1.61
4	LOCOPE PTY LTD	27,273	1.49
5	BOULDEN HOLDINGS PTY LTD <LOMBARDO SUPER FUND A/C>	22,728	1.24
6	LIC INVESTMENTS PTY LTD <LIC INVESTMENTS UNIT A/C>	22,728	1.24
7	MR BRIAN PARADINE	22,273	1.21
8	NOVAR MANAGEMENT SERVICES PTY LTD <ROBERT PENSION A/C>	18,182	0.99
9	DR BURGER VAN DER MERWE <COMBINED A/C>	18,182	0.99
10	PEGARI PTY LTD	15,243	0.83
11	ASB NOMINEES LTD <130368 – ML A/C>	13,637	0.74
12	MR OSAMA ADEL EL-MEZIN	13,637	0.74
13	RUAPEHU HOLDINGS PTY LTD <RUAPEHU A/C>	13,637	0.74
14	MONTAGUE DAVIES PTY LTD <SANDFORD SUPER FUND A/C>	12,364	0.67
15	MS SU HWA LAW	11,364	0.62
16	MONTAGUE-DAVIES PTY LTD <SANDFORD A/C>	10,046	0.55
17	MR CON COLLAROS	9,234	0.50
18	CABERNET PTY LTD	9,091	0.50
19	JEDDERFIELD PTY LTD	9,091	0.50
20	MR JURGEN KLENZ & MRS GENALYN QUITAY	9,091	0.50
Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (TOTAL)		**1,241,893**	**67.67**
Total Remaining Holders Balance		**593,334**	**32.33**

ASX Additional Information (continued)

Substantial Security Holders

Name	Number of securities	% of securities
WILSON FOUNDATION PTY LIMITED <WILSON FOUNDATION A/C>	909,091	49.54

Voting Rights

On a show of hands, every shareholder present in person or by proxy holding stapled securities in the Company shall have one vote and upon a poll each stapled security shall have one vote.

Audit & Risk Committee

As at the date of the Directors' Report, the economic entity had established an Audit & Risk Committee of the Board of Directors (refer Corporate Governance Statement).