

06

ANNUAL REPORT

07

## REWARDS FOR OUR EFFORTS

Adelaide Airport Limited is justifiably proud to have been nominated and selected by our peers, in winning many International and National awards identified throughout this publication.

While these awards are most welcome, they could not be achieved without the high standards of service and exceptional support from all our stakeholders.

We particularly thank the community, the travelling public and their friends, relatives and visitors, as well as our staff and stakeholders for their continued service.

In addition we recognise the long hours spent in designing, building and now operating such a world class facility.

We extend our thanks and appreciation to the families of those involved for their patience and understanding, and for sharing their loved ones with us while they helped to make Adelaide Airport one of the best in the world.

The Board and executive management team of Adelaide Airport Ltd extend "A very sincere Thank You"



*australia's new focal point*

## CORPORATE INFORMATION

### Chairman

David Munt

### Managing Director

Phil Baker

### Directors

John McDonald

Alan Mulgrew

John Rickus

Graham Scott

James Tolhurst

John Ward

### Solicitors

Thomson Playford

### Auditors

PricewaterhouseCoopers

### Registered Office

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### The Company

Adelaide Airport Limited (AAL) purchased the operating lease for Adelaide and Parafield Airports in May 1998, to operate the airports for the next 50 years with an option for a further 49 years.

Adelaide Airport is the sixth largest international and fourth largest domestic airport in Australia. It is the aviation gateway to South Australia and handled almost 6.3 million passengers in the 2006/2007 financial year.

Parafield Airport is South Australia's premier general aviation airport and is a major international training airport.

### Shareholders

UniSuper Ltd  
38.51%

Motor Traders Association of Australia  
Superannuation Fund Pty Ltd  
28.35%

Local Government  
Superannuation Board  
16.15%

Others  
16.99%

### Subsidiaries

100% Parafield Airport Limited

100% Adelaide Airport Management Limited

100% New Terminal Financing Company Pty Limited

100% New Terminal Construction Company Pty Limited

## OUR VISION

Adelaide Airport will be a successful, modern, vibrant Centre and Gateway, promoting the economic benefits and cultural experience of South Australia.

Customer service, critical to our success, will be provided at the highest levels to our community and stakeholders.

Our people will be continuously developed to provide them with the requisite skills and experience to perform their duties efficiently.

The environment, safety and security remain paramount.

## OUR MISSION

AAL develops and operates Adelaide and Parafield Airports as a business enterprise.

We deliver safe and efficient facilities for passengers, aircraft, freight and property services for tenants and retailers, alongside general commercial developments.

## OUR VALUES

We will:

conduct ourselves with integrity in a responsible manner.

be efficient and practical.

remain open and friendly.

be responsive and respectful.

consistently behaving in a positive manner.

## OUR EDGE

We will thrive:

by making timely and effective decisions.

by developing innovative solutions.

through clear and consistent communication with all stakeholders.

*australian capital city  
airport of the year*



*president's award  
infrastructure development*



02	CHAIRMAN'S REPORT
04	YEAR IN BRIEF
06	MANAGING DIRECTOR'S REPORT
08	BOARD OF DIRECTORS
09	EXECUTIVES
10	OPERATIONS
12	PROPERTY DEVELOPMENT
16	PARAFIELD AIRPORT
18	OUR PEOPLE
20	ENVIRONMENT
22	THE COMMUNITY
24	FINANCIAL PERFORMANCE
26	CORPORATE GOVERNANCE
30	THE FUTURE



The past year has provided Adelaide Airport Ltd with the opportunity to consolidate our recent achievements while firmly looking to the future with a view on building on our success.

After its first full year of operation, the new terminal building T1 has more than met our high expectations through strong growth and its acceptance as an international standard facility by our customers, airlines and the aviation industry as a whole.

Passenger numbers passed the 6 million mark and much of that growth has been in the international sector, demonstrating that our unique common-user facilities design has been accepted and indeed embraced by the airlines and customers. This was underlined by our performance in winning several awards - remarkable achievements in such a short period of time.

The signs ahead continue to be favourable, with AAL undertaking considerable activity to attract new airlines including new entrants in the low cost carrier market. We are also entering a period of significant mining activity in South Australia, which in turn is likely to increase regional traffic and level of mining charters.

The rapidly changing face of the aviation industry means we continue to place a high value on our non-aeronautical activities to balance the risks associated with operating a sustainable aviation business.

Existing tenants such as the IKEA store and Harbour Town Shopping Centre still attract large crowds, and this in turn has encouraged other businesses to look closely at the feasibility of moving into the airport precinct.

Overall, AAL has invested well in excess of \$300 million in infrastructure works over time, while other infrastructure investments have totalled more than \$150 million.

The AAL Board and management have sought to balance the benefits of increased development with the varying needs and wishes of the community.

Supporting the community in a tangible manner is important to us and in the past year we have committed significant funding to support a number of community and sporting clubs through sponsorship arrangements.

The Company has continued to uphold its strong commitment to the environment both directly and in conjunction with the local councils at both airports. For example West Torrens Council recently completed construction of storm water drainage systems and bicycle paths on land provided by the airport. AAL for its part has been working to devise strategies to reduce water usage and reduce carbon emissions - a challenge for us all.

Having already built on a firm foundation, AAL can now look forward with confidence to a prosperous future.

DAVID MUNT - Chairman

*2nd best international airport  
5-15 million passengers*



## YEAR IN BRIEF

### Financial results

- Revenue - \$126.3 million (last year \$99.4 million).
- Earnings before interest, tax, depreciation and amortisation - \$82.3 million (last year \$56.1 million) an increase of 27.5% before allowing for changes in fair value of investment properties.
- Net profit before tax of \$4.8 million (last year net loss before tax of \$12.2 million).
- Dividends on redeemable preference shares \$28.3 million (last year \$26.2 million). Unfranked dividend on ordinary shares \$26.6 million - resulting from 'tip out' of construction reserve account.
- Increase in fair value of investment properties of \$7.8 million.
- Construction finance facility refinanced with issue of \$265 million AAA credit wrapped notes. Interest rate hedging placed for approximately 90% of underlying variable interest rate debt.
- Credit Rating - Moody's maintained at Baa3/positive ; S&P improved to BBB-/positive.

### Statutory Compliance

- Unified Policing model (as part of the Australian Federal Police) introduced.
- Aviation Security programs for both Adelaide and Parafield Airport endorsed.
- Safety and Security regulatory audit compliance maintained.
- Equal Opportunity for Women in the Workplace compliance maintained.
- Liquids, aerosols and gels security screening introduced for international services.
- 100% domestic checked bag screening infrastructure installed.

### Airport Operations

- Security upgrade including fencing and CCTV system at Parafield installed.
- Runway and taxiway rubber removal and reseal undertaken.
- Regional and charter passenger bussing operations introduced.
- Long Term car park expansion works commenced, including new transfer bus system.
- Alliance Airlines established in Adelaide.

- Several security and safety field exercises held for both Adelaide and Parafield Airport in conjunction with Emergency Services.
- Major events including, World Police and Fire Games, APEC Transport Ministers, the Fringe Festival and WOMAdelaide facilitated through T1.

### Property Development

- Hungry Jack's, Witchery, Tie Rack, SA Icons and a Pharmacy join the retail section of T1.
- Airport and City of West Torrens Cowandilla Mile End stormwater drain project commenced to form a linear park fronting the Burbridge Business Park.
- Toll Priority opens an office/warehouse in Burbridge Business Park.
- A multi-unit office/warehouse construction commenced in Burbridge Business Park.
- Elder Smith Road through Parafield Airport nears completion.
- Burbridge Business Park access points and significant internal infrastructure completed.
- Taxi Lay-Off and rest room area completed.

- Joint State Government and AAL Airport Traffic Access Study completed with Stage 3 to be endorsed by the State Government.
- Supermarket proposal in Tapleys Precinct approved.
- Brand Outlet Centre for Parafield receives approval from the Federal Minister for Transport and Regional Services.
- Virgin Blue officially opens "The Lounge" in T1.

### Other Notable Events

- Highest passenger numbers on record continue to be achieved.
- All staff receive Certificate 2 in Tourism Studies following comprehensive training program with Adelaide TAFE.
- Joint State Government and AAL Solar Energy project commenced.
- Business Recovery Plan developed and endorsed.
- Major sponsorship of Adopt a School project commenced.
- Major sponsorship of the Adelaide Fringe developing young talent.
- Major sponsorship of the SA Taxi Driver of the year.



The team at Adelaide Airport Ltd set itself some tough targets to aim for following the opening of the new terminal building, T1.

Our results indicate we have exceeded those high expectations during the past year. We have delivered record passenger growth, secured more services and were recognised on the international stage by both our peers

and our customers. In addition we have continued to build new development within the airport precinct.

Adelaide Airport Ltd was named as the world's second best airport in the 5-15 million passengers category at the Airports Council International 2006 awards for service quality.

In our Strategic Plan we set ourselves an optimistic target to be in the top three in our category within the first few years of the new terminal's operation. To come in second in our first year is a credit to our staff and our customers and provides a tremendous boost to the region as a whole by putting the name Adelaide on the lips of major airlines and airport operators.

The airport also was named Australia's best capital city airport by the Australian Airports Association in 2006, and has received numerous local infrastructure awards for its design and operation.

More importantly perhaps, our passenger numbers continue to grow across all sectors. Leading the way were our international services, which recorded 26.5 per cent growth, domestic services increased 6.3 per cent and regional services increased 14.7 per cent. For the first time our passenger numbers passed the 6 million mark, with a total of 6.3 million passengers using the airport in the year.

From a freight perspective, international freight exports out of Adelaide Airport increased by 19.9 per cent to 9,379 tonnes, in the 06 Calendar Year.

The past year has also seen an increase in the number of flights, particularly from international destinations. We are delighted by the fact that Cathay Pacific has steadily increased its services to Hong Kong with a view to operating daily by the end of 2007. Similarly Air New Zealand has added flights to Auckland with more services to come.

These changes have more than balanced the decision by Qantas to cease its Adelaide-Auckland services and the withdrawal of Garuda Indonesia.

Domestic patronage continues to grow and in the regional sector we have seen rapid expansion of services operated by Regional Express Airlines, in particular to Port Lincoln.

*south australian achiever of the year 2006*

Despite record passenger numbers, in terms of aircraft movements we are only now just reaching the same level as 2001 before the Ansett collapse and the events of September 11. This is largely due to airlines flying larger aircraft and achieving higher passenger loadings per aircraft.

We continue to see significant commercial development within the airport precinct. Burbridge Business Park is expanding and we have approved in principle the construction of a supermarket alongside Harbour Town which was further extended with the addition of two fast food outlets during the year. In addition, the transfer of all helicopter operations to the western side of the airport is nearing completion.

The long term car parking was recently relocated and expanded on what was once aircraft parking space adjacent the old domestic terminal building. A new waiting facility for taxi drivers adjacent T1 is now fully operational.

Parafield Airport continues to expand with new tenancies, while the Federal Minister for Transport and Regional Services has also approved a minor variation to the Master Plan that will allow us to examine proposals to construct a brand direct outlet within the precinct.

The year has not been without its challenges. Last March new regulations came into force for the carriage of liquids, aerosols and gels on international services. It was a testament to our staff and flexibility of the terminal that the change was implemented

very smoothly. Any expansion to encompass domestic operations would be achievable virtually overnight.

Parafield also came under the widened national security regime and now features CCTV, fencing and enhanced lighting, much of which was funded under a Federal government scheme.

Adelaide Airport is already looking to the future with plans to demolish the old international terminal and expand T1 by adding aerobridges and more regional aircraft parking. We also plan to re-open the old domestic terminal building to cater for anticipated demand from mining charters and low cost carriers. There are also plans for more aircraft hangars, freight facilities, offices, car parks and even an hotel.

Looking ahead, with thanks especially to the efforts of all our staff, our customers and other key stakeholders for their enthusiasm, initiative, cooperation and plain hard work, we will strive to build on the demonstrable growth potential for continued success into the future.

PHIL BAKER - Managing Director



## BOARD OF DIRECTORS



### John McDonald

Dip Tech, FCA, FASA, CPA, FIAA

Non-executive Director, appointed 29 July 1998

Member Property Development and Building Committee

### Graham Scott

B.Ec(Hons)

Non-executive Director, appointed 24 April 1998,

AAI's First Chairman from 24 April 1998 to 30 June 2004

Member Audit & Compliance Committee

Member Property Development and Building Committee

### Phil Baker

FCILT, FAICD

Managing Director, appointed 24 April 1998

Member Property Development and Building Committee

### Alan Mulgrew

B.A(Mgmt), Dip Corp Fin, J.P., GRAICD

Non-executive Director, appointed 6 September 2006

Member Property Development and Building Committee

### James Tolhurst

B.Comms, MBA, FCPA, FCIS, FAICD

Non-executive Director, appointed 29 September 2004

Member Audit & Compliance Committee

Member Remuneration Committee

Member Property Development and Building Committee

### David Munt

LL.B(Hons)

Non-executive Director and Chairman, appointed 30 June 2004

Chairman Remuneration Committee

Chairman Property Development and Building Committee

### John Rickus

B.Ec, FAICD

Non-executive Director, appointed 1 September 1998

Chairman Audit & Compliance Committee

Member Remuneration Committee

Member Property Development and Building Committee

### John Ward

BSc, FAICD, FAIM, FAMI, FCILT

Non-executive Director,

appointed 28 August 2002

Member Remuneration Committee

Member Property Development

and Building Committee



## EXECUTIVES

### John McArdle

General Manager Corporate Affairs

Manages, interprets and facilitates, the community consultation, communication, regulatory and statutory responsibilities.

Facilitates corporate risk policy, business continuity and review.

### Ken May

General Manager Property Development

Responsible for the management and enhancement of the property portfolio including retail, leasing, property development and tenancy management.

### Sue Doyle

Manager Executive Services

Responsible for managing support services to the Board of Directors, the Managing Director and Executive, including the recruitment, induction and development of staff, human resource policies and service levels to customers.

### Malcolm Andrews

General Manager Business Development

Responsible for route marketing and development, airline liaison, customer relations, facilitation, product enhancement and ground transportation.

### Phil Baker

Managing Director

Executive Team leader and full Board member responsible for implementing group strategies and policies.

### Len Goff

Company Secretary

Responsible for corporate administration, accounting, statutory and regulatory financial reporting.

### Vince Scanlon

General Manager Airport Operations

Responsible for aviation safety, security and regulatory compliance, terminals and car-park operations, infrastructure and facility management, project management and engineering of both aviation and commercial developments.

### Mark Young

Chief Financial Officer

Responsible for the sound financial position and commercially prudent conduct of the business including effective reporting and information management systems and stakeholder communications.

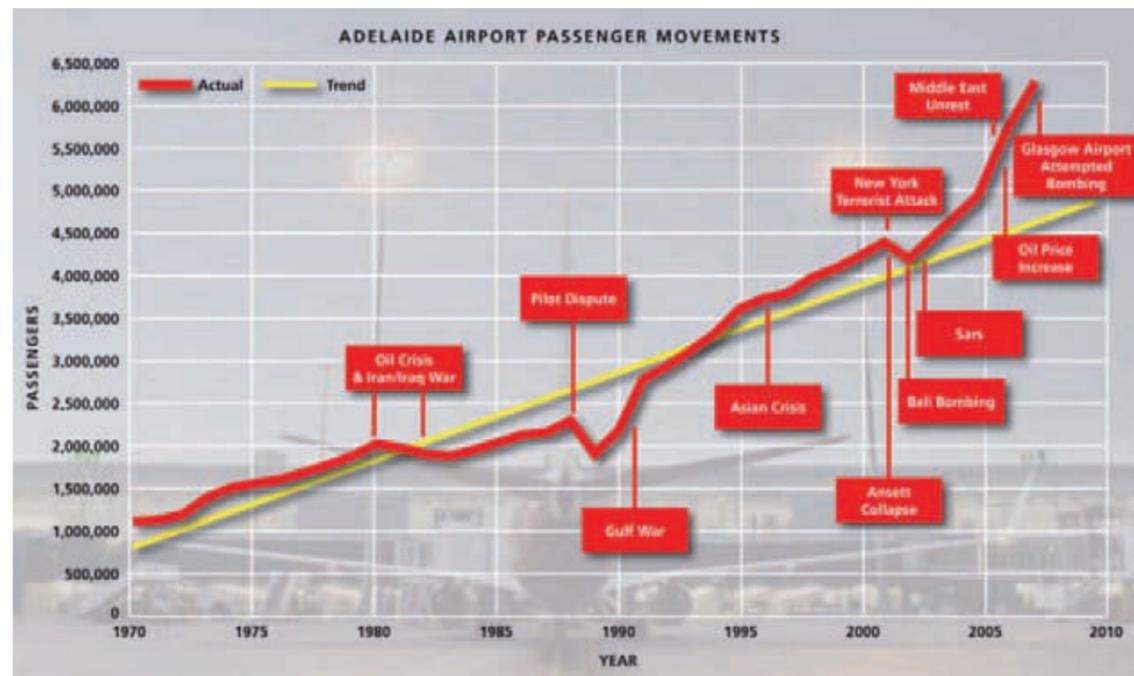


Aeronautical traffic performance

	Financial Year 2002/03	Financial Year 2003/04	Financial Year 2004/05	Financial Year 2005/06	Financial Year 2006/07	Change this Year %
<b>PASSENGERS</b>						
Domestic	3,874,801	4,337,527	4,683,547	5,019,377	5,331,421	6.2%
International including transits	256,422	289,006	351,549	385,929	495,663	28.4%
Regional	303,088	343,788	377,849	412,711	473,409	14.7%
<b>Total Passengers</b>	<b>4,434,311</b>	<b>4,970,321</b>	<b>5,412,945</b>	<b>5,818,017</b>	<b>6,300,493</b>	<b>8.3%</b>
<b>AIRCRAFT MOVEMENTS</b>						
Regular Public Transport	69,012	65,075	70,932	70,284	72,228	2.8%
General Aviation	27,924	28,612	28,173	27,999	29,838	6.6%
<b>Total Aircraft Movements</b>	<b>96,936</b>	<b>93,687</b>	<b>99,105</b>	<b>98,283</b>	<b>102,066</b>	<b>3.8%</b>
<b>LANDED TONNES</b>						
<b>Total Landed Tonnes</b>	<b>1,623,480</b>	<b>1,702,939</b>	<b>1,885,001</b>	<b>2,033,522</b>	<b>2,142,489</b>	<b>5.4%</b>

Freight

	Export Kgs	Import Kgs
Jan - Dec 04	7,196,625	7,907,010
Jan - Dec 05	7,817,606	9,075,062
Jan - Dec 06	9,379,181	10,039,971
	+ 19.9%	+10.6%



International Passengers

Overall the international market maintained a significant growth rate of 26.5% (excluding transits) aided by the increase in services by Cathay Pacific and Air New Zealand.

Unfortunately Garuda Indonesia withdrew all services in September 2006.

Forward planning by Singapore Airlines, Cathay Pacific, Malaysia Airline Services and Air New Zealand are very encouraging with promises of daily and double daily services into the new year.

Domestic

Qantas, Virgin Blue and Jetstar, contributed to the overall domestic market growing by a healthy 6.2%, with larger jets offering more seat capacity on the established routes.

Alliance commenced operations to Olympic Dam with Jetstar opening new markets to Cairns, Sunshine Coast and Hamilton Island.

Regional

The regional market continued to perform well above the national average with a 14.7% growth driven by strong performances from Regional Express. The growth in the resource industry also was a contributor to increased traffic to regional ports adjacent to the mining centres.

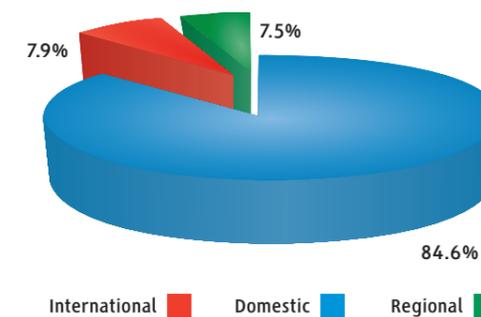
Quality of Service

In 05/06 Adelaide Airport Limited set ourselves a target of being in the top three of our airport size in the world through participation in the Airport Council International (ACI) Quarterly Quality of Service peer comparison program. During the year under report we were delighted to learn that we had actually achieved second place in the ratings.

Airports Council International conducts independent surveys of passengers across a range of 34 separate measures throughout the year.

Overall, Adelaide Airport rated in the top 10 for all airports worldwide in areas such as courtesy of staff, cleanliness, security inspection efficiency and speed of the baggage delivery service. It also rated in the top 10 for ambience and 'feeling of being safe and secure'.

Best airport worldwide was achieved by Seoul Incheon International Airport in South Korea.



Domestic (Apr - Jun 07)

Category	AAL Ranking (5 excellent to 1 poor)	World Average Year	World Ranking Total	World Ranking Our Size
Overall satisfaction with airport - all pax	4.08	3.73	10	4
Overall satisfaction with airport - business	3.97	3.64	11	3
Overall satisfaction with airport - leisure	4.14	3.80	11	4
Courtesy Helpfulness of Staff	4.39	3.96	5	2

International (Apr - Jun 07)

Category	AAL Ranking (5 excellent to 1 poor)	World Average Year	World Ranking Total	World Ranking Our Size
Overall satisfaction with airport - all pax	4.12	3.83	14	4
Overall satisfaction with airport - business	3.95	3.72	21	5
Overall satisfaction with airport - leisure	4.14	3.88	17	5
Courtesy Helpfulness of Staff	4.60	4.01	2	1

*jones lang lasalle award for emerging assets*



**Merit Use Planning Applications**

During the financial year Adelaide Airport Ltd processed a number of Merit Use Development applications at Adelaide Airport, consistent with the provisions included in the Adelaide Airport Master Plan (2004), a process similar to that in place under South Australian State Planning.

The Merit Use for the provision of a Supermarket in the Tapleys South Precinct was accepted in May 2007, subsequent to the conduct of 2 specialist Retail Analyses by Urbis/JHD and Alistair Tutte Pty Ltd which concluded that a Supermarket of around 3,900m<sup>2</sup> would have minor impact on the sales turnover of retail centres within a 5 kilometre zone, being less than 3% and dissipating in 5 years. The development of a Supermarket adjacent to Harbour Town will also enable further expansion of Brand Direct and Show Room Retailing at this successful Centre.

A Merit Use for a Residential Training and Discovery Centre for a possible development for the Guide Dogs of SA/NT Inc was also accepted on 30 October, 2006 for a site within the Recreation Precinct of Adelaide Airport located on Burbridge Road, West Beach, with such development possible in 2008.

A Merit Use for Medical Consulting Rooms in Frank Collopy Court within the Terminal Precinct was also accepted on 18 May, 2007, expected to enable aviaional medical testing and occupational medical services to occur before the end of 2007.

In all instances, consideration of the Merit Use applications occurred following the advertisement of the activities in Public Notices of local and state newspapers and due regard to the comments made by State and Local Governments after consultation.

**Adelaide Airport Traffic Access Study**

Progress continued with the Adelaide Airport Traffic Access Study in 2006/2007 which was conducted by Murray F Young & Associates against a consultancy jointly commissioned by the State Department of Transport, Energy and Infrastructure and AAL which commenced in 2005.

Stage 1 of this report for access points along Sir Donald Bradman Drive was approved in late 2005, by the State Minister for Transport, and similarly Stage 2 for access points along Tapleys Hill Road was approved on 17 February, 2007.

This catered for further expansion of retailing development in the Tapleys Precincts of Adelaide Airport.

The third stage of the Traffic Access Study investigated and reported on the access requirements associated with potential future developments within the Morphett and Airport East Precincts at the southern and eastern boundaries of Adelaide Airport with particular focus on B-Double accessibility through the road network. Subsequent to consultation with West Torrens Council in late 2006, amendments were made to the report

to direct industrial traffic access to the Morphett Precinct from Morphett Road and James Melrose Road with the report concluded in June 2007. Approval for Stage 3 accessibility is expected from the State Minister for Transport in 2007/2008.

**Stormwater**

Following the letting of a Site Licence Agreement to the City of West Torrens in October 2006, for the purpose of creating stormwater benching on Airport land at Burbridge Business Park and at West Beach, civil works continued throughout the year by the Council contractors, with the aim of creating a linear park environment encompassing landscaping and a share use parkway connecting to the Reece Jennings Bikeway on the western side of Tapleys Hill Road, West Beach. It would also act as a buffer to the Burbridge Business Park development. The conduct of the stormwater benching works is part of a flood water mitigation programme, emanating from upstream pressures in the Mile End-Cowandilla Outfall Drainage system.



**Burbridge Business Park**

To complement the development of several office warehousing developments for "Cheap as Chips" and "Toll Priority" in 2005/2006, Australand Holdings Ltd in conjunction with Commercial and Industrial Property Pty Ltd (Australand/CIP) commenced the development of a 6 module Multi-Unit Office Warehousing complex of 12,034m<sup>2</sup> in December 2006, with lease pre-commitments to Tyco and Laser Light occurring prior to its completion in May 2007. The development is consistent with the Exclusivity Development Agreement at Burbridge Business Park between Australand/CIP and AAL.

A lease pre-commitment also occurred over a further site on Butler Boulevard in June 2007, in order to create a 7,000m<sup>2</sup> Technology Centre for Thermo Fisher Scientific, due for completion by the end of 2007.

Adelaide Airport Ltd also completed Stage 1 Infrastructure Works for Burbridge Business Park, notably with the signalised access point also servicing the Joint Oil Storage Facility and the left-in, left-out access sight intended to form the primary Boulevard entranceway into Burbridge Business Park as part of the Stage 2 Infrastructure Works.

*Take off - a new era in airport retailing*



## PROPERTY DEVELOPMENT

### Harbour Town Expansion

To complement the Brand Direct Retailing activity at Harbour Town, Lewis Land coordinated the development of both a McDonalds and a Red Rooster Restaurant, together with associated car parking, both of which were completed by the end of 2006.

### Helicopter Operations

CHC Helicopters completed the development of a new Helicopter Hangar/Maintenance facility in October 2006, on a site alongside Sir Reginald Ansett Drive to the immediate eastern side of the Harbour Town Brand Direct Retailing Centre. This facility is consistent with the aim of focusing all Helicopter activities in this locality of the Airport, consistent with environmental aims sought by the membership of the Adelaide Airport Consultative Committee. Development planning was also initiated in the year to promote the relocation of Heli-Air to this locality from its current facility in James Schofield Drive.

### Terminal 1 Retailing and Concessions

The retailing activities within Terminal 1 concluded over 12 months of operations during 2006/2007, with several operations such as Duty Free stores conducting minor tenancy refitting to enhance operational efficiency. New operations commencing in the year included Hungry Jacks (replacing Beetroot Burger Bar), Purely Australian Clothing in December 2006 and Witchery Fashion in May 2007. Through customer demand, the Coopers Ale House was expanded in size by the creation of the "1862 Bar" immediately alongside in March 2007.

Marketing was undertaken to promote the Terminal retailing activities and a Property Council Excellence in Marketing Award "Working with the Community" was awarded to AAL. The entry was titled "Take Off - A New Era in Airport Retailing" and was obtained in October 2006 for retail areas up to 10,000m<sup>2</sup>.

### Taxi Amenity Facility

A new relocatable Amenity building was constructed by the Sarah Group and completed in May 2007 providing toilets, showers, lounge and outside deck facilities for Taxi cab operators.



*South Australian achievement  
of the year*



## PARAFIELD AIRPORT

Flying training activity continues a period of rapid growth with aircraft movements up 21% - from 186,830 in 05/06 to 226,742 in 06/07 - during tower hours 0800 to 1800 each day.

Flight Training Adelaide acquired 7 new Diamond DA42 "Twin Star" aircraft this year. The DA42 is the next-generation of training aircraft and features composite construction, enhanced diesel engines, using half the fuel of conventional piston engines and an advanced Garmin G1000 avionics suite. A purpose built simulator facility has been completed to house two new Diamond DA42 simulators that were commissioned during the year.

Five further student residences were also constructed to house an additional 30 airline cadets and increasing the on site 'live-in' capacity to 230 students.

The growth of the domestic arm of their flight training operation, the Adelaide Flight Training Centre has seen this function relocated into the ground floor of the Control Tower building.

Retail development continues to expand at 'Airport City - Parafield' with the opening of an Origin Energy shop and a Corporate Clothing shop - 'Uniforms Plus'. Rivergum Homes has officially opened Stage 1 of their redevelopment with five new display homes completed in a circular reconfiguration of their Main North Road display homes site.

Federal Minister for Transport and Regional Services, Hon. Mark Vaile, approved the minor variation of the PAL Master Plan to amend the land use "Brand Outlet Centre", from non-complying to complying in the commercial estate policy area, on the 11th of April 2007.

Federal funding for enhanced physical security measures has seen the installation of 6 km of new security fence, access systems, apron lighting and CCTV with these facilities soon to be commissioned.

Elder Smith Road has been constructed across the airport's southern boundary from Maxwell Road to Main Street Mawson Lakes. Negotiations were finalised with Department of Transport Energy and Infrastructure, Department of Transport and Regional Services and the Australian Government Solicitor which will permit the transfer of the road corridor from the Commonwealth to the State when works are completed. This road will permit access to approx. 65 hectares of land in the Cross Keys precinct for an Enterprise Park in accordance with the Parafield Airport Master Plan.

Legal documentation has been executed for the relocation and upgrade of the Airservices Australia NDB at Parafield from the south-western corner of the airport to a location between the runway systems, to permit the further development of a parcel of land that will become available when Elder Smith Road is completed.

A surface enrichment spray treatment was carried out on large sections of the airports main runway systems and other movement areas, to ensure the ongoing safety and maintenance of these pavements.

Parafield Airport took part in the \$6.9 million 'Securing Our Regional Skies' initiative with exercises coordinated by the SA Police. Facilitated by the Office of Transport Security, the program aims at improving the understanding of the roles and responsibilities for airport security and building the capability of State and Federal Police and airport staff in response to a terrorist incident through various exercises to be held at each regional airport

A new Generator (62.5kva) has been installed, replacing two older units. The generator provides standby power for airport lighting and ATC.



## OUR PEOPLE

While Risk Management, Business Continuity, Safety Health and Welfare are integral components of the day to day management of our business, these topics received extensive attention during the year under review.

Risk Management and Business Continuity Plans were exhaustively reviewed and practised. Our OHS&W Policy and Procedures were completely redesigned to encourage a higher level of accountability and compliance from all staff including raising the awareness of the environment within which they work.

Part of our Mission is to be a good employer and encourage a healthy and content workplace. In achieving this objective we introduced a Gym membership refund scheme. In addition to the establishment of our own on site Gymnasium, we offer re-imbursment of any out of pocket expenses for flu shots, annual hearing and sight testing, fresh fruit bowls for staff amenities rooms, sponsorship in the City Bay fun run including the preparatory training program and charity walkathons, developing a healthy culture and in return minimising sick day absences.

A follow up independent staff survey conducted by the International Trade and Industry Mission, identified that our internal culture has been significantly improved by the management initiatives introduced following the 05/06 survey including "AAL Aboard" staff benefits programme, family and lifestyle friendly benefits and generous support for ongoing education and development.

We encourage independent learning particularly in the core customer service and tourism mediums. In addition our induction program receives very positive feedback from our peers and our staff fully appreciate the extensive social program we offer them and their families throughout the year.

AAL by choice does not have a dedicated Human Resource division but expects that all managers and supervisors bring those competencies to the work place. A recruitment and interview training program was introduced and provided to relevant managers and supervisors to ensure selection of the best talent.

Staff welfare continues to be a priority and is supported by the external ITIM Chaplaincy contract. Various social events involving the families of staff members are held during the year to foster the cultural improvement referred to above.

We are particularly proud of our staff who in no small way have helped the airport receive no less than fourteen international and national awards this past year - most of those involved measures of high quality of service.





**Sustainability**

In developing Adelaide Airport as South Australia's premier aviation gateway, Adelaide Airport Limited (AAL) continues to meet the growing demand for aviation infrastructure and commercial real estate in balance with today's economic, environmental and social imperatives. In particular, AAL has responded positively and promptly to present global and local environmental challenges such as climate change and reduced water resources.

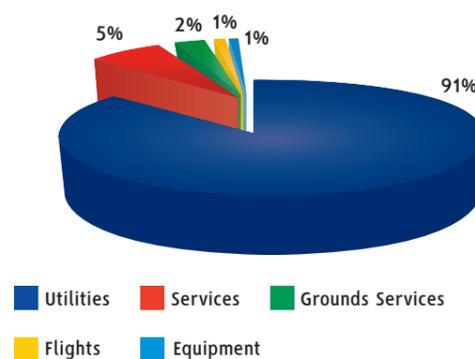
In this past year, AAL has substantially strengthened its foundation for sustainable business and development. For the first time, we have established the carbon footprint for our business - a crucial first step in our greenhouse gas reduction program. Subsequent energy and water audits of our company administration buildings have enabled us to implement efficiency measures that will be rolled out to other buildings, including Terminals 1 and 2.

As we look forward to 2008, AAL will be engaging stakeholders in the sustainability agenda by releasing a Sustainability Policy and the Adelaide Airport Sustainable Development Guidelines, encouraging developers, architects, builders and contractors to integrate innovative green planning, design and construction practices into on-airport developments.

**Carbon**

AAL is addressing the threat posed by human-induced climate change by committing to reducing greenhouse gas emissions and, in turn, our carbon footprint.

In the first step to managing our greenhouse gas emissions it was critical to measure the carbon footprint associated with our business. By adopting an auditing protocol that complies with the internationally-recognised GHG Protocol Corporate Accounting and Reporting Standards we calculated our greenhouse gas emissions for the year totalling over 15,000 tonnes CO2e.



AAL is now embarking on an action program to reduce electricity and fuel consumption. The resultant carbon-based emissions will be benchmarked annually with a goal of reducing our footprint against established targets.

**Energy**

Energy (ie. gas and electricity) consumption is the greatest contributor to AAL's carbon footprint constituting over 90% of CO2e emitted. Energy audits have been undertaken of the company administration buildings, identifying areas where energy efficiencies can be gained. As part of our Carbon Program, Terminal 1 will be subject to a similar energy audit in 2007/08. Moving forward, AAL will utilise technological advancements coupled with extensive education campaigns to minimise energy consumption.

**Water**

As South Australia remains in the grips of drought and subject to its toughest water restrictions in history, AAL has proactively sought to reduce its demand on water. To date, over a quarter of the water consumed in AAL's operations is Class A recycled water. Water audits have been conducted of the administration offices resulting in AAL retrofitting these buildings with:

- flow restriction valves and water saving shower heads,
- dual-flush cisterns, and
- waterless urinals.

**Waste**

AAL is currently developing an integrated waste management strategy with the aim of reducing total waste to landfill. This strategy is based upon the internationally recognised Waste Management Hierarchy. A comprehensive survey for waste management was conducted by AAL on its operations and that of tenants.

Many positive outcomes will be achieved through this new strategy including the introduction of fluorescent light recycling, composting of putrescible waste, and integrated waste storage and collection.

**Environmental Regulation**

Adelaide Airport Ltd's (AAL) Environment Policy commits to compliance with all relevant regulatory requirements and the Adelaide and Parafield Airport's 5-year Environment Strategies. No actions by AAL operators at the airport or tenants have resulted in any Authorisations or Environmental Protection Orders being issued by the Airport Environment Officer (AEO), with AAL's stated intent being to meet or exceed all relevant environmental regulations and criteria.

**Major Projects**

The City of West Torrens completed Stage 1 civil works to widen the Cowandilla-Mile End Drain for two kilometres around the northern and western perimeter of Adelaide Airport. AAL donated the 40 metre land buffer required for this critical upgrade to the catchment's stormwater infrastructure. Drain capacity has been increased to accommodate a 1:100 year rainfall event, reducing the risk of flooding to surrounding and downstream residential areas. Landscaping and amenity works scheduled for 2007/08 will transform the drain into an attractive linear park.

Construction of the Elder Smith Road through Parafield Airport commenced in early 2007 following relocation and remediation of three vernal pools - protected by PAL within a dedicated "conservation zone" - by the South Australian Department of Transport, Energy and Infrastructure and specialist consultants. Outcomes of the remedial works will be determined through an annual monitoring program, focusing on the ecosystem health within the existing and relocated pools.





*from tin shed to glass showcase  
a history of adelaide airport*

AAL has also provided the local city of West Torrens with extensive parcels of land on the eastern and southern boundaries of the Airport for the establishment of linear parks for community benefit.

We continue our association with major Tertiary institutions through the regular Quality of Service surveys undertaken by the graduating class of the Tourism and International studies school of the Adelaide TAFE and we are the major sponsor of the Graduation Ceremony for those students.

Future generations of aviation industry participants are being encouraged by the major sponsorship of the western districts "Adopt a School" program facilitating the awareness of students from surrounding colleges and high schools to the career opportunities that exist within an airport environment. A particularly rewarding association was nurtured with Tauondi College at Port Adelaide and the Training Awards sponsorship of a thorough gentleman in Damien Ralphs.

Adelaide University continues its valuable safety program with us in the monitoring of bird and wildlife habitat to minimize adverse safety impacts with aircraft.

As an integral part of the tourism and transport chain AAL is the name sponsor of the Taxi Driver of the Year Awards in addition to the provision of a dedicated Taxi Driver rest room and amenity building.

We also support many other charities through the donation of items of interest for auctions at various fund raising events, a particularly popular item is a trial introductory flight that we supply from our valued tenant Flight Training Adelaide.

Communication is also important and to that end we have maintained our regular newsletter to stakeholders and introduced an environmentally specific newsletter titled "Green Landing".

Towards the end of the year under report we alerted our stakeholders to the review of our Master Plan program and the consultation program going forward.

THE COMMUNITY

Located in what is almost the geographic centre of the metropolitan sprawl of Adelaide City and suburbs, Adelaide Airport Limited respects its relationship with the communities it serves, in particular, Adelaide City, West Torrens and Henley Beach, Glenelg and Salisbury areas. In that regard Adelaide Airport Limited budgets an amount each year to grants/sponsorship for the arts, educational, recreational and youth communities. Strong preference is given to not for profit organisations.

Through this sponsorship program the company is committed to supporting initiatives that address community issues while assisting Adelaide Airport Limited to fulfil its Corporate objectives.

AAL also has a commitment to informing the communities of developments and changes to the airports through a comprehensive speaking circuit program, regular newsletters, web site and active participation in electronic media and talk back segments.

Consequently AAL has as a priority a commitment to positive involvement with the local community, with a focus on supporting

low profile and junior sporting programs. In addition to our on going support of our preferred charity the Royal Flying Doctor Service a cross section of activities and sponsorships that we are involved in are detailed hereunder:

- The Smith Family;
- St Leonard's Primary School;
- Flinders University Women's Soccer;
- West Beach Junior Lifesaving Club;
- Thebarton Aquatic Centre;
- Hallett Cove Volley Ball development;
- Gleeson College School Soccer;
- Lockleys Sea Scouts;
- Western Warriors Football Club;
- West Torrens Eagles Softball Club;
- Parafield Gardens Soccer Club;
- Athletics SA;
- Fringe Festival New Talent development;
- Thinker in Residence;
- Crime Stoppers SA;
- Neighbourhood Watch; and
- The Botanic Gardens.



**FINANCIAL RESULTS**

The financial results include the first full year of operations of Terminal 1.

INCOME STATEMENT (2007)	AGAAP		AIFRS	
	2004	2005	2006	2007
Year ended 30 June	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>				
Aeronautical	26,557	30,031	46,369	69,570
Commercial Trading Revenue	13,442	14,853	17,643	23,876
Property Revenue	20,350	23,092	24,437	24,556
Other Revenue	99	390	5,478	1,394
Other Income	558	700	829	874
<b>Total Revenue</b>	<b>61,006</b>	<b>69,066</b>	<b>94,756</b>	<b>120,270</b>
Increments/(decrements) in fair value of investment properties	-	12,805	(2,278)	7,803
Operating Expenses	23,422	25,610	36,357	45,807
<b>Operating Profit before interest, depreciation, amortisation and income tax (EBITDA)</b>	<b>37,584</b>	<b>56,261</b>	<b>56,121</b>	<b>82,266</b>
Depreciation and Amortisation	11,436	7,364	15,211	17,540
Borrowing Costs				
Net Interest Expense	18,168	17,710	26,900	31,601
Interest on Airport Notes/Dividends on RPS	4,500	17,310	26,214	28,285
<b>Net Profit/(Loss) Before tax</b>	<b>3,480</b>	<b>13,877</b>	<b>(12,204)</b>	<b>4,840</b>

The full year of operations in T1 has had the following noteworthy impacts;

- The Passenger Facility Charge ( PFC ) is included in aeronautical revenue. The PFC is charged to airlines, under a 15 year agreement, based on the number of passengers using T1;
- Depreciation has increased;
- Interest on borrowings has increased, reflecting the increased borrowings to finance the construction of T1 and the full year of expensing interest on T1 construction borrowings (partly capitalised in the previous year);
- an increase in Commercial Trading revenue;
- Services and Utilities has increased.

Other noteworthy aspects are;

- an increase in fair value of investment properties of \$7.8 million.
- Earnings before interest, tax, depreciation, amortisation and fair value adjustments on investment property has increased 27.5% this year.
- Dividends on Redeemable Preference Shares ( RPS ) increased to \$28.3 million (Last year \$26.2 million).

**CASH FLOW**

After funding increased interest on borrowings and increased dividends on RPS, cash flow from operating activities was a positive \$15.3 million.

A net decrease of \$17.1 million was recorded in cash held after meeting increased costs of borrowing, capital expenditure and an unfranked dividend of \$26.6 million ("tip out" of the construction reserve account), resulting in cash at year end of \$36.3 million. Of this balance \$9.8 million is quarantined in a debt service reserve account.

**BALANCE SHEET**

Year ended 30 June	2006	2007
	(\$million)	(\$million)
Cash	53.4	36.3
Total Assets	875.6	868.2
Interest Bearing Liabilities (excl stapled securities)	519.1	520.8
Total Liabilities (excl stapled securities)	618.4	626.8
Total Equity (plus stapled securities)	257.2	241.4

There has been a net decrease in Total Assets resulting from;

- a decrease in cash as outlined above;
- an increase in the fair value of Investment Property;
- a decrease in Property, Plant and Equipment being the net impact of asset additions / disposals and depreciation;
- a net increase in the mark to market value of interest rate hedges.

Total Liabilities have increased resulting primarily from an inaugural provision for the payment of income tax and an increase in deferred tax liabilities.

The Group's total of equity and RPS (being stapled securities) stands at \$241.4 million at the end of the year.

**OTHER MATTERS**

**Capital Structure**

During the year the Group refinanced the T1 construction finance facility with the issue, via lead managers Westpac and ANZ, of \$265 million (fixed and floating) 10 year bonds credit wrapped to AAA by MBIA Insurance Corporation.

Combined with the existing borrowings the following summarises the available capital structure post refinancing;

Issue	Amount (\$million)	Term
Medium Term Note	\$264.0	Dec 2010
Medium Term Note	\$265.0	Sep 2016
Working Capital Facility (\$20.0m available at year end)	\$20.0	Nov 2008
RPS	\$188.0	Jun 2014

**Interest Rate Management**

The Group manages its' exposure to interest rate fluctuations using interest rate swaps.

As part of the refinance that took place during the year the Group topped up its' interest rate swap positions effectively fixing the interest rate on approximately 90% of outstanding debt (exposed to variable interest rates) to December 2015 (assuming the existing \$264.0m note is refinanced in Dec '10) with approximately 40% fixed thereafter to September 2016.

**Ratings**

The long term finance strategy of the Group continues to be reviewed by the rating agencies, Standard and Poors and Moodys.

It was particularly pleasing to see the endorsement of the Groups long term plan by an improvement in the S&P rating moving from BBB- / stable to BBB- / positive having achieved a similar outcome the previous year with the Moody's rating which has remained Baa3- / positive during the year in review.

**Business Systems**

The Group has continued with the implementation of new business systems during the year from the Technology One suite of products comprising the following modules;

- Finance One - general ledger and subsidiary creditor/debtor/fixed asset ledgers;
- Proclaim - property management;
- Work One - asset and work order management.



Adelaide Airport Ltd and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

The relationship between the Board and senior management is critical to the Group's long term success. The Directors are responsible for the performance of the company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives as set out in the Group's delegations policy. These delegations are reviewed on an annual basis.

A description of the company's main corporate governance practices is set out below. All these practices, unless otherwise stated were in place for the entire year.

#### Board composition

In accordance with the Shareholders Agreement the Board comprises of a minimum of 4 and a maximum of 9 Directors (inclusive of the Managing Director).

Each shareholder holding not less than 15% of the issued shares of the company is entitled to nominate one or more Directors depending on the total proportion of shares held to the shares on issue.

The Directors may appoint one of their number as Chairman or an independent Chairman who would become a Director if so appointed. The Chairman is required to meet regularly with the Managing Director.

The Board has the right to appoint Directors under the Company's Constitution.

The Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

#### Board responsibilities

The responsibilities of the Board include:

- Providing strategic guidance to the company including contributing to the development of and approving the corporate strategy.

- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives within the financial limits set in the Shareholders Agreement Overseeing and monitoring.
- Organisational performance and the achievement of the Group's strategic goals and objectives.
- Compliance with the company's Code of Conduct.
- Progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments.
- Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the company's auditors.
- Appointment, performance assessment and, if necessary removal of the Managing Director.
- Ensuring there are effective management processes in place and approving major corporate initiatives.
- Enhancing and protecting the reputation of the organisation.
- Overseeing the operation of the Group's system for compliance and risk management reporting to shareholders.

#### Board members

Details of members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the Directors' report under the heading "Information on Directors". There are seven non-executive Directors and two alternate non-executive Directors.

#### Directors independence

Directors are appointed in accordance with the Shareholders Agreement by nomination of the shareholders, provision has been made in that agreement for the Directors to appoint a Chairman who is not one of their number who would as a consequence of that appointment become and be a Director. The Board opted to appoint a chairman on 30 June 2004 who is independent from the shareholders of the Company.

#### Non-executive Directors

The non-executive Directors are able to meet in scheduled sessions without the presence of management, to discuss the operation of the Board and a range of matters. Relevant matters arising from these meetings are to be shared with the full Board.

#### Term of office

Nominee Directors hold office at the discretion of the appointing shareholder. Other Directors are appointed on a term of three years.

It is recognised that lengthy service on the Board may impact on a Director's independence and therefore non-nominee Directors must retire from office no later than completion of four terms of office (12 years).

On attaining the age of 70 years, a Director will retire, by agreement at the next AGM.

#### Chairman

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the company's senior executives.

#### Managing Director

The Managing Director is responsible for implementing Group strategies and policies.

#### Commitment

The Agreement requires that the Board meets at least once in each quarter of the financial year.

The Board held 12 Board meetings and an additional corporate strategy workshop during the year.

The number of meetings of the company's Board of Directors and of each Board committee held during each financial year and the number of meetings attended by each Director are set out in the Directors' report under the heading "Directors' Meetings" in the annual statutory accounts for the Group.

#### Conflicts of Interests

Mr D C Munt was a partner of Thomson Playford, solicitors who have provided legal services to Adelaide Airport Limited and certain of its controlled entities as described under note 35 to the financial statements. In accordance with his obligations under the Corporations Act Mr Munt has given a standing notice about his interest and has, in compliance with the Board Charter, taken no part in either discussions or decisions relating to the provision of legal services. Further Mr Munt has, in accordance with his undertakings to the Board, not been personally involved in the provision of any legal services by Thomson Playford to AAL or any of its subsidiaries. Mr Munt ceased his partnership with Thompson Playford on 30 June 2007.

The Directors shall comply with all of their obligations either at law or under the Corporations Act in relation to potential or actual conflicts of interest provided always that the other Directors (i.e. who do not have a conflict or material interest in the matter) shall be at liberty, subject to proper disclosure having been made, to resolve to permit the Director with the potential or actual conflict of interest to participate in discussions and voting on the matter giving rise to the conflict. In general terms the Directors shall deal with each matter of conflict on its merits.

#### Independent Professional Advice

The Directors, both individually or as a group, in furtherance of their duties, may seek and obtain independent legal and professional advice from external sources at the expense of the Company. Prior to seeking such advice Directors will seek the approval of the Chair, such approval not to be unreasonably withheld. Each Director has the right of access to all relevant Company information. A Director also has the right to have access to all documents which have been presented to meetings of the Board whilst in office, or made available in relation to their position as Director after ceasing to be a Director.

#### Performance Assessment

The Board undertakes an annual assessment of its collective performance, the performance of the Chairman and of its committees.

The Chairman undertakes an annual assessment of the performance of individual Directors and meets privately with each Director to discuss his assessment.

#### Corporate Reporting

The Managing Director and CFO have made the following certifications to the Board:

- That the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with the relevant accounting standards.
- That the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.



### Board Committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues, current committees of the Board are the Remuneration, Audit and Compliance, Property Development and Building Committees. The committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies.

Each committee has its own written charter setting out its role and responsibilities, composition and structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed on an annual basis. All matters determined by committees are submitted to the full Board as recommendations for Board decision.

Minutes of committee meetings once signed by the Chair of the committee are tabled at the immediate subsequent Board meeting.

Details of the meetings of committees and attendance of committee members are set out in the Directors' report under the heading "Directors' Meetings" in the annual statutory accounts for the Group.

### External Auditors

The company and Audit and Compliance Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

It is a requirement that the external auditor ensure that the lead engagement partner is rotated at least every five years.

The external auditor is expected to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

### Risk assessment and management

The Board through the Audit and Compliance Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn lines of accountability and delegation of authority. Adherence to

the company Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

The company Risk Management Policy and the operation of the risk management and compliance system are managed by a Risk Management Group comprising senior executives. The Board receives regular reports from this group.

Detailed control procedures cover management accounting, financial reporting, project appraisal, environment health and safety, IT security, compliance and other risk management issues. Internal audit carry out regular systematic monitoring of control activities and report to both relevant business unit and the audit and compliance committee. In addition each business unit reports on the key business risks in their area to the Risk Management Group.

The basis for this report is an annual review of the past performance of their area of responsibility, and the current and future risks they face. Results of internal audit work are incorporated into this review if applicable.

The Risk Management Group consolidates the business unit reports for an annual corporate strategy workshop attended by the Board and senior management. This reviews the Group's strategic direction in detail and includes specific focus on the identification of the key business and financial risks which could prevent the company from achieving its objectives. The Risk Management Group is required to ensure that appropriate controls are in place to effectively manage those risks.

In addition the Board requires that each major proposal submitted to the Board for decision is accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies.

### Code of Conduct

The Board is committed to the development of a Code of Conduct for the guidance of Directors, officers and other key executives. The code is to be regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

### Shareholder communication

All shareholders receive a copy of the company's annual and half-yearly reports. In addition those reports are accompanied by a detailed report on the performance of the Group and other material issues prepared by the Managing Director. Detailed briefings and site tours are available to shareholders attending the AGM.



## THE FUTURE

Sustained growth in passenger traffic is deemed to continue as new low cost carriers are convinced that there is more to capture. This, combined with new exciting mineral deposits, pose well for the future.

However, oil pricing remains an obstacle that may be compensated by newer more efficient aircraft frames and engines. Possibly a more constraining issue, on sustainable passenger growth, will be the non-availability of suitably trained and experienced crews and servicing personnel for aircraft.

The burgeoning economies of China and India and pressure from international passenger growth should encourage a more liberal approach to the existing bi-lateral agreements. Adelaide Airport is well poised to take advantage of this possibility with available capacity and a State economy that is very attractive to these new and developing markets.

The advancement in military and technology-related businesses and contracts within the state, combined with the mining industry

boom, will bring additional people through the airport from all over the world. Charter operations are already showing extraordinary growth with more on the horizon prompting plans to re-open the old Domestic Terminal (T2).

Our aero facilities are able to manage this growth now and well into the next decade.

However, the landside infrastructure, particularly parking and road systems, will require careful review to avoid unnecessary choke points and travel delays.

A Major Development Plan for a Hotel and multi level car park is underway. Subject to the statutory approvals process, construction of this facility is scheduled for commencement in late 2008. This project will go a long way to improving traffic flow and security and making the airport experience more enjoyable. Master Planning consultative processes have also begun for the 2009 statutory review requirements.

The future is very positive and the maintenance of our relationships with the major stakeholders will ensure success for all.

### 2ND BEST INTERNATIONAL AIRPORT 5-15 MILLION PASSENGERS

*Airports Council International - 2006 Airport Service Quality Awards*

### AUSTRALIAN CAPITAL CITY AIRPORT OF THE YEAR

*Australian Airports Association 2006 Award for Aviation Excellence*

### JONES LANG LASALLE AWARD FOR EMERGING ASSETS

*Property Council of Australia 2007 Innovation and Excellence Awards*

### PRESIDENTS AWARD - INFRASTRUCTURE DEVELOPMENT

*Urban Development Institute of Australia, SA Division Natural Gas and Envestra Award for Excellence 2006*

### ARCHITECTURAL STEEL DESIGN AWARD

*ASI Steel Awards - SA 2006*

### SOUTH AUSTRALIAN ACHIEVEMENT OF THE YEAR-T1

*The Chartered Institute of Logistics and Transport SA*

### SOUTH AUSTRALIAN ACHIEVER OF THE YEAR 2006

#### PHIL BAKER - ADELAIDE AIRPORT LIMITED, MANAGING DIRECTOR

*The Chartered Institute of Logistics and Transport SA*

### TAKE OFF - A NEW ERA IN AIRPORT RETAILING

*Retail Property Awards (Property Council - SA) Excellence in Marketing Award for "Working with the community" for properties up to 10,000 square metres in retail lettable area*

### FROM TIN SHED TO GLASS SHOWCASE A HISTORY OF ADELAIDE AIRPORT

*23rd National Print Awards Book, Printing 4 colours or more - Silver Medal*

# 07

ANNUAL REPORT

*photograph by one of our passengers - Lina Medina*

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