



ADELAIDE AIRPORT LIMITED
ANNUAL REPORT



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

ADELAIDE AIRPORT LIMITED 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 AND CONSISTENTLY BEHAVING IN A POSITIVE MANNER.

OUR EDGE

WE WILL THRIVE: BY MAKING TIMELY AND EFFECTIVE DECISIONS, BY DEVELOPING INNOVATIVE SOLUTIONS, AND THROUGH CLEAR AND CONSISTENT COMMUNICATION WITH ALL STAKEHOLDERS.

“ WELCOME TO ADELAIDE AIRPORT ”

Danielle Baker
Receptionist / Administration Assistant



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 6.936 MILLION PASSENGERS IN THE 2008/2009 FINANCIAL YEAR. PARAFIELD AIRPORT IS SOUTH AUSTRALIA'S PREMIER GENERAL AVIATION AIRPORT AND IS A MAJOR INTERNATIONAL TRAINING AIRPORT.

CHAIRMAN David Munt **MANAGING DIRECTOR** Phil Baker

DIRECTORS John McDonald, Alan Mulgrew, James Tolhurst, John Ward and Jay Hogan

SOLICITORS Thomson Playford Cutlers **AUDITORS** PricewaterhouseCoopers

SHAREHOLDERS UniSuper Ltd - 38.51%, Local Government Superannuation Board - 16.15%, Motor Traders Association of Australia Superannuation Fund Pty Ltd - 28.35%, 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

REGISTERED OFFICE 1 James Schofield Drive, Adelaide Airport, South Australia 5950
Phone: +61 8 8308 9211 Fax: +61 8 8308 9311 Email: airport@aal.com.au Website: www.aal.com.au



“IT'S GREAT TO HELP TRAVELLERS”

Marie Abbott
Airport Ambassador

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CHAIRMAN'S REPORT

Adelaide Airport Ltd (AAL) has proven itself to be resilient in the face of perhaps the most turbulent period in aviation history.

Last year I referred to considerable uncertainty in the ability of the aviation sector to continue its recent growth due to a faltering international economy. However, very few people could have predicted the extent of the economic collapse and the subsequent Global Financial Crisis.

The days of double digit growth in air traffic may have come to a sudden halt, but it is pleasing to report that for the 2008/09 financial year, Adelaide Airport still recorded growth in aviation traffic in 11 of the 12 monthly reporting periods.

It is clear that the foundations put in place in recent years by AAL through significant investment, prudent decision making and attraction of both aeronautical and non-aeronautical business has provided a buffer against difficult economic times.

Some planned infrastructure work, including a major hotel development, multi-level car park and terminal expansion has been deferred, but we stand ready to commence these projects as economic conditions improve.

Meanwhile, Adelaide has been selected to host the Routes Asia 2010 event from April 18-20. AAL, in a collaborative effort with the Adelaide Convention & Tourism Authority and the State Government, attracted the event despite stiff competition from other Australian regions. This will provide a wonderful opportunity to showcase our airport and the State in front of key international airline decision makers.

AAL's strong emphasis on non-aeronautical activities, to balance the risks associated with operating a sustainable aviation business, has resulted in continued growth within the airport precinct.

The Harbour Town expansion was completed and opened in December 2008, construction has continued in Burbridge Business Park and work on a major engineering facility in the Morphett Road precinct is now well under way.

An assessment of Adelaide Airport's socio-economic drivers on the community by Hudson Howells has confirmed Adelaide Airport's standing as the largest single site employment precinct in South Australia. More than 8000 people are directly employed as a result of Adelaide Airport activities, of which approximately 5,200 work within the airport precinct.

Activities associated with the airport now contribute to 2.3 per cent of South Australia's Gross State Product, compared with 1 per cent in 1998.

AAL continues to play a major role in the local community by supporting charities, community organisations and sporting clubs. We have also supported larger organisations such as Adelaide Zoo through its 'Pandas on Parade' corporate partnership program, ahead of the arrival of two pandas at the zoo later this year.

Our commitment to the environment continues, with AAL and SA Water jointly funding a feasibility study into an Aquifer Storage and Recovery (ASR) scheme for the harvesting of stormwater on the southern boundary of Adelaide Airport. Both parties have contributed significantly to this initial study.

On a sad note, we mourned the passing in December 2008 of board member Graham Scott. Graham was a foundation board member and AAL's inaugural Chairman when the company was formed in 1998, and also was a Member of AAL's Audit & Compliance Committee and Property Development & Building Committee. He will be sadly missed.



David Munt - Chairman

“DIVERSIFICATION HAS PROVIDED
A BUFFER AGAINST DIFFICULT TIMES”

David Munt
Chairman



“ I ENJOY WORKING BEHIND THE SCENES ”

Tony Lennell
Airside Team Leader



YEAR IN BRIEF

FINANCIAL RESULTS

- Revenue - \$143.7 million (last year \$140.5 million)
- Earnings before interest, tax, depreciation and amortisation and fair value adjustment of investment properties - \$87.1 million (last year \$83.2 million) an increase of 4.7%
- Net loss before tax of \$4.3 million (last year net profit before tax of \$25.7 million). Excluding the fair value adjustment for investment properties the net profit before tax this year is \$5.8 million (last year \$4.6 million)
- Dividends on redeemable preference shares \$28.3 million (last year \$28.4 million)
- Decrease in fair value of investment properties of \$10.0 million (last year increase of \$ 21.1 million)
- Credit Rating - Moody's maintained at Baa2 / stable; S&P maintained at BBB / stable

STATUTORY COMPLIANCE

- Safety and Security regulatory audit compliance satisfactorily maintained
- Equal Opportunity for Women in the Workplace compliance satisfactorily maintained
- DITRDIG lease review assessment satisfactory report
- Health Safety and Environment Policy and Procedures review well advanced

AIRPORT OPERATIONS

- Former domestic terminal building demolished
- Additional expansion to the long term car park
- Tiger Airways second base established in Adelaide
- Pacific Blue commenced services to Bali and Fiji
- Qantas Link commenced services to Kalgoorlie
- Sharp Airlines re-established services to Mildura and added Prominent Hill
- Qantas A380 pilot training program to and from Adelaide
- Participation in the Office of Transport Security advanced passenger screening technology trials

PROPERTY DEVELOPMENT

- Agreement with SA Water and City of West Torrens reached on shared use pathway alongside Glenelg to Adelaide recycled water pipeline
- Burbridge Business Park Stage 2A commenced - new left-in/left-out access commissioned and pedestrian bridge over stormwater drain erected
- Hotel Major Development Plan (MDP) approved by Minister
- Woolworths Supermarket opened with Harbour Town extension
- New Concept Master Plan and Sustainability Plan prepared as part of the five yearly review

OTHER NOTABLE EVENTS

- Memorandum of Understanding signed with City of West Torrens
- Growth in aviation traffic continues (highest passenger movements per month experienced during the year)
- Shared bicycle and walking paths extended on southern boundary of airport - circuit of the whole of airport is drawing near
- Memorandum of Understanding with SA Water developed
- Adelaide Airport awarded the Routes Asia 2010 aviation networking forum - to be held in April 2010
- Come Out Youth Festival events held at both Adelaide and Parafield airports.
- Taxi Concierge program and uniform updated



“OUR 08/09 GROWTH IS THE 2ND BEST OF ALL CAPITAL CITY AIRPORTS”

Phil Baker
Managing Director

MD'S REPORT

The 2008/09 financial year has been well documented for the difficult trading conditions worldwide as a result of the Global Financial Crisis (GFC).

Whilst not immune from these negative influences, which saw our annual rate of growth in passengers slow markedly, overall traffic still grew by 2.3 per cent compared with the previous year - the second best result of all Australian capital city airports. Our total traffic set a new record of close to 6.9 million passengers for the year.

The slowdown in growth, which was most noticeable from November 2008, has caused us to defer the start date of additional facilities, such as the multi-level car park, hotel and terminal expansion. However, detailed planning and some enabling work have continued, notably with the demolition of the former domestic terminal building.

We anticipate this prudent deferment will be short-lived and we expect to commence work on the car park and associated internal road re-alignments by the end of the current financial year. In the meantime, a new control tower will be constructed by Airservices Australia, as will a new office building for the Australian Federal Police.

In terms of the individual passenger markets, results were very mixed.

In the domestic arena, expansion of trunk routes, particularly from low cost carriers Tiger and Jetstar, plus new twice weekly QantasLink services to Kalgoorlie, underpinned the overall result. Our highest ever domestic passenger total for a single month was achieved in March 2009.

International traffic was boosted by the re-introduction of services to Bali from December 2008 and a new service to Fiji, both by Pacific Blue in its first year of operations originating in Adelaide.

Unfortunately, regional traffic U-turned from double digit growth to a similar percentage of negative growth from November onwards, and ended the year down on the previous period. This was predominantly due to a significant reduction in charter activity connected with exploration in the mineral resources sector.

The international air freight market continued the trend of previous years with the tonnage and percentage of direct exports from the airport reaching record levels. Overall air freight volumes produced in South Australia grew for the first time in 5 years with Adelaide Airport's market share ballooning to 58 per cent (from 49 per cent) despite a cutback in the number of Boeing 747 freighter aircraft operations.

Parafield Airport's local flight training establishments, buoyed by a significant number of students from several foreign airlines, also continued to do well despite the current global situation.

Our Master Plans and Environment Strategies for both airports are due for formal Ministerial review by late 2009. This process has required a great deal of attention from members of our executive management group, particularly in terms of consultation with our many and varied stakeholders.

On this occasion, with permission from the Federal Government, we have combined both documents into a single volume to eradicate repetition and improve readability and understanding. As always, the documents have been prepared in-house.

The environment has perhaps generally taken a back seat to the GFC nationally and internationally over the past year, but not so at AAL. As well as working closely with SA Water to study Aquifer Storage and Recovery, significant research funds have been set aside to investigate the best way for the airport to offset its carbon footprint, which is now accurately measured and continually monitored.

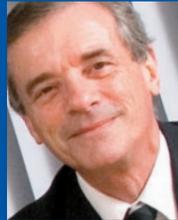
Looking ahead, with global influences still prevalent and wide ranging views on the timing and nature of a permanent recovery, exchange rates not beneficial to inbound tourism or exports (but favouring outbound tourism and imports), and low but possibly unsustainable airfares, we are projecting only moderate growth during the next 12 months.

Our focus during this period will be to prepare for the anticipated recovery and upturn in demand (following the pattern in aviation over the past several decades) and to take advantage of the continued relative strength of South Australia's economy and in particular growth sectors such as defence and mining.

In closing, I would like to thank all our staff and consultants for their continued hard work in maintaining our positive position in what have been unprecedented tough trading conditions, and their readiness to face the challenges ahead.

Phil Baker - Managing Director

BOARD OF DIRECTORS



DAVID MUNT LL.B(HONS)

Non-executive Director and Chairman, appointed 30 June 2004
Chairman Remuneration Committee
Chairman Property Development and Building Committee



PHIL BAKER FCILT, FAICD

Managing Director, appointed 24 April 1998
Member Property Development and Building Committee



JAMES TOLHURST B.COMMS, MBA, FCPA, FCIS, FAICD

Non-executive Director, appointed 29 September 2004
Chairman Audit and Compliance Committee
Member Remuneration Committee
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



JOHN McDONALD DIP TECH, FCA, FASA, CPA, FIRA

Non-executive Director, appointed 29 July 1998
Member Property Development and Building Committee
Member Audit and Compliance Committee



JOHN WARD BSC, FAICD, FAIM, FAMI, FCILT

Non-executive Director, appointed 28 August 2002
Member Remuneration Committee
Member Property Development and Building Committee



***GRAHAM SCOTT**

Non Executive Director appointed 24 April 1998
Inaugural Chairman 24 April 1998 - 30 June 2004

*Passed away late December 2008. May he Rest in Peace.

JAY HOGAN MBA, AFAMI, JP

Non-executive Director, appointed 29 July 2009
Member Property Development and Building Committee

EXECUTIVES

PHIL BAKER - MANAGING DIRECTOR

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

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.

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.

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.

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.

LEN GOFF - COMPANY SECRETARY

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



John McArdle

Ken May

Sue Doyle

Mal Andrews

Phil Baker

Len Goff

Vince Scanlon

Mark Young

OPERATIONS

AERONAUTICAL TRAFFIC PERFORMANCE

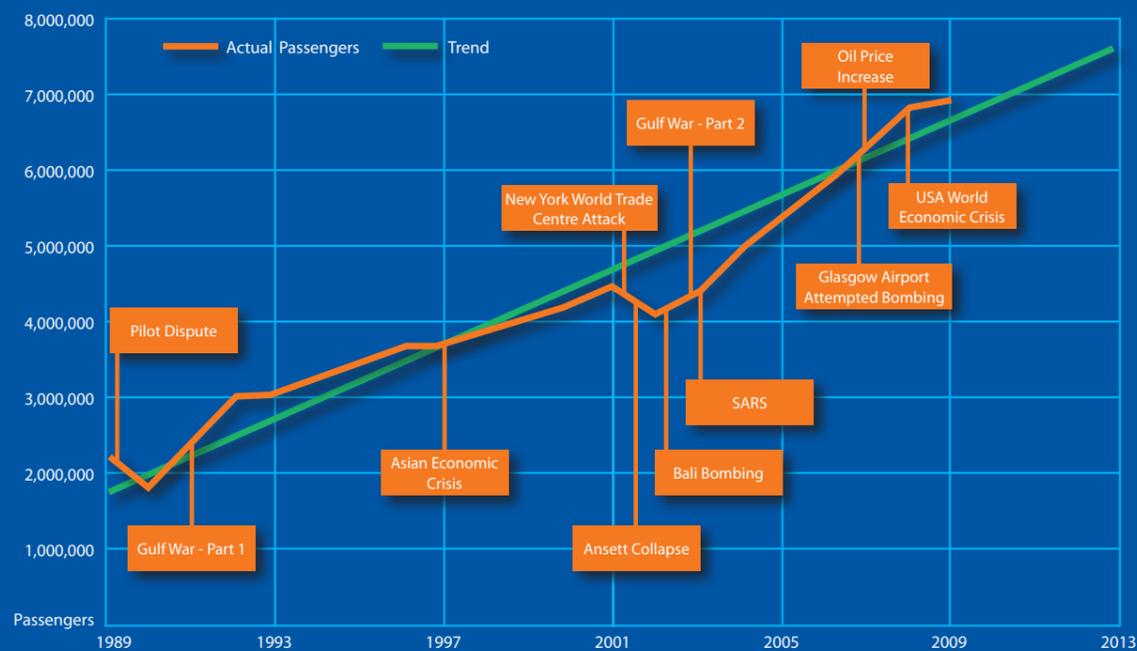
	Financial Year 1997/98	Financial Year 2006/07	Financial Year 2007/08	Financial Year 2008/09	Change this Year %	Change last 11 Years %
Passengers						
Domestic*	3,379,118	5,331,421	5,694,184	5,861,220	2.9%	73.5%
International**	258,488	495,663	541,856	543,222	0.3%	110.2%
Regional	366,325	473,409	546,177	531,461	- 2.7%	45.1%
Total PAX	4,003,931	6,300,493	6,782,217	6,935,903	2.3%	73.2%
Aircraft Movements						
Regular Public Transport	70,204	72,228	76,176	75,353	- 1.1%	7.3%
General Aviation	35,076	29,838	27,009	24,651	- 8.7%	- 29.7%
Total Aircraft Movements	105,280	102,066	103,185	100,004	- 3.1%	- 5.0%
Landed Tonnes						
Total Landed Tonnes	1,622,681	2,142,489	2,276,273	2,282,576	0.3%	40.6%

*Includes Domestic On Carriage ** Includes Transits

FREIGHT

	Export Tonnes	Import Tonnes
Jan - Dec 05	7,818 = 8.3%	9,075 = 15.1
Jan - Dec 06	9,379 = 19.9%	10,039 = 0.6%
Jan - Dec 07	8,582 = -8.5%	9,090 = -9.4%
Jan - Dec 08	10,113 = 17.8%	9,340 = 2.7%

ADELAIDE AIRPORT PASSENGER MOVEMENTS



“LONG TERM PARKING HAS GROWN SIGNIFICANTLY”

Cory Harrington
Customer Service (Car Park Team Leader)



In our last report we identified concerns at the adverse impacts affecting all facets of the aviation industry, in particular the record oil prices, and we alluded to the faltering worldwide economy. Few would have predicted the impact the crash in New York on 14 September 2008 would have on the Global Financial markets.

Whilst not immune to the devastating effects the crisis had on many industries, AAL has managed better than most due to a combination of a strong State economy and because we serve a predominantly domestic market.

INTERNATIONAL MARKETS

The international market enjoyed a modest growth rate of 0.3 per cent, assisted in no small way by the introduction of twice weekly services to Bali and Fiji.

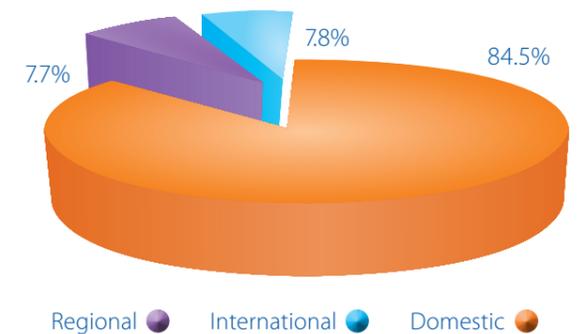
DOMESTIC MARKET

The domestic market was influenced by Tiger opening its second base in Adelaide and offering services to Gold Coast, Perth, Hobart and Alice Springs. The ups and downs of services over the year resulted in this segment gaining a 2.9 per cent increase on last year.

REGIONAL MARKET

The regional market suffered a significant downturn as the mining exploration and resource businesses felt the full impact of the Global Financial Crisis (GFC). A 2.7 per cent reduction on the back of last year's double digit growth was the major cause of the slowdown in our growth this year.

With returns to the resource industry already evident, significant defence activity and a general feeling that the worst of the GFC has now passed, the indications are positive for the year ahead.



QUALITY OF SERVICE

Adelaide Airport has maintained its strong position with the Australian Competition & Consumer Commission recognising us equal best airport in Australia.

We also continue to be measured independently by the Airports Council International passenger quality of service survey program where we remain at the top in Australia and New Zealand, in the top 10 of our category worldwide and in the top 5 for a significant number of the 34 category measures undertaken.

PROPERTY DEVELOPMENT

TERMINAL 1 RETAILING AND CONCESSIONS

Terminal 1 Retailing continued to pick up momentum in terms of trading activity. This is partly the result of concerted marketing through advertising in aviation publications, encouraging a sense of theatre through events such as the Emma Hack art exhibition, musical recitals and seasonal festivities. These are all directed towards our overall aim of increasing passenger dwell time.

'T1 Shopping' achieved a further Property Council of Australia Marketing Award in November 2008 for its 'SA's Best Experience' campaign, which included a competition directed at SA Tourism experiences.

New retailing ventures included the enhanced operations of the Rip Curl Shop, completed earlier in 2008, and the implementation of a Villa & Hut coffee kiosk along the southern concourse.

TERMINALS PRECINCT

The former domestic terminal building was demolished between December 2008 and June 2009 to make way for further long term car parking and the future development of new terminal facilities.

A site lease was committed to Airservices Australia to enable its development of a new 48-metre high Air Traffic Control Tower, with construction expected to commence in 2010.

Regional Express completed the construction of a new hangar complex located on James Schofield Drive. The hangar is of a sufficient size to accommodate three SAAB aircraft or one Boeing 737.

The State Retrieval Service "MedStar" has commenced operations from the former helicopter facilities in James Schofield Drive, and was also joined by the SA Ambulance Service. This is intended to be an interim arrangement pending the development of new dedicated emergency services facilities adjacent to Australian Helicopters on Sir Reginald Ansett Drive in the Tapleys Precinct.

The specialist cold storage facility adjacent to Export Park, under partial operation by Australian Air Express for Air Freight Services, was acquired in February 2009 by AAL with the aim of increasing the dedicated refrigerated air freight business into and out of Adelaide, as opposed to its previous primary usage as general warehousing.

BURBRIDGE PRECINCT

Within the Burbridge Precinct, a new valet car storage compound was completed and occupied in April 2009 after relocating from a temporary site in the Terminals Precinct.

At the Burbridge Business Park, a multi unit office/warehouse complex was completed in July 2008, with new occupants being Herbalife, Marmota Energy Ltd (Groundhog) and Hills Industries.

A new 11,000m² twin office/warehouse development also commenced site works in February 2009 for part occupancy by Agility Logistics. This facility, which was due for completion in August 2009, employed substantial ESD attributes such as water re-use, lateral and vertical sun shading to northern facing office windows, use of translucent sheeting for natural light within the warehouse, and energy savings lighting systems.

A pedestrian bridge was also constructed linking bus services on Sir Donald Bradman Drive with the shared use pedestrian and bicycle path running through the linear park and buffer zone under the care, control and management of the City of West Torrens.

TORRENS PRECINCT

After obtaining further bed licensing from the Commonwealth, Southern Cross Care completed expansion of its aged care facility on Burbridge Road at West Beach in mid 2009. This has increased the overall capacity from 60 beds to 80 beds.

TAPLEYS PRECINCT

Practical completion and opening of a new Woolworths supermarket, fresh food market café and pharmacy store along with more than 20 additional brand direct retailing outlets occurred on 8 December, 2008. The expansion was officially opened by the State Minister for Transport, Energy and Infrastructure, the Hon Pat Conlon MP.

Associated with this expansion, ETSA Utilities completed the installation of a new dedicated electricity feeder that will allow further retailing development of up to 20,000m² within the northern segment of this Precinct Zone.

The State Government also completed the removal of stored silt from some 10 hectares of land to the west of the existing Mobil petrol station on Tapleys Hill Road, allowing the site to be remediated for future development. This site borders on to an expanded tree planting zone around the nearby remnant Patawalonga Creek.

“TRAVELLERS HAVE ENJOYED THE VARIED EVENTS”

Kyra Gustavsson
Terminal Property and Retail Manager





“NON-AERONAUTICAL
BUSINESS HAS GROWN”

Tony Francis
Leasing Manager

HOLDFAST PRECINCT

Agreement was finalised with SA Water for a new recycled water pipeline to run alongside the Brownhill Creek easement so that it could be extended from the nearby Glenelg Treatment Works to the Adelaide Parklands, as part of a State Government water conservation initiative. AAL obtained water extraction rights at three locations, with works on airport completed in 2008/09.

Associated with the recycled water mains, joint arrangements were made with SA Water, the City of West Torrens and the Department of Transport, Energy and Infrastructure to construct a shared use bicycle and pedestrian pathway extending from Watson Avenue, Netley to Tapleys Hill Road and linking to the Reece Jennings Bikeway.

A Memorandum of Understanding was also completed with SA Water to investigate implementation of water harvesting on Adelaide Airport land to the southern side of the Brown Hill Creek easement, with an application submitted on 30 June, 2009 for \$9.7 million Federal Government funding towards a potential 1 gigalitre Aquifer Storage and Recovery (ASR) project.

MORPHETT PRECINCT

In the Morphett Precinct, site works commenced toward the Manuele Engineering 16,000m² steel fabrication facility over a 4.5 hectare site fronting James Melrose Road and Morphett Road, with construction due to be completed by mid 2010.

AIRPORT EAST

Approval of the final Stage 3 of the Adelaide Airport Access Study was given by the State Minister for Transport, Energy and Infrastructure in late October 2008, enabling planning for future development of industrial land. This site is included on the State Government Metropolitan Adelaide Industrial Land Strategy (2007) as part of a development-ready industrial land bank.

Closure of the former Airservices Australia Non Directional Beacon occurred in November 2008. Cabling re-arrangements associated with integrated aeronautical equipment will occur progressively in 2009.

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE REPORT

	2006	2007	2008	2009
Income Statement	\$'000	\$'000	\$'000	\$'000
Revenue				
Aeronautical	46,369	69,570	75,431	79,209
Commercial trading revenue	17,643	23,876	27,504	28,124
Property Revenue	24,437	24,556	27,442	30,835
Other Revenue	5,718	1,393	3,515	1,676
Other Income	829	874	734	2,504
Total Revenue ^{#1}	94,996	120,269	134,626	142,348
Increments/(decrements) in fair value of investment properties	(2,278)	7,803	21,100	(10,039)
Operating Expenses	36,357	45,521	51,465	55,267
EBITDA	56,361	82,551	104,261	77,042
EBITDA (Adj) ^{#2}	58,639	74,748	83,161	87,081
Margin	61.7%	62.2%	61.8%	61.2%
Depreciation and amortisation	15,211	17,825	18,015	19,263
EBIT	41,150	64,726	86,246	57,779
Borrowing Costs				
Interest on senior debt	26,900	31,601	32,212	33,781
Interest on Airport Notes/Dividends on RPS	26,214	28,285	28,362	28,284
Net Profit/(Loss) Before Tax	(11,964)	4,840	25,672	(4,286)
Income Tax (Expense) Benefit	897	(4,383)	(12,328)	45
Net Profit/(Loss) After Tax	(11,067)	457	13,344	(4,241)

^{#1} Revenue presented above excludes interest revenue ^{#2} excludes adjustment in fair value of investment properties

SOME NOTEWORTHY ASPECTS ARE:

- Revenue - \$142.3 million (last year \$134.6 million)
- Earnings before interest, tax, depreciation and amortisation and fair value adjustment of investment properties - \$87.1 million (last year \$83.2 million) an increase of 4.7%
- Net loss before tax of \$4.3 million (last year net profit before tax of \$25.7 million). Excluding the fair value adjustment for investment properties the net profit before tax this year is \$5.8 million (last year \$4.6 million)
- Dividends on redeemable preference shares \$28.3 million (last year \$28.4 million)
- Decrease in fair value of investment properties of \$10.0 million (last year increase of \$21.1 million)
- Credit Rating - Moody's maintained at Baa2 / stable; S&P maintained at BBB / stable

CASH FLOW

After funding interest on borrowings and dividends on RPS, cash flow from operating activities was a positive \$13.4 million (last year \$19.9 million).

After funding capital expenditure a net decrease of \$2.2 million resulted in cash balances at year end of \$49.4 million (last year \$51.6m). Of this balance \$11.1 million (last year \$10.5 million) is quarantined in a debt service reserve account.

FINANCIAL PERFORMANCE CONT

BALANCE SHEET

Year ended 30 June	2008 (\$million)	2009 (\$million)
Cash	51.6	49.4
Total Assets	911.3	871.0
Interest Bearing Liabilities (excl stapled securities)	522.5	524.5
Total Liabilities (excl stapled securities)	644.3	635.3
Total Equity (plus stapled securities)	266.9	235.7

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

- a decrease in cash as outlined above;
- a decrease in the fair value of Investment Property of \$10.039 million;
- a decrease in Property, Plant and Equipment being the net impact of asset additions / disposals and depreciation; and
- a decrease in the mark to market value of interest rate hedges.

With respect to the decrease in the fair value of investment properties and the decrease in the mark to market value of interest rate hedges it is important to note that:

- there are no cash flow implications associated with these accounting adjustments;
- investment properties are held for the full term of the Airport Lease and are not stock held for resale; and
- the interest rate hedges are hold to maturity instruments and at maturity will not require any mark to market adjustment.

The Group's total of equity and RPS (being stapled securities) stands at \$235.7 million at the end of the year (last year \$266.9 million).

Issue	Amount (\$million)	Term
Medium Term Note	\$264.0	Dec 2010
Medium Term Note (\$100m fixed interest)	\$265.0	Sep 2016
Working Capital Facility (\$20.0m available at year end)	\$20.0	Dec 2010
RPS	\$188.6	Jun 2014

INTEREST RATE MANAGEMENT

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

The Group has effectively fixed the interest rate on approximately 91% 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.

Average fixed interest rate paid was 6.5% (last year 6.5%).

RATINGS

The long term finance strategy of the Group continues to be reviewed by the rating agencies, Standard & Poor's and Moody's. The BBB / stable and Baa2 / stable ratings have been maintained, which is a pleasing endorsement of the company's long term plan in the context of the current global economic volatility.

ANNUAL REPORT FOR THE 12 MONTHS TO 30 JUNE 2009

The Annual Report for the 12 months to 30 June 2009 comprising:

- director's report
- auditors independence declaration
- financial report
- director's declaration
- independent auditors report to members

is available on the company's website www.aal.com.au.

Alternatively a copy may be obtained from the Company Secretary.

“ WE ARE HOLDING OUR
OWN IN TOUGH TIMES ”

Shane Flowers
Finance Manager



“FOREIGN AIRLINE STUDENT
NUMBERS ARE INCREASING”

Noel Wellman
Manager Parafield Airport

PARAFIELD AIRPORT

Flying training at Parafield has continued its steady growth with 242,384 aircraft movements (a 4.7 per cent increase) recorded in 2008/09 during airport control tower hours of 0800 to 1800 each day. 231,430 aircraft movements were recorded in 2007/08.

The Parafield Airport Ltd Preliminary Draft Master Plan was released for public consultation in May 2009. This plan is the airport's primary planning document, setting the framework for the ongoing development of the airport over the next 5 years in accordance with the requirements of the Airports Act 1996.

McDermott Aviation set up its fire season Operations Base at Parafield having won the South Australian Country Fire Service contract for the next 3 years. This involved 3 Bell helicopters being based at Parafield and on-call 24/7 to respond to any CFS emergency.

The Rescue Salvage Bureau of China and Flight Training Adelaide (FTA) signed an agreement with FTA becoming the bureau's helicopter training provider, starting with 9 cadets being trained to CPL standard during the year. FTA also completed instructor rating courses for the Hong Kong Government Flying Service.

Civil works were completed for an extension to the FTA apron, doubling its size and accommodating 8 additional parking bays for fixed wing training aircraft and 4 for the new Schweizer 300 CBi piston helicopters.

Cadets from Cathay Pacific Long Course 1 graduated as part of a new joint initiative by Cathay Pacific and FTA that will see them remain at FTA for a further 3½ years as trained instructors, before joining Cathay Pacific in Hong Kong. This scholarship scheme was introduced to assist both parties in alleviating the intermittent supply of qualified flying instructors sought by airlines whenever pilots are in short supply.

A new corporate and aircraft charter business, Renaissance Air, has commenced operations from the former fire station building on Kings Road, while Aeropower has taken over occupancy of Hangar 50 on Anderson Drive. Aeropower currently holds many of the major contracts for power-line inspection and maintenance around Australia.

Airservices Australia commissioned its new NDB navigation aid following the relocation and upgrading of the existing NDB from the south-western corner of Parafield airport to a location between the runway systems.

Retail development within 'Airport City - Parafield' saw the opening of a kitchenware store 'Creative Cooks' and introduction of new retailers, Fitness Warehouse, Mayne Rugs and Beds-r-Us in this centre.

Bunnings undertook a substantial redevelopment of its site including alterations to the internal warehouse layout, new garden area and installation of an additional truck loading and unloading area at the rear of their site for the garden centre.

The City of Salisbury has recently completed works to divert water from the Cobbler Creek into the Parafield Catchment, which will increase the water yield in the Parafield Airport Harvesting scheme by 30 to 40 per cent, or 300 to 400 mega litres per annum.

A licence agreement was also executed between the City of Salisbury and Parafield Airport Ltd to permit the further extension of recycled stormwater supply south and east of the airport. The City of Salisbury is working on the commissioning of this new feeder line to supply various customers as far away as Ingle Farm and Valley View, as well as providing take-off points within the airport.

SUSTAINABILITY

During the past several years Adelaide Airport Ltd's (AAL) approach to environmental management has evolved to encapsulate the dimensions of sustainable business practice underpinned by a commitment to regulatory compliance. Substantial research, planning, consultation and review over this period into areas such as sustainable development principles, water conservation, stormwater reuse, energy efficiency, carbon management, waste management, noise and air quality provided the foundation for the 2009 Preliminary Draft Master Plan, and in particular Volume 3 - Sustainability Plan Adelaide and Parafield Airports.

A cornerstone of the 2009 Master Plan is AAL's Sustainability Policy, signed by Phil Baker in October 2008. As described in the Policy, AAL's corporate vision and ongoing success is founded on building and maintaining the three pillars of responsible business practice - sustainable financial, environmental and social management. To ensure that our business thrives and is managed today in a manner that promises to meet the needs of future generations, AAL must respond positively to today's local and global challenges as outlined in each chapter of the Sustainability Plan.

A number of key achievements from AAL's Sustainability Program in the 2008/09 financial year are worth highlighting, specifically:

- the development of planning and data management tools for wildlife hazard management;
- completion of a concept plan for a large-scale stormwater harvesting and aquifer storage scheme;
- development of wind models and planning for mini-wind turbine field trials;
- completion of a comprehensive waste audit of Terminal 1;
- commencement of a rehabilitation program for the extended Patawalonga Creek Conservation Zone; and
- drafting of a heritage management strategy.

GROWTH MANAGEMENT

We continue to improve the systems and processes we have in place to understand and manage our environmental and social footprints. In 2009, we completed the rollout of an integrated Health, Safety and Environmental Management System (HSEMS) that conforms to the requirements of both ISO 14001 and WorkCover SA's Safety Achiever Business System. The system provides an improved risk management framework and will be third party audited this coming year.

Strengthening the HSEMS has been the development of an intranet-based document management system and database platform that has enabled AAL to create a number of online data collection and reporting tools that result in improved productivity and record keeping.

CARBON

This year is the first in which companies that trigger the thresholds set in the National Greenhouse and Energy Reporting Regulations 2008 must report greenhouse gas emissions to the Commonwealth Government.

AAL has for the third consecutive year measured its carbon footprint and determined it does not exceed the threshold for mandatory greenhouse reporting under the regulations. Nonetheless, carbon accounting will be continually undertaken to support benchmarking and performance tracking in the area of energy consumption.

The 114 kilowatt photovoltaic solar panel array on the Terminal 1 roof has performed to specification since its commissioning in June 2008. AAL is seeking to register the system as a power station that will allow entry into the Renewable Energy Certificate market. From next year, income generated from the system will be redirected into a funding program for additional renewable energy facilities.

WATER

The Water Strategy developed in 2007/08 came to fruition this year in the joint development of a concept plan with the South Australian Government for a 1 gigalitre airport stormwater harvesting and aquifer storage scheme, underpinned by a Memorandum of Understanding with South Australia's peak water utility, SA Water. The scheme, valued at approximately \$10 million, was subsequently given priority in the South Australian Government's bid to the Commonwealth for funding support, which is expected to be announced by late 2009.

HEALTH AND SAFETY

AAL's enviable health and safety record has continued into 2008/09 supported by a continuous improvement approach to OHS management.

Workplace incidents resulted in only 6 claims this year, of which 2 were classified as Lost Time Injuries. The injury rates were commensurate with those recorded for 2007/08 - well below the national transport industry benchmarks - and total hours of lost time almost halved from the previous year. (Refer table opposite).



“STORMWATER HARVESTING IS ON THE HORIZON”

Stephanie Bolt
Environment Manager

AAL developed and implemented an integrated Health, Safety and Environmental Management System in conformance with the requirements of WorkCover SA's Safety Achiever Business System and ISO 14001 international environment standards.

The drug and alcohol management program was further strengthened and revised to comply with the requirements of the new Civil Aviation Safety Regulations Part 99 Drug and Alcohol Management Plan.

REGULATORY PERFORMANCE

Whilst striving to maintain a robust sustainability program, AAL maintains a rigorous environmental compliance program that ensures we perform against all relevant Commonwealth

and State regulatory requirements, most importantly the Airports (Environment Protection) Regulations 1997, regulated by the Department of Infrastructure, Transport, Regional Development and Local Government.

Crucial to maintaining AAL's legal compliance record is setting the same expectations of our tenants who we routinely monitor. Our aviation and non-aviation tenants continue to demonstrate a duty of care towards the environment, meeting and in many cases exceeding their regulatory requirements.

AAL's performance in health and safety is due to our strong safety culture and ongoing compliance with the South Australian Occupational Health, Safety and Welfare Regulations 1995.

CLAIMS

	AAL/PAL	TRANSPORT INDUSTRY
No. of Incidents (resulting in claims)	6	-
Incidence Rate (no. claims / 1,000 employees)	4	33 (1)
Frequency Rate (no. claims / million hours worked)	1	17 (2)

LOST TIME INJURIES

No. of Incidents (resulting in LTIs)	2
No. LTIs (total hours)	130

1. Incidence Rate - NOHSC Statistics 2001/02 - Transport Industry (no. claims per 1,000 employees)
2. Frequency Rate - NOHSC Statistics 2001/02 - Transport Industry (no. claims per million hours worked)

“THE INTRANET IS IMPROVING
STAFF COMMUNICATION”

Kristy Van Dyke
IT Support Officer

OUR PEOPLE

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

Adelaide Airport Ltd's (AAL) commitment to the principles and practices of Equal Opportunity encourages a culture of inclusion.

In meeting the Statutory compliance of the Equal Opportunity for Women in the Workplace Act, AAL re-appointed Converge International as the independent agency to update and review an Equal Opportunity Survey to identify any internal issues of concern and to obtain a measure of our internal 'culture'.

Through the Sharepoint program we have advanced our intranet services in 2008/09. AAL has also developed a more user friendly, thorough and consistent induction procedure. This procedure includes all essential first-hand knowledge required of employees to meet our Corporate Responsibilities.

Independent online external exit interviews with all terminating employees continue to provide AAL with insights to the work environment and management to assist the company in appreciating the reasons why people choose to leave, identifying areas for improvement within the company and discussion on remedies to improve the workplace culture.

The intranet-based questionnaire enables staff to openly express their thoughts on various issues without feeling confronted. The questionnaire is more comprehensive than our previous short Q&A process. It provides us consistency in information collected, clear interpretation and centralised reporting every six months.

The Communications Audit commenced last year and is constantly monitored to ensure that a consistent and accurate message is conveyed both internally and externally to all our stakeholders, not the least of which is our staff.

AAL openly encourages, promotes and strongly supports all staff in furthering their education, particularly where the studies are supportive of their current or potential roles; where the course is relevant to AAL's requirements; or where studies meet legislative obligations such as fire evacuations, health, safety and equal opportunity. These study programs are not restricted to within Australia. Many staff have undertaken international studies in Europe and America with more staff committed to overseas programs in 2009/10.

AAL currently has more than 50 per cent of its staff undertaking advanced study programs including leadership development courses such as the Governor's Leadership Foundation, Masters in Business and in Airport Sustainability.

Our staff benefits program continues to expand with opportunities such as gymnasium subsidies, 24/7 staff counselling service, vision assessments, flu shot reimbursements, and sponsorships in fun runs and charity walk-a-thons. It also includes a staff benefit program entitling staff to discounted privileges and insurance including income protection, life and property solutions.

OUR COMMUNITY

Adelaide Airport Ltd's (AAL) commitment to the community is directed at keeping our neighbours, stakeholders and customers informed, and helping young South Australians to reach their potential through support of the arts, educational initiatives and community-based sporting participation. It is also aimed at giving young South Australians opportunities to build community diversity, creativity and self esteem.

AAL employees are encouraged and supported in volunteering their time and expertise to organisations in the communities in which they live and work. Key to this activity is the centralisation of managing and capturing the effort across our company, and ensuring it meets the broader objectives of the organisation, while managing the work loads of the individuals and departments involved.

We keep our communities informed of developments and changes to the airports through a comprehensive speaking circuit program, newsletters, website and active participation in electronic media such as through radio talk back segments.

AAL has also provided the City of West Torrens with large tracts of land on the eastern and southern boundaries of the Airport for the establishment of linear parks for community cycling and walking paths.

We have continued our long term association with major tertiary institutions in South Australia, Queensland and New South Wales through various initiatives. Our regular Quality of Service surveys are 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. Our longitudinal study into bird and wildlife management continues with the University of Adelaide Zoology Discipline, and through the University of New South Wales and the Queensland University of Technology we are active participants in the Aero-tropolis phenomenon.

Future generations of potential aviation industry participants are being encouraged through our major sponsorship of the western districts "Adopt a School" program, which facilitates the awareness by students from surrounding colleges and high schools of the career opportunities that exist within an airport environment. A particularly rewarding association has been maintained through the Training Awards sponsorship with the indigenous Tauondi College at Port Adelaide.

AAL is the naming sponsor of the Taxi Driver of the Year Awards. In addition we continue to provide and maintain 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 an introductory flying training flight that we supply through our valued tenant Flight Training Adelaide.

Consultation and communication are an integral platform of AAL's community relationships. They do not rely on the five yearly planning process as our door is always open. Our communication program is planned to formally advise community representatives through the following forums:

- Adelaide Airport Consultative Committee (AACC) - which meets four times a year;
- Consultative Committee Planning Sub Group - which meets four times a year and reports to the AACC;
- Western Adelaide Consultative Group (WACG) which meets no less than three times per year;
- Formal presentations to council meetings;
- Open invitations for briefing sessions either on airport or in a stake-holders environment; and
- Public meetings.

In addition, we also utilise the public media and our own newsletters and web site. In regard to the web site we are currently reviewing the whole program to ensure that the finished product delivers what our customers and stakeholders require.

AAL also hits above its weight in national and State representation as evidenced by the following random selection:

- National Chair, Australia Airports Association
- National Chair, Transport Infrastructure Aviation Assurance Advisory Group
- Australian representative on Airports Council International Security Committee
- Chairman, Adelaide Convention and Tourism Authority
- Chairman, Chartered Institute of Logistics and Transport (SA Division)
- Member of the Executive Committee of the SA Freight Council
- Member of the National Tourism and Aviation Advisory Committee
- Member of the National Passenger Processing and Facilitation Task Force
- Chairman, National Bird and Wildlife Hazard Management Working Group

“SORRY REF, DIDN'T HEAR THE WHISTLE!”

Kiki Courtidis, AAL Women's Premier Division



CORPORATE GOVERNANCE

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 per cent 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 six non-executive Directors, one executive Director and one alternate non-executive Director.

DIRECTORS INDEPENDENCE

Directors are appointed in accordance with the Shareholders Agreement by nomination of the shareholders, and 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 has opted to appoint a chairman with effect 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).

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

The Board held 11 Board meetings 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 Thomson 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 immediately 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 continuing development of the 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.

“NEW AIRLINES INTO ADELAIDE
HAVE BOOSTED GROWTH”

Kim Bernhardt
Aviation Accounts Administrator



“OUR AIM IS TO BE AS
EFFICIENT AS POSSIBLE”

Chris Griffiths
Airport Duty Manager

THE FUTURE

Adelaide Airport's Master Plan review, which commenced in 2008/09, has detailed many of the planned development programs to meet expected future forecasts for both passengers and aircraft.

South Australia has continued to be somewhat immune to the full impacts of the Global Financial Crisis and, with a predominant domestic market, continues to succeed where other states have faltered.

A comprehensive events and meetings program combined with an unprecedented military interest and relocation of significant resources to the State has been complemented by early mining development following a successful exploration program.

These initiatives are showing every indication of expanding in the years to come, and Adelaide Airport is cognizant of this demand and of meeting the respective challenges.

The first of the proposed new facilities, a 200-room hotel, was approved by the Federal Minister for Infrastructure Transport Regional Development and Local Government. The start of construction has been deferred due to the lack of available development capital, however re-vitalised interest is becoming evident.

AAL has completed the necessary major infrastructure changes to accommodate the increased passenger, vehicle and aircraft traffic without significant degradation and impact on service levels. The changes will include a multi-level car park, re-alignment of the road system, segregation of pedestrian and vehicle traffic, improved safety and security outside Terminal 1, and the establishment of a pedestrian plaza.

This work is scheduled to commence during 2009/10 following a comprehensive consultation program associated with the Major Development Planning process.

Consistent with strong retail performance over 3 years, new leasing interest in retailing has become evident within Terminal 1, with arrangements made to subdivide some tenancies to create further shops along the main concourse at Level 02 and the International Departures area leading into 2010. A commitment has also been given for a new donut kiosk and internet facilities.

Within the Terminals Precinct, a new Site Lease was committed to Airservices Australia to allow the construction throughout 2010 of a new 48-metre high Aviation Control Tower. Action was also re-activated on the design of dedicated offices for the Australian Federal Police in Export Park to coincide with an associated specialist AFP kennel management facility within the Tapleys Precinct.

The prospect of new retailing premises in the northern section of the Tapleys Precinct also shows promise, noting all necessary electricity infrastructure was connected to the Precinct in late 2008.

While some development initiatives slowed in early 2009, interest in industrial premises has continued with the expected completion of new offices and warehousing in Burbridge Business Park by Australand/CIP in August 2010 against a pre-commitment lease over some 5,500m² to Agility Logistics. A similar size facility will be available for lease from September 2010. Interest is also evident in smaller offices and warehousing, with the expected development of a new seven-unit office/warehousing complex of 11,000m² in 2010.

At Parafield Airport, after focusing on aviation infrastructure such as aircraft parking and new aeronautical services such as a re-sited Non-Directional Beacon (NDB) in 2008/09, a new Aircraft Monitoring System using infra-red photography will be erected in 2010. This ABASS System will provide an accurate record of all flights into and out of Parafield, including outside aircraft control tower hours.

“ WE'RE OFF TO SEE THE WORLD ”

Martina and Medyan, International Travellers



 **Adelaide Airport**

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