annual report

Financials

2009 2010

Adelaide Airport

2009 adelaide airport 2010

Adelaide Airport Limited partners and sponsors a wide range of events and activities across the areas, of community, the environment, business and tourism. We proudly support the needs and aspirations of organisations and individuals, some of which are depicted throughout this annual report, to help grow a vibrant and sustainable South Australia.

Adelaide Airport Limited ABN 78 075 176 653

Annual report for the year ended 30 June 2010

Chairman David Munt *Managing Director* Phil Baker

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

Solicitors Thomson Lawyers *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
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Website: www.adelaideairport.com.au

directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Adelaide Airport Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010.

Directors

The following persons were directors of Adelaide Airport Limited Group during the whole of the financial year and up to the date of this report unless otherwise stated:

David Cranston Munt	(Chairman)
Phillip Andrew Baker	(Managing Director)
John Robert McDonald	
Alan James Mulgrew	
James Leonard Tolhurst	
John Frederick Ward	
James (Jay) Brendan Hogan	(Appointed 29 July 2009)
Michael Delaney	(Alternate for John McDonald)

Principal activities

The Group acts principally within the airport industry in Australia by virtue of holding the leasehold interests in Adelaide and Parafield airports.

Dividends - Adelaide Airport Limited

No dividends were paid to members during the financial year.

No further recommendation is made as to dividends for the 2010 financial year (30 June 2009: $0). Dividends on Redeemable Preference Shares, which are classified as finance costs, amounting to $28.3 million were paid or provided for during the year (30 June 2009: $28.3 million).

Review of operations

The profit/(loss) before income tax amounted to $21.7 million (2009: ($4.3million)).
Comments on the operations and the results of those operations are set out below:

(a) Aeronautical services

Year on year passenger growth at AAL was 3.2% for the year ended 30 June 2010, compared to 2.4% in the previous year. Domestic Low Cost Carriers have continued to increase the scale of their operations and this has increased revenue.

(b) Non-aeronautical services

Property 'Commercial Trading' revenue grew by 7.9%, with the turnover related income that AAL collects from its tenants showing some sign of recovery from a lull in some sections brought on by the Global Financial Crisis (GFC).

Property revenue increased by 6.2% on the prior year, principally driven by FY10 benefitting from the full year impact of additional tenancies at Harbourtown and Burbridge Business Park. Investment properties were re-valued significantly upwards in part due to recovery from the GFC and in part due to the valuation assumptions applied by a new independent valuer.

Significant changes in the state of affairs

There are no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 June 2010 that have significantly affected, or may significantly affect;
a) the Group's operations in future financial years, or
b) the results of those operations in future financial years, or
c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

AAL's 'Landside Infrastructure Project' is currently at an advanced design stage. The project encompasses a new Multi Storey Car Park and a redesign of some of the roadways in and around the terminal. It is planned to commence construction of the Multi Storey Car Park in the 2012 financial year.

Parafield Airport's Master Plan was rejected by the Federal Minister in May 2010, and the Group now has up to May 2012 in which to re-submit the plan. Apart from management time and a small amount of future expenditure, there is limited detrimental impact to ongoing operations.

Further developments in the operations of the Group and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

During the past several years the Group's approach to environmental management has evolved to encapsulate the dimensions of sustainable business practice and less weighted towards 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 Master Plan, and in particular Volume 3 - Sustainability Plan for Adelaide and Parafield Airports.

A cornerstone of the 2009 Master Plan is AAL's Sustainability Policy. As described in the Policy, the Group'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, the Group must respond positively to today's local and global challenges as outlined in the Sustainability Plan.

The Group has met, and in most areas exceeded, its legislative compliance obligations set under the Airports Act 1996 and Airports (Environment Protection) Regulations 1997, monitored by the Department of Infrastructure, Transport, Regional Development and Local Government's (DIT) Airport Environment Officer (AEO). Significant steps were made towards achieving our goals in the areas of greenhouse gas accounting, wildlife hazard management, stormwater harvesting, water security, heritage management and energy efficiency.

AAL has for the fourth consecutive year measured its carbon footprint and determined it does not exceed the threshold for mandatory greenhouse reporting under the National Greenhouse and Energy Reporting Regulations 2008. In the past year no actions by AAL operators or tenants have resulted in any Authorisations or Environmental Protection Orders being issued by the AEO.

Information on directors

DAVID CRANSTON MUNT LL.B (Hons) **Chairman**

David was appointed on 30 June 2004 as a non-executive director and Chairman. David has over 30 years experience as a corporate and commercial solicitor, primarily involved in representing parties in difficult and complex litigation. He has had long experience as a public company Chairman and as a director of private companies. David is immediate past Chairman of Partners of law firm Thomson Playford and Deputy Chairman of Seeley International Pty Ltd.

Special responsibilities

- Chair of the Board
- Chair Property Development and Building Committee
- Chair Remuneration Committee

PHILLIP ANDREW BAKER FCILT, FAICD **Managing Director**

Appointed on 24 April 1998 as Managing Director of Adelaide Airport Limited, Phil is also the Chairman of the Adelaide Convention Bureau (formerly Adelaide Convention and Tourism Authority). He is a Fellow of the Chartered Institute of Transport and the Australian Institute of Company Directors, a former Business Ambassador for South Australia and former Managing Director of Ringway Handling Services Limited (Manchester Airport - United Kingdom), former Director of the Australian British Chamber of Commerce, former MD and Director Queensland Airports Limited Group and a former Director of the Tourism Task Force Limited. Phil has over forty years of experience in the aviation industry, including airlines and handling agents.

Special Responsibilities

- Managing Director
- Member Property Development and Building Committee

JOHN ROBERT MCDONALD

Dip Tech, FCA, FASA, CPA, FAICD, FIAA **Director**

John was originally appointed on 29 July 1998 as an alternate director for Isabel Liu nominee director of a former shareholder, Laing Investments Ltd, and then on the 11 February 2000 as a non-executive director. After the sale of Laing Investments Ltd holding John was appointed as a non-executive director nominated by Motor Trades Association of Australia Superannuation Fund Pty Ltd on 1 December 2003. John is a foundation member of the Australian Institute of Arbitrators and Mediators; Co founder of Macmahon Holdings Limited; former Chairman and partner of a major South Australian firm of chartered accountants and Chairman of H J Investments Pty Ltd Group. John is a former director of Abigroup Limited and former Chairman of Abigroup Southern Region. John has extensive financial and operational experience in the construction industry. John was appointed Member of the Audit & Compliance Committee on 27 May 2008.

Special responsibilities

- Member Property Development and Building Committee
- Member Audit & Compliance Committee

directors' report

ALAN MULGREW BA, GRAICD, JP **Director**

Alan was appointed on 6 September 2006 as a non-executive director. Alan has had over thirty years experience as a senior aviation executive both within Australia and overseas, including responsibility for Perth and Sydney Airports. Since leaving Sydney Airport in 1997 Alan has provided strategic advice to numerous major institutions and served as a non-executive board member on a number of high profile boards spanning Aviation, Energy, Construction, Infrastructure and Tourism. Alan is currently a Non-executive Director of Doric Group Pty Ltd, Tesla Cooperative Pty Ltd and Atlantic Ltd. He was formerly Chairman of Tourism Western Australia, Chairman of Western Carbon Pty Ltd and a Non-executive Director of Western Power Corporation. Alan has also served as Chairman or as a member on various Audit Risk Management Committees and as a member of Governance and Remuneration Committees.

Special responsibilities

- Member Property Development and Building Committee

JAMES LEONARD TOLHURST

B.Comm, MBA, FCPA, FCIS, FAICD **Director**

Jim was appointed on 29 September 2004 as a non-executive director nominated by UniSuper Ltd. Jim is currently the Chair of the Queensland Airports Ltd group of companies, a director of Leichhardt Coal Pty Ltd and Blair Athol Coal Pty Ltd. Jim has had over forty years of experience in accounting and administration.

Special responsibilities

- Member Remuneration Committee
- Chairman Audit & Compliance Committee
- Member Property Development and Building Committee

JOHN FREDERICK WARD

BSc, FAICD, FAIM, FAMI, FCILT **Director**

John joined the Board on 28 August 2002 as a non-executive director nominated by UniSuper Limited. He is a professional company director and management consultant. He retired as the General Manager Commercial of News Limited in 2001. Prior to joining News Corporation in 1994 he was Managing Director and Chief Executive of Qantas Airways Limited culminating a 25 year career with the airline in a variety of corporate and line management roles covering Australia, Asia, Europe and North America. He is an Honorary Life Governor of the Research Foundation of Information Technology, Chairman of Wolseley Private Equity and the NSW Freight Advisory Council and Director of Brisbane Airport Corporation Holdings.

Special responsibilities

- Member Remuneration Committee
- Member Audit & Compliance Committee
- Member Property Development and Building Committee

JAMES (JAY) BRENDAN HOGAN MBA, AFAMI, JP **Director**

Jay was appointed on 29 July 2009 as a non-executive director nominated by Local Super. Jay has over 35 years experience in the property development industry around Australia and overseas across a broad range of property asset classes. Jay is currently Chairman of Urban Construct Pty Ltd, Bremerton Vintners Pty Ltd and Sevenhill Wines. He currently has personal interests in property development, wine and tourism ventures. He was previously Chairman of the Land Management Corporation in South Australia from 1996 to 2004, Chairman of the South Australian Housing Trust Board, Chairman of the Torrens Catchment Water Board, Deputy Chairman of Homestart Finance Board and Past President of the Urban Development Institute of Australia. In 1998 he was awarded Life Membership of the Urban Development Institute of Australia in recognition of his contribution and services to the development industry.

Special responsibilities

- Member Property Development and Building Committee

MICHAEL DELANEY BA **Alternate Director**

Michael was appointed on 15 December 1999 as alternate for a predecessor director, and subsequently was appointed the alternate for John McDonald on 21 May 2008. He has been the Principal Executive Officer and Secretary of the MTAA Superannuation Fund since its inception in 1989. Michael is also Executive Director of the Motor Trades Association of Australia Ltd. Prior to his positions with MTAA he held senior positions in the Australian Public Service, including Senior Advisor to the Prime Minister, Principal Private Secretary to the Minister of Finance, Principal Private secretary to the Leader of the Opposition, First Assistant Secretary, the National Campaign Against Drug Abuse in the Commonwealth Department of Health and Deputy Secretary/Principal Advisor to the Minister for Employment, Education and Training. Michael is a Member of Council of the Australian National University as well as Chairman of the ANU's Finance Committee.

Company Secretaries

LEN GOFF FPNA, GRAICD

Len was appointed Company Secretary on 29 March 1999. Len has had 23 years experience in the aviation industry and has a background of management and financial accounting in the manufacturing industry. Len is a Fellow Professional National Accountant and a Graduate Member of the Australian Institute of Company Directors.

MARK YOUNG B.Ec, FCPA, FAICD, FCIS

Mark was appointed Chief Financial Officer on 23 July 2001 and Company Secretary on 28 November 2001. Mark has nearly 30 years experience in the finance industry with a background of financial management and accounting principally in a listed company environment. Mark is a Fellow of the Australian Society of CPA's, a Fellow of the Australian Institute of Company Directors and a Fellow of the Chartered Institute of Secretaries in Australia.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

		Meetings of committees		
	Full meetings of directors	Audit and Compliance Committee	Remuneration Committee	Building & Property Development Committee
Meetings held	**11****	**5****	**2****	**10****
David Munt	11	*	2	10
Phillip Baker	11	*	*	10
John McDonald	11	5	*	10
Alan Mulgrew	11	*	*	10
James Tolhurst	11	5	2	10
John Ward	11	5	2	10
Jay Hogan	11	*	*	10
Michael Delaney	-[-]	*	*	-[-]

* denotes not a member   ** denotes the number of meetings held in the course of the year

Where a director did not attend all meetings of the Board or relevant committee, the number of meetings for which the director was eligible to attend is shown in brackets.

Insurance of officers

During the financial year, Adelaide Airport Limited paid a premium to insure the directors and officers of the company and its controlled entities. The terms of the policy prohibit disclosure of the premiums paid.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Auditor's independence declaration

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

Rounding of amounts

The group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors:

Phillip Baker, (Director)

John Ward, (Director)

Adelaide, 29 September 2010

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Adelaide Airport Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Adelaide Airport Limited and the entities it controlled during the period.

AG Forman

Partner
PricewaterhouseCoopers

29 September 2010

financial report 30 june 2010

These financial statements cover both the separate financial statements of Adelaide Airport Limited as an individual entity and the consolidated financial statements for the consolidated entity consisting of Adelaide Airport Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Adelaide Airport Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:
Adelaide Airport Limited: 1 James Schofield Drive, Adelaide Airport SA 5950.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations in the directors' report on pages

The financial statements were authorised for issue by the directors on 29 September 2010.

financial statements

Consolidated income statements For the year ended 30 June 2010

		Consolidated		Parent entity	
		2010	2009	2010	2009
	Notes	$'000	$'000	$'000	$'000
Revenue from continuing operations	3	**149,195**	**143,687**	**143,400**	**137,448**
Other income	4	862	2,545	862	863
Increments/(decrements) in fair value of investment properties		12,632	(10,039)	7,182	(6,900)
Employee benefits expense		(11,309)	(10,431)	(10,833)	(10,165)
Depreciation and amortisation expense	5	(17,225)	(17,780)	(17,055)	(17,596)
Impairment of property, plant & equipment	10	(583)	(1,483)	-	-
Services & Utilities		(30,287)	(29,700)	(29,266)	(28,698)
Consultants & Advisors		(3,688)	(4,822)	(3,558)	(4,596)
General administration		(6,356)	(6,254)	(6,232)	(6,153)
Leasing & maintenance		(4,268)	(4,062)	(4,003)	(3,861)
Profit/(loss) on disposal of property, plant & equipment		(29)	(39)	(29)	(43)
Finance costs	5	(67,211)	(65,908)	(67,158)	(69,944)
Profit/(loss) before income tax		**21,733**	**(4,286)**	**13,310**	**(9,645)**
Income tax (expense)/benefit	6	(6,465)	45	(3,909)	1,654
Profit/(loss) from continuing operations		15,268	(4,241)	9,401	(7,991)
Profit/(loss) for the year attributable to owners		**15,268**	**(4,241)**	**9,401**	**(7,991)**

The above income statements should be read in conjunction with the accompanying notes.

Statements of comprehensive income For the year ended 30 June 2010

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Profit/(loss) for the year	**15,268**	**(4,241)**	**9,401**	**(7,991)**
Other comprehensive income				
Revaluation gain on transfer to investment properties, net of tax	1,747	-	1,747	-
Changes in the fair value of cash flow hedges net of tax	(4,006)	(27,039)	-	-
Other comprehensive income for the year, net of tax	**(2,259)**	**(27,039)**	**1,747**	**-**
Total comprehensive income for the year attributable to owners	**13,009**	**(31,280)**	**11,148**	**(7,991)**

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheets as at 30 June 2010

		Consolidated		Parent entity	
		30 June 2010	30 June2009	30 June 2010	30 June2009
	Notes	$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	73,083	49,425	60,092	36,735
Trade Receivables	8	7,929	8,271	7,929	8,271
Other Receivables	9	5,766	7,671	5,354	7,622
		86,778	65,367	73,375	52,628
Total current assets		**86,778**	**65,367**	**73,375**	**52,628**
Non-current assets					
Property, plant and equipment	10	275,634	286,490	275,634	286,490
Intangible assets	14	183,773	183,943	179,410	179,410
Other Receivables	15	-	423	6,147	7,939
Prepaid Operating Lease	11	121,754	124,318	121,754	124,318
Investment Properties	12	227,624	210,519	195,509	183,853
Total non-current assets		808,785	805,693	778,454	782,010
Total assets		**895,563**	**871,060**	**851,829**	**834,638**
LIABILITIES					
Current liabilities					
Trade and other payables	16	16,693	15,602	13,687	12,810
Borrowings	17	33,347	971	1,092	971
Derivative financial instruments	23	5,851	10,342	-	-
Provisions	18	1,706	1,478	-	-
Other	19	2,037	541	2,037	541
		59,634	28,934	16,816	14,322
Total current liabilities		**59,634**	**28,934**	**16,816**	**14,322**
Non-current liabilities					
Borrowings	20	681,587	711,753	724,454	721,875
Deferred tax liabilities	21	77,749	76,955	76,478	75,380
Provisions	22	560	480	-	-
Derivative financial instruments	23	13,694	3,480	-	-
Other	24	1,827	1,955	1,827	1,955
Total non-current liabilities		775,417	794,623	802,759	799,210
Total liabilities		**835,051**	**823,557**	**819,575**	**813,532**
Net assets		**60,512**	**47,503**	**32,254**	**21,106**
EQUITY					
Contributed equity	25	1,905	1,905	1,905	1,905
Reserves	26(a)	(10,240)	(7,981)	3,442	1,695
Retained earnings	26(b)	68,847	53,579	26,907	17,506
Total equity		**60,512**	**47,503**	**32,254**	**21,106**
Equity and stapled securities					
Total equity		60,512	47,503	32,254	21,106
Redeemable Preference Shares		188,286	188,216	-	-
		248,798	**235,719**	**32,254**	**21,106**

The above balance sheets should be read in conjunction with the accompanying notes.

Consolidated statements of changes in equity for the year ended 30 June 2010

Consolidated	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2008		1,905	19,058	57,820	78,783
Profit for the year		-	-	(4,241)	(4,241)
Change in market value of cash flow hedges, net of tax	26	-	(27,039)	-	(27,039)
Balance at 30 June 2009		**1,905**	**(7,981)**	**53,579**	**47,503**
Balance at 1 July 2009		1,905	(7,981)	53,579	47,503
Profit for the year		-	-	15,268	15,268
Revaluation gain on transfer to investment properties, net of tax	26	-	1,747	-	1,747
Change in market value of cash flow hedges, net of tax	26	-	(4,006)	-	(4,006)
Balance at 30 June 2010		**1,905**	**(10,240)**	**68,847**	**60,512**

Parent entity	Notes	Ordinary shares $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2008		1,905	1,695	25,497	29,097
Profit for the year		-	-	(7,991)	(7,991)
		-	-	-	-
Balance at 30 June 2009		**1,905**	**1,695**	**17,506**	**21,106**
Balance at 1 July 2009		1,905	1,695	17,506	21,106
Profit for the year		-	-	9,401	9,401
Revaluation gain on transfer to investment properties, net of tax	26	-	1,747	-	1,747
Balance at 30 June 2010		**1,905**	**3,442**	**26,907**	**32,254**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statements of cash flows for the year ended 30 June 2010

		Consolidated		Parent entity	
		2010	2009	2010	2009
	Notes	$'000	$'000	$'000	$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		158,494	145,733	159,419	144,306
Payments to suppliers and employees (inclusive of goods and services tax)		(62,965)	(64,272)	(67,471)	(67,834)
		95,529	81,461	91,948	76,472
Interest received		2,255	5,465	2,237	2,791
Interest and other borrowing costs paid		(36,009)	(37,159)	(67,159)	(69,712)
RPS Dividend		(28,284)	(28,284)	-	-
Income taxes paid		(2,358)	(8,056)	(2,358)	(8,056)
Net cash outflow (inflow) from operating activities	**36**	**31,133**	**13,427**	**24,668**	**1,495**
Cash flows from investing activities					
Payments for property, plant and equipment and investment properties		(7,466)	(14,821)	(6,884)	(13,315)
Proceeds from sale property, plant and equipment		51	33	51	29
Net cash (outflow) inflow from investing activities		**(7,415)**	**(14,788)**	**(6,833)**	**(13,286)**
Cash flows from financing activities					
Proceeds from borrowings		-	-	6,074	9,770
(Loans to)/repayments made by tenants		422	8	422	8
Proceeds of loans, net of borrowing costs		232,032	-	-	-
Repayment of borrowings		(232,515)	(809)	(975)	(809)
Net cash inflow (outflow) from financing activities		**(61)**	**(801)**	**5,521**	**8,969**
Net increase (decrease) in cash and cash equivalents		**23,657**	**(2,162)**	**23,356**	**(2,822)**
Cash and cash equivalents at the beginning of the financial year		49,426	51,588	36,736	39,558
Cash and cash equivalents at end of year	**7**	**73,083**	**49,426**	**60,092**	**36,736**

The above statements of cash flows should be read in conjunction with the accompanying notes.

notes to financial statements

Contents of the notes to the consolidated financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Adelaide Airport Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards-Reduced Disclosure Requirements

The consolidated financial statements of the Adelaide Airport Limited group comply with Australian Accounting Standards-Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value and investment property under the fair value accounting model.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Adelaide Airport Limited (''company'' or ''parent entity'') as at 30 June 2010 and the results of all subsidiaries for the year then ended. Adelaide Airport Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Adelaide Airport Limited.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. Revenue is recognised for the major business activities as follows:

(i) Aeronautical revenues

Aeronautical revenues comprise landing fees based on the maximum take off weight (MTOW) or aircraft or passenger numbers (as elected by airline customers); passenger facilitation charges (PFC) based on passenger numbers and a recovery of Government mandated security charges on a per passenger basis. Income is recognised in the period in which passengers and aircraft access airport facilities.

(ii) Commercial trading revenues

Commercial trading revenue comprises concessionaire rent and other charges received. Sales rentals are recognised in respect of the period in which the sales to which they pertain arise. Other property rentals are recognised in the period for which the rental relates according to the lease documents.

(iii) Public car parks

Public car park income is recognised when received from customers.

(iv) Lease income

Property lease income comprises rental income from airport terminals, buildings and other leased areas. Revenue is recognised in the period for which the rental relates according to the lease documents.

(v) Interest income

Interest income is recognised using the effective interest method.

1 Summary of significant accounting policies (cont)

(d) Government Grants

Grants from the State and Federal governments are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight line basis over the expected lives of the related assets.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluated positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Investment allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits and is carried forward.

(ii) Tax consolidation legislation

Adelaide Airport Limited and its wholly owned entities implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Adelaide Airport Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Adelaide Airport Limited also recognises the current tax liabilities arising under tax funding agreements with the tax consolidated entities which are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 6.

Any difference between the amounts assumed and the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(f) Leases

(i) Pre-paid operating leases

AASB 117 Leases states that a characteristic of land is that it normally has an indefinite economic life and, if title to the leasehold land is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risk and rewards incidental to ownership in which case the lease of land will be an operating lease. A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments and is amortised over the lease

term on a straight-line basis unless another systematic basis is more representative of the pattern of benefits provided.

In accordance with AASB 140 Investment Property, it is possible for a lessee to classify a property interest held under an operating lease as an Investment property. If it does, the property interest is accounted for as if it were a finance lease and, in addition, the fair value model is used for the asset recognised.

The consolidated entity has both land which is leased for operational functions such as runways and terminals and land which it classifies in accordance with AASB 140 Investment Property. Payment was made at the time of gaining title to the Adelaide Airport Lease for both operating land and land now classified as Investment property. The Consolidated entity has calculated the original (May 1998) valuation of the land that still remains as operational land and has recognised that as an asset being prepaid lease payment.

Prepaid lease payments represent the amount paid by the Group for the lease of operational land at Adelaide Airport. The prepaid lease amount is amortised on a straight-line basis over the term of the lease.

In accordance with AASB 140 Investment Property, leasehold land attached to an investment property is accounted for as if it were a finance lease. The fair value model is used to value the asset.

(ii) Other leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and the finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight line basis over the lease term.

(g) Business combinations

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement no later than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

1 Summary of significant accounting policies (cont)

(j) Trade receivables (cont)

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(k) Other financial assets: Tenant loans

Tenant loans have arisen where the Group has funded capital expenditure projects on behalf of tenants. The related receivables are included in "current or non-current assets - other" in the balance sheet.

(l) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has in place cash flow hedges against interest rate fluctuations for portions of its non-current loans in accordance with the Group's hedging policy.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows or hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 23. Movements in the hedging reserve in shareholders' equity are shown in note 26. The fair value of hedging derivatives is classified between non-current and current classifications based on the timing of the cash flows associated with the derivative.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recorded in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(n) Property, plant and equipment

The Group measures runways, taxiways, aprons, buildings, leasehold improvements and all other items of property plant and equipment (excluding investment property (note (q) at historical cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably.

Tenant Contributions

Tenant contributions relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

	Useful Life	Depreciation Basis
Owner Occupied Buildings	25 yrs	straight line
Leasehold Improvements (including runways, taxiways and aprons)	8 yrs - balance of lease term	straight line
Plant & Equipment	3-25 yrs	straight line
Computer & Other Office Equipment	2.5-5 yrs	straight line
Furniture and fittings	10-16 yrs	straight line
Low value asset pool	3 yrs	diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statements.

As a result of obtaining the lease right to operate the airports from the Commonwealth, the Group obtained the right to use all property, plant and equipment associated with the airports.

Under the lease arrangement with the Commonwealth, all airport land, structures and buildings revert back to the Commonwealth at the end of the 99 year lease term. As a result, all structures and buildings are amortised by the Group over a period not exceeding 99 years commencing 28 May 1998.

(o) Maintenance and repairs

Aircraft pavements, roads, leasehold improvements, plant and machinery of the consolidated entity are required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged to the income statement during the financial period in which they are incurred, except where they relate to the addition of a new surface to the pavements or roads, in which case the costs are capitalised and depreciated as noted above. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

(p) Non-current assets constructed by the consolidated entity

The cost of non-current assets constructed by the consolidated entity includes the cost of all materials used in construction, contract design, administration, contract labour, and where appropriate direct labour and associated oncosts on the project, and borrowing costs incurred during construction.

Borrowing costs included in the cost of non-current assets are those costs that would have been avoided if the expenditure on the construction of assets had not been made.

(q) Investment property

Investment property, principally comprising of land, buildings and fixed plant and equipment, is held for long-term rental yields and is not occupied by the group. Investment property is carried at fair value, determined by external valuers. Changes in fair values are recorded in the income statement as part of other income.

The property interest held by the Group in land and buildings at Adelaide and Parafield Airport is by way of an operating lease (note 12). The Group has classified certain areas of land and buildings as being investment property held by the Group only to earn rentals and not for being held for the use of supplying aeronautical services or administrative services. Where land is reclassified from investment to operating it is revalued and transferred out at fair value.

(r) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of the acquisition of the operating leases for Adelaide Airport over the fair value of the net identifiable assets and liabilities of the airports at the date of acquisition. Goodwill on acquisition of the operating leases for Adelaide and Parafield Airports is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is tested for impairment against the total operations of the Group.

1 Summary of significant accounting policies (cont)

(r) Intangible assets (cont)

(ii) Revenue leases

The excess value of certain revenue generating operating leases acquired with the operating leases for Adelaide and Parafield Airports over the fair value of those leases is included in intangible assets. The intangible assets representing the excess value are amortised on a straight line basis over the balances of the term of those revenue operating leases to which they refer. Where those leases are terminated earlier than the termination date of the lease, the balance of the intangible asset is recorded in the income statement at the actual termination date.

(s) Trade and other creditors

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

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(u) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(v) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(w) Employee entitlements

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. No provision is made for non vesting sick leave as the anticipated pattern of future sick leave taken indicates that accumulated non vesting leave will never be paid.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Long Term Executive Incentive Plan (LTEIP)

The Group recognises a liability and an expense for bonuses based on a formula that takes into account the appreciation in shareholder wealth arising from each year of the Group's operations which are payable after a period of four year's accumulation subject to certain conditions contained in a formal agreement.

(x) Contributed equity

Ordinary shares are classified as equity (note 25).

Incremental costs directly attributable to the issue of new shares or options, capital reductions and share buybacks are shown in equity as a deduction, net of tax, from the proceeds.

(y) Redeemable Preference Shares

New Terminal Construction Company Pty. Limited ("NTCC") has issued $188.6 million Redeemable Preference Shares ("RPS") with a face value of $99 each to the shareholders of Adelaide Airport Limited which are redeemable for $100 (including a $1 premium) 10 years after their issue being 18 June 2014. Each RPS is stapled to an ordinary share in Adelaide Airport Limited.

The Airport Loan Notes ("ALN"), previously issued to the shareholders of Adelaide Airport Limited ("AAL"), were unstapled and sold by the holders to NTCC on 18 June 2004. Interest payable on the ALN's, by AAL to NTCC, is subject to there being distributable cash calculated in accordance with the terms of the Loan Note Deed Poll.

The holder of a RPS is entitled to a non cumulative dividend. Payment of a dividend is subject to there being funds legally available from a distribution under the ALN's from AAL to NTCC.

The RPS are classified in the balance sheet as non-current liabilities, because they are a debt instrument. However, because they are stapled to the ordinary shares in AAL, the balance sheets also disclose the combined amount of equity and RPS.

Each RPS holder has agreed to subordinate their rights to the claims of Senior Creditors (as defined in the RPS Subordination Deed Poll). In particular, each RPS holder has agreed not to demand redemption of their RPS unless the Senior Creditors have been repaid the Senior Debt (as defined in the RPS Subordination Deed Poll) in full.

RPS may be redeemed on the redemption date (and the redemption proceeds paid to RPS holders) out of the proceeds of a new issue. Holders of RPS have agreed to be bound by any resolution passed by holders of 75% or more of the RPS to subscribe for a new issue of RPS on the same terms.

The full terms of issue of the RPS are contained in the Constitution of New Terminal Construction Company Pty Ltd.

(z) Land Transport Notes

Land Transport Notes (LTNs) are issued by the Group with a fixed coupon rate, the interest being non-deductible for tax purposes. The interest income in the hands of investors has an Infrastructure Borrowings Tax Offset (IBTO) attached to the benefit of the investor. A proportion of that benefit is returned to the Group as interest received together with a partial repayment of the principal. The partial repayment of the principal is treated as income in the hands of the Group as it is reflected in the conversion of "A" Class LTNs to "B" Class LTNs. The term of the "A" Class LTNs was 5 years expiring in October 2008. The term of the "B" Class LTNs coincides with the Airport lease term which initially is to 2048 but may be extended for a further 49 years. Put and call options between parties ensure that on maturity or early termination that there is a simultaneous settlement of all amounts outstanding at that time. The amounts of the loan receivable and the LTNs are considered to meet legal and accounting requirements of being set-off against each other and no asset or liability in respect of the loans or LTNs has been recorded in the balance sheet of the consolidated entity.

(aa) Rounding of amounts

The group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill and other assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(r).Value in use calculations are based on a long term financial model (to 2048) using forward estimates of cash flows arising from the Group's operations, economic assumptions and impact key drivers such as passenger traffic, property lease market rates and CPI. The estimated cash flows are subject to a discounted cash flow analysis which also contains assumptions regarding an appropriate discount rate, which reflects the risks pertaining to the Group's operations.

(ii) Investment properties

The Group fair values investment properties. Property valuations are calculated by third party specialists who make assumptions regarding the future movements in rental rates, vacancy up take and development costs.

(b) Critical judgements in applying the entity's accounting policies

The assets and liabilities that are subject to fair value estimation are investment properties and derivative financial instruments. Further information on the methodology used in measuring these assets and liabilities is described in notes 12 and 23.

3 Revenue

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
From continuing operations				
Sales revenue				
Aeronautical Revenue	81,862	79,209	81,665	79,036
Commercial Trading Revenue	30,344	28,124	28,707	26,537
Property Revenue	32,758	30,834	29,295	27,498
Other Revenue	1,678	1,676	1,561	1,533
	146,642	139,843	141,228	134,604
Interest and dividend revenue				
Interest	2,553	3,844	2,172	2,844
	2,553	3,844	2,172	2,844
	149,195	**143,687**	**143,400**	**137,448**

4 Other income

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Government grants	862	2,545	862	863
	862	2,545	862	863

5 Expenses

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Plant and equipment	6,943	7,164	6,943	7,164
Leasehold improvements and Buildings	8,699	8,990	8,699	8,976
Total depreciation of property plant and equipment	**15,642**	**16,154**	**15,642**	**16,140**
Amortisation				
Prepaid operating lease	1,413	1,456	1,413	1,456
Property lease	170	170	-	-
Total amortisation	1,583	1,626	1,413	1,456
Total depreciation and amortisation	**17,225**	**17,780**	**17,055**	**17,596**
Rental expense relating to operating leases				
Minimum lease payments	751	729	727	706
Total rental expense relating to operating leases	**751**	**729**	**727**	**706**
Finance Costs				
Interest on Airport Loan Notes	-	-	28,284	28,284
Dividends on RPS paid and/or provided	28,284	28,284	-	-
Interest paid or payable	36,232	35,485	38,874	41,660
Amortisation of borrowing costs	2,695	2,139	-	-
Total Finance costs expensed	**67,211**	**65,908**	**67,158**	**69,944**
Other operating expense items				
Impaired loss - trade receivable	21	9	21	9
Provision for employee benefits	983	745	-	-

6 Income tax expense

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
(a) Income tax expense				
Current tax	4,311	2,510	3,177	(414)
Deferred tax	1,760	(2,554)	349	(1,237)
Adjustments for current tax of prior periods	394	(1)	383	(1)
Income tax (benefit)/expense attributable to profit from continuing operatings	**6,465**	**(45)**	**3,909**	**(1,652)**
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 13)	2,222	486	393	821
(Decrease) increase in deferred tax liabilities (note 21)	(462)	(3,040)	(44)	(2,058)
	1,760	**(2,554)**	**349**	**(1,237)**
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit/(loss) from continuing operations before income tax expense	21,733	(4,286)	13,310	(9,645)
Tax at the Australian tax rate of 30% (2009 - 30%)	6,520	(1,286)	3,993	(2,894)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non deductible interest and other expense	-	1,242	-	1,242
Under/(over) provided in prior years	(55)	(1)	(84)	(1)
	6,465	(45)	3,909	(1,653)
Income tax expense	**6,465**	**(45)**	**3,909**	**(1,653)**
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax debited (credited) directly to equity (notes 13 and 21)	**(967)**	**(11,588)**	**749**	**-**

(d) Tax consolidation legislation

Adelaide Airport Limited and its wholly owned entities implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(e).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Adelaide Airport Limited .

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Adelaide Airport Limited for any current tax payable assumed and are compensated by Adelaide Airport Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Adelaide Airport Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see note 33(d)).

7 Current assets - Cash and cash equivalents

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Cash at bank and in hand	45,092	21,734	45,092	21,735
Distribution Account	1,657	1,602	-	-
Cash Reserves at Bank*	11,334	11,089	-	-
Bills Receivable	15,000	15,000	15,000	15,000
	73,083	49,425	60,092	36,735

* Cash reserves established subject to certain conditions in the Security Trust Deed with the Australia and New Zealand Banking Group Limited, are debt service reserves not available for general working capital use.

8 Current assets - Trade receivables

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Net trade receivables				
Trade Debtors	8,002	8,323	8,002	8,323
Provision for impairment of debtors	(73)	(52)	(73)	(52)
	7,929	8,271	7,929	8,271

(a) Past due but not impaired

As at 30 June 2010 trade receivables of $700,000 (2009 $2,002,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis for trade receivables is as follows

0 - 30 days	7,229	6,269	7,229	6,269
31 - 60 days	671	1,914	671	1,914
61 - 90 days	28	91	28	91
+91 days	74	49	74	49
	8,002	**8,323**	**8,002**	**8,323**

Other balances within trade and other receivables do not contain impaired assets and are not past due. There are no known material collection issues in regard to trade receivables neither past due nor impaired at balance date.

(b) Allowance for Impaired Loss

Trade receivables are non interest bearing and receivable no later than 30 days from the date of recognition. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

Movements in the provision for impairment loss were as follows:

As at 1 July	(52)	(43)	(52)	(43)
Provision for impairment recognised during the year	(21)	(9)	(21)	(9)
As at 30 June	**(73)**	**(52)**	**(73)**	**(52)**

(c) Collateral and other credit enhancements obtained

Where required, collateral is requested from commercial tenants in the form of either a bank guarantee, Directors' guarantee or security deposit.

(d) Related Party Receivables

For terms and conditions of related party receivables refer to note 33. For details on cross guarantee refer note 35

(e) Fair value and Credit Risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

9 Current assets - Other Receivables

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Prepayments	1,006	868	1,006	868
Accrued revenue	4,760	6,223	4,348	6,174
Current Tax Receivable	-	580	-	580
	5,766	**7,671**	**5,354**	**7,622**

10 Non-current assets - Property, plant and equipment

Consolidated	Construction in progress $'000	Leasehold building and improvements $'000	Plant and equipment $'000	Total $'000
At 1 July 2008				
Cost	3,307	272,559	89,460	365,326
Accumulated depreciation	-	(41,904)	(25,707)	(67,611)
Net book amount	**3,307**	**230,655**	**63,753**	**297,715**
Year ended 30 June 2009				
Opening net book amount	3,307	230,655	63,753	297,715
Additions	1,522	1,436	3,554	6,512
Disposals	-	(27)	(73)	(100)
Impairment	-	(428)	(1,055)	(1,483)
Depreciation charge	-	(8,990)	(7,164)	(16,154)
Closing net book amount	**4,829**	**222,646**	**59,015**	**286,490**
At 30 June 2009				
Cost or fair value	4,829	273,540	90,819	369,188
Accumulated depreciation	-	(50,894)	(31,804)	(82,698)
Net book amount	**4,829**	**222,646**	**59,015**	**286,490**
Year ended 30 June 2010				
Opening net book amount	4,829	222,646	59,015	286,490
Additions	1,303	2,991	1,156	5,450
Disposals	(75)	-	(6)	(81)
Impairment charge	-	(549)	(34)	(583)
Depreciation charge	-	(8,699)	(6,943)	(15,642)
Closing net book amount	**6,057**	**216,389**	**53,188**	**275,634**
At 30 June 2010				
Cost or fair value	6,057	275,982	91,894	373,933
Accumulated depreciation	-	(59,593)	(38,706)	(98,299)
Net book amount	**6,057**	**216,389**	**53,188**	**275,634**

10 Non-current assets - Property, plant and equipment (cont)

Parent entity	Construction in progress $'000	Leasehold building and improvements $'000	Plant and equipment $'000	Total $'000
At 1 July 2008				
Cost	3,307	268,599	88,974	360,880
Accumulated depreciation	-	(37,944)	(25,221)	(63,165)
Net book amount	**3,307**	**230,655**	**63,753**	**297,715**
Year ended 30 June 2009				
Opening net book amount	3,307	230,655	63,753	297,715
Additions	1,522	967	2,499	4,988
Disposals	-	-	(73)	(73)
Depreciation charge	-	(8,976)	(7,164)	(16,140)
Closing net book amount	**4,829**	**222,646**	**59,015**	**286,490**
At 30 June 2009				
Cost or fair value	4,829	269,565	90,344	364,738
Accumulated depreciation	-	(46,919)	(31,329)	(78,248)
Net book amount	**4,829**	**222,646**	**59,015**	**286,490**
Year ended 30 June 2010				
Opening net book amount	4,829	222,646	59,015	286,490
Additions	1,303	2,442	1,122	4,867
Disposals	(75)	-	(6)	(81)
Impairment charge recognised in profit and loss	-	-	-	-
Transfers to assets held for sale	-	-	-	-
Depreciation charge	-	(8,699)	(6,943)	(15,642)
Closing net book amount	**6,057**	**216,389**	**53,188**	**275,634**
At 30 June 2010				
Cost or fair value	6,057	272,007	91,419	369,483
Accumulated depreciation	-	(55,618)	(38,231)	(93,849)
Net book amount	**6,057**	**216,389**	**53,188**	**275,634**

(a) Valuations of property, plant and equipment

Property, plant and equipment is carried at its cost less any accumulated depreciation in accordance with the cost model in AASB 116 Property, Plant and Equipment.

(b) Non-current assets pledged as security

Refer to note 20 for information on non-current assets pledged as security by the parent entity and its controlled entities.

(c) Impairment expense

The consolidated entity incorporates an impairment expense of $0.583 million, representing write off of operational tangible assets at Parafield airport. Operational cash flows at Parafield are not considered sufficient to support the carrying value of the operational asset base.

11 Non-current assets - Prepaid Operating Lease

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
At Cost	138,203	139,514	138,203	139,514
Accumulated Amortisation	(16,449)	(15,196)	(16,449)	(15,196)
	121,754	**124,318**	**121,754**	**124,318**

	Consolidated		Parent entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Prepaid operating lease movements				
Opening balance 1 July	124,318	125,774	124,318	125,774
Revaluation gain on transfer to investment properties	2,496	-	2,496	-
Re classification from operating to investment	(3,647)	-	(3,647)	-
Re classification from investment to operating	-	-	-	-
Amortisation	(1,413)	(1,456)	(1,413)	(1,456)
Closing balance as at 30 June	**121,754**	**124,318**	**121,754**	**124,318**

12 Non-current assets - Investment Properties

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Investment Properties at Fair Value	227,624	210,519	195,509	183,853
	227,624	**210,519**	**195,509**	**183,853**

	Consolidated		Parent entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Investment properties movements At Fair Value				
Opening balance 1 July	210,519	214,039	183,853	184,242
Additions	-	1,752	-	1,752
Capitalised subsequent expenditure	827	4,767	827	4,759
Net gain (loss) from fair value adjustment	12,631	(10,039)	7,182	(6,900)
Re classification from operating to investment	3,647	-	3,647	-
	227,624	**210,519**	**195,509**	**183,853**

(b) Valuation basis

Investment properties are independently valued for fair value purposes by Knight Frank Pty Ltd (2009: Rushton Valuers Pty Ltd). In 2010 all of the Group's properties were subject to this third party assessment. Knight Frank undertake full scope valuations of investment properties once every 3 years, and adopt 'desktop' review methods in years 2 and 3.

'Desktop' valuation processes adjust and flex full valuations with reference to building price indices, inflation, interest rates and other factors which may impact market value. 'Full scope' valuation processes incorporate all of the above plus site inspections.

Knight Frank use a variety of valuation methods appropriate to the circumstances of an individual property including:

- Direct Comparison. This method is used for valuing freehold land and involves comparing sales of similar properties in the same or similar areas. This method is very reliable where there is a sufficient sample size. It assumes that the seller and buyer are prudent and are well informed as to recent sales of properties similar to that which is being offered.
- Capitalisation. This method capitalises an actual or imputed net rental income at an appropriate yield. The capitalisation rate adopted is derived from drawing comparisons with similar investment sales that have transacted in the market place. The capitalisation rate is an expression of the perceived risks associated with the investment relating to such factors as the protection of capital invested and anticipated appreciation, security of income and cash flow, time frame for the return of capital, liquidity, saleability and investor demand for the property, economic factors including inflation, term and covenants of the lease, rental structure, financial backing of the sitting tenant etc. Research, investigation and analysis of sales of similar type investment properties is undertaken to determine appropriate rental and capitalisation rates.

Appropriate capital adjustments are then made, where necessary, to reflect the specific cash flow profile and the particular characteristics of the property. Such adjustments include rental shortfalls/profit rent being received (as compared with the market rents adopted in the valuation calculations), leasing fees, loss of rental during the potential let up period and incentives to reflect the value of the tenancies with vacant possession and any immenient lease expiries, as opposed to existing long term leases.

- A Discounted Cash Flow (DCF) analysis has also been carried out over an investment horizon of 10 years. The discounted cash flow technique focuses on the overall cost consequences of an investment, considering the amount and timing of inflows and outflows and the targeted rate of return over the notional holding period of ten (10) years, and also makes an allowance for 'terminal value'.

The value derived by the DCF approach is assessed by discounting the net cash flow over the investment horizon to a present value at a rate reflecting the desired return, or overall yield, commensurate with the quality of the property and the stature of the lease covenants.

(c) Non-current assets pledged as security

Refer to note 19 for information on non-current assets pledged as security by the parent entity or its controlled entities.

(d) Contractual obligations

Refer to note 30 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

(e) Leasing arrangements

The investment properties are leased to tenants under long term operating leases with rental payments monthly.

	Consolidated		Parent entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Minimum lease payments receivable on leases of investment properties are as follows:				
Minimum lease payments under non cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:	-	-	-	-
Within one year	17,261	15,024	15,078	13,031
Later than one year but not later than five years	79,509	50,657	69,431	43,483
Later than five years	112,362	149,997	97,958	131,405
	-	-	-	-
	209,132	**215,678**	**182,467**	**187,919**

13 Non-current assets - Deferred tax assets

	At Consolidated		At Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
The balance comprises temporary differences attributable to:				
Property, plant and equipment	-	1,912	-	-
Lease liabilities	447	291	447	291
Other	555	1,101	518	1,117
Provisions (note 10)	683	603	66	16
	1,685	3,907	1,031	1,424
Other				
Cash flow hedges	5,863	4,147	-	-
Set off deferred tax liabilities of parent entity pursuant to set off provisions (note 22)	(7,548)	(8,054)	(1,031)	(1,424)
Net deferred tax assets	-	-	-	-
Movements:				
Opening balance at 1 July	8,054	4,393	1,424	2,245
Credited/(charged) to the income statements (note 6)	(2,222)	(486)	(393)	(821)
Credited/(charged) to equity	1,716	4,147	-	-
Closing balance at 30 June	7,548	8,054	1,031	1,424
Deferred tax assets to be recovered within 12 months	7,483	7,436	1,002	1,397
Deferred tax assets to be recovered after more than 12 months	65	618	29	27
	7,548	**8,054**	**1,031**	**1,424**

14 Non-current assets - Intangible assets

	Goodwill $'000	Property Leases $'000	Total $'000
Consolidated			
Year ended 30 June 2009			
Opening net book amount	179,410	4,703	184,113
Amortisation charge	-	(170)	(170)
Closing net book amount	**179,410**	**4,533**	**183,943**
At 30 June 2009			
Cost	179,410	20,853	200,263
Accumulated amortisation and impairment	-	(16,320)	(16,320)
Net book amount	**179,410**	**4,533**	**183,943**
Year ended 30 June 2010			
Opening net book amount	179,410	4,533	183,943
Amortisation charge	-	-	-
Closing net book amount	**179,410**	**4,533**	**183,943**
At 30 June 2010			
Cost	179,410	20,853	200,263
Accumulated amortisation and impairment	-	(16,490)	(16,490)
Net book amount	**179,410**	**4,363**	**183,773**
Parent entity			
Year ended 30 June 2009			
Opening net book amount	179,410	14,434	193,844
Amortisation charge	-	(14,434)	(14,434)
Closing net book amount	**179,410**	**-**	**179,410**
At 30 June 2009			
Cost	179,410	14,434	193,844
Accumulated amortisation and impairment	-	(14,434)	(14,434)
Net book amount	**179,410**	**-**	**179,410**
Year ended 30 June 2010			
Opening net book amount	179,410	14,434	193,844
Amortisation charge	-	(14,434)	(14,434)
Closing net book amount	**179,410**	**-**	**179,410**
At 30 June 2010			
Cost	179,410	14,434	193,844
Accumulated amortisation and impairment	-	(14,434)	(14,434)
Net book amount	**179,410**	**-**	**179,410**

14 Non-current assets - Intangible assets (cont)

(a) Impairment tests for goodwill

Impairment of goodwill is determined against the total operations of the Group

Fair value calculations are based on a long term financial model (to 2048) using forward estimates of cash flows arising from the Group's operations, economic assumptions that impact key drivers such as passenger traffic, property lease market rates and CPI. The estimated cash flows are subject to a discounted cash flow analysis which also contains assumptions regarding an appropriate discount rate, which reflects the risks pertaining to the Group's operations.

(b) Key assumptions used for value-in-use calculations

(i) Passenger traffic forecasts

The group engages independent third party specialists to estimate forward passenger and aircraft traffic flows. These estimates are based on historic trends and economic factors affecting the market for air travel and air freight. Traffic forecasts are applied to estimates of aeronautical prices using a building block model.

(ii) Property lease rentals

The Group engages independent third party specialists to advise on future estimates for property lease market rates and applies those rates to its current lease income making additional assumptions on the let up periods for terminating leases, appropriate best use for available properties and opportunities for letting additional properties.

(c) Impact of possible changes in key assumptions

The recoverable amount of goodwill exceeds the carrying value of goodwill at 30 June 2010 by an amount which is sufficient to ensure there is no potential for impairment to goodwill in the foreseeable future. Management does not consider a likely change in any of the key assumptions will have a material impact on the recoverable amount.

15 Non-current assets - Other Receivables

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Loans to tenants	-	423	-	423
Receivable from related entities	-	-	6,147	7,516
	-	**423**	**6,147**	**7,939**

16 Current liabilities - Trade and other payables

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Trade payables	3,162	2,196	3,162	2,196
Other payables	13,531	13,406	10,525	10,614
	16,693	**15,602**	**13,687**	**12,810**

17 Current liabilities - Borrowings

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Secured				
Lease liabilities (note 31)	1,092	971	1,092	971
Medium term notes 2010	32,255	-	-	-
Total secured current borrowings	33,347	971	1,092	971
Total current borrowings	**33,347**	**971**	**1,092**	**971**

Refer to note 31 for details of the security of the lease liability.

18 Current liabilities - Provisions

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Annual Leave	774	716	-	-
Long Service Leave	932	762	-	-
	1,706	**1,478**	**-**	**-**

19 Current liabilities - Other liabilities

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Retentions and Deposits	190	501	190	501
Deferred Revenue	69	40	69	40
Current Tax Payable	1,778	-	1,778	-
	2,037	**541**	**2,037**	**541**

20 Non-current liabilities - Borrowings

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Secured				
Lease liabilities (note 31)	398	1,495	398	1,495
Medium Term Notes 2015	232,157	-	-	-
Medium Term Notes 2010	-	261,993	-	-
Medium Term Notes 2016	260,746	260,049	-	-
Total secured non-current borrowings	**493,301**	**523,537**	**398**	**1,495**
Unsecured				
Airport Loan Notes	-	-	188,563	188,563
Redeemable preference shares	188,286	188,216	-	-
Loans from related parties	-	-	535,493	531,817
Total unsecured non-current borrowings	188,286	188,216	724,056	720,380
Total non-current borrowings	**681,587**	**711,753**	**724,454**	**721,875**
(a) Standby arrangements and credit facilities				
Unrestricted access was available at balance date to the following lines of credit:				
Working capital facility provided by Bank SA	20,000	20,000	-	-
Used at balance date	-	-	-	-
Total unused facility	**20,000**	**20,000**	**-**	**-**
(b) Secured liabilities and assets pledged as security				
The total secured liabilities (current and non-current) are as follows:				
Lease liabilities (i)	1,490	2,466	1,490	2,466
Medium Term Notes 2015 (iv)	232,157	-	-	-
Medium Term Notes 2010 (ii)	32,255	261,993	-	-
Medium Term Notes 2016 (iii)	260,746	260,049	-	-
Total secured liabilities	**526,648**	**524,508**	**1,490**	**2,466**

20 Non-current liabilities - Borrowings (cont)

(i) Lease liability is effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(ii) The Medium Term Notes 2010 (MTN's 2010) are a secured credit wrapped Australian capital markets issue. The MTN's 2010 are issued in registered form with a financial guarantee from MBIA Insurance Corporation. The proceeds from the 15 December 2000 issue ($240 million) were used to refinance existing senior bank debt and provide additional working capital. A further issue of $24 million was made 9 April 2003 the proceeds of which were used to fund the buy back of the subordinated floating rate notes and are fungible, and form a single series, with the $240 million issue. Interest is payable quarterly based on the 90 day BBSW bank bill rate plus a margin of 0.49%. Interest rate swap facilities have been used to effectively fix the interest rate paid as set out in note 23. $231.54m of the 2010 MTN's were bought back pursuant to an exchange offer which settled in April 2010.

(iii) The Medium Term Notes 2016 (MTN's 2016) are a secured credit wrapped Australian capital markets issue. The MTN's 2016 are issued in registered form with a financial guarantee from MBIA Insurance Corporation. The proceeds from the 22 August 2006 issue ($265 million) were used to refinance existing senior bank debt obtained to finance the construction of the New Terminal. The notes consist of $165 million where interest is payable quarterly based on the 90 day BBSW bank bill rate plus a margin of 0.25% and $100 million where interest is payable half yearly with a fixed rate of 6.25%. Interest rate swap facilities have been used to effectively fix the interest rate for the variable portion as set out in note.

(iv) The Medium Term Notes 2015 (MTN's 2015) are a secured unwrapped Australian capital markets issue. The MTN's 2015 are issued in registered form. Interest is payable quarterly based on the 90 day BBSW bank bill rate plus a margin of 2.55%. The MTN's incorporate an Issuer Call Option at 4.5 years or any coupon date thereafter until maturity.

(v) Land Transport Notes - $228.82 million facility is pursuant to a Land Transport Facilities Borrowing Agreement with the Commonwealth of Australia and associated agreements. The note holders qualify for an income tax rebate on interest received. The facility was drawn to $228.82 million as at 30 June 2008 (2007 - $228.82 million). $3.20 million in repayments has been received as at 30 June 2008. A legal right of set off exists in respect $226.73 million, representing a loan payable by Macquarie Bank Ltd ("MBL") against the redemption of the Land Transport notes. This arrangement drew to a close in the 2009 financial year.

(c) Redeemable preference shares

The Redeemable Preference Shares ("RPS") have been issued by New Terminal Construction Company Pty Ltd (NTC) in units of $99 totaling $188.563 million. The RPS have been stapled to the ordinary shares issued by Adelaide Airport Ltd on a one for one basis. The two components cannot be traded separately. The rights to the loan notes are subordinated to all other creditors and distributions to security holders comprise dividends paid on the RPS. The amount of dividend payable on the RPS is the amount of interest paid to NTC by the Company on the Airport Loan Notes.

(d) Airport Loan Notes

The Company has issued securities comprising of a $99 loan note totaling $188.563 million. The rights to the loan notes are subordinated to all other creditors and distributions to security holders may comprise interest paid on the loan notes and repayment of loan note principal. Under the terms of the Loan Note Deed Poll, the principal of the loan notes is to be repaid at predetermined rates beginning in 2033 with full maturity by 2048. The interest rate payable on the loan notes is a maximum of 15% as set out in the Loan Note Deed Poll; however the payment of interest is subject to sufficient cash being available to make payment. If interest is not paid in the relevant payment period because there is insufficient net cash available, it is permanently foregone under the terms of the Loan Note Deed Poll. The Airport Loan Notes, previously issued to the shareholders of Adelaide Airport Limited and stapled to the ordinary shares, were unstapled and sold by the holders to New Terminal Construction Company Pty Ltd on 18 June 2004.

21 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
The balance comprises temporary differences attributable to:				
Accrued revenue and interest	862	736	737	720
Investment property	37,604	32,220	31,372	27,640
Property plant and equipment	7,932	12,180	8,873	11,149
Intangibles	1,295	1,346	-	-
Prepaid operating lease	36,527	37,295	36,527	37,295
Borrowing costs	1,077	1,233	-	-
	85,297	**85,010**	**77,509**	**76,804**
Sub total other	**-**	**-**	**-**	**-**
Set off of deferred tax assets (note 13)	(7,548)	(8,055)	(1,031)	(1,424)
Net deferred tax liabilities	**77,749**	**76,955**	**76,478**	**75,380**
Movements:				
Opening balance at 1 July	85,010	95,491	76,804	78,862
Charged/(credited) to the income statements (note 6)	(462)	(3,040)	(44)	(2,058)
Charged/(credited) to equity (notes 25 and 26)	749	(7,441)	749	-
Closing balance at 30 June	**85,297**	**85,010**	**77,509**	**76,804**
Deferred tax liabilities to be settled within 12 months	862	735	738	721
Deferred tax liabilities to be settled after more than 12 months	84,435	84,275	76,771	76,083
	85,297	**85,010**	**77,509**	**76,804**

22 Non-current liabilities - Provisions

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Long Service Leave	212	195	-	-
Provision for LTEIP	348	285	-	-
	560	**480**	**-**	**-**

23 Derivative financial instruments

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Interest rate swaps - current cash flow hedges ((a))	5,851	10,342	-	-
Interest rate swaps - non-current cash flow hedges ((a))	13,694	3,480	-	-
Total derivative financial instrument liabilities	**19,545**	**13,822**	**-**	**-**

(a) Instruments used by the Group

Interest rate swap contracts - cash flow hedges

Certain borrowings of the consolidated entity are subject to interest rate payments which are calculated by reference to variable bank bill reference rates. It is a Board policy to protect not less than 75% of the loans from exposure to increasing interest rates. Accordingly, the consolidated entity has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other debtors or other creditors.

Swaps currently in place cover 89.7% (2009 - 90.4%) of the loan principal outstanding. The average fixed interest rate is 6.49% (2009 - 6.49%) and the variable rates are based on the 90 day BBSY (bid) bank bill rate or 90 day BBSW bank bill rate.

At 30 June 2010, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	30 June 2010 $'000	30 June 2009 $'000
Interest rate swaps		
Less than 1 year	388,000	388,000
1 - 2 years	-	-
2 - 3 years	-	-
3 - 4 years	-	-
4 - 5 years	-	-
5 - 10 years	390,000	390,000
	778,000	778,000

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 30 June 2010 no amounts were recorded in profit and loss in respect of ineffective hedges.

23 Derivative financial instruments (cont)

(b) Risk exposures

Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the consolidated entity which have been recognised on the balance sheet is the carrying amount, net of any provision for doubtful debts. The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers. The consolidated entity has a material exposure to the major Australian Domestic Airlines. Interest rate swaps are subject to credit risk in relation to the relevant counterparties, which are large Australian banks.

Interest Rate Risk

The consolidated entity has entered into:

(i) A $230 million interest rate swap that swaps the consolidated entity's medium term note floating rate borrowings into fixed rates. $50 million matured on 31 December 2007 and the maturity of $180 million will coincide with the maturity of debt facilities in 2010. The contract involves quarterly payments and receipts of the net amount of interest. The weighted average fixed rate on the swap is 6.698% and the floating rates are at prevailing 90 day BBSW market rates.

(ii) A $163 million interest rate swap that swaps a portion of the consolidated entity's medium term note floating rate borrowings into fixed rates in accordance with the Group's interest hedge policy. The notional amount varies over the term of the swap as follows:

- the swap commenced on 20 December 2005 with a notional amount of $163 million that matured on 20 December 2007;
- continued from 21 December 2007 with a notional amount of $213 million that matured on 22 December 2008; and
- continued from 23 December 2008 with a notional amount of $148 million that matures on 20 December 2010 commensurate with the maturity of underlying debt facilities. The contract involves quarterly payments and receipts of the net amount of interest. The weighted average fixed rate on the swap is 6.44% and the floating rates are at the prevailing 90 day BBSY (BID) market rates.

(iii) A $200 million interest rate swap that swaps a portion of the consolidated entity's medium term note floating rate borrowings into fixed rates in accordance with the Group's interest hedge policy. The swap commences on 15 December 2010. The swap matures on 15 December 2015 commensurate with the maturity of underlying debt facilities. The contract involves quarterly payments and receipts of the net amount of interest. The weighted average fixed rate on the swap is 6.2875% and the floating rates are at the prevailing 90 day BBSW market rates.

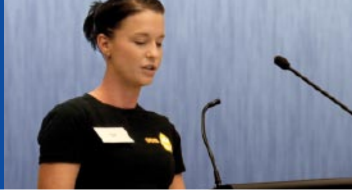
(iv) A $25 million interest rate swap that swaps a portion of the consolidated entity's medium term note floating rate borrowings into fixed rates in accordance with the Group's interest hedge policy. The swap commences on 15 December 2010. The swap matures on 15 December 2015 commensurate with the maturity of underlying debt facilities. The contract involves quarterly payments and receipts of the net amount of interest. The weighted average fixed rate on the swap is 6.29% and the floating rates are at the prevailing 90 day BBSW market rates.

(v) A $60 million interest rate swap that swaps a portion of the consolidated entity's medium term note floating rate borrowings into fixed rates in accordance with the Group's interest hedge policy. The swap commences on 22 March 2009. The swap matures on 15 December 2010 commensurate with the maturity of underlying debt facilities. The contract involves quarterly payments and receipts of the net amount of interest. The weighted average fixed rate on the swap is 6.405% and the floating rates are at the prevailing 90 day BBSW market rates.

(vi) A $165 million interest rate swap that swaps a portion of the consolidated entity's medium term note floating rate borrowings into fixed rates in accordance with the Group's interest hedge policy. The swap commences on 20 December 2010. The swap matures on 20 September 2016 commensurate with the maturity of underlying debt facilities. The contract involves quarterly payments and receipts of the net amount of interest. The weighted average fixed rate on the swap is 6.29% and the floating rates are at the prevailing 90 day BBSW market rates.

24 Non-current liabilities - Other

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Deferred Income	1,827	1,955	1,827	1,955
	1,827	**1,955**	**1,827**	**1,955**



25 Contributed equity

	Consolidated		Parent entity	
	30 June 2010 Shares	30 June 2009 Shares	30 June 2010 $'000	30 June 2009 $'000
Ordinary Shares Fully paid	1,904,676	1,904,676	1,905	1,905
	1,904,676	1,904,676	1,905	1,905

26 Reserves and retained earnings

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
(a) Reserves				
Asset revaluation reserve	3,442	1,695	3,442	1,695
Hedging reserve - cash flow hedges	(13,682)	(9,676)	-	-
	(10,240)	**(7,981)**	**3,442**	**1,695**
Movements:				
Hedging reserve - cash flow hedges				
Balance 1 July	(9,676)	17,363	-	-
Revaluation - gross (note 23)	(5,723)	(38,627)	-	-
Deferred tax (notes 6, 13 and 21)	1,717	11,588	-	-
Balance 30 June	**(13,682)**	**(9,676)**	**-**	**-**
Asset revaluation reserve				
Balance 1 July	1,695	1,695	1,695	1,695
Reclassification from operating to investment asset	2,496	-	2,496	-
Deferred tax	(749)	-	(749)	-
Balance 30 June	**3,442**	**1,695**	**3,442**	**1,695**
(b) Retained earnings				
Movements in retained earnings were as follows:				
Balance 1 July	53,579	57,820	17,506	25,497
Profit/(loss) current year	15,268	(4,241)	9,401	(7,991)
Balance 30 June	**68,847**	**53,579**	**26,907**	**17,506**

(c) Nature and purpose of reserves

(i) Asset revaluation reserve

The asset revaluation reserve records gains or losses recognised upon transfer of properties from operating to investment assets.

(ii) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in note 1(l). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

27 Dividends

	Consolidated and Parent entity	
	2010	2009
	$'000	$'000
(a) Ordinary shares		
Unfranked dividend	-	-
	-	**-**

(b) Redeemable preference shares

Franked dividends on these shares of 15% per annum (2009 - 15% per annum) totalling $28,284,434 (2009 - $28,284,434) paid quarterly have been charged to the income statement as interest and finance charges because the shares are classified as liabilities. (refer note 1(t)).

(c) Franking Credits

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2009 - 30%)	17,503	12,612	17,503	12,612
	17,503	**12,612**	**17,503**	**12,612**

The above amounts represent the balance of the franking account as at the reporting date, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

28 Key management personnel disclosures

(a) Directors

The following persons were directors of the Group during the financial year:

(i) Chairman - non-executive

D C Munt

(ii) Executive directors

P A Baker, Managing Director

(iii) Non-executive directors

A Mulgrew

J Hogan

J R McDonald

J L Tolhurst

J F Ward

M Delaney alternate for McDonald

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

M Andrews	General Manager Business Development	Adelaide Airport Management Ltd
S Doyle	General Manager People & Culture	Adelaide Airport Management Ltd
L Goff	Company Secretary	Adelaide Airport Management Ltd
K May	General Manager Property	Adelaide Airport Management Ltd
J McArdle	General Manager Corporate Affairs	Adelaide Airport Management Ltd
V Scanlon	General Manager Airport Operations	Adelaide Airport Management Ltd
M Young	Chief Financial Officer & Joint Company Secretary	Adelaide Airport Management Ltd

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$	$	$	$
Short term employee benefits	2,602,260	2,502,802	2,602,260	2,502,802
Superannuation	188,872	173,386	188,872	173,386
	2,791,132	**2,676,188**	**2,791,132**	**2,676,188**

Key management personnel compensation excludes insurance premiums paid by the parent entity in respect of directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to the insurance contracts is set out in the directors' report. The terms of the insurance policy prohibit disclosure of the premiums paid.

29 Remuneration of auditors

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$	$	$	$
Audit and other assurance services				
Audit and review of financial reports	141,325	184,446	141,325	184,446
Other assurance services				
Audit of government grant claim	1,500	4,500	1,500	4,500
Audit of interest rate subsidy claim	2,500	-	2,500	-
Financial Statements Software	6,700	-	6,700	-
Total remuneration for audit and other assurance services	**152,025**	**188,946**	**152,025**	**188,946**

30 Contingencies

(a) Contingent liabilities

As required by the Group's agreement with the Commonwealth of Australia, certain property developments on the airport site may be undertaken at some future date requiring tenants to relocate from existing properties.

In the event that these relocations are required, certain reimbursements may be claimed by the tenants from the consolidated entity for improvements made by the tenants to existing properties.

At this stage, the consolidated entity has no obligations to make any such reimbursements to tenants and no provision has been recorded in the financial statements to reflect these contingent obligations.

31 Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Property, plant and equipment				
Within one year	25,259	2,160	25,259	2,160
	25,259	**2,160**	**25,259**	**2,160**
Investment property				
Within one year	367	142	367	142
Later than one year but not later than five years	2,813	3,721	2,813	3,721
	3,180	**3,863**	**3,180**	**3,863**

(b) Lease commitments: Group as lessee

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	230	304	230	304
Later than one year but not later than five years	308	219	308	219
	538	**523**	**538**	**523**
Representing:	-	-	-	-
Non-cancellable operating leases	295	319	295	319
Future finance charges on finance leases	243	204	243	204
	538	**523**	**538**	**523**

31 Commitments (cont)

(i) Non-cancellable operating leases

The Group also leases various items of plant and equipment under non cancellable operating leases.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Parent entity	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:				
Within one year	164	185	164	185
Later than one year but not later than five years	131	134	131	134
	295	**319**	**295**	**319**

32 Employee entitlements

	Consolidated		Parent entity	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Employee entitlement liabilities				
Provision for employee entitlements - current	1,706	1,478	-	-
Provision for employee entitlements - non-current	560	480	-	-
	2,266	**1,958**	**-**	**-**
Employee numbers				
Average number of employees during the financial year	**119**	**116**	**-**	**-**

As explained in note 1(v) the amounts for long service leave are measured at their present values. The following assumptions were adopted in measuring present values.

	Consolidated		Parent entity	
	2010 %	2009 %	2010 %	2009 %
Weighted average rates of increase in annual employee entitlements to settlement of liabilities	2.30	2.90	-	-
Weighted average discount rates	**5.11**	**5.52**	**-**	**-**

33 Related party transactions

(a) Parent entity

The parent entity within the Group is Adelaide Airport Ltd which is also the ultimate parent entity and ultimate controlling party.

(b) Subsidiaries

Interests in subsidiaries are set out in note 34.

(c) Key management personnel

Disclosure relating to key management personnel are set out in note 28.

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$	$	$	$
Purchases of goods				
Purchase of human resources services from related companies	-	-	12,071,773	11,241,695
Purchase of payroll preparation services from related companies	-	-	119,813	111,146
	-	-	12,191,586	11,352,841
Tax consolidation legislation				
Current tax payable assumed from wholly owned tax consolidated entities	-	-	3,177,474	4,231,047
Dividend revenue				
Dividends received from related companies	-	-	-	-
Superannuation contributions				
Contributions to superannuation funds on behalf of employees	818,089	748,397	-	-
Other transactions				
Interest paid to related companies	-	-	67,002,752	65,454,947

(d) Outstanding balances arising from sales/purchases of goods and services

Current receivables (tax funding agreement)				
Wholly owned tax consolidated entities	-	-	3,177,474	4,231,047
Current payables (tax funding agreement)				
Wholly owned tax consolidated entities	-	-	-	-

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Amounts due to and receivable from related parties within the wholly owned group are disclosed in the respective notes to the financial statements.

The terms and conditions of the tax funding agreement are set out in note 7

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. The average interest rate on loans during the year was 7.38% (2009 7.33%)

34 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

			Equity holding	
Name of entity	Country of incorporation	Class of shares	2010 %	2009 %
Adelaide Airport Management Limited*	Australia	Ordinary	100	100
Parafield Airport Limited*	Australia	Ordinary	100	100
New Terminal Financing Company Pty Ltd	Australia	Ordinary	100	100
New Terminal Construction Company Pty Ltd*	Australia	Ordinary	100	100

*These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

35 Deed of cross guarantee

Adelaide Airport Limited, Adelaide Airport Management Limited, Parafield Airport Limited and New Terminal Construction Company Proprietary Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirements to prepare a financial report and directors' report under Class Order 98/1418 (as amended by Class Orders 98/2017, 00/0321 and 01/1087) issued by the Australian Securities & Investments Commission.

(a) Consolidated income statements, consolidated statements of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Adelaide Airport Limited, they also represent the 'extended closed group'.

35 Deed of cross guarantee (cont)

Set out below is a consolidated income statement, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2010 of the closed group consisting of Adelaide Airport Limited , Adelaide Airport Management Limited, Parafield Airport Limited and New Terminal Construction Company Proprietary Limited.

	30 June 2010 $'000	30 June 2009 $'000
Income statement		
Revenue from continuing operations	**165,595**	**159,315**
Other income	862	2,544
Increments/(decrements in the fair value of investment properties	12,631	(10,039)
Employee benefits expense	(11,310)	(10,431)
Depreciation and amortisation expenses	(17,225)	(17,780)
Services & utilities	(30,287)	(29,700)
Consultants & advisors	(3,688)	(4,822)
General administration	(6,356)	(6,251)
Leasing & maintenance	(4,268)	(4,061)
Borrowing costs expense	(84,475)	(87,179)
Profit/(Loss) on disposal of property, plant and equipment	(29)	(40)
Impairment of property, plant and equipment	(583)	(1,483)
Gain (Loss) before income tax	**20,867**	**(9,927)**
Income tax expense	(6,206)	1,739
Profit for the year	**14,661**	**(8,188)**
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**34,940**	**43,128**
Profit/(loss) from ordinary activities after income expense for the year	14,661	(8,188)
Retained earnings at the end of the financial year	**49,601**	**34,940**

(b) Consolidated balance sheets

Set out below is a consolidated balance sheet as at 30 June 2010 of the Closed Group consisting of Adelaide Airport Limited, Adelaide Airport Management Limited, Parafield Airport Limited and New Terminal Construction Company Proprietary Limited.

	30 June 2010 $'000	30 June 2009 $'000
Current assets		
Cash and cash equivalents	60,090	36,734
Trade and other receivables	7,929	8,271
Other	5,354	7,041
Total current assets	**73,373**	**52,046**
Non-current assets		
Receivables	-	423
Property, plant and equipment	275,634	286,490
Investment properties	227,624	210,519
Intangible assets	183,773	183,943
Prepaid operating lease	121,754	124,318
Total non-current assets	**808,785**	**805,693**
Total assets	**882,158**	**857,739**
Current liabilities		
Trade and other payables	13,759	12,890
Interest bearing liabilities	1,092	971
Provision for tax	1,778	(580)
Provisions	1,706	1,673
Other	260	541
Total current liabilities	**18,595**	**15,495**
Non-current liabilities		
Interest bearing liabilities	723,736	721,504
Deferred tax liabilities	82,493	79,961
Provisions	560	285
Other	1,827	1,955
Total non-current liabilities	808,616	803,705
Total liabilities	**827,211**	**819,200**
Net assets	54,947	38,539
Equity		
Contributed equity	1,904	1,904
Reserves	3,442	1,694
Retained profits	49,601	34,941
Total equity	**54,947**	**38,539**

36 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Profit/(loss) for the year	15,268	(4,241)	9,401	(7,991)
Depreciation and amortisation of property plant and equipment	15,643	16,154	15,642	16,140
Amortisation of intangible assets	169	170	-	-
Amortisation of borrowing costs	2,695	2,139	-	-
Amortisation of prepaid operating lease	1,413	1,456	1,413	1,456
Net (gain) loss on sale of assets	(46)	40	(46)	43
Fair value adjustment to investment property	(12,631)	10,039	(7,182)	6,900
Impairment of assets	583	1,483	-	-
Capitalised borrowing costs on refinancing	-	(15)	-	-
Movements in current and deferred tax assets and liabilities	4,866	(8,100)	3,455	(9,708)
Inter Entity Dividends/Charges	-	-	116	107
Income tax expense from subsidiaries	-	-	(1,145)	-
(Increase) in trade debtors and accrued income	1,783	(2,614)	2,146	(2,681)
Decrease (increase) in prepayments	(138)	44	(138)	44
(Decrease) increase in trade creditors	1,200	(3,073)	986	(2,825)
(Decrease) increase in other provisions	328	(55)	20	10
Net cash inflow (outflow) from operating activities	**31,133**	**13,427**	**24,668**	**1,495**

37 Non-cash investing and financing activities

	Consolidated		Parent entity	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Acquisition of plant and equipment by means of finance leases	-	-	-	-

directors' declaration

Adelaide Airport Limited
Directors' Declaration
30th June 2010

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 55 are in accordance with the Corporations Act 2001, including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 35 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 35.

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

John Ward	Phillip Baker
Director	Director

Adelaide, 29th September 2010

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Independent auditor's report to the members of Adelaide Airport Limited

Report on the financial report

We have audited the accompanying financial report of Adelaide Airport Limited (the company) which comprises the balance sheet as at 30 June 2010, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Adelaide Airport Limited and the Adelaide Airport Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*.This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

Our procedures include reading the other information in the Directors Report to determine whether it contains any material inconsistencies with the financial report.

Independent auditor's report to the members of Adelaide Airport Limited (continued)

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Adelaide Airport Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

AG Forman
Partner

Adelaide
29 September 2010

adelaideairportltd

www.adelaideairport.com.au

2009 2010