Airport
Development Group

ANNUAL REPORT 2008/2007

2006
2005
2004
2003
2002
2001
2000
1999
1998

AVIATION INVESTMENT PEOPLE CULTURE SAFETY SECURITY ENVIRONMENT *EXCELLENCE*

Contents

our theme

During 2008, ADG celebrated the significant milestone of ten years of operation since privatisation. This Annual Report highlights notable achievements during each of those ten years and also timelines the lifespan of one of the most notable flora features at Darwin International Airport, the *Pandanus Spiralis*.

1998

Airport Development Group (ADG) acquires a lease for the three Northern Territory Airport's from the Commonwealth Government with a commencement date of 10 June 1998 and total consideration in the order of $110 million.

About ADG

Airport Development Group (ADG) acquired a lease for the three Northern Territory Airports comprising Darwin International Airport, Alice Springs Airport and Tennant Creek Airport, from the Commonwealth Government, with a commencement date of 10 June 1998 and total consideration in the order of $110 million.

ADG is the ultimate parent company of the group (refer companies' structure diagram.) ADG owns 100% of Northern Territory Airports Pty Ltd (NTAPL) which, in turn, owns 100% of Darwin International Airport Pty Ltd (DIA) and Alice Springs Airport Pty Ltd ASA) who are respectively the holders of a 50 year lease over Darwin International Airport and Alice Springs Airport with free options to renew for a further 49 years.

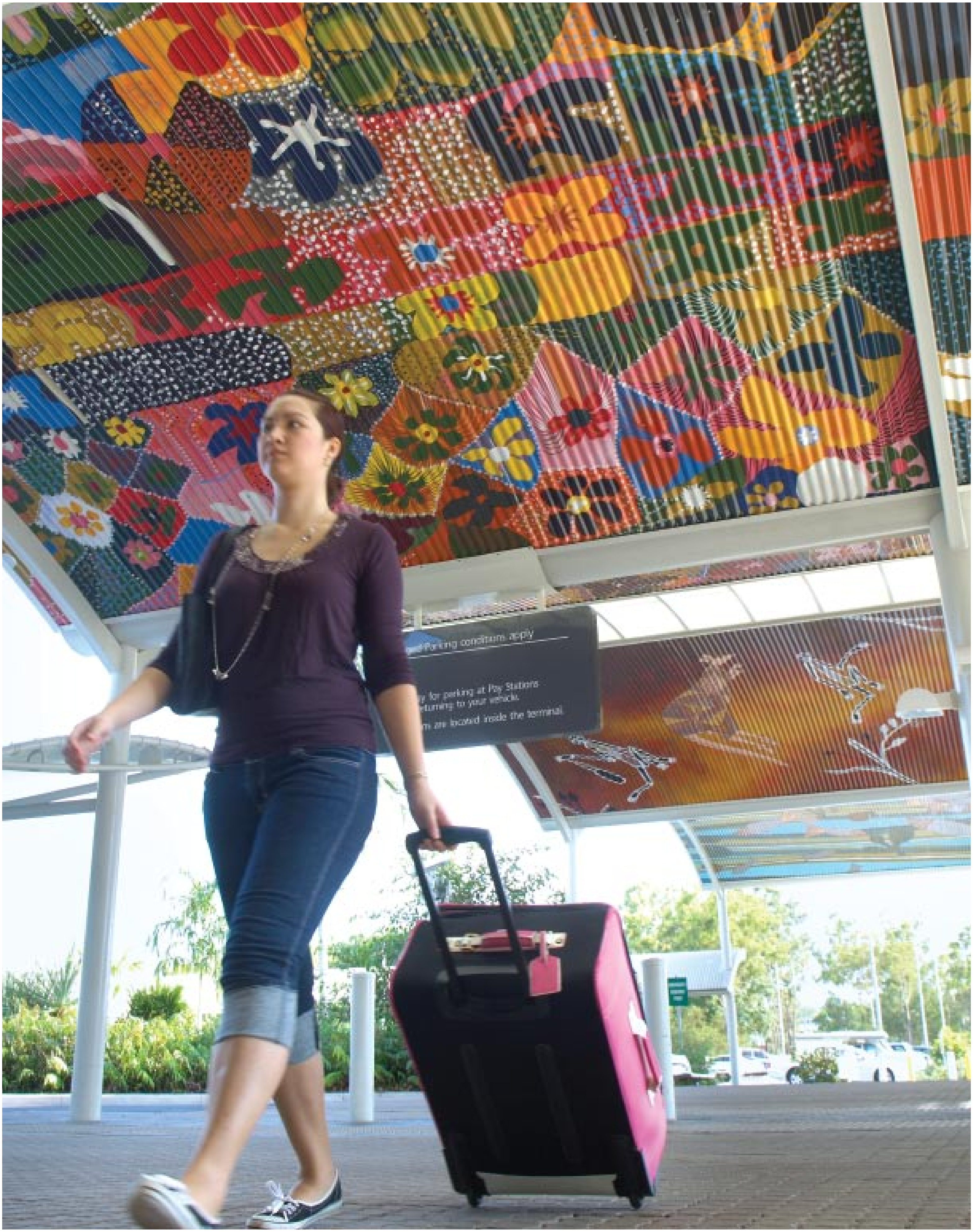
ADG also owns 100% of Tennant Creek Airport Pty Ltd (TCA) who are the holders of a 50 year lease over Tennant Creek Airport with free option for a further 49 years.

Airport Development Group is 100% Australian owned.

Company Structure

- Hastings Funds Management (Australian Infrastructure Fund AIX) 28.25%
- Industry Funds Management Managed Funds 55.6%
- Palisade Investment Partners Limited 16.15%
  - **Airport Development Group Pty Ltd**
    - Northern Territory Airports Pty Ltd
      - Darwin International Airport Pty Ltd
      - Alice Springs Airport Pty Ltd
    - Tennant Creek Airport Pty Ltd

The *Pandanus*, a well known symbol of the Northern Territory, grows natively along the banks of Rapid Creek, on the edge of Darwin International Airport.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for parking at Pay Stations
to your vehicle.
are located inside the terminal.

Our vision is to be the **most successful** airport business in Australasia >>>

We will know that we have achieved our vision if we have achieved the following:

> Commercial non aviation property portfolio > $200 Million

> Three million passengers at Darwin International Airport
- 700,000 at Alice Springs Airport

> Have the respect of all our airline customers

> People wanting to work for Northern Territory Airports – *a great place to be*

> Recognised as a significant contributor to the Northern Territory economy

> Strong and diverse community support for our airport businesses

> Continuing to outperform other Australasian airports in Total Shareholder Return growth.

Our purpose

Our purpose is to provide safe and efficient airport services that our customers believe represent value for money, and to optimise the long term financial returns to our shareholders commensurate with the risk associated with the aviation and non aviation opportunities that are latent in our diversifying business.

We will do this by:

> developing a sustainable airport (aviation and non-aviation) business;

> excelling in financial management, environmental management, safety and security management;

> maximising long term value for our shareholders; and

> contributing to NT economic growth and our community.


FREE

Our values

We recognise that we are judged by all our stakeholders by the way we act. Our reputation within the community is paramount and we will act with honesty and integrity at all times. Our underlying corporate values and principles will reflect this. Everyone in our company understands the importance of being:

> **Customer focussed**
> Our customers are important and our focus on their needs will ensure our relevance and success

> **Honest and ethical in all our business dealings**
> We should do what we believe is right at all times when dealing with others

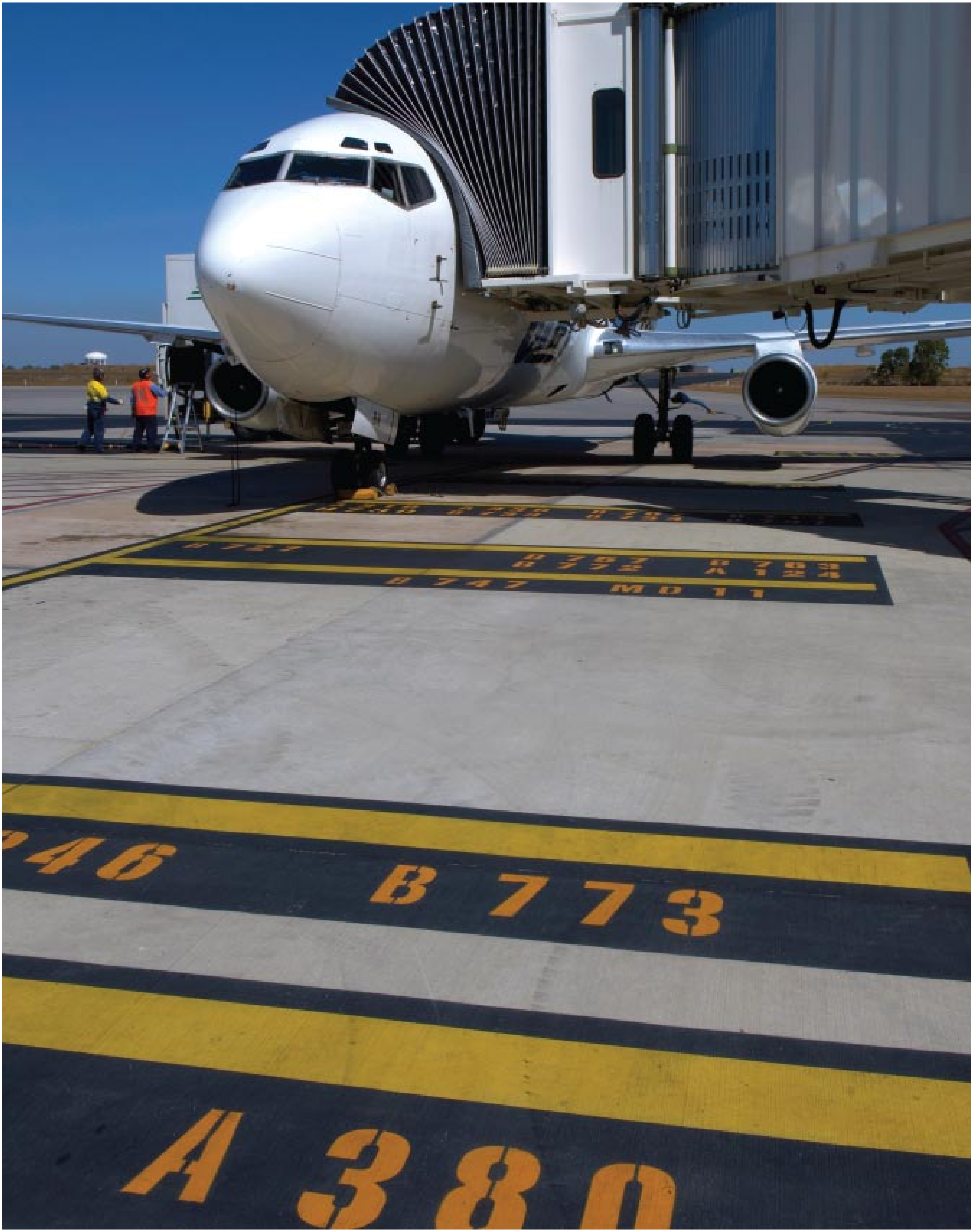
> **Professional approach to stakeholders**
> We must protect and grow our shareholders investments and represent the legitimate interests of our stakeholders

> **Innovative and creative (positive and encouraging of ideas)**
> We will encourage innovation and creativity in our team in order to outperform our peer airports

> **Delivering on our commitments and take ownership of our responsibilities**
> Everyone has an important role to play and we will be judged according to our outcomes

> **Valuing and respecting of our people and our aim to be an employer of choice**
> Our people are our most important resource and we will respect their rights, promote their talents and reward their commitment

> **Acting responsibly to ensure safe, secure and environmentally sustainable outcomes for all**
> We will give proper regard to health, safety and the environment consistent with our commitment to contribute towards sustainable development and continuous performance improvement.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A 380

Corporate Goals

The key corporate objectives of the airport business can be summarised as:

> Operate a safe, secure and sustainable Airport business within the regulatory environment

> Maximise shareholder value by generating the best financial return from all parts of the business

> Operate the optimal corporate structure to ensure future cash flows are maintained.

Goals are the translation of our vision and purpose into tangible desired outcomes and they state what we want to achieve over the planning period.

Chairman's

Report

I present the 2007-08 Annual Report of the Airport Development Group (ADG), on behalf of my fellow board members. This report highlights a year of robust activity with strong financial growth and exciting airport-based business, commercial and infrastructure developments.

In this, my first full financial year as ADG board chairman, I have been proud to be associated with such a well-oiled and visionary organization. In light of the group's sound business and management practices, we are able to celebrate positive achievements across all sectors at the ADG-controlled Darwin International, Alice Springs and Tennant Creek Airports.

This year's major review of the ADG strategic planning framework allowed the board and management to reinforce the group's vision and business goals and to redefine the path towards achieving long-term corporate objectives – including becoming Australasia's leading airport business.

Increased airport and other business activity in 2007-08 propelled the ADG to another outstanding financial result. Our revenue increased by 15% from $56.3 million to $64.75 million, and a $5 million surge for EBITDA represented a 16% annual increase to $36.21million – a better-than-projected outcome.

The annual report of our publicly listed major shareholder, Australian Infrastructure Fund (AIX), reinforced this healthy state of affairs, showing a 48.96% Total Shareholder Return from ADG. Our group also became 100% Australian owned after shareholder BAA sold off its Australian airport interests during the year.

ADG's ongoing commitment to strengthen passenger growth paid off with a 10.4% increase in domestic and international numbers across all business sectors at Darwin and Alice Springs Airports. This increase resulted in a total of 180,000 additional people flying into and out of the Territory's three ADG-controlled airports.

1999

Darwin and Alice Springs Airport complete and publish their first 20 year Masterplan's in line with Federal Government requirements.

Key operational highlights included installation of a new apron-drive aerobridge at Darwin International Airport. This aerobridge was sourced from China and is the first of its type to be used in Australia. The project was also the winner of the CCF Earth Awards for Excellence in Civil Aviation.

A joint $12 million ADG and Department of Defence project to resurface Darwin International Airport's main runway was completed in November 2007 without interruption to normal flight operations. Refurbishment and landscaping at the Darwin Airport Management Centre provided excellent new workplace facilities for our staff.

Design work for the planned $60 million Darwin terminal expansion program progressed in 2007-08 and, based on a commercial agreement being reached with our airline customers, construction will commence in 2009. This major project will support the airport's development as an international air hub and provide modern facilities to meet forecast growth to 2015.

We welcomed international budget carrier Tiger Airways into Territory airspace with the launch of its regular Melbourne-Alice Springs service, and Jetstar's vigorous route development that provided a new link between the Territory and Vietnam's Ho Chi Minh City. We applauded the ongoing commitment of local carrier Airnorth to expand services overseas and build its fleet to include the first of its exciting new Embraer E170 jets. Regrettably, we also farewelled a valued global customer, Royal Brunei Airlines, after 24 years of continuous service to Territory customers.

ADG continued its strong environmental and community focus in 2007-08. The group teamed up with Greening Australia again to maintain and extend the Darwin Airport precinct's award-winning Bushland Park and Biodiversity Corridor, sponsored major public events and projects and staged successful fund-raising events to assist local community groups and charities.

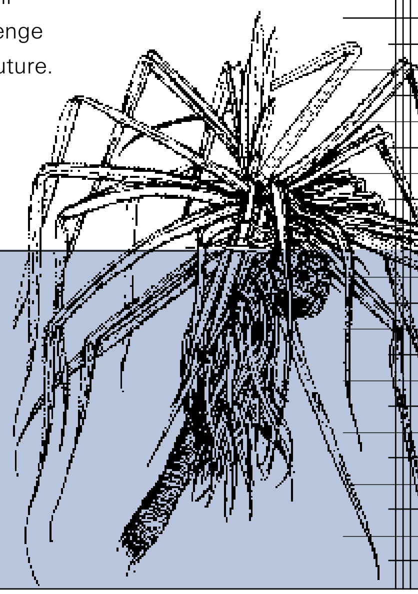
Darwin International Airport was also the winner of a Melaleuca Award for 2008. This award is presented by Power and Water Corporation to recognise outstanding achievement in environmental excellence in the Northern Territory and was received for work on the Darwin Airport and Greening Australian Conservation Reserve.

Like most major businesses worldwide, we face significant challenges over the next 12 months in light of the present global financial crisis, but we have a lot going for us to smooth the way. Recent momentous challenges, like the September 11 and Bali Bombing tragedies, SARS Virus threat on our doorstep and collapse of Ansett Airlines, have tested our resilience but not beaten us.

Our business has met these tough times head on and continued to grow despite them. I feel confident that our strong financial position and the sound management systems we have put in place will enable ADG to weather this latest global challenge and remain a powerful business entity in the future.

Chris Barlow
CHAIRMAN

The *Pandanus Spiralis*, with over 17 different growth forms, is the most common Pandanus species found in the Northern Territory.



Chief Executive Officers

Report

Back up system

A key achievement occurring within ADG during 2007/08 was the installation of two new 1.6MVA generators costing $2 million. These generators were installed adjacent to the intake electrical sub-station to provide adequate power back up for the entire precinct for Darwin International Airport in the event of a mains failure and as a contingency during cyclones.

During this reporting period, the Board and management team at ADG undertook an extensive review of our strategic planning framework in order to develop our key strategies for the long term development of our airport business.

As a result of that review, we have clarified our vision, purpose and values and identified the business level goals, core strategies and key focus areas that we believe are of critical importance for the achievement of our forward looking corporate objectives. In addition to this, our new corporate governance structure will be instrumental in guiding ADG in its implementation of health, safety, environmental and sustainability policies and procedures.

In simple terms we aim to be the best performing airport business in Australasia.

I believe our financial and operational results in the 2007/08 financial year and in previous reporting periods demonstrate that we are well on the way to realizing that aspiration. ADG is now also 100% Australian owned following BAA's sale of its share of the business.

From a financial perspective we grew revenues by $8.5M representing a 15% increase from $56.3M to $64.75M. We also increased EBITDA by $5M representing a 16% on the previous year achieving $36.215M versus a stretch target of $36.017M. Passenger numbers increased 10.4% across all sectors of our business at Darwin domestic and international and Alice Springs Airports.

Ongoing jet fuel price hikes in 2008 alarmed all airline operators and may have a short-term negative impact on the viability of some services, but the long term outlook remains positive. Although the year ahead appears to hold some significant challenges for ADG, I believe our business is better placed than most to weather the storm. The Northern Territory economy is particularly well placed to fare better than the rest of Australia during the downturn, indeed, most indicators appear to point to continued moderate growth.

2000

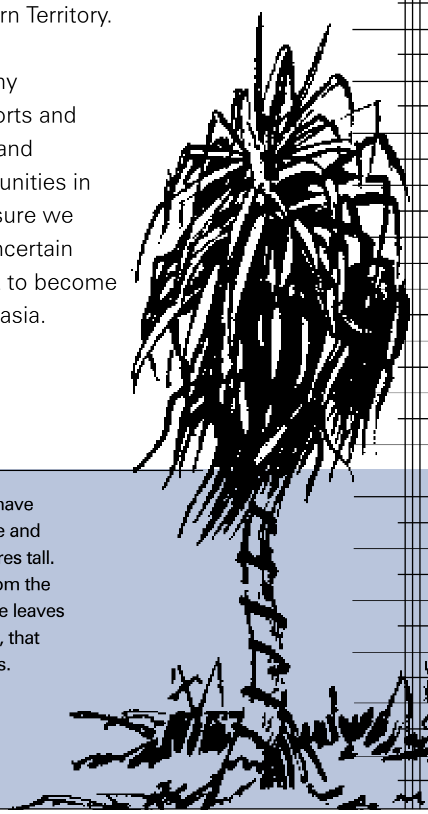
More than 1.8 million passengers passed through Darwin International and Alice Springs Airports during 1999/2000 financial year. An increase of over 16% in four years.

Some key achievements occurring within ADG during 2007/08 include:

- The creation of a Human Resources (HR) unit to oversee the workplace needs of our 72 staff in the Northern Territory. The HR unit has already significantly benefited our business, reviewing many existing policies and streamlining the management processes for staff wellbeing and career advancement. Communication within the organisation has also improved markedly, including the introduction of staff surveys and feedback mechanisms.
- Works commenced on the new Darwin Airport Inn which is due for opening in September 2008. This new property features 136 guestrooms and suites as well as unique dormitory style accommodation to suit large groups.
- The "Gateway to Health" programme was launched for staff at all our airports. The programme provides health checks, fitness classes on site and educational seminars on health and nutrition.
- April 2008 saw the installation of the first corrugated iron canopy that was transformed into a unique piece of Aboriginal artwork as part of the $450,000 Public Art Precinct at Darwin International Airport (DIA). Managed on behalf of DIA by the Jumbana Group's Balarinji Studio in Sydney, the project was completed in mid-2008 after more than 18 months in the planning stages. Funding support for this project was provided by the Australian Government and the Northern Territory Government.
- From a customer perspective we welcomed the commencement of Tiger Airways services to Alice Springs and our own home grown carrier Airnorth took delivery of its new Embraer E170 jet.
- From an environmental perspective Darwin Airport landscaping received national promotion on ABC TV's Gardening Australia program. ADG remains dedicated to meeting ecologically sustainable standards for all buildings, systems and infrastructure at its airports. The group has now set challenging, long-term sustainability objectives specifically targeting energy used by airport facilities and systems. These objectives rely on energy and CO_2 minimisation strategies to cut water and energy consumption and demand in both new and refurbished facilities.
- From a community perspective, our main activity for the period was support of the Variety Club Children's Charity of the Northern Territory as a major sponsor of the Airport (Alice Springs) to Airport (Darwin International) Bash. A donation of $10,000 was also made to the Fred Hollows Foundation Literacy Program for kids. ADG combined forces with Qantas during March 2008 in both Alice Springs and Darwin to participate in Clean Up Australia Day. Our staff were also heavily involved in the Community Tree Planting Day early in 2008 which successfully planted 2,500 native trees at Darwin Airport. Our staff continue to enthusiastically join community activities and the Corporate Giving Committee's work is ongoing in assisting those less fortunate in the Northern Territory.

I would like to thank my staff and all of our many stakeholders who continue to support our airports and enable us to grow and provide better services and facilities for the long term benefit of our communities in the Top End and Central Australia. By any measure we have enjoyed a good year and despite these uncertain times, we look forward to continuing our quest to become the most successful airport business in Australasia.

Ian Kew
CHIEF EXECUTIVE OFFICER



Pandanus Spiralis have a moderate growth rate and can grow up to 10 metres tall. They get their name from the spiral appearance of the leaves at the base of the trunk, that form as the plant grows.

100%

of all Human Resources policies and procedures uploaded to the new company intranet for easy access by all staff

People and Culture

ADG workplace fast facts

> The average age of ADG staff is 45 - 43 for Darwin and 52 for Alice Springs and Tennant Creek

> ADG staff stay an average 7.5 years in the job – with an average 7 years for Darwin staff and 11 years for Alice Springs and Tennant Creek staff

> ADG employed 48 males and 24 females during the year.

The Airport Development Group (ADG) has this year maintained its solid commitment to looking after its workforce and ensuring staff members can go about their respective tasks in a healthy, safe and pleasant work environment.

ADG created a new Human Resources unit in 2007-2008 to oversee the workplace needs of its 72 Northern Territory staff, including 58 based in Darwin and 14 servicing the Alice Springs and Tennant Creek airports.

Since July 2007, the group has recruited 21 new staff to its Darwin office and three to Alice Springs. Thirteen new positions were created in Darwin and three in Alice Springs.

Among key highlights in 2007-2008, the Employee Collective Agreement 2008-2010 was lodged with the Workplace Authority after a comprehensive "yes" vote from staff. A detailed Performance Management and Development Package was created, and design work began on a training register that will flag all mandatory and planned training and licence requirements for the next 12 months.

Darwin and Alice Springs staff participated in a series of seminars and individual consultation sessions covering superannuation and financial planning, and in human resource management workshops.

ADG completed 68 new-format Position Descriptions covering current and potential positions, and introduced 43 Human Resources and Corporate Services Policies. These are now easily accessible for staff to peruse on the intranet. The group also linked up with YouthWorx NT to offer a school-based work placement in its Darwin office.

2001

Ian Kew joins the ADG team as Chief Executive Officer and remains in that position today. Virgin Blue also launched their first Darwin to Brisbane services in December 2001.

Health

ADG maintained its mosquito monitoring campaign on airport land in 2007-08 in on ongoing effort to kill off the potential for serious mosquito-borne diseases. The work was carried out in cooperation with the Centre for Disease Control and Department of Health and Families at both the Darwin and Alice Springs airports and also involved the Australian Quarantine Inspection Service (AQIS) in Darwin. Monitoring continued at Alice Springs Airport's 7 Mile Aerodrome after successful efforts to control a mosquito infestation at the site.

In other health-related activities for 2007-08, the Occupational Noise Assessment Report for NT Airports was completed, occupational air sampling was conducted at Darwin International Airport's baggage make-up facility and a Usual Duties Job Analysis Register was completed for Darwin, Alice Springs and Tennant Creek airports.

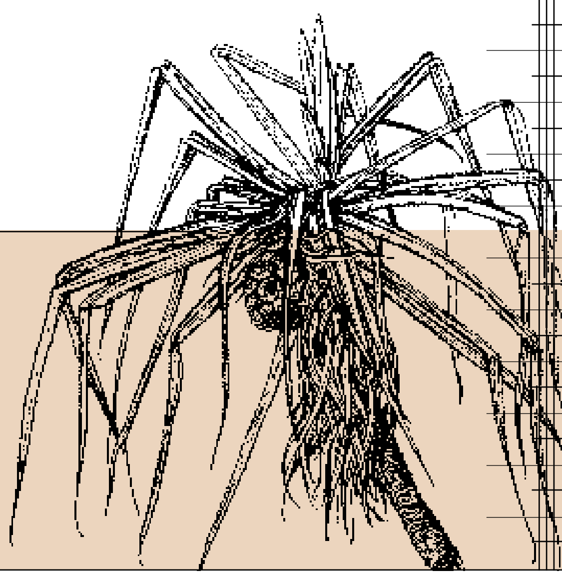
As part of its commitment to maintain a healthy workforce, ADG arranged free influenza injections for 38 Darwin and Alice Springs staff members. A total of 24 staff also received a tetanus shot and the combination Twinrix injection to protect them against Hepatitis A and Hepatitis B.

Healthy airport initiatives

- Operations and ground staff were provided ith electronic hearing protection
- All staff benefited from ergonomic assessment and education
- Ergonomic assessment of baggage tubs was conducted to help airline and terminal cleaning staff in their respective roles
- ADG launched its health and wellbeing program, *NT Airports Gateway to Health*
- Darwin staff participated in the annual *Ride to Work* day

Training and Awareness

Highlights for the year included a company training register being developed, 11 Darwin staff completing first aid training, an orientation day and information sessions on Internal Safety Management at NT Airports Safety Program being held. The group also facilitated Safe Work Australia Week from 22-26 October 2007. All airport staff participated in Du Pont safety training focused on 'Achieving Sustainable Safety Reform'. The program incorporated a three-day Safety Management Fundamentals with Field Observations seminar and a one-day Actions Employees Can Take seminar.



Typically *Pandanus Spiralis* have wide branching stout trunks and many thick prop roots near the base. They have a broad canopy of long thinning leaves that can grow up to 2 metres long.


GT

Aeronautical

Key highlights in 2007-08:

> International passenger numbers increased by 33%
> Domestic traffic increased by 9%
> Passenger traffic through Alice Springs grew by 6%
> Weekly Melbourne-Darwin services grew from 6 to 24 a week in April 2008 (Victoria is the largest provider of NT domestic airline visitors and was being under serviced).

33%
increase in international passenger numbers

The 2007-2008 financial year brought strong growth in airline passenger numbers through both Darwin and Alice Springs Airports, increased flights on some sectors and robust route development by a number of operators servicing the Northern Territory.

Qantas continued to dominate with most of the Territory's air capacity, and regularly up-gauged aircraft and supplemented services to meet seasonal demand. Qantas withdrew the Darwin technical stop on its Sydney-Mumbai service but introduced extra daylight services to Sydney to cater for domestic demand on that sector, and supplemented its Darwin-Perth and Darwin-Adelaide services.

Jetstar increased its Melbourne-Darwin flights from three to 14 a week and doubled its Darwin-Singapore services to 14 a week. In the first half of 2008, Jetstar announced an exciting new five-flights-per-week service between Sydney, Darwin and Vietnam's Ho Chi Minh City and also increased its Adelaide-Darwin flights from four to a daily service from 1 September 2008. Jetstar's decision to establish its northern Australian hub in Darwin will see three aircraft based in Darwin by 30 June 2009 and up to seven in the future.

Tiger Airways launched its new Alice Springs service on 1 March 2008, and named Darwin as its first domestic link to its Melbourne base. It also launched daily Melbourne-Darwin services and boosted its Singapore-Darwin services from four a week to a daily flight.

Airnorth took delivery of the first of a number of Embraer 170 (E-170) jets that it will add to its fleet in 2008-09. A second is due to arrive early in 2009. Airnorth used the new E17O to expand its international standing when it took over Darwin-Bali sector operations from Qantas and increased Bali flights from two to three per week, with supplementary peak time flights as required. It also introduced the jet on regional and charter operations.

2002

The tragic Bali Bombing event on 12th October 2002 resulted in an unprecedented evacuation to Darwin of injured victims of the blast. All aspects of airport logistics had to be processed urgently as Darwin International Airport's strategic location made it a highly effective hub of operations.

The year brought mixed fortunes for international carriers servicing Darwin. Garuda increased its Bali flights from two to three a week in response to high loads on existing services. Royal Brunei Airlines regrettably ended a 24 year association with Darwin, by suspending its twice weekly international flights, due to rising fuel costs and changing network priorities.

The ongoing jet fuel price hikes in 2008 alarmed all airline operators and may have a short-term negative impact on some Darwin services, but the long-term outlook for air services for both Darwin and Alice Springs remains positive.

Outbound markets 2007-2008

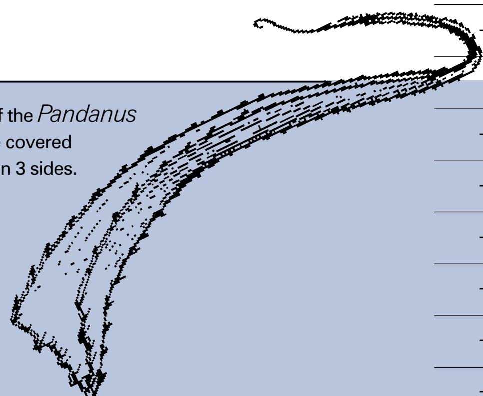
Visitor markets clearing customs in Darwin:

- Singapore
- United Kingdom
- Indonesia
- Germany
- Philippines
- New Zealand
- East Timor
- Malaysia
- Netherlands
- India

Top 10 outbound markets for Australian residents clearing customs in Darwin:

- Indonesia
- East Timor
- Singapore
- Thailand
- Malaysia
- Vietnam
- Philippines
- United Kingdom
- India
- China

The leaves of the *Pandanus Spiralis* are covered with spikes on 3 sides.




Jet

Operations and Development

82%

ADG delivered 82% of its capital expenditure program in 2007-2008

Key achievements in 2007-08:

> ADG spent $1.3 million on remodelling and refurbishing Darwin airport's ground floor and first floor toilets

> The refurbished ground floor café opened during the year, achieving a 180% rise in revenue

> Two new 1.6MVA generators costing $2 million were installed

> ADG delivered 82% of its capital expenditure program in 2007-2008

> A Terminal Coordinator was appointed to focus on customer services and to improve passengers' airport experience.

A mammoth 35,000 tonnes of old asphalt was removed and 30,000 tonnes replaced when Darwin International Airport's Runway 11/29 was resurfaced during the year. The project involved 80 personnel and 50 mostly heavy plant and equipment items. It won accolades at the annual Engineers Australia Northern Territory Division Engineering Excellence Awards, coming away with a Civil Contractors Federation Earth Award and Highly Commended Award.

Other airfield improvements during the year included application of fuel resistant seal to 12 aircraft parking positions on the Regular Public Transport (RPT) apron, extensions to two RPT apron concrete parking pads for two larger aircraft, and placement of 22 retro-reflective Movement Area Guide Signs.

Design work for Darwin International Airport's proposed $60 million terminal expansion progressed on target in 2007-08 and construction is targeted to begin in the first quarter of 2009. This significant capital works project will meet forecast growth to 2015, provide future flexibility and support the airport's development as an international air hub. A Major Development Plan for the expansion is being prepared in line with requirements of the Airports Act 1996, and will be submitted to the Federal Minister for Infrastructure, Transport, Regional Development and Local Government after a 60-day public consultation period.

This first major capacity expansion since the terminal was opened in 1991, will create a modern, partly three storey facility with 11,000 square metres of extra floor space - about 65% more than is presently available. Other special design features include more than 50% extra check-in desks, new security screening and inbound international processing areas on the ground floor, modern domestic and international departure facilities, including more than 1000 square metres of new retail space on the first floor and airline lounges on the second floor.

A proposed western expansion of the apron will allow for future growth with new parking bays to accommodate up to 12 A320-sized aircraft and four B787-sized aircraft.

2003

Direct international charter flights carrying tourists from Tokyo land for the first time at Alice Springs Airport in August 2003. The visit was organised by a Japanese holiday wholesaler who used local tourist operators to show the visitors the sites of the Red Centre.

ADG spent $1.3 million on remodelling and refurbishing Darwin airport's ground floor and first floor toilets to expand capacity and improve customer convenience.

The refurbished ground floor café was opened during the year, improving passenger circulation around the domestic baggage reclaim area and resulting in a 180% revenue rise since it opened.

As part of our commitment to enhancing customer service, ADG installed four passenger survey stations in the terminal to help it understand which facilities work well and which need improving.

A newly appointed Terminal Coordinator will focus on customer services to improve passengers' airport experience at every stage – from the car park to the boarding gate.

Two new 1.6MVA generators costing $2 million were installed adjacent to the intake electrical sub-station to provide adequate power back-up for the entire airport precinct in the event of a mains failure and as a contingency during cyclones.

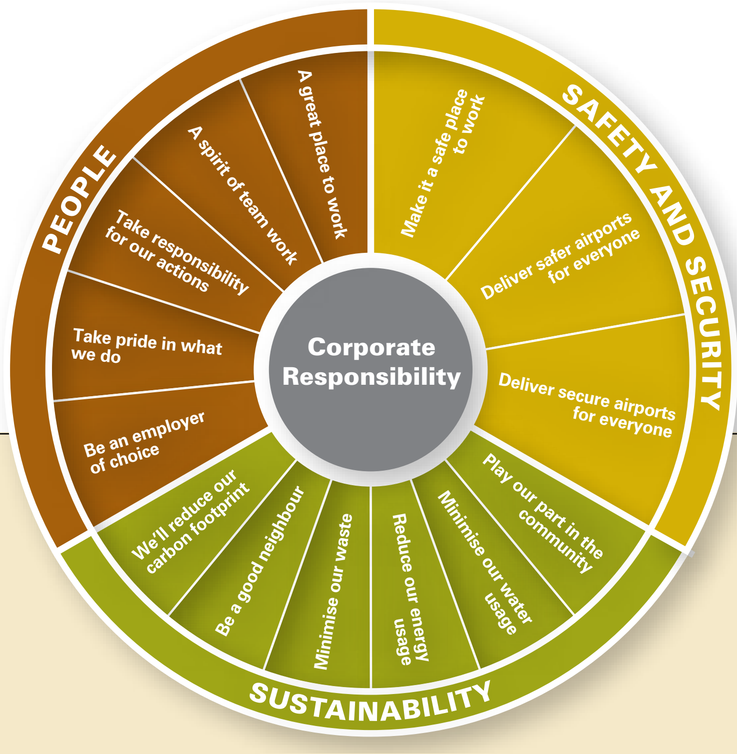
ADG delivered 82% of its capital expenditure program in 2007-2008, reflecting concerted efforts to improve project delivery and meet set timescales. Darwin International Airport has invested $300,000 on a maintenance program to bring the existing air-conditioning system closer to its designed capacity to help reduce energy and system downtime. The plant has been deep cleaned and rebalanced and a new Building Energy Management System will be installed in the future to further reduce energy consumption.

ADG has seen a more ambitious capital projects delivery program over the past two to three years, and construction safety has been a key focus so as to reduce the risk of staff and contractors being involved in accidents. In line with this, a new contractor induction system was introduced in April and 100 contractors have now been issued with contractor passports. Overall, working closely with our business partners has helped to move our safety culture in a positive direction.

Corporate Governance

A new corporate governance structure is pivotal in helping the ADG to implement and manage its health, safety, environmental and sustainability policies and procedures.

New ADG-developed sustainable design criteria are being incorporated into all new projects.




Darwin
International Airport

Property

Key highlights in 2007-08:

- Darwin terminal retail climbed 17% over 2006-2007, ground transport was up 16% and car rentals continued to claim a 45% slice of total retail turnover
- Alice Springs ground transport was up by 7%, alongside a marginal retail turnover increase
- Darwin and Alice Springs terminal turnovers more than doubled after fast food and café facilities were refurbished in 2008
- Construction of the new Darwin Airport Inn commenced with 135 rooms due to open in September 2008.

45%

Car rentals claimed 45% of total retail turnover

17%

Darwin terminal retail climbed 17% over 2007-2008

Property

In an exciting new commercial undertaking in September 2007, the ADG and Sydney-based Ticor Development Group signed a Heads of Agreement to enter into an equal share joint venture to build a $100 million homewares and lifestyle 'Super Centre' on 9 ha of non aviation land next to the ADG-owned Darwin Bunnings complex. Current planning proposes 43,000 square metres of retail space to be leased mainly to large bulky goods retailers targeting the homewares and lifestyle markets. The fully-air-conditioned complex will have all tenants located under the one roof and incorporate 1500 mostly undercover car parking spaces.

A Major Development Plan (MDP) has been prepared in line with Australia's Airports Act 1996 and will be subject to significant public, stakeholder and Government scrutiny before being submitted to the Federal Minister for Infrastructure, Transport, Regional Development and Local Government for final approval in the last quarter of 2008. Construction will take about 12 months and, subject to ministerial approval, could begin in 2009.

The Darwin Airport Inn, the second hotel to be built on Darwin airport commercial land, was due to be completed in September 2008. The hotel will target the budget traveller market, including the previously untapped sporting and fishing groups and Defence personnel. DIA has subleased the land on a long term basis.

The 181 room Darwin Airport Resort has traded above expectations since opening for business in May 2005. Average room occupancy rates exceeded 94% in 2007-2008.

A kennel, pet accommodation and pet minding centre "The Furry Godmother" opened in late 2007 on subleased Darwin commercial land. Local short and long-term airline passengers are making good use of this conveniently located facility.

2004

ADG exceeded budget expectations with EBITDA for the year of $14.9M, up 38% on the previous year and a growth in revenue of 21% to $27.2M whilst containing expenditure to an increase of only 4%.

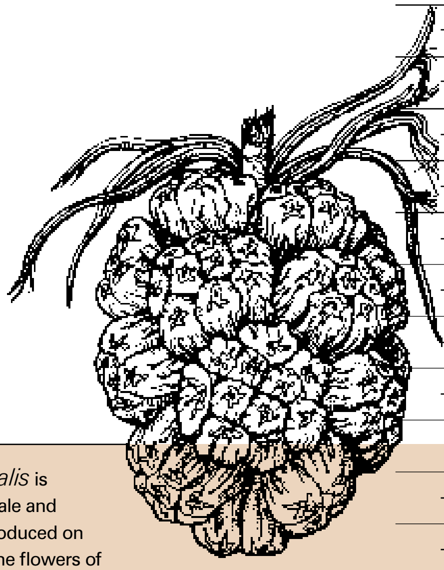
In Alice Springs, construction of a 1000 square metre car compound and wash bay for Europcar Car Rentals was completed, allowing the operator to centralise its Alice Springs activities.

General aviation activity continues to grow at both Darwin and Alice Springs airports. Additional hangar and facilities space was created during the year to house both fixed wing and rotary aircraft. Hangars and other airport accommodation comprise buildings owned by both ADG and various general aviation operators using sub leased land.

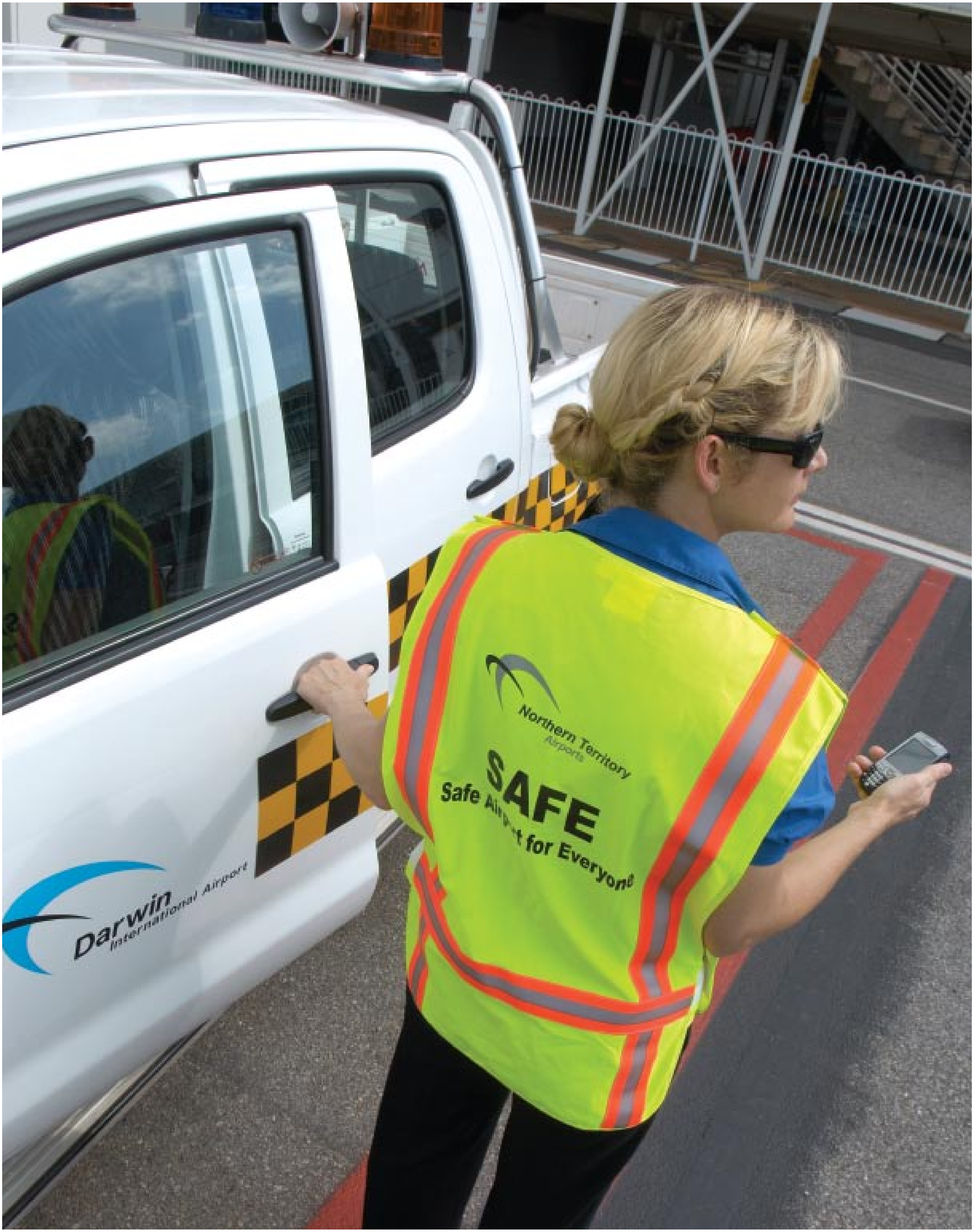
ADG has continued to develop initiatives that will help to resolve ongoing issues and customer complaints relating to airport taxi services. In Darwin, the lack of available taxis is exacerbated by our airline arrival and departure peaks coinciding with heavy demand times in the CBD.

Car Park Strategy Plan

A 20-year Major Strategy plan is being developed to review and coordinate parking needs across all airport land including terminal, general aviation, commercial and office precincts. The Car Park Strategy Plan is expected to be completed by the end of 2008. Planning for expanded car parking facilities at Alice Springs is underway.



Pandanus Spiralis is dioecious, with male and female flowers produced on different plants. The flowers of the male tree are 2-3 cm long, fragrant and surrounded by narrow white bracts. The female Pandanus Spiralis produces flowers and round fruit which can grow to approximately 20cm in diameter.


Northern Territory
Airports
SAFE
Darwin
International Airport

100%

completion of Staff "Safe Perception" Survey

Safety and Security

Key highlights in 2007-08:

> Fire Safety Audits improved at both DIA and ASA
> On–line contractor inductions started
> Staff "Safe Perception" Survey completed in September 2007
> Draft Safety Management System and Personal Protective Equipment Procedure developed
> Plant room safety signs audited
> Management Centre Visitor Safety Guide developed.

Safety and Security

The welfare of passengers, staff and other clients using Northern Territory airports is highlighted in the ADG Purpose statement, which reinforces the group's commitment to 'Acting responsibly to ensure safe, secure and environmentally sustainable outcomes for all'.

Safety and security measures were strengthened at both Darwin International Airport and Alice Springs Airport in 2007-08, through a range of initiatives including an airside inspection regime being introduced to comply with Australian Government requirements. These new measures require persons and vehicles entering the vicinity of the Security Restricted Area (SRA), to be inspected. At DIA, two permanently staffed inspection points were required within the terminal to inspect all tenants. Whilst this measure required two additional security positions to be established, a reduction in cost was achieved by transferring one existing kerbside security officer position to an inspection point.

Alice Springs Airport inspections are now undertaken using the main screening point within the terminal. A regime of random inspections airside has also been implemented for both airports.

These measures were undertaken ahead of the approval of the Transport Security Program amendments, which coincidently, occurred on 1 July. The Office of Transport Security conveyed their appreciation of NT Airports commitment to implement measures ahead of the Transport Security Programme approval.

Aside from a few minor issues, the transition to an airside inspection regime has been relatively issue free.

Work is now underway to implement the final phase of Airside Inspection, which requires permanent airside inspection points to be established airside.

2005

Completion and opening of the Darwin Airport Resort at Darwin International Airport. The new Territory themed Resorts boasts 130 rooms and runs at an average occupancy rate of 94% and higher.

In a popular move to provide greater security – and convenience - for passengers, ADG introduced baggage lockers at Darwin International Airport terminal. A number of the lockers have been set aside for use by airport farewelling family or friends on flights. These are provided free of charge for the first 12 hours so that visitors have somewhere to store small personal items, such as scissors, which are not permitted into the airport's sterile area.

Pre-paid envelopes were also made available for sale at both Darwin and Alice Springs airport security screening points, for the convenience of passengers who want to mail surrendered prohibited items on to a forwarding address in Australia.

Checked bag screening was introduced to Alice Springs Airport in August 2007, with 217, 805 baggage items were processed during its first 10 months of operation. New equipment including screening machines and a carousel/conveyer system were installed. This requirement was mandated by the office of Transport and Security of the Federal Department of Transport and Regional Services.

Foot patrols at both terminals were also introduced and carried out by Chubb Security. These patrols have proven to be highly successful in tightening security measures at the airports.

X-ray facility

An X-ray facility was installed at the International Departures Screening Point to screen for liquids, aerosols and gels (LAGs). This increased the throughput rate and streamlined passenger processing, by alleviating the need to hand search all carry-on baggage.

A consultant was engaged to review the Transport Security Plans for both Darwin International and Alice Springs Airports. In addition, A process of consultation with key stakeholders was undertaken with respect to gaining input on changes to procedures.

Among other Darwin International Airport security initiatives, several new cameras were installed to enhance closed circuit television (CCTV) coverage, and a photographic Visitor Identification Card (VIC) was introduced.

Finally, a dedicated security information section was added to both the Darwin and Alice Springs Airport websites. This includes details for international passengers on baggage restrictions, handy links to security related websites and a copy of the safety and security induction guide for contractors.

Each cluster of the edible fruit normally has about 10 to 25 individual nut-like fruit. The fruit changes from green to bright orange-red when ripe.

100%

completion of a Darwin Airport water report

Environment

In targeting sustainability issues in 2007-08, ADG:

> Refined the NT Airports' sustainability design criteria

> Revisited a master plan for Alice Springs Airport terminal

> Set energy targets for Darwin International Airport as part of an energy metering strategy report

> Completed a Darwin International Airport water report

> Completed a condition audit report for Alice Springs Airport

> Prepared life cycle costing of air-conditioning replacement for Alice Springs Airport

> Investigated the use of solar hot water heating for Alice Springs Airport

> Linked up with the Power and Water Corporation to reduce airport water usage

> Began tracking of wastes, dated back to 2006 to set a baseline for reduction measures

> Re-used water from the Air Services Biocycle septic system to irrigate landscaping.

> Water and energy efficiency initiatives have included rationalising our irrigation system to reduce water consumption, installing a new Building Energy Management system within the terminal, and applying heat-reflecting SkyCool coating on the recently refurbished management centre.

ADG continued to achieve important milestones - and win accolades in the process - for wide-ranging projects and activities that reinforce its commitment to protecting the natural environment. Key projects in 2007-2008 focussed on water and soil erosion monitoring; fire, weeds and waste management and concerted efforts to enhance energy efficiency.

ADG remained dedicated to meeting ecologically sustainable standards for all buildings, systems and infrastructure at its airports. The group has set a challenging, long-term sustainability objective specifically targeting the energy used by airport facilities and systems. The objective relies on energy and CO2 minimisation strategies to cut water and energy consumption and demand in both new and refurbished facilities.

Water management was high on the ADG agenda in 2007-2008. In Darwin, initiatives included a storm water retention basin being installed to alleviate flooding to Bagot Road resulting from a commercial precinct development, and a review of eight years of water quality monitoring. In Alice Springs, ADG began a preliminary investigation into using waste water from Butchers Paddock Septic System for irrigation in the airport precinct.

The group maintained its efforts to protect and enhance the natural habitat on airport land. In 2007, ADG and Greening Australia joined forces in a three-year program to develop a 15 ha conservation reserve along the Rapid Creek corridor next to Darwin International Airport. In March 2008, the partners teamed up with sponsors Protector Alsafe and Bunnings for a community planting day in the airport precinct. The event attracted more than 100 volunteers and saw 2500 native trees and shrubs planted. By the end of the first year, more than 7000 trees were growing at the reserve – and the partners won a coveted Power and Water Corporation Melaleuca Award in the Commercial/Industry category.

2006

Completion and official opening of the Bunnings Warehouse complex at Darwin International Airport and commencement of services to the Territory by Jetstar and Tiger Airways.

In other developments, an Ozone Depleting Substance Register for NT Airports was created, ADG's Environment Register was transferred to a new GIS (geographic information system), environment management handbooks for tenants went on-line and Asbestos Registers for Darwin and Alice Springs airports were updated following inspections. A Fire and Weed Management Plan was implemented to reduce the fuel load and noxious plants on airport land, and a program to manage bird and animal hazards at airports including Tennant Creek, continued.

In a key project in 2007-2008, staff coordinated flora and fauna surveys and prepared environmental impact comments for Major Development Plans. These plans relate to Darwin International Airport's terminal redevelopment, car park extension and the proposed $100 million bulky goods retail Home and Lifestyle Super Centre development adjacent to Bunnings. The commercial site survey took account of a large number of the threatened *Cycas armstrongii* cycad species growing where the clearing would take place, and resulted in an exercise to relocate affected specimens within the same site, in keeping with the requirements of the NT Cycad Management Plan.

In other Darwin International Airport environment projects in 2007-2008, co-mingled recycling was introduced at the ADG Management Centre, and three monitoring wells were installed at the generator site. Airport landscaping received national promotion when featured on ABC TV's *Gardening Australia* program.

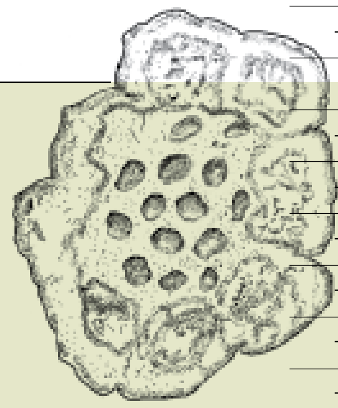
Among Alice Springs achievements for the year, 400 empty drums were removed in a major clean-up at 7 Mile Aerodrome, a Fire and Weed Management Plan was developed and soil erosion and sediment monitoring continued.

Land for Wildlife

Alice Springs Airport became a *Land for Wildlife* member and continued its role as a research site for Macquarie University's Centre of Integrative Study of Animal Behavior, which is studying the behaviour of the desert ant species, *Melophorus bagoti*.

Planning also got underway for a site at the airport's western end to become the launching station for the Scientific Stratospheric Balloon Campaign to be staged by the University of NSW from August 2008 to March 2009.

Each individual fruit contains between 7 and 10 seeds. These seeds are a favourite fruit of the Sulphur-crested Cockatoo, Red-tailed Black Cockatoo and the Black-footed Tree rat, all of who have the powerful beaks or strong teeth needed to open the nuts.




2008
BUSHLAND PA
Greening Australia

Community

Key highlights in 2007-08:

- $10,000 raised for the Variety children’s charity (NT) through the Darwin International Airport Charity Golf Day
- $10,000 donated to the Fred Hollows Foundation by the Corporate Giving Committee
- More than 2,500 native seedlings were planted in Darwin International Airport's bushland corridor during Community Tree Planting Day.

18%

Fundraising activities by ADG in 2007/2008 raised 18% more funds for charitable causes than 2006/2007

The Corporate Giving Committee continued its commitment to supporting the local community throughout 2007/2008. Throughout each year, staff are encouraged to participate in fund-raising initiatives and assist local charities and not-for-profit organisations in the Northern Territory nominated by Airport Development Group.

Public Art Project

April 2008 saw the installation of the first corrugated iron canopies that have been transformed into unique pieces of Aboriginal artwork as part of the Public Art Project at Darwin International Airport. As a "gateway" to the Top End, Darwin Airport embarked on this exciting project to introduce travellers and tourists to the Northern Territory's vibrant and diverse visual culture. Funding for this project was jointly supplied by ADG, the Australian Government and the Northern Territory Government.

The organisations supported by ADG are varied and include the sporting field, the arts, emergency services, the environment and charitable organizations such as the Salvation Army.

The Darwin International Airport Charity Golf Day continued its enormous success in August 2007, raising over $10,000 for the Variety children's charity (NT). Several staff from Darwin, Alice Springs and Tennant Creek Airports also participated in the "2007 Airport to Airport Bash", organised to benefit the Variety children's charity. Significant support from sponsors Airnorth, Australian Way, BCS, Chubb Security, Cridlands, Darwin Airport Resort, Hassell, Knight Frank, Minter Ellison, Pioneer Road Services, Power and Water Corporation, Projection Plus, PW Baxter & Associates, SAGE Contracting, Sinclair Knight Merz, Spotless, Thrifty, Tiger Airways and Viva La Body, enabled the Corporate Giving Committee to raise such significant funds on the annual golf day.

During the 2007/2008 financial year, the Corporate Giving Committee donated $10,000 to the Fred Hollows Foundation, specifically it's "Literacy Programme for Kids". This money was used to buy musical instruments for the Indigenous children in the Katherine Region (300kms south of Darwin). The Fred Hollows Indigenous Programme delivers a broad range of programs aiming to address the "social determinants of health" and to develop the skills of community members in remote Indigenous communities.

The Foundation has worked in partnership with Katherine Region Group Schools since 2006 to provide individual and group development by supporting cultural

2007

Works on the refurbished Airport Management Centre building at Darwin International Airport were completed and staff move in during October.

and practical English literacy skills development. Today, this is being achieved by Indigenous singer/songwriter Shellie Morris. Ms Morris engages with disaffected youth in communities through innovative learning and literacy opportunities based on music, song writing, spoken word and recording.

Staff at all three airports continued to support specific "charity days" such as Red Nose Day, Daffodil Day and RSPCA Cup Cake Day by hosting fund-raising morning teas on site. A special event was also held to benefit the McGrath Foundation upon the sad passing of Jane McGrath in June 2008.

Alice Springs Airport maintained its active contribution to community events with its sponsorship of the Desert Festival, the Chamber of Commerce Business Expo, the biennial Masters Games and continuing involvement with CATIA the peak tourism body.

ADG combined forces with Qantas during March 2008 in both Alice Springs and Darwin to participate in Clean up Australia Day. The team were supported by Elfenbein & Associates in Darwin who volunteered their time and the use of their truck to remove rubbish from the Nightcliff foreshore.

Darwin International Airport and Greening Australia, together with sponsorship from Protector Alsafe and Bunnings, teamed up for a successful Community Tree Planting Day during March 2008. This event is widely publicized in Darwin and more than one hundred volunteers turned up in the oppressive heat and humidity to plant more than 2,500 native seedlings. Teams planted up the bushland park and wildlife corridor, a concept that has been developed through Greening Australia's long standing relationship with Darwin International Airport. The objective of these planting days to create a strong biological link between the upper catchment area of Rapid Creek and the creek corridor.

Following the refurbishment of the Airport Management Centre in Darwin, several containers of office furniture in excellent condition were made available to charities. Furniture was donated to:

> The Salvation Army
> Variety Club NT
> Arthritis and Osteoporosis NT
> The Filipino Club
> The Palmerston Cricket Club
> RSPCA Darwin.

The airport staff were assisted by Kent Moving and Storage in Palmerston in distributing the furniture to the charities.

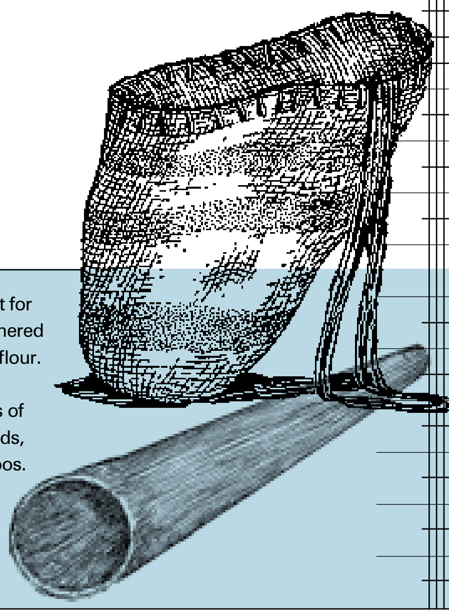
In addition to this, after the Terminal building in Darwin was fitted with new customer chairs throughout the facility, the superseded chairs (more than 500) were made available for use by sporting groups and clubhouses. The chairs were utilized by:

> The NT Quarterhorse Association
> Palmerston Cricket Club
> Southern Districts Cricket Club
> The Trailer Boat Club
> RSPCA Darwin.

Pandanus Spiralis is a very useful and important plant for Indigenous people. The seeds from the tree's fruit are gathered and extracted then either eaten like nuts or ground into a flour.

The tree is an important source of raw material, with parts of the plant used to make items such as neckbands, armbands, dillybags, baskets, mats, shelters, fish traps and didgeridoos.

The plant also has medicinal properties and is used by Indigenous people to treat complaints ranging from head & tooth aches, to skin and eye infections.



Chris Barlow (Chair)

Chris Barlow most recently (until early 2007) was the Managing Director and Chief Executive Officer of Australia Pacific Airports Corporation, operator of Melbourne and Launceston Airports. Chris has over 30 years experience in the aviation industry, having joined BAA (formerly British Airports Authority) in 1969 as an Engineering Project Manager.

Chris has a BSc (Honours) in Civil Engineering and is a member of the Institute of Civil Engineers and a member of the Institute of Transport. He is married with five children and his interests include the theatre and he enjoys tennis, rowing and golf.

Alexandra Campbell (Director)

Alexandra Campbell joined Hastings in April 2007 as an Associate based in the Melbourne office. Previously Alexandra was a Solicitor in the Corporate Group (Mergers and Acquisitions) of Freehills in Melbourne.

Alexandra has a Bachelor of Business and Bachelor of Laws (Honours) from Monash University, a Graduate Diploma in Applied Finance and Investments from the Financial Services Institute of Australia (FINSIA) and she is currently completing a Masters of Applied Finance and Investments (FINSIA).

Kyle Mangini (Director)

Kyle Mangini is the Head of Infrastructure and Specialised Funds with Industry Funds Management. Kyle has over 16 years experience in investment banking, including senior roles with Credit Suisse and Swiss Bank. He has extensive infrastructure experience both in Australia and abroad, including a recent role acting as an advisory director to the Flinders Group. While at Credit Suisse, Kyle played a significant role in the sale of Victoria's electricity and gas assets, with a divesture value in excess of $35 billion. At Swiss Bank, Kyle was the lead banker in the restructuring of the BOT system of Napacor (in the Philippines), one of the largest public/private BOT programs in the world.

His relevant transaction experience includes the execution of mergers, acquisitions, divestitures, initial public offerings, public bond offerings, Rule 144A private placements, commercial bank facilities and derivatives. Kyle has a Double Major in Economics and Government from Wesleyan University, Middletown, Connecticut.

Roger Lloyd (Director)

Roger joined Perpetual Investments in March 2006 bringing 12 years investment banking experience with Macquarie Bank and previously Bankers Trust. His responsibilities include identifying and sourcing projects for investment using the breadth of relationships in the sector.

Roger was previously in the project finance division of Macquarie's Investment Banking Group, where he focused on Public Private Partnerships working with both Government and private sector clients. In this role, Roger was involved in origination of transactions, consortium formation, structuring and arranging debt and equity across a broad range of infrastructure projects. He also played an important role in the Government advisory business of the Bank and has

2008

ADG, together with the Department of Defence, completed the $12 million runway resurfacing project at Darwin International Airport on time, and within budget.

an intimate knowledge of Government requirements in privately financed projects.

Roger's prior experience includes six years in insolvency and reconstruction, having worked with leading practitioners Ferrier Hodgson and previously Price Waterhouse.

Roger is a Chartered Accountant and holds a Bachelor of Business from Ku-ring-gai College (now UTS).

Jeff Pollock (Director)

Jeff Pollock is part of Hastings Funds Management executive management team and holds the dual role of Head of Listed Infrastructure and Chief Operating Officer of Australian Infrastructure Fund.

Prior to joining Hastings, Jeff was part of the senior management team at Prime Infrastructure/Babcock and Brown Infrastructure (BBI) where he was a key member of the leadership team, first as Prime Infrastructure/BBI's Chief Financial Officer and then as Chief Operating Officer for BBI Transport Infrastructure. Jeff's main areas of focus at BBI were the management and operations of infrastructure and utilities in the transport and energy sectors. Jeff also has broad experience in asset management with his role as a Director on a range of BBI subsidiary boards.

Jeff holds a Bachelor of Accountancy from the University of Glasgow, and has been a member of the Institute of Chartered Accountants of Scotland since 1988.

Tom Ganley (Chief Financial Officer and Company Secretary)

Now with over 20 years experience in aviation finance, Tom joined ADG in June 1998 as Manager Financial Reporting and Systems and was based in Alice Springs. Prior to this role Tom was the Finance and Commercial Manager for Alice Springs and Tennant Creek Airports with the Federal Airports Corporation (FAC). Tom was a founding member of the team at Alice Springs Airport when FAC assumed control of this airport in 1989 and subsequently held various senior accounting positions at Adelaide International Airport.

Tom is a Commissioner for Oaths for the Northern Territory. He holds a Bachelor of Accountancy from the University of South Australia, a Graduate Diploma in Applied Corporate Governance and an Australian Institute of Director's Diploma. Tom holds Fellow memberships with the Institute of Chartered Secretaries and Administrators and the Australian Institute of Company Directors. He is also an Associate Fellow of the Australian Institute of Management.

Tom is currently serving as a Director on the Board of the NT Chamber of Commerce and Industry and also sits on the Committee of the NT Chapter of the Australian Institute of Company Directors and the Territory Taxation Administration Liaison Committee.

BOARD MEMBERS LEFT TO RIGHT:
Chris Barlow
Alexandra Campbell
Kyle Mangini
Roger Lloyd
Jeff Pollock
Tom Ganley

Financials

Directors' Report

Your directors submit their report for the year ended 30 June 2008.

Directors

The names of the directors of the company in office during the financial period and until the date of this report are shown in note 29.

Principal Activities

The principal activity of the Airport Development Group Pty Ltd (ADGPL) was that of a holding company.

No significant changes in the nature of these activities occurred during the year.

Review of operations

The consolidated entity sustained an after tax profit of $22,602,622 for the reporting period ended 30 June 2008. This compares with the 2006/07 after tax profit of $52,055,058. Consolidated revenue, including unrealised gains on cash flow hedges and fair value adjustment on investment property, decreased from $117,755,963 to $82,686,309 whilst total consolidated expenses including depreciation, finance costs and income tax decreased from $65,700,905 to $60,083,687.

Dividends

ADGPL has paid fully franked dividends of $15,620,000 during the year (2007: $11,350,000 fully franked).
No other dividends have been paid, declared or recommended during the year.

Significant Changes in the State of Affairs

No significant change in the nature of the company's state of affairs occurred during the year.

Matters Subsequent to the End of the Financial Year

There have been no events, which have arisen since the end of the financial year, which have significantly affected or may significantly affect;

- (i) the operations of the consolidated entity and parent company;
- (ii) the results of those operations; or
- (iii) the state of affairs of the consolidated entity and parent company in subsequent financial years.

Likely Developments and Expected Results of Operations

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

Environment Regulation

The entity operates under the *Airport (Environmental Protection) Regulations 1997* that form part of the *Airports Act 1996*. Other Commonwealth and Northern Territory legislation applies where regulation under the *Airports Act 1996* has not been prescribed. The *Air Navigation Act 1920* also applies to the entity, particularly in respect of noise.

There have been no significant breaches of the applicable legislation.

Risk and Audit Committee

The board is responsible for the overall governance of the company including setting the company's strategic direction, establishing goals for management and monitoring the achievement of those goals. Directors are accountable to the shareholders for the company's performance. To assist in the execution of its corporate governance responsibilities, the board has in place a Risk and Audit Committee (RAAC). This committee currently consists of three directors. The RAAC meets a minimum of four times per year and operates under a charter approved by the board.

Insurance of Officers

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During the financial year the company has paid a premium to insure all directors and officers who are, or have been, directors and officers of the company and its controlled entities against certain liabilities they may incur in carrying out their duties for the company. The terms of the policy prohibits disclosure of the nature of the liabilities, the amount of insurance cover and the amount of the premium.

Directors as listed in note 29 to this report are covered under this insurance policy. The officers of the company covered by the insurance include the directors, executive officers and employees.

Directors Benefits and Emoluments

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the parent entity or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest.

Remuneration payable to directors of the company is outlined in Note 25.

Share Options

No options to shares in ADGPL have been granted during the financial year and there were no options outstanding at the end of the financial year.

Corporate Structure

ADGPL is a company limited by shares that is incorporated and domiciled in Australia. The registered office is 1 Fenton Court Marrara NT 0812. The entities that it had one hundred percent ownership of during the financial year are Northern Territory Airports Pty Ltd and Tennant Creek Airport Pty Ltd.

Employees

Airport Development Group Pty Ltd employed 72 employees as at 30 June 2008. (2007: 67 employees)

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 47.

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

Director Director

Place: Melbourne

Date: 24 December 2008

merit partners
CHARTERED ACCOUNTANTS

Tel 61 8 8982 1444
Fax 61 8 8982 1400
Level 2
9-11 Cavenagh Street
Darwin NT 0800 Australia
GPO Box 3470
Darwin NT 0801 Australia
www.meritpartners.com.au

Auditor's Independence Declaration to the Directors of Airport Development Group Pty Ltd

In relation to our audit of the financial report of Airport Development Group Pty Ltd for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Merit Partners

Merit Partners

Matthew Kennon
Partner

Darwin
Date: 18/12/2008

Income Statement

For the financial year ended 30 June 2008

	Note	CONSOLIDATED 2008 $	2007 $	COMPANY 2008 $	2007 $
Revenues from continuing operations	3(b)	64,749,097	56,291,170	12,473,869	12,958,524
Salaries and employee benefits		(7,158,915)	(5,999,867)	0	0
Maintenance expense		(4,044,961)	(2,176,067)	0	0
Security and passenger screening charges		(7,525,836)	(5,640,771)	0	0
Technical Services Agreement expense		(364,599)	(2,255,877)	0	0
Services and utilities expense		(4,690,274)	(4,350,346)	0	0
Other expenses		(4,749,447)	(4,629,114)	0	0
EBITDA*		36,215,065	31,239,128	12,473,869	12,958,524
Net gain on fair value of investment property	3(d)	16,933,391	59,002,055	0	0
Other income	3(c)	1,003,821	2,462,738	0	0
Depreciation and amortisation expense	3(a)	(10,078,632)	(8,634,777)	0	0
Impairment expense – infrastructure assets		(283,877)	0	0	0
Finance costs	3(a)	(11,482,295)	(9,406,170)	0	0
Profit before income tax expense		32,307,473	74,662,974	12,473,869	12,958,524
Income tax expense	4	(9,704,851)	(22,607,916)	(3,742,165)	(3,747,600)
Profit attributable to members of the entity		22,602,622	52,055,058	8,731,704	9,210,924

** EBITDA represents Earnings before Interest expense, Tax, Fair value adjustments on Investment Property, Unrealised gains, Depreciation and Amortisation*

The accompanying notes form part of these financial statements.

Balance Sheet

As at June 2008

	Note	CONSOLIDATED 2008 $	2007 $	COMPANY 2008 $	2007 $
Current Assets					
Cash and cash equivalents	5	12,697,700	16,492,423	0	0
Trade and other receivables	6	8,344,040	7,357,420	0	0
Prepaid rent	7	65,880	65,880	0	0
Other financial assets	9	4,590,751	3,586,930	0	0
Other	8	182,216	572,307	0	0
Total Current Assets		**25,880,587**	**28,074,960**	**0**	**0**
Non-Current Assets					
Other financial assets	10	0	0	86,841,233	95,766,535
Prepaid rent	11	5,797,447	5,863,327	0	0
Investment properties	12	138,760,000	119,906,400	0	0
Investments	13	0	0	24	24
Infrastructure, plant and equipment	14	150,834,831	137,093,605	0	0
Other intangibles	15	15,436,920	15,842,722	0	0
Goodwill	16	13,963,732	13,963,732	0	0
Deferred tax assets	4	1,405,666	989,599	0	0
Total Non-Current Assets		**326,198,596**	**293,659,385**	**86,841,257**	**95,766,559**
Total Assets		**352,079,183**	**321,734,345**	**86,841,257**	**95,766,559**
Current Liabilities					
Trade and other payables	17	16,631,301	15,910,227	0	0
Borrowings	18	175,650,000	0	0	0
Provisions	19	1,748,029	1,110,194	0	0
Income tax payable		2,868,015	2,385,897	2,868,015	2,385,897
Total Current Liabilities		**196,897,345**	**19,406,318**	**2,868,015**	**2,385,897**
Non-Current Liabilities					
Other payables	4	0	0	487,980	3,007,103
Borrowings	20	0	158,676,899	0	0
Provisions	21	1,079,544	391,085	0	0
Deferred tax liabilities	4	47,403,247	43,543,618	0	0
Total Non Current Liabilities		**48,482,791**	**202,611,602**	**487,980**	**3,007,103**
Total Liabilities		**245,380,136**	**222,017,920**	**3,355,995**	**5,393,000**
Net Assets		**106,699,047**	**99,716,425**	**83,485,262**	**90,373,559**
Equity					
Contributed equity	22	60,765,344	60,765,344	60,765,344	60,765,344
Reserves	23	0	0	0	0
Retained profits / (losses)		45,933,703	38,951,081	22,719,918	29,608,215
Total Equity		**106,699,047**	**99,716,425**	**83,485,262**	**90,373,559**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the financial year ended 30 June 2008

Company	CONTRIBUTED EQUITY $	RESERVES $	RETAINED PROFITS $	TOTAL $
Balance at 1 July 2006	**60,765,344**	**0**	**31,747,291**	**92,512,635**
Profit attributable to the members of the entity	0	0	9,210,924	9,210,924
Dividends paid	0	0	(11,350,000)	(11,350,000)
Balance at 30 June 2007	**60,765,344**	**0**	**29,608,215**	**90,373,559**
Profit attributable to the members of the entity	0	0	8,731,704	8,731,704
Dividends paid	0	0	(15,620,000)	(15,620,000)
Balance at 30 June 2008	**60,765,344**	**0**	**22,719,918**	**83,485,262**

Consolidated	CONTRIBUTED EQUITY $	RESERVES $	RETAINED PROFITS/ (LOSSES) $	TOTAL $
Balance at 1 July 2006	**60,765,344**	**263,682**	**(1,753,977)**	**59,275,049**
Profit attributable to the members of the entity	0	0	52,055,058	52,055,058
Movement in hedge reserve	0	(263,682)	0	(263,682)
Dividends paid	**0**	**0**	**(11,350,000)**	**(11,350,000)**
Balance at 30 June 2007	**60,765,344**	**0**	**38,951,081**	**99,716,425**
Profit attributable to the members of the entity	0	0	22,602,622	22,602,622
Movement in hedge reserve	0	0	0	0
Dividends paid	0	0	(15,620,000)	(15,620,000)
Balance at 30 June 2008	**60,765,344**	**0**	**45,933,703**	**106,699,047**

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the financial year ended 30 June 2008

	Note	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	COMPANY 2008 $	COMPANY 2007 $
Cash Flows from Operating Activities					
Receipts from customers		68,927,343	54,331,614	0	0
Payments to suppliers and employees		(32,346,853)	(21,345,278)	0	0
Interest received		868,367	408,767	12,473,869	12,958,524
Finance costs		(17,685,575)	(2,278,696)	0	0
Income tax paid		(5,779,171)	(5,483,657)	(5,779,171)	(5,483,657)
Goods and Services Tax paid		(1,752,004)	(3,182,791)		0
Net cash flows from operating activities	30	12,232,107	22,449,959	6,694,698	7,474,867
Cash Flows from Investing Activities					
Acquisition of infrastructure, plant and equipment		(17,186,075)	(31,827,905)	0	0
Proceeds from sale of plant and equipment		79,245	0	0	0
Advances from / (to) related parties		0	0	8,925,302	3,875,133
Net cash flows (used in) / from investing activities		(17,106,830)	(31,827,905)	8,925,302	3,875,133
Cash Flows from Financing Activities					
Proceeds from borrowings		16,700,000	35,950,000	0	0
Repayment of borrowings		0	0	0	0
Dividends paid		(15,620,000)	(11,350,000)	(15,620,000)	(11,350,000)
Net cash flows from / (used in) financing activities		1,080,000	24,600,000	(15,620,000)	(11,350,000)
Net increase / (decrease) in cash held		(3,794,723)	15,222,054	0	0
Cash at beginning of the financial year		16,492,423	1,270,369	0	0
Cash at end of the financial year	30	12,697,700	16,492,423	0	0

The accompanying notes form part of these financial statements.

Note 1. Summary of Significant Accounting Policies

(a) Statement of compliance

The financial report is a general purpose financial report prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated group of Airport Development Group Pty Ltd (ADGPL) and controlled entities and ADGPL as an individual parent entity.

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS). The financial statements were authorised for issue by the directors on 24 December 2008.

(b) Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Going concern

Notwithstanding the deficiency in net current assets at balance date, these accounts have been prepared on a going concern basis. This deficiency has been caused by a reclassification of senior debt instruments from non-current liabilities to current liabilities on the face of the balance sheet. The reason for the reclassification is that the senior debt is in the process of being re-financed and is expected to be repaid in the forthcoming financial year. The refinanced debt will then be classified appropriately as non-current liabilities.

The preparation of the financial statements requires management to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008 and the comparative information presented in these financial statements for the year ended 30 June 2007.

(c) Income Tax

Income tax disclosed in the income statement comprises of current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantially enacted at balance date, and any adjustments to tax payable in respect of previous years.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates and interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised of the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Tax consolidation legislation
The head entity, Airport Development Group Pty Ltd, 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 entity. The head entity recognises the current tax liabilities (or assets) and the deferred tax assets arising from the unused tax losses and unused tax credits assumed from the controlled entities in the tax consolidated group.

Members of the tax consolidated group have entered into a tax funding arrangement under which the wholly-owned entities fully compensate the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity under the tax consolidation legislation. The amounts receivable or payable under the tax funding arrangement are due upon receipt of the funding advice from the head entity, which is issued as soon as practical 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 installments. The funding amounts are recognised as current intercompany receivables and payables.

(d) Foreign Currency Translation

Transactions
Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date, amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit and loss for the year.

(e) Revenue Recognition
Revenue is recognised when it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Aeronautical Charges
Comprises:
- Passenger based charges for scheduled regular public transport (rpt) passenger services.
- Landing based charges for unscheduled, general aviation or non passenger services.
- Passenger based charges for the use of terminal facilities.
- Safety and security charges levied on a per passenger basis in respect of government mandated security measures.

Aeronautical revenue is recognised in the period in which passengers and aircraft physically arrive at the airport.

Trading Income
Comprises concessionaire rent, overages, and other charges received including income from public car parks. Income from concessionaire overages is recognised in the period in which the sales to which it relates arises, other rentals are recognised in the period for which the rental relates according to the lease documentation.

Income from public carparks is recognised on a cash basis.

Property
Comprises income from company owned terminals, buildings and other leased areas. Lease income is recognised on a straight line basis over the term of the lease.

(f) Trade and Other Receivables
Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognized when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective rate.

(g) Acquisition of Assets

The cost method of accounting is used for all acquisition of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(h) Impairment of Assets

At each reporting date the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Infrastructure, Plant and Equipment

(i) Cost and Valuation

The cost base assigned to infrastructure assets and plant and equipment is set out in note 14.

(ii) Depreciation and Amortisation

Infrastructure, plant and equipment (including infrastructure assets under lease) have been depreciated using the straight-line method based upon the estimated useful life of the assets to the consolidated entity.

Depreciation and amortisation rates used are as follows:

	2008	2007
Runways Taxiways & Aprons	2.5% - 10.0%	2.5% - 15.0%
Roads & Car parks	2.5% - 20.0%	2.5% - 20.0%
Fences & Gates	5.0% - 12.0%	5.0% - 15.0%
Lighting & Visual Aids	5.0% -10.0%	5.0% - 10.0%
Passenger Terminal	2.13% - 33.3%	2.13% - 33.3%
Buildings	2.13% - 15.0%	2.13% - 25.0%
Plant & Equipment	2.5% - 33.3%	4.0% - 33.3%
Vehicles	15.0% - 20.0%	15.0% - 20.0%
Computer Equipment	10.0% - 33.3%	15.0% - 33.3%

(iii) Leasehold Improvements

Leasehold improvements have been amortised over the shorter of the unexpired period of the lease and estimated useful life of the improvements.

(iv) Derecognition and disposal

An item of infrastructure, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

(j) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases (other than prepaid rent – refer note 1(k)), where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred on a straight line basis over the lease term.

(k) Prepaid Rent

The entity leases airport land from the Commonwealth of Australia, a portion of which is classified as a prepaid operating lease. The balance of the leased land is classified as Investment Properties (refer note 1(l)).

Upfront payments for operational land under lease from the Commonwealth of Australia are recognised as Prepaid Rent and the gross value is amortised over the period of the lease (including the option to renew) on a straight line basis.

(l) Investment Properties

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 entity. The property interest held by the entity in land and buildings is by way of an operating lease. The entity has classified certain areas of land and buildings as being investment property being held by the entity only to earn rentals and not for being held for the use of supplying aeronautical services or administrative services.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of the day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction of development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property or inventories, the deemed cost of the property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the entity as an owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under Infrastructure, Plant and Equipment (note 1(i)) up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement. When the entity completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

(m) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the income statement and not subsequently reversed.

(n) Intangible assets

Lease premium

The lease premium was paid on the acquisition of the airport leases from the Federal Government and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful life of the lease, being 99 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Computer software
Computer software assets are initially measured at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged on a straight line basis over the estimated useful life of the software. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period. The amortization rate used was 33.33% straight line. (2007 – 33.33%)

(o) Trade and Other Payables
Trade and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provisions
Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(q) Interest Bearing Loans and Borrowings
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest 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.

(r) Derivative Financial Instruments
The consolidated entity has entered into interest rate swap agreements to manage its exposure to interest rate risk. Further details of derivative financial instruments are disclosed in note 2 to the financial statements.

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

Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement. 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 initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity 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 deferred in equity is recognised immediately in the income statement.

(s) Financial assets
Financial assets are categorised as either financial assets at fair value through profit and loss or loans and receivables. The classification depends on the purpose for which the financial asset was acquired.

Financial assets are recognised and derecognised upon trade date. When financial assets are recognised initially, they are measured at fair value. In the case of assets not at fair value through profit and loss, directly attributable transaction costs are taken into account.

Financial assets are derecognised when the contractual rights to the cash flow from the financial assets expire or the asset is transferred to another entity. In the case of transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Financial assets at fair value through profit and loss
Derivatives held by the Company comprise interest rate swap agreements. Additional disclosures in relation to derivative financial instruments are provided at Note 9.

Loans and receivables
Financial instruments designated as loans and receivables are bank and other securities, short term deposits with major banks, trade and other receivables.

Additional disclosures in relation to financial instruments are provided at Note 2.

(t) Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

Loans and receivables

If there is objective evidence that an impairment loss has been incurred for financial assets held at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

(u) Finance Costs

Finance costs, except for establishment costs, are recognised as expenses in the period in which they are incurred. Finance costs include:

- interest on bank overdraft and loans
- senior debt agents fees
- ancillary costs incurred in connection with the ongoing conduct of borrowings.

The finance costs incurred in acquiring the borrowings (establishment costs) are offset against the principal liability and expensed over the term to maturity of the debt using an effective interest rate basis.

(v) Maintenance and Repairs

Maintenance, repair costs and minor renewals, are charged as expenses as incurred.

(w) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of the following categories;

- wages and salaries, non-monetary benefits, annual leave, long service leave, and other leave benefits; and
- other types of employee benefits

Recognised against profits on a net basis in their respective categories.

Superannuation commitments

ADGPL contributes to Australian Super Superannuation Fund in respect of all its employees.

Australian Super is a complying fund under the Commonwealth superannuation law. It is an accumulation fund and contributions by ADGPL satisfy the entity's superannuation guarantee obligation for its employees.

(x) Cash and cash equivalents

Cash and cash equivalents include cash on 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.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amounts of goods and services tax except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

(z) Contributed equity

Issued and paid up capital is recognised at the face value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(aa) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard *AASB 127 'Consolidated and Separate Financial Statements'*. A list of subsidiaries appears in note 31 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(bb) Rounding of amounts

The financial report is presented in Australian dollars and all values are presented to the nearest dollar. Unless otherwise stated amounts have not been rounded.

(cc) New Accounting Standards and Interpretations

In the current year the consolidated entity has adopted all the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These did not result in any material financial impact on the financial statements of the consolidated entity.

The consolidated entity has elected to early adopt *AASB 8 "Operating Segments"* and accordingly segment information has not been disclosed.

At the date of authorisation of the financial report, the following standards and interpretations were on issue and considered applicable to the entity but not yet effective:

TITLE	SUMMARY	IMPACT ON CONSOLIDATED ENTITY FINANCIAL REPORT	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR COMPANY
AASB Interpretation 12 'Service Concession Arrangements' (and consequential amendments to other accounting standards resulting from its issue)	Clarifies how operators recognise the infrastructure as a financial asset and / or intangible asset – not as property, plant and equipment	Management have begun to assess the impact but believe that the entity does not fall within the scope of this standard. Will continue to monitor developments in this area.	1/1/2009	1/7/2008
Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123.	It has removed the option to expense all borrowing costs and when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	Capital expenditure is budgeted at \$46 million for the year ending 30th June 2009 which will be financed by borrowings. The interest payable on these borrowings will be capitalised to the projects as opposed to expensing it after EBITDA.	1/1/2009	1/7/2008

Other than the matters noted above, the directors anticipate that the adoption of these standards and interpretations in future periods will have no material financial impact on the financial statements of the consolidated entity. These standards and interpretations will be first applied in the financial report of the consolidated entity that relates to the annual reporting period beginning after the effective date of each pronouncement.

(dd) Company information

ADGPL is a company limited by shares that is incorporated and domiciled in Australia.

The registered office and principal place of business is 1 Fenton Court Marrara NT 0812.

The entities that it had one hundred percent ownership of during the financial year are Northern Territory Airports Pty Ltd and Tennant Creek Airport Pty Ltd.

Note 2. Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, bank loans, an overdraft, cash and derivatives.

The Group manages its exposure to key financial risks such as interest rate risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets and protecting future financial security

The Group enters into interest rate swaps to manage the interest rate risk arising from the potential change in variable loan interest rates. Liquidity is managed through the monitoring of outstanding debtors, management of creditor payments and the use of a financial model.

The Board reviews and agrees policies for managing the risks as summarised below.

Primary responsibility for identification and control of financial risk rest with the Risk and Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing of risks identified below including interest rate risk and future cash flow projections.

Risk Exposures and Responses

Interest rate risk

The Group's exposure to market interest rates relates to long term debt obligations. The level of debt is disclosed in note 20.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	CONSOLIDATION		COMPANY	
	2008 $	2007 $	2008 $	2007 $
Financial Assets				
Cash	**12,697,700**	**16,492,423**	**0**	**0**
Financial liabilities				
Bank loan	175,650,000	158,676,899	0	0
Accrued interest	417,877	13,788,517	0	0
	176,067,877	**172,465,416**	**0**	**0**

Interest rate swap contracts outlined in note 9 with a fair value of $4,590,751 (2007: $3,586,930) are exposed to fair value movements if interest rates change.

The Group's policy is to manage its cash flow volatility arising from interest rate changes by entering into interest rate swaps. By doing this the Group agrees to exchange, at specific intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 30 June 2008 approximately 54% (2007: 52%) of the Group's borrowings are covered by an interest rate swap.

Interest rate swap contracts

Under interest rate swap contracts, the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values at the reporting date and are disclosed below.

At 30 June 2008 the consolidated entity had the following interest rate swap agreements (pay fixed, receive floating) in place:

NOTIONAL PRINCIPAL		RECEIVE INTEREST RATE (FLOATING)		PAY INTEREST RATE (FIXED)		FAIR VALUE		MATURITY
2008 $	2007 $	2008 %	2007 %	2008 %	2007 %	2008 $	2007 $	
0	59,073,301		BBSW		5.02%		972,704	10 Jun 2008
40,217,288	33,083,877	BBSW	BBSW	6.02%	6.02%	4,590,999	2,614,226	10 Jan 2011
46,000,000	0	BBSW		7.85%		0	0	10 Sep 2008
10,000,000	0	BBSW		7.95%		(248)	0	10 Sep 2008

Maturity profile of financial instruments

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2008:

FINANCIAL INSTRUMENTS	FLOATING INTEREST RATE		FIXED INTEREST RATE MATURING IN:								NON-INTEREST BEARING		TOTAL CARRYING AMOUNT AS PER THE STATEMENT OF FINANCIAL POSITION		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
			0 – 3 MONTHS		4 –12 MONTHS		OVER 1 –5 YEARS		MORE THAN 5 YEARS							
	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 $	2007 $	2008 %	2007 %
(i) Financial assets																
Cash and liquid assets	12,697,700	16,492,423											12,697,700	16,492,423	5.88	5.48
Receivables – trade											8,344,040	7,357,420	8,344,040	7,357,420		N/A
Interest rate swap			(248)			972,704	4,590,999	2,614,226					4,590,571	3,586,930		Refer note 31(c)
Total Financial Assets	**12,697,700**	**16,492,423**	(248)			**972,704**	**4,590,999**	**2,614,226**			**8,344,040**	**7,357,420**	**25,632,491**	**27,436,773**		N/A
(ii) Financial liabilities																
Payables											16,631,301	15,910,227	16,631,301	15,219,897		N/A
Bank loan – Senior debt	175,650,000	158,950,000											175,650,000	158,950,000	7.33	6.95
Total financial liabilities	**175,650,000**	**158,950,000**									**16,631,301**	**15,910,227**	**192,281,301**	**174,169,897**		

The Group regularly monitors its interest rate exposure and consideration is given to the adjustment of the interest rates swaps in place.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	CONSOLIDATION		COMPANY	
JUDGEMENTS OF REASONABLY POSSIBLE MOVEMENTS	2008 $	2007 $	2008 $	2007 $
	POST TAX PROFIT HIGHER/(LOWER)		POST TAX PROFIT HIGHER/(LOWER)	
+1% (100 basis points)	(1,108,540)	(972,390)	607,889	670,366
-.5% (50 basis points)	554,270	486,195	(303,944)	(335,183)

Price risk
The Group has no exposure to equity securities price risk.

Credit risk
Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, derivatives and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

Where possible the Group trades with recognised, creditworthy third parties, and it is not the Group's policy to securitise its trade and other receivables. It is normal practice to receive a rental security bond or bank guarantee from tenants entering into long term rental contracts.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There is significant concentration of credit risk within the Group due to the limited number of airlines using the Airport. Receivable balances are monitored on an ongoing basis and prompt collection action taken to minimize the exposure to the concentration of credit risk.

Liquidity risk
The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of operational cash flow, bank loans and an overdraft facility.

The Group negotiates bank loans on the most favourable terms available at the time. At the 30 June 2008 100% (2007: 0%) of the Group's debt will mature with in the next twelve months.

The table below reflects all receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities including derivative financial instruments as at 30 June 2008. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal year are presented. Cash flows for financial assets and liabilities are based on the conditions existing at 30 June 2008.

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	2008 $	2007 $
6-12 months	176,500,000	0	176,500,000	0
1-5 years	0	158,676,899	0	158,676,899

Maturity analysis of financial assets and liabilities based on management expectations.
The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the operations of the business and the financing of assets used in our ongoing operations such as plant and equipment. These assets are considered in the Group's overall liquidity risk.

	<6 MONTHS $	6-12 MONTHS $	1-5 YEARS $	>5 YEARS $	TOTAL $
Year ended 30 June 08					
Consolidated financial assets					
Cash and cash equivalents	12,697,700	0	0	0	12,697,700
Trade and other receivables	8,344,040	0	0	0	8,344,040
Derivatives	4,590,751	0	0	0	4,590,751
Swap interest	1,220,490	0	0	0	1,220,490
	26,852,981	**0**	**0**	**0**	**26,852,981**
Consolidated financial liabilities					
Trade and other payables	16,631,301	0	0	0	16,631,301
Interest bearing loans	0	175,650,000	0	0	175,650,000
Interest on loans	6,702,130	0	0	0	6,702,130
	23,333,431	**175,650,000**	**0**	**0**	**198,983,431**
Net Maturity	**3,519,550**	**(175,650,000)**	**0**	**0**	**(172,130,450)**
Company financial assets					
Trade and other receivables	0	0	0	0	0
Derivatives	0	0	0	0	0
Related parties	0	0	0	86,841,233	86,841,233
Interest on loans to related parties	5,691,075	5,598,286	45,157,441	112,893,603	169,340,405
	5,691,075	**5,598,286**	**45,157,441**	**199,734,836**	**256,181,638**
Company financial liabilities					
Trade and other payables	0	0	0	0	0
Interest bearing loans	0	0	0	0	0
	0	**0**	**0**	**0**	**0**
Net Maturity	**5,691,075**	**5,598,286**	**45,157,441**	**199,734,836**	**256,181,638**

	<6 MONTHS $	6-12 MONTHS $	1-5 YEARS $	>5 YEARS $	TOTAL $
Year ended 30 June 07					
Consolidated financial assets					
Cash and cash equivalents	16,492,423	0	0	0	16,492,423
Trade and other receivables	7,357,420	0	0	0	7,357,420
Derivatives	3,586,930	0	0	0	3,586,930
Swap interest	1,004,010	987,640	1,004,010	0	2,995,659
	28,440,783	**987,640**	**1,004,010**	**0**	**30,432,432**
Consolidated financial liabilities					
Trade and other payables	15,910,227	0	0	0	15,910,227
Interest bearing loans	0	0	158,676,899	0	158,676,899
Interest payable	6,064,922	5,586,113	6,064,922	0	17,715,957
	21,975,149	**5,586,113**	**164,741,821**	**0**	**192,303,083**
Net Maturity	**6,465,634**	**(4,598,473)**	**(163,737,811)**	**0**	**(161,870,651)**

	<6 MONTHS $	6-12 MONTHS $	1-5 YEARS $	>5 YEARS $	TOTAL $
Company financial assets	0	0	0	0	0
Trade and other receivables	0	0	0	0	0
Derivatives	0	0	0	0	0
Company financial liabilities					
Trade and other payables	0	0	0	0	0
Interest bearing loans	0	0	0	0	0
	0	**0**	**0**	**0**	**0**
Net Maturity	**0**	**0**	**0**	**0**	**0**

At balance date, the Group has available approximately $48.05million of unused credit facilities available for its immediate use.

Fair value

The methods of estimating fair value are outlined in the relevant notes to the financial statements

Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2007: net fair value).

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- the fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments. Transaction costs are included in the determination of net fair value.

Note 3. Revenues and Expenses

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	2008 $	2007 $
(a) Expenses				
Interest				
- Interest costs on external borrowings	11,103,868	8,985,510	0	0
- Amortisation of borrowing expenses	273,101	273,101	0	0
- Other borrowing expenses	105,326	147,559	0	0
Total finance costs	**11,482,295**	**9,406,170**	**0**	**0**
Depreciation				
- Plant and equipment	608,101	506,848	0	0
- Infrastructure assets	8,917,320	7,590,169	0	0
	9,525,421	**8,097,017**	**0**	**0**
Amortisation				
- Lease premium	168,454	168,454	0	0
- Prepaid rent	65,880	65,880	0	0
- Software	318,877	303,426	0	0
	553,211	**537,760**	**0**	**0**
Total depreciation and amortisation	**10,078,632**	**8,634,777**	**0**	**0**
Allowance for impairment loss expense – loans and receivables	**(513,064)**	**242,935**	**0**	**0**
Superannuation contributions – defined contribution plan	**669,393**	**645,552**	**0**	**0**
Loss on disposal of plant and equipment	**1,249,401**	**0**	**0**	**0**

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	COMPANY 2008 $	COMPANY 2007 $
(b) Revenue from continuing operations				
Rendering of Services				
- Aeronautical Charges	44,870,522	34,466,273	0	0
- Trading income	8,050,177	6,844,124	0	0
- Property	7,787,286	6,672,640	0	0
- Other	3,093,500	7,899,366	0	0
Total	**63,801,485**	**55,882,403**	**0**	**0**
Other revenue				
- Interest	868,367	408,767	12,473,869	12,958,524
- Profit on sale of non-current assets	79,245	0	0	0
Total revenue from continuing operations	**64,749,097**	**56,291,170**	**12,473,869**	**12,958,524**
(c) Other income				
Net gain on interest rate swap contract – cash flow hedge	1,003,821	2,462,738	0	0
(d) Net gain on fair value adjustment of investment property	**16,933,391**	**59,002,055**	**0**	**0**

Note 4. Income Tax

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	COMPANY 2008 $	COMPANY 2007 $
Income statement				
Current income tax				
Current tax expense	6,261,285	4,978,147	3,742,161	3,887,557
Adjustments in respect of current income tax of previous years	364	276,404	4	(139,957)
Deferred income tax				
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	3,443,202	17,353,365	0	0
Income tax expense reported in the income statement	**9,704,851**	**22,607,916**	**3,742,165**	**3,747,600**
A reconciliation between the tax expense and the product of accounting profit before income tax multiplied by the entity's applicable income tax rate is as follows:				
Accounting profit before income tax	**32,307,473**	**74,662,974**	**12,473,869**	**12,958,524**
Prima facie tax at 30%	9,692,241	22,398,891	3,742,161	3,887,557
Adjustments in respect of current income tax of previous years	364	276,403	4	(139,957)
Expenditure not allowable for income tax purposes	12,246	11,726	0	0
Other	0	(79,104)	0	0
Income tax expense reported in the income statement	**9,704,851**	**22,607,916**	**3,742,165**	**3,747,600**

	BALANCE SHEET		INCOME STATEMENT	
	2008 $	2007 $	2008 $	2007 $
Consolidated				
Deferred tax liabilities				
Intangibles	4,493,537	4,544,072	50,535	50,536
Property, plant & equipment - tax allowance	39,765,089	36,117,518	(3,647,213)	(16,866,997)
Prepayments	8,399	27,188	18,789	(20,652)
Deferred gains & losses on interest rate swap contracts	1,377,225	1,076,079	(301,146)	(659,717)
Other assets	1,758,997	1,778,762	19,765	19,764
	47,403,247	**43,543,618**		
Deferred tax assets:				
Property, plant & equipment	252,119	169,203	82,916	(1,953)
Payables	380,191	127,683	252,509	102,747
Provision for doubtful debts	38,545	192,462	(153,916)	72,881
Other provisions	695,961	450,384	245,577	(43,299)
Tax assets	38,850	49,897	(11,018)	(6,675)
	1,405,666	**989,599**	**(3,443,202)**	**(17,353,365)**
Company				
Deferred tax liabilities				
Intangibles	0	0	0	0
Property, plant & equipment	0	0	0	0
Prepayments	0	0	0	0
Deferred gains & losses on interest rate swap contracts	0	0	0	0
Other assets	0	0	0	0
	0	**0**	**0**	
Deferred tax assets:				
Property, plant & equipment	0	0	0	0
Payables	0	0	0	0
Provision for doubtful debts	0	0	0	0
Other provisions	0	0	0	0
Tax assets	0	0	0	0
	0	**0**	**0**	**0**

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	2008 $	2007 $
Other				
Payable to related entities – loan under tax sharing arrangement	0	0	487,979	3,007,103

Note 5. Cash and cash equivalents

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	2008 $	2007 $
Cash balance comprises:				
- Cash on hand	51,336	42,236	0	0
- Cash at bank	12,646,364	16,450,187	0	0
Closing cash balance	**12,697,700**	**16,492,423**	**0**	**0**
Reconciliation to Cash Flow Statement				
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at the end of the financial year:				
Cash on hand	51,336	42,236	0	0
Cash at bank	12,646,364	16,450,187	0	0
Bank Overdraft (note 18)	0	0	0	0
	12,697,700	**16,492,423**	**0**	**0**

Interest is earned on current accounts at floating rates based on daily bank deposit rates.

Average interest rates earned is disclosed in note 2.

Note 6. Trade and other receivables

Trade receivables	8,238,140	7,644,837	0	0
Other receivable	234,379	354,126	0	0
Less: Allowance for impairment loss	(128,479)	(641,543)	0	0
	8,344,040	**7,357,420**	**0**	**0**

Trade receivables are non-interest bearing and generally on 30 day terms. An allowance for impairment loss is made where there is objective evidence that a trade debtor is impaired.

Allowance for impairment loss

Trade receivables are non-interest bearing and are on 30 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

Movements in the allowance for impairment loss were as follows:

Opening balance	641,543	398,608	0	0
Net charge for year	0	242,935	0	0
Net reversal for year	(513,064)	0	0	0
Closing balance	**128,479**	**641,543**	**0**	**0**

At 30 June the ageing analysis of trade receivables is as follows:
PDNI – Past due not impaired, CI – Considered impaired

		TOTAL $	0-30 DAYS $	31-60 DAYS $	61-90 DAYS $	61-90 DAYS $	+91 DAYS $	+91 DAYS $
		TOTAL	DAYS	DAYS	DAYS	DAYS	DAYS	DAYS
				PDNI	PDNI	CI	PDNI	CI
2008	Consolidated	8,238,140	6,924,178	1,104,893	71,918	5,702	8,672	122,777
	Company	0	0	0	0	0	0	0
2007	Consolidated	7,644,837	5,399,045	1,066,315	308,685	0	276,570	594,222
	Company	0	0	0	0	0	0	0

Direct contact has been made with those debtors who have receivables past due. These debts are not considered impaired and the company is satisfied that payment will be received in full.

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

The maximum exposure to credit risk is the fair value of receivables. Security over these asset is not held nor is it the company's policy to transfer or on sell receivables to special purpose entities.

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	2008 $	2007 $
Note 7. Prepaid rent (Current)				
Prepaid rent	65,880	65,880	0	0
Note 8. Other assets (Current)				
Prepayments	182,216	572,307	0	0
Note 9. Other financial assets (Current)				
Interest rate swap contracts – cash flow hedges	4,590,751	3,586,930	0	0

Instruments used by the group.

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest rates.

Interest rate swaps – cash flow hedges

Interest bearing loans carry a variable interest rate. In order to protect against rising interest rates the Group has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. Swaps in place cover approximately 54% (2007: 52%) of the principal outstanding. The fixed interest rate is set at 6.2% (2007: 6.2%) and the variable rate is set at the Australian Dollar BBR-BBSY rate

At 30 June 2008 the notional principal amounts and period of expiry on the interest rate swap contracts are as follows:

	CONSOLIDATED	
	2008	2007
0-1 years	109,124,529	103,533,071
1-2 years	115,545,613	109,124,529
2-3 years	117,773,546	115,545,613
3-5 years		117,773,546

The interest rate swaps require settlement of net interest receivable or payable each quarter. Settlement dates are not matched directly with dates on which interest is payable on the underlying debt. They are settled on a net basis and all gains and losses attributable to the hedge are taken directly to the profit and loss.

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	2008 $	2007 $
Note 10. Other financial assets (Non-current)				
Loans to related parties	0	0	86,841,233	95,766,535
Note 11. Prepaid rent (Non-current)				
Prepaid rent	5,797,447	5,863,327	0	0
Prepaid rent:				
Carrying amount at the beginning of the year	5,863,327	5,929,207	0	0
Portion amortised during the year	(65,880)	(65,880)	0	0
Carrying amount at the end of the year	5,797,447	5,863,327	0	0

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	2008 $	2007 $
Note 12. Investment properties				
Investment properties – at fair value	138,760,000	119,906,400	0	0
Investment properties:				
Carrying amount at the beginning of the year	119,906,400	47,132,956	0	0
Additions	495,846	0	0	0
Transfer from infrastructure assets	921,861	1,175,000	0	0
Transfer from work in progress	502,502	12,596,389	0	0
Net gain from fair value adjustment	16,933,391	59,002,055	0	0
Carrying amount at the end of the year	138,760,000	119,906,400	0	0
Amounts recognised in the income statement for investment property				
Rental income	3,001,344	2,309,599	0	0
Direct operating expenses from property that generate rental income	(100,404)	(33,779)		0
Net income	2,900,940	2,275,820	0	0

Investment property was valued by Herron Todd White (Darwin) as at 30 June 2008. Herron Todd White are an independent valuation firm who has extensive experience in valuing property for the entity. The value of investment property is measured on a fair value basis being the amounts for which property could be exchanged between knowledgeable, willing parties in an arm's length transaction.

In assessing the value of the investment property, wherever an observable active market price (and/or market income stream) for a land and/or building asset was identifiable, the "fair value" approach has been adopted primarily utilising the capitalisation of the estimated sustainable net annual market income.

Leasing arrangements
The investment properties are leased to tenants under long term operating leases with rentals generally payable monthly. 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:	2,730,148	2,645,367	0	0
Later than one year but no later than 5 years	10,752,622	10,878,934	0	0
Later than 5 years	7,526,644	9,138,632	0	0
	21,009,414	22,662,933	0	0

Contractual obligations
Refer to note 28 for disclosure of any contractual obligations which include to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Note 13. Investments

Shares in subsidiary companies at cost	0	0	24	24

Note 14. Infrastructure, Plant and Equipment

Plant and Equipment				
Plant and equipment – at cost	7,215,170	6,392,422	0	0
Accumulated depreciation	(4,767,780)	(4,635,210)	0	0
Total Plant and Equipment	2,447,390	1,757,212	0	0

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	2008 $	2007 $
Infrastructure Assets				
Infrastructure assets under lease – at cost	170,149,548	141,671,913	0	0
Accumulated depreciation	(34,285,200)	(26,042,857)	0	0
Allowance for impairment	(283,877)	0	0	0
Total Infrastructure Assets	**135,580,471**	**115,629,056**	**0**	**0**
Work in progress	**12,806,970**	**19,707,337**	**0**	**0**
Total Infrastructure, Plant and Equipment	**150,834,831**	**137,093,605**	**0**	**0**
(a) Assets pledged as security				
The bank has a fixed and floating charge over all present and future assets and undertakings of the company.				
The value of assets pledged as securities are:	352,079,183	321,734,345	0	0
(b) Reconciliations				
Plant & Equipment				
Carrying amount at the beginning	1,757,212	1,434,901	0	0
Additions	1,007,054	374,361	0	0
Transfer from work in progress	323,196	454,798	0	0
Disposals	(31,971)	0	0	0
Depreciation	(608,101)	(506,848)	0	0
Carrying amount at the end	**2,447,390**	**1,757,212**	**0**	**0**
Infrastructure Assets				
Carrying amount at the beginning	115,629,056	110,343,394	0	0
Additions	11,386,302	514,344	0	0
Transfer from work in progress	19,905,604	13,536,487	0	0
Transfer to investment property	(921,861)	(1,175,000)	0	0
Disposals	(1,217,433)	0	0	0
Depreciation	(8,917,320)	(7,590,169)	0	0
Impairment	(283,877)	0	0	0
Carrying amount at the end	**135,580,471**	**115,629,056**	**0**	**0**
Work in progress				
Carrying amount at the beginning	19,707,337	17,227,455	0	0
Investment property additions	953,505	0	0	0
Plant and equipment additions	86,194	560,003	0	0
Infrastructure additions	12,860,495	29,506,793	0	0
Transfer to investment property	(502,502)	(12,596,389)	0	0
Transfers to plant and equipment	(323,196)	(454,798)	0	0
Transfer to computer software	(69,259)	999,240	0	0
Transfers to infrastructure	(19,905,604)	(13,536,487)	0	0
Carrying amount at the end	**12,806,970**	**19,707,337**	**0**	**0**

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	COMPANY 2008 $	COMPANY 2007 $
Note 15. Other Intangibles				
Lease premium	16,676,910	16,676,910	0	0
Accumulated amortisation	(1,698,456)	(1,530,002)	0	0
	14,978,454	**15,146,908**	**0**	**0**
Computer software	1,080,769	999,240	0	0
Accumulated amortisation	(622,303)	(303,426)	0	0
	458,466	**695,814**	**0**	**0**
Total intangibles	**15,436,920**	**15,842,722**	**0**	**0**
Reconciliations				
Lease premium				
Carrying amount at the beginning of the financial year	15,146,908	15,315,362	0	0
Amortisation charged during the year	(168,454)	(168,454)	0	0
Carrying amount at the end of the financial year	**14,978,454**	**15,146,908**	**0**	**0**
Computer software				
Carrying amount at the beginning of the financial year	695,814	0	0	0
Additions	12,270	0	0	0
Transfer from work in progress	69,259	999,240	0	0
Amortisation charged during the year	(318,877)	(303,426)	0	0
Carrying amount at the end of the financial year	**458,466**	**695,814**	**0**	**0**

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	COMPANY 2008 $	COMPANY 2007 $
Note 16. Goodwill				
Gross carrying amount				
Balance at the beginning of the financial year	13,963,732	13,963,732	0	0
Other	0	0	0	0
Balance at end of financial year	**13,963,732**	**13,963,732**	**0**	**0**
Accumulated impairment losses				
Balance at the beginning of the financial year	0	0	0	0
Impairment losses for the year	0	0	0	0
Balance at the end of the financial year	**0**	**0**	**0**	**0**
Net book value				
At the beginning of the financial year	13,963,732	13,963,732	0	0
At the end of the financial year	**13,963,732**	**13,963,732**	**0**	**0**

Goodwill relates to the original acquisition of the airports.

Management have carried out calculations to test for impairment of goodwill and is of the opinion that no impairment of goodwill at Darwin International or Alice Springs Airport has existed since acquisition and it is appropriate to continue to carry goodwill forward at the same value it was initially booked on acquisition.

The recoverable amount of the cash-generating units, being, Darwin International Airport and Alice Springs Airport were assessed by reference to the cash-generating unit's enterprise value.

The key assumptions used in the enterprise value calculations are as follows:

- 15 year passenger numbers as forecast by Tourism Futures International
- Operating revenue assumptions based on agreed contracts where applicable
- Operating expenditure assumptions are based on the budget and extrapolated using inflation multipliers for key expenses
- Capital expenditure as agreed with stakeholders, with sustaining capital normalised over the long run model
- Long run inflation of 2.7%

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to individual cash-generating units as follows:

- Individual cash-generating units
- Alice Springs Airport
- Darwin International Airport

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows:

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	2008 $	2007 $
Alice Springs Airport	3,072,207	3,072,207		
Darwin International Airport	10,891,525	10,891,525	N/A	N/A
	13,963,732	**13,963,732**		

Note 17. Trade and other payables (Current)

Trade creditors	994,820	1,963,016	0	0
Interest accrued	417,877	6,894,259	0	0
Other creditors	14,495,983	6,679,902	0	0
Retentions and deposits held	302,312	214,133	0	0
Payments received in advance	420,309	158,917	0	0
	16,631,301	**15,910,227**	**0**	**0**

Trade and other creditors are non interest bearing and normally settled on 30 day terms.

Note 18. Borrowings (Current)

Borrowings secured by fixed charge:				
- Senior debt	175,600,000	0	0	0
Total	**175,600,000**	**0**	**0**	**0**
Borrowings secured by fixed charge				
- Bank Overdrafts	0	0	0	0

The consolidated entity has access to a bank overdraft facility amounting to $3,000,000 (2007: $3,000,000) as part of the senior debt facility held in the name of Northern Territory Airports Pty Ltd. The bank has a fixed and floating charge over all present and future assets and undertakings.

The consolidated entity has a $220.7M senior debt facility which is due for repayment on 6 January 2009. The facility includes an aeronautical capital expenditure facility of $85.7M and a property development capital expenditure facility of $30M. Average interest charged for the year was 7.33%. The bank has a fixed and floating charge over all present and future assets and undertakings of the consolidated entity but exclude the property which is located outside the Northern Territory or the Australian Capital Territory. The facility is governed by covenants including interest cover ratio, leverage ratio and a hedging strategy.

Note 19. Provisions (Current)

Short term employee Benefits				
- Annual Leave	658,865	557,873	0	0
- Long Service Leave	541,275	516,884	0	0
- Other employee benefits	507,704	0	0	0
Provision for fringe benefits tax	40,185	35,437	0	0
	1,748,029	**1,110,194**	**0**	**0**
Annual leave:				
Opening balance at beginning of year	557,873	578,955	0	0
Provisions raised during the year	402,947	354,724	0	0
Amounts utilised	(301,955)	(375,806)	0	0
Balance at end of the year	**658,865**	**557,873**	**0**	**0**

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	COMPANY 2008 $	COMPANY 2007 $
Long service leave:				
Opening balance at beginning of year	516,884	469,540	0	0
Provisions raised during the year	61,650	83,146	0	0
Portion transferred from non-current	0	0	0	0
Amounts utilised	(37,259)	(35,802)	0	0
Balance at end of the year	**541,275**	**516,884**	**0**	**0**
Other employee benefits:				
Opening balance at beginning of year	0	160,650	0	0
Provisions raised during the year	507,704	0	0	0
Portion transferred from non-current	0	0	0	0
Amounts utilised	0	(160,650)	0	0
Balance at end of the year	**507,704**	**0**	**0**	**0**
Fringe benefits tax:				
Opening balance at beginning of year	35,437	37,294	0	0
Provisions raised during the year	183,741	123,870	0	0
Amounts utilised	(178,993)	(125,727)	0	0
Balance at end of the year	**40,185**	**35,437**	**0**	**0**

Note 20. Borrowings (Non-current)

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	COMPANY 2008 $	COMPANY 2007 $
Borrowings secured by fixed charge:				
- Senior debt	0	158,950,000	0	0
- Unamortised finance costs	0	(273,101)	0	0
Total	**0**	**158,676,899**	**0**	**0**
Finance facilities				
Bank overdraft facility (a)	3,000,000	3,000,000	0	0
Amount of overdraft facility used	0	0	0	0
Senior debt facility (b)	220,700,000	220,700,000	0	0
Amount of senior debt facility used	175,650,000	158,950,000	0	0

The consolidated entity has access to a bank overdraft amounting to $3,000,000 (2007: $3,000,000) as part of the senior debt facility held in the name of Northern Territory Airports Pty Ltd. For operational banking purposes balances are consolidated across the group. Interest rates are variable.

Note 21. Provisions (Non-current)

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	COMPANY 2008 $	COMPANY 2007 $
Long Service leave	149,746	111,085	0	0
Other employee benefits	929,798	280,000	0	0
	1,079,544	**391,085**	**0**	**0**
Long service leave:				
Opening balance at beginning of year	111,085	100,384	0	0
Provisions raised during the year	38,661	10,701	0	0
Transfer to current portion	0	0	0	0
Balance at end of the year	**149,746**	**111,085**	**0**	**0**
Other employee benefits:				
Opening balance at beginning of year	280,000	0	0	0
Provisions raised during the year	649,798	280,000	0	0
Balance at end of the year	**929,798**	**280,000**	**0**	**0**

	CONSOLIDATED 2008 $	CONSOLIDATED 2007 $	COMPANY 2008 $	COMPANY 2007 $
Note 22. Contributed Equity				
Issued and paid up capital				
40,765,344 ordinary shares of $1 each fully paid and issued on incorporation. (2007: 40,765,344)	40,765,344	40,765,344	40,765,344	40,765,344
2,000 redeemable preference shares of $10,000 each fully paid on incorporation. These comprise of a par value of $1 and a premium of $9,999 (2007: 2,000)	20,000,000	20,000,000	20,000,000	20,000,000
Total paid up capital	**60,765,344**	**60,765,344**	**60,765,344**	**60,765,344**

Note 23. Reserves

Hedging reserve – cash flow hedge	**0**	**0**	**0**	**0**
Movements:				
Balance at the beginning of the year	0	263,682	0	0
Movements	0	(263,682)	0	0
Balance at the end of the year	**0**	**0**	**0**	**0**

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(r).

Note 24. Dividends paid

(a) Dividends declared and paid during the year:				
Dividends on ordinary shares – fully franked	15,620,000	11,350,000	15,620,000	11,350,000
Dividend per ordinary share	38.32 cents	27.8 cents	38.32 cents	27.8 cents
Dividends on ordinary shares – unfranked	0	0	0	0
Dividend per ordinary share	0.00 cents	0.0 cents	0.00	0.0 cents

At the date of issue of this report no other dividends were proposed or declared during the period. All dividends paid and declared during the period have been recognised in the financial statements. The directors have not yet made a recommendation for any further dividend for the year ended 30 June 2008.

(b) Franking account balance				
Franking account balance as at the end of the financial year at 30% (2007: 30%)	845,062	1,760,177	845,062	1,760,177
Franking credits that will arise from the payment of income tax payable as at the reporting date	2,863,361	2,385,897	2,863,361	2,385,897
Net franking credits available	**3,708,423**	**4,146,074**	**3,708,423**	**4,146,074**

Note 25. Remuneration of Directors

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party.	**250,000**	**0**	**250,000**	**0**

	CONSOLIDATED		COMPANY	
	2008 $	2007 $	2008 $	2007 $

Note 26. Key Management Compensation Information

(a) Directors

The names of persons who were Directors of ADGPL at any time during the financial year are noted in note 29. Information on remuneration of directors is noted in note 25.

(b) Other Key Management Personnel

Executives who held office during the financial year were:
Ian Kew – Chief Executive Officer
Thomas Ganley – Chief Financial Officer and Company Secretary
Alan Revell – Director Property (Commenced 19 Sep 2007)
John Diggins – General Manager Development, Operations and Maintenance
Jim Parashos – Aviation Development Director
Sarah Dewar – Commercial Projects / Finance Director (Resigned 26 Dec 2007)
Jill Holdsworth – Health, Safety & Environment Management Systems Coordinator
Donald McDonald – General Manager Alice Springs and Tennant Creek Airport
Steve Marshall – Human Resources Manager (Commenced 16 Oct 2007)
Stuart Ainslie – Operations Director (Appointed 1 July 2008)

(c) Total compensation paid to key management personnel for the financial year

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Short term employee benefits	2,137,773	1,823,209	0	0
Superannuation contributions	168,686	190,395	0	0
Non cash benefits	0	0	0	0
Termination benefits	0	0	0	0
	2,306,459	**2,013,604**	**0**	**0**

Note 27. Remuneration of Auditors

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Remuneration of the auditors of the company for:				
Audit and review of financial statements of the entity and any other entity in the Consolidated entity	58,913	61,390	0	0
IFRS review	0	78,265	0	0
Tax compliance and advice	41,772	31,714	0	0
Other advice and services	13,144	21,010	0	0
	113,829	**192,379**	**0**	**0**

Note 28. Commitments and Contingencies

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
(a) Capital commitments				
Commitments for the acquisition of investment property, infrastructure, plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:				
Not later than one year	593,009	2,615,320	0	0

As part of its tender for the acquisition of the Darwin International and Alice Springs Airport leases, ADGPL's wholly owned subsidiaries, DIAPL and ASAPL, committed to the Commonwealth Government to fund capital expenditure for aeronautical infrastructure and other improvements totalling a minimum of $4,449,000 during the 5 fiscal years 1998 to 2003 inclusive and additional sums totalling $4,675,000 during the 5 fiscal years 2004 to 2008. Both DIAPL and ASAPL have exceeded their capital expenditure commitments to 30 June 2008 and therefore met their development obligations as required on the acquisition of the airport leases.

Note 29. Related Parties

Directors

The directors of ADGPL during the financial year and up to the date of this report were:

NAME	APPOINTED	RESIGNED
Ms Jill Louise Rossouw (Chair)	24 April 2006	28 September 2007
Mr Stuart James Condie	31 August 2006	8 November 2007
Mr Christopher Brian Woodruff (alternate director for Robert Forte)	1 November 2006	18 July 2007
Mr Robert Forte	14 December 2006	20 March 2008
Mr Emilio Gonzales (alternate director for Robert Forte)	14 December 2006	1 November 2007
Mr Kyle Anthony Mangini	30 May 2007	Current
Ms Dunia Mary Wright (alternate director for Kyle Mangini and Jill Rossouw)	30 May 2007	28 September 2007
Mr Peter James McGregor	8 June 2007	31 January 2008
Mr Juan Aleman Bullon (alternate director for Stuart Condie)	24 July 2007	7 November 2007
Mr Chris Barlow (Chair)	2 October 2007	Current
Mr Roger Llewellyn Lloyd (alternate director for Robert Forte)	1 November 2007	4 April 2008
Mr Richard John Hoskins	4 April 2008	11 June 2008
Mr Michael James Hutchinson (alternate director for Mr Richard John Hoskins)	4 April 2008	11 June 2008
Mr Roger Llewellyn Lloyd	4 April 2008	Current
Mr Jeffrey George Douglas Pollock	11 June 2008	Current
Ms Alexandra Elizabeth Campbell	30 June 2008	Current
Mr Justin Peter Ginnivan	29 October 2008	Current

Remuneration

Information on remuneration of directors is disclosed in note 25.

	CONSOLIDATION		COMPANY	
	2008 $	2007 $	2008 $	2007 $
Wholly-owned group transactions				
Interest received and receivable	0	0	12,473,869	12,958,524
Aggregate amounts receivable	0	0	86,841,233	95,766,535
Aggregate amounts payable	0	0	487,980	3,007,103
Other related party transactions				
BAA International Limited				
DIAPL, ASAPL and TCAPL have entered into a consulting agreement with one of the shareholders of ADGPL, BAA International Limited. This is a commercially focused agreement and was executed on 29 May 2003. The agreement was terminated in November 2007.				
Total expenditure	364,599	2,255,877	0	0

	CONSOLIDATION 2008 $	CONSOLIDATION 2007 $	COMPANY 2008 $	COMPANY 2007 $
Note 30. Statement of Cash Flows				
(a) Reconciliation of profit after tax to net cash flows from operations				
Operating profit after income tax	22,602,622	52,055,058	8,731,704	9,210,924
Depreciation and amortisation	10,078,632	8,634,777	0	0
Impairment expense – infrastructure assets	283,877	0	0	0
Unrealised gain on interest rate swap	(1,003,821)	(2,462,738)	0	0
Fair value adjustment to investment property	(16,933,391)	(59,002,055)	0	0
Net loss on sale of infrastructure, plant and equipment	1,170,156	0	0	0
Change in operating assets and liabilities				
Other provisions	0	0	0	0
Provision for employee benefits	1,326,294	154,455	0	0
Trade and other receivables	(986,620)	(1,455,981)	0	0
Prepayments	390,091	(463,396)	0	0
Trade and other creditors and accruals	(8,894,514)	7,865,581	0	0
Other payables	273,101	0	(2,519,124)	(1,090,585)
Deferred tax liabilities	3,859,629	17,893,430	0	0
Income tax payable	482,118	(645,472)	482,118	(645,472)
Deferred tax asset	(416,067)	(123,700)		0
Net cash flow from operating activities	**12,232,107**	**22,449,959**	**6,694,698**	**7,474,867**
(b) Reconciliation of Cash				
Cash on hand	51,336	42,236	0	0
Cash at bank	12,646,364	16,450,187	0	0
Bank Overdraft	0	0	0	0
	12,697,700	**16,492,423**	**0**	**0**

Note 31. Subsidiaries

Airport Development Group Pty Ltd, the ultimate parent entity, has the following wholly owned subsidiaries which are incorporated in Australia:

NAME	% OF EQUITY INTEREST HELD BY THE CONSOLIDATED ENTITY 2008 %	2007 %	INVESTMENT 2008 $	2007 $
Northern Territory Airports Pty Ltd	100	100	12	12
Darwin International Airport Pty Ltd (a)	100	100	12	12
Alice Springs Airport Pty Ltd (a)	100	100	12	12
Tennant Creek Airport Pty Ltd	100	100	12	12

(a) Investments are held by Northern Territory Airports Pty Ltd.

Directors' Declaration

In accordance with a resolution of the directors of Airport Development Group Pty Ltd, we state that:

(1) In the opinion of the directors:

(a) The financial statements and notes of the company and consolidated entity are 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 2008 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and *Corporation Regulations 2001*; and

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

On behalf of the Board

Director

Director

Place: Melbourne

Date: 24 December 2008

merit partners
CHARTERED ACCOUNTANTS

Tel 61 8 8982 1444
Fax 61 8 8982 1400

Level 2
9-11 Cavenagh Street
Darwin NT 0800 Australia

GPO Box 3470
Darwin NT 0801 Australia

www.meritpartners.com.au

Independent auditor's report to the members of Airport Development Group Pty Ltd

We have audited the accompanying financial report of Airport Development Group Pty Ltd, which comprises the balance sheet as at 30 June 2008, income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) 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. In Note 1(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Airport Development Group Pty Ltd is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the financial position of Airport Development Group Pty Ltd and the consolidated entity at 30th June 2008 and of their performance for the year ended on that date; and

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

2. the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Merit Partners

Merit Partners

Matthew Kennon
Partner
Darwin
Date: 24/12/2005

Fast Facts

FINANCIAL YEAR ENDING	2008	2007	2006	2005	2004
Passengers:					
DIA	**1,813,000**	1,654,000	1,440,000	1,386,000	1,182,000
ASA	**630,000**	628,000	607,000	603,000	610,000
Total	**2,443,000**	**2,282,000**	**2,047,000**	**1,989,000**	**1,792,000**
Landed Tonnes:					
DIA	**822,000**	801,000	662,000	621,000	539,000
ASA	**243,000**	247,000	204,000	233,000	239,000
TCA	**4,000**	4,200	5,300	4,900	4,200
Total	**1,069,000**	**1,052,200**	**871,300**	**858,900**	**782,200**
Aeronautical Charges (ex GST):					
Passenger Facilitation Charge ($/pax) **					
DIA	**6.90**	6.73	5.00	4.50	3.50
ASA	**5.57**	5.44	5.30	4.50	3.50
TCA	**n/a**	n/a	n/a	n/a	n/a
Airport Services Charge ($/pax) **					
DIA	**6.52**	6.37	5.75	5.50	5.50
ASA	**6.78**	6.61	6.45	5.50	5.50
TCA	**n/a**	18.00	18.00	18.00	18.00
Landing Charge General Aviation $/MTOW **					
DIA International	**19.50**	19.00	18.50	18.00	16.00
DIA Domestic	**19.50**	19.00	18.50	18.00	16.00
ASA	**19.50**	19.00	18.50	18.00	17.25
TCA	**23.00**	23.00	23.00	23.00	23.00
Revenue $000s***					
DIA	**49,537**	39,129	28,161	23,238	18,843
ASA	**14,922**	11,408	10,057	9,062	8,174
TCA	**313**	151	211	153	183
Other	–	(38)	(39)	635	6
Total ADG	**64,772**	**50,650**	**38,390**	**33,088**	**27,206**
EBITDA $000s					
DIA	**27,267**	23,876	16,749	12,770	10,017
ASA	**8,855**	7,401	6,445	5,349	4,871
TCA	**92**	(38)	15	(22)	–
Other		0	0	677	51
Total ADG	**36,214**	**31,239**	**23,209**	**18,774**	**14,939**
Capital Expenditure $000s					
DIA	**11,156**	23,276	20,731	17,771	4,197
ASA	**5,752**	7,568	1,831	1,035	970
TCA	**199**	112	1	5	3
Total ADG	**17,107**	**30,956**	**22,563**	**18,811**	**5,170**
Employees					
DIA	**58**	55	42	42	41
ASA	**13**	11	11	11	12
TCA	**1**	1	1	1	2
Total ADG	**72**	**67**	**54**	**54**	**55**

** as at 30 June *** excludes safety & security charge revenue / expenses

>>>we look forward to continuing our quest to become the most successful airport business in Australasia.

Darwin International Airport

Alice Springs Airport

Tennant Creek Airport

AVIATION INVESTMENT PEOPLE CULTURE SAFETY SECURITY ENVIRONMENT *EXCELLENCE*

REGISTERED OFFICE
Airport Management Centre
1 Fenton Court
Marrara
Northern Territory 0812
Tel: +61 8 8920 1811
Fax: +61 8 8920 1800
Website: www.ntairports.com.au

FIRST CLASS IN GRAPHIC DESIGN
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Alice Springs photography: Moving Pictures

Pandanus artwork courtesy of
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