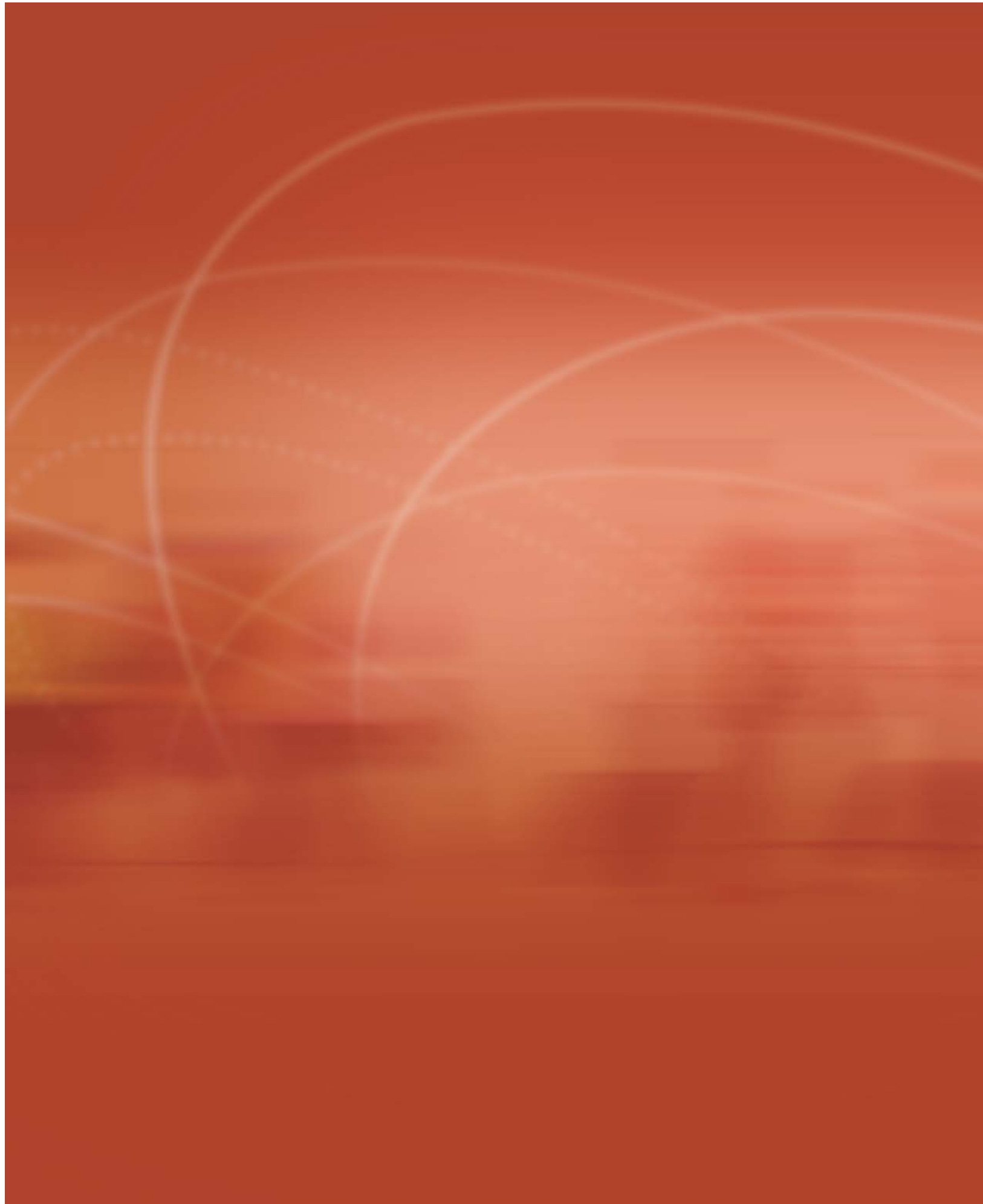


AIRPORT DEVELOPMENT GROUP **ANNUAL REPORT 2009/2010**





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ABOUT AIRPORT DEVELOPMENT GROUP

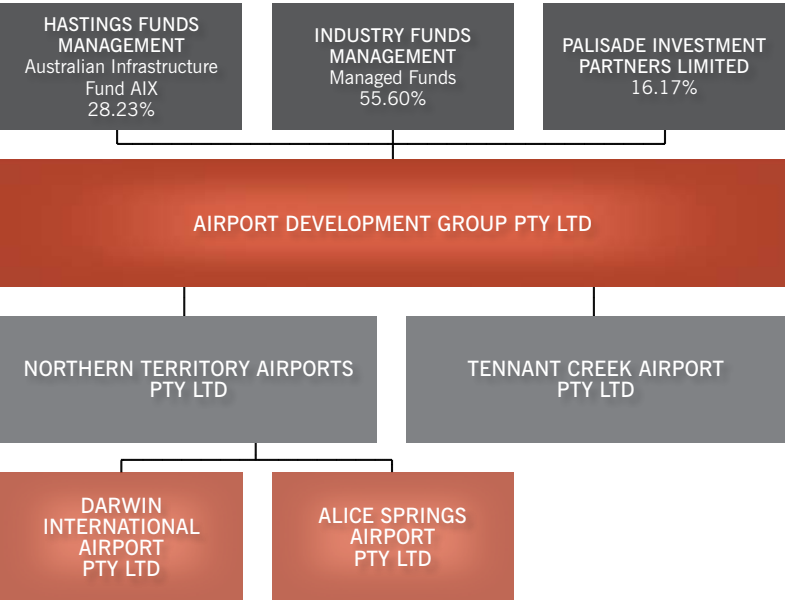
AIRPORT DEVELOPMENT GROUP (ADG) ACQUIRED A LEASE COMMENCING 10TH JUNE 1998 FOR THE THREE NORTHERN TERRITORY AIRPORTS COMPRISING DARWIN INTERNATIONAL AIRPORT, ALICE SPRINGS AIRPORT AND TENNANT CREEK AIRPORT, FROM THE COMMONWEALTH GOVERNMENT OF AUSTRALIA AS PART OF AUSTRALIA'S AIRPORT PRIVATIZATION PROGRAMME.

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

ADG is 100% Australian owned.

COMPANY STRUCTURE





"This was a truly exciting project for me to work with, particularly as I was involved from the earliest notion right through to its successful commissioning. This Australian-first installation of the latest solar technology will be a great asset for Alice Springs Airport."

DON MCDONALD, Development Manager (Infrastructure), Northern Territory Airports.

BOARD OF DIRECTORS

1. MR CHRIS BARLOW – Chair

Chris Barlow has over 30 years experience in the aviation industry. From July 2000 until August 2007 he was Managing Director and Chief Executive Officer of Australia Pacific Airports Corporation, the operator of Melbourne and Launceston Airports. Prior to that he had several roles with BAA plc (formerly British Airports Authority) the United Kingdom airports company. These include being Managing Director of Aberdeen Airport and Corporate Development Director. He has worked in the United Kingdom and North America. Chris is also a Director and Chair of the Remuneration Committee of Asciano as well as the Chair of the Melbourne Visitor and Convention Bureau.

Chris has a Bachelor of Science (Honours) in Civil Engineering.

2. MR JULIO GARCIA – Director

Julio Garcia joined Industry Funds Management (IFM) in January 2008 as Investment Director, Infrastructure. Julio has over 15 years of experience in asset management, investment banking and strategy consulting; and has executed private capital investments, leveraged recapitalizations, mergers, acquisitions, divestitures and initial and secondary public offerings across a variety of industries. Prior to joining IFM, Julio was a Principal at Viant Group in San Francisco. In this role his responsibilities included evaluating potential investments, seeking investment capital from institutional investors, and advising on merger and acquisition transactions. Previously, Julio held positions with Bank of America, Robertson Stephens and Gemini Consulting.

Julio holds a Master of Business Administration degree from the Stanford University Graduate School of Business and a Bachelor of Arts (Public Policy) degree from Stanford University. He is a Director of Ecogen Energy and Wyuna Water and a Graduate Member of the Australian Institute of Company Directors.

4.

3. MS ALEXANDRA CAMPBELL – Director

Alexandra Campbell is an Associate Director for Hastings Funds Management, largely working with the Australian Infrastructure Fund and the Hastings Diversified Utilities Fund, which are listed on the Australian Stock Exchange. Alexandra represents the Australian Infrastructure Fund on the Boards of ADG, Port of Geelong and Metro Transport Sydney. Prior to joining Hastings in April 2007, Alexandra was a solicitor with Freehills.

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 a Masters of Applied Finance and Investments (FINSIA).

4. JEFF POLLOCK – Director

Jeff Pollock is part of Hastings Funds Management's executive management team and holds the dual role of Head of Listed Infrastructure and Chief Executive Officer of the 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 Prime Infrastructure/BBI's Chief Operating Officer for BBI Transport Infrastructure. Jeff previously also held senior positions with Queensland Treasury and Price Waterhouse.

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.

5. ROGER LLOYD – Director

Roger Lloyd has 16 years of funds management and investment banking experience, with over two years with Perpetual Investments, including as Head of Infrastructure, and 12 years with Macquarie Bank and previously Bankers Trust, prior to joining Palisade Investment Partners in 2008.

Roger was 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 an intimate knowledge of Government requirements in privately financed projects.

Roger is a Chartered Accountant, a Graduate of the Australian Institute of Company Directors and holds a Bachelor of Business from Kuring-gai College (now University Technology Sydney).

6. TOM GANLEY – Chief Financial Officer and Company Secretary, Northern Territory Airports

Now with over 22 years experience in aviation finance, Tom joined ADG in June 1998. Prior to joining ADG, Tom held various senior finance and commercial management roles at Adelaide and Alice Springs Airports.

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 Company Director's Diploma. Tom holds Fellow memberships with the Institute of Chartered Secretaries and Administrators and the Australian Institute of Company Directors and the Australian Institute of Management.

Tom is currently serving as a Director on the Board of the Northern Territory Chamber of Commerce and Industry and is the current Chair of the Northern Territory Brolga Tourism Awards.



VISION

"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 NT Airports – a great place to be
- > Recognised as a significant contributor to the Northern Territory economy
- > Developing in accordance with the Master Plan and the Environmental Strategy
- > Strong and diverse community support for our airport businesses
- > Continuing to outperform other Australasian airports in growth in total Total Shareholder Return – (TSR)

PURPOSE

OUR PURPOSE IS TO PROVIDE SAFE, EFFICIENT AND ENVIRONMENTALLY SOUND AIRPORT SERVICES THAT REPRESENT VALUE FOR MONEY FOR OUR CUSTOMERS, AND OPTIMISE THE FINANCIAL RETURNS TO OUR SHAREHOLDERS.

We will do this by:

- > Operating a safe and secure airport
- > Providing outstanding customer service
- > Developing a sustainable airport (aviation and non-aviation) business
- > Excelling in environmental and financial management
- > Maximising long term value for our shareholders; and
- > Contributing to Northern Territory economic growth and our community

CORPORATE GOALS

THE KEY CORPORATE OBJECTIVES OF THE AIRPORT BUSINESS ARE, IN SUMMARY, TO:

- > Operate a safe, secure and sustainable airport business within the regulatory environment
- > Maximise shareholder value by generating 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.

VALUES

WE RECOGNISE THAT WE ARE JUDGED BY ALL OUR STAKEHOLDERS BY THE WAY WE ACT. OUR REPUTATION WITH THE COMMUNITY IS PARAMOUNT AND AT ALL TIMES WE WILL ACT WITH HONESTY AND INTEGRITY. OUR UNDERLYING CORPORATE VALUES AND PRINCIPLES WILL REFLECT THIS.

Everyone in our company understands the importance of being:

SAFETY FIRST

Safety is our number one priority and we believe that no one who works at or visits our airport facilities should be harmed

CUSTOMER FOCUSED

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

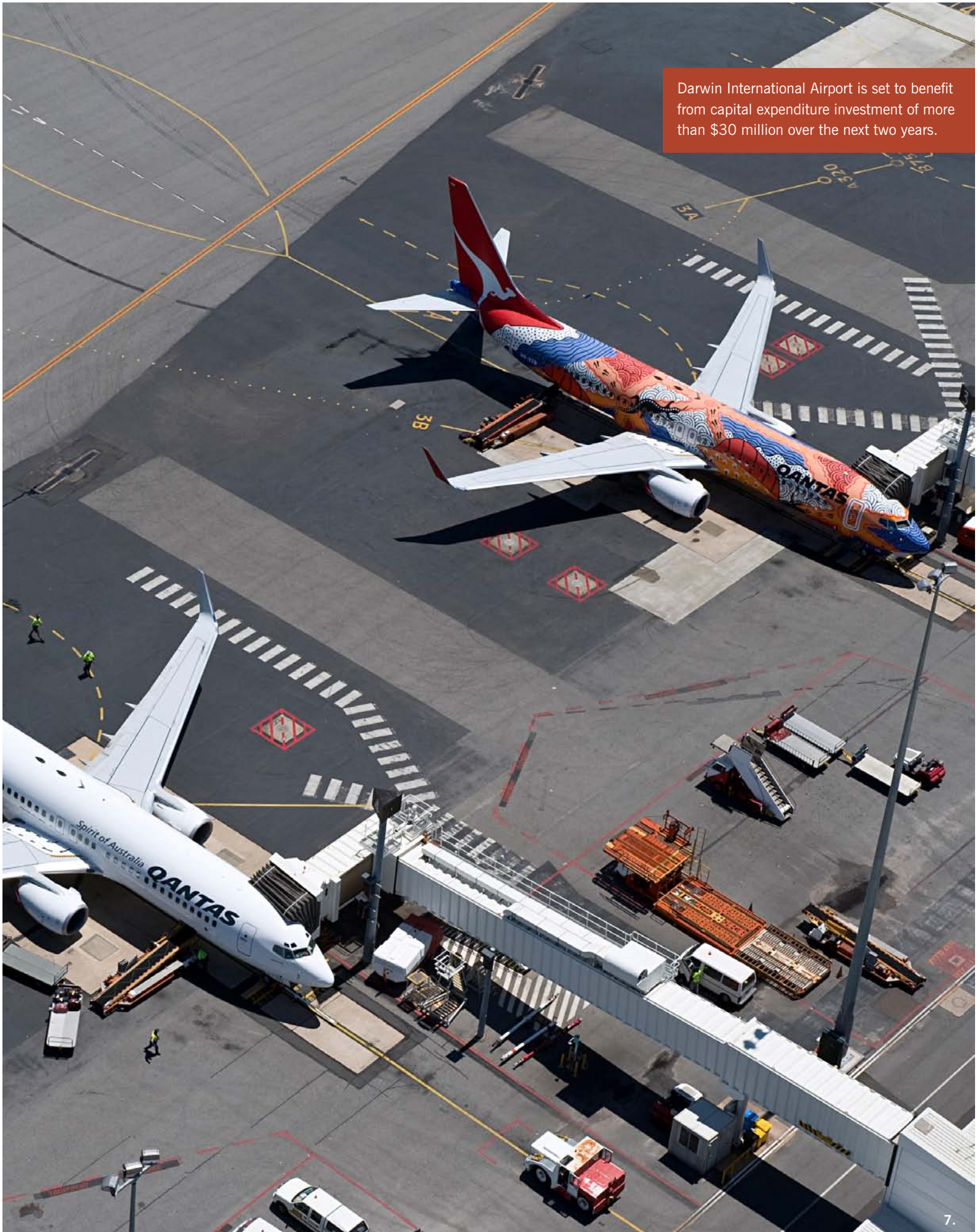
ACTING RESPONSIBLY TO ENSURE ENVIRONMENTALLY SUSTAINABLE OUTCOMES FOR ALL

We will integrate environmental considerations into our airport developments and seek to minimise the impact of airport operations and developments on our natural environment

ACTIVELY ENGAGING WITH OUR COMMUNITY

We are an important part of our community and we will seek to engage with them at all levels

Darwin International Airport is set to benefit from capital expenditure investment of more than \$30 million over the next two years.



CHAIRMAN'S REPORT

ON BEHALF OF THE ADG BOARD OF DIRECTORS, I AM PLEASED TO DELIVER THE 2009/2010 ADG ANNUAL REPORT.

ADG has now entered its twelfth year as the operator of Darwin International Airport, Alice Springs Airport and Tennant Creek Airport.

ADG remained 100% Australian owned in 2009/2010. Our owners are Industry Funds Management – Managed Funds (55.6% ownership), Hastings Funds Management Australian Infrastructure Fund AIX (28.23% ownership) and Palisade Investment Partners (16.17% ownership).

ADG produced record passenger numbers and increased revenue figures in 2009/2010. Considering the economic challenges being faced by the company, these results continue to impress.

Increased passenger numbers carried by our customer airlines and other business activity in 2009/2010 propelled ADG to another excellent result. Total revenue generated by the company was \$76.2 million, with EBITDA of \$44.8 million in the year to 30 June 2010, representing increases of 9.7% and 11.3% respectively on the prior financial year.

ADG continued to keep a tight reign on expenses with an increase of only 2% on the previous year. This is not only important for the company, it also enables us to keep costs as low as possible.


Capital investment for the period at Darwin International Airport was \$10.6 million and Alice Springs Airport benefited from \$1.5 million of investment. These figures will increase substantially in 2010/2011 at Darwin International Airport with a capital expenditure budget of more than \$30 million which will enable us to start the much needed expansion of the passenger terminal.

Darwin International Airport benefited from the addition of two aircraft parking positions during the year. These new bays are large enough to cater for the mid-sized aircraft favoured by our airline customers. This project was completed on time and on budget at a cost of approximately \$6 million and brings the total number of parking bays for aircraft at Darwin International Airport to 14.

This year also heralded the opening of the Solar Power Station at Alice Springs Airport. The first at any Australian airport. The Solar Power Station already supplies approximately 28% of the airport's energy needs, reducing its carbon emissions by about 470 tonnes of carbon dioxide a year, the equivalent of about 70 Alice Springs households per annum.

ADG continued its focus on safety during the year. We reinforced our commitment with the rollout of a new campaign - SAFE (Safe Airport for Everyone).

In closing, ADG has weathered a couple of tough years with good results. The Board remain committed to providing these strong financial returns to our shareholders by operating a safe and responsible business, keeping our cost down and providing excellent service to all our customers.



CHRIS BARLOW
Chairman



CHIEF EXECUTIVE OFFICER'S REPORT

THE 2009/2010 FINANCIAL YEAR WAS ONE OF CONTRAST IN THE GLOBAL ECONOMY. WHILST THE EFFECTS OF THE GLOBAL FINANCIAL CRISIS LINGERED, THE AUSTRALIAN ECONOMY CONTINUED TO DISPLAY REMARKABLE RESILIENCE AND INDEED REMAINED GROWTH POSITIVE.

ADG again performed strongly during the 2009/2010 financial year.

Domestic passenger numbers through Darwin International Airport were up 5.7%, and Alice Springs Airport passengers grew by 3.3% respectively on the prior year.

The international market also grew solidly for Darwin International Airport, up 12.3% on the previous year with transfer traffic up by 10.5%. Indeed the increase in international passengers through Darwin International Airport was the strongest since 2001/2002 and is largely attributable to an increase in seat offerings by low-cost-carriers into South-East Asia, particularly Bali (Denpasar).

It is very pleasing to see such strong growth in overall passenger numbers during such a challenging economic environment.

The growth in transfer traffic presents a particularly exciting opportunity for Darwin to capture more stopover traffic. We will continue to work with Tourism NT to encourage these passengers transiting from southern Australian capital cities to South East Asian destinations to spend a few days in our city, to the benefit of the broader local economy

We remain focussed on our strategy of developing Darwin International Airport into a domestic and international gateway narrow-body hub.

Over the next 12 months we will also be working hard to attract more air services from major Asian hubs in order to provide improved connections from our key inbound markets in Europe and Asia. Currently less than 15% of international visitors to the Northern Territory enter through Darwin International Airport, so there is a real opportunity to have these travellers either enter or depart internationally through Darwin during their travels to Australia.

ADG generated total revenue of \$76.2 million and EBITDA of \$44.8 million in the year to 30 June 2010, representing increases of 9.7% and 11.3% respectively on the prior financial year.

The strong increase in earnings is largely attributable to the continued growth in passenger numbers with a total (including transit and transfer passengers) of 2.8 million passengers, representing an increase of 5.5% on the prior year.

In light of the strong passenger numbers at Darwin International Airport, trading revenue, largely from duty free, car rental and car parking sources increased 12.3% on the previous corresponding period.

Non-aeronautical sources of revenue also performed well over the financial year, with property income increasing 7% to 30 June 2010.

Although not within the 2009/2010 financial year, a long term pricing agreement was reached shortly after with the Qantas Group, providing certainty for our operations well into the future including significant capital expenditure on the Terminal building at Darwin International Airport.

ADG is continuing to negotiate with its key airline partners for agreement on the commercial arrangements necessary for Darwin International Airport to expand its facilities to meet the expected passenger growth.

Other notable events during the 2009/2010 financial year included:

- > The appointment of Katie Cooper to the position of General Manager at Alice Springs Airport.
- > Approval of the 2010 Alice Springs Airport Master Plan and Airport Environment Strategy Documents for Darwin International Airport and Alice Springs Airport by the Federal Minister for Infrastructure, Transport, Regional Development and Local Government, the Honourable Anthony Albanese MP.



- > The third development by Darwin International Airport Hotels Pty Ltd, the Airport Lodge, opened for business in July 2010.
- > Darwin International Airport welcomed back Tiger Airways on the Darwin-Melbourne sector with a six services per week.
- > Regular services on the Darwin-Tennant Creek sector re-commenced with services from Hardy Aviation (Fly Tiwi).
- > Qantas commenced direct Darwin-Canberra services three times a week.
- > Completion of the Solar Power Station at Alice Springs Airport.

In summary, 2009/2010 was a good year for ADG and we look forward to another exciting year ahead.

A handwritten signature in black ink, appearing to read 'Ian Kew'. The signature is fluid and cursive, written over a white background.

IAN KEW
Chief Executive Officer

PEOPLE AND CULTURE

THE 2009/2010 FINANCIAL YEAR SAW A CHANGING OF THE GUARD IN TWO SENIOR POSITIONS AT ADG.

Stepping aside after 12 successful years in the position of General Manager Alice Springs Airport (also encompassing management of Tennant Creek Airport), Don McDonald transferred to the Operations team in Darwin as Development Manager (Infrastructure).

In May 2010 we were very pleased to welcome Ms Katie Cooper to the role of General Manager at Alice Springs Airport.

Katie's background is predominantly aviation based, working with Air New Zealand for eight years before taking on her most recent role being that of Australian Regional Airport Manager (Southern), based in Melbourne. Before her time at Air New Zealand, Katie worked with Ansett Airlines and recently completed her MBA through Deakin University.

ADG also welcomed Ross Baynes to the position of Director Property following the departure of Alan Revell. Completing his three year contract tenure, Alan returned to Sydney to be closer to his family.

Ross took the helm of our capable Property team who manage all commercial buildings on our airports and also drive new property development. Ross's experience includes property syndication and development, primarily in asset and development roles. Ross has a Degree in Law.

Three significant new full-time positions were created during the period, those of Business Improvement Manager, Business Development Manager (Aeronautical) and Stakeholder Communications Coordinator.

The Business Systems Manager role is focused on driving major airport improvement projects such as the extensive car park expansion program at Darwin International Airport.

The Business Development Manager (Aeronautical) position was created within the Airport and Airline Services department. The position's main areas of responsibility are to model, analyze and invoice security, airline and general aviation charges for the three airports, as well as to review passenger data to identify areas for new services to the Northern Territory.

The role of Stakeholder Communications Coordinator was also created to ensure our airports have strong and effective relationships with key stakeholders. This position is responsible for the implementation of communication plans, coordination of ADG's presence in the digital and social space, as well as the management of corporate publications and events.

The introduction of the Stakeholder Communication Coordinator position enabled the group to focus on improving internal communications via the introduction of monthly newsletters. In addition to this, a new bi-monthly newsletter was created for distribution to all tenants on airport to complement the existing stakeholder newsletter, Touchdown.

The effectiveness of internal communications was once again measured in the yearly staff survey, which included questions on training and personal development to increase staff retention levels.

During the year, two of our long serving staff members, Maxine Howlett (Client Services Manager) and Bryan Ahmat (Grounds Maintenance Team) suffered significant non-work related health setbacks.

In a wonderful display of camaraderie, these two incidents saw staff rally to support their co-workers. It is significant to note that Maxine Howlett attributed her ongoing participation in the ADG "Gateway to Health" program to her recovery, the speed of which continues to astound her treating medical team.

ADG continued its priority commitment to safety with the launch of its updated Health and Safety Policy to staff in June 2010.

The Safe Airports for Everyone (SAFE) campaign continues its strong presence via the safety poster series, participation in Safe Work Week Australia and ongoing education seminars and training for both staff and key stakeholders on airport.

In its annual review of the Vision, Purpose, Value statement, ADG also promoted safety to number one position in its Purpose and Values.

The Gateway to Health program continued to provide staff with access to free health assessments, on-site exercise classes and wellbeing activities. Staff members are also offered free yearly influenza, tetanus and Hepatitis A and B injections.

ADG continued to work closely with its female employees to ensure their long term tenure with flexible work arrangements following childbirth. Several of our female employees at Darwin currently have children in care at the ABC Child Care facility, which is located within one kilometre of both the airport terminal and Airport Management Centre.

ADG maintained its Employee Assistance Program (EAP) which offers staff and their immediate family members 24-hours-a-day access to a network of counselling and support services for adults and children experiencing difficult personal circumstances.



"Alice Springs Airport is such a diverse business with some great projects to work on, which makes it very enjoyable. The fantastic team make coming to work a lot of fun."

KATIE COOPER, General Manager Alice Springs Airport (right) and ROB PRICE, Terminal and Property Manager.

ENVIRONMENT AND SUSTAINABILITY

OUR VISION FOR ENVIRONMENTALLY RESPONSIBLE AND SUSTAINABLE GROWTH AT DARWIN INTERNATIONAL AIRPORT AND ALICE SPRINGS AIRPORT WAS ENDORSED VIA APPROVAL FOR THEIR RESPECTIVE AIRPORT ENVIRONMENT STRATEGY DOCUMENTS DURING 2010 FROM THE FEDERAL MINISTER FOR INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT, THE HONOURABLE ANTHONY ALBANESE MP.

The Airport Environment Strategy requires review and renewal every five years under the *Airports Act 1996*, and provides an outline on environmental strategies and aspirations.

Other notable achievements in the area of environment and sustainability during 2009/2010 were:

- > An official launch event was held to mark the installation of interpretive signage in Matboerrma (Mat-berd-ma) Garden at Darwin International Airport. Matboerrma is a Larrakia word referring to “a group of plants”.

Created with the assistance of Greening Australia, the Larrakia people (the traditional owners of the greater Darwin area) kindly provided their knowledge, perspective and a name for the garden.

- > Staff from Darwin International Airport hosted a Conservation Volunteers Australia field trip as part of the National Resource Management Conference being held in Darwin. The field trip was jointly hosted with Darwin City Council, and Greening Australia (Northern Territory).

Dubbed “Darwin community (land) cares”, the field trip was organised as part of the conference to highlight the substantial work being done by the four parties around critical environment areas such as Rapid Creek.

- > Reporting Officer Harry Stubbins from Alice Springs Airport was nominated for individual excellence in the PowerWater Melaleuca Awards for Environmental Excellence. Harry was nominated for his extensive work in controlling the feral rabbit population at Alice Springs Airport.

Although not a category winner, Harry continues to be admired by his colleagues for his dedication to protecting the natural environment.

- > Staff at both Darwin International Airport and Alice Springs Airport continued their involvement with Clean Up Australia Day in early 2010.
- > Darwin International Airport hosted its third Community Tree Planting Day in February 2010. This event continues to gain community popularity with around 100 volunteers participating.
- > Darwin International Airport continued its work with Greening Australia to develop the 15 hectare Conservation Reserve on airport.

- > The Tennant Creek Airport 2009 Development Plan document was completed. This document provides a framework to address both the needs of the community and environmental management at the Airport.
- > Darwin International Airport partnered with the Monash University Green Step Program and hosted a placement student. This year, Chris Bourke, Monash University Sustainability Master Student was employed to develop a Water Efficient Management Plan as part of the airport’s commitment to reduce water consumption.



"This Matboerrma Garden has been a such an enjoyable and rewarding project to work on. It's such a beautiful feature at Darwin International Airport, a place where both staff and passengers can just sit back, relax and enjoy the beautiful surroundings."

JILL HOLDSWORTH, Health, Safety and Environment Manager, Northern Territory Airports.

ALICE SPRINGS AIRPORT SOLAR POWER STATION





DURING 2009/2010, ALICE SPRINGS AIRPORT BECAME THE FIRST AUSTRALIAN AIRPORT TO HAVE A LARGE SCALE (OVER 100KW) PHOTOVOLTAIC SYSTEM PROVIDING A DIRECT SOURCE OF RENEWABLE ENERGY TO ITS INTERNAL GRID.

The first of its kind in the southern hemisphere, the Solar Power Station comprises 28 SolFocus arrays, each eight metres wide and seven metres high.

The Solar Power Station now supplies approximately 28% of the airport's energy needs, reducing its carbon emissions by about 470 tonnes of carbon dioxide a year, the equivalent of about 70 Alice Springs households per annum.

Concentrator Photovoltaic (CPV) systems are an emerging solar technology that offer greater opportunities for cost reductions in photovoltaic systems. They are more efficient as they track the sun throughout the day, whereas traditional solar power systems are most efficient only when the sun is shining directly onto the solar arrays.

The \$2.3 million project was made possible with a grant of \$1.132 million from the Australian Government, as part of the Alice Solar City Project.

Alice Springs is one of seven Solar Cities in the Australian Government's \$94 million Solar Cities Program.

National solar energy specialist Ingenero was the principal contractor for the Solar Power Station, which is about 700 metres north-west of the Alice Springs Airport Terminal.

FAST FACTS

SYSTEM RATING:	235kW
ANNUAL OUTPUT:	600MWh
TECHNOLOGY:	SolFocus SF-1100 CPV tracking arrays
PRODUCING:	Approximately 28% of the airport's electricity, direct to its internal grid.
TOTAL PROJECT COST:	\$2.264 million
FUNDING:	\$1.132 million from the Australian Government as part of Alice Solar Cities

AIRLINE AND AIRPORT SERVICES

THE ADG PORTFOLIO OF AIRPORTS IN DARWIN, ALICE SPRINGS AND TENNANT CREEK ARE SIGNIFICANT ECONOMIC CONTRIBUTORS TO THEIR LOCAL COMMUNITIES AND ARE STRATEGICALLY LOCATED TO SERVE BOTH INBOUND AND OUTBOUND MARKETS.

Darwin

Darwin International Airport's strategy is to develop as a narrow-body hub between Australia and Asia. Darwin is located less than five hours flying time from all Australian capitals and major business and leisure destinations in Asia. Darwin International Airport also serves as the gateway to the World Heritage listed Kakadu National Park, a major attraction to both domestic and international markets.

Darwin International Airport offers its airline customers a number of advantages:

- > 24 hour a day, curfew free operations mean that airlines can schedule operations to meet their needs, improving connection flexibility and increasing aircraft utilisation;
- > An integrated domestic and international terminal enables transferring passengers to connect seamlessly to their onward journey under the one roof.

Alice Springs

Alice Springs Airport is the "Gateway to Central Australia", a major attraction to international visitors to Australia and to Australian residents.

Alice Springs Airport offers daily services from all major Australian capital cities, making access from international markets convenient.

Tennant Creek

Tennant Creek is a major service centre for remote communities surrounding the town. Scheduled services between Darwin and Tennant Creek commenced in 2009/2010, with further operations anticipated in coming years.

DARWIN

Key highlights of 2009/2010:

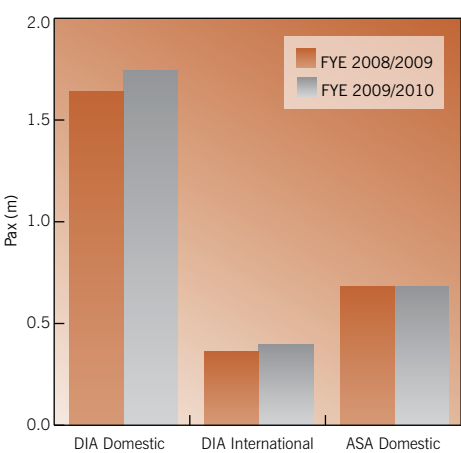
- > Airnorth, Northern Australia's regional airline, commenced services from Darwin to Port Hedland and Karratha in Western Australia. Airnorth also launched services to the Gold Coast via Mt Isa.
- > Tiger Airways resumed services on the Melbourne-Darwin sector in June 2010. Tiger Airways also celebrated the milestone of carrying their four millionth passenger in Australia. Modest capacity increases also came into effect on the Alice Springs-Melbourne sectors.
- > Virgin Blue increased frequency to daily on the Melbourne-Darwin sector.
- > Regular services on the Darwin-Tennant Creek sector were welcomed by leisure and business travellers. Hardy Aviation now services Tennant Creek twice a week.
- > Jetstar increased capacity on its Sydney-Darwin sector, increasing services from four to ten services per week. The Sydney service provides timely connections to the Singapore, Bali and Ho Chi Minh services out of Darwin.
- > Qantas launched a direct Darwin-Canberra service operating three times per week.

ALICE SPRINGS

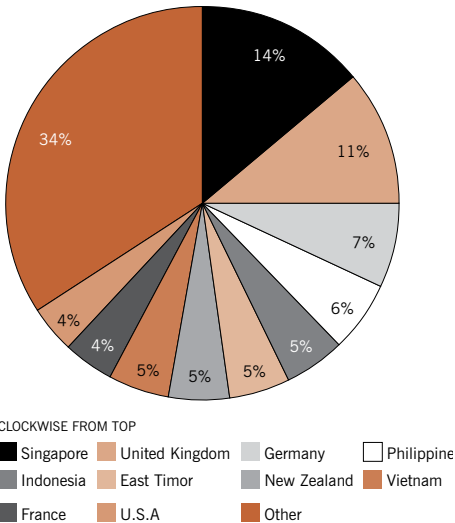
During the year, Qantas continued to operate its extensive network, offering services of seven city pairs from Alice Springs.


Tiger Airways continues to operate a base schedule of three services per week from Alice Springs, with additional services operating during the peak periods.

ADG PASSENGER GROWTH



OVERSEAS VISITORS CLEARED AT DARWIN INTERNATIONAL AIRPORT 2009/2010



A white twin-engine propeller aircraft is shown from a low angle on a runway. The aircraft has red and blue stripes along its fuselage and a red cross on the tail. The propellers are blurred, suggesting motion. The runway is dark asphalt with some cracks. The background is a bright blue sky with large, white, fluffy clouds. The aircraft is positioned in the lower half of the frame, facing towards the left.

"The people of Tennant Creek are so excited to see the return of regular passenger services from Darwin. Our town is six hours drive from the nearest airport (Alice Springs), so the difference it has made to people's lives can't be understated."

DENNIS WINDSOR, Aerodrome Officer,
Tennant Creek Airport.

AIRPORT SERVICES

In the 2009/2010 financial year, ADG continued to improve its retail offer to meet and exceed customer expectations. At Darwin International Airport, the international café was expanded while the Fannie Bay Ale House had a refresh while its operating hours and offer were expanded.

- > Retail grew by 9% on the previous year.
- > Ground transport revenue was up 5% on the previous year.
- > Car Rental Licence Agreements were renewed at both airports.
- > A new Foreign Exchange Licence Agreement was also negotiated with Travelex at Darwin International Airport.

Over the coming year ADG will continue to focus on improving its retail and ground transport offerings.

Cementing ADG’s commitment to the development and promotion of arts and culture within the Northern Territory, works commenced on the Alice Springs Airport Public Art Precinct. Featuring works based on the theme “Heart of the Country” recognising Alice Springs’ deep geographical, cultural and spiritual significance in Central Australia, this project is being facilitated by Ros Moriarty and her team at Balarinji based in Sydney.

The visually unique arts precinct also resonates with the arts precinct at Darwin International Airport, thereby linking the two airports in the minds of travellers and commuters as they travel within the Northern Territory.

Several Terminal improvement projects were completed at Darwin International Airport for the 2009/2010 period:

- > Following extensive consultation with airline customers, ticket counters at the check-in area were remodelled. The design created a smaller footprint, allowing for greater area for passenger queuing at the eastern end of the check-in hall.
- > The Fannie Bay Ale House was given a makeover which included the installation of new furniture. In addition to this, the bar also expanded its offering to include breakfast, catering for the many international transfer passengers who pass through the airport in the early hours of the morning.
- > Aromas International Café in the international departure area was also refurbished and rebranded to Velluto’s Café. The new café has a larger floor space and an increased food and beverage offering.

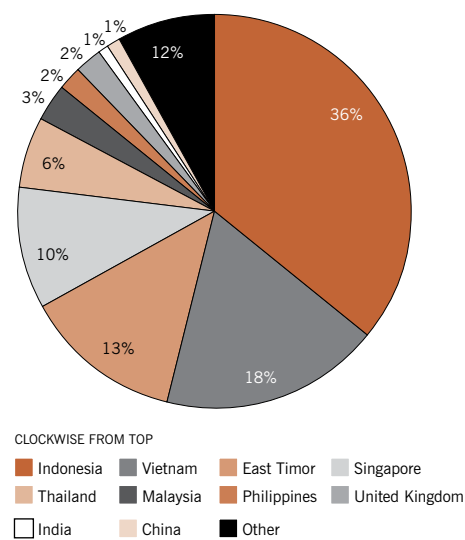
Planning is now underway for a significant expansion of the General Aviation Precinct at Darwin International Airport with construction due to begin in late 2010.

Part of the Airport’s 20-year Master Plan, the development of these facilities will allow existing operators and support businesses to increase capacity. The development is expected to attract several new businesses to the General Aviation Precinct.

The expansion will provide an increase of approximately 16,000sqm of extra land-side aviation space next to 11,000sqm of apron and 38 parking positions to cater for aircraft. The expansion will also include a significant increase in the staff car parking area.

Planning is also underway to increase the number of helicopter parking positions to the east of the current helicopter apron. This development will not only provide additional capacity but also provide improved safety conditions for the mixed fixed and rotary aircraft operations in this area.

AUSTRALIAN RESIDENTS CLEARED AT DARWIN INTERNATIONAL AIRPORT 2009/2010





"The public art here at Alice Springs Airport has made an already attractive building a really beautiful place. So many people who visit the airport now stop to take the time to look at the pieces and make comment about them."

TJ WEBSTER, Receptionist, Alice Springs Airport.

OPERATIONS AND DEVELOPMENT

DURING THE 2009/2010 FINANCIAL YEAR, ADG IMPLEMENTED A NEW AVIATION SECURITY MODEL TO INCREASE EFFICIENCIES AND CREATE MORE USER FRIENDLY AIRPORTS FOR ALL OUR CUSTOMERS. THIS NEW MODEL INCLUDED A TENDER PROCESS TO PROVIDERS WHICH SAW INTEGRATED FACILITY SERVICES (ISS) BID SUCCESSFULLY TO BECOME THE NEW PROVIDER OF SECURITY AND OTHER CONTRACTED MAINTENANCE SERVICES AT BOTH DARWIN INTERNATIONAL AIRPORT AND ALICE SPRINGS AIRPORT.

ADG also continues to work closely with the Australian Government in the implementation of its National Aviation Policy outcomes.

Extensive work was completed to enhance the Northern Territory Airports Safety Program which is underpinned by the delivery of eight identified key safety objectives. An internal compliance team was also formed to continually monitor adherence to safety procedures and systems across the business.

To ensure effective workplace communication throughout the business regarding the importance of the revised Safety Program, official launch events for staff were held at both Darwin International Airport and Alice Springs Airport in June 2010.

The safety objectives form the basis of ADG's revised corporate Safety Management System which is on track for completion during the 2010/2011 financial year.

As well as this, ADG was again an enthusiastic participant in Safe Work Week Australia during October 2009, with education seminars and training sessions for staff and stakeholders.

Two additional Code C (A320, B737) aircraft parking positions were created at Darwin International Airport during the period. Construction of the additional parking bays was completed on time and on budget at a cost of approximately \$6 million. The project required the back fill of a major drain and consequently, a new drain was required to divert storm water around the new site.

Requiring the excavation of 37,000m³ of material, the drain project utilised recycled asphalt millings (produced during the re-sheeting of the main runway at Darwin International Airport in 2008) which was used as road base material for the new access road.

Other airport improvement projects completed during the 2009/2010 financial year included:

- > Construction of a pedestrian walkway to connect the Terminal at Darwin International Airport to the General Aviation Precinct at Slade Court;
- > Construction of a workshop washdown bay to assist the operations of our Grounds Maintenance Team;
- > Purchase of portable airfield lighting for use at Darwin International Airport for use in the event of a full lighting failure or emergency. These portable lights are a solar system with remote control operation which are already in operation at Alice Springs Airport.
- > Internal communication between the three airport sites was improved during the period after extensive work with Telstra on upgrades to infrastructure. Additional connectivity was installed at Tennant Creek Airport and a new 10mb link was established between Darwin International Airport and Alice Springs Airport.
- > Following the introduction of the Airport Duty Manager team during 2008/2009, a second phase of restructuring took place during the first quarter of 2010. The rosters of the Airside Safety Officers were aligned with the Airport Duty Managers to minimise overtime and to optimise coverage.



"The apron extension at Darwin International Airport has provided an additional two Code C narrow-body aircraft parking bays (B737 and A320). This has brought the total number of active apron bays to 14, providing the opportunity for the Airport to grow its business by facilitating new services and new airlines throughout the day."

ALAN DUGAN, Project Delivery Manager,
Darwin International Airport.

PROPERTY

2009/2010 WAS ANOTHER CHALLENGING FINANCIAL YEAR FOR THE PROPERTY MARKET. FOR ADG, THIS MEANT THAT PROJECTS SUCH AS THE AXIS 12°130° PRECINCT DEVELOPMENT CONTINUED TO FEEL THE EFFECTS OF THE REDUCED AVAILABILITY OF CREDIT AND SENTIMENT FROM A STAGNANT SOUTHERN RETAIL SECTOR.

An official launch of the AXIS 12°130° Precinct took place during March 2010 and was well attended by more than 160 property, retail, business and banking representatives. The Northern Territory Government's Deputy Chief Minister, the Honourable Delia Laurie MLA, formally launched the initiative.

A marketing campaign for AXIS 12°130°, including the installation of two billboards to "bookmark" the precinct perimeter continues to drive interest in the project. Discussions were underway with a number of interested parties at the end of the financial year.

As well as this, Northern Territory Airports and the Northern Territory Government hosted the first Bulky Goods Retailer Association (BGRA) Forum in Darwin. The term "bulky goods retailing" refers to the merchandising of goods that are bulky and was represented by retailer's senior property personnel.

The "Opportunities in the Northern Territory" forum, officially opened by Chief Minister Paul Henderson, provided insight for BGRA members looking to expand or move their businesses to the Northern Territory.

The latest development by Darwin International Airport Hotels Pty Ltd, the Airport Lodge, was constructed and opened for business in July 2010.

Stage Two of The Airport Lodge was completed in October 2010, increasing the number of rooms from 116 to 208 and bringing the total number of accommodation rooms available at Darwin International Airport to 525.

2009/2010 saw the completion of extensive planning for a new Australian Federal Police Office building at Darwin International Airport. It is the second of the Australian Federal Police's long-term, purpose-built accommodation at airports around Australia and will provide an unprecedented capability for its operations at Darwin International Airport over the next 15 years.

The new building will be targeting a five-star Green Star environmental rating which signifies "Australian Excellence" in ecologically sustainable design and construction.

Located at the corner of Pedersen Road and Charles Eaton Drive at Darwin International Airport, construction of the building is due to commence in November 2010 with completion anticipated in the third quarter of 2011. Darwin International Airport is now home to several buildings for federal agencies including the Civil Aviation Safety Authority, Australian Quarantine Inspection Service and Department of Environment, Water, Heritage and the Arts.

During the year, the 2010 Alice Springs Airport Master Plan was approved by the Federal Minister for Infrastructure, Transport, Regional Development and Local Government, the Honourable Anthony Albanese MP. A significant feature of this Master Plan is the proposal to secure residential zoning approval on existing airport land by excising a significant parcel of land not required for airport purposes.

The Alice Springs region has a critical need for additional housing in the region and the unique characteristics of the airport site have warranted this in-principle support from the Australian Government for part of the land to be used for a housing development. It is anticipated that construction will commence within two to five years with the project expected to last from 10 to 15 years.



"The AXIS 12°130° development is really going to kick some goals in 2011. I'm excited to be a part of this project and share the vision to create something valuable, useful and superbly designed for the people of Darwin."

GEMMA WAWN, Asset Development Manager,
Darwin International Airport.

COMMUNITY PARTICIPATION

THE CORPORATE GIVING COMMITTEE, COMPRISED OF VOLUNTEER STAFF MEMBERS FROM OUR THREE AIRPORTS, CONTINUED TO ACTIVELY SUPPORT NORTHERN TERRITORY CHARITY AND NOT-FOR-PROFIT GROUPS DURING THE 2009/2010 FINANCIAL YEAR.

More affectionately known as the “Airport Angels”, the Committee also assist local groups by contributing their time and skills.

During 2010, a formal strategy was developed to assist in the decision making process of what groups and individuals should receive donations and sponsorship.

“Our aim through sponsorship, donations and other engagement activities is to play a significant role in life enrichment activities for Territorians. We will do this by contributing generously and consistently to arts, culture and education endeavours that reflect and celebrate the diverse nature of our community.

The aim of our strategy is to:

- > *Build a long-term mutually beneficial relationship with our community*
- > *Deliver long lasting benefits to the communities in which we operate*
- > *Meet our corporate social responsibilities”*

DONATIONS

During 2009/2010, ADG provided several substantial donations to not-for-profit groups in the Northern Territory.

NT Radiation Oncology (part of the Alan Walker Care Centre)

Up until 2009, residents of the Top End who required treatment for cancer were required to travel interstate to receive treatment. In January 2010, Northern Territory Radiation Oncology (NTRIO), part of the Alan Walker Cancer Care Centre, officially opened to provide the people of the Top End with access to professional, high quality cancer treatment without the need to travel interstate.

The centre is named in memory of Dr Alan Walker (1931-2007), a Northern Territory paediatrician credited with improving Aboriginal infant mortality and child health outcomes.

To assist the centre in transporting patients to and from the centre, the Corporate Giving Committee with assistance from Darwin Mitsubishi, arranged for the donation of a Mitsubishi 380 VRX sedan. Darwin Mitsubishi also kindly committed to free servicing of the vehicle for the duration of its service with the centre.

Wongabilla Equestrian Centre

The Wongabilla Equestrian Centre (WEC) based in Darwin provides several youth programs to a variety of community organisations. WEC is part of the Police and Citizens Youth Club and relies heavily on sponsorship and fundraising to provide equestrian activities to under-privileged children.

During 2010, the Corporate Giving Committee provided the centre with a new float to transport the horses around Darwin.

Corrugated Iron

Corrugated Iron provides and facilitates quality performing arts experiences for Darwin's young people. Their arts delivery includes acting, dance, circus, multimedia and film making. The Corporate Giving Committee donated an amount to Corrugated Iron to assist in the production of their artistic endeavours.

SPONSORSHIPS

During 2009/2010, ADG continued to cement its commitment to arts and culture through significant sponsorship arrangements for festivals, exhibitions, competitions and artistic development through business association.

ADG is a member of the Australian Business Arts Foundation and as such, now hosts twice yearly networking sessions to assist artists in transferring business skills, expertise and knowledge.

Sponsorship and donations were also provided to:

- > Guide Dogs Northern Territory
- > Northern Territory Geckos Under 14 Girls Basketball team
- > Menzies School of Health Research
- > Darwin Under 13's Basketball team
- > Federal Football Club in support of the U15 and U17 teams
- > Sponsorship of the major “Alice Prize” local art award
- > Tourism Central Australia sponsorship of the Tourism Awards
- > The Alice Desert Festival – Red Hot Arts
- > The Alice Springs Cricket Club



“Being part of the Corporate Giving Committee is one of the most rewarding parts of my job. To be able to see the difference we are making by helping people within our local community is an absolute joy.”

LISA CRYER, Chair Corporate Giving Committee/Executive Assistant, Northern Territory Airports.

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DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2010.

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 25.

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 \$15,685,696 for the reporting period ended 30 June 2010. This compares with the 2008-09 after-tax profit of \$25,890,753. Consolidated revenue, including unrealised gains on cash flow hedges and fair value adjustment on investment property, decreased from \$95,614,183 to \$81,819,594 whilst total consolidated expenses including depreciation, finance costs and income tax decreased from \$69,723,430 to \$66,133,898.

DIVIDENDS

ADGPL has paid fully franked dividends of \$14,300,000 during the year (2009: \$14,580,000 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;
- (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 consolidated entity 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 consolidated entity.

ENVIRONMENT REGULATIONS

The consolidated 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 consolidated entity, particularly in respect to 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 consolidated entity including setting the consolidated entity's strategic direction, establishing goals for management and monitoring the achievement of these goals. Directors are accountable to the shareholders for the consolidated entity'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 consolidated entity has not, during or since the financial year, in respect to 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 consolidated entity 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 consolidated entity. The terms of the policy prohibit disclosure of the nature of the liabilities, the amount of insurance cover and the amount of the premium.

Directors as listed in Note 25 in this report are covered under this insurance policy. The officers of the consolidated entity 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 company or a related body corporate with a director, a firm of which a director is a member or a company in which a director has a substantial financial interest.

Remuneration payable to directors of the consolidated entity is included in Note 22(c).

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 Eaton NT 0820. ADGPL had 100% ownership of Northern Territory Airports Pty Ltd and Tennant Creek Airport Pty Ltd during the financial year.

EMPLOYEES

Airport Development Group Pty Ltd employed 80 employees as at 30 June 2010 (2009: 75 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 30.

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

Teffny P. L.
Director

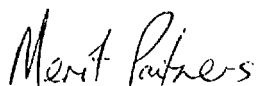
Director

Place: Melbourne

Date: 3 November 2010

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 2010, 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



Matthew Kennon

Partner

Darwin

Date: 3/11/2010

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2010

	Note	CONSOLIDATED		COMPANY	
		2010 \$	2009 \$	2010 \$	2009 \$
REVENUES FROM CONTINUING OPERATIONS	3(b)	76,296,185	71,619,012	9,400,240	10,948,529
Salaries and employee benefits		(9,045,286)	(7,251,109)	0	0
Maintenance expense		(2,838,884)	(2,993,977)	0	0
Security and passenger screening charges		(7,534,193)	(8,158,538)	0	0
Services and utilities expense		(5,986,023)	(5,191,002)	0	0
Other expenses		(5,993,928)	(7,053,867)	0	0
EBITDA*		44,897,871	40,970,519	9,400,240	10,948,529
Depreciation and amortisation expense	3(a)	(11,939,608)	(11,212,939)	0	0
Finance costs	3(a)	(17,085,087)	(14,643,613)	0	0
Impairment reversal / (expense) – infrastructure assets		14,252	(2,320,849)	0	0
Net gain on fair value of investment property	3(d)	8,010,463	23,647,901	0	0
Other (expense) / income	3(c)	(2,487,054)	347,270	0	0
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS		21,410,837	36,788,289	9,400,240	10,948,529
Income tax expense	4	(5,725,141)	(10,897,536)	(2,820,206)	(3,284,559)
Net Profit attributable to Owners of the Company		15,685,696	25,890,753	6,580,034	7,663,970
Other Comprehensive Income		0	0	0	0
Total Comprehensive Income for the Year attributable to Owners of the Company		15,685,696	25,890,753	6,580,034	7,663,970

* EBITDA represents earnings before interest expense, tax, fair value adjustments on investment property, impairment losses, unrealised gains, depreciation and amortisation expense.

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Note	CONSOLIDATED		COMPANY	
		2010	2009	2010	2009
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	5	22,123,022	13,045,717	0	0
Trade and other receivables	6	10,885,882	8,424,800	0	0
Prepaid rent	7	65,880	65,880	0	0
Other	8	232,779	309,363	0	0
Total Current Assets		33,307,563	21,845,760	0	0
NON-CURRENT ASSETS					
Other financial assets	9	2,450,968	4,938,022	70,628,289	77,761,513
Prepaid rent	10	5,665,687	5,731,567	0	0
Investment properties	11	172,959,929	164,723,825	0	0
Investments	12	0	0	24	24
Infrastructure, plant and equipment	13	154,625,517	154,331,041	0	0
Other intangibles	14	14,980,833	15,260,204	0	0
Goodwill	15	13,963,732	13,963,732	0	0
Deferred tax assets	4	1,904,197	1,680,893	0	0
Total Non-Current Assets		366,550,863	360,629,284	70,628,313	77,761,537
Total Assets		399,858,426	382,475,044	70,628,313	77,761,537
CURRENT LIABILITIES					
Trade and other payables	16	9,047,830	3,624,152	0	0
Provisions	17	3,559,402	2,066,607	0	0
Income tax payable		1,779,047	1,192,305	1,779,047	1,192,305
Total Current Liabilities		14,386,279	6,883,064	1,779,047	1,192,305
NON-CURRENT LIABILITIES					
Borrowings	18	211,206,908	203,205,105	0	0
Provisions	19	442,325	1,015,397	0	0
Deferred tax liabilities	4	54,427,418	53,361,678	0	0
Total Non Current Liabilities		266,076,651	257,582,180	0	0
Total Liabilities		280,462,930	264,465,244	1,779,047	1,192,305
Net Assets		119,395,496	118,009,800	68,849,266	76,569,232
EQUITY					
Contributed equity	20	60,765,344	60,765,344	60,765,344	60,765,344
Retained profits		58,630,152	57,244,456	8,083,922	15,803,888
Total Equity		119,395,496	118,009,800	68,849,266	76,569,232

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2010

COMPANY	ATTRIBUTABLE TO OWNERS OF THE COMPANY		
	CONTRIBUTED EQUITY \$	RETAINED PROFITS \$	TOTAL EQUITY \$
Balance at 1 July 2008	60,765,344	22,719,918	83,485,262
Profit for the period	0	7,663,970	7,663,970
Total Comprehensive Income for the Year	0	7,663,970	7,663,970
Transactions with Owners as Owners:			
Dividends paid	0	(14,580,000)	(14,580,000)
Balance at 30 June 2009	60,765,344	15,803,888	76,569,232
Profit for the period	0	6,580,034	6,580,034
Total Comprehensive Income for the Year	0	6,580,034	6,580,034
Transactions with Owners as Owners:			
Dividends paid	0	(14,300,000)	(14,300,000)
Balance at 30 June 2010	60,765,344	8,083,922	68,849,266

CONSOLIDATED	ATTRIBUTABLE TO OWNERS OF THE CONSOLIDATED ENTITY		
	CONTRIBUTED EQUITY \$	RETAINED PROFITS \$	TOTAL EQUITY \$
Balance at 1 July 2008	60,765,344	45,933,703	106,699,047
Profit for the period	0	25,890,753	25,890,753
Total Comprehensive Income for the Year	0	25,890,753	25,890,753
Transactions with Owners as Owners:			
Dividends paid	0	(14,580,000)	(14,580,000)
Balance at 30 June 2009	60,765,344	57,244,456	118,009,800
Profit for the period	0	15,685,696	15,685,696
Total Comprehensive Income for the Year	0	15,685,696	15,685,696
Transactions with Owners as Owners:			
Dividends paid	0	(14,300,000)	(14,300,000)
Balance at 30 June 2010	60,765,344	58,630,152	119,395,496

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2010

	Note	CONSOLIDATED		COMPANY	
		2010	2009	2010	2009
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		81,098,252	77,241,960	0	0
Payments to suppliers and employees		(34,614,090)	(37,060,808)	0	0
Interest received		575,715	856,230	9,400,239	10,948,528
Finance costs		(16,048,490)	(14,267,782)	0	0
Income tax paid		(4,295,963)	(6,890,041)	(4,295,963)	(6,890,041)
Goods and Services Tax paid		(889,782)	(2,945,960)	0	0
Net Cash Flows from Operating Activities	26	25,825,642	16,933,599	5,104,276	4,058,487
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of infrastructure, plant and equipment		(9,413,500)	(29,087,605)	0	0
Proceeds from sale of plant and equipment		99,416	85,797	0	0
Advances from related parties		0	0	9,195,724	10,521,514
Net Cash Flows (used in)/from Investing Activities		(9,314,084)	(29,001,808)	9,195,724	10,521,514
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		7,000,000	226,910,950	0	0
Repayment of borrowings		0	(196,560,950)	0	0
Re-finance costs		(134,253)	(3,353,773)	0	0
Dividends paid		(14,300,000)	(14,580,000)	(14,300,000)	(14,580,000)
Net Cash Flows from/(used in) Financing Activities		(7,434,253)	12,416,227	(14,300,000)	(14,580,000)
Net Increase in Cash Held		9,077,305	348,017	0	0
Cash at beginning of the Financial Year		13,045,717	12,697,700	0	0
Cash at End of the Financial Year	26	22,123,022	13,045,717	0	0

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Corporate Information

The financial report of Airport Development Group Pty Ltd (ADGPL) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 2 November 2010.

The financial report covers the consolidated group of ADGPL and controlled entities and ADGPL as an individual parent company. 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 Eaton NT 0820. The companies that it had 100% ownership of during the financial year are Northern Territory Airports Pty Ltd and Tennant Creek Airport Pty Ltd.

b. Basis of Preparation

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

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments which have been measured at fair value.

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

Estimates and Judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. 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 the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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.

Judgements 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 2010 and the comparative information presented in these financial statements for the year ended 30 June 2009.

c. Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting 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.

NOTES TO THE FINANCIAL STATEMENTS

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The carrying amount of deferred income tax assets is reviewed at each reporting 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.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

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 or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax Consolidation

ADPGL and its 100% owned Australian resident subsidiaries have formed a consolidated group with effect from 1 July 2003. ADGPL is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition the arrangement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the reporting date, the possibility of default is remote.

Tax Effect Accounting by Members of the Tax Consolidated Group

Members of the tax consolidated group have entered into a tax funding arrangement. The tax funding arrangement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. Allocations under the tax funding arrangement are made at the end of each year.

The allocation of taxes under the tax funding arrangement is recognised as an increase/decrease in the subsidiaries inter-company accounts with the tax consolidated group head company, ADGPL. Because under UIG 1052 Tax Consolidated Accounting the allocation of current taxes to tax consolidated group members on the basis of accounting profits is not an acceptable method of allocation given the group's circumstances, the difference between the current tax amount that is allocated under the tax funding arrangement and the amount that is allocated under an acceptable method is recognised as contribution/distribution of subsidiaries' equity accounts. The group has applied the Stand-Alone Taxpayer allocation approach in determining the appropriate amount of current taxes to allocate to the members of the tax consolidated group.

In preparing the accounts for ADGPL and its 100% owned Australian resident subsidiaries there were no amounts recognised as tax consolidation contribution adjustments.

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 reporting date, monetary assets and liabilities in foreign currencies are translated into 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 and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured.

Aeronautical Charges

Aeronautical charges comprise:

- 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 to government-mandated security measures.

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

Trading Income

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 to which the rental relates according to the lease documentation.

Income from public carparks is recognised on a cash basis.

Property Income

Property income 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. Contingent rental income is recognised as income in the period in which it is earned.

Interest Income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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 recognised when there is objective evidence that the consolidated entity will not be able to collect the receivables. 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. Impairment of Non-Financial Assets other than Goodwill and Indefinite Life Intangibles

Non-financial assets other than goodwill and indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The consolidated entity conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

h. Infrastructure, Plant and Equipment

i. Cost

Infrastructure, plant and equipment is stated on a cost basis less depreciation and any accumulated impairment losses.

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:

	2010	2009
Runways, Taxiways and Aprons	2.5% - 15.0%	2.5% - 10.0%
Roads and Car parks	2.5% - 20.0%	2.5% - 20.0%
Fences and Gates	5.0% - 33.3%	5.0% - 33.0%
Lighting and Visual Aids	5.0% - 10.0%	6.7% - 10.0%
Passenger Terminal	2.1% - 33.3%	2.1% - 33.3%
Buildings	2.1% - 15.0%	2.1% - 15.0%
Plant and Equipment	2.5% - 37.5%	2.5% - 33.3%
Vehicles	8.3% - 20.0%	8.3% - 20.0%
Computer Equipment	4.0% - 33.3%	4.0% - 33.3%
Furniture and Fittings	1.0% - 15.0%	1.0% - 15.0%
Mains Services	2.5% - 15.0%	2.5% - 15.0%
Office Equipment	2.5% - 33.3%	2.5% - 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 statement of comprehensive income in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

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i. Leases

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

Finance leases are capitalised at the inception of the lease 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. Lease interest expenses are recognised as an expense in profit or loss.

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

Lease payments for operating leases (other than prepaid rent – refer Note 1(j)), where substantially all the risks and benefits remain with the lessor, are recognised as an expense in the statement of comprehensive income in the periods in which they are incurred on a straight-line basis over the lease term.

j. Prepaid Rent

The consolidated 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(k)).

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.

k. 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 consolidated entity. The property interest held by the consolidated entity in land and buildings is by way of an operating lease. The consolidated entity has classified certain areas of land and buildings as being investment property being held by the consolidated 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 measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss 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 profit or loss 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 or commencement of an operating lease to another party. 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 consolidated entity as an owner-occupied property becomes an investment property, the consolidated entity accounts for such property in accordance with the policy stated under Infrastructure, Plant and Equipment (Note 1(h)) 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 profit or loss. When the consolidated 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 profit or loss.

l. Goodwill

Goodwill, representing the excess of the cost of acquisition over the net 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 profit and loss and not subsequently reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the consolidated entity's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the consolidated entity are assigned to those units or group of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

m. Intangible Assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired (see note 1(g) for methodology). The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill in Note 1(l). Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is accounted for as a change in accounting estimate and is thus accounted for on a prospective basis.

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 to profit and loss and calculated on a straight line basis over the estimated useful life of the lease, being 99 years. The estimated useful life and amortisation method are 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 to profit and loss and calculated 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 amortisation rate used was 33.33% - 40% straight-line (2009: 33.33% - 40%).

Derecognition of Intangible Assets

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

n. Trade and Other Payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity 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.

o. Provisions

Provisions are recognised when the consolidated 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 consolidated 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 statement of comprehensive income net of any reimbursement.

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

p. 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 consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (ie an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The consolidated entity does not currently hold any qualifying assets.

NOTES TO THE FINANCIAL STATEMENTS

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Change in accounting policy

The revised *AASB 123 Borrowing Costs* requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The company's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended *AASB 123 Borrowing Costs*, the company has adopted the Standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 July 2009.

As a result of the change in accounting policy, the consolidated entity capitalised \$111,063 of borrowing costs during the period, with a capitalisation rate of 5%.

q. Derivative Financial Instruments

The consolidated entity has entered into interest rate swap agreements to economically hedge its exposure to interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Hedge accounting is not applied and, as such these instruments are classified as held for trading as required by *AASB 139 Financial Instruments: Recognition and Measurement*.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Further details of derivative financial instruments are disclosed in Note 2 to the financial statements.

r. 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 or originated.

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 company. In the case of transfer to another company, it is necessary that the risks and rewards of ownership are also transferred.

Financial Assets at Fair Value through Profit and Loss

Financial assets at fair value through profit and loss include derivatives held by the consolidated entity, which comprise interest rate swap arrangements. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

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. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after reporting date, which are classified as non-current.

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

s. Impairment of Financial Assets

Financial assets are assessed for impairment at each reporting 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 profit or loss.

t. Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or disclosure purposes.

Due to the short-term nature of cash, trade and other receivables and trade and other payables, their carrying amount is assumed to approximate their fair value. The carrying amount of borrowings approximates their fair value.

Unless otherwise noted, the directors consider that the carrying amount of other financial assets and other financial liabilities recorded in the financial statements approximates their fair values (2009: 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;
- 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 interest rate swaps is calculated with reference to market values at the reporting date;
- transaction costs are included in the determination of net fair value.

u. Maintenance and Repairs

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

v. 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, long service leave and incentive bonuses.

Liabilities arising in respect to 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. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

A provision is recognised for other employee benefits if the consolidated entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employee benefit expenses 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;
- are recognised in profit or loss on a net basis in their respective categories.

Superannuation Commitments

ADGPL contributes to superannuation for all its employees with Australian Super Superannuation Fund as the default fund.

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

w. Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, cash in hand, and short-term deposits with an original maturity 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 statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts (if any). Bank overdrafts (if any) are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

x. Goods and Services Tax (GST)

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

y. Contributed Equity

Ordinary shares are classified as 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.

z. Basis of Consolidation

The consolidated financial statements comprise the financial statements of ADGPL and its subsidiaries as at and for the period ended 30 June each year. A list of subsidiaries appears in Note 27 to the financial statements.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a consolidated entity controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiary entities are fully consolidated from the date on which control is obtained by the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity.

Investments in subsidiaries held by ADGPL are accounted for at cost in the separate financial statements of the parent company less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

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aa. 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.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the financial reporting period ended 30 June 2010. These are outlined in the table below:

TITLE	SUMMARY	IMPACT ON CONSOLIDATED ENTITY FINANCIAL STATEMENTS	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR ENTITY
AASB2009-5 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i> (May 2009)	Makes various amendments to a number of AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes.	The amendments are not expected to have a significant impact on the financial statements.	1 January 2010	1 July 2010
AASB2009-8 <i>Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions</i> (AASB 2) (July 2009)	AASB2009-8 makes amendments which clarify the scope of AASB2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	As the entity does not make any group cash-settled share-based payment transactions, these amendments will not have any impact on the financial statements.	1 January 2010	1 July 2010
AASB2009-10 <i>Amendments to Accounting Standards – Classification of Rights Issues</i> (AASB132) (October 2009)	Makes amendments which clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its non-derivative equity instruments.	The amendments are not expected to have a significant impact on the financial statements.	1 February 2010	1 July 2010
AASB Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i> (December 2009)	Addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. These transactions are sometimes referred to as 'debt for equity' swaps.	As the entity has not renegotiated any financial liabilities into equity instruments this interpretation is not expected to have any impact on the entity's financial statements.	1 July 2010	1 July 2010
AASB124 <i>Related Party Disclosures</i> (revised December 2009)	Amends the disclosure requirements for government-related entities and the definition of a related party.	As the entity is not a government related entity the amendments are not expected to have a significant impact on the financial statements.	1 January 2011	1 July 2011
AASB 2009-14 <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement</i> – AASB Interpretation 14 (December 2009)	This amendment to Interpretation 14 addresses the unintended consequences arising from the treatment of the prepayments of future contributions into a defined benefit pension plan in some circumstances when there is a minimum funding requirement.	As the entity does not have a defined benefit pension plan the amendments are not expected to have a significant impact on the financial statements.	1 January 2011	1 July 2011
AASB 9 <i>Financial Instruments</i> AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2009)	AASB 9 introduces new requirements for the classification and measurement of financial assets. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value.	Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier, it is not required to restate prior periods. Management is yet to assess the impact, if any, on the financial statements.	1 January 2013	1 July 2013

TITLE	SUMMARY	IMPACT ON CONSOLIDATED ENTITY FINANCIAL STATEMENTS	APPLICATION DATE OF STANDARD	APPLICATION DATE FOR ENTITY
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: Tier 1: Australian Accounting Standards; and Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 but with substantially reduced disclosures corresponding to those requirements.	The entity has not made a decision to adopt the reduced disclosures at 30 June 2010. As such there is no impact on the financial statements for the current year.	1 July 2013	1 July 2013
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i> (June 2010)				

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.

NOTE 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise receivables, payables, bank loans, an overdraft, cash and derivatives. The main risks arising from the consolidated entity's financial instruments are interest rate risk, credit risk and liquidity risk.

Northern Territory Airports Pty Ltd (NTAPL) manages the financial risks relating to the operations of the ADGPL consolidated entity and its subsidiary companies.

Primary responsibility for identification and control of financial risk rests 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.

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

Credit risk is managed by using ageing analyses and monitoring specific credit allowances. Liquidity risk is managed through the monitoring of outstanding debtors, management of creditor payments and the use of a financial model.

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the policies approved by the Board of Directors. Compliance with policies and exposure limits is reviewed by management on a continuous basis.

Capital Risk Management

The consolidated entity's objective when managing its capital structure, being the nature and amount of debt and equity is to promote financial stability and transparency to its key stakeholders and to maintain high standards of corporate governance. A fundamental tenet of this approach is the adoption of specific policies and procedures promoting ongoing financial discipline in the treasury function, including the areas of shareholder distribution and financial leverage.

In order to maintain or adjust the capital structure, we have adjusted shareholder distributions to allow for working capital, investment and expansion requirements, while prudently considering the market influences on ADGPL's business.

We monitor the capital structure by actively managing gearing levels, taking into consideration general business objectives, capital expenditure requirements and other relevant interests, including the maintenance of an appropriate level of financial liability.

The consolidated entity aims to maintain a leverage ratio below 70% (2009: 70%). The leverage ratio is defined as the ratio of senior debt to enterprise value. Actual leverage ratio at the 30 June 2010 was 46% (2009: 45%).

Under its security trust deed ADGPL is not permitted to make any distributions to its shareholders if the interest coverage ratio is below 1.4 times.

NOTES TO THE FINANCIAL STATEMENTS

continued

Risk Exposures and Responses

Interest Rate Risk

The consolidated entity's exposure to market interest rates relates to long-term debt obligations. The level of debt is disclosed in Note 18.

At reporting date, the consolidated entity had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	CONSOLIDATED		COMPANY	
	2010	2009	2010	2009
	\$	\$	\$	\$
FINANCIAL ASSETS				
Cash	22,123,022	13,045,717	0	0
	22,123,022	13,045,717	0	0
FINANCIAL LIABILITIES				
Bank loans	(213,000,000)	(206,000,000)	0	0
Accrued interest	(135,374)	(234,832)	0	0
	(213,135,374)	(206,234,832)	0	0
Net exposure	(191,012,352)	(193,189,115)	0	0

The consolidated entity's policy is to manage its cash flow volatility arising from interest rate changes by entering into interest rate swaps. By doing this the consolidated entity 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. The fair value of interest rate swaps are based on market values at the reporting date as disclosed below.

The following table details the notional principal amounts and remaining terms of the interest rate swap contract outstanding as at reporting date. At balance date 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
2010	2009	2010	2009	2010	2009	2010	2009	
\$	\$	%	%	%	%	\$	\$	
117,249,290	110,434,581	BBSY	BBSY	6.02%	6.02%	(675,864)	(3,557,372)	10 Jan 2011
26,483,792	16,937,829	BBSY	BBSY	4.63%	4.63%	1,016,220	2,761,003	6 Jan 2014
26,483,792	16,937,829	BBSY	BBSY	4.63%	4.63%	1,016,220	2,761,003	6 Jan 2014
20,372,148	13,029,099	BBSW	BBSW	4.63%	4.63%	781,709	2,123,849	6 Jan 2014
8,148,859	5,211,640	BBSY	BBSY	4.63%	4.63%	312,683	849,539	6 Jan 2014

Interest rate swap contracts with a fair value of \$2,450,968 (2009: \$4,938,022) are exposed to fair value movements if interest rates change.

At 30 June 2010, approximately 93% (2009: 79%) of the consolidated entity's borrowings is covered by an interest rate swap.

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

Sensitivity Analysis

The following sensitivity analysis is based on the variable interest rate exposures in existence at the reporting date. A sensitivity of +100 basis points and -50 basis points has been selected as an estimation for reasonably possible changes in the variable interest rate risk. This is considered reasonable in the current economic climate with evidence indicating the global economy is stabilising and sentiment from the Reserve Bank's monetary policy supporting this.

At reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit and equity of the consolidated entity would have been affected as follows:

Judgements of reasonably possible movements:

CONSOLIDATED ENTITY	POST-TAX PROFIT HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
	2010	2009	2010	2009
	\$	\$	\$	\$
+1.00% (100 basis points)	6,250,660	6,880,356	6,250,660	6,880,356
- 0.50% (50 basis points)	(3,862,914)	(4,610,735)	(3,862,914)	(4,610,735)

Price Risk

The consolidated entity has no exposure to equity securities price risk.

Credit Risk

Credit risk arises from the financial assets of the consolidated entity, which comprises cash and cash equivalents and trade and other receivables. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets. Exposure at reporting date is addressed in each applicable note. The consolidated entity does not hold any credit derivatives to offset its credit exposure.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

Cash deposits are subject to credit risk in relation to the relevant counterparties which are large Australian banks.

Where possible the consolidated entity trades with recognised, creditworthy third parties, and it is not the consolidated entity'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 consolidated entity's exposure to bad debts is not significant.

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum credit exposure at the reporting date was:

CONSOLIDATED FINANCIAL ASSETS	CONSOLIDATED	
	2010	2009
Cash and cash equivalents	22,123,022	13,045,717
Trade and other receivables	10,885,882	8,424,800
Derivative financial instruments	2,450,968	4,938,022
	35,459,872	26,408,539

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

At reporting date the credit risk concentration of trade receivables, net of any applicable allowances for loss, were as follows:

CREDIT RISK CONCENTRATIONS	CONSOLIDATED		CONSOLIDATED	
	2010 %	2010 \$	2009 %	2009 \$
Aeronautical debtors	87.8	9,525,352	82.5	6,011,318
Property debtors	11.8	1,277,946	17.3	1,260,478
Other trade debtors	0.4	41,479	(0.1)	(5,539)
Other receivables	0.0	0	0.3	19,834
	100.0	10,844,777	100.0	7,286,091

Liquidity Risk

Liquidity risk arises from the financial liabilities of the consolidated entity and the consolidated entity's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The consolidated entity'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 consolidated entity negotiates bank loans on the most favourable terms available at the time. At 30 June 2010 0% (2009: 0%) of the consolidated entity's debt will mature within the next twelve months.

The table below reflects all contractually fixed pay-offs for settlement, repayments and interest resulting from recognised financial liabilities including net derivative financial instruments as at 30 June 2010. 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 liabilities are based on the conditions existing at 30 June 2010.

The remaining contractual maturities of the consolidated entity's financial liabilities are:

	<6 MONTHS \$	6-12 MONTHS \$	1-5 YEARS \$	>5 YEARS \$	TOTAL \$
YEAR ENDED 30 JUNE 10					
Consolidated Financial Liabilities					
Trade and other payables	9,047,830	0	0	0	9,047,830
Interest bearing loans	6,313,670	6,120,730	219,519,551	0	231,953,951
Derivatives	(272,409)	(1,299,916)	(8,965,726)	0	(10,538,051)
	15,089,091	4,820,814	210,553,825	0	230,463,730

NOTES TO THE FINANCIAL STATEMENTS

continued

	<6 MONTHS \$	6-12 MONTHS \$	1-5 YEARS \$	>5 YEARS \$	TOTAL \$
Company Financial Liabilities					
Trade and other payables	0	0	0	0	0
Interest bearing loans	0	0	0	0	0
Interest on loans	0	0	0	0	0
	0	0	0	0	0
YEAR ENDED 30 JUNE 09					
Consolidated Financial Liabilities					
Trade and other payables	3,624,152	0	0	0	3,624,152
Interest bearing loans	7,123,875	7,007,725	227,487,775	0	241,619,375
Derivatives	587,285	580,606	(782,006)	0	385,885
	11,335,312	7,588,331	226,705,769	0	245,629,412
Company Financial Liabilities					
Trade and other payables	0	0	0	0	0
Interest bearing loans	0	0	0	0	0
Interest on loans	0	0	0	0	0
	0	0	0	0	0

At reporting date, the consolidated entity has approximately \$34 million (2009: \$41 million) of unused credit facilities available for its immediate use.

Fair value

The table below analyses financial instruments carried at fair value, by valuation method. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

	LEVEL 1 \$	LEVEL 2 \$	LEVEL 3 \$	TOTAL \$
YEAR ENDED 30 JUNE 10				
Consolidated Financial Assets				
Derivative instruments				
Interest rate swap contracts	0	2,450,968	0	2,450,968
	0	2,450,968	0	2,450,968
YEAR ENDED 30 JUNE 09				
Consolidated Financial Assets				
Derivative instruments				
Interest rate swap contracts	0	4,938,022	0	4,938,022
	0	4,938,022	0	4,938,022
YEAR ENDED 30 JUNE 10				
Company Financial Assets				
Derivative instruments				
Interest rate swap contracts	0	0	0	0
	0	0	0	0
YEAR ENDED 30 JUNE 09				
Company Financial Assets				
Derivative instruments				
Interest rate swap contracts	0	0	0	0
	0	0	0	0

For financial instruments not quoted in active markets, the consolidated entity uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swap contracts.

There were no transfers between Level 1 and Level 2 categories during the year.

	CONSOLIDATED		COMPANY	
	2010	2009	2010	2009
	\$	\$	\$	\$
NOTE 3. REVENUES AND EXPENSES				
(a) Expenses				
Interest				
- Interest costs on external borrowings	12,406,813	12,573,273	0	0
- Interest costs on swap transactions	2,780,970	1,060,528	0	0
- Amortisation of borrowing expenses	1,136,056	558,877	0	0
- Other borrowing expenses	872,311	450,935	0	0
- Interest capitalised	(111,063)	0	0	0
Total finance costs	17,085,087	14,643,613	0	0
Depreciation				
- Plant and equipment	617,038	652,335	0	0
- Infrastructure assets	10,865,750	9,888,120	0	0
	11,482,788	10,540,455	0	0
Amortisation				
- Lease premium	168,453	168,454	0	0
- Prepaid rent	65,880	65,880	0	0
- Software	222,487	438,150	0	0
	456,820	672,484	0	0
Total depreciation and amortisation	11,939,608	11,212,939	0	0
Net impairment loss (reversal)/expense – infrastructure assets	(14,252)	2,320,849	0	0
Allowance for impairment loss expense – loans and receivables	266,117	137,259	0	0
Superannuation contributions – defined contribution plan	617,193	790,445	0	0
(b) Revenue from Continuing Operations				
Rendering of Services				
- Aeronautical charges	50,544,546	47,815,592	0	0
- Trading income	11,967,654	10,656,253	0	0
- Property income	9,477,059	8,929,576	0	0
- Other	3,692,680	3,330,340	0	0
Total	75,681,939	70,731,761	0	0
Other Revenue				
- Interest	575,715	856,230	9,400,240	10,948,529
- Profit on sale of non-current assets	38,531	31,021	0	0
Total Revenue from Continuing Operations	76,296,185	71,619,012	9,400,240	10,948,529
(c) Other (Expense) / Income				
Net (loss) / gain on interest rate swap contracts	(2,487,054)	347,270	0	0
(d) Net Gain on Fair Value Adjustment of Investment Property	8,010,463	23,647,901	0	0

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 4. INCOME TAX

Statement of Comprehensive Income

Current Income Tax

Current tax expense	5,837,447	5,218,986	2,820,206	3,284,559
Adjustments in respect of current income tax of previous years	(954,742)	(4,654)	0	0

Deferred Income Tax

Deferred tax expense relating to the origination and reversal of temporary differences	842,436	5,683,204	0	0
Income tax expense reported in the statement of comprehensive income	5,725,141	10,897,536	2,820,206	3,284,559

A reconciliation between the tax expense and the product of accounting profit before income tax multiplied by the company's applicable income tax rate is as follows:

Accounting profit before income tax	21,410,837	36,788,289	9,400,240	10,948,529
Prima facie tax at 30%	6,423,250	11,036,487	2,820,072	3,284,559
Adjustments in respect of current income tax of previous years	(954,742)	(4,654)	0	0
Capital allowances	(125,093)	(50,670)	0	0
Expenditure not allowable for income tax purposes	12,756	10,989	0	0
Under provision of previous years	368,836	0	0	0
Other	134	(94,616)	134	0
Income tax expense reported in the statement of comprehensive income	5,725,141	10,897,536	2,820,206	3,284,559

Deferred income tax at 30 June relates to the following:

Consolidated

Deferred Tax Liabilities

Intangibles	4,392,464	4,443,000	50,536	50,537
Property, plant and equipment - tax allowance	47,570,298	45,689,408	(1,880,891)	(5,924,319)
Prepayments	9,896	8,629	(1,267)	(230)
Deferred gains and losses on interest rate swap contracts	735,290	1,481,407	746,117	(104,181)
Other assets	1,719,470	1,739,234	19,765	19,762
	54,427,418	53,361,678		

Deferred Tax Assets

Property, plant and equipment	229,361	240,192	(10,831)	(11,927)
Payables	737,195	573,839	163,356	193,648
Provision for doubtful debts	159,557	79,720	79,837	41,175
Other provisions	569,389	505,886	63,503	(190,075)
Tax assets	208,695	281,256	(72,561)	242,406
	1,904,197	1,680,893	(842,436)	(5,683,204)

Property, plant and equipment
Payables
Provision for doubtful debts
Other provisions
Tax assets

Other – Loans under Tax Sharing Arrangement
Receivable from related entities

Loans with related entities under the tax sharing arrangement are unsecured and interest free.

NOTE 5. CASH AND CASH EQUIVALENTS

Cash balance comprises:

- Cash on hand	51,336	51,336	0	0
- Cash at bank	17,739,601	8,956,899	0	0
- Interest reserve account	4,169,117	4,037,482	0	0
- Security deposit and trust account	162,968	0	0	0
Closing cash balance	22,123,022	13,045,717	0	0

Interest is earned on current accounts at floating rates based on daily bank deposit rates. Average interest rate earned is 3.08% (2009: 3.79%).

NOTE 6. TRADE AND OTHER RECEIVABLES

Trade receivables	11,376,632	7,551,829	0	0
Other receivables	41,105	1,138,709	0	0
Less: Allowance for impairment loss	(531,855)	(265,738)	0	0
	10,885,882	8,424,800	0	0

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

Allowance for Impairment Loss

Movements in the allowance for impairment loss were as follows:

Opening balance	265,738	128,479	0	0
Net charge for year	266,117	137,259	0	0
Closing balance	531.855	265.738	0	0

NOTES TO THE FINANCIAL STATEMENTS

continued

At 30 June the ageing analysis of trade receivables is as follows:

PDNI – Past due not impaired, CI – Considered impaired

		TOTAL \$	0-30 DAYS \$	0-30 DAYS \$ CI	31-60 DAYS \$ PDNI	31-60 DAYS \$ CI	61-90 DAYS \$ PDNI	61-90 DAYS \$ CI	+91 DAYS \$ PDNI	+91 DAYS \$ CI
2010	Consolidated	11,376,632	9,480,976	31,886	377,056	40,671	137,060	72,256	849,685	387,042
	Company	0	0	0	0	0	0	0	0	0
2009	Consolidated	7,551,829	5,273,566	108,529	1,758,767	77,895	236,562	43,396	17,196	35,919
	Company	0	0	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 consolidated entity 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 assets is not held nor is it the consolidated entity's policy to transfer or on sell receivables to special purpose entities.

NOTE 7. PREPAID RENT (CURRENT)

Prepaid rent

CONSOLIDATED		COMPANY	
2010	2009	2010	2009
\$	\$	\$	\$
65,880	65,880	0	0

NOTE 8. OTHER ASSETS (CURRENT)

Prepayments

232,779	309,363	0	0
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NOTE 9. OTHER FINANCIAL ASSETS (NON-CURRENT)

Loans to related parties

Loans to related parties – tax sharing arrangement

Interest rate swap contracts

0	0	67,123,997	76,319,720
0	0	3,504,292	1,441,793
2,450,968	4,938,022	0	0
2,450,968	4,938,022	70,628,289	77,761,513

Interest Rate Swap Contracts

Instruments used by the Consolidated Entity

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

Interest Rate Swaps

Interest bearing loans carry a variable interest rate. In order to protect against rising interest rates the consolidated entity 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 93% (2009: 79%) of the principal outstanding. The applicable fixed and floating interest rates on the interest rate swap contracts are set out in Note 2.

At reporting date the notional principal amounts and period of expiry on the interest rate swap contracts are as follows:

0-1 year	211,839,712	198,737,881	0	0
1-2 years	212,800,000	211,839,712	0	0
2-3 years	216,939,607	212,800,000	0	0
3-5 years	218,105,603	435,045,210	0	0

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.

NOTE 10. PREPAID RENT (NON-CURRENT)

Prepaid rent

5,665,687	5,731,567	0	0
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Reconciliation

Carrying amount at the beginning of the year

Portion amortised during the year

Carrying amount at the end of the year

5,731,567	5,797,447	0	0
(65,880)	(65,880)	0	0
5,665,687	5,731,567	0	0

CONSOLIDATED		COMPANY	
2010	2009	2010	2009
\$	\$	\$	\$

NOTE 11. INVESTMENT PROPERTIES

Investment properties – at fair value

172,959,929	164,723,825	0	0
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Reconciliation

Carrying amount at the beginning of the year

164,723,825	138,760,000	0	0
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Additions

82,718	992,028	0	0
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Transfer from infrastructure assets

48,159	810,251	0	0
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Transfer from work in progress

94,764	513,645	0	0
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Net gain from fair value adjustment

8,010,463	23,647,901	0	0
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Carrying amount at the end of the year

172,959,929	164,723,825	0	0
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(a) Amounts Recognised in the Statement of Comprehensive Income for Investment Property

Rental income

7,094,670	3,398,624	0	0
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Direct operating expenses from property that generate rental income

(304,256)	(299,139)	0	0
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Net income

6,790,414	3,099,485	0	0
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(b) Valuation Basis

Investment property was valued by Herron Todd White (Darwin) as at 30 June 2010. Herron Todd White is an independent valuation firm which has extensive experience in valuing property for the consolidated 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. Capitalisation rates used were between 7% - 11.5% and have been based on the valuer's analysis of relevant market data combined with specific analysis of the asset/income stream.

(c) Leasing Arrangements

Investment properties are leased to tenants under long-term operating leases with rentals generally payable monthly. These non-cancellable operating leases have variable remaining terms dependent on the lease agreement.

Future minimum rentals under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within 1 year	6,350,604	3,259,887	0	0
Later than 1 year but not later than 5 years	17,028,731	10,331,093	0	0
Later than 5 years	27,531,387	6,355,401	0	0
Total minimum lease payments	50,910,722	19,946,381	0	0

(d) Contractual Obligations

Refer to Note 24 for disclosure of any contractual obligations which include to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

NOTE 12. INVESTMENTS

Shares in subsidiary companies at cost

0	0	24	24
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NOTE 13. INFRASTRUCTURE, PLANT AND EQUIPMENT

Plant and Equipment

Plant and equipment – at cost

5,594,137	6,007,564	0	0
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Accumulated depreciation

(2,835,132)	(3,357,321)	0	0
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Total Plant and Equipment

2,759,005	2,650,243	0	0
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Infrastructure Assets

Infrastructure assets under lease – at cost

204,025,945	192,960,300	0	0
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Accumulated depreciation

(53,505,547)	(43,322,755)	0	0
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Allowance for impairment

(2,590,474)	(2,604,727)	0	0
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Total Infrastructure Assets

147,929,824	147,032,818	0	0
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NOTES TO THE FINANCIAL STATEMENTS

continued

	CONSOLIDATED		COMPANY	
	2010	2009	2010	2009
	\$	\$	\$	\$
Work in Progress	3,936,688	4,647,980	0	0
Total Infrastructure, Plant and Equipment	154,625,517	154,331,041	0	0
Reconciliations				
Plant and Equipment				
Carrying amount at the beginning	2,650,243	2,447,390	0	0
Additions	593,557	803,646	0	0
Transfer from work in progress	174,496	106,320	0	0
Disposals	(42,253)	(54,778)	0	0
Depreciation	(617,038)	(652,335)	0	0
Carrying amount at the end	2,759,005	2,650,243	0	0
Infrastructure Assets				
Carrying amount at the beginning	147,032,818	135,580,471	0	0
Additions	1,175,542	622,505	0	0
Transfer from work in progress	10,639,755	23,849,063	0	0
Transfer to investment property	(48,159)	(810,251)	0	0
Disposals	(18,634)	0	0	0
Depreciation	(10,865,750)	(9,888,120)	0	0
Impairment reversal / (loss)	14,252	(2,320,850)	0	0
Carrying amount at the end	147,929,824	147,032,818	0	0
Work in Progress				
Carrying amount at the beginning	4,647,980	12,806,970	0	0
Investment property additions	589,965	654,048	0	0
Plant and equipment additions	11,778	270,161	0	0
Infrastructure additions	9,553,866	15,436,778	0	0
Software additions	22,455	1,567	0	0
Intangible asset additions	19,659	0	0	0
Transfer to investment property	(94,764)	(513,645)	0	0
Transfers to plant and equipment	(174,496)	(106,320)	0	0
Transfer to computer software	0	(52,516)	0	0
Transfers to infrastructure	(10,639,755)	(23,849,063)	0	0
Carrying amount at the end	3,936,688	4,647,980	0	0

NOTE 14. OTHER INTANGIBLES

Lease Premium				
Lease premium	16,676,910	16,676,910	0	0
Accumulated amortisation	(2,035,363)	(1,866,910)	0	0
	14,641,547	14,810,000	0	0
Computer Software				
Computer software – at cost	1,622,226	1,510,657	0	0
Accumulated amortisation	(1,282,940)	(1,060,453)	0	0
	339,286	450,204	0	0
Total Intangibles	14,980,833	15,260,204	0	0
Reconciliations				
Lease Premium				
Carrying amount at the beginning of the financial year	14,810,000	14,978,454	0	0
Amortisation charged during the year	(168,453)	(168,454)	0	0
Carrying amount at the end of the financial year	14,641,547	14,810,000	0	0

	CONSOLIDATED		COMPANY	
	2010	2009	2010	2009
	\$	\$	\$	\$
Computer Software				
Carrying amount at the beginning of the financial year	450,204	458,466	0	0
Additions	111,569	377,372	0	0
Transfer from work in progress	0	52,516	0	0
Amortisation charged during the year	(222,487)	(438,150)	0	0
Carrying amount at the end of the financial year	339,286	450,204	0	0

NOTE 15. 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 Airport 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 with reference to the cash-generating unit's enterprise value.

The enterprise value calculation is derived using a long-term (15-year) valuation model which forecasts the cash flows to shareholders. Management considers the period forecast in the valuation model appropriate, given the long-term nature of expenditure and returns on infrastructure assets, such as Airports, which the consolidated entity operates.

Key assumptions used in the enterprise value calculations are as follows:

15 year passenger numbers as forecast by Tourism Futures International, using a 'central' scenario. Even at a 'low' scenario, management considers that the carrying value of goodwill is appropriate;

- operating revenue assumptions are based on agreed contracts where applicable, passenger forecasts and trading conditions, and any other relevant factors;
- 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 2.5%;
- discount rate of 15%.

Allocation of Goodwill to Cash-Generating Units

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

- 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	
	2010	2009
	\$	\$
Alice Springs Airport	3,072,207	3,072,207
Darwin International Airport	10,891,525	10,891,525
	13,963,732	13,963,732

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 16. TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED		COMPANY	
	2010	2009	2010	2009
	\$	\$	\$	\$
Trade creditors	8,060,232	2,871,079	0	0
Interest accrued	135,374	234,832	0	0
Other creditors	445,205	135,904	0	0
Retentions and deposits held	407,019	382,337	0	0
	9,047,830	3,624,152	0	0

Trade and other creditors are non-interest bearing and normally settled on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 17. PROVISIONS (CURRENT)

Short-term employee benefits				
- Annual leave	829,907	791,611	0	0
- Long service leave	633,582	595,197	0	0
- Other employee benefits	2,095,913	679,799	0	0
	3,559,402	2,066,607	0	0

NOTE 18. BORROWINGS (NON-CURRENT)

Borrowings secured by fixed charge:				
- Senior debt	213,000,000	206,000,000	0	0
- Unamortised finance costs	(1,793,092)	(2,794,895)	0	0
Total	211,206,908	203,205,105	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)	244,000,000	244,000,000	0	0
Amount of senior debt facility used	213,000,000	206,000,000	0	0

Assets Pledged as Security

The bank has a fixed and floating charge over all present and future assets and undertakings of the NTAPL consolidated entity. The value of assets pledged as securities is:

	399,711,857	382,193,746	0	0
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(a) The consolidated entity has access to a bank overdraft amounting to \$3,000,000 (2009: \$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.

(b) The consolidated entity's 3-year senior debt facility is due for expiry on 6 January 2012 and is used to fund the aeronautical capital expenditure requirements of the consolidated entity. At reporting date, the consolidated entity has a \$244 million senior debt facility comprised of the following:

Facility A - \$204 million - term loan facility (fully drawn)
Facility B1 - \$40 million - aeronautical construction (\$9 million drawn)

Facility B1 is for the purpose of funding the aeronautical capital expenditure requirements of the consolidated entity. The facility is an interest-only facility with the principal payable on maturity on 6 January 2012. Interest is generally payable quarterly. Average interest charged for the year was 5.88% (2009: 6.86%), being the bank bill rate plus a margin dependent on the interest cover ratio. The facility is governed by covenants including interest cover ratio, leverage ratio, a hedging strategy and maintenance of an interest reserve account. The bank has a fixed and floating charge over all present and future assets and undertakings of the consolidated entity, but the property which is located outside the Northern Territory or the Australian Capital Territory is excluded.

NOTE 19. PROVISIONS (NON-CURRENT)

Long service leave	372,677	252,599	0	0
Other employee benefits	69,648	762,798	0	0
	442,325	1,015,397	0	0

CONSOLIDATED		COMPANY	
2010	2009	2010	2009
\$	\$	\$	\$

NOTE 20. CONTRIBUTED EQUITY

Issued and Paid-Up Capital

40,765,344 ordinary shares of \$1 each fully paid and issued on incorporation. (2009: 40,765,344)

2000 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 (2009: 2000)

Total Paid-Up Capital

40,765,344	40,765,344	40,765,344	40,765,344
20,000,000	20,000,000	20,000,000	20,000,000
60,765,344	60,765,344	60,765,344	60,765,344

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the company.

Preference shareholders have the right to receive dividends in priority to all other shares in the capital of the company. A preference share does not confer upon a holder any other rights to participate in the distribution of income, capital or other assets of the company.

Preference shares do not entitle the holder to vote on normal business matters at a general meeting.

NOTE 21. DIVIDENDS PAID AND PROPOSED

(a) Recognised Amounts:

Declared and paid during the year

Dividends on shares – franked at 100%

Dividend per share

14,300,000	14,580,000	14,300,000	14,580,000
35.08	35.76 cents	35.08	35.76 cents

(b) Unrecognised amounts

Dividends on shares – franked at 64%

Dividend per share

4,500,000	0	4,500,000	0
11.04	0	11.04	0

After the reporting date, the above dividends relating to the year ended 30 June 2010 were proposed and paid. These amounts have not been recognised as a liability as at 30 June 2010 but will be brought to account during the 2011 financial year.

At the date of issue of this report, other than those noted above, no other dividends were proposed or declared during the period. The directors have not yet made a recommendation for any further dividend for the year ended 30 June 2010.

(b) Franking Account Balance

Franking account balance as at the end of the financial year at 30% (2009: 30%)

Franking credits that will arise from the payment of income tax payable as at the reporting date

Franking debits that will arise from the payment of dividends after balance date but not recognised as a liability

Net franking credits available

(346,075)	1,486,533	(346,075)	1,486,533
1,779,047	1,192,305	1,779,047	1,192,305
(1,234,291)	0	(1,234,291)	0
198,681	2,678,838	198,681	2,678,838

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 22. KEY MANAGEMENT PERSONNEL COMPENSATION INFORMATION

(a) Directors

The names of persons who were Directors of ADGPL at any time during the financial year are noted in Note 25. Information on remuneration of directors is included in Note 22(c) below.

(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

Jim Parashos – Aviation Development Director

Jill Holdsworth – Health, Safety & Environment Management Systems Coordinator

Donald McDonald – General Manager Alice Springs Airport and Tennant Creek Airport (ceased 24 May 2010)

Steve Marshall – Human Resources Manager (Resigned 15 January 2010)

Stuart Ainslie – Operations Director

Leanne Coburn – Human Resources Manager (Appointed 4 May 2010)

Katie Cooper – General Manager Alice Springs Airport and Tennant Creek Airport (Appointed 24 May 2010)

(c) Total Compensation Paid and Payable to Key Management Personnel for the Financial Year

Short-term employee benefits

Superannuation contributions

Non-cash benefits

Termination benefits

Other long-term benefits

	CONSOLIDATED		COMPANY	
	2010	2009	2010	2009
	\$	\$	\$	\$
	2,255,209	2,266,111	0	0
	170,477	210,787	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	2,425,686	2,476,898	0	0

NOTE 23. REMUNERATION OF AUDITORS

Remuneration of the auditors of the consolidated entity for:

Audit and review of financial statements of the company and any other company in the consolidated entity

Tax compliance and advice

Other advice and services

	63,343	84,100	0	0
	27,516	55,875	0	0
	23,694	40,729	0	0
	114,553	180,704	0	0

NOTE 24. CAPITAL AND LEASING COMMITMENTS

(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 1 year

	452,800	5,182,146	0	0
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(b) Leasing Commitments

Other than the Airport lease, the consolidated entity has not entered into any material finance or operating leases as lessee.

NOTE 25. RELATED PARTIES

Directors

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

NAME	APPOINTED	RESIGNED
Mr Chris Barlow (Chair)	2 October 2007	Current
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 Julio Francisco Garcia	1 February 2009	Current
Mr Julian James Widdup (Alternate to Mr Roger Lloyd)	6 September 2010	Current

Remuneration

Information on remuneration of directors is included in Note 22(c).

Wholly Owned Group Transactions

	2010 \$	2009 \$	2010 \$	2009 \$
Interest received and receivable	0	0	9,400,240	10,948,529
Aggregate amounts receivable	0	0	70,628,289	77,761,513

NOTE 26. STATEMENT OF CASH FLOWS

(a) Reconciliation of Profit after Tax to Net Cash Flows from Operations

Operating profit after income tax	15,685,696	25,890,753	6,580,034	7,663,970
Depreciation and amortisation	11,939,608	11,212,939	0	0
Impairment (reversal) / expense – infrastructure assets	(14,252)	2,320,849	0	0
Unrealised loss/(gain) on interest rate swap	2,487,054	(347,270)	0	0
Fair value adjustment to investment property	(8,010,463)	(23,647,901)	0	0
Net gain on sale of infrastructure, plant and equipment	(38,531)	(31,021)	0	0
Deferred borrowing costs	1,136,056	558,877	0	0

Change in Operating Assets and Liabilities

Provision for employee benefits	919,722	(211,492)	0	0
Trade and other receivables	(2,461,082)	(80,760)	0	0
Prepayments	76,584	(127,147)	0	0
Other financial assets	0	0	(2,062,500)	(1,441,793)
Trade and other creditors and accruals	2,676,072	(2,611,722)	0	0
Other payables	0	0	0	(487,980)
Deferred tax liabilities	1,065,740	5,958,431	0	0
Income tax payable	586,742	(1,675,710)	586,742	(1,675,710)
Deferred tax asset	(223,304)	(275,227)	0	0
Net Cash Flow from Operating Activities	25,825,642	16,933,599	5,104,276	4,058,487

(b) Reconciliation of Cash

Cash on hand	51,336	51,336	0	0
Cash at bank	17,739,601	8,956,899	0	0
Interest reserve account	4,169,117	4,037,482	0	0
Security deposit and trust account	162,968	0	0	0
	22,123,022	13,045,717	0	0

NOTES TO THE FINANCIAL STATEMENTS

continued

NOTE 27. 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		INVESTMENT	
	2010	2009	2010	2009
	%	%	\$	\$
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.

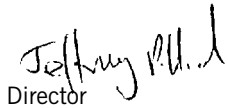
DIRECTORS' DECLARATION

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 2010 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 be able to continue to pay its debts as and when they become due and payable

On behalf of the Board


Director


Director

Place: Melbourne

Date: 3 November 2010

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

Report on the Financial Report

We have audited the accompanying financial report of Airport Development Group Pty Ltd which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration 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(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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.

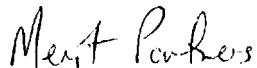
Independence

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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in note 23 of 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 30 June 2010 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 issued by the International Accounting Standards Board.



Merit Partners



Matthew Kennon
Partner
Darwin

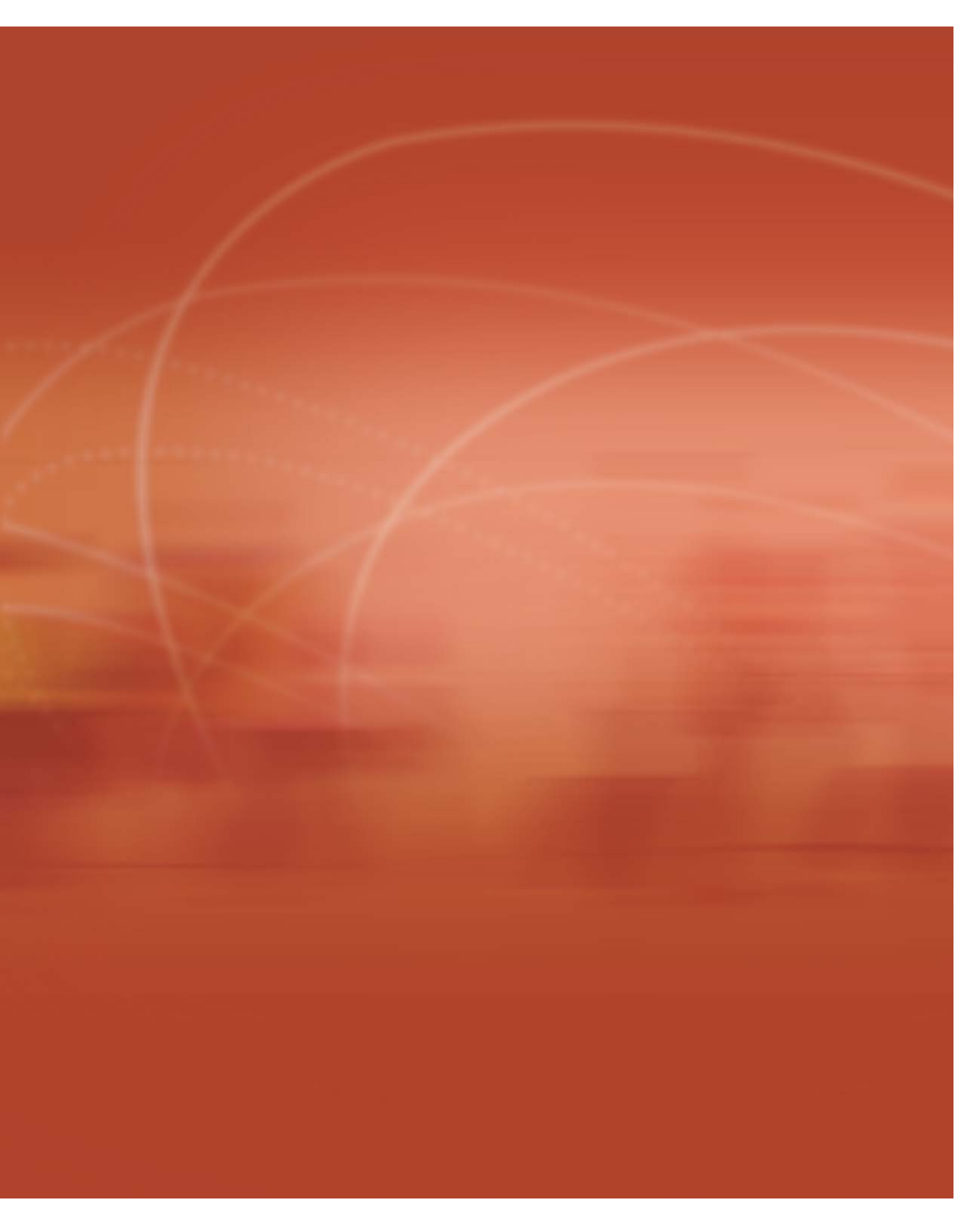
Date: 3/11/2010

FAST FACTS

FINANCIAL YEAR ENDING	2006	2007	2008	2009	2010
PASSENGERS:					
DIA	1,440,000	1,654,000	1,813,000	1,998,000	2,140,000
ASA	607,000	628,000	630,000	676,000	681,000
TOTAL	2,047,000	2,282,000	2,443,000	2,674,000	2,821,000
LANDED TONNES:					
DIA	662,000	801,000	822,000	845,000	905,000
ASA	204,000	247,000	243,000	243,000	245,000
TCA	5,300	4,200	4,000	4,300	5,000
TOTAL	871,300	1,052,200	1,069,000	1,092,300	1,155,000
AERONAUTICAL CHARGES (EX GST):					
Passenger Facilitation Charge (\$/pax) **					
DIA	5.00	6.73	6.90	7.07	7.42
ASA	5.30	5.44	5.57	5.71	5.99
TCA	n/a	n/a	n/a	n/a	n/a
Airport Services Charge (\$/pax) **					
DIA	5.75	6.37	6.52	6.69	7.02
ASA	6.45	6.61	6.78	6.94	7.28
TCA	18.00	18.00	18.00	18.00	18.00
Landing Charge General Aviation \$/MTOW **					
DIA	18.50	19.00	19.50	20.00	20.50
ASA	18.50	19.00	19.50	20.00	20.50
TCA	23.00	23.00	23.00	23.00	23.00
REVENUE \$000S ***					
DIA	28,161	39,129	43,767	48,741	52,444
ASA	10,057	11,408	13,180	14,348	16,086
TCA	211	151	313	394	161
Other	(39)	(38)	(37)	(23)	70
TOTAL ADG	38,390	50,650	57,223	63,460	68,761
EBITDA \$000S					
DIA	16,749	23,876	27,267	30,967	33,577
ASA	6,445	7,401	8,855	9,808	11,315
TCA	15	(38)	92	158	(126)
Other	0	0	0	38	132
TOTAL ADG	23,209	31,239	36,214	40,971	44,898
CAPITAL EXPENDITURE \$000S					
DIA	20,731	23,276	11,156	18,742	10,639
ASA	1,831	7,568	5,752	10,782	1,508
TCA	1	112	199	10	14
TOTAL ADG	22,563	30,956	17,107	29,534	12,161
EMPLOYEES:					
DIA	42	55	58	61	66
ASA	11	11	13	13	13
TCA	1	1	1	1	1
TOTAL ADG	54	67	72	75	80

** as at 30 June

*** excludes safety & security charge revenue / expenses





REGISTERED OFFICE

Airport Management Centre
1 Fenton Court Eaton
Northern Territory 0820
Australia
Tel: +61 8 8920 1811
Fax: +61 8 8920 1800
www.ntairports.com.au