Southern Cross Airports Corporation Holdings Limited

General Purpose Half-Year Financial Statements

For the half-year ended 30 June 2011

Southern Cross Airports Corporation Holdings Limited
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Southern Cross Airports Corporation Holdings Limited
Corporate Information
ACN 098 082 029

This general purpose half-year financial statement covers the consolidated entity ("the Group") comprising Southern Cross Airports Corporation Holdings Limited ("SCACH") and its controlled entities. The Group's functional and presentation currency is Australian Dollars ("$").

A description of the Group's operations and its principal activities and a review of operations and results are included in the directors' report on pages 6 to 8.

Directors
Max Moore-Wilton (Chairman)
Kerrie Mather (Chief Executive)
Patrick Gourley
Holger Linkweiler
John Roberts
Don Huse
Brenton Cox

Company Secretary
Jamie Motum

Registered Office
The Ulm Building
1 Link Road
Sydney International Airport
Mascot NSW 2020

Auditors
KPMG

Internet Address
www.sydneyairport.com.au

Southern Cross Airports Corporation Holdings Limited
Directors' Report

The Directors present their report on the consolidated results of the Group during the half-year ended 30 June 2011.

Directors

The names and particulars of the directors of SCACH during the period and until the date of this report were as follows:

Names	Appointment Date	Resignation Date
Max Moore-Wilton, Chairman.	22 January 2003	-
Russell Balding, Chief Executive Officer.	4 April 2006	30 June 2011
Kerrie Mather, Chief Executive Officer.	27 June 2002	-
Patrick Gourley	10 September 2002	-
Holger Linkweiler	17 October 2005	-
John Roberts	15 February 2006	-
Don Huse	15 December 2008	-
Brenton Cox	22 December 2009	-

Kerrie Mather was appointed Chief Executive Officer and Managing Director of the Group from 1 July 2011.
Russell Balding resigned from the role of Chief Executive Officer on 30 June 2011.

The names of the alternate directors of SCACH during the period and until the date of this report were as follows:

Alternate Directors	Appointment Date	Resignation Date
Max Moore-Wilton (for J Roberts)	25 June 2008	-
Max Moore-Wilton (for K Mather)	25 June 2008	-
Max Moore-Wilton (for B Cox)	22 December 2009	-
Kerrie Mather (for J Roberts)	15 February 2006	-
Kerrie Mather (for M Moore-Wilton)	25 June 2008	-
Kerrie Mather (for B Cox)	22 December 2009	-
John Roberts (for K Mather)	15 February 2006	-
John Roberts (for M Moore-Wilton)	25 June 2008	-
John Roberts (for B Cox)	22 December 2009	-
Brenton Cox (for M Moore-Wilton)	29 October 2009	-
Brenton Cox (for K Mather)	29 October 2009	-
Brenton Cox (for J Roberts)	23 February 2010	-
Keith Irving (for M Moore-Wilton)	21 October 2009	-
Keith Irving (for K Mather)	21 October 2009	-
Keith Irving (for J Roberts)	23 February 2010	-
Keith Irving (for B Cox)	22 December 2009	-
Karl Reinitzhuber (for H Linkweiler)	25 March 2010	-
Michael Delaney (for P Gourley)	18 September 2003	-
Chris Ireland (for D Huse)	12 May 2009	-

Directors were in office for this entire period unless otherwise stated.

Company Secretary

Jamie Motum is General Counsel and Company Secretary. Mr Motum was appointed Company Secretary on 23 February 2010.

Corporate structure

SCACH is a company limited by shares that is incorporated and domiciled in Australia. The SCACH consolidated financial statement incorporates the following wholly-owned subsidiaries controlled by it during the half- year:

Southern Cross Airports Corporation Pty Limited ("SCAC")
Sydney Airport Corporation Limited ("SACL")
Sydney Airport Finance Company Pty Ltd ("FinCo")
Sydney Airport RPS Company Pty Ltd ("RPSCo")

All companies in the SCACH Group, including SCACH itself and its subsidiaries listed above, have entered into a deed of cross guarantee from 21 December 2007 pursuant to ASIC Class Order 98/1418.

Principal activities

The principal activities of the Group are the provision and management of airport facilities at Sydney (Kingsford Smith) Airport. These airport facilities include commercial operations and property management and development.

Southern Cross Airports Corporation Holdings Limited
Directors' Report

Review of operations and results

The consolidated earnings before depreciation and amortisation, net borrowing costs and income tax (EBITDA) was $381.5 million for the half-year ended 30 June 2011 (30 June 2010: $367.2 million).

After deducting depreciation and amortisation, net finance costs and income tax, the net loss was $61.8 million (30 June 2010 $65.5 million).

EBITDA has grown 3.9% over the previous corresponding period. Total revenue increased by 4.4% over the previous corresponding period to $472.4 million (30 June 2010: $452.6 million).

Total operating expenses excluding recoverable security expenses, specific non-recurring expenses and channel related initiatives increased by 3.1% year on year to $57.7 million. Total operating expenses per passenger excluding recoverable security expenses, specific non-recurring expenses and channel related initiatives increased by 1.2% year on year to $3.32 per passenger.

Total operating expenses including specific non-recurring expenses increased by 6.4% year on year to $90.9 million.

Operating expenses in the half year included non-recurring staff expenses of $1.1 million. Adjusted for this item, operating expenses excluding recoverable security expenses, specific non-recurring expenses and channel related initiatives increased by 1.2% year on year. EBITDA before specific expenses, excluding recoverable security expenses and adjusted for non-recurring items, increased by 4.5% year on year.

Depreciation and amortisation costs decreased by 3.7% to $115.8 million (30 June 2010: $120.2 million).

Net external finance costs increased by 8.3% to $206.9 million (30 June 2010: $191.0 million) primarily due to increased cost of funds.

The redeemable preference share (RPS) distributions to shareholders and SKIES payments are included as finance costs in the Income Statement.

Financial performance and position

The following table shows that the cash generated by the Group, and available for debt service, is significantly greater than the debt service requirement:

	6 months to June 2011 $'m [1]	**6 months to June 2010 $'m** [1]
Revenue	472	453
Operating Expenses	(91)	(85)
EBITDA	381	368
Interest revenue[2]	6	7
Cash available for debt service	387	375
Interest - Senior Debt (including Swaps)[2]	(169)	(155)
Interest – SKIES[2]	(22)	(18)
Cash available after debt service[3]	196	202

1. Numbers are rounded to the nearest million and may not exactly match the financial statements.
2. These numbers are taken from the Cash Flow Statement on page 15 of SCACH Half-Year Financial Report to 30 June 2011.
3. Capital commitments are funded from other sources and do not impact cash figures.

Financial performance and position (Cont'd)

Interest on RPS is only paid to shareholders after all other financial obligations of the Group have been met. Shareholders have no acceleration rights if interest is not paid.

In 2002, and subsequently, the economic equity for the SCACH Group was contributed in the form of ordinary shares issued, each stapled 1:1 to RPS. The right to receive payments on the RPS held by the ordinary shareholders are subordinated to senior Debt, SKIES and ordinary creditors of the Group. Despite this subordination, and the fact that the RPS are stapled to the ordinary shares, under current accounting standards:

- the $2,006.9 million carrying value of the RPS at 30 June 2011 is classified as borrowings rather than equity, and
- the $137.8 million RPS interest paid to shareholders during the period is treated as interest expense rather than as a distribution of profits.

The Income Statement and Cash Flow Statement on pages 13 & 15 respectively identify the portion of Net Finance Costs that relate to external financing activities and shareholder related financing activities.

SCAC and FinCo's senior secured debt credit ratings by Standard & Poor's, Moody's and Fitch remain at BBB, Baa2 and BBB respectively. SCACH's investment grade corporate credit rating and the rating of SKIES by Standard & Poor's remained at BBB- .

The Group has an established treasury function responsible for managing its finance facilities, cash balances and interest rate risks. The treasury department operates within policies set by the Board which are consistent with the Group's various debt agreements.

Dividends and distributions

Dividends and distributions paid during the half-year ended 30 June 2011:

	Half-year ended 30 June 2011 $'m	Half-year ended 30 June 2010 $'m
- on ordinary shares (i)	66.8	43.5
- on Sydney Kingsford Smith Airport Interest Earning Securities (i)	21.8	17.9
- on redeemable preference shares ("RPS") (i)	137.8	157.3
	226.4	218.7

The SKIES and RPS distributions are included as finance costs in the Income Statement.
(i) Represents cash paid

Key financial ratios

The following table reflects key financial ratios as at 30 June 2011. During the period the Group complied with the maximum gearing and minimum cash flow cover ratio covenants contained in its various debt agreements.

	30-Jun-11 $'m [1]	31-Dec-10 $'m [1]	30-Jun-10 $'m [1]
Gross Total Debt (including SKIES)[2]	6,043	5,976	5,869
Less: Total Cash	(258)	(314)	(293)
Net Debt	5,785	5,662	5,576
Less: SKIES	(650)	(650)	(650)
Net Finance Debt (Senior)	5,135	5,012	4,926
EBITDA (12 months historical)	787	773	731
Net Finance Debt/EBITDA (Senior)	6.5x	6.5x	6.7x
Cashflow Cover Ratio[3]	2.3	2.4	2.3
Gearing Ratio[4]	39%	39%	42%

1. Numbers are rounded to the nearest million and may not exactly match the financial statements.
2. Gross Total Debt refers to Principal Amount Drawn, refer to Note 7 and excludes shareholder related borrowing (RPS) as they are subordinated to all other creditors. The US$500m senior notes issued in the US144a/Reg S bond markets has been included at $519m, being the repayment at maturity. The C$225m senior notes issued in the Canadian Maple bond markets have been included at $217m, being the repayment at maturity.
3. Cashflow Cover Ratio is calculated using defined terms in the debt documents, summarised as cashflow divided by senior debt interest expense for a rolling 12 month period.
4. Gearing Ratio is calculated using defined terms in our debt documents, summarised as net senior finance debt divided by enterprise value, as adopted by the SCACH Board on the basis of a valuation range provided by Deloitte as at 31st December 2010.

During the six months ended 30 June 2011, the Group successfully completed a $1.1 billion raising of senior debt. The Group issued $100 million of medium term notes (MTN's) maturing July 2018, C$225 million of guaranteed senior secured notes in the Canadian Maple bond markets maturing July 2018 and raised $752 million in senior bank debt with five and six year tenors. Funds are available to be used to redeem the $650 million SKIES instrument or to fund future growth capital expenditure. The redemption of SKIES remains conditional on the fulfilment of a number of procedural and documentation steps associated with the bank debt commitments. More details are contained in Note 11. As at 30 June 2011, there is $278m debt maturing in October 2012 which is covered by undrawn committed bank debt facilities. There is no further debt maturing until October 2013.

Auditor's independence declaration

The auditor's independence declaration required under section 307c of the *Corporations Act 2001* is included on page 9 of the financial report.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest thousand dollars unless otherwise indicated under the option available to SCACH under ASIC Class Order 98/0100, dated 10 July 1998. SCACH is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001.*

On behalf of the Directors

Max Moore-Wilton
Chairman

Sydney, 18 August 2011

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Southern Cross Airports Corporation Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Mitchell Petrie
Partner

Sydney

18 August 2011

KPMG

Independent auditor's review report to the members of Southern Cross Airports Corporation Holdings Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Southern Cross Airports Corporations Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2010, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Southern Cross Airports Corporations Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Southern Cross Airports Corporations Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Mitchell Petrie

Partner

Sydney

18 August 2011

Directors' Declaration

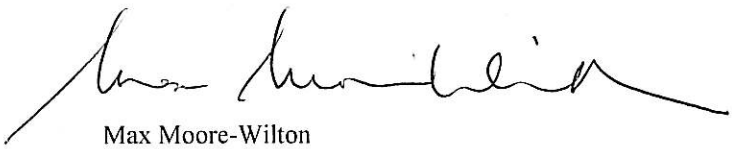
The Directors declare that:

(a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements and giving a true and fair view of the financial position as at 30 June 2011 and performance of the Group for the six month period ended on that date.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Max Moore-Wilton
Chairman

Sydney, 18 August 2011

Southern Cross Airports Corporation Holdings Limited
Consolidated Income Statement
For the half-year ended 30 June 2011

	Note	30 June 2011 $'000	30 June 2010 $'000
Revenue			
Aeronautical revenue		196,214	187,515
Aeronautical security recovery	3	37,974	36,063
Retail revenue		108,437	102,620
Property and car rental revenue		75,026	72,294
Car parking and ground transport revenue		52,193	51,653
Other		2,558	2,478
Total revenue		**472,402**	**452,623**
Other Income			
Profit on disposal of non-current assets		-	28
Expenses			
Channel related initiatives		(1,645)	(1,240)
Employee benefits expense		(21,089)	(19,992)
Services and utilities		(50,717)	(47,427)
Other operational costs		(7,040)	(7,231)
Property and maintenance		(10,067)	(9,529)
Specific expenses:			
Restructuring and redundancy	2(b)	(309)	-
Total expenses before depreciation, amortisation and finance costs		**(90,867)**	**(85,419)**
Earnings before depreciation and amortisation, finance costs and income tax (EBITDA)		**381,535**	**367,232**
Depreciation and amortisation		(115,766)	(120,153)
Earnings before finance costs and income tax (EBIT)		**265,769**	**247,079**
External finance (costs)/income:			
Interest income	2(a)	6,148	6,909
Change in fair value of interest rate swaps not qualifying as hedges	2(a)	1,502	60
Gain/(Loss) on foreign exchange transaction	2(a)	(537)	-
Borrowing costs – SKIES	2(a)	(22,630)	(20,472)
Borrowing costs – senior debt	2(a)	(191,108)	(177,114)
Interest on finance leases	2(a)	(293)	(375)
Total external finance costs (i)	2(a)	(206,918)	(190,992)
Shareholder related finance costs:			
Borrowing costs – redeemable preference shares held by ordinary shareholders (ii)	2(a)	(139,809)	(139,632)
Total finance costs	2(a)	(346,727)	(330,624)
Loss before income tax expense (iii)		**(80,958)**	**(83,545)**
Income tax (expense)/benefit		19,136	18,058
Net loss for the period attributable to owners of the company		**(61,822)**	**(65,487)**
Earnings per share			
Basic (cents)		(452.96)	(479.81)
Diluted (cents)		(452.96)	(479.81)

(i) Borrowing costs include interest expense, amortisation of debt establishment costs and swap interest.
(ii) Redeemable preference shares ("RPS") are stapled to ordinary shares. Interest on RPS is only paid to shareholders after all other financial obligations of the Group have been met. Shareholders have no acceleration rights if interest is not paid.
(iii) This figure includes $139.8 million (30 June 2010: $139.6 million) of interest expense on RPS to ordinary shareholders, which is only paid after all other financial obligations to the Group have been met.

Notes to the financial statements are included on pages 17 to 31

Southern Cross Airports Corporation Holdings Limited
Consolidated Statement of Financial Position
as at 30 June 2011

		30 June 2011 $'000	31 December 2010 $'000
Current assets			
Cash and cash equivalents		258,259	314,222
Trade and other receivables		88,260	89,760
Other assets		295	342
Total current assets		346,814	404,324
Non-current assets			
Property, plant and equipment		2,412,391	2,436,614
Intangibles	5	3,377,901	3,397,530
Goodwill	6	688,284	688,284
Trade and other receivables		49,458	51,508
Other assets		29,170	8,510
Deferred tax assets		228,709	201,109
Total non-current assets		6,785,913	6,783,555
Total assets		7,132,727	7,187,879
Current liabilities			
Trade and other payables		171,152	177,511
Provisions		7,960	9,842
Other current liabilities		24,350	26,113
Derivative financial instruments	9	61,004	58,621
Finance lease liabilities		1,888	1,798
Total current liabilities		266,354	273,885
Non-current liabilities			
Borrowings – external	7	5,860,833	5,837,841
Borrowings – shareholder related	8	2,006,928	2,004,174
Provisions		1,253	1,211
Derivative financial instruments	9	101,960	26,062
Finance lease liabilities		3,586	4,552
Total non-current liabilities		7,974,560	7,873,840
Total liabilities		8,240,914	8,147,725
Net liabilities		(1,108,187)	(959,846)
Equity			
Issued capital		1,313,991	1,313,991
Cash flow hedge reserve		(66,328)	(46,577)
Accumulated losses		(2,355,850)	(2,227,260)
Total equity (i)		(1,108,187)	(959,846)

(i) Refer to Going Concern Note on page 17 which considers the reasons why the going concern assumption is appropriate in light of the net liability position.

Notes to the financial statements are included on pages 17 to 31

Southern Cross Airports Corporation Holdings Limited
Consolidated Cash Flow Statement
For the half-year ended 30 June 2011

	30 June 2011 $'000	30 June 2010 $'000
Cash flows from operating activities		
Cash was provided from:		
Receipts from customers	528,400	518,226
Interest received	6,298	7,188
Cash was applied to:		
Payments to suppliers and employees	(152,748)	(142,487)
Interest paid - senior debt	(133,657)	(115,121)
Interest rate swaps payments	(35,860)	(40,011)
Interest paid – SKIES	(21,779)	(17,915)
Net cash flows provided by operating activities	190,654	209,880
Cash flows from investing activities		
Cash was provided from:		
Proceeds from disposal of property, plant and equipment	-	28
Cash was applied to:		
Acquisition of property, plant and equipment	(80,425)	(68,202)
Capitalised borrowing costs	(2,300)	(1,379)
Net cash flows used in investing activities	(82,725)	(69,553)
Cash flows from financing activities		
External financing activities:		
Cash was provided from:		
Proceeds from borrowings – MTN's and bank loans	351,391	-
Cash was applied to:		
Repayment of borrowings – MTN's and bank loans	(298,000)	-
Debt establishment and recurring finance costs	(11,401)	(3,266)
Finance lease payments	(1,302)	(1,302)
Net cash flows provided by/(used in) external financing activities	40,688	(4,568)
Shareholder related financing activities:		
Dividends paid – ordinary shares	(66,768)	(43,463)
Interest paid – redeemable preference shares	(137,812)	(157,251)
Net cash flows used in shareholder related financing activities	(204,580)	(200,714)
Net cash flows used in financing activities	(163,892)	(205,282)
Net decrease in cash and cash equivalents	(55,963)	(64,955)
Cash and cash equivalents at beginning of the financial period	314,222	358,051
Cash and cash equivalents at end of the financial period	258,259	293,096

Notes to the financial statements are included on pages 17 to 31

Southern Cross Airports Corporation Holdings Limited
Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2011

Consolidated Statement of Comprehensive Income

	30 June 2011 $'000	30 June 2010 $'000
Net (loss) for the period	(61,822)	(65,487)
Cash flow hedge:		
Change in fair value	(28,215)	(50,938)
Recognition of deferred tax	8,464	15,281
Other comprehensive loss for the period, net of tax	(19,751)	(35,657)
Total comprehensive loss for the period	(81,573)	(101,144)
Attributable to:		
Equity holders of the parent	(81,573)	(101,144)

Consolidated Statement of Changes in Equity

	Issued capital $'000	Cash flow hedge reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2010	**1,313,991**	**(50,071)**	**(1,993,477)**	**(729,557)**
Total comprehensive loss for the period	-	(35,657)	(65,487)	**(101,144)**
Dividends	-	-	(43,463)	**(43,463)**
At 30 June 2010	**1,313,991**	**(85,728)**	**(2,102,427)**	**(874,164)**
At 1 January 2011	**1,313,991**	**(46,577)**	**(2,227,260)**	**(959,846)**
Total comprehensive loss for the period	-	(19,751)	(61,822)	**(81,573)**
Dividends	-	-	(66,768)	**(66,768)**
At 30 June 2011	**1,313,991**	**(66,328)**	**(2,355,850)**	**(1,108,187)**

Notes to the financial statements are included on pages 17 to 31

Southern Cross Airports Corporation Holdings Limited
Notes to the Financial Statements
For the half-year ended 30 June 2011

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 "Interim Financial Reporting". The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual report for the year ended 31 December 2010.

Basis of preparation

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 31 December 2010 annual financial report for the financial year ended 31 December 2010.

The half-year financial report has been prepared on the basis of historical cost, except for derivative financial instruments that have been measured at fair value.

All amounts are presented in Australian dollars, unless otherwise noted.

Going concern

The financial report has been prepared on the basis that the Group is a going concern, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the six months ended 30 June 2011, the Group successfully completed a $1.1 billion raising of senior debt. The Group issued $100 million of medium term notes (MTN's) maturing July 2018, C$225 million of guaranteed senior secured notes in the Canadian Maple bond markets maturing July 2018 and raised $752 million in senior bank debt with five and six year tenors. Funds are available to be used to redeem the $650 million SKIES instrument or to fund future growth capital expenditure. The redemption of SKIES remains conditional on the fulfilment of a number of procedural and documentation steps associated with the bank debt commitments. More details are contained in Note 11. As at 30 June 2011, there is $278m debt maturing in October 2012 which is covered by undrawn committed bank debt facilities. There is no further debt maturing until October 2013.

As at 30 June 2011, the Group has net liabilities of $1,108.2 million. An independent valuation by Deloitte as at 31 December 2010 supported an Equity Value of approximately $7,287 million. This valuation, if applied in the financial statements of the Group as at 30 June 2011, would have more than absorbed the consolidated deficiency position at 30 June 2011.

As part of the financing arrangements, the company has received an unconditional guarantee from the parent and other members of the SCACH Group under the Security Trust Deed. Under the Security Trust Deed, each guarantor unconditionally and irrevocably guarantees the due and punctual payment of external borrowings.

The Directors believe that, considering the degree of excess of the 31 December 2010 SCACH valuation over the deficiency position at 30 June 2011, the unconditional guarantee and there being no known factors that would have had a significant adverse effect on the valuation since 31 December 2010, that the going concern basis is appropriate.

Accordingly, the going concern basis of accounting is considered to be appropriate in the preparation of the financial report. A new valuation will be carried out for each financial year end.

1. SUMMARY OF ACCOUNTING POLICIES (Cont'd)

Taxation of Financial Arrangements (TOFA)

The Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009 and other technical amendments (TOFA legislation) provides a framework for the taxation of financial arrangements, bringing closer alignment between tax and accounting outcomes. The regime does this by introducing a number of default and elective tax timing methods which can be applied to take account of gains and losses from a financial arrangement.

TOFA came into effect in the income year beginning 1 January 2011. There are specific transitional provisions in relation to the taxation of pre-commencement financial arrangements outstanding at the transition date (ie there is a choice to
bring pre-commencement financial arrangements into the new regime subject to a balancing adjustment being calculated on transition that is assessable / deductible over the next succeeding four tax years).

The Company has applied the realisation tax- timing method under TOFA to financial arrangements entered into from 1 January 2011 but has not yet determined to make an election to apply TOFA to financial arrangements in place (pre-existing arrangements) at that date.

2. REVENUE AND EXPENSES

	Consolidated	
	Half-year ended 30 June 2011 $'000	Half-year ended 30 June 2010 $'000
(a) Finance (costs)/income		
External finance (costs)/income		
Interest income		
Bank interest	6,148	6,909
Other finance income / (expenses)		
Fair value adjustment to interest rate swaps not qualifying as hedges	1,502	60
Foreign currency loss	(537)	-
	965	60
Interest expense		
SKIES interest paid or accrued	(21,674)	(19,549)
Amortisation of deferred debt establishment costs and other recurring borrowings costs	(956)	(923)
SKIES interest expense	(22,630)	(20,472)
Senior debt interest paid or accrued	(151,285)	(131,653)
Net swap interest (expense)/income	(29,914)	(35,446)
Amortisation of deferred debt establishment costs and other borrowings costs	(12,209)	(11,394)
Borrowing costs capitalised	2,300	1,379
Senior debt interest expense	(191,108)	(177,114)
Interest on finance leases	(293)	(375)
Total external finance costs	(206,918)	(190,992)
Shareholder related finance costs		
Redeemable preference share held by ordinary shareholders distributions paid or accrued	(137,055)	(137,235)
Amortisation of deferred debt establishment costs and other borrowings costs	(2,754)	(2,397)
Redeemable preference shares interest expense	(139,809)	(139,632)
Total finance cost	(346,727)	(330,624)

2. REVENUE AND EXPENSES (Cont'd)

	Consolidated	
	Half-year ended 30 June 2011 $'000	Half-year ended 30 June 2010 $'000
(b) Specific non-recurring expenses		
(i) Restructuring and redundancy costs	309	-

Costs relate to redundancies paid during the period.

3. AERONAUTICAL SECURITY RECOVERY

The Income Statement includes both revenues and costs relating to aeronautical security recovery. Security recovery charges are set at appropriate levels to ensure cost recovery only, in accordance with Australian Competition and Consumer Commission ("ACCC") guidelines for pass-through of Government mandated security costs.

Aeronautical security recoveries include charges in relation to services provided on both international and domestic sectors. Security charges are not levied on regional passenger services (other than in relation to Terminal 2 checked bag screening and passenger screening services). Aeronautical security recoveries are for the following services, all of which are mandated government requirements:

a) International services include checked baggage screening, passenger screening, additional and enhanced security measures. All charges are levied on a per passenger basis.

b) Domestic services include additional and enhanced security measures, Terminal 2 checked bag screening and Terminal 2 passenger screening. All charges are levied on a per passenger basis.

Security recoveries include any direct operating expenses incurred together with recovery of depreciation expense and the recovery of the borrowing costs associated with the assets employed in providing the services required.

The following is a summary of all revenues and expenses associated with security recovery:

	Consolidated	
	Half-year ended 30 June 2011 $'000	Half-year ended 30 June 2010 $'000
Revenue		
Security recovery	37,974	36,063
Expenses		
Direct costs	(31,220)	(28,221)
Depreciation	(4,051)	(4,756)
Borrowing costs	(2,703)	(3,086)
Surplus / (Deficit)	-	-

4. DIVIDENDS AND DISTRIBUTIONS PAID AND PROPOSED

	Half-year ended 30 June 2011		Half-year ended 30 June 2010	
	$ per share	Total $'000	$ per share	Total $'000
Ordinary shares				
Recognised amounts				
First quarter (January)	2.4364	33,253	0.5591	7,631
Second quarter (April)	2.4556	33,515	2.6254	35,832
		66,768		43,463
Dividends for the half-year ended 30 June 2011 were paid on 27 January 2011 and 27 April 2011. These dividends were all unfranked.				
Unrecognised amounts				
Third quarter dividend	0.9191	12,544	1.4254	19,454

		Consolidated	
		Half-year ended 30 June 2011 $'000	Half-year ended 30 June 2010 $'000
Sydney Kingsford Smith Interest Earning Securities ("SKIES")			
Accrued interest at the beginning of the period		(10,944)	(8,443)
Interest paid		21,779	17,915
Accrued interest at the end of the period		10,839	10,077
SKIES interest expense	(i)	21,674	19,549
Redeemable preference shares ("RPS")			
Accrued interest at the beginning of the period		(49,975)	(69,234)
Interest paid		137,812	157,251
Accrued interest at the end of the period		49,218	49,218
Redeemable preference shares interest expense	(i)	137,055	137,235

(i) Interest payments in respect of SKIES and RPS (which are stapled to ordinary shares) are included as borrowing costs in the Income Statement consistent with the classification in the Statement of Financial Position of the related instrument.

Accrued interest includes only that portion of interest that is attributable to the accounting period. Interest payments in respect of SKIES were made on 1 January 2011 and 1 April 2011. Distributions in respect of RPS were made on 27 January 2011 and 27 April 2011.

5. INTANGIBLE ASSETS

Consolidated	*Leasehold land* *$'000*	*Airport operator licence* *$'000*	*Total* *$'000*
30 June 2011			
Gross carrying amount	1,672,044	2,058,070	**3,730,114**
Accumulated amortisation			
Opening accumulated amortisation as at 1 January 2011	(148,457)	(184,127)	**(332,584)**
Amortisation	(8,798)	(10,831)	**(19,629)**
At 30 June 2011	(157,255)	(194,958)	**(352,213)**
At 30 June 2011			
Cost (gross carrying amount)	1,672,044	2,058,070	**3,730,114**
Accumulated amortisation and impairment	(157,255)	(194,958)	**(352,213)**
Net carrying amount	1,514,789	1,863,112	**3,377,901**

Consolidated	*Leasehold land* *$'000*	*Airport operator licence* *$'000*	*Total* *$'000*
31 December 2010			
Gross carrying amount	1,672,044	2,058,070	**3,730,114**
Accumulated amortisation			
Opening accumulated amortisation as at 1 January 2010	(130,861)	(162,465)	**(293,326)**
Amortisation	(17,596)	(21,662)	**(39,258)**
At 31 December 2010	(148,457)	(184,127)	**(332,584)**
At 31 December 2010			
Cost (gross carrying amount)	1,672,044	2,058,070	**3,730,114**
Accumulated amortisation	(148,457)	(184,127)	**(332,584)**
Net carrying amount	1,523,587	1,873,943	**3,397,530**

5. INTANGIBLE ASSETS (Cont'd)

Significant intangible assets

The Group holds the right to operate the leasehold land as an airport. As at 30 June 1998, the Commonwealth of Australia granted Sydney Airport Corporation Limited, a wholly-owned subsidiary, the ownership of a 50 plus 49 year lease of land. At the same time, an airport operator license was granted, which is subject to meeting certain requirements set by governing bodies in Australia on an annual basis.

The carrying amounts and remaining useful lives of the intangibles are:

	Leasehold land		Airport operator license	
	30 June 2011 $'000	31 December 2010 $'000	30 June 2011 $'000	31 December 2010 $'000
Carrying amount	1,514,789	1,523,587	1,863,112	1,873,943
Remaining useful life	85.5 years	86 years	85.5 years	86 years

Leasehold land and the airport operator licence have been recognised at their respective cost of acquisition by reference to the purchase consideration and independent professional valuation advice. Both intangibles have been assessed as having a finite life and are amortised using the straight line method over a period of 95 years from 28 June 2002, being the date of acquisition. Both assets are tested for impairment where an indicator of impairment arises.

6. GOODWILL

	Consolidated	
	30 June 2011 $'000	31 December 2010 $'000
Gross carrying amount	688,284	688,284
Accumulated impairment losses	-	-
Net book value		
At the beginning of the period	688,284	688,284
At the end of the period	688,284	688,284

Goodwill relates to the acquisition of Sydney Airport on 28 June 2002 and is considered as an indefinite life asset.

7. BORROWINGS - EXTERNAL

		Principal amount drawn		Carrying amount	
		30 June 2011 $'000	31 December 2010 $'000	30 June 2011 $'000	31 December 2010 $'000
At amortised cost:					
Non-current					
Bank loans	(i)	285,600	549,600	278,628	534,707
Medium term notes - AUD	(ii)	3,379,000	3,279,000	3,330,219	3,227,485
Medium term notes – Foreign currency	(iii)	736,063	518,672	726,006	509,332
Capital indexed bonds	(iv)	991,942	978,591	952,578	939,408
SKIES	(v)	650,000	650,000	637,479	636,573
		6,042,605	5,975,863	5,924,910	5,847,505
Fair value hedge adjustments		(64,077)	(9,664)	(64,077)	(9,664)
		5,978,528	5,966,199	5,860,833	5,837,841

Carrying amounts reflect financial liabilities measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

(i) Bank loans

Senior bank debt facilities as at 30 June 2011 comprised of four drawn tranches (31 December 2010: five tranches) with the following maturities:

		Principal amount drawn		Carrying amount	
	Maturity date	30 June 2011 $'000	31 December 2010 $'000	30 June 2011 $'000	31 December 2010 $'000
Non-current					
Tranche I	31 December 2013	50,000	38,000	49,016	36,866
Tranche K	31 December 2013	30,000	23,000	29,437	22,354
Tranche L	31 October 2013	170,100	293,100	165,212	287,199
Tranche M	31 October 2014	35,500	35,500	34,963	34,885
Tranche N	31 October 2015 [1]	-	160,000	-	153,403
		285,600	549,600	278,628	534,707

Interest is charged at Bank Bill Swap Bid Rate ("BBSY") plus a pre-determined margin.

Bank loans are secured by fixed and floating charges over the assets and undertakings of the Group (except as otherwise excluded) and a mortgage over the Airport lease. Senior bank debt ranks pari passu with the medium term notes and capital indexed bonds.

[1] Tranche N was fully repaid during the period however the facility remains in place and available to be drawn.

7. BORROWINGS -EXTERNAL (Cont'd)

(ii) Medium term notes ("MTN's")

MTN's as at 30 June 2011 comprised of nine issues (31 December 2010: eight issues) with the following maturities:

		Principal amount drawn		Carrying amount	
	Maturity date	30 June 2011 $'000	31 December 2010 $'000	30 June 2011 $'000	31 December 2010 $'000
Non-current					
Wrapped[1]					
Issue 3	11 October 2012	278,000	278,000	275,514	274,568
Issue 4	20 November 2014	700,000	700,000	693,625	692,801
Issue 5	20 November 2015	300,000	300,000	296,786	296,473
Issue 8	20 November 2013	217,000	217,000	215,629	215,367
Issue 9	20 November 2021	200,000	200,000	197,508	197,421
Issue 10	11 October 2022	750,000	750,000	734,584	734,101
Issue 11	11 October 2027	659,000	659,000	644,353	644,081
		3,104,000	3,104,000	3,057,999	3,054,812
Unwrapped					
Issue 12	6 July 2015	175,000	175,000	172,825	172,673
Issue 13	6 July 2018	100,000	-	99,395	-
		3,379,000	3,279,000	3,330,219	3,227,485

[1] Wrapped means credit wrapped bonds

Fixed interest is charged on the following MTN's at the following rates:

$38m facility included in Issue 3	6.425%
$175m facility (Issue 12)	8.00%
$100m facility (Issue 13)	7.75%

The remaining floating rate notes at the Bank Bill Swap Rate ("BBSW") plus a pre-determined margin.

All MTN's are secured by fixed and floating charges over the assets and undertakings of the consolidated entity (except as otherwise excluded) and a mortgage over the Airport lease. Financial guarantees in respect of the wrapped notes are provided by MBIA Insurance Corporation, Ambac Assurance Corporation, and Assured Guaranty Corp. All medium term notes rank pari passu with the senior bank debt and capital indexed bonds.

7. BORROWINGS - EXTERNAL (Cont'd)

(iii) Medium term notes ("MTN's") – Foreign Currency

As at 30 June 2011 this comprised of two issues (31 December 2010: one) with the following maturities:

		Principal amount drawn		Carrying amount	
		30 June 2011	31 December 2010	30 June 2011	31 December 2010
	Maturity date	$'000	$'000	$'000	$'000
Non-current					
USD MTN[1]	22 February 2021	518,672	518,672	509,428	509,332
CAD MTN[2]	6 July 2018	217,391	-	216,578	-
		736,063	518,672	726,006	509,332
Fair value hedge adjustments		(64,077)	(9,664)	(64,077)	(9,664)
		671,986	509,008	661,929	499,668

[1] On 30 September 2010, Sydney Airport Finance Company Pty Ltd issued US$500 million in guaranteed senior secured notes maturing in 2021 at a fixed interest rate of 5.125% per annum (payable semi-annually) into the US 144A/RegS bond markets. The total US dollar proceeds were swapped into Australian dollars and fully hedged through a cross currency swap until maturity of the notes.

[2] On 21 June 2011, Sydney Airport Finance Company Pty Ltd issued C$225 million in guaranteed senior secured notes maturing in 2018 at a fixed interest rate of 4.602% per annum (payable semi-annually) into the Canadian Maple bond markets. The total CAD dollar proceeds were swapped into Australian dollars and fully hedged through a cross currency swap until maturity of the notes.

All MTN's are secured by fixed and floating charges over the assets and undertakings of the consolidated entity (except as otherwise excluded) and a mortgage over the Airport lease. All medium term notes rank pari passu with the senior bank debt and capital indexed bonds.

(iv) Capital indexed bonds ("CIB's")

		Principal amount drawn		Carrying amount	
		30 June 2011	31 December 2010	30 June 2011	31 December 2010
	Maturity date	$'000	$'000	$'000	$'000
Issue 1	20 November 2020	650,020	641,267	625,576	617,363
Issue 2	20 November 2030	341,922	337,324	327,002	322,045
		991,942	978,591	952,578	939,408

Interest is charged at a fixed rate of 3.76% p.a. on Issue 1 and 3.12% on Issue 2. Additionally, the principal repayable for both issues is increased through to maturity linked to the rate of inflation ("CPI"). The fixed interest charged is calculated on the increasing liability.

CIB's are secured by fixed and floating charges over the assets and undertakings of the Group (except as otherwise excluded) and a mortgage over the Airport lease. Financial guarantees in respect of the notes are provided by MBIA Insurance Corporation and Ambac Assurance Corporation. Capital indexed bonds rank pari passu with the senior bank debt and medium term notes.

7. BORROWINGS - EXTERNAL (Cont'd)

(v) Sydney Kingsford Smith Interest Earning Securities ("SKIES")

	Principal amount drawn		Carrying amount	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Maturity date	**$'000**	**$'000**	**$'000**	**$'000**
20 December 2016	650,000	650,000	637,479	636,573

The SKIES issued by SCACH on 20 December 2006 are a subordinated debt instrument carrying a cumulative interest cost of BBSW plus a margin of 1.8%. The first remarketing date for the margin is 1 January 2012.

Holders of the SKIES rank in priority to ordinary shares and redeemable preference shares for the payment of distributions and return of capital. SKIES are listed and traded on the Australian Securities Exchange.

The SKIES mature on 20 December 2016. On 4 July 2011, SCACH announced its intention to redeem the SKIES. Refer to Note 11 for further details on this announcement.

8. BORROWINGS – SHAREHOLDER RELATED

Redeemable preference shares ("RPS")

	Principal amount drawn		Carrying amount	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Maturity date	**$'000**	**$'000**	**$'000**	**$'000**
28 June 2032	2,047,259	2,047,259	2,006,928	2,004,174

Each RPS is stapled to one ordinary share of SCACH at a nominal value of $150 each. RPS are redeemable at a premium of $50 per RPS on 28 June 2032.

The shares carry an entitlement to a fixed cumulative dividend at a rate of 13.5% p.a.. Dividends are payable quarterly, subject to availability of cash within the Group and distributable profits within SCACH. RPS shareholders have no acceleration rights if interest is not paid. Failure to pay RPS dividends will trigger restrictions on payment of ordinary share dividends.

Carrying amounts reflect RPS measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the RPS.

9. OTHER FINANCIAL LIABILITIES

	30 June 2011 $'000	31 December 2010 $'000
At fair value:		
Current		
Interest rate swaps	42,964	39,073
Cross currency swaps	18,040	19,548
	61,004	58,621
Non-current		
Interest rate swaps	27,706	(3,355)
Cross currency swaps	74,254	29,417
	101,960	26,062

10. SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the reporting reviewed by the CEO that is used to make strategic decisions. The CEO considers the business from a product revenue perspective and has identified six reportable sources of revenue. The CEO monitors the revenue from those sources separately. All business is conducted in Sydney, NSW, Australia and so there is no geographical split. There has been no change in segments during the period.

(b) Segment information provided to the CEO

The CEO assesses the performance of the operating segments based on their revenue results. Revenue is considered to be the result for the segment. Costs (operating expenses, depreciation, amortisation, finance costs and income tax) support the whole of the business and are not directly associated to operating segments. The total revenue result ties directly to revenue as reported in the consolidated income statement. Segment assets represent those trade receivables directly attributable to the segment revenues.

The revenue from external parties reported to the CEO is measured in a manner consistent with that in the income statement.

The amounts provided to the CEO with respect to total receivables are measured in a manner consistent with the financial statements. These receivables are allocated based on the operations of the segment.

Southern Cross Airports Corporation Holdings Limited
Notes to the Financial Statements
For the half-year ended 30 June 2011

10. SEGMENT INFORMATION (Cont'd)

(b) Segment information provided to the CEO (cont'd)

Half-Year to 30 June 2011	**Aeronautical**	**Aeronautical Security Recovery**	**Retail**	**Property**	**Commercial Trading**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	196,214	37,974	108,437	75,026	52,193	2,558	472,402
Revenue from external customers	**196,214**	**37,974**	**108,437**	**75,026**	**52,193**	**2,558**	**472,402**
Profit on disposal of non-current assets							-
Expenses							(90,867)
EBITDA							**381,535**
Depreciation and amortisation							(115,766)
Finance costs							(346,727)
Loss before tax							**(80,958)**
Income tax credit							19,136
Loss after tax							**(61,822)**
Half-Year to 30 June 2010							
Total segment revenue	187,515	36,063	102,620	72,294	51,653	2,478	452,623
Revenue from external customers	**187,515**	**36,063**	**102,620**	**72,294**	**51,653**	**2,478**	**452,623**
Profit on disposal of non-current assets							28
Expenses							(85,419)
EBITDA							**367,232**
Depreciation and amortisation							(120,153)
Finance costs							(330,624)
Loss before tax							**(83,545)**
Income tax credit							18,058
Loss after tax							**(65,487)**
Total Segment Assets (includes share of trade debtors)							
30 June 2011	56,856	6,781	20,184	45,019	2,676	6,202	137,718
31 December 2010	52,530	7,981	25,192	39,901	4,523	11,141	141,268

11. EVENTS AFTER THE BALANCE SHEET DATE

The Directors approved an RPS interest payment of $68.9 million on 19 July 2011 (30 June 2010: $68.9 million) and an ordinary dividend of $12.5 million (30 June 2010: $19.5 million).

On 4 July 2011, SCACH announced to the ASX the intention to redeem the entire $650m issue of SKIES in January 2012. In accordance with the terms of the issue of the SKIES, the redemption amount per SKIES will be $100, plus accrued interest outstanding on the redemption date. The funds for the redemption of SKIES have been raised by the SCACH Group as part of the refinancing activities as described in the Directors' Report. It is expected that in accordance with the terms of the issue of SKIES, detailed in the SKIES prospectus dated 22 November 2006, formal redemption notices for SKIES will be send to holders in December 2011 prior to the January 2012 redemption date. Redemption of SKIES remains conditional on the fulfilment on a number of procedural and documentation steps associated with the bank debt commitments

The Australian Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan" on 10 July 2011. Whilst the announcement provides details of the framework for a carbon pricing mechanism (to be implemented from 1 July 2012), uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation has yet to be drafted, and must be voted on and passed by both houses of Parliament.

The current proposals will impose a carbon price on domestic air travel which contributes a proportionately smaller amount to SCACH revenue than international air travel, which is not captured. Based on the details currently available and statements made by airlines operating in Australia regarding the likely impact on domestic airfares, the Directors do not believe that the introduction of a carbon pricing mechanism will significantly impact the assumptions used for the purpose of the calculations used in asset impairment testing.

Other than the matters referred to above, there has not been any matter or circumstance other than that referred to in the financial statements that has arisen since the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Group or the Company, the results of those operations, or the state of affairs of the Group and the Company in future reporting periods.

12. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingencies

Contingent liabilities

There are no material unrecorded liabilities at 30 June 2011 nor are there any claims against the Group that, in the expectation of the Directors, will give rise to a material loss in the future. In accordance with the provisions of the Australian Accounting Standard AASB 137 "Provisions, Contingent Liabilities and Contingent Assets", the following contingent liability is disclosed:

Land Rich Stamp Duty

In June 2002, the Commonwealth Government privatised Sydney Airport by selling all of its shareholding in Sydney Airport Corporation Limited (SACL) to SCAC. As part of SCAC's acquisition of SACL, the Commonwealth Government agreed to pay any land rich stamp duty assessed to SCAC by the NSW Office of State Revenue in relation to the transfer of the shares to SCAC (including any penalties or interest that are payable).

On 17 November 2006, SCAC received a notice of assessment for stamp duty from the NSW Office of State Revenue ("OSR"). SCAC wrote to the Commonwealth providing a copy of the notice and directing the Commonwealth to pay the assessment amount in accordance with the share sale agreement. The assessment amount was for duty of $258.9 million plus interest of $142.6 million (assessment). Interest and penalties continue to accrue and now exceed $300 million.

Under the terms of the share sale agreement, and in return for agreeing to pay the assessment, the Commonwealth has the right to defend or institute legal proceedings in SCAC's name to resist the payment of the assessment by objecting to or otherwise disputing, compromising or bringing proceedings challenging the assessment. The Commonwealth has exercised that right and has brought the proceedings in SCAC's name challenging the validity of the assessment. The proceedings are brought pursuant to a statutory right to seek a review of the assessment in the Supreme Court of NSW.

12. CONTINGENT ASSETS AND CONTINGENT LIABILITIES (Cont'd)

The basis of the challenge, among others, is that the Commonwealth considers that the sale of SACL in June 2002 was not a land rich transaction.

The proceedings are being conducted under the management and control, and at the cost of, the Commonwealth. SACL and SCAC are providing assistance where required by the Commonwealth.