Southern Cross Airports Corporation Holdings Limited

Concise Financial Report

For the Year Ended 31 December 2009

Southern Cross Airports Corporation Holdings Limited
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Southern Cross Airports Corporation Holdings Limited
Directors' Report

The directors present their report on the audited consolidated results of Southern Cross Airports Corporation Holdings Limited ("SCACH") and its controlled entities for the year ended 31 December 2009.

Directors

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

Names and Particulars	Appointment Date	Resignation Date
Max Moore-Wilton, Chairman, has held various key executive positions in the public and private sectors. He is an Executive Director of Macquarie Group Limited and the Chairman of MAp Airports Limited and Macquarie Media Management Limited. Mr Moore-Wilton is Chairman of the Board, Human Resources, and Strategy Committees. Mr Moore-Wilton is Chairman of the Airports Council International.	22 January 2003	-
Russell Balding, Chief Executive Officer, is a former Managing Director of the Australian Broadcasting Corporation. His career spans a number of major organisations which have required extensive government, stakeholder, community and customer interaction. Mr Balding is also a Chairman of the Safety, Security, Environment and Health and a member of the Audit and Risk Management, Human Resources and Strategy Committees.	4 April 2006	-
Patrick Gourley is a former senior officer of the Department of Defence and the Commonwealth Department of Industrial Relations. Mr Gourley is also a member of the Audit and Risk Management and Human Resources Committees.	10 September 2002	-
Holger Linkweiler is Managing Director of Hochtief Airport Capital and Head of Business Planning and Financing of Hochtief AirPort GmbH. Mr Linkweiler is also a member of the Audit and Risk Management, Human Resources, Safety, Security, Environment and Health and Strategy Committees.	17 October 2005	-
Kerrie Mather is Chief Executive Officer of MAp. Ms Mather is also a member of the Audit and Risk Management, Human Resources, Safety, Security, Environment and Health and Strategy Committees.	27 June 2002	-
John Roberts is Joint Head of the Macquarie Capital Advisers division and Global Head of the Macquarie Capital Funds group.	15 February 2006	-
Don Huse is a former Chief Executive Officer of Auckland International Airport Limited and Chief Financial Officer of Sydney Airport Corporation Limited. Mr Huse is Chairman of the Audit and Risk Management Committee.	15 December 2008	-
Brenton Cox is a MAp Asset Manager and was previously with Macquarie Capital Advisors in Sydney and Europe. Mr Cox is also a member of the Audit and Risk Management; Safety, Security, Environment and Health; and Strategy Committees.	22 December 2009	-

Southern Cross Airports Corporation Holdings Limited
Directors' Report

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
Michael Delaney (for P Gourley)	18 September 2003	-
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	-
Gerhard Schroeder (for H Linkweiler)	12 October 2006	-
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	-
Chris Ireland (for D Huse)	12 May 2009	-
Brenton Cox (for M Moore-Wilton)	29 October 2009	-
Brenton Cox (for K Mather)	29 October 2009	-
Keith Irving (for M Moore-Wilton)	21 October 2009	-
Keith Irving (for K Mather)	21 October 2009	-
Keith Irving (for B Cox)	22 December 2009	-

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

Company Secretary

Ms Jacqueline Quang, Senior Corporate Lawyer for the Group, was appointed as Company Secretary on 30 November 2009.

Directorships of other listed companies

Directorships or alternate directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows. The companies listed in the table below are listed on the Australian Stock Exchange. Any additional listings are noted in the table:

Name	Company	Period of directorship
Max Moore-Wilton	MAp Airports Limited (Chairman)	April 2006 to present
	Map Airports International Limited	April 2006 to present
	Southern Cross Media Group	February 2007 to present
John Roberts	Macquarie Infrastructure Group	July 2003 to Dec 2008
	Macquarie International Infrastructure Fund (Chairman)	January 2005 to present
	Macquarie Infrastructure Company (Chairman)	April 2004 to present
	Macquarie Communications Infrastructure Group	Aug 2004 to Dec 2008
	MAp Airports Limited	Aug 2004 to Dec 2008 Oct 2009 to present
	DUET Group	May 2004 to present
	Macquarie Capital Alliance Group	Dec 2006 to Oct 2008 (delisted)
	Southern Cross Media Group (alternate)	September 2005 to present

Southern Cross Airports Corporation Holdings Limited
Directors' Report

Corporate structure

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

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

All companies in the SCACH Group (as listed above) have entered into a deed of cross guarantee from 21 December 2007 pursuant to ASIC Class Order 98/1418. As all companies in the Group are party to the cross guarantee, the consolidated income statement and balance sheet of the entities party to the cross guarantee are as presented in the consolidated column of the income statement and balance sheet presented in these financial statements.

The deed of cross guarantee ensures that each Group company is jointly liable for the debts of all the companies party to the cross guarantee. This enables external stakeholders, such as creditors, to be able to rely on the consolidated accounts. The deed of cross guarantee can be found at http://www.sydneyairport.com.au/SACL/Annual-Report.html

Principal activities

The principal activities of the consolidated entity are the provision and management of airport facilities at Sydney (Kingsford Smith) Airport. These airport facilities include commercial operations and property management. The nature of the consolidated entity's business has not changed during the reporting period.

Review of operations and results

The consolidated entity earned a profit before depreciation and amortisation, net borrowing costs and income tax (EBITDA) of $689.3 million for the year ended 31 December 2009 (31 December 2008: $649.4 million). EBITDA excluding specific expenses (predominantly restructuring and redundancy costs) increased to $690.2 million (31 December 2008: $653.3 million).

After deducting depreciation and amortisation, net finance costs and income tax, the net loss was $147.7 million (31 December 2008 $146.9 million).

Total expenses excluding specific non-recurring expenses increased to $163.2 million (31 December 2008: $159.5 million). Total expenses including specific non-recurring expenses were $164.0 million (31 December 2008: $163.4 million). Depreciation and amortisation costs were $212.6 million (31 December 2008: $188.7 million).

Net finance costs were $674.6 million (31 December 2008: $655.8 million) and includes interest payments to third parties (secured senior debt and SKIES holders) totalling $414.1 (31 December 2008: $469.0 million), and redeemable preference share distributions to shareholders totalling $282.6 million (31 December 2008: $210.6 million).

Southern Cross Airports Corporation Holdings Limited
Directors' Report

Financial performance

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

	31 December 2009 $'m	31 December 2008 $'m
Revenue	853	813
Operating Expenses	(164)	(164)
EBITDA	689	649
Interest revenue[1]	21	32
Cash available for debt service	710	681
Interest - Senior Debt (including Swaps)[1]	(330)	(371)
Interest - SKIES[1]	(40)	(60)
Cash available after debt service[2]	340	250

[1] These numbers are taken from the Cash Flow Statement on Page 23 and 24 of SCACH 31 December 2009 Financial Report.
[2] Capital commitments are funded from other sources and do not impact this cash figure

* Numbers are rounded to the nearest million and may not exactly match the financial statements

During the period the consolidated entity complied with the maximum gearing and minimum cash flow cover ratio covenants contained in its various debt agreements. 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 to 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 $1,999.1 million carrying value of the RPS at 31 December 2009 is classified as borrowings rather than equity, and
- the $300.9 million RPS interest paid to shareholders during the period is included as interest expense rather than as a distribution of profits.

The Income Statement and Cash Flow Statement on pages 20, 21, 23 and 24 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 consolidated entity has an established corporate treasury function responsible for managing the consolidated entity's finance facilities, cash balances and interest rate risks. The corporate treasury function operates within policies set by the Board which are consistent with the consolidated entity's various debt agreements.

Southern Cross Airports Corporation Holdings Limited
Directors' Report

Financial Position

The consolidated entity successfully completed an $870 million financing transaction during the 12 months ended 31 December 2009. All funds raised were contributed by shareholders and were used to repay $870 million in term debt. There is no debt maturing until September 2011 and all debt covenants were met as at 31 December 2009. Due to the shareholders contributions and the subsequent de-leveraging, key financial metrics have improved.

As at 31 December 2009, the consolidated entity has net liabilities of $729.6 million (31 December 2008: $1,278.3 million). An independent valuation by KPMG subsequent to the equity injection as at 31 December 2009 supported an increase in the SCACH Equity Value since privatisation in 2002 of approximately $4,338 million (31 December 2008: $3,481 million). This valuation increment, if applied in the financial statements of the consolidated entity, would have more than absorbed the consolidated current deficiency at 31 December 2009. 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 2009 SCACH valuation over the deficiency position at 31 December 2009, the unconditional guarantee and there being no known factors that would have had a significant adverse effect on the valuation since 31 December 2009, 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.

Significant Changes in the State of Affairs

There were no significant changes in the state of the affairs of the Group during the year aside from changes in borrowings and equity as a result of normal refinancing activities.

Dividends and distributions

Dividends and distributions paid:

	31 December 2009 $'000	31 December 2008 $'000
- on ordinary shares	-	307,505
- on Sydney Kingsford Smith Interest Earning Securities ("SKIES") (i)	39,644	59,909
- on redeemable preference shares ("RPS") (i)	300,884	158,758
	340,528	526,172

The SKIES and RPS distributions are included as finance costs in the Income Statement.
(i) Represents cash paid
In respect of the financial period ended 31 December 2009, the directors approved a final ordinary dividend of $7.6 million (31 December 2008: nil) and an RPS distribution of $89.1 million (31 December 2008: nil).

Net Finance Debt to EBITDA Ratio

The following table reflects the Net Finance Debt to EBITDA ratio as at 31 December 2009.

The Net Finance Debt to EBITDA has improved with the debt repayments funded through shareholder contributions.

	31 December 2009 $'m	31 December 2008 $'m
Gross Total Debt (including SKIES)[1]	5,855	6,710
Less: Total Cash[2]	(358)	(556)
Net Debt	5,497	6,154
Less: SKIES[3]	(650)	(650)
Net Finance Debt (Senior)	4,847	5,504
EBITDA incl specifics (12 mths historical)[4]	689	649
Net Finance Debt/EBITDA (Senior)	7.0x	8.5x

1. Gross Total Debt refers to Principal Amount Drawn, refer to Note 4 on page 30 and excludes shareholder related borrowing (RPS) as they are subordinated to all other creditors
2. Refer to Balance Sheet on page 22
3. Refer to Note 4(iv)
4. EBITDA including specifics shown for 12 months historical, in accordance with market convention for this ratio
5. Numbers are rounded to the nearest million and may not exactly match the financial statements

Significant events after the balance date
There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the reporting period that has significantly affected, or may significantly affect, the operations of the SCACH Group, the results of those operations, or the state of affairs of the SCACH Group in future periods.

Likely developments and expected results
Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial periods and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental regulation and performance
In recognition of its environmental responsibilities SACL has a five-year Environment Strategy designed to protect the environment and ensure compliance with the relevant environmental regulations. SACL also provides an annual environment report to the Commonwealth Government outlining its performance in achieving the policies and targets of the Environment Strategy and compliance with the relevant environmental legislation. The Environment Strategy is available on Sydney Airport's website, sydneyairport.com.

Indemnities and insurance of officers and auditors
Indemnities
SCACH's constitution indemnifies each officer of SCACH and its controlled entities against a liability incurred by that person as an officer unless that liability arises out of conduct involving a lack of good faith. The constitution also provides that SCACH may make a payment to an officer or employee (by way of advance, loan or otherwise) for legal costs incurred by them in defending legal proceedings in their capacity as an officer or employee.

SCACH has entered into a Deed of Access, Indemnity and Insurance with each director and alternate director which applies during their term in office and after their resignation (except where a director engages in conduct involving a lack of good faith). SCACH's constitution provides that it may indemnify its auditor against liability incurred in its capacity as the auditor of SCACH and its controlled entities. SCACH has not provided such an indemnity.

Insurance
During the reporting period and since the end of the reporting period, the consolidated entity has paid premiums in respect of a contract insuring directors and officers of the consolidated entity in relation to certain liabilities. The insurance policy prohibits disclosure of the nature of the liabilities insured and the premium paid.
During or since the year ended 31 December 2009 the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by the auditors of SCACH and its controlled entities.

Directors' meetings
The number of meetings of directors (including meetings of board committees) held during the period ended 31 December 2009 and the number of meetings attended by each director were as follows:

Director	Board of Directors		Audit and Risk Management		Human Resources		Safety Security Environment and Health		Strategy	
	H	A	H	A	H	A	H	A	H	A
Max Moore-Wilton	11	11	5	5	4	4	4	3	6	6
Russell Balding	11	11	5	5	4	4	4	4	6	6
Patrick Gourley	11	10	5	5	4	3	-	-	-	-
Holger Linkweiler	11	6	5	3	4	3	4	2	6	4
Kerrie Mather	11	10	5	5	4	4	4	4	6	6
John Roberts	11	4	-	-	-	-	-	-	-	-
Don Huse	11	11	5	5	-	-	-	-	-	-

H – meetings held while director A – meetings attended '-' indicates not applicable to that director

The number of meetings of directors (including meetings of board committees) held during the period ended 31 December 2009 and the number of meetings attended by each alternate director were as follows:

Alternate Director	Board of Directors		Audit and Risk Management		Human Resources		Safety Security Environment and Health		Strategy	
	H	A	H	A	H	A	H	A	H	A
M Delaney (for Gourley)	-	-	-	-	-	-	-	-	-	-
K Mather (for J Roberts)	-	-	-	-	-	-	-	-	-	-
K Mather (for M Moore-Wilton)	-	-	-	-	-	-	-	-	-	-
G Schroeder (for Linkweiler)	11	5	5	2	4	1	4	2	6	2
J Roberts (for K Mather)	-	-	-	-	-	-	-	-	-	-
C Ireland (for D Huse)	-	-	-	-	-	-	-	-	-	-
J Roberts (for M Moore-Wilton)	-	-	-	-	-	-	-	-	-	-
M Moore-Wilton (for J Roberts)	-	-	-	-	-	-	-	-	-	-
M Moore-Wilton (for K Mather)	-	-	-	-	-	-	-	-	-	-
K Irving (for M Moore-Wilton)	-	-	-	-	-	-	-	-	-	-
K Irving (for K Mather)	-	-	-	-	-	-	-	-	-	-

H – meetings held whilst alternate director A – meetings attended '-' indicates not applicable to that director

Remuneration Report

The information provided in this remuneration report has been audited as required by s308 (3C) of the Corporations Act 2001.

Remuneration and Reward Philosophy

The Human Resources Committee of the Board (HR Committee) oversees remuneration practices across the organisation and at all levels. The HR Committee assesses the appropriateness of policies and practices, including those in relation to remuneration, in order to fairly and responsibly reward employees, and to ensure that rewards are directly related to performance and remuneration is market competitive.

The HR Committee recognises that the key to achieving sustained performance is to generally align rewards with increasing shareholder returns. For employees earning $115,000 per annum or more, this generally includes the provision of incentives with earnings based on the achievement of specific financial and other performance targets.

Executive Remuneration and Rewards
Directors earn a fixed fee for their duties as disclosed in the table below and in line with agreement from the shareholders.

The guiding principles applied in managing remuneration and rewards for executives include:

- Linking individual performance to the achievement of financial targets and business strategies;
- The achievement of short term and long term financial business targets that deliver sustained growth in returns to shareholders (e.g. growth in passenger numbers, growth in revenue, growth in average revenue per passenger and EBITDA); and
- Using market data to set appropriate levels of fixed remuneration.

The overall level of each executive's remuneration is considered in terms of Total Annual Reward ("TAR"). The components of TAR are:

Fixed Annual Reward ("FAR")	-	Includes base pay and benefits and superannuation.
Short Term Incentive ("STI")	-	Annual cash award delivered under the STI terms and substantially based on the achievement of specific financial and other targets as well as the overall financial performance of the business.
Long Term Incentive ("LTI")	-	Cash award delivered under the LTI terms and substantially based on the achievement of specific financial and other targets as well as finalisation of business plans which deliver consistent growth in EBITDA. Amounts are payable 2 years after being determined.

Base Pay
Base pay is delivered as part of the FAR which may be delivered as a combination of cash and prescribed non-financial benefits at each executive's discretion.

The FAR is reviewed annually against relevant market information and surveys to ensure the pay remains market competitive. An executive's FAR is also reviewed on promotion. There is no guarantee of any increase in FAR in any executive's contract.

Remuneration Report (cont'd)

Remuneration and Reward Philosophy (cont'd)

Benefits
Executives receive various benefits, the costs of which are deducted from their FAR. Benefits so provided include car parking, payment of professional membership/s, and reimbursement of home telephone costs for some executives.

Superannuation
Retirement benefits are generally delivered under the Sydney Airport Superannuation Plan. This plan is a hybrid plan providing both defined benefit and defined contribution arrangements.

To be eligible for defined benefit arrangements, an executive must have joined the plan before April 2000. Such executives' benefits are based on their years of membership, final average salary and chosen level of personal contributions. Executives who have joined the organisation from April 2000 are provided with defined contribution arrangements.

Executives are free to exercise "choice" of superannuation plan, in which case the benefits provided are only in the form of defined contributions.

Short-Term Incentives
Executives eligible for STI have a target STI opportunity depending on the accountabilities of the role, impact on the organisation. The STI target incentive is expressed as a proportion of FAR for each financial year.

Each year, the HR Committee of the Board considers the appropriate STI targets and values and their linkage to key performance indicators (KPI's).

For the period ending 31 December 2009, the KPI's linked to STI were based on group, individual business and personal objectives as well as specific financial objectives. The KPI's included reducing operating costs, achieving specific targets in relation to overall EBITDA capital expenditure, and successful completion of specific projects and objectives.

STI payments are determined after the end of each year based on assessment of individual performance, including achievement of the specified financial and other targets as well as the overall business EBITDA. Higher levels of assessed performance and organisational EBITDA lead to higher proportions of target STI being awarded. Determinations of the proportions of target STI awarded are made by the CEO and are subject to endorsement by the HR Committee.

Long-Term Incentives
Executives eligible for an LTI have a target LTI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance. The LTI target incentive is expressed as a proportion of FAR for each financial year.

Each year, the HR Committee considers the appropriate LTI targets and values.

For the period ending 31 December 2009, LTI was based on each individual's achievement of specific financial and other targets as well as the finalisation of business plans which deliver consistent growth in EBITDA. Determinations of the proportions of target LTI awarded are made by the CEO and are subject to endorsement by the HR Committee.

Disclosures
The disclosures in this section relate to the directors of the company and the five most highly remunerated executives of the company and the consolidated entity during the financial year.

Remuneration Report (cont'd)

Remuneration and Reward Philosophy (cont'd)

Service Agreements
All contracts with executives may be terminated by either party with six months notice, except in instances of misconduct. In the case of R Balding (Chief Executive Officer), there is a five year fixed term contract in place, which expires on 3 April 2011. Remuneration is determined annually by the Human Resources Committee. All other executives are on evergreen contracts.

Shareholder Wealth
Executive incentives are earned when the KPI's described above have been met and are aligned with shareholder interests and approvals.
The table below shows the Group's EBITDA and dividends paid.

	Year ended 31 December 2009 $'000	Year ended 31 December 2008 $'000	Six months ended 31 December 2007 $'000	Year Ended 30 June 2007 $'000	Year Ended 30 June 2006 $'000
EBITDA	689,312	649,421	315,889	584,662	523,838
Ordinary dividends	Nil	307,505	411,525	338,371	48,764

No ordinary dividends were paid to shareholders in 2009. Ordinary shares are stapled to Redeemable Preference Shares ("RPS"). Refer to Note 5 for details of RPS interest paid during the year.

Southern Cross Airports Corporation Holdings Limited
Directors' Report

Remuneration Report (cont'd)

31 December 2009

	Short-term employee benefits		Post-employment benefits	Other Long-Term Employee Benefits [2]	Termination Benefits	Total
	Salary and Fees	Bonus [2]	Superannuation			
	$	$	$	$		$
Non-executive directors [1]						
M. Moore-Wilton (Chairman)	-	-	-	-	-	-
P. Gourley	-	-	-	-	-	-
H. Linkweiler	-	-	-	-	-	-
K. Mather	-	-	-	-	-	-
J. Roberts	-	-	-	-	-	-
D. Huse	-	-	-	-	-	-
Executive director						
R. Balding (Chief Executive Officer) [3]	585,326	355,000	85,124	10,273	-	1,035,723
Five most highly remunerated executives and key management personnel						
S. Bligh (Chief Financial Officer)	390,978	200,000	52,377	3,802	-	647,157
R. Gilmour (General Manager Corporate Affairs, Planning and HR)	251,567	32,625	25,837	6,751	-	316,780
D. Larsen (General Manager Retail)	276,510	48,000	29,091	2,835	-	356,436
G. Woods (General Manager Airport Operations)	272,560	35,000	27,392	5,267	-	340,219
P. Wych (General Manager Development and Construction)	340,452	77,500	37,071	860	-	455,883
Totals	**2,117,393**	**748,125**	**256,892**	**29,788**	**-**	**3,152,198**

Notes:

(1) Includes remuneration pertaining to alternate directors. The non-executive directors did not receive a fee in 2009 from Southern Cross Airports Corporation Holdings Limited following a decision of the Board in 2008 to that effect.

(2) The bonuses and long-term incentives included are those determined in the period or before the accounts are signed whether or not they are paid in the period. These elements of remuneration are linked to performance, whilst the remainder is fixed.

(3) Mr Balding does not receive a director's fee. The remuneration shown is in his role as Chief Executive Officer.

Remuneration Report (cont'd)

31 December 2008

	Short-term employee benefits		Post-employment benefits	Other Long-Term Employee Benefits [2]	Termination Benefits	Total
	Salary and Fees	Bonus [2]	Superannuation			
	$	$	$	$		$
Non-executive directors [1]						
M. Moore-Wilton (Chairman)	15,000	-	-	-	-	15,000
P. Gourley	60,000	-	-	-	-	60,000
H. Linkweiler	60,000	-	-	-	-	60,000
K. Mather	15,000	-	-	-	-	15,000
J. Roberts	15,000	-	-	-	-	15,000
S. Roberts – resigned 10 June 2008	7,500	-	-	-	-	7,500
K. Howard – appointed 25 June 2008, resigned 14 December 2008	7,500	-	-	-	-	7,500
D. Huse – appointed 15 December 2008	-	-	-	-	-	-
Executive director						
R. Balding (Chief Executive Officer) [3]	613,155	200,000	52,459	56,975	-	922,589
Five most highly remunerated executives						
J. Alroe (General Manager Assets and Planning)	246,971	82,600	38,190	34,310	-	402,071
S. Bligh (Chief Financial Officer)	365,378	147,418	33,027	48,592	-	594,415
C. Grove (General Manager Property Development and Commercial Trading) – resigned 4 August 2008	155,228	34,569	21,405	(36,141) [5]	11,593	186,654
P. Wych (General Manager Property Development) – commenced 1 May 2008	198,008	-	17,064	575	-	215,647
C. Hodge (Company Secretary) [4]	236,665	24,500	37,586	11,250	-	310,001
D. Larsen (General Manager Retail)	282,999	28,957	24,771	12,971	-	349,698
Totals	**2,278,404**	**518,044**	**224,502**	**128,532**	**11,593**	**3,161,075**

Notes:

(1) Includes remuneration pertaining to alternate directors

(2) The bonuses and long-term incentives included are those determined in the period or before the accounts are signed whether or not they are paid in the period. These elements of remuneration are linked to performance, whilst the remainder is fixed.

(3) Mr Balding did not receive a director's fee. The remuneration shown is in his role as Chief Executive Officer.

(4) Ms Hodge also acted separately as General Counsel of the Group but the above disclosure is made solely due to her position as company secretary, which renders her a "company executive" under s300A(1B) of the Corporations Act.

(5) This amount represents the reversal of the long service leave made on Mr C. Grove's departure

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in note 7 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the period by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 7 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk Management Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration required under the Corporations Act 2001 is included on page 16 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.298 (2) of the Corporations Act 2001.

On behalf of the directors

Max Moore-Wilton
Chairman

Sydney, 23 February 2010

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Southern Cross Airports Corporation Holdings Limited for the year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Southern Cross Airports Corporation Holdings Limited and the entities it controlled during the period.

R L Gavin
Partner
PricewaterhouseCoopers

Sydney
23 February 2010

Liability limited by a scheme approved under Professional Standards Legislation

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

Report on the concise financial report

The accompanying concise financial report of Southern Cross Airports Corporation Holdings Limited comprise the balance sheet as at 31 December 2009, the income statement, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Southern Cross Airports Corporation Holdings for the year ended 31 December 2009. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Southern Cross Airports Corporation Holdings for the year ended 31 December 2009. Our audit report on the financial report for the year was signed on 23 February 2010 and was not subject to any modification. The Australian 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 for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

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

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

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

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PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of Southern Cross Airports Corporation Holdings Limited (continued)

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Southern Cross Airports Corporation Holdings for the year ended included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Southern Cross Airports Corporation Holdings on 22 February 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion on the financial report

In our opinion, the concise financial report of Southern Cross Airports Corporation Holdings for the year ended 31 December 2009 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Southern Cross Airports Corporation Holdings for the year ended 31 December 2009 complies with section 300A of the *Corporations Act 2001.*

PricewaterhouseCoopers

R L Gavin
Partner

Sydney
23 February 2010

Southern Cross Airports Corporation Holdings Limited
Directors' declaration

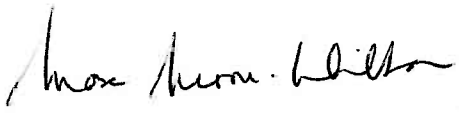
The directors declare that:

(a) in the directors' opinion, the attached financial statements and notes thereto comply with Accounting Standard AAB 1039 "Concise Financial Reports"; and

(b) the attached financial statements and notes thereto have been derived from the full financial report of the company.

Signed in accordance with a resolution of the directors.

On behalf of the directors



Max Moore-Wilton
Chairman

Sydney, 23 February 2010

Southern Cross Airports Corporation Holdings Limited
Income Statement
For the year ended 31 December 2009

	Note	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
Revenue					
Aeronautical revenue		343,692	317,540	-	-
Aeronautical security recovery	2	73,677	72,586	-	-
Retail revenue		192,734	191,977	-	-
Property revenue		118,836	112,454	-	-
Commercial trading revenue		117,149	113,596	-	-
Other		7,108	4,576	-	-
Total revenue		853,196	812,729	-	-
Other income					
Profit on disposal of non-current assets		151	84	-	-
Expenses					
Channel related initiatives		(3,057)	(1,220)	-	-
Employee benefits expense		(36,034)	(35,944)	-	-
Services and utilities		(92,289)	(87,592)	-	-
Other operational costs		(13,660)	(15,912)	-	-
Property and maintenance		(18,156)	(18,802)	-	-
Specific expenses:					
Restructuring and redundancy		(758)	(3,827)	-	-
Non-recurring legal expenses		(81)	(95)	-	-
Total expenses before depreciation, amortisation and finance costs		(164,035)	(163,392)	-	-
Profit before depreciation and amortisation, finance costs and income tax (EBITDA)		689,312	649,421	-	-
Depreciation and amortisation		(212,646)	(188,729)	-	-
Profit before finance costs and income tax (EBIT)		476,666	460,692	-	-
External finance (costs)/income:					
Interest income		20,676	31,749	1,516	15,106
Change in fair value of interest rate swaps not qualifying as hedges		2,100	(7,929)	-	-
Gain/(Loss) on foreign exchange transaction		5	-	-	-
Borrowing costs – FLIERS		-	(14)	-	(14)
Borrowing costs – SKIES		(35,467)	(61,479)	(35,467)	(61,479)
Borrowing costs – senior debt		(378,599)	(407,507)	-	(377)
Interest on finance leases		(708)	-	-	-
Total external finance (costs)/income (i)		(391,993)	(445,180)	(33,951)	(46,764)
Shareholder related finance (costs)/income:					
Borrowing costs – redeemable preference shares held by ordinary shareholders (ii)		(282,644)	(210,573)	(282,644)	(210,573)
Internal finance (costs)/income:					
Interest income from wholly-owned subsidiaries		-	-	816,811	534,210
Total finance (costs)/income		(674,637)	(655,753)	500,216	276,873
(Loss)/profit before income tax expense (iii)		(197,971)	(195,061)	500,216	276,873
Income tax (expense)/credit		50,312	48,101	(149,708)	(83,060)
Net (loss)/profit for the year attributable to members of the parent entity		(147,659)	(146,960)	350,508	193,813

Footnotes to Income Statement on page 21
Notes to the financial statements are included on pages 27 to 35

Southern Cross Airports Corporation Holdings Limited
Income Statement
For the year ended 31 December 2009

Footnotes to Income Statement:

(i) Borrowing costs include interest expense, amortisation of debt establishment costs, swap reset 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 $282.6 million (31 December 2008:$210.6 million) of interest expense on RPS to shareholders, which is only paid after all other financial obligations to the Group have been met.

Southern Cross Airports Corporation Holdings Limited
Balance Sheet
as at 31 December 2009

	Note	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
Current assets					
Cash and cash equivalents		358,051	555,998	20,827	34,325
Trade and other receivables		96,849	85,035	3,646	13,119
Other financial assets		124	-	1,221,504	717,767
Other assets		219	219	-	-
Total current assets		455,243	641,252	1,245,977	765,211
Non-current assets					
Property, plant and equipment		2,498,406	2,367,409	-	-
Intangibles		3,436,788	3,476,046	-	-
Goodwill		688,284	688,284	-	-
Trade and other receivables		48,063	43,016	-	-
Other financial assets		-	-	3,946,097	2,957,563
Other assets		11,869	11,042	-	-
Deferred tax assets		172,603	189,165	431,031	383,314
Total non-current assets		6,856,013	6,774,962	4,377,128	3,340,877
Total assets		7,311,256	7,416,214	5,623,105	4,106,088
Current liabilities					
Trade and other payables		188,453	247,746	884,504	711,483
Provisions		10,038	7,653	-	-
Other current liabilities		22,277	25,038	-	-
Borrowings – external	4	-	867,667	-	-
Derivative financial instruments		60,417	9,668	-	-
Finance lease liabilities		2,224	-	-	-
Total current liabilities		283,409	1,157,772	884,504	711,483
Non-current liabilities					
Borrowings – external	4	5,738,404	5,701,791	634,810	633,159
Borrowings – shareholder related	5	1,999,132	1,542,856	1,999,132	1,542,856
Provisions		2,753	6,302	-	-
Derivative financial instruments		11,359	285,765	-	-
Finance lease liabilities		5,756	-	-	-
Total non-current liabilities		7,757,404	7,536,714	2,633,942	2,176,015
Total liabilities		8,040,813	8,694,486	3,518,446	2,887,498
Net (liabilities)/assets (i)		(729,557)	(1,278,272)	2,104,659	1,218,590
Equity					
Issued capital		1,313,991	778,430	1,313,991	778,430
Cash flow hedge reserve		(50,071)	(209,980)	-	-
(Accumulated losses)/Retained earnings		(1,993,477)	(1,846,722)	790,668	440,160
Total equity		(729,557)	(1,278,272)	2,104,659	1,218,590

(i) Refer to Going Concern Note 1 on page 27 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 27 to 35

Southern Cross Airports Corporation Holdings Limited
Cash Flow Statement
For the year ended 31 December 2009

	Note	Consolidated		Company	
		31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		926,581	880,801	-	-
Interest received		20,527	31,928	314,902	325,895
Cash was applied to:					
Payments to suppliers and employees		(267,860)	(233,473)	(1)	-
Interest – senior debt		(234,556)	(420,460)	-	-
Interest rate swaps receipts/(payments)		(95,305)	58,454	-	-
Interest – SKIES		(39,644)	(59,909)	(39,644)	(59,909)
Interest – other corporations		-	(46)	-	-
Net cash flows provided by operating activities		309,743	257,295	275,257	265,986
Cash flows from investing activities					
Cash was provided from:					
Proceeds from disposal of property, plant and equipment		151	84	-	-
Cash was applied to:					
Acquisition of property, plant and equipment		(305,740)	(380,306)	-	-
Capitalised borrowing costs		(4,238)	(8,872)	-	-
Net cash flows used in investing activities		(309,827)	(389,094)	-	-
Cash flows from financing activities					
External financing activities:					
Cash was provided from:					
Proceeds from borrowings – medium term notes and bank loans		-	215,600	-	-
Cash was applied to:					
Repayment of borrowings – medium term notes and bank loans		(870,000)	-	-	-
Debt establishment costs		(13,053)	(25,298)	(86)	-
Finance lease payments		(1,623)	-	-	-
Net cash flows provided/(used in) by external financing activities		(884,676)	190,302	(86)	-
Shareholder related financing activities:					
Proceeds from issue of ordinary shares		535,560	310,528	535,560	310,528
Proceeds from issue of redeemable preference shares		452,137	83,872	452,137	83,872
Dividends paid – ordinary shares	3	-	(307,505)	-	(307,505)
Interest paid – redeemable preference shares		(300,884)	(158,758)	(300,884)	(158,758)
Net cash flows provided/(used in) by shareholder related financing activities		686,813	(71,863)	686,813	(71,863)

Southern Cross Airports Corporation Holdings Limited
Cash Flow Statement
For the year ended 31 December 2009

	Note	Consolidated		Company	
		31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Internal financing activities:					
Loans to other entities in wholly owned group		-	-	(988,534)	(446,400)
Advances from related parties		-	-	13,052	-
Net cash flows provided/(used in) by internal financing activities		-	-	(975,482)	(446,400)
Net cash flows provided/(used in) by financing activities		(197,863)	118,439	(288,755)	(518,263)
Net increase/(decrease) in cash and cash equivalents		(197,947)	(13,360)	(13,498)	(252,277)
Cash and cash equivalents at beginning of the year		555,998	569,358	34,325	286,602
Cash and cash equivalents at end of the year		358,051	555,998	20,827	34,325

Notes to the financial statements are included on pages 27 to 35

Southern Cross Airports Corporation Holdings Limited
Statement of Comprehensive Income
For the year ended 31 December 2009

Statement of Comprehensive Income

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Net (loss)/profit for the year	(147,659)	(146,960)	350,508	193,813
Cash flow hedge:				
Change in fair value	221,557	(466,333)	-	-
Recognition of deferred tax	(66,467)	139,900	-	-
Amortisation of swap reset costs	4,819	8,708	-	-
Actuarial gain/(loss) on defined benefit plans	1,311	(7,964)	-	-
Recognition of deferred tax	(407)	2,403	-	-
Other Comprehensive income for the year, net of tax	**160,813**	**(323,286)**	-	-
Total comprehensive income for the year	13,154	(470,246)	350,508	193,813
Attributable to:				
Equity holders of the parent	13,154	(470,246)	350,508	193,813

Notes to the financial statements are included on pages 27 to 35

Southern Cross Airports Corporation Holdings Limited
Statement of Changes in Equity
For the year ended 31 December 2009

Statement of Changes in Equity – Consolidated

	Issued Capital $'000	Cash flow hedge reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2008	**467,902**	**107,745**	**(1,386,696)**	**(811,049)**
Total comprehensive income for the year	-	(317,725)	(152,521)	**(470,246)**
Issue of ordinary shares	310,528	-	-	**310,528**
Dividends	-	-	(307,505)	**(307,505)**
At 31 December 2008	778,430	(209,980)	(1,846,722)	**(1,278,272)**
At 1 January 2009	**778,430**	**(209,980)**	**(1,846,722)**	**(1,278,272)**
Total comprehensive income for the year	-	159,909	(146,755)	**13,154**
Issue of ordinary shares	535,561	-	-	**535,561**
At 31 December 2009	**1,313,991**	**(50,071)**	**(1,993,477)**	**(729,557)**

Statement of Changes in Equity – Company

	Issued Capital $'000	Retained Earnings $'000	Total $'000
At 1 January 2008	**467,902**	**553,852**	**1,021,754**
Total comprehensive income for the year	-	193,813	**193,813**
Issue of ordinary shares	310,528	-	**310,528**
Dividends		(307,505)	**(307,505)**
At 31 December 2008	778,430	440,160	**1,218,590**
At 1 January 2009	**778,430**	**440,160**	**1,218,590**
Total comprehensive income for the year	-	350,508	**350,508**
Issue of ordinary shares	535,561	-	**535,561**
At 31 December 2009	1,313,991	790,668	**2,104,659**

Notes to the financial statements are included on pages 27 to 35

Southern Cross Airports Corporation Holdings Limited
Notes to the Financial Statements
For the year ended 31 December 2009

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance
The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 "Concise Financial Reports". The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full financial report of Southern Cross Airports Corporation Holdings Limited.

All amounts are presented in Australian dollars.

A full description of the accounting policies adopted by the Group is provided in the notes to the financial statements which form part of the full financial report.

Basis of preparation
The financial report has been prepared on the basis of historical cost, except for derivative financial instruments that have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. Unless otherwise indicated, all amounts are presented in Australian dollars.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Adoption of new and revised Accounting Standards
In the current period, the Group has adopted all of 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 reporting period. This resulted in additional disclosures for AASB 8, Operating Segments.

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.

The consolidated entity successfully completed an $870 million financing transaction during the 12 months ended 31 December 2009. All funds raised were contributed by shareholders and were used to repay $870m in term debt. There is no debt maturing until September 2011 and all debt covenants were met as at 31 December 2009. Due to the shareholders contributions and the subsequent de-leveraging, key financial metrics have improved.

As at 31 December 2009, the consolidated entity has net liabilities of $729.6 million (31 December 2008: $1,278.3 million). An independent valuation by KPMG subsequent to the equity injection as at 31 December 2009 supported an increase in the SCACH Equity Value since privatisation in 2002 of approximately $4,338 million (31 December 2008: $3,481 million). This valuation increment, if applied in the financial statements of the consolidated entity, would have more than absorbed the consolidated current deficiency at 31 December 2009. 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 2009 SCACH valuation over the deficiency position at 31 December 2009, the unconditional guarantee and there being no known factors that would have had a significant adverse effect on the valuation since 31 December 2009, 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.

2. 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 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 and additional security measures. All charges are levied on a per passenger basis.

b) Domestic services include additional 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		Company	
	31 December 2009 $'000	**31 December 2008 $'000**	**31 December 2009 $'000**	**31 December 2008 $'000**
Revenue				
Security recovery	73,677	72,586	-	-
Expenses				
Direct costs	(54,791)	(51,782)	-	-
Depreciation	(11,731)	(11,803)	-	-
Borrowing costs	(7,155)	(9,001)	-	-
Surplus/deficit	-	-	-	-

3. DIVIDENDS AND DISTRIBUTIONS PAID AND PROPOSED

	31 December 2009		31 December 2008	
	$ per share	Total $'000	$ per share	Total $'000
Ordinary shares				
Recognised amounts				
First quarter (January 2008)	-	-	1.1104	11,187
Second quarter (April 2008)	-	-	0.90220	9,090
Third quarter (July 2008)	-	-	28.5090	287,228
		-		307,505

There were no ordinary dividends paid in 2009. Under the Group's constituent documents, ordinary dividends are only paid on shares if there is cash available after payment of operating costs and interest on senior debt, SKIES and RPS. Interest paid on RPS increased from $159m in 2008 to $301m in 2009, in part due to the increased number of RPS on issue during the year.

Dividends in 2008 were paid on 29 January 2008, 28 April 2008 and 28 July 2008. These dividends were unfranked.

Unrecognised amounts				
Final dividend	0.5591	7,631	-	-

In respect of the financial period ended 31 December 2009, the directors approved a final ordinary dividend of $7.6 million (31 December 2008: nil). This was paid on 27 January 2010.

		Consolidated		Company	
		31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Sydney Kingsford Smith Interest Earning Securities ("SKIES")	(i)				
Accrued interest at the beginning of the year		(14,352)	(14,188)	(14,352)	(14,188)
Interest paid		39,644	59,909	39,644	59,909
Accrued interest at the end of the year		8,443	14,352	8,443	14,352
SKIES interest paid or accrued		33,735	60,073	33,735	60,073
Redeemable preference shares ("RPS")	(i)				
Accrued interest at the beginning of the year		(91,618)	(42,444)	(91,618)	(42,444)
Interest paid		300,884	158,758	300,884	158,758
Accrued interest at the end of the year		69,234	91,618	69,234	91,618
Redeemable preference shares interest paid or accrued		278,500	207,932	278,500	207,932

(i) Interest in respect of SKIES and RPS (which are stapled to ordinary shares) are included as borrowing costs in the income statement consistent with the balance sheet classification of the related instrument.
Accrued interest includes only that portion of the proposed distribution that is attributable to the accounting period. Interest payments in respect of RPS were made on 24 February 2009, 27 April 2009, 27 July 2009 and 27 October 2009. Interest payments in respect of SKIES were made on 27 January 2009, 27 April 2009, 27 July 2009 and 27 October 2009.

4. BORROWINGS - External

Group

		Principal amount drawn		Carrying Amount	
		31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
At amortised cost:					
Current					
Bank loans	(i)	-	450,000	-	449,534
Medium term notes	(ii)	-	420,000	-	418,133
		-	870,000	-	867,667
Non-current					
Bank loans	(i)	748,705	748,705	739,221	735,631
Medium term notes	(ii)	3,506,000	3,506,000	3,447,323	3,439,370
Capital indexed bonds	(iii)	950,489	934,555	917,050	893,631
SKIES	(iv)	650,000	650,000	634,810	633,159
		5,855,194	5,839,260	5,738,404	5,701,791

Company

		Principal amount drawn		Carrying Amount	
		31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
At amortised cost:					
Non-current					
SKIES	(iv)	650,000	650,000	634,810	633,159
		650,000	650,000	634,810	633,159

4. BORROWINGS (CONT'D)

(i) Bank loans

Senior bank debt facilities as at 31 December 2009 comprised of three drawn tranches (31 December 2008: four tranches) with the following maturities:

	Maturity date	Principal amount drawn		Carrying amount	
		31 December 2009 ($'000)	31 December 2008 ($'000)	31 December 2009 ($'000)	31 December 2008 ($'000)
Current					
Tranche A*	8 September 2009	-	450,000	-	449,534
Non-current					
Tranche B	8 September 2011	348,105	348,105	347,232	345,207
Tranche F	30 September 2011	375,600	375,600	367,535	366,096
Tranche G	30 September 2011	25,000	25,000	24,454	24,328
		748,705	748,705	739,221	735,631

* Tranche A was repaid on 31 March 2009.

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 consolidated entity (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.

(ii) Medium term notes ("MTN")

MTN as at 31 December 2009 comprised of ten issues (31 December 2008: ten issues) with the following maturities:

	Maturity date	Principal amount drawn		Carrying amount	
		31 December 2009 ($'000)	31 December 2008 ($'000)	31 December 2009 ($'000)	31 December 2008 ($'000)
Current					
Issue 2*	20 November 2009	-	420,000	-	418,133
Non-current					
Issue 3	11 October 2012	280,000	280,000	274,857	273,096
Issue 4	20 November 2014	700,000	700,000	691,170	689,579
Issue 5	20 November 2015	300,000	300,000	295,856	295,249
Issue 6	21 November 2011	150,000	150,000	148,986	148,349
Issue 7	21 November 2011	250,000	250,000	247,684	246,576
Issue 8	20 November 2013	217,000	217,000	214,854	214,353
Issue 9	20 November 2021	200,000	200,000	197,246	197,067
Issue 10	11 October 2022	750,000	750,000	733,139	732,152
Issue 11	11 October 2027	659,000	659,000	643,531	642,949
		3,506,000	3,506,000	3,447,323	3,439,370

* Issue 2 was repaid on 19 May 2009.

4. BORROWINGS (cont'd)
(ii) Medium term notes ("MTN") (cont'd)

Fixed interest is charged on the following MTN's at the following rates
$40m facility included in Issue 3: 6.425%
$250m facility (Issue 7): 6.25%
The remaining floating rate notes at the Bank Bill Swap Rate ("BBSW") plus a pre-determined margin.

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 notes are provided by MBIA Insurance Corporation, Ambac Assurance Corporation, and Financial Security Assurance. Medium term notes rank pari passu with the senior bank debt and capital indexed bonds.

(iii) Capital indexed bonds ("CIB")

		Principal amount drawn		Carrying amount	
	Maturity date	31 December 2009 ($'000)	31 December 2008 ($'000)	31 December 2009 ($'000)	31 December 2008 ($'000)
Issue 1	20 November 2020	622,828	612,377	610,811	588,688
Issue 2	20 November 2030	327,661	322,178	306,239	304,943
		950,489	934,555	917,050	893,631

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 consolidated entity (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.

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

	Principal amount drawn		Carrying amount	
Maturity date	31 December 2009 ($'000)	31 December 2008 ($'000)	31 December 2009 ($'000)	31 December 2008 ($'000)
20 December 2016	650,000	650,000	634,810	633,159

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.

The SKIES mature on 20 December 2016.

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 Stock Exchange.

(v) Deferred debt establishment costs
Deferred establishment costs are amortised over the term of maturity of the underlying financial instrument following the effective interest rate method.

5. BORROWINGS – SHAREHOLDER RELATED

Redeemable preference shares ("RPS")

Group

	Principal amount drawn		Carrying amount	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Maturity date	($'000)	($'000)	($'000)	($'000)
28 June 2032	2,047,259	1,595,122	1,999,132	1,542,856

Company

	Principal amount drawn		Carrying amount	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Maturity date	($'000)	($'000)	($'000)	($'000)
28 June 2032	2,047,259	1,595,122	1,999,132	1,542,856

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 consolidated entity and distributable profits within SCACH. 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. Failure to pay RPS dividends will trigger restrictions on payment of ordinary share dividends.

During the year an additional 3,014,247 redeemable preference shares were issued (2008:559,147), each stapled to one ordinary share under the same terms and conditions as above.

6. 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 year.

(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.

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6. SEGMENT INFORMATION (Cont'd)

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

31 December 2009	**Aeronautical**	**Aeronautical Security Recovery**	**Retail**	**Property**	**Commercial Trading**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue	343,692	73,677	192,734	118,836	117,149	7,108	853,196
Revenue from external customers	**343,692**	**73,677**	**192,734**	**118,836**	**117,149**	**7,108**	**853,196**
Profit on disposal of non-current assets							151
Expenses							(164,035)
EBITDA							**689,312**
Depreciation and amortisation							(212,646)
Finance costs							(674,637)
Loss before tax							**(197,971)**
Income tax credit							50,312
Loss after tax							**(147,659)**
31 December 2008							
Total segment revenue	317,540	72,586	191,977	112,454	113,596	4,576	812,729
Revenue from external customers	**317,540**	**72,586**	**191,977**	**112,454**	**113,596**	**4,576**	**812,729**
Profit on disposal of non-current assets							84
Expenses							(163,392)
EBITDA							**649,421**
Depreciation and amortisation							(188,729)
Finance costs							(655,753)
Loss before tax							**(195,061)**
Income tax credit							48,101
Loss after tax							**(146,960)**
Total Segment Assets (share of trade debtors)							
31 December 2009	47,439	12,004	27,600	42,791	4,108	10,972	144,913
31 December 2008	45,109	8,956	24,472	38,200	3,443	7,871	128,051

7. AUDITOR'S REMUNERATION

	Consolidated		Company	
	31 December 2009 $	31 December 2008 $	31 December 2009 $	31 December 2008 $
Amounts received or due and receivable by Pricewaterhouse Coopers for:				
- an audit or review of the financial report of the entity and any other entity in the consolidated entity	338,000	292,000	-	-
- other services in relation to the entity and any other entity in the consolidated entity:				
- assurance related	-	20,000	-	-
- accounting assistance	8,400	19,000	-	-
	346,400	331,000	-	-

8. EVENTS AFTER THE BALANCE SHEET DATE

An ordinary dividend of $7.631 million was declared for the year ended 31 December 2009. The final dividend has not been recognised in this financial report because it was declared after 31 December 2009.

Other than the matter 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.