

Interim Financial Report for Half Year Ended 30 June 2016



Results for Announcement to the Market

	SAL Group 6 months to 30 June 2016 \$m	SAL Group 6 months to 30 June 2015 \$m	Movement \$m	Movement %
Revenue	661.9	594.7	67.2	11.3%
Other income	-	0.1	(0.1)	n/a
Total revenue	661.9	594.8	67.1	11.3%
Profit after income tax expense	159.6	133.9	25.7	19.2%
Profit after income tax expense attributable to security holders	160.0	134.6	25.4	18.9%

	SAT1 Group 6 months to 30 June 2016 \$m	SAT1 Group 6 months to 30 June 2015 \$m	Movement \$m	Movement %
Revenue	-	-	n/a	n/a
Other income	-	-	n/a	n/a
Total revenue	-	-	n/a	n/a
Profit after income tax expense	121.7	120.8	0.9	0.7%
Profit after income tax expense attributable to security holders	121.7	120.8	0.9	0.7%

Distributions

Distributions	SAL Group 30 June 2016 \$m	SAT1 Group 30 June 2016 \$m	SAL Group 30 June 2015 \$m	SAT1 Group 30 June 2015 \$m
Final distribution (100% unfranked)	289.8	123.7	266.0	120.8
Interim distribution (100% unfranked)	334.4	121.5	277.1	119.7

Distributions	SAL Group 30 June 2016 cents per stapled security	SAT1 Group 30 June 2016 cents per stapled security	SAL Group 30 June 2015 cents per stapled security	SAT1 Group 30 June 2015 cents per stapled security
Final distribution (100% unfranked)	13.00	5.55	12.00	5.45
Interim distribution (100% unfranked)	15.00	5.45	12.50	5.40

The interim distribution, with record date of 30 June 2016 of \$334.4 million or 15.0 cents per stapled security (2015: \$277.1 million or 12.5 cents) was paid on 12 August 2016 by:

- SAL \$212.9 million or 9.55 cents; and
- SAT1 \$121.5 million or 5.45 cents.

There are \$nil imputation credits available to pay franked distributions.



Distribution Reinvestment Plan (DRP)

Under the DRP, security holders may receive additional stapled securities in substitution for some or all cash distributions in respect of their stapled securities. The last date for the receipt of an election notice for participation in the current period DRP was 1 July 2016. A 1.5% discount was applied when the price was determined at which stapled securities were issued under the DRP for the current period distribution.

Additional Appendix 4D disclosures can be found in the Notes to the Sydney Airport Interim Financial Report for Half Year Ended 30 June 2016 and Results for Half Year Ended 30 June 2016 lodged with the ASX on 18 August 2016.

ASX-listed Sydney Airport (the Group) is comprised of Sydney Airport Limited (ABN 18 165 056 360) (SAL) and Sydney Airport Trust 1 (ARSN 099 597 921) (SAT1). The Trust Company (Sydney Airport) Limited (ABN 83 115 967 087) (AFSL 301162) (TTCSAL) is the responsible entity of SAT1.



Sydney Airport



INTERIM FINANCIAL REPORT

For Half Year Ended
30 June 2016

ASX-listed Sydney Airport comprises
Sydney Airport Limited (ACN 165 056 360) and
Sydney Airport Trust 1 (ARSN 099 597 921)

ASX-listed Sydney Airport (the Group) is comprised of Sydney Airport Limited (ABN 18 165 056 360) (SAL) and Sydney Airport Trust 1 (ARSN 099 597 921) (SAT1). The Trust Company (Sydney Airport) Limited (ABN 83 115 967 087) (AFSL 301162) (TTCSAL) is the responsible entity of SAT1.

This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in Sydney Airport, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

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ABOUT SYDNEY AIRPORT

Our vision is to deliver a world-class airport experience and foster the growth of aviation for the benefit of Sydney, NSW and Australia. We are Australia's busiest airport and one of the country's most important pieces of infrastructure. In delivering on our vision, we aim to drive responsible growth that balances social and environmental needs with corporate objectives.

OUR VALUES

Underpinning our vision are our values which drive our behaviours and how we do business.



Integrity & openness

Acting honestly and openly to achieve corporate and social objectives



Safety & security

Delivering the highest levels of safety and security



Excellence

Striving to deliver an outstanding airport experience through operational efficiency, superior customer service and innovation



Teamwork

Fostering a collaborative and supportive work environment that values diversity



Creativity & flexibility

Working with our partners to achieve superior business outcomes



Sustainability

Responsible growth through balancing social and environmental needs with corporate objectives



OUR STRATEGY

1

GROWING AVIATION AND TOURISM

Sydney Airport strives to foster the growth of aviation to deliver economic and tourism benefits. New airlines, routes and increased services to Sydney have grown passenger numbers, as well as provided passengers with more choice, value and convenience.

2

INVESTING FOR GROWTH AND DRIVING OPERATIONAL EFFICIENCY

We are facilitating future growth by investing significantly in infrastructure such as baggage, access roads and airfield and terminal facilities. We are upgrading our facilities, investing in new technologies and effectively utilising our assets to deliver more efficient operations for our airline partners.

3

ENHANCING OUR CUSTOMER OFFERINGS AND THE PASSENGER EXPERIENCE

We are expanding our retail, property and car parking offerings and businesses to meet the changing needs of our customers. We are leveraging the retail business by enhancing our understanding of customer behaviour, growing the property business by targeting high yield offerings and tailoring the car parking business with products to align with customer preferences. We are focused on enhancing the airport experience for our customers, including passengers, airlines, airport partners, governments, stakeholders, staff and the broader community. Our investment in services and facilities will continue to provide our customers with a better airport experience.

4

MANAGING RISK AND STRENGTHENING OUR BALANCE SHEET

We are actively managing our business by maintaining an efficient capital structure with financial flexibility. We are focused on ensuring the effective utilisation of our significant airport assets, as well as retaining a minimum credit rating of BBB/Baa2 and earning appropriate returns on investment.



OVERVIEW OF ASX-LISTED SYDNEY AIRPORT

ASX-listed Sydney Airport (the Group) consists of Sydney Airport Limited (SAL) and Sydney Airport Trust 1 (SAT1). Shares and units in the Group are stapled, quoted and traded on the Australian Securities Exchange as if they were a single security. They consist of one share in SAL and one unit in SAT1. SAL holds a 100% economic interest in Sydney (Kingsford Smith) Airport at 30 June 2016 (2015: 100%).

The directors of SAL submit the consolidated interim financial report of ASX-listed Sydney Airport for the half year ended 30 June 2016. SAL has been identified as the parent of the consolidated group comprising SAL and its controlled entities and SAT1 and its controlled entities, together ASX-listed Sydney Airport (or the Group).

The directors of The Trust Company (Sydney Airport) Limited (TTCSAL or the Responsible Entity) also submit the following report on the consolidated interim financial report of SAT1 comprising SAT1 and its controlled entities (SAT1 Group) for the half year ended 30 June 2016.

Principal activities

The principal activity of the Group is the ownership of Sydney Airport. The Group's investment policy is to invest funds in accordance with the provisions of the governing documents of the individual entities within the Group. There were no significant changes in the nature of the Group's activities during the period.

The principal activity of the SAT1 Group is to hold financial loan assets. There were no significant changes in the nature of the SAT1 Group's activities during the period.

Directors

The following persons are current directors of SAL.

Name	Role	SAL directorship	ASX-listed Sydney Airport directorship
Trevor Gerber	Chairman	Appointed May 2015	Appointed May 2015
	Non-executive director	Appointed October 2013	Appointed May 2002
Michael Lee	Non-executive director	Appointed October 2013	Appointed June 2003
John Roberts	Non-executive director	Appointed October 2013	Appointed October 2009
Stephen Ward	Non-executive director	Appointed October 2013	Appointed February 2011
Ann Sherry	Non-executive director	Appointed May 2014	Appointed May 2014
Grant Fenn	Non-executive director	Appointed October 2015	Appointed October 2015
Kerrie Mather	Executive director	Appointed October 2013	Appointed July 2010

The following persons are current directors of TTCSAL.

Name	Role	TTCSAL directorship
Russell Balding	Non-executive director	Appointed October 2013
Patrick Gourley	Non-executive director	Appointed October 2013
Christopher Green	Executive director	Appointed March 2014
		Retired April 2016
Gillian Larkins	Executive director	Appointed April 2016

Christopher Green was appointed as alternate director for Gillian Larkins in April 2016.



Distributions

The total interim distribution by ASX-listed Sydney Airport for half year ended 30 June 2016 of \$334.4 million or 15.0 cents per stapled security (2015: \$277.1 million or 12.5 cents) was paid on 12 August 2016 by:

- SAL \$212.9 million or 9.55 cents (2015: \$157.4 million or 7.10 cents); and
- SAT1 \$121.5 million or 5.45 cents (2015: \$119.7 million or 5.40 cents).

There are \$nil imputation credits (2015: \$nil) available to pay franked distributions.

Significant changes in state of affairs

Finance Facilities and Bonds

In April 2016, Sydney Airport successfully issued a USD900.0 million (\$1,163.4 million) US144A/RegS bond maturing in April 2026. The funds raised were used to repay drawn bank debt facilities.

Distribution Reinvestment Plan (DRP)

The DRP operated in respect of the 31 December 2015 final distribution. To satisfy the DRP take up, 9.3 million stapled securities were acquired on-market for transfer for a total of \$56.8 million in January 2016. No new securities were issued. Securities were transferred to DRP participants at \$6.15 per stapled security with no discount applied.

Events occurring after balance sheet date

Distribution

The total interim distribution by ASX-listed Sydney Airport for half year ended 30 June 2016 of \$334.4 million or 15.0 cents per stapled security (2015: \$277.1 million or 12.5 cents) was paid on 12 August 2016 by:

- SAL \$212.9 million or 9.55 cents (2015: \$157.4 million or 7.10 cents); and
- SAT1 \$121.5 million or 5.45 cents (2015: \$119.7 million or 5.40 cents).

Distribution Reinvestment Plan (DRP)

The DRP operated in respect of the half year ended 30 June 2016 distribution. On 12 August 2016 20.4 million stapled securities were issued and transferred to DRP participants at \$6.99 including a 1.5% discount, totalling \$142.3 million.

OPERATING AND FINANCIAL REVIEW

Delivering the business model

	Passenger growth	EBITDA growth	Cash flow outcomes	Debt service coverage	Investor returns
6 months to June 2016	20.3 million passengers	\$536.1 million EBITDA	\$332.9 million net operating receipts	2.6x cash flow cover ratio ¹	\$15.8 billion ² equity value
Growth	+6.7% ³	+9.8% ³	+19.2% ³	+0.2x ³	+45.3% total return ⁴

¹ Cash flow cover ratio (CFCR) is calculated using defined terms in the Southern Cross Airports Corporation Holdings Limited (SCACH) group debt documents, summarised by cash flow divided by senior debt interest expense for a rolling 12 month period

² As at 30 June 2016

³ Compared to 30 June 2015

⁴ 45.3% is the rolling 12 months total return to 30 June 2016. The total return for the six months to 30 June 2016 is 11.7%



OPERATING AND FINANCIAL REVIEW (CONT.)

Key performance measures

Key measures of Sydney Airport's financial performance for the half year are shown in the table below.

			Growth ¹
Passengers	20.3 million	6.7%	↑
Revenue	\$661.9 million	11.3% ³	↑
Operating expenditure	\$125.7 million	18.0% ²	↑
EBITDA	\$536.1 million	9.8% ³	↑
Net operating receipts	\$332.9 million	19.2%	↑
Distributions per security to investors	15.0c	20.0%	↑

1 Compared to June 2015

2 Underlying operating expenditure has increased by 5.9% when adjusted for T3 and the international aeronautical agreements

3 Benefits from the T3 transaction completed on 1 September 2015

Distributions and Net Operating Receipts (NOR)

NOR provides a proxy for cash flows available to pay ASX-listed Sydney Airport distributions. As a result, it is a key measure of ASX-listed Sydney Airport's financial performance. NOR is a non-IFRS measure of cash flow that ASX-listed Sydney Airport can sustainably return to investors while investing in the infrastructure and, when appropriate, continue to deleverage the business. NOR is derived from both income statement performance and the cash position of SAL and SAT1.

Reconciliation of net operating receipts

The following table reconciles the statutory result of ASX-listed Sydney Airport for the period ended 30 June 2016 to its NOR and distributions declared.

Non-IFRS financial information has not been audited by the external auditor, but has been sourced from the financial reports.

	6 months to 30 June 2016	6 months to 30 June 2015
	\$m	\$m
Profit before income tax expense ¹	161.9	134.1
Add back: depreciation and amortisation ¹	172.4	141.1
Profit before tax, depreciation and amortisation	334.3	275.2
Add/(subtract) non-cash financial expenses		
- Capital indexed bonds capitalised ²	8.5	7.3
- Amortisation of debt establishment costs ²	10.6	11.9
- Borrowing costs capitalised ²	(4.6)	(4.5)
- Change in fair value of swaps ²	(13.6)	(8.2)
Total non-cash financial expenses	0.9	6.5
Add/(subtract) other cash movements		
Movement in cash balances with restricted use ³	10.8	6.1
Other	(13.1)	(8.4)
Total other cash movements	(2.3)	(2.3)
Net operating receipts	332.9	279.4
Average stapled securities on issue (m)	2,229.5	2,216.2
Net operating receipts per stapled security	14.9c	12.6c
Distributions declared per stapled security	15.0c	12.5c

1 From the Consolidated Statements of Comprehensive Income for half year ended 30 June 2016.

2 From Note 4 in the Sydney Airport Interim Financial Report for half year ended 30 June 2016.

3 From Note 3 in the Sydney Airport Interim Financial Report for half year ended 30 June 2016.



OPERATING AND FINANCIAL REVIEW (CONT.)

Financial performance analysis

Highlights during the six months to 30 June 2016 are shown in the table below.

Business	Highlights	Revenue \$m	Revenue Contribution	Revenue Growth
Aeronautical Services	<ul style="list-style-type: none"> International passenger growth of 9.3% and total passenger growth of 6.7% Strong capacity growth combined with stable load factors Capital investment program supporting passenger experience, airline operating efficiencies and capacity expansion to meet demand 	337.3	<p>■ Aeronautical (44%) ■ Aeronautical Security (7%)</p>	<p>17.0%</p>
Retail	<ul style="list-style-type: none"> Five of six duty free stores complete and open in T1, with the remaining store scheduled to open 2H16 Eight of 13 new specialty retail outlets now open, with the remainder scheduled to be open 1Q17 New Marketplace dining precinct scheduled to open progressively from mid-October, including up to seven new dining concepts 	142.3		<p>9.5%</p>
Property and Car Rental	<ul style="list-style-type: none"> Approximately 220 leasing transactions completed, 98.6% occupancy rate Northern lands bridge opened, at grade car parking fully utilised 	103.2		<p>2.2%</p>
Parking and Ground Transport	<ul style="list-style-type: none"> Online parking take up continues to grow, driving higher asset utilisation Free pick-up expanded and more pick up options for ridesharing services announced at T2/T3 precinct 	75.4		<p>4.4%</p>

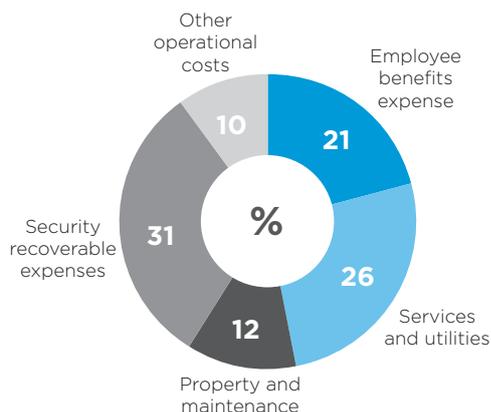
¹ Includes aeronautical security



OPERATING AND FINANCIAL REVIEW (CONT.)

Operating expenses

Operating expenses by category



Sydney Airport's operating expenses for the 6 months to 30 June 2016 were \$125.7 million. This is an increase of \$19 million compared to the 6 months to 30 June 2015.

The main drivers of this increase were:

- Additional expenses for the operation of T3 following the T3 transaction in September 2015
- Increased investment in passenger experience and service levels committed to in the new International Aeronautical Agreements that became effective from July 2015
- Underlying operating expenses have increased by 5.9% driven primarily by CPI and passengers.

Capital management

In April 2016, Sydney Airport successfully issued a USD900.0 million (\$1,163.4 million) US144A/RegS bond that reinforced our proactive capital management approach. The funds raised were used to repay all drawn bank debt facilities and fund investment.

Highlights of this bond issuance include:

- Pricing inside the portfolio average
- 100% hedging of currency and interest rate exposures over the term of the bond
- Maturity profile spreading, filling a previous gap in 2026
- Maturity profile lengthening; average maturity lengthened five months to mid-2023
- Reduction in drawn debt maturities over the next three years by over 75%
- Next drawn debt maturity is in the first half of 2017; less than 1% of total debt outstanding.

Category	30 June 2016	30 June 2015
Net debt	\$7.6 billion	\$6.8 billion
Net debt/EBITDA	7.2x ¹	6.9x
Cash flow cover ratio	2.6x	2.4x
Credit rating (S&P/Moody's)	BBB/Baa2	BBB/Baa2
Average maturity	Mid-2023	Late-2022

¹ Ratio temporarily impacted by partial debt funding of the T3 transaction without the full EBITDA benefit; is expected to normalise following one year of operations.

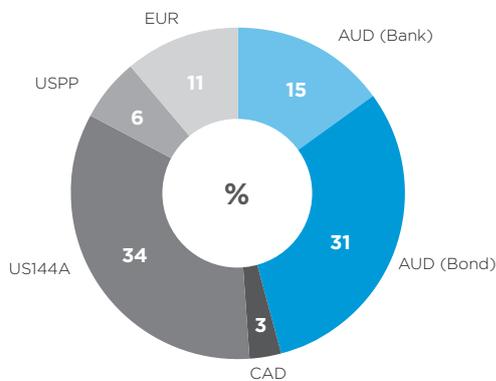
All foreign currency debt is 100% hedged. Interest cost across the portfolio is stable with 91% of interest rate exposures hedged as at 30 June 2016 and 68% of interest rate exposures hedged for the next five years.



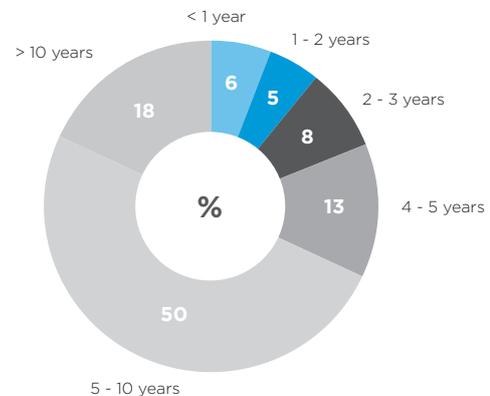
OPERATING AND FINANCIAL REVIEW (CONT.)

Capital management (cont.)

Funding portfolio by category



Debt maturity profile on drawn and undrawn debt



Cash flow

Category	ASX-listed Sydney Airport 30 June 2016 \$m	ASX-listed Sydney Airport 30 June 2015 \$m
Net cash flows from operating activities	541.1	479.2
Net cash flows used in investing activities	(170.7)	(107.8)
Net cash flows used in financing activities	(263.9)	(291.9)
Net increase in cash and cash equivalents held	106.5	79.5

Net cash inflows from operating activities have increased during the period mainly due to increased EBITDA.

Net cash flows used in investing activities during the period reflect the increased capital investment.

Net cash flows used in financing activities during the period includes \$1,163.4 million received from the US144A/RegS bond issuance and repayments of bank debt amounting to \$1,153.0 million and interest paid on external debt.

Distributions were paid to ASX-listed Sydney Airport security holders during the period amounting to \$289.8 million, covered by NOR. This is reflected in the Consolidated Statements of Cash Flows in the Sydney Airport Financial Report for the period ended 30 June 2016.

Equity

2016 distribution

The total distribution by ASX-listed Sydney Airport for half year ended 30 June 2016 was \$334.4 million or 15.0 cents per stapled security (2015: \$277.1 million or 12.5 cents).

Distribution reinvestment plan (DRP)

The DRP operated in respect of the year ended 31 December 2015 distribution. In January 2016, to satisfy the DRP take up, 9.3 million stapled securities were acquired on-market for transfer for a total of \$56.8 million. No new securities were issued. Securities were transferred to DRP participants at \$6.15 per stapled security with no discount applied.



OPERATING AND FINANCIAL REVIEW (CONT.)

Capital expenditure

Investments in capacity and services improvements to 30 June 2016 were \$174.8 million.

Major projects completed during the period are described below:

Category	Project description	Benefits	Completed
Airfield	Ongoing runway and taxiway works	<ul style="list-style-type: none"> Asset life extension, increasing capacity 	June 2016
	Taxiway fillet widening	<ul style="list-style-type: none"> Airfield works increasing capacity and to accommodate next generation aircraft (B777-3 and B787) 	June 2016
Terminal works	Check-in	<ul style="list-style-type: none"> Addition of six check-in counters at T1 providing extra capacity 	March 2016
		<ul style="list-style-type: none"> Enhancement of check-in counter B East providing additional baggage handling facilities 	June 2016
Parking and Ground Transport	Northern lands bridge	<ul style="list-style-type: none"> Completion of the bridge access to the Northern Airport Precinct and staff car parking area 	February 2016

Major projects that are in progress during the period are described below:

Category	Project description	Benefits	Expected completion
Terminal works	Baggage	<ul style="list-style-type: none"> Additional make up loops and loading stations to increase capacity and resilience of the outbound baggage handling system 	Early 2017
	Bussing lounge	<ul style="list-style-type: none"> Expansion of the T1 bussing capability increasing capacity and improving the passenger experience with delivery of two new Arrivals bussing lobbies 	December 2016
	Terminals	<ul style="list-style-type: none"> Major redevelopments at T1 including raising the roof to 17 metres at its apex in Pier B. This will provide more space and light for an improved passenger experience, additional seating and greater choice of retail offerings 	November 2016
Parking and Ground Transport	T1 and T2/T3 precincts ground access road works and car park improvements	<ul style="list-style-type: none"> Reconfiguration of Sir Reginald Ansett Drive and Shiers Avenue to improve traffic flow at the entrance to the Domestic precinct 	Ongoing through 2016 and 2017
		<ul style="list-style-type: none"> Road works to Marsh Street, Cooks River Road and Centre Road to improve access to the International precinct 	Ongoing through 2016 and 2017
		<ul style="list-style-type: none"> Expansion of the P3 car park in the T2/T3 precinct adding three new levels and 480 more spaces 	December 2016



Directors' holdings of stapled securities

The aggregate number of stapled securities in ASX-listed Sydney Airport held directly, indirectly or beneficially by the directors of SAL or their director-related entities at the date of this interim financial report is 4,249,316 (31 December 2015: 4,248,961).

The aggregate number of units in SAT1 held directly, indirectly or beneficially by the directors of TTCSAL or their director-related entities at the date of this interim financial report is nil (2015: nil).

Lead auditor's independence declaration

A copy of the lead auditor's independence declarations, as required under section 307C of the Corporations Act 2001 is set out on pages 12 and 13 and forms part of the Directors' Report for half year ended 30 June 2016.

Rounding of amounts in the Directors' Report and the Consolidated Interim Financial Statements

The SAL Group and SAT1 Group are of a kind referred to in Australian Securities & Investments Commission (ASIC) Corporations Instrument 2016/191 dated 1 April 2016, and in accordance with that Instrument all financial information presented in Australian dollars has been rounded to the nearest hundred thousand dollars unless otherwise stated.

Application of Class Order

The interim financial reports for the SAL Group and the SAT1 Group are jointly presented in one report as permitted by ASIC Class Order 05/642.

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

Trevor Gerber

Sydney
17 August 2016

John Roberts

Sydney
17 August 2016

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

Patrick Gourley

Sydney
17 August 2016

Gillian Larkins

Sydney
17 August 2016



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

To: the directors of Sydney Airport Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2016 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.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'Eileen Hoggett'.

Eileen Hoggett
Partner

Sydney
17 August 2016



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

To: the directors of The Trust Company (Sydney Airport) Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2016 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.

A handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature in black ink, which appears to read 'Eileen Hoggett'.

Eileen Hoggett

Partner

Sydney

17 August 2016



Independent auditor's review report to the Shareholders of Sydney Airport Limited

We have reviewed the accompanying interim financial report of Sydney Airport Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 8 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 interim period.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim 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 interim 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 interim 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 2016 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Sydney Airport Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

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 interim financial report of Sydney Airport 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 2016 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Eileen Hoggett

Eileen Hoggett

Partner

Sydney

17 August 2016



Independent auditor's review report to the Unitholders of Sydney Airport Trust 1

We have reviewed the accompanying interim financial report of Sydney Airport Trust 1 (the Trust), which comprises the consolidated statement of financial position as at 30 June 2016, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 8 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Trust and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of The Trust Company (Sydney Airport) Limited are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim 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 interim 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 interim 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 2016 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Sydney Airport Trust 1, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

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 interim financial report of Sydney Airport Trust 1 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 2016 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Eileen Hoggett

Eileen Hoggett

Partner

Sydney

17 August 2016



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		SAL Group		SAT1 Group	
	Note	6 months to 30 June 2016 \$m	6 months to 30 June 2015 \$m	6 months to 30 June 2016 \$m	6 months to 30 June 2015 \$m
Revenue					
Aeronautical revenue		294.1	247.1	-	-
Aeronautical security recovery		43.2	41.2	-	-
Retail revenue		142.3	129.9	-	-
Property and car rental revenue		103.2	101.0	-	-
Parking and ground transport revenue		75.4	72.2	-	-
Other revenue		3.7	3.3	-	-
Total revenue		661.9	594.7	-	-
Other income					
Gain on disposal of non-current assets		-	0.1	-	-
Total revenue and other income		661.9	594.8	-	-
Operating expenses					
Employee benefits expense		(27.1)	(23.4)	-	-
Services and utilities expense		(32.9)	(25.9)	-	-
Property and maintenance expense		(14.6)	(9.8)	-	-
Security recoverable expense		(39.0)	(36.5)	-	-
Other operational costs		(12.1)	(10.9)	(0.8)	(0.9)
Total operating expenses		(125.7)	(106.5)	(0.8)	(0.9)
Other expenses					
Loss on disposal of non-current assets		(0.1)	-	-	-
Total expenses before depreciation, amortisation, net finance costs and income tax		(125.8)	(106.5)	(0.8)	(0.9)
Profit/(loss) before depreciation, amortisation, net finance costs and income tax (EBITDA)		536.1	488.3	(0.8)	(0.9)
Depreciation		(129.6)	(98.2)	-	-
Amortisation		(42.8)	(42.9)	-	-
Profit/(loss) before net finance costs and income tax (EBIT)		363.7	347.2	(0.8)	(0.9)
Finance income	4	3.9	6.0	122.5	121.7
Finance costs	4	(219.3)	(227.3)	-	-
Change in fair value of swaps	4	13.6	8.2	-	-
Net finance costs		(201.8)	(213.1)	122.5	121.7
Profit before income tax expense		161.9	134.1	121.7	120.8
Income tax expense	6	(2.3)	(0.2)	-	-
Profit after income tax expense		159.6	133.9	121.7	120.8
Profit after income tax expense attributable to:					
Security holders		160.0	134.6	121.7	120.8
Non-controlling interest		(0.4)	(0.7)	-	-
		159.6	133.9	121.7	120.8



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONT.)

	SAL Group		SAT1 Group	
	6 months to 30 June 2016 \$m	6 months to 30 June 2015 \$m	6 months to 30 June 2016 \$m	6 months to 30 June 2015 \$m
Items that may subsequently be reclassified to profit or loss				
Changes in fair value of cash flow hedges	(47.5)	54.0	-	-
Tax on items that may be reclassified to profit or loss	14.3	(16.2)	-	-
Total items that may subsequently be reclassified to profit or loss	(33.2)	37.8	-	-
Other comprehensive (loss)/income, net of tax	(33.2)	37.8	-	-
Total comprehensive income	126.4	171.7	121.7	120.8
Total comprehensive income attributable to:				
Security holders	126.8	172.4	121.7	120.8
Non-controlling interest	(0.4)	(0.7)	-	-
	126.4	171.7	121.7	120.8
Earnings per share/unit from profit after income tax	7.18c	6.07c	5.46c	5.45c

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	SAL Group		SAT1 Group	
		30 June 2016 \$m	31 December 2015 \$m	30 June 2016 \$m	31 December 2015 \$m
Current assets					
Cash and cash equivalents	3	473.3	366.8	13.9	15.9
Receivables		123.0	138.1	3.2	3.4
Other assets		0.8	0.5	-	-
Total current assets		597.1	505.4	17.1	19.3
Non-current assets					
Receivables		57.8	48.2	1,886.5	1,886.5
Property, plant and equipment		3,308.9	3,262.0	-	-
Intangible assets		7,516.6	7,559.4	-	-
Derivative financial instruments		818.8	668.7	-	-
Other assets		11.8	7.3	-	-
Total non-current assets		11,713.9	11,545.6	1,886.5	1,886.5
Total assets		12,311.0	12,051.0	1,903.6	1,905.8
Current liabilities					
Distribution payable	1	334.4	289.8	121.5	123.7
Payables and deferred income		222.8	215.4	4.2	4.4
Interest bearing liabilities	2	86.4	-	-	-
Derivative financial instruments		93.2	109.5	-	-
Provisions for employee benefits		11.7	11.1	-	-
Total current liabilities		748.5	625.8	125.7	128.1
Non-current liabilities					
Interest bearing liabilities	2	8,416.2	8,181.1	-	-
Derivative financial instruments		285.1	163.4	-	-
Deferred tax liabilities		1,751.8	1,763.8	-	-
Provisions for employee benefits		2.1	1.9	-	-
Total non-current liabilities		10,455.2	10,110.2	-	-
Total liabilities		11,203.7	10,736.0	125.7	128.1
Net assets		1,107.3	1,315.0	1,777.9	1,777.7
Equity					
Security holders' interests					
Contributed equity	1	5,328.6	5,328.6	2,428.6	2,428.6
Retained earnings		(856.1)	(681.7)	404.0	403.8
Reserves		(3,360.4)	(3,327.5)	(1,054.7)	(1,054.7)
Total security holders' interests		1,112.1	1,319.4	1,777.9	1,777.7
Non-controlling interest in controlled entities		(4.8)	(4.4)	-	-
Total equity		1,107.3	1,315.0	1,777.9	1,777.7

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SAL Group	Note	Contributed equity \$m	Retained earnings ¹ \$m	Cash flow hedge reserve \$m	Other Reserve ² \$m	Total equity ¹ \$m
Total equity at 1 January 2016		5,328.6	(686.1)	(166.3)	(3,161.2)	1,315.0
Comprehensive income						
Profit after tax		-	159.6	-	-	159.6
Cash flow hedges, net of tax		-	-	(33.2)	-	(33.2)
Total comprehensive income		-	159.6	(33.2)	-	126.4
Transactions with owners of the company						
Distributions provided for or paid	1	-	(334.4)	-	-	(334.4)
Equity-settled shares		-	-	-	0.3	0.3
Total transactions with owners of the company		-	(334.4)	-	0.3	(334.1)
Total equity at 30 June 2016		5,328.6	(860.9)	(199.5)	(3,160.9)	1,107.3
Total equity at 1 January 2015		5,256.2	(402.6)	(177.1)	(3,161.6)	1,514.9
Comprehensive income						
Profit after tax		-	133.9	-	-	133.9
Cash flow hedges, net of tax		-	-	37.8	-	37.8
Total comprehensive income		-	133.9	37.8	-	171.7
Transactions with owners of the company						
Distributions provided for or paid	1	-	(277.1)	-	-	(277.1)
Equity-settled shares		-	-	-	0.1	0.1
Total transactions with owners of the company		-	(277.1)	-	0.1	(277.0)
Total equity at 30 June 2015		5,256.2	(545.8)	(139.3)	(3,161.5)	1,409.6

¹ Retained earnings and total equity are presented after deducting non-controlling interest in controlled entities of \$4.8 million (2015: \$4.4 million).

² Other reserve represents transactions between equity holders and movements in other reserves resulting from business combinations.

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT.)

SATI Group	Note	Contributed equity \$m	Retained earnings \$m	Capital reserve ¹ \$m	Other reserve \$m	Total equity \$m
Total equity at 1 January 2016		2,428.6	403.8	(967.6)	(87.1)	1,777.7
Comprehensive income						
Profit after tax		-	121.7	-	-	121.7
Total comprehensive income		-	121.7	-	-	121.7
Transactions with owners of the company						
Distributions provided for or paid	1	-	(121.5)	-	-	(121.5)
Total transactions with owners of the company		-	(121.5)	-	-	(121.5)
Total equity at 30 June 2016		2,428.6	404.0	(967.6)	(87.1)	1,777.9
Total equity at 1 January 2015		2,416.0	404.0	(967.6)	(87.1)	1,765.3
Comprehensive income						
Profit after tax		-	120.8	-	-	120.8
Total comprehensive income		-	120.8	-	-	120.8
Transactions with owners of the company						
Distributions provided for or paid	1	-	(119.7)	-	-	(119.7)
Total transactions with owners of the company		-	(119.7)	-	-	(119.7)
Total equity at 30 June 2015		2,416.0	405.1	(967.6)	(87.1)	1,766.4

¹ The capital reserve represents amounts transferred from retained profits to facilitate distributions from SATI in accordance with the SATI constitution.

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENTS OF CASH FLOWS

		SAL Group		SAT1 Group	
	Note	6 months to 30 June 2016 \$m	6 months to 30 June 2015 \$m	6 months to 30 June 2016 \$m	6 months to 30 June 2015 \$m
Cash flow from operating activities					
Interest received		3.9	6.2	0.2	0.1
Related party loan interest received		-	-	122.3	119.3
Receipts from customers		736.0	658.9	-	-
Payments to suppliers and employees		(198.8)	(185.9)	(0.8)	(0.8)
Net cash flow from operating activities		541.1	479.2	121.7	118.6
Cash flow from investing activities					
Short term financial assets		-	35.0	-	-
Proceeds from disposal of fixed assets		-	0.1	-	-
Acquisition of property, plant and equipment		(166.1)	(138.4)	-	-
Capitalised borrowing costs		(4.6)	(4.5)	-	-
Net cash flow used in investing activities		(170.7)	(107.8)	-	-
Cash flow from financing activities					
Airport borrowing costs paid		(163.8)	(164.3)	-	-
Corporate borrowings costs paid		(0.1)	(0.1)	-	-
Repayment of borrowings		(1,153.0)	(578.7)	-	-
Proceeds received from borrowings		1,380.4	769.0	-	-
Interest rate swap payments		(37.6)	(51.8)	-	-
Related party loan principle received		-	-	-	0.9
Distributions paid to security holders		(289.8)	(266.0)	(123.7)	(120.8)
Net cash flow used in financing activities		(263.9)	(291.9)	(123.7)	(119.9)
Net increase/(decrease) in cash and cash equivalents		106.5	79.5	(2.0)	(1.3)
Cash and cash equivalents at beginning of the period		366.8	446.8	15.9	1.5
Cash and cash equivalents at the end of the period	3	473.3	526.3	13.9	0.2

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.



GENERAL

Basis of preparation and statement of compliance

This is the interim financial report for Sydney Airport Limited (SAL) and its controlled entities (collectively referred to as the SAL Group), and Sydney Airport Trust 1 (SAT1) and its controlled entities (collectively referred to as the SAT1 Group). The SAL Group and SAT1 Group (together, the Groups) are for-profit entities for the purposes of preparing the consolidated interim financial statements. The Trust Company (Sydney Airport) Limited (TTCSAL) is the Responsible Entity of SAT1.

This interim financial report:

- Consists of the consolidated interim financial statements of the SAL Group and SAT1 Group, as permitted by Australian Securities & Investments Commission (ASIC) Class Order 05/642;
- Is to be read in conjunction with the annual reports of the Groups for the year ended 31 December 2015 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*;
- Is a general purpose financial report;
- Is prepared in accordance with *Corporations Act 2001*;
- Is prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss; and
- Is presented in Australian dollars, which is the functional currency of SAL and SAT1, with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC Corporations Instrument 2016/191 dated 1 April 2016.

The interim financial report was authorised for issue by the directors of SAL and TTCSAL on 17 August 2016. The directors of SAL and TTCSAL have the power to amend and reissue the interim financial report.

Net current liability position

The SAL Group was in a net current liability position of \$151.4 million at 30 June 2016, which is fully covered by undrawn committed bank facilities.

The SAT1 Group's net current liability position of \$108.6 million at 30 June 2016 is attributable to distributions payable to SAT1 unit holders of \$121.5 million (which was paid on 12 August 2016). This shortfall was funded by receipts from SAL of \$123.6 million in August 2016, being the payment of interest on the cross staple loan for the period ending 31 December 2016. Due to timing, where the semi-annual interest payments are received in advance after each balance date and its semi-annual distributions are declared before each balance date, the SAT1 Group is expected to be in a net current liability position on future balance dates.

Net tangible asset backing per security

Net tangible assets (NTA) exclude non-controlling interests and are solely attributable to security holders. The NTA backing per security was -\$2.87 at 30 June 2016 (31 December 2015: -\$2.80). This represents a decrease of \$0.07 or 2.6% (30 June 2015: decrease of \$0.03 or 1.0%).

Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Groups' 31 December 2015 annual financial report.

Significant accounting policies are set out below:

i) Principles of consolidation

For the purpose of this financial report:

SAL has been identified as the parent of the consolidated group (defined as ASX-listed Sydney Airport) comprising the SAL Group and the SAT1 Group for the period ended 30 June 2016 and 30 June 2015; and

SAT1 has been identified as the parent of the SAT1 Group for the period ended 30 June 2016 and 30 June 2015.

In preparing the consolidated financial statements, all intercompany balances and transactions have been eliminated in full.

There were no material changes to the controlled entities structure during the period.

Controlled entities

SAT1 Group's net result after tax for half years ended 30 June 2016 and 30 June 2015 and its contributed equity, reserves and retained earnings at 30 June 2016 and 30 June 2015 are attributed to non-controlling interests in the SAL Group consolidated financial report.



Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value. Acquisition related costs are expensed as incurred in profit or loss, except for costs arising on the issue of equity instruments which are recognised directly in equity.

Identifiable net assets acquired and contingent liabilities assumed in a business combination are measured at fair value at acquisition date, irrespective of the extent of any non-controlling interest. The excess of acquisition cost over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill.

Acquisition of entities under common control

Acquisition of interests in entities that are under the control of the Group's controlling security holders are deemed to be common control transactions. The net assets acquired are recognised at the carrying amounts recognised previously in the Group's controlling security holder's consolidated financial statements. Any difference between the carrying value of net assets acquired and related consideration is held in a common control reserve.

New standards and interpretations not yet adopted

The Groups have adopted new and revised Standards and Interpretations issued by the AASB that are relevant to operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations have not had a material impact on the Groups for half year ended 30 June 2016.

The following Standards, amendments to Standards and Interpretations effective for annual reporting periods commencing after 1 January 2017 have not been applied by the Groups in this Financial Report:

Reference	Description	Impact on the Groups	Effective/application date
AASB 9: <i>Financial Instruments</i>	Addresses the classification, measurement and derecognition of financial assets and liabilities, and may impact hedge accounting.	Potential change of classification and measurement of financial assets and liabilities and impact on hedge accounting. The extent of the impact has not been determined.	1 January 2018
AASB 15: <i>Revenue from Contracts with Customers</i>	Replaces existing revenue recognition guidance and provides a comprehensive new framework for determining whether, how much and when revenue is recognised.	No material impact is expected.	1 January 2018
AASB 16: <i>Leases</i>	Provides a new model for accounting for leases. Early adoption is permitted under certain circumstances.	The potential effect of this standard is yet to be determined.	1 January 2019



CAPITAL MANAGEMENT

- 1 Distributions Paid and Proposed
- 2 Interest Bearing Liabilities
- 3 Cash and Cash Equivalents

1 DISTRIBUTIONS PAID AND PROPOSED

Security holders' entitlements

SAL

Each ordinary share in SAL entitles its holder to such dividends as may be determined by the SAL directors from time to time. The dividend amount which the directors determine as payable is divisible among holders so that the same sum is paid on each fully paid up share and (if relevant) a proportionate sum is paid on each partly paid up share.

SAT1

Each unit on issue in SAT1 entitles its holder to a distribution of pro-rata proportion of the SAT1 net income as determined by the Responsible Entity in respect of that income period. The distribution will be distributed to the unitholders within two months of the last day of the income period.

The Groups' distributions are currently 100% unfranked and there are no available imputation credits. Distributions paid and proposed during the period are shown in the table below:

	SAL Group		SAT1 Group	
	6 months to 30 June 2016	6 months to 30 June 2015	6 months to 30 June 2016	6 months to 30 June 2015
Distributions were paid/payable as follows:				
\$m				
Final distribution ¹	289.8	266.0	123.7	120.8
Interim distribution ²	334.4	277.1	121.5	119.7
Cents per stapled security				
Final distribution	13.00	12.00	5.55	5.45
Interim distribution	15.00	12.50	5.45	5.40

¹ Paid on 12 February 2016 for year ended 31 December 2015 (12 February 2015 for year ended 31 December 2014).

² Recognised as a payable for half year ended 30 June 2016, paid on 12 August 2016 (14 August 2015 for half year ended 30 June 2015).



Distribution reinvestment plan

The distribution reinvestment plan (DRP) provides stapled security holders with a method of automatically reinvesting all or part of their distributions in stapled securities.

The DRP operated in respect of the 31 December 2015 and 30 June 2016 distributions.

In respect of the 30 June 2016 distribution, 20.4 million stapled securities were issued and transferred to DRP participants at \$6.99 including a 1.5% discount applied in August 2016. Refer to note 8.

In January 2016, to satisfy the DRP take up in respect of the 31 December 2015 distribution, 9.3 million stapled securities were acquired on-market for transfer for a total of \$56.8 million. No new securities were issued. Securities were transferred to DRP participants at \$6.15 per stapled security with no discount applied.

Contributed equity

The movements in the contributed equity balance and number of shares/units on issue is shown in the table below:

	SAL Group		SAT1 Group	
	6 months to 30 June 2016	12 months to 31 December 2015	6 months to 30 June 2016	12 months to 31 December 2015
\$m				
Opening balance	5,328.6	5,256.2	2,428.6	2,416.0
Issued pursuant to the DRP	-	72.4	-	12.6
Closing balance	5,328.6	5,328.6	2,428.6	2,428.6
Shares/units on issue (m)				
Opening balance	2,229.5	2,216.2	2,229.5	2,216.2
Issued pursuant to the DRP	-	13.3	-	13.3
Closing balance	2,229.5	2,229.5	2,229.5	2,229.5

2 INTEREST BEARING LIABILITIES

The Groups' debt comprises the following:

- Bank facilities;
- Domestic bonds (including capital indexed bonds (CIB));
- US private placement bonds (USPP);
- US144A/RegS bonds;
- Euro bond; and
- Canadian Maple bond.

The balances and other details related to the Groups' interest bearing liabilities are presented in the table on the following page.

At 30 June 2016 and 31 December 2015, all fixed interest rate bonds were determined based on observable market inputs and categorised as Level 2 financial instruments per the fair value measurement hierarchy.



2 INTEREST BEARING LIABILITIES (CONT.)

Type	Maturity	Carrying amount		Fair value		Principal amount drawn			Issue Currency	Interest rate	
		30 June 2016 \$m	31 Dec 2015 \$m	30 June 2016 \$m	31 Dec 2015 \$m	In original currency	30 June 2016 \$m	31 Dec 2015 \$m			
External											
Syndicated facility ¹	April 2017	86.4	344.1	86.4	344.1	87.0	345.0	87.0	345.0	AUD	Floating ⁴
Syndicated facility	April 2018	-	416.4	-	416.4	-	419.0	-	419.0	AUD	Floating ⁴
Syndicated facility	April 2019	-	56.2	-	56.2	-	59.0	-	59.0	AUD	Floating ⁴
Bilateral facility	April 2017	-	99.7	-	99.7	-	100.0	-	100.0	AUD	Floating ⁴
Bilateral facility	April 2017	-	99.7	-	99.7	-	100.0	-	100.0	AUD	Floating ⁴
Wrapped domestic bond ²	November 2021	198.6	198.5	198.6	198.5	200.0	200.0	200.0	200.0	AUD	Floating ⁴
Wrapped domestic bond ²	October 2022	740.7	740.0	740.7	740.0	750.0	750.0	750.0	750.0	AUD	Floating ⁴
Wrapped domestic bond ²	October 2027	648.0	647.6	648.0	647.6	659.0	659.0	659.0	659.0	AUD	Floating ⁴
Unwrapped domestic bond	July 2018	99.5	99.4	111.8	113.5	100.0	100.0	100.0	100.0	AUD	7.75% ⁵
USPP bond	August 2028	99.3	99.3	99.3	99.3	100.0	100.0	100.0	100.0	AUD	Floating ⁴
USPP bond	November 2028	99.3	99.3	99.3	99.3	100.0	100.0	100.0	100.0	AUD	Floating ⁴
USPP bond	November 2028	178.8	178.7	256.3	235.5	180.0	180.0	180.0	180.0	AUD	6.04% ⁵
USPP bond	November 2028	57.6	57.6	79.8	73.5	58.0	58.0	58.0	58.0	AUD	5.60% ⁵
USPP bond	November 2029	135.1	135.0	191.7	174.4	136.0	136.0	136.0	136.0	AUD	5.70% ⁵
Canadian Maple bond	July 2018	231.2	221.3	250.8	244.1	217.4	217.4	225.0	225.0	CAD	4.60% ⁵
Euro bond	April 2024	1,153.7	1,109.3	1,249.9	1,209.3	1,033.4	1,033.4	700.0	700.0	EUR	2.75% ⁵
US144A/RegS bond	February 2021	685.3	692.7	798.5	800.8	518.7	518.7	500.0	500.0	USD	5.13% ⁵
US144A/RegS bond	March 2023	1,152.2	1,136.3	1,306.7	1,280.8	802.4	802.4	825.0	825.0	USD	3.90% ⁵
US144A/RegS bond	April 2025	678.1	689.7	788.8	758.8	643.0	643.0	500.0	500.0	USD	3.38% ⁵
US144A/RegS bond	April 2026	1,183.8	-	1,462.3	-	1,163.4	-	900.0	-	USD	3.63% ⁵
CIB ³	November 2020	713.6	704.2	737.1	739.7	725.1	719.5	725.1	719.5	AUD	3.76% ⁵
CIB ³	November 2030	361.4	356.1	384.5	379.0	381.4	378.5	381.4	378.5	AUD	3.12% ⁵
Total external interest bearing liabilities		8,502.6	8,181.1	9,490.5	8,810.2	7,854.8	7,618.9	n/a	n/a		

1 Syndicated facility \$86.4 million is classified as current interest bearing liabilities in the Statement of Financial Position as at 30 June 2016. There were no current interest bearing liabilities as at 31 December 2015.

2 Financial guarantees are provided by MBIA Insurance Corporation, Ambac Assurance Corporation and Assured Guaranty Municipal Corp.

3 Financial guarantees are provided by MBIA Insurance Corporation and Ambac Assurance Corporation.

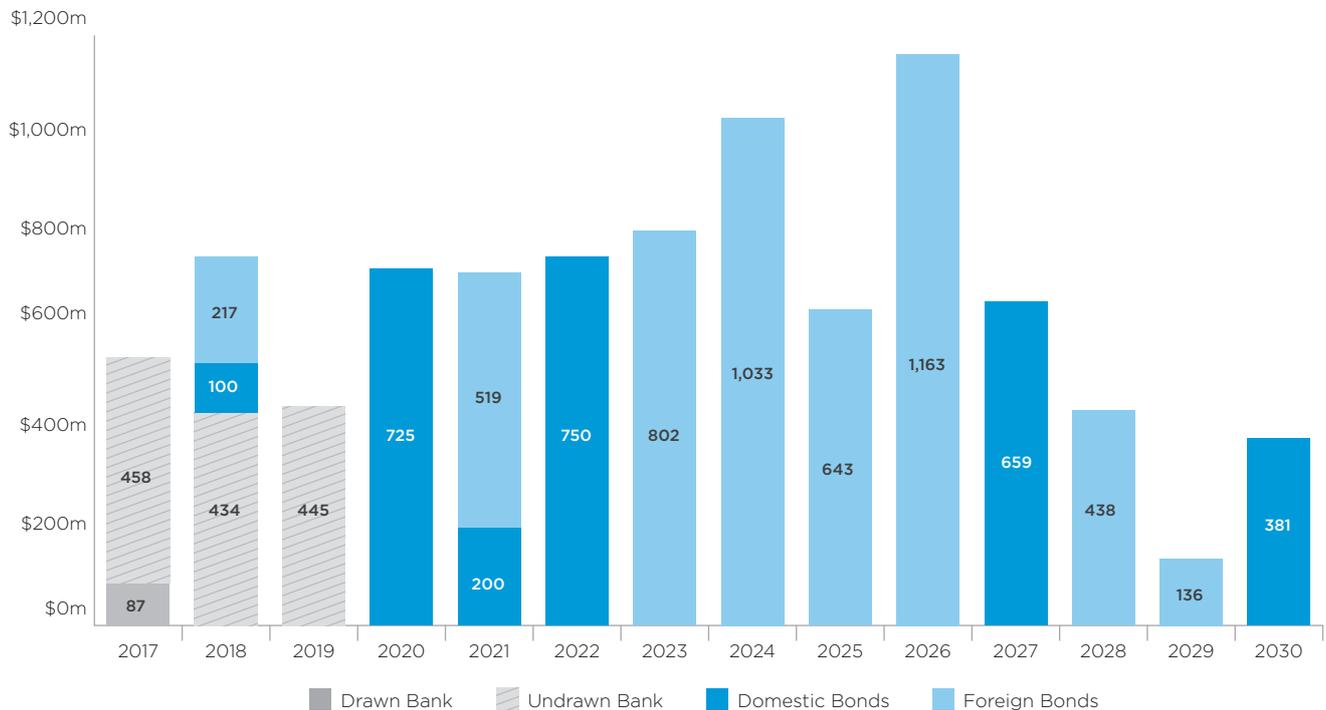
4 Floating rates are at Bank Bill Swap Bid Rate plus a predetermined margin.

5 Fixed interest rates reflective of coupons in respective currencies/markets.



2 INTEREST BEARING LIABILITIES (CONT.)

The maturity profile of interest bearing liabilities is presented in the chart below.



There is no debt maturing in the second half of 2016.

Assets pledged as security

All interest bearing liabilities of SCACH, a wholly owned subsidiary, are of equal rank. The security consists of fixed and floating charges over the assets of the Group (excluding deferred tax and goodwill) and a mortgage over the Airport lease.

3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

Deposits classified as cash equivalents are considered to be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value and at balance date have a remaining term to maturity of three months or less. They are used for the purpose of meeting the short-term cash commitments of the Group.

	SAL Group		SAT1 Group	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	\$m	\$m	\$m	\$m
Cash on hand	135.2	126.0	0.1	0.9
Deposits ¹	338.1	240.8	13.8	15.0
Total cash and cash equivalents	473.3	366.8	13.9	15.9

¹ Included in the SAL Group's consolidated deposit balance is \$24.9 million (2015: \$35.7 million) held by Sydney Airport Corporation Limited (SACL), which is restricted for maintenance.



TREASURY

4 NET FINANCE COSTS

	SAL Group		SAT1 Group	
	6 months to 30 June 2016 \$m	6 months to 30 June 2015 \$m	6 months to 30 June 2016 \$m	6 months to 30 June 2015 \$m
Finance income				
Interest income from other corporations	3.9	6.0	0.2	0.1
Interest income from related parties	-	-	122.3	121.6
Total finance income	3.9	6.0	122.5	121.7
Finance costs				
Senior debt interest expense	(149.4)	(139.5)	-	-
Net swap interest expense	(53.0)	(69.2)	-	-
Capital indexed bonds capitalised	(8.5)	(7.3)	-	-
Amortisation of debt establishment costs	(10.6)	(11.9)	-	-
Recurring borrowing costs	(2.3)	(3.9)	-	-
Borrowing costs - corporate debt	(0.1)	-	-	-
Borrowing costs capitalised	4.6	4.5	-	-
Total finance costs	(219.3)	(227.3)	-	-
Change in fair value of swaps	13.6	8.2	-	-
Net finance costs	(201.8)	(213.1)	122.5	121.7



FINANCIAL RESULTS AND FINANCIAL POSITION

5 Segment Reporting

6 Taxation

5 SEGMENT REPORTING

The Chief Executive Officer (CEO) monitors and manages the SAL Group from the perspective of its core asset – the investment in Sydney Airport, and considers this to be the Group's single operating segment. The segment result for the half year represents earnings before interest, tax, depreciation and amortisation (EBITDA).

The segment's revenues, expenses, assets and liabilities are as presented in the consolidated statements of comprehensive income and statement of financial position.

The Group's revenue, which is equal to that of the operating segment, is measured at the fair value of the consideration received or receivable and recognised on the basis of the following criteria:

Revenue stream	Nature	Recognition
Aeronautical	Passenger, take-off, parking charges and exclusive first right use of infrastructure.	Revenue is recognised when the related services are provided.
Aeronautical security recovery	Passenger and checked bag screening, counter terrorist first response and other security measures.	
Retail	Rental from tenants whose sale activities include duty free, food and beverage, financial and advertising services.	Revenue is recognised on a straight-line basis over the lease term.
Property	Rental for airport property including in terminals, buildings and other leased areas.	
Car rental	Concession charges from car rental companies.	
Parking and ground transport	Time based charges from the operation of car parking and ground access transport services.	Revenue is recognised when the related services are provided.

All revenue is generated from external customers within Australia.

Income from interest, dividends and other distributions received from investments are measured at the fair value of the consideration received or receivable and recognised in the consolidated statements of comprehensive income.

Sydney Airport's revenues, expenses, assets and liabilities are consolidated and accounted for in accordance with the Group's accounting policies. For half years ended 30 June 2016 and 30 June 2015 the segment results, assets and liabilities were equal to that of the SAL Group.

6 TAXATION

Income tax expense

SAL and its wholly owned Australian subsidiaries are members of a tax-consolidated group (SAL TCG) under Australian income tax law, with SAL the head entity. The SAL TCG had tax losses of \$1,364 million at 30 June 2016 (2015: \$1,408 million).

Each entity in the SAL TCG accounts for current and deferred tax with tax expense and deferred tax assets and liabilities arising from temporary differences recognised in their separate financial statements using the 'standalone tax payer' approach. Under the tax sharing agreement (SAL TSA) between SAL TCG entities, amounts are recognised as payable to or receivable by each member of the SAL TCG in relation to the tax contribution amounts paid or payable between SAL and members of the SAL TCG.



OTHER DISCLOSURES

- 7 Contingent Assets and Liabilities
- 8 Events Occurring after Balance Sheet Date

7 CONTINGENT ASSETS AND LIABILITIES

Contingent assets

Future minimum rentals are receivable under non-cancellable operating leases. The associated revenue will be recognised on a straight-line basis over the lease term in the future periods when the contingent event occurs.

Contingent liabilities

MAp Airports International Pty Limited (MAIL), a subsidiary of the SAT1 Group provided a comprehensive set of representations and warranties in respect of the sale of Copenhagen Airports and Brussels Airport on 7 October 2011, which are more commensurate with those normally provided by an owner/operator than a minority investor.

Ontario Teachers' Pension Plan Board (OTPP) is indemnified for its share of the challenged withholding tax liabilities, should they ever materialise, arising from the Danish Tax Office's current assessments to Copenhagen Airports Denmark Holdings. There are also indemnities for litigation at Brussels Airport and other certain contingent liabilities. On 3 December 2013, SAT1 replaced MAIL as the party liable for these representations and warranties.

8 EVENTS OCCURRING AFTER BALANCE SHEET DATE

The total interim distribution of \$334.4 million or 15.0 cents per stapled security (2015: \$277.1 million or 12.5 cents) was paid on 12 August 2016 by:

- SAL \$212.9 million or 9.55 cents (2015: \$157.4 million or 7.10 cents); and
- SAT1 \$121.5 million or 5.45 cents (2015: \$119.7 million or 5.40 cents).

The DRP operated in respect of the half year ended 30 June 2016 distribution. In August 2016, to satisfy the DRP take up, 20.4 million stapled securities were issued for a total of \$142.3 million. Securities were transferred to DRP participants at \$6.99 per stapled security including a 1.5% discount applied.

The directors of SAL and TTCSAL are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of the SAL and SAT1 Groups, the results of those operations or the state of affairs of the Groups in the period subsequent to the half year ended 30 June 2016.



STATEMENT BY THE DIRECTORS OF SYDNEY AIRPORT LIMITED

In the opinion of the Directors of Sydney Airport Limited (SAL):

- a. the consolidated interim financial statements and notes for SAL set out on pages 18 to 32 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory reporting requirements; and
 - ii. giving a true and fair view of the SAL Group's financial position at 30 June 2016 and of its performance for the half year ended on that date.
- b. There are reasonable grounds to believe that the SAL Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors pursuant to section 303(5) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'T. Gerber'.

Trevor Gerber

Sydney

17 August 2016

A handwritten signature in black ink, appearing to read 'J. Roberts'.

John Roberts

Sydney

17 August 2016



STATEMENT BY THE DIRECTORS OF THE RESPONSIBLE ENTITY OF SYDNEY AIRPORT TRUST 1

In the opinion of the Directors of The Trust Company (Sydney Airport) Limited, the Responsible Entity of Sydney Airport Trust 1 (SAT1):

- a. the consolidated interim financial statements and notes for SAT1 set out on pages 18 to 32, are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory reporting requirements; and
 - ii. giving a true and fair view of the SAT1 Group's financial position at 30 June 2016 and of its performance for the half year ended on that date.
- b. there are reasonable grounds to believe that SAT1 will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors pursuant to section 303(5) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'P. Gourley'.

Patrick Gourley

Sydney

17 August 2016

A handwritten signature in black ink, appearing to read 'G. Larkins'.

Gillian Larkins

Sydney

17 August 2016