Southern Cross Airports Corporation Holdings Limited
ACN 098 082 029

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Sydney Airport

ASX RELEASE
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25 February 2010

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

Please find attached the consolidated Southern Cross Airports Corporation Holdings Limited Audited General Purpose Financial Report for the financial year ended 31 December 2009.

For further information please contact:

Jamie Motum

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Company Secretary
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Southern Cross Airports Corporation Holdings Limited

Audited General Purpose 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
Corporate Information
ACN 098 082 029

This audited general purpose financial report covers both Southern Cross Airports Corporation Holdings ("SCACH") as an individual entity and the consolidated entity comprising SCACH and its controlled entities ("the Group"). The Group's functional and presentation currency is Australian Dollars ("$").

A description of the Group's operations, its principal activities and a review of operations and results is included in the directors' report on page 6.

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

Company Secretary
Jacqueline Quang

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

Auditors
PricewaterhouseCoopers

Internet Address
www.sydneyairport.com.au

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 24 and 25 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 21, 22, 24 and 25 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).

Southern Cross Airports Corporation Holdings Limited
Directors' Report

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 18 on page 55 and excludes shareholder related borrowing (RPS) as they are subordinated to all other creditors
2. Refer to Note 26(a)
3. Refer to Note 18(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.

Southern Cross Airports Corporation Holdings Limited
Directors' Report

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

Southern Cross Airports Corporation Holdings Limited
Directors' Report

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.

Southern Cross Airports Corporation Holdings Limited
Directors' Report

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.

Remuneration Report (cont'd)

31 December 2009

	Short-term employee benefits		Post-employment benefits			
	Salary and Fees	Bonus [2]	Superannuation	Other Long-Term Employee Benefits [2]	Termination Benefits	Total
	$	$	$	$		$
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			
	Salary and Fees	Bonus [2]	Superannuation	Other Long-Term Employee Benefits [2]	Termination Benefits	Total
	$	$	$	$		$
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 32 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 32 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 17 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

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

Report on the financial report

We have audited the accompanying financial report of Southern Cross Airports Corporation Holdings Limited ("the company"), which comprise the balance sheet as at 31 December 2009, and the income statement, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Southern Cross Airports Corporation Holdings Limited and the Southern Cross Airports Corporation Holdings Limited Group ("the consolidated entity"). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

PRICEWATERHOUSECOOPERS

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Southern Cross Airports Corporation Holdings Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2009 and of their performance for the year ended on that date; and

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

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 31 December 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

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

PricewaterhouseCoopers

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, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 31 December 2009 and performance of the company and the consolidated entity for the financial year ended on that date; and

(c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 33 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made persuant to s.295(5) of the Corporations Act 2001.

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	3	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	2(b)	151	84	-	-
Expenses					
Channel related initiatives		(3,057)	(1,220)	-	-
Employee benefits expense	2(c)	(36,034)	(35,944)	-	-
Services and utilities		(92,289)	(87,592)	-	-
Other operational costs	2(d)	(13,660)	(15,912)	-	-
Property and maintenance		(18,156)	(18,802)	-	-
Specific expenses:					
Restructuring and redundancy	2(g)	(758)	(3,827)	-	-
Non-recurring legal expenses	2(g)	(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	2(e)	(212,646)	(188,729)	-	-
Profit before finance costs and income tax (EBIT)		476,666	460,692	-	-
External finance (costs)/income:					
Interest income	2(f)	20,676	31,749	1,516	15,106
Change in fair value of interest rate swaps not qualifying as hedges	2(f)	2,100	(7,929)	-	-
Gain/(Loss) on foreign exchange transaction	2(f)	5	-	-	-
Borrowing costs – FLIERS	2(f)	-	(14)	-	(14)
Borrowing costs – SKIES	2(f)	(35,467)	(61,479)	(35,467)	(61,479)
Borrowing costs – senior debt	2(f)	(378,599)	(407,507)	-	(377)
Interest on finance leases	2(f)	(708)	-	-	-
Total external finance (costs)/income (i)	2(f)	(391,993)	(445,180)	(33,951)	(46,764)
Shareholder related finance (costs)/income:					
Borrowing costs – redeemable preference shares held by ordinary shareholders (ii)	2(f)	(282,644)	(210,573)	(282,644)	(210,573)
Internal finance (costs)/income:					
Interest income from wholly-owned subsidiaries	2(f)	-	-	816,811	534,210
Total finance (costs)/income	2(f)	(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	4(b)	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 22
Notes to the financial statements are included on pages 28 to 83

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	26(a)	358,051	555,998	20,827	34,325
Trade and other receivables	6	96,849	85,035	3,646	13,119
Other financial assets	7	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	8	2,498,406	2,367,409	-	-
Intangibles	9	3,436,788	3,476,046	-	-
Goodwill	10	688,284	688,284	-	-
Trade and other receivables	11	48,063	43,016	-	-
Other financial assets	12	-	-	3,946,097	2,957,563
Other assets	13	11,869	11,042	-	-
Deferred tax assets	4 (d)	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	15	188,453	247,746	884,504	711,483
Provisions	16	10,038	7,653	-	-
Other current liabilities	17	22,277	25,038	-	-
Borrowings – external	18	-	867,667	-	-
Derivative financial instruments	20	60,417	9,668	-	-
Finance lease liabilities	21	2,224	-	-	-
Total current liabilities		283,409	1,157,772	884,504	711,483
Non-current liabilities					
Borrowings – external	18	5,738,404	5,701,791	634,810	633,159
Borrowings – shareholder related	19	1,999,132	1,542,856	1,999,132	1,542,856
Provisions	22	2,753	6,302	-	-
Derivative financial instruments	20	11,359	285,765	-	-
Finance lease liabilities	21	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	23	1,313,991	778,430	1,313,991	778,430
Cash flow hedge reserve	24	(50,071)	(209,980)	-	-
(Accumulated losses)/Retained earnings	25	(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 29 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 28 to 83

Southern Cross Airports Corporation Holdings Limited
Cash Flow 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
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	26(b)	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	5	-	(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	26(a)	358,051	555,998	20,827	34,325

Notes to the financial statements are included on pages 28 to 83

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 28 to 83

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 28 to 83

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 financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group (the 'consolidated entity' or 'Group') comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 23 February 2010.

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.

Standards and Interpretations in issue not yet adopted
At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the consolidated entity and the company:

Standard/Interpretation	*Effective for annual reporting periods beginning on or after*	*Expected to be initially applied in the financial year ending*
Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	1 July 2009	31 December 2010
AASB 2008-6 Further amendments arising from the first annual improvements project	1 July 2009	31 December 2010
AASB 2008-8 Amendment to Australian Accounting Standards - Eligible Hedged Items [AASB 139]	1 July 2009	31 December 2010
AASB 2009-4 and AASB 2009-5 Amendments arising from the second annual improvements project	1 January 2010	31 December 2010
AASB Interpretation 17 Distribution of Non-Cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17	1 July 2009	31 December 2010

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

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

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.

Segment reporting

The Group has applied AASB 8 Operating Segments from 1 January 2009. AASB 8 requires a "management approach" under which segment information is presented on the same basis that is used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Chief Executive Officer ("CEO"), who makes strategic decisions.

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they were incurred.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks, money market investments readily convertible to cash within two working days and restricted short term deposits, net of outstanding bank overdrafts.

c) Derivative financial instruments

Accounting treatment

Derivative financial instruments are predominantly interest rate swaps transacted to hedge the Group's interest rate risks. Speculative trading is specifically prohibited by Board policy.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of interest rate risk, as either fair value hedges or cash flow hedges. Hedges of interest rate risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged items.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)
Significant accounting policies (cont'd)

c) Derivative financial instruments (cont'd)
For the purpose of hedge accounting, such derivative financial instruments are classified as cash flow hedges as they hedge the exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction and they are stated at fair value, determined by reference to market values. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss deferred in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Embedded derivatives
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Fair value estimation
The fair value of financial instruments with embedded derivatives traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of derivative financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)
Significant accounting policies (cont'd)

d) Employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, incentives, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rates expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Provision for employees' incentives is made when the outflow of economic benefits is probable and the amount can be measured reliably. Incentives are included in directors' remuneration as applicable, once these benefits have vested with the employee.

All employees of the Group are entitled to benefits from the Group's superannuation plan on retirement, disability or death. The Group has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

Defined contribution plans
Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans
For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out annually. Actuarial gains and losses are recognised in full, directly in retained earnings, in the period in which they occur, and are presented in the statement of recognised income and expense. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

e) Finance costs
Finance costs consist of borrowing costs and the fair value adjustments of the derivative instruments.

f) Investments and Other Financial assets
Investments
Investments are recognised and derecognised on trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially valued at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other Financial Assets
Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss'; 'held-to-maturity' investments; 'available-for-sale financial assets; and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. At balance date SCACH had only one category of Other Financial Assets, being 'loans and receivables'.

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

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)
Significant accounting policies (cont'd)

f) Investments and Other Financial assets (cont'd)
Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

g) Financial instruments issued by the company
Debt and equity instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments
Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Financial liabilities
Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

<u>Financial liabilities at fair value through profit or loss</u>
Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates an interest paid on the financial liability. Fair value is determined in the manner as described in note 27.

<u>Other financial liabilities</u>
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

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

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)
Significant accounting policies (cont'd)

g) Financial instruments issued by the company (cont'd)
Interest and dividends
Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

h) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and for receivables and payables, which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office, is classified as operating cash flows.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

i) Goodwill
Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at cost less any impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs) and then to the other assets in the CGU (or groups of CGUs). An impairment of goodwill is recognised immediately in profit or loss and is not subsequently reversed. See also note 1(j).

j) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)
Significant accounting policies (cont'd)

j) Impairment of assets (cont'd)
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

k) Income tax
Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are released or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)
Significant accounting policies (cont'd)

l) Intangible assets
Intangible assets acquired in a business combination
All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

The useful lives of the intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

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

A summary of the policies applied to the Group's intangible assets is as follows:

	Leasehold Land	**Airport Operator Licence**
Nature	Right to use the land of Sydney Airport	Right to operate Sydney Airport
Useful lives	Finite	Finite
Amortisation method used	95 years from 1 July 2002 on straight line basis	95 years from 1 July 2002 on straight line basis
Impairment test	When an indicator of impairment exists	When an indicator of impairment exists

m) Maintenance
Major periodic maintenance expenditure on runways, taxiways and aprons are capitalised and written off over the period between major repairs to the extent the maintenance enhances the economic benefit associated with the asset or the relevant component has been depreciated. This recognises that major maintenance will increase the value of the asset and therefore the cost is apportioned over the period of related benefit. Other maintenance costs are expensed as incurred.

n) Lease assets
Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)
Significant accounting policies (cont'd)

o) Basis of consolidation
The consolidated financial statements are prepared by combining the financial statements of all the entities and comprise the consolidated entity, being the company (the parent entity) and its controlled entities as defined in Accounting Standard AASB 127 "Consolidated and Separate Financial Statements". Controlled entities are listed in note 33 to the financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting principles.

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

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

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

p) Property, plant and equipment
All classes of property, plant and equipment are stated at cost less accumulated depreciation and impairment.

Cost
Assets acquired are recorded at the cost of acquisition, being the purchase consideration plus costs incidental to the acquisition. Assets constructed include all direct costs incurred. These costs include materials, labour, borrowing costs and other directly attributable expenditure.

Depreciation
Property, plant and equipment assets are depreciated on a straight-line basis at various rates being the shorter of the average useful life for that asset type and, if relevant, over the remaining period of the lease. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Depreciation periods of each class of asset are:

Buildings	5-60 years
Runways, taxiways and aprons	6-99 years
Other infrastructure	9-40 years
Operational plant and equipment	14-20 years
Other plant and equipment	3-60 years

q) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Aeronautical Revenue
Aeronautical revenue with the exception of international passenger flights is generated from:
(a) Charges levied on aircraft runway movements (take off and landing) where the invoiced amount is based on the maximum take off weight of fixed wing aircraft and movements of rotary wing aircraft;
(b) charges levied on arriving and departing passengers;
(c) time based aircraft parking charges; and
(d) charges for exclusive first right use of gates.

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)
Significant accounting policies (cont'd)

q) Revenue recognition *(cont'd)*
Aeronautical revenue for international flights is derived from:
(a) A passenger service charge (incorporating runway and international terminal use charges) calculated per arriving and departing passenger, excluding transit and transfer passengers, infants and positioning crew; and
(b) time-based aircraft parking charges.

Aeronautical revenue is recognised on a straight-line basis or based on the completion of the rendering of the above-listed services.

Aeronautical Security Recovery
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 passenger screening services). Aeronautical security recoveries are for the following services:

(a) International services include checked bag screening, passenger screening, counter terrorist first response and additional security measures. All charges are levied on a per passenger basis.

(b) Domestic services include counter terrorist first response and additional security measures levied on a per passenger basis and passenger screening (Terminal 2 only).

Aeronautical security recovery is recognised based on the completion of the rendering of the above-listed services.

Retail revenue
Retail revenue comprises rental from tenants whose activities include the sale of duty free, food and beverage and other retail products as well as the rendering of finance and advertising services. Rental income from the tenants is recognised on a straight-line basis over the lease term. Contingent rental income is recognised in the periods in which it is earned.

Property revenue
Property revenue relates to rent due from airport property, including terminals, buildings and other leased areas and is recognised on a straight-line basis over the lease term. Contingent rental income is recognised in the periods in which it is earned.

Commercial trading revenue
Commercial trading revenue includes time-based charges from public and staff car parking and concession charges from car rental. Revenue is recognised in the period in which it is earned.

r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

1. SUMMARY OF ACCOUNTING POLICIES (cont'd)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes
The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(b) Critical judgements in applying the entity's accounting policies
There were no critical judgements in applying the entity's accounting policies for the period ending 31 December 2009.

2. REVENUE AND EXPENSES

	Notes	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
(a) Revenue					
Operating lease rental revenue:					
Contingent rental revenue (i)		79,766	80,412	-	-
(b) Other income/expenses					
Included in other income/expenses:					
Profit on disposal of property, plant and equipment		151	84	-	-
(c) Employee benefits expense					
Wages and salaries and bonus		28,877	28,356	-	-
Defined benefit superannuation expense	30	1,651	1,398	-	-
Defined contribution superannuation expense	30	2,062	1,869	-	-
Payroll and fringe benefit taxes		2,576	2,653	-	-
Worker's compensation costs		387	385	-	-
Other		481	1,283	-	-
		36,034	35,944	-	-
Redundancy costs	2(g)	445	3,099	-	-
		36,479	39,043	-	-
(d) Other operational costs					
Software and software support		3,301	3,395	-	-
Marketing costs		1,398	1,881	-	-
Insurance costs		4,136	4,172	-	-
Legal fees		363	812	-	-
Bad and doubtful debt expenses		241	401	-	-
Operating lease payments		237	38	-	-
Other		3,984	5,213	-	-
		13,660	15,912	-	-
Restructuring costs	2(g)	313	728	-	-
Non-recurring legal expenses	2(g)	81	95	-	-
		14,054	16,735	-	-
(e) Depreciation and amortisation					
Depreciation of property, plant and equipment	8	173,388	149,077	-	-
Amortisation of intangible assets	9	39,258	39,258	-	-
Impairment of other non-current assets		-	394	-	-
		212,646	188,729	-	-

(i) Contingent rental revenue is derived from retail, property and some commercial trading areas.

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

2. REVENUE AND EXPENSES (cont'd)

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
(f) Finance (costs)/income				
External finance (costs)/income				
Interest income				
Bank Interest	19,926	31,749	1,516	15,106
Other organisation	750	-	-	-
	20,676	31,749	1,516	15,106
Other finance income/(expenses)				
Fair value adjustment to interest rate swaps not qualifying as hedges	2,100	(7,929)	-	-
Foreign currency gain/(loss)	5	-	-	-
	2,105	(7,929)	-	-
Interest expense				
Recurring borrowings costs	-	(14)	-	(14)
SKIES interest paid or accrued	(33,735)	(60,073)	(33,735)	(60,073)
Amortisation of deferred debt establishment costs and other recurring borrowings costs	(1,732)	(1,406)	(1,732)	(1,406)
SKIES interest expense	(35,467)	(61,479)	(35,467)	(61,479)
Senior debt interest paid or accrued	(247,674)	(436,482)	-	-
Net swap interest (expense)/income	(103,668)	47,468	-	-
Amortisation of deferred debt establishment costs and other borrowings costs	(26,676)	(18,657)	-	(377)
Amortisation of swap reset costs	(4,819)	(8,708)	-	-
Borrowing costs capitalised	4,238	8,872	-	-
Senior debt interest expense	(378,599)	(407,507)	-	(377)
Interest on finance leases	(708)	-	-	-
Total external finance (costs)/income	(391,993)	(445,180)	(33,951)	(46,764)
Shareholder related finance (costs)/income				
Redeemable preference shares held by ordinary shareholders interest paid or accrued	(278,500)	(207,932)	(278,500)	(207,932)
Amortisation of deferred debt establishment costs and other borrowings costs	(4,144)	(2,641)	(4,144)	(2,641)
Redeemable preference shares interest expense	(282,644)	(210,573)	(282,644)	(210,573)
Internal finance (costs)/income				
Interest income				
Interest from wholly-owned subsidiaries	-	-	816,811	534,210
Net finance (costs)/income	(674,637)	(655,753)	500,216	276,873

2. REVENUE AND EXPENSES (cont'd)	**Consolidated**		**Company**	
	31 December 2009 $'000	**31 December 2008 $'000**	**31 December 2009 $'000**	**31 December 2008 $'000**
(g) Specific non-recurring expenses				
(i) Restructuring and redundancy costs	758	3,827	-	-

In late 2008, SCACH is undertook a major corporate reorganisation review with a focus on company and management structure. In the course of this process some restructuring and redundancy costs were incurred.

(ii) Non-recurring legal expenses	81	95	-	-

Costs incurred by SACL representing its interests in the resolution of legal issues that relate to prior to the acquisition of the airport by SCACH in 2002.

3. AERONAUTICAL SECURITY RECOVERY

The income statement includes both revenues and costs relating to aeronautical security recovery.
Security recovery charges are set at appropriate levels to ensure cost recovery only, in accordance with 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	-	-	-	-

4. INCOME TAXES

	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
(a) Income tax recognised in profit or loss				
Tax benefit/(expense) comprises:				
Current income tax				
Current income tax benefit/(expense)	53,550	42,464	(149,708)	(83,060)
Deferred income tax				
Relating to origination and reversal of temporary differences	(3,238)	5,637	-	-
Income tax benefit/(expense) reported in income statement	**50,312**	**48,101**	**(149,708)**	**(83,060)**
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
(Loss)/profit before income tax	(197,971)	(195,061)	500,216	276,873
Income tax benefit/ (expense) calculated at 30%	59,391	58,518	(150,065)	(83,062)
Amortisation of intangibles	(11,777)	(11,777)	-	-
Adjustments recognised in the current year in relation to the prior year	3,308	1,360	-	-
Effect of revenue that is exempt from taxation and expenses that are not deductible	(610)	-	-	-
Other	-	-	357	2
Income tax benefit/(expense) reported in income statement	**50,312**	**48,101**	**(149,708)**	**(83,060)**

(c) Tax losses

At 31 December 2009 all tax assets arising from tax losses have been recognised.

4. INCOME TAXES (cont'd)

(d) Deferred taxes

Deferred income taxes are calculated in full on temporary differences under the comprehensive liability method using the income tax rates applicable for all group companies.

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
The movement on the deferred income tax account is as follows:				
At the beginning of the year	189,165	(1,239)	383,315	326,064
Transferred from common controlled entities	-	-	197,424	140,310
Charged to equity	(66,874)	142,303	-	-
Charged to income statement	50,312	48,101	(149,708)	(83,060)
At the end of the year	172,603	189,165	431,031	383,314

(e) Deferred tax balances

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Deferred tax assets comprise:				
Tax losses – revenue	426,659	373,109	426,659	373,109
Temporary differences	50,282	42,123	20,988	27,485
	476,941	415,232	447,647	400,594
Deferred tax liabilities comprise:				
Temporary differences	304,338	226,067	16,616	17,280

31 December 2009	Consolidated Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing balance $'000
Gross deferred tax liabilities:				
Deferred debt establishment cost	(39,653)	4,042	-	(35,611)
Accrued revenue	(7,542)	(976)	-	(8,518)
Property, plant and equipment	(267,897)	11,717	-	(256,180)
Actuarial gains and losses on defined benefit plan	395	-	(407)	(12)
Deferred income	774	(2,061)	-	(1,287)
Prepayments	473	(3,203)	-	(2,730)
	(313,450)	9,519	(407)	(304,338)
Gross deferred tax assets:				
Shareholder issuance cost	-	218	-	218
Accrued interest payable on redeemable preference shares	27,485	(6,715)	-	20,770
Accrued expense and provisions	7,374	(58)	-	7,316
Defined benefit plan asset / (deficit)	1,134	(689)	-	445
Bond premium	4,883	(4,883)	-	-
Cash flow hedges	88,630	(630)	(66,467)	21,533
Tax losses	373,109	53,550	-	426,659
	502,615	40,793	(66,467)	476,941
Net deferred tax (liabilities)/assets	**189,165**	**50,312**	**(66,874)**	**172,603**

4. INCOME TAXES (cont'd)

31 December 2008	Consolidated Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing balance $'000
Gross deferred tax liabilities:				
Deferred debt establishment cost	(28,553)	(11,100)	-	(39,653)
Accrued revenue	(6,733)	(809)	-	(7,542)
Property, plant and equipment	(272,863)	4,966	-	(267,897)
Actuarial gains and losses on defined benefit plan	(2,008)	-	2,403	395
Cash flow hedges	(53,649)	2,379	139,900	88,630
	(363,806)	(4,564)	142,303	(226,067)
Gross deferred tax assets:				
Prepayments	675	(202)	-	473
Accrued interest payable on redeemable preference shares	12,733	14,752	-	27,485
Accrued expense and provisions	6,956	418	-	7,374
Deferred income	5,453	(4,679)	-	774
Defined benefit plan asset / (deficit)	1,222	(88)	-	1,134
Bond premium	4,883	-	-	4,883
Tax losses	330,645	42,464	-	373,109
	362,567	52,665	-	415,232
Net deferred tax (liabilities)/assets	**(1,239)**	**48,101**	**142,303**	**189,165**

31 December 2009	Company Opening balance $'000	Charged to income $'000	Charged to equity $'000	Other (i) $'000	Closing balance $'000
Gross deferred tax liabilities:					
Deferred debt establishment cost	(17,280)	664	-	-	(16,616)
Gross deferred tax assets:					
Shareholder issuance cost	-	218	-	-	218
Accrued interest payable on redeemable preference shares	27,485	(6,715)	-	-	20,770
Tax losses	373,110	(143,875)	-	197,424	426,659
	400,595	(150,372)	-	197,424	447,647
Net deferred tax assets/ (liabilities)	**383,315**	**(149,708)**	-	**197,424**	**431,031**

(i) Tax losses and current tax liabilities from subsidiaries are transferred to the head entity of the tax consolidated group.

4. INCOME TAXES (cont'd)

31 December 2008	Opening balance $'000	Charged to income $'000	Company Charged to equity $'000	Other (i) $'000	Closing balance $'000
Gross deferred tax liabilities:					
Deferred debt establishment cost	(17,314)	34	-	-	(17,280)
Gross deferred tax assets:					
Accrued interest payable on redeemable preference shares	12,733	14,752	-	-	27,485
Tax losses	330,645	(97,845)	-	140,310	373,110
	343,378	(83,093)	-	140,310	**400,595**
Net deferred tax assets/ (liabilities)	**326,064**	**(83,059)**	-	**140,310**	**383,315**

(i) Tax losses and current tax liabilities from subsidiaries are transferred to the head entity of the tax consolidated group.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax assets relate to the same fiscal authority.

(e) Tax consolidation

The company and all the wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Southern Cross Airports Corporation Holdings Limited is the head entity of the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group. The amounts recognised are calculated using the assumptions set out in the tax funding agreement, using the "stand-alone tax payer" approach. Current tax liabilities, and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company.

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to, or receivable by, the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

The consolidated entity has not paid income tax during the year and has not recorded a current income tax liability at 31 December 2009. The franking account balance is $nil (31 December 2008: $nil).

(f) Tax expense/(income) relating to items of other comprehensive income	**Consolidated** 31 December 2009 $'000	**Consolidated** 31 December 2008 $'000	**Company** 31 December 2009 $'000	**Company** 31 December 2008 $'000
Cash flow hedges	(66,467)	139,900	-	-
Actuarial gains/(losses) on retirement benefit obligation	(407)	2,403	-	-
	(66,874)	142,303	-	-

5. 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.

	$ per share 2009	Total $'000 2009	$ per share 2008	Total $'000 2008
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	15	8,443	14,352	8,443	14,352
SKIES interest paid or accrued	2(f)	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	15	69,234	91,618	69,234	91,618
Redeemable preference shares interest paid or accrued	2(f)	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.

6. CURRENT TRADE AND OTHER RECEIVABLES

		Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
Trade receivables	(i)	45,100	32,152	-	-
Provision for impairment of receivables	(ii)	(787)	(406)	-	-
		44,313	31,746	-	-
Accrued revenue		40,134	23,804	-	-
Credit note provision		(4,127)	-	-	-
Operating lease receivable		1,680	1,085	-	-
Prepaid expenses		3,359	5,730	-	-
Tax receivable from entities in the wholly owned group		-	-	3,440	2,409
Other receivables	(iii)	11,490	22,670	206	10,710
		96,849	85,035	3,646	13,119

Refer to Note 11 for non-current portion of trade receivables

(i) Trade receivables are non-interest bearing and are generally on 30-day terms. The total value of trade receivables past due date but not impaired is $0.26 million (2008: $0.8 million).
(ii) Movement in the allowance for doubtful debts is shown in the table below
(iii) Other receivables mainly consist of accrued revenue.

		Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
Balance at the beginning of the year		406	5	-	-
Increase/(decrease) in allowance recognised in other operational costs	2(d)	241	-	-	-
Increase/(decrease) in allowance recognised in revenue		140	401	-	-
Balance at end of the year		787	406	-	-

7. OTHER CURRENT FINANCIAL ASSETS

At amortised cost					
Loans to entities in the wholly-owned group	(i)	-	-	1,221,504	717,767
Recurring borrowing costs		124	-	-	-
		124	-	1,221,504	717,767

(i) Terms and conditions are disclosed in Note 33.

Refer to Note 12 for the non-current portion of other current financial assets

8. PROPERTY, PLANT AND EQUIPMENT

Consolidated reconciliation of gross carrying amount 31 December 2009	*Balance at 1 January 2009 $'000*	*Additions $'000*	*Transfers $'000*	*Disposals $'000*	*Adjustments $'000*	*Balance at 31 December 2009 $'000*
Freehold land	11,431	-	2	-	-	11,433
Buildings on leasehold land	973,034	-	311,347	(43,072)	(1)	1,241,308
Runways, taxiways and aprons	624,188	-	42,095	(5,454)	-	660,829
Other infrastructure	569,112	-	113,704	(17,169)	(1,999)	663,648
Operational plant and equipment	290,894	-	17,812	(49)	(1)	308,656
Other plant and equipment	136,258	-	36,982	(38,584)	-	134,656
Capital works in progress	352,286	306,386	(521,942)	-	-	136,730
Total property, plant and equipment	2,957,203	306,386	-	(104,328)	(2,001)	3,157,260

Consolidated reconciliation of accumulated depreciation and impairment	*Balance at 1 January 2008 $'000*	*Depreciation $'000*	*Transfers $'000*	*Disposals $'000*	*Adjustments $'000*	*Balance at 31 December 2009 $'000*
Buildings on leasehold land	(214,099)	(69,616)	-	43,072	2	(240,641)
Runways, taxiways and aprons	(80,723)	(23,324)	-	5,454	(2)	(98,595)
Other infrastructure	(108,557)	(25,914)	-	17,169	-	(117,302)
Operational plant and equipment	(104,234)	(26,150)	-	49	(354)	(130,689)
Other plant and equipment	(82,181)	(28,384)	-	38,584	354	(71,627)
Total property, plant and equipment	(589,794)	(173,388)	-	104,328	-	(658,854)

Net book value	**Consolidated 31 December 2009 $'000**	**Consolidated 31 December 2008 $'000**	**Company 31 December 2009 $'000**	**Company 31 December 2008 $'000**
Gross carrying cost	3,157,260	2,957,203	-	-
Accumulated depreciation and impairment	(658,854)	(589,794)	-	-
Total property, plant and equipment	2,498,406	2,367,409	-	-

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Consolidated reconciliation of gross carrying amount 31 December 2008	Balance at 1 January 2008 $'000	Additions $'000	Transfers $'000	Disposals $'000	Reclassification $'000	Balance at 31 December 2008 $'000
Freehold land	11,284	-	147	-	-	11,431
Buildings on leasehold land	886,962	-	84,246	-	1,826	973,034
Runways, taxiways and aprons	588,840	-	35,314	-	34	624,188
Other infrastructure	543,311	-	25,801	-	-	569,112
Operational plant and equipment	286,704	-	4,190	-	-	290,894
Other plant and equipment	129,140	-	8,944	(94)	(1,732)	136,258
Capital works in progress	119,375	391,553	(158,642)	-	-	352,286
Total property, plant and equipment	2,565,616	391,553	-	(94)	128	2,957,203

Consolidated reconciliation of accumulated depreciation and impairment	Balance at 1 January 2008 $'000	Depreciation $'000	Transfers $'000	Disposals $'000	Reclassification $'000	Balance at 31 December 2008 $'000
Buildings on leasehold land	(153,865)	(60,065)	-	-	(169)	(214,099)
Runways, taxiways and aprons	(61,382)	(19,341)	-	-	-	(80,723)
Other infrastructure	(81,920)	(26,637)	-	-	-	(108,557)
Operational plant and equipment	(79,514)	(24,720)	-	-	-	(104,234)
Other plant and equipment	(64,129)	(18,314)	-	94	168	(82,181)
Total property, plant and equipment	(440,810)	(149,077)	-	94	(1)	(589,794)

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Aggregate Depreciation
Aggregate depreciation charged during the year is recognised as an expense and disclosed in Note 2.

Domestic terminal leases
Domestic terminal leases presently include a term that requires SACL to buy buildings constructed by a tenant at market value at the date the lease terminates in 2019.

9. INTANGIBLE ASSETS

Consolidated	*Leasehold land* *$'000*	*Airport operator licence* *$'000*	*Total* *$'000*
12 months ended 31 December 2009			
Gross carrying costs			
At 31 December 2009	1,672,044	2,058,070	**3,730,114**
Accumulated amortisation			
Opening accumulated amortisation as at 1 January 2009	(113,264)	(140,804)	**(254,068)**
Amortisation	(17,597)	(21,661)	**(39,258)**
At 31 December 2009	(130,861)	(162,465)	**(293,326)**
At 31 December 2009			
Cost (gross carrying amount)	1,672,044	2,058,070	**3,730,114**
Accumulated amortisation	(130,861)	(162,465)	**(293,326)**
Net carrying amount	1,541,183	1,895,605	**3,436,788**

9. INTANGIBLE ASSETS (cont'd)

Consolidated	*Leasehold land $'000*	*Airport operator licence $'000*	*Total $'000*
12 months ended 31 December 2008			
Gross carrying costs			
At 31 December 2008	1,672,044	2,058,070	**3,730,114**
Accumulated amortisation			
Opening accumulated amortisation as at 1 January 2008	(95,669)	(119,141)	**(214,810)**
Amortisation	(17,595)	(21,663)	**(39,258)**
At 31 December 2008	(113,264)	(140,804)	**(254,068)**
At 31 December 2008			
Cost (gross carrying amount)	1,672,044	2,058,070	**3,730,114**
Accumulated amortisation	(113,264)	(140,804)	**(254,068)**
Net carrying amount	1,558,780	1,917,266	**3,476,046**

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

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

	Leasehold land		**Airport operator license**	
	31 December 2009 $'000	**31 December 2008 $'000**	**31 December 2009 $'000**	**31 December 2008 $'000**
Carrying amount	1,541,183	1,558,780	1,895,605	1,917,266
Remaining useful life	87 years	88 years	87 years	88 years

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

Leasehold land and the airport operator licence have been tested for impairment based on single cash generating unit approach. All income streams are inextricably linked to one single cash generating unit and individual cash flows cannot be separated from airport operations. Refer to Note 10 on Goodwill for the impairment testing methodology.

10. GOODWILL

	Consolidated		Company	
	31 December 2009 $'000	**31 December 2008 $'000**	**31 December 2009 $'000**	**31 December 2008 $'000**
Gross carrying amount	688,284	688,284	-	-
Accumulated impairment losses	-	-	-	-
Net book value				
At the beginning of the financial year	688,284	688,284	-	-
At the end of the financial year	688,284	688,284	-	-

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

Indefinite life intangible assets, such as goodwill, are reviewed annually for impairment. The recoverable amount of such assets is assessed by reference to their value in use. Value in use is determined by reference to discounted cash flow forecasts for the cash generating unit of Sydney Airport.

Under the Group's debt documents, SCACH is required to undertake an annual independent Valuation based on 20 year forecast cashflows. The key assumptions upon which management has based the cashflow projections are passenger forecasts, revenue and operating expenses, interest rates, inflation and future financing assumptions. A Corporate Plan was approved by the Board in December 2009 and this is used as the basis of the first 5 years of cashflows. The Corporate Plan is the result of a detailed business planning process, based on historical performance and the company's views on key drivers. For the remaining 15 years of the forecasts, the assumptions are based on the 5 year Corporate Plan and industry comparables for key drivers including inflation and long term passenger forecasts. A period of 20 years is used for cashflow projections as the airport operates under a 50 year lease (38 years remaining) from the Commonwealth, with an additional zero cost 49 year option.

In its Valuation as at 31 December 2009, KPMG Corporate Finance calculated the Equity Value of the cash generating unit (SCACH) in accordance with the Group's debt documents by discounting the SCACH equity cashflows at a discount rate derived using the CAPM model, being 14.5% per annum. Net Finance Debt is then added to Equity Value to arrive at Enterprise Value. Further details of the Valuation as at 31 December 2009, performed by KPMG Corporate Finance are contained below.

During the financial year, no such assets were found to be impaired (31 December 2008: $Nil).

Valuation of Sydney Airport
The valuation as at 31 December 2009 equates to a SCACH Equity Value of $6,338 million (2008: $5,481 million) compared to a book net liabilities of $730 million (2008: $1,278 million). The 31 December 2009 SCACH equity valuation of $6,338 million reflects a cumulative increase in the SCACH Equity Value since acquisition of approximately $4,338 million (2008: $3,481 million).

The directors believe that it is appropriate to rely on the valuation for 31 December 2009 reporting period and are unaware of any factors occurring since the valuation date that would have a material negative impact on the valuation. SCACH will have a new valuation conducted for the financial year ended 31 December 2010 and annually thereafter.

		Consolidated		Company	
11. NON-CURRENT TRADE AND OTHER RECEIVABLES	**Note**	**31 December 2009 $'000**	**31 December 2008 $'000**	**31 December 2009 $'000**	**31 December 2008 $'000**
Accrued revenue		10,423	7,368	-	-
Operating lease receivable		30,816	29,071	-	-
Prepayments		6,824	6,577	-	-
		48,063	43,016	-	-

12. OTHER NON-CURRENT FINANCIAL ASSETS

	Note				
At amortised cost					
Loans to entities in the wholly-owned group	(i)	-	-	3,842,269	2,853,735
Investment in subsidiaries	(ii)	-	-	103,828	103,828
		-	-	3,946,097	2,957,563

(i) Terms and conditions are disclosed in Note 33.
(ii) Contribution to subsidiaries arising from tax consolidation.

13. OTHER NON-CURRENT ASSETS

	Note				
Deferred costs		456	621	-	-
Deferred debt establishment costs	(i)	11,413	10,421	-	-
		11,869	11,042	-	-

(i) Deferred debt establishment costs represent prepaid borrowing costs on debt facilities undrawn at 31 December 2009.

14. ASSETS PLEDGED AS SECURITY

In accordance with the security arrangements of liabilities, as disclosed in note 18 to the financial statements, all assets of the Group, except goodwill, together with a mortgage over the Airport lease have been pledged as security. Financial guarantees in respect of the medium term notes and capital indexed bonds are provided by MBIA Insurance Corporation, Ambac Assurance Corporation and Financial Security Assurance Limited. Medium term notes rank pari passu with the senior bank debt and capital indexed bonds.

15. CURRENT TRADE AND OTHER PAYABLES

	Note				
Trade payables	(i)	8,756	15,053	-	-
Accrued distribution – SKIES	(ii)	8,443	14,352	8,443	14,352
Accrued distribution – Redeemable preference shares	(ii)	69,234	91,618	69,234	91,618
Bank loan and medium term note accrued interest	(iii)	44,909	50,077	-	-
Other payables and accruals	(i)	52,336	74,036	2,857	-
Goods and services tax (GST) payable	(iv)	4,775	2,610	-	-
Tax payable to entities in wholly owned group		-	-	803,970	605,513
		188,453	247,746	884,504	711,483

(i) Trade payables and other payables are non-interest bearing and are normally settled on 30-day terms.
(ii) Refer to Note 5.
(iii) Interest payable is either settled quarterly or bi-annually.
(iv) The net of GST payable and GST receivable is remitted to the Australian Taxation Office on a monthly basis.

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

16. CURRENT PROVISIONS

	Note	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
Employee benefits	(i)	7,234	7,653	-	-
Legal settlements		2,804	-	-	-
		10,038	7,653	-	-

(i) Refer to note 22 for non-current employee benefits

17. OTHER CURRENT LIABILITIES

	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
Unearned revenue	22,277	25,038	-	-

18. BORROWINGS - External
Group

	Note	Principal amount drawn 31 December 2009 $'000	Principal amount drawn 31 December 2008 $'000	Carrying Amount 31 December 2009 $'000	Carrying Amount 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

	Note	Principal amount drawn 31 December 2009 $'000	Principal amount drawn 31 December 2008 $'000	Carrying Amount 31 December 2009 $'000	Carrying Amount 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

18. 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 31 December 2009 ($'000)	Principal amount drawn 31 December 2008 ($'000)	Carrying amount 31 December 2009 ($'000)	Carrying amount 31 December 2008 ($'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.
Refer to Note 27 for disclosure of the effective interest rate.

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 31 December 2009 ($'000)	Principal amount drawn 31 December 2008 ($'000)	Carrying amount 31 December 2009 ($'000)	Carrying amount 31 December 2008 ($'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.

18. 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.

19. BORROWINGS – SHAREHOLDER RELATED

Redeemable preference shares ("RPS")

Group

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

Company

Maturity date	Principal amount drawn 31 December 2009 ($'000)	Principal amount drawn 31 December 2008 ($'000)	Carrying amount 31 December 2009 ($'000)	Carrying amount 31 December 2008 ($'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.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
At fair value:				
Current				
Interest rate swaps	60,417	9,668	-	-
Non-current				
Interest rate swaps	11,359	285,765	-	-

Refer to Note 27 for a description of the entities policy for interest rate swaps and managing interest rate risk.

21. FINANCE LEASE LIABILITIES

	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
Current	2,224	-	-	-
Non-current	5,756	-	-	-

Refer to note 29(b) (iii) for finance lease detail.

22. NON-CURRENT PROVISIONS

	Note	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
Superannuation plan deficit	30	1,444	5,097	-	-
Employee benefits		1,309	1,205	-	-
		2,753	6,302	-	-

Employee benefits - Long-service leave provision
A provision for long-service leave is recognised in accordance with the Long-Service Act of NSW. Assumptions used in the calculation of the provision for long-service leave relate to the probability of employees anticipated to accumulate the years to become eligible for the benefits and the anticipated increase of rate of salaries over the next few years. The discount rate used for the calculation of the net present value is in compliance with bonds issued by the Commonwealth Government. On-costs to account for payroll related costs are included in the calculation of the total balance of long-service leave provision.

23. ISSUED CAPITAL

	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
Issued capital	1,313,991	778,430	1,313,991	778,430

	31 December 2009 No.	31 December 2009 $'000	31 December 2008 No.	31 December 2008 $'000
Fully paid ordinary shares				
13,648,394 issued and fully paid ordinary shares	13,648,394	1,313,991	10,634,147	778,430

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

Each fully paid ordinary share entitles its holder to one vote, either in person or by proxy, at a meeting of the company.

Each of the fully paid ordinary shares has been stapled to one RPS, as referred to in Note 19.

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

24. CASH FLOW HEDGE RESERVE

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Cash flow hedge reserve	(50,071)	(209,980)	-	-

Cash flow hedge reserve				
Balance at beginning of financial year	(209,980)	107,745	-	-
Change in fair value	221,557	(466,333)	-	-
Swap reset cost amortisation	4,819	8,708	-	-
Deferred tax arising on hedges	(66,467)	139,900	-	-
Balance at end of financial year	(50,071)	(209,980)	-	-

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy. Details of the movements are disclosed in the Statement of Changes in Equity.

25. (ACCUMULATED LOSSES)/RETAINED EARNINGS

	Note	Consolidated		Company	
		31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Balance at beginning of financial year		(1,846,722)	(1,386,696)	440,160	553,852
Actuarial (loss)/gain on defined benefit plans	30	1,311	(7,964)	-	-
Recognition of deferred tax		(407)	2,403	-	-
Dividends	5	-	(307,505)	-	(307,505)
Net (loss)/profit for the year		(147,659)	(146,960)	350,508	193,813
Balance at end of financial year		(1,993,477)	(1,846,722)	790,668	440,160

26. NOTES TO THE CASH FLOW STATEMENT

		Consolidated		Company	
		31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
(a) Reconciliation of cash and cash equivalents					
Cash at bank and in hand – available for general use	(i)	187,573	139,779	-	-
Short term deposits – reserved for specific purposes	(ii)	170,478	416,219	20,827	34,325
		358,051	555,998	20,827	34,325

(i) Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

(ii) Short term deposits are made for a period of three months and earn interest on the respective short term deposit rates. The deposits are certain cash reserve accounts which are reserved for specific purposes in accordance with the terms of the current senior debt agreement and SKIES.

26. NOTES TO THE CASH FLOW STATEMENT (cont'd)

	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
(b) Reconciliation from the net (loss)/profit after tax to the net cash flows from operating activities				
(Loss)/profit for the year	(147,659)	(146,960)	350,508	193,813
Depreciation and amortisation of non-current assets	212,646	188,336	-	-
Net gain on disposal of property, plant and equipment	(151)	(84)	-	-
Operating lease straight lining adjustment	(2,340)	352	-	-
Gain on fair value through profit and loss of derivative assets	(2,100)	7,929	-	-
Bad debt expense	241	-	-	-
Non cash interest income	(751)	-	-	-
Finance lease interest	708	-	-	-
Non cash interest expense	53,952	50,369	5,790	3,562
Borrowing costs included in financing activities (borrowing costs paid)	5,829	3,535	86	-
Changes in working capital:				
Receivables	(16,147)	(3,089)	(503,427)	(223,735)
Payables	(19,555)	(5,833)	(5,909)	1,354
Other assets	164	2,825	-	-
Other liabilities	(625)	3,549	-	-
Increase in provisions	(2,658)	(3,465)	-	-
Movement in tax balances	(50,312)	(48,101)	149,708	83,060
Distribution – redeemable preference shares	278,501	207,932	278,501	207,932
Net cash flows generated provided by operating activities	**309,743**	**257,295**	**275,257**	**265,986**

(c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

		Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Company 31 December 2009 $'000	Company 31 December 2008 $'000
Total facilities		5,777,195	7,281,260	-	-
Facilities used at reporting date		(5,205,195)	(6,709,260)	-	-
Facilities unused at reporting date	(i)	572,000	572,000	-	-

(i) Facilities unused at reporting date represent senior bank debt facilities.

27. FINANCIAL INSTRUMENTS

(a) Capital Risk Management

The SCACH Group's objectives when managing its capital is to ensure that entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance and lowering the cost of capital.

The capital structure of the Group consists of debt, which includes the bank loans, medium term notes, capital indexed bonds and SKIES disclosed in note 18, cash and cash equivalents, equity attributable to equity holders of the parent comprising of redeemable preference shares, issued capital, reserves and retained earnings as disclosed in notes 19, 23, 24 and 25 respectively.

The Group monitors its capital structure on a regular basis. As part of the review process, management considers the risks and costs of each class of capital. The Group balances its overall capital structure through issue of new debt or retiring of existing debt or shareholder distributions.

During the year ended 31 December 2009, the Group's strategy remained unchanged.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(c) Categories of financial instruments

	Consolidated		Company	
	31 December 2009 $'000	**31 December 2008 $'000**	**31 December 2009 $'000**	**31 December 2008 $'000**
Financial assets				
Cash and cash equivalents	358,051	555,998	20,827	34,325
Loans and receivables	144,912	128,051	5,064,562	3,584,621
Investment in subsidiary	-	-	103,828	103,828
	502,963	684,049	5,189,217	3,722,774
Financial liabilities				
Trade and other payables	188,453	247,746	881,647	711,483
Borrowings at amortised cost	7,737,536	8,112,314	2,633,942	2,176,015
Derivative instruments	71,776	295,433	-	-
	7,997,765	8,655,493	3,515,589	2,887,498

27. FINANCIAL INSTRUMENTS (cont'd)

(d) Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, inflation risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors covering specific areas, such as foreign exchange risk, interest-rate risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Speculative trading is specifically prohibited by Board policy. Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(e) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates (see note 27(i)). The Group enters into interest rate swap contracts to mitigate the risk of rising interest rates.

At a Group and company level, market risk exposures are measured using a sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages or measures risk.

(f) Foreign currency risk

The Group operates domestically but is, from time to time, exposed to minor foreign exchange risk arising from currency exposures, primarily in respect to the US dollar. Foreign exchange risk arises from future commercial transactions. To manage their foreign exchange risk arising from future commercial transactions, entities in the Group may use forward contracts, transacted by Group Treasury. The Group's risk management policy is to hedge foreign currency exposures relating to revenue or operating expenditure and capital expenditure over certain thresholds. At 31 December 2009 there were no foreign currency exposures over the set threshold (31 December 2008: nil).

(g) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group.

Derivative counterparties and cash balances are limited to high credit quality financial institutions. It is the Group's policy that all financial institution counterparties must have a Standard & Poor's rating of at least "A" or Moody's long-term rating of "A2". The Group has policies limiting the amount of credit exposure to any financial institution by both volume and term.

The Group has significant concentrations of credit risk. Approximately 40 to 50% of trade receivables are in the one industry being aeronautical.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. The credit quality of all financial assets that are neither past due nor impaired is appropriate and is consistently monitored in order to identify any potential adverse changes in the credit quality. There are no significant financial assets that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

27. FINANCIAL INSTRUMENTS (cont'd)

Financial assets and other credit exposures

Refer to Note 33 for details on the deed of cross guarantee.

(h) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed borrowing facilities and the ability to close out market positions. Due to the capital investment nature of the underlying business, Group Treasury aims to maintain flexibility in funding by maintaining committed borrowing lines available from a number of counterparties. A liquidity policy is in place to maintain liquidity including the following:

- Working capital facility;
- Debt service cover, in the form of cash and an undrawn committed facility; and
- Maintenance capital expenditure reserve.

27. FINANCIAL INSTRUMENTS (cont'd)
(h) Liquidity risk (cont'd)

Maturity of financial liabilities
The following tables detail the company's and the Group's remaining contractual maturity for its financial liabilities, derivative financial assets and derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities, derivative financial assets and derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment columns represent the contractual future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the balance sheet.

Consolidated

31 December 2009	Total contractual cashflows				
	Less than 1 year $'000	1 – 5 years $'000	5+ years $'000	Interest $'000	Carrying Value $'000
Borrowings – CIB					
Borrowings – RPS	(34,233)	(145,270)	(1,669,772)	932,225	(917,050)
Borrowings – bank loans	(276,380)	(1,106,277)	(7,549,226)	6,932,751	(1,999,132)
Borrowings – MTN's	(40,597)	(778,089)	-	79,465	(739,221)
Borrowings – SKIES	(153,092)	(2,103,164)	(2,565,949)	1,374,882	(3,447,323)
Derivative liabilities-interest rate swaps	(36,250)	(134,078)	(713,230)	248,748	(634,810)
Trade and other payables	(86,298)	(167,079)	(10,133)	191,734	(71,776)
	(188,453)	-	-	-	(188,453)
	(815,303)	**(4,433,957)**	**(12,508,310)**	**9,759,805**	**(7,997,765)**

(i) Weighted average interest rates are disclosed in note 27(i)

31 December 2008					
Borrowings – CIB	(33,761)	(142,361)	(1,667,352)	949,843	(893,631)
Borrowings – RPS	(215,342)	(861,925)	(6,111,485)	5,645,896	(1,542,856)
Borrowings – bank loans	(509,828)	(822,592)	-	147,255	(1,185,165)
Borrowings – MTN's	(686,481)	(1,593,477)	(4,034,795)	2,457,250	(3,857,503)
Borrowings – SKIES	(56,940)	(227,916)	(819,260)	470,957	(633,159)
Derivative liabilities - interest rate swaps	(34,427)	(90,360)	(21,802)	(148,844)	(295,433)
Trade and other payables	(247,746)	-	-	-	(247,746)
	(1,784,525)	**(3,738,631)**	**(12,654,694)**	**9,522,357**	**(8,655,493)**

(i) Weighted average interest rates are disclosed in note 27(i)

27. FINANCIAL INSTRUMENTS (cont'd)
(h) Liquidity risk (cont'd)

Maturity of financial liabilities (cont'd)

Company

	Total contractual cashflows				
	Less than 1 year $'000	**1 – 5 years $'000**	**5+ years $'000**	**Interest $'000**	**Carrying Value $'000**
31 December 2009					
Borrowings – RPS	(276,380)	(1,106,277)	(7,549,226)	6,932,751	(1,999,132)
Borrowings – SKIES	(36,250)	(134,078)	(713,230)	248,748	(634,810)
Trade and other payables[1]	(881,647)	-	-	-	(881,647)
	(1,194,277)	**(1,240,355)**	**(8,262,456)**	**7,181,499**	**(3,515,589)**

(i) Weighted average interest rates are disclosed in note 27(i)

31 December 2008					
Borrowings – RPS	(215,342)	(861,925)	(6,111,485)	5,645,896	(1,542,856)
Borrowings – SKIES	(56,940)	(227,916)	(819,260)	470,957	(633,159)
Trade and other payables[1]	(711,483)	-	-	-	(711,483)
	(983,765)	**(1,089,841)**	**(6,930,745)**	**6,116,853**	**(2,887,498)**

(i) Weighted average interest rates are disclosed in note 27(i)

1. Includes intercompany loan liabilities of $804.0 m (2008:$605.5 m) as disclosed in note 15.

27. FINANCIAL INSTRUMENTS (cont'd)

(i) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from long-term borrowings and cash balances held. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. The Group policy is to ensure that, in the medium term a minimum of 75% of its senior debt is either issued at a fixed rate or hedged through the use of interest rate swaps. At 31 December 2009, 94.0% (31 December 2008: 91.7%) of senior drawn borrowings (excluding SKIES) were either fixed rate or hedged through interest rate swaps.

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest-rate swaps. Such interest-rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest-rate swaps, the Group agrees with other parties to exchange, at quarterly intervals the difference between fixed contract rates and floating interest-rate amounts calculated by reference to the agreed notional principal amounts.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date. A 115 basis point (31 December 2008: 115 basis points) increase or decrease is used when reviewing interest rates internally by key finance management and represents their assessment of a possible change in interest rates over a 12 month period.

The following table summarises the impact of an increase/decrease of interest rates by 115 basis points (31 December 2008: 115 basis points) while all other variables where held constant:

	Impact on post-tax profit		Impact on other equity (post-tax)	
	Consolidated +/- $'000	**Company +/- $'000**	**Consolidated +/- $'000**	**Company +/- $'000**
31 December 2009				
Interest rates – 115 basis point increase	(7,747)	(5,233)	86,208	-
Interest rates – 115 basis point decrease	7,747	5,233	(90,460)	-
31 December 2008				
Interest rates – 115 basis point increase	(8,908)	(5,233)	113,112	-
Interest rates – 115 basis point decrease	8,903	5,233	(119,480)	-

The Group's sensitivity to interest rates has decreased as the amount of floating rate debts has decreased during the year.

The Company's sensitivity to interest rates remains unchanged as the SKIES instrument is unchanged during the current year.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating interest amounts calculated on agreed principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the cash and swap curves at reporting date and the credit risk inherent in the contract, and disclosed below. In the table below the average interest rate is based on the outstanding balances at the end of the financial year.

27. FINANCIAL INSTRUMENTS (cont'd)

(i) Cash flow and fair value interest rate risk (cont'd)

The table below details the notional principal amounts and remaining terms of floating for fixed interest rate swap contracts outstanding as at reporting dates:

	Average contracted fixed interest rates		Notional Principal Amount		Fair Value	
Outstanding floating for fixed contracts	**31 December 2009 %**	**31 December 2008 %**	**31 December 2009 \$'000**	**31 December 2008 \$'000**	**31 December 2009 \$'000**	**31 December 2008 \$'000**
Less than 1 year	-	5.6628%	-	1,640,000	-	(9,668)
1 to 2 years	6.2172%	6.2180%	898,105	898,105	(17,477)	(48,757)
2 to 5 years	6.1631%	6.3282%	2,152,000	1,870,000	(38,792)	(144,655)
5 years +	6.4245%	6.0284%	875,000	860,000	(15,507)	(92,353)
			3,925,105	5,268,105	(71,776)	(295,433)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is Australian BBSW or BBSY. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the loan period.

One swap during the period was an ineffective hedge for accounting purposes, resulting in a gain in the income statement of \$2.1 million (31 December 2008: \$7.9 million loss).

As at the reporting date, the Group had the following variable and fixed rate borrowings and interest swap contracts outstanding:

	As At 31 December 2009		As At 31 December 2008	
	Weighted Average Interest Rate %	**Carrying Value \$'000**	**Weighted Average Interest Rate %**	**Carrying Value \$'000**
Senior debt (including swaps)	6.0054	5,103,594	6.0574	5,936,299
SKIES	5.9100	634,810	5.7000	633,159
Total	5.9948	5,738,404	6.0230	6,569,458

27. FINANCIAL INSTRUMENTS (cont'd)

(j) Fair value of financial instruments

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

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions
- the fair value of derivative instruments are based on market prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

Except as detailed in the following table, the directors consider the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values:

Consolidated	*Carrying amount* 31 December 2009 $'000	*Carrying amount* 31 December 2008 $'000	*Fair Value* 31 December 2009 $'000	*Fair Value* 31 December 2008 $'000
Financial liabilities				
RPS	1,999,132	1,542,856	3,905,510	3,957,648
40m MTN	39,258	39,028	41,070	43,202
250m MTN	247,684	246,576	255,031	266,382
SKIES	634,810	633,159	584,675	455,000
	2,920,884	2,461,619	4,786,286	4,722,232

Company	*Carrying amount* 31 December 2009 $'000	*Carrying amount* 31 December 2008 $'000	*Fair Value* 31 December 2009 $'000	*Fair Value* 31 December 2008 $'000
Financial liabilities				
RPS	1,999,132	1,542,856	3,905,510	3,957,648
SKIES	634,810	633,159	584,675	455,000
	2,633,942	2,176,015	4,490,185	4,412,648

27. FINANCIAL INSTRUMENTS (cont'd)

(k) Fair value measurements

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

As of 1 January 2009, the entity has adopted the amendment to AASB 7, Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
(a) quoted prices (unadjusted) in active markets for identical assets for liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2009. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

Consolidated – as at 31 December 2009	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivations used for hedging	-	71,776	-	71,776

28. 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.

28. 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

29. COMMITMENTS AND CONTINGENCIES

(a) Capital expenditure commitments
At 31 December 2009, the Group has estimated capital expenditure commitments of $19 million (31 December 2008: $210.4 million). These principally relate to:

	31 December 2009 $'000	31 December 2008 $'000
Improvements to runway, taxiways and aprons	1,244	52,554
Upgrade of buildings	12,301	124,676
Plant and utilities' improvements	4,575	28,683
Various other fixed asset projects	901	4,455

The commitments contracted for at reporting date, but not provided for:

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Payable within one year	19,021	210,368	-	-
Payable later than one year but not later than five years	-	-	-	-
Payable after five years	-	-	-	-
	19,021	210,368	-	-

(b) Operating Commitments

(i) Lease commitments-Group as lessee
The Group has entered into one commercial property lease. The lease has a term of 50 years with rent payable monthly in advance. Renewal terms are not included in the contract. Renewal is at the option of the lessor. There are no restrictions placed upon the lessee by entering into this lease.

Future minimum rentals payable under non-cancellable operating lease are as follows:

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Payable within one year	78	78	-	-
Payable later than one year but not later than five years	311	311	-	-
Payable after five years	1,315	1,393	-	-
Aggregate lease expenditure contracted for at balance sheet date	1,704	1,782	-	-

(ii) Lease commitments – Group as lessor
Substantially, all of the property owned by the Group is leased to third parties under operating leases. Lease terms vary between tenants as allowed by the lease from the Commonwealth of Australia and some leases include percentage rental payments based on sales volume and/or passenger volume related lease payments

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Receivable within one year	226,805	248,111	-	-
Receivable later than one year but not later than five years	683,612	754,633	-	-
Receivable after five years	358,811	475,560	-	-
	1,269,228	1,478,304	-	-

29. COMMITMENTS AND CONTINGENCIES (cont'd)

Future minimum lease revenue due includes rents payable on leases that are based on minimum passenger throughput rents, where a minimum guaranteed amount can be determined. It excludes rent that is subject to variability in the amount of passenger throughput, excludes percentage rentals which may become receivable on the basis of sales in excess of a stipulated minimum, and also excludes recovery of outgoings. No present value discount rate has been applied to minimum lease payments. Minimum lease payments due should not be read as a forecast.

(iii) Finance leases

The group leases common user terminal equipment with a carrying value of $7,686,187, expiring in February 2014. Under the terms of the lease, the group has the option to acquire the leased assets for $1 at date of expiry.

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Commitments in relation to finance leases are payable as follows:				
Within one year	2,340	-	-	-
Later than one year but not later than five years	7,411	-	-	-
	9,751	-	-	-
Future finance charges	(1,771)	-	-	-
Recognised as a liability	7,980	-	-	-
Representing lease liabilities:				
Current (Note 21)	2,224	-	-	-
Non-current (Note 21)	5,756	-	-	-
	7,980	-	-	-

(c) Contingencies

Contingent liabilities
There are no material unrecorded liabilities at 31 December 2009 nor are there any claims against the consolidated entity that, in the expectation of the directors, will give rise to a material loss in the future. In accordance with the provisions of the Australian Accounting Standard AASB 137 "Provisions, Contingent Liabilities and Contingent Assets", the following contingent liability is disclosed:

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

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

Under the terms of the share sale agreement, the Commonwealth has the carriage of proceedings to object to or otherwise dispute or compromise any land rich assessment issued by the OSR Commissioner. SCAC understands that the Commonwealth considers that the sale of SACL in June 2002 was not a land rich transaction and has appealed the decision by the OSR to disallow an objection lodged by the Commonwealth in SCAC's name, disputing the assessment.

30. SUPERANNUATION PLAN

All employees are entitled to varying levels of benefits on retirement, disability or death. The Sydney Airport Superannuation Plan is a mixed defined benefit and defined contribution plan and provides defined benefits based on years of service and final average salary. The plan also provides accumulation style benefits for the Superannuation Guarantee Charge and Members Contributions. Employees contribute to the plan at various percentages of their wages and salaries. Contributions by the entity of up to 9% of employees' wages and salaries are legally enforceable in Australia.

The following table summarises the components of the net benefit recognised in the income statement and the funded status and amounts recognised in the balance sheet for the plan:

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Amounts recognised in income in respect of these defined benefit plans are as follows:				
Current service costs	1,985	1,867	-	-
Interest cost	941	1,019	-	-
Expected return on plan assets	(1,275)	(1,488)	-	-
Total, included in 'employee benefit expense'	1,651	1,398	-	-
Net actuarial losses/(gains) recognised in statement of comprehensive income	(1,311)	8,010	-	-
Cumulative actuarial gains recognised in the statement of comprehensive income	(38)	1,318	-	-
The amount included in the balance sheet arising from the entity's obligations in respect of its defined benefit plans is as follows:				
Present value of funded defined benefit obligations	(20,199)	(24,576)	-	-
Fair value plan assets	18,755	19,479	-	-
Net (liability)/asset arising from defined benefit obligations	(1,444)	(5,097)	-	-
Included in the balance sheet:				
Non-current provisions (note 21)				
Superannuation plan liability	(1,444)	(5,097)	-	-
Net (liability)/asset arising from defined benefit obligations	(1,444)	(5,097)	-	-

30. SUPERANNUATION PLAN (cont'd)

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Movements in the present value of the defined benefit obligations in the current year were as follows:				
At the beginning of the reporting year	24,576	20,352	-	-
Current service cost	1,985	1,867	-	-
Interest cost	941	1,019	-	-
Actuarial losses/(gains)	(1,795)	3,428	-	-
Benefits paid	(4,845)	(1,550)	-	-
Taxes, premiums and expenses paid	(663)	(540)	-	-
Closing defined benefit obligation	20,199	24,576	-	-
Movements in the present value of the plan assets in the current year were as follows:				
Opening fair value of plan assets	19,479	22,973	-	-
Expected return on plan assets	1,275	1,488	-	-
Actuarial gains/(losses)	(484)	(4,582)	-	-
Employer contributions	3,976	1,699	-	-
Benefits paid	(4,828)	(1,550)	-	-
Taxes, premiums and expenses paid	(663)	(549)	-	-
Closing fair value of plan assets	18,755	19,479	-	-

The actual return on plan assets was a reduction of $0.7 million (2008: $3.5 million).

The Group expects to contribute at the current recommended rates of 14.1% (including 3% productivity contributions) of salaries of defined benefit members, 9.0% of salaries of defined contribution members.

The principal actuarial assumptions used in determining superannuation plan liability for the Group's plan are:	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Discount rate	4.7%	4.1%	-	-
Expected rate of return on assets	6.3%	6.3%	-	-
Future salary increases	4.0%	4.0%	-	-

The analysis of the plan assets and the expected rate of return at the balance sheet date is as follows:	Expected return		Fair value of plan assets	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Australian equity instruments	1.45%	1.39%	4,314	4,285
International equity instruments	1.20%	1.13%	3,563	3,506
Fixed income	1.13%	1.26%	3,376	3,896
Property	0.63%	0.63%	1,875	1,948
Alternatives/other	0.38%	-	1,125	-
Cash	1.51%	1.89%	4,502	5,844
	6.30%	6.30%	18,755	19,479

30. SUPERANNUATION PLAN (cont'd)

The history of experience adjustments is as follows:

	Consolidated 31 December 2009 $'000	Consolidated 31 December 2008 $'000	Consolidated 31 December 2007 $'000	Consolidated 30 June 2007 $'000
Fair value of plan assets	18,755	19,479	22,973	22,769
Present value of defined benefit obligation	20,199	(24,576)	(20,352)	(19,787)
Surplus/(deficit)	2,113	(5,097)	2,621	2,982
Experience adjustments on plan liabilities	(1,795)	3,428	21	(1,022)
Experience adjustments on plan assets	484	(4,582)	(421)	1,090

	Consolidated		Company	
	31 December 2009 $'000	31 December 2008 $'000	31 December 2009 $'000	31 December 2008 $'000
Defined benefit				
Employer contributions	3,976	1,699	-	-
Employee contributions	-	-	-	-
	3,976	1,699	-	-
Defined contribution				
Employer contributions	2,062	1,869	-	-
Employee contributions	584	2,042	-	-
	2,646	3,911	-	-

31. KEY MANAGEMENT PERSONNEL REMUNERATION

The specified directors and alternates of Southern Cross Airports Corporation Holdings Limited during the year were:

Directors:
M. Moore-Wilton (Chairman)
R. Balding (Chief Executive Officer)
P. Gourley (Non-executive)
H. Linkweiler (Non-executive)
K. Mather (Non-executive)
J. Roberts (Non-executive)
D. Huse (Non-executive)
B. Cox (Non-executive)

Alternate Directors:
M. Delaney (for P. Gourley)
K. Mather (for J. Roberts)
K. Mather (for M. Moore-Wilton)
K. Mather (for B. Cox)
J. Roberts (for K. Mather)
J. Roberts (for M. Moore-Wilton)
G. Schroeder (for H. Linkweiler)
M. Moore-Wilton (for K. Mather)
M. Moore-Wilton (for J. Roberts)
M. Moore-Wilton (for B. Cox)
C. Ireland (for D. Huse)
B. Cox (for M. Moore-Wilton)
B. Cox (for K. Mather)
K. Irving (for M. Moore-Wilton)
K. Irving (for K. Mather)
K. Irving (for B. Cox)

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

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.

31. KEY MANAGEMENT PERSONNEL REMUNERATION (CONT'D)

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.

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 year 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.

31. KEY MANAGEMENT PERSONNEL REMUNERATION (CONT'D)

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 year 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 compensation of each member of the key management personnel of the Group is set out in the following tables.

31. KEY MANAGEMENT PERSONNEL REMUNERATION (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.

31. KEY MANAGEMENT PERSONNEL REMUNERATION (CONT'D)

31 December 2008

	Short-term employee benefits		Post-employment benefits			
	Salary and Fees	Bonus [2]	Superannuation	Other Long-Term Employee Benefits [2]	Termination Benefits	Total
	$	$	$	$		$
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) [4]	11,593	186,654
P. Wych (General Manager Property Development) – commenced 1 May 2008	198,008	-	17,064	575	-	215,647
D. Larsen (General Manager Retail)	282,999	28,957	24,771	12,971	-	349,698
Totals	**2,041,739**	**493,544**	**186,916**	**117,282**	**11,593**	**2,851,074**

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

32. AUDITOR'S REMUNERATION

	Consolidated 31 December 2009 $	Consolidated 31 December 2008 $	Company 31 December 2009 $	Company 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	-	-

33. RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Southern Cross Airports Corporation Holdings Limited ("SCACH") and its subsidiaries as follows:

Name	*Country of incorporation*	*Equity interest %* *31 December 2009*	*Equity interest %* *31 December 2008*
Parent entity			
Southern Cross Airports Corporation Holdings Limited ("SCACH") (i)	Australia		
Subsidiaries			
Southern Cross Airports Corporation Pty Limited ("SCAC") (ii)	Australia	100	100
Sydney Airport Corporation Limited ("SACL") (ii)	Australia	100	100
Airport Nova Developments Pty Limited ("Nova") (ii)	Australia	100	100
Sydney Airport Finance Company Pty Limited ("FinCo") (ii)	Australia	100	100
Sydney Airport RPS Company Pty Limited ("RPSCo") (ii)	Australia	100	100

SCACH is the parent entity of the Group.

(i) SCACH is the head entity within the tax-consolidated group.
(ii) These companies are members of the tax-consolidated group.
(iii) The ultimate parent entity and Australian parent entity is Macquarie Airports Trust 1.

The registered office and principal place of business of SCACH is:

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

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.

No liability was recognised by the parent entity in relation to this guarantee as the fair value of the guarantee is immaterial.

33. RELATED PARTY DISCLOSURE (cont'd)

The following related party transactions occurred during the year ended 31 December 2009:

Transactions within the wholly-owned group
Loans granted by SCACH to SCAC are repayable on 30 June 2048. Interest on the loan is charged at 18% p.a. and interest on unpaid interest is charged at 19% p.a. These rates were set as at the date of establishment of the intercompany loan to approximate the required rate of return for what is notionally the equity in Sydney Airport based on other relevant benchmarks.

Other related party transactions
Airport Strategic Consultants Pty Limited, a related party of Macquarie Airports, was paid $1.337 million (31 December 2008: $2.239 million) for strategic consultancy services by SCACH under normal arms length commercial terms and conditions.

During the year ended 31 December 2009, SACL paid a fee for Macquarie Capital Advisers Limited ("MCAL") $10.467 million (31 December 2008: fee accrued of $3.720 million) for advisory services in respect of the December 2008 refinance. The fee for the advisory services was struck at normal arms length commercial terms and conditions and was paid during the year ended 31 December 2009.

Macquarie Asset Services Limited ("MAS") is a related party of Macquarie Airports and as such is a related party of SCACH. During the year ended 31 December 2009, $0.099 million was paid by SACL to MAS for tender advisory services on property developments. During the year ended 31 December 2008 $0.043 million was paid by SACL to MAS for tender advisory services on the new T1 Multistorey car park.

Macquarie Airports Trust were paid $0.017 million (31 December 2008: $0.0004) for directors fees, pursuant to clause 8.2 of the Shareholdings Agreement.

Transactions with entities with joint-control or significant influence over the Group
A number of directors of SCACH also hold directorships on the Boards of Directors of related companies. Transactions between the Group and related entities are stated above. SCACH's directors do not derive any direct personal benefit from the transactions between the Group and these businesses.

Terms and conditions of transactions with related parties
Transactions between related parties are made under normal commercial terms and conditions.

For the year ended 31 December 2009 and 31 December 2008, the Group has not raised any allowance for doubtful debts relating to the loans granted from SCACH to SCAC as the payment history of the interest charges is excellent. This assessment is undertaken at each reporting period through examining the financial position of SCAC and the market in which the entity operates in.

34. 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.