

Appendix 4E

Preliminary Final Report

Name of entity: **Sydney Airport Holdings Limited (SAHL)**

1. Details of the reporting period

Current Period: 1 January 2011 – 31 December 2011

Previous Corresponding Period: 1 January 2010 – 31 December 2010

2. Results for announcement to the market

Statutory Results				\$A'000
2.1				
Revenue	up / down	3.5%	to	1,041,968
Revaluation gains / (losses) from investments	up / down	N/A	to	185
Other income	up / down	N/A	to	<u>(16,298)</u>
Total revenue from continuing operations	up / down	2.9%	to	1,025,855
2.2				
Profit from continuing operations after income tax benefit	up / down	40.4%	to	82,120
Loss from discontinued operations net of income tax	up / down	N/A	to	(361,554)
2.3				
Loss for the year attributable to members	up / down	N/A	to	(239,893)

Proportionate Results*				\$A'000
Proportionate revenue	up / down	7.6%		1,043
Proportionate EBITDA	up / down	5.2%		753
Proportionate earnings	up / down	9.0%		405
Proportionate earnings per share (cents)	up / down	9.0%		21.8

* The proportionate results are derived by aggregating SAHL's economic interest of each airport's results in A\$ using period average exchange rates. To create comparable results, prior periods are restated to reflect current period ownership percentages and foreign exchange rates. SAHL acknowledges that the proportionate result differs from the statutory result and is not audited.

2. Results for announcement to the market (continued)

2.4 Dividends / Distributions	Amount per security	Franked amount per security
<i>Current Period:</i> Final distribution for the year ended 31 December 2011	10.00 cents	Nil
Interim distribution for the period ended 30 June 2011	11.00 cents	Nil
<i>Previous Corresponding Period:</i> Final distribution for the year ended 31 December 2010	10.00 cents	Nil
Interim distribution for the period ended 30 June 2010	11.00 cents	Nil
Special distribution announced on 25 August 2010	12.50 cents	Nil
2.5 Record date for determining entitlements to the dividend / distribution	30 December 2011	
<p>2.6 Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:</p> <p>Sydney Airport, whose results are consolidated into the SYD Financial Report, achieved revenue growth in excess of traffic growth across all areas - Aeronautical, Retail, Property and Services.</p> <p>Other loss for the year of \$16.3 million (2010: \$16.6 million income); incurred primarily due to the transfer of the foreign currency translation reserve to the income statement which was recognized on disposal of SYD's interest in Brussels Airport and Copenhagen Airports.</p> <p>The current year loss attributable to SAHL security holders of \$240.2 million compares to a profit of \$100.8 million in 2010. Included in the loss were \$361 million of revaluation decrements on the sale of interests in Brussels Airport and Copenhagen Airports with consideration received of an additional 10.86% interest in Sydney Airport and net cash receipt of \$800.7 million.</p> <p>On 19 December 2011, as a result of the Scheme to simplify the SYD Group, investors received a cash payment of 80.0 cents per MAIL share and an issue of SAT2 units. Investors continue to hold the same overall number of stapled securities.</p>		

3. Consolidated Statements of Comprehensive Income with notes

Refer attached financial statements

4. Consolidated Balance Sheet with notes

Refer attached financial statements

5. Consolidated Statements of Cash Flows with notes

Refer attached financial statements

6. Consolidated Statements of Changes in Equity with notes

Refer attached financial statements

7. Details of dividends/distributions

Refer attached financial statements (Directors Report and Note 5) and section 2.4 above.

8. Details of dividend/distribution reinvestment plan

The DRP remains suspended, until further notice

9. Retained profit movements

Refer attached financial statements (Note 18: Retained Profits)

10. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security (excluding non-controlling interests)*	\$(2.28)	\$(0.31)
Asset backing of each stapled security attributable to investments (excluding non-controlling interests)**	\$3.55	\$4.35

* Calculated net of goodwill and other intangibles.

** Refer to attached Management Information Report for basis of calculation.

11. Control gained or lost over entities during the year

11.1 Name of entity (or group of entities) over which control was gained	Copenhagen Airports S.a r.l Investeringer Danmark SA
11.2 Date control was gained	14 July 2011
11.3 Consolidated profit (loss) from continuing operations and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	Not material to the understanding of the financial report
Profit (loss) from continuing operations and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	

11. Control gained or lost over entities during the year (continued)

11.1 Name of entity (or group of entities) over which control was lost	MAp Airports (UK) Limited
11.2 Date control was lost	7 October 2011
11.3 Consolidated profit (loss) from continuing operations and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	Not material to the understanding of the financial report
Consolidated profit (loss) from continuing operations and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	Not material to the understanding of the financial report

12. Details of associates and joint venture entities

Name of associate entity	SAHL's Ownership Interest*	
	Current period (as at 31 December 2011)	Previous corresponding period (as at 31 December 2010)
Copenhagen Airports S.a r.l	100%*	50.0 %
Brussels Airport Investments S.a r.l	0 %	50.0 %

* Refer to note 11

13. Other significant information

Refer attached financial statements (Directors' Report).

14. Accounting standards used by foreign entities

All consolidated foreign entities prepare financial information under International Financial Reporting Standards which are consistent with Australian Accounting Standards.

15. Commentary on results

	Current period	Previous corresponding period
15.1		
<i>Continuing Operations</i>		
Basic earnings per stapled security	6.54 cents	5.77 cents
Diluted earnings per stapled security	6.54 cents	5.77 cents
<i>Discontinued Operations</i>		
Basic earnings per stapled security	(19.43) cents	(0.35) cents
Diluted earnings per stapled security	(19.43) cents	(0.35) cents
	\$A'000	\$A'000
15.2 Returns to shareholders:		
- Distributions	390,855	623,511
- Scheme Consideration Paid	1,488,969	-
<p>SAHL paid an interim distribution of 11.00 cents per stapled security (2010: 11.00 cents), and declared a final distribution of 10.00 cents per stapled security (2010: 10.00 cents) in respect of the year to 31 December 2011. The final distribution was paid on 16 February 2012.</p> <p>Cash consideration, as part of the Scheme Consideration to simplify the Group, of 80.0 cents per MAIL share was paid on 19 December 2011.</p> <p>Refer attached financial statements (Note 5: Distributions Paid and Proposed) and section 2.4 above.</p>		

	2011 \$A'000	2010 \$A'000
15.3 Significant features of operating performance:		
Income		
Revaluation gains / (losses)	185	(19,697)
Interest income	68,659	61,103
Fair value movement on derivative contracts	(2,726)	21,801
Fee income	956	2,099
Aeronautical revenue	478,714	467,997
Retail revenue	223,344	212,890
Property revenue	156,033	131,415
Rendering of services	109,514	116,204
Foreign exchange gain / (loss)	2,420	2,118
Foreign exchange gain on recycling of FCTR following dissolution of IIHL in the previous period	(15,992)	-
Other	<u>4,748</u>	<u>7,314</u>
Total revenue and income from continuing operations	1,025,855	1,003,244
Loss from discontinued operations	(361,554)	(6,628)
Expenses		
Borrowing costs	489,919	472,332
GST on Responsible Entity and Adviser base fees – SAHL Entities	-	151
Investment transaction expenses	31,032	13,023
Staff costs	61,484	47,098
Amortisation and depreciation	305,782	318,757
Operating and maintenance	106,613	100,349
Other operating expenses	<u>45,651</u>	<u>46,987</u>
Total operating expenses from continuing operations	1,040,481	998,697

15. Commentary on results (continued)

Commentary on significant features of operating performance

Operating performance

The profit from continuing operations after income tax benefit of \$82.1 million (2010: \$58.5 million profit) primarily reflects the impact of the following:

- Airport operating revenue of \$967.6 million (2010: \$928.5 million) due to passenger and revenue growth at Sydney Airport.
- Interest revenue of \$68.7 million (2010: \$61.1 million); up on 2010 due to higher average cash balances and deposit rates.
- Finance costs of \$489.9 million (2010: \$472.3 million); increased as a result of increased debt at Sydney Airport to fund capital expenditure.
- Other loss for the year of \$16.3 million (2010: \$16.6 million income); incurred primarily due to the transfer of the foreign currency translation reserve to the income statement which was recognized on disposal of SYD's interest in Brussels Airport and Copenhagen Airports.
- Other expenses of \$550.6 million, 4.6% higher than prior year (2010: \$526.4 million) primarily due to transaction costs for the sale of interests in Brussels and Copenhagen Airports, the acquisition of additional interest in Sydney Airport and the Scheme for the simplification of the SYD structure; and a full year of the incremental costs of internalization.

The loss from discontinued operations of \$361.6 million (2010: \$6.6 million loss) reflects the impact of the sale of interests in Brussels and Copenhagen Airports in consideration for an increased interest in Sydney Airport of 10.86% and net cash payment of \$800.7 million, as follows:

- Revaluation decrement of SYD's interest in Brussels Airport of \$188.5 million (2010: \$11.9 million increment);
- Revaluation decrement of SYD's interest in Copenhagen Airports \$173.1 million (2010: \$18.6 million decrement);

Income tax

Under the Income Tax Assessment Acts, SAT1 is not liable for income tax provided that the taxable income of SAT1 is fully distributed to stapled security holders each year.

The income tax benefit of \$96.7 million primarily represents reductions in the deferred tax liabilities recognised on fair value uplifts in relation to the assets and liabilities of Sydney Airport.

15. Commentary on results (continued)

Non-Controlling Interests

Non-controlling interests (NCI) in the loss from continuing activities of (\$39.5) million represents the net loss of Southern Cross Australian Airports Trust (SCAAT) and Southern Cross Airports Corporations Holdings Limited (SCACH) attributable to minority interests for the year ended 31 December 2011.

Discussion and Analysis of Financial Position

Total assets have decreased from \$14,325.6 million in the prior year to \$12,134.5 million at 31 December 2011. This decrease relates to the sale of SYD's interests in Brussels Airport and Copenhagen Airports and the payment to shareholders as part consideration for the Simplification; offset partially by the acquisition of additional interest in Sydney Airport and the drawdown of cash at year end for the repayment of SKIES on 3 January 2012.

Total liabilities have increased from \$8,932.1 million in the prior year to \$9,701.8 million at 31 December 2011. This increase primarily relates to the additional senior debt raised at Sydney Airport for the repayment of SKIES and funding of capital expenditure.

At 31 December 2011, total consolidated equity of SYD was \$2,432.8 million (2010: \$5,393.6 million), of which \$138.8 million represents NCI in SCAAT and SCACH (2010: \$459.2 million). *This decrease primarily reflects the payment of the cash component of the Scheme Consideration, the removal of 10.86% interest in Sydney Airport from non-controlling interests, ordinary distributions declared, and the 2011 statutory result.*

Discussion and Analysis of Cash Flows

Cash flows from operating activities were \$857.4 million for the year ended 31 December 2011 (2010: \$863.7 million). The decrease in the current year is primarily attributable to lower investment income and distributions received from European airports and non-recurring indirect taxes paid during the year.

Net cash inflows from investing activities of \$597.9 million primarily relate to the net proceeds received on the sale of interests in Brussels Airport and Copenhagen Airports of \$800.7m offset by purchases of fixed assets (\$171.7 million).

During the year, SYD had net cash outflows from financing activities of \$1,579.1 million (2010: \$989.3 million). The outflows primarily reflect the Scheme Cash Consideration paid of \$1,489.0 million and distributions paid to SYD security holders of \$390.9 million.

Further discussion of results

For a further discussion of results, please refer to the SYD Management Information Report.

15.4 Segment results:

Refer attached financial statements (Note 25: Segment Reporting)

15.5 Trends in performance:

Refer to 15.3.

16. Audit / review of accounts upon which this report is based

This report is based on accounts to which one of the following applies (tick one):

<input checked="" type="checkbox"/>	The accounts have been audited. (refer attached financial statements)	<input type="checkbox"/>	The accounts have been subject to review. (refer attached financial statements)
<input type="checkbox"/>	The accounts are in the process of being audited or subject to review.	<input type="checkbox"/>	The accounts have not yet been audited or reviewed.

17. Accounts not yet audited or reviewed

N/A

18. Qualification of audit / review

N/A as no qualification