Macquarie Airports

Comprising Macquarie Airports Trust (1) and its controlled entities

Macquarie Airports Trust (2) and its controlled entities

Financial Report for the Year Ended 31 December 2008

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Introduction to the Financial Report

Overview of MAp

Macquarie Airports ("MAp") invests in airports worldwide. MAp currently holds investments in Sydney Airport, Brussels Airport, Copenhagen Airports, Bristol Airport and Japan Airport Terminal. During the year MAp disposed of part of its interests in Copenhagen Airports and Brussels Airport and acquired an interest in Grupo Aeroportuario del Sureste ("ASUR").

MAp is a triple stapled security listed on the Australian Securities Exchange. Stapled securities are two or more securities that are quoted and traded as if they were a single security. A MAp stapled security consists of a unit in Macquarie Airports Trust (1) ("MAT(1)"), a unit in Macquarie Airports Trust (2) ("MAT(2)") and a share in Macquarie Airports Limited ("MAL").

MAp's Airport Investments

MAp's total beneficial interest in each of the underlying airport assets in which it has invested at 31 December 2008 is provided in the table below.

	Sydney Airport %	Brussels Airport %	Copenhagen Airports %	Bristol Airport %	Japan Airport Terminal %	ASUR %
MAp Beneficial Interest*						
As at 31 December 2008	**72.1**	**36.0**	**26.9**	**35.5**	**14.9**	**8.7**
As at 31 December 2007	72.1	62.1	53.7	32.1	14.9	3.6

* Excluding minority interest.

The following table outlines the fair values of each of MAp's investments as at 31 December 2008. The fair values have been determined in accordance with a valuation framework adopted by the directors. Discounted cash flow analysis is the methodology applied in the valuation framework.

	Sydney Airport* ($m)	Brussels Airport** ($m)	Copenhagen Airports** ($m)	Bristol Airport ($m)	Japan Airport Terminal ($m)	ASUR *** `($m)
As at 31 December 2008						
Direct interest	3,621.1	1,114.3	1,054.3	336.8	372.8	127.5
LESS: Minority interest	-	-	-	-	(93.0)	-
MAp beneficial interest	3,621.1	1,114.3	1,054.3	336.8	279.8	127.5
As at 31 December 2007						
Direct interest	4,145.4	1,713.8	1,932.2	545.8	388.6	-
LESS: Minority interest	-	-	-	(195.3)	(96.5)	-
MAp beneficial interest	4,145.4	1,713.8	1,932.2	350.5	292.1	-

* As MAp holds a controlling interest in Sydney Airport of 72.1% at 31 December 2008, the financial position and results of this airport are consolidated into the MAp financial report. Accordingly the value of MAp's investment in Sydney Airport does not appear in the MAp financial report at 31 December 2008.

** MAp held a controlling interest in Copenhagen Airports of 53.7% and in Brussels Airport of 62.1% up to 5 November 2008, the date MAp partially divested its investments in these airports. MAp therefore consolidated the financial position and results of these airports into the MAp financial report from the beginning of the year up to that date. The value ascribed to MAp's investment in Copenhagen Airports is net of the external debt of Macquarie Airports Copenhagen Holdings A/S.

***MAp holds an additional economic interest in ASUR of 8.6% through a series of swap agreements.

Directors' Report

In respect of the year ended 31 December 2008, the directors of Macquarie Airports Management Limited ("the Responsible Entity") submit the following report on the consolidated financial report of Macquarie Airports Trust (1) ("MAT(1)"). UIG 1013: *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* requires one of the stapled entities of an existing stapled structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement, MAT(1) has been identified as the parent of the consolidated group comprising MAT(1) and its controlled entities, Macquarie Airports Trust (2) ("MAT(2)") and its controlled entities and Macquarie Airports Limited ("MAL") and its controlled entities together acting as Macquarie Airports ("MAp" or "the Group").

In respect of the year ended 31 December 2008, the directors of the Responsible Entity submit the following report on the consolidated financial report of MAT(2) being MAT(2) and its controlled entities (the "MAT(2) Group").

Principal Activities

The principal activity of MAp and the MAT(2) Group (together "the Groups") is investment in airport assets. The investment policy of the Groups is to invest funds in accordance with the provisions of the governing documents of the individual entities within the Groups.

There were no significant changes in the nature of the Groups' activities during the year.

Directors

The following persons were directors of the Responsible Entity during the whole of the year and up to the date of this report:

- Max Moore-Wilton (Chairman)
- Trevor Gerber
- Michael Lee
- Bob Morris

Michael Carapiet was appointed a director on 11 April 2008 and was in office from this date until his resignation on 23 December 2008.

Nicholas Moore was a director from the beginning of the year until his resignation on 11 April 2008.

John Roberts was an alternate director from the beginning of the year until his resignation on 23 December 2008.

The following persons were directors of MAL during the whole of the year and up to the date of this report:

- Jeffrey Conyers (Chairman)
- Sharon Beesley
- Stephen Ward
- Max Moore-Wilton

John Roberts was an alternate director from the beginning of the year until his resignation on 23 December 2008.

Interests in the Group held by the directors of the Responsible Entity and MAL during the year are disclosed in Note 25 to the financial report.

Distributions

The total distribution for MAp for the year ended 31 December 2008 was 27.00 cents per stapled security (2007: 31.00 cents per stapled security). This distribution was paid entirely by MAT(1). An interim distribution of 13.00 cents per stapled security (2007: 13.00 cents per stapled security) was paid by MAT(1) on 19 August 2008. A final distribution of 14.00 cents (2007: 13.00 cents per stapled security) and a special distribution of nil cents per stapled security (2007: 5.00 cents per stapled security) was paid by MAT(1) on 19 February 2009.

No distribution was paid by MAT(2) for the year ended 31 December 2008 (2007: nil).

Review and Results of Operations

The performance of the Groups for the year, as represented by the combined result of their operations, was as follows:

	MAp Consolidated 2008 $'000	MAp Consolidated 2007 $'000	**MAT(2) Consolidated 2008 $'000**	MAT(2) Consolidated 2007 $'000
Revenue from continuing operations	**2,148,488**	1,533,621	**15,833**	4,249
Other income	**2,868,393**	1,900,397	**69,795**	1,225,556
Total revenue and other income from continuing operations	**5,016,881**	3,434,018	**85,628**	1,229,805
Profit/(loss) from continuing operations after income tax expense	**2,239,562**	1,530,655	**(222,870)**	878,491
Profit/(loss) attributable to MAp security holders / MAT(2) unitholders	**2,070,451**	1,106,176	**(163,014)**	629,417
Basic earnings per stapled security / unit	**120.50c**	64.51c	**(9.49)c**	36.71c
Diluted earnings per stapled security / unit	**99.37c**	59.95c	**(9.49)c**	32.25c

Significant Changes in State of Affairs

MAp

- **Acquisition of additional interest in MAG**

During the year MAp acquired an additional 6.7% of Macquarie Airports Group Limited ("MAG") from Colonial First State Super and UniSuper for a total consideration of £21.2 million ($44.2 million). This increased MAp's total interest in MAG to 70.9% and MAp's beneficial interest in Bristol Airport from 32.1% to 35.5%.

- **MAG Restructure**

On 15 May 2008 MAG was restructured from a limited life investment fund into a holding company. MAG's only airport investment at the time of the restructure was a 50% stake in Bristol Airport. The purpose of the restructure was to remove any risk of a potential sale of the investment in Bristol Airport upon the winding up of MAG, which would have been required by 2011.

As part of the restructure MAG was renamed Bristol Airport (Bermuda) Limited ("BABL"). As a result of the restructure and the changes made to the relevant constituent documents, MAp no longer controlled BABL and therefore deconsolidated BABL from 15 May 2008 when control ceased.

- **Acquisition of interest in ASUR**

On 20 August 2008, MAp announced its holding of a 5.6% interest in B shares of Grupo Aeroportuario del Sureste ("ASUR"). ASUR is a Mexican airport group, listed on the New York and Mexican Stock Exchanges. ASUR operates nine airports in the southeast of Mexico under 50 year concession contracts. The investment was funded from cash reserves. From 20 August to 29 December 2008, the holding was increased to 8.7%.

Separately, through a series of swap agreements, MAp has economic exposure to ASUR's B shares. At 31 December 2008, MAp had economic exposure to 8.6% of ASUR's B shares.

- **TICkETS Withdrawal**

On 20 August 2008, as part of the capital management and portfolio review, MAp announced a withdrawal offer for Tradeable Interest-bearing Convertible to Equity Trust Securities ("TICkETS"). As the TICkETS terms do not allow for an early redemption, MAp offered to provide liquidity to TICkETS holders by making a withdrawal offer for up to $250 million of TICkETS.

The withdrawal offer was completed on 19 September 2008 with 1,463,574 TICkETS being withdrawn at a total cost of $151.4 million at an offer price of $103.45 per TICkETS.

The withdrawal was funded by MAp through the partial repayment of the First On-Lending Agreement ("FOLA").

Significant Changes in State of Affairs (cont'd)

▪ TICkETS Defeasance

On 20 August 2008, MAp announced an intention to defease TICkETS in order to enhance capital flexibility.

As part of the defeasance arrangement, a new trust, the TICkETS Defeasance Trust ("TDT") was established and funded sufficiently by MAp to ensure all future obligations under the TICkETS are covered. The TDT has invested in bank bonds, term deposits and a guaranteed investment contract.

Implementation of the defeasance followed the Supreme Court of New South Wales' decision, and subsequent granting of orders, that it was in the commercial interest of TICkETS holders to release the previous security package for TICkETS and substitute it with security over the investments of the TDT. The implementation completed on 12 November 2008.

▪ Partial divestments of Copenhagen Airports and Brussels Airport

On 20 August 2008, MAp announced its intention to dispose of 50% of its interest in Copenhagen Airports and 42.0% of its interest in Brussels Airport through the partial disposal of its interests in Macquarie Airports (Europe) No. 2 S.A ("MAESA2") and Macquarie Airports (Brussels) S.A. ("MABSA") to Macquarie European Infrastructure Fund III ("MEIF3"). The financial close of the transaction occurred on 5 November 2008 and the total cash consideration for the partial divestments was €941.1 million ($1,810.2 million).

As a result of the divestment, from 5 November 2008 MAp no longer controls MAESA2 and MABSA, and consequently MAp deconsolidated MAESA2 and MABSA from the date it lost control.

MAp retains a 26.9% beneficial interest in Copenhagen Airports and a 36.0% beneficial interest in Brussels Airport. Refer to Note 28 to the financial report for further details on the divestments.

▪ Buyback of MAp securities

On 20 August 2008, MAp announced that it was in the best interest of MAp security holders to commence a buyback of MAp stapled securities, utilising existing cash reserves.

On 17 October 2008, MAp sought security holder approval at a Special General Meeting for an on-market buyback of up to $1 billion MAp stapled securities utilising existing cash reserves following the TICkETS defeasance. Approval was granted and the on-market buyback commenced on 27 November 2008. From 27 November 2008 to 31 December 2008, 5.0 million stapled securities were bought back for consideration of $9.7 million.

▪ Recapitalisation of Sydney Airport

On 12 December 2008 Southern Cross Airports Corporation Holdings Limited ("SCACH"), the holding company for Sydney Airport, issued new stapled securities to existing shareholders to raise $250.0 million in new capital of which MAp contributed $182.0 million. On 27 November 2008, MAp also paid $144.4 million to SCACH as an early contribution for a further equity issue completed on 13 January 2009.

In the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the period under review.

Significant Changes in State of Affairs (cont'd)

MAT(2) Group

- **Partial divestments of Copenhagen Airports and Brussels Airport**

On 20 August 2008, MAp announced its intention to dispose of 50% of its interest in Copenhagen Airports and 42.0% of its interest in Brussels Airport through the partial disposal of its interests in Macquarie Airports (Europe) No. 2 S.A ("MAESA2") and Macquarie Airports (Brussels) S.A. ("MABSA") to Macquarie European Infrastructure Fund III ("MEIF3"). The financial close of the transaction occurred on 5 November 2008 and the total cash consideration for the partial divestments was €941.1 million ($1,810.2 million).

MAT(2) holds a 25.1% interest in Macquarie Airports (Europe) Limited ("MAEL"), the holding entity which held the Copenhagen and Brussels investments. Following the partial divestment of Copenhagen and Brussels airports, MAEL distributed the sale proceeds and the remaining investments to its shareholders. MAT(2) received a distribution in cash while MAL received cash and the remaining investments.

MAT(2) no longer holds a beneficial interest in these airports.

- **Buyback of MAp securities**

On 20 August 2008, MAp announced that it was in the best interest of MAp security holders to commence a buyback of MAp stapled securities, utilising existing cash reserves.

On 17 October 2008, MAp sought security holder approval at a Special General Meeting for an on-market buyback of up to $1 billion MAp ordinary stapled securities utilising existing cash reserves following the TICkETS defeasance. Approval was granted and the on-market buyback commenced on 27 November 2008. From 27 November 2008 to 31 December 2008, 5.0 million stapled securities were bought back for consideration of $9.7 million of which MAT(2)'s share is $2.1 million.

- **Recapitalisation of Sydney Airport**

On 12 December 2008 SCACH issued new stapled securities to existing shareholders to raise $250.0 million in new capital of which the MAT(2) group contributed $155.8 million. On 27 November 2008, MAT(2) Group also paid $105.4 million to SCACH as an early contribution for a further equity issue completed on 13 January 2009.

In the opinion of the directors there were no other significant changes in the state of affairs of the Group that occurred during the period under review.

Events Occurring after Balance Sheet Date

A final distribution of 14.00 cents (2007: 13.00 cents) per stapled security and a special distribution of nil cents (2007: 5.00 cents) per stapled security was paid by MAT(1) on 19 February 2009.

On 13 January 2009 SCACH issued additional stapled securities to existing shareholders to raise $263.0 million in new capital. On that date the early contributions previously made by the Groups converted into SCACH stapled securities and a further payment of $70.7 million was made by MAp. The MAT(2) Group contributed an additional $58.5 million.

On 23 February 2009 MAp announced that Sydney Airport will repay term debt of $870.0 million maturing at the end of 2009, funded through an equity issue to its existing shareholders. It is expected that MAp will take up its full pro-rata share of $629.5 million funded from existing cash reserves.

To the extent that other direct and indirect shareholders will not fully participate in the equity subscription, MAp will take up its entitlement of any such shortfall.

MAp also announced that it will cease its current buyback program for up to $1.0 billion of MAp securities.

Since the end of the year, the directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the year ended 31 December 2008.

Likely Developments and Expected Results of Operations

Further information on likely developments relating to the operations of the Groups in future years and the expected results of those operations has not been included in this report because the directors of the Responsible Entity believe it would be likely to result in unreasonable prejudice to the Groups.

Indemnification and Insurance of Officers and Auditors

No insurance premiums are paid for out of the assets of the Groups in regard to insurance cover provided to either the Responsible Entity or auditors of the Groups. So long as the officers of the Responsible Entity act in accordance with the Trust Constitutions and the Law, the officers remain indemnified out of the assets of the Groups against any losses incurred while acting on behalf of the Groups. The auditors of the Groups are in no way indemnified out of the assets of the Groups.

Fees Paid to the Responsible Entity, the Adviser and Associates

Fees paid to the Responsible Entity, the Adviser and their associates out of the Groups' property during the year are disclosed in Note 25 to the financial report.

No fees were paid out of the Groups' property to the directors of the Responsible Entity or the Adviser during the year.

Interests in the Groups held by the Responsible Entity and its associates during the year are disclosed in Note 25 to the financial report.

Interests in the Groups Issued During the Financial Year

The movement in securities on issue in the Groups during the year is as set out below:

MAp and MAT(2) Group	**Consolidated 2008 ('000)**	Consolidated 2007 ('000)	**Parent Entity 2008 ('000)**	Parent Entity 2007 ('000)
Securities / units on issue at the beginning of the year	**1,718,654**	1,690,302	**1,718,654**	1,690,302
Securities / units issued during the year	**-**	28,352	**-**	28,352
Securities / units cancelled during the year	**(5,018)**	-	**(5,018)**	-
Securities / units on issue at the end of the year	**1,713,636**	1,718,654	**1,713,636**	1,718,654

Value of Assets

MAp	**Consolidated 2008 ($'000)**	Consolidated 2007 ($'000)	**Parent Entity 2008 ($'000)**	Parent Entity 2007 ($'000)
Book value of Group assets at 31 December	**17,533,488**	24,189,351	**3,071,168**	3,306,788

MAT(2) Group	**Consolidated 2008 ($'000)**	Consolidated 2007 ($'000)	**Parent Entity 2008 ($'000)**	Parent Entity 2007 ($'000)
Book value of Group assets at 31 December	**4,163,353**	4,419,783	**2,213,259**	2,497,932

The book value of the Groups' assets is derived using the basis set out in Note 1 to the financial report.

Environmental Regulation

The operations of the underlying airport assets in which the Groups invest are subject to environmental regulations particular to the countries in which they are located.

- **Sydney Airport**

The primary piece of environmental legislation applicable to Sydney Airport is the Airports Act 1996 ("the Act 1996") and regulations made under it, including the Airports (Environment Protection) Regulations 1997. The main environmental requirements of the Act 1996 and the Regulations include:

- The development and implementation of an environment strategy;
- The monitoring and remediation of air, water and noise pollution from ground-based sources (except noise from aircraft in-flight, landing, taking off and taxiing and pollution from aircraft, which are excluded by the Act 1996 and Regulations); and
- The enforcement of the provisions of the Act 1996 and associated regulations, by statutory office holders of the Commonwealth Department of Transport and Regional Services. These office holders are known as Airport Environment Officers ("AEO's")

As required under the Act 1996, an Environment Strategy was approved by the Minister for Transport and Regional Services on 18 January 2005. The strategy outlines the plans and actions of Sydney Airport to measure, monitor, enhance and report on environmental performance over the five year period from 2005 to 2010. Sydney Airport's aim, reflected in the strategy, is to continually improve environmental performance and minimise the impact of Sydney Airports operations on the environment. The strategy supports world-class initiatives in environmental management beyond regulatory requirements.

There have been no serious breaches by Sydney Airport in relation to the above regulations.

Auditor's Independence Declaration

A copy of the auditors' independence declaration, as required under section 307C of the Corporations Act 2001 is set out on page 8.

Rounding of Amounts in the Directors' Report and the Financial Report

The Groups are of a kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Application of Class Order

The financial reports for MAT(1) and MAT(2) are jointly presented in the one report as permitted by ASIC Class Order 06/441.

This report is made in accordance with a resolution of the directors of Macquarie Airports Management Limited.

Max Moore-Wilton	**Trevor Gerber**
Sydney	Sydney
24 February 2009	24 February 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the audit of Macquarie Airports Trust (1) and Macquarie Airports Trust (2) for the year ended 31 December 2008, 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 Macquarie Airports Trust (1) and Macquarie Airports Trust (2) and the entities they controlled during the year.

EA Barron
Partner
PricewaterhouseCoopers

Sydney
24 February 2009

Income Statements

	Note	Consolidated				Parent Entity			
		MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	**MAT(2) 31 Dec 2008 $'000**	MAT(2) 31 Dec 2007 $'000	**MAT(1) 31 Dec 2008 $'000**	MAT(1) 31 Dec 2007 $'000	**MAT(2) 31 Dec 2008 $'000**	MAT(2) 31 Dec 2007 $'000
Revenue from continuing operations	2	**2,148,488**	1,533,621	**15,833**	4,249	**165,087**	139,252	**10,272**	2,625
Other income	2	**2,868,393**	1,900,397	**69,795**	1,225,556	**71,284**	563,021	**69,795**	860,310
Total revenue and other income from continuing operations		**5,016,881**	3,434,018	**85,628**	1,229,805	**236,371**	702,273	**80,067**	862,935
Finance costs	2	**(794,573)**	(682,258)	**(135,147)**	(83,032)	**(63,903)**	(74,495)	**(1,712)**	-
Administration expenses	2	**(175,972)**	(300,619)	**(11,686)**	(18,149)	**(13,874)**	(24,670)	**(11,577)**	(17,943)
Other operating expenses	2	**(1,811,512)**	(1,090,593)	**(319,734)**	-	**(159,500)**	(86,505)	**(355,226)**	-
Operating expenses from continuing operations		**(2,782,057)**	(2,073,470)	**(466,567)**	(101,181)	**(237,277)**	(185,670)	**(368,515)**	(17,943)
Profit/(loss) from continuing operations before income tax expense		**2,234,824**	1,360,548	**(380,939)**	1,128,624	**(906)**	516,603	**(288,448)**	844,992
Income tax benefit/(expense)	3	**4,738**	170,107	**158,069**	(250,133)	**-**	-	**106,228**	(208,673)
Profit/(loss) from continuing operations after income tax expense		**2,239,562**	1,530,655	**(222,870)**	878,491	**(906)**	516,603	**(182,220)**	636,319
Attributable to:									
MAp security holders / MAT(2) unitholders		**2,070,451**	1,106,176	**(163,014)**	629,417	**(906)**	516,603	**(182,220)**	636,319
Minority interest		**169,111**	424,479	**(59,856)**	249,074	**-**	-	**-**	-
		2,239,562	1,530,655	**(222,870)**	878,491	**(906)**	516,603	**(182,220)**	636,319
Earnings per security for profit from continuing operations attributable to MAp security holders / MAT(2) unitholders									
Basic earnings per stapled security / unit *	23	**120.50c**	64.51c	**(9.49)c**	36.71c				
Diluted earnings per stapled security / unit *	23	**99.37c**	59.95c	**(9.49)c**	32.25c				

The above Income Statements should be read in conjunction with the accompanying notes

* Earnings used in the calculation of earnings per stapled security/unit includes unrealised income and expense from revaluation of some investments and other financial instruments. Consequently, earnings per stapled security/unit reflects the impact of unrealised revaluation increments and decrements.

Balance Sheets

		Consolidated				Parent Entity			
	Note	**MAp**	MAp	**MAT(2)**	MAT(2)	**MAT(1)**	MAT(1)	**MAT(2)**	MAT(2)
		31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Current assets									
Cash and cash equivalents	6	**2,313,985**	2,566,601	**470,348**	44,029	**310,946**	31,735	**418,358**	22,527
Other financial assets	7	**838,492**	-	**-**	-	**-**	-	**-**	-
Receivables	8	**570,793**	632,479	**26,745**	10,822	**10,804**	49,718	**26,233**	10,803
Other assets		**16,393**	19,901	**16**	18	**64**	64	**17**	18
Derivative financial instruments	9	**4,212**	632	**-**	-	**-**	-	**-**	-
Total current assets		**3,743,875**	3,219,613	**497,109**	54,869	**321,814**	81,517	**444,608**	33,348
Non-current assets									
Receivables	8	**29,070**	143,177	**433,013**	-	**-**	-	**433,013**	-
Derivative financial instruments	9	**3,309**	212,245	**-**	-	**-**	-	**-**	-
Investments in financial assets	10	**3,010,739**	1,244,748	**3,233,231**	4,364,914	**2,749,354**	3,225,271	**1,335,638**	2,464,584
Property, plant and equipment	11	**2,457,566**	8,383,339	**-**	-	**-**	-	**-**	-
Investment property	11	**-**	45,668	**-**	-	**-**	-	**-**	-
Intangible assets	12	**8,271,407**	10,888,188	**-**	-	**-**	-	**-**	-
Deferred tax assets	18	**-**	12,960	**-**	-	**-**	-	**-**	-
Other assets		**17,522**	39,413	**-**	-	**-**	-	**-**	-
Total non-current assets		**13,789,613**	20,969,738	**3,666,244**	4,364,914	**2,749,354**	3,225,271	**1,768,651**	2,464,584
Total assets		**17,533,488**	24,189,351	**4,163,353**	4,419,783	**3,071,168**	3,306,788	**2,213,259**	2,497,932
Current liabilities									
Distribution payable		**239,935**	309,391	**-**	-	**239,935**	309,391	**-**	-
Payables	15	**668,964**	868,323	**2,218**	53,298	**6,066**	5,558	**1,626**	4,775
Deferred income		**25,038**	72,854	**-**	-	**-**	-	**-**	-
Prepayments from customers		**-**	7,628	**-**	-	**-**	-	**-**	-
Derivative financial instruments	9	**16,467**	-	**-**	-	**-**	-	**-**	-
Financial liabilities at fair value	16	**96,770**	420,767	**-**	-	**-**	-	**-**	-
Interest bearing liabilities	17	**1,616,857**	114,906	**-**	-	**769,120**	10,002	**-**	-
Provisions		**3,983**	4,306	**-**	-	**-**	-	**-**	-
Current tax liabilities	18	**11,184**	37,704	**8,217**	-	**-**	-	**8,217**	-
Total current liabilities		**2,679,198**	1,835,879	**10,435**	53,298	**1,015,121**	324,951	**9,843**	4,775

Balance Sheets (cont'd)

		Consolidated				Parent Entity			
	Note	**MAp**	MAp	**MAT(2)**	MAT(2)	**MAT(1)**	MAT(1)	**MAT(2)**	MAT(2)
		31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Non-current liabilities									
Derivative financial instruments	9	**285,765**	85,622	**-**	-	**-**	-	**-**	-
Interest bearing liabilities	17	**5,988,637**	11,472,282	**968,079**	866,399	**433,013**	892,331	**-**	-
Payables	15	**-**	130,481	**-**	-	**-**	-	**-**	-
Provisions		**6,302**	1,403	**-**	-	**-**	-	**-**	-
Deferred tax liabilities	18	**2,021,174**	3,613,482	**503,044**	669,192	**-**	-	**392,303**	497,688
Total non-current liabilities		**8,301,878**	15,303,270	**1,471,123**	1,535,591	**433,013**	892,331	**392,303**	497,688
Total liabilities		**10,981,076**	17,139,149	**1,481,558**	1,588,889	**1,448,134**	1,217,282	**402,146**	502,463
Net assets		**6,552,412**	7,050,202	**2,681,795**	2,830,894	**1,623,034**	2,089,506	**1,811,113**	1,995,469
Equity									
MAp Security Holders' Interest / MAT(2) Unitholders' Interest									
Contributed equity	19	**3,610,110**	3,619,852	**227,704**	229,840	**2,231,915**	2,234,147	**227,704**	229,840
Retained profits	20	**2,643,495**	572,138	**1,637,612**	1,800,626	**-**	-	**1,583,409**	1,765,629
Reserves	21	**(60,293)**	473,682	**(6,898)**	2,604	**(608,881)**	(144,641)	**-**	-
Total security holders / unitholders' interest		**6,193,312**	4,665,672	**1,858,418**	2,033,070	**1,623,034**	2,089,506	**1,811,113**	1,995,469
Minority interest in controlled entities	22	**359,100**	2,384,530	**823,377**	797,824	**-**	-	**-**	-
Total equity		**6,552,412**	7,050,202	**2,681,795**	2,830,894	**1,623,034**	2,089,506	**1,811,113**	1,995,469

The above Balance Sheets should be read in conjunction with the accompanying notes

Statements of Changes in Equity

		Consolidated				Parent Entity			
	Note	**MAp**	MAp	**MAT(2)**	MAT(2)	**MAT(1)**	MAT(1)	**MAT(2)**	MAT(2)
		31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total equity at the beginning of the year		**7,050,202**	7,012,338	**2,830,894**	1,995,330	**2,089,506**	2,072,648	**1,995,469**	1,337,691
Adjustment to retained profits on acquisition of subsidiary		**-**	(714,747)	**-**	-	**-**	-	**-**	-
Exchange differences on translation of foreign operations		**552,322**	(44,364)	**-**	-	**-**	-	**-**	-
Cash flow hedges, net of tax		**(356,853)**	124,603	**-**	-	**-**	-	**-**	-
Income recognised directly in equity		**195,469**	(634,508)	**-**	-	**-**	-	**-**	
Profit/(loss) for the year		**2,239,562**	1,530,655	**(222,870)**	878,491	**(906)**	516,603	**(182,220)**	636,319
Total recognised income and expense for the year		**2,435,031**	896,147	**(222,870)**	878,491	**(906)**	516,603	**(182,220)**	636,319
Transactions with equity holders in their capacity as equity holders:									
Contributions of equity by security holders		**-**	101,860	**-**	21,488	**-**	33,051	**-**	21,488
Contributions of equity by minority interests		**52,854**	175,870	**-**	-	**-**	-	**-**	-
Securities cancelled pursuant to security buy-back (including transaction costs)		**(9,729)**	-	**(2,123)**	-	**(2,232)**	-	**(2,123)**	-
Transaction costs paid in relation to contributions to equity (net of tax effect)		**(13)**	(64)	**(12)**	(29)	**-**	(13)	**(13)**	(29)
Minority interest on (disposal)/acquisition of subsidiaries		**(2,071,758)**	37,771	**-**	-	**-**	-	**-**	-
(Increase)/decrease of interest in subsidiaries during the year		**(76,787)**	185,895	**155,945**	78,883	**-**	-	**-**	-
Distributions provided for or paid to security holders	5	**(463,334)**	(532,783)	**-**	-	**(463,334)**	(532,783)	**-**	-
Distributions, dividends and returns of capital provided for or paid to minority interest		**(364,054)**	(826,832)	**(80,039)**	(143,269)	**-**	-	**-**	-
		(2,932,821)	(858,283)	**73,771**	(42,927)	**(465,566)**	(499,745)	**(2,136)**	21,459
Total equity at the end of the year		**6,552,412**	7,050,202	**2,681,795**	2,830,894	**1,623,034**	2,089,506	**1,811,113**	1,995,469

Statements of Changes in Equity (cont'd)

	Note	Consolidated				Parent Entity			
		MAp	MAp	**MAT(2)**	MAT(2)	**MAT(1)**	MAT(1)	**MAT(2)**	MAT(2)
		31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total recognised income and expenses for the year is attributable to:									
Security Holders / Unitholders		**2,126,256**	439,207	**(163,014)**	629,417	**(906)**	516,603	**(182,220)**	636,319
Minority interest		**308,775**	456,940	**(59,856)**	249,074	**-**	-	**-**	-
		2,435,031	896,147	**(222,870)**	878,491	**(906)**	516,603	**(182,220)**	636,319

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

Cash Flow Statements

		Consolidated				Parent Entity			
	Note	**MAp**	MAp	**MAT(2)**	MAT(2)	**MAT(1)**	MAT(1)	**MAT(2)**	MAT(2)
		31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash flows from operating activities									
Sydney Airport - interest received on Southern Cross Airports Corporation Holdings Limited redeemable preference shares		**-**	-	**98,916**	104,285	**30,889**	29,567	**-**	-
Sydney Airport - dividend received on Southern Cross Airports Corporation Holdings Limited ordinary shares		**-**	-	**191,596**	421,907	**94,795**	184,807	**-**	-
Sydney Airport - interest received on Macquarie Airports (Sydney Holdings) Pty Ltd redeemable preference shares		**-**	-	**-**	-	**185,118**	367,019	**-**	-
Rome Airport - dividend received on ordinary shares		**-**	36,399	**-**	-	**-**	-	**-**	-
ASUR – dividend received		**7,444**	-	**-**		**-**	-	**-**	-
Birmingham Airport - dividend received on ordinary shares		**-**	3,226	**-**	-		-	**-**	-
Bristol Airport – interest received on loans		**13,747**	11,626	**-**	-	**-**	-	**-**	-
Brussels Airport – investment income received on convertible loans		**-**	221,241	**-**	-	**-**	-	**-**	-
Macquarie Airports (Europe) Ltd distributions		**-**	-	**852,435**	-	**-**	-	**852,435**	-
Other distributions and dividend income received		**574**	-	**-**	-	**25,396**	-	**-**	-
Other interest received		**169,364**	119,192	**10,159**	3,038	**6,728**	7,428	**5,150**	1,474
Copenhagen Airports associates - distribution and dividend income received		**2,360**	4,691	**-**	-	**-**	-	**-**	-
Japan Airport Terminal – distribution and dividend income received		**3,481**	621	**-**	-	**-**	-	**-**	-
Interest received on inter-company loans		**-**	-	**2,902**	539	**18,429**	48,692	**2,902**	539
Fee income received		**646**	478	**712**	544	**-**	-	**647**	478
Airport revenue received (inclusive of goods and services tax)		**2,074,439**	1,464,499	**-**	-	**-**	-	**-**	-
Responsible Entity and Adviser base fees paid (inclusive of goods and services tax)		**(57,270)**	(90,079)	**(13,951)**	(17,086)	**(14,501)**	(24,085)	**(13,951)**	(17,086)
Adviser's performance fees paid *		**(91,191)**	(53,910)	**-**	-	**-**	-	**-**	-
Operating expenses paid (inclusive of goods and services tax)		**(14,381)**	(10,472)	**(1,787)**	(1,794)	**(3,393)**	(3,685)	**(1,678)**	(1,556)
Operating expenses paid by airport operating entities (inclusive of goods and services tax)		**(878,986)**	(544,813)	**-**	-	**-**	-	**-**	-
Income taxes paid		**(76,898)**	(51,821)	**125**	(93)	**-**	-	**125**	(93)
Net indirect taxes (paid)/received		**(9,259)**	9,123	**979**	1,394	**1,093**	7,814	**983**	1,398
Other income received		**6,877**	4,512	**-**	-	**20**	-	**-**	-
Net cash flows from operating activities	24	**1,150,947**	1,124,513	**1,142,086**	512,734	**344,574**	617,557	**846,613**	(14,846)

* The performance fee paid by Bristol Airport (Bermuda) Limited ("BABL") (formerly Macquarie Airports Group Limited) during the current period was incurred during the financial year ended 31 December 2007 and was based on the performance of BABL over its seven years since inception.

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Cash Flow Statements (cont'd)

		Consolidated				Parent Entity			
	Note	**MAp 31 Dec 2008 $'000**	MAp 31 Dec 2007 $'000	**MAT(2) 31 Dec 2008 $'000**	MAT(2) 31 Dec 2007 $'000	**MAT(1) 31 Dec 2008 $'000**	MAT(1) 31 Dec 2007 $'000	**MAT(2) 31 Dec 2008 $'000**	MAT(2) 31 Dec 2007 $'000
Cash flows from investing activities									
Brussels Airport - repayment received of loan to Macquarie Airports (Brussels) S.A.		**-**	70,032	**-**	-	**-**	-	**-**	-
Payments for purchase of subsidiaries, net of cash acquired		**-**	245,023	**-**	(56,212)	**(50,000)**	-	**-**	-
Payments for purchase of investments		**(203,945)**	(1,596,307)	**(155,766)**	(134,303)	**(53,691)**	(744,932)	**-**	-
Loan repayment from related party		**-**	-	**-**	-	**396,737**	304,634	**-**	-
Investment transaction costs paid		**(6,312)**	(57,138)	**(4)**	(811)	**-**	(166)	**(4)**	(5)
Proceeds received upon sale of investments (net of transaction costs)		**-**	2,607,029	**-**	-	**-**	-	**-**	-
Proceeds received upon sale of subsidiaries, net of cash disposed		**1,367,467**	-	**-**	-	**-**	-	**-**	-
Proceeds from maturation of short term investments		**-**	617,000	**-**	-	**-**	-	**-**	-
Payments for short term investments		**(838,492)**	-	**-**	-	**-**	-	**-**	-
Loans advanced to related party		**-**	-	**-**	-	**-**	(56,212)	**-**	-
Payments for purchase of fixed assets		**(549,910)**	(309,079)	**-**	-	**-**	-	**-**	-
Proceeds from disposal of fixed assets		**606**	-	**-**	-	-	-	-	-
Net cash flows from investing activities		**(230,586)**	1,576,560	**(155,770)**	(191,326)	**293,046**	(496,676)	**(4)**	(5)

Cash Flow Statements (cont'd)

		Consolidated				Parent Entity			
	Note	**MAp**	MAp	**MAT(2)**	MAT(2)	**MAT(1)**	MAT(1)	**MAT(2)**	MAT(2)
		31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Cash flows from financing activities									
Proceeds received from issue of units		**-**	-	**-**	21,488	**-**	-	**-**	21,488
Proceeds received from issue of securities to and borrowings from minority interests		**68,149**	233,007	**155,945**	135,126	**-**	-	**-**	-
Capital raising costs paid		**-**	(41)	**-**	(9)	**-**	(14)	**-**	(9)
Payments for security buyback		**(9,729)**	-	**(6,295)**	-	**-**	-	**(6,295)**	-
Proceeds received from borrowings		**1,098,376**	1,977,324	**-**	-	**233,472**	270,000	**-**	-
Repayment of borrowings (made)/received		**(806,520)**	(1,762,691)	**-**	(56,212)	**-**	(270,000)	**-**	-
Borrowing costs paid		**(710,258)**	(530,257)	**(186,659)**	(367,039)	**(59,090)**	(69,808)	**(1,541)**	-
Distributions paid to MAp security holders		**(532,791)**	(324,393)	**-**	-	**(532,791)**	(393,202)	**-**	-
Distributions, dividends and returns of capital paid to minority interest		**(364,054)**	(826,832)	**(80,045)**	(167,192)	**-**	-	**-**	-
Loans from related parties		**-**	-	**-**	56,212	**-**	10,000	**-**	10,000
Loans to related parties		**-**	-	**(442,943)**	(10,000)	**-**	-	**(442,942)**	(10,000)
Net cash flows from financing activities		**(1,256,827)**	(1,233,883)	**(559,997)**	(387,626)	**(358,409)**	(453,024)	**(450,778)**	21,479
Net (decrease)/increase in cash and cash equivalents held		**(336,466)**	1,467,190	**426,319**	(66,218)	**279,211**	(332,143)	**395,831**	6,628
Cash and cash equivalents at the beginning of the year		**2,566,601**	1,076,956	**44,029**	110,247	**31,735**	363,878	**22,527**	15,899
Exchange rate movements on cash denominated in foreign currency		**83,850**	22,455	**-**	-	**-**	-	**-**	-
Cash and cash equivalents at the end of the year	6	**2,313,985**	2,566,601	**470,348**	44,029	**310,946**	31,735	**418,358**	22,527
Non-cash financing and investing activities	24								

The above Cash Flow Statements should be read in conjunction with the accompanying notes

Notes to the Financial Statements

1 Summary of Significant Accounting Policies

The significant policies which have been adopted in the preparation of the financial statements are stated to assist in a general understanding of this general purpose financial report. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

As permitted by ASIC Class order 06/441, this financial report consists of the parent entity and consolidated financial statements of Macquarie Airports Trust (1) ("MAT(1)") and the entities it controlled at the end of, and during, the year (collectively referred to as MAp), and the parent entity and consolidated financial statements of Macquarie Airports Trust (2) ("MAT(2)") and the entities it controlled at the end of, and during, the year (collectively referred to as the MAT(2) Group).

The MAT(1) parent entity balance sheet shows a net current liability at 31 December 2008 of $693.3 million. The net current liability is due to the First On Lending Agreement ("FOLA") and the On Lending Agreement ("OLA") being classified as a current liability as MAp currently has the intention of redeeming the TICkETS in the next 12 months. However, as part of the TICkETS defeasance, MAT(1) has put aside sufficient funds to the meet these obligations. The funds are currently deposited in a subsidiary of MAT(1) called the TICkETS Defeasance Trust ("TDT") and will be available to MAT(1) when funds are required to repay the FOLA and OLA and any additional amount required to redeem the TICkETS.

The financial report was authorised for issue by the directors of the Responsible Entity on 24 February 2009. The Responsible Entity has the power to amend and reissue the financial report.

— ***Compliance with IFRSs***
Compliance with Australian Accounting Standards ensures that the financial statements and notes of MAp, MAT(1) parent, the MAT(2) Group and MAT(2) parent comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Consequently, this financial report has also been prepared in accordance with and complied with IFRS as issued by the IASB.

— ***Historical cost convention***
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

— ***Stapled Security***
The units of MAT(1) and MAT(2) and the shares of Macquarie Airports Limited ("MAL" or "the Company") are combined and issued as stapled securities in Macquarie Airports ("MAp" or "the Group"). The units of MAT(1) and MAT(2) and the shares of MAL cannot be traded separately and can only be traded as stapled securities.

This financial report consists of the consolidated financial statements of MAT(1), which comprises MAT(1) and its controlled entities, MAT(2) and its controlled entities and MAL and its controlled entities, together acting as MAp and the consolidated financial statements of MAT(2) which comprises MAT(2) and its controlled entities.

(b) Consolidated accounts

UIG 1013: *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* requires one of the stapled entities of an existing stapled structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement MAT(1) has been identified as the parent of the consolidated group comprising MAT(1) and its controlled entities, MAT(2) and its controlled entities and MAL and its controlled entities.

The financial statements of MAp should be read in conjunction with the separate consolidated financial statements of MAT(2), presented in this report, and the separate consolidated financial statements of MAL for the year ended 31 December 2008.

1 Summary of Significant Accounting Policies (cont'd)

(c) Principles of consolidation

The consolidated financial statements of MAp incorporate the assets and liabilities of the entities controlled by MAT(1) at 31 December 2008, including those deemed to be controlled by MAT(1) by identifying it as the parent of MAp, and the results of those controlled entities for the year then ended. The consolidated financial statements of the MAT(2) Group incorporate the assets and liabilities of the entities controlled by MAT(2) at 31 December 2008. The effects of all transactions between entities in the consolidated entity are eliminated in full. Minority interests in the results and equity are shown separately in the Income Statement and the Balance Sheet respectively. Minority interests are those interests in partly owned subsidiaries which are not held directly or indirectly by MAT(1), MAT(2) or MAL.

Where control of an entity is obtained during a financial period, its results are included in the Income Statement from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

During the financial year MAp lost control of Bristol Airport (Bermuda) Limited ("BABL") (formerly Macquarie Airports Group Limited ("MAG")), and of Macquarie Airports (Europe) No.2 S.A ("MAESA2") and Macquarie Airports (Brussels) S.A. ("MABSA"). The results for the entities from the beginning of the financial year to the date control ceased are included in the Income Statement. Refer to Note 28 for more details.

(d) Investments in airport assets

MAp and the MAT(2) Group (together the "Groups") have designated their non-controlled investments in airport assets as financial assets at fair value through profit or loss. Investments in financial assets are revalued at each reporting date, or when there is a change in the nature of the investment, to their fair values in accordance with AASB 139: *Financial Instruments: Recognition and Measurement*. Changes in the fair values of investments in financial assets, both positive and negative have been recognised in the Income Statement for the year.

Investments have been brought to account by the Groups as follows:

— ***Interests in unlisted securities in companies and trusts***

Interests in unlisted companies and trusts are brought to account at fair value, determined in accordance with a valuation framework adopted by the directors. Discounted cash flow analysis is the methodology applied in the valuation framework as it is the generally accepted methodology for valuing airports and the basis upon which market participants have derived valuations for airport transactions.

Discounted cash flow is the process of estimating future cash flows that are expected to be generated by an asset and discounting these cash flows to their present value by applying an appropriate discount rate. The discount rate applied to the cash flows of a particular asset comprises the risk free interest rate appropriate to the country in which the asset is located and a risk premium, reflecting the uncertainty associated with the cash flows. The risk premium represents a critical accounting estimate.

The risk premia applied to the discounted cash flow forecasts of the Groups' interests in securities in companies and trusts are as follows:

MAp	Copenhagen Airports (1)	Brussels Airport	Bristol Airport	Newcastle Airport (2)
	%	%	%	%
As at 31 December 2008				
Risk free rate*	4.0	4.2	4.0	-
Risk premium	9.4	8.0	10.3	-
Total discount rate	**13.4**	**12.2**	**14.3**	**-**
As at 31 December 2007				
Risk free rate*	-	4.4	4.5	4.5
Risk premium	-	6.6	9.0	10.0
Total discount rate	**-**	**11.0**	**13.5**	**14.5**

(1) No discount rate is shown for Copenhagen Airports for 2007 as Copenhagen Airports was consolidated into the MAp financial report in 2007.

(2) Newcastle Airport is no longer an associate of MAp, therefore it is no longer reflected in the MAp financial report.

1 Summary of Significant Accounting Policies (cont'd)

(d) Investments in airport assets (cont'd)

MAT(2)	Sydney Airport %	Brussels Airport %	Copenhagen Airports %
As at 31 December 2008			
Risk free rate*	4.9	-	-
Risk premium	10.2	-	-
Total discount rate	**15.1**	**-**	**-**
As at 31 December 2007			
Risk free rate*	6.4	4.4	4.5
Risk premium	8.0	6.6	7.9
Total discount rate	**14.4**	**11.0**	**12.4**

* The risk free rate for each airport asset is determined using the yields on 10 year nominal government bonds in the relevant jurisdiction at the valuation date.

The valuation derived from the discounted cash flow analysis is periodically benchmarked to other sources such as independent valuations and recent market transactions to ensure that the discounted cash flow valuation is providing a reliable measure. The directors have adopted a policy of commissioning independent valuations of each of the assets on a periodic basis, no longer than three years.

Interest, dividends and other distributions received from investments brought to account at fair value are credited against the investments when received.

— ***Interests in listed securities in companies and trusts***
The fair value of financial assets 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 Groups is the current bid price.

— ***Interests in other financial assets***
Interests in convertible loans and other debt securities are brought to account at fair value. Adjustments to the fair value of convertible loans and other debt securities are recognised in the Income Statement.

Investment transaction costs are expensed as incurred.

Investments have been brought to account by the parent entities as follows:

— ***Loans and receivables***
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost. Interest income from loans and receivables is recognised using the effective interest method.

(e) Investments in associates and subsidiaries

Investments in associates have been accounted for at fair value through profit or loss as noted above in both the parent and consolidated entity accounts.

Investments in subsidiaries have been accounted for at fair value through profit or loss as noted above in the parent entity accounts.

(f) Receivables

Receivables are initially recorded at their net fair values and are generally received within 30 days of becoming due and receivable. A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off in the period in which they are identified.

(g) Cash, cash equivalents and other financial assets

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Other deposits with original maturities of greater than three months are classified separately as other financial assets.

1 Summary of Significant Accounting Policies (cont'd)

(h) Intangible assets

— ***Goodwill***

Goodwill represents the excess of the cost of an acquisition over the fair value of the Groups' share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the Groups' investment in the respective airports to which the goodwill relates.

— ***Computer software***

Major projects in which computer software is the principal element are recognised as assets if there is sufficient certainty that the future earnings can cover the related costs.

Computer software primarily comprises external costs and other directly attributable costs.

— ***Technical service agreements, concessions and customer contracts***

Technical service agreements, concessions and customer contracts have finite useful lives and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their useful lives, which vary from to 7 to 16 years.

— ***Leasehold land***

Leasehold land at Sydney Airport represents the right to use the land at Sydney Airport. It has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the costs of the intangible asset over its useful life, which is 99 years from 1 July 1998.

— ***Airport operator licence***

Airport operator licence at Sydney Airport represents the right to use and operate Sydney Airport. It has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the costs of the intangible assets over its useful life, which is 99 years from 1 July 1998.

(i) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation.

Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect costs attributable to the construction work, including salaries and wages, materials, components and work performed by subcontractors.

The depreciation base is determined as cost less any residual value. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets and begins when the assets are ready for use.

Land is not depreciated.

The estimated useful lives of the major asset categories are as follows:

Asset category	Useful lives
Land and buildings	
Land improvements	40 years
Buildings	5-100 years
Leased buildings (including fit out)	5-40 years
Plant and machinery	
Runways, roads etc (foundation)	80 years
Surfaces of new runways, roads etc	10 years
Technical installations	15-25 years
Other fixtures and fittings, tools and equipment	3-23 years

1 Summary of Significant Accounting Policies (cont'd)

(j) Investment property

Investment properties are measured at cost less accumulated depreciation. Residual values are stated separately for each investment property. Investment property is depreciated over its useful life like other property, plant and equipment of a similar nature.

(k) Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is assessed periodically to determine whether there are indications of any impairment of the value beyond what is expressed in the amortisation or depreciation charges. If indications of impairment exist, impairment testing is carried out to determine whether an impairment charge is required to write down the value of the assets. Any impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount.

The recoverable amount of the asset is determined as the higher of the fair value less cost to sell and the value in use. If it is not possible to determine a recoverable amount for the individual assets, the assets are assessed together in the smallest group of assets for which a reliable recoverable amount can be determined in an overall assessment.

(l) Prepayments and deferred income

Prepayments recognised under assets comprise payments made relating to goods and services to be rendered during the following financial year.

Deferred income recognised under liabilities comprises payments received relating to goods and services to be provided in subsequent financial years.

(m) Borrowings

— ***Interest bearing liabilities***
Subsequent to initial recognition at fair value, net of transaction costs incurred, interest bearing liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

— ***Convertible loans***
The convertible loans issued by subsidiaries to minority interest shareholders are carried at fair value with changes in the fair value recognised as a finance cost in the Income Statement. The fair value of the convertible loans is determined using discounted cash flow analysis. Transaction costs are expensed as incurred.

— ***Preference shares***
The preference shares issued by International Infrastructure Holdings Limited ("IIHL"), a subsidiary of MAp, to minority interest shareholders are carried at fair value with changes in the fair value recognised as a finance cost in the Income Statement. The fair value of the preference shares is determined using discounted cash flow analysis. Transaction costs are expensed as incurred.

(n) Payables/other liabilities

Liabilities are recognised when the Groups become obliged to make future payments as a result of a purchase of assets or services, whether or not billed.

The Responsible Entity of MAT(1) and the Responsible Entity of Macquarie Airports Reset Exchangeable Securities Trust ("MAREST") have entered into an Expenses Indemnity and Fees Deed ("the Deed") dated 17 November 2004. Under the Deed, MAT(1) indemnifies MAREST for any liability incurred by the Responsible Entity of MAREST in properly performing or exercising any of its powers or duties in relation to MAREST.

(o) Distributions

Provision is made for the amount of any distribution payable by the Groups on or before the end of the financial year but not distributed at balance date.

(p) Revenue and other income recognition

— ***Investment income***
Investment income from investments recognised at fair value through profit or loss constitutes changes in the fair value of investments in listed and unlisted securities. Income relating to these investments is brought to account as described in Note 1(d). Interest income on cash balances is brought to account on an accruals basis.

1 Summary of Significant Accounting Policies (cont'd)

(p) Revenue and other income recognition (cont'd)

The following categories of revenue have been included in the MAp financial report relating to Copenhagen Airports, Brussels Airport and Sydney Airports.

— ***Aeronautical revenue***
Aeronautical revenue comprises passenger, take-off and parking charges and is recognised when the related services are provided.

— ***Retail revenue***
Retail revenue comprises sales related revenue from airport retail facilities and is recognised in line with the revenue generated from concessionaires.

— ***Property revenue***
Property revenue comprises rent for buildings and land, which is recognised over the terms of the contracts.

— ***Revenue from Rendering of Services***
Revenue from the sale of services comprises revenue from hotel operations which is recognised when delivery of services takes place and revenue from the operation of car parking services.

(q) Staff costs

Provision is made for employee benefits and related on-costs accumulated when it is probable that settlement will be required and they are capable of being measured reliably. The benefits include wages and salaries, incentives, annual leave and long service leave. Provisions made in respect of employee benefits due to be settled within 12 months are measured at their nominal values using the remuneration rates expected to apply at the time of settlement. Those not due to be settled within 12 months are measured at the present value of the estimated future cash outflows. In determining the present value of future cash outflows, the interest rates attached to government-guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

Provision for employees' incentives is made when the outflow of economic benefits is probable and the amount can be measured reliably.

Defined contribution plans
Contributions to defined contribution superannuation plans are recognised in the Income Statement in the period in which they arise.

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 each reporting date.

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.

Staff seconded to Copenhagen Airports from the Danish State
For civil servants seconded by the Danish State, the Group recognised a pension contribution in the Income Statement, which is fixed in each year by the State and paid to the State on a regular basis.

(r) Rent and lease costs

On initial recognition, lease contracts for property, plant and equipment under which MAp has substantially all risks and rewards of ownership (finance leases) are measured in the balance sheet at the lower of the fair value and the present value of the future lease payments. The present value is calculated using the interest rate implicit in the lease as the discount factor, or an approximate value. Assets held under finance leases are subsequently accounted for as other property, plant and equipment.

The capitalised lease obligation is recognised in the balance sheet as a liability, and the financial charge is recognised in the income statement over the term of the contract.

All lease contracts that are not considered finance leases are considered operating leases. Payments in connection with operating leases are recognised in the Income Statement over the term of the lease.

1 Summary of Significant Accounting Policies (cont'd)

(s) Amortisation and depreciation

Amortisation and depreciation comprise the year's charges for this purpose on MAp's intangible assets with a finite life and property, plant and equipment (refer to Notes 1(h) and 1(i)).

(t) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

MAT(2) and its wholly owned Australian controlled entities have formed a tax-consolidated group under Australian taxation law as of 1 January 2003. The head entity, MAT(2), and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax accounts. 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 using the 'standalone tax payer' approach.

Due to the existence of a tax sharing arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by each member of the group in relation to the tax contribution amounts paid or payable between MAT(2) and the other members of the tax-consolidated group in accordance with the arrangement.

Income tax has not been brought to account in respect of MAT(1) as, pursuant to the Income Tax Assessment Acts, the Trust is not liable for income tax provided that its taxable income (including any assessable realised capital gains) is fully distributed to unit holders each year.

Under current Bermudian law, MAL will not be subject to any income, withholding or capital gains taxes in Bermuda.

Copenhagen Airports
Copenhagen Airports and its wholly owned Danish subsidiaries, Macquarie Airports Copenhagen ApS and Macquarie Airports Copenhagen Holdings ApS have formed a tax consolidated group and is therefore taxed jointly with these companies and is jointly and severally liable with the jointly taxed companies for the payment of tax on the jointly taxed income.

Sydney Airport
Southern Cross Airports Corporation Holdings Limited ("SCACH") and all its wholly-owned Australian controlled entities are part of a tax-consolidated group under Australian taxation law. SCACH is the head entity in 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 using the 'standalone 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 SCACH.

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

1 Summary of Significant Accounting Policies (cont'd)

(u) Foreign currency translation

— ***Functional and presentation currency***
Items included in the financial statements of each of the Groups' entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of MAT(1) and MAT(2).

— ***Transactions and balances***
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

— ***Group entities***
The results and financial position of all the Groups' entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each Income Statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to security holders' equity. When a foreign operation is deconsolidated or borrowings that form part of the net investment are repaid, the cumulative exchange differences are recognised in the Income Statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(v) Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Groups designate certain derivatives as either (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); (2) hedges of highly probably forecast transactions (cash flow hedge); or (3) hedges of a net investment in a foreign operation. The Groups document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Groups also document their assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). 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 measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

1 Summary of Significant Accounting Policies (cont'd)

(v) Derivative financial instruments (cont'd)

(iii) Net investment hedges

Hedges of net investment in foreign operation are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expenses.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement.

(w) Earnings per stapled security

— ***Basic earnings per stapled security***

Basic earnings per stapled security is determined by dividing the profit attributable to security holders by the weighted average number of securities on issue during the year.

— ***Diluted earnings per stapled security***

Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary stapled securities and the weighted average number of stapled securities assumed to have been issued for no consideration in relation to dilutive potential ordinary stapled securities.

(x) Goods and services tax ("GST") or Value added tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of associated GST or VAT, unless the GST or VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST or VAT receivable or payable. The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included with other receivables or payable in the balance sheet.

Cash flows are presented on a gross basis. The GST or VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(y) Significant terms and conditions of investments

MAp's investment in Sydney Airport comprises ordinary shares and redeemable preference shares issued by SCACH. The ordinary shares and redeemable preference shares are combined and issued as stapled securities in SCACH. The two classes of shares can not be traded separately and may only be traded as stapled securities.

MAp's investment in Brussels Airport comprises ordinary shares and ordinary preferred shares issued by Macquarie Airports (Brussels) S.A. ("MABSA") and convertible loans advanced to MABSA under the Convertible Loan Agreements. Under the MABSA Shareholders' Agreement, ordinary shares and ordinary preferred shares in MABSA can only be transferred if the same proportion of rights and obligations under the Convertible Loan Agreement are transferred concurrently.

MAp's investment in Copenhagen Airports comprises ordinary shares issued by Macquarie Airports (Europe) S.A. ("MAESA2"), funding loans advanced to MAESA2 under the Funding Loan Agreement, shareholder loans advanced to MAESA2 under the Shareholder Loan Agreement and convertible loans advanced to MAESA2 under the Convertible Loan Agreement. Under the MAESA2 Shareholders' Agreement, ordinary shares can only be transferred if the same proportion of rights and obligations under the Funding Loan Agreement, the Shareholder Loan Agreement and the Convertible Loan Agreement are transferred concurrently.

(z) Segment reporting

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

1 Summary of Significant Accounting Policies (cont'd)

(aa) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of MAp's share of the identifiable net assets acquired is recorded as goodwill (refer Note 1(h)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired. Any subsequent changes in beneficial interest in subsidiaries are accounted for using the economic entity approach.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(ab) Accounting Standards and Interpretations issued but not effective as at 31 December 2008

AASB 8: *Operating Segments*
AASB 8: *Operating Segments* and AASB 2007-3, *Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009). This standard will require the entity to adopt the 'management approach' to disclosing information about its reportable segments. Generally, the financial information will be reported on the same basis as it is used internally by the Responsible Entity for evaluating operating segment performance and deciding how to allocate resources to operating segments. Such information may be prepared using different measures to that used in preparing the income statement and balance sheet, in which case reconciliations of certain items will be required.

AASB 101: *Presentation of Financial Statements*
AASB 101: *Presentation of Financial Statements* and amending standard AASB 2007-08: *Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009). AASB 101 introduces the notion of a 'complete set of financial statements', and changes the presentation of financial statements so owner changes in equity are disclosed separately from non-owner changes in equity. All non-owner changes in equity ('comprehensive income') will be presented either in one statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income), instead of being presented in the statement of changes in equity. Additional disclosure will be made of the income tax relating to each component of other comprehensive income, and the titles of the financial statements will change although their use will not be mandatory ('balance sheet' becomes 'statement of financial position'; 'income statement' becomes part of the 'statement of comprehensive income', unless a separate income statement is provided; 'cash flow statement' becomes 'statement of cash flows'). AASB 2007-08 contains consequential amendments to disclosures required by other Australian Accounting Standards as a result of the revised AASB 101.

AASB 2007-10: *Further Amendments to Australian Accounting Standards*
AASB 2007-10: *Further Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009). This standard changes the term 'general purpose financial report' to 'general purpose financial statements' and the term 'financial report' to 'financial statements', where relevant, in Australian Accounting Standards (including Interpretations) to align with IFRS terminology.

Revised AASB 123: *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*
The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Groups, as the Groups already capitalise borrowing costs relating to qualifying assets.

1 Summary of Significant Accounting Policies (cont'd)

(ab) Accounting Standards and Interpretations issued but not effective as at 31 December 2008 (cont'd)

AASB 2008-3: *Business Combinations* and AASB 127: *Consolidated and Separate Financial Statements*
AASB 2008-3: Amendments to Australian Accounting Standards Arising from AASB 3 and AASB 127 (effective from 1 July 2009). These standards amend the accounting for certain aspects of business combinations and changes in ownership interests in controlled entities. Consequential amendments are made to other standards, AASB 128: *Investments in Associates* and AASB 131: *Interests in Joint Ventures*. Changes include:

- transaction costs are recognised as an expense at the acquisition date, unless the cost relates to issuing debt or equity securities;
- contingent consideration is measured at fair value at the acquisition date (allowing for a 12 month period post-acquisition to affirm fair values) without regard to the probability of having to make future payment, and all subsequent changes in fair value are recognised in profit;
- changes in control are considered significant economic events, thereby requiring ownership interests to be remeasured to their fair value (and the gain/loss recognised in profit) when control of a controlled entity is gained or lost;
- changes in a parent's ownership interest in a controlled entity that do not result in a loss of control (e.g. dilutionary gains) are recognised directly in equity.
- Disclosure of any restrictions on the ability of associates to transfer funds to MAp in the form of cash dividends, or repayment of loans or advances.
- Disclosure of the MAp's share of the capital commitments of the joint ventures themselves.

Until future acquisitions take place that are accounted for in accordance with revised AASB 3, the impact on MAp is not known.

(ac) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

(ad) Group formation

MAT(1) and MAT(2) were established in Australia on 13 July 2001 and 13 February 2002 respectively. MAL was incorporated in Bermuda on 4 February 2002. The Responsible Entity of each of the Trusts, MAL and MAL's Adviser entered into the Stapling Deed on 28 March 2002.

(ae) Rounding of amounts

The Groups are of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

2 Profit for the Year

The operating profit from continuing operations before income tax includes the following specific items of revenue, other income and expense:

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Revenue from continuing operations				
Interest income from related parties	**90,734**	50,773	**15,183**	3,609
Interest income from other persons and corporations	**55,663**	74,168	**-**	-
Fee income	**10,806**	11,104	**650**	640
Aeronautical revenue	**1,084,509**	707,238	**-**	-
Retail revenue	**364,567**	338,325	**-**	-
Property revenue	**206,967**	150,532	**-**	-
Revenue from rendering of services	**300,366**	189,157	**-**	-
Other	**34,876**	12,324	**-**	-
Total revenue from continuing operations	**2,148,488**	1,533,621	**15,833**	4,249
Other income – revaluation of investments				
Revaluation of Sydney Airport	**-**	-	**-**	1,075,901
Revaluation of Rome Airports	**-**	956,891	**-**	-
Revaluation of Brussels Airport	**561,244**	364,067	**-**	-
Revaluation of Copenhagen Airports	**753,158**	-	**-**	-
Revaluation of Bristol Airport	**-**	313,845	**-**	-
Revaluation of Birmingham Airport	**-**	194,958	**-**	-
Revaluation of other airports	**2,792**	44,206	**-**	-
Revaluation of MAEL ordinary equity	**-**	-	**69,794**	149,400
	1,317,194	1,873,967	**69,794**	1,225,301
Other income – other				
Fair value movement on derivative contracts	**-**	3,502	**-**	-
Net gain from sale of property, plant and equipment	**-**	21,102	**-**	-
Gain from disposal of subsidiaries (MABSA and MAESA2)	**1,551,055**	-	**-**	-
Other	**144**	1,826	**1**	255
	1,551,199	26,430	**1**	255
Total other income	**2,868,393**	1,900,397	**69,795**	1,225,556
Total revenue and other income from continuing operations	**5,016,881**	3,434,018	**85,628**	1,229,805

2 Profit for the Year (cont'd)

Consolidated	Note	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Operating expenses from continuing operations					
Finance costs					
Interest expense (TICkETS)		**59,394**	63,987	**-**	-
Interest expense (Bridge debt facility)		**-**	9,967	**-**	-
Interest expense (MACH debt facility)		**65,441**	63,726	**-**	-
Interest expense (MASH RPS and MASH loan)		**-**	-	**132,895**	83,032
Interest expense (Brussels)		**111,169**	-	**-**	-
Interest expense (Copenhagen)		**40,500**	24,672	**-**	-
Interest expense (Sydney)		**509,450**	476,076	**-**	-
Interest expense other		**3,067**	-	**2,252**	-
Fair value movement on convertible loans		**5,552**	43,830	**-**	-
Total finance costs from continuing operations		**794,573**	682,258	**135,147**	83,032
Administration expenses					
Auditors' remuneration	4	**2,019**	3,195	**372**	348
Custodians' fees		**489**	344	**260**	205
Directors' fees		**431**	403	**-**	-
Investment transaction expenses		**3,373**	55,953	**4**	5
Investor communication expenses		**635**	779	**235**	268
Legal fees		**2,121**	1,216	**248**	83
Registry fees		**979**	805	**333**	250
Responsible Entity's and Adviser's base fees		**42,595**	82,773	**9,875**	16,576
Adviser's performance fee		**1,972**	147,423	**-**	-
Adviser's termination fee in relation to MAG restructure*		**118,955**	-	**-**	-
Other administration expenses		**2,403**	7,728	**359**	414
Total administration expenses		**175,972**	300,619	**11,686**	18,149
Other operating expenses					
Revaluation of Japan Airport Terminal		**189,336**	77,656	**-**	-
Revaluation of Sydney Airport		**-**	-	**319,734**	-
Revaluation of Bristol Airport		**2,973**	-	**-**	-
Revaluation of ASUR		**54,383**	-	**-**	-
Revaluation of other airports		**91,887**	-	**-**	-
Foreign exchange losses		**33,332**	50,236	**-**	-
Fair value movement on derivative contracts		**14,727**	-	**-**	-
Loss from deconsolidation of subsidiary (BABL)		**146,744**	-	**-**	-
Staff costs		**298,412**	231,147	**-**	-
Amortisation and depreciation		**595,914**	516,318	**-**	-
Operating and maintenance		**287,997**	144,516	**-**	-
Energy and utilities		**36,253**	27,619	**-**	-
Technology		**3,798**	3,579	**-**	-
Other external costs		**55,756**	39,522	**-**	-
Total other operating expenses		**1,811,512**	1,090,593	**319,734**	-
Total operating expenses from continuing operations		**2,782,057**	2,073,470	**466,567**	101,181

* During the year MAG terminated the Advisory Agreement with Macquarie Capital Funds (Europe) Limited and in accordance with the terms of the Termination Deed a termination fee in lieu of any and all future performance fees became payable. The terms of the termination deed were negotiated between the Adviser and the shareholders of Bristol Airports (Bermuda) Limited (formerly Macquarie Airports Group Limited) excluding MAp. MAp's share of the termination fee paid was $76.4 million.

2 Profit for the Year (cont'd)

Parent Entity	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Revenue from continuing operations				
Interest income from MASH RPS and MASH loan	**132,895**	83,031	**-**	-
Interest income from loans to MAL	**18,324**	48,698	**-**	-
Interest income from other related parties	**13,868**	7,523	**9,682**	2,046
Fee income	**-**	-	**590**	579
Total revenue from continuing operations	**165,087**	139,252	**10,272**	2,625
Other income – revaluation of investments				
Revaluation of Sydney Airport	**-**	504,476	**-**	-
Revaluation of MAG investment	**-**	52,546	**-**	-
Revaluation of MAREST	**2,793**	270	**-**	-
Revaluation of TICkETS Defeasance Trust	**68,451**	-	**-**	-
Revaluation of MAST	**7**	18	**-**	-
Revaluation of MASH ordinary shares	**-**	-	**-**	710,655
Revaluation of MAEL	**-**	-	**69,794**	149,400
	71,251	557,310	**69,794**	860,055
Other income – other				
Refund of goods and services tax paid in prior periods	**-**	5,711	**-**	255
Other	**33**	-	**1**	-
	33	5,711	**1**	255
Total other income	**71,284**	563,021	**69,795**	860,310
Total revenue and other income from continuing operations	**236,371**	702,273	**80,067**	862,935

2 Profit for the Year (cont'd)

Parent Entity	Note	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Operating expenses from continuing operations					
Finance costs					
Interest expense (First On Lending Agreement)		**28,031**	32,892	**-**	-
Interest expense (On Lending Agreement)		**31,363**	31,095	**-**	-
Interest expense (Bridge debt facility)		**-**	9,967	**-**	-
Interest expense (related parties)		**4,509**	541	**1,712**	-
Total finance costs from continuing operations		**63,903**	74,495	**1,712**	-
Administration expenses					
Auditor's remuneration	4	**428**	575	**313**	282
Custodians' fees		**229**	139	**231**	178
Investment transaction expenses		**-**	130	**4**	5
Investor communication expenses		**242**	269	**235**	268
Legal fees		**528**	628	**247**	65
Registry fees		**55**	59	**327**	243
Responsible Entity's base fees		**10,435**	21,815	**9,875**	16,576
Other administration expenses		**1,957**	1,055	**345**	326
Total administration expenses		**13,874**	24,670	**11,577**	17,943
Other operating expenses					
Fair value movement on derivative contracts		**-**	78,635	**-**	-
Revaluation of Sydney Airport		**127,674**	-	**-**	-
Revaluation of MAHPL		**14,419**	7,870	**-**	-
Revaluation of MASH ordinary shares		**-**	-	**355,226**	-
Revaluation of MAST		**-**	-	**-**	-
Revaluation of MASHT		**17,407**	-	**-**	-
Total other operating expenses		**159,500**	86,505	**355,226**	-
Total operating expenses from continuing operations		**237,277**	185,670	**368,515**	17,943

3 Income Tax Expense

The income tax for the financial year differs from the amount calculated on the net result from ordinary activities. The differences are reconciled as follows:

Consolidated	Note	**MAp 31 Dec 2008 $'000**	MAp 31 Dec 2007 $'000	**MAT(2) 31 Dec 2008 $'000**	MAT(2) 31 Dec 2007 $'000
(a) Profit/(loss) from continuing operations before income tax expense		**2,234,824**	1,360,548	**(380,939)**	1,128,624
Income tax expense calculated @ 30%		**670,447**	408,164	**(114,282)**	338,587
Tax effect of permanent differences:					
Non-deductible expenditure		**60,043**	22,300	**3,080**	42
Depreciation and amortisation		**18,641**	11,778	**-**	-
Non assessable income		**-**	-	**(16,790)**	(44,820)
Sundry items		**(1,374)**	(1,403)	**(138)**	(43)
Effect of changes in corporate tax rates		**-**	(110,132)	**-**	-
Under / (over) provision in previous year		**(1,699)**	1,248	**-**	-
Difference in overseas tax rates		**(10,902)**	(17,227)	**-**	-
Tax losses and timing differences not brought to account in prior period		**-**	(92,353)	**-**	-
Tax effect of operating results of Australian trusts (refer Note 1(t))					
MAT(1) Group		**9,889**	(154,981)	**-**	-
SCAAT		**(44,945)**	(43,633)	**(28,155)**	(43,633)
Prior year tax losses recouped during the year		**(1,784)**	-	**(1,784)**	-
Tax effect of operating result of Bermudian entities (refer Note 1(t))		**(703,054)**	(193,868)	**-**	-
Income tax (benefit)/expense		**(4,738)**	(170,107)	**(158,069)**	250,133
(b) Income tax (benefits)/expense					
Income tax (benefit)/expense comprises:					
Under/ (over) provision in previous year		**(1,699)**	1,248	**(125)**	-
Current taxation provision		**150,647**	42,450	**8,217**	-
Deferred tax asset		**-**	85,240	**-**	-
Deferred income tax liability		**(153,686)**	(299,045)	**(166,161)**	250,133
		(4,738)	(170,107)	**(158,069)**	250,133
Income tax (benefit)/expense is attributable to:					
Profit from continuing operations		**(4,738)**	(170,107)	**(158,069)**	250,133
Aggregate income tax (benefit)/expense		**(4,738)**	(170,107)	**(158,069)**	250,133
Deferred income tax (benefit)/expense included in income tax expense comprises:					
(Decrease)/increase in deferred tax assets			85,240	**-**	-
(Decrease)/increase in deferred tax liabilities	18	**(153,686)**	(299,045)	**(166,161)**	250,133
		(153,686)	(213,805)	**(166,161)**	250,133
(c) Amounts recognised directly in equity					
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:					
Current tax – credited directly to equity		**3,486**	5,658	**-**	-
Net deferred tax – (debited)/credited directly to equity	18	**183,093**	(40,649)	**(13)**	(20)
		186,579	(34,991)	**(13)**	(20)
(d) Tax losses					
Unused tax losses for which no deferred tax asset has been recognised		**-**	5,947	**-**	5,947
Potential tax benefit @ 30%		**-**	1,784	**-**	1,784

3 Income Tax Expense (cont'd)

Parent Entity	Note	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
(a) Net profit/(loss) from continuing operations before income tax expense		**(906)**	516,603	**(288,448)**	844,992
Income tax expense calculated @ 30%		**(272)**	154,981	**(86,534)**	253,498
Tax effect of permanent differences:					
Non-deductible expenditure		**-**	-	**3,080**	39
Non assessable income		**-**	-	**(20,852)**	(44,820)
Sundry items		**-**	-	**(13)**	(44)
Under/(over) provision in pervious year		**-**	-	**(125)**	-
Tax effect of operating results of Australian trusts (refer Note 1(t))					
MAT(1)		**272**	(154,981)	**-**	-
SCAAT		**-**	-		-
Prior year tax losses recouped during the period		**-**	-	**(1,784)**	-
Income tax expense/(benefit)		**-**	-	**(106,228)**	208,673
(b) Income tax expense/(benefit)					
Income tax expense/(benefit) comprises:					
Current year income tax		**-**	-	**(830)**	(4,546)
Deferred income tax liability	18	**-**	-	**(105,398)**	213,219
		-	-	**(106,228)**	208,673
Income tax expense/(benefit) is attributable to:					
Profit from continuing operations		**-**	-	**(106,228)**	208,673
Aggregate income tax expense/(benefit)		**-**	-	**(106,228)**	208,673
(c) Amounts recognised directly in equity					
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:					
Current tax – credited directly to equity		**-**	-	**-**	-
Net deferred tax – debited/credited directly to equity	18	**-**	-	**(13)**	(20)
		-	-	**(13)**	(20)
(d) Tax losses					
Unused tax losses for which no deferred tax asset has been recognised		**-**	-	**-**	5,947
Potential tax benefit @ 30%		**-**	-	**-**	1,784

*All unused tax losses were incurred by Australian entities.

4 Remuneration of Auditors

Consolidated	MAp 31 Dec 2008 $	MAp 31 Dec 2007 $	MAT(2) 31 Dec 2008 $	MAT(2) 31 Dec 2007 $
Amounts paid or payable to PricewaterhouseCoopers Australian firm for:				
Audit services	**1,086,671**	737,815	**200,048**	171,482
Other services				
Taxation compliance services	**418,472**	504,223	**154,451**	159,640
Trust compliance services	**30,726**	22,880	**15,840**	15,180
Other assurance services	**2,860**	44,999	**1,430**	1,430
	1,538,729	1,309,917	**371,769**	347,732
Amounts paid or payable to related practices of PricewaterhouseCoopers Australian firm for:				
Audit services	**471,119**	780,575	-	-
Other assurance services	**-**	143,297	-	-
Other services			-	
Taxation compliance services	**-**	29,914	-	-
	471,119	953,786	-	-
Amounts paid or payable to Deloitte Australian firm for:				
Audit services	**9,350**	295,308	**-**	-
Other services				
Taxation compliance services	**-**	455,918	**-**	-
Trust compliance services	**-**	-	**-**	-
Other assurance services	**-**	179,887	**-**	-
	9,350	931,113	**-**	-
	2,019,198	3,194,816	**371,769**	347,732

Parent Entity	MAT(1) 31 Dec 2008 $	MAT(1) 31 Dec 2007 $	MAT(2) 31 Dec 2008 $	MAT(2) 31 Dec 2007 $
Amounts paid or payable to PricewaterhouseCoopers Australian firm for:				
Audit services	**211,344**	203,495	**188,473**	159,594
Other services				
Taxation compliance services	**199,985**	321,478	**114,774**	113,192
Trust compliance services	**14,886**	7,700	**7,920**	7,480
Other assurance services	**1,430**	42,268	**1,430**	1,430
	427,645	574,941	**322,597**	281,696
	427,645	574,941	**312,597**	281,696

5 Distributions Paid and Proposed

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
The distributions were paid/payable as follows:				
Interim distribution paid for the period ended 30 June	**223,425**	223,425	**-**	-
Final distribution proposed and subsequently paid for the year ended 31 December	**239,909**	309,358	**-**	-
	463,334	532,783	**-**	-
	Cents per stapled security	Cents per stapled security	**Cents per unit**	Cents per unit
Interim distribution paid for the period ended 30 June (100% unfranked)	**13.0**	13.0	**-**	-
Final distribution proposed and subsequently paid for the year ended 31 December (100% unfranked)				
Distribution	**14.0**	13.0	**-**	-
Special distribution	**-**	5.0	**-**	-
	27.0	31.0	**-**	-

The distributions are paid or are payable by MAT(1).

Parent Entity	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
The distributions were paid/payable as follows:				
Interim distribution paid for the period ended 30 June	**223,425**	223,425	-	-
Final distribution proposed and subsequently paid for the year ended 31 December	**239,909**	309,358	-	-
	463,334	532,783	-	-
	Cents per unit	Cents per unit	**Cents per unit**	Cents per unit
Interim distribution paid for the period ended 30 June (100% unfranked)	**13.0**	13.0	**-**	-
Final distribution proposed and subsequently paid for the year ended 31 December (100% unfranked)				
Distribution	**14.0**	13.0	**-**	-
Special distribution	**-**	5.0	**-**	-
	27.0	31.0	**-**	-

6 Cash, Cash Equivalents

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Cash at bank	**441,886**	1,598,389	**7,062**	10,223
Negotiable certificates of deposit and commercial papers	**1,872,099**	968,212	**463,286**	33,806
	2,313,985	2,566,601	**470,348**	44,029

Parent Entity	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Cash at bank	**22,078**	31,735	**5,861**	7,624
Negotiable certificates of deposit and commercial papers	**288,868**	-	**412,497**	14,903
	310,946	31,735	**418,358**	22,527

(a) Negotiable Certificates of Deposit and Commercial Papers

The outstanding negotiable certificates of deposit and commercial papers held by MAp at year end paid interest at an average rate of 4.70% (2007: 6.85%) per annum.

The outstanding negotiable certificates of deposit and commercial papers held by the MAT(2) Group at year end paid interest at an average rate of 4.88% (2007: 7.54%) per annum.

The outstanding negotiable certificates of deposit and commercial papers held by MAT(1) at year end paid interest at an average rate of 4.70% per annum. At 31 December 2007 there were no outstanding certificates of deposit or commercial papers held by MAT(1).

The outstanding negotiable certificates of deposit and commercial papers held by MAT(2) at year end paid interest at an average rate of 4.92% (2007: 7.54%) per annum.

(b) Cash not available for use

Included within both MAT(1) parent and MAp cash at bank is $14.7 million (2007: $14.7 million) in a separate bank account that can only be used for paying interest on the First On Lending Agreement ("FOLA") and the On Lending Agreement ("OLA") (refer Note 17). MAT(1) must maintain a Distribution Service Reserve Account at a balance of no less than three months of contractual interest on the FOLA and the OLA until 1 January 2010.

Included in the MAp consolidated cash balance is $94.4 million (2007: $150.0 million) in a separate bank account held by Southern Cross Airports Corporation Pty Limited ("SCAC"), which is being held as a liquidity and debt servicing reserve and can only be used for the payment of debt. An additional $32.0 million (2007: $32.0 million) in the MAp consolidated cash balance is being held by SCAC as a distribution reserve account for the Sydney Kingsford Smith Interest Earning Securities ("SKIES").

Included within the MAp consolidated cash at bank in the prior year was DKK 113.2 million ($25.3 million) in a separate bank account that could only be used for paying interest on the MACH external debt (refer Note 17). While Copenhagen Airports' dividend policy is such that dividends are payable to shareholders on a half yearly basis, MACH must maintain a Debt Service Reserve Account ("DSRA") with a balance at least equal to 100% of the Financing costs (including commitment, agency fees and interest) payable during the following six months, determined as the most recent Calculation Date that follows the receipt of a dividend from Copenhagen Airports.

Also included within the Map consolidated cash at bank in the prior year was $748.7 million of proceeds from the sale of Rome Airports. The proceeds were reserved as security in relation to the TICkETS and could only be used for specific purposes, including the acquisition of new investments.

Discussion of the Groups' and Parents' policies concerning the management of credit risk can be found in Note 29.

7 Other Financial Assets

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Term deposits	**39,568**	-	**-**	-
Bank bonds	**760,460**	-	**-**	-
Guaranteed investment contract	**38,464**	-	**-**	-
	838,492	-	**-**	-

Other financial assets mainly represent the investments of the TICkETS Defeasance Trust ("TDT"). The TDT was established and funded sufficiently by MAp to ensure all future obligations under the TICkETS are covered. The TDT has invested in bank bonds, term deposits and a guaranteed investment contract. The funds can not be used for any other purpose.

The weighted average interest rates paid is 4.60% for term deposits, 4.45% for bank bonds and 4.10% for the guaranteed investment contract.

The bank bonds and guaranteed investment contract have a maturity date of 29 December 2009. The maturities of the term deposits are split with $7.1 million having a maturity date of 29 June 2009 and $7.4 million having a maturity date of 29 December 2009.

MAT(1) and MAT(2) parent entities do not have any other financial assets.

8 Receivables

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Current				
Other interest receivable	**342**	18,710	**38**	32
GST receivable	**645**	1,347	**308**	612
Withholding tax receivable	**5,779**	-	**-**	-
Income tax receivable	**-**	698	**-**	-
Receivables from related parties	**240**	-	**26,220**	10,019
Accrued revenue	**1,085**	13,083	**-**	-
Receivable from federal government on land rich tax indemnity (1)	**481,535**	401,525	**-**	-
Other receivables	**2,728**	17,112	**179**	159
	492,354	452,475	**26,745**	10,822
Trade receivables	**78,845**	186,564	**-**	-
Provision for doubtful receivables	**(406)**	(6,560)	**-**	-
Total current receivables	**570,793**	632,479	**26,745**	10,822
Non-current				
Lease receivables	**29,070**	137,149	**-**	-
Receivables from related parties	**-**	-	**433,013**	-
Other	**-**	6,028	**-**	-
Total non-current receivables	**29,070**	143,177	**433,013**	-

(1) The receivable from the federal government relates to an indemnity on stamp duty in relation to Sydney Airport. As part of the sale of Sydney Airport, the Commonwealth agreed to pay any land rich stamp duty assessed to SCACH by the NSW Office of State Revenue in relation to the transfer of the shares and granted SCACH an indemnity against any obligation to pay such duty (including any penalties or interest that are payable). A matching liability for the stamp duty payable has been recognised (refer note 15).

8 Receivables (cont'd)

Parent Entity	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Current				
Interest receivable on MASH redeemable preference shares	**-**	48,466	**-**	-
Interest receivable on MASHT redeemable preference shares	**6,497**	-	**-**	-
Distribution receivable from SCAAT	**-**	-	**-**	-
Interest receivable on loans to MAL	**-**	105	**-**	-
Other interest receivable	**227**	98	**38**	32
GST receivable	**337**	736	**307**	610
Receivables from related parties	**-**	-	**25,726**	10,002
Other receivables	**3,743**	313	**162**	159
Total current receivables	**10,804**	49,718	**26,233**	10,803
Non-current				
Receivables from related parties	**-**	-	**433,013**	-
Total non-current receivables	**-**	-	**433,013**	-

The fair values of receivables approximate their carrying values. The Groups' and Parents' maximum credit exposure for receivables is the carrying value.

Discussion of the Groups' and the Parents' policies concerning the management of credit risk can found in Note 29.

9 Derivative Financial Instruments

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Current assets				
Forward FX contracts	**4,212**	265	-	-
Interest rate swap contracts	**-**	367	-	-
Total current derivative financial instrument assets	**4,212**	632	-	-
Non-current assets				
Forward FX contracts	**3,309**	-	-	-
Interest rate swap contracts	**-**	212,245	-	-
Total non-current derivative financial instrument assets	**3,309**	212,245	-	-
Current liabilities				
Forward FX contracts	**6,798**	-	-	-
Interest rate swap contracts	**9,669**	-	-	-
Total current derivative financial instrument liabilities	**16,467**	-	-	-
Non-current liabilities				
Interest rate swap contracts	**285,765**	2,209	-	-
Cross Currency swap contracts	**-**	83,413	-	-
Total non-current derivative financial instrument liabilities	**285,765**	85,622	-	-

9 Derivative Financial Instruments (cont'd)

Instruments used by MAp
At 31 December 2008, MAp is party to derivative financial instruments entered into in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with MAp's financial risk management policies (refer to Note 29).

(i) Interest rate swap contracts – cash flow hedges
Floating interest bearing liabilities of MAp currently bear an average variable interest rate of 3.93% (2007: 7.15%). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, MAp's operating subsidiaries have entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Sydney Airport
Sydney Airport has entered into interest rate swaps to hedge their floating rate interest bearing liabilities. Swaps currently cover 96% (2007: 95%) of their floating rate loan principal outstanding at balance date. At 31 December 2008 the maturity, the notional amounts and the weighted averaged fixed interest rate on the swaps were as follows:

Sydney Airport	2008 $'000	Weighted average fixed interest rate	2007 $'000	Weighted average fixed interest rate
Less than 1 year	**1,640,000**	**5.66%**	147,470	6.21%
1-2 years	**-**	**-**	1,638,598	5.66%
2-3 years	**898,105**	**6.22%**	-	-
3-4 years	**1,870,000**	**6.33%**	748,105	6.19%
4-5 years	**-**	**-**	1,787,000	6.38%
Greater than 5 years	**860,000**	**6.03%**	670,635	6.38%
	5,268,105	**6.05%**	4,991,808	6.11%

At balance date these contracts were liabilities with a fair value of $9.7 million (2007: asset $0.4 million) presented as a current liability and $285.8 million (2007: asset $178.4 million) presented as a non-current liability.

Macquarie Airports Copenhagen Holdings A/S ("MACH")
At 31 December, the notional principal amounts and periods of expiry of the interest rate swap contracts related to the MACH senior debt are as follows:

Following the deconsolidation of MAESA2 and the holding entities through which the Copenhagen Airports investment was held, MAp no longer recognises the fair values of the MACH interest rates swaps on its balance sheet.

MACH	2008 DKK '000	2007 DKK '000
Less than 1 year	**-**	-
1-2 years	**-**	-
2-3 years	**-**	-
3-4 years	**-**	-
4-5 years	**-**	1,275,000
Greater than 5 years	**-**	3,825,000
	-	5,100,000

At 31 December 2007 these contracts were assets with fair value of $33.8 million, presented as a non-current asset.

Brussels Airport
During the prior year, Brussels Airport had entered into interest rate swaps to hedge their floating rate interest bearing liabilities. At 31 December 2007 the swaps covered 96% of their floating rate loan principal outstanding at balance date.

Following the deconsolidation of MABSA, MAp no longer recognises the fair values of the Brussels Airport's interest rates swaps on its balance sheet.

Brussels Airport	2008 €'000	Weighted average fixed interest rate	2007 €'000	Weighted average fixed interest rate
Greater than 5 years	**-**	**-**	1,250,000	4.53%
	-	**-**	1,250,000	4.53%

At 31 December 2007 these contracts were presented as a non-current liability with a fair value of $2.2 million.

9 Derivative Financial Instruments (cont'd)

(ii) Forward foreign exchange contracts
In order to protect against exchange rate movements, MAp has entered into forward exchange contracts to sell Danish Krone, Euros and Japanese Yen. These contracts are generally hedging anticipated receipts of distributions from MAp's underlying investments and expected payments.

At balance date, the details of the outstanding contracts held by MAp:

Sell Euros	Buy Australian dollars		Average Exchange Rate	
	2008	2007	**2008**	2007
	$'000	$'000		
Maturity				
0-6 months	**4,635**	-	**0.5782**	-

Sell DKK	Buy Australian dollars		Average Exchange Rate	
	2008	**2007**	**2008**	2007
	$'000	**$'000**		
Maturity				
0-6 months	**26,554**	-	**4.3478**	
6-12 months	**16,069**	-	**4.2379**	-

Sell JPY	Buy Australian dollars		Average Exchange Rate	
	2008 **$'000**	2007 $'000	**2008**	2007
Maturity				
6-12 months	**144,340**	-	**60.42**	-
12-24 months	**148,141**	-	**58.87**	-

Copenhagen Airports had also entered into forward exchange contracts to purchase Danish Krone and sell United States Dollars, Hong Kong Dollars, Great Britain Pounds and Mexican Peso. These contracts were hedging the budgeted net cash flows from the associates of Copenhagen Airports. The maturity of these contracts at balance date was less than 1 month. The notional amounts of these contracts are below:

	2008	**2007**
	'000	**'000**
Sell Mexican Peso	-	MXN 17,000
Sell United States Dollars	-	USD 1,500
Sell Great Britain Pounds	-	GBP 2,100
Sell Hong Kong Dollar	-	HKD 1,800

(iii) Cross Currency swap contracts – cash flow hedge
Copenhagen Airports has entered into 3 cross currency swaps. These swaps are used to hedge the USD denominated Bullet Bonds that have been issued by Copenhagen Airports.

Copenhagen Airports	**2008** **DKK '000**	**Average DKK fixed interest rate**	**Average USD fixed interest rate**
Greater than 5 years	**-**	**-**	**-**

Copenhagen Airports	2007 DKK '000	Average DKK fixed interest rate	Average USD fixed interest rate
Greater than 5 years	1,968,000	5.08%	5.81%

Instruments used by MAT(2) Group and MAT(2) Parent

The MAT(2) Group and MAT(2) parent did not hold any derivatives during the year or as at 31 December 2008 (2007: nil).

Instruments used by MAT(1)

The MAT(1) Parent did not hold any derivatives during the year or as at 31 December 2008 (2007: nil).

10 Investments in Financial Assets

The table below summarises the movements in MAp's significant investments during the year ended 31 December 2008.

Consolidated 2008	Brussels Airport $'000 10(i)	Copenhagen Airports * $'000 10(ii)	Bristol Airport $'000 10(iii)	Japan Airport Terminal $'000 10(iv)	ASUR $'000 10(v)
Balance at 1 January 2008	-	-	545,881	388,637	74,775
Acquisitions	-	-	-	-	77,708
Income received from investments	-	-	(13,747)	(3,481)	(7,444)
Deconsolidation adjustment **	553,058	301,126	(145,112)	-	-
Revaluation increment/(decrement) to 31 December 2008	561,244	753,158	(2,973)	(189,336)	(54,383)
Disposals	-	-	-	-	-
Revaluation increments attributable to foreign exchange movements recognised directly in equity to 31 December 2008	-	-	(47,256)	176,972	36,863
Balance at 31 December 2008	**1,114,302**	**1,054,284**	**336,793**	**372,792**	**127,519**

* Copenhagen Airports represents MAp's investment in MAESA2 the holding entity through which the Copenhagen Airports investment was held.
** Amounts for Brussels and Copenhagen Airports represent values of retained investments at historic cost.

Consolidated 2007	Brussels Airport $'000	Bristol Airport $'000	Japan Airport Terminal $'000	Rome Airport $'000	Birmingham Airport $'000
Balance at 1 January 2007	1,431,904	275,536	-	1,103,891	320,120
Acquisitions	208,789	-	447,071	-	-
Income received from investments	(291,273)	(11,626)	(621)	(36,399)	(3,226)
Revaluation increment/(decrement) to 31 December 2007	364,067	313,845	(77,656)	956,891	194,958
Disposals	-	-	-	(1,945,015)	(490,985)
Consolidation adjustment	(1,713,487)	-	-	-	-
Revaluation increments attributable to foreign exchange movements recognised directly in equity to 31 December 2007	-	(31,874)	19,843	(79,368)	(20,867)
Balance at 31 December 2007	**-**	**545,881**	**388,637**	**-**	**-**

At 31 December 2008, the value of MAp's investments in non-controlled airport assets is $3,010.7 million (including minority interests). The value of these investments which are unlisted has been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors and applying specified risk premia as outlined in Note 1(d). The investment valuation sensitivity to movements in the risk premia and revenue forecasts are disclosed in the table below.

10 Investments in Financial Assets (cont'd)

MAp Consolidated	2008 1% lower $ million	2008 1% higher $ million	2007 1% lower $ million	2007 1% higher $ million
Change in valuation of investments due to movement in the risk premia				
Brussels Airport	**127.1**	**(108.9)**	-	-
Copenhagen Airports	**124.9**	**(105.4)**	-	-
Bristol Airport	**44.0**	**(37.5)**	65.0	(55.6)
Newcastle Airport	**-**	**-**	10.8	(9.1)
	296.0	**(251.8)**	75.8	(64.7)
Change in the valuation of investments due to movement in revenue forecasts				
Brussels Airport	**(30.3)**	**30.1**	-	-
Copenhagen Airports	**(29.2)**	**26.4**		
Bristol Airport	**(7.5)**	**7.3**	(13.8)	14.2
Newcastle Airport	**-**	**-**	(2.4)	1.3
	(67.0)	**63.8**	(16.2)	15.5

MAp Consolidated	Consolidated 31 Dec 2008 $'000	Consolidated 31 Dec 2007 $'000
Brussels Airport (i)		
Interests in unlisted securities in companies and trusts		
Investment in Macquarie Airports (Brussels) S.A.	**1,114,302**	-
Copenhagen Airports (ii)		
Interests in unlisted securities in companies and trusts		
Investment in Macquarie Airports (Europe) S.A.	**1,054,284**	-
Bristol Airport (iii)		
Interests in unlisted securities in companies and trusts		
Investment in South West Airports Limited	**-**	545,881
Investment in Bristol Airport (Bermuda) Limited	**336,793**	-
Japan Airport Terminal (iv)		
Interests in listed securities in companies and trusts		
Investment in Japan Airport Terminal Co Ltd	**372,792**	388,637
ASUR (v)		
Interests in listed securities in companies and trusts	**127,519**	-
Other Investments (vi)		
Other airport investments	**-**	306,100
Other investments	**5,049**	4,130
	5,049	310,230
Total investments	**3,010,739**	1,244,748

10 Investments in Financial Assets (cont'd)

(i) Brussels Airport

MAp's investment in Brussels Airport is held through Macquarie Airports (Brussels) S.A. ("MABSA"), a special purpose vehicle established by a MAp led consortium to acquire an interest in The Brussels Airport Company ("Brussels Airport"). MABSA holds a 75.0% controlling interest in Brussels Airport.

MAp's investment in MABSA is comprised of ordinary shares, ordinary preferred shares ("OPS") and convertible loans. Both the ordinary shares and the OPS carry a right to vote at Shareholder meetings.

The convertible loans issued by MABSA entitle the holders to effectively all of the income of MABSA and have a term of 51 years, unless terminated earlier in accordance with the terms of the Convertible Loan Agreements. Under the Convertible Loan Agreements, MAp may at any time prior to the expiry term apply to convert the outstanding loan into MABSA OPS.

At 31 December 2008, MAp held a 48.0% interest in MABSA following the disposal of 42.0% of MAp's investment in MABSA to Macquarie European Infrastructure Fund III ("MEIF3") on 5 November 2008. MAp's beneficial interest in Brussels Airport at 31 December 2008 is 36.0%.

As a result of the disposal of 42.0% of the interest in MABSA to MEIF3, MAp lost the power to govern the financial and operating policies of MABSA on 5 November 2008 and therefore deconsolidated MABSA and Brussels Airport from the MAp consolidated financial statements from that date.

MAp's interest in Brussels Airport is held via a 48.0% interest in MABSA. The other shareholders are Macquarie European Infrastructure Fund LP (MEIF) with a 13.3% interest, Macquarie European Infrastructure Fund III (MEIF3) with a 34.7% interest and Macquarie Global Infrastructure Fund 2 (GIF2) with a 4.0% interest. MAp's interest in MABSA is subject to call options granted in favour of the other shareholders. In the event of a change of control of MAp, including where a Macquarie Group entity ceases to be the manager of MAp the other shareholders have the option to purchase MAp's interest in MABSA at fair value. MAp has a corresponding right if there is a change of control of the other shareholders. The call option may be exercised by another Macquarie Group entity or managed fund. Additionally, GIF2 has put option rights in respect of its interests in MABSA which entitle it to sell its interest in MAp at fair value in the event that there is a change of control of MAp, including where a Macquarie Group entity ceases to be the manager of MAp.

(ii) Copenhagen Airports

MAp's investment in Copenhagen Airports is held through Macquarie Airports (Europe) No. 2 S.A. ("MAESA2"). MAESA2 holds a 53.7% controlling interest in Copenhagen Airports.

MAp's investment in MAESA2 is comprised of ordinary shares, shareholder loans and convertible loans.

The shareholder loans issued by MAESA2 have a term of 51 years, unless terminated earlier in accordance with the terms of the Shareholder Loan Agreement. Under the Shareholder Loan Agreement, MAp may at any time prior to the expiry term apply to convert the outstanding loan into MAESA2 Ordinary Preference Shares (OPS).

The convertible loans issued by MAESA2 have a term of 51 years, unless terminated earlier in accordance with the terms of the Convertible Loan Agreement. Under the Convertible Loan Agreement, MAp may at any time prior to the expiry term apply to convert the outstanding loan into MAESA2 OPS.

At 31 December 2008, MAp held a 50.0% interest in MAESA2 following the disposal of 50.0% of MAESA2 to Macquarie European Infrastructure Fund III ("MEIF3") on 5 November 2008. MAp's beneficial interest in Copenhagen Airports at 31 December 2008 is 26.9%.

As a result of the disposal of 50.0% of its interest in MAESA2 to MEIF3, MAp lost the power to govern the financial and operating policies of MAESA2 on 5 November 2008 and therefore deconsolidated MAESA2 and Copenhagen Airports from the MAp consolidated financial statements from that date.

MAp's interest in Copenhagen Airports is held via a 50% interest in MAESA2. MAp's interest in MAESA2 is subject to a call option granted in favour of MEIF3. In the event of change of control of MAp, including where a Macquarie Group entity ceases to be the manager of MAp, MEIF3 has an option to purchase MAp's interest in MAESA2 at fair value. MAp has a corresponding right if there is a change of control of MEIF3. The call option may be exercised by another Macquarie Group entity or managed fund.

10 Investments in Financial Assets (cont'd)

(iii) Bristol Airport

MAp has a 35.5% interest in Bristol Airport through its investment in Bristol Airport (Bermuda) Limited (BABL) which owns 50% of Bristol Airport. MEIF owns the other 50% interest. MAp and MEIF have agreed that in the event of a change of control including where a Macquarie Group entity ceases to be the manager of either of them, the other party shall, subject to any pre-emptive rights, have a call option in respect of the other party's interest in Bristol Airport exercisable at fair value. The call option may be exercised by another Macquarie Group entity or managed fund.

At 31 December 2008, MAp's beneficial interest in Bristol Airport excluding minority interests is 35.5%.

(iv) Japan Airport Terminal

MAp's interest in Japan Airport Terminal (JAT) is held through International Infrastructure Holdings Limited (IIHL), a company owned 75.1% by MAp and 24.9% by Macquarie Capital Group Limited (MCGL). In the event of a change of control of MAp including where a Macquarie Group member ceases to be the manager of MAp or if MAp becomes insolvent, MAp is deemed to offer to sell its interest in IIHL to MCGL at fair value. MAp has a corresponding right if there is a change of control of MCGL.

JAT's shares are listed on the Tokyo Stock Exchange. At 31 December 2008, MAp's beneficial interest in JAT is 14.9%.

(v) ASUR

MAp's beneficial interest in Grupo Aeroportuario del Sureste ("ASUR") is 8.71%. ASUR is a Mexican airport group, listed on the New York and Mexican Exchanges. ASUR operates nine airports in the southeast of Mexico under 50 year concession contracts.

(vi) Other Investments

Other investments comprises investments in other airports and other airport related investments and in the prior year included the investments of Copenhagen Airports in Newcastle International Airport Limited, Inversiones y Technicas Aeroportuarias S.A. de C.V. and other smaller investments.

MAT(2) Consolidated	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Sydney Airport		
Interest in unlisted securities in a company		
Investment in Southern Cross Airports Corporation Holdings Limited (i)	**3,232,798**	3,581,839
Macquarie Airports (Europe) Limited ("MAEL")		
Interests in unlisted securities in companies and trusts		
Investment in MAEL (ii)	**433**	783,075
Total investments	**3,233,231**	4,364,914

10 Investments in Financial Assets (cont'd)

(i) Sydney Airport

The MAT(2) Group's interest in Sydney Airport is held through its investment in units in Southern Cross Australian Airports Trust ("SCAAT"). SCAAT holds stapled securities issued by Southern Cross Airports Corporation Holdings Limited ("SCACH"), the holding company of Sydney Airport. MAT(2)'s 68.7% holding in SCAAT represents a controlling interest. Accordingly, MAT(2) is required to consolidate the assets, liabilities and financial results of SCAAT into its financial report. On 12 December 2008 SCAAT issued additional equity however MAT(2) did not participate in the increase in share capital, therefore reducing its interest from 74.5% to 68.7%.

Each stapled security issued by SCACH represents one $50 ordinary share and one $150 redeemable preference share. The redeemable preference shares issued by SCACH are redeemable at $200 per share on the date 30 years after the issue date of the shares (28 June 2002), provided that any redemption must be effected in accordance with the Corporations Act 2001. The holders of the shares have the right to receive a fixed cumulative dividend at a rate of 13.5% per annum on the capital paid up and any unpaid dividend per share, subject to available cash. On distribution of capital on a winding up of SCACH, holders of redeemable preference shares shall be entitled to the repayment of capital paid up on the shares, in priority to any repayment to the ordinary shareholders of SCACH.

(ii) Macquarie Airports (Europe) Limited

MAEL, a subsidiary of MAL, is a special purpose vehicle that was originally set up by MAp to hold its investment in MAESA2 and MABSA. During the year MAEL sold 50% of its interest in MAESA2 and 34.7% of its interest in MABSA to MEIF3. As part of the distribution of the sale proceeds, MAEL made a distribution of cash to MAT(2) and a distribution of cash and property to MAL. The property distributed to MAL included MAEL's remaining investments in MAESA2 and MABSA. Consequently, MAT(2) no longer holds beneficial interests in Copenhagen Airports and Brussels Airport.

During the year MAEL also issued 36,510,476 additional shares. MAT(2) did not participate in these increases in share capital and at 31 December 2008 MAT(2) holds a 25.1% interest in MAEL.

At 31 December 2008, the value of the MAT(2) Group's investments in financial assets is $3,233.2 million (including minority interests). The value of these investments has been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors and applying specified risk premia as outlined in Note 1(d). The investment valuation sensitivities to movements in the risk premia and revenue forecasts are disclosed in the table below.

MAT(2) Consolidated	**2008** **1% lower** **$ million**	**2008** **1% higher** **$ million**	2007 1% lower $ million	2007 1% higher $ million
Change in valuation of investments due to movement in the risk premia				
Sydney Airport	**330.7**	**(292.4)**	314.5	(276.4)
Brussels Airport*	**-**	**-**	54.7	(46.1)
Copenhagen Airports*	**-**	**-**	65.4	(54.2)
	330.7	**(292.4)**	434.6	(376.7)
Change in the valuation of investments due to movement in revenue forecasts				
Sydney Airport	**(52.2)**	**47.5**	(58.6)	58.7
Brussels Airport*	**-**	**-**	(11.5)	11.4
Copenhagen Airports*	**-**	**-**	(22.5)	24.0
	(52.2)	**47.5**	(92.6)	94.1

* The investment in Macquarie Airports (Europe) Limited in the prior year was represented by its underlying investments in Brussels Airport and Copenhagen Airports.

10 Investments in Financial Assets (cont'd)

MAT(1) Parent Entity	MAT(1) Parent Entity 31 Dec 2008 $'000	MAT(1) Parent Entity 31 Dec 2007 $'000
Sydney Airport		
Interests in unlisted securities in companies and trusts		
Investment in Southern Cross Airports Corporation Holdings Limited	**1,015,553**	1,118,511
Investment in Southern Cross Australian Airports Trust	**-**	430,471
Investment in Macquarie Airports Sydney Kingsford Smith No. 1 Pty Limited	**238,825**	-
Investment in Macquarie Airports Sydney Holdings Two Pty Limited	**349,591**	-
Interests in interest bearing financial assets		
Investment in Macquarie Airports (Sydney Holdings) Pty Limited	**862,642**	866,401
	2,466,611	2,415,383
Macquarie Airports Limited ("MAL")		
Interests in interest bearing financial assets		
Second on Lending Agreement	**-**	465,000
Placement loan	**-**	125,000
First On Lending Agreement 2(b)	**-**	14,719
Reorganisation loan	**-**	6,693
	-	611,412
Macquarie Airports Holdings Pty Limited ("MAHPL")		
Investment in unlisted securities in companies and trusts		
Investment in MAHPL	**183,742**	198,161
TICkETS Defeasance Trust ("TDT")		
Interests in unlisted securities in companies and trusts		
Investments in TDT	**93,629**	-
MAp Subtrust ("MAST")		
Interests in unlisted securities in companies and trusts		
Investment in MAST	**323**	315
Other investments		
Other investments	**5,049**	-
Total investments	**2,749,354**	3,225,271

10 Investments in Financial Assets (cont'd)

At 31 December 2008, the value of MAT(1)'s investments in financial assets is $2,749.4 million. The value of the equity investments which are unlisted has been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors and applying specified risk premia as outlined in Note 1(d). The investment valuation sensitivities to movements in the risk premia and revenue forecasts are disclosed in the table below.

MAT(1) Parent Entity	2008 1% lower $ million	2008 1% higher $ million	2007 1% lower $ million	2007 1% higher $ million
Change in valuation of investments due to movement in the risk premia				
Sydney Airport	**103.3**	**(91.3)**	136.0	(119.5)
Bristol Airport*	**6.5**	**(5.6)**	6.8	(5.8)
	109.8	**(96.9)**	142.8	(125.3)
Change in the valuation of investments due to movement in revenue forecasts				
Sydney Airport	**(16.3)**	**14.8**	(25.3)	25.4
Bristol Airport*	**(1.1)**	**1.1**	(1.4)	1.5
	(17.4)	**15.9**	(26.7)	26.9

* The investment in MAHPL is represented by the underlying investment in Bristol Airport.

MAT(2) Parent Entity	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Sydney Airport		
Interests in unlisted securities in a company		
Ordinary Shares Macquarie Airports (Sydney Holdings) Pty Limited	**1,335,204**	1,681,509
Macquarie Airports (Europe) Limited ("MAEL")		
Interests in unlisted securities in companies and trusts		
Investment in MAEL	**434**	783,075
Total investments	**1,335,638**	2,464,584

At 31 December 2008, the value of MAT(2)'s investments in financial assets is $1,335.6 million. The value of these investments has been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors and applying specified risk premia as outlined in Note 1(d). The investment valuation sensitivities to movements in the risk premia and revenue forecasts are disclosed in the table below.

MAT(2) Parent Entity	2008 1% lower $ million	2008 1% higher $ million	2007 1% lower $ million	2007 1% higher $ million
Change in valuation of investments due to movement in the risk premia				
Sydney Airport	**227.1**	**(200.8)**	228.0	(200.3)
Brussels Airport*	**-**	**-**	54.7	(46.1)
Copenhagen Airports*	**-**	**-**	65.4	(54.2)
	227.1	**(200.8)**	348.1	(300.6)
Change in the valuation of investments due to movement in revenue forecasts				
Sydney Airport	**(35.8)**	**32.6**	(42.5)	42.5
Brussels Airport*	**-**	**-**	(11.5)	11.4
Copenhagen Airports*	**-**	**-**	(22.5)	24.0
	(35.8)	**32.6**	(76.5)	77.9

* The investment in Macquarie Airports (Europe) Limited in the prior year is represented by its underlying investments in Brussels Airport and Copenhagen Airports.

11 Property, Plant and Equipment and Investment Property

On 5 November 2008, MAp lost control of Copenhagen Airports and Brussels Airport. AASB127: *Consolidated and Separate Financial Statements* requires the assets and liabilities of a subsidiary to be derecognised from the date control ceased. Accordingly, the property, plant and equipment of Copenhagen Airports and Brussels Airport were deconsolidated from the date MAp lost control.

MAp Consolidated	Land and buildings $'000	Plant and machinery $'000	Other fixtures and fittings, tools and equipment $'000	Property, plant and equipment under construction $'000	Total property, plant and equipment $'000
Net book amount at 1 January 2008	**5,581,924**	**2,344,278**	**155,509**	**301,628**	**8,383,339**
Additions	148,855	96,194	28,780	619,596	893,425
Disposals / Transfers	(52,816)	15,291	(9,173)	(222,127)	(268,825)
Disposals due to loss of control	(5,319,654)	(1,172,907)	(89,322)	(387,982)	(6,969,865)
Depreciation	(183,392)	(167,128)	(44,535)	-	(395,055)
Exchange differences	618,711	143,019	11,644	41,173	814,547
Net book amount at 31 December 2008	**793,628**	**1,258,747**	**52,903**	**352,288**	**2,457,566**
At 31 December 2008					
Cost	1,013,811	1,556,843	136,316	352,288	3,059,258
Accumulated depreciation	(220,183)	(298,096)	(83,413)	-	(601,692)
Net book amount at 31 December 2008	**793,628**	**1,258,747**	**52,903**	**352,288**	**2,457,566**
Net book amount at 1 January 2007	3,577,667	1,845,975	117,542	239,801	5,780,985
Additions	217,560	112,932	63,554	361,316	755,362
Book value of additions through control obtained in subsidiary on 31 December 2007	1,965,842	500,451	12,195	90,066	2,568,554
Disposals / Transfers	(16,240)	(4,775)	(530)	(388,463)	(410,008)
Depreciation	(151,638)	(108,512)	(37,028)	-	(297,178)
Exchange differences	(11,267)	(1,793)	(224)	(1,092)	(14,376)
Net book amount at 31 December 2007	5,581,924	2,344,278	155,509	301,628	8,383,339
At 31 December 2007					
Cost	6,245,933	3,107,975	428,489	301,628	10,084,025
Accumulated depreciation	(664,009)	(763,697)	(272,980)	-	(1,700,686)
Net book amount at 31 December 2007	5,581,924	2,344,278	155,509	301,628	8,383,339

11 Property, Plant and Equipment and Investment Property (cont'd)

MAp Consolidated	MAp $'000
Investment property	
Net book amount at 1 January 2008	**45,668**
Additions	-
Disposals	-
Disposals due to loss of control	(51,544)
Depreciation	-
Exchange differences	5,876
Net book amount at 31 December 2008	**-**
At 31 December 2008	
Cost	-
Accumulated depreciation	-
Net book amount at 31 December 2008	**-**
Net book amount at 1 January 2007	45,850
Additions	-
Disposals	-
Depreciation	-
Exchange differences	(182)
Net book amount at 31 December 2007	45,668
At 31 December 2007	
Cost	45,668
Accumulated depreciation	-
Net book amount at 31 December 2007	45,668

The investment property balances represent land that is held by Copenhagen Airports.

MAT(1) parent entity, MAT(2) parent entity and the MAT(2) Group do not have any property, plant and equipment or investment property.

12 Intangible Assets

On 5 November 2008, MAp lost control of Copenhagen Airports and Brussels Airport. AASB127: *Consolidated and Separate Financial Statements* requires the assets and liabilities of a subsidiary to be derecognised from the date control ceased. Accordingly, the intangibles of Copenhagen Airports and Brussels Airport were deconsolidated from the date MAp lost control.

MAp Consolidated	Technical Service Agreements $'000	Concession and Customer Contracts $'000	Computer Software $'000	Airport Operator Licence $'000	Leasehold Land * $'000	Goodwill $'000	Total $'000
Net book amount at 1 January 2008	**58,498**	**1,398,381**	**32,016**	**5,545,775**	**2,015,564**	**1,837,954**	**10,888,188**
Additions	-	-	14,593	-	-	-	14,593
Disposals	-	-	(6,208)	-	-	-	(6,208)
Disposals due to loss of control	(66,005)	(1,268,436)	(37,662)	-	-	(1,333,216)	(2,705,319)
Amortisation charge for the year	(17)	(111,540)	(6,947)	(59,905)	(22,450)	-	(200,859)
Exchange differences	7,524	104,297	4,208	-	-	164,983	281,012
Net book amount at 31 December 2008	**-**	**122,702**	**-**	**5,485,870**	**1,993,114**	**669,721**	**8,271,407**
At 31 December 2008							
Cost	-	169,813	-	5,705,216	2,116,073	669,721	8,660,823
Accumulated amortisation	-	(47,111)	-	(219,346)	(122,959)	-	(389,416)
Net book amount at 31 December 2008	**-**	**122,702**	**-**	**5,485,870**	**1,993,114**	**669,721**	**8,271,407**
Net book amount at 1 January 2007	66,815	1,157,573	12,609	5,607,737	2,038,000	693,531	9,576,265
Additions	-	-	47,205	-	-	-	47,205
Book value of additions through control obtained in subsidiary on 31 December 2007	-	368,229	-	-	-	1,144,577	1,512,806
Disposals	-	-	(23,111)	-	-	-	(23,111)
Amortisation charge for the year	(7,909)	(121,728)	(5,105)	(61,962)	(22,436)	-	(219,140)
Exchange differences	(408)	(5,693)	418	-	-	(154)	(5,837)
Net book amount at 31 December 2007	58,498	1,398,381	32,016	5,545,775	2,015,564	1,837,954	10,888,188
At 31 December 2007							
Cost	74,867	1,624,630	61,828	5,705,216	2,116,073	1,837,954	11,420,568
Accumulated amortisation	(16,369)	(226,249)	(29,812)	(159,441)	(100,509)	-	(532,380)
Net book amount at 31 December 2007	58,498	1,398,381	32,016	5,545,775	2,015,564	1,837,954	10,888,188

* Leasehold land represents the right to use the land in relation to Sydney Airport.

12 Intangible Assets (cont'd)

Impairment test for goodwill
Goodwill is allocated to MAp's cash-generating units (CGU's) identified as being the respective airports.

MAp Consolidated	31 Dec 2008 $'000	31 Dec 2007 $'000
Sydney Airport	**669,721**	669,721
Brussels Airport	**-**	1,144,577
Copenhagen Airports	**-**	23,656
Total Goodwill	**669,721**	1,837,954

The recoverable amount of a CGU is determined based on "fair value less cost to sell" by determining fair value using discounted cash flow analysis.

Key assumption used for fair value less cost to sell calculation
The key assumption used in the calculation to determine the fair value less cost to sell is the discount rate used in the discounted cash flow model. For Sydney Airport the discount rate used is 15.1%.

Discounted cash flow analysis is the methodology adopted by the directors to value MAp's airport investments. Valuations derived from the discounted cash flow analysis are periodically benchmarked to other sources such as independent valuations and recent market transactions to ensure that the discounted cash flow valuation is providing a reliable measure. The directors have adopted a policy of commissioning independent valuations of each of the assets on a periodic basis, no longer than three years.

Investment valuation sensitivity to an increase in the risk premium of 1% or a decrease in revenue forecasts of 1% would not result in an impairment of goodwill.

MAT(1) parent entity, MAT(2) parent entity and the MAT(2) Group do not have any intangibles, therefore no tables have been presented.

13 Subsidiaries

MAT(1)'s significant subsidiaries

Name of Entity	Country of Incorporation / Establishment	Class of Shares / units	Beneficial Ownership Interest 31 Dec 2008	Beneficial Ownership Interest 31 Dec 2007
Macquarie Airports (Sydney Holdings) Pty Limited [1]	Australia	Ordinary shares		
		Redeemable preference shares	**100.0%**	100.0%
Southern Cross Australian Airports Trust [2]	Australia	Ordinary units	**84.6%**	84.5%
Macquarie Airports Group Limited	Bermuda	Ordinary shares	**-**	64.2%
Macquarie Airports (Europe) Limited	Bermuda	Ordinary shares	**100.0%**	100.0%
Macquarie Airports Copenhagen Holdings A/S	Denmark	Ordinary shares	**-**	100.0%
Macquarie Airports (Europe) No. 2 S.A.	Denmark	Ordinary shares	**-**	100.0%
Kobenhavns Lufthavne A/S [3]	Denmark	Ordinary shares	**-**	53.4%
Southern Cross Airports Corporation Holdings Limited [3]	Australia	Ordinary shares Redeemable preference shares	**72.1%**	72.1%
Sydney Airport Corporation Limited	Australia	Ordinary shares	**72.1%**	72.1%
Southern Cross Airports Corporation Pty Limited	Australia	Ordinary shares	**72.1%**	72.1%
TICkETS Defeasance Trust	Australia	Units	**100.0%**	-
Macquarie Airports (Brussels) S.A. [3]	Luxembourg	Ordinary shares		
		Ordinary preference shares	**-**	82.8%
Brussels Airport Holding NV [3]	Belgium	Ordinary shares	**-**	62.1%
The Brussels Airport Company NV [3]	Belgium	Ordinary shares	**-**	62.1%

(1) Macquarie Airports (Sydney Holdings) Pty Limited has been granted relief from the necessity to prepare financial reports by the Australian Securities & Investments Commission.
(2) As part of the refinancing of Sydney Airport, SCAAT issued additional units to MAp on 12 December 2008.
(3) Due to the partial divestment of its interests in Brussels and Copenhagen airports on 5 November 2008, MAp no longer has the power to govern the financial and operating policies of Brussels and Copenhagen airports and therefore lost control. As such, at 31 December 2008 Brussels and Copenhagen airports are no longer subsidiaries of MAp. MAp's holdings in MAESA2 and MABSA are now classified as investments in associates and are accounted for at fair value through profit or loss. Refer to Note 14.

13 Subsidiaries (cont'd)

MAT(2) Group

Name of Entity	Country of Incorporation / Establishment	Class of Shares / units	Beneficial Ownership Interest	
			31 Dec 2008	**31 Dec 2007**
Macquarie Airports (Sydney Holdings) Pty Limited	Australia	Ordinary shares	**100.00%**	100.0%
Southern Cross Australian Airports Trust	Australia	Ordinary units	**68.7%**	72.5%

14 Investments in Associates

MAp Group's significant associates

Name of Associate	Note	Beneficial Ownership Interest	
		31 Dec 2008	31 Dec 2007
Bristol Airport (Bermuda) Limited ("BABL")		**70.9%**	-
South West Airports Limited ("Bristol Airport")		**-**	32.1%
Macquarie Airports (Europe) No. 2 S.A. ("MAESA2")		**26.9%**	-
Macquarie Airports (Brussels) S.A. ("MABSA")		**36.0%**	-

At 31 December 2008, MAp has a 70.9% beneficial interest in BABL. While MAp holds more than a 50% interest in the voting rights of BABL, BABL has not been consolidated into the financial statements of MAp as the provisions of the BABL Shareholders Agreement require a majority of greater than 90% of shareholders to make key financial and operating decisions.

As MAp does not control greater than 90% of the voting rights of BABL, it does not have the power to govern the financial and operating policies of BABL and therefore does not consolidate BABL. As MAL does have significant influence over BABL, BABL is treated as an associate.

On 5 November 2008 MAp sold 50.0% of its interest in MAESA2, the holding entity for the investment in Copenhagen Airports, and 42.0% of its interest MABSA, the holding entity for the Brussels Airport investment, to MEIF3. As a result of the divestment, MAp lost control of MAESA2 and MABSA. As such, at 31 December 2008, MAp's holdings in Copenhagen Airports and Brussels Airport are classified as investments in associates and are accounted for at fair value through profit or loss.

MAT(2) Group's significant associates

Name of Associate	Note	Beneficial Ownership Interest	
		31 Dec 2008	31 Dec 2007
Southern Cross Airports Corporation Holdings Limited ("SCACH")	(1)	**42.8%**	45.2%
Macquarie Airports (Europe) Limited ("MAEL")	(2)	**25.1%**	27.3%

(1) On 12 December 2008, as part of the Sydney refinancing agreement, SCACH issued additional stapled securities to its shareholders. MAT(2) did not participate in the increase of capital. As such, MAT(2)'s direct interest in SCACH decreased.

MAT(2), through its interest in SCAAT, holds a 42.8% direct interest in SCACH. The proportion of voting power held in SCACH is in proportion to the direct ownership interest held.

The consolidated entity, through SCAAT, holds a 62.3% interest in SCACH. However, SCACH has not been consolidated into the financial statements of MAT(2), as the provisions of the SCACH shareholders' agreement require a 75% majority to pass significant resolutions by both the shareholders of SCACH and its board of directors. Consequently MAT(2) does not have the capacity to control the operating and financial decisions of SCACH.

(2) During the period, MAEL issued an additional 36,510,476 shares. All of the shares were issued to Macquarie Airports Limited. As such, MAT(2)'s direct interest in MAEL decreased and at 31 December 2008, MAT(2) holds a 25.1% direct interest in MAEL.

Unless stated otherwise, the proportion of voting power held in the associates disclosed above is in proportion to the direct ownership interest held.

The above associates are measured at fair value in accordance with AASB 139: *Financial Instruments: Recognition and Measurement*. Changes in fair value are recognised as income or expenses in the Income Statement in the financial year in which the changes occur. Refer also to Note 10.

15 Payables

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Current				
Responsible Entity and Adviser's base fees payable	**6,291**	20,111	**1,321**	4,549
Adviser's performance fees payable	**-**	93,512	**-**	-
Interest payable in relation to TICkETS	**135**	161	**-**	-
Interest payable on external debt	**81,140**	76,932	**-**	-
Interest payable on MASH redeemable preference shares	**-**	-	**-**	48,466
Distribution payable by SCAAT to minority interests	**7**	12	**15**	17
Trade payables	**78,240**	135,437	**133**	-
Employee entitlements	**8,313**	56,812	**-**	-
Payables relating to construction contracts	**-**	27,843	**-**	-
Land rich stamp duty liability (refer note 8)	**481,535**	401,525	**-**	-
Sundry creditors	**13,303**	55,978	**749**	266
	668,964	868,323	**2,218**	53,298
Non Current				
Lease payables	**-**	124,613	**-**	-
Sundry creditors	**-**	5,868	**-**	-
	-	130,481	**-**	-

The fair values of payables approximate their carrying values.

Parent Entity	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Current				
Responsible Entity and Adviser's base fees payable	**1,639**	5,066	**1,321**	4,549
Payables to related parties	**3,858**	-	**-**	-
Interest payable in relation to TICkETS	**135**	161	**-**	-
Sundry creditors	**434**	331	**305**	226
	6,066	5,558	**1,626**	4,775

The fair values of payables approximate their carrying values.

16 Financial Liabilities at Fair Value

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Current				
Convertible loan payable to minority interest in MABSA	**-**	357,258	**-**	**-**
IIHL Preference shares held by minority interest	**96,770**	63,509	**-**	**-**
	96,770	420,767	**-**	**-**

MAp's investment in JAT is held through IIHL, which received funding through the issue of ordinary shares and preference shares. The preference shares entitle the holders to effectively all of the income of IIHL and have a term of 9 years, unless redeemed earlier in accordance with the bye laws of IIHL. Under the bye laws, the holders may at any time prior to the expiry term redeem the preference shares. Accordingly, the preference shares are classified as debt for accounting purposes. As MAp holds a controlling interest in IIHL at 31 December 2008, the preference shares held by MAp are eliminated on consolidation of IIHL into the MAp financial report. The balance recognised at 31 December 2008 represents the fair value of the preference shares held by the minority interest in IIHL. Refer Note 1(m).

16 Financial Liabilities at Fair Value through Profit or Loss (cont'd)

MAT(1) and MAT(2) parent entities do not have any liabilities carried at fair value, therefore no tables have been presented.

In the prior year there was a convertible loan payable that represented loans advanced by minority interest shareholders in MABSA under the Convertible Loan Agreements in order to fund the final settlement of the acquisition of an interest in Brussels Airport on 24 November 2004.

On 5 November 2008, MAp sold 42.0% of its interest in MABSA to MEIF3. As a result of the divestment, MAp lost control of MABSA. AASB127: *Consolidated and Separate Financial Statements* requires the assets and liabilities of a subsidiary to be derecognised from the date control ceased. Accordingly the assets and liabilities of MABSA are no longer shown in the MAp balance sheet at 31 December 2008.

The convertible loans entitle the holders to effectively all of the income of MABSA and have a term of 51 years, unless terminated earlier in accordance with the terms of the Convertible Loan Agreements. Under the Convertible Loan Agreements, the holders may at any time prior to the expiry term apply to convert the outstanding loan into MABSA redeemable ordinary preference shares.

17 Interest Bearing Liabilities

Consolidated	Note	**MAp 31 Dec 2008 $'000**	MAp 31 Dec 2007 $'000	**MAT(2) 31 Dec 2008 $'000**	MAT(2) 31 Dec 2007 $'000
Current					
Loans from Macquarie Airports Reset Exchange Securities Trust	(1)	**749,191**	-	**-**	-
Sydney Airport					
Bank facilities	(3)	**449,533**	-	**-**	-
Medium term notes	(5)	**418,133**	-	**-**	-
Copenhagen Airports					
Mortgages	(8)	**-**	18,650	**-**	-
Lease liabilities	(9)	**-**	96,256	**-**	-
		1,616,857	114,906	**-**	-
Non-current					
Loans from Macquarie Airports Reset Exchange Securities Trust	(1)	**-**	892,331	**-**	-
Redeemable Preference Shares issued by MASH	(2)	**-**	-	**862,641**	866,399
Loans from MASKS1		**-**	-	**105,438**	-
Sydney Airport					
Bank facilities	(3)	**735,630**	973,723	**-**	-
Capital Index Bonds	(4)	**867,736**	844,570	**-**	-
Medium term notes	(5)	**3,437,262**	3,845,683	**-**	-
SCACH Redeemable Preference Shares	(6)	**281,369**	265,593	**-**	-
SKIES	(7)	**666,640**	669,559	**-**	-
Brussels Airport					
Bank facilities	(10)	**-**	2,158,184	**-**	-
Loans from minority interests	(11)	**-**	268,079	**-**	-
Copenhagen Airports					
Mortgages	(8)	**-**	46,393	**-**	-
Bullet bonds	(12)	**-**	365,317	**-**	-
MACH external borrowings	(13)	**-**	1,142,850	**-**	-
		5,988,637	11,472,282	**968,079**	866,399

17 Interest Bearing Liabilities (cont'd)

Parent Entity	Note	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Current					
Loan from Macquarie Airports Reset Exchange Securities Trust	(1)	**749,191**	-	-	
Loan from MAT(2)		**19,929**	10,002	-	-
		769,120	10,002	-	-
Non-current					
Loan from Macquarie Airports Reset Exchange Securities Trust	(1)	**-**	892,331	-	-
Loan from MAT(2)		**433,013**	-	-	-
		433,013	892,331	-	-

(1) On 20 December 2004, MAp entered into the First On Lending Agreement ("FOLA") with Macquarie Airports Reset Exchange Securities Trust ("MAREST"). The FOLA represents the on-lending by MAREST of funds raised through the issue of 4.65 million Tradeable Interest-bearing Convertible to Equity Trust Securities ("TICkETS").

Under the FOLA, MAp borrowed $465.0 million from MAREST to fund a portion of the initial Brussels Airport acquisition. Transaction costs of $13.6 million were incurred in connection with the FOLA. Contractual interest accrues on the FOLA at a contractual rate of 6.475% per annum and is payable six monthly in arrears. The interest rate will be reset on 1 January 2010. The FOLA has a term of 10 years.

On 18 September 2008 MAT(1) repaid $146.4 million of the principal outstanding under the FOLA to fund the partial withdrawal of TICkETS.

On 31 August 2006, MAp entered into the On Lending Agreement ("OLA") with MAREST. The OLA represents the on-lending by MAREST of funds raised through the issue of 4.42 million TICkETS at $100.50 per TICkETS. Funds received from the OLA totalled $439.2 million. Contractual interest accrues on the FOLA at a contractual rate of 6.5151% per annum and is payable six monthly in arrears. The interest rate will be reset on 1 January 2010. The OLA repayment date is 20 December 2014.

The FOLA and the OLA are measured at amortised cost and are recognised net of transaction costs. The difference between the proceeds received (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the FOLA and the OLA term using the effective interest method. The effective interest rates on the FOLA and on the OLA are 7.2%. For the year ended 31 December 2008, the FOLA and OLA have been reclassified as current liabilities as it is the intention of MAp to redeem the TICkETS during the year ended 31 December.

(2) The redeemable preference shares ("RPS") represent 871.9 million RPS issued by MASH to MAT(1). The MASH RPS are measured at amortised cost and interest expense is recognised under the effective interest method.

The shares are redeemable at $1 per share on the date 30 years after the issue date of the shares, provided that any redemption is effected in accordance with the Corporations Act 2001. The holders of the RPS have the right to receive a fixed cumulative dividend at a contractual rate of 15.0% per annum on the capital paid up and any unpaid dividends per share, subject to available cash. The dividend is payable quarterly in arrears. On distribution of capital on a winding up of MASH, holders of RPS shall be entitled to the repayment of capital paid up on the shares, in priority to any repayment to the ordinary shareholders of MASH. The effective interest rate on the MASH RPS is 15.2% per annum.

(3) Sydney Airport has entered into a series of bank facilities secured by fixed and floating charges over the assets and undertakings of the SCACH group and a mortgage over the Airport lease. Interest is charged at BBSY plus a predetermined margin. Currently the weighted average effective interest rate on the loans is 5.6% with maturities ranging between 1 and 5 years. At balance date, Sydney Airport has an undrawn balance on these facilities of $572 million.

(4) Sydney Airport as at 31 December 2008 has issued two issues of Capital Index Bonds ("CIB"). The bond principal for both issues increases through to maturity by the Consumer Price Index ("CPI"). Both issues of CIB pay a fixed interest rate that is calculated on the increasing bond principal. CIB are secured by fixed and floating charges over assets and undertakings of SCACH Group and a mortgage over the Airport lease. A financial guarantee in respect of the bonds is provided by MBIA Insurance Corporation. The current weighted effective interest rate on the CIB is 2.7%.

17 Interest Bearing Liabilities (cont'd)

(5) Sydney Airport has issued a mixture of fixed and floating interest rate Medium Term Notes ("MTN") with maturities ranging from 1 to 19 years. The MTN are secured by fixed and floating charges over assets and undertakings of SCACH and its subsidiaries ("SCACH Group") and a mortgage over the Airport lease. Financial guarantees in respect of the notes are provided by MBIA Insurance Corporation and Ambac Assurance Corporation. At 31 December 2008 the weighted average effective interest rate on the MTN was 5.3%.

(6) As at balance date Sydney Airport has on issue 10,634,147 RPS, with each RPS stapled to one ordinary share of SCACH. At 31 December 2008 MAp holds 8,694,807 RPS which are eliminated on consolidation. The RPS carry an entitlement to a fixed cumulative dividend at a rate of 13.5% per annum, payable quarterly dependent on available cash within the SCACH Group. The RPS are redeemable at a premium of $50 on 28 June 2032.

(7) At 31 December 2008 Sydney Airport has 6.5 million Sydney Kingsford Smith Interest Earning Securities ("SKIES") on issue. SKIES are a subordinated, unsecured note listed on the Australian Securities Exchange ("ASX"). The notes have a 10 year maturity from issue date 21 December 2006 and pay interest quarterly, at a margin of 180 basis points over BBSW. At 31 December 2008 the effective interest rate of SKIES was 5.0%.

(8) In the prior year, Copenhagen Airports entered into three fixed interest rate DKK denominated mortgages with Danish banks. The mortgages were secured against CPH's property. The maturity dates of the mortgages ranged from 1 to 25 years. The weighted average interest rate of the mortgages was 4.5%. As Copenhagen Airports is no longer a subsidiary of MAp, the liabilities of Copenhagen Airports are not included in the consolidated financial statements of MAp at 31 December 2008.

(9) In the prior year, Copenhagen Airports entered into finance leases over the car parking buildings. CPH entered into a management contract with an external party for the operation of the car park parking facilities. This contract was due to expire at the end of 2008. As Copenhagen Airports is no longer a subsidiary of MAp, the liabilities of Copenhagen Airports are not included in the consolidated financial statements of MAp at 31 December 2008.

(10) In the prior year, Brussels Airport entered into a syndicated loan facility of €1,580 million which at 31 December 2007, €1,300 million had been drawn. The facility was due to mature in 2015 with the interest rate being EURIBOR + 55 bps. As Brussels Airport is no longer a subsidiary of MAp, the liabilities of Brussels Airport are not included in the consolidated financial statements of MAp at 31 December 2008.

(11) In the prior year, Brussels Airport issued loans to its shareholders, MABSA and the Belgium government, which were due to mature in 2027. Loans carried interest ranging between 5.0% and 7.0% depending on the operational performance of Brussels Airport. As Brussels Airport is no longer a subsidiary of MAp, the liabilities of Brussels Airport are not included in the consolidated financial statements of MAp at 31 December 2008.

(12) In the prior year, Copenhagen Airports issued fixed interest rate bonds to US private investors totalling USD300 million. Cross currency swaps were entered into to hedge the currency risk (refer to Note 9). The weighted average contractual and effective interest rate was 5.8% with the maturity dates ranging between 6 and 10 years. As Copenhagen Airports is no longer a subsidiary of MAp, the liabilities of Copenhagen Airports are not included in the consolidated financial statements of MAp at 31 December 2008.

(13) On 24 October 2005, MAp, through its wholly owned subsidiary Macquarie Airports Copenhagen Holdings ApS ("MACH"), entered into a DKK facility to partially fund the acquisition of a controlling stake in Copenhagen Airports. At 31 December 2007, the drawn balance of the facility was DKK5.1 billion ($1.1 billion). The facility was fully drawn.

Interest contractually accrues on the drawn portion of the facility at 5.6% per annum and is payable six monthly in arrears on 30 June and 31 December. The interest rate is reset on each interest payment date.

The facility was measured at amortised cost and was recognised net of transaction costs. The difference between the proceeds received (net of transaction costs) and the redemption amount was recognised in the Income Statement over the period of the borrowing using the effective interest method. At 31 December 2007, the effective interest rate on the facility was 5.4%.

As Copenhagen Airports is no longer a subsidiary of MAp, the liabilities of Copenhagen Airports are not included in the consolidated financial statements of MAp at 31 December 2008.

17 Interest Bearing Liabilities (cont'd)

Maturities of Interest Bearing Liabilities

MAp Consolidated 2008	Maturity date of interest bearing liability: 1 year or less '000	1 to 2 years '000	2 to 3 years '000	3 to 4 years '000	4 to 5 years '000	Greater than 5 years '000	Transaction costs '000	**Total '000**
Loans from Macquarie Airports Reset Exchange Securities Trust	757,802	-	-	-	-	-	(8,611)	**749,191**
Sydney Airport								
- Bank facilities	450,000	-	748,705	-	-	-	(13,542)	**1,185,163**
- Capital index bonds	-	-	-	-	-	908,660	(40,924)	**867,736**
- Medium term notes	420,000	-	400,000	280,000	217,000	2,609,000	(70,605)	**3,855,395**
- SCACH redeemable preference shares	-	-	-	-	-	290,901	(9,532)	**281,369**
-SKIES	-	-	-	-	-	683,481	(16,841)	**666,640**
Total	**1,627,802**	**-**	**1,148,705**	**280,000**	**217,000**	**4,492,042**	**(160,055)**	**7,605,494**

MAp Consolidated 2007	Maturity date of interest bearing liability: 1 year or less '000	1 to 2 years '000	2 to 3 years '000	3 to 4 years '000	4 to 5 years '000	Greater than 5 years '000	Transaction costs '000	**Total '000**
Loans from Macquarie Airports Reset Exchange Securities Trust	-	-	-	-	-	904,159	(11,828)	**892,331**
Sydney Airport								
- Bank facilities	-	635,000	-	348,105	-	-	(9,382)	**973,723**
- Capital index bonds	-	-	-	-	-	865,986	(21,416)	**844,570**
- Medium term notes	-	420,000	-	400,000	280,000	2,826,000	(80,317)	**3,845,683**
- SCACH redeemable preference shares	-	-	-	-	-	275,605	(10,012)	**265,593**
-SKIES	-	-	-	-	-	687,753	(18,194)	**669,559**
Copenhagen Airports								
- Bank facilities	18,650	-	-	-	-	46,393	-	**65,043**
- Bullet bonds	-	-	-	-	-	365,317	-	**365,317**
- Lease liabilities	97,441	-	-	-	-	-	(1,185)	**96,256**
- MACH external borrowings	-	-	-	-	1,142,850	-	-	**1,142,850**
Brussels Airport								
- Bank facilities	-	-	-	-	-	2,158,184	-	**2,158,184**
- Profit participating loans	-	-	-	-	-	270,320	(2,241)	**268,079**
Total	**116,091**	**1,055,000**	**-**	**748,105**	**1,422,850**	**8,399,717**	**(154,575)**	**11,587,188**

17 Interest Bearing Liabilities (cont'd)

MAp consolidated

2008				Fixed Interest Rate (Term)					
	Floating interest rate $'000	1 yr or less $'000	1 to 2 yrs $'000	2 to 3 yrs $'000	3 to 4 yrs $'000	4 to 5 yrs $'000	Over 5 yrs $'000	Total $'000	Weighted average rate
Loans from MAREST	-	749,191	-	-	-	-	-	749,191	6.48%
Sydney Airport	5,420,622	-	-	246,576	-	-	1,189,105	6,856,303	4.37%
Total	5,420,622	749,191	-	246,576	-	-	1,189,105	7,605,494	
Derivatives (Notional balances)									
Sydney	(5,268,105)	843,254	-	859,233	265,470	208,322	3,091,826	-	
Total	(5,268,105)	843,254	-	859,233	265,470	208,322	3,091,826	-	
Net exposure	152,517	1,592,445	-	1,015,809	265,470	208,322	4,280,931	7,605,494	

MAp consolidated

2007				Fixed Interest Rate (Term)					
	Floating interest rate $'000	1 yr or less $'000	1 to 2 yrs $'000	2 to 3 yrs $'000	3 to 4 yrs $'000	4 to 5 yrs $'000	Over 5 yrs $'000	Total $'000	Weighted average rate
Loans from MAREST	-	-	-	-	-	-	892,331	892,331	6.48%
Sydney Airport	5,203,406	-	-	-	245,559	-	1,150,163	6,599,128	7.68%
Copenhagen Airports	1,253,239	4,518	-	-	-	-	411,709	1,669,466	6.07%
Brussels	2,158,184	-	-	-	-	-	268,079	2,426,263	5.28%
Total	8,614,829	4,518	-	-	245,559	-	2,722,282	11,587,188	
Derivatives (Notional balances)									
Copenhagen Airports	(1,139,425)	100,364	1,039,061	-	-	-	-	-	
Sydney	(4,991,807)	-	1,001,246	-	474,121	260,631	3,255,809	-	
Brussels	(2,081,673)	-	-	-	-	-	2,081,673	-	
Total	(8,212,905)	100,364	2,040,307	-	474,121	260,631	5,337,482	-	
Net exposure	401,924	104,882	2,040,307	-	719,680	260,631	8,059,764	11,587,188	

Sydney Airport has entered into interest rate and cross currency swaps to manage the interest rate risk on the floating rate interest bearing liabilities. Details of these derivative contracts can be found in Note 9 and details of the risk management for the Group can be found in Note 29.

MAT(2) Consolidated	Balance	Weighted contractual average interest rate
2008	$'000	%
Fixed	968,079	13.96%

All fixed interest bearing liabilities in the year have a term of greater than five years.

MAT(2) Consolidated	Balance	Weighted contractual average interest rate
2007	$'000	%
Fixed	866,399	15.00%

17 Interest Bearing Liabilities (cont'd)

MAT(1) Parent entity	Balance	Weighted contractual average interest rate
2008	**$'000**	%
Floating	452,942	4.26%
Fixed	749,191	6.48%

All fixed interest bearing liabilities in the year are repayable within the next 12 months.

MAT(1) Parent entity	Balance	Weighted contractual average interest rate
2007	**$'000**	%
Fixed	892,331	6.48%

At balance date access to the following financing facilities were available:

MAp Consolidated	**Undrawn balance MAp 31 Dec 2008 $'000**	Undrawn balance MAp 31 Dec 2007 $'000
Medium term notes		-
Bank facilities	**375,000**	1,323,569
Working capital facility	**86,000**	86,000
Liquidity facility	**111,000**	111,000
	572,000	1,520,569

MAT(2) Group and MAT(2) parent did not have undrawn facilities available at 31 December 2008 (2007: nil).

MAT(1) parent had $830.6 million undrawn facilities available at 31 December 2008 (2007: $40.0 million).

Assets pledged as security

Sydney Airport has secured the assets of the airport and its undertakings of the consolidated entity excluding deferred tax and goodwill, and a mortgage over the airport lease.

The assets of the Tickets Defeasance Trust ("TDT") are secured under the terms and conditions of the OLA and the FOLA.

18 Tax Assets and Tax Liabilities

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Non-current assets				
Deferred tax assets	**-**	12,960	**-**	-
The balance of deferred income tax assets comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Interest bearing liabilities	**-**	12,890	**-**	-
Other payables	**-**	6	**-**	-
	-	12,896	**-**	-
Amounts recognised directly in equity				
Establishment costs	**-**	64	**-**	-
	-	64	**-**	-
Movements in deferred tax assets:				
Opening balance at 1 January	**12,960**	98,205	**-**	-
Charged/(credited) to the income statement	**-**	(85,240)	**-**	-
Charged/(credited) to equity	**-**	(5)	**-**	-
Transfer to deferred tax liabilities	**(12,960)**	-	**-**	-
Closing balance at 31 December	**-**	12,960	**-**	-
Current liabilities				
Provision for income tax	**11,184**	37,704	**8,217**	-
Non-current liabilities				
Provision for deferred tax liabilities	**2,021,174**	3,613,482	**503,044**	669,192
The balance of the provision for deferred tax liabilities comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Prepayments	**(473)**	(675)	**-**	-
Property, plant and equipment	**297,567**	1,309,816	**-**	-
Intangibles	**2,178,351**	2,573,865	**-**	-
Trade receivables	**1,280**	(380)	**1,280**	-
Financial assets at fair value through profit or loss	**-**	-	**499,083**	682,157
Interest bearing liabilities	**(1,643)**	(2,164)	**-**	-
Other payables	**(9,718)**	(18,806)	**(40)**	(6)
Finance cost payable	**10,062**	(7,250)	**2,777**	(12,890)
Deferred costs	**-**	29,339	**-**	-
Accrued revenue	**7,543**	6,733	**-**	-
Tax losses	**(373,109)**	(330,645)	**-**	-
	2,109,860	3,559,833	**503,100**	669,261
Amounts recognised directly in equity				
Cash flow hedges	**(88,630)**	53,649	**-**	-
Establishment costs	**(56)**	-	**(56)**	(69)
	(88,686)	53,649	**(56)**	(69)
Net deferred tax liabilities	**2,021,174**	3,613,482	**503,044**	669,192

18 Tax Assets and Tax Liabilities (cont'd)

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Movements in deferred tax liabilities:				
Opening balance at 1 January	**3,613,482**	3,430,631	**669,192**	419,039
Charged/(credited) to the income statement	**(153,686)**	(299,045)	**(166,161)**	250,133
Charged/(credited) to equity	**(183,093)**	40,644	**13**	20
Acquisition of subsidiary	**-**	444,171	**-**	-
Deconsolidation of subsidiaries	**(1,418,918)**	-	**-**	-
Transfer from deferred tax assets	**(12,960)**	-	**-**	-
Foreign exchange movements	**176,349**	(2,919)	**-**	-
Closing balance at 31 December	**2,021,174**	3,613,482	**503,044**	669,192

Parent Entity	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Current				
Provision for income tax	**-**	-	**8,217**	-
	-	-	**8,217**	-
Non-current				
Provision for deferred income tax	**-**	-	**392,303**	497,688
The balance of the provision for deferred income tax comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Financial assets at fair value through profit or loss	**-**	-	**392,359**	497,757
	-	-	**392,359**	497,757
Amounts recognised directly in equity				
Establishment costs	**-**	-	**(56)**	(69)
	-	-	**(56)**	(69)
Net deferred tax liabilities	**-**	-	**392,303**	497,688
Movements in provision for deferred income tax:				
Opening balance at 1 January	**-**	-	**497,688**	284,449
Charged/(credited) to the income statement	**-**	-	**(105,398)**	213,219
Charged/(credited) to equity	**-**	-	**13**	20
Closing balance at 31 December	**-**	-	**392,303**	497,688

19 Contributed Equity

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
On issue at the beginning of the year	**3,619,852**	3,518,056	**229,840**	208,381
Costs incurred in the raising of capital	**-**	(44)	**-**	(9)
Tax effect of costs incurred in the raising of capital	**(13)**	(20)	**(13)**	(20)
Issued pursuant to Dividend and Distribution Reinvestment ("DRP") on 20 February 2007	**-**	101,860	**-**	21,488
Cancelled pursuant to security buyback 27 November 2008 to 31 December 2008.	**(9,729)**	-	**(2,123)**	-
On issue at the end of the year	**3,610,110**	3,619,852	**227,704**	229,840

Parent Entity	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
On issue at the beginning of the year	**2,234,147**	2,201,110	**229,840**	208,381
Costs incurred in the raising of capital	**-**	(14)	**(13)**	(9)
Tax effect of costs incurred in the raising of capital	**-**	-	**-**	(20)
Issued pursuant to Dividend and Distribution Reinvestment Plan ("DRP") on 20 February 2007	**-**	33,051	**-**	21,488
Cancelled pursuant to security buyback 27 November 2008 to 31 December 2008.	**(2,232)**	-	**(2,123)**	-
On issue at the end of the year	**2,231,915**	2,234,147	**227,704**	229,840

Consolidated and Parent Entity	MAT(1) 2008 Number of stapled securities/ units '000	MAT(1) 2007 Number of stapled securities/ units '000	MAT(2) 2008 Number of units '000	MAT(2) 2007 Number of units '000
On issue at the beginning of the year	**1,718,654**	1,690,302	**1,718,654**	1,690,302
Issued pursuant to DRP on 20 February 2007	**-**	28,352	**-**	28,352
Cancelled pursuant to security buyback 27 November 2008 to 31 December 2008.	**(5,018)**	-	**(5,018)**	-
On issue at the end of the year	**1,713,636**	1,718,654	**1,713,636**	1,718,654

19 Contributed Equity (cont'd)

Ordinary units in MAT(1) and MAT(2) and ordinary shares in MAL

Each fully paid stapled security confers the right to vote at meetings of security holders, subject to any voting restrictions imposed on a security holder under the Australian Corporations Act 2001, Bermudian Companies Act and the Australian Securities Exchange Listing Rules. On a show of hands, every security holder present in person or by proxy has one vote. On a poll, every security holder who is present in person or by proxy has one vote for each dollar of the value of the total interests they have in MAT(1) and MAT(2) and one vote for each fully paid share in respect of MAL.

While MAT(2) is taxed as a company, it need not distribute all of its taxable income to security holders. Unless the Responsible Entity determines otherwise, a security on issue in MAT(1) at the end of an income period entitles its holder to a pro-rata proportion of the net income of the Trust in respect of that income period. The Responsible Entity determines the net income of the Trusts as at the end of each financial year. The directors of MAL may declare dividends which appear justified by the financial position of MAL. The entitlement to income of each fully paid stapled security will be distributed to the investor within two months of the last day of the income period.

Upon the winding up of a Trust, the Responsible Entity is required to realise the assets of the Trust and after meeting liabilities of the Trust, to distribute the net proceeds to the security holders pro-rata according to the number of securities held on the date upon which the Trust commenced to be wound up. If MAL is wound up, the liquidator may, with the sanction of an extraordinary resolution and any other requirement of law, divide among the members in specie the whole or any part of the assets of MAL.

Buyback of MAp securities

On 20 August 2008, the boards and management of MAp announced that it was in the best interest of MAp security holders to commence a buyback of MAp stapled securities, utilising existing unsecured cash reserves.

On 17 October 2008, MAp sought security holder approval at a Special General Meeting for an on-market buyback of ordinary stapled securities utilising existing unsecured cash reserves following the TICkETS defeasance. From 27 November 2008 to 31 December 2008, 5.0 million stapled securities were bought back for consideration of $9.7 million.

Approval was granted and the on-market buyback commenced 27 November 2008.

20 Retained Profits

Consolidated	**MAp 31 Dec 2008 $'000**	MAp 31 Dec 2007 $'000	**MAT(2) 31 Dec 2008 $'000**	MAT(2) 31 Dec 2007 $'000
Balance at the beginning of the year	**572,138**	701,763	**1,800,626**	1,171,209
Adjustment on acquisition of a subsidiary	**-**	(714,747)	**-**	-
Profit attributable to security holders / unitholders	**2,070,451**	1,106,176	**(163,014)**	629,417
Transfer from capital reserve	**464,240**	11,729	**-**	-
Distributions provided for or paid	**(463,334)**	(532,783)	**-**	-
Balance at the end of the year	**2,643,495**	572,138	**1,637,612**	1,800,626

Parent Entity	**MAT(1) 31 Dec 2007 $'000**	MAT(1) 31 Dec 2007 $'000	**MAT(2) 31 Dec 2007 $'000**	MAT(2) 31 Dec 2007 $'000
Balance at the beginning of the year	**-**	4,451	**1,765,629**	1,129,310
Profit attributable to unitholders	**(906)**	516,603	**(182,220)**	636,319
Transfer from capital reserve	**464,240**	11,729	**-**	-
Distributions provided for or paid	**(463,334)**	(532,783)	**-**	-
Balance at the end of the year	**-**	-	**1,583,409**	1,765,629

21 Reserves

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Balance of reserves				
Capital reserve	**(608,882)**	(144,642)	**-**	-
Hedging reserve - cash flow hedges	**(151,819)**	101,382	**-**	-
Foreign currency translation reserve	**216,203**	35,150	**-**	-
Other reserve	**484,205**	481,792	**(6,898)**	2,604
	(60,293)	473,682	**(6,898)**	2,604
Movements of reserves				
Capital reserve				
Balance at the beginning of the year	**(144,642)**	(132,913)	**-**	-
Transfers to retained profits	**(464,240)**	(11,729)	**-**	-
Balance at the end of the year	**(608,882)**	(144,642)	**-**	-
Hedging reserve – cash flow hedges				
Balance at the beginning of the year	**101,382**	20,206	**-**	-
Revaluation - gross	**(412,466)**	113,235	**-**	-
Tax effect	**123,740**	(32,059)	**-**	-
Deconsolidation of subsidiaries	**35,525**	-	**-**	-
Balance at the end of the year	**(151,819)**	101,382	**-**	-
Foreign currency translation reserve				
Balance at the beginning of the year	**35,150**	68,548	**-**	-
Deconsolidation of subsidiaries	**(163,478)**	-	**-**	
Net exchange differences on translation of foreign controlled entities	**344,531**	(33,398)	**-**	-
Balance at the end of the year	**216,203**	35,150	**-**	-
Other reserve				
Balance at the beginning of the year	**481,792**	432,179	**2,604**	-
Acquisition of additional interest in subsidiary	**2,413**	49,613	**(9,502)**	2,604
Balance at the end of the year	**484,205**	481,792	**(6,898)**	2,604

Parent Entity	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Balance of reserves				
Capital reserve	**(608,881)**	(144,641)	**-**	-
	(608,881)	(144,641)	**-**	-
Movements of reserves				
Capital reserve				
Balance at the beginning of the year	**(144,641)**	(132,912)	**-**	-
Transfers to retained profits	**(464,240)**	(11,729)	**-**	-
Balance at the end of the year	**(608,881)**	(144,641)	**-**	-

21 Reserves (cont'd)

■ *Nature and purpose of reserves*

— ***Capital reserve***
The capital reserve represents the amounts transferred to the retained profit to allow distributions from the Trusts to be made in accordance with the Trust Constitutions.

— ***Hedging reserve – cash flow hedges***
The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 1(v). Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.

— ***Foreign currency translation reserve***
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(u).

— ***Other reserve***
The other reserve represents transactions between equity holders and other reserves on business combination.

22 Minority Interest in Controlled Entities

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Interest in:				
Share capital	**449,202**	455,581	**460,059**	361,176
Reserves	**342,046**	569,205	**(4,760)**	(4,181)
Retained profits	**(432,148)**	1,359,744	**368,078**	440,829
	359,100	2,384,530	**823,377**	797,824

MAp
As MAp holds a controlling interest in SCAAT, IIHL and Sydney Airport, (refer Note 13) it must consolidate 100% of the assets, liabilities and results of these entities into its financial report for the year ended 31 December 2008 and disclose a minority interest. If control was gained during the financial year the results are consolidated only from the date control was gained to 31 December 2008.

At 31 December 2008, MAp holds a direct interest in SCAAT of 84.6%. Accordingly, 15.4% of the contributed equity, reserves and undistributed operating surplus of SCAAT are shown as minority interest in the MAp financial report as at 31 December 2008.

At 31 December 2008, MAp holds a direct interest in IIHL of 75.1%. Accordingly, 24.9% of the contributed equity, reserves and retained profit of IIHL are shown as minority interest in the MAp financial report as at 31 December 2008.

At 31 December 2008, MAp holds a direct interest in Sydney Airport of 72.1%. Accordingly, 27.9% of the contributed equity, reserves and pre-acquisition retained profit of Sydney Airport are shown as minority interest in the MAp financial report as at 31 December 2008.

In the prior year, MAp held a controlling interest in MAG, MABSA and MAESA2 and consolidated 100% of the assets liabilities and results of these entities into its financial report for the year ended 31 December 2008. MAp lost control of MAG on 15 May 2008 and of MABSA and MAESA2 on 5 November 2008. Therefore, at 31 December 2008, the assets, liabilities and results of MAG, MABSA and MAESA2 are not included in the MAp consolidated financial report. MAp's holdings in these entities are now classified as investments in associates and are accounted for at fair value through profit or loss. Refer to Note 14.

MAT(2) Group
At 31 December 2008, MAT(2) holds a controlling interest in SCAAT (refer Note 13) it must consolidate 100% of the assets, liabilities and results of SCAAT into its financial report for the year ended 31 December 2007 and disclose a minority interest. At 31 December 2008 MAT(2) holds a direct interest in SCAAT of 68.7%. Accordingly, 31.3% of the contributed equity, reserves and retained profits of SCAAT is shown as a minority interest in the MAT(2) financial report as at 31 December 2008.

23 Earnings per Stapled Security / Unit

Consolidated	MAp 31 Dec 2008	MAp 31 Dec 2007	MAT(2) 31 Dec 2008	MAT(2) 31 Dec 2007
Basic earnings per stapled security / unit	**120.50c**	64.51c	**(9.49)c**	36.71c
Diluted earnings per stapled security / unit	**99.37c**	59.95c	**(9.49)c**	32.25c
Basic earnings per stapled security / unit				
Profit/(loss) from continuing operations after income tax expense	**$2,239,561,564**	$1,530,655,142	**($222,869,831)**	$878,490,764
Minority interest	**($169,110,122)**	($424,479,360)	**$59,855,583**	($249,073,511)
Earnings used in calculation of basic earnings per stapled security / unit	**$2,070,451,442**	$1,106,175,782	**($163,014,248)**	$629,417,253
Diluted earnings per stapled security / unit				
Earnings used in calculation of basic earnings per stapled security / unit	**$2,070,451,442**	$1,106,175,782	**($163,014,248)**	$629,417,253
Interest expense savings on loans from MAREST	**$59,394,300**	$63,986,830	**-**	-
Interest income reduction on investment in TDT	**($4,562,906)**	-	**-**	-
Earnings used in calculation of diluted earnings per stapled security / unit	**$2,125,282,836**	$1,170,162,612	**($163,014,248)**	$629,417,253
Weighted average number of securities / units on issue				
Weighted average number of ordinary securities / units used in calculation of basic earnings per stapled security	**1,718,254,532**	1,714,769,828	**1,718,254,532**	1,714,769,828
Conversion of TICkETS	**420,489,778**	237,210,218	**420,489,778**	237,210,218
Weighted average number of ordinary securities / units used in calculation of diluted earnings per stapled security	**2,138,744,310**	1,951,980,046	**2,138,744,310**	1,951,980,046

24 Cash Flow Information

Consolidated	MAp 31 Dec 2008 $'000	MAp 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Reconciliation of profit from continuing operations after income tax expense from operating activities				
Profit from continuing operations after income tax expense	**2,239,562**	1,530,655	**(222,870)**	878,491
Revaluation of investments	**(978,615)**	(1,796,311)	**249,940**	(1,225,301)
Revaluation of investments following receipt of cash	**25,218**	277,804	**1,142,947**	526,192
Expenses relating to investing activities	**3,373**	55,953	**4**	5
Expenses relating to financing activities	**794,573**	682,258	**135,147**	83,032
Net gain/(loss) on derivative contracts	**14,727**	(3,502)	**-**	-
Net foreign exchange differences	**33,332**	50,236	**-**	-
Depreciation and amortisation	**595,914**	516,318	**-**	-
Net gain on deconsolidation of subsidiaries	**(1,404,311)**	-	**-**	-
Gain on sale of property, plant and equipment	**-**	(21,102)	**-**	-
Changes in operating assets and liabilities net of effects of deconsolidation/acquisition of controlled entities:				
(Increase)/decrease in receivables	**(288,885)**	(14,889)	**(2,552)**	(397)
Decrease/(increase)in prepayments	**7,261**	(43,811)	**2**	(9)
Increase/(decrease) in payables	**321,211**	69,804	**(2,614)**	588
(Decrease)/increase in tax liabilities	**(212,413)**	(178,900)	**(157,918)**	250,133
Net cash inflow from operating activities	**1,150,947**	1,124,513	**1,142,086**	512,734
Reconciliation of cash and cash equivalents				
Cash and cash equivalents at the end of the year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:				
Cash at bank	**2,313,985**	2,556,601	**470,348**	44,029
Cash and cash equivalents	**2,313,985**	2,556,601	**470,348**	44,029

24 Cash Flow Information (cont'd)

Parent Entity	MAT(1) 31 Dec 2008 $'000	MAT(1) 31 Dec 2007 $'000	MAT(2) 31 Dec 2008 $'000	MAT(2) 31 Dec 2007 $'000
Reconciliation of profit from continuing operations after income tax expense from operating activities				
Profit from continuing operations after income tax expense	**(906)**	516,603	**(182,220)**	636,319
Revaluation of investments	**88,249**	(549,440)	**279,633**	(860,055)
Revaluation of investments following receipt of cash	**151,080**	214,374	**852,435**	-
Expenses relating to investing activities	**-**	122	**4**	(4,542)
Expenses relating to financing activities	**63,903**	74,495	**1,712**	-
Deferred tax liability booked directly to equity	**-**	-	**(13)**	-
Withholding tax	**-**	-	**(119)**	-
Net gain on derivative contracts	**-**	78,635	**-**	-
Changes in operating assets and liabilities net of effects of acquisition of controlled entities:				
Decrease/(increase) in receivables	**45,568**	283,888	**(1,383)**	(345)
Decrease/(increase) in prepayments	**1**	(27)	**2**	(8)
(Decrease)/increase in payables	**(3,321)**	(1,093)	**(3,149)**	565
(Decrease)/increase in tax liabilities	**-**	-	**(100,289)**	213,220
Net cash inflow from operating activities	**344,574**	617,557	**846,613**	(14,846)
Reconciliation of cash and cash equivalents				
Cash and cash equivalents at the end of the year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:				
Cash at bank	**310,946**	31,735	**418,358**	22,527
Cash and cash equivalents	**310,946**	31,735	**418,358**	22,527

Non-cash financing and investing activities

— **MAp**

In the prior year, a portion of stapled security holders participated in MAp's Dividend and Distribution Reinvestment Plan ("DRP"). A total of 28,351,091 new stapled securities were issued under the DRP for the final December 2006 distribution at an issue price of $3.59 per stapled security. Accordingly, of the distributions paid during 2007, $101.9 million is not reflected in the Cash Flow Statement on the basis that it has been reinvested in MAp.

— **Parent entity (MAT(1))**

In the prior year a portion of stapled security holders participated in MAp's Dividend and Distribution Reinvestment Plan ("DRP"). A total of 28,351,091 new stapled securities were issued under the DRP for the final December 2006 distribution at an issue price of $3.59 per stapled security. Accordingly, of the distributions paid during 2007 by MAT(1), $33.1 million is not reflected in the Cash Flow Statement on the basis that it has been reinvested in MAp.

— **MAT(2) Group**

During the year, SCAAT borrowed $105,437,600 from MASKS1 to make an early contribution to a SCACH equity subscription of $105,437,600. These transactions are not reflected in the Cash Flow Statements as the funds were paid by MASKS1 to SCACH directly under a letter of direction.

— **MAT(2) parent entity**

MAT(2) parent entity did not have any non-cash financial or investing activities.

25 Related Party Disclosures

Responsible Entity

The Responsible Entity of MAT(1) and MAT(2) is Macquarie Airports Management Limited, a wholly owned subsidiary of Macquarie Group Limited ("MGL"). The registered office of the Responsible Entity is Level 10, 135 King Street, Sydney NSW 2000.

Adviser

The adviser of MAL is Macquarie Capital Funds (Europe) Limited ("MCFEL") or ("the Adviser"), a wholly owned subsidiary of MGL. MCFEL is also the adviser of BABL, MAESA2 and MABSA.

Directors

The following persons were directors of the Responsible Entity during the whole of the year and up to the date of this report:

- Max Moore-Wilton (Chairman)
- Trevor Gerber
- Michael Lee
- Bob Morris

Michael Carapiet was appointed a director on 11 April 2008 and was in office from this dated until his resignation on 23 December 2008.

Nicholas Moore was a director from the beginning of the year until his resignation on 11 April 2008.

John Roberts was an alternate director from the beginning of the year until his resignation on 23 December 2008.

The following persons were directors of MAL during the whole of the year and up to the date of this report:

- Jeffrey Conyers (Chairman)
- Sharon Beesley
- Stephen Ward
- Max Moore-Wilton

John Roberts was an alternate director from the beginning of the year until his resignation on 23 December 2008.

No fees were paid out of Groups' property to the directors of the Responsible Entity during the year.

The number of stapled securities in MAp and units in MAT(2) held directly and indirectly by the directors of the Responsible Entity and MAL are listed below:

	Stapled securities Held at 31 December 2008
Max Moore-Wilton	602,690
Trevor Gerber	170,000
Michael Lee	6,078
Bob Morris	37,500
Sharon Beesley	-
Jeffrey Conyers	-
Stephen Ward	20,000
Total	**836,268**

During the year, no director of the Responsible Entity has received or become entitled to receive any benefit because of a contract made by the Groups with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest except at terms set out in the Trust Constitutions.

Key Management Personnel

The following are Key Management Personnel of MAp:

- The Responsible Entity
- Max Moore-Wilton (Director of MAL)
- Jeffrey Conyers (Director of MAL)
- Sharon Beesley (Director of MAL)
- Stephen Ward (Director of MAL)
- John Roberts (Alternate Director of MAL) until his resignation on 23 December 2008

25 Related Party Disclosures (cont'd)

The Key Management Personnel for MAT(1) parent entity, MAT(2) parent entity and the MAT(2) Group is the Responsible Entity.

Key Management Personnel are defined in AASB 124: *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the entity. The Responsible Entity of the Trusts and the directors of MAL meet the definition of Key Management Personnel as they have this authority in relation to the activities of MAp. These powers have not been delegated by the Responsible Entity or the directors of MAL to any person, including the CEO of MAp. Accordingly, there are no other Key Management Personnel of MAp.

Compensation in the form of directors' fees of US$35,000 per director per annum were paid or payable by MAL to Jeffrey Conyers, Sharon Beesley, and Stephen Ward for the year ended 31 December 2008 (2007: US$35,000). Sharon Beesley also received US$3,000 for acting as director of MAEL, a subsidiary of MAL. Max Moore-Wilton and John Roberts are employees of subsidiaries of MGL. During the year ended 31 December 2008, subsidiaries of MGL paid an amount equal to US$35,000 for the time served as Key Management Personnel.

The compensation paid to directors of MAL is determined with reference to current market rates for directorships of similar entities. The level of compensation is not related to the performance of MAL.

Base management fees of $20,310,709 (2007: $38,390,995) and nil performance fees (2007: nil) were paid to the Responsible Entity as compensation by MAp.

Sharon Beesley is a shareholder in ISIS Limited, to which MAp paid consulting fees of $167,107 (2007: $41,879) during the year.

The above amounts represent transactions on normal commercial terms made in relation to the provision of services.

The number of stapled securities in MAp and units in MAT(2) held directly, indirectly or beneficially by the key management personnel or their related entities during the financial year are set out below:

	Stapled securities			
	Balance at the start of the year	**Received during the year on the exercise of options**	**Other changes during the year**	**Balance at the end of the year**
Responsible Entity	325,552,783	-	31,996,741	357,549,524
Max Moore-Wilton	502,690	-	100,000	602,690
John Roberts	53,140	-	(53,140)	-
Jeffrey Conyers	-	-	-	-
Sharon Beesley	-	-	-	-
Stephen Ward	-	-	20,000	20,000
Total	**326,108,613**	**-**	**32,063,601**	**358,172,214**

■ *Responsible Entity's and Adviser's Fees*

Under the terms of the documents governing the individual entities within the Groups, fees paid or payable (inclusive of non-recoverable GST and VAT) to the Responsible Entity of the Trusts and the Adviser of MAL were:

Consolidated	**MAp**	MAp	**MAT(2)**	MAT(2)
	31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
	$	$	**$**	$
Base fee	**42,034,316**	75,354,876	**9,875,447**	16,576,115
Performance fee	**-**	-	**-**	-
	42,034,316	75,354,876	**9,875,447**	16,576,115

Parent Entity	**MAT(1)**	MAT(1)	**MAT(2)**	MAT(2)
	31 Dec 2008	31 Dec 2007	**31 Dec 2008**	31 Dec 2007
	$	$	**$**	$
Base fee	**10,435,262**	21,814,880	**9,875,447**	16,576,115
Performance fee	**-**	-	**-**	-
	10,435,262	21,814,880	**9,875,447**	16,576,115

25 Related Party Disclosures (cont'd)

A base fee of €377,310 ($627,220) (2007: €4,529,682 ($7,540,048)) was paid to the adviser of BABL for the period up to 15 May 2008. As part of the restructure of BABL, a new advisory agreement was entered into. Under the new agreement a base fee of £73,713 ($153,065) was paid for the period 15 May 2008 to 30 June 2008 and at 31 December 2008 there is a base fee payable of £294,852 ($606,918) to MCFEL for the period 1 July 2008 to 31 December 2008.

In addition, a performance fee of €1,156,754 ($1,971,757) (2007: €33,192,077 ($53,910,253) was paid to the Adviser of BABL.

During the period BABL terminated the Advisory Agreement with MCFEL and in accordance with the terms of the Termination Deed a termination fee in lieu of any and all future performance fees of £58,099,269 ($118,954,760) became payable. The terms of the termination deed were negotiated between the Adviser and the shareholders of BABL excluding MAp.

Following the termination of the Advisory Agreement with MCFEL, BABL entered into a Reporting Agreement with MCFEL under which MCFEL will provide management and reporting services and earn a base fee of £586,500 per annum.

The quarterly base fee for MAp is calculated as:

— 1.5% per annum of the first $500 million of Net Investment Value of MAp; plus
— 1.25% per annum of the next $500 million of Net Investment Value of MAp; plus
— 1.0% per annum of the Net Investment Value of MAp in excess of $1,000 million.

Net Investment Value for any quarter equals:

— the average market capitalisation of MAp over the last 15 trading days of the quarter; plus
— the amount of any external borrowings of MAp at the end of the quarter; plus
— the amount of any firm commitments by MAp to make further investments at the quarter end; less
— cash balances of MAp at the quarter end.

While MAp holds an investment in BABL and BABL is unlisted, amounts paid up on BABL shares held by MAp at the end of the quarter will be deducted from the calculation of Net Investment Value.

While MAp holds any co-investments with BABL, to the extent that MAp's co-investments attract separate management fees payable to MBL or its subsidiaries, amounts paid up on any such co-investments with BABL made by MAp will be included in the calculation of Net Investment Value and MAp's proportionate share of the co-investment management fee will be rebated against the base fee payable by MAp.

The performance fee is calculated with reference to the performance of the accumulated security price of MAp compared with the performance of the MSCI World Transportation Infrastructure Accumulation Index (in local currency).

Fees are apportioned between MAT(1), MAT(2) and MAL based on each entity's share of net assets of MAp (further adjusted for cash and investment commitments in the case of the base fee). The net market values of assets are used in the calculation of this apportionment.

For the year ended 31 December 2008, no performance fee was payable by MAp.

■ *Custodians' fees*

Under the terms of the Custody Agreements with Trust Company of Australia, fees paid or payable (inclusive of non-recoverable GST) to the Custodian during the period were:

— MAp $353,008 (2007: $194,722)
— MAT(2) Group $235,789 (2007: $184,513)
— MAT(1) parent $117,186 (2007: $10,158)
— MAT(2) parent $230,664 (2007: $184,513)

During the year Bond Street Custodians Limited, a wholly owned subsidiary of MGL, acted as custodian of certain assets of MAT(1) and SCAAT. Fees paid or payable by the Group to Bond Street Custodians Limited under the terms of the Custody Agreements were:

— MAp $135,919 (2007: $149,565)
— MAT(2) Group $24,336 (2007: $20,617)
— MAT(1) parent $111,583 (2007: $128,973)
— MAT(2) parent $nil (2007: $20,617)

25 Related Party Disclosures (cont'd)

▪ *Other transactions*

MGL and companies within the MGL Group have undertaken various transactions with, and performed various services for MAp. Fees paid to MGL are approved solely by the independent directors on the boards of the Responsible Entity and the Company and where appropriate, external advice is sought by the directors to ensure that the fees and terms of engagement are representative of arms length transactions.

From time to time, MGL and companies within the MGL Group buy and sell investments to and from MAp. The terms of investment transactions between MAp and MGL are the same as those offered to other parties.

At 31 December 2008, companies within the MGL Group held 391.4 million (2007: 359.7 million) stapled securities in the Group. This figure includes 357,549,524 (2007: 325,552,783) stapled securities indirectly held by the Responsible Entity.

Distributions totalling nil (2007: $89,572,444) were paid or payable by MAp to the Responsible Entity for the year ended 31 December 2008.

At 31 December 2008, entities within the Group had the following funds on deposit with Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of MGL:

— MAp $55,200,542 (2007: $194,620,122)
— MAT(2) Group $7,062,465 (2007: $10,219,961)
— MAT(1) parent $22,833,494 (2007: $31,734,743)
— MAT(2) parent $5,861,093 (2007: $7,623,893)

During the year entities within the Group earned the following interest on deposits with MBL. MAp earns interest on deposit at commercial rates:

— MAp $6,209,727 (2007: $12,279,477)
— MAT(2) Group $429,049 (2007: $1,460,363)
— MAT(1) parent $1,995,875 (2007: $2,387,891)
— MAT(2) parent $244,133 (2007: $717,341)

At 31 December 2008, MAp had the following balances of negotiable certificates of deposit and commercial paper that had been purchased from the MBL Treasury and Debt Market desks:

— MAp $2,294,951,801 (2007: $858,378,285)
— MAT(2) Group $463,285,698 (2007: $14,903,371)
— MAT(1) parent $288,868,780 (2007: nil)
— MAT(2) parent $412,497,126 (2007: $14,903,371)

During the year, entities within the Group earned the following interest on negotiable certificates of deposit and commercial paper that had been purchased from the MBL Treasury and Debt Market desks. MAp earns interest on negotiable certificates of deposit and commercial paper at commercial rates:

— MAp $75,399,314 (2007: $32,781,794)
— MAT(2) Group $9,688,952 (2007: $1,606,068)
— MAT(1) parent $4,795,955 (2007: $5,022,100)
— MAT(2) parent $4,874,449 (2007: $786,887)

During the year entities within the Group reimbursed MGL the following, representing out-of-pocket expenses incurred by the Responsible Entity and the Adviser in the performance of their duties:

— MAp $1,494,779 (2007: $3,058,125)
— MAT(2) Group $310,413 (2007: $465,790)
— MAT(1) parent $429,281 (2007: $418,804)
— MAT(2) parent $310,413 (2007: $433,451)

The Group also reimbursed MGL the following for expenses incurred in the performance of their duties as Adviser to MALSA:

— MAp nil (2007: $866,098)

25 Related Party Disclosures (cont'd)

During the year, the following expenses were paid or became payable by entities within the Group to MGL or MGL Group Companies:

— Sydney Airport has paid $3,720,000 (2007: $18,888,815) to MGL for advisory services.
— Sydney Airport has paid $18,670 to various Macquarie Group Limited related entities for other services.

During the year, the following expenses were paid or became payable to related parties (excluding MGL Group Companies), by entities within the Group:

— The Responsible Entity of MAT(1) and the Responsible Entity of Macquarie Airports Reset Exchangeable Securities Trust ("MAREST") entered into an Expenses Indemnity and Fees Deed ("the Deed") dated 17 November 2004. Under the Deed, MAT(1) indemnifies MAREST for any liability incurred by the Responsible Entity of MAREST in properly performing or exercising any of its powers or duties in relation to MAREST. Costs paid or payable by MAT(1) under the Deed totalled $878,788 (2007: $75,984) for the year ended 31 December 2008. Under the Deed MAT(1) will be liable to pay to MAREST the difference between the TICkETS face values and the amount borrowed from MAREST. At 31 December 2008 the difference is $2,650,253.
— Sydney Airport had paid Airport Strategic Consultants Pty Limited, an associate of MAp, $2,238,771 (2007:$1,609,984) in fees.

During the year, the following services were provided by MGL Group to entities within the Group:

— Macquarie Airports Copenhagen Holdings ApS ("MACH") continued to have an interest rate swap with MGL (entered into in 2005) to hedge the floating interest rate risk on a portion of the external debt drawn to partially fund the acquisition of Copenhagen Airports. MACH also entered into an additional interest rate swap with MGL during the year.
— Sydney Airport uses the services provided by MGL debt market department for interest rate swaps. These services are provided at normal commercial terms.
— MAp utilises the services provided by MGL's foreign exchange departments from time to time.
— A fee of $418,000 was paid to MBL Treasury and Debt Markets by MAT(1) on behalf of the TDT.

During the previous financial year the following related party transactions occurred:

During the prior year, the following expenses were paid or became payable by entities within the Group to MGL or MGL Group Companies:

— An advisory fee of €16,081,000 ($25,429,905) was paid to MGL in connection with the completion of the sale of the investment in Rome Airports. (The portion of the advisory fees that relates to MAp's interest in MALSA is $19,450,665.
— An advisory fee of £2,727,500 ($6,287,314) was paid to MGL in connection with the completion of the sale of Birmingham Airports Holdings Limited. (The portion of the advisory fees that relates to MAp's interest in BABL is $4,036,853).
— An advisory fee of €8,865,000 ($14,149,630) was paid to MGL in connection with the refinancing of Brussels Airport. (The portion of the advisory fees that relates to MAp's interest in Brussels Airport is $8,781,738).
— Sydney Airport paid $18,888,815 to MGL for advisory services carried out during the refinancing. (The portion of the advisory fees that relates to MAp's interest in Sydney Airport is $13,620,521).
— $5,254,327 was paid in relation to interest and fees to MGL for MAT(1) bridge funding facility.

During the prior year, the following expenses were paid or became payable to related parties (excluding MGL Group Companies), by entities within the Group:

— The Responsible Entity of MAT(1) and the Responsible Entity of Macquarie Airports Reset Exchangeable Securities Trust ("MAREST") entered into an Expenses Indemnity and Fees Deed ("the Deed") dated 17 November 2004. Under the Deed, MAT(1) indemnifies MAREST for any liability incurred by the Responsible Entity of MAREST in properly performing or exercising any of its powers or duties in relation to MAREST. Costs paid or payable by MAT(1) under the Deed totalled $75,984 for the year ended 31 December 2007. Under the Deed MAT(1) will be liable to pay to MAREST the difference between the TICkETS face values and the amount borrowed from MAREST. At 31 December 2007 the difference is $2,650,253.
— Sydney Airport had paid Airport Strategic Consultants Pty Limited, an associate of MAp, $1,609,984 in fees.

25 Related Party Disclosures (cont'd)

During the prior year, the following services were provided by MGL Group to entities within the Group:

- Macquarie Airports Copenhagen Holdings ApS ("MACH") continued to have an interest rate swap with MGL (entered into in 2005) to hedge the floating interest rate risk on a portion of the external debt drawn to partially fund the acquisition of Copenhagen Airports. MACH also entered into an additional interest rate swap with MGL during the period.
- Sydney Airport uses the services provided by MGL debt market department for interest rate swaps. These services are provided at normal commercial terms.
- MAp utilises the services provided by MGL's foreign exchange departments from time to time.

All of the above amounts represent transactions on normal commercial terms made in relation to the provision of goods and services.

MAT(2) Group

The following transactions are specific for the MAT(2) group:

- During the year, MAT(2) advanced an additional $9,928,730 to MAT(1) under the interest bearing facility set up in 2007. Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $3,250,388 (2007: $541,318) was paid or accrued on this facility. At 31 December 2008, an amount of $30,071,270 (2007: $40,000,000) remains undrawn by MAT(1).
- On the 27th of November, MAT(2) advanced a loan of $283,637,223 to MAT(1). Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $1,226,101 was paid or accrued on this facility.
- On the 24th of December, MAT(2) advanced a loan of $149,376,041 to MAT(1). Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $32,740 was paid or accrued on this facility.
- During 2008, MAT1's investment in MASH Redeemable Preference Shares ($871,900,000) paid interest of $185,118,164 (2007:$358,889,845).
- During the year, MAL advanced a loan of $60,152,506 to MAT(2). Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $1,712,444 was received or accrued on this facility. This loan was substantially repaid during the year.
- During the year, MASKS1 advanced a loan of $105,437,600 to SCAAT. Under the terms of the facility, interest is calculated at a fixed rate of 5.3% and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $539,898 was received or accrued on this facility.

During the year, members of the MAT(2) Group received the following payments from other members of the Group:

- Sydney Airport had paid MAT(2) fees of $66,000 (2007: $434,508).

During the prior year, members of the MAT(2) Group received the following payments from other members of the Group:

- During the prior year, MAT(2) advanced a loan of $10,000,000 to MAT(1) under an interest bearing facility. Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2007, interest of $541,318 was paid or accrued on this facility. At 31 December 2007, an amount of $40,000,000 remained undrawn by MAT(1).
- Sydney Airport had paid MAT(2) fees of $434,508.
- Sydney Airport had paid Southern Cross Australian Airports Trust fees of $49,500.

25 Related Party Disclosures (cont'd)

MAT(1) Parent

The following transactions are specific for the MAT(1) parent:

- During the year, MAT(2) advanced an additional $9,928,730 to MAT(1) under the interest bearing facility set up in 2007. Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $3,250,388 (2007: $541,318) was paid or accrued on this facility. At 31 December 2008, an amount of $30,071,270 (2007: $40,000,000) remains undrawn by MAT(1).
- On the 27th of November, MAT(2) advanced a loan of $283,637,223 to MAT(1). Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $1,226,101 was paid or accrued on this facility.
- On the 24th of December, MAT(2) advanced a loan of $149,376,041 to MAT(1). Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $32,740 was paid or accrued on this facility.
- During the year, MAT(1) advanced a loan of $238,825,331 to MASKS1. Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $1,018,230 was paid or accrued on this facility.
- During the year, MAT(1) advanced a loan of $38,962,400 to SCACH. Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $182,377 was paid or accrued on this facility.
- During 2008, MAT1's investment in MASH Redeemable Preference Shares ($871,900,000) paid interest of $185,118,164 (2007:$358,889,845)
- On the 19th of November, MAT(1) subscribed to units totalling $367,684,397 in MASHT. During the year ended 31 December 2008, interest of $5,810,626 was paid or accrued on this facility.
- A fee of $418,000 was paid to MBL Treasury and Debt Markets by MAT(1) on behalf of the TDT.

MAT(2) Parent

The following transactions are specific for the MAT(2) parent:

- During the year, MAT(2) advanced an additional $9,928,730 to MAT(1) under the interest bearing facility set up in 2007. Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $3,250,388 (2007: $541,318) was paid or accrued on this facility. At 31 December 2008, an amount of $30,071,270 (2007: $40,000,000) remains undrawn by MAT(1).
- MAT(2) entered into a tax sharing agreement with MASH and GISH. At 31 December 2008 the Group's taxable income was $754,073,113. Tax Consolidated Group losses bought forward were $5,946,681 and losses carried forward to future periods were nil.
- On the 27th of November, MAT(2) advanced a loan of $283,637,223 to MAT(1). Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $1,226,101 was paid or accrued on this facility.
- On the 24th of December, MAT(2) advanced a loan of $149,376,041 to MAT(1). Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $32,740 was paid or accrued on this facility.
- During the year, MAL advanced a loan of $60,152,506 to MAT(2). Under the terms of the facility, interest is calculated at floating market rates and is payable quarterly in arrears. Interest which is not paid may be capitalised. During the year ended 31 December 2008, interest of $1,712,444 was received or accrued on this facility. This loan was substantially repaid during the year.

During the prior financial year, the following related party transaction occurred:

- GISH, a wholly-owned subsidiary of MAT(2) joined the MAT(2) Tax Consolidated Group. At 31 December 2007, the Group's taxable income was $47.8 million. Tax Consolidated Group losses bought forward were $52.3 million and losses carried forward to future period were $4.6 million.

26 Segment Reporting

The principal activity of MAp during the year was investment in airport assets. The primary basis of segment reporting is geographical. At the date of this report, MAp has investments in the United Kingdom, Europe, Australia, Bermuda, Mexico and Asia.

MAp's airport business includes the operation of airports and the investment in entities in the same industry sector. Unallocated business segment revenue relates primarily to interest revenue earned on cash balances.

MAp	Bermuda	UK and Europe	Australia	Other	Total
	$'000	$'000	$'000	$'000	$'000
Consolidated					
Geographical segments					
31 December 2008					
Segment revenue from continuing operations	56,511	1,000,801	1,091,176	-	2,148,488
Segment other income	-	2,865,583	2,810	-	2,868,393
Total revenue and other income from continuing operations					5,016,881
Segment profit/(loss) from continuing operations before tax	35,864	2,429,228	57,542	(283,035)	2,239,599
Unallocated expenses					(4,775)
Profit from continuing operations before income tax					2,234,824
Segment assets	539,572	2,847,286	13,646,320	500,310	17,533,488
Total assets					17,533,488
Segment liabilities	(117,420)	(143,984)	(10,719,247)	(425)	(10,981,076)
Total liabilities					(10,981,076)
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	-	-	618,494	-	618,494
Depreciation and amortisation expense	-	330,424	265,490	-	595,914
Doubtful debts related to trade receivables	-	-	(406)	-	(406)
Other non-cash expenses	-	-	-	-	-

26 Segment Reporting (cont'd)

MAp	Bermuda	UK and Europe	Australia	Other	Total
	$'000	$'000	$'000	$'000	$'000
Consolidated					
Geographical segments					
31 December 2007					
Segment revenue from continuing operations	39,080	669,621	824,920	-	1,533,621
Segment other income	119	1,865,893	(2,836)	37,221	1,900,397
Total revenue and other income from continuing operations					3,434,018
Segment profit from continuing operations before tax	(395,471)	1,422,204	383,603	(44,118)	1,366,218
Unallocated expenses					(5,670)
Profit from continuing operations before income tax					1,360,548
Segment assets	1,415,727	10,855,817	11,192,514	725,293	24,189,351
Total assets					24,189,351
Segment liabilities	(104,442)	(6,492,147)	(10,542,560)	-	(17,139,149)
Total liabilities					(17,139,149)
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	-	2,484,303	-	-	2,484,303
Depreciation and amortisation expense	-	77,831	436,845	-	514,676
Doubtful debts related to trade receivables	-	(1,549)	(5)	-	(1,554)
Other non-cash expenses	-	-	-	-	-

26 Segment Reporting (cont'd)

MAp	Airports $'000	Unallocated $'000	Total $'000
Consolidated			
Business segments			
31 December 2008			
Segment revenue from continuing operations	2,002,091	146,397	2,148,488
Segment other income	2,868,393	-	2,868,393
Total revenue and other income from continuing operations			5,016,881
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	618,494	-	618,494
Segment assets	17,001,437	532,051	17,533,488
Total assets			17,533,488
Consolidated			
Business segments			
31 December 2007			
Segment revenue from continuing operations	1,408,680	124,941	1,553,621
Segment other income	1,896,895	3,502	1,900,397
Total revenue and other income from continuing operations			3,434,018
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	2,484,303	-	2,484,303
Segment assets	22,350,115	1,839,236	24,189,351

26 Segment Reporting (cont'd)

MAT(2) Group	Bermuda $'000	Australia $'000	Total $'000
Consolidated			
Geographical segments			
31 December 2008			
Segment revenue from continuing operations	-	15,833	15,833
Segment other income	69,794	1	69,795
Total revenue and other income from continuing operations			85,628
Segment profit from continuing operations before tax	69,793	(449,766)	(379,973)
Unallocated expenses			(966)
Profit from continuing operations before income tax			(380,939)
Segment assets	433	4,162,920	4,163,353
Total assets			4,163,353
Segment liabilities	-	(1,481,558)	(1,481,558)
Total liabilities			(1,481,558)
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	-	261,204	261,204
Depreciation and amortisation expense	-	-	-
Doubtful debts related to trade receivables	-	-	-
Other non-cash expenses	-	-	-

26 Segment Reporting (cont'd)

MAT(2) Group	Bermuda $'000	Australia $'000	Total $'000
Consolidated			
Geographical segments			
31 December 2007			
Segment revenue from continuing operations	-	4,249	4,249
Segment other income	149,400	1,076,156	1,225,556
Total revenue and other income from continuing operations			1,229,805
Segment profit from continuing operations before tax	146,366	983,288	1,129,654
Unallocated expenses			(1,030)
Profit from continuing operations before income tax			1,128,624
Segment assets	783,075	3,636,708	4,419,783
Total assets			4,419,783
Segment liabilities	-	1,588,889	1,588,889
Total liabilities			1,588,889
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	-	134,303	134,303
Depreciation and amortisation expense	-	-	-
Doubtful debts related to trade receivables	-	-	-
Other non-cash expenses	-	-	-

26 Segment Reporting (cont'd)

MAT(2) Group	Airports $'000	Unallocated $'000	Total $'000
Consolidated			
Business segments			
31 December 2008			
Segment revenue from continuing operations	-	15,833	15,833
Segment other income	69,794	1	69,795
Total revenue and other income from continuing operations			85,628
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	261,204	-	261,204
Segment assets	3,666,244	497,109	4,163,353
Total assets			4,163,353
Business segments			
31 December 2007			
Segment revenue from continuing operations	-	4,249	4,249
Segment other income	1,225,301	255	1,225,556
Total revenue and other income from continuing operations			1,229,805
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets			
Segment assets	4,364,914	54,869	4,419,783
Total assets			4,419,783

27 Business Combinations

■ *Brussels Airport*

Summary of acquisition

On 31 December 2007, the MABSA Shareholders Agreement was amended, which resulted in MAp, through its subsidiary MAEL, gaining control of MABSA and therefore Brussels Airport. Consequently MAp consolidates the assets, liabilities and results of Brussels Airport from the date it gained control on 31 December 2007.

The acquired business did not contribute revenue or profit to the Group for the financial year ended 31 December 2007, as MAp gained control of Brussels Airport only on 31 December 2007. If the acquisition had occurred on 1 January 2007, contributed revenue for the year ended 31 December 2007 would have been $600.3 million and Brussels Airport would have contributed a profit of $77.0 million respectively.

On 5 November 2008 MAp sold 42.0% of its interest in MABSA to MEIF3 and as a result of the divestment lost control of Brussels Airport. As such, the assets and liabilities of Brussels Airport are not included in the MAp consolidated financial report at 31 December 2008 and a detailed purchase price allocation has not been performed.

28 Deconsolidation of Subsidiaries due to Loss of Control

MAG Restructure

On 15 May 2008 MAG was restructured from a limited life investment fund into a holding company. MAG's only airport investment at the time of the restructure was a 50% stake in Bristol Airport. The purpose of the restructure was to remove any risk of a potential sale of the investment in Bristol Airport upon the winding up of MAG, which would have been required by 2011.

As part of the restructure MAG was renamed Bristol Airport (Bermuda) Limited ("BABL"). As a result of the restructure and the changes made to the relevant constituent documents, MAp no longer had the power to govern the financial and operating policies of BABL from 15 May 2008, and therefore did not control the entity.

The loss of control was triggered by a change in the shareholders agreement however there was no change to the shareholding and no cash was exchanged.

As per the requirements of AASB 127: *Consolidated and Separate Financial Statements,* MAp deconsolidated BABL from the date it lost control. The total loss realised on the deconsolidation of MAG was $146.7 million

The net assets of MAG at the time of loss of control were as follows:

	MAG $'000
Current assets	
Cash and cash equivalents	131,479
Total current assets	**131,479**
Non-current assets	
Receivables	2,451
Investments in financial assets	547,520
Total non-current assets	**549,971**
Total assets	**681,450**
Current liabilities	
Payables	119,764
Current tax liabilities	21
Total current liabilities	**119,785**
Total liabilities	**119,785**
Net Assets	**561,665**

28 Deconsolidation of Subsidiaries due to Loss of Control (cont'd)

Partial divestment of Copenhagen Airports

On 20 August 2008, MAp announced that it had agreed to dispose 50% of its interest in Copenhagen Airports through the disposal of its interests in Macquarie Airports (Europe) S.A ("MAESA2") to Macquarie European Infrastructure Fund III. The financial close of the transaction occurred on 5 November 2008 and the total cash consideration for the partial investments was €532.8m ($1,024.7m).

As a result of the divestment, MAp no longer had the power to govern the financial and operating policies of MAESA2 from 5 November 2008, and therefore did not control Copenhagen Airports. As per the requirements of AASB 127: *Consolidated and Separate Financial Statements,* MAp deconsolidated MAESA2 from the date it lost control. The total gain realised on the deconsolidation of MAESA2 was $1,119.6 million

MAp retains a 26.9% economic interest in Copenhagen Airports.

The net assets of MAESA2 consolidated group at the time of loss of control were as follows:

	MAESA2 $'000
Current assets	
Cash and cash equivalents	110,399
Receivables	68,259
Other assets	8,699
Derivative financial instruments	7,849
Total current assets	195,206
Non-current assets	
Derivative financial instruments	22,892
Investments in financial assets	190,854
Property, plant and equipment	4,083,045
Investment property	51,544
Intangible assets	1,024,024
Total non-current assets	5,372,359
Total assets	**5,567,565**
Current liabilities	
Payables	93,728
Deferred income	14,088
Prepayments from customers	7,625
Interest bearing liabilities	4,420
Current tax liabilities	54,437
Total current liabilities	174,298
Non-current liabilities	
Derivative financial instruments	34,930
Interest bearing liabilities	2,168,384
Provisions	13,035
Deferred tax liabilities	1,003,274
Total non-current liabilities	3,219,623
Total liabilities	**3,393,921**
Net Assets	**2,173,644**

28 Deconsolidation of Subsidiaries due to Loss of Control (cont'd)

Partial divestment of Brussels Airport

On 20 August 2008, MAp announced that it had agreed to dispose 42.0% of its interest in Brussels Airport through the disposal of its interests Macquarie Airports (Brussels) S.A. ("MABSA") to Macquarie European Infrastructure Fund III. The financial close of the transaction occurred on 5 November 2008 and the total cash consideration for the partial investments was €408.3m ($785.5m).

As a result of the divestment, MAp no longer had the power to govern the financial and operating policies of MABSA from 5 November 2008, and therefore did not control Brussels Airport. As per the requirements of AASB 127: *Consolidated and Separate Financial Statements,* MAp deconsolidated MABSA from the date it lost control. The total gain realised on the deconsolidation of MABSA was $431.4 million.

MAp retains a 36.0% economic interest in Brussels Airport.
The net assets of MABSA consolidated group at the time of loss of control were as follows:

	MABSA $'000
Current assets	
Cash and cash equivalents	198,907
Receivables	394,311
Other assets	8,453
Total current assets	601,671
Non-current assets	
Investments in financial assets	18,171
Property, plant and equipment	2,886,820
Intangible assets	1,681,295
Total non-current assets	4,586,286
Total assets	**5,187,957**
Current liabilities	
Payables	422,157
Deferred income	51,382
Financial liabilities	381,392
Provisions	19,079
Total current liabilities	874,010
Non-current liabilities	
Derivative financial instruments	101,043
Interest bearing liabilities	2,722,745
Provisions	44,070
Deferred tax liabilities	415,644
Total non-current liabilities	3,283,502
Total liabilities	**4,157,512**
Net Assets	**1,030,445**

29 Financial Risk Management

The Groups' and the parent entities activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Groups' and the parent entities overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of both Groups. The Groups and parent entities use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by the Responsible Entity under policies approved by the Board of the Responsible Entity. The Board of the Responsible Entity identifies, evaluates and hedges financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when recognised assets and liabilities and future commercial transactions are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Groups and the parent entities operate internationally and are exposed to foreign exchange risk arising from currency exposures to the Euro, Great Britain Pound, Mexican Peso, United States Dollar, Japanese Yen and Danish Krone.

The Groups and the parent entities generally do not hedge the foreign exchange exposure on overseas investments due to their long-term horizon. Commitments to make investments which are denominated in foreign currencies are hedged, by way of forward contracts, as close as possible to the time of making the commitment or raising the required capital. Anticipated distributions from investments denominated in foreign currencies are typically hedged on a progressively declining basis out to 18 months. Entities within the Group that have foreign loan liabilities are not covered using forward exchange contracts as these are covered by a natural hedge against the underlying assets.

Monetary items are converted to the Australian Dollar at the rate of exchange ruling at the financial reporting date. Derivative instruments are valued with reference to forward exchange rates from the year-end to settlement date, as provided by independent financial institutions.

(b) Price risk

The Groups and parent entities hold investments which are classified on the balance sheet at fair value through profit or loss. Accordingly the Groups and the parent entities are exposed to equity securities price risk resulting in unrealised gains or losses from time to time. The Groups are long term investors and generally do not hedge against short term fluctuations in securities prices.

The Groups are not exposed to commodity price risk.

(c) Fair value interest rate risk

As the Groups and the parent entities have no significant interest-bearing assets, apart from cash and cash equivalent balances, the Groups' income and operating cash flows are substantially independent of changes in market interest rates.

The Groups' and the parent entities main interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Groups and the parent entities to cash flow interest rate risk. Borrowings issued at fixed rates expose the Groups and the parent entities to fair value interest rate risk. The Groups and the parent entities have long term borrowings issued at both fixed and floating interest rates. For floating rate exposures, the Groups partially hedge the exposure by entering into interest rate and cross currency swaps, whereby the Groups and the parent entities agree with their counterparties to exchange at specified intervals the difference between the fixed contract rates and floating rate amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Potential areas of credit risk consist of cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposures to committed transactions. The Groups and parent entities limit their exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standing. The Groups and parent entities only accept independently rated parties with minimum ratings. The Board of the Responsible Entity from time to time sets exposure limits to financial institutions and these are monitored on an on-going basis. MAp is a long term investor and manages risks associated with investments in associates on an entity by entity basis.

Sound credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security.

29 Financial Risk Management (cont'd)

MAp Consolidated As at 31 December 2008	Governments $'000	Financial Institutions $'000	Corporates $'000	Total $'000
Cash and cash equivalents	-	2,313,985	-	2,313,985
Other financial instruments	-	838,492	3,010,739	3,849,231
Receivables	481,535	342	117,986	599,863
Total	481,535	3,152,819	3,128,725	6,763,079

MAp Consolidated As at 31 December 2007	Governments $'000	Financial Institutions $'000	Corporates $'000	Total $'000
Cash and cash equivalents	17	2,566,584	-	2,566,601
Other financial instruments	-	-	1,244,748	1,244,748
Receivables	405,827	110,451	259,379	775,657
Total	405,844	2,677,035	1,504,127	4,587,006

Credit risk exposure for the MAT2 Group, MAT(1) parent and MAT(2) parent are not significant.

- **Governments**
The credit risk to government relates to receivables that are due from the Australian, Belgium, Danish, Italian and United Kingdom governments which are all institutions with strong credit ratings.

- **Financial Institutions**
The credit risk to financial institutions relates to cash held by, receivables due from and negotiable certificates of deposit and commercial paper that has been purchased from Australian and OECD banks. In line with the credit risk policies of the Groups these counterparties must meet a minimum credit rating.

- **Corporates**
The credit risk to corporates relates to aeronautical, retail and property trade receivables at the airport asset level. These counterparties have a range of credit ratings.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Groups and parent entities have a prudent liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or near cash assets, anticipated cash in and outflows and exposure to connected parties.

The below tables display the forecast contractual undiscounted future cash flows of the MAp and MAT(2) Group's liabilities

Undiscounted future cash flows

MAp Consolidated As at 31 December 2008	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total
Medium Term Notes	567,254	133,988	531,714	709,707	3,261,829	5,204,492
Loans from Macquarie Airports Reset Exchange Securities Trust	806,870	-	-	-	-	806,870
Bank Facilities	496,985	34,919	774,065	-	-	1,305,969
Capital Index Bonds	33,077	33,077	33,077	66,245	1,263,137	1,428,613
SCACH Redeemable	39,272	39,272	39,272	78,651	1,017,588	1,214,055
SKIES	32,619	32,619	32,619	65,327	746,963	910,147
Derivative financial instruments	149,353	109,263	109,263	24,167	52,140	444,186
Total	2,125,430	383,138	1,520,010	944,097	6,341,657	11,314,332

29 Financial Risk Management (cont'd)

MAp Consolidated As at 31 December 2007	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total $'000
Medium Term Notes	307,882	723,311	273,833	1,912,972	4,499,065	7,717,063
Loans from Macquarie Airports Reset Exchange Securities Trust	58,705	58,544	58,544	117,249	1,019,484	1,312,526
Bank Facilities	198,355	824,566	145,662	601,914	2,569,001	4,339,498
Capital Index Bonds	31,720	31,633	31,633	63,353	1,239,604	1,397,943
SCACH Redeemable	35,953	35,855	35,855	71,808	964,910	1,144,381
SKIES	61,050	60,884	60,884	121,934	891,866	1,196,618
Bullet bonds	19,939	19,884	19,884	39,823	402,992	502,522
MACH external borrowings	70,267	1,209,499	-	-	-	1,279,766
Lease Liabilities	102,106	-	-	-	-	102,106
Derivative financial instruments	92,939	90,942	59,371	59,371	27,530	330,153
Total	978,916	3,055,118	685,666	2,988,424	11,614,452	19,322,576

MAT(2) Consolidated As at 31 December 2008	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total $'000
Redeemable preference shares issued by MASH	119,659	130,744	130,744	261,846	3,324,850	3,967,843
Loans from Macquarie Airports Sydney Kingsford Smiths N0.1 Pty Ltd (MASKS1)	5,630	5,630	5,630	11,276	132,849	161,015
Total	125,289	136,374	136,374	273,122	3,457,699	4,128,858

MAT(2) Consolidated As at 31 December 2007	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total $'000
Redeemable preference shares issued by MASH	169,627	137,188	140,075	270,626	3,509,467	4,226,983
Payables	4,832	-	-	-	-	4,832
Total	174,459	137,188	140,075	270,626	3,509,467	4,231,815

MAT(1) Parent As at 31 December 2008	Less than 1 year $'000	1-2 years $'000	2-3 years $'000	3-5 years $'000	Greater than 5 years $'000	Total $'000
Loans from Macquarie Airports Reset Exchange Securities Trust	806,870	-	-	-	-	806,870
Loans from MAT(2)	42,549	18,482	18,482	37,015	523,483	640,011
Total	849,419	18,482	18,482	37,015	523,483	1,446,881

At 31 December 2008 MAT(1) parent had a distribution payable of $239.9 million. This payable was settled on 19 February 2009 with the payment of the distribution to MAp security holders.

At 31 December 2008 MAT(2) parent did not have any significant forecast future cashflows.

■ *Capital management*

The Groups' capital management objectives are to:

- Ensure sufficient capital resources to support the Groups' business and operational requirements
- Safeguard the Groups' ability to continue as a going concern.

Periodic reviews of the Groups' capital requirements are performed to ensure the Groups are meeting their objectives.

Capital is defined as contributed equity plus reserves. As at 31 December 2008 the Groups do not have any externally imposed capital requirements.

29 Financial Risk Management (cont'd)

Fair value estimation

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

The fair value of financial instruments 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 Groups and parent entities is the current bid price.

The fair value of financial instruments that are not actively traded in an active market is determined using valuation techniques. Discounted cash flows, are used to determine fair value for the remaining financial instruments (refer Note 1(d) and 1(v)). The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing foreign exchange risk, management has assumed the following movements in the Australian Dollar (2007: +/- 10% movement in the Australian dollar):

Currency pairing	Movement against Australian Dollar
Euro	10.6%
United States Dollar	15.3%
Pound Sterling	8.9%
Japanese Yen	17.8%
Weighted Average	**14.9%**

The below tables display the balances for financial instruments that would be recognised in the income statement for movement of +/- 14.9% (2007: +/- 10%) of the Australian dollar. MAp management has determined a +/- 10% movement in the Australian dollar to be an appropriate sensitivity following analysis of foreign exchange volatility for relevant currencies over the current year.

MAp Consolidated	Foreign exchange risk	
As at 31 December 2008	14.9% appreciation of Australian dollar	14.9% depreciation of Australian dollar
	P&L	P&L
	$'000	$'000
Cash and cash equivalents	(2,908)	3,597
Receivables	(259)	211
Payables	16	(21)
Derivatives	(48,962)	67,393
Interest bearing liabilities	-	-
	(52,113)	71,180

MAp Consolidated	Foreign exchange risk	
As at 31 December 2007	10% appreciation of Australian dollar	10% depreciation of Australian dollar
	P&L	P&L
	$'000	$'000
Cash and cash equivalents	(2,426)	2,426
Receivables	(12)	12
Payables	29	(29)
Financial liabilities at fair value	-	-
Interest bearing liabilities	-	-
	(2,409)	2,409

As at 31 December 2008 MAT(2) Group, MAT(1) parent and MAT(2) parent did not have significant exposure to foreign exchange risk.

29 Financial Risk Management (cont'd)

Fair value estimation (cont'd)

In assessing interest rate risk, management has assumed a +/- 115 basis point movement (2007: +/- 50 basis point movement) in interest rates. The below tables display the effect that a +/- 115 basis point interest rate movement would have on the income statement or directly in equity. MAp management has determined a +/- 115 basis point movement to be the appropriate sensitivity following analysis of the interest spreads of comparable debt instruments.

MAp Consolidated	Interest rate risk			
As at 31 December 2008	115 basis point increase in interest rates depending on country		115 basis point decrease in interest rates depending on country	
	P&L	Equity	P&L	Equity
	$'000	$'000	$'000	$'000
Cash and cash equivalents	36,175	-	(36,175)	-
Interest bearing liabilities	(14,806)	-	14,806	-
Derivatives	(8,908)	113,112	8,903	(119,480)
	12,461	113,112	(12,466)	(119,480)

MAp Consolidated	Interest rate risk			
As at 31 December 2007	50 basis point increase in interest rates depending on country		50 basis point decrease in interest rates depending on country	
	P&L	Equity	P&L	Equity
	$'000	$'000	$'000	$'000
Cash and cash equivalents	12,870	-	(12,870)	-
Interest bearing liabilities	(2,344)	-	2,344	-
Derivatives	54,260	82,952	(56,423)	(83,237)
	64,786	82,952	(66,949)	(83,237)

As at 31 December MAT(2) Group, MAT(1) parent and MAT(2) parent did not have significant exposure to interest rate risk in the current year.

30 Commitments

MAp
Sydney Airport has commitments of $210.4 million in relation to capital expenditure.

Sydney Airport has entered into operating leases for the storage and shipment of containers. The lease period expires in 2031 with the present value of the lease commitment at 31 December 2008 amounting to $1,781.6 million. At balance date Sydney Airport has $210.4 million in capital commitments over the next 12 months. Below are details of the minimum lease payments in relation to the operating lease payments

	Consolidated 2008 $'000	Consolidated 2007 $'000
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
Within one year	**78**	78
Later than one year but not later than five years	**311**	310
Later than five years	**1,393**	1,471
	1,782	1,859

In December 2004, Macquarie Airports Reset Exchange Securities Trust ("MAREST") on lent to MAp the proceeds raised through the issue of Tradeable Interest-bearing Convertible to Equity Trust Securities ("TICkETS"). TICkETS are preference units in MAREST which entitle holders to receive fixed distribution payments twice a year. In certain circumstances TICkETS holders may be entitled to exchange TICkETS into MAp securities. If the Responsible Entity of MAREST is unable to pay either TICkETS distributions or the Responsible Entity Purchase Price in accordance with the TICkETS Terms, MAp has guaranteed to either pay TICkETS holders the amount owning to the holder in cash or subscribe for ordinary units in MAREST to the value of the amount owing. If MAp does not have sufficient funds to make these payments, the Responsible Entity will procure the issue of MAp securities in lieu of payment of the amount owing.

30 Commitments (cont'd)

On 24 November 2008 SCACH shareholders committed to contribute up to $263 million to an equity issue by SCACH in the form of an equity subscription. MAp's pro-rata share of the subscription is $215.1 million of which $144.4 million was paid by MAp on 27 November 2008 in the form of an early contribution, therefore MAp had a remaining commitment of $70.7 million as at 31 December 2008.

As part of the equity subscription agreement one of the shareholders received an option to put it's pro-rata entitlement to the other shareholders. The maximum amount that MAp could be liable for under the put option is $33.0 million. Subsequent to year end the relevant shareholder chose not to exercise the put option.

MAT(2) Group
On 24 November 2008 SCACH shareholders committed to contribute up to $263 million to an equity issue by SCACH in the form of an equity subscription. MAT(2) Group's pro-rata share of the subscription is $163.9 million of which $105.5 million was paid by MAT(2) Group on 27 November 2008 in the form of an early contribution, therefore MAT(2) Group had a remaining commitment of $58.4 million as at 31 December 2008.

As part of the equity subscription agreement one of the shareholders received an option to put it's pro-rata entitlement to the other shareholders. The maximum amount that MAT(2) Group could be liable for under the put option is $25.1 million. Subsequent to year end the relevant shareholder chose not to exercise the put option.

MAT(1) parent
On 24 November 2008 SCACH shareholders committed to contribute up to $263 million to an equity issue by SCACH in the form of an equity subscription. MAT(1) parent's pro-rata share of the subscription is $51.2 million of which $38.9 million was paid by MAT(1) on 27 November 2008 in the form of an early contribution, therefore MAT(1) had a remaining commitment of $12.3 million as at 31 December 2008.

As part of the equity subscription agreement one of the shareholders received an option to put it's pro-rata entitlement to the other shareholders. The maximum amount that MAT(1) parent could be liable for under the put option is $7.9 million. Subsequent to year end the relevant shareholder chose not to exercise the put option.

MAT(2) parent entity has no commitments which are material either individually or as a class.

31 Contingent Liabilities and Assets

At 31 December 2008 the Groups and Parent entities have no contingent assets or liabilities which are material either individually or as a class.

32 Events Occurring after Balance Sheet Date

A final distribution of 14.00 cents (2007: 13.00 cents per stapled security) and a special distribution of nil cents per stapled security (2007: 5.00 cents per stapled security) was paid by MAT(1) on 19 February 2009.

On 13 January 2009 SCACH issued additional stapled securities to existing shareholders to raise $263.0 million in new capital. On that date the early contributions previously made by the Groups converted into SCACH stapled securities and a further payment of $70.7 million was made by MAp. The MAT(2) Group contributed an additional $58.5 million.

On 23 February 2009 MAp announced that Sydney Airport will repay term debt of $870.0 million maturing at the end of 2009, funded through an equity issue to its existing shareholders. It is expected that MAp will take up its full pro-rata share of $629.5 million funded from existing cash reserves.

To the extent that other direct and indirect shareholders will not fully participate in the equity subscription, MAp will take up its entitlement of any such shortfall.

MAp also announced that it will cease its current buyback program for up to $1.0 billion of MAp securities.

Since the end of the year, the directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the year ended 31 December 2008.

Statement by the Directors of the Responsible Entity of MAT(1)

In the opinion of the directors of Macquarie Airports Management Limited ("the Responsible Entity"), the Responsible Entity of MAT(1):

a) the financial statements and notes for Macquarie Airports (as defined in Note 1(b)) set out on pages 9 to 90 are in accordance with the Corporations Act 2001, including:
   i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii. giving a true and fair view of the Group's and the parent's financial position as at 31 December 2008 and of their performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that the Group and the parent will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Max Moore-Wilton

Sydney
24 February 2009

Trevor Gerber

Sydney
24 February 2009

Statement by the Directors of the Responsible Entity of MAT(2)

In the opinion of the directors of Macquarie Airports Management Limited ("the Responsible Entity"), the Responsible Entity of MAT(2):

a) the financial statements and notes for Macquarie Airports Trust (2) set out on pages 9 to 90 are in accordance with the Corporations Act 2001, including:
   i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii. giving a true and fair view of the Group's and the parent's financial position as at 31 December 2008 and of their performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that the Group and the parent will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Max Moore-Wilton	**Trevor Gerber**
Sydney	Sydney
24 February 2009	24 February 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Independent auditor's report to the Unitholders of Macquarie Airports Trust (1) and Macquarie Airports Trust (2)

Report on the financial reports

We have audited the accompanying financial reports of Macquarie Airports Trust (1) and Macquarie Airports Trust (2), which comprises the balance sheets as at 31 December 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies, accompanying notes to the financial statements, other explanatory notes and the directors' declaration for Macquarie Airports Trust (1), Macquarie Airports Trust (2), Macquarie Airports and Macquarie Airports Trust (2) Group. Macquarie Airports comprises Macquarie Airports Trust (1) and the entities it controlled during the year which are deemed to include Macquarie Airports Trust (2) and the entities it controlled during the year and Macquarie Airports Limited and the entities it controlled during the year. Macquarie Airports Trust (2) Group comprises Macquarie Airports Trust (2) and the entities it controlled during the year.

Directors' responsibility for the financial report

The directors of Macquarie Airports Management Limited, the Responsible Entity of the Macquarie Airports Trust (1) and Macquarie Airports Trust (2), are responsible for the preparation and fair presentation of the financial reports in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial reports that are 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 reports, comprising the financial statements and notes, comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial reports 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 reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial reports. 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 reports 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 reports.

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

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

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

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

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 reports of Macquarie Airports Trust (1) and Macquarie Airports Trust (2), is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of Macquarie Airports Trust (1), Macquarie Airports Trust (2), Macquarie Airports and Macquarie Airports Trust (2) Group's financial position as at 31 December 2008 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 financial reports of Macquarie Airports Trust (1) and Macquarie Airports Trust (2) comply with International Financial Reporting Standards as disclosed in Note 1

PricewaterhouseCoopers

PricewaterhouseCoopers

EA Barron
Partner

Sydney
24 February 2009