Macquarie Airports

Macquarie Airports Trust (1)

Concise Financial Report for the year ended 31 December 2008

Macquarie Airports comprises Macquarie Airports Trust (1) (ARSN 099 597 921), Macquarie Airports Trust (2) (ARSN 099 597 896) and Macquarie Airports Limited (ARBN 099 813 180).

Macquarie Airports Management Limited ACN 075 295 760 (AFSL 236875) ("MAML") is the responsible entity of Macquarie Airports Trust (1) and Macquarie Airports Trust (2). MAML is a wholly owned subsidiary of Macquarie Group Limited ABN 94 122 169 279.

Macquarie Capital Funds (Europe) Limited ("MCFEL") (registered number 3976881) is the adviser to Macquarie Airports Limited. MCFEL is a wholly owned subsidiary of Macquarie Group Limited.

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

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

MAML, as responsible entity of the trusts comprised by Macquarie Airports, and MCFEL as the adviser to Macquarie Airports Limited, are entitled to fees for so acting. Macquarie Group Limited and its related corporations (including MAML and MCFEL) together with their officers and directors and officers and directors of Macquarie Airports Limited may hold stapled securities in Macquarie Airports from time to time.

Table of Contents

Introduction to the Concise 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").

Principal Activities

The principal activity of MAp is investment in airport assets. The investment policy of the Group is to invest funds in accordance with the provisions of the governing documents of the individual entities within the Group.

There were no significant changes in the nature of the Group's activities during the 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.

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.

Review and Results of Operations

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

	Consolidated 2008 $'000	Consolidated 2007 $'000
Revenue from continuing operations	**2,148,488**	1,533,621
Other income	**2,868,393**	1,900,397
Total revenue and other income from continuing operations	**5,016,881**	3,434,018
Profit from continuing operations after income tax	**2,239,562**	1,530,655
Profit attributable to MAp security holders	**2,070,451**	1,106,176
Basic earnings per stapled security	**120.50c**	64.51c
Diluted earnings per stapled security	**99.37c**	59.95c

Significant Changes in State of Affairs

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 9 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.

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 Group converted into SCACH stapled securities and a further payment of $70.7 million was made by MAp.

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 Group, the results of those operations or the state of affairs of the Group 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 Group 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 Group.

Indemnification and Insurance of Officers and Auditors

No insurance premiums are paid for out of the assets of the Group in regard to insurance cover provided to either the Responsible Entity or auditors of the Group. 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 Group against any losses incurred while acting on behalf of the Group. The auditors of the Group are in no way indemnified out of the assets of the Group.

Fees Paid to the Responsible Entity, the Adviser and Associates

Fees paid to the Responsible Entity, the Adviser and their associates out of the Group's property during the year are disclosed in the full financial report (refer also Note 11).

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

Interests in the Group held by the Responsible Entity and its associates during the year are disclosed in the full financial report (refer Note 11).

Interests in the Group Issued During the Financial Year

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

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

Value of Assets

MAp	Consolidated 2008 ($'000)	Consolidated 2007 ($'000)
Book value of Group assets at 31 December	**17,533,488**	24,189,351

The book value of the Group's assets is derived using the basis set out in Note 1 to the financial statements.

Environmental Regulation

The operations of the underlying airport assets in which the Group invests 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 7.

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

The Group is 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.

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

Max Moore-Wilton

Sydney

24 February 2009

Trevor Gerber

Sydney

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) 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 the entities it controlled during the year.

EA Barron
Partner
PricewaterhouseCoopers

Sydney
24 February 2009

Consolidated Income Statement

	Note	**Consolidated 31 Dec 2008 $'000**	Consolidated 31 Dec 2007 $'000
Revenue from continuing operations	2	**2,148,488**	1,533,621
Other income	2	**2,868,393**	1,900,397
Total revenue and other income from continuing operations		**5,016,881**	3,434,018
Finance costs	2	**(794,573)**	(682,258)
Administration expenses	2	**(175,972)**	(300,619)
Other operating expenses	2	**(1,811,512)**	(1,090,593)
Operating expenses from continuing operations		**(2,782,057)**	(2,073,470)
Profit from continuing operations before income tax expense		**2,234,824**	1,360,548
Income tax benefit		**4,738**	170,107
Profit from continuing operations after income tax expense		**2,239,562**	1,530,655
Attributable to:			
MAp security holders		**2,070,451**	1,106,176
Minority interest		**169,111**	424,479
		2,239,562	1,530,655
Earnings per security for profit from continuing operations attributable to MAp security holders			
Basic earnings per stapled security *	7	**120.50c**	64.51c
Diluted earnings per stapled security *	7	**99.37c**	59.95c

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

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

Consolidated Balance Sheet

	Note	Consolidated 31 Dec 2008 $'000	Consolidated 31 Dec 2007 $'000
Current assets			
Cash and cash equivalents		**2,313,985**	2,566,601
Other financial assets		**838,492**	-
Receivables		**570,793**	632,479
Other assets		**16,393**	19,901
Derivative financial instruments		**4,212**	632
Total current assets		**3,743,875**	3,219,613
Non-current assets			
Receivables		**29,070**	143,177
Derivative financial instruments		**3,309**	212,245
Investments in financial assets	4	**3,010,739**	1,244,748
Property, plant and equipment	5	**2,457,566**	8,383,339
Investment property	5	**-**	45,668
Intangible assets	6	**8,271,407**	10,888,188
Deferred tax assets		**-**	12,960
Other assets		**17,522**	39,413
Total non-current assets		**13,789,613**	20,969,738
Total assets		**17,533,488**	24,189,351
Current liabilities			
Distribution payable		**239,935**	309,391
Payables		**668,964**	868,323
Deferred income		**25,038**	72,854
Prepayments from customers		**-**	7,628
Derivative financial instruments		**16,467**	-
Financial liabilities at fair value		**96,770**	420,767
Interest bearing liabilities		**1,616,857**	114,906
Provisions		**3,983**	4,306
Current tax liabilities		**11,184**	37,704
Total current liabilities		**2,679,198**	1,835,879
Non-current liabilities			
Derivative financial instruments		**285,765**	85,622
Interest bearing liabilities		**5,988,637**	11,472,282
Payables		**-**	130,481
Provisions		**6,302**	1,403
Deferred tax liabilities		**2,021,174**	3,613,482
Total non-current liabilities		**8,301,878**	15,303,270
Total liabilities		**10,981,076**	17,139,149
Net assets		**6,552,412**	7,050,202
Equity			
MAp Security Holders' Interest			
Contributed equity		**3,610,110**	3,619,852
Retained profits		**2,643,495**	572,138
Reserves		**(60,293)**	473,682
Total MAp security holders' interest		**6,193,312**	4,665,672
Minority interest in controlled entities		**359,100**	2,384,530
Total equity		**6,552,412**	7,050,202

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

Consolidated Statement of Changes in Equity

	Note	**Consolidated 31 Dec 2008 $'000**	Consolidated 31 Dec 2007 $'000
Total equity at the beginning of the year		**7,050,202**	7,012,338
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 for the year		**2,239,562**	1,530,655
Total recognised income and expense for the year		**2,435,031**	896,147
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity by security holders		**-**	101,860
Contributions of equity by minority interests		**52,854**	175,870
Securities cancelled pursuant to security buy-back (including transaction costs)		**(9,729)**	-
Transaction costs paid in relation to contributions to equity (net of tax effect)		**(13)**	(64)
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
Distributions provided for or paid to security holders	3	**(463,334)**	(532,783)
Distributions, dividends and returns of capital provided for or paid to minority interest		**(364,054)**	(826,832)
		(2,932,821)	(858,283)
Total equity at the end of the year		**6,552,412**	7,050,202
Total recognised income and expenses for the year is attributable to:			
Security Holders		**2,126,256**	439,207
Minority interest		**308,775**	456,940
		2,435,031	896,147

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

Consolidated Cash Flow Statement

	Note	Consolidated 31 Dec 2008 $'000	Consolidated 31 Dec 2007 $'000
Cash flows from operating activities			
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
Other distributions and dividend income received		**574**	-
Other interest received		**169,364**	119,192
Copenhagen Airports associates - distribution and dividend income received		**2,360**	4,691
Japan Airport Terminal – distribution and dividend income received		**3,481**	621
Fee income received		**646**	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)
Adviser's performance fees paid *		**(91,191)**	(53,910)
Operating expenses paid (inclusive of goods and services tax)		**(14,381)**	(10,472)
Operating expenses paid by airport operating entities (inclusive of goods and services tax)		**(878,986)**	(544,813)
Income taxes paid		**(76,898)**	(51,821)
Net indirect taxes (paid)/received		**(9,259)**	9,123
Other income received		**6,877**	4,512
Net cash flows from operating activities		**1,150,947**	1,124,513
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
Payments for purchase of investments		**(203,945)**	(1,596,307)
Investment transaction costs paid		**(6,312)**	(57,138)
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)**	-
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

* 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.

Consolidated Cash Flow Statement (cont'd)

	Note	Consolidated 31 Dec 2008 $'000	Consolidated 31 Dec 2007 $'000
Cash flows from financing activities			
Proceeds received from issue of securities to and borrowings from minority interests		**68,149**	233,007
Capital raising costs paid		**-**	(41)
Payments for security buyback		**(9,729)**	-
Proceeds received from borrowings		**1,098,376**	1,977,324
Repayment of borrowings made		**(806,520)**	(1,762,691)
Borrowing costs paid		**(710,258)**	(530,257)
Distributions paid to MAp security holders		**(532,791)**	(324,393)
Distributions, dividends and returns of capital paid to minority interest		**(364,054)**	(826,832)
Net cash flows from financing activities		**(1,256,827)**	(1,233,883)
Net (decrease)/increase in cash and cash equivalents held		**(336,466)**	1,467,190
Cash and cash equivalents at the beginning of the year		**2,566,601**	1,076,956
Exchange rate movements on cash denominated in foreign currency		**83,850**	22,455
Cash and cash equivalents at the end of the year		**2,313,985**	2,566,601

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

Discussion and Analysis

In addition to the discussion below, an outline of the major transactions and events is provided in the Significant Changes in State of Affairs in the Directors' Report.

Discussion and Analysis of Financial Performance

- **Operating performance**

The profit from continuing operations after income tax expense and finance costs attributable to security holders of $2,239.6 million (2007: $1,530.7 million) primarily reflects the impact of the following:

- Airport operating revenue of $1,956.4 million (2007: $1,385.3 million) and airport operating costs of $1,278.1 million (2007: $962.7 million); the increase is primarily due to the consolidation of Brussels Airport from 1 January 2008 to 5 November 2008. Brussels Airport was consolidated with effect from 31 December 2007, as noted in the financial report for the 12 months to 31 December 2007.
- Income from the revaluation of MAp's investments of $1,317.2 million (2007: $1,874.0 million) which comprised:
    - revaluation increment of MAp's interest in Brussels Airport of $561.2 million (2007: $364.1 million) which represents the change from historical cost to fair value following the deconsolidation of Brussels Airport on 5 November 2008;
    - revaluation increment of MAp's interests in Copenhagen Airports of $753.2 million, which represents the change from historical cost to fair value following the deconsolidation of Copenhagen Airports on 5 November 2008. There is no corresponding figure in the prior year as Copenhagen Airports was previously consolidated;
    - revaluation increment of MAp's interest in other airports of $2.8 million (2007: $44.2 million);
    - the prior year included revaluation increments of MAp's interest in Rome Airport of $956.9 million and Birmingham airport of $195.0 million up to the date MAp sold these investments in 2007;
    - the prior year also included a revaluation increment of MAp's interests in Bristol Airport of $313.8 million – the value of this investment decreased this year by $3.0 million and has been included in operating expenses.
- Interest revenue of $146.4 million (2007: $124.9 million) and finance costs of $794.6 million (2007: $682.3 million).
- Other income in the year of $1,596.9 million (2007: $49.9 million); the increase is primarily due to the disposal of 50% of MAp's interest in Macquarie Airports (Europe) No.2 S.A. ("MAESA2"), the holding entity for the Copenhagen Airports investment, and 42% of MAp's interest in Macquarie Airports (Brussels) S.A. ("MABSA"), the holding entity for the investment in Brussels Airport. The intention to dispose of these interests was originally announced on 20 August 2008 and completion of the transactions was announced on 6 November 2008 including confirmation of a consideration received of €941.1 million ($1,810.2 million).
- Responsible Entity and Adviser base and performance fees of $44.6 million (2007: $230.2 million).
- A termination fee of $118.9 million in lieu of any and all future performance fees following the restructure of Bristol Airports (Bermuda) Limited ("BABL", formerly Macquarie Airports Group Limited).
- Operating expenses from the revaluation of MAp's investments of $338.6 million (2007: $77.7 million) which comprised:
    - revaluation decrement of MAp's interest in Japan Airport Terminal $189.3 million (2007: $77.7 million);
    - revaluation decrement of MAp's interests in ASUR of $54.4 million (2007: $nil);
    - revaluation decrement of MAp's interest in Bristol airport of $3.0 million – the revaluation increment in the prior year was included in income $313.8 million;
    - revaluation decrement of MAp's interest in other airports of $91.9 million (2007: $nil).
- A loss on deconsolidation of BABL of $146.7 million, representing the foreign currency translation reserve previously recognised in equity and released to profit or loss as part of the deconsolidation.

Discussion and Analysis (cont'd)

Discussion and Analysis of Financial Performance (cont'd)

- **Deconsolidation of Copenhagen Airports, Brussels Airport and BABL**

During the financial year MAp partially divested its investments in Copenhagen Airports and Brussels Airport for a combined total cash consideration of €941.1 million ($1,810.2 million). As a result of the divestment, from 5 November 2008 MAp no longer controls MAESA2 and MABSA, the holding entities for the Copenhagen and Brussels airports investments, and consequently MAp deconsolidated MAESA2 and MABSA from the date it lost control.

On 15 May 2008 MAG was restructured and 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.

- **Income tax**

Under the Income Tax Assessment Acts, MAT(1) is not liable for income tax provided that the taxable income of MAT(1) is fully distributed to stapled security holders each year. MAT(2) is taxed in a similar way to a company for income tax purposes. MAT(2) recognises income tax in its accounts using the liability method of tax effect accounting.

The income tax benefit of $4.7 million primarily represents reductions in the deferred tax liabilities recognised on fair value uplifts in relation the assets and liabilities of Sydney Airport.

- **Minority interests**

Minority interest in the profit from ordinary activities of $169.1 million represents the net results of Southern Cross Australian Airports Trust, Southern Cross Airports Corporations Holdings Limited, International Infrastructure Holdings Limited, BABL, MABSA (including its subsidiaries) and Copenhagen Airports A/S attributable to minority interests for the year ended 31 December 2008 (2007: $424.5 million). In relation to BABL, MABSA and Copenhagen Airports A/S net results were only included up to the date MAp lost control and consequently minority interest has been included up to those dates only.

Discussion and Analysis of Financial Position

Total assets have decreased from $24,189.4 million in the prior year to $17,533.5 million at 31 December 2008. This decrease relates primarily to the deconsolidation of BABL, Copenhagen Airports and Brussels Airport.

Total liabilities have decreased from $17,139.1 million in the prior year to $10,981.1 million at 31 December 2008. This decrease relates primarily to the deconsolidation of BABL, Copenhagen Airports and Brussels Airport.

At 31 December 2008, total consolidated equity of MAp was $6,552.4 million (2007: $7,050.2 million), of which $345.0 million represents minority interests in SCAAT, IIHL and Sydney Airports (2007: $2,384.5 million). Total securities cancelled in the year pursuant to a buyback of stapled securities was 5.0 million ($9.7 million net of transaction costs).

Discussion and Analysis of Cash Flows

Cash flows from operating activities have increased from $1,124.5 million in the prior year to $1,150.9 million for the year ended 31 December 2008. The slight increase is due to increased cash flow from airport operating activities due to Brussels Airport being consolidated for the first time up to 5 November 2008, this increase is largely offset by reduced distribution income from non-controlled assets, namely Brussels Airport.

Net cash outflows from investing activities of $230.6 million (2007: inflow of $1,576.6 million) primarily reflect cash proceeds from the MAp's divestments in Copenhagen Airports and Brussels Airport, $1,367.5 net of cash disposed less outflows on additional investments of $1,042.4 million ($838.5 million in short term investments mainly relating to the TICkETS Defeasance Trust) and a further $540.4 million on additional fixed assets purchases at the operating airport entities level.

During the year, MAp had net cash outflows from financing activities of $1,256.8 million (2007: outflows of $1,233.9 million) from financing activities. The outflows primarily reflect distributions paid to MAp security holders of $532.8 million, repayment of borrowings of $806.5 million, payment of borrowing cost of $710.3 million and distributions of $364.1 million that were paid to minority interests. These outflows are partially offset by proceeds from new borrowings of $1,098.4 million and proceeds from the issue of new securities to minority interests, net of costs paid, of $68.1 million.

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 concise financial report has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 1039: *Concise Financial Reports*. The concise financial report has been derived from the MAp full financial report for the year. Other information included in the concise financial report is consistent with MAp's full financial report. The concise financial report does not and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of MAp as the full financial report. Further financial information can be obtained from the full financial report which is available, free of charge, on request. A copy may be requested by calling Computershare Investor Services Pty Limited on 1800 102 368.

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 consolidated financial statements and notes of MAp 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.

— ***Presentation of currency***
The presentation currency used in this concise financial report is Australian dollars.

— ***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 Macquarie Airports Trust (1) ("MAT(1)") and Macquarie Airports Trust (2) ("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.

(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.

(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 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.

1 Summary of Significant Accounting Policies (cont'd)

(c) Principles of consolidation (cont'd)

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 9 for more details.

(d) Investments in airport assets

MAp has designated its 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 Group 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 Group's interests in securities in companies and trusts are as follows:

MAp	Copenhagen Airport (1)	Brussels Airport	Bristol Airport	Newcastle Airport (2)
	%	%	%	%
As at 31 December 2008				
Risk free rate (3)	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 (3)	-	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.

(3) 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.

1 Summary of Significant Accounting Policies (cont'd)

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

— ***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 Group 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.

(e) Intangible assets

— ***Goodwill***
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's 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 Group's 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.

(f) 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.

1 Summary of Significant Accounting Policies (cont'd)

(f) Property, plant and equipment (cont'd)

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

(g) 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.

(h) Distributions

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

(i) 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(e) and 1(f)).

(j) 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.

(k) 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.

(l) Comparative figures

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

(m) Rounding of amounts

The Group is 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 31 Dec 2008 $'000	Consolidated 31 Dec 2007 $'000
Revenue from continuing operations		
Interest income from related parties	**90,734**	50,773
Interest income from other persons and corporations	**55,663**	74,168
Fee income	**10,806**	11,104
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
Other income – revaluation of investments		
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
	1,317,194	1,873,967
Other income - other		
Fair value movement on derivative contracts	**-**	3,502
Gain from disposal of subsidiaries (MABSA and MAESA2)	**1,551,055**	-
Net gain from sale of property, plant and equipment	**-**	21,102
Other	**144**	1,826
	1,551,199	26,430
Total other income	**2,868,393**	1,900,397
Total revenue and other income from continuing operations	**5,016,881**	3,434,018

2 Profit for the Year (cont'd)

	Consolidated 31 Dec 2008 $'000	Consolidated 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 (Brussels)	**111,169**	-
Interest expense (Copenhagen)	**40,500**	24,672
Interest expense (Sydney)	**509,450**	476,076
Interest expense other	**3,067**	-
Fair value movement on convertible loans	**5,552**	43,830
Total finance costs from continuing operations	**794,573**	682,258
Administration expenses		
Auditor's remuneration	**2,019**	3,195
Custodian's fees	**489**	344
Directors' fees	**431**	403
Investment transaction expenses	**3,373**	55,953
Investor communication expenses	**635**	779
Legal fees	**2,121**	1,216
Registry fees	**979**	805
Responsible Entity's and Adviser's base fees	**42,595**	82,773
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
Total administration expenses	**175,972**	300,619
Other operating expenses		
Revaluation of Japan Airport Terminal	**189,336**	77,656
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
Total operating expenses from continuing operations	**2,782,057**	2,073,470

* 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.

3 Distributions Paid and Proposed

	Consolidated 31 Dec 2008 $'000	Consolidated 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**
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).

4 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 4(i)	Copenhagen Airports * $'000 4(ii)	Bristol Airport $'000 4(iii)	Japan Airport Terminal $'000 4(iv)	ASUR $'000 4(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.

4 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

	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

4 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.

4 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.

5 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	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total property, plant and equipment
	$'000	$'000	$'000	$'000	$'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

5 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.

6 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.

6 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.

7 Earnings per Stapled Security

	Consolidated 31 Dec 2008	Consolidated 31 Dec 2007
Basic earnings per stapled security	**120.50c**	64.51c
Diluted earnings per stapled security	**99.37c**	59.95c
Basic earnings per stapled security		
Profit from continuing operations after income tax expense	**$2,239,561,564**	$1,530,655,142
Minority interest	**($169,110,122)**	($424,479,360)
Earnings used in calculation of basic earnings per stapled security	**$2,070,451,442**	$1,106,175,782
Diluted earnings per stapled security		
Earnings used in calculation of basic earnings per stapled security	**$2,070,451,442**	$1,106,175,782
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	**$2,125,282,836**	$1,170,162,612
Weighted average number of securities on issue		
Weighted average number of ordinary securities used in calculation of basic earnings per stapled security	**1,718,254,532**	1,714,769,828
Conversion of TICkETS	**420,489,778**	237,210,218
Weighted average number of ordinary securities used in calculation of diluted earnings per stapled security	**2,138,744,310**	1,951,980,046

8 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	-	-	-	-	-

8 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	-	-	-	-	-

8 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

9 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**

9 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 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**

9 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 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**

10 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 Southern Cross Airports Corporation Holdings Limited (“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 Group converted into SCACH stapled securities and a further payment of $70.7 million was made by MAp.

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 Group, the results of those operations or the state of affairs of the Group in years subsequent to the year ended 31 December 2008.

11 Full Financial Report

Further financial information can be obtained from the full financial report which is available free of charge, on request. A copy may be requested by phoning Computershare Investor Services Pty Limited on 1800 102 368.

Statement by the Directors of the Responsible Entity of the Trust

In the opinion of the directors of Macquarie Airports Management Limited, the Responsible Entity of MAT(1), the consolidated concise financial report of Macquarie Airports Trust (1) (as defined in Note 1(a)) for the year ended 31 December 2008, as set out on pages 8 to 37, complies with the Accounting Standard AASB 1039: *Concise Financial Reports*.

The financial statements and specific disclosures included in the concise financial report have been derived from the financial report for the year ended 31 December 2008.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Macquarie Airports as the full financial report which, as indicated in Note 11, is available on request.

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

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

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)

Report on the concise financial report

The accompanying concise financial report of Macquarie Airports Trust (1) comprises the balance sheet as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Macquarie Airports Trust (1) for the year ended 31 December 2008. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors of Macquarie Airports Management Limited, the Responsible Entity of Macquarie Airports Trust (1), are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports,* and the *Corporations Act 2001.* This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Macquarie Airports Trust (1) for the year ended 31 December 2008. Our audit report on the financial report for the year was signed on 24 February 2009 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

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

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

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.* We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Macquarie Airports Trust (1) on 24 February 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion on the financial report

In our opinion, the concise financial report of Macquarie Airports Trust (1) for the year ended 31 December 2008 complies with Australian Accounting Standard AASB 1039: *Concise Financial Reports*.

PricewaterhouseCoopers

PricewaterhouseCoopers

EA Barron
Partner

Sydney
24 February 2009