**MAp AIRPORTS INTERNATIONAL LIMITED**

**(Formerly Macquarie Airports Limited)**

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 2009

# Financial Report
## for year ended 31 December 2009

# Financial Report
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# Directors' Report
for year ended 31 December 2009

## Directors' Report

In respect of the year ended 31 December 2009, the directors of MAp Airports International Limited ("the Company" or "MAIL", formerly Macquarie Airports Limited) submit the following report on the consolidated financial report of the Company and its controlled entities ("the Consolidated Entity").

### Principal Activities

The principal activity of the Company is investment in airport assets. The investment policy of the Company is to invest funds in accordance with the provisions of the governing documents of the individual entities, which together comprise MAp.

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

### Directors

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

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

Interests in MAp held by the directors of the Company during the year are disclosed in Note 24 to the financial report.

### Dividends

A dividend of 8.0 cents per share was proposed during the year (2008: nil) and was paid on 18 February 2010.

### Review and Results of Operations

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

| | **Consolidated 2009 $'000** | Consolidated 2008 $'000 |
|---|---|---|
| Revenue from continuing operations | **20,514** | 1,274,714 |
| Other income | **341,561** | 2,887,487 |
| Total revenue and other income from continuing operations | **362,075** | 4,162,201 |
| (Loss)/profit from continuing activities after income tax expense | **(483,585)** | 2,282,907 |
| (Loss)/profit attributable to MAIL shareholders | **(491,508)** | 1,808,015 |
| Basic earnings per share | **(28.42) cents** | 105.22 cents |
| Diluted earnings per share | **(28.42) cents** | 84.54 cents |

# Directors' Report
for year ended 31 December 2009

## Significant Changes in State of Affairs

***Buyback of MAp securities***

On 27 November 2008, MAp commenced an on-market buyback of MAp stapled securities utilising existing cash reserves. On 23 February 2009, MAp announced the cessation of the buyback program. From 1 January 2009 to 23 February 2009, 7.5 million stapled securities were bought back for consideration of $17.6 million. MAIL's share of the buyback from 1 January 2009 to 23 February 2009 was $5.4 million. In total 12.5 million stapled securities were purchased during the buyback for a total consideration of $27.4 million. MAIL's share of the total buyback was $15.3 million.

***Recapitalisation of Sydney Airport***

On 13 January 2009, Southern Cross Airports Corporation Holdings Limited ("SCACH"), the holding company for Sydney Airport, issued new stapled securities to existing shareholders to raise $263.0 million in new capital.

On 27 March 2009, SCACH issued stapled securities to existing shareholders to raise an additional $870.0 million in new capital.

Of the total equity raised by SCACH, the contribution by MAIL was $337.1 million.

***JAT buyback***

On 20 May 2009, MAp announced its intention to tender its entire 14.9% interest in Japan Airport Terminal ("JAT") into JAT's buyback tender offer. JAT shareholders approved the buyback on 26 June 2009. The buyback was completed on 3 August 2009 and MAp disposed of its entire interest in JAT. Gross sale proceeds approximated $260.0 million (including the benefit of hedging arrangements that were previously entered into).

***Internalisation of management***

On 24 July 2009, MAp announced that it had reached agreement with Macquarie Group Limited ("MGL") to internalise management of MAp for a negotiated fee of $345.0 million for the termination of management arrangements with MGL. The internalisation proposal was approved by a vote of security holders on 30 September 2009.

MAp implemented the internalisation on 15 October 2009 by MAT2 Holdings Pty Limited, a wholly owned subsidiary of MAp Airports Trust 2 ("MAT2", formerly Macquarie Airports Trust (2)), acquiring all the issued capital of MAp Airports Limited ("MAPL", formerly Macquarie Airports Management Limited), the responsible entity for MAp Airports Trust 1 ("MAT1", formerly Macquarie Airports Trust (1)) and MAT2, and ending the Advisory Agreement between the Company and a MGL subsidiary. MAp separately made employment offers to senior management.

***Entitlement Offer***

On 28 August 2009, MAp announced that to fund the internalisation fee of $345.0 million it would undertake a 1 for 11 non-renounceable pro-rata entitlement offer at $2.30 per stapled security. The entitlement offer which closed on 28 October 2009 was significantly over subscribed. As a result of the entitlement offer an additional 155.1 million stapled securities in MAp were issued and a total of $356.7 million in additional capital was raised. MAIL's portion of this additional capital was $201.7 million.

***Divestment of Bristol Airport***

On 16 September 2009, MAp announced that it had agreed to divest its 35.5% interest in Bristol Airport to Ontario Teachers' Pension Plan ("OTPP") for GBP127.7 million. The sale to OTPP was concluded on 21 December 2009 with an initial 34.5% of MAp's beneficial interest being transferred to OTPP and the parties entering into a put and a call option over the remaining 1% for an exercise price of GBP3.6 million. The put option may be exercised by MAIL at any time during the six month period from the completion of the refinancing of the Bristol airport debt facility, the call option may be exercised by OTPP at any time during the six months commencing from the end of the put option. Gross sales proceeds were GBP124.1 ($232.5 million).

# Directors' Report
for year ended 31 December 2009

***Additional investment in Copenhagen Airports***

MAp further announced on 16 September 2009 that it would acquire an additional 3.9% interest in Copenhagen Airports from OTPP for a consideration of DKK569.5 million ($123.4 million). The additional investment was completed on 21 December 2009, increasing MAp's total interest in Copenhagen Airports to 30.8%. The additional interest is held separately from the existing holding structure.

***TICkETS Redemption***

On 10 November 2009, MAp notified holders of Tradeable Interest-bearing Convertible to Equity Trust Securities ("TICkETS") that MAREST (formerly Macquarie Airports Reset Exchange Securities Trust) would redeem all 7.6 million outstanding TICkETS for cash on 31 December 2009, for $105.26 each.

The total redemption of $800.5 million on 31 December 2009 was funded by MAp.

***Adviser***

Until 14 October 2009 the adviser of MAIL was Macquarie Capital Funds (Europe) Limited ("MCFEL" or "the Adviser"), a wholly owned subsidiary of MGL. On 14 October 2009 the advisory agreement was novated by MCFEL to Macquarie Group Holdings (UK) No 3 Limited (MGH). MGH was acquired by the Company on 15 October 2009 and the advisory agreement was terminated on 27 October 2009.

On 27 October 2009 the Company entered into a new services agreement with MAPL, under which MAPL provides advisory and administration services.

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

## Events Occurring after Balance Sheet Date

A final distribution of 8.0 cents (2008: nil cents) per share was paid by MAIL on 18 February 2010.

On 17 December 2009 MAp received an exercise notice of a put option in respect of Global Infrastructure Fund II's ("GIF II") 3% beneficial interest in Brussels Airport. This put option was triggered as a resut of the internalisation of MAp's management. This acquisition reached financial close on 21 January 2010 for total consideration of EUR46.6 million ($75.8 million). This acquisition increases MAIL's beneficial interest in Brussels Airport from 36.0% to 39.0%.

Since the end of the year, the directors 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 Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in years subsequent to the year ended 31 December 2009.

## Likely Developments and Expected Results of Operations

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

## Fees Paid to the Adviser and Associates

Fees paid to the Adviser and its associates out of the Consolidated Entity's property during the year are disclosed in Note 24 to the financial report.

No fees were paid out of the Consolidated Entity's property to the directors of the Adviser during the year.

Interests in the Consolidated Entity held by the Adviser and its associates during the year are disclosed in Note 24 to the financial report.

# Directors' Report
for year ended 31 December 2009

## Environmental Regulation

The operations of the underlying airport assets in which the Consolidated Entity invests are subject to environmental regulations particular to the countries in which they are located.

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

Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the directors of MAp Airports International Limited.

**Jeffrey Conyers**
Bermuda
24 February 2010

**Sharon Beesley**
Bermuda
24 February 2010

# Financial Report
for year ended 31 December 2009

## Statements of Comprehensive Income

| | Note | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|---|
| Revenue from continuing operations | 2 | **20,514** | 1,274,714 | **18,733** | 110,877 |
| Other income | 2 | **341,561** | 2,887,487 | **127,732** | 466,065 |
| Total revenue and other income from continuing operations | | **362,075** | 4,162,201 | **146,465** | 576,942 |
| Finance costs | 2 | **(121,464)** | (224,335) | **-** | (18,340) |
| Administration expenses | 2 | **(25,581)** | (151,412) | **(24,246)** | (27,232) |
| Other operating expenses | 2 | **(480,918)** | (1,449,038) | **(563,883)** | (193,416) |
| Internalisation expenses | | **(201,608)** | - | **(201,608)** | - |
| Operating expenses from continuing operations | | **(829,571)** | (1,824,785) | **(789,737)** | (238,988) |
| **(Loss)/profit from continuing operations before income tax expense** | | **(467,496)** | 2,337,416 | **(643,272)** | 337,954 |
| Income tax expense | 3 | **(16,089)** | (54,509) | **(203)** | (176) |
| **(Loss)/profit from continuing operations after income tax expense** | | **(483,585)** | 2,282,907 | **(643,475)** | 337,778 |
| **Other comprehensive income** | | | | | |
| Exchange differences on translation of foreign operations | | **(133,978)** | 496,149 | **(7,522)** | 7,522 |
| Cash flow hedges, net of tax | | **-** | (24,866) | **-** | - |
| Other comprehensive income for the year, net of tax | | **(133,978)** | 471,283 | **(7,522)** | 7,522 |
| Total comprehensive income for the year | | **(617,563)** | 2,754,190 | **(650,997)** | 345,300 |
| (Loss)/profit attributable to: | | | | | |
| MAIL shareholders | | **(491,508)** | 1,808,015 | **(643,475)** | 337,778 |
| Minority interest | | **7,923** | 474,892 | **-** | - |
| | | **(483,585)** | 2,282,907 | **(643,475)** | 337,778 |
| Total comprehensive income is attributable to: | | | | | |
| MAIL shareholders | | **(617,884)** | 2,033,314 | **(650,997)** | 345,300 |
| Minority interest | | **321** | 720,876 | **-** | - |
| | | **(617,563)** | 2,754,190 | **(650,997)** | 345,300 |
| **Earnings per share for profit from continuing operations attributable to MAIL shareholders** | | | | | |
| Basic earnings per share * | 22 | **(28.42) cents** | 105.22 cents | | |
| Diluted earnings per share * | 22 | **(28.42) cents** | 84.54 cents | | |

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

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

# Financial Report
as at 31 December 2009

## Balance Sheets

| | Note | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash and cash equivalents | 6 | **703,551** | 839,300 | **575,547** | 501,126 |
| Other financial assets | | **-** | 25,026 | **-** | 25,026 |
| Receivables | 7 | **5,175** | 7,436 | **3,549** | 5,053 |
| Other assets | | **106** | 162 | **66** | 102 |
| Derivative financial instruments | 8 | **751** | 4,212 | **751** | 4,212 |
| Total current assets | | **709,583** | 876,136 | **579,913** | 535,519 |
| **Non-current assets** | | | | | |
| Derivative financial instruments | 8 | **-** | 3,309 | **-** | 3,309 |
| Investments in financial assets | 9 | **3,999,095** | 3,921,432 | **3,447,009** | 3,958,073 |
| Other assets | | **39,845** | 2,957 | **-** | - |
| Total non-current assets | | **4,038,940** | 3,927,698 | **3,447,009** | 3,961,382 |
| **Total assets** | | **4,748,523** | 4,803,834 | **4,026,922** | 4,496,901 |
| **Current liabilities** | | | | | |
| Payables | 14 | **39,205** | 10,785 | **1,211** | 6,254 |
| Distribution payable | 5 | **148,897** | - | **148,897** | - |
| Derivative financial instruments | 8 | **1,314** | 6,798 | **1,314** | 6,798 |
| Financial liabilities at fair value | 15 | **-** | 96,770 | **-** | - |
| Current tax liabilities | 17 | **287** | 97 | **-** | - |
| Total current liabilities | | **189,703** | 114,450 | **151,422** | 13,052 |
| **Non-current liabilities** | | | | | |
| Interest bearing liabilities | 16 | **678,583** | 238,825 | **-** | - |
| Deferred tax liabilities | 17 | **4,593** | - | **-** | - |
| Total non-current liabilities | | **683,176** | 238,825 | **-** | - |
| **Total liabilities** | | **872,879** | 353,275 | **151,422** | 13,052 |
| **Net assets** | | **3,875,644** | 4,450,559 | **3,875,500** | 4,483,849 |
| **Equity** | | | | | |
| **MAIL shareholders' interest** | | | | | |
| Contributed equity | 18 | **1,342,036** | 1,150,491 | **1,342,036** | 1,150,491 |
| Retained profits | 19 | **2,453,708** | 3,094,113 | **2,543,712** | 3,336,084 |
| Reserves | 20 | **79,579** | 205,955 | **(10,248)** | (2,726) |
| **Total shareholders' interest** | | **3,875,323** | 4,450,559 | **3,875,500** | 4,483,849 |
| Minority interest in controlled entities | 21 | **321** | - | **-** | - |
| **Total equity** | | **3,875,644** | 4,450,559 | **3,875,500** | 4,483,849 |

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

**Jeffrey Conyers**
Bermuda
24 February 2010

**Sharon Beesley**
Bermuda
24 February 2010

# Financial Report
for year ended 31 December 2009

## Statements of Changes in Equity

| Consolidated Entity | Contributed equity | Reserves | Retained earnings | Total | Minority interest | Total equity |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Total equity at 1 January 2009** | **1,150,491** | **205,955** | **3,094,113** | **4,450,559** | **-** | **4,450,559** |
| (Loss)/profit for the period | **-** | **-** | **(491,508)** | **(491,508)** | **7,923** | **(483,585)** |
| Exchange differences on translation of foreign operations | **-** | **(126,376)** | **-** | **(126,376)** | **(7,602)** | **(133,978)** |
| Total comprehensive income | **-** | **(126,376)** | **(491,508)** | **(617,884)** | **321** | **(617,563)** |
| Transactions with equity holders in their capacity as equity holders: | | | | | | |
| Securities cancelled pursuant to security buy-back (including transaction costs) | **(9,924)** | **-** | **-** | **(9,924)** | **-** | **(9,924)** |
| Equity raised in entitlement offer on 6 November 2009 | **201,707** | **-** | **-** | **201,707** | **-** | **201,707** |
| Transaction costs paid in relation to contributions to equity (net of tax) | **(238)** | **-** | **-** | **(238)** | **-** | **(238)** |
| Distributions paid or provided for | **-** | **-** | **(148,897)** | **(148,897)** | **-** | **(148,897)** |
| **Total equity at 31 December 2009** | **1,342,036** | **79,579** | **2,453,708** | **3,875,323** | **321** | **3,875,644** |
| | | | | | | |
| **Total equity at 1 January 2008** | 1,155,867 | (22,840) | 1,258,343 | 2,391,370 | 2,639,670 | 5,031,040 |
| Profit for the period | - | - | 1,808,015 | 1,808,015 | 474,892 | 2,282,907 |
| Exchange differences on translation of foreign operations | - | 270,592 | - | 270,592 | 225,557 | 496,149 |
| Cash flow hedges, net of tax | - | (45,293) | - | (45,293) | 20,427 | (24,866) |
| Total comprehensive income | - | 225,299 | 1,808,015 | 2,033,314 | 720,876 | 2,754,190 |
| Transactions with equity holders in their capacity as equity holders: | | | | | | |
| Securities cancelled pursuant to security buy-back (including transaction costs) | (5,376) | - | - | (5,376) | - | (5,376) |
| Increased interest in subsidiaries obtained during the period | - | 4,802 | - | 4,802 | (71,125) | (66,323) |
| Minority interest derecognised on loss of control of subsidiary | - | (1,306) | 27,755 | 26,449 | (2,178,687) | (2,152,238) |
| Distributions, dividends and return of capital provided for or paid | - | - | - | - | (1,110,734) | (1,110,734) |
| **Total equity at 31 December 2008** | 1,150,491 | 205,955 | 3,094,113 | 4,450,559 | - | 4,450,559 |

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

# Financial Report
## for year ended 31 December 2009

## Statements of Changes in Equity (continued)

| Parent Entity | Note | Contributed equity $'000 | Reserves $'000 | Retained earnings $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Total equity at 1 January 2009** | | **1,150,491** | **(2,726)** | **3,336,084** | **4,483,849** |
| Loss for the period | | **-** | **-** | **(643,475)** | **(643,475)** |
| Exchange differences on translation of foreign operations | | **-** | **(7,522)** | **-** | **(7,522)** |
| Total comprehensive income | | **-** | **(7,522)** | **(643,475)** | **(650,997)** |
| Transactions with equity holders in their capacity as equity holders: | | | | | |
| Securities cancelled pursuant to security buy-back (including transaction costs) | | **(9,924)** | **-** | **-** | **(9,924)** |
| Equity raised in entitlement offer | | **201,707** | **-** | **-** | **201,707** |
| Transaction costs paid in relation to contributions to equity (net of tax effect) | | **(238)** | **-** | **-** | **(238)** |
| Distributions provided for or paid | | **-** | **-** | **(148,897)** | **(148,897)** |
| **Total equity at 31 December 2009** | | **1,342,036** | **(10,248)** | **2,543,712** | **3,875,500** |
| **Total equity at 1 January 2008** | | 1,155,867 | (10,248) | 2,998,306 | 4,143,925 |
| Profit for the period | | - | - | 337,778 | 337,778 |
| Exchange differences on translation of foreign operations | | - | 7,522 | - | 7,522 |
| Total comprehensive income | | - | 7,522 | 337,778 | 345,300 |
| Transactions with equity holders in their capacity as equity holders: | | | | | |
| Securities cancelled pursuant to security buy-back (including transaction costs) | | (5,376) | - | - | (5,376) |
| **Total equity at 31 December 2008** | | 1,150,491 | (2,726) | 3,336,084 | 4,483,849 |

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

# Financial Report
for year ended 31 December 2009

## Cash Flow Statements

| | Note | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| ASUR –dividend received | | **14,050** | 7,444 | **-** | - |
| ASUR –payments received under TRS | | **14,172** | - | **-** | - |
| Southern Cross Australian Airports Trust – distribution received | | **41,632** | - | **-** | - |
| Bristol Airport – interest received on loans | | **-** | 2,388 | **-** | - |
| Brussels Airport – investment income received on convertible loans | | **29,058** | - | **29,058** | - |
| Other interest received | | **19,353** | 108,316 | **18,561** | 140,189 |
| Copenhagen Airports associates – distribution and dividend income received | | **-** | 2,361 | **-** | - |
| Japan Airport Terminal – distribution and dividend income received | | **1,558** | 3,481 | **-** | - |
| MAp Airports (Europe) Limited distributions received | | **-** | - | **-** | 192,099 |
| MAp Airports (Mexico) Limited – distributions received | | **-** | - | **204,647** | - |
| Dividend received from BABL ordinary shares | | **-** | 9,682 | **-** | 138,523 |
| Airport revenue received (inclusive of goods and services tax) | | **-** | 1,193,245 | **-** | - |
| MALSA distributions received | | **-** | - | **-** | 798 |
| Adviser's base fees paid | | **(18,600)** | (28,818) | **(18,600)** | (26,952) |
| Adviser's performance fees paid * | | **-** | (91,191) | **-** | - |
| Operating expenses paid (inclusive of goods and services tax) | | **(8,270)** | (9,153) | **(6,382)** | (3,373) |
| Operating expenses paid by airport operating entities (inclusive of goods and services tax) | | **-** | (645,190) | **-** | - |
| Income taxes paid | | **(2)** | (77,079) | **(1)** | (8) |
| Net indirect taxes paid | | **2** | (11,330) | **-** | - |
| Internalisation payment | | **(199,643)** | - | **(199,643)** | - |
| Other | | **45** | 6,856 | **533** | - |
| **Net cash flows from operating activities** | 23 | **(106,645)** | 471,012 | **28,173** | 441,276 |
| | | | | | |
| **Cash flows from investing activities** | | | | | |
| Payments for purchase of subsidiaries, net of cash acquired | | **-** | - | **(475,172)** | - |
| Payments for purchase of investments | | **(122,699)** | (1,116,209) | **(122,475)** | (1,158,530) |
| Investment transaction costs paid | | **(3,025)** | (6,308) | **(3,025)** | (2,780) |
| Proceeds received upon sale of investments (net of transaction costs) | | **485,023** | - | **433,682** | - |
| Payments for purchase of short term investments | | **-** | (25,026) | **-** | (25,026) |
| Payments for purchase of fixed assets | | **-** | (160,727) | **-** | - |
| Proceeds from sale of subsidiaries external | | **-** | 1,367,467 | **-** | - |
| Proceeds from sale of other non-current assets | | **25,026** | 522 | **25,026** | - |
| **Net cash flows from investing activities** | | **384,325** | 59,719 | **(141,964)** | (1,186,336) |

* The performance fee paid by BABL during the prior 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.

# Financial Report
## for year ended 31 December 2009

## Cash Flow Statements (continued)

| | Note | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|---|
| **Cash flows from financing activities** | | | | | |
| Proceeds received from issue of shares | | **201,707** | - | **201,707** | - |
| Payments made for security buyback | | **(11,864)** | (3,436) | **(11,864)** | (3,436) |
| Proceeds received from borrowings | | **(337,163)** | 532,242 | **(337,363)** | 39,597 |
| Repayment of borrowings made | | **(137,618)** | (826,373) | **336,143** | 249,795 |
| Borrowing costs paid | | **(40,837)** | (186,520) | **-** | (18,445) |
| Distributions, dividends and returns of capital paid to minority interest | | **(62,336)** | (1,110,734) | **-** | - |
| **Net cash flows from financing activities** | | **(388,111)** | (1,594,821) | **188,623** | 267,511 |
| **Net decrease in cash and cash equivalents held** | | **(110,431)** | (1,064,090) | **74,832** | (477,549) |
| Cash and cash equivalents at the beginning of the period | | **839,300** | 1,819,583 | **501,126** | 970,644 |
| Exchange rate movements on cash denominated in foreign currency | | **(25,318)** | 83,807 | **(411)** | 8,031 |
| **Cash and cash equivalents at the end of the period** | 23 | **703,551** | 839,300 | **575,547** | 501,126 |
| Non-cash financing and investing activities | 23 | | | | |

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

# Financial Report
for year ended 31 December 2009

## 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.

The financial report consists of the parent entity and consolidated financial statements of MAp Airports International Limited ("the Company" or "MAIL", formerly Macquarie Airports Limited) and the entities it controlled at the end of, and during, the year (collectively referred to as the Consolidated Entity)

The financial report was authorised for issue by the directors on 24 February 2010.

***Compliance with IFRSs***

Compliance with Australian Accounting Standards ensures that the parent entity and consolidated financial statements and notes of the Company 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 MAp Airports Trust 1 ("MAT1", formerly Macquarie Airports Trust (1)) and MAp Airports Trust 2 ("MAT2", formerly Macquarie Airports Trust (2)) and the shares of MAIL are combined and issued as stapled securities in MAp ("the Group"). The units of MAT1 and MAT2 and the shares of MAIL cannot be traded separately and can only be traded as stapled securities.

This financial report consists of the consolidated financial statements of the Company 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 MAT1 has been identified as the parent of the consolidated group comprising MAT1 and its controlled entities, MAT2 and its controlled entities and the Company and its controlled entities.

The financial statements of the Company should be read in conjunction with the separate consolidated financial statements of MAp and MAT2 for the year ended 31 December 2009.

**(c) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by the Company at 31 December 2009, 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 the Company.

Losses attributable to minority interests are allocated to minority interest only to the extent that those losses are covered by minority interest share capital, retained profits and reserves.

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.

# Financial Report
for year ended 31 December 2009

## 1. Summary of Significant Accounting Policies (continued)

### (d) Investments in airport assets

The Company 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 Consolidated Entity 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 Consolidated Entity's interests in unlisted securities in companies and trusts are as follows:

| | Copenhagen Airport % | Brussels Airport % | Sydney Airport % | Bristol Airport % |
|---|---|---|---|---|
| **As at 31 December 2009** | | | | |
| Risk free rate* | **3.6** | **3.6** | **5.5** | **-** |
| Risk premium | **9.4** | **8.6** | **9.6** | **-** |
| **Total discount rate** | **13.0** | **12.2** | **15.1** | **-** |
| | | | | |
| **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** |

* 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 Consolidated Entity is the current bid price. The fair value of listed assets not traded in active markets is determined by discounted cash flow analysis.

## 1. Summary of Significant Accounting Policies (continued)

### (d) Investments in airport assets (continued)

***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 entity 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) Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using an appropriate valuation technique. The valuation technique used is discounted cashflow analysis making as much use of available and supportable market data as possible.

### (g) 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.

### (h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term and 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.

### (i) Intangible assets

***Goodwill***

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity'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 Consolidated Entity's investment in the respective airports to which the goodwill relates.

# Financial Report
for year ended 31 December 2009

## 1. Summary of Significant Accounting Policies (continued)

***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 7 to 16 years.

### (j) 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 | 60-100 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 |

### (k) 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 lives like other property, plant and equipment of a similar nature.

### (l) 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 that generates cashflows largely independent of those from other assets or groups of assets.

### (m) 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.

## 1. Summary of Significant Accounting Policies (continued)

### (n) 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 loan***

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 the Company, to minority interest shareholders were 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 was determined using discounted cash flow analysis. Transaction costs were expensed as incurred.

### (o) Payables/other liabilities

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

### (p) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at year end.

### (q) 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.

The following categories of revenue have been included in the Consolidated Entity financial report relating to Copenhagen Airports and Brussels Airport until the date of deconsolidation of those assets.

***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 and revenue from the operation of car parking services which is recognised when delivery of services takes place.

## 1. Summary of Significant Accounting Policies (continued)

### (r) 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.

***Staff seconded to Copenhagen Airports from the Danish State***

For civil servants seconded by the Danish State, the Consolidated Entity 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.

### (s) Rent and lease costs

On initial recognition, lease contracts for property, plant and equipment under which the Company 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 the Company's 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.

### (t) Amortisation and depreciation

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

### (u) Income tax

The income tax expense or benefit 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.

## 1. Summary of Significant Accounting Policies (continued)

### (u) Income tax (continued)

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.

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

### (v) Foreign currency translation

***Functional and presentation currency***

Items included in the financial statements of each of the entities within the Consolidated Entity 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 the Company.

***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.

***Consolidated Entity entities***

The results and financial position of all the entities within the Consolidated Entity 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 shareholders' 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.

## 1. Summary of Significant Accounting Policies (continued)

### (w) 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 Consolidated Entity designates 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 probable forecast transactions (cash flow hedge); or 3 hedges of a net investment in a foreign operation. The Consolidated Entity documents 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 Consolidated Entity also documents its 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.

***(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.

## 1. Summary of Significant Accounting Policies (continued)

### (x) Earnings per share

***Basic earnings per share***

Basic earnings per share is determined by dividing the profit attributable to shareholders by the weighted average number of shares on issue during the year.

***Diluted earnings per share***

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

### (y) 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 payables 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.

### (z) Significant terms and conditions of investments

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

The Company's investment in Copenhagen Airports comprises ordinary shares issued by Copenhagen Airports S.a r.l. ("CASA", formerly Macquarie Airports (Europe) No. 2 S.A.), funding loans advanced to CASA under the Funding Loan Agreement, shareholder loans advanced to CASA under the Shareholder Loan Agreement and convertible loans advanced to CASA under the Convertible Loan Agreement. Under the CASA 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.

### (aa) Segment reporting

The Consolidated Entity has applied AASB 8: *Operating Segments* from 1 January 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a change in the identification of reportable segments presented as in the prior period the primary basis of segment reporting was geographical.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been indentified as the Board of the Responsible Entity.

For the year ended 31 December 2009 the segments are based on the core assets of the Company's investment portfolio being Sydney Airport, Copenhagen Airports, Brussels Airport and Bristol Airport. Comparatives for the year ended 31 December 2008 have been restated.

# Financial Report
for year ended 31 December 2009

## 1. Summary of Significant Accounting Policies (continued)

### (bb) 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 the Consolidated Entity's share of the identifiable net assets acquired is recorded as goodwill (refer Note 1(i)). 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 under 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.

### (cc) Critical Accounting Estimates and Judgements

The preparation of the interim financial report in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. The directors believe the estimates used in preparation of the financial report are reasonable. Actual results in the future may differ from those reported.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

***Investments in financial assets at fair value through profit or loss***

Interests in financial assets are brought to account at fair value determined in accordance with the discounted cash flow analysis methodology adopted by the directors. 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 key assumptions used in calculating the fair value are therefore the future cash flows that are expected to be generated by an asset, the future financing costs of the asset and the appropriate discount rate.

Further information on the valuation of investments in financial assets can be found in Note 1(d), and information on the sensitivity of the valuations to the key assumptions is included in Note 9.

## 1. Summary of Significant Accounting Policies (continued)

### (dd) Accounting Standards and Interpretations issued but not effective as at 31 December 2009

***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 for annual periods beginning on or after 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 or significant influence 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 MAIL'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. The Consolidated Entity will apply the amended standard from 1 January 2010.

***AASB: 2008-6: Further Amendments to Australian Accounting Standards***

AASB: 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual

Improvements Project (effective for annual periods beginning on or after 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-

Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Consolidated Entity will apply the amendments prospectively to all partial disposals of subsidiaries from 1 January 2010.

***AASB 2008-8: IAS 39 Financial Instruments: Recognition and Measurement***

AASB 2008-8: Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 July 2009). AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Consolidated Entity will apply the amended standard from 1 January 2010. MAp does not currently have hedges of this nature. Therefore, it is not expected to have a material impact on the Concolidated Entity's financial statements.

## 1. Summary of Significant Accounting Policies (continued)

(dd) ***Accounting Standards and Interpretations issued but not effective as at 31 December 2009 (continued)***

***AASB 2009-4: Further Amendments to Australian Accounting Standards***

AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual periods beginning on or after 1 July 2009)

The AASB has made amendments to AASB 2 Share-based Payment, AASB 138 Intangible Assets and AASB Interpretations 9 Reassessment of Embedded Derivatives and 16 Hedges of a Net Investment in a Foreign Operation as a result to the IASB's annual improvements project. The Consolidated Entity will apply the amendments from 1 January 2010. Currently no adjustments are expected as a result of applying the revised rules. The impact of these on future transactions will need to be assessed at the time of the transactions.

***AASB 2009-5 Further Amendments to Australian Accounting Standards***

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual periods beginning on or after 1 July 2010)

In May 2009, the AASB issued a number of improvements to existing Australian Accounting Standards.

The Consolidated Entity will apply the revised standards from 1 January 2011. The Consolidated Entity does not expect that any adjustments will be necessary as a result of applying the revised rules. The impact on future transactions will need to be assessed as they occur.

***AASB 9 Financial Instruments***

The AASB issued AASB 9 Financial Instruments (effective 1 January 2013) as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. AASB 9 introduces new requirements for classifying and measuring financial assets. All financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. AASB 9 divides all financial assets that are currently in the scope of AASB 139 into two classifications, those measured at amortised cost and those measured at fair value. Classification is made at the time the financial asset is initially recognised, namely when the entity becomes a party to the contractual provisions of the instrument. The available-for-sale and held-to-maturity categories currently in AASB 139 are not included in AASB 9. All equity investments in scope of AASB 9 are to be measured at fair value in the balance sheet, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to report value changes in 'other comprehensive income'. The current release of AASB 9 is the first of three stages aimed at replacing AASB 139 once complete. The Consolidated Entity will apply AASB 9 from 1 January 2013. The impact of the AASB 9 can only be determined once the full standard has been issued.

(ee) **Comparative figures**

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

(ff) **Company formation**

The Company was incorporated in Bermuda on 4 February 2002.

(gg) **Rounding of amounts**

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

# Financial Report
for year ended 31 December 2009

## 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 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| **Revenue from continuing operations** | | | | |
| Interest income from related parties | **19,177** | 53,266 | **18,733** | 110,877 |
| Interest income from other persons and corporations | **427** | 32,864 | **-** | - |
| Fee income | **-** | 10,196 | **-** | - |
| Aeronautical revenue | **-** | 694,383 | **-** | - |
| Retail revenue | **-** | 172,590 | **-** | - |
| Property revenue | **-** | 94,513 | **-** | - |
| Revenue from rendering of services | **910** | 194,984 | **-** | - |
| Other | **-** | 21,918 | **-** | - |
| Total revenue from continuing operations | **20,514** | 1,274,714 | **18,733** | 110,877 |
| | | | | |
| **Other income – revaluation of investments** | | | | |
| Revaluation of Brussels Airport | **-** | 561,244 | **-** | 106,131 |
| Revaluation of Bristol Airport | **-** | 4,724 | **-** | - |
| Revaluation of Sydney Airport | **46,205** | 6,786 | **-** | 6,786 |
| Revaluation of ASUR | **50,567** | - | **29,465** | - |
| Revaluation of Copenhagen Airports | **-** | 753,158 | **-** | - |
| Revaluation of Other Airports | **51,974** | - | **-** | 19,801 |
| Revaluation of TICkETS Defeasance Trust | **32,639** | - | **32,639** | - |
| Revaluation of MAEL | **-** | - | **-** | 216,081 |
| Revaluation of MAIL | **-** | - | **-** | 63,128 |
| Total income from revaluation of investments | **181,385** | 1,325,912 | **62,104** | 411,927 |
| | | | | |
| **Other income – other** | | | | |
| Other income | **223** | 128 | **223** | 1,410 |
| Foreign exchange gains | **17,569** | - | **-** | 52,728 |
| Gain on redemption of IIHL preference shares | **76,979** | - | **-** | - |
| Gain from deconsolidation of subsidiaries (BAISA and CASA) | **-** | 1,561,447 | **-** | - |
| Fair value movement on derivative contracts | **65,405** | - | **65,405** | - |
| Total other income - other | **160,176** | 1,561,575 | **65,628** | 54,138 |
| | | | | |
| **Total other income** | **341,561** | 2,887,487 | **127,732** | 466,065 |
| | | | | |
| **Total revenue and other income from continuing operations** | **362,075** | 4,162,201 | **146,465** | 576,942 |

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## 2. Profit for the Year (continued)

| | Note | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|---|
| **Operating expenses from continuing operations** | | | | | |
| **Finance costs** | | | | | |
| Interest expense (RPS related entities) | | **54,066** | - | **-** | - |
| Interest expense on loans from MAT1 | | **3,979** | 19,342 | **-** | 18,324 |
| Interest expense (MACH debt facility) | | **-** | 57,363 | **-** | - |
| Interest expense (Copenhagen) | | **-** | 33,377 | **-** | - |
| Interest expense (Brussels) | | **-** | 111,169 | **-** | - |
| Finance cost IIHL preference shares | | **62,336** | - | **-** | - |
| Interest expense other | | **1,083** | 3,084 | **-** | 16 |
| Total finance costs from continuing operations | | **121,464** | 224,335 | **-** | 18,340 |
| **Administration expenses** | | | | | |
| Auditor's remuneration | 4 | **346** | 826 | **333** | 345 |
| Adviser's base fees | | **15,270** | 22,284 | **16,062** | 21,724 |
| Adviser's performance fees | | **-** | 1,972 | **-** | - |
| Adviser's termination fee in relation to MAG restructure* | | **-** | 118,955 | **-** | - |
| Directors' fees | | **323** | 251 | **323** | 120 |
| Investment transaction expenses | | **2,503** | 3,369 | **2,393** | 2,862 |
| Staff costs | | **775** | - | **-** | - |
| Services expenses | | **1,878** | - | **1,727** | - |
| Investor communication expenses | | **90** | 158 | **90** | 158 |
| Legal fees | | **1,810** | 1,352 | **1,581** | 736 |
| Registry fees | | **303** | 319 | **303** | 319 |
| Other administration expenses | | **2,283** | 1,926 | **1,434** | 968 |
| Total administration expenses | | **25,581** | 151,412 | **24,246** | 27,232 |
| **Other operating expenses** | | | | | |
| Fair value movement on derivative contracts | | **-** | 12,351 | **-** | 6,798 |
| Loss from deconsolidation of subsidiaries (BABL) | | **-** | 148,167 | **-** | - |
| Revaluation of JAT | | **49,417** | 189,336 | **92,648** | 1,459 |
| Revaluation of ASUR | | **-** | 54,383 | **-** | - |
| Revaluation of TICkETS Defeasance Trust | | **-** | 63,885 | **-** | 63,885 |
| Revaluation of BABL | | **-** | - | **-** | 112,953 |
| Revaluation of Copenhagen Airports | | **204,728** | - | **222,266** | 8,321 |
| Revaluation of Brussels Airport | | **137,948** | - | **137,948** | - |
| Revaluation of Bristol Airport | | **88,825** | - | **88,825** | - |
| Revaluation of Sydney Airport | | **-** | - | **16,629** | - |
| Revaluation of Other Airports | | **-** | 91,887 | **180** | - |
| Staff costs | | **-** | 251,484 | **-** | - |
| Amortisation and depreciation | | **-** | 330,424 | **-** | - |
| Operating and maintenance | | **-** | 198,991 | **-** | - |
| Energy and utilities | | **-** | 26,657 | **-** | - |
| Technology | | **-** | 403 | **-** | - |
| Foreign exchange losses | | **-** | 33,376 | **5,387** | - |
| Other external costs | | **-** | 47,694 | **-** | - |
| Total other operating expenses | | **480,918** | 1,449,038 | **563,883** | 193,416 |
| **Internalisation expenses** | | | | | |
| Fee in relation to termination of management arrangements | | **199,643** | - | **199,643** | - |
| Internalisation costs | | **1,965** | - | **1,965** | - |
| | | **201,608** | - | **201,608** | - |
| **Total operating expenses from continuing operations** | | **829,571** | 1,824,785 | **789,737** | 238,988 |

* During the prior 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 BABL excluding MAIL. MAIL's share of the termination fee paid was $63.9 million.

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## 3. Income Tax Expense

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

| | Note | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|---|
| **(a) (Loss) / profit from continuing operations before income tax expense** | | **(467,496)** | 2,337,416 | **(643,272)** | 337,954 |
| Income tax (benefit)/expense calculated @ 30% (2008: 25%) | | **(140,249)** | 584,354 | **(192,982)** | 84,489 |
| Tax effect of permanent differences: | | | | | |
| Non-deductible expenditure | | **4,324** | - | **-** | - |
| Under / (over) provision in previous year | | **20** | (1,488) | **-** | - |
| Tax effect of operating result of Bermudian entities (refer Note 1(u)) | | **151,994** | (528,357) | **193,185** | (84,313) |
| Income tax expense | | **16,089** | 54,509 | **203** | 176 |
| **(b) Income tax expense** | | | | | |
| Income tax benefit comprises: | | | | | |
| Under / (over) provision in previous year | | **20** | (1,488) | **-** | - |
| Current taxation provision | | **11,476** | 142,359 | **203** | 176 |
| Deferred tax liability | 17 | **4,593** | (86,362) | **-** | - |
| | | **16,089** | 54,509 | **203** | 176 |
| Income tax expense is attributable to: | | | | | |
| Profit from continuing operations | | **16,089** | 54,509 | **203** | 176 |
| Aggregate income tax expense | | **16,089** | 54,509 | **203** | 176 |
| Deferred income benefit included in income tax expense comprises: | | | | | |
| Increase/(decrease) in deferred tax liabilities | 17 | **4,593** | (86,362) | **-** | - |
| **(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 – debited directly to equity | | **-** | (3,486) | **-** | - |
| Net deferred tax – credited directly to equity | 17 | **-** | 40,802 | **-** | - |
| | | **-** | 37,316 | **-** | - |

## 4. Remuneration of Auditors

| | **Consolidated 31 Dec 2009 $** | Consolidated 31 Dec 2008 $ | **Parent Entity 31 Dec 2009 $** | Parent Entity 31 Dec 2008 $ |
|---|---|---|---|---|
| Amounts paid or payable to PricewaterhouseCoopers Australian firm for: | | | | |
| Audit and assurance services | **330,378** | 355,279 | **330,257** | 345,047 |
| Other services – taxation compliance services | **12,900** | - | **-** | - |
| Other services – trust compliance services | **-** | - | **-** | - |
| Other services – assurance related | **2,966** | - | **2,966** | - |
| | **346,244** | 355,279 | **333,223** | 345,047 |
| Amounts paid or payable to related practices of PricewaterhouseCoopers Australian firm for: | | | | |
| Other assurance services | **-** | 471,119 | **-** | - |
| | **-** | 471,119 | **-** | - |
| | **346,244** | 826,398 | **333,223** | 345,047 |

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for year ended 31 December 2009

## 5. Dividends Paid and Proposed

| | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent 31 Dec 2009 $'000** | Parent 31 Dec 2008 $'000 |
|---|---|---|---|---|
| The dividends were paid/payable as follows: | | | | |
| Final dividend proposed and subsequently paid for the year ended 31 December | **148,897** | - | **148,897** | - |
| | **148,897** | - | **148,897** | - |

| | **Cents per unit** | Cents per unit | **Cents per unit** | Cents per unit |
|---|---|---|---|---|
| Final dividend proposed and subsequently paid for the year ended 31 December (100% unfranked) | **8.0** | - | **8.0** | - |
| | **8.0** | - | **8.0** | - |

## 6. Cash and Cash Equivalents

| | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| Cash at bank | **110,172** | 271,433 | **9,904** | 8,842 |
| Commercial papers | **593,379** | 567,867 | **565,643** | 492,284 |
| | **703,551** | 839,300 | **575,547** | 501,126 |

**Commercial papers**

The outstanding commercial papers held by the Company at year end paid interest at an average rate of 2.27% per annum (2008: 4.52%).

## 7. Receivables

| | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| **Current** | | | | |
| Interest receivable | **30** | 69 | **26** | 56 |
| Receivables from related parties | **1,683** | 1,568 | **3,523** | 4,572 |
| Withholding tax receivable | **3,460** | 5,779 | **-** | - |
| GST receivable | **2** | - | **-** | - |
| Other receivables | **-** | 20 | **-** | 425 |
| | **5,175** | 7,436 | **3,549** | 5,053 |

The fair values of receivables approximate their carrying values. The Consolidated Entity's and Company's maximum credit exposure for receivables is the carrying value.

Discussion of the Consolidated Entity's and the Company's policies concerning the management of credit risk can found in Note 27.

## 8. Derivative Financial Instruments

| | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| **Current assets** | | | | |
| Forward FX contracts | **751** | 4,212 | **751** | 4,212 |
| Total current derivative financial instrument assets | **751** | 4,212 | **751** | 4,212 |
| **Non-current assets** | | | | |
| Forward FX contracts | **-** | 3,309 | **-** | 3,309 |
| Total non-current derivative financial instrument assets | **-** | 3,309 | **-** | 3,309 |
| **Current liabilities** | | | | |
| Forward FX contracts | **1,314** | 6,798 | **1,314** | 6,798 |
| Total current derivative financial instrument liabilities | **1,314** | 6,798 | **1,314** | 6,798 |

### Instruments used by the Consolidated Entity

At 31 December 2009, the Consolidated Entity is party to derivative financial instruments entered into in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates in accordance with the Consolidated Entity's financial risk management policies (refer to Note 27).

***Forward foreign exchange contracts***

In order to protect against exchange rate movements, the Company has entered into forward exchange contracts to sell Danish Krone and Euro (Japanese Yen in the prior year). These contracts are generally hedging anticipated receipts of distributions from the Company's underlying investments and expected payments.

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

| | **Buy Australian dollars** | | **Average exchange rate** | |
|---|---|---|---|---|
| **Sell Euros** | **2009 $'000** | 2008 $'000 | **2009** | 2008 |
| **Maturity** | | | | |
| 0-6 months | **75,771** | 4,635 | **0.6153** | 0.5782 |

| | **Buy Australian dollars** | | **Average exchange rate** | |
|---|---|---|---|---|
| **Sell DKK** | **2009 $'000** | 2008 $'000 | **2009** | 2008 |
| **Maturity** | | | | |
| 0-6 months | **-** | 26,554 | **-** | 4.3478 |
| 6-12 months | **14,125** | 16,069 | **4.2796** | 4.2379 |

| | **Buy Australian dollars** | | **Average exchange rate** | |
|---|---|---|---|---|
| **Sell JPY** | **2009 $'000** | 2008 $'000 | **2009** | 2008 |
| **Maturity** | | | | |
| 6-12 months | **-** | 144,340 | **-** | 60.42 |
| 12-24 months | **-** | 148,141 | **-** | 58.87 |

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## 9. Investments in Financial Assets

The table below summarises the movements in the Consolidated Entity's significant investments during the year ended 31 December 2009.

| **Consolidated 2009** | **Sydney Airport $'000 9(i)** | **Brussels Airport $'000 9(ii)** | **Copenhagen Airports * $'000 9(iii)** | **Bristol Airport $'000 9(iv)** | **JAT $'000 9(v)** | **ASUR $'000 9(vi)** |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2009** | **245,611** | **1,114,302** | **1,054,284** | **286,883** | **372,792** | **127,519** |
| Acquisitions | **533,124** | **-** | **124,357** | **-** | **-** | **-** |
| Income received from investments | **(41,632)** | **(29,058)** | **-** | **-** | **(1,558)** | **(14,050)** |
| Disposals | **(7,522)** | **-** | **(72)** | **(191,612)** | **(249,070)** | **-** |
| Consolidation adjustment | **406,244** | **-** | **-** | **-** | **-** | **-** |
| Revaluation increment / (decrement) to 31 December 2009 | **46,205** | **(137,948)** | **(204,728)** | **(88,825)** | **(49,417)** | **50,567** |
| Revaluation (decrement) attributable to foreign exchange movements recognised directly in equity to 31 December 2009 | **-** | **-** | **(1,501)** | **-** | **(72,747)** | **(25,733)** |
| **Balance at 31 December 2009** | **1,182,030** | **947,296** | **972,340** | **6,446** | **-** | **138,303** |

* Copenhagen Airports represents MAIL's investment in CASA, as well as the direct holding in Copenhagen Airports.

At 31 December 2009, the value of the Consolidated Entity's investments in non-controlled airport assets is $3,999.1 million (2008:$3,921.4 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.

| **Consolidated** | **2009 1% lower $ million** | **2009 1% higher $ million** | 2008 1% lower $ million | 2008 1% higher $ million |
|---|---|---|---|---|
| Change in valuation of investments due to movement in the risk premia | | | | |
| Brussels Airport | **111.6** | **(95.7)** | 127.1 | (108.9) |
| Copenhagen Airports | **131.1** | **(109.5)** | 124.9 | (105.4) |
| Bristol Airport | **-** | **-** | 37.5 | (31.9) |
| Sydney Airport | **111.1** | **(97.5)** | 14.9 | (13.2) |
| | **353.8** | **(302.7)** | 304.4 | (259.4) |
| Change in the valuation of investments due to movement in revenue forecasts | | | | |
| Brussels Airport | **(23.2)** | **23.4** | (30.3) | 30.1 |
| Copenhagen Airports | **(26.3)** | **26.7** | (29.2) | 26.4 |
| Bristol Airport | **-** | **-** | (6.4) | 6.2 |
| Sydney Airport | **(22.0)** | **21.8** | (2.3) | 2.1 |
| | **(71.5)** | **71.9** | (68.2) | 64.8 |

| **Parent** | **2009 1% lower $ million** | **2009 1% higher $ million** | 2008 1% lower $ million | 2008 1% higher $ million |
|---|---|---|---|---|
| Change in valuation of investments due to movement in the risk premia | | | | |
| Brussels Airport | **111.6** | **(95.7)** | 127.1 | (108.9) |
| Copenhagen Airports | **131.1** | **(109.5)** | 124.9 | (105.4) |
| Bristol Airport | **-** | **-** | 37.5 | (31.9) |
| Sydney Airport | **111.1** | **(97.5)** | 14.9 | (13.2) |
| | **353.8** | **(302.7)** | 304.4 | (259.4) |
| Change in the valuation of investments due to movement in revenue forecasts | | | | |
| Brussels Airport | **(23.2)** | **23.4** | (30.3) | 30.1 |
| Copenhagen Airports | **(26.3)** | **26.7** | (29.2) | 26.4 |
| Bristol Airport | **-** | **-** | (6.4) | 6.2 |
| Sydney Airport | **(22.0)** | **21.8** | (2.3) | 2.1 |
| | **(71.5)** | **71.9** | (68.2) | 64.8 |

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## 9. Investments in Financial Assets (continued)

| | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| **Sydney Airport (i)** | | | | |
| Interests in unlisted securities in companies and trusts | | | | |
| Investment in Southern Cross Australian Airports Trust | **1,182,030** | 245,611 | **-** | - |
| Investment in MAp Airports Sydney Kingsford Smith No.1 Pty Limited | **-** | - | **109,276** | 6,786 |
| Investment in MAp Airports Sydney Kingsford Smith No.4 Pty Limited | **-** | - | **183,666** | - |
| Investment in MAp Airports (Sydney Holdings) Two Pty Limited | **-** | - | **172,387** | - |
| **Brussels Airport (ii)** | | | | |
| Interests in unlisted securities in companies and trusts | | | | |
| Investment in Brussels Airport Investments S.a r.l. ( formerly Macquarie Airports (Brussels) S.A.) | **947,296** | 1,114,302 | **947,296** | 1,114,302 |
| **Copenhagen Airports (iii)** | | | | |
| Interests in unlisted securities in companies and trusts | | | | |
| Investment in Copenhagen Airports S.a r.l. (formerly Macquarie Airports (Europe) No. 2 S.A.) | **832,150** | 1,054,284 | **832,150** | 1,054,284 |
| Investment in KøbenhavnsLufthavne A/S | **140,190** | - | **-** | - |
| **Bristol Airport (iv)** | | | | |
| Interests in unlisted securities in companies and trusts | | | | |
| Investment in Bristol Airport (Bermuda) Limited | **6,446** | 286,883 | **6,446** | 286,883 |
| **Japan Airport Terminal (v)** | | | | |
| Interests in listed securities in companies and trusts | | | | |
| Investment in Japan Airport Terminal Co Ltd | **-** | 372,792 | **-** | 279,782 |
| **ASUR (vi)** | | | | |
| Interests in listed securities in companies and trusts | **138,303** | 127,519 | **-** | - |
| **Other investments (vii)** | | | | |
| Investment in TICkETS Defeasance Trust | **752,680** | 720,041 | **752,680** | 720,041 |
| Investment in NA International S.a r.l. | **-** | - | **265,614** | 138,103 |
| Other investments | **-** | - | **177,494** | 357,892 |
| | **752,680** | 720,041 | **1,195,788** | 1,216,036 |
| **Total investments** | **3,999,095** | 3,921,432 | **3,447,009** | 3,958,073 |

### (i) Sydney Airport

MAIL's interest in Sydney Airport is held through its investment in MAp Airports Sydney Kingsford Smith No. 1 Pty Limited ("MASKS1", formerly Macquarie Airports Sydney Kingsford Smith No. 1 Pty Limited), MAp Airports Sydney Kingsford Smith No. 4 Pty Limited ("MASKS4", formerly Macquarie Airports Sydney Kingsford Smith No. 4 Pty Limited) and MAp Airports (Sydney Holdings) Two Pty Limited ("MASHT", formerly Macquarie Airports (Sydney Holdings) Two Pty Limited). MASKS1, MASKS4 and MASHT hold units in Southern Cross Australian Airports Trust ("SCAAT"), which holds stapled securities issued by Southern Cross Airports Corporation Holdings Limited ("SCACH"), the holding company of Sydney Airport.

Each stapled security issued by SCACH represents one ordinary share and one 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, 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.

## 9. Investments in Financial Assets (continued)

### (ii) Brussels Airport

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

MAIL'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 BAISA entitle the holders to effectively all of the income of BAISA 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, MAIL may (with the consent of other shareholders) at any time prior to the expiry term apply to convert the outstanding loan into BAISA OPS.

At 31 December 2009, MAIL held a 48.0% interest in BAISA. MAIL's beneficial interest in Brussels Airport at 31 December 2009 was 36.0% and, as set out in note 30, on 21 January 2010, it increased to 39% following the acquisition of the 4.0% interest in BAISA held by GIF2.

Currently, the other shareholders in BAISA are Macquarie European Infrastructure Fund LP ("MEIF") with a 13.3% interest, Macquarie European Infrastructure Fund III ("MEIF3") with a 34.7%. If there is a change of control of a Macquarie shareholder, including where a Macquarie Group entity ceases to be its manager (but excluding a listing of the fund or the sale of its assets undertaken in the course of liquidating, terminating or winding up the fund), MAIL has the option to purchase that interest in BAISA at fair value. The other shareholders do not have a corresponding right in respect of a change of control of MAp for so long as it is listed on a stock exchange.

### (iii) Copenhagen Airports

MAIL's investment in Copenhagen Airports is held through CASA and directly in Copenhagen Airports. CASA holds a 53.7% controlling interest in Copenhagen Airports.

MAIL's investment in CASA is comprised of ordinary shares, shareholder loans and convertible loans.

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

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

At 31 December 2009, MAIL held a 50.0% interest in CASA and a 3.9% direct interest in Copenhagen Airports. MAIL's beneficial interest in Copenhagen Airports at 31 December 2009 is 30.8%.

MAp's interest in Copenhagen Airports is held via a 50% interest in CASA and a 3.9% direct interest in Copenhagen Airports. MEIF3 holds the other 50% interest in CASA. If there is a change of control of MEIF3, including where a Macquarie Group entity ceases to be its manager (but excluding a listing of the fund or the sale of its assets undertaken in the course of liquidating, terminating or winding up the fund), MAIL has the option to purchase that interest in BAISA at fair value.

### (iv) Bristol Airport

The Company has a 1.0% interest in Bristol Airport through its investment in BABL which owns 50% of Bristol Airport. During the year MAIL sold a 58.4% interest in BABL to Ontario Teachers' Pension Plan ("OTPP") and as at 31 December 2009 holds a 2.0% interest in BABL.

The remaining 2.0% interest in BABL is subject to a put and a call option at an exercise price of GBP3.6 million ($6.5 million). The put option may be exercised by MAIL and the call option may be exercised by OTPP at any time during the six month period from the completion of the refinancing of the Bristol Airport debt facilities.

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## for year ended 31 December 2009

## 9. Investments in Financial Assets (continued)

### (v) Japan Airport Terminal

The Company's interest in Japan Airports Terminal ("JAT") was held through International Infrastructure Holdings Limited ("IIHL"), a company owned 75.1% by the Company and 24.9% by Macquarie Capital Group Limited ("MCGL").

On 20 May 2009, MAp announced its intention to tender its entire 14.9% interest in JAT into JAT's buyback tender offer. JAT shareholders approved the buyback on 26 June 2009. The buyback was completed on 3 August 2009 and MAp disposed of its entire interest in JAT. Gross sale proceeds approximated $260.0 million (including the benefit of hedging arrangements that were previously entered into).

### (vi) ASUR

MAIL's beneficial interest in Grupo Aeroportuario del Sureste ("ASUR") is 8.0%. 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. MAIL holds a further 7.9% economic interest through a series of swap agreements this is presented as cash collateral and other assets.

### (vii) Other investments

Other investments comprises investments in other airports and other airport related investments.

## 10. Property, Plant and Equipment and Investment Property

On 5 November 2008, the Company 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 the Company lost control. The Company and the Consolidated Entity do not hold any property, plant and equipment or investment property at 31 December 2009.

| **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** | 4,785,035 | 1,100,616 | 90,146 | 182,251 | 6,158,048 |
| Additions | 35,169 | 23,233 | 13,618 | 202,912 | 274,932 |
| Disposals / Transfers | (465) | (30) | (1,175) | (38,355) | (40,025) |
| Disposals due to loss of control | (5,319,654) | (1,172,907) | (89,325) | (387,982) | (6,969,868) |
| Depreciation | (118,795) | (93,931) | (24,910) | - | (237,636) |
| Exchange differences | 618,710 | 143,019 | 11,646 | 41,174 | 814,549 |
| **Net book amount at 31 December 2008** | - | - | - | - | - |
| **At 31 December 2008** | | | | | |
| Cost | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - |
| **Net book amount at 31 December 2008** | - | - | - | - | - |

### Investment property

| **Consolidated** | **Total $'000** |
|---|---|
| **Net book amount at 1 January 2008** | 45,668 |
| Additions | - |
| 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** | - |

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

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## 11. 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. The Company and the Consolidated Entity do not have any intangibles at 31 December 2009.

| **Consolidated** | **Technical Service Agreements $'000** | **Concession and Customer Contracts $'000** | **Computer Software $'000** | **Goodwill $'000** | **Total $'000** |
|---|---|---|---|---|---|
| **Net book amount at 1 January 2008** | 58,498 | 1,252,588 | 32,015 | 1,182,959 | 2,526,060 |
| Additions | - | - | 14,594 | - | 14,594 |
| Disposals | - | - | (6,208) | - | (6,208) |
| Disposals due to loss of control | (66,005) | (1,287,184) | (37,662) | (1,333,216) | (2,724,067) |
| Amortisation charge for the year | (17) | (85,824) | (6,947) | - | (92,788) |
| Exchange differences | 7,524 | 120,420 | 4,208 | 150,257 | 282,409 |
| **Net book amount at 31 December 2008** | - | - | - | - | - |
| | | | | | |
| **At 31 December 2008** | | | | | |
| Cost | - | - | - | - | - |
| Accumulated amortisation | - | - | - | - | - |
| **Net book amount at 31 December 2008** | - | - | - | - | - |

## 12. Subsidiaries

### MAIL Group Significant Subsidiaries

| **Name of Entity** | **Country of Incorporation / Establishment** | **Class of Shares / units** | **Beneficial Ownership Interest** | |
|---|---|---|---|---|
| | | | **31 Dec 2009** | 31 Dec 2008 |
| International Infrastructure Holdings Limited | Bermuda | Ordinary and Preference shares | **75.1%** | 75.1% |
| MAp Airports (Europe) Limited (formerly Macquarie Airports (Europe) Limited | Bermuda | Ordinary shares | **74.9%** | 74.9% |

## 13. Associates

### MAIL Group Significant Associates

| **Name of Associate** | **Beneficial Ownership Interest** | |
|---|---|---|
| | **31 Dec 2009** | 31 Dec 2008 |
| Bristol Airport (Bermuda) Limited | **-** | 60.4% |
| Copenhagen Airports S.A. | **50.0%** | 50.0% |
| Brussels Airport Investments S.A. | **48.0%** | 48.0% |

On 16 September 2009, MAp announced that it had agreed to divest its 35.5% beneficial interest in Bristol Airport to Ontario Teachers' Pension Plan ("OTPP") for GBP128 million ($232.5 million). The sale to OTPP was concluded on 21 December 2009 with an initial 34.5% of MAp's interest being transfer to OTPP and the parties entering into a put and a call option over the remaining 1% beneficial interest for an exercise price of GBP3.6 million ($6.5 million). The put and call options may be exercised by MAIL at any time during the six month period from the completion of the refinancing of the Bristol Airport debt facilities. At 31 December 2009, the Company had a 2% interest in BABL. As the Company does no longer have significant influence over BABL, BABL is no longer disclosed as an associate.

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 9.

## 14. Payables

| | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| **Current** | | | | |
| Adviser's base fees payable | **-** | 3,330 | **793** | 3,330 |
| Other payables to MAT1 | **-** | 1,018 | **-** | - |
| Other payables to MAT2 | **-** | 2,728 | **-** | 2,728 |
| Interest payable to MASHT | **14,984** | - | **-** | - |
| Interest payable to MASKS1 | **13,510** | - | **-** | - |
| Interest payable to MASKS4 | **7,028** | - | **-** | - |
| Trade payables | **184** | 185 | **-** | - |
| Employee entitlements | **943** | - | **-** | - |
| Sundry creditors | **2,556** | 3,524 | **418** | 196 |
| | **39,205** | 10,785 | **1,211** | 6,254 |

The fair values of payables approximate their carrying values.

## 15. Financial Liabilities at Fair Value

| | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| **Current** | | | | |
| IIHL preference shares held by minority interest | **-** | 96,770 | **-** | - |
| | **-** | 96,770 | **-** | - |

The Consolidated Entity's investment in JAT was held through IIHL, which received funding through the issue of ordinary shares and preference shares. The preference shares entitled the holders to effectively all of the income of IIHL and had 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 the Company held a controlling interest in IIHL at 31 December 2008, the preference shares held by the Company were eliminated on consolidation of IIHL into the Consolidated Entity financial report for the prior year. The balance recognised at 31 December 2008 represented the fair value of the preference shares held by the minority interest in IIHL as at that date. Refer Note 1(n). Following the sale of JAT and the distribution of sale proceeds IIHL bought back all outstanding preference shares.

MAIL parent entity does not have any liabilities carried at fair value, therefore no tables have been presented.

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## 16. Interest Bearing Liabilities

| | Consolidated 31 Dec 2009 $'000 | Consolidated 31 Dec 2008 $'000 | Parent Entity 31 Dec 2009 $'000 | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| **Non Current** | | | | |
| Loans from MAT1 | **-** | 238,825 | **-** | - |
| Redeemable Preference Shares issued by MASHT | **155,929** | - | **-** | - |
| Redeemable Preference Shares issued by MASKS1 | **172,713** | - | **-** | - |
| Redeemable Preference Shares issued by MASKS4 | **349,941** | - | **-** | - |
| | **678,583** | 238,825 | **-** | - |

## 17. Tax Liabilities

| | Consolidated 31 Dec 2009 $'000 | Consolidated 31 Dec 2008 $'000 | Parent Entity 31 Dec 2009 $'000 | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| **Current** | | | | |
| Provision for income tax | **287** | 97 | **-** | - |
| **Non-current** | | | | |
| Deferred tax liability | **4,593** | - | **-** | - |
| **The balance of the provision for deferred tax liabilities comprises temporary differences attributable to:** | | | | |
| Financial assets at fair value through profit or loss | **14,976** | - | **-** | - |
| Interest bearing liabilities | **(10,379)** | - | **-** | - |
| Other payables | **(4)** | - | **-** | - |
| | **4,593** | - | **-** | - |
| **Movements in deferred tax liabilities:** | | | | |
| Opening balance at 1 January | **-** | 1,369,320 | **-** | - |
| Credited to the income statement | **4,593** | (86,362) | **-** | - |
| Credited to equity | **-** | (40,802) | **-** | - |
| Deconsolidation of subsidiaries | **-** | (1,418,918) | **-** | - |
| Foreign exchange movements | **-** | 176,762 | **-** | - |
| Closing balance at 31 December | **4,593** | - | **-** | - |

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## for year ended 31 December 2009

### 18. Contributed Equity

| | **Parent and Consolidated 31 Dec 2009 $'000** | Parent and Consolidated 31 Dec 2008 $'000 | **Parent and Consolidated 31 Dec 2009 Number of shares** | Parent and Consolidated 31 Dec 2008 Number of shares |
|---|---|---|---|---|
| **Ordinary Shares** | | | | |
| Ordinary Shares on issue at the beginning of the year | **1,150,491** | 1,155,867 | **1,713,636** | 1,718,654 |
| Cancelled pursuant to security buyback 8 January 2009 to 20 January 2009 | **(9,924)** | - | **(7,511)** | - |
| Issued pursuant to entitlement offer on 6 November 2009 | **201,707** | - | **155,086** | - |
| Costs incurred in the raising of capital | **(238)** | - | **-** | - |
| Cancelled pursuant to security buyback 27 November 2008 to 31 December 2008 | **-** | (5,376) | **-** | (5,018) |
| On issue at the end of the year | **1,342,036** | 1,150,491 | **1,861,211** | 1,713,636 |

**Ordinary shares in MAIL**

Each fully paid share 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 fully paid share in respect of the Company.

The directors of the Company may declare dividends which appear justified by the financial position of the Company. 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.

If the Company 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 the Company.

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

From 27 November 2008 to 31 December 2008, 5.0 million stapled securities were bought back for consideration of $9.7million. The Company's share of the buyback was $5.4 million.

MAp continued with the on market buybacks from 8 January 2009 to 20 January 2009, 7.5 million stapled securities were bought back for consideration of $17.6 million. The Company's share of the buyback was $9.9 million.

**Entitlement Offer**

On 28 August 2009, MAp announced that to fund the internalisation fee of $345.0 million it would undertake a 1 for 11 non-renounceable pro-rata entitlement offer at $2.30 per stapled security. The entitlement offer which closed on 28 October 2009 was significantly over subscribed. As a result of the entitlement offer an additional 155.1 million stapled securities in MAp were issued and a total of $356.7 million in additional capital was raised. MAIL's portion of this additional capital was $201.7 million.

### 19. Retained Profits

| | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| Balance at the beginning of the year | **3,094,113** | 1,258,343 | **3,336,084** | 2,998,306 |
| Transfer from reserves | **-** | 27,755 | **-** | - |
| (Loss)/profit attributable to MAIL Shareholders | **(491,508)** | 1,808,015 | **(643,475)** | 337,778 |
| Distributions provided for or paid | **(148,897)** | - | **(148,897)** | - |
| Balance at the end of the year | **2,453,708** | 3,094,113 | **2,543,712** | 3,336,084 |

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## 20. Reserves

| | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| **Balance of reserves** | | | | |
| Foreign currency translation reserve | **79,579** | 205,955 | **(10,248)** | (2,726) |
| | **79,579** | 205,955 | **(10,248)** | (2,726) |
| **Movements of reserves** | | | | |
| **Other reserves** | | | | |
| Balance at the beginning of the year | **-** | (266,786) | **-** | - |
| Expansion of Minority Interest in MAEL | **-** | 111,103 | **-** | - |
| Acquisition of additional interest in subsidiary | **-** | 4,802 | **-** | - |
| Deconsolidation of subsidiaries | **-** | 150,881 | **-** | - |
| Balance at the end of the year | **-** | - | **-** | - |
| **Asset revaluation reserve** | | | | |
| Balance at the beginning of the year | **-** | 178,636 | **-** | - |
| Deconsolidation of subsidiaries | **-** | (178,636) | **-** | - |
| Balance at the end of the year | **-** | - | **-** | - |
| **Hedging reserve – cash flow hedges** | | | | |
| Balance at the beginning of the year | **-** | 18,682 | **-** | - |
| Revaluation – gross | **-** | (60,391) | **-** | - |
| Tax effect | **-** | 15,098 | **-** | - |
| Deconsolidation of subsidiaries | **-** | 26,611 | **-** | - |
| Balance at the end of the year | **-** | - | **-** | - |
| **Foreign currency translation reserve** | | | | |
| Balance at the beginning of the year | **205,955** | 46,628 | **(2,726)** | (10,248) |
| Deconsolidation of subsidiaries | **-** | (111,265) | **-** | - |
| Net exchange differences on translation of foreign controlled entities | **(126,376)** | 270,592 | **(7,522)** | 7,522 |
| Balance at the end of the year | **79,579** | 205,955 | **(10,248)** | (2,726) |

### Nature and purpose of reserves

***Asset revaluation reserve***

The asset revaluation is used to record:

(i) Fair value increments of non-current assets at the time of acquisition of controlling interests in subsidiaries; and

(ii) the Consolidated Entity's share of the movements in its associates' asset revaluation reserves.

***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(w). 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.

***Other reserves***

The other reserve represents transactions between equity holders.

## 21. Minority Interest

| Consolidated | 31 Dec 2009 $'000 | 31 Dec 2008 $'000 |
|---|---|---|
| Interest in: | | |
| Share capital | **44,671** | 44,671 |
| Reserves | **1** | (7,237) |
| Retained profits | **(44,351)** | (37,434) |
| | **321** | - |

As the Company holds a controlling interest IIHL and MAEL (refer Note 12) it must consolidate 100% of the assets, liabilities and results of these entities into its financial report for the year ended 31 December 2009 and disclose a minority interest.

At 31 December 2009, the Company holds a beneficial interest in IIHL of 75.1% and in MAEL of 74.9%. Accordingly, 24.9% of the contributed equity, reserves and retained profit of IIHL and 25.1% of the contributed equity, reserves and retained profit of MAEL are shown as minority interest in the MAIL financial report as at 31 December 2009.

Losses attributable to minority interests are allocated to minority interest only to the extent that those losses are covered by minority interest share capital, retained profits and reserves.

## 22. Earnings per Share

| Consolidated | 31 Dec 2009 | 31 Dec 2008 |
|---|---|---|
| Basic earnings per share | **(28.42) cents** | 105.22 cents |
| Diluted earnings per share | **(28.42) cents** | 84.54 cents |
| | | |
| **Basic earnings per share** | | |
| Profit from continuing activities after income tax expense | **($483,584,426)** | $2,282,906,877 |
| Minority interest | **($7,923,380)** | ($474,891,657) |
| Earnings used in calculation of basic earnings per share | **($491,507,806)** | $1,808,015,220 |
| | | |
| **Diluted earnings per share** | | |
| Earnings used in calculation of basic earnings per share | **($491,507,806)** | $1,808,015,220 |
| Earnings used in calculation of diluted earnings per share | **($491,507,806)** | $1,808,015,220 |
| | | |
| **Weighted average number of securities / units on issue** | | |
| Weighted average number of ordinary shares used in calculation of basic earnings per share | **1,729,714,778** | 1,718,254,532 |
| Conversion of TICkETS | **283,898,501** | 420,489,778 |
| Weighted average number of ordinary securities / units used in calculation of diluted earnings per share | **2,013,613,279** | 2,138,744,310 |

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## 23. Cash Flow Information

| | **Consolidated 31 Dec 2009 $'000** | Consolidated 31 Dec 2008 $'000 | **Parent Entity 31 Dec 2009 $'000** | Parent Entity 31 Dec 2008 $'000 |
|---|---|---|---|---|
| **(i) Reconciliation of profit from continuing operations after income tax expense to net cash flows from operating activities** | | | | |
| (Loss) / profit from continuing operations after income tax expense | **(483,585)** | 2,282,907 | **(643,475)** | 337,778 |
| Revaluation of investments | **299,533** | (926,421) | **501,779** | (225,309) |
| Revaluation of investments following receipt of cash | **101,056** | 25,356 | **234,291** | 331,420 |
| Expenses relating to investing activities | **2,503** | 3,369 | **2,393** | 2,862 |
| Expenses relating to financing activities | **121,464** | 224,335 | **-** | 18,340 |
| Net loss / (gain) on derivative contracts | **(65,405)** | 12,351 | **(65,405)** | 6,798 |
| Net gain on deconsolidation | **-** | (1,413,280) | **-** | - |
| Net foreign exchange differences | **(17,569)** | 33,376 | **5,387** | (52,728) |
| Gain on buyback of IIHL Preference Shares | **(76,979)** | - | **-** | - |
| Withholding tax on buyback of JAT shares | **11,081** | - | **-** | - |
| Depreciation and amortisation | **-** | 330,424 | **-** | - |
| Changes in operating assets and liabilities net of effects of acquisition of controlled entities, foreign currency translation and transactions booked directly in equity: | | | | |
| (Increase) / decrease in receivables | **561** | (205,525) | **(1,790)** | 28,172 |
| Decrease / (increase) in prepayments | **3,013** | (10,295) | **36** | (47) |
| (Decrease) / Increase in payables | **(7,102)** | 243,888 | **(5,043)** | (6,010) |
| Increase in deferred tax liabilities | **4,593** | - | | - |
| Increase / (decrease) in tax liabilities | **191** | (129,473) | | - |
| Net cash inflow from operating activities | **(106,645)** | 471,012 | **28,173** | 441,276 |
| | | | | |
| **(ii) 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 and cash equivalents** | **703,551** | 839,300 | **575,547** | 501,126 |

### (iii) Non-cash financing and investing activities

The Consolidated Entity and the Parent Entity did not have any non-cash financing and investing activities during the current or the prior year.

## 24. Related Party Disclosures

### Adviser

The adviser of the Company until 14 October 2009 was Macquarie Capital Funds (Europe) Limited ("MCFEL" or "the Adviser"), a wholly owned subsidiary of MGL. The advisory agreement was novated by MCFEL to Macquarie Group Holdings (UK) No 3 Limited (MGH) on 14 October 2009. MGH was purchased by the Group on 15 October 2009.

### Internalisation

On 24 July 2009, MAp announced that it had reached agreement with MGL to internalise the management of MAp for a negotiated fee of $345.0 million for the termination of management arrangements with Macquarie. The internalisation proposal was approved by a vote of security holders on 30 September 2009.

MAp implemented the internalisation on 15 October 2009 by MAT2 Holdings Pty Limited, a wholly owned subsidiary of MAT2, acquiring all the issued capital of MAp Airports Limited ("MAPL", formerly Macquarie Airports Management Limited), the responsible entity for MAT1 and MAT2, and ending the Advisory Agreement between MAIL and a Macquarie subsidiary. MAp made employment offers to senior management who then transferred to MAp.

### Directors

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

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

No fees were paid out of the Consolidated Entity's property to the directors of the Company during the year.

The number of stapled securities in MAp held directly and indirectly by the directors of the Company are listed below:

| | **Stapled securities held at 31 December 2009** |
|---|---:|
| Max Moore-Wilton | **657,479** |
| Jeffrey Conyers | **-** |
| Sharon Beesley | **-** |
| Stephen Ward | **21,818** |
| **Total** | **679,297** |

During the year, no director of the Company has received or become entitled to receive any benefit because of a contract made by the Consolidated Entity 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.

### Key Management Personnel

The following persons are Key Management Personnel of the Consolidated Entity:

- Max Moore-Wilton (Director)
- Jeffrey Conyers (Director)
- Sharon Beesley (Director)
- Stephen Ward (Director)
- Kerrie Mather (CEO of MAp, KMP from 15 October 2009)

The Key Management Personnel for the Company parent entity are the same as for the Consolidated Entity.

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## 24. Related Party Disclosures (continued)

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 directors of the Company meet the definition of Key Management Personnel as they have this authority in relation to the activities of the Company. These powers have not been delegated by the directors of the Company to any person other than the CEO of MAp. Accordingly, there are no other Key Management Personnel of the Company.

Compensation in the form of directors' fees paid or payable by the Company per director per annum are set out below:

| | MAIL 2009 | MAIL IBC Fees * 2009 | MAIL 2008 |
|---|---|---|---|
| Max Moore-Wilton | **$50,000** | **-** | $50,000 |
| Jeffrey Conyers | **US$35,000** | **US$25,000** | US$35,000 |
| Sharon Beesley | **US$35,000** | **-** | US$35,000 |
| Stephen Ward | **US$35,000** | **US$100,000** | US$35,000 |

* The Independent Board Committee ("IBC") fees were paid in relation to the Internalisation of MAp management and were approved by Shareholders at the Special General meeting on 30 September 2009.

Sharon Beesley also received US$5,000 for acting as director of MAEL, a subsidiary of MAIL.

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

**Remuneration Framework**

MAp's remuneration framework motivates directors and senior executives to pursue long term growth as well as enabling MAp to attract and retain high performers. The framework is designed to incentivise executives to achieve challenging key performance indicators (KPIs), align executive rewards with the creation of long term security holder value and attract and retain high calibre individuals.

When determining senior executive remuneration levels, the role, responsibilities, contribution, performance and experience of the individual is taken into account. Benchmarking data relevant to the individual's role and location as well as MAp's scale, complexity and geographic spread is also considered.

Remuneration is divided into those components which are not directly linked to contribution and performance (Fixed Annual Remuneration) and those components which are variable and directly linked to the delivery of personal KPIs and MAp's key business objectives including financial performance and security holder value creation (At Risk Remuneration).

***Fixed Annual Remuneration (FAR)***

FAR generally consists of base salary and benefits at a guaranteed level. NEDs, senior executives and certain other executives are provided with a FAR amount and have flexibility to determine the precise amount of cash and benefits they receive within that amount.

***At Risk Remuneration (ARR)***

In addition to FAR, a significant element of senior executives' maximum potential remuneration is required to be at risk. Currently, ARR is provided to senior executives and certain other executives through a Short Term Incentive Plan (STIP).

An individual's maximum potential remuneration may be achieved only in circumstances where they have achieved and surpassed challenging KPIs, including MAp's financial performance and security holder value creation.

No Short Term Incentive (STI) payments have been made to date. However, senior executives and certain other executives are eligible to receive STI payments subject to individual and corporate performance in February 2011 reflecting performance between 16 October 2009 and 31 December 2010. Maximum potential STI payments range up to 80% of FAR, adjusted to reflect the extended period to which they will relate.

## 24. Related Party Disclosures (continued)

In order to promote executive retention, one third of any individual's STI payment in excess of A$50,000 is deferred for three years. In the event of resignation or termination with cause prior to the payment of any deferred element of STI, this element is forfeited unless the Nomination & Remuneration Committee determines otherwise.

**Arrangement for CEO**

***Service Contract***

| | Contract Type & Any Special Terms | FAR A$'000 | STIP[1] % of FAR | Termination |
|---|---|---|---|---|
| Kerrie Mather[2] Chief Executive Officer | Permanent | 1,700 | 80% | 12 months MAp/ 6 months Employee |

***Total Remuneration & Benefits for the Year***

For the period from 16 October 2009 to 31 December 2009 the CEO was renumerated by MAT2 Holdings Pty Limited ("MHPL") a subsidiary of MAp Airports Trust 2 ("MAT2"). No remuneration was paid to the CEO by MAIL.

The number of stapled securities in MAp 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** |
| Max Moore-Wilton | 602,690 | - | 54,789 | 657,479 |
| Jeffrey Conyers | - | - | - | - |
| Sharon Beesley | - | - | - | - |
| Stephen Ward | 20,000 | - | 1,818 | 21,818 |
| Kerrie Mather* | - | - | 3,554,521 | 3,554,521 |
| **Total** | **622,690** | **-** | **3,611,128** | **4,233,818** |

* KMP from 15 October 2009

Base management fees of $17,789,682 (2008: $21,723,607) and performance fees of $nil (2008: $nil) were paid to the Adviser as compensation by the Company.

Sharon Beesley is a shareholder in ISIS Limited, to which MAp paid consulting fees of $158,848 (2008: $167,107) during the year.

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

**Adviser's fees**

Under the terms of the documents governing the Company, fees paid or payable (inclusive of non-recoverable GST and VAT) to the Adviser of the Company were:

| | **Consolidated 31 Dec 2009 $** | Consolidated 31 Dec 2008 $ | **Parent Entity 31 Dec 2009 $** | Parent Entity 31 Dec 2008 $ |
|---|---|---|---|---|
| Base fee | **17,147,612** | 21,723,607 | **17,789,682** | 21,723,607 |
| | **17,147,612** | 21,723,607 | **17,789,682** | 21,723,607 |

A base fee of €377,310 ($627,220) was paid to the adviser of BABL for the period 1 January 2008 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 a base fee payable of ₤294,852 ($606,918) to MCFEL for the period 1 July 2008 to 31 December 2008. A base fee of ₤462,773 ($948,218) was paid or payable for the period 1 January 2009 to 15 October 2009.

1 Maximum annualised STIP expressed as a proportion of FAR.
2 Direct employment by MAp commenced on 16 October 2009. Prior to that date, the executive was employed and remunerated by Macquarie and these amounts are not included.

## 24. Related Party Disclosures (continued)

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 up to 15 May 2008.

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 reporting agreement was terminated on 15 October 2009 as part of the internalisation of MAp management.

The quarterly base fee for the Company is calculated as:

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

Net Investment Value for any quarter equals:

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

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

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 MAT1, MAT2 and the Company 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 2009, no performance fee was payable by the Company.

**Other transactions**

Macquarie and companies within the Macquarie Group have undertaken various transactions with, and performed various services for the Consolidated Entity. Fees paid to Macquarie are approved solely by the independent directors on the board of 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, Macquarie and companies within the Macquarie Group buy and sell investments to and from the Company (for example, MABSA). The terms of investment transactions between the Company and Macquarie are the same as those offered to other parties.

At 31 December 2009, companies within the Macquarie Group held 427.1 million (2008: 391.4 million) stapled securities in the Group.

At 31 December 2009, entities within the Consolidated Entity had the following funds on deposit with Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of Macquarie:

- Consolidated Entity $13,239,886 (2008: $24,553,920)
- the Company Parent $9,904,121 (2008: $8,841,999)

## 24. Related Party Disclosures (continued)

During the year entities within the Consolidated Entity earned the following interest on deposits with MBL. The Consolidated Entity earns interest on deposits at commercial rates:

- Consolidated Entity $431,897 (2008: $3,671,073)
- the Company Parent $310,380 (2008: $2,090,845)

At 31 December 2009, the Company had the following balances of negotiable certificates of deposit and commercial paper that had been purchased from the MBL Treasury and Debt Market desks:

- Consolidated Entity $593,378,930 (2008: $592,893,116)
- the Company Parent $565,642,763(2008: $517,310,033)

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

- Consolidated Entity $16,811,695 (2008: $47,342,328)
- the Company Parent $16,406,138 (2008: $26,153,626)

During the year, the Consolidated Entity and the parent entity reimbursed Macquarie the following, representing out-of-pocket expenses incurred by the Adviser in the performance of its duties:

- $273,124 (2008: $755,085)

The Consolidated Entity and the parent entity also reimbursed Macquarie the following for expenses incurred in the performance of its duties as Adviser to MALSA:

- $nil (2008: $nil)

During the year, the following services were provided by Macquarie Group to entities within the Consolidated Entity:

- the Company utilises the services provided by Macquarie's foreign exchange and debt market departments from time to time.

On 9 January 2009, MAT1 advanced an additional $42,844,401 to MASKS1. MASKS1 repaid this facility in full on 22 January 2009 via the issuance of RPS to MAT1. 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 2009, interest of $863,041 (2008: $1,018,230) was paid or accrued on this facility.

On 8 January 2009, the MASKS1 loan of $105,437,600 to Southern Cross Australian Airports Trust (SCAAT) was repaid through the issuance of SCAAT units. 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 2009, interest of $122,852 (2008: $539,898) was received or accrued on this facility.

On 27 March 2009, MAT1 loaned $371,396,674 to MASKS4. MASKS4 repaid this facility in full during June 2009 via the issuance of RPS to MAT1. During the year ended 31 December 2009, interest of $3,978,738 was paid or accrued on this facility.

On 27 March 2009, MAIL loaned $244,142,861 to MAT1. MAT1 repaid this facility in full during June 2009. During the year ended 31 December 2009, interest of $1,814,397 was paid or accrued on this facility.

During 2009, MAT1's investment in MASHT redeemable preference shares ($156,536,265) accrued and paid interest of $17,337,076 (2008: $5,810,626).

During 2009, MAT1's investment in MASKS1 redeemable preference shares ($172,971,858) accrued and paid interest of $14,370,000 (2008: $nil).

During 2009, MAT1's investment in MASKS4 redeemable preference shares ($350,000,000) accrued and paid interest of $20,085,000 (2008: $nil).

During 2009, MASHT bought back redeemable preference shares from MAT1 for total consideration of $226,611,298 (face value $211,148,132).

During 2009, MASKS1 bought back redeemable preference shares from MAT1 for total consideration of $115,711,454 (face value $110,579,145).

## 24. Related Party Disclosures (continued)

During the year, MASKS4 acquired 259,719,836 stapled securities in SCACH for a total of $482,757,805.

On 23 January 2009, two MASKS1 shares valued at $2 were transferred from MAIL to MAT1. On 15 June 2009, a further 115,711,454 units were issued to MAIL for a total of $115,711,454.

On 25 June 2009, two MASKS3 shares valued at $2 were transferred from MAIL to MAT2.

During 2009, MASKS4 issued 132,849,048 shares valued at $132,849,048 to MAIL.

During 2009, MASHT issued a further 226,611,298 shares valued at $226,611,298 to MAIL.

On 27 August 2009, MAp Airports (UK) Limited (MAUK) issued 2 shares to MAIL for $4.

On 13 October 2009, MAIL transferred one ordinary share in MAESA2 to MCGL.

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

## 25. Segment Reporting

The directors of MAIL have determined the operating segments based on the reports reviewed by the chief operating decision maker, being the Board of MAIL.

The Board considers the business from the aspect of each of the core portfolio assets and has identified four operating segments. The segments are the investments in Sydney Airport, Copenhagen Airports, Brussels Airport and Bristol Airport. MAIL has joint control of these investments and as such, the directors of MAIL can exert significant influence over the management control of the entities.

MAIL's airport investments also include investments in Japan Airport Terminal and ASUR. However, as the directors of MAIL do not have the ability to significantly influence the management decisions of the entities, the investments do not meet the definition of reportable segments under AASB 8: *Operating Segments*.

The operating segments note discloses the airport assets performance by individual core-portfolio airport in their respective local currencies. The information is presented at 100% of the earnings before interest, tax, depreciation and amortisation ("EBITDA") rather than based on MAIL's proportionate share. This is consistent with the manner in which this information is presented to the Board on a monthly basis in its capacity as chief operating decision maker, to monitor the portfolio asset fair values.

| | Sydney Airport $'000 | Copenhagen Airports DKK'000 | Brussels Airport EUR'000 | Bristol Airport* GBP'000 |
|---|---|---|---|---|
| **For the year to 31 December 2009** | | | | |
| Total segment revenues | **853,347** | **2,923,959** | **365,660** | **48,220** |
| Total segment expenses | **(164,035)** | **(1,405,647)** | **(174,440)** | **(19,706)** |
| **EBITDA** | **689,312** | **1,518,312** | **191,220** | **28,514** |
| **For the year to 31 December 2008** | | | | |
| Total segment revenues | 812,813 | 3,114,250 | 387,076 | 59,404 |
| Total segment expenses | (163,393) | (1,493,818) | (164,220) | (25,024) |
| **EBITDA** | 649,420 | 1,620,432 | 222,857 | 34,380 |

* Bristol financial information only relates to period up to 31 October 2009 after MAIL entered into a sale agreement with OTPP to sell its interest in Bristol Airport

| | Sydney Airport $'000 | Copenhagen Airports $'000 | Brussels Airport $'000 | Bristol Airport $'000 | Other $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Total segment assets** | | | | | | |
| **31 December 2009** | **1,182,031** | **972,340** | **947,295** | **6,446** | **1,640,411** | **4,748,523** |
| 31 December 2008 | 245,611 | 1,054,284 | 1,114,302 | 286,883 | 2,102,754 | 4,803,834 |

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## 25. Segment Reporting (continued)

A reconciliation of MAp EBITDA to profit/(loss) before income tax expense is provided as follows:

| | Sydney Airport $'000 | Copenhagen Airports DKK'000 | Brussels Airport EUR'000 | Bristol Airport GBP'000 | Other $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Year to 31 December 2009** | | | | | | |
| **EBITDA** | **689,312** | **1,518,312** | **191,220** | **28,514** | - | |
| EBITDA of investments carried at Fair Value | **(689,312)** | **(1,518,312)** | **(191,220)** | **(28,514)** | - | |
| AUD equivalent | - | - | - | - | - | - |
| Other income and expenses: | | | | | | |
| Interest income | | | | | | **20,514** |
| Fair value movement on derivative contracts | | | | | | **65,405** |
| Foreign exchange gains | | | | | | **17,569** |
| Other income | | | | | | **77,202** |
| Revaluation expense of investments in financial assets | | | | | | **(299,533)** |
| Finance costs | | | | | | **(121,464)** |
| Administration expenses | | | | | | **(25,581)** |
| Internalisation expense | | | | | | **(201,608)** |
| **Loss before income tax expense** | | | | | | **(467,496)** |

| **MAIL** | Sydney Airport $'000 | Copenhagen Airports DKK'000 | Brussels Airport EUR'000 | Bristol Airport GBP'000 | Other $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Year to 31 December 2008** | | | | | | |
| **EBITDA** | 649,420 | 1,620,432 | 222,857 | 34,380 | - | |
| EBITDA of investments carried at Fair Value | (649,420) | (110,614) | (30,351) | (34,380) | - | |
| AUD equivalent | - | 344,242 | 326,766 | - | - | 671,008 |
| Other income and expenses: | | | | | | |
| Interest income | | | | | | 77,881 |
| Fair value movement on derivative contracts | | | | | | (12,351) |
| Other income | | | | | | 1,561,584 |
| Revaluation income of investments in financial assets | | | | | | 1,325,912 |
| Revaluation expense of investments in financial assets | | | | | | (399,491) |
| Finance costs | | | | | | (224,335) |
| Amortisation and depreciation | | | | | | (330,424) |
| Administration expenses | | | | | | (150,825) |
| Foreign exchange losses | | | | | | (33,376) |
| Other expenses | | | | | | (148,167) |
| **Profit before income tax expense** | | | | | | 2,337,416 |

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## 26. 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 BABL. As a result of the restructure and the changes made to the relevant constituent documents, the Company 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, the Company deconsolidated BABL from the date it lost control. The total loss on the deconsolidation of MAG was $148.2.

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

| | **MAG<br>$'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** |

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## 26. Deconsolidation of Subsidiaries due to Loss of Control (continued)

**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 CASA to MEIF3. The financial close of the transaction occurred on 5 November 2008 and the total cash consideration for the partial divestment 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 CASA 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 CASA from the date it lost control. The total gain realised on the deconsolidation of CASA was $1,130.0 million

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

| | **CASA $'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 | 1,042,772 |
| Total non-current assets | 5,391,107 |
| **Total assets** | **5,586,313** |
| **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** | **2,192,392** |

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## 26. Deconsolidation of Subsidiaries due to Loss of Control (continued)

**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 BAISA, formerly Macquarie Airports (Brussels) SA to MEIF3. 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 BAISA 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 BAISA from the date it lost control. The total gain realised on the deconsolidation of BAISA was $431.4 million.

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

| | **BAISA $'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** |

## 27. Financial Risk Management

The Consolidated Entity's and the Company's 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 Consolidated Entity's and the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity and the Company. The Consolidated Entity and the Company 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 Company under policies approved by the Board of the Company. The Board of the Company 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 Consolidated Entity and the Company 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 Consolidated Entity and the Company 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 Consolidated Entity 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 Consolidated Entity and the Company hold investments which are classified on the balance sheet at fair value through profit or loss. Accordingly the Consolidated Entity and the Company are exposed to equity securities price risk resulting in unrealised gains or losses from time to time. The Consolidated Entity are long term investors and do not hedge against short term fluctuations in securities prices.

The Consolidated Entity is not exposed to commodity price risk.

***(c) Fair value interest rate risk***

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

## 27. Financial Risk Management (continued)

The Consolidated Entity's and the Company's main interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Consolidated Entity and the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Consolidated Entity and the Company to fair value interest rate risk. The Consolidated Entity and the Company have long term borrowings issued at both fixed and floating interest rates. For floating rate exposures, the Consolidated Entity partially hedge the exposure by entering into interest rate and cross currency swaps, whereby the Consolidated Entity and the Company 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 Consolidated Entity and the Company limit their exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standing. The Consolidated Entity and the Company only accept independently rated parties with minimum ratings. The Board of the Company from time to time sets exposure limits to financial institutions and these are monitored on an on-going basis. The Consolidated Entity and the Company are long term investors and manage 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.

| **MAIL Consolidated<br>As at 31 December 2009** | **Governments<br>$'000** | **Financial Institutions<br>$'000** | **Corporates<br>$'000** | **Total<br>$'000** |
|---|---|---|---|---|
| Cash and cash equivalents | **-** | **703,551** | **-** | **703,551** |
| Other financial instruments | **-** | **-** | **3,999,095** | **3,999,095** |
| Derivative financial instruments | **-** | **751** | **-** | **751** |
| Receivables | **-** | **-** | **5,175** | **5,175** |
| **Total** | **-** | **704,302** | **4,004,270** | **4,708,572** |

| **MAIL Consolidated<br>As at 31 December 2008** | **Governments<br>$'000** | **Financial Institutions<br>$'000** | **Corporates<br>$'000** | **Total<br>$'000** |
|---|---|---|---|---|
| Cash and cash equivalents | - | 839,300 | - | 839,300 |
| Other financial instruments | - | 25,026 | 3,921,432 | 3,946,458 |
| Derivative financial instruments | - | 7,521 | - | 7,521 |
| Receivables | - | - | 7,436 | 7,436 |
| **Total** | - | 871,847 | 3,928,868 | 4,800,715 |

| **MAIL Parent<br>As at 31 December 2009** | **Governments<br>$'000** | **Financial Institutions<br>$'000** | **Corporates<br>$'000** | **Total<br>$'000** |
|---|---|---|---|---|
| Cash and cash equivalents | **-** | **575,547** | **-** | **575,547** |
| Other financial instruments | **-** | **-** | **3,447,009** | **3,447,009** |
| Derivative financial instruments | **-** | **751** | **-** | **751** |
| Receivables | **-** | **-** | **3,549** | **3,549** |
| **Total** | **-** | **576,298** | **3,450,558** | **4,026,856** |

| **MAIL Parent<br>As at 31 December 2008** | **Governments<br>$'000** | **Financial Institutions<br>$'000** | **Corporates<br>$'000** | **Total<br>$'000** |
|---|---|---|---|---|
| Cash and cash equivalents | - | 501,126 | - | 501,126 |
| Other financial instruments | - | 25,026 | 3,958,073 | 3,983,099 |
| Derivative financial instruments | - | 7,521 | - | 7,521 |
| Receivables | - | - | 5,053 | 5,053 |
| **Total** | - | 533,673 | 3,963,126 | 4,496,799 |

***Governments***

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

## 27. Financial Risk Management (continued)

***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 Consolidated Entity 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 Consolidated Entity and the Company 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.

***Undiscounted future cash flows***

The Consolidated Entity has total RPS outstanding of $679.5 million with a term of 40 years. Annual contractual interest payments on the RPS are $101.9 million.

At 31 December 2009 the Company did not have any material future cash outflows, other than the dividend of $148.9 million.

**Capital management**

The Consolidated Entity and the Company's capital management objectives are to:

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

Periodic reviews of the Consolidated Entity and the Company's capital requirements are performed to ensure the Consolidated Entity and the Company are meeting their objectives.

Capital is defined as contributed equity plus reserves. As at 31 December 2009 the Consolidated Entity and the Company do not have any externally imposed capital requirements.

**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 Consolidated Entity and the Company 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(u)). 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.

As of 1 January 2009, MAIL has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurements hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or directly (derived from prices) (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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for year ended 31 December 2009

## 27. Financial Risk Management (continued)

| MAIL Consolidated<br>As at 31 December 2009 | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Investments in financial assets* | - | - | 3,860,792 | 3,860,792 |
| Listed investments (ASUR) | 138,303 | - | - | 138,303 |
| Derivatives used for hedging | - | 751 | - | 751 |
| **Total assets** | **138,303** | **751** | **3,860,792** | **3,999,846** |
| **Liabilities** | | | | |
| Derivatives used for hedging | - | 1,314 | - | 1,314 |
| **Total liabilities** | **-** | **1,314** | **-** | **1,314** |

* Excluding ASUR

| MAIL Parent<br>As at 31 December 2009 | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Investments in financial assets | - | - | 3,447,009 | 3,447,009 |
| Derivatives used for hedging | - | 751 | - | 751 |
| **Total assets** | **-** | **751** | **3,447,009** | **3,447,760** |
| **Liabilities** | | | | |
| Derivatives used for hedging | - | 1,314 | - | 1,314 |
| **Total liabilities** | **-** | **1,314** | **-** | **1,314** |

In assessing foreign exchange risk, management has assumed the following movements in the Australian Dollar of +/- 21.1% (2008: +/- 14.9%):

| Currency pairing | Movement against Australian Dollar | |
|---|---|---|
| | **2009** | 2008 |
| Euro | **13.1%** | 10.6% |
| United States Dollar | **21.2%** | 15.3% |
| Pound Sterling | **10.8%** | 8.9% |
| Japanese Yen | **25.8%** | 17.8% |
| Weighted Average | **21.1%** | 14.9% |

The below tables display the balances for financial instruments that would be recognised in the income statement or directly in equity for movement of +/- 21.1% (2008: +/- 14.9%) of the Australian dollar. Management has determined a +/- 21.1% (2007: +/- 14.9%) movement in the Australian dollar to be an appropriate sensitivity following analysis of foreign exchange volatility for relevant currencies over the current year.

| Consolidated<br>As at 31 December 2009 | Foreign exchange risk<br>21.1% appreciation of Australian dollar<br>P&L<br>$'000 | <br>21.1% depreciation of Australian dollar<br>P&L<br>$'000 |
|---|---|---|
| Cash and cash equivalents | **(628)** | **1,299** |
| Receivables | **(4)** | **7** |
| Payables | **110** | **(215)** |
| | **(522)** | **1,091** |

| Consolidated<br>As at 31 December 2008 | Foreign exchange risk<br>14.9% appreciation of Australian dollar<br>P&L<br>$'000 | <br>14.9% depreciation of Australian dollar<br>P&L<br>$'000 |
|---|---|---|
| Cash and cash equivalents | (2,908) | 3,597 |
| Receivables | (259) | 322 |
| Payables | 16 | (21) |
| Financial liabilities at fair value | (48,962) | 67,393 |
| | (52,113) | 71,291 |

As at 31 December 2009 the Company parent did not have significant exposure to foreign exchange risk.

## 27. Financial Risk Management (continued)

In assessing interest rate risk, management has assumed a +/- 135 basis point (2008: +/- 115 basis point) movement in interest rates. The below tables display the effect that a +/- 135 basis point (2008: +/- 115 basis point) interest rate movement would have on the income statement or directly in equity. The Company management has determined a +/- 135 basis point (2008: +/- 115 basis point) movement to be the appropriate sensitivity following analysis of the interest spreads of comparable debt instruments.

| **MAIL Consolidated As at 31 December 2009** | **Interest rate risk** | | | |
|---|---|---|---|---|
| | **135 basis point increase in interest rates depending on country** | | **135 basis point decrease in interest rates depending on country** | |
| | **P&L $'000** | **Equity $'000** | **P&L $'000** | **Equity $'000** |
| Cash and cash equivalents | **9,475** | **-** | **(9,475)** | **-** |
| | **9,475** | **-** | **(9,475)** | **-** |

| **MAIL Consolidated As at 31 December 2008** | Interest rate risk | | | |
|---|---|---|---|---|
| | 115 basis point increase in interest rates depending on country | | 115 basis point decrease in interest rates depending on country | |
| | P&L $'000 | Equity $'000 | P&L $'000 | Equity $'000 |
| Cash and cash equivalents | 9,651 | - | (9,651) | - |
| | 9,651 | - | (9,651) | - |

For MAIL parent, a 135 basis point (2008: 115 basis point) increase in interest rates will increase the Income Statement by $7.77 million (2008: $6.051 million). A 135 basis point (2008: 115 basis point) decrease will decrease the Income Statement by $7.77 million (2008: $6.051 million).

## 28. Commitments

At 31 December 2009, the Consolidated Entity and the Company have no commitments which are material either individually or as a class.

In the prior year Brussels Airport had €13.9 million in capital commitments over the next 12 months.

## 29. Contingent Liabilities and Assets

At 31 December 2009, the Consolidated Entity and Company have no contingent assets or liabilities which are material either individually or as a class.

## 30. Events Occurring after Balance Sheet Date

A final dividend of 8.0 cents (2008: nil cents) per share was paid by MAIL on 18 February 2010.

On 17 December 2009 MAp received an exercise notice of a put option in respect of GIF II 3% beneficial interest in Brussels Airport. This put option was triggered as a resut of the internalisation of MAp's management. This acquisition reached financial close on 21 January 2010 for total consideration of EUR46.6 million ($75.8 million). This acquisition increases MAp's beneficial interest in Brussels Airport from 36.0% to 39.0%.

Since the end of the year, the directors 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 Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in years subsequent to the year ended 31 December 2009.

# Financial Report
for year ended 31 December 2009

## Statement by the Directors of MAp Airports International Limited

In the opinion of the directors of MAp Airports International Limited (“the Company”):

a) the financial statements and notes for the Consolidated Entity (as defined in Note 1(b)) set out on pages 5 to 53 are:

   i. complying with Accounting Standards and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the Consolidated Entity’s and the Company’s financial position as at 31 December 2009 and of their performance for the financial year ended on that date; and

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

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

**Jeffrey Conyers**
Bermuda
24 February 2010

**Sharon Beesley**
Bermuda
24 February 2010

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# Independent auditor's report to the shareholders of MAp Airports International Limited

## Report on the financial report

We have audited the accompanying financial report of MAp Airports International Limited, which comprises the balance sheet as at 31 December 2009, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the directors for MAp Airports International Limited. The financial report comprises MAp Airports International Limited and the entities it controlled during the year.

*Directors' responsibility for the financial report*

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

*Auditor's responsibility*

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

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

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

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

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 Australian professional ethical pronouncements.

*Auditor's opinion*

In our opinion:

(a) the financial report of MAp Airports International Limited:

(i) gives a true and fair view of MAp Airports International Limited and MAp Airports International Limited Group's financial position as at 31 December 2009 and of their performance for the year ended on that date; and

(ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Wayne Andrews

**Wayne Andrews**
Partner

Sydney
24 February 2010