

Appendix 4E

Preliminary Final Report

Name of entity: **Macquarie Airports ("MAp")**

1. Details of the reporting period

Current Period: 1 January 2008 – 31 December 2008

Previous Corresponding Period: 1 January 2007 – 31 December 2007

2. Results for announcement to the market

				\$A'000
2.1				
Revenue from continuing operations	up / down	40.1%	to	2,148,488
Other income	up / down	50.9%	to	<u>2,868,393</u>
Total revenue and other income from ordinary activities	up / down	46.1%	to	5,016,881
2.2				
Profit from ordinary activities after tax attributable to members	up / down	87.2%	to	2,070,451
2.3				
Profit for the period attributable to members	up / down	87.2%	to	2,070,451

2. Results for announcement to the market (continued)

2.4 Dividends / Distributions	Amount per security	Franked amount per security
<i>Current Period:</i> Final distribution for the year ended 31 December 2008	14.00 cents	Nil
Interim distribution for the period ended 30 June 2008	13.00 cents	Nil
<i>Previous Corresponding Period:</i> Final distribution for the year ended 31 December 2007	13.00 cents	Nil
Special distribution for the year ended 31 December 2007	5.00 cents	Nil
Interim distribution for the period ended 30 June 2007	13.00 cents	Nil

2.5 Record date for determining entitlements to the dividend / distribution	31 December 2008
<p>2.6 Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:</p> <p>The increase in revenue from continuing activities is primarily due to the consolidation of Brussels Airport from 1 January 2008 to 5 November 2008. Brussels Airport was consolidated with effect from 31 December 2007, as noted in the financial report for the 12 months to 31 December 2007.</p> <p>The increase in other revenue is primarily due to a profit on deconsolidation in relation to the disposal of 50% of MAP's interest in Copenhagen Airports and 42% of MAP's interest in Brussels Airport. The intention to dispose of these interests was originally announced on 20 August 2008 and completion of the transactions was announced on 6 November 2008 including confirmation of a consideration received of €941.1 million (\$1,810.2 million).</p> <p>The increase in profit from ordinary activities after tax and profit attributable to members is principally due to the two previously announced items detailed above.</p>	

3. Income Statement with notes

Refer attached financial statements

4. Balance Sheet with notes

Refer attached financial statements

5. Cash Flow statement with notes

Refer attached financial statements

6. Statement of Changes in Equity with notes

Refer attached financial statements

7. Details of dividends/distributions

Refer attached financial statements (Directors Report and Note 5: Distributions Paid and Proposed)

8. Details of dividend/distribution reinvestment plan

A Distribution and Dividend Reinvestment Plan ("DRP") has been in place for the period ended 30 June 2008.

The market price is calculated as the weighted average trading price of MAp stapled securities over the period of ten trading days ending on a day no later than the 5th trading day prior to the scheduled payment date of the distribution. The DRP was implemented for the first time in relation to the final distribution for the year ended 31 December 2003. The DRP for the 30 June 2008 distribution was sourced on market and no discount was in place.

A portion of stapled security holders participated in MAp's DRP for the interim distribution for the period ended 30 June 2008. Of the total distribution paid on 19 August 2008, 31.9% (\$71.2 million) was reinvested in MAp.

There was no DRP in place for the final distribution for the year ended 31 December 2008, paid on 19 February 2009.

9. Statement of retained earnings showing movements

Refer attached financial statements (Note 20: Retained Profits)

10. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security (excluding minority interest)*	\$0.12	(\$1.92)
Asset backing of each stapled security attributable to investments (excluding minority interest)**	\$4.70	\$5.06

* Calculated net of goodwill and other intangibles.

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

11. Control gained or lost over entities during the year

11.1 Name of entity (or group of entities) over which control was gained	N/A
11.2 Date control was gained	N/A
11.3 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

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12. Details of associates and joint venture entities

Name of associate entity	MAp's Beneficial Ownership Interest	
	Current period (as at 31 December 2008)	Previous corresponding period (as at 31 December 2007)
Macquarie Airports (Europe) No. 2 S.A. ("Copenhagen Airports")	26.9 %	-
Bristol Airport (Bermuda) Limited ("BABL")	70.9 %	-
Macquarie Airports (Brussels) S.A. ("MABSA")	36.0 %	-
South West Airports Limited	-	32.1%
Airport Strategic Consultants Pty Limited	-	33.3%
Newcastle International Airport Limited	-	26.2%
Inversiones y Técnicas Aeroportuarias S.A. de C.V	-	26.3%
Airport Coordination Denmark A/S	-	26.9%

13. Other significant information

Refer attached financial statements (Directors' Report).

14. Accounting standards used by foreign entities

The following standards were applicable to MAp up to the date of deconsolidation (15 May 2008 for MAG and 5 November 2008 for Brussels Airport and Copenhagen Airports.)

Both MAG and Copenhagen Airports prepare financial statements under International Financial Reporting Standards. This is consistent with Australian equivalents of International Financial Reporting Standards applied by MAp for the period.

Brussels Airport prepares financial statements under Belgian GAAP, which are restated to comply with International Financial Reporting Standards for consolidation into the MAp financial report from 31 December 2007.

15. Commentary on results

	Current period	Previous corresponding period
15.1		
Basic earnings per stapled security	120.50 cents	64.51 cents
Diluted earnings per stapled security	99.37 cents	59.95 cents
Basic earnings per stapled security were 121.32 cents for the year (2007: 64.51 cents).		
15.2 Returns to shareholders:	\$A'000	\$A'000
- Distributions	463,334	532,783
<p>MAp paid an interim distribution of 13.00 cents per stapled security (2007: 13.00 cents) on 19 August 2008 and declared a final distribution of 14.00 cents per stapled security (2007: 18.00 cents) in respect of the year to 31 December 2008. The final distribution was paid on 19 February 2009. In 2007, the final distribution included a 5.00 cent per stapled security special distribution.</p> <p>Refer attached financial statements (Note 5: Distributions Paid and Proposed)</p>		

15.3 Significant features of operating performance:	\$A'000	\$A'000
Income		
Revaluation income	1,317,194	1,873,967
Interest income – surplus cash	146,397	124,941
Fair value movement on derivative contracts	-	3,502
Fee income	10,806	11,104
Aeronautical revenue	1,084,509	707,238
Retail revenue	364,567	338,325
Property revenue	206,967	150,532
Rendering of services	300,366	189,157
Net gain from sale of property, plant and equipment	-	21,102
Net gain from disposal of subsidiaries	1,551,055	-
Other	35,020	14,150
Total revenue and income from ordinary activities	5,016,881	3,434,018
Expenses		
Borrowing costs	794,573	682,258
Responsible Entity and Adviser base fees	42,595	82,773
Adviser performance fees	1,972	147,423
Investment transaction expenses	3,373	55,953
Other administration expenses	9,077	14,470
Adviser's termination fee in relation to MAG restructure	118,955	-
Revaluation expenses	338,579	77,656
Net loss from deconsolidation of subsidiary	146,744	-
Fair value movement on derivative contracts	14,727	-
Staff costs	298,412	231,147
Amortisation and depreciation	595,914	516,318
Other operating expenses	417,136	265,472
Total operating expenses from ordinary activities	2,782,057	2,073,470

15. Commentary on results (continued)

Commentary on significant features of operating performance

Operating performance

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

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

15.4 Segment results:

Refer attached financial statements (Note 26: Segment Reporting)

15.5 Trends in performance:

Refer to 15.3

15. Commentary on results (continued)

15.6 Other factors

Provide discussion of any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.

Balance Sheet

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

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

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

Cash flows

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

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

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

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

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

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

17. Accounts not yet audited or reviewed

N/A

18. Qualification of audit / review

N/A as no qualification