

MAp



**CONCISE FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER
2010**

Financial Report

for year ended 31 December 2010

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

MAp Airports Limited (ACN 075 295 760) (AFSL 236875) (MAPL) is the responsible entity of MAp Airports Trust 1 and MAp Airports Trust 2. This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MAp, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Financial Report

for year ended 31 December 2010

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Introduction to the Concise Financial Report

Overview of MAp

MAp invests in airports worldwide. MAp currently holds investments in Sydney Airport, Brussels Airport and Copenhagen Airports. During the year MAp acquired an additional interest in Brussels Airport. MAp also held an interest in Mexican airport operator Grupo Aeroportuario del Sureste (ASUR) which was disposed of on 12 August 2010.

MAp is a triple stapled security listed on the Australian Securities Exchange. Stapled securities are two or more securities that are quoted and traded as if they were a single security. A MAp stapled security consists of a unit in MAp Airports Trust 1 (MAT1), a unit in MAp Airports Trust 2 (MAT2) and a share in MAp Airports International Limited (MAIL).

MAp's Airport Investments

MAp's total economic interest in each of the airports in which it has invested at 31 December 2010 is provided in the table below.

	Sydney Airport ¹ %	Brussels Airport %	Copenhagen Airports %	Bristol Airport ² %	ASUR ³ %
MAp interest					
As at 31 December 2010	74.0	39.0	30.8	1.0	-
As at 31 December 2009	74.0	36.0	30.8	1.0	16.0

The following table outlines the fair values of each of MAp's investments at 31 December 2010. The fair values have been determined in accordance with a valuation framework adopted by the directors. Discounted cash flow analysis is the methodology applied in the valuation framework.

	Sydney Airport ¹ \$m	Brussels Airport \$m	Copenhagen Airports \$m	Bristol Airport ² \$m	ASUR \$m
MAp economic interest					
As at 31 December 2010	5,405.6	1,014.0	924.5	5.3	-
As at 31 December 2009	4,370.9	947.3	972.3	6.4	274.9

¹ The financial position and results of Sydney Airport are consolidated into the MAp financial report. Accordingly the value of MAp's investment in Sydney Airport does not appear in the MAp financial report at 31 December 2010.

² Includes a zero premium put and call option over approximately 1% of Bristol Airport which is expected to be exercised at a later date.

³ Including 7.9% through a series of swap agreements which were converted to B shares on 28 June 2010. The entire 16% interest was divested on 12 August 2010.

Directors' Report

for year ended 31 December 2010

Directors' Report

For the year ended 31 December 2010, the directors of MAp Airports Limited (MAPL or the Responsible Entity) submit the following report on the consolidated financial report of MAp. MAT1 has been identified as the parent of the consolidated group comprising MAT1 and its controlled entities, MAT2 and its controlled entities and MAIL and its controlled entities together acting as MAp (or the Group).

Principal Activities

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

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

Directors

The following persons were directors of the Responsible Entity from the period noted and up to the date of this report (unless otherwise noted):

Name	Role	Period of Directorship
Max Moore-Wilton	Chairman, Non-executive director	Since April 2006
Trevor Gerber	Non-executive director	Since April 2002
Michael Lee	Non-executive director	Since June 2003
Bob Morris	Non-executive director	Since September 2002
John Roberts	Non-executive director	Since October 2009
John Mullen	Non-executive director	Since July 2010, resigned 21 February 2011
Stephen Ward	Non-executive director	Since 21 February 2011
Kerrie Mather	Executive director	Since July 2010

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

Name	Role	Period of Directorship
Jeffrey Conyers	Chairman, Non-executive director	Since July 2003
Sharon Beesley	Non-executive director	Since February 2002
Stephen Ward	Non-executive director	Since July 2006
Max Moore-Wilton	Non-executive director	Since April 2006

Interests in the Group held by the directors of the Responsible Entity and MAIL during the year are disclosed in Note 5.5 of the audited remuneration report.

Distributions

The total distribution by MAp for the year ended 31 December 2010 was 33.5 cents per stapled security (2009: 21 cents). This distribution was paid by MAT1 (19.4 cents) and by MAIL (14.1 cents). An interim distribution of 11 cents per stapled security (2009: 13 cents) was paid by MAT1 on 18 August 2010. A final distribution of 10 cents per stapled security (2009: 8 cents) was announced on 8 December 2010 and paid by MAT1 (8.4 cents) and MAIL (1.6 cents) on 17 February 2011. A special distribution of 12.5 cents per stapled security was paid by MAIL on 21 October 2010.

No distribution was paid by the MAT2 Group for the year ended 31 December 2010 (2009: nil).

Directors' Report

for year ended 31 December 2010

Review and Results of Operations

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

	MAp Consolidated 2010 \$'000	MAp Consolidated 2009 \$'000
Revenue	1,006,331	946,377
Revaluation gains / (losses) from investments	(26,325)	(397,860)
Other income	16,610	163,700
Total revenue from continuing operations	996,616	712,217
Profit / (loss) from continuing operations after income tax benefit	51,751	(615,077)
Profit / (loss) attributable to security holders	100,830	(572,696)
Basic earnings per stapled security	5.42 c	(33.11)c
Diluted earnings per stapled security	5.42 c	(33.11)c

Significant Changes in State of Affairs

Additional Investment in Brussels Airport

On 17 December 2009 MAp received an exercise notice of a put option in respect of Global Infrastructure Fund 2's 3% economic interest in Brussels Airport. This acquisition reached financial close on 21 January 2010 for a total consideration of EUR46.6 million (\$75.8 million). This acquisition increased MAp's economic interest in Brussels Airport from 36.0% to 39.0%.

Divestment of ASUR

On 12 August 2010 MAp disposed of its entire 16% economic interest in ASUR by way of a joint equity offering by J.P. Morgan Securities Inc. and Macquarie Capital (USA) Inc. This divestment reached financial close on 17 August 2010 for consideration of US\$206.9 million (\$230.4 million), net of underwriting fees.

Refinancing at Sydney Airport

On 6 July 2010 Sydney Airport completed a \$175 million 5 year fixed rate domestic Medium Term Note (MTN) issue priced at the equivalent of 265 basis points above BBSW. The funds have been utilised to repay existing debt and the issue also involved the buyback of \$120 million in MTNs, largely due in November 2011.

On 1 October 2010 Sydney Airport priced a US\$500 million guaranteed senior secured note issue in the United States 144A bond market. The notes have a coupon of 5.125% for a term of 10 years, maturing February 2021 and were priced at 99.902% of the principal amount representing a margin of 260 basis points above the equivalent US Treasuries yield. The notes are fixed and were issued by Sydney Airport Finance Company Pty Limited, a wholly owned subsidiary of Southern Cross Airports Corporation Holdings Limited (which is a subsidiary of MAp) on 7 October 2010.

Sydney Airport also received over \$1 billion in bank debt commitments from several banks with terms ranging from three to seven years and margins of 200-250 basis points over BBSW. The commitments were provided by a combination of new and existing banks. As a consequence of these refinancing activities, Sydney Airport now faces no debt maturities until October 2013.

Directors' Report **for year ended 31 December 2010**

Events Occurring after Balance Sheet Date

A final distribution of 10.0 cents (2009: 8.0 cents) per stapled security was paid by MAT1 (8.4 cents) and MAIL (1.6 cents) on 17 February 2011.

Since the end of the year, the directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in periods subsequent to the year ended 31 December 2010.

Likely Developments and Expected Results of Operations

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

Directors' Report

for year ended 31 December 2010

Audited Remuneration Report

Contents

1. Introduction
2. Nomination and Remuneration Committee
3. Remuneration Policy and Structure
4. CEO and Group Executive Arrangements for the Year Ended 31 December 2010
5. Non-executive Directors' Remuneration

1. Introduction

This Remuneration Report includes information on MAp's non-executive directors (NEDs) and Group executives.

The MAp stapled entity is not required to prepare a remuneration report that complies with the Corporations Act 2001. However, the following remuneration report has been prepared voluntarily, as if MAp were statutorily required to prepare a remuneration report that complied with Section 300A of the Corporations Act 2001. Group executive remuneration details are provided from 16 October 2009, the date on which MAp ceased to be Macquarie (MGL or Macquarie) managed and the Group executives became directly employed by MAp. Before this, MAp's Group executives were employed and remunerated by Macquarie Group Limited which received base management and, potentially, performance fees in return.

2. Nomination and Remuneration Committee

MAp's Independent Board Committees set the Group executive remuneration pool for the period from 16 October 2009 to 31 December 2010 (and Fixed Annual Remuneration (FAR) for 2010) as part of the internalisation. The Board approved individual Group executive FAR and maximum potential remuneration.

The Nomination & Remuneration Committee assists and advises the Board on the remuneration framework, policies and practices for MAp directors and staff. The framework is designed to attract, retain and motivate staff, by having regard to MAp and individual executive's performance and align with current governance and legal requirements.

The Nomination & Remuneration Committee charter is available on the MAp website at www.mapairports.com.au.

3. Remuneration Policy and Structure

MAp's remuneration framework's objective is to motivate the pursuit of long term growth and enable MAp to attract and retain high performers. The framework is designed to incentivise executives to achieve 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 Group 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, responsibilities and location as well as the nature of MAp's business is also considered.

Remuneration is divided into those components which are not directly linked to contribution and performance (FAR) 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).

3.1. Fixed Annual Remuneration

FAR generally consists of base salary and benefits at a guaranteed level. NEDs, Group 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.

Directors' Report

for year ended 31 December 2010

Audited Remuneration Report (continued)

3.2. At Risk Remuneration

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

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

Each MAp executive has a tailored set of KPIs, some of which may be shared with other executives. KPIs are selected for their relevance to the short and long term objectives of MAp and its airports and to promote security holder value creation. Executives directly responsible for airport operational management have KPIs relating to the specific airport for which they have responsibility. These KPIs may be the achievement of specific levels of financial performance but also include project and time specific targets related to the delivery of individual initiatives. Executives with group responsibilities have KPIs related to the delivery of group financial performance and security holder value creation such as the achievement of earnings per security targets or corporate level management targets.

The level of Short Term Incentive (STI) payments is determined by both MAp's corporate performance (financially and in terms of security holder valuation creation) and the achievement of an executive's KPIs. Where possible, performance against KPIs is measured in quantitative terms (eg achievement of a specific level of financial performance). Where a qualitative outcome is involved, performance is discussed with the executive's manager as part of the annual performance appraisal process. The manager then makes a recommendation to senior management with a final decision on the level of the STI payment approved by the CEO.

No STI payments were made in 2009 and 2010. However, Group executives and certain other executives are eligible to receive STI payments annually from February 2011 subject to individual and corporate performance. Payments in February 2011 reflect performance between 16 October 2009 and 31 December 2010. Maximum potential STI payments in February 2011 range up to 80% of FAR, adjusted to reflect the extended period to which they relate.

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

4. CEO and Group Executive Remuneration Arrangements for the Year Ended 31 December 2010

4.1. Service Contracts

Group Executive	Contract type & any special terms	FAR A\$	STI ⁴ % of FAR	Termination
Kerrie Mather (Key Management Personnel) Chief Executive Officer	Permanent	1,700,000	80%	12 months MAp/ 6 months employee
Keith Irving Chief Financial Officer	Permanent	400,000	60%	3 months/ 3 months
Sally Webb Company Secretary ⁵	Permanent	200,000	40%	3 months/ 3 months

Group executive contracts contain no provisions for termination payments over and above the notice periods set out above and applicable and outstanding incentive and retention payments.

⁴ Maximum annualised STI as a proportion of FAR. There is no minimum agreed payment.

⁵ Ms Sally Webb also acts as General Counsel of MAp but the above disclosure is made solely due to her position as Company Secretary.

Directors' Report

for year ended 31 December 2010

Audited Remuneration Report (continued)

4.2. Total Remuneration and Benefits for the Year

The following table details total remuneration and benefits provided to Group executives for the year.

Name	Year	Short Term Employee Benefits				Post Employment Benefits
		Salary A\$	STI ⁶ A\$	STI retained ⁶ A\$	Non-monetary benefits A\$	Superannuation \$A
Kerrie Mather	2010	1,685,170	1,038,000	615,000	Nil	14,830
	2009 ⁷	359,336	Nil	Nil	Nil	3,002
Keith Irving	2010	385,170	205,667	55,333	Nil	14,830
	2009 ⁷	90,093	Nil	Nil	Nil	2,882
Sally Webb ⁵	2010	192,585	74,834	17,000	Nil	7,415
	2009 ⁷	45,075	Nil	Nil	Nil	1,420

There are no long term employment benefits provided to staff.

4.3. Security holdings

The table below details the MAp securities in which Group executives held relevant interests.

None of these securities are held as a direct result of equity-based compensation, relating either to the period of prior employment by Macquarie or current employment by MAp.

Name	Balance at 1 Jan 2010	Changes During the Year	Balance at 31 Dec 2010	Value at 31 Dec 2010 A\$
Kerrie Mather	3,554,521	500	3,555,021	10,629,513
Keith Irving	391,016	1,337	392,353	1,173,135
Sally Webb	Nil	Nil	Nil	Nil

⁶ As noted in section 3.2, no STI payments have been made. However, executives are eligible for STI payments in February 2011, dependent on performance between 16 October 2009 and 31 December 2010, and estimated payments have been accrued. STI retained will be paid to relevant employees on or around the third anniversary of grant provided they remain employed by MAp.

⁷ Direct employment by MAp commenced on 16 October 2009. Before that, the executive was employed and remunerated by Macquarie and these amounts are not included.

Directors' Report

for year ended 31 December 2010

Audited Remuneration Report (continued)

5. Non-executive Directors' Remuneration

5.1. Non-executive Directors' Remuneration Policy

The Board sets NEDs' fees. Director remuneration is set with reference to external benchmarking undertaken by consultants engaged by the Board.

Security holders approved the maximum directors' fee pool for MAPL of A\$1,500,000 and for MAIL of A\$240,000⁸ at MAP's Annual General Meeting (AGM) on 27 May 2010. Current fee arrangements are detailed below.

Role	Annual Fee
MAPL Board	A\$
Chairman	320,000
NED	150,000
MAPL Audit & Risk Committee	A\$
Chairman	25,000
Member	12,500
MAPL Nomination & Remuneration Committee	A\$
Chairman	Nil
Member	10,000
MAIL Board	A\$⁸
Chairman	60,000
NED	50,000
MAIL Audit & Risk Committee	A\$⁸
Chairman	10,000
Member	10,000

Security holders approved the assumption of responsibility for payment of MAPL directors' fees with effect from June 2009 at MAP's AGM on 21 May 2009. Prior to June 2009, MAPL directors' fees were paid by Macquarie.

5.2. Remuneration for Additional Responsibilities in Prior Year

At the Special General Meeting held on 30 September 2009, security holders approved a temporary increase in the maximum amount of directors' fees from A\$700,000 to A\$850,000 in the case of MAPL and from A\$140,000⁸ to A\$265,000⁸ in respect of MAIL. These increases were approved to accommodate fees related to the additional duties required to be performed by NEDs who were members of the Independent Board Committees responsible for negotiating the terms of the internalisation with Macquarie within the maximum amount of permitted directors' fees. These duties included undertaking activities generally performed by management, including:

- spending time evaluating the proposals put to MAP by Macquarie;
- reviewing and negotiating the terms of internalisation;
- meeting with investors;
- attending MAP Independent Board Committee meetings in order to consider matters relevant to the internalisation.

The additional amounts were paid in 2009.

5.3. Non-executive Directors' Appointment Letters

NEDs are subject to election by security holders at the first AGM after their initial appointment by the Board. In addition, each NED must stand for re-election by security holders every three years.

⁸ Actual liability is in US\$, however an exchange rate of A\$1:US\$1 has been used for the above disclosure.

Directors' Report

for year ended 31 December 2010

Audited Remuneration Report (continued)

5.3. Non-executive Directors' Appointment Letters (continued)

The Nomination & Remuneration Committee develops and reviews the process for selection, appointment and re-election of NEDs as well as developing and implementing a process for evaluating the performance of the Boards, Board committees and directors individually.

Letters of appointment for the NEDs, which are contracts for service but not contracts of employment, have been put in place. These letters confirm that the NEDs have no right to compensation on the termination of their appointment for any reason, other than for unpaid fees and expenses for the period actually served. The NEDs do not participate in MAp's STIP.

5.4. Non-executive Directors' Remuneration for the Year

The fees and other benefits provided to the NEDs by MAp during the year and during the prior year are set out in the table below. Any contributions to personal superannuation or pension funds on behalf of NEDs are deducted from their overall fee entitlements.

Ms Kerrie Mather, MAp's Chief Executive Officer, is an executive director and receives no additional remuneration in her role as a director over and above her executive remuneration detailed in Section 4 above.

Name	Year	Short Term Employee Benefits		Post Employment Benefits	Total
		Directors' Fees	Other	Superannuation	
		A\$	A\$	A\$	A\$
Max Moore-Wilton	2010	378,608 ⁹	38,818 ¹⁰	14,830 ⁹	432,256
Chairman MAPL	2009 ¹¹	100,365 ⁹	5,000 ¹²	9,010 ⁹	114,375
Trevor Gerber ¹¹	2010	169,408	13,914 ¹⁰	13,092	196,414
	2009 ¹¹	43,959	296,000 ¹³	3,956	343,915
Michael Lee ¹¹	2010	159,699	11,320 ¹⁰	12,801	183,820
	2009 ¹¹	43,959	66,000 ¹³	3,956	113,915
Robert Morris ¹¹	2010	139,321	11,320 ¹⁰	30,680	181,321
	2009 ¹¹	Nil	66,000 ¹³	47,915	113,915
John Mullen ¹⁴	2010	71,101	Nil	6,399	77,500
	2009 ¹¹	N/A	N/A	N/A	N/A
John Roberts ¹⁵	2010	140,192	31,130 ¹⁰	9,808	181,130
	2009 ¹¹	20,822	Nil	Nil	20,822
Jeffrey Conyers	2010	76,526	8,546 ¹⁰	Nil	85,072
Chairman MAIL	2009 ¹¹	41,543	29,674 ¹³	Nil	71,217
Sharon Beesley	2010	65,512	6,104 ¹⁰	Nil	71,616
	2009 ¹¹	41,543	Nil	Nil	41,543
Stephen Ward ¹⁶	2010	65,512	6,104 ¹⁰	Nil	71,616
	2009 ¹¹	41,543	118,696 ¹³	Nil	160,239

⁹ Includes A\$320,000 (2009: A\$59,375) as Chairman of MAPL and US\$50,000 (2009: A\$50,000) as NED of MAIL.

¹⁰ Includes amounts paid in 2010 but relating to 2009 as the result of the approval of retrospective increases in directors' fees from 16 October 2009, being the date of MAp's internalisation, approved by security holders at MAp's AGM on 27 May 2010.

¹¹ MAp security holders approved the assumption of responsibility for MAPL directors' fees with effect from June 2009 at MAp's 2009 AGM on 21 May 2009. Prior to this MAPL directors' fees were paid by Macquarie and these amounts are not included.

¹² Includes additional reimbursement to Mr Moore-Wilton in 2009 in respect of his appointments to the Boards of Sydney Airport and Copenhagen Airports.

¹³ Fees received as a member of the Independent Board Committees responsible for negotiating the terms of the internalisation with Macquarie Capital. These were separately approved by security holders at the Special General Meeting held on 30 September 2009.

¹⁴ Mr Mullen was appointed on 1 July 2010.

¹⁵ Mr Roberts was appointed on 16 October 2009.

¹⁶ Mr Ward was appointed to the MAPL board on 21 February 2011, consequently the above remuneration relates to MAIL only.

Directors' Report

for year ended 31 December 2010

Audited Remuneration Report (continued)

5.5. Security Holdings

The table below details the MApp securities in which NEDs held relevant interests.

None of these securities are held as a direct result of equity-based compensation relating to the period of prior employment by Macquarie. As an executive director, Ms Mather's security holdings are detailed in Section 4.

Name	Balance at 1 Jan 2010	Changes During the Year	Balance at 31 Dec 2010	Value at 31 Dec 2010 A\$
Max Moore-Wilton	657,479	(7,479)	650,000	1,943,500
Trevor Gerber	185,454	Nil	185,454	554,507
Michael Lee	6,630	430	7,060	21,109
Robert Morris	40,908	Nil	40,908	122,315
John Mullen	Nil ¹⁷	Nil	Nil	Nil
John Roberts	63,390	4,117	67,507	201,846
Jeffrey Conyers	Nil	25,000	25,000	74,750
Sharon Beesley	Nil	Nil	Nil	Nil
Stephen Ward	21,818	Nil	21,818	65,236

Indemnification and Insurance of Officers and Auditors

All directors have executed a deed of access, insurance and indemnity under which MAPL indemnifies them against any liability incurred by them, including all legal costs in defending any proceeding (whether criminal, civil, administrative or judicial) or appearing before any court, tribunal, authority or other body because of their respective capacities. The indemnity does not apply to the extent:

- of any restriction imposed by law or the MAPL constitution;
- payment is made by MAPL as trustee of MAT1, MAT2, Southern Cross Australian Airports Trust (SCAAT) or Tickets Defeasance Trust (TDT), (each a relevant trust) subject to any restriction imposed by law or the constitution of the relevant trust.

Additionally during the period, a directors' and officers' insurance policy applied to the directors and secretaries of MAIL and MAPL.

The auditors of the MApp are in no way indemnified out of the assets of MApp.

Fees Paid to the Responsible Entity, the Adviser and Associates

Fees paid to the Responsible Entity, the Adviser and their associates out of MApp's property during 2009 are disclosed in the full financial report (refer Note 10). Following the internalisation of MApp on 16 October 2009, the Responsible Entity and the Adviser are wholly-owned entities within the MApp.

Interests in the MApp Group held by the Responsible Entity and its associates during the year are disclosed in the full financial report (refer Note 10).

¹⁷ Balance as at 1 July 2010 being the date of Mr Mullen's appointment.

Directors' Report

for year ended 31 December 2010

Interests in the MApp Group Issued During the Financial Year

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

	Consolidated 2010 '000	Consolidated 2009 '000
Securities on issue at the beginning of the year	1,861,211	1,713,636
Securities issued during the year	-	155,086
Securities cancelled during the year	-	(7,511)
Securities on issue at the end of the year	1,861,211	1,861,211

Value of Assets

	Consolidated 2010 \$'000	Consolidated 2009 \$'000
Book value of MApp Group assets at 31 December	14,325,635	14,894,913

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

Environmental Regulation

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

Sydney Airport

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

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

Sydney Airport's Environment Strategy 2010 – 2015 (the Strategy) was approved by the Australian Government on 24 May 2010. The Strategy was developed following an extensive community and stakeholder consultation process and outlines the plans and actions of Sydney Airport to measure, monitor, enhance and report on environmental performance over the five year period from 2010 to 2015. Sydney Airport's aims, reflected in the Strategy, are to continually improve environmental performance and minimise the impact of Sydney Airport's operations on the environment. The strategy supports initiatives in environmental management beyond regulatory requirements. The strategy is available for download from Sydney Airport's website www.syd.com.au.

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

Directors' Report

for year ended 31 December 2010

Auditor's Independence Declaration

A copy of the auditors' independence declaration, as required under section 307C of the Corporations Act 2001 is set out on page 13.

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

The MAp Group is of a kind referred to in Australian Securities & Investments Commission (ASIC) Class Order 98/100 dated 10 July 1998, and in accordance with that Class Order all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

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



Max Moore-Wilton

Sydney
23 February 2011



Trevor Gerber

Sydney
23 February 2011



Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, in relation to the audit of MAp for the year ended 31 December 2010, there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of MAp, which comprises MAp Airports Trust 1 and the entities it controlled during the year, which are deemed to include MAp Airports Trust 2 and the entities it controlled during the year and MAp Airports International Limited and the entities it controlled during the year.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'A. Yates', with a long horizontal stroke extending to the right.

Andrew Yates
Partner

Sydney
23 February 2011

Financial Report

for year ended 31 December 2010

Consolidated Statement of Comprehensive Income

	Note	MAp 31 Dec 10 \$'000	MAp 31 Dec 09 \$'000
Continuing operations			
Revenue	2	1,006,331	946,377
Revaluation gains / (losses) from investments	2	(26,325)	(397,860)
Other income	2	16,610	163,700
Revenue from continuing operations		996,616	712,217
Finance costs	2	472,332	583,163
Other expenses	2	526,365	531,168
Internalisation expenses	2	-	351,055
Operating expenses from continuing operations		998,697	1,465,386
Loss from continuing operations before income tax benefit		(2,081)	(753,169)
Income tax benefit		53,832	138,092
Profit / (loss) from continuing operations after income tax benefit		51,751	(615,077)
Other comprehensive income			
Exchange differences on translation of foreign operations		(52,714)	(134,102)
Cash flow hedges - interest rate swaps		4,991	221,557
Cash flow hedges – deferred tax arising on hedges		(1,497)	(66,467)
Cash flow hedges – swap reset costs amortisation		-	4,820
Other comprehensive income for the year, net of tax		(49,220)	25,808
Total comprehensive income for the year		2,531	(589,269)
Profit / (loss) attributable to:			
Security holders		100,830	(572,696)
Minority interest		(49,079)	(42,381)
		51,751	(615,077)
Total comprehensive income attributable to:			
Security holders		51,610	(581,423)
Minority interest		(49,079)	(7,846)
		2,531	(589,269)
Earnings per stapled security from continuing operations attributable to security holders			
Basic earnings per stapled security ¹⁸	7	5.42 c	(33.11) c
Diluted earnings per stapled security ¹⁸	7	5.42 c	(33.11) c

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

¹⁸ Earnings used in the calculation of earnings per stapled security includes revaluation gains / (losses) from airport investments, as well as income and expenses from revaluation of other financial instruments. Consequently earnings per stapled security reflect the impact of unrealised revaluation increments and decrements which have no impact on operating performance, cashflows or distributions.

Financial Report

as at 31 December 2010

Consolidated Balance Sheet

	Note	MAp 31 Dec 10 \$'000	MAp 31 Dec 09 \$'000
Current assets			
Cash and cash equivalents		1,256,541	1,459,641
Receivables		489,966	514,151
Current tax receivable		-	1,871
Derivative financial instruments		2,076	751
Other assets		4,025	15,466
Total current assets		1,752,608	1,991,880
Non-current assets			
Receivables		44,396	41,695
Investments in financial assets	4	1,943,829	2,065,328
Property, plant and equipment	5	2,508,515	2,582,734
Intangible assets	6	8,057,147	8,166,607
Derivative financial instruments		3,355	-
Other assets		15,785	46,669
Total non-current assets		12,573,027	12,903,033
Total assets		14,325,635	14,894,913
Current liabilities			
Distribution payable		186,143	148,923
Payables		552,710	548,066
Deferred income		26,113	22,277
Derivative financial instruments		58,621	61,732
Provisions		6,527	4,052
Current tax liabilities		232	1,241
Total current liabilities		830,346	786,291
Non-current liabilities			
Payables		4,552	5,756
Interest bearing liabilities		6,181,469	6,106,686
Derivative financial instruments		29,417	11,359
Provisions		1,449	2,753
Deferred tax liabilities		1,884,831	1,937,545
Total non-current liabilities		8,101,718	8,064,099
Total liabilities		8,932,064	8,850,390
Net assets		5,393,571	6,044,523
Equity			
Security holders' interests			
Contributed equity		3,948,493	3,948,660
Retained profits		1,281,708	1,804,389
Reserves		(295,811)	(269,459)
Total security holders' interests		4,934,390	5,483,590
Minority interest in controlled entities		459,181	560,933
Total equity		5,393,571	6,044,523

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

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for year ended 31 December 2010

Consolidated Statement of Changes in Equity

	Note	Attributable to MAp Security Holders				Minority interest \$'000	Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000		
Total equity at 1 January 2010		3,948,660	(269,459)	1,804,389	5,483,590	560,933	6,044,523
Profit / (loss) attributable to security holders		-	-	100,830	100,830	(49,079)	51,751
Exchange differences on translation of foreign operations		-	(52,714)	-	(52,714)	-	(52,714)
Cash flow hedges, net of tax		-	2,583	-	2,583	911	3,494
Total comprehensive income		-	(50,131)	100,830	50,699	(48,168)	2,531
Transactions with equity holders in their capacity as equity holders:							
Transaction costs paid in relation to contributions of equity (net of tax effect)		(167)	-	-	(167)	-	(167)
Decreased interest in subsidiaries obtained during the year ¹⁹		-	23,779	-	23,779	-	23,779
Distributions provided for or paid	3	-	-	(623,511)	(623,511)	(53,584)	(677,095)
Total equity at 31 December 2010		3,948,493	(295,811)	1,281,708	4,934,390	459,181	5,393,571
Total equity at 1 January 2009		3,610,110	(60,293)	2,643,495	6,193,312	359,100	6,552,412
Loss attributable to security holders		-	-	(572,696)	(572,696)	(42,381)	(615,077)
Exchange differences on translation of foreign operations		-	(126,368)	-	(126,368)	(7,734)	(134,102)
Cash flow hedges, net of tax		-	117,641	-	117,641	42,269	159,910
Total comprehensive income		-	(8,727)	(572,696)	(581,423)	(7,846)	(589,269)
Transactions with equity holders in their capacity as equity holders:							
Transaction costs paid in relation to contributions of equity (net of tax effect)		(505)	-	-	(505)	-	(505)
Contributions of equity		356,697	-	-	356,697	-	356,697
Securities cancelled pursuant to security buy-back (including transaction costs)		(17,642)	-	-	(17,642)	-	(17,642)
(Increased)/decreased interest in subsidiaries obtained during the year		-	(96,156)	-	(96,156)	37,259	(58,897)
Transfer to/(from) capital reserve		-	(104,283)	104,283	-	-	-
Distributions provided for or paid	3	-	-	(370,693)	(370,693)	(27,150)	(397,843)
Contributions of equity by minority interests		-	-	-	-	199,570	199,570
Total equity at 31 December 2009		3,948,660	(269,459)	1,804,389	5,483,590	560,933	6,044,523

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

¹⁹ Relates to prior year entry previously booked against Other Reserves, now reclassified to SCACH Redeemable Preference Shares within Interest Bearing Liabilities.

Financial Report

for year ended 31 December 2010

Consolidated Statement of Cash Flows

	MAp 31 Dec 10 \$'000	MAp 31 Dec 09 \$'000
Cash flows from operating activities		
Investment income received on convertible loans – Brussels Airport	17,625	29,058
Other interest received	59,398	92,561
Distribution and dividend income received - Copenhagen Airports	5,124	-
Other distribution and dividend income received	11,733	32,325
Airport revenue received (inclusive of goods and services tax)	1,058,083	926,581
Responsible Entity and Adviser base fees paid (inclusive of goods and services tax)	-	(33,788)
Operating expenses paid (inclusive of goods and services tax)	(300,592)	(285,270)
Income taxes (paid) / refunds received	696	(12,555)
Indirect taxes received	9,036	799
Internalisation payment made	-	(359,536)
Other income received	2,555	789
Net cash flows from operating activities	863,658	390,964
Cash flows from investing activities		
Payments for purchase of investments	(215,453)	(122,699)
Proceeds from sale of investments, net of transaction costs	230,375	516,927
Net proceeds from settlement of total return swap relating to ASUR investment	33,900	-
Transaction costs paid	(2,548)	-
Proceeds from sale of non-current assets	-	844,711
Purchase of short term financial assets	(80,500)	-
Proceeds from sale of short term financial assets	81,919	-
Payments for purchase of fixed assets	(136,577)	(309,978)
Rental deposit paid	(182)	-
Proceeds from disposal of fixed assets	97	151
Net cash flows from investing activities	(88,969)	929,112
Cash flows from financing activities		
Proceeds received from issue of securities	-	356,697
Proceeds received from issue of securities to and borrowings from minority interests	-	172,850
Payments for security buyback made	-	(17,644)
Proceeds received from borrowings	1,243,272	2,468
Repayment of borrowings	(1,150,705)	(1,621,091)
Borrowing costs paid	(391,400)	(433,022)
Distributions paid to MAp security holders	(586,289)	(461,705)
Distributions, dividends and returns of capital paid to minority interest	(104,207)	(141,568)
Net cash flows from financing activities	(989,329)	(2,143,015)
Net decrease in cash and cash equivalents held	(214,640)	(822,939)
Cash and cash equivalents at the beginning of the year	1,459,641	2,313,985
Exchange rate movements on cash denominated in foreign currency	11,540	(31,405)
Cash and cash equivalents at the end of the year	1,256,541	1,459,641

Financial Report

for year ended 31 December 2010

Discussion and Analysis

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

Discussion and Analysis of Financial Performance

Operating performance

The profit from continuing operations after income tax benefit of \$51.8 million (2009: \$615.1 million loss) primarily reflects the impact of the following:

- Airport operating revenue of \$928.5 million (2009: \$837.2million) due to passenger and revenue growth at Sydney Airport.
- Revaluation gains / (losses) from MAp's investments of \$26.3 million (2009: \$397.9 million loss) primarily comprising:
 - revaluation increment of MAp's interest in Brussels Airport of \$11.9 million (2009: \$138.0 million decrement);
 - revaluation decrement of MAp's interest in Copenhagen Airports \$18.6 million (2009: \$204.7 million decrement);
 - realised loss following MAp's disposal of interests in ASUR of \$18.7 million (2009: \$50.6 million revaluation increment);
- Had the A\$ not appreciated against other currencies between 31 December 2009 and 31 December 2010, a net revaluation increment of \$307.3 million would have resulted.
- Interest revenue of \$61.1 million (2009: \$92.5 million); down on 2009 due to lower average cash balances.
- Finance costs of \$472.3 million (2009: \$583.2 million); decreased as a result of International Infrastructure Holdings Ltd (IIHL) preference shares distribution (\$62.3 million) and TICKETS interest expense (\$57.7 million) in the prior year not recurring.
- Other income for the year of \$16.6 million (2009: \$163.7 million); decreased primarily due to a \$67.5 million gain on derivative contracts and a \$77.0 million gain on redemption of IIHL preference shares in the prior year not recurring in 2010.
- Responsible Entity and Adviser base and performance fees paid to Macquarie Group of \$nil million (2009: \$26.7 million). No external fees were incurred after the internalisation of MAp management on 16 October 2009.
- Other expenses of \$526.4 million, 4.3% higher than prior year (2009: \$504.5 million) in part due to incremental costs of internalisation.

Income tax

Under the Income Tax Assessment Acts, MAT1 is not liable for income tax provided that the taxable income of MAT1 is fully distributed to stapled security holders each year.

The income tax benefit of \$53.8 million primarily represents reductions in the deferred tax liabilities recognised on fair value uplifts in relation to the assets and liabilities of Sydney Airport.

Divestment of ASUR

At 31 December 2009, MAp, through MAIL, held a 16% economic interest in Grupo Aeroportuario del Sureste (ASUR). On 12 August 2010 MAp disposed of its entire 16% economic interest in ASUR by way of a joint equity offering by J.P. Morgan Securities Inc. and Macquarie Capital (USA) Inc. This divestment reached financial close on 17 August 2010 for consideration of US\$206.9 million (\$230.4 million), net of underwriting fees.

Financial Report

for year ended 31 December 2010

Discussion and Analysis (continued)

Minority interests

Minority interest in the profit from ordinary activities of (\$49.1) million represents the net loss of Southern Cross Australian Airports Trust (SCAAT) and Southern Cross Airports Corporations Holdings Limited (SCACH) attributable to minority interests for the year ended 31 December 2010.

Discussion and analysis of financial position

Total assets have decreased from \$14,894.9 million in the prior year to \$14,325.6 million at 31 December 2010. This decrease partially relates to the sale of MAp's investment in ASUR and subsequent payment of a 12.5 cent per stapled security special distribution.

Total liabilities have increased from \$8,850.4 million in the prior year to \$8,932.1 million at 31 December 2010. This increase primarily relates to additional medium term notes issued at Sydney Airport.

At 31 December 2010, total consolidated equity of MAp was \$5,393.6 million (2009: \$6,044.5 million), of which \$459.2 million represents minority interests in SCAAT and SCACH (2009: \$560.9 million), which also included IHL.

Discussion and analysis of cash flows

Cash flows from operating activities have increased from \$391.0 million in the prior year to \$863.7 million for the year ended 31 December 2010. The increase in the current year is primarily attributable to the non-recurrence of the internalisation payment made in 2009 in the amount of \$359.5 million.

Net cash outflows from investing activities of \$89.0 million primarily relate to purchases of fixed assets (\$136.6 million), payment for ASUR equities under the settlement of a total return swap (\$139.7 million) and an additional investment in Brussels (\$75.8 million), partially offset by proceeds from the sale of ASUR (\$230.4 million).

During the year, MAp had net cash outflows from financing activities of \$989.3 million (2009: \$2,143.0 million). The outflows primarily reflect distributions paid to MAp security holders of \$586.3 million.

Further discussion of results

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

Financial Report

for year ended 31 December 2010

Notes to the Financial Report

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 years presented, unless otherwise stated.

1.1. Basis of preparation

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

The financial report was authorised for issue by the directors of the Responsible Entity (MAp Airports Limited) on 23 February 2011. The Responsible Entity has the power to amend and reissue the financial report.

1.1.1. Compliance with IFRSs

Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of MAp complies 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 complies with IFRS as issued by the IASB.

1.1.2. Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group.

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

1.1.3. 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.

1.1.4. Stapled security

The units of MAp Airports Trust 1 (MAT1) and MAp Airports Trust 2 (MAT2) and the shares of MAp Airports International Limited (MAIL) are combined, issued and traded as stapled securities in MAp. The units of MAT1 and MAT2 and the shares of MAIL cannot be traded separately.

This financial report consists of the consolidated financial statements of MAT1, which comprises MAT1 and its controlled entities, MAT2 and its controlled entities and MAIL and its controlled entities, together acting as MAp.

1.2. Consolidated financial statements

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 MAp consolidated group comprising MAT1 and its controlled entities, MAT2 and its controlled entities and MAIL and its controlled entities.

Financial Report

for year ended 31 December 2010

1. Summary of Significant Accounting Policies (continued)

1.3. Principles of consolidation

The consolidated financial statements of MAp incorporate the assets and liabilities of the entities controlled by MAT1 at 31 December 2010 and during the year, including those deemed to be controlled by MAT1 by identifying it as the parent of MAp, and the results of those controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full. Minority interests in the results and equity are shown separately in the Consolidated Statement of Comprehensive Income and the Consolidated Balance Sheet respectively. Minority interests are those interests in partly owned subsidiaries which are not held directly or indirectly by MAT1, MAT2 or MAIL.

In previous periods, losses attributable to minority interests are allocated to minority interests only to the extent that those losses are covered by minority interest share capital, retained profits and reserves. In the current period, due to a change in accounting standards effective from 1 January 2010, profit or loss and other comprehensive income components are attributed to the owners of the parent and to the minority interests. Total comprehensive income is attributed to the owners of the parent and to the minority interests even if this results in the minority interests having a deficit balance.

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

1.4. Investments in airport assets

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

Investments have been brought to account by the MAp Group as follows:

1.4.1. 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 airport comprises the risk free interest rate appropriate to the country in which the airport is located and a risk premium, reflecting the uncertainty associated with the cash flows. The risk premium represents a critical accounting estimate.

Financial Report

for year ended 31 December 2010

1. Summary of Significant Accounting Policies (continued)

1.4.1. Interests in unlisted securities in companies and trusts (continued)

The risk premia applied to the discounted cash flow forecasts of MAp's interests in companies and trusts that invest in Copenhagen and Brussels airports are:

	Copenhagen Airports %	Brussels Airport %
As at 31 December 2010		
Risk free rate ¹	2.7	3.6
Risk premium	10.5	8.2
Total discount rate	13.2	11.8
As at 31 December 2009		
Risk free rate ¹	3.6	3.6
Risk premium	9.4	8.6
Total discount rate	13.0	12.2

¹ The risk free rate for each airport is determined using the yield 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 airports on a periodic basis, no longer than three years. The most recent independent valuations for Copenhagen Airports and Brussels Airport were performed at 30 September 2008 and 31 December 2009 respectively.

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

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

1.4.3. 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 revaluation gains / (losses) within the Consolidated Statement of Comprehensive Income.

Investment transaction costs are expensed as incurred.

1.5. Intangible assets

1.5.1. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of MAp'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 MAp's investment in the airport to which the goodwill relates.

Financial Report

for year ended 31 December 2010

1. Summary of Significant Accounting Policies (continued)

1.5.2. Computer software

Major projects in which computer software is the principal element are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Depreciation is calculated using the straight-line method over 4 years.

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

1.5.3. 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.

1.5.4. Leasehold land

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

1.5.5. Airport operator licence

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

1.6. 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.

Financial Report

for year ended 31 December 2010

1. Summary of Significant Accounting Policies (continued)

1.6. Property, plant and equipment (continued)

The estimated useful lives of the major asset categories are:

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

1.7. Distributions and dividends

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

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.

1.8. Amortisation and depreciation

Amortisation and depreciation comprise the year's charges for this purpose on MAp's intangible assets with a finite life and property, plant and equipment (refer to Note 1.6).

1.9. Earnings per stapled security

1.9.1. Basic earnings per stapled security

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

1.9.2. Diluted earnings per stapled security

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

1.10. Segment reporting

Operating segments are 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 identified as the Board of MAp Airports Limited.

For the year ended 31 December 2010 the segments are based on the core assets of MAp's investment portfolio being Sydney Airport, Brussels Airport and Copenhagen Airports.

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for year ended 31 December 2010

1. Summary of Significant Accounting Policies (continued)

1.11. Comparative figures

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

1.12. Rounding of amounts

The MAp Group is of a kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities & Investments Commission relating to the “rounding off” of amounts in the financial report. Amounts in the financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

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for year ended 31 December 2010

2. Profit for the Year

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

	MAp 31 Dec 10 \$'000	MAp 31 Dec 09 \$'000
Revenue from continuing operations		
Revenue		
Interest income from related parties	2,847	38,226
Interest income from other persons and corporations	58,256	54,292
Fee income	2,099	461
Aeronautical revenue	467,997	417,369
Retail revenue	212,890	192,734
Property revenue	131,415	118,836
Revenue from rendering of services	116,204	108,295
Other	14,623	16,164
Total revenue	1,006,331	946,377
Revaluation gains / (losses) from investments		
Revaluation of Brussels Airport	11,927	(137,948)
Revaluation of Copenhagen Airports	(18,555)	(204,728)
Revaluation of ASUR	(18,667)	102,541
Revaluation of Japan Airport Terminal	-	(49,417)
Revaluation of Bristol Airport	(1,068)	(104,258)
Revaluation of other investments	38	(4,050)
Total revaluation gains / (losses) from investments	(26,325)	(397,860)
Other income		
Gain on redemption of IIHL preference shares	2,118	76,979
Foreign exchange gains	21,801	16,743
Fair value movement on derivative contracts	(7,309)	67,506
Other	-	2,472
Total other income	16,610	163,700
Total revenue from continuing operations	996,616	712,217

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for year ended 31 December 2010

2. Profit for the Year (continued)

	MAp 31 Dec 10 \$'000	MAp 31 Dec 09 \$'000
Operating expenses from continuing operations		
Finance costs		
Interest expense – TICKETS	-	57,716
Interest expense – Sydney Airport	471,908	462,028
Interest expense – other	424	1,083
Finance costs – IIHL preference shares	-	62,336
Total finance costs	472,332	583,163
Other expenses		
Amortisation and depreciation	318,757	284,067
Operating and maintenance	100,349	95,109
Staff costs	47,098	37,546
Premises costs	3,403	6,487
Energy and utilities	8,633	8,174
Technology	3,774	3,301
Investment transaction expenses	13,023	2,914
Legal fees	1,307	2,156
Auditors' remuneration	602	1,347
Directors' fees	1,644	1,064
Registry fees	892	1,032
Custodians' fees	709	538
Investor communication expenses	208	433
Responsible Entity's and Adviser's base fees - MAp entities	151	-
TICKETS redemption expenses	-	42,884
Responsible Entity's and Adviser's base fees – Macquarie Group	-	26,657
Other expenses	25,815	17,459
Total other expenses	526,365	531,168
Internalisation expenses		
Fee in relation to termination of management arrangements	-	345,000
Internalisation costs	-	6,055
Total internalisation expenses	-	351,055
Total operating expenses from continuing operations	998,697	1,465,386

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for year ended 31 December 2010

3. Distributions and Dividends Paid and Proposed

	MAp 31 Dec 10 \$'000	MAp 31 Dec 09 \$'000
The distributions were paid/payable as follows:		
— Interim distribution paid for the period ended 30 June (100% unfranked)	204,733	221,796
— Special distribution paid on 21 October (100% unfranked)	232,657	-
— Final dividend proposed and subsequently paid for the year ended 31 December (100% unfranked)	186,121	148,897
	623,511	370,693
	Cents per stapled security	Cents per stapled security
Interim distribution paid for the period ended 30 June (100% unfranked)		
— Distribution	11.0	13.0
Special distribution paid on 21 October (100% unfranked)		
— Distribution	12.5	-
Final dividend proposed and subsequently paid for the year ended 31 December (100% unfranked)		
— Distribution	10.0	8.0
	33.5	21.0

This note only discloses distributions paid to MAp security holders.

4. Investments in Financial Assets

The table below summarises the movements in MAp's significant investments during the year ended 31 December 2010.

	Brussels Airport \$'000 (4.1)	Copenhagen Airports ²⁰ \$'000 (4.2)	Bristol Airport \$'000 (4.3)	ASUR \$'000 (4.4)	Total \$'000
2010					
Balance at 1 January 2010	947,296	972,340	6,446	138,303	2,064,385
Acquisitions	72,365	360	-	140,039	212,764
Income received from investments	(17,625)	(5,124)	(91)	(10,654)	(33,494)
Revaluation increment / (decrement) to 31 December 2010	197,468	137,455	91	(27,723)	307,291
Revaluation decrement attributable to foreign exchange movements to 31 December 2010	(185,541)	(156,010)	(1,160)	9,056	(333,655)
Disposals	-	-	-	(235,601)	(235,601)
Revaluation increments attributable to foreign exchange movements recognised directly in equity to 31 December 2010	-	(24,441)	-	(13,420)	(37,861)
Balance at 31 December 2010	1,013,963	924,580	5,286	-	1,943,829

²⁰ Copenhagen Airports represents MAp's investment in CASA, the holding entity through which the Copenhagen Airports investment was held as well as a direct investment into Copenhagen Airports.

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4. Investments in Financial Assets (continued)

	Brussels Airport \$'000 (4.1)	Copenhagen Airports \$'000 (4.2)	Bristol Airport \$'000 (4.3)	JAT \$'000	ASUR ²¹ \$'000 (4.4)	Total \$'000
2009						
Balance at 1 January 2009	1,114,302	1,054,284	336,793	372,792	127,519	3,005,690
Acquisitions	-	124,357	-	-	-	124,357
Income received from investments	(29,058)	-	-	(1,558)	(14,050)	(44,666)
Revaluation increment / (decrement) to 31 December 2009 ²²	(137,948)	(204,728)	(104,258)	(49,417)	50,567	(445,784)
Disposals	-	(72)	(226,089)	(249,070)	-	(475,231)
Revaluation increments attributable to foreign exchange movements recognised directly in equity to 31 December 2009	-	(1,501)	-	(72,747)	(25,733)	(99,981)
Balance at 31 December 2009	947,296	972,340	6,446	-	138,303	2,064,385

At 31 December 2010, the value of MAp's investments in non-controlled airport assets is \$1,943.8 million (2009: \$2,065.3 million). The value of these investments has been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors and applying specified risk premia as outlined in Note 1.4. The investment valuation sensitivity to movements in the risk premia and revenue forecasts is disclosed in the table below.

MAp	2010 1% lower \$million	2010 1% higher \$million	2009 1% lower \$million	2009 1% higher \$million
Change in valuation of investments due to movement in the risk premia				
—Brussels Airport	116.5	(100.0)	111.6	(95.7)
—Copenhagen Airports	113.0	(95.1)	131.1	(109.5)
	229.5	(195.1)	242.7	(205.2)
Change in the valuation of investments due to movement in revenue forecasts				
—Brussels Airport	(20.0)	20.0	(23.2)	23.4
—Copenhagen Airports	(24.8)	24.4	(26.3)	26.7
	(44.8)	44.4	(49.5)	50.1

²¹ Only includes the physical equity holding, and does not include the total return swap value.

²² Includes gains / (losses) from foreign exchange movements.

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4. Investments in Financial Assets (continued)

MAp	Consolidated 31 Dec 2010 \$'000	Consolidated 31 Dec 2009 \$'000
Brussels Airport (4.1)		
Interests in unlisted securities in companies and trusts		
Investment in Brussels Airport Investments S.a r.l.	1,013,963	947,296
Copenhagen Airports (4.2)		
Interests in listed and unlisted securities in companies and trusts		
Investment in Copenhagen Airports S.a r.l.	810,423	832,150
Investment in KøbenhavnsLufthavne A/S	114,157	140,190
Bristol Airport (4.3)		
Interests in unlisted securities in companies and trusts		
Investment in Bristol Airport (Bermuda) Limited	5,286	6,446
ASUR (4.4)		
Interests in listed securities in companies and trusts	-	138,303
Other investments (4.5)		
Other investments	-	943
Total investments	1,943,829	2,065,328

4.1. Brussels Airport

MAp's investment in Brussels Airport is held by MAIL 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.

MAp's investment in BAISA 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 all of the residual 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 2010, MAp held a 52.0% interest in BAISA. MAp's beneficial interest in Brussels Airport at 31 December 2010 was 39.0%. MAp increased its beneficial interest to 39% following the acquisition of the 4.0% interest in BAISA (representing a 3.0% interest in Brussels Airport) held by Macquarie Global Infrastructure Fund 2 (GIF2) on 21 January 2010.

Currently, the other shareholders in BAISA are Macquarie European Infrastructure Fund LP (MEIF) with a 13.3% interest and Macquarie European Infrastructure Fund 3 (MEIF3) with a 34.7% interest. If there is a change of control of either or both of these shareholders, 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), MAp 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.

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4. Investments in Financial Assets (continued)

4.2. Copenhagen Airports

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

MAp'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 2010, MAp held a 50.0% interest in CASA and a 3.9% direct interest in Copenhagen Airports. MAp's beneficial interest in Copenhagen Airports at 31 December 2010 is 30.8%.

MEIF3 holds the remaining 50.0% 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), MAp has the option to purchase that interest in CASA at fair value.

4.3. Bristol Airport

MAp has a 1.0% interest in Bristol Airport is held by MAIL through its investment in Bristol Airport (Bermuda) Limited (BABL) which owns 50% of Bristol Airport. MAp's 2% interest in BABL is subject to a put and a call option at an exercise price of GBP3.6 million (\$5.8 million). The put option may be exercised by MAp at any time during the six month period from the completion of the refinancing of the Bristol airport debt facility and the call option may be exercised by Ontario Teachers' Pension Plan at any time during the six months commencing from the end of the put option.

4.4. ASUR

At 31 December 2009, MAp, through MAIL, held a 16% economic interest in ASUR. On 12 August 2010 MAp disposed of its entire 16% economic interest in ASUR by way of a joint equity offering by J.P. Morgan Securities Inc. and Macquarie Capital (USA) Inc. This divestment reached financial close on 17 August 2010 for consideration of US\$206.9 million (\$230.4 million), net of underwriting fees.

4.5. Other investments

Other investments comprise investments in other airports and other airport related investments such as funding entities.

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5. Property, Plant and Equipment

	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
MAp					
Net book amount at 1 January 2010	1,031,530	1,354,613	59,860	136,731	2,582,734
Additions	-	-	1,170	135,407	136,577
Disposals / transfers	176,212 ²³	16,644	14,683	(209,031)	(1,492)
Depreciation	(91,735)	(89,911)	(27,651)	-	(209,297)
Translation of foreign operations	-	-	(7)	-	(7)
Net book amount at 31 December 2010	1,116,007	1,281,346	48,055	63,107	2,508,515
At 31 December 2010					
Cost	1,448,379	1,719,706	148,311	63,107	3,379,503
Accumulated depreciation	(332,372) ²³	(438,360)	(100,256)	-	(870,988)
Net book amount at 31 December 2010	1,116,007	1,281,346	48,055	63,107	2,508,515
Net book amount at 1 January 2009	793,628	1,258,747	52,903	352,288	2,457,566
Additions	-	-	-	305,473	305,473
Disposals / transfers	311,648	171,606	36,738	(521,030)	(1,038)
Depreciation	(73,746)	(75,740)	(29,781)	-	(179,267)
Net book amount at 31 December 2009	1,031,530	1,354,613	59,860	136,731	2,582,734
At 31 December 2009					
Cost	1,280,394	1,703,062	132,465	136,731	3,252,652
Accumulated depreciation	(248,864)	(348,449)	(72,605)	-	(669,918)
Net book amount at 31 December 2009	1,031,530	1,354,613	59,860	136,731	2,582,734

²³ Includes an \$8.2 million cost and depreciation adjustment.

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6. Intangible Assets

	Concession and customer contracts \$'000	Airport operator licence \$'000	Leasehold land ²⁴ \$'000	Goodwill \$'000	Total \$'000
Net book amount at 1 January 2010	100,023	5,425,965	1,970,898	669,721	8,166,607
Amortisation charge for the year	(20,597)	(66,038)	(22,825)	-	(109,460)
Net book amount at 31 December 2010	79,426	5,359,927	1,948,073	669,271	8,057,147
At 31 December 2010					
Cost	169,813	5,607,761	2,038,148	669,721	8,485,443
Accumulated amortisation	(90,387)	(247,834)	(90,075)	-	(428,296)
Net book amount at 31 December 2010	79,426	5,359,927	1,948,073	669,721	8,057,147
Net book amount at 1 January 2009	122,702	5,485,870	1,993,114	669,721	8,271,407
Amortisation charge for the year	(22,679)	(59,905)	(22,216)	-	(104,800)
Net book amount at 31 December 2009	100,023	5,425,965	1,970,898	669,721	8,166,607
At 31 December 2009					
Cost	169,813	5,607,761	2,038,148	669,721	8,485,443
Accumulated amortisation	(69,790)	(181,796)	(67,250)	-	(318,836)
Net book amount at 31 December 2009	100,023	5,425,965	1,970,898	669,721	8,166,607

6.1. Impairment test for goodwill

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

MAp	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Sydney Airport	669,721	669,721
Total Goodwill	669,721	669,721

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

6.2. Key assumption used for fair value less cost to sell calculation

The key assumption used in the calculation to determine the fair value less cost to sell is the discount rate used in the discounted cash flow model.

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

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

²⁴ Leasehold land represents the right to use the land in relation to Sydney Airport.

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7. Earnings per Stapled Security

	MAp 31 Dec 2010	MAp 31 Dec 2009
Basic earnings per stapled security	5.42c	(33.11)c
Diluted earnings per stapled security	5.42c	(33.11)c
Basic earnings per stapled security		
Profit / (loss) from continuing operations after income tax benefit	\$51,751,024	(\$615,077,072)
Minority interest	(\$49,079,240)	\$42,380,982
Earnings used in calculation of basic earnings per stapled security	\$100,830,264	(\$572,696,090)
Diluted earnings per stapled security		
Earnings used in calculation of basic earnings per stapled security	\$100,830,264	(\$572,696,090)
Interest expense savings on loans from MAREST	-	\$57,715,536
Interest income reduction on investment in TDT	-	(\$36,251,183)
Earnings used in calculation of diluted earnings per stapled security	\$100,830,264	(\$551,231,737)
Weighted average number of stapled securities on issue		
Weighted average number of stapled securities used in calculation of basic earnings per stapled security	1,861,210,782	1,729,714,778
Conversion of TICKETS	-	283,898,501
Weighted average number of stapled securities used in calculation of diluted earnings per stapled security	1,861,210,782	2,013,613,279

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8. Segment Reporting

The directors of the Responsible Entity of MAp have determined the operating segments based on the reports reviewed by the chief operating decision maker, being the Board of MAp Airports Limited, including the CEO.

The Board considers the business from the aspect of each of the core portfolio airports and has identified three operating segments for which it receives regular reports. The segments are the investments in Sydney Airport, Copenhagen Airports, and Brussels Airport.

MAp's airport business also included investments in Japan Airport Terminal (up to 3 August 2009), ASUR (up to 16 August 2010) and Bristol Airport (up to 21 December 2009). However, given the relative value of these investments, and also the fact that the chief operating decision maker did not receive regular reports on these investments, the investments did not meet the definition of operating segments under AASB 8: *Operating Segments*.

The operating segments note discloses airport 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 MAp'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.

The segments noted below also represent MAp's geographical segments, determined by country in which they operate. Sydney Airport is the only controlled asset where revenues and expenses are consolidated in the Consolidated Statement of Comprehensive Income. All other airport investments are deemed non-controlled investments and are carried at fair value with changes recognised through profit and loss.

MAp	Sydney Airport \$'000	Copenhagen Airports DKK'000	Brussels Airport EUR'000	Bristol Airport ²⁵ GBP'000
Year to 31 December 2010				
Total segment revenues from external customers	943,104	3,525,500	365,455	-
Total segment expenses from external customers	(170,061)	(1,561,800)	(161,428)	-
EBITDA	773,043	1,963,700	204,027	-
Year to 31 December 2009				
Total segment revenues from external customers	853,347	2,923,959	365,660	48,220
Total segment expenses from external customers	(164,035)	(1,405,647)	(174,440)	(19,706)
EBITDA	689,312	1,518,312	191,220	28,514

MAp	Sydney Airport \$'000	Copenhagen Airports \$'000	Brussels Airport \$'000	Bristol Airport \$'000	Other \$'000	Total \$'000
31 December 2010						
Non-current assets	10,624,663	924,580	1,013,963	5,286	4,535	12,573,027
Total assets	11,430,513	924,580	1,013,963	5,286	951,293	14,325,635
Total liabilities	(8,791,854)	-	-	-	(140,210)	(8,932,064)
31 December 2009						
Non-current assets	10,767,044	972,340	947,295	6,446	209,908	12,903,033
Total assets	11,780,802	972,340	947,295	6,446	1,188,030	14,894,913
Total liabilities	(8,656,818)	-	-	-	(193,572)	(8,850,390)

²⁵ Revenues and expenses for the period until 21 December 2009. Note that MAp retains a zero premium put and call option over approximately 1% of Bristol Airport which is expected to be exercised at a later date.

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8. Segment Reporting (continued)

A reconciliation of MAp EBITDA to loss before income tax benefit is provided as follows:

MAp	Sydney Airport \$'000	Copenhagen Airports DKK'000	Brussels Airport EUR'000	Total '000
Year to 31 December 2010				
EBITDA	773,043	1,963,700	204,027	
EBITDA of investments carried at Fair Value	-	(1,963,700)	(204,027)	
AUD equivalent	773,043			773,043
Other income and expenses				
Interest income				61,103
Fair value movement on derivative contracts				(7,309)
Other income				4,241
Revaluation losses from investments				(26,325)
Finance costs				(472,332)
Amortisation and depreciation				(318,757)
Other expenses				(37,546)
Foreign exchange gains				21,801
Internalisation expenses				-
Loss before income tax benefit				(2,081)

MAp	Sydney Airport \$'000	Copenhagen Airports DKK'000	Brussels Airport EUR'000	Total '000
Year to 31 December 2009				
EBITDA	689,312	1,518,312	191,220	
EBITDA of investments carried at Fair Value	-	(1,518,312)	(191,220)	
AUD equivalent	689,312	-	-	689,312
Other income and expenses				
Interest income				92,447
Fair value movement on derivative contracts				67,506
Other income				79,913
Revaluation losses from investments				(397,862)
Finance costs				(583,163)
Amortisation and depreciation				(284,067)
Other expenses				(82,943)
Foreign exchange losses				16,743
Internalisation expenses				(351,055)
Loss before income tax benefit				(753,169)

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9. Events Occurring after Balance Sheet Date

A final distribution of 10.0 cents (2009: 8.0 cents) per stapled security was paid by MAIL (1.6 cents) and MAT1 (8.4 cents) on 17 February 2011.

Since the end of the year, the directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of MAp, the results of those operations or the state of affairs of MAp in periods subsequent to the year ended 31 December 2010.

10. Full Financial Report

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

Financial Report for year ended 31 December 2010

Statement by the Directors of the Responsible Entity of the Trust

In the opinion of the directors of MAp Airports Limited, the Responsible Entity of MAT1, the consolidated financial report of MAp Airports Trust 1 (as defined in Note 1.1) for the year ended 31 December 2010, as set out on pages 14 to 37, complies with the Accounting Standard AASB 1039 *Concise Financial Reports*.

The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report for the year ended 31 December 2010.

The concise financial report cannot be expected to provide as full as understanding of the financial performance, financial position and financing and investing activities of MAp as the full financial report which, as indicated in Note 10 is available on request.

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



Max Moore-Wilton

Sydney
23 February 2011



Trevor Gerber

Sydney
23 February 2011



Independent Auditor's Report to the Unitholders of MAp Airports Trust 1

Report on the concise financial report

The accompanying concise financial report of MAp, which comprises the consolidated balance sheet as of 31 December 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year ended on that date. The concise financial report does not contain all the disclosures required by Australian Accounting Standards. MAp comprises MAp Airports Trust 1 and the entities it controlled at the year's end or from time to time during the financial year which are deemed to include MAp Airports Trust 2 and the entities it controlled at the year's end or from time to time during the financial year and MAp Airports International Limited and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the concise financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of MAp for the year ended 31 December 2010. Our audit report on the financial report for the year was signed on 23 February 2011 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free of material misstatement.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion, the concise financial report of MAp for the year ended 31 December complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.



Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with the basis of preparation of the remuneration report as described within the remuneration report. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of MAp for the year ended 31 December 2010, complies with the basis of preparation of the remuneration report as described within the remuneration report.

A handwritten signature of the KPMG auditor, appearing as 'KPMG' in a cursive, stylized font.

KPMG

A handwritten signature of Andrew Yates, consisting of a stylized 'A' followed by a long horizontal stroke.

Andrew Yates
Partner

Sydney
23 February 2011