Macquarie Airports Limited

ARBN 099 813 180

Interim Financial Report for the Half Year Ended 30 June 2007

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Directors' Report

In respect of the half year ended 30 June 2007, the directors of Macquarie Airports Limited ("MAL" or "the Company") submit the following report on the interim financial report of the Company and its controlled entities ("the Consolidated Entity") made out in accordance with a resolution of the directors.

Directors

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

- Jeffrey Conyers (Chairman)
- Sharon Beesley
- Stephen Ward
- Max Moore-Wilton
- John Roberts (alternate for Max Moore-Wilton).

Dividends

No dividends were paid or proposed on the ordinary shares during the period (2006: nil)

Review and Results of Operations

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

	6 months to 30 June 2007 $'000	6 months to 30 June 2006 $'000
Revenue from continuing activities	**316,044**	311,892
Other income	**1,560,085**	179,511
Total revenue and other income from continuing activities	**1,876,129**	491,403
Profit from continuing activities after income tax benefit	**1,552,391**	97,302
Profit attributable to MAL shareholders	**987,728**	62,163
Basic earnings per ordinary share	**57.73 cents**	3.78 cents
Diluted earnings per ordinary share	**51.68 cents**	3.78 cents

Significant Changes in State of Affairs

- ### Sale of Birmingham Airport

During the period MAL announced that Macquarie Airports Group Limited ("MAG") and Dublin Airport Authority plc ("DAA"), which each indirectly hold an interest of 24.125% in Birmingham Airport Holdings Limited ("BAHL"), had conditionally agreed to dispose of their joint 48.25% stake in BAHL to Airport Group Investments Limited, a consortium of Ontario Teachers' Pension Plan Board and Victorian Funds Management Corporation, for a combined consideration of £420 million. Completion of the transaction and payment of £210 million to MAG is subject to customary conditions for a transaction of this nature, including pre-emption arrangements.

- ### Copenhagen divestment of associates

Copenhagen Airports, a subsidiary of MAL, divested 6.1% of its 9.9% total interest in the listed Mexican airports operator Grupo Aeroportuario del Sureste, S.A.B. de C.V. ("ASUR"), during the period to 30 June 2007 for a total consideration of DKK520 million.

On 5 June 2007 Copenhagen Airports divested its entire 20% interest in the listed Chinese airport operator Hainan Meilan Airports Company Limited ("HMA") for a total consideration of approximately HK$544 million.

- ### Sale of Rome Airports

MAL, through its subsidiary Macquarie Airports (Luxembourg) S.A. ("MALSA") agreed on 18 June 2007, to dispose its 44.74% stake in Aeroporti di Roma ("AdR") to Leonardo S.r.L. ("Leonardo"), a wholly-owned subsidiary of Gemina S.p.A. ("Gemina") for cash consideration of €1,237 million. Completion of the transaction was subject to relevant competition authority clearance and reached financial close on 18 July 2007.

Events Occurring after Balance Sheet Date

An interim distribution of 13 cents per stapled security was paid by Macquarie Airports ("MAp") to security holders on 20 August 2007.

A portion of stapled security holders participated in MAp's Distribution and Dividend Reinvestment Plan ("DRP") for the interim distribution paid on 20 August 2007. Of the total distribution, 35.5% ($79.2 million) was reinvested in MAp.
No new MAp securities were issued as part of the DRP as securities allocated to participants in the DRP were purchased on-market.

On 18 July 2007 MAL reached financial close for the sale of its investment in Rome Airports, following receipt of the approval by the Italian competition authority.

Following the sale of Rome Airports and the distribution of sale proceeds to shareholders of MAG, MAG became liable to pay a performance fee to its Adviser, Macquarie Infrastructure Management (UK) Limited ("MIMUK" or "the Adviser"). A performance fee of €24.3 million was paid to MIMUK on 6 August 2007.

Since the end of the half year, the directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in years subsequent to the half year ended 30 June 2007.

Directors' Holdings of Stapled Securities

The aggregate number of stapled securities in MAp held directly, indirectly or beneficially by the directors of the Responsible Entity or their director-related entities at the date of this financial report is 554,255 (31 December 2006: 552,589)

Adviser's Holdings of Stapled Securities

The number of stapled securities held by the Adviser at the date of this interim financial report is nil (31 December 2006 : nil).

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 6.

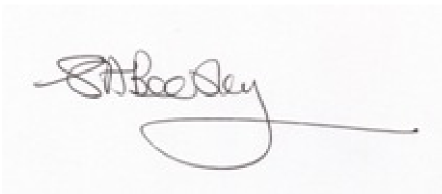
Rounding of Amounts in the Directors' Report and the Financial Report

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

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

Jeffrey Conyers

Bermuda
28 August 2007



Sharon Beesley

Bermuda
28 August 2007

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Auditor's Independence Declaration

As lead auditor for the review of Macquarie Airports Limited for the half year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Macquarie Airports Limited and the entities it controlled during the period.

EA Barron
Partner
PricewaterhouseCoopers

Sydney
28 August 2007

Consolidated Income Statement

	Note	**6 months to 30 June 2007 $'000**	6 months to 30 June 2006 $'000
Revenue from continuing activities	2	**316,044**	311,892
Other income	2	**1,560,085**	179,511
Total revenue and other income from continuing activities		**1,876,129**	491,403
Finance costs	2	**(126,245)**	(100,246)
Administration expenses	2	**(27,736)**	(23,039)
Other operating expenses	2	**(276,275)**	(283,175)
Operating expenses from continuing activities		**(430,256)**	(406,460)
Profit from continuing activities before income tax benefit		**1,445,873**	84,943
Income tax benefit		**106,518**	12,359
Profit from continuing activities after income tax benefit		**1,552,391**	97,302
Attributable to:			
MAL shareholders		**987,728**	62,163
Minority interest		**564,663**	35,139
		1,552,391	97,302
Earnings per share from continuing activities attributable to MAL shareholders			
Basic earnings per ordinary share		**57.73 cents**	3.78 cents
Diluted earnings per ordinary share		**51.68 cents**	3.78 cents

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

Consolidated Balance Sheet

	Note	As at 30 June 2007 $'000	As at 31 Dec 2006 $'000
Current assets			
Cash and cash equivalents		**425,977**	222,906
Receivables		**77,786**	65,317
Other assets		**8,438**	7,374
Investments in financial assets	4	**2,471,795**	-
Derivative financial instruments		**3,814**	439
Total current assets		**2,987,810**	296,036
Non-current assets			
Derivative financial instruments		**55,431**	34,916
Investments in financial assets	4	**2,178,660**	3,507,437
Property, plant and equipment		**3,446,672**	3,607,647
Investment property		**43,844**	45,850
Intangible assets		**1,014,321**	1,114,555
Total non-current assets		**6,738,928**	8,310,405
Total assets		**9,726,738**	8,606,441
Current liabilities			
Payables		**121,313**	103,252
Deferred income		**17,833**	9,712
Prepayments from customers		**8,105**	13,929
Derivative financial instruments		**-**	435
Convertible loan		**145,651**	61,596
Interest bearing liabilities		**43,496**	7,948
Current tax liabilities		**29,154**	10,271
Total current liabilities		**365,552**	207,143
Non-current liabilities			
Derivative financial instruments		**67,710**	69,202
Interest bearing liabilities		**2,445,780**	2,706,121
Deferred tax liabilities		**895,226**	1,060,298
Total non-current liabilities		**3,408,716**	3,835,621
Total liabilities		**3,774,268**	4,042,764
Net assets		**5,952,470**	4,563,677
Equity			
MAL Shareholders' Interest			
Contributed equity	5	**1,155,868**	1,108,567
Retained profits	6	**1,922,451**	934,723
Reserves		**(485,678)**	(297,421)
Total shareholders' interest		**2,592,641**	1,745,869
Minority interest in controlled entities		**3,359,829**	2,817,808
Total equity		**5,952,470**	4,563,677

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

Jeffrey Conyers

Bermuda
28 August 2007

Sharon Beesley

Bermuda
28 August 2007

Consolidated Statement of Changes in Equity

	Note	**6 months to 30 June 2007 $'000**	6 months to 30 June 2006 $'000
Total equity at the beginning of the period		**4,563,677**	4,059,550
Exchange differences on translation of foreign operations		**(140,231)**	256,303
Cash flow hedges, net of tax		**14,065**	38,857
Income recognised directly in equity		**(126,166)**	295,160
Profit for the period		**1,552,391**	97,302
Total recognised income and expense for the period		**1,426,225**	392,462
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity by MAL shareholders		**47,321**	63,995
Transaction costs paid in relation to contributions to equity		**(20)**	(64)
Contributions of equity by minority interest		**-**	69,970
Increased interest in subsidiaries obtained during the period		**-**	(13,273)
Distributions, dividends and returns of capital provided for or paid to minority interest		**(84,733)**	(82,766)
		(37,432)	37,682
Total equity at the end of the period		**5,952,470**	4,489,874
Total recognised income and expenses for the period is attributable to:			
MAL shareholders		**830,522**	227,079
Minority interest		**595,703**	115,383
		1,426,225	392,462

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

Consolidated Cash Flow Statement

	6 months to 30 June 2007 $'000	6 months to 30 June 2006 $'000
Cash flows from operating activities		
Sydney Airport - distribution received on Southern Cross Australian Airports Trust ordinary units	**-**	12,399
Rome Airport - dividend received on ordinary shares	**37,070**	52,056
Bristol Airport – interest received on loans	**3,641**	7,772
Brussels Airport – investment income received on convertible loans	**102,413**	35,585
Other interest received	**6,792**	2,143
Copenhagen Airports associates - distribution and dividend income received	**4,655**	577
Fee income received	**149**	-
Airport revenue received (inclusive of goods and services tax)	**289,027**	290,304
Adviser fees paid	**(23,897)**	(18,069)
Operating expenses paid (inclusive of goods and services tax)	**(161,300)**	(136,274)
Income taxes paid	**(1,439)**	(10,061)
Indirect taxes (net) paid	**-**	(8)
Other income received	**6**	1,478
Net cash flows from operating activities	**257,117**	237,902
Cash flows from investing activities		
Brussels Airport - repayment received of loan to Macquarie Airports (Brussels) S.A.	**70,032**	79,995
Payments for purchase of other investments	**(84,922)**	(40,844)
Proceeds from sale of investments	**199,517**	-
Payments for fixed assets	**(90,492)**	(78,875)
Proceeds from disposal of fixed assets	**51,098**	-
Net cash flows from investing activities	**145,233**	(39,724)
Cash flows from financing activities		
Proceeds received from issue of ordinary shares	**47,321**	63,996
Proceeds received from issue of ordinary shares to minority interest	**-**	69,969
Capital raising costs paid	**(20)**	(69)
Proceeds received from borrowings	**126,232**	418,478
Repayment of borrowings	**(222,734)**	(582,126)
Borrowing costs paid	**(55,076)**	(65,475)
Net proceeds received on settlement of FX contracts	**-**	9,340
Dividends, distributions and returns of capital paid to minority interest	**(84,968)**	(87,562)
Net cash flows from financing activities	**(189,245)**	(173,449)
Net increase in cash and cash equivalents held	**213,105**	24,729
Cash and cash equivalents at the beginning of the period	**222,906**	171,030
Exchange rate movements on cash denominated in foreign currency	**(10,034)**	14,963
Cash and cash equivalents at the end of the period	**425,977**	210,722

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

Notes to the Consolidated Financial Statements

1 Summary of Significant Accounting Policies

This general purpose financial report for the interim reporting period ended 30 June 2007, has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual reports of Macquarie Airports Limited ("MAL" or "the Consolidated Entity") and Macquarie Airports ("MAp" or "the Group") for the year ended 31 December 2006 and any public announcements made by MAp during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of preparation

The accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial year and corresponding interim period unless otherwise stated. The principal accounting policies adopted in the preparation of the interim financial report are set out below.

— ***Compliance with IFRS***
Compliance with Australian Accounting Standards ensures that the financial report complies with International Financial Reporting Standards ("IFRS").

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

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

This interim financial report consists of the consolidated financial statements of MAL and its controlled entities.

(b) Consolidated accounts

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

The financial statements of MAL should be read in conjunction with the separate consolidated financial statements of MAp and MAT(2) for the half year ended 30 June 2007.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by MAL at 30 June 2007 and the results of those controlled entities for the half year then ended. The effects of all transactions between entities in the Consolidated Entity are eliminated in full. Minority interests in the results and equity are shown separately in the Income Statement and the Balance Sheet respectively. Minority interests are those interests in partly owned subsidiaries which are not held directly, or indirectly, by MAL.

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

1 Summary of Significant Accounting Policies (cont'd)

(d) Investments in financial assets

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

Investments have been brought to account by the Consolidated Entity as follows:

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

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

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

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

	Sydney Airport %	Brussels Airport %	Rome Airports* %	Bristol Airport %	Birmingham Airport* %	Newcastle Airport %
As at 30 June 2007						
Risk free rate	-	4.6	-	5.5	-	5.5
Risk premium	-	6.6	-	9.0	-	10.5
Total discount rate	**-**	**11.2**	**-**	**14.5**	**-**	**15.5**
As at 31 December 2006						
Risk free rate	6.0	4.0	4.2	4.8	4.8	4.8
Risk premium	9.8	9.8	11.7	11.3	9.7	10.8
Total discount rate	**15.8**	**13.8**	**15.9**	**16.1**	**14.5**	**15.6**

* During the period conditional sale agreements for the investments in Rome Airports and Birmingham Airport were signed. These investments were not valued using discounted cashflow analysis, but were valued at their agreed sale prices.

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

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

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

The fair value of financial assets traded in active markets, is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price.

— ***Interests in other financial assets***

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

Investment acquisition costs are expensed as incurred.

1 Summary of Significant Accounting Policies (cont'd)

(e) Foreign currency translation

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

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

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

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

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

(f) Comparative figures

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

(g) Company formation

MAL was incorporated in Bermuda on 4 February 2002.

(h) Rounding of amounts

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

2 Profit for the Half Year

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

	6 months to 30 June 2007 $'000	6 months to 30 June 2006 $'000
Revenue from continuing activities		
Interest income from related parties	**1,280**	831
Interest income from other persons and corporations	**7,252**	1,612
Fee income	**2,130**	-
Aeronautical revenue	**158,995**	155,290
Retail revenue	**86,115**	94,159
Property revenue	**24,711**	22,891
Revenue from sales of services	**35,561**	37,109
Total revenue from continuing activities	**316,044**	311,892
Other income – revaluation of investments		
Revaluation of Sydney Airport	**-**	(14,455)
Revaluation of Rome Airports	**956,891**	24,560
Revaluation of Brussels Airport	**157,560**	149,239
Revaluation of Bristol Airport	**179,113**	18,199
Revaluation of Birmingham Airport	**191,976**	893
Revaluation of Copenhagen Airports	**-**	48
Revaluation of other airports	**41,780**	-
Total revenue from revaluation of investments	**1,527,320**	178,484
Other income – other		
Fair value movement on derivative contracts	**3,924**	-
Fair value movement on shareholder loans	**1,859**	-
Foreign exchange gains	**1,369**	1,023
Net gain on sale of property, plant and equipment	**25,553**	-
Other	**60**	4
	32,765	1,027
Total other income from continuing activities	**1,560,085**	179,511
Total revenue and other income from continuing activities	**1,876,129**	491,403

2 Profit for the Half Year (cont'd)

	6 months to 30 June 2007 $'000	6 months to 30 June 2006 $'000
Operating expenses from continuing activities		
Finance costs		
Interest expense on loans from MAT(1)	**26,999**	44,762
Interest expense (MACH debt facility)	**33,439**	31,922
Interest expense (Copenhagen)	**19,267**	22,536
Fair value movement on MALSA convertible loans	**46,540**	1,026
Total finance costs from continuing activities	**126,245**	100,246
Administration expenses		
Auditor's remuneration	**733**	866
Directors' fees	**166**	197
Investment acquisition and bid costs	**134**	1,446
Investor communication expenses	**85**	128
Legal fees	**215**	166
Registry fees	**156**	130
Adviser's base fees	**24,958**	18,932
Travel Expenses	**-**	200
Other administration expenses	**1,289**	974
Total administration expenses	**27,736**	23,039
Other operating expenses		
Fair value movement on derivative contracts	**-**	14,382
Revaluation of other listed investments	**3,714**	-
Staff costs	**90,902**	92,628
Amortisation and depreciation	**121,698**	121,364
Operating and maintenance	**25,261**	-
Energy and utilities	**6,796**	-
Technology	**4,679**	-
Other external costs	**23,225**	54,801
Total other operating expenses	**276,275**	283,175
Total operating expenses from continuing activities	**430,256**	406,460

3 Dividends Paid and Proposed

	6 months to 30 June 2007 $'000	6 months to 30 June 2006 $'000
The dividends were paid/payable as follows:		
Final dividend proposed and subsequently paid for the year ended 31 December	**-**	-
Interim dividend proposed and subsequently paid for the period ended 30 June	**-**	-
	-	-

	Cents per stapled security	Cents per stapled security
Final dividend proposed and subsequently paid for the year ended 31 December (100% unfranked)	**-**	-
Interim dividend paid for the period ended 30 June (100% unfranked)	**-**	-
	-	-

4 Investments in Financial Assets

The table below summarises the movements in MAL's investment portfolio during the half year ended 30 June 2007.

	Rome Airports $'000 4(i)	**Brussels Airport $'000 4(ii)**	**Bristol Airport $'000 4(iii)**	**Birmingham Airport $'000 4(iv)**	**Other Airports $'000 4(v)**	**Total $'000**
Balance at 1 January 2007	1,103,891	1,431,904	275,536	320,120	375,986	3,507,437
Acquisitions	-	-	-	-	96,862	96,862
Income received from investments	(37,070)	(172,444)	(3,641)	-	(4,655)	(217,810)
Revaluation increment	956,891	157,560	179,113	191,976	38,066	1,523,606
Disposals	-	-	-	-	(165,079)	(165,079)
Revaluation decrements attributable to foreign exchange movements recognised directly in equity to 30 June 2007	(49,310)	-	(12,568)	(14,703)	(17,980)	(94,561)
Balance at 30 June 2007	1,974,402	1,417,020	438,440	497,393	323,200	4,650,455

4 Investments in Financial Assets (cont'd)

At 30 June 2007, the value of MAL's investments in financial assets is $4,650.5 million (including minority interests). The value of these investments which are unlisted has been determined by discounted cash flow analyses, in accordance with the valuation framework adopted by the directors, and applying specified risk premia as outlined in Note 1(d). The investment valuation sensitivity to movements in the risk premia and revenue forecasts are disclosed in the table below.

	2007 1% lower $ million	**2007 1% higher $ million**	2006 1% lower $ million	2006 1% higher $ million
Change in the valuation of investments due to movement in the risk premia				
Brussels Airport	**157.5**	**(133.1)**	100.7	(87.0)
Rome Airports*	**-**	**-**	120.0	(102.1)
Birmingham Airport*	**-**	**-**	37.6	(32.0)
Bristol Airport	**52.9**	**(45.1)**	34.7	(29.2)
Newcastle Airport	**9.4**	**(8.1)**	9.1	(7.9)
	219.8	**(186.3)**	302.1	(258.2)
Change in the valuation of investments due to movement in revenue forecasts				
Brussels Airport	**(32.6)**	**32.6**	(25.4)	25.5
Rome Airports*	**-**	**-**	(22.0)	22.0
Birmingham Airport*	**-**	**-**	(6.5)	6.5
Bristol Airport	**(7.8)**	**7.8**	(6.3)	6.3
Newcastle Airport	**(3.1)**	**3.3**	(1.2)	1.3
	(43.5)	**43.7**	(61.4)	61.6

* During the period conditional sale agreements for the investments in Rome Airports and Birmingham Airport were signed. These investments were not valued using discounted cashflow analysis, but were valued at their agreed sale prices.

	As at 30 June 2007 $'000	As at 31 Dec 2006 $'000
Rome Airports		
Interests in unlisted securities in companies and trusts		
Investment in Aeroporti di Roma S.p.A (i)	**1,974,402**	1,103,891
Brussels Airport		
Interests in non-interest bearing financial assets		
Investment in Macquarie Airports (Brussels) S.A. (ii)	**1,417,020**	1,431,904
Bristol Airport		
Interests in unlisted securities in companies and trusts		
Investment in South West Airports Limited (iii)	**438,440**	275,536
Birmingham Airport		
Interests in unlisted securities in companies and trusts		
Investment in Birmingham Airports Holdings Limited (iv)	**497,393**	320,120
Other Airports		
Interests in listed securities in companies and trusts (v)	**163,242**	229,181
Interests in unlisted securities in companies and trusts (v)	**159,958**	146,805
	323,200	375,986
Total investments	**4,650,455**	3,507,437

4 Investments in Financial Assets (cont'd)

(i) Rome Airports

The Consolidated Entity's investment in Rome Airports is comprised of ordinary shares issued by Aeroporti di Roma S.p.A. ("AdR" or "Rome Airports"). AdR holds the concessions until 2044 to operate, maintain, manage and develop the two airports in Rome, being Leonardo da Vinci Airport at Fiumicino and G.B. Pastine Airport at Ciampino.

At 30 June 2007, the Consolidated Entity's total interest in Rome Airports is 44.7% (including minority interests). The Consolidated Entity's beneficial interest in Rome Airports excluding minority interests is 32.7%.

MAL's investment in Rome Airports is held through Macquarie Airports (Luxembourg) S.A. ("MALSA"), a subsidiary of Macquarie Airports Group Limited ("MAG").

During the period MAL announced that MALSA had entered into a sale agreement for its interest in Rome Airports subject to regulatory approval. The sale reached financial close on 18 July 2007, following receipt of the approval by the Italian competition authority. The investment in Rome Airports as at 30 June 2007 is valued at the agreed sale price.

In the current period, the investment in Rome Airports is classified as a current asset. In the prior corresponding period it was classified as a non-current asset.

(ii) Brussels Airport

The Consolidated Entity's investment in Brussels Airport is held through Macquarie Airports (Brussels) S.A. ("MABSA"), a special purpose vehicle established by a MAp led consortium to acquire an interest in The Brussels Airport Company (formerly Brussels International Airport Company NV/SA) ("Brussels Airport"). MABSA holds a 70% controlling interest in Brussels Airport.

The Consolidated Entity's investment in MABSA is comprised of ordinary shares, ordinary preferred shares ("OPS") and convertible loans. Both the ordinary shares and the OPS carry a right to vote at shareholder meetings, however the OPS carry an entitlement to a preferential dividend which essentially entitles the holder to all profits of MABSA which have been derived from Brussels Airport dividends.

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

MAL's interest in MABSA is subject to various rights in favour of the other MABSA shareholders. Those rights include provisions which treat it as having offered to sell all of its interests to the other investors at "fair market value" in the event of a change of control of MAL.

At 30 June 2007, the Consolidated Entity held a 76.9% interest in MABSA. The Consolidated Entity's beneficial interest in Brussels Airport at 30 June 2007 is 37.0%

(iii) Bristol Airport

The Consolidated Entity's beneficial investment in Bristol Airport is held through Macquarie Airports (UK) No. 3 Limited ("MAUK3"), a wholly owned subsidiary of MAG. MAUK3 holds a 50% interest in South West Airports Limited ("SWAL"), the parent company of Bristol International Airport Limited.

At 30 June 2007, the Consolidated Entity's beneficial interest in Bristol Airport excluding minority interests is 28.9%.

(iv) Birmingham Airport

The Consolidated Entity's investment in Birmingham Airport is comprised of ordinary shares issued by Birmingham Airport Holdings Limited.

At 30 June 2007, the Consolidated Entity's total interest in Birmingham Airport is 24.1% (including minority interests). The Consolidated Entity's beneficial interest in Birmingham Airport excluding minority interests is 13.9%.

4 Investments in Financial Assets (cont'd)

(iv) Birmingham Airport (cont'd)

During the period MAL announced that MAG had entered into an agreement to sell its interest in Birmingham Airport. The completion of the transaction is subject to certain conditions, including pre-emption arrangements, and is still pending at the date of this report. The investment in Birmingham Airport as at 30 June 2007 is valued at the agreed sale price.

In the current period, the investment in Birmingham Airport is classified as a current asset. In the prior corresponding period it was classified as a non-current asset.

(v) Other Airports

Investments in other airports include investments in Newcastle International Airport Limited, Inversiones y Technicas Aeroportuarias S.A. de C.V. and in Japan Airport Terminal Co Ltd.

5 Contributed Equity

	As at 30 June 2007 (half year) $'000	As at 31 Dec 2006 (full year) $'000	**As at 30 June 2007 Number of shares '000**	As at 31 Dec 2006 Number of shares '000
On issue at the beginning of the period	**1,108,567**	1,009,687	**1,690,302**	1,607,159
Costs incurred in the raising of capital	**(20)**	(81)	**-**	-
Issued pursuant to Dividend and Distribution Reinvestment Plan ("DRP") on 20 February 2006	**-**	23,271	**-**	20,635
Issued pursuant to underwritten DRP on 22 February 2006	**-**	28,817	**-**	24,938
Issued pursuant to Security Purchase Plan ("SPP") on 12 May 2006	**-**	11,908	**-**	9,776
Issued pursuant to DRP on 18 August 2006	**-**	34,965	**-**	27,794
Issued pursuant to DRP on 20 February 2007	**47,321**		**28,351**	
On issue at the end of the period	**1,155,868**	1,108,567	**1,718,653**	1,690,302

6 Retained Profits

	As at 30 June 2007 (half year) $'000	As at 31 Dec 2006 (full year) $'000
Balance at the beginning of the period	**934,723**	652,162
Profit attributable to MAL shareholders	**987,728**	282,561
Balance at the end of the period	**1,922,451**	934,723

7 Segment Reporting

The principal activity of MAL during the period was investment in airport assets. The primary basis of segment reporting is geographical. At the date of this report, MAL has investments in the United Kingdom and Europe. MAL has operations in Bermuda.

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

	Bermuda $'000	UK and Europe $'000	Australia $'000	Other $'000	Total $'000
Geographical segments					
6 months to 30 June 2007					
Segment revenue from continuing activities	**-**	**314,764**	**1,280**	**-**	**316,044**
Segment other income	**5,293**	**1,531,049**	**-**	**23,743**	**1,560,085**
Total revenue and other income from continuing activities					**1,876,129**
Segment profit from continuing activities before tax	**5,127**	**1,448,699**	**(25,719)**	**20,029**	**1,448,136**
Unallocated expenses					**(2,263)**
Profit from continuing activities before income tax					**1,445,873**
6 months to 30 June 2006					
Segment revenue from continuing activities	823	311,069	-	-	311,892
Segment other income	(3,928)	197,893	(14,454)	-	179,511
Total revenue and other income from continuing activities					491,403
Segment profit from continuing activities before tax	(3,569)	106,446	(16,989)	-	85,888
Unallocated expenses					(945)
Profit from continuing activities before income tax					84,943

8 Contingent Liabilities and Assets

Performance fee
During the period MAL announced that sale agreements for its investments in both Rome Airports and Birmingham Airport had been signed. The completion of these sales, which are subject to certain conditions being met, may result in a performance becoming payable to Macquarie Infrastructure Management (UK) Limited ("MIMUK"). Subsequent to 30 June 2007 the sale of Rome Airports reached financial close and a fee of €24.3 million has been paid by Macquarie Airports Group Limited to MIMUK.

Sale of Investments in financial assets
In relation to the sale of Rome Airports and Birmingham Airport fees to advisers totalling €24.5 million and £2.9 million respectively will become payable after all conditions of the sale agreements are met and the transactions reach financial close.

At 30 June 2007, the Consolidated Entity has no other contingent assets or liabilities which are material either individually or as a class.

9 Events Occurring after Balance Sheet Date

An interim distribution of 13 cents per stapled security was paid by MAT(1) to security holders on 20 August 2007.

A portion of stapled security holders participated in MAp's Distribution and Dividend Reinvestment Plan ("DRP") for the interim distribution paid on 20 August 2007. Of the total distribution, 35.5% ($79.2 million) was reinvested in MAp.
No new MAp securities were issued as part of the DRP as securities allocated to participants in the DRP were purchased on-market.

On 18 July 2007 MAL reached financial close for the sale of its investment in Rome Airports, following receipt of the approval by the Italian competition authority.

Following the sale of Rome Airports and the distribution of sale proceeds to shareholders of MAG, MAG became liable to pay a performance fee to its adviser, MIMUK. A performance fee of €24.3 million was paid to MIMUK on 6 August 2007.

Since the end of the half year, the directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in years subsequent to the half year ended 30 June 2007.

Statement by the Directors of Macquarie Airports Limited

In the opinion of the directors of Macquarie Airports Limited ("the Company"):

a) the consolidated financial statements for Macquarie Airports Limited set out on pages 7 to 21 are:
   i. complying with Accounting Standards and other mandatory professional reporting requirements; and
   ii. giving a true and fair view of Consolidated Entity's financial position as at 30 June 2007 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date; and

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

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

Jeffrey Conyers	**Sharon Beesley**
Bermuda	Bermuda
28 August 2007	28 August 2007

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INDEPENDENT AUDITOR'S REVIEW REPORT
to the shareholders of Macquarie Airports Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Macquarie Airports Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Macquarie Airports Limited Group (the consolidated entity). The consolidated entity comprises both Macquarie Airports Limited and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Macquarie Airports Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.* This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Macquarie Airports Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Macquarie Airports Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

EA Barron
Partner

Sydney
28 August 2007