

AMENDED.

**MACQUARIE AIRPORTS (UK) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2005**



**Company Registered**  
**Number: 04085967**

# **MACQUARIE AIRPORTS (UK) LIMITED**

## **DIRECTORS' REPORT & FINANCIAL STATEMENTS**

**31 December 2005**

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<b>Contents</b>	<b>Pages</b>
Directors' report	2-3
Statement of Directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Reconciliation of movement in shareholders' funds	8
Notes to the Accounts	9-15

# **MACQUARIE AIRPORTS (UK) LIMITED**

## **DIRECTORS' REPORT**

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The directors have pleasure in submitting their report and the audited financial statements of Macquarie Airports (UK) Limited ("the company") for the year ended 31 December 2005.

### **Principal activities and review of the business**

The principal activity of the company was investing in airport related assets. As part of the refinancing of Bristol International Airport Limited on 23 May 2005, a group reconstruction took place. The company's entire issued share capital was acquired by a new group company, South West Airports Limited. The company's joint venture, Tidefast Limited, sold its investment in Bristol International Airport Limited to South West Airports Limited for £498,623,000. Tidefast Limited subsequently paid the company a dividend of £130,824,084 in the form of loan notes payable by South West Airports Limited and also repaid the outstanding balance on the loan notes of £24,289,000 and the accrued interest of £1,700,035.

### **Results and dividends**

The company's loss for the financial year was £307,690 (2004: profit £1,629,260).

The company paid an interim dividend of £133,288,970 (2004: £nil) during the year. The directors do not recommend the payment of a final dividend.

### **Directors and their interests**

The directors who held office during the year were as follows:

Marcus Balmforth	Resigned 4 July 2006
Martyn Booth	Appointed 19 April 2005, resigned 20 February 2006
Christopher Frost	Resigned 19 April 2005
Simon Geere	Appointed 18 April 2005

The following directors were appointed after the year end:

Simon Cheung	Appointed 21 July 2006
Luke Bugeja	Appointed 21 February 2006

There are no contracts or arrangements with the company or any of its fellow group undertakings in which any of the directors are materially interested and which are significant in relation to the business of the company or any of its subsidiary undertakings taken as a whole.

None of the directors who held office at the end of the year had any disclosable interest in shares of the company.

**MACQUARIE AIRPORTS (UK) LIMITED**

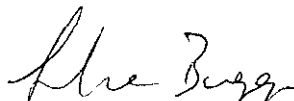
**DIRECTORS' REPORT (continued)**

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**AUDITORS**

A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the forthcoming Annual General Meeting.

By order of the board



Macquarie Airports (UK) Limited  
1 Ropemaker Street  
London  
EC2Y 9HD

18 October 2006

## **MACQUARIE AIRPORTS (UK) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- \* prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **MACQUARIE AIRPORTS (UK) LIMITED**

### **Independent auditors' report to the members of Macquarie Airports (UK) Limited**

We have audited the financial statements of Macquarie Airports (UK) Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

#### **Basis of audit opinion**

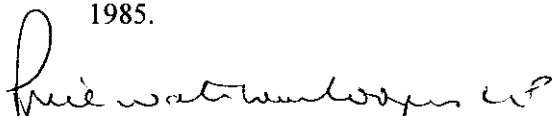
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Bristol  
18 October 2006

# MACQUARIE AIRPORTS (UK) LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2005

	Notes	<u>Year ended</u> <u>31 Dec 2005</u> £	<u>Year ended</u> <u>31 Dec 2004</u> £
Interest receivable	5	2,292,897	2,840,000
Interest payable and similar charges	6	(135,701)	(781,931)
Income from shares in group undertakings		<u>130,824,084</u>	<u>-</u>
<b>Profit on ordinary activities before taxation</b>		<b>132,981,280</b>	<b>2,058,069</b>
Taxation on profit on ordinary activities	7	<u>-</u>	<u>(428,809)</u>
<b>Profit for the year</b>		<b>132,981,280</b>	<b>1,629,260</b>
Dividends payable	8	<u>(133,288,970)</u>	<u>-</u>
<b>Retained (loss)/profit for the year</b>	13	<u><b>(307,690)</b></u>	<u><b>1,629,260</b></u>

No statement of total recognised gains and losses is given for the company as all gains or losses for the year passed through the profit and loss account.

# MACQUARIE AIRPORTS (UK) LIMITED

## BALANCE SHEET

At 31 December 2005

	Notes	<u>31 Dec 2005</u> £	<u>31 Dec 2004</u> £
<b>Fixed assets</b>			
Investments	9	<u>35,000</u> 35,000	<u>24,324,000</u> 24,324,000
<b>Current assets</b>			
Debtors	10	<u>20,087,862</u> 20,087,862	<u>-</u> -
<b>Creditors:</b> amounts falling due within one year	11	<u>-</u>	<u>(3,893,448)</u>
<b>Net current assets/(liabilities)</b>		<u>20,087,862</u>	<u>(3,893,448)</u>
<b>Net assets</b>		<u>20,122,862</u>	<u>20,430,552</u>
<b>Capital and reserves</b>			
Called up share capital	12	19,430,000	19,430,000
Profit and loss account	13	<u>692,862</u>	<u>1,000,552</u>
<b>Equity shareholders' funds</b>		<u>20,122,862</u>	<u>20,430,552</u>

These financial statements were approved by the board of directors on 18 October 2006 and were signed on its behalf by:



Director



**MACQUARIE AIRPORTS (UK) LIMITED****RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS****For the year ended 31 December 2005**

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	<u>Year ended</u> <u>31 Dec 2005</u> £	<u>Year ended</u> <u>31 Dec 2004</u> £
Profit for the year	132,981,280	1,629,260
Dividends	(133,288,970)	-
Net (reduction)/increase in shareholders' funds	(307,690)	1,629,260
Shareholders' funds at beginning of year	20,430,552	18,801,292
Shareholders' funds at end of year	<u>20,122,862</u>	<u>20,430,552</u>

# **MACQUARIE AIRPORTS (UK) LIMITED**

## **NOTES TO THE ACCOUNTS**

**31 December 2005**

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### **1. PRINCIPLE ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### **Fixed asset investments**

The investment in the jointly controlled company, Tidefast Limited, is carried at cost.

#### **Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

### **2. AUDITORS' REMUNERATION**

Payment for audit services was made by the parent company, and has not been charged to the company's profit and loss account (2004: £nil).

### **3. EMPLOYEE INFORMATION**

The company had no employees during the year (2004: nil).

### **4. DIRECTORS' REMUNERATION**

None of the directors of the company received remuneration from the company for their services in the year.

**MACQUARIE AIRPORTS (UK) LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**31 December 2005**

**5. INTEREST RECEIVABLE**

	<u>Year ended</u> <u>31 Dec 2005</u>	<u>Year ended</u> <u>31 Dec 2004</u>
	<u>£</u>	<u>£</u>
Interest receivable	2,292,897	2,840,000

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>Year ended</u> <u>31 Dec 2005</u>	<u>Year ended</u> <u>31 Dec 2004</u>
	<u>£</u>	<u>£</u>
Interest payable to group companies-Batten Sarl	(135,701)	(781,931)

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**Tax on profit on ordinary activities**

	<u>Year ended</u> <u>31 Dec 2005</u>	<u>Year ended</u> <u>31 Dec 2004</u>
	<u>£</u>	<u>£</u>
<b>Current tax</b>		
- Amount payable to fellow subsidiary in respect of savings from group relief	-	428,809
Tax on profit on ordinary activities	-	428,809

It is anticipated that group relief will eliminate any tax charge which might arise in 2006.

# MACQUARIE AIRPORTS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

31 December 2005

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

#### Factors affecting the tax charge for the year:-

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30 %). The differences are explained below.

	<u>Year ended</u> <u>31 Dec 2005</u>	<u>Year ended</u> <u>31 Dec 2004</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities for the year	132,981,280	2,058,069
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	39,894,384	617,421
Effects of:		
- Group relief received	(647,159)	(188,612)
- Dividends received not subject to taxation	(39,247,225)	-
Current tax charge for the year	<u>-</u>	<u>428,809</u>

No factors have been identified that are likely to materially affect future tax charges.

### 8. DIVIDENDS

The dividend, which amounts to £6.86 per share, was a dividend in specie of £133,288,970 of loan notes owed by the immediate parent company, South West Airports Limited.

# MACQUARIE AIRPORTS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

31 December 2005

### 9. FIXED ASSET INVESTMENTS

	<u>Jointly Controlled Company</u> £	<u>Loans to Jointly Controlled Company</u> £	<u>Total</u> £
Cost at beginning of the year	35,000	(24,289,000)	24,324,000
Loan repayment on 23 May 2005	-	(24,289,000)	(24,289,000)
Cost at end of the year	35,000	-	35,000

On 24 January 2001 the Company acquired 35,000 ordinary shares of £1 each (a 50% interest) in Tidefast Limited for a cash consideration of £35,000. Tidefast Limited was the parent company of Bristol International Airport Limited, which owns and operates Bristol International Airport.

On 24 January 2001, Tidefast Limited issued loan notes with a nominal value of £34,965,000 to the Company. The notes were due to be repaid on 30 September 2051, if not previously repaid or purchased. At the start of 2005 the balance outstanding on the loan notes was £24,289,000, which was repaid in full on 23 May 2005.

Interest was due on the loans at the rate of 10% per annum, unless any interest, which was due for payment on an interest payment date, was not paid within 60 days on the decision of the directors of Tidefast Limited and in accordance with the terms of the loan agreement. In this case, the interest would be cancelled and such interest would no longer be due and payable. Interest of £1,700,035 was paid in 2005 (2004: £2,840,000) and following the repayment of the loan notes in the year no further interest is due.

The results of Tidefast Limited are consolidated in full into the financial statements of the company's immediate parent undertaking, South West Airports Limited. The directors of Tidefast Limited are currently seeking a court application for a capital reduction, following which Tidefast Limited is expected to be dormant for the foreseeable future.

# MACQUARIE AIRPORTS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

31 December 2005

### 10. DEBTORS

	<u>31 Dec 2005</u>	<u>31 Dec 2004</u>
	<u>£</u>	<u>£</u>
Amounts owed by the parent company	<u>20,087,862</u>	<u>-</u>

The amounts owed by the parent company includes loan notes of £19,495,000 issued by South West Airports Limited on 23 May 2005 and accrued interest of £592,862. The loan notes have no set repayment date and interest is payable at a rate of 10% per annum on the outstanding loan note balance.

### 11. CREDITORS

	<u>31 Dec 2005</u>	<u>31 Dec 2004</u>
	<u>£</u>	<u>£</u>
<b>Amounts falling due within one year</b>		
Amount payable to Macquarie Airports (UK) No. 2 Limited	-	428,809
Amount payable to Batten Sarl	-	3,464,639
	<u>-</u>	<u>3,893,448</u>

The amount payable to Macquarie Airports (UK) No. 2 Limited represented payment for group relief. This was repaid in full on 23 May 2005.

On 17 September 2001 Batten Sarl, a company incorporated in Luxembourg, advanced the company £17,804,183. The advance was repayable upon demand and the outstanding balance of £3,464,639, plus the accrued interest of £135,701 was repaid in full on 23 May 2005.

# MACQUARIE AIRPORTS (UK) LIMITED

## NOTES TO THE ACCOUNTS (Continued)

31 December 2005

### 12. CALLED UP SHARE CAPITAL

	31 Dec 2005	31 Dec 2004
	£	£
<b>Authorised</b>		
Ordinary shares of £1 each	1,000	1,000
Redeemable ordinary shares of £1 each	19,429,000	19,429,000
	<u>19,430,000</u>	<u>19,430,000</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	1,000	1,000
Redeemable ordinary shares of £1 each	19,429,000	19,429,000
	<u>19,430,000</u>	<u>19,430,000</u>

The rights of holders of ordinary shares under the articles are as follows:

- Every shareholder shall have one vote for every share held;
- Dividends are declared and paid according to the amounts paid up on the shares on which the dividend is paid;
- If the company is wound up, the liquidator may divide among the shareholders in specie the whole or any part of the assets of the company and may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he determines, but no shareholder shall be compelled to accept any assets upon which there is a liability.

The rights attaching to the redeemable ordinary shares shall be the same as those attaching to the ordinary shares under the Articles with the exception that the company shall have the right to redeem all or any of the redeemable ordinary shares for the time being outstanding and fully paid up.

### 13. PROFIT AND LOSS ACCOUNT

	£
At the beginning of the year	1,000,552
Retained loss for the year	<u>(307,690)</u>
As the end of the year	<u>692,862</u>

## **MACQUARIE AIRPORTS (UK) LIMITED**

### **NOTES TO THE ACCOUNTS (Continued)**

**31 December 2005**

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#### **14. RELATED PARTY TRANSACTIONS**

Transactions with entities that are part of the South West Airports Limited group are not disclosed as the company has taken advantage of the exemption in FRS 8, being a 100% owned subsidiary.

#### **15. ULTIMATE HOLDING COMPANY**

The immediate parent company is South West Airports Limited, a company incorporated in the United Kingdom.

South West Airports Limited is owned on an equal basis by Macquarie Airports (UK) No. 3 Limited, incorporated in England and Wales and Ferrovial Aeropuertos S.A. incorporated in Spain. The results of Macquarie Airports (UK) No.3 Limited are included in the accounts of Macquarie Airports Group Limited, a company incorporated in Bermuda and the results of Ferrovial Aeropuertos S.A. are included in the accounts of Grupo Ferrovial, a company incorporated in Spain.