



Macquarie Infrastructure Trust (I)

Interim Financial Report 31 December 2005

Macquarie Infrastructure Group (MIG) comprises Macquarie Infrastructure Trust (I) ARSN 092 863 780 (MIT(I)), Macquarie Infrastructure Trust (II) ARSN 092 863 548 (MIT(II)) and Macquarie Infrastructure Group International Limited ARBN 112 684 885 (MIGIL).

Macquarie Infrastructure Investment Management Limited ACN 072 609 271 (MIIML) is the responsible entity of MIT(I) and MIT(II). MIIML is a wholly owned subsidiary of Macquarie Bank Limited ACN 008 583 542 (MBL).

Macquarie Investment Management (UK) Limited (MIM UK) registered number 3976881 is the adviser of MIGIL. MIM UK is a wholly owned subsidiary of MBL.

Investments in MIG are not deposits with or other liabilities of MBL, or any entity in the Macquarie Bank Group and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither MBL, nor any member of the Macquarie Bank Group, including MIIML and MIM UK, guarantees the performance of MIG, the repayment of capital or the payment of a particular rate of return on MIG stapled securities.

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 MIG, 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.

MIIML, as responsible entity of the trusts comprised by MIG and MIM UK as the adviser of MIGIL are entitled to fees for so acting. MBL and its related corporations (including MIIML and MIM UK) together with their officers and directors and officers and directors of MIGIL may hold stapled securities in MIG from time to time.

Table of Contents

Directors' Report	1
Directors.....	1
Review and Results of Operations.....	1
Significant Changes in State of Affairs.....	2
Distributions	2
Events Occurring after Balance Sheet Date.....	2
Directors' Holdings of Stapled Securities	3
Responsible Entity's Holdings of Stapled Securities	3
Auditor's Independence Declaration	3
Rounding of Amounts in the Directors' Report and Financial Report	3
Auditor's Independence Declaration.....	4
Consolidated Income Statement	5
Consolidated Balance Sheet.....	6
Consolidated Statement of Changes in Equity	7
Consolidated Cash Flow Statement.....	8
Notes to the Consolidated Financial Statements.....	9
1 Summary of Significant Accounting Policies.....	9
2 Net Profit for the Half Year.....	13
3 Distributions Paid and Proposed	14
4 Investments	15
5 Interest-Bearing Financial Liabilities	16
6 Units Issued.....	17
7 Retained Profits.....	17
8 Minority Interest in Controlled Entities	17
9 Non-Cash Financing and Investing Activities.....	17
10 Segment Reporting.....	18
11 Commitments for Expenditure	18
12 Events Occurring After Balance Sheet Date.....	19
13 Explanation of Transition to AIFRS.....	19
Statement by the Directors of the Responsible Entity of the Trusts	22
Independent Review Report to the unitholders of Macquarie Infrastructure Trust (I) (MIT(I)).....	23

Directors' Report

In respect of the half year ended 31 December 2005, the directors of Macquarie Infrastructure Investment Management Limited (the Responsible Entity) submit the following report on the consolidated interim financial report of Macquarie Infrastructure Trust (I) (MIT(I) or the Trust) and the entities it controlled at the end of and during the half year (the Group or consolidated entity), made out in accordance with a resolution of the directors.

Directors

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

- Mark Roderick Granger Johnson (Chairman)
- Michael Bernard Easson
- Eric Paul McClintock
- Nicholas William Moore
- David Allen Mortimer
- John Stuart Hugh Roberts
- David Anthony Walsh

Review and Results of Operations

This interim financial report is the first MIT(I) financial report to be produced in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). Comparative figures have been restated to AIFRS.

The performance of the Trust and its controlled entities, as represented by the combined results of their operations, was as follows:

	6 months to 31 Dec 2005 \$'000	6 months to 31 Dec 2004 \$'000
Revenue and other income from continuing activities	177,554	138,810
Net profit attributable to MIT(I) unitholders*	-	61,341

*Refer note 1(g) of the interim financial report

■ **Securitisation of Future Airport Motorway Group (AMG) Cash Flows**

On 8 July 2005, MIG introduced new credit facilities in relation to its 71.35% interest in AMG. The A\$150.0 million facilities are a securitisation of part of the expected future distributions from AMG and are provided to a funding trust wholly owned by MIT(I).

The facilities have a term of 4.3 years with a 100% bullet repayment on 1 November 2009 or can be repaid earlier without penalty. The facilities carry a margin of between 0.7% and 1.5% on a sliding scale depending on interest coverage ratios.

■ **Refinancing of Skyway**

On 17 August 2005, MIG announced the refinancing of debt in relation to Skyway. The refinancing resulted in the issue of US\$1.6 billion (A\$2.2 billion) of new debt facilities to replace the existing facilities of US\$1.0 billion (A\$1.4 billion). The financing structure provided an immediate return of US\$160.0 million (A\$211.1 million) of cash to MIT(I).

■ **Acquisition of Dulles Greenway**

MIG reached financial close on its investment in the Dulles Greenway toll road in Virginia on 9 September 2005.

At that time, MIG invested US\$533.0 million (A\$710.7 million) of which MIT(I)'s portion was US\$4.0 million (A\$5.3 million), to acquire the General Partner, Shendandoah Greenway Corporation and to provide loans to Shendandoah Holding LLC (SHLLC) and AEI Holding LLC (AIEHLLC). SHLLC and AIEHLLC own a combined interest of 86.6% of Toll Road Investors Partnership II LLP (TRIP II) via their ownership of limited partners Shendandoah I LLC, Shendandoah II LLC and AIE LLC. Two long-dated call options are exercisable by MIG Investments 2 (US) LLC, a subsidiary of MIT(II), in respect of the issued shares in SHLLC and AIEHLLC respectively. MIT(I) holds B class shares in MIG Holdings 2 (US) LLC, the parent of its 100% subsidiary MIG Investments 2 (US) LLC.

On 29 September 2005, MIG acquired a further 13.3% interest in TRIP II from Kellogg, Brown and Root (KBR) for US\$84.5 million (A\$112.0 million) of which MIT(I)'s share was US\$33.5 million (A\$44.4 million) via MIG Investments 2 (US) LLC. Following the completion of the KBR acquisition, MIG held a 100% economic interest in Dulles Greenway.

■ **Institutional Placement**

On 1 September 2005, MIG raised A\$667.5 million net of underwriting and transaction costs, from an institutional placement of 174.4 million MIG stapled securities at A\$3.87. The portion raised by MIT(I) was A\$33.3 million.

■ **Security Purchase Plan**

MIG allotted 26.7 million stapled securities at an issue price of A\$3.87 to investors pursuant to the Security Purchase Plan offer dated 12 October 2005. MIG raised A\$103.5 million from the offer of which MIT(I)'s portion was A\$5.2 million.

■ **MIG ownership in Westlink M7**

At completion of construction of the Westlink M7 on 16 December 2005, there was a mandatory redemption of Construction phase Loan Notes (CLNs) with a mandatory reinvestment for the same amount in Subordinated term Loan Notes (SLNs) issued by Westlink Motorway Partnership.

On 16 December 2005, Western Sydney Orbital Funding Trust (WSOFT), a wholly owned subsidiary of MIT(I), exercised its fixed price option to acquire an additional 5.0% equity interest in Westlink M7 for A\$47.4 million. This interest was held by Abigroup Limited (2.5%) and Leighton Holdings Limited (2.5%).

Abigroup Limited and Leighton Holdings Limited continue to hold a total interest of 10.0% in Westlink M7, over which MIG and Transurban Group have pre-emptive rights. MIG, through MIT(I), now holds a 45.0% direct stake and a 1.3% indirect stake (through MIG's investment in Transurban) in Westlink M7.

■ **Reinvestment of Performance Fees**

During the period MIG issued a total of 21.9 million (2004: 1.9 million) new stapled securities which were issued at A\$4.19 (2004: A\$3.27) per stapled security as a result of the Responsible Entity and Adviser electing to reinvest performance fees of A\$91.6 million in scrip. Of this amount A\$15.0 million (31 December 2004: A\$1.2 million) related to the issue of units by MIT(I).

Significant Changes in State of Affairs

In the opinion of the directors, there were no other significant changes in the state of affairs of the consolidated entity other than those disclosed in the Review and Results of Operations that occurred during the half year under review.

Distributions

No interim distribution was paid or declared for the half year ended 31 December 2005 (2004: 62.4356 cents per stapled security).

Events Occurring after Balance Sheet Date

A full description of these events is contained in Note 12 to the Consolidated Financial Statements.

Directors' Holdings of Stapled Securities

The aggregate number of stapled securities held directly, indirectly or beneficially by directors or their director-related entities at the date of this report is 2,437,186 (30 June 2005: 2,396,322).

Responsible Entity's Holdings of Stapled Securities

The number of stapled securities held by or on behalf of the Responsible Entity of MIT(I) at the date of this report is 30,820,428 (30 June 2005: 8,958,672).

Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 4.

Rounding of Amounts in the Directors' Report and Financial Report

The Group is of a kind referred to in Class Order 98/0100, as amended by Class Order 04/667, 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 the 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 Infrastructure Investment Management Limited.



Mark RG Johnson

Sydney
23 February 2006



John SH Roberts

Sydney
23 February 2006

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the review of Macquarie Infrastructure Trust (I) for the half year ended 31 December 2005, 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 Infrastructure Trust (I) and the entities it controlled during the period.



Mark Haberlin
Partner
PricewaterhouseCoopers

Sydney
23 February 2006

Consolidated Income Statement

	Note	6 months to 31 Dec 2005 \$'000	6 months to 31 Dec 2004 \$'000
Revenue and other income from continuing activities			
Revenue from continuing activities		69,666	78,182
Other income		107,888	60,628
Total revenue and other income from continuing activities	2(i)	177,554	138,810
Operating expenses from continuing activities			
Financing costs excluding costs attributable to unitholders*		(42,605)	(68,555)
Other operating expenses		(6,617)	(11,190)
Total operating expenses from continuing activities before finance costs attributable to unitholders*	2(ii)	(49,222)	(79,745)
Net profit from continuing activities before finance costs attributable to unitholders*		128,332	59,065
Finance costs attributable to MIT(I) unitholders*		(119,249)	-
Net profit from continuing activities after finance costs attributable to unitholders*		9,083	59,065
Net (profit)/loss attributable to minority interests		(9,083)	2,276
Net profit attributable to MIT(I) unitholders*		-	61,341

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

* Refer note 1(g)

Consolidated Balance Sheet

	Note	As at 31 Dec 2005 \$'000	As at 30 June 2005 \$'000
Current assets			
Cash and cash equivalents		52,315	72,685
Receivables		7,982	5,947
Prepayments		2,821	189
Other assets		619	617
Total current assets		63,737	79,438
Non-current assets			
Receivables		810,220	779,544
Investments in financial assets	4	836,060	856,682
Other assets		694	7,084
Total non-current assets		1,646,974	1,643,310
Total assets		1,710,711	1,722,748
Current liabilities			
Payables		40,549	63,603
Distribution payable		-	6,678
Total current liabilities		40,549	70,281
Non-current liabilities			
Interest-bearing financial liabilities	5	1,071,927	1,236,460
Other liabilities		6,014	6,077
Total non-current liabilities excluding unitholder interests classified as debt*		1,077,941	1,242,537
Security holder units*		532,682	-
Total non-current liabilities		1,610,623	1,242,537
Total liabilities		1,651,172	1,312,818
Net assets		59,539	409,930
Unitholders funds			
MIT(I) unitholders' interest*			
Contributed unitholders funds*		-	254,720
Retained profits*		-	104,754
Total MIT(I) unitholders' interest		-	359,474
Minority interest in controlled entities	8	59,539	50,456
Total unitholders' funds		59,539	409,930

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

* Refer note 1(g)

Consolidated Statement of Changes in Equity

	Note	6 months to 31 Dec 2005 \$'000	6 months to 31 Dec 2004 \$'000
Total equity at the beginning of the half year		409,930	1,414,837
Adjustment to equity on adoption of AASB 132 and AASB 139*		(359,474)	-
Transfer from contributed equity	7	-	782,409
Net profit for the half year		9,083	59,065
Total recognised income and expense for the half year		(350,391)	841,474
Transactions with unitholders in their capacity as unitholders:			
Contributions of equity, net of transaction costs paid		-	4,489
Transfer to retained profits		-	(782,409)
Distributions provided for or paid to MIT(I) unitholders	3	-	(1,209,340)
		-	(1,987,260)
Total unitholders funds at the end of the half year		59,539	269,051
Total recognised income and expenses for the half year is attributable to:			
MIT(I) unitholders		9,083	59,065
Minority interest		(9,083)	2,276
		-	61,341

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

* Refer note 1(g)

Consolidated Cash Flow Statement

	Note	6 months to 31 Dec 2005 \$'000	6 months to 31 Dec 2004 \$'000
Cash flows from operating activities			
Interest received		15,816	24,474
Net indirect taxes received		1,907	730
Payments to suppliers and employees (inclusive of GST)		(5,183)	(6,336)
Responsible Entity base fees paid		(6,485)	(11,720)
Responsible Entity performance fees paid		-	(121)
Distributions and dividend income received		3,969	9,004
Net cash flows from operating activities		10,024	16,031
Cash flows from investing activities			
Repayment of borrowings by Airport Motorway Limited		36,826	35,702
Proceeds on disposal of investments		-	1,118,257
Proceeds from return of capital from investments		211,076	-
Payments for purchases of investments		(96,967)	-
Net cash flows from investing activities		150,935	1,153,959
Cash flows from financing activities			
Loans received from MIT(II)		57,696	273
Repayment of loans from MIT(II)		(249,579)	-
Proceeds from equity contributions, net of transaction costs paid		33,086	3,271
Repayment of bank borrowings		-	(474,287)
Proceeds from bank borrowings		-	515,500
Distributions paid to minority interests in controlled entities		(6,135)	(7,447)
Borrowing costs paid		(16,405)	(57,413)
Net cash flows from financing activities		(181,337)	(20,103)
Net (decrease)/increase in cash assets held		(20,378)	1,149,887
Cash and cash equivalents at the beginning of the half year		72,685	54,803
Effects of exchange rate movements on cash and cash equivalents		8	(6,571)
Cash assets at the end of the half year		52,315	1,198,119
Non cash financing and investing activities			

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 half year reporting period ended 31 December 2005 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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 report of Macquarie Infrastructure Trust (I) (MIT(I)) for the year ended 30 June 2005 and any public announcements made by the Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of Preparation of Half Year Financial Report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

— ***Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards***

This interim financial report is the first MIT(I) interim financial report to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS). AASB 1: *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of MIT(I) until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the MIT(I) interim financial report for the half year ended 31 December 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. The comparative figures are restated to reflect these adjustments.

MIT(I) has taken the exemption available under AASB 1 to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005. MIT(I) has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

MIT(I) has elected to early adopt AASB 7: *Financial instruments: Disclosures*, which supersedes the disclosure requirements of AASB 132. The presentation requirements of AASB 132 remain unchanged.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on MIT(I)'s equity and net profit are given in Note 13.

— ***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 MIT(I) and Macquarie Infrastructure Trust (II) (MIT(II)) and the shares of Macquarie Infrastructure Group International Limited (MIGIL or the Company) are combined and issued as stapled securities in Macquarie Infrastructure Group (MIG). The units of MIT(I) and MIT(II) and the shares of MIGIL cannot be traded separately and can only be traded as stapled securities.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by MIT(I) at 31 December 2005 and the results of the controlled entities for the half-year then ended. MIT(I) and its controlled entities are referred to in this financial report as the consolidated entity. 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 MIT(I).

1 Summary of Significant Accounting Policies (cont'd)

(b) Principles of Consolidation (cont'd)

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.

(c) Investments in financial assets

MIT(I) has designated its investments in toll road companies 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. Changes in the fair values of investments in financial assets, both positive and negative have been recognised in the Income Statement for the period.

Investments have been brought to account as follows:

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

Listed interests in companies and trusts which are not controlled are brought to account at fair value. The quoted market price for assets held by the Group is the current bid price. Dividends and other distributions are recognised in the Income Statement when receivable.

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

Unlisted interests in companies and trusts which are not controlled are brought to account at the directors estimates of fair value, determined in accordance with either a discounted cash flow analysis, option pricing model, or by reference to the current market value of substantially similar interests, as appropriate. Dividends and other distributions are recognised in the Income statement when receivable.

— **Interests in financial assets**

Interest in interest-bearing (public and other) debt securities are brought to account at fair value. Adjustments to the fair value of public and other debt securities are recognised in the Income Statement.

(d) Income Tax

MIT(I) is not liable for income tax under the Income Tax Assessment Acts, provided that its taxable income (including any assessable realised capital gains) is fully distributed to unitholders each year. Accordingly income tax has not been brought to account in relation to MIT(I).

(e) Derivative Financial Instruments

The Group enters into interest rate swap agreements and forward foreign exchange contracts. In respect of such instruments, MIT(I) has taken the exemption available under AIFRS 1 to apply AASB 132 and AASB 139 from 1 July 2005. MIT(I) has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

The following sets out how derivatives are accounted under previous AGAAP:

— **Interest rate swaps**

The net amount receivable or payable under interest rate swap agreements is progressively brought to account over the term to settlement. The amount recognised is accounted for as an adjustment to financing costs during the year and included in other debtors or creditors at each reporting date.

— **Forward foreign exchange contracts**

Where forward foreign exchange contracts have been entered into to hedge anticipated future purchases, any unrealised gains and losses on these contracts, together with the cost of the contracts, are deferred and will be recognised in the measurement of the underlying transaction provided the underlying transaction is still expected to occur as originally designated.

1 Summary of Significant Accounting Policies (cont'd)

(e) Derivative Financial Instruments (cont'd)

— *Forward foreign exchange contracts (cont'd)*

In the case of hedges of monetary items, exchange gains or losses are brought to account in the financial period in which the exchange rates change. Gains or costs arising at the time of entering into such hedging transactions are brought to account in the Income Statement over the lives of the hedges.

— *Adjustments on transition date: 1 July 2005*

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that derivatives are measured on a fair value basis. Changes in the fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes in the carrying amounts of derivatives are taken to retained profits or reserves, depending on whether the criteria for hedge accounting are satisfied at the transition date.

— *From 1 July 2005*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

MIT(I) documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. MIT(I) also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement.

— *Fair value estimation*

The fair values of over-the-counter derivatives are determined using valuation techniques with assumptions that are based on market conditions existing at each balance sheet date. The fair values of interest rate swaps are calculated as the present values of the estimated future cash flows. The fair values of forward exchange contracts are determined using forward exchange market rates at the balance sheet date.

1 Summary of Significant Accounting Policies (cont'd)

(f) Interest-Bearing Financial Liabilities

Subsequent to initial recognition at fair value, net of transaction costs incurred, interest-bearing financial liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

(g) Non current liability attributable to unitholders

The Trust Constitutions of MIT(I) and MIT(II) were amended on 30 June 2005 to remove their finite life clauses. On 21 November 2005 unitholders voted at the MIG Annual General Meeting to amend the constitutions further to allow the Responsible Entity discretion to vary the distribution of net income to unitholders, subject to receipt of a private binding income tax ruling from the Australian Taxation Office (ATO) that such amendment would not result in a material adverse consequence to the tax position of the trusts. This amendment was required in order that MIT(I) units would continue to be presented as equity under AIFRS.

As at 31 December 2005 a ruling had not been received and the proposed change had not been made to the MIT(I) constitution. As a result, the MIT(I) units, which are compound instruments at 31 December 2005, have been classified as financial liabilities. Accordingly MIT(I)'s net profit before adjustment for minority interests has been classified as a financing cost and is shown separately on the face of the Income Statement.

(h) Rounding of Amounts

The Group is of a kind referred to in Class Order 98/0100, as amended by Class Order 04/667, 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 Net Profit for the Half Year

The net profit from continuing activities includes the following specific items of revenue and expense:

(i) Revenue from Continuing Activities

	6 months to 31 Dec 2005 \$'000	6 months to 31 Dec 2004 \$'000
Revenue from continuing activities		
Distribution and dividend income	5,402	8,404
Interest income		
Related parties	46,522	59,921
Other persons and corporations	17,742	9,857
Total revenue from continuing activities	69,666	78,182
Other income from continuing activities		
Revaluation of interests in listed securities in companies and trusts	(18,522)	15,675
Revaluation of interests in unlisted securities in companies and trusts	45,483	-
Revaluation of interest bearing financial assets and accrued interest	55,051	34,162
Foreign exchange effect of revaluations	3,481	(10,585)
Foreign exchange gain	-	(34)
Net gains on derivative financial assets	1,756	-
Net gain on sale of investments and subsidiaries	-	27,080
Revaluation increment/(decrement) – Airport Motorway Trust	20,639	(5,670)
Total other income from continuing activities	107,888	60,628
Total revenue and other income from continuing activities	177,554	138,810

(ii) Operating Expenses from Continuing Activities

	6 months to 31 Dec 2005 \$'000	6 months to 31 Dec 2004 \$'000
Financing costs excluding those attributable to MIT(I) unitholders		
Related parties	5,098	2,188
Amortisation of capitalised borrowing costs	313	310
Other persons and corporations	37,194	66,057
	42,605	68,555
Other operating expenses		
Consulting and administration fees	71	77
Refinancing costs	-	4,764
Custodians' fees	56	122
Responsible Entity's and Adviser's base fees	5,848	5,739
Other expenses	642	488
	6,617	11,190
Total operating expenses from continuing activities before finance costs attributable to unitholders	49,222	79,745

3 Distributions Paid and Proposed

The distributions were paid/payable as follows:

	2005 \$'000	2004 \$'000
Interim distribution proposed and subsequently payable for the half year ended 31 December	-	1,209,340
	<u>Cents per stapled security</u>	<u>Cents per stapled security</u>
Interim distribution proposed and subsequently payable for the half year ended 31 December	-	62.4356

4 Investments

	Balance at 30 June 2005	AIFRS transition adjustment	Investments	Divestments /Repayments	FX Effects	Revaluations Note (i)	Balance at 31 Dec 2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interests in listed securities in companies and trusts							
Stapled securities in Transurban Group	156,059	7,993	-	-	-	(18,522)	145,530
	156,059	7,993	-	-	-	(18,522)	145,530
Interests in unlisted securities in companies and trusts							
B Class Shares in MIG Holdings (US) LLC - (Skyway) Note (ii)	241,280	-	-	(211,076)	2,011	13,581	45,796
B Class shares in MIG Holdings 2 (US) LLC - (Dulles Greenway) Note (iii)	-	-	49,618	-	1,470	31,902	82,990
	241,280	-	49,618	(211,076)	3,481	45,483	128,786
Interest bearing financial assets							
Investments in Westlink Construction phase Loan Notes Note (iv)	459,343	-	-	(459,343)	-	-	-
Investments in Westlink Subordinated Term Loan Notes Note (iv)	-	-	506,693	-	-	55,051	561,744
	459,343	-	506,693	(459,343)	-	55,051	561,744
Total investments	856,682	7,993	556,311	(670,419)	3,481	82,012	836,060

Notes

(i) Distributions received

Revaluations of investments are calculated net of any distributions received from investments.

(ii) Refinancing of Skyway

On 17 August 2005, MIG announced the refinancing of debt in relation to Skyway. The refinancing resulted in the issue of US\$1.6 billion (A\$2.2 billion) of new debt facilities to replace the existing facilities of US\$1.0 billion (A\$1.4 billion). The refinancing structure provided an immediate return of US\$168.2 million (\$221.7 million) of cash to MIG. MIT(I)'s portion of the return was US\$160.0 million (\$211.1 million).

(iii) Acquisition of Dulles Greenway

MIG reached financial close on its investment in the Dulles Greenway toll road in Virginia on 9 September 2005.

At that time, MIG invested US\$531.7 million (A\$710.7 million) of which MIT(I)'s portion was US\$4.0 million (A\$5.3 million), to acquire the General Partner, Shendandoah Greenway Corporation and to provide loans to Shendandoah Holding LLC (SHLLC) and AEI Holdings LLC (AIEHLLC). SHLLC and AIEHLLC own a combined interest of 86.6% of Toll Road Investors Partnership II LLP (TRIP II) via their ownership of limited partners Shendandoah I LLC, Shendandoah II LLC and AIE LLC.

On 29 September 2005, MIG acquired a further 13.3% interest in TRIP II from Kellogg, Brown and Root (KBR) for US\$84.5 million (A\$112.0 million) of which MIT(I)'s share was US\$33.5 million (A\$44.3 million) via MIG Investments 2 (US) LLC. Following the completion of the KBR acquisition, MIG held 100% economic interest in Dulles Greenway. Two long-dated call options are exercisable by MIG Investments 2 (US) LLC, a subsidiary of MIT(I), in respect of the issued shares in SHLLC and AIEHLLC respectively. MIT(I) holds B class shares in MIG Holdings 2 (US) LLC, the parent of its 100% subsidiary MIG Investments 2 (US) LLC.

(iv) Investment in Westlink M7

At completion of construction of the Westlink M7 on 16 December 2005, there was a mandatory redemption of Construction phase Loan Notes (CLNs) of \$459.3 million with a mandatory reinvestment for the same amount in Subordinated term Loan Notes (SLNs) issued by the Westlink Motorway Partnership. SLNs are debt instruments that accrue interest on a quarterly basis. Interest payments are only able to be made under the provisions of the Loan Note

Interim Financial Report

Half Year Ended 31 December 2005

4 Investments (cont'd)

(iv) Investment in Westlink M7 (cont'd)

Subscription Agreement. Interest payments are not expected to be made during the first 21 months of operation of the Westlink M7. The interest rate applicable to the SLNs is 11.9% per annum.

On 16 December 2005, MIG exercised its fixed price option to acquire an additional 5.0% equity interest in Westlink M7. This interest was held by Abigroup Limited (2.5%) and Leighton Holdings Limited (2.5%). As part of the transaction, MIT(I) acquired LMI Westlink Partner Holding No 3 Pty Ltd, LMI Westlink Partner No 3 Pty, Abigroup Westlink Partner Holding No 3 Pty Ltd and Abigroup Westlink Partner No 3 Pty Limited for nominal consideration. LMI Westlink Partner No 3 Pty Limited and Abigroup Westlink Partner No 3 Pty Limited were each obliged to subscribe for \$23.7 million of SLNs. This was contributed on 16 December 2005.

Abigroup Limited and Leighton Holdings Limited hold a total interest of 10.0% in Westlink M7, over which MIG and Transurban Group have pre-emptive rights. MIG now holds a 45.0% direct stake and a 1.3% indirect stake (through MIG's investment in Transurban) in Westlink M7.

5 Interest-Bearing Financial Liabilities

	As at 31 Dec 2005 \$'000	As at 30 Jun 2005 \$'000
Non-current		
Loan from MIT(II)	80,127	267,601
Non-recourse loans	515,501	515,500
Reset convertible notes (ReCNs)	476,299	453,359
	1,071,927	1,236,460

At 31 December 2005, MIT(II) was due \$80.1 million (30 June 2005: \$267.6 million) from MIT(I) under a \$300.0 million facility agreement dated 20 December 2001. Interest on the loan is calculated at floating market rates plus a margin of 3.0% per annum and is payable quarterly in arrears. The loan is repayable on 15 January 2027, unless otherwise determined by the parties of the loan agreement. During the half year ended 31 December 2005, MIT(I) borrowed \$66.0 million (30 June 2005: \$485.0 million) and repaid \$249.6 million (30 June 2005: \$273.0 million) to MIT(II).

The consolidated financial statements incorporate interest-bearing financial liabilities of \$515.5 million (30 June 2005: \$515.5 million), raised by controlled project entities to finance the construction of infrastructure assets. These project-related liabilities are non-recourse to the Trust.

The ReCNs were issued by Western Sydney Orbital Funding Trust (WSOFT), a 100% owned subsidiary of MIT(I), to Ontario Teachers Pension Plan (OTPP) in order to fund the investment in WestLink M7. As at 31 December 2005, \$471.5 million in ReCNs have been issued.

Interest on the ReCNs is calculated at a margin of 2.5% per annum above the 5 year (or period to initial reset date if shorter) swap rate prevailing at the date of issue. The relevant swap rates for the ReCNs on issue as at 31 December 2005 range between 4.81% and 5.99%. Interest may be paid or capitalised into the outstanding principal at the option of the issuer. The decision to pay or capitalise must be made by the issuer in advance of each six-monthly interest payment date. The first coupon, payable at 30 June 2003, was paid in cash, subsequent coupons have been capitalised into ReCNs.

The ReCNs are split into several sub-tranches and are convertible into MIG securities at a discount of 7.5% from the prevailing MIG market price at the option of the holder at an earliest date of 5 years after financial close (14 February 2003). Should the holder choose to convert, conversion takes place over the following 9 months. The total amount convertible is \$471.5 million plus any future capitalised interest.

After the initial 5 year period, WSOFT may change the conversion discount rate and interest margin on the ReCNs. The ReCNs mature on the tenth anniversary of the date of issue. On these dates, if the holders have not previously elected to convert, they then have the option to convert or to redeem the ReCNs at face value, including any capitalised interest.

Interim Financial Report

Half Year Ended 31 December 2005

5 Interest-Bearing Financial Liabilities (cont'd)

Interest-bearing financial liabilities are carried at amortised cost. By allocating the discount at conversion into capital raising costs at 5% with the residual being a deferred interest charge, the amortised cost of the ReCNs of \$476.3 million differs from the face value of \$471.5 million.

WSOFT's minimum total liability in relation to ReCNs, if all future interest is paid, will be \$471.5 million.

6 Units Issued

	As at 31 Dec 2005 Number of securities	As at 30 June 2005 Number of securities
On issue at the beginning of the year	2,164,890	1,930,528
Issued pursuant to:		
Dividend Reinvestment Plan (DRP) on 13 August 2004	-	4,550
Reinvestment of performance fees in units on 31 August 2004	-	1,863
DRP on 10 February 2005	-	227,949
DRP on 12 August 2005	17,594	-
Institutional placement on 1 September 2005	174,419	-
Reinvestment of performance fees in units on 12 September 2005	21,862	-
Security purchase plan dated 12 October 2005	26,732	-
On issue at the end of the year	2,405,497	2,164,890

7 Retained Profits

		As at 31 Dec 2005 \$'000 (Half year)	As at 30 Jun 2005 \$'000 (Full year)
Balance at the beginning of the period		104,754	369,913
Adjustment to retained profits on adoption of AASB 132 and 139	13	(104,754)	-
Net result attributable to MIT(l) security holders		-	168,450
Transfers from contributed equity		-	782,409
Distributions paid and proposed		-	(1,216,018)
Balance at the end of the period		-	104,754

8 Minority Interest in Controlled Entities

	As at 31 Dec 2005 \$'000	As at 30 Jun 2005 \$'000
Contributed equity	55,326	55,326
Retained profits/(loss)	4,213	(4,870)
	59,539	50,456

9 Non-Cash Financing and Investing Activities

Responsible Entity and Adviser performance fees of \$91.6 million (31 December 2004: \$6.1 million) were elected to be reinvested in 21.9 million (31 December 2004: 1.9 million) new MIG stapled securities at an issue price of \$4.1897 (31 December 2004: \$3.2682). Of this amount \$15.0 million (31 December 2004: \$1.2 million) related to the issue of stapled securities by MIT(l).

This transaction is not reflected in the Cash Flow Statement.

Interim Financial Report

Half Year Ended 31 December 2005

10 Segment Reporting

The principal activity of MIT(I) during the half year was investment in infrastructure projects. The primary basis of segment reporting is geographical. MIT(I) has assets located in and derives revenues from Australia and the United States of America. In the prior year, MIT(I) had assets located in and derived revenues from Australia, the United States of America and, until the IPO of Cintra Concesiones de Infraestructuras de Transporte, SA (Cintra), Spain. Intersegmental transactions are undertaken on normal arm's length terms.

MIT(I)'s toll road business includes the construction and operation of toll roads and investment in entities in the same industry sector. The principal activity of Airport Motorway Trust, a controlled entity of MIT(I), is to provide debt funding for the Eastern Distributor in Sydney, Australia. North American revenues are derived from MIT(I)'s ownership interests in TRIPIL and Skyway Concession Company Holdings LLC, the concessionaires of Dulles Greenway and Skyway toll roads respectively.

	Australia \$'000	Europe \$'000	North America \$'000	Total \$'000
Geographical segments				
6 months to 31 December 2005				
Segment revenue and other income	128,590	-	48,964	177,554
Revenue and other income from continuing activities	128,590	-	48,964	177,554
Segment profit	79,368	-	48,964	128,332
Net profit from continuing activities before finance costs attributable to unitholders	79,368	-	48,964	128,332
6 months to 31 December 2004				
Segment revenue and other income	98,940	27,046	12,824	138,810
Revenue and other income from continuing activities	98,940	27,046	12,824	138,810
Segment profit	19,161	27,080	12,824	59,065
Net profit from continuing activities before finance costs attributable to unitholders	19,161	27,080	12,824	59,065

11 Commitments for Expenditure

■ South Bay Expressway

MIG is committed to make further equity contributions to San Diego Expressway Limited Partnership (SDELP) due at construction completion of US\$134.2 million (\$213.2 million).

MIT(I) is the primary party to the South Bay Expressway acquisition agreement, with its obligations under the documents guaranteed by MIT(II), MEI and MIGIL. MIT(II), through its wholly owned subsidiary Macquarie Infrastructure US Pty Limited (MIUS), will contribute US\$109.2 million (\$173.4 million) of the funding and MIT(I) will invest the remaining US\$25.0 million (\$39.8 million) in B class shares to be issued by Macquarie 125 Holdings Inc at construction completion.

A forward foreign exchange contract had been entered into by MIT(I) to hedge the majority of the US\$25.0 million commitment. The applicable hedge rate achieved was A\$1 = US\$0.6264. Taking this hedge into account, the Australian dollar equivalent of the minimum funding required is \$39.8 million.

	As at 31 Dec 2005 \$'000	As at 30 Jun 2005 \$'000
South Bay Expressway commitments		
Equity commitments to SDELP are payable as follows:		
Later than one year but not later than five years	39,761	38,923
	39,761	38,923

12 Events Occurring After Balance Sheet Date

■ **Distribution Reinvestment Plan**

A portion of stapled security holders participated in MIG's Distribution Reinvestment Plan for the interim distribution paid on 14 February 2006. A discount of 2.5% applied to the DRP and it was fully underwritten by way of placement. Of the distribution declared, \$8.3 million was reinvested in MIT(I).

■ **Indiana Toll Road**

On 24 January 2006 the Governor of Indiana announced that the MIG and Cintra consortium known as Statewide Mobility Partners as preferred bidder for the 75 year lease of the Indiana Toll Road.

The purchase price for the lease is US\$3.9 billion (\$5.1 billion), with MIG's 50% equity commitment upon financial close being approximately US\$385.0 million (\$512.0 million). The lease will be acquired from the Indiana Finance Authority. It is expected that MIT(I) will bear a portion of MIG's total equity commitment.

The Indiana Toll Road, which opened to traffic in 1956, is a 253 km (157 mile) long divided highway which runs the full length of northern Indiana. The Indiana Toll Road connects to the MIG-Cintra owned Skyway in the west and the Ohio turnpike in the east. It is a critical part of the transcontinental route that moves freight to and from major US distribution hubs.

Other than as disclosed above, there are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of MIT(I) and its controlled entities, the results of these operations or the state of affairs of the consolidated entity in subsequent financial years.

13 Explanation of Transition to AIFRS

(1) **Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian Equivalents to IFRS (AIFRS)**

The adoption of AIFRS has not resulted in any adjustments to equity for the last half-year reporting period (31 December 2004) and last reporting period (30 June 2005).

(2) **Reconciliation of profit under previous AGAAP to profit under AIFRS**

The adoption of AIFRS has not resulted in any adjustments to profit for the last half-year reporting period (31 December 2004) and last reporting period (30 June 2005).

AASB118: *Revenue* requires the proceeds and cost of sale of securities disposed to be applied against each other and disclosed as a gain or loss on sale.

The sale proceeds from the sale of Cintra in the prior period have been applied against the book value of the securities disposed in other income of \$27.1 million.

(3) **Reconciliation of cash flow statement for the year ended 30 June 2005 under AIFRS**

The adoption of AIFRS has not resulted in any adjustments to the cash flow statement for the last half-year reporting period (31 December 2004) and last reporting period (30 June 2005).

13 Explanation of Transition to AIFRS (cont'd)

(4) Adoption of AASB 132 and AASB 139 on 1 July 2005

MIT(I) has taken the exemption available under AASB 1: *First Time Adoption of Australian International Financial Reporting Standards* to apply AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* from 1 July 2005. The adoption by MIT(I) of AASB 132 and AASB 139 on 1 July 2005 had the following effects.

	Note	AIFRS 30 June 2005 \$'000	Effect of adoption of AASB132 & AASB 139 \$'000	AIFRS 1 July 2005 \$'000
Current assets				
Cash and cash equivalents		72,685	-	72,685
Receivables		5,947	-	5,947
Prepayments		189	-	189
Other assets		617	-	617
Total current assets		79,438	-	79,438
Non-current assets				
Receivables		779,544	-	779,544
Investments in financial assets	4(b)	856,682	7,993	864,675
Other assets	4(a)	7,084	(6,077)	1,007
Total non-current assets		1,643,310	1,916	1,645,226
Total assets		1,722,748	1,916	1,724,664
Current liabilities				
Payables		63,603	-	63,603
Distribution payable		6,678	-	6,678
Total current liabilities		70,281	-	70,281
Non-current liabilities				
Interest-bearing financial liabilities	4(c)	1,236,460	3,100	1,239,560
Other liabilities	4(a)	6,077	1,694	7,771
Total non-current liabilities excluding unitholder interests classified as debt*		1,242,537	4,794	1,247,331
Security holder units	4(d)	-	357,391	357,391
Total non-current liabilities		1,242,537	362,185	1,604,722
Total liabilities		1,312,818	362,185	1,675,003
Net assets		409,930	360,269	49,661

13 Explanation of Transition to AIFRS (cont'd)

(4) Adoption of AASB 132 and AASB 139 on 1 July 2005 (cont'd)

	Note	AIFRS 30 June 2005 \$'000	Effect of adoption of AASB132 & AASB 139 \$'000	AIFRS 1 July 2005 \$'000
Unitholders funds				
MIT(I) unitholders' interest				
Contributed unitholders funds	4(d)	254,720	(254,720)	-
Retained profits	4(b),(c)	104,754	(104,754)	-
Total MIT(I) unitholders' Interest*		359,474	(359,474)	-
Minority interest in controlled entities	4(c)	50,456	(795)	49,661
Total unitholders' funds		409,930	(360,269)	49,661

* Refer note 1(g)

a) *Hedging and derivatives - New categories of assets and liabilities may be recognised*

Under AASB139, all derivative contracts, whether or not used for hedging purposes, are carried at fair value. Previous Australian accounting standards did not require the recognition of all such instruments at fair value.

MIT(I) has not accounted for these derivative contracts as hedges and movements in the fair value of these instruments has been reflected in the Income Statement .

Previously as required under AASB1012: Foreign Currency Translation, MIT(I) had deferred the recognition of an exchange loss due to the hedging of the commitment to make equity contributions to SDELP. This was no longer appropriate under AASB139, so the deferred foreign exchange contract loss and foreign exchange contract payable is removed.

b) *Listed securities - No deduction of specified risks*

Under AASB139, financial instruments classified as available for sale, are measured at fair value with changes recognised directly in equity until the underlying asset is derecognised. MIT(I)'s previous practice of deducting estimated selling costs and allowing for specified risks, such as liquidity risk, from the market value of listed investments was no longer permitted. This resulted in an additional \$8.0 million being recognised in the carrying value of these investments.

c) *Financial liabilities - Application of effective interest rate*

Under AASB139, financial liabilities are to be recognised at either amortised cost or fair value. In applying amortised cost it is necessary to amortise a loan at its effective interest rate, which may differ from the coupon rate.

d) *Compound financial instruments - Classification of unitholder funds*

The Trust Constitutions of MIT(I) and MIT(II) were amended on 30 June 2005 to remove their finite life clauses. On 21 November 2005, unitholders voted at the MIG Annual General Meeting to amend the constitutions further to allow the Responsible Entity discretion to vary the distribution of net income to unitholders, subject to receipt a private binding income tax ruling from the Australian Taxation Office (ATO) that such amendment would not result in a material adverse consequence to the tax position of the Trusts. This amendment was required in order that MIT(I) units would continue to be presented as equity under AIFRS.

As at 31 December 2005 a ruling had not been received and the proposed change had not been made to the MIT(I) constitution. As a result, the MIT(I) units, which are compound instruments at 31 December 2005, have been classified as financial liabilities. Accordingly the net profit attributable to MIT(I) unitholders has been classified as a financing cost and is shown separately on the face at the Income Statement.

Statement by the Directors of the Responsible Entity of the Trusts

In the directors' opinion:

The financial statements and notes set out on pages 5 to 21 are in accordance with the Trust constitution and Corporations Act 2001, including:

- a) complying with Accounting Standards, the Corporations Regulation 2001 and other mandatory professional reporting requirements; and
- b) giving a true and fair view of Macquarie Infrastructure Group and consolidated entity's financial position as at 31 December 2005 and of their performance, as represented by the result of their operations and cash flows, for the financial period ended on that date; and
- c) there are reasonable grounds to believe that the Trust and consolidated entity will be able to pay their debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer as required by section 295A of the Corporations Act 2001.

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



Mark RG Johnson

Sydney
23 February 2006



John SH Roberts

Sydney
23 February 2006

Independent Review Report to the unitholders of Macquarie Infrastructure Trust (I) (MIT(I))

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Macquarie Infrastructure Trust (I):

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Macquarie Infrastructure Trust (I) and the consolidated entity (defined below) as at 31 December 2005 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, the *Corporations Regulations 2001* and the Trust Constitutions.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration of Macquarie Infrastructure Trust (I) and the consolidated entity for the half-year ended 31 December 2005. The consolidated entity comprises Macquarie Infrastructure Trust (I) and the entities it controlled during that half-year.

The directors of the Macquarie Infrastructure Investment Management Limited are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the directors of the Responsible Entity to lodge the financial report with the Australian Securities & Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting*, other mandatory financial reporting requirements in Australia and the Trust Constitution, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of the responsible entity's personnel, and
- analytical procedures applied to financial data.

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

Interim Financial Report

Half Year Ended 31 December 2005

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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 followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

The logo for PricewaterhouseCoopers, written in a cursive, handwritten style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'M. Haberlin'.

Mark Haberlin
Partner

Sydney
23 February 2006