



# Macquarie Infrastructure Group

Comprising Macquarie Infrastructure Trust (II) and its controlled entities,  
including Macquarie Infrastructure Trust (I) and its controlled entities and  
Macquarie Infrastructure Group International Limited and its controlled entities

## Macquarie Infrastructure Trust (I) Group

### Interim Financial Report 31 December 2007

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 Group Limited ACN 008 583 542 (MGL).

Macquarie Capital Funds (Europe) Limited (MCFEL) registered number 3976881 is the adviser of MIGIL. MCFEL is a wholly owned subsidiary of MGL.

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or provide assurance in respect of the obligations of MIIML or any other entity noted in this document.

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 MCFEL as the adviser of MIGIL are entitled to fees for so acting. MGL and its related corporations (including MIIML and MCFEL) together with their officers and directors and officers and directors of MIGIL may hold stapled securities in MIG from time to time.

The MIG consolidated interim financial report has been prepared to enable MIIML as responsible entity to comply with its obligations under the *Corporations Act 2001* and to ensure compliance with the ASX Listing Rules and satisfy the requirements of the Australian Accounting Standards in relation to stapled structures. The responsibility for preparation of the consolidated interim financial report and any financial information contained in this financial report rests solely with the directors of MIIML.

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## Directors' Report

Macquarie Infrastructure Investment Management Limited (MIIML or the Responsible Entity) acts as the responsible entity for Macquarie Infrastructure Trust (I) (MIT(I)) and Macquarie Infrastructure Trust (II) (MIT(II)). The directors of MIIML submit the following report on the consolidated interim financial report of the Macquarie Infrastructure Group (MIG) for the half year ended 31 December 2007. UIG 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* requires one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated financial report. In accordance with this requirement, MIT(II) has been identified as the parent of the consolidated group comprising MIT(I) and its controlled entities, MIT(II) and its controlled entities and Macquarie Infrastructure Group International Limited (MIGIL) and its controlled entities together acting as Macquarie Infrastructure Group (MIG or the Group).

The directors of MIIML also submit the following report for the Macquarie Infrastructure Trust (I) Group (MIT(I) Group), being MIT(I) and its controlled entities, for the period ended 31 December 2007.

### Directors

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

- Mark Roderick Granger Johnson (Chairman)
- Eric Paul McClintock
- Nicholas William Moore
- David Allen Mortimer
- David Anthony Walsh

Michael Bernard Easson and John Stuart Hugh Roberts were directors from the beginning of the period until their resignation on 23 August 2007. John Stuart Hugh Roberts was an alternate Director to Mark Roderick Granger Johnson and Nicholas William Moore from 23 August 2007 up to the date of this report.

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

- Robert Andrew Mulderig (Chairman)
- Jeffrey Gerald Conyers
- Dr Peter Dyer
- Mark Roderick Granger Johnson

### Review and Results of Operations

The performance of the groups, as represented by the combined results of their operations, was as follows:

	MIG		MIT(I) Group	
	6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000	6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000
Revenue and other income from continuing activities	<b>1,497,597</b>	2,004,260	<b>82,992</b>	77,220
Profit attributable to MIG security holders/MIT(I) unit holders	<b>1,028,670</b>	1,443,078	<b>59,581</b>	39,477
	<b>Cents</b>	Cents	<b>Cents</b>	Cents
Basic and diluted earnings per stapled security/unit	<b>41.61</b>	56.83	<b>2.41</b>	1.55

## Review and Results of Operations (cont'd)

### ■ **Security buy-back**

On 10 August 2007 after having received the required approval from ASIC, MIG announced that the deadline for completion of the A\$1.00 billion on market buy-back had been extended.

As at 31 December 2007, MIG had bought back 280,770,336 MIG securities for total consideration of A\$965.9 million. Of this amount A\$131.5 million related to consideration for 280,770,336 units in MIT(II) and A\$33.5 million related to consideration for 280,770,336 units in MIT(I). Brokerage of A\$1.6 million was paid to Macquarie Group Limited (MGL) for securities bought back to 31 December 2007.

## Distributions

An interim distribution for the period ended 31 December 2007 of 10.00 cents per stapled security (2006: 10.00 cents per stapled security) was paid by MIG on 14 February 2008.

Of this distribution, Nil was paid by MIT(I) (2006: Nil).

## Significant Changes in State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the groups other than those disclosed in the Review and Results of Operations that occurred during the period under review.

## Events Occurring after Balance Sheet Date

### ■ **Security buy-back**

On 14 January 2008 MIG completed its A\$1.00 billion on market buy-back, resulting in the total buy-back and cancellation of 292,218,706 MIG securities.

### ■ **Distribution and Dividend Reinvestment Plan (DRP)**

A portion of stapled security holders participated in MIG's DRP for the interim distribution paid on 14 February 2008. Of the distribution declared, A\$69.6 million was reinvested in MIG. MIG sourced the securities allocated to the participants under the DRP from on-market purchases of existing securities.

## Directors' Holdings of Stapled Securities

The aggregate number of stapled securities held directly, indirectly or beneficially by directors as at 31 December 2007 was 2,626,066 (30 June 2007: 2,567,056).

## Responsible Entity's Holdings of Stapled Securities

The number of stapled securities held by or on behalf of the Responsible Entity of MIT(I) and MIT(II) as at 31 December 2007 was 32,616,089 (30 June 2007: 31,657,944).

## 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.

## Presentation of Interim Financial Report

The Directors' Report and Financial Report for MIT(II) and MIT(I) has been presented in this single document, pursuant to ASIC Class Order 06/441.

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

The groups are of a kind referred to in Class Order 98/0100, as amended by Class Order 04/667, issued by the Australian Securities & Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and the Interim 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.



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**Mark Johnson**  
Sydney  
20 February 2008



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**John Roberts**  
Sydney  
20 February 2008

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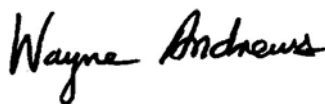
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## Auditor's Independence Declaration

As lead auditor for the reviews of Macquarie Infrastructure Trust (II) and Macquarie Infrastructure Trust (I) for the half year ended 31 December 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 reviews; and
- b) no contraventions of any applicable code of professional conduct in relation to the reviews.

This declaration is in respect of Macquarie Infrastructure Trust (II) and the entities it controlled during the period, which are deemed to include Macquarie Infrastructure Trust (I) and the entities it controlled during the period, and Macquarie Infrastructure Group International Limited and the entities it controlled during the period, and in respect of Macquarie Infrastructure Trust (I) and the entities it controlled during the period.



W J Andrews  
Partner  
PricewaterhouseCoopers

Sydney  
20 February 2008

# Interim Report

For the Half Year Ended 31 December 2007

## Consolidated Income Statements

	Note	MIG		MIT(I) Group	
		6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000	6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000
<b>Revenue and other income from continuing activities</b>					
Revenue from continuing activities		112,427	197,684	3,251	13,065
Other income from continuing activities		1,385,170	1,806,576	79,741	64,155
<b>Total revenue and other income from continuing activities</b>	<b>2(i)</b>	<b>1,497,597</b>	<b>2,004,260</b>	<b>82,992</b>	<b>77,220</b>
<b>Operating expenses from continuing activities</b>					
Finance costs		(77,599)	(162,126)	(18,471)	(28,026)
Other operating expenses		(118,224)	(223,644)	(4,896)	(7,742)
<b>Total operating expenses from continuing activities</b>	<b>2(ii)</b>	<b>(195,823)</b>	<b>(385,770)</b>	<b>(23,367)</b>	<b>(35,768)</b>
<b>Profit from continuing activities before income tax (expense)/benefit</b>					
		1,301,774	1,618,490	59,625	41,452
Income tax (expense)/benefit		(111,447)	121,744	(44)	-
<b>Profit from continuing activities after income tax (expense)/benefit</b>		<b>1,190,327</b>	<b>1,740,234</b>	<b>59,581</b>	<b>41,452</b>
Finance costs attributable to AMT unit holders		-	(1,975)	-	(1,975)
<b>Profit from continuing activities after income tax (expense)/benefit</b>		<b>1,190,327</b>	<b>1,738,259</b>	<b>59,581</b>	<b>39,477</b>
<b>Profit attributable to:</b>					
MIG security holders/MIT(I) unit holders		1,028,670	1,443,078	59,581	39,477
Minority interests		161,657	295,181	-	-
		1,190,327	1,738,259	59,581	39,477
<b>Earnings per security/unit for profit from continuing activities attributable to MIG security holders/MIT(I) unit holders</b>					
		<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per stapled security/unit		41.61	56.83	2.41	1.55

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

## Consolidated Balance Sheets

	Note	MIG		MIT(I) Group	
		As at	As at	As at	As at
		31 Dec 2007	30 Jun 2007	31 Dec 2007	30 Jun 2007
		\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>					
Cash and cash equivalents		1,213,430	1,673,122	124,040	136,055
Receivables		13,296	13,471	298	312
Current tax receivables		2,190	-	-	-
Prepayments		2,226	2,958	-	123
<b>Total current assets</b>		<b>1,231,142</b>	<b>1,689,551</b>	<b>124,338</b>	<b>136,490</b>
<b>Non-current assets</b>					
Receivables		2,530	2,525	-	-
Derivative financial instruments		88,339	254,791	-	-
Investments in financial assets	4	8,260,932	6,894,680	800,605	763,416
Property, plant and equipment		1,286,342	1,367,769	-	-
Tolling concessions		115,505	122,201	-	-
<b>Total non-current assets</b>		<b>9,753,648</b>	<b>8,641,966</b>	<b>800,605</b>	<b>763,416</b>
<b>Total assets</b>		<b>10,984,790</b>	<b>10,331,517</b>	<b>924,943</b>	<b>899,906</b>
<b>Current liabilities</b>					
Distribution payable	3	241,528	251,679	-	-
Payables		63,884	55,136	35,273	36,800
Current tax liabilities		632	6,326	-	-
<b>Total current liabilities</b>		<b>306,044</b>	<b>313,141</b>	<b>35,273</b>	<b>36,800</b>
<b>Non-current liabilities</b>					
Payables		128,580	111,747	395	414
Interest-bearing financial liabilities	5	2,577,098	2,638,396	482,986	504,141
Deferred tax liabilities		246,531	190,007	-	-
Provisions		2,235	2,339	-	-
<b>Total non-current liabilities</b>		<b>2,954,444</b>	<b>2,942,489</b>	<b>483,381</b>	<b>504,555</b>
<b>Total liabilities</b>		<b>3,260,488</b>	<b>3,255,630</b>	<b>518,654</b>	<b>541,355</b>
<b>Net assets</b>		<b>7,724,302</b>	<b>7,075,887</b>	<b>406,289</b>	<b>358,551</b>
<b>Equity</b>					
<b>MIG security holders'/MIT(I) unit holders' interest</b>					
Contributed equity	6	3,627,333	3,956,004	268,884	280,727
Reserves		251,209	208,378	-	-
Retained profits	7	3,044,029	2,256,887	137,405	77,824
<b>Total MIG security holders'/MIT(I) unit holders' interest</b>		<b>6,922,571</b>	<b>6,421,269</b>	<b>406,289</b>	<b>358,551</b>
Minority interest in controlled entities		801,731	654,618	-	-
<b>Total equity</b>		<b>7,724,302</b>	<b>7,075,887</b>	<b>406,289</b>	<b>358,551</b>

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

# Interim Report

For the Half Year Ended 31 December 2007

## Consolidated Statements of Changes in Equity

	Note	MIG		MIT(I) Group	
		6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000	6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000
<b>Total equity at the beginning of the half year</b>		<b>7,075,887</b>	6,604,491	<b>358,551</b>	356,547
Exchange differences on translation of foreign operations		<b>177,469</b>	(358,773)	-	-
Changes in fair value of cashflow hedges (net of tax)		<b>(108,639)</b>	37,178	-	-
Profit for the half year		<b>1,190,327</b>	1,738,259	<b>59,581</b>	39,477
Total recognised income and expense for the half year		<b>1,259,157</b>	1,416,664	<b>59,581</b>	39,477
<b>Transactions with equity holders in their capacity as equity holders:</b>					
Contributions of equity (net of transaction costs paid)		-	665,145	-	21,981
Securities cancelled pursuant to security buy-back (including transaction costs)	6	<b>(328,671)</b>	(271,628)	<b>(11,843)</b>	(8,535)
Distributions provided for or paid to MIG security holders	3	<b>(241,528)</b>	(261,595)	-	-
In specie distribution of Sydney Roads Group	3	-	(948,906)	-	(44,600)
Distributions provided for or paid to minority interest		<b>(40,543)</b>	(120,644)	-	-
Minority interest on demerger of subsidiary		-	(28,021)	-	-
		<b>(610,742)</b>	(965,649)	<b>(11,843)</b>	(31,154)
<b>Total equity at the end of the half year</b>		<b>7,724,302</b>	7,055,506	<b>406,289</b>	364,870
Total recognised income and expenses for the half year is attributable to:					
MIG security holders/MIT(I) unit holders		<b>1,071,501</b>	1,126,729	<b>59,581</b>	39,477
Minority interest		<b>187,656</b>	289,935	-	-
		<b>1,259,157</b>	1,416,664	<b>59,581</b>	39,477

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

# Interim Report

For the Half Year Ended 31 December 2007

## Consolidated Cash Flow Statements

Note	MIG		MIT(I) Group	
	6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000	6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000
<b>Cash flows from operating activities</b>				
Toll revenue received	81,504	135,761	-	-
Interest received	40,870	171,025	3,251	4,460
Interest paid	-	(79,460)	-	-
Net indirect taxes (paid)/received	(5,256)	(7,242)	1,348	320
Payments to suppliers and employees (inclusive of GST/VAT)	(15,475)	(55,072)	(920)	(1,451)
Responsible Entity and Adviser base fees paid	(41,757)	(48,544)	(4,404)	(4,259)
Distributions, dividends and interest income from investments	120,324	140,648	-	-
Income taxes paid	(9,608)	(88)	(44)	-
Other income received	5,797	3,756	-	-
<b>Net cash flows from operating activities</b>	<b>176,399</b>	<b>260,784</b>	<b>(769)</b>	<b>(930)</b>
<b>Cash flows from investing activities</b>				
Repayment of borrowings by Airport Motorway Limited	-	-	-	20,563
Payments for purchase of investments	(1,189)	(34,648)	-	(34,300)
Purchase of fixed assets	(2,168)	(102,990)	-	-
Proceeds from sale of property, plant and equipment	-	339	-	-
Proceeds from demerger of Sydney Roads Group, net of cash disposed	-	27,913	-	(27,484)
Proceeds from sale of assets to MIP, net of cash disposed	-	661,261	-	44,590
Proceeds from returns of capital from investments	46,973	1,104	41,509	-
<b>Net cash flows from investing activities</b>	<b>43,616</b>	<b>552,979</b>	<b>41,509</b>	<b>3,369</b>
<b>Cash flows from financing activities</b>				
Repayment of bank borrowings	-	(2,038,348)	-	-
Proceeds from bank borrowings	1,982	2,884,131	-	-
Borrowing costs paid	(37,417)	(101,634)	(125)	-
Net repayment of loans from MIT(II)	-	-	(40,464)	(45,831)
Repayment of loans from MIGIL	-	-	(323)	-
Distributions paid to MIG security holders/MIT(I) unit holders	(251,679)	(272,161)	-	(180,895)
Distributions paid to minority interests	(40,543)	(58,780)	-	(3,615)
DRP proceeds received	-	147,929	-	5,405
On market buyback (including transaction costs)	(328,671)	(271,628)	(11,843)	(8,535)
Costs of raising capital	-	(145)	-	(3)
<b>Net cash flows from financing activities</b>	<b>(656,328)</b>	<b>289,364</b>	<b>(52,755)</b>	<b>(233,474)</b>
<b>Net (decrease)/increase in cash assets held</b>	<b>(436,313)</b>	<b>1,103,127</b>	<b>(12,015)</b>	<b>(231,035)</b>
Cash and cash equivalents at the beginning of the half year	1,673,122	1,201,734	136,055	310,481
Effects of exchange rate movements on cash and cash equivalents	(23,379)	(63,173)	-	(7,234)
<b>Cash and equivalents assets at the end of the half year</b>	<b>1,213,430</b>	<b>2,241,688</b>	<b>124,040</b>	<b>72,212</b>

Non-cash financing and investing activities

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The above Consolidated Cash Flow Statements 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 31 December 2007 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 financial reports of Macquarie Infrastructure Group (MIG or the Group) and Macquarie Infrastructure Trust (I) (MIT(I)) for the year ended 30 June 2007 and any public announcements made by MIG during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

#### (a) Basis of Preparation of Interim Financial Report

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 financial report are set out below.

— **Historical cost convention**

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

— **Compliance with International Accounting Standards (IAS)**

Compliance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* ensures that the interim financial report complies with IAS 34: *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). Consequently, this interim financial report has also been prepared in accordance with and complies with IAS 34: *Interim Financial Reporting* as issued by the IASB.

— **Stapled security**

The units of MIT(I) and Macquarie Infrastructure Trust (II) (MIT(II)) and the shares of Macquarie Infrastructure Group International Limited (MIGIL) are combined and issued as stapled securities in 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) Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The area involving a higher degree of judgement or complexity is related to the measurement of investments in financial assets, which are measured at directors' estimates of fair value. Discounted cash flow (DCF) analysis is the methodology applied in the valuation framework as it is the generally accepted methodology for valuing interests in toll roads, bridges and tunnels and the basis upon which market participants have derived valuations for interests in toll road, bridge and tunnel transactions.

DCF 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 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 premiums applied to the DCF valuations of MIG's investments in financial assets as at 31 December 2007 are as follows: 407 ETR 3.5% (30 June 2007: 3.5%), Lusoponte 2.8% (30 June 2007: 2.8%), Rostock Tunnel 5.0% (30 June 2007: 5.0%), Skyway 5.5% (30 June 2007: 5.5%), South Bay Expressway 7.0% (30 June 2007: 7.0%), Westlink M7 5.0% (30 June 2007: 5.0%), Dulles Greenway 7.0% (30 June 2007: 7.0%), Indiana Toll Road 6.0% (30 June 2007: 7.0%) and APRR 6.0% (30 June 2007: 8.0%).

The risk premium applied in the valuation of APRR was reduced to 6.0% at 31 December 2007 (30 June 2007: 8.0%) reflecting reduced uncertainty over future toll yields and continued operational efficiencies.

## 1 Summary of Significant Accounting Policies (cont'd)

### (b) Critical Accounting Estimates (cont'd)

The Indiana Toll Road risk premium was reduced to 6.0% at 31 December 2007 (30 June 2007: 7.0%) reflecting further progress with Electronic Toll Collection and the successful implementation of revised toll rates in April 2007.

The valuations derived from the DCF analyses are periodically benchmarked to other sources such as recent market transactions to ensure that the DCF valuation is providing a reliable measure.

### (c) Consolidated Accounts and Stapling Arrangements

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 MIT(II) has been identified as the parent of the consolidated group comprising MIT(I) and its controlled entities, MIT(II) and its controlled entities and MIGIL and its controlled entities.

In accordance with UIG 1013, this financial report includes the consolidated financial statements of MIT(II) which comprises MIT(II) and its controlled entities, MIT(I) and its controlled entities and MIGIL and its controlled entities, together acting as MIG. This financial report should be read in conjunction with the interim financial report of MIGIL for the period ended 31 December 2007.

### (d) Principles of Consolidation

The consolidated financial statements of MIG and MIT(I) Group incorporate the assets and liabilities and the results of controlled entities for the period ended 31 December 2007. The effects of all transactions between entities in the consolidated entities 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), MIT(II) or MIGIL.

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.

### (e) Group Formation

MIT(I) and MIT(II) were established in Australia on 18 July 1996.

On 9 June 2000, MIT(I) and MIT(II) became registered schemes under the *Managed Investments Act (1998)*. On that date, Macquarie Infrastructure Investment Management Limited (MIIML or the Responsible Entity) became the Responsible Entity of each Trust, replacing the Manager and the Trustee.

On 20 September 2000, the investment of MIT(II) in Macquarie European Infrastructure Limited (MEI) was distributed to MIG security holders through an in specie distribution of the MEI shares. The MEI shares were then stapled to MIT(I) and MIT(II) and listed on the Australian Securities Exchange as a triple stapled security comprising MIG.

On 12 January 2005, a restructure inserted a new Bermudian mutual fund company, Macquarie Infrastructure Bermuda Limited (MIBL), above MEI, replacing MEI as the stapled company in the MIG stapled structure. On 8 December 2005, MIBL changed its name to MIGIL. Macquarie Capital Funds (Europe) Limited is the Adviser of MIGIL.

Units in Airport Motorway Trust (AMT) were classified as debt on 1 July 2005 until the demerger of AMT as part of the Sydney Roads Group on 1 August 2006. As the units of AMT were classified as debt, the income which accrued to the units during the period 1 July 2006 to 1 August 2006 has been accounted for as an expense and presented in the Income Statement as a finance cost.

### (f) Investments in Financial Assets

MIG and MIT(I) Group have designated their investments in financial assets as financial assets at fair value through profit or loss. Investments in financial assets are revalued at each reporting date 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.

## 1 Summary of Significant Accounting Policies (cont'd)

### (f) Investments in Financial Assets (cont'd)

Investments have been brought to account 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 (refer Note 1(b)).

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

— **Interests in interest bearing debt securities**

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

### (g) Intangible Assets - Tolling Concessions

Tolling concessions are intangible assets and represent the right to levy tolls in respect of controlled motorways.

Tolling concessions have a finite useful life by the terms of the concession arrangement and are carried at cost which represents fair value on acquisition less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of tolling concessions over their estimated useful lives.

### (h) 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 based on the lesser of the expected or contractual life.

### (i) Foreign Currency Translation

— **Functional and presentation currency**

Items included in the financial statements of each of the Groups' 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 MIT(II)'s and MIT(I)'s functional and presentation currency.

— **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, except when they are deferred in equity as qualifying investment hedges or are attributable to part of the net investment in a foreign operation.

— **Group companies**

The results and financial position of all the Group 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 exchange rates at the dates of transactions; 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 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.

# Interim Report

For the Half Year Ended 31 December 2007

## 1 Summary of Significant Accounting Policies (cont'd)

### (j) Presentation of Financial Reports

The Financial Reports for MIT(II) and MIT(I) have been presented in this single document, pursuant to ASIC Class Order 06/441.

### (k) Comparative Figures

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

### (l) Rounding of Amounts

The Groups are 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 reports have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

# Interim Report

For the Half Year Ended 31 December 2007

## 2 Profit for the Half Year

The profit from continuing activities before income tax (expense)/benefit includes the following specific items of revenue and expense:

### (i) Revenue and other income from continuing activities

	MIG		MIT(I) Group	
	6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000	6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000
<b>Revenue from continuing activities</b>				
Interest revenue:				
Related parties	1,390	8,066	145	7,763
Other persons and corporations	39,424	64,696	3,106	5,302
Toll revenue	68,624	121,568	-	-
Other revenue	2,989	3,354	-	-
<b>Total revenue from continuing activities</b>	<b>112,427</b>	<b>197,684</b>	<b>3,251</b>	<b>13,065</b>
<b>Revaluation income from continuing activities</b>				
Revaluation of interests in unlisted securities in companies and trusts	1,277,567	1,067,702	31,399	(9,054)
Revaluation of interest bearing financial assets	87,065	98,481	48,516	81,988
Foreign exchange effect of investment revaluations	14,270	(6,099)	(1,217)	(7,695)
<b>Total revaluation income from continuing activities</b>	<b>1,378,902</b>	<b>1,160,084</b>	<b>78,698</b>	<b>65,239</b>
<b>Other income from continuing activities</b>				
Net gain on sale of investments and deconsolidation/demerger of subsidiaries	-	644,795	-	(2,781)
Gains on derivative financial instruments	3,490	1,697	-	1,697
Refund of goods and services tax paid in prior periods	2,778	-	1,043	-
<b>Total other income from continuing activities</b>	<b>6,268</b>	<b>646,492</b>	<b>1,043</b>	<b>(1,084)</b>
<b>Total revaluation and other income from continuing activities</b>	<b>1,385,170</b>	<b>1,806,576</b>	<b>79,741</b>	<b>64,155</b>
<b>Total revenue, revaluation and other income from continuing activities</b>	<b>1,497,597</b>	<b>2,004,260</b>	<b>82,992</b>	<b>77,220</b>

# Interim Report

For the Half Year Ended 31 December 2007

## 2 Profit for the Half Year (cont'd)

### (ii) Operating expenses from continuing activities

	MIG		MIT(I) Group	
	6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000	6 months to 31 Dec 2007 \$'000	6 months to 31 Dec 2006 \$'000
<b>Finance costs</b>				
Interest expense:				
Related parties	-	-	18,169	881
Other persons and corporations	77,599	161,120	302	26,139
Amortisation of capitalised borrowing costs	-	1,006	-	1,006
	<b>77,599</b>	<b>162,126</b>	<b>18,471</b>	<b>28,026</b>
<b>Other operating expenses</b>				
Amortisation of tolling concessions	1,313	16,960	-	-
Loss on derivative financial instruments	-	14,805	-	-
Depreciation:				
Plant and equipment	3,143	6,689	-	-
Buildings	538	570	-	-
Leasehold improvements	19,568	35,224	-	-
Motor vehicles	182	158	-	-
	<b>23,431</b>	<b>42,641</b>	<b>-</b>	<b>-</b>
Cost of operations:				
Concession notes	-	1,627	-	-
Employment costs	5,672	8,499	-	-
Operating expenses	3,685	15,801	-	-
Operating lease rentals	22,542	28,321	-	-
	<b>31,899</b>	<b>54,248</b>	<b>-</b>	<b>-</b>
Other operating expenses:				
Consulting and administration fees	2,720	21,273	565	362
Custodians' fees	83	137	21	27
Responsible entity's and adviser's base fees	36,601	40,211	3,984	4,476
Demerger transaction costs	-	7,607	-	478
Foreign exchange loss/(gain)	16,749	17,351	(19)	1,667
Other expenses	5,428	8,411	345	732
	<b>61,581</b>	<b>94,990</b>	<b>4,896</b>	<b>7,742</b>
<b>Total other operating expenses</b>	<b>118,224</b>	<b>223,644</b>	<b>4,896</b>	<b>7,742</b>
<b>Total operating expenses from continuing activities</b>	<b>195,823</b>	<b>385,770</b>	<b>23,367</b>	<b>35,768</b>

# Interim Report

For the Half Year Ended 31 December 2007

## 3 Distributions Paid and Proposed

The distributions were paid/payable as follows:

	MIG		MIT(I) Group	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Final distribution paid for the year ended 30 June	251,679	272,306	-	180,895
In specie distribution of Sydney Roads Group	-	948,906	-	44,600
Interim distribution proposed and payable for the half year ended 31 December *	241,528	261,595	-	-
	<b>493,207</b>	<b>1,482,807</b>	<b>-</b>	<b>225,495</b>
	<b>Cents per stapled security</b>	<b>Cents per stapled security</b>	<b>Cents per unit</b>	<b>Cents per unit</b>
Final distribution paid for the year ended 30 June	10.0000	11.0000	-	7.3074
In specie distribution of Sydney Roads Group	-	38.3333	-	1.8017
Interim distribution proposed and subsequently payable for the half year ended 31 December *	10.0000	10.0000	-	-
	<b>20.0000</b>	<b>59.3333</b>	<b>-</b>	<b>9.1091</b>

\*This amount was paid by MIGIL to security holders on 14 February 2008.

Distributions paid and proposed were unfranked.

# Interim Report

For the Half Year Ended 31 December 2007

## 4 Investments in Financial Assets

### MIG

The table below summarises the movements in MIG's investment portfolio during the period ended 31 December 2007.

	Balance at 30 June 2007	Investments	Returns from Investments Note (i)	FX Effects Note (ii)	Revaluations	Balance at 31 Dec 2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Interests in unlisted securities in companies and trusts</b>						
Shares in Transtoll Pty Limited	1,101	1,189	-	-	(890)	1,400
Investments in WSO Co Pty Limited (Westlink M7)	34,449	-	-	-	8,636	43,085
Investment in 407 International Inc.	3,039,266	-	(20,978)	113,376	638,222	3,769,886
Shares in Lusoponte Concessionária para a Travessia do Tejo SA	216,967	-	(1,263)	9,362	10,647	235,713
Shares in Chicago Skyway Partnership	242,984	-	(1,300)	(7,926)	73,218	306,976
Investment in Financière Eiffarie SAS (APRR)	1,340,606	-	(86,064)	58,497	344,601	1,657,640
Shares in Indiana Toll Road Partnership	255,010	-	(4,164)	(8,259)	112,804	355,391
Shares in Macquarie 125 Holdings Inc (South Bay Expressway)	161,843	-	-	(5,306)	30,920	187,457
Shares in Dulles Greenway Partnership	76,640	-	-	(2,519)	58,909	133,030
Partnership interest in Warnowquerung GmbH & Co. KC (Rostock)	2,431	-	-	105	500	3,036
	<b>5,371,297</b>	<b>1,189</b>	<b>(113,769)</b>	<b>157,330</b>	<b>1,277,567</b>	<b>6,693,614</b>
<b>Interest bearing financial assets</b>						
Investment in Westlink Subordinated term Loan Notes	726,112	-	(41,509)	-	48,516	733,119
Investment in Financière Eiffarie SAS Bonds (APRR)	478,934	-	(12,019)	20,820	11,968	499,703
Investment in Dulles Greenway Subordinated Loans	318,337	-	-	(10,422)	26,581	334,496
	<b>1,523,383</b>	<b>-</b>	<b>(53,528)</b>	<b>10,398</b>	<b>87,065</b>	<b>1,567,318</b>
<b>Total investment in financial assets</b>	<b>6,894,680</b>	<b>1,189</b>	<b>(167,297)</b>	<b>167,728</b>	<b>1,364,632</b>	<b>8,260,932</b>

At 31 December 2007, the total value of MIG's investments in financial assets is \$8,260.9 million. The values of these investments, which are unlisted, have been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors and applying specific risk premiums as outlined in Note 1(b). If all risk premiums were 0.5% lower/higher, the value of MIG's investments in financial assets would increase/decrease by \$780.7 million and \$665.1 million respectively. If all revenue forecasts were 5% higher/lower, the value of MIG's investments in financial assets would increase/decrease by \$674.8 million and \$718.2 million respectively.

# Interim Report

For the Half Year Ended 31 December 2007

## 4 Investments in Financial Assets (cont'd)

### MIT(I) Group

The table below summarises the movements in MIT(I) Group's investment portfolio during the period ended 31 December 2007.

	Balance at 30 June 2007	Investments	Returns from Investments Note (i)	FX Effects Note (ii)	Revaluations	Balance at 31 Dec 2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Interests in unlisted securities in companies and trusts</b>						
B Class shares in MIG Holdings (US) LLC (Chicago Skyway)	21,292	-	-	(692)	9,674	30,274
B Class shares in MIG Holdings 2 (US) LLC (Dulles Greenway)	16,012	-	-	(525)	21,725	37,212
	<b>37,304</b>	-	-	(1,217)	31,399	<b>67,486</b>
<b>Interest bearing financial assets</b>						
Investment in Westlink M7 Subordinated term Loan Notes	726,112	-	(41,509)	-	48,516	733,119
	<b>726,112</b>	-	(41,509)	-	48,516	<b>733,119</b>
<b>Total investments in financial assets</b>	<b>763,416</b>	-	(41,509)	(1,217)	79,915	<b>800,605</b>

### Notes

#### (i) Returns from Investments

Distributions or receipts from the investments are credited directly against the investment when received.

#### (ii) Foreign Exchange (FX) effects

Where a group entity holds an investment in a toll road company in the same currency as its functional currency, FX effects arise from translation of the group entity's assets and liabilities to the Australian dollar presentation currency. These FX effects are taken to the Foreign Currency Translation Reserve (within Reserves). Where a group entity holds an investment in a toll road company that it carries at fair value in a different currency to its functional currency, FX effects arise from translation of the investment in the books of the group entity. These FX effects are taken to the Income Statement. Of the \$167.7 million foreign exchange gain relating to MIG's investments in financial assets, \$14.3 million was debited to the Income Statement and \$153.4 million was taken to the Foreign Currency Translation Reserve. The total amount of the foreign exchange loss relating to MIT(I) Group's investments in financial assets, being \$1.2 million, was debited to the Income Statement.

# Interim Report

For the Half Year Ended 31 December 2007

## 5 Interest Bearing Financial Liabilities

	Note	MIG		MIT(I) Group	
		As at	As at	As at	As at
		31 Dec 2007	30 Jun 2007	31 Dec 2007	30 Jun 2007
		\$'000	\$'000	\$'000	\$'000
<b>Non-current</b>					
Loan from MIT(II)	(i)	-	-	<b>482,986</b>	504,141
Non-recourse loans	(ii)	<b>2,245,039</b>	2,345,327	-	-
Accrued interest rate swap liability	(iii)	<b>82,208</b>	53,602	-	-
Loan from minority interest in MAF Finance Sarl	(iv)	<b>249,851</b>	239,467	-	-
		<b>2,577,098</b>	2,638,396	<b>482,986</b>	504,141

### Notes

#### (i) Loan from MIT(II)

The loan from MIT(II) accrues interest at BBSW plus a margin of 0.45% per annum and is payable at call.

#### (ii) Non-recourse loans

The consolidated financial statements incorporate interest-bearing financial liabilities raised by controlled project entities to finance the construction of infrastructure assets. These project-related liabilities are non-recourse to the Group.

The non recourse loan represents Macquarie Motorway Group Limited's (MMG), a subsidiary of the Group, debt facilities of £1.03 billion (\$2.33 billion). Interest on the drawn facilities is charged at a floating rate over the London Inter Bank Offer Rate (LIBOR). The facilities are due for repayment in 2015 and comprise a £1.00 billion (\$2.26 billion) term loan and a £30.0 million (\$67.9 million) capital expenditure facility.

#### (iii) Accrued interest rate swap liability

The swap liability represents a separate element associated with the MMG interest rate 30 year hedge. This reflects the low rates of fixed payments currently being paid under the swap contracts. As at 31 December 2007, this element incurs fixed interest at 1% per annum.

#### (iv) Loan from Minority Interest

The loan from MEIF Luxembourg Holdings S.A has a nominal value of €150.0 million (\$239.5 million) and interest is charged at a floating rate at a margin over the Euro Inter Bank Offer Rate (EURIBOR). The loan is due for repayment in 2033.

# Interim Report

For the Half Year Ended 31 December 2007

## 6 Contributed Equity

	MIG		MIT(I) Group	
	31 Dec 2007 \$'000 (Half year)	30 June 2007 \$'000 (Full year)	31 Dec 2007 \$'000 (Half year)	30 June 2007 \$'000 (Full year)
On issue at the beginning of the period	<b>3,956,004</b>	4,770,026	<b>280,727</b>	325,010
Issued pursuant to:				
DRP on 15 August 2006	-	147,929	-	5,417
Conversion of ReCNs on 15 November 2006*	-	517,361	-	16,580
In specie distribution of Sydney Roads Group	-	(842,342)	-	(44,600)
Cancelled pursuant to:				
Security buy-back	<b>(328,178)</b>	(636,162)	<b>(11,823)</b>	(21,644)
Capital raising and buyback costs	<b>(493)</b>	(808)	<b>(20)</b>	(36)
On issue at the end of the period	<b>3,627,333</b>	3,956,004	<b>268,884</b>	280,727
	<b>Number of stapled securities '000</b>	Number of stapled securities '000	<b>Number of units '000</b>	Number of units '000
On issue at the beginning of the period	<b>2,516,791</b>	2,475,499	<b>2,516,791</b>	2,475,499
Issued pursuant to:				
DRP on 15 August 2006	-	55,505	-	55,505
Conversion of ReCNs on 15 November 2006*	-	165,049	-	165,049
Cancelled pursuant to:				
Security buy-back	<b>(101,509)</b>	(179,262)	<b>(101,509)</b>	(179,262)
On issue at the end of the period	<b>2,415,282</b>	2,516,791	<b>2,415,282</b>	2,516,791

\* Refer Note 9.

## 7 Retained Profits

	MIG		MIT(I) Group	
	31 Dec 2007 \$'000 (Half year)	30 Jun 2007 \$'000 (Full year)	31 Dec 2007 \$'000 (Half year)	30 Jun 2007 \$'000 (Full year)
Balance at the beginning of the period	<b>2,256,887</b>	1,174,472	<b>77,824</b>	31,537
Profit attributable to security/unit holders	<b>1,028,670</b>	1,702,253	<b>59,581</b>	46,287
Distributions paid and proposed	<b>(241,528)</b>	(619,838)	-	-
Balance at the end of the period	<b>3,044,029</b>	2,256,887	<b>137,405</b>	77,824

# Interim Report

For the Half Year Ended 31 December 2007

## 8 Segment Reporting

### MIG

The principal activity of MIG during the period was the development and operation of toll roads, tunnels and bridges. The primary basis of segment reporting is geographical.

MIG's toll road business includes the development and operation of toll roads and investment in entities in the same industry sector.

<b>Geographical segments</b>	<b>Australia \$'000</b>	<b>Europe \$'000</b>	<b>North America \$'000</b>	<b>Total \$'000</b>
<b>Consolidated</b>				
<b>6 months to 31 December 2007</b>				
Segment revenue and other income from continuing activities	65,778	496,471	935,348	1,497,597
Segment profit from continuing activities before income tax (expense)/benefit	60,681	336,441	909,788	1,306,910
Unallocated expenses				(5,136)
Profit from continuing activities before income tax (expense)/benefit				1,301,774
<b>Consolidated</b>				
<b>6 months to 31 December 2006</b>				
Segment revenue and other income from continuing activities	831,604	476,624	696,032	2,004,260
Segment profit from continuing activities before income tax (expense)/benefit	606,760	422,296	595,640	1,624,696
Unallocated expenses				(6,206)
Profit from continuing activities before income tax (expenses)/benefit				1,618,490

### MIT(I) Group

The principal activity of MIT(I) during the year was the development of toll roads, tunnels and bridges. The primary basis of segment reporting is geographical.

MIT(I)'s toll road business includes the development and operation of toll roads and investment in entities in the same industry sector.

<b>Geographical segments</b>	<b>Australia \$'000</b>	<b>Europe \$'000</b>	<b>North America \$'000</b>	<b>Total \$'000</b>
<b>6 months to 31 December 2007</b>				
Segment revenue and other income from continuing activities	52,792	-	30,200	82,992
Segment profit from continuing activities before income tax (expense)/benefit	30,664	-	29,846	60,510
Unallocated expenses				(885)
Profit from continuing activities before income tax (expense)/benefit				59,625
<b>6 months to 31 December 2006</b>				
Segment revenue and other income from continuing activities	95,636	-	(18,416)	77,220
Segment profit from continuing activities before income tax (expense)/benefit	61,292	-	(18,819)	42,473
Unallocated expenses				(1,021)
Profit from continuing activities before income tax (expense)/benefit				41,452

## 9 Non-Cash Financing and Investing Activities

On 15 November 2006, MIG issued 165,048,894 stapled securities to Ontario Teachers' Pension Plan Board (OTPP) on conversion of all outstanding Reset Convertible Notes (ReCNs) and accrued interest. The ReCNs were issued by Western Sydney Orbital Funding Trust, a 100% owned subsidiary of MIT(I) to OTPP in order to fund the investment in Westlink M7. This transaction is not reflected in the Cash Flow Statements for the comparative period.

For the period ended 31 December 2007, there were no non-cash financing and investing transactions.

## 10 Contingencies

Except as discussed elsewhere in this report, MIG had the following contingent liabilities at balance date. No provisions have been raised against these items unless stated below.

### (i) Warnow Tunnel

European Transport Investments (UK) Limited (ETI), a subsidiary of MIG, has made two separate guarantees, totalling €1.19 million (\$1.98 million), in the event of a senior debt payment event of default by Warnowquerung GmbH & Co. KG, the owner of the Rostock Fixed Crossing Concession. The Group believes it is unlikely to have to make these contributions and that no provisions are necessary in the financial statements as at 31 December 2007.

This contingent commitment is backed by an on-demand guarantee, provided through a blocked account into which €1.19 million (\$1.98 million) has been deposited. These funds are restricted and are not accessible.

### (ii) South Bay Expressway

- The construction contractor at South Bay Expressway (SBX) is in the process of submitting claims against South Bay Expressway Limited Partnership (SBXLP), an associate of MIG. These claims are the subject of ongoing discussion and adjudication.

The consideration payable by Macquarie Infrastructure Partners, Inc (MIP) to MIG in respect of MIP's acquisition of 50% of MIG's interest in SBX on 15 December 2006 is subject to adjustment if contractor costs are higher than forecast or if the debt levels are different to forecast. Any adjustment shall not exceed US\$27.5 million.

MIG does not believe that any provision is required against its investment in SBX in the financial statements at 31 December 2007 in connection with this adjustment, on the basis SBXLP is expected to defend the claims successfully.

- Macquarie Infrastructure Trust (II) has provided letters of credit totalling USD3.6 million (\$4.1 million) to several agencies which have granted environmental permits for the construction of the SBX. The Group believes it unlikely that there has been or will be any violation of the relevant environmental laws which would require the letters of credit to be drawn and therefore no provisions are necessary in the financial statements as at 31 December 2007.

The letters of credit are backed by an on-demand guarantee, provided through a secured cash deposit of USD3.6 million (\$4.1 million).

### (iii) Conversion of Reset Convertible Notes

On 13 November 2006, Ontario Teachers' Pension Plan Board (OTPP) exercised their right to convert all outstanding Reset Convertible Notes (ReCNs) into MIG stapled securities. At the same time, OTPP advised that it considered that MIG had not complied with the terms of the ReCNs Deed Poll in relation to the giving of notice of a Trigger Event. OTPP reiterated their assertions on 21 December 2007.

MIG's view is that a compliant notice was given. MIG intends to contest any claims which may arise from the above proceedings.

## 11 Events Occurring After Balance Sheet Date

### ■ ***Distribution and Dividend Reinvestment Plan (DRP)***

A portion of stapled security holders participated in MIG's DRP for the interim distribution paid on 14 February 2008. Of the distribution declared, \$69.6 million was reinvested in MIG. MIG sourced the securities allocated to the participants under the DRP from on-market purchases of existing securities.

### ■ ***Security buy-back***

On 14 January 2008 MIG completed its \$1.00 billion on market buy-back, resulting in the total buy-back and cancellation of 292,218,706 MIG securities.

## Statement by the Directors of the Responsible Entity of Macquarie Infrastructure Trust (II) and Macquarie Infrastructure Trust (I)

In the opinion of the directors of Macquarie Infrastructure Investment Management Limited (MIIML) (the "Responsible Entity"):

The financial statements and notes set out on pages 5 to 22 are in accordance with the Trust constitutions of MIT(II) and MIT(I) and the *Corporations Act 2001*, including:

- a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) giving a true and fair view of the Macquarie Infrastructure Group's (as defined in note 1(c)) and Macquarie Infrastructure Trust (I) Group's financial positions as at 31 December 2007 and of their performance for the financial period ended on that date; and
- c) there are reasonable grounds to believe that MIT(II) and MIT(I) will be able to pay their debts as and when they become due and payable.

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



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**Mark Johnson**  
Sydney  
20 February 2008



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**John Roberts**  
Sydney  
20 February 2008

## Independent Auditor's Review Report to the security holders of Macquarie Infrastructure Trust (II) and Macquarie Infrastructure Trust (I)

### Report on the Half-Year Financial Reports

We have reviewed the accompanying half-year financial reports of Macquarie Infrastructure Trust (II) and Macquarie Infrastructure Trust (I), which comprise the balance sheets as at 31 December 2007, and the income statements, statements of changes in equity and cash flow statements for the half-year ended on that date, other selected explanatory notes and the directors' declarations for the Macquarie Infrastructure Group (MIG) and the Macquarie Infrastructure Trust (I) Group (MIT(I) Group). MIG comprises Macquarie Infrastructure Trust (II) (MIT(II)) and the entities it controlled during that half-year, Macquarie Infrastructure Trust (I) (MIT(I)) and the entities it controlled during that half-year, and Macquarie Infrastructure Group International Limited and the entities it controlled during that half-year. MIT(I) Group comprises both MIT(I) and the entities it controlled during that half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the Macquarie Infrastructure Investment Management Limited (the responsible entity) are responsible for the preparation and fair presentation of the half-year financial reports in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial reports that are 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 reports 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 reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of MIG's and MIT(I) Group's financial positions as at 31 December 2007 and their performances 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 MIT(II) and MIT(I), ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of half-year financial reports 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 reports to determine whether it contains any material inconsistencies with the financial reports. 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 reports of Macquarie Infrastructure Trust (II) and Macquarie Infrastructure Trust (I) are not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Macquarie Infrastructure Group's and Macquarie Infrastructure Trust (I) Group's financial positions as at 31 December 2007 and of their performances for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Wayne Andrews*

W J Andrews  
Partner

Sydney  
20 February 2008