



Macquarie Infrastructure Group

**Macquarie Infrastructure Trust (II)
ARSN 092 863 548**

Concise Financial Report 30 June 2008

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) (AFSL 241405) (MIIML) is the responsible entity of MIT(I) and MIT(II). MIIML is a wholly owned subsidiary of Macquarie Group Limited (ACN 122 169 279) (MGL).

Macquarie Capital Funds (Europe) Limited (MCFEL) (registered number 3976881) is the adviser to 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). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

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 to 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 concise 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 concise financial report and any financial information contained in this financial report rests solely with the directors of MIIML.

This concise financial report has been derived from the full financial report for the year ended 30 June 2008. The full financial report and the auditor's report will be sent to security holders on request, free of charge. Please call Computershare Investor Services Pty Limited on 1800 000 982 and a copy will be forwarded to you.

This concise financial report cannot be expected to provide as full an understanding of the Income Statement, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity of MIG as the full financial report.

Concise Financial Report

Year ended 30 June 2008

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Macquarie Infrastructure Investment Management Limited

Directors' Report for the year ended 30 June 2008

Directors' Report

In respect of the year ended 30 June 2008, the directors of Macquarie Infrastructure Investment Management Limited (MIIML or the Responsible Entity) submit the following report on the consolidated financial report of Macquarie Infrastructure Trust (II) (MIT(II)). 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(II) and its controlled entities, Macquarie Infrastructure Trust (I) (MIT(I)) 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).

Principal Activities

The principal activity of MIG is the development and operation of toll roads, bridges and tunnels and investment in entities in the same industry sector. There were no significant changes in the nature of the Group's activities during the year.

Directors

The following persons were directors of the Responsible Entity during the whole of the year and up to the date of this report (unless otherwise stated):

| | |
|---------------------------------|---|
| — Mark Roderick Granger Johnson | (Chairman) |
| — Michael Bernard Easson | (Resigned 28/08/2007) |
| — Eric Paul McClintock | |
| — Nicholas William Moore | (Resigned 11/04/2008) |
| — David Allen Mortimer | |
| — David Anthony Walsh | |
| — Michael Carapiet | (Appointed 11/04/2008) |
| — John Stuart Hugh Roberts | (Resigned 28/08/2007, appointed alternate Director for Mark Roderick Granger Johnson and Nicholas William Moore 28/08/2007, appointed alternate Director for Michael Carapiet 11/04/2008) |

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

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

Interests in the Group held by the directors of the Responsible Entity and MIGIL during the year are disclosed in Note 26 to the MIG full financial statements.

Distributions

The total distribution for MIG for the year ended 30 June 2008 was 20.0000 cents per stapled security (2007: 20.0000 cents per stapled security and an in specie distribution of 38.3333 cents per stapled security). An interim distribution of 10.0000 cents per stapled security (2007: 10.0000 cents per stapled security) was paid by MIGIL on 14 February 2008. A final distribution of 10.0000 cents per stapled security (2007: 10.0000 cents per stapled security) was paid by MIGIL on 14 August 2008.

Macquarie Infrastructure Investment Management Limited

Directors' Report for the year ended 30 June 2008

Review and Results of Operations

The performance of the Group for the year, as represented by the results of its operations, was as follows:

| | MIG Consolidated 2008 \$'000 | MIG Consolidated 2007 \$'000 |
|---|------------------------------------|------------------------------------|
| Revenue and other income from continuing activities | 1,400,841 | 2,740,365 |
| Profit attributable to MIG security holders | 767,269 | 1,702,253 |
| | Cents | Cents |
| Basic earnings per stapled security | 31.46 | 66.57 |

■ *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.

■ *Establishment of the MIG Westlink Funding Trust*

On 1 April 2008, the MIG Westlink Funding Trust was established as a wholly owned subsidiary of MIT(I). A A\$200 million facility, being a securitisation of part of the future distributions from Westlink M7, has been extended to the MIG Westlink Funding Trust. This facility remains undrawn at 30 June 2008.

Significant Changes in State of Affairs

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

Events Occurring after Balance Sheet Date

■ *Distribution and Dividend Reinvestment Plan (DRP)*

A final distribution of 10.0000 cents per stapled security (2007: 10.0000 cents per stapled security) was paid on 14 August 2008. The distribution consisted of 10.0000 cents paid by MIGIL.

A portion of stapled security holders participated in MIG's DRP for the final distribution paid on 14 August 2008. Of the distribution declared, \$79.2 million was reinvested in MIG. MIG sourced the securities allocated to the participants under the DRP from on-market purchases of existing securities.

Likely Developments and Expected Results of Operations

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

Macquarie Infrastructure Investment Management Limited

Directors' Report for the year ended 30 June 2008

Indemnification and Insurance of Officers and Auditors

No insurance premiums are paid for out of the assets of the Group in regard to insurance cover provided to either the Responsible Entity or auditors of the Group. So long as the officers of the Responsible Entity act in accordance with the Trust Constitutions and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Group against any losses incurred while acting on behalf of the Group. The auditors of the Group are in no way indemnified out of the assets of the Group.

Fees Paid to the Responsible Entity and Adviser

Fees paid to the Responsible Entity and Macquarie Capital Funds (Europe) Limited (MCFEL or the Adviser) out of the Group's property during the year are disclosed in Note 26 to the MIG full financial statements.

No fees were paid out of the Group's property to the directors of either the Responsible Entity or the Adviser during the year.

Interests in the Group held by the Responsible Entity and its associates during the year are disclosed in Note 26 to the MIG full financial statements.

Interests in the Group Issued During the Financial Year

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

| MIG | Consolidated | Consolidated |
|--|--------------|--------------|
| | 2008 | 2007 |
| | '000 | '000 |
| Securities on issue at the beginning of the year | 2,516,791 | 2,475,499 |
| Securities issued during the year | - | 220,554 |
| Securities cancelled during the year | (112,957) | (179,262) |
| Securities on issue at the end of the year | 2,403,834 | 2,516,791 |

For further details please refer Note 20 to the MIG full financial statements. For further details on securities held by related parties, refer to Note 26 to the MIG full financial statements.

Value of Assets

| MIG | Consolidated | Consolidated |
|----------------------------------|--------------|--------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Value of Group assets at 30 June | 9,747,056 | 10,331,517 |

The value of the Group's assets is derived using the basis set out in Note 1 to the financial statements.

Macquarie Infrastructure Investment Management Limited

Directors' Report for the year ended 30 June 2008

Environmental Regulation

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

The following environmental regulations apply to MIG's controlled assets:

■ **United Kingdom**

Midland Expressway Limited constructed the M6 Toll road under a series of Orders made in 1998 by the Secretary of State for Transport pursuant to his powers under the Highways Act 1980 and the New Roads and Street Works Act 1991. Prior to that, the M6 Toll had been the subject of a full Environmental Impact Assessment that was considered in detail at a Public Inquiry held in 1994 and 1995. The Public Inquiry produced a list of specific environmental commitments and undertakings. There have been no significant breaches of the environmental legislation, commitments or undertakings.

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 7.

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

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



Mark Johnson

Sydney
20 August 2008



John Roberts

Sydney
20 August 2008

Auditor's Independence Declaration

As lead auditor for the audit of Macquarie Infrastructure Trust (II) for the year ended 30 June 2008, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Wayne Andrews
Partner
PricewaterhouseCoopers

Sydney
20 August 2008

Concise Financial Report

For the Year ended 30 June 2008

Consolidated Income Statement

| | Note | MIG 30 June 2008 \$'000 | MIG 30 June 2007 \$'000 |
|--|------|-------------------------------|-------------------------------|
| Revenue and other income from continuing activities | | | |
| Revenue from continuing activities | | 203,692 | 314,665 |
| Revaluation and other income from continuing activities | | 1,197,149 | 2,425,700 |
| Total revenue and other income from continuing activities | 2 | 1,400,841 | 2,740,365 |
| Operating expenses from continuing activities | | | |
| Finance costs | | (150,984) | (254,172) |
| Other operating expenses | | (253,380) | (375,720) |
| Total operating expenses from continuing activities | 2 | (404,364) | (629,892) |
| Profit from continuing activities before income tax (expense) / benefit | | 996,477 | 2,110,473 |
| Income tax (expense) / benefit | | (82,286) | 133,908 |
| Profit from continuing activities after income tax (expense) / benefit | | 914,191 | 2,244,381 |
| Finance costs attributable to AMT unit holders | | - | (1,974) |
| Profit from continuing activities after income tax (expense) / benefit and after finance costs attributable to AMT unit holders | | 914,191 | 2,242,407 |
| Profit attributable to: | | | |
| MIG security holders | | 767,269 | 1,702,253 |
| Minority interests | | 146,922 | 540,154 |
| | | 914,191 | 2,242,407 |
| Earnings per security for profit from continuing activities attributable to MIG security holders | | | |
| Basic earnings per stapled security | | 31.46 | 66.57 |

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

Concise Financial Report

For the Year ended 30 June 2008

Consolidated Balance Sheet

| | Note | MIG 30 June 2008 \$'000 | MIG 30 June 2007 \$'000 |
|--|------|-------------------------------|-------------------------------|
| Current assets | | | |
| Cash and cash equivalents | | 984,212 | 1,673,122 |
| Receivables | | 2,474 | 13,471 |
| Derivative financial instruments | 4 | 3,957 | - |
| Prepayments | | 2,335 | 2,958 |
| Total current assets | | 992,978 | 1,689,551 |
| Non-current assets | | | |
| Receivables | | 3,230 | 2,525 |
| Derivative financial instruments | 4 | 110,838 | 254,791 |
| Investments in financial assets at fair value through profit or loss | 5 | 7,363,008 | 6,894,680 |
| Property, plant and equipment | | 1,172,277 | 1,367,769 |
| Tolling concessions | | 104,725 | 122,201 |
| Total non-current assets | | 8,754,078 | 8,641,966 |
| Total assets | | 9,747,056 | 10,331,517 |
| Current liabilities | | | |
| Distribution payable | | 240,384 | 251,679 |
| Payables | | 37,539 | 55,136 |
| Current tax liabilities | | 321 | 6,326 |
| Total current liabilities | | 278,244 | 313,141 |
| Non-current liabilities | | | |
| Payables | | 150,969 | 111,747 |
| Interest-bearing financial liabilities | 6 | 2,428,289 | 2,638,396 |
| Deferred tax liabilities | | 203,169 | 190,007 |
| Provisions | | - | 2,339 |
| Total non-current liabilities | | 2,782,427 | 2,942,489 |
| Total liabilities | | 3,060,671 | 3,255,630 |
| Net assets | | 6,686,385 | 7,075,887 |
| Equity | | | |
| MIG security holders' interest | | | |
| Contributed equity | | 3,591,566 | 3,956,004 |
| Retained profits | | 2,542,244 | 2,256,887 |
| Reserves | | (183,629) | 208,378 |
| Total MIG security holders' interest | | 5,950,181 | 6,421,269 |
| Minority interests in controlled entities | | 736,204 | 654,618 |
| Total equity | | 6,686,385 | 7,075,887 |

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

Concise Financial Report

For the Year ended 30 June 2008

Consolidated Statement of Changes in Equity

| | Note | MIG 30 June 2008 \$'000 | MIG 30 June 2007 \$'000 |
|--|------|-------------------------------|-------------------------------|
| Total equity at the beginning of the year | | 7,075,887 | 6,604,491 |
| Exchange differences on translation of foreign operations | | (287,013) | (368,547) |
| Changes in fair value of cash flow hedges (net of tax) | | (88,440) | 180,062 |
| Profit for the year | | 914,191 | 2,242,407 |
| Total recognised income and expense for the year | | 538,738 | 2,053,922 |
| Transactions with equity holders in their capacity as equity holders: | | | |
| Contributions of equity (net of transaction costs paid) | | - | 665,532 |
| Securities cancelled pursuant to security buy-back (including transaction costs) | | (364,438) | (637,212) |
| Distributions provided for or paid to MIG security holders | 3 | (481,912) | (513,274) |
| In specie distribution of Sydney Roads Group | 3 | - | (948,906) |
| Distributions provided for or paid to minority interest | | (81,890) | (120,645) |
| Minority interest on demerger of subsidiary | | - | (28,021) |
| | | (928,240) | (1,582,526) |
| Total equity at the end of the year | | 6,686,385 | 7,075,887 |
| Total recognised income and expenses for the year is attributable to: | | | |
| MIG security holders | | 375,262 | 1,538,925 |
| Minority interests | | 163,476 | 514,997 |
| | | 538,738 | 2,053,922 |

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

Concise Financial Report

For the Year ended 30 June 2008

Consolidated Cash Flow Statement

| | MIG 30 June 2008 \$'000 | MIG 30 June 2007 \$'000 |
|---|-------------------------------|-------------------------------|
| Cash flows from operating activities | | |
| Toll revenue received | 151,761 | 219,694 |
| Interest received | 69,347 | 262,649 |
| Interest paid | - | (74,593) |
| Net indirect taxes received / (paid) | (11,454) | (13,547) |
| Payments to suppliers and employees (inclusive of GST) | (36,590) | (85,470) |
| Responsible Entity and Adviser base fees paid | (78,264) | (92,961) |
| Distributions and dividend income received | 347,490 | 258,465 |
| Income taxes paid | (9,497) | (4,869) |
| Other income received | 7,812 | 9,194 |
| Net cash flows from operating activities | 440,605 | 478,562 |
| Cash flows from investing activities | | |
| Proceeds from sale of assets to MIP, net of cash disposed | - | 661,261 |
| Proceeds from demerger of SRG, net of cash disposed | - | 27,913 |
| Proceeds from return of capital from investments | 10,411 | 10,658 |
| Payments for the purchase of investments | (27,485) | (34,648) |
| Capital expenditure | (14,487) | (104,347) |
| Proceeds from sale of property, plant and equipment | - | 339 |
| Loans (advanced to) / repaid by investments and controlled entities | - | (864) |
| Net cash flows from investing activities | (31,561) | 560,312 |
| Cash flows from financing activities | | |
| Repayment of bank borrowings | - | (2,036,820) |
| Proceeds from bank borrowings | 15,497 | 2,884,131 |
| Borrowing cost paid | (85,620) | (149,690) |
| Distributions paid to MIG security holders | (493,207) | (533,899) |
| DRP proceeds received | - | 147,785 |
| On market buy-back | (364,438) | (637,212) |
| Distributions paid to minority interests | (98,705) | (105,762) |
| Net cash flows from financing activities | (1,026,473) | (431,467) |
| Net (decrease)/increase in cash assets held | (617,429) | 607,407 |
| Cash and cash equivalents at the beginning of the year | 1,673,122 | 1,201,734 |
| Effect of exchange rate movements on cash and cash equivalents | (71,481) | (136,019) |
| Cash and cash equivalent assets at the end of the year | 984,212 | 1,673,122 |

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

Concise Financial Report

For the Year ended 30 June 2008

Discussion and Analysis

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

Overview of Operating Performance

Profit attributable to MIG security holders for the year ended 30 June 2008 was A\$767.3 million (2007: A\$1,702.3 million). The decrease reflects lower revaluation income on MIG's non-controlled toll road assets and the prior year impact of the demerger of MIG's mature Australian toll road assets, through the in-specie distribution of Sydney Roads Group (SRG), and the sale of 50% of MIG's interests in its four US assets.

— **Revenue from continuing activities of A\$203.7 million (2007: A\$314.7 million)**

The primary contributors to the decrease compared to 2007 are the reduction in consolidated toll revenue to A\$127.8 million (2007: A\$184.9 million) following the demerger and divestment of four consolidated toll road assets during the prior period and the reduction in interest income to A\$70.4 million (2007: A\$118.6 million) following the completion of the A\$1.00 billion on market security buy-back.

The demerger and divestment transactions also reduce consolidated operational expenses recognised for the period.

— **Other income from continuing activities of A\$1,197.1 million (2007: A\$2,425.7 million)**

Revaluation income of A\$1,184.1 million (2007: A\$1,773.5 million) relates to MIG's non-controlled assets only. It includes distributions received from the assets but excludes the majority of foreign exchange impacts which are reflected directly in reserves. These factors account for the majority of the difference between revaluation income for the year and the much smaller increase in overall portfolio valuation. The prior period included A\$1.08 billion of revaluation gains associated with APRR. In the case of APRR approximately 50% of the gains are attributable to the minority interests in this investment.

In addition, the prior period included a net gain on the sale of investments and deconsolidation/demerger of subsidiaries of A\$644.8 million, following the demerger of SRG and sale of 50% of MIG's interests in its four US assets.

— **Finance costs A\$151.0 million (2007: A\$254.2 million)**

The reduction in finance costs reflects the impact of the prior year demerger of MIG's mature Australian toll road assets and the sale of 50% of MIG's interests in its four US assets.

— **Income tax expense of A\$82.3 million (2007: income tax benefit A\$133.9 million)**

The recognition of deferred tax liabilities on revaluation of MIT(II)'s toll road assets has resulted in the recognition of an income tax expense of A\$82.3 million.

Discussion and Analysis of Financial Position

Net assets have decreased by A\$389.5 million for the year ended 30 June 2008. This has been driven primarily by the impact of a strengthening Australian dollar (against most of the portfolio currencies) on foreign denominated balances and the reduction in cash and cash equivalents as a result of the on market security buy-back, distributions paid to security holders and interest and distributions received, partially offset by a net increase in investments in financial assets.

Discussion and Analysis of Statement of Cash Flows

Net cash flows from operating activities were A\$440.6 million (2007: A\$478.6 million). The decrease reflects lower toll revenue and interest received, being partially offset by additional distributions received from MIG's investments, lower management fees paid and reduced payments to suppliers and employees. These lower receipts and payments in relation to toll road operations are due to the impact of the sale of investments and subsidiaries following the demerger of SRG and divestment of 50% of MIG's interests in its US assets.

Net cash outflows from investing activities of A\$31.6 million (2007: A\$560.3 million inflow) primarily comprise further investments in Transtoll and South Bay Expressway during the period. In the prior year, A\$661.3 million was received as proceeds from the sale of 50% of MIG's interests in the US assets, net of cash disposed, and there was significant capital expenditure in relation to consolidated assets and an additional investment in Westlink M7.

Net cash flows from financing activities primarily reflect distributions paid to MIG security holders and payments made in relation to the on market security buy-back. The prior year reflects the net impact of refinancing of the M6 Toll, distributions paid to security holders and payments made in relation to the security buy-back

Concise Financial Report

For the Year ended 30 June 2008

Discussion and Analysis (cont'd)

Discussion and Analysis of Changes in Equity

Overall contributed equity has fallen to A\$3,591.6 million (2007: A\$3,956.0 million), reflecting A\$364.4 million of buy-back completed during the year. On 14 January 2008 the A\$1.00 billion on market buy-back was completed, resulting in the total buy-back and cancellation of 292,218,706 securities.

At 30 June 2008 reserves comprised a negative foreign currency translation reserve of A\$275.3 million (2007: \$28.3 million) and a cash flow hedging reserve of A\$91.6 million (2007: A\$180.1 million).

Where an investment in a toll road company is held by a group entity having a non Australian dollar functional currency, but the same functional currency as the assets the effects of foreign exchange that result from the translation of that group entity's assets and liabilities are taken to the foreign currency translation reserve. Foreign exchange movements arose during the period due to the strengthening Australian dollar against all major currencies, with the exception of the Euro dollar.

The cash flow hedging reserve balance reflects the fair market value (net of tax) of interest rate swaps hedging non recourse debt at the M6 Toll. These swaps qualify for hedge accounting and movements in the fair value of the swaps have been taken to a separate reserve in accordance with Australian Accounting Standards.

Concise Financial Report

For the Year ended 30 June 2008

Notes to the Consolidated Financial Statements

1 Summary of Significant Accounting Policies

The significant policies which have been adopted in the preparation of the financial statements are stated to assist in a general understanding of this concise financial report. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of preparation

This concise financial report has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 1039: *Concise Financial Reports*.

The financial report was authorised for issue by the directors of the Responsible Entity on 20 August 2008. The Responsible Entity has the power to amend and reissue the concise financial report.

— *Historical cost convention*

These consolidated 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 MIT(II) and the shares of Macquarie Infrastructure Group International Limited (MIGIL or the Company) 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.

This concise financial report consists of 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.

— *Presentation Currency*

The presentation currency used in this concise financial report is Australian dollars.

(b) 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 statements. In accordance with this requirement MIT(II) has been identified as the parent of MIG comprising MIT(I) and its controlled entities, MIT(II) and its controlled entities and MIGIL and its controlled entities.

(c) Principles of consolidation

The consolidated financial statements of MIG incorporate the assets and liabilities of the entities controlled by MIT(II) at 30 June 2008, including those deemed to be controlled by MIT(II) by identifying it as the parent of MIG, and the results of those controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full. Minority interests in the results and equity are shown separately in the 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.

(d) Group formation

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

On 20 September 2000, the investment of MIT(II) in Macquarie European Infrastructure plc (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 (ASX) as a triple stapled security comprising MIG.

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1 Summary of Significant Accounting Policies (cont'd)

(d) Group formation (cont'd)

On 12 January 2005, a restructure inserted a new mutual fund company (incorporated in Bermuda), 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 (previously known as Macquarie Investment Management (UK) Limited) is the Adviser of this company.

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 (refer to note 3). 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.

(e) Investments in financial assets at fair value through profit or loss

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

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. Discounted cash flow analysis is the methodology applied in the valuation framework as it is the generally accepted methodology for valuing toll roads, bridges and tunnels and the basis upon which market participants have derived valuations for toll road transactions.

Discounted cash flow is the process of estimating future cash flows that are expected to be generated by an asset and discounting these cash flows to their present value by applying an appropriate discount rate. The discount rate applied to the cash flows of a particular 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.

MIG engages specialist traffic forecasting experts to provide a view on the most likely level of traffic to use the road having regard to a wide range of factors including the development of the surrounding road network, economic growth in the traffic corridor and people's willingness to pay specific toll levels based on the perceived benefits they gain from using the toll road.

The risk free rate for each asset is determined using the yields on 10 year nominal government bonds in the relevant jurisdiction at the valuation date.

The risk premiums applied to the discounted cash flow forecasts of the Groups' interests in securities in companies and trusts can be found in Note 5.

The valuation derived from the discounted cash flow analysis is periodically benchmarked to other sources such as recent market transactions to ensure that the discounted cash flow valuation is providing a reliable measure.

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, determined in accordance with a valuation framework adopted by the directors. Discounted cash flow analysis is the methodology applied in the valuation framework. Adjustments to the fair value of debt securities are recognised in the Income Statement.

— *Loans and receivables*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost. Interest income from loans and receivables is recognised using the effective interest method.

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2 Profit for the Year

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

| Consolidated | MIG 30 June 2008 \$'000 | MIG 30 June 2007 \$'000 |
|---|-------------------------------|-------------------------------|
| Revenue from continuing activities | | |
| Interest income from related parties | 1,295 | 2,269 |
| Interest income from other persons and corporations | 69,132 | 116,313 |
| Toll revenue | 127,847 | 184,855 |
| Rental income | - | 363 |
| Other revenue | 5,418 | 10,865 |
| Total revenue from continuing activities | 203,692 | 314,665 |
| Revaluation income from continuing activities | | |
| Revaluation of interests in unlisted securities in companies and trusts designated at fair value through profit or loss | 1,063,110 | 1,616,477 |
| Revaluation of interest bearing financial assets designated at fair value through profit or loss | 108,482 | 175,866 |
| Foreign exchange effect of investment revaluations | 12,520 | (18,798) |
| Total revaluation income from continuing activities | 1,184,112 | 1,773,545 |
| Other income from continuing activities | | |
| Net gain on sale of investments and deconsolidation/demerger of subsidiaries | - | 644,799 |
| Gains on derivative financial instruments | 10,260 | 7,356 |
| Refund of goods and services tax paid in prior periods | 2,777 | - |
| Total other income from continuing activities | 13,037 | 652,155 |
| Total revaluation and other income from continuing activities | 1,197,149 | 2,425,700 |
| Total revenue and other income from continuing activities | 1,400,841 | 2,740,365 |

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2 Profit for the Year (cont'd)

| Consolidated | MIG 30 June 2008 \$'000 | MIG 30 June 2007 \$'000 |
|--|-------------------------------|-------------------------------|
| Operating expenses from continuing activities | | |
| Financing costs | | |
| Interest paid to other persons and corporations | 150,984 | 250,669 |
| Amortisation of capitalised borrowing costs | - | 3,503 |
| | 150,984 | 254,172 |
| Other operating expenses | | |
| Loss on derivative financial instruments | - | 75 |
| Amortisation of tolling concessions | 2,613 | 18,253 |
| Depreciation: | | |
| Plant and equipment | 6,074 | 15,921 |
| Buildings | 1,029 | 1,131 |
| Leasehold improvements | 35,962 | 43,724 |
| Motor vehicles | 350 | 400 |
| | 43,415 | 61,176 |
| Cost of operations: | | |
| Concession notes | - | 1,274 |
| Employment costs | 12,290 | 15,054 |
| Operating expenses | 6,726 | 19,847 |
| Operating lease rentals | 55,425 | 33,055 |
| | 74,441 | 69,230 |
| Other operating expenses: | | |
| Auditors remuneration | 2,535 | 2,853 |
| Consulting and administration fees | 7,389 | 22,278 |
| Custodians' fees | 182 | 196 |
| Responsible entity's and adviser's base fees | 67,029 | 81,963 |
| Demerger transaction costs | - | 7,607 |
| Foreign exchange loss | 44,496 | 102,957 |
| Other expenses | 11,280 | 9,132 |
| | 132,911 | 226,986 |
| Total other operating expenses | 253,380 | 375,720 |
| Total operating expenses from continuing activities | 404,364 | 629,892 |

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3 Distributions Paid and Proposed

| Consolidated | MIG | MIG |
|---|-----------------------------------|-----------------------------------|
| | 30 June 2008 | 30 June 2007 |
| | \$'000 | \$'000 |
| The distributions were paid/payable as follows: | | |
| In specie distribution* | - | 948,906 |
| Interim distribution paid for period ended 31 December | 241,528 | 261,595 |
| Final distribution proposed and subsequently paid for the year ended 30 June | 240,384 | 251,679 |
| | 481,912 | 1,462,180 |
| | Cents per stapled security | Cents per stapled security |
| In specie distribution* | - | 38.3333 |
| Interim distribution paid for the period ended 31 December (100% unfranked) | 10.0000 | 10.0000 |
| Final distribution proposed and subsequently paid for the year ended 30 June (100% unfranked) | 10.0000 | 10.0000 |
| | 20.0000 | 58.3333 |

The final distribution was paid on 14 August 2008.

* Sydney Roads Group (SRG) Demerger

On 1 August 2006, MIG demerged its interests in the Eastern Distributor, M5 South-West Motorway and M4 Motorway. MIG's interests in the three roads were transferred to the newly established SRG. The demerger was effected through an in specie distribution to MIG security holders of one SRG stapled security for every three MIG stapled securities and an IPO of SRG to raise \$125.0 million of new capital.

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4 Derivative Financial Instruments

| Consolidated | MIG | MIG |
|--|--------------|--------------|
| | 30 June 2008 | 30 June 2007 |
| | \$'000 | \$'000 |
| Current | | |
| Interest rate swap contracts | 3,957 | - |
| Total current derivative financial instrument assets | 3,957 | - |
| Non-current assets | | |
| Interest rate swap contracts | 110,838 | 254,791 |
| Total non-current derivative financial instrument assets | 110,838 | 254,791 |

Instruments used by the Group

At 30 June 2008, the Group is party to derivative financial instruments entered into in the normal course of business, in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer Note 29 to the MIG full financial statements).

Interest rate swap contracts – cash flow hedges

Macquarie Motorways Group Limited (MMG) has entered into a 30 year interest rate hedge, such that all floating rate payments due on the £1.00 billion term loan (refer Note 6) have been fixed. The swap contracts entered into have structured fixed payments at levels that increase from period to period. The levels of fixed payments start at a low rate and then increase over 20 years until they reach a plateau rate for the remainder of the term. The swap contracts are currently being settled on a six monthly basis.

The interest rate swap contracts have been designated and qualify as a cash flow hedge. The gain or loss arising from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into the Income Statement when the hedged interest expense is recognised.

At the balance sheet date these contracts were assets with a fair value of £53.3 million (2007: £107.6 million) (\$110.8 million, 2007: \$254.8 million) and have been disclosed as derivative financial instrument assets in the balance sheet. The fair value movement of the swaps in the year was a loss of £54.3 million (2007: £107.6 million) (\$125.5 million, 2007: \$254.8 million). Of this movement a loss of £55.7 million (2007: £107.6 million) (\$128.3 million, 2007: \$254.8 million) has been recognised in the statement of changes in equity in the cash flow hedging reserve and a gain of £1.4 million (2007: £Nil) (\$2.8 million, 2007: \$Nil) has been recognised in the income statement.

A liability of £50.6 million (2007: £22.6 million) (\$105.2 million, 2007: \$53.6 million) has been recognised in interest bearing financial liabilities (refer Note 6) to reflect the low rates of fixed payments currently being paid under the swap contracts.

Interest rate swap contracts – other

During the year MMG entered into a 1 year basis swap agreement for a notional amount of £1.00 billion. Under the terms of the swap agreement MMG will pay 6 month LIBOR and receive 1 month LIBOR plus a premium from 30 June 2008 to 30 June 2009. At the balance sheet date these contracts were assets with a fair value of £1.9 million (\$4.0 million) and have been disclosed as current derivative instrument financial assets in the balance sheet. The fair value movement of these swaps in the year was a gain of £1.9 million (\$4.0 million) which has been recognised in the income statement.

At 30 June 2008, the notional principal amounts and periods of expiry of MMG's interest rate swap contracts are:

| | 2008 | 2007 |
|---------------|-----------|-----------|
| | \$'000 | \$'000 |
| 1 - 5 years | 2,079,152 | - |
| 25 – 30 years | 2,079,152 | 2,368,533 |

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5 Investments in Financial Assets at Fair Value through Profit or Loss

The table below summarises the movements in MIG's investment portfolio during the year ended 30 June 2008.

| MIG Consolidated | Balance at 30 June 2007 \$'000 | Investments \$'000 | Returns from investments Note (i) \$'000 | FX effects Note (ii) \$'000 | Revaluations \$'000 | Balance at 30 June 2008 \$'000 |
|---|---|-----------------------|---|-----------------------------------|------------------------|---|
| Interests in unlisted securities in companies, partnerships and trusts | | | | | | |
| Transtoll Pty Limited | 1,101 | 2,975 | - | - | (2,375) | 1,701 |
| WSO Co. Pty Limited (Westlink M7) | 34,449 | - | - | - | 50,082 | 84,531 |
| 407 International Inc. | 3,039,266 | - | (42,913) | (296,101) | 594,753 | 3,295,005 |
| Lusoponte Concessionária para a Travessia do Tejo S.A. | 216,967 | - | (5,003) | 6,262 | (30,618) | 187,608 |
| Chicago Skyway Partnership | 242,984 | - | (2,473) | (33,984) | 29,200 | 235,727 |
| Investment in Financière Eiffarie SAS (APRR) Note (iv) | 1,340,606 | - | (204,575) | 41,756 | 293,604 | 1,471,391 |
| Indiana Toll Road Partnership | 255,010 | - | (7,938) | (38,429) | 135,713 | 344,356 |
| Macquarie 125 Holdings Inc (South Bay Expressway) | 161,843 | 32,741 | - | (23,537) | (38,196) | 132,851 |
| Dulles Greenway Partnership | 76,640 | - | - | (13,870) | 31,762 | 94,532 |
| Warnowquerung GmbH & Co. KG Partnership (Warnow tunnel) | 2,431 | - | - | 65 | (815) | 1,681 |
| | 5,371,297 | 35,716 | (262,902) | (357,838) | 1,063,110 | 5,849,383 |
| Interests in interest bearing financial assets | | | | | | |
| Westlink M7 Subordinated term Loan Notes | 726,112 | - | (49,578) | - | 41,046 | 717,580 |
| Financière Eiffarie SAS Bonds (APRR) Note (iv) | 478,934 | - | (45,421) | 15,669 | 43,890 | 493,072 |
| Dulles Greenway Subordinated Loans | 318,337 | - | - | (38,910) | 23,546 | 302,973 |
| | 1,523,383 | - | (94,999) | (23,241) | 108,482 | 1,513,625 |
| Total investments | 6,894,680 | 35,716 | (357,901) | (381,079) | 1,171,592 | 7,363,008 |

At 30 June 2008, the total value of MIG's investments in financial assets is \$7,363.0 million (2007: \$6,894.7 million) (including minority interests). 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. Refer to note 1(e).

The investment valuation sensitivity to movements in the discount rates and revenue forecasts is disclosed in the table below.

| MIG Consolidated | 2008 50 bps lower \$ million | 2008 50 bps higher \$ million | 2007 50 bps lower \$ million | 2007 50 bps higher \$ million |
|--|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| Change in valuation of investments due to movement in the discount rates | 734.3 | (631.9) | 650.3 | (560.1) |

| MIG Consolidated | 2008 5% lower \$ million | 2008 5% higher \$ million | 2007 5% lower \$ million | 2007 5% higher \$ million |
|---|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
| Change in the valuation of investments due to movement in revenue forecasts | (847.4) | 837.2 | (756.8) | 745.2 |

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5 Investments in Financial Assets at Fair Value through Profit or Loss (cont'd)

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 an investment in a toll road company is held by a group entity that has the same functional currency as the asset, but a different functional currency to MIT(II), FX effects resulting from translation of the group entity's assets and liabilities are taken to the Foreign Currency Translation Reserve. Where an investment in a toll road company is held by a group entity that has a functional currency different from that of the asset, FX effects resulting from translation of the investment in the books of the group entity are taken through the income statement. Of the \$381.1 million foreign exchange loss relating to MIG's investments in financial assets, \$12.5 million was debited to the income statement and \$368.6 million was taken to the Foreign Currency Translation Reserve.

(iii) Risk premiums

The risk premiums applied to the discounted cash flow forecasts of the Group's interests in securities in companies, partnerships and trusts are as follows:

| MIG | 2008 | 2007 |
|----------------------|------|------|
| 407 ETR | 4.3% | 3.5% |
| Lusoponte | 4.0% | 2.8% |
| Warnow Tunnel | 7.0% | 5.0% |
| South Bay Expressway | 9.5% | 7.0% |
| Westlink M7 | 5.0% | 5.0% |
| Dulles Greenway | 8.5% | 7.0% |
| Indiana Toll Road | 6.0% | 7.0% |
| APRR | 6.0% | 8.0% |

(iv) Financière Eiffarie (APRR)

The Group's interest in APRR is held through Macquarie Autoroutes de France SA (MAF) and MAF Finance Sarl (MFS), companies owned 50% plus one share by the Group and 50% less one share by Macquarie European Infrastructure Fund (MEIF). The Group's interest in MAF and MFS is subject to put and call options granted in favour of MEIF. These options include provisions that enable MEIF to sell its interest in MAF and MFS to the Group or purchase the Group's interest in MAF and MFS at fair market value in the event that a MGL Group entity ceases to be the manager of MAF.

In addition, Eiffage SA has a call option over MAF's shares in Financière Eiffarie, exercisable at fair value in the event that a MGL Group entity ceases to be the adviser of MAF.

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6 Interest Bearing Financial Liabilities

| Consolidated | Note | MIG | |
|---|------|------------------|------------------|
| | | 30 June 2008 | 30 June 2007 |
| | | \$'000 | \$'000 |
| Non-current | | | |
| Non-recourse loans | a | 2,076,573 | 2,345,327 |
| Accrued interest rate swap liability | b | 105,181 | 53,602 |
| Loan from minority interest | c | 246,535 | 239,467 |
| | | 2,428,289 | 2,638,396 |
| The maturity profile of the above interest bearing financial liabilities is: | | | |
| Due within one year | | - | - |
| Due between one and five years | | 137,923 | 80,374 |
| Due after five years | | 2,290,366 | 2,558,022 |
| | | 2,428,289 | 2,638,396 |

The fair values of interest bearing financial liabilities (and their associated derivative financial instruments) approximate their carrying values.

(a) Non-recourse loans

The consolidated financial statements incorporate interest-bearing financial liabilities raised by controlled project entities to finance the construction of infrastructure assets. The debt borrowed by these project entities is on a non-recourse basis.

The non-recourse loan represents Macquarie Motorway Group Limited's (MMG), a subsidiary of the Group, debt facilities of £1.03 billion (\$2.14 billion). Interest on the drawn facilities is charged at a floating rate over the London Inter Bank Offer Rate (LIBOR). At 30 June 2008 the interest rate was 6.75% (2007: 6.34%). The facilities are due for repayment in 2015 and comprise a £1.00 billion (\$2.08 billion) term loan and a £30.0 million (\$62.4 million) capital expenditure facility.

At 30 June 2008 the term loan was fully drawn down and £7.4m (\$15.4 million) of the capital expenditure facility had been utilised. The facilities have certain covenants attached and are secured by way of a debentures over MEL's assets. Interest rate hedging has been put in place in relation to 100% of the face value of the term loan for the next 30 years. Details of these derivative contracts can be found in Note 4 and details of the risk management for the Group can be found in Note 29 to the MIG full financial statements.

(b) 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 30 June 2008, this element incurs fixed interest of 3.6% per annum.

(c) Loan from Minority Interest

The loan from MEIF Luxembourg Holdings S.A has a nominal value of €150.0 million (\$246.5 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.

At 30 June 2008 the interest rate was 8.81% (2007: 8.56%).

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6 Interest Bearing Financial Liabilities (cont'd)

Financing Facilities

At balance date access to the following financing facilities were available:

| MIG Consolidated | Note | Undrawn balance MIG 30 June 2008 \$'000 | Undrawn balance MIG 30 June 2007 \$'000 |
|-----------------------|------|--|--|
| Multi-Option facility | e | 500,000 | 500,000 |
| Syndicated facility | f | 200,000 | - |
| | | 700,000 | 500,000 |

(e) Multi-Option Facility

At 30 June 2008 MIG had a multi-option debt facility with Westpac Banking Corporation (WBC) and the Commonwealth Bank of Australia for a total amount of \$500.0 million (2007: \$500.0 million). At 30 June 2008, \$Nil (2007: \$Nil) was drawn under the facility. The facility attracts interest at BBSW plus a margin of 0.40% per annum.

Line fees and establishment fees of \$1.6 million (2007: \$2.2 million) were incurred in relation to the facility and expensed during the year.

Subsequent to 30 June 2008 MIG terminated this facility and entered into a new multi-option facility with WBC for an amount of \$300.0 million. The facility attracts interest at BBSW plus a margin of 0.75% per annum.

(f) Syndicated Facility

On 28 April 2008, MIG successfully negotiated an additional syndicated debt facility for a total amount of \$200.0 million. The facility was awarded to MIG Westlink Funding Trust, a subsidiary of MIT(I), and is a securitisation of a portion of the cash flows from Westlink M7. The facility is provided by WBC, National Australia Bank and Australia and New Zealand Banking Group Limited, has a term of 3 years and attracts interest at BBSY plus a margin of 1.55% per annum. At 30 June 2008, no amount was drawn under the facility. The facility is secured by way of a mortgage over the Group's interests in subsidiaries holding the investment in Westlink M7.

Line fees and establishment fees of \$2.2 million were incurred in relation to the facility and expensed during the year.

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7 Segment Reporting

The principal activity of MIG during the year was the development and operation of toll roads, tunnels and bridges and investment in entities in the same industry sector. The primary basis of segment reporting is geographical.

| MIG | Australia \$'000 | Europe \$'000 | North America \$'000 | Total \$'000 |
|---|---------------------|------------------|-------------------------|-----------------|
| Consolidated | | | | |
| Geographical segments | | | | |
| 30 June 2008 | | | | |
| Revenue and other income from continuing activities | 107,529 | 540,055 | 753,257 | 1,400,841 |
| Segment profit from continuing activities before income tax | 89,687 | 202,416 | 709,555 | 1,001,658 |
| Unallocated expenses | | | | (5,181) |
| Profit from continuing activities before income tax | | | | 996,477 |
| Total assets | 1,037,833 | 4,302,662 | 4,406,561 | 9,747,056 |
| Total liabilities | 269,353 | 2,639,458 | 151,860 | 3,060,671 |
| Acquisitions of property, plant and equipment, intangibles and other non-current segment assets | 2,975 | 14,487 | 32,741 | 50,203 |
| Depreciation and amortisation expense | - | 46,028 | - | 46,028 |

| MIG | Australia \$'000 | Europe \$'000 | North America \$'000 | Total \$'000 |
|---|---------------------|------------------|-------------------------|-----------------|
| Consolidated | | | | |
| Geographical segments | | | | |
| 30 June 2007 | | | | |
| Revenue and other income from continuing activities | 713,830 | 1,359,630 | 666,905 | 2,740,365 |
| Segment profit from continuing activities before income tax | 607,030 | 981,848 | 526,433 | 2,115,311 |
| Unallocated expenses | | | | (4,838) |
| Profit from continuing activities before income tax | | | | 2,110,473 |
| Total assets | 991,623 | 5,230,488 | 4,109,406 | 10,331,517 |
| Total liabilities | 309,745 | 2,823,835 | 122,050 | 3,255,630 |
| Acquisitions of property, plant and equipment, intangibles and other non-current segment assets | 34,648 | 1,346 | 465,294 | 501,288 |
| Depreciation and amortisation expense | 5,860 | 55,924 | 17,645 | 79,429 |

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8 Commitments for Expenditure

| Consolidated | MIG | MIG |
|---|------------------|------------------|
| | 2008 | 2007 |
| | \$'000 | \$'000 |
| Operating leases commitments | | |
| Commitments in relation to land leased by MEL from the Highways Agency in the UK and other non cancellable operating leases are payable as follows: | | |
| Within one year | 52,940 | 33,525 |
| Later than one year but not later than five years | 211,584 | 117,196 |
| Later than five years | 2,141,459 | 1,406,065 |
| | 2,405,983 | 1,556,786 |

The Group leases land from the Highways Agency in respect of the M6 Toll. The lease payments are established via a formula set out by the Highways Agency, which settles all costs associated with the purchase by the Highways Agency of that land, and interest on those costs at 6% real per annum. Lease payments will be made from 2010 to 2054.

Other commitments

As part of the debt refinancing of the M6 Toll in August 2006, MEI, a subsidiary of MIGIL has made a commitment to contribute up to a maximum of £70 million (\$145.5 million) (indexed) towards a road enhancement project which would provide a link to the M6 Toll. As this contribution is conditional upon the project being undertaken at a future date, the Group believes that no provisions are necessary in the financial statements at 30 June 2008.

9 Contingent Liabilities

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 MIGIL, has made two separate guarantees, totalling €1.19 million (\$2.33 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 30 June 2008.

This contingent commitment is backed by an on-demand guarantee, provided through a blocked account into which €1.19 million (\$2.33 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 30 June 2008, on the basis SBXLP is expected to defend the claims successfully.

- Macquarie Infrastructure Trust (II) has provided letters of credit totalling US\$3.6 million (\$3.8 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 30 June 2008.

The letters of credit are backed by an on-demand guarantee, provided through a secured cash deposit of US\$3.6 million (\$3.8 million).

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9 Contingent Liabilities (cont'd)

(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 lodged a summons in the Supreme Court of New South Wales on 7 March 2008 alleging breach of the ReCNs Deed Poll. MIG made an ASX announcement on 10 March 2008 noting the above and indicating it intends to contest the claim. The litigation process is currently ongoing.

10 Events Occurring after Balance Sheet Date

A final distribution of 10.0000 cents (2007: 10.0000 cents per stapled security) was paid by MIG on 14 August 2008. The distributions consisted of 10.0000 cents paid by MIGIL.

A portion of stapled security holders participated in MIG's Distribution and Dividend Reinvestment Plan (DRP) for the final distribution paid on 14 August 2008. Of the total distribution, 32.9% (\$79.2 million) was reinvested in MIG. MIG sourced the securities allocated to the participants under the DRP from on-market purchases of existing securities.

Since the end of the year, the directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the year ended 30 June 2008.

Concise Financial Report

For the Year ended 30 June 2008

Statement by the Directors of the Responsible Entity of MIT(II)

In the opinion of the directors of Macquarie Infrastructure Investment Management Limited (MIIML) (the "Responsible Entity"), the consolidated concise financial report of MIT(II) for the year ended 30 June 2008, as set out on pages 8 to 26, complies with Accounting Standard 1039: Concise Financial Reports.

The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report for the year ended 30 June 2008.

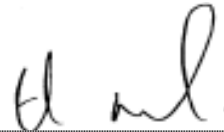
The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

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



Mark Johnson

Sydney
20 August 2008



John Roberts

Sydney
20 August 2008

Independent Audit Report to the Unitholders of Macquarie Infrastructure Trust (II)

Report on the concise financial report

The accompanying concise financial report of Macquarie Infrastructure Trust (II) comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Macquarie Infrastructure Trust (II) for the year ended 30 June 2008. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Macquarie Infrastructure Trust (II) for the year ended 30 June 2008. Our audit report on the financial report for the year was signed on 20 August and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independent Audit Report to the Unitholders of Macquarie Infrastructure Trust (II) (cont'd)

Independence

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

Auditor's opinion on the financial report

In our opinion, the concise financial report of Macquarie Infrastructure Trust (II) for the year ended 30 June 2008 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

PricewaterhouseCoopers

PricewaterhouseCoopers

Wayne Andrews

Wayne Andrews
Partner

Sydney
20 August 2008