

MACQUARIE

Macquarie International Infrastructure Fund Limited

SGX Quarterly Report

Unaudited Financial Results For the Second Quarter ended 30 June 2007

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Introduction

Macquarie International Infrastructure Fund Limited (MIIF or the Company) is the flagship Asian listed infrastructure fund of the Macquarie Bank Group (Macquarie). MIIF leverages off Macquarie's infrastructure expertise in assessing new opportunities and acquiring infrastructure assets in diversified sectors around the world, but with an increasing focus on Asia.

MIIF, a Bermudian mutual fund company, is today a leading Asia-based private owner and operator of infrastructure assets with significant investments in airports, communications infrastructure, utility and energy assets, water and gas distribution assets, transport infrastructure assets, aged care infrastructure assets and tank storage facilities, among others.

MIIF was the first infrastructure fund to list on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST). It listed on the SGX-ST on 27 May 2005 and is today a top 100 SGX company with a market capitalisation of more than S\$1.5 billion and over 6,500 investors, including retail investors and some of the world's foremost institutional investors.

MIIF is managed by Macquarie Infrastructure Management (Asia) Pty Limited (MIMAL), part of Macquarie's Investment Banking Funds division which manages more than A\$55 billion¹ (S\$68 billion) of funds invested in infrastructure assets worldwide.

¹ Figure current as at 30 June 2007

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Financial Review of Macquarie International Infrastructure Fund Limited for the quarter ended 30 June 2007

MIIF's infrastructure assets continued their steadfast performance during the second quarter and in the six months ended 30 June 2007. MIIF reported revenues of \$60.1 million and a solid net income on an adjusted basis of \$48.2 million for the quarter ended 30 June 2007. Net income on an adjusted basis rose by 22% from the prior corresponding period (pcp) and 939% from the previous quarter to \$48.2 million. The improved performance was driven by an increase in distribution and investment income.

Expenses for the standalone company rose 416% from a year ago and 109% from the previous quarter to \$11.9 million. The main cost increase during the quarter was in management fees. This increase was due to the increase in net investment value of MIIF, which is the basis used to calculate fees payable to MIIF's manager. Increased financing cost of \$3.0 million was also a major contributor to expenses which represented an increase of 451% from the pcp. While a performance fee of \$3.1 million contributed towards increased expenses in the quarter, this item is not a fixed expense as it is only payable when MIIF's accumulation index out performs a benchmark return.

The robust operational performance of MIIF in the six months ended 30 June 2007, has led to growing and resilient cash flows, allowing MIIF's Board of Directors to declare an interim dividend of 4.15 cents per share for the period. The dividend represents an increase of 0.2 cents per share or 5% from the pcp, which in combination with total dividends of 7.95 cents per share for 2006 and 5.30 cents per share for the part year 2005 illustrate MIIF's ability to sustain and grow its dividends over time. To this end, MIIF will continue to focus on growing operating cash flow and optimising the capital structure of its diversified investments to maximise returns to shareholders.

The value of the MIIF portfolio increased substantially in the current quarter, increasing MIIF's net asset value by \$198.8 million or 14% to \$1,611.6 million as at 30 June 2007, compared to the quarter ended 31 March 2007. This increased the net asset value per share to \$1.26 from \$1.09 per share as at 31 December 2006. The increased net asset value was offset by higher level of borrowings, which stood at \$289.1 million as at the end of the quarter.

All figures, unless stated otherwise are presented in Singapore dollars, which is MIIF's functional and presentation currency.

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For the quarter ended 30 June 2007

Net Asset Value

	Group As at 30 Jun 07	Group As at 31 Dec 06	Company As at 30 Jun 07	Company As at 31 Dec 06
Net Asset Value				
Total net asset value (\$'000)	1,524,582	1,374,330	1,611,598	1,399,182
Total number of ordinary shares on issue used in calculation of net asset value per share ('000)	1,279,687	1,279,687	1,279,687	1,279,687
Net asset value per ordinary share (\$ per share)	\$1.19	\$1.07	\$1.26	\$1.09

The following table reconciles the unconsolidated net asset value as at the beginning of the quarter to the unconsolidated net asset value as at the end of the quarter.

	Quarter ended 30 Jun 07		Quarter ended 31 Dec 06	
	Company	Net Asset Value per ordinary share	Company	Net Asset Value per ordinary share
	\$'000	\$ per share	\$'000	\$ per share
Net asset value/NAV per share at beginning of the quarter	1,412,820	1.10	1,308,913	1.02
Increase in investments due to capital revaluations (listed investments)	26,057	0.02	45,066	0.04
Increase in investments due to capital revaluations (unlisted investments)	127,953	0.10	49,078	0.04
Increase in investments due to FX revaluations (listed investments)	23,769	0.02	6,121	0.00
Increase in investments due to FX revaluations (unlisted investments)	39,932	0.03	(6,578)	(0.01)
Increase in investments due to capital injections (unlisted investments)	259,068	0.20	-	-
Increase in borrowings	(262,305)	(0.20)	-	-
Base management fees incurred	(4,363)	(0.00)	(3,144)	(0.00)
Performance fees incurred	(3,146)	(0.00)	-	-
Movement in the fair value of FX forward contracts (income hedges)	(6,480)	(0.01)	915	0.00
Impact of foreign exchange movements on other balances	(757)	(0.00)	-	-
Other items (individually are not material)	(950)	(0.00)	(1,189)	(0.00)
Net Assets/NAV per share as at period end	1,611,598	1.26	1,399,182	1.09

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Earnings Per Share

	Group Quarter ended 30 Jun 07 \$'000	Group Half-year ended 30 Jun 07 \$'000	Group Quarter ended 30 Jun 06 \$'000	Group Half-year ended 30 Jun 06 \$'000
Basic Earnings per Share				
Earnings used in calculation of basic earnings per share (\$'000)	145,669	195,550	33,392	44,490
Weighted average number of shares on issue used in calculation of basic earnings per share ('000)	1,279,687	1,279,687	1,279,687	1,279,687
Basic earnings per share (cents per share)	11.38	15.28	2.61	3.48
Diluted Earnings per Share				
Diluted earnings used in calculation of diluted earnings per share (\$'000)	145,669	195,550	33,392	44,490
Weighted average number of shares on issue used in calculation of diluted earnings per share ('000)	1,282,452	1,282,452	1,279,687	1,279,687
Diluted earnings per share (cents per share)	11.36	15.25	2.61	3.48

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Dividends

MIIF's Board of Directors has declared an interim dividend of 4.15 cents per share for the half year ended 30 June 2007. The interim dividend is 0.2 cents per share or 5% higher when compared with the pcg.

Interim Dividend

Details and key dates with respect to the dividend declared for the half year ended 30 June 2007 is as follows:

	For the six months ended 30 Jun 2007
Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate - Base	4.15 cents per ordinary share
Announcement Date	13 August 2007
Ex-dividend Date	24 August 2007
Book Closure Date	28 August 2007
Date Payable	14 September 2007

Historical Dividend Information

Period ended	Cents per share
30 June 2005	2.20
31 December 2005	3.10
30 June 2006	3.95
31 December 2006	4.00

Dividend Policy

MIIF's dividend policy is based on the expected predictable and stable cash flows from its investments. MIIF intends to pay out as dividends to Shareholders the majority of free operating cash available for distribution and to not retain significant cash balances in excess of prudent reserves. Prudent reserves are required to ensure that MIIF remains solvent and that, amongst other things, operational costs such as audit fees, registry fees and hedging costs are adequately provided for. MIIF declares and pays regular semi-annual cash dividends on all outstanding shares.

As a Bermudian incorporated company, MIIF is governed by the Bermuda Companies Act 1981. The Bermuda Companies Act 1981 allows companies that are governed by it to declare and pay dividends to shareholders in excess of accounting profits and reserves.

Consequently, it is possible that the dividends that MIIF's Board of Directors intend to declare and pay for the period exceeds the total of MIIF's retained earnings and accounting profits generated for the period. Such situations may arise as a result of unrealised losses that MIIF is required to recognise due to movements in its share price, foreign exchange rates, changes in the value of MIIF's unlisted securities and other asset specific and general economic factors. These unrealised losses do not impact MIIF's cash flow and its ability to pay dividends.

Taxation

As MIIF is incorporated in Bermuda and is not a resident in Singapore for tax purposes, dividends paid by MIIF will be regarded as foreign-source income. The foreign dividend is subject to Singapore corporate income tax when received in Singapore by corporate shareholders. Foreign dividends received by foreign investors with no permanent establishment in Singapore are generally not subject to Singapore income tax. Foreign dividends received by individuals in Singapore (whether resident or otherwise) are exempt from Singapore income tax.

Singapore does not currently impose withholding tax on dividends paid to non-Singapore tax resident shareholders.

Note: Each shareholder and prospective investor is advised to consult its tax advisers about the particular or potential tax consequences of its investment in MIIF shares.

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Review of the Performance of Macquarie International Infrastructure Fund Limited

Income Statement Analysis

The following table compares the unaudited actual results for the quarter ended 30 June 2007 to the quarter ended 30 June 2006. This income statement, and specifically the line entitled "Net income on an adjusted basis", has been prepared so as to present the earnings of MIIF out of which MIIF dividends will be paid. The income statement has not been prepared in accordance with applicable accounting standards.

	Quarter ended 30 Jun 07 \$'000	Half-year ended 30 Jun 07 \$'000	Quarter ended 30 Jun 06 \$'000	Half-year ended 30 Jun 06 \$'000
Revenue				
Distribution income	14,508	15,026	12,647	13,132
Investment income	46,117	55,204	28,268	37,445
Interest income	220	775	246	715
Net foreign exchange (loss)/gain	(757)	(567)	558	1,113
Total investment revenue	60,088	70,438	41,719	52,405
Expenses				
Management fees	(4,363)	(7,557)	(2,515)	(5,598)
Performance fees	(3,146)	(3,146)	-	-
Directors' fees	(57)	(115)	(60)	(120)
Finance costs	(3,012)	(3,659)	(547)	(617)
Other operating (expenses)/income	(1,338)	(3,152)	814	(768)
Total operating expenses	(11,916)	(17,629)	(2,308)	(7,103)
Net income on an adjusted basis ⁽¹⁾	48,172	52,809	39,411	45,302
Amounts not included in the above analysis				
Net gain on the movement in the fair value of MIIF's financial assets ⁽²⁾	211,230	281,023	8,281	5,295
Net income on an unconsolidated basis	259,402	333,832	47,692	50,597
Consolidation adjustments to net income	(113,733)	(138,282)	(14,300)	(6,107)
Net income on a consolidated basis	145,669	195,550	33,392	44,490

(1) Net income on an adjusted basis represents the earnings of MIIF that underpin the payment of dividends to MIIF shareholders, and as such is the measure that the Board of Directors of MIIF focus on to determine the amount of dividends that are ultimately paid to MIIF shareholders. It does not include all items of revenue and expense that are ordinarily captured in an income statement prepared in accordance with all applicable accounting standards.

(2) The net gain on financial assets at fair value as shown in the Income Statement on page 6 differs from the net gain on financial assets at fair value as shown on page 18 of this report due to the required treatment of distributions as set out in MIIF's accounting policies.

Unless otherwise stated, all amounts are in Singapore Dollars.

Net income on an adjusted basis is \$48.2 million for the 30 June 2007 quarter end, and is 22% higher on a quarter by quarter basis when compared to the corresponding results in 2006. This increase is due mainly to the increase in investment income of \$17.8 million, offset by performance fee of \$3.1 million, increase in management fee of \$1.8 million and finance costs of \$2.5 million. These items are further discussed in the following pages.

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Reconciliation of net income on an adjusted basis to the consolidated income statement

The income statement on page 6 has not been prepared in accordance with applicable accounting standards whilst the consolidated income statement on page 18 has been prepared in accordance with all applicable accounting standards. The table below reconciles the 30 June 2007 quarter end income statement disclosed on page 6 of this report to the 30 June 2007 quarter end consolidated income statement disclosed on page 18.

	Net Income ⁽¹⁾ on an adjusted basis Half-year ended 30 Jun 2007 \$'000	GAAP Adjustments ⁽²⁾ Half-year ended 30 Jun 2007 \$'000	TanQuid ⁽³⁾ Half-year ended 30 Jun 2007 \$'000	Consolidation Adjustments ⁽⁴⁾ Half-year ended 30 Jun 2007 \$'000	MIIF Group ⁽⁵⁾ Half-year ended 30 Jun 2007 \$'000
Income					
Distribution income	15,026	(15,026)	-	-	-
Investment income	55,204	(55,204)	-	-	-
Storage revenue	-	-	60,177	-	60,177
Interest revenue	775	-	660	-	1,435
Net foreign exchange gain	(567)	-	-	(161)	(728)
Net gain/(loss) on financial assets at fair value through profit or loss	-	258,818	6,941	(47,040)	218,719
Total income	70,438	188,588	67,778	(47,201)	279,603
Expenses					
Management fees	7,557	-	-	-	7,557
Performance fees	3,146	-	-	-	3,146
Directors' fees	115	-	-	-	115
Finance costs	3,659	-	8,183	-	11,842
Other operating expenses	3,152	-	49,878	3,522	56,552
Total expenses	17,629	-	58,061	3,522	79,212
Profit before income tax	52,809	188,588	9,717	(50,723)	200,391
Income tax expense	-	-	4,841	-	4,841
Profit after income tax	52,809	188,588	4,876	(50,723)	195,550

(1) This is net income on an adjusted basis as presented on page 6 of this report.

(2) These are the adjustments that must be made to net income on an adjusted basis to arrive at net income on an unconsolidated basis prepared in accordance with all applicable accounting standards.

(3) This is the net income of TanQuid that must be consolidated with MIIF in accordance with all applicable accounting standards.

(4) This is a consolidation adjustment only, and reverses a portion of the net revaluation gains recognised in the unconsolidated income statement of MIIF that cannot be recognised in the consolidated income statement of MIIF, as required by all applicable accounting standards.

(5) This is the consolidated profit after tax of the MIIF Group as disclosed on page 18 of this report.

Unaudited Financial Results

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Distribution and investment income

Distribution and investment income for the 30 June 2007 quarter end was in aggregate \$60.6 million, compared to \$40.9 million for the 30 June 2006 quarter end.

Distribution income represents the equity distributions that MIIF has received from its listed investments, being MAp, MCG, DUET and MIC. MAp, MCG and DUET are listed on the Australian Stock Exchange. MIC is listed on the New York Stock Exchange.

Investment income represents distributions declared by MIIF's unlisted investments, including MEIF, Arqiva, Brussels Airport, Canadian Aged Care, TanQuid and CXP.

Distribution income has remained fairly stable compared to the corresponding prior period. Investment income, however, have increased by \$17.8 million, which is 63% higher than the quarter ended 30 June 2006. Quarter on quarter, investment income from Canadian Aged Care increased by \$3.0 million but remain consistent on a half year basis in comparison to 2006 half year figures. This is due to timing differences of the distributions in the first quarter.

Investment income from Brussels Airport increased to \$13.3 million as a result of the refinancing of its debt facilities while Arqiva's distribution for the quarter reflects the impact of its acquisition of National Grid Wireless.

Investment income from MEIF increased by \$5.4 million, and is 173% higher than the corresponding quarter in 2007. This is mainly due to the increase in MIIF's investment in MEIF over the past year.

The following table provides a detailed breakdown of the distribution and investment income recognised by MIIF during the current periods being reported on.

Investment	Quarter ended 30 Jun 07 \$'000	Half-year 30 Jun 07 \$'000	Quarter ended 30 Jun 06 \$'000	Half-year 30 Jun 06 \$'000
Distribution income				
MAp	5,989	5,989	5,416	5,416
MCG	5,123	5,123	4,302	4,302
DUET	2,856	2,856	2,428	2,428
MIC	540	1,058	501	986
Total distribution income	14,508	15,026	12,647	13,132
Investment income				
Canadian Aged Care	7,466	8,852	4,508	8,968
Brussels Airport	13,336	13,336	4,967	8,320
Arqiva	11,119	11,119	5,192	5,192
TanQuid	-	7,701	7,082	8,445
NMRE	-	-	1,305	1,305
MEIF	8,516	8,516	3,120	3,120
CXP	5,680	5,680	2,094	2,095
Total investment income	46,117	55,204	28,268	37,445
Total distribution and investment income	60,625	70,230	40,915	50,577

Subject to regulatory requirements, the distribution policy of each of MIIF's investments is to distribute all net cash flow generated from operations, reduced for debt servicing costs and minor maintenance capital expenditure, subject to prudent reserves. We expect the operational performance of each of MIIF's investments to continue to grow as a result of increased patronage, pricing, asset base growth and cost savings, in turn generating greater net cash flow from operations, and ultimately increased cash flow to investors, including MIIF. This is reflective of the generally stable and predictable cash flows that such infrastructure assets generate.

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Distribution and investment income (cont'd)

In the consolidated income statement on page 18, distribution and investment income are shown as part of "Net gain on financial assets at fair value through profit or loss" in accordance with our accounting policies and International Financial Reporting Standards.

The following table shows the frequency of distributions from each investment.

Investment Portfolio	Frequency	Distribution period
Direct Investments		
Arqiva	Thrice per year	June, September, December
Brussels Airport	Thrice per year	March (preliminary year end), June (final), September (interim)
Canadian Aged Care (CAC)	Monthly	Monthly
Changshu Xinghua Port (CXP)	Annually	March
TanQuid	Thrice per year	March (final), June, September (interim)
Unlisted and Listed Investments		
Macquarie European Infrastructure Fund (MEIF)	Half yearly	March, September
DUET Group (DUET)	Half yearly	June, December
Macquarie Airports (MAp)	Half yearly	June, December
Macquarie Communications Infrastructure Group (MCG)	Half yearly	June, December
Macquarie Infrastructure Company (MIC)	Quarterly	March, June, September, December

Other income (presented in the income statement disclosed on page 6)

- Interest income

The interest income earned by MIIF of \$0.22 million in the quarter under review was generated from the investment of MIIF's excess cash on hand in cash-based securities such as commercial paper and non-negotiable certificates of deposit. These instruments typically generate a return to MIIF between 2% and 6% per annum.

- Net foreign exchange gain/(loss)

In the quarter under review, MIIF recognised a net loss in foreign exchange of \$0.8 million. This loss relates to several non-investment balances such as cash on hand, expenses payable and revenue receivable held by MIIF which are denominated in a basket of currencies other than Singapore dollars. Foreign currencies are translated into Singapore currency at the rate of exchange at balance date and resulting exchange differences are recognised in determining the profit or loss for the period.

- Net gain on the movement in the fair value of MIIF's financial assets

The net gain on the movement in the fair value of MIIF's financial assets of \$191.5 million for the current period represents the change in the fair value of these assets during the current period. These gains do not represent cash inflows, and are recognised in the Income Statement because it is required under MIIF's accounting policies and applicable International Financial Reporting Standards.

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Expenses (presented in the income statement disclosed on page 6)

Expenses rose 416% from a year ago and 109% from the previous quarter to \$11.9 million. The main cost increase during the quarter was in management fees. This increase was due to the increase in net investment value of MIIF, which is the basis to calculate fees payable to MIIF's manager. Increased financing cost of \$3.0 million was also a major contributor to expenses which represented an increase of 451% from the pcp. While a performance fee of \$3.1 million contributed towards increased expenses in the quarter, this item is not a fixed expense as it is only payable when MIIF's accumulation index out performs a benchmark return.

	Quarter ended 30 Jun 07 \$'000	Half-year 30 Jun 07 \$'000	Quarter ended 30 Jun 06 \$'000	Half-year 30 Jun 06 \$'000
Expenses				
Management fees	4,363	7,557	2,515	5,598
Performance fees	3,146	3,146	-	-
Directors' fees	57	115	60	120
Finance costs	3,012	3,659	547	617
Other operating expenses/(income)	1,338	3,152	(814)	768
Total operating expenses	11,916	17,629	2,308	7,103

Other expense items (presented in the income statement disclosed on page 6)

- **Directors' fees**

The MIIF Board of Directors comprise of four members, three of whom are independent of the Macquarie Bank Group. Each of the independent directors is entitled to receive an annual director's fee of US\$50,000. The MIIF Board member who is an executive of the Macquarie Bank Group, is not entitled to be paid a directors fee from MIIF.

- **Other operating expenses**

Other operating expenses comprise items of expenditure necessarily incurred by MIIF as part of its day to day operations. This includes fees paid to the share registrar, SGX-ST listing and administration fees, general legal fees, audit fees and other consulting based fees.

The increase in other operating expenses for the half year ended 30 June 2007 in comparison to the half year ended 30 June 2006 is mainly due to write back of accruals in 2006 amounting to \$1.7 million. Excluding the write-back in accruals, other operating expenses increased by \$0.6 million compared to the pcp. This is due to increased legal and professional fees in the current year as a result of increased fund activities.

Balance Sheet Analysis

Net assets

Overall, MIIF's stand alone net assets have increased from \$1,399.2 million as at 31 December 2006 to \$1,611.6 million as at 30 June 2007. This is due to the increase in non-current assets held at fair value, offset by higher levels of borrowings for the current period. This represents a Net Asset Value ("NAV") of \$1.26 per share compared to \$1.09 per share as at 31 December 2006.

Group net assets have also increased, from \$1,374.3 million to \$1,524.6 million as at 30 June 2007. This is primarily due to the net asset movement within the stand alone company as noted above.

Trade and other receivables

Stand alone trade and other receivables have increased from \$22.5 million as at 31 December 2006 to \$38.5 million as at 30 June 2007. The majority of this balance comprises dividend receivables from MIIF's investments. At 31 December 2006, MIIF had balances receivable from DUET, MAp, MCG, Canadian Aged Care and TanQuid and at 30 June 2007, MIIF had balances owing from Arqiva, Brussels, DUET, MAP and MCG.

Group trade and other receivables have increased from \$43.9 million as at 31 December 2006 to \$64.9 million as at 30 June 2007. Trade and other receivables have increased mainly due to the increase in the net asset movement within the stand alone Company as discussed above.

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Current financial assets/liabilities held at their fair value

Stand alone current financial assets held at their fair value have decreased from \$1.7 million as at 31 December 2006 to a liability position of \$5.2 million at 30 June 2007. This balance reflects the fair value of the foreign currency forward contracts that MIIF has entered into to hedge the forecast distributions that it expects to receive from its investments for a period of at least 12 months looking forward. The decrease in the value of these foreign currency forward contracts reflects the general weakening in the Singapore dollar against some of the currencies to which MIIF is exposed, primarily the Australian Dollar, Canadian Dollar, Euro and Sterling Pound.

The difference between the group and stand alone balance relates to the fair value of the interest rate swaps that TanQuid has entered into to hedge its exposure to floating interest rates that arises as a result of the floating rate borrowings that it is party to.

Property, plant and equipment and intangible assets

Property, plant and equipment of \$378.7 million relate to the tank storage facilities in Germany and other property, plant and equipment owned by TanQuid. The TanQuid balance sheet also contains intangible assets consisting of software packages. The decrease in property, plant and equipment is due to the application of the depreciation charge for the quarter.

Non-current financial assets held at their fair value

Stand alone non-current financial assets held at their fair value have increased from \$1,334.8 million as at 31 December 2006 to \$1,838.1 million as at 30 June 2007. This balance reflects the fair value of all of MIIF investments as at 30 June 2007. The increase is due to a number of factors including:

- Overall increase in the value of MIIF's investments;
- Additional investment by MIIF into Arqiva in response to Arqiva's acquisition of National Grid Wireless; and
- Additional investment in MEIF.

The following table sets out a reconciliation of the value of MIIF's investments from 31 December 2006 to 30 June 2007:

	Company Balance at 31 Dec 06 \$'000	Additional investment \$'000	Income received from investments \$'000	Foreign exchange effects \$'000	Revaluation to 30 Jun 07 \$'000	Company Balance at 30 Jun 07 \$'000
Listed securities						
MAp	154,539	-	(5,989)	12,524	25,036	186,110
MCG	143,213	-	(5,123)	10,762	5,566	154,418
DUET	61,956	-	(2,856)	5,392	23,472	87,964
MIC	32,605	-	(1,058)	(18)	6,531	38,060
	392,313	-	(15,026)	28,660	60,605	466,552
Unlisted securities						
Arqiva	228,635	259,068	(11,119)	13,689	30,051	520,324
MEIF	219,071	26,430	(8,516)	6,375	51,973	295,333
Canadian Aged Care	147,989	-	(8,852)	13,490	(7,078)	145,549
TanQuid	122,929	-	(7,701)	3,024	66,241	184,493
CXP	120,598	-	(5,680)	-	1,133	116,051
Brussels Airport	103,247	-	(13,336)	2,423	17,311	109,645
Other	60	41	-	2	-	103
	942,529	285,539	(55,204)	39,003	159,631	1,371,498
Total investments	1,334,842	285,539	(70,230)	67,663	220,236	1,838,050

Unaudited Financial Results

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Non-current financial assets held at their fair value (cont'd)

MIIF fair values all of its investments in its stand alone accounts. The value of the listed investments is based on the bid price of each security on the last trading day in the quarter. The value of the unlisted investments is based on a detailed discounted cash flow financial model that is developed to calculate a value for which the asset could be sold to a willing buyer under normal conditions.

Group non-current financial assets held at their fair value have increased from \$1,218.3 million as at 31 December 2006 to \$1,653.7 million as at 30 June 2007. This balance continues to reflect the fair value of all of MIIF's investments, except the fair value of MIIF's investment into TanQuid, which is replaced with the assets and liabilities of the TanQuid business in the Group balance sheet.

Goodwill

Goodwill of \$32.5 million relates to the acquisition of TanQuid and Petroplus and represents the excess of the amount paid over the fair value of the net identifiable assets as at the date of acquisition.

MIIF has finalised the detailed fair value assessment of the assets and liabilities acquired as part of the Petroplus acquisition. This assessment resulted in a decrease of EUR 0.8 million (\$1.8 million) to the goodwill originally recognised on the acquisition of Petroplus.

Trade and other payables

Stand alone trade and other payables increased from \$3.5 million as at 31 December 2006 to \$7.9 million at 30 June 2007. Included in the \$7.9 million is \$4.4 million of management fee and \$3.1 million of performance fee payable which represents the management fees that are payable to MIIF's manager, MIMAL for the quarter ended 30 June 2007.

Group trade and other payables mainly relate to trade and other creditors payable by TanQuid. The TanQuid liabilities account for \$44.0 million of the reported balance at 30 June 2007, and represent liabilities for lease rentals and other minor trade creditors.

Borrowings

Stand alone company borrowings have increased from \$89.5 million as at 31 December 2006 to \$289.1 million as at 30 June 2007. This increase is due to the drawdown of the bank facilities by MIIF to subscribe to Arqiva's rights issue to fund Arqiva's acquisition of National Grid Wireless.

In the quarter under review, Group borrowings have increased from \$379.6 million as at 31 December 2006 to \$581.9 million as at 30 June 2007. The movement is mainly due to the increase in borrowings within the stand alone company. The remainder of the borrowings of \$392.9 million relate to the borrowings of TanQuid.

The following table illustrates the ageing of MIIF's borrowings:

	Group As at 30 Jun 07 \$'000	Group As at 31 Dec 06 \$'000
Amount repayable in one year or less, or on demand	3,468	6,460
Amount repayable after one year	578,451	373,104
Total borrowings	581,919	379,564
Amount secured	292,865	290,022
Amount unsecured	289,054	89,542
Total borrowings	581,919	379,564

The borrowings disclosed above include borrowings of TanQuid which comprise of bank loans as well as finance lease liabilities. These bank loans are secured through a combination of: 1) pledge agreements, 2) agreements to transfer title in the tangible assets of the business to the lender in the event of default, 3) granting of a charge over the real property of the business to the lender and 4) assignment of the hedging arrangements from TanQuid back to the lender. These arrangements exist only with respect to the borrowings of TanQuid. These borrowings are secured over the assets within the TanQuid business and are non-recourse to MIIF.

Unaudited Financial Results

For the quarter ended 30 June 2007

Borrowings (cont'd)

Borrowings of MIIF, which were \$289.1 million at 30 June 2007, are generally repayable after one year and are drawn from committed debt facilities with terms ranging from one to three years. The total undrawn facilities as at 30 June 2007 was \$212.8 million.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Provisions

Provision for taxation amounts to \$5.2 million and arises only on consolidation and relate to TanQuid only.

Provisions for other liabilities and charges of \$14.9 million arise only on consolidation of TanQuid, and relate to storage site rehabilitation obligations and employee benefits of TanQuid.

MIIF has a contingent liability, in the form of a deferred consideration, arising from its interest in CXP. If the operational performance of CXP exceeds pre-determined financial performance hurdles as agreed between MIIF and the vendor, additional consideration will be payable by MIIF to the vendor. Previously, MIIF has made a deferred consideration provision of \$6.2 million. This has been written back during the current quarter because conditions have not been met for the financial year ended 31 December 2006 and is not expected to be met in future periods.

As at 30 June 2007, management is of the view that it is not probable that these performance hurdles will be met or exceeded in the future periods.

Deferred income tax liabilities

Deferred tax liabilities of \$20.5 million arise on consolidation and relate to TanQuid only.

Cash Flows Analysis

MIIF had a net operating cash inflow of \$63.9 million during the period from 1 April 2007 to 30 June 2007. The cash proceeds generated from MIIF's operations, together with the beginning cash balance, will be used to pay the dividend declared for the 6 months period ended 30 June 2007.

Additional Information

Accounting Policies Application

Accounting policies and methods of computation applied in the preparation of these figures that are not stated in this report are the same as those used in the most recently audited financial statements.

Effects of seasonality

There were no impacts on MIIF's revenue arising from seasonality.

Interested Person Transactions

(a) Directors

The following persons were directors of MIIF during the periods being reported on:

	Date of Appointment	Date of Resignation
John Stuart Hugh Roberts	7 February 2005	Not applicable
Heng Chiang Meng	7 February 2005	Not applicable
Robert Andrew Mulderig	7 February 2005	Not applicable
Michael David Hamer	7 February 2005	Not applicable
Gregory Kenneth Osborne (alternate director to John Stuart Hugh Roberts)	7 February 2005	Not applicable

Unaudited Financial Results

For the quarter ended 30 June 2007

Interested Person Transactions (cont'd)

(a) Directors (cont'd)

Directors' remuneration

John Roberts and Gregory Osborne are executive directors of Macquarie Bank Limited ("MBL"), the ultimate parent entity of the Manager, and are not entitled to any remuneration from MIIF, other than reimbursement of expenses incurred on behalf of the Company, such as travel costs and accommodation. Heng Chiang Meng, Robert Mulderig and Michael Hamer are entitled to a total remuneration of US\$50,000 per annum each.

(b) The Manager

Macquarie Infrastructure Management (Asia) Pty Limited (the "Manager") was appointed by the Company as the sole and exclusive manager pursuant to a management agreement dated 19 May 2005.

The following transactions occurred during the quarter between the Group, the Company and the Manager:

	Group Quarter ended 30 Jun 07 \$'000	Group Quarter ended 30 Jun 06 \$'000	Company Quarter ended 30 Jun 07 \$'000	Company Quarter ended 30 Jun 06 \$'000
Transactions				
Base management fees	4,363	2,515	4,363	2,515
Performance fees	3,146	-	3,146	-
Dividends paid or payable	4,160	4,108	4,160	4,108

The following balances remained outstanding between the Group, the Company and the Manager at the current reporting date:

	Group As at 30 Jun 07 \$'000	Group As at 31 Dec 06 \$'000	Company As at 30 Jun 07 \$'000	Company As at 31 Dec 06 \$'000
Balances				
Accrued base management fees	4,364	3,178	4,364	3,178
Accrued performance fees	3,146	-	3,146	-
Total liabilities payable to the Manager	7,510	3,178	7,510	3,178

The Manager holds 104,011,754 ordinary shares in the Company.

For the quarter ended 30 June 2007, the MIIF Accumulation Index² increased by 7% versus the agreed benchmark annual return of 8% (2% for the period). MIIF has therefore outperformed the benchmark by 5% over the period and this out performance resulted in a performance fee payable to the Manager of \$3.1 million, after taking into account the deduction for the performance fee deficit³ carried forward from prior periods.

MIIF retained the services of qualified independent advisors, who have confirmed that the performance fee has been determined in accordance with the Management Agreement between the Manager and MIIF dated 19 May 2005, as disclosed in the MIIF Prospectus.

² The performance of the MIIF Accumulation Index is measured as the average index value over the last 15 SGX-ST trading days of each three month period compared to the preceding three month period.

³ Where the MIIF Accumulation Index has underperformed the benchmark in prior periods, this underperformance is carried forward as a deficit and taken into account in calculating the performance fee payable. The deficit carried forward in relation to the calculation of this performance fee is approximately \$50.0 million.

Unaudited Financial Results

For the quarter ended 30 June 2007

Interested Person Transactions (cont'd)

(c) Macquarie Bank Group

MBL is the ultimate parent of the Manager. Macquarie and in particular the Investment Banking Group are an important source of acquisition opportunities and financial and acquisition advice. The Group did not enter into any such transactions during the quarter ended 30 June 2007.

The Company utilises the services provided by MBL's foreign exchange department from time to time to enter into foreign exchange forward contracts. Pricing received is benchmarked against third party pricing.

TanQuid has entered into an interest rate swap with a Macquarie Group entity on normal commercial terms.

Review by independent auditor

The financial information set out in pages 16 to 21 of this announcement have been extracted from the condensed consolidated interim financial information that have been reviewed in accordance with ISRE2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The extract of the review report dated 10 August 2007 on the interim financial report of the Company and its subsidiaries for the period ended 30 June 2007 is attached to this announcement.

Unaudited Financial Results

For the quarter ended 30 June 2007

Segment Reporting

The principal activity of MIIF during the period was investment in diversified infrastructure assets around the world. The primary basis of segment reporting is geographical. As at the date of this report, MIIF has investments in the following geographical segments:

	UK and Europe \$'000	United States and Canada \$'000	China \$'000	Australia \$'000	Total \$'000
Geographical segments					
Half-year to 30 Jun 2007					
Revenue from continuing activities	189,598	12,926	1,154	82,751	286,429
Segment profit from continuing activities before tax	131,536	12,926	1,154	82,751	228,367
Unallocated revenue					48
Unallocated expenses					(28,024)
Net profit from continuing activities before income tax					200,391
Other segment items					
Capital expenditure – property, plant and equipment	1,536	-	-	-	1,536
Depreciation	11,837	-	-	-	11,837
As at 30 Jun 2007					
Segment assets	1,424,827	183,609	116,051	442,458	2,166,945
Unallocated assets					32,074
Consolidated total assets					2,199,019
Segment liabilities	377,538	-	-	-	377,538
Unallocated liabilities					296,899
Consolidated total liabilities					674,437

Unaudited Financial Results

For the quarter ended 30 June 2007

Segment Reporting (cont'd)

	UK and Europe \$'000	United States and Canada \$'000	China \$'000	Australia \$'000	Total \$'000
Geographical segments					
Half-year to 30 Jun 2006					
Revenue from continuing activities	77,211	(3,534)	8,615	6,604	88,896
Segment profit/(loss) from continuing activities before tax	39,584	(3,534)	8,898	6,604	51,552
Unallocated revenue					426
Unallocated expenses					(7,488)
Net profit from continuing activities before income tax					44,490
Other segment items					
Capital expenditure – property, plant and equipment	1,199	-	-	-	1,199
Depreciation	7,254	-	-	-	7,254
As at 30 Jun 2006					
Segment assets	944,060	180,384	125,324	327,841	1,577,609
Unallocated assets					42,391
Consolidated total assets					1,620,000
Segment liabilities	299,200	6,200	-	-	305,400
Unallocated liabilities					44,413
Consolidated total liabilities					349,813

Unaudited Financial Results

For the quarter ended 30 June 2007

Consolidated Income Statement

	Group Quarter ended 30 Jun 07 \$'000	Group Half-year ended 30 Jun 07 \$'000	Group Quarter ended 30 Jun 06 \$'000	Group Half-year ended 30 Jun 06 \$'000
Income				
Storage revenue	30,548	60,177	24,466	40,112
Interest revenue	768	1,435	294	774
Net foreign exchange (loss)/gain	(4,817)	(728)	559	1,114
Net gain on financial assets at fair value through profit or loss	168,904	218,719	33,881	47,324
Total income	195,403	279,603	59,200	89,324
Expenses				
Base management fee	4,363	7,557	2,515	5,598
Performance Fee	3,146	3,146	-	-
Finance costs	6,159	11,842	3,033	5,909
Employee benefits expense	8,944	17,191	7,033	11,789
Depreciation	5,969	11,837	4,524	7,254
Professional services	627	1,352	341	810
Consumables	6,040	11,605	2,523	3,666
Rental expense	1,832	3,619	1,537	2,541
Directors' fees	57	115	60	120
Other operating expenses	7,756	10,948	4,242	7,147
Total operating expenses	44,893	79,212	25,808	44,834
Profit before income tax	150,510	200,391	33,392	44,490
Income tax expense	4,841	4,841	-	-
Profit after income tax	145,669	195,550	33,392	44,490
Profit attributable to the equity holders of the Company	145,669	195,550	33,392	44,490
Basic earnings per share (cents per share)	11.38c	15.28c	2.61c	3.48c
Diluted earnings per share (cents per share)	11.36c	15.25c	2.61c	3.48c

Unaudited Financial Report

As at 30 June 2007

Balance Sheet

	Group As at 30 Jun 07 \$'000	Group As at 31 Dec 06 \$'000	Company As at 30 Jun 07 \$'000	Company As at 31 Dec 06 \$'000
Assets				
Current assets				
Cash and cash equivalents	57,321	59,146	37,070	43,356
Non-current assets held for sale	-	89,760	-	89,760
Trade and other receivables	64,816	43,803	38,495	22,544
Financial assets at fair value through profit or loss	5,036	4,615	-	1,697
Inventory	1,011	1,068	-	-
Other assets	859	172	80	41
	129,043	198,564	75,645	157,398
Non-current assets				
Trade and other receivables	57	63	-	-
Property, plant and equipment	378,651	380,015	-	-
Intangible assets	5,094	5,330	-	-
Financial assets at fair value through profit or loss	1,653,719	1,218,251	1,838,050	1,334,842
Goodwill	32,455	33,892	-	-
	2,069,976	1,637,551	1,838,050	1,334,842
Total assets	2,199,019	1,836,115	1,913,695	1,492,240
Liabilities				
Current liabilities				
Trade and other payables	51,906	46,355	7,865	3,516
Financial liabilities at fair value through profit or loss	-	-	5,178	-
Provision for taxation	5,204	-	-	-
Borrowings	3,468	6,460	-	-
	60,578	52,815	13,043	3,516
Non-current liabilities				
Provisions for other liabilities and charges	14,882	20,281	-	-
Borrowings	578,451	373,104	289,054	89,542
Deferred income tax liabilities	20,526	15,585	-	-
	613,859	408,970	289,054	89,542
Total liabilities	674,437	461,785	302,097	93,058
Net assets	1,524,582	1,374,330	1,611,598	1,399,182
Equity				
Share capital	1,231,573	1,231,573	1,231,573	1,231,573
Foreign currency translation reserve	5,484	(406)	-	-
Retained earnings	287,525	143,163	380,025	167,609
Total equity	1,524,582	1,374,330	1,611,598	1,399,182

Consolidated Statement of Changes in Shareholders' Equity

	Quarter ended 30 Jun 07 \$'000	Half-year ended 30 Jun 07 \$'000	Quarter ended 30 Jun 06 \$'000	Half-year ended 30 Jun 06 \$'000
Total equity at the beginning of the period	1,373,129	1,374,330	1,230,240	1,261,261
Foreign currency translation reserve recognised directly in equity	2,324	5,889	6,555	4,072
Profit after tax for the period	145,669	195,550	33,392	44,490
Total recognised gains for the period	145,669	195,550	33,392	44,490
Capital raising costs	-	-	-	34
Dividends paid	-	(51,187)	-	(39,670)
Total equity at the end of the period	1,524,582	1,524,582	1,270,187	1,270,187

Statement of Changes in Shareholders' Equity of the Company

	Quarter ended 30 Jun 07 \$'000	Half-year ended 30 Jun 07 \$'000	Quarter ended 30 Jun 06 \$'000	Half-year ended 30 Jun 06 \$'000
Total equity at the beginning of the period	1,412,820	1,399,182	1,224,056	1,260,788
Profit after tax for the period	198,778	263,603	47,693	50,597
Total recognised gains for the period	198,778	263,603	47,693	50,597
Capital raising costs	-	-	-	34
Dividends paid	-	(51,187)	-	(39,670)
Total equity at the end of the period	1,611,598	1,611,598	1,271,749	1,271,749

Changes in Share Capital

There were no changes in Share Capital during the quarter ended 30 June 2007.

Unaudited Financial Report
For the quarter and year ended 30 June 2007

Statement of Cash Flows

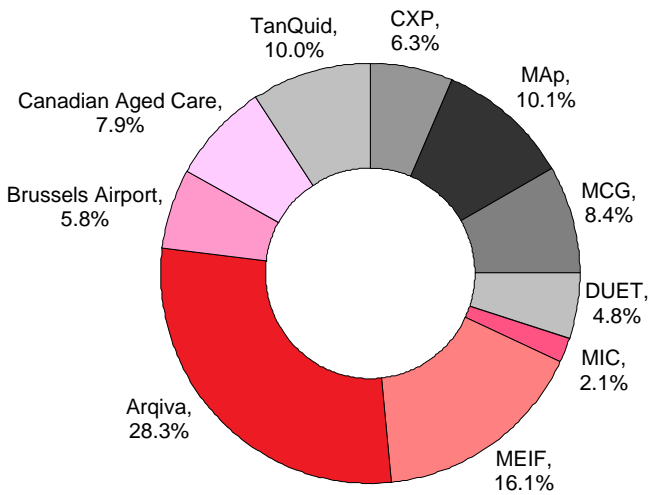
	Group Quarter ended 30 Jun 07 \$'000	Group Half-year ended 30 Jun 07 \$'000	Group Quarter ended 30 Jun 06 \$'000	Group Half-year ended 30 Jun 06 \$'000
Cash flows from operating activities				
Profit after tax	145,669	195,550	33,392	44,490
Adjustments for non cash items:				
Amortisation and depreciation	6,148	12,195	4,524	7,254
Unrealised foreign exchange gains/(losses)	5,318	1,229	(559)	(1,114)
Revaluation of financial assets at fair value through profit or loss	(82,082)	(156,190)	340	(4,230)
Effect of exchange rate movements on operating assets and liabilities	11,512	10,078	(1,019)	(1,466)
Changes in operating assets and liabilities, net of the effects from acquisitions of controlled entities and business assets:				
(Increase)/decrease in trade and other receivables	(33,261)	(21,007)	(7,259)	15,568
Decrease in inventory	61	57	17	10
Increase/(decrease) in trade and other payables	326	5,551	(6,266)	(9,908)
Increase/(decrease) in provisions for other liabilities and charges	59	(5,398)	572	(1,601)
Increase in other assets	(41)	(685)	(69)	(35)
Decrease in the provision for taxation	10,145	10,145	75	66
Net cash inflow from operating activities	63,854	51,525	23,748	49,034
Cash flows from investing activities				
Proceeds from sale of investment	-	89,760	-	-
Purchase of property, plant and equipment	(922)	(1,536)	(1,034)	(1,199)
Purchase of financial assets	(285,539)	(285,539)	(37,724)	(37,724)
Net cash outflow from investing activities	(286,461)	(197,315)	(38,758)	(38,923)
Cash flows from financing activities				
Proceeds from borrowings	287,254	287,254	35,694	37,724
Repayment of borrowings	(29,749)	(92,449)	(2,507)	(3,421)
Dividends paid	-	(51,187)	-	(39,670)
Net cash inflow/(outflow) from financing activities	257,505	143,618	33,187	(5,367)
Net increase/(decrease) in cash and cash equivalents	34,898	(2,172)	18,177	4,744
Cash and cash equivalents at beginning of period	22,023	59,146	38,824	51,942
Effects of exchange rate changes on cash and cash equivalents	400	347	711	1,026
Cash and cash equivalents at end of period	57,321	57,321	57,712	57,712

Investment Portfolio Analysis

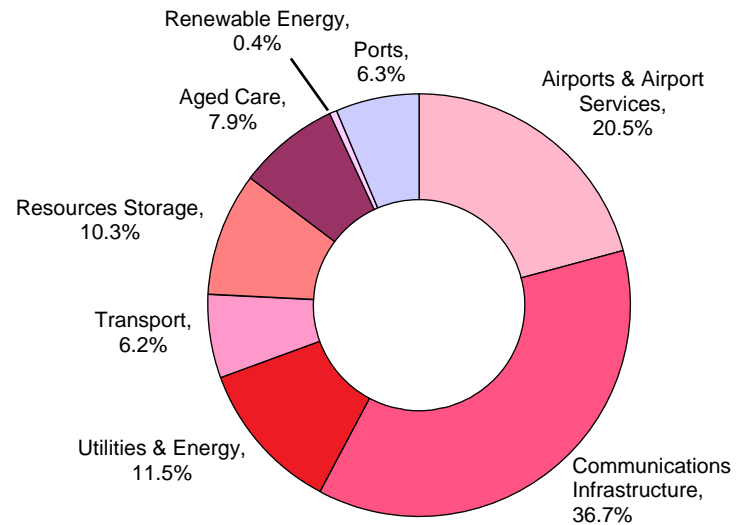
MIF, is a leading Asia-based private owner and operator of infrastructure assets with significant investments in airports, communications infrastructure, utility and energy assets, water and gas distribution assets, transport infrastructure assets, aged care infrastructure assets and tank storage facilities, among others.

The following diagrams show the contributions that the various investments make to MIF's overall portfolio based on the 30 June 2007 fair valuation of each asset:

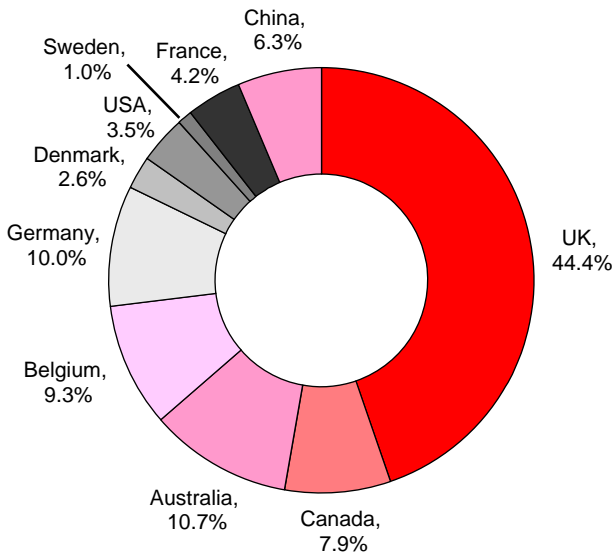
Portfolio Composition by Value⁴



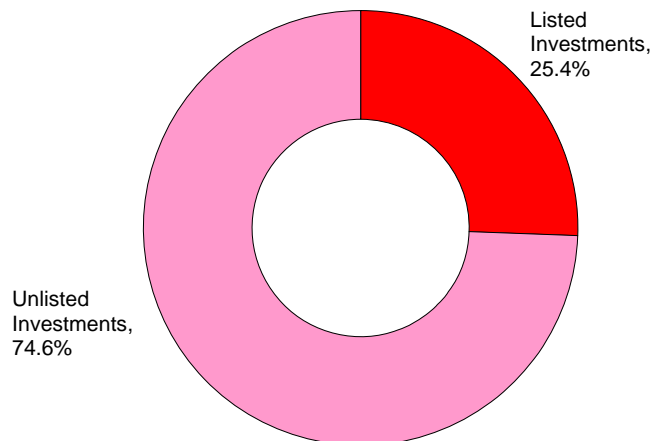
Portfolio Composition by Industry⁴



Portfolio Composition by Country⁴



Listed vs. Unlisted⁴



⁴ Based on 30 June 2007 valuations, numbers are subject to rounding

Unaudited Financial Report

For the quarter ended 30 June 2007

Arqiva and National Grid Wireless

Date of initial acquisition	27 May 2005
Cost of acquisition	S\$435.7 million
Valuation ⁵	S\$520.3 million
MIF ownership	8.7% interest
% of MIF portfolio	28.3%

Arqiva is one of only two TV broadcast transmission operators in the UK and is the UK's second largest independent wireless site leasing provider. Arqiva provides transmission services to TV and radio broadcasters, site leasing to mobile phone and other wireless telecommunication companies, and radio services to police, fire and ambulance services.

National Grid Wireless (NGW) is a fully owned member of the Arqiva group and is the other substantial provider of national broadcast transmission services for television and radio broadcasters. NGW also hosts wireless sites for major mobile network operators, and owns and operates two Freeview digital TV multiplexes.

Key Highlights for the period

- Arqiva successfully completed its acquisition of BT satellite broadcast services at the end of March for a cash consideration of £25 million. The acquisition not only provided Arqiva with immediate operational presence in UK, but helped it establish points of presence in France and USA. This has enabled Arqiva to expand its satellite footprint.
- Macquarie UK Broadcast Ventures Limited, the parent company of Arqiva Limited (together Arqiva) announced the acquisition of NGW for £2.5 billion (S\$ 7.5 billion) on 4 April 2007. National Grid Wireless, which is headquartered in Warwick, England.
- Arqiva and NGW are subject to a Hold Separate undertaking while the acquisition is being reviewed by the Office of Fair Trading (OFT), with the result of the review expected in August 2007. In the event that the merger is referred to the Competition Commission, the process is estimated to take a further 6 to 9 months to complete.
- In April 2007, Arqiva acquired exclusive rights to market 1,275 T-Mobile tower sites. The 10-year deal covers T-Mobile's own use of the towers and opens up the nationwide sites to all operators of mobile communications networks. In a significant expansion of Arqiva's existing SiteShare portfolio, the acquisition enables Arqiva to offer its customers ready access to a greater range of sites, resulting in quicker and more efficient expansion of their networks. Arqiva will actively market the 1,275 T-Mobile sites to all the UK mobile operators, wireless broadband and business radio operators. Working closely with T-Mobile, Arqiva will also develop the sites for additional capacity and offer a fully managed service to its customers. By reducing the need for each operator to deploy stand-alone installations, Arqiva's SiteShare portfolio enables operators to extend coverage and capacity in an efficient and cost effective manner.

Outlook

- In the near term, new analogue radio services, digital radio expansion, DTH satellite growth, and continued 3G roll-out all provide for positive growth opportunities.
- Beyond 2007 the execution of digital switchover (DSO) and the integration of National Grid Wireless will be the major operational focus, while additional growth will be sought from the "digital dividend", as new uses for spectrum emerge.

Brussels Airport

Date of initial acquisition	27 May 2005
Cost of acquisition	S\$71.7 million
Valuation ⁵	S\$109.6 million
MIF ownership	3.2% interest
% of MIF portfolio	5.8%

Brussels Airport is the largest airport in Belgium. It is located approximately 12 kilometres north-east from the city centre of Brussels. Over the period 1988 to 2006, traffic at Brussels Airport increased from 7 million to 16.7 million passengers, representing a compound annual average growth rate of 5.0%. The catchment area has a population of approximately 10.4 million people. Brussels is one of the major political centres of Europe, resulting in a stable business passenger base. Brussels Airport has high quality facilities and significant property development potential with a land area similar to the UK's Heathrow Airport.

⁵ Based on 30 June 2007 valuations, numbers are subject to rounding

Unaudited Financial Report

For the quarter ended 30 June 2007

Key Highlights for the period

- Brussels Airport Company successfully refinanced its debt facilities and established capital expenditure facilities to fund future growth and expansion of the airport. The refinancing was completed entirely in the bank debt market with improved margins over the previous bank debt pricing. A total of €1,636m (S\$3,299.5m)⁶ in bank debt facilities has been established, including term debt and facilities for capital expenditure and working capital purposes. Of the total debt, €1,170m (S\$2,359.6m) is due to be drawn by 30 June 2007. This will include an approximate €180m (S\$363.0m) distribution to equity holders. A further drawdown and distribution to equity holders of €130m (S\$262.2m) will be made in September 2007, subject to Brussels Airport exceeding agreed earnings before interest, tax, depreciation and amortisation (EBITDA) benchmark for the 12 months to 30 June 2007.
- New route developments resulted in the launch of easyJet's inaugural scheduled service to Geneva and a number of new routes by Brussels Airlines, CSA Czech Airlines and Russian carrier KD Avia.
- Brussels Airport was recognised as being the most courteous and helpful airport, airline and security staff with a special ACI Airport People Award.

Canadian Aged Care (CAC)

Date of initial acquisition	24 Nov 2005
Cost of acquisition	S\$164.9 million
Valuation ⁶	S\$145.5 million
MIIF ownership	55% economic interest
% of MIIF portfolio	7.9%

CAC is a portfolio of long term care (LTC) homes in Ontario, Canada and is the third largest aged care provider in Ontario. Operating since 1973, CAC provides 3,269 beds across 19 LTC homes, one retirement home and one independent living facility.

Key Highlights for the period

- CAC opened a new 160-bed Class A facility in the City of Orillia, on budget on 17 November 2006. Orillia achieved the 97% occupancy threshold on February 12, 2007, 88 days after opening, reflecting the strong demand for long-term care in south central Ontario. Orillia replaced Spencer House, which ceased operations on November 17, 2006 and was sold for \$3.1 million on July 3, 2007.

Changshu Xinghua Port (CXP)

Date of initial acquisition	2 Dec 2005
Cost of acquisition	S\$112.3 million
Valuation ⁶	S\$116.1 million
MIIF ownership	38% interest
% of MIIF portfolio	6.3%

CXP is a multipurpose cargo port centrally located within the Yangtze River Delta industrial zone, a high-growth industrial region which includes the cities of Suzhou, Wuxi and Changshu. CXP's hinterland has over 200 million people and is one of China's fastest growing industrial regions. This hinterland and Shanghai, China's epicentre for commerce, forms CXP's platform for future growth.

CXP's cargo base consists of bulk cargo comprising mainly steel and forestry related products and containerised cargo. CXP will continue to build on its diversified cargo base while maintaining its position as a hub for steel and forestry products.

Key Highlights for the period

- Revenue for the six months ended June 2007 increased by 22.4% from the pcp driven by an increase in steel exports and imports of forestry products and logs. EBITDA for the same period increased by a modest rate of 8.8% from the pcp as a result of higher costs associated with the provision of logistics and handling services for steel exports. The higher costs are expected to plateau over time vis-à-vis the incremental revenues that can be generated from the provision of these services thus leading towards an improved rate of EBITDA growth.
- In the quarter ended 30 June 2007, CXP successfully established additional direct shipping lines with shipping operators in Europe and North America. It will continue to explore such arrangements to other international destinations such as the Middle East, as CXP focuses on deepening its relationships with its customers by offering a wider range of direct international shipping options and by increasingly adding value through the broadening its suite of services.

⁶ All currency conversions done on the basis of €1:00:S\$2.0168. Source: Bloomberg, 20 June 2007

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For the quarter ended 30 June 2007

TanQuid

Date of initial acquisition	TanQuid – 16 Nov 2005 Petroplus – 31 July 2006
Cost of acquisition	TanQuid – S\$90.3 million Petroplus – S\$24.1 million
Valuation ⁵	S\$184.5 million
MIIF ownership	100% interest
% of MIIF portfolio	10.0%

TanQuid is a tank storage business and is the largest independent provider of storage services in Germany, backed by significant long-term contracts with the German Strategic Oil Reserve (EBV).

On 31 July 2006, MIIF acquired a portfolio of eight German tank storage assets from Petroplus International B.V. A number of the new sites are equipped to store higher value chemical products, in addition to offering a complementary geographic fit with existing TanQuid sites.

In total, MIIF's tank storage business now consists of 19 tank storage sites strategically located close to major industry centres throughout Germany with a capacity of approximately 3.3 million cubic metres.

Key Highlights for the period

- Capacity utilisation has remained high at 99.0% for the entire 1st half of 2007. Despite falling demand for heating oil storage, there has been strong growth in demand for jet fuel storage, as well as greater potential growth in the bio-fuels industry.
- Out-performances were driven by strong results at the key sites of Duisburg, Speyer and Huenxe as a consequence of continual management of product stored towards a higher margin mix across these sites and those across TanQuid's portfolio.
- The site Plochingen has been refurbished for the storage of Jet A1 fuel reflecting continued efforts to manage TanQuid's storage mix towards higher margin products.

Macquarie European Infrastructure Fund (MEIF)

Date of initial acquisition	14 July 2005
Cost of acquisition	S\$152.4 million
Valuation ⁵	S\$295.3 million
MIIF ownership	6.3% interest
% of MIIF portfolio	16.1%

MEIF is a limited partnership that was established to acquire and manage a diversified portfolio of infrastructure and related assets in developed European countries. MEIF announced its financial close in June 2005, which was considerably oversubscribed after reaching its cap of €1.5 billion in investor commitments.

Key Highlights for the period

- In January 2007, MEIF received call proceeds totalling €151.1 million from its investors in respect of the December 2006 acquisition of a 50.0% indirect equity stake of Bristol International Airport (BIA), the major regional airport serving the South West of England and one of the fastest growing airports in Europe.
- In February 2007, MEIF completed the purchase of 100% of CLP Envirogas, a 70-megawatt landfill gas power generation portfolio with 24 sites across England, Scotland and Wales.
- The regulatory approval process for the acquisition by MEIF of 49.0% economic interest in NRE and Obragas/NetH has been delayed.

Macquarie Airports (MAp)

Date of initial acquisition	27 May 2005
Cost of acquisition	S\$154.5 million
Valuation ⁵	S\$186.1 million
MIIF ownership	2.1% economic interest
% of MIIF portfolio	10.1%

MAp is a globally diversified airport fund and one of the world's largest private airport owners and operators. Listed on the Australian Stock Exchange (ASX), MAp is a top 50 ASX company with a market capitalisation of approximately A\$7 billion and approximately 35,000 investors, including some of the world's largest pension funds. MAp is an active long-term investor with a uniquely integrated management model, bringing together both financial and operational expertise. This approach to airport ownership has seen increased choice, improved facilities and better levels of service for more than 115 million passengers who use MAp's airports each year, and increasing returns to MAp security holders.

Unaudited Financial Report

For the quarter ended 30 June 2007

Key Highlights for the period

- MAp announced that its subsidiary, Macquarie Airports Group (MAG), and Dublin Airport Authority plc (DAA), who each directly hold an interest of 24.125% in Birmingham Airport Holdings Limited (BAHL), have conditionally agreed to dispose of their joint 48.25% stake in BAHL to Airport Group Investments Limited, a consortium off Ontario Teachers' Pension Plan Board and Victorian Funds Management Corporation, for a combined consideration of £420 million. MAp, through its investment in MAG, holds a 15.5% interest in BAHL.
- MAp announced that Copenhagen Airports had divested its entire 20% in the listed Chinese airport operator Hainan Meilan Airports for a total consideration of approximately HK\$544 m (DKK 384 million).
- MAp announced that Macquarie Airports Luxembourg S.A. (MALSA) would be disposing its 44.74% stake in Rome Airport (AdR) to Leonardo S.r.L. (Leonardo) for a cash consideration of €1,237 million. MAp, through its direct and indirect interests in MALSA, has a 34.2% beneficial interest in AdR. MALSA acquired its interest in AdR for €480 million March 2003.

DUET Group (DUET)

Date of initial acquisition	27 May 2005
Cost of acquisition	S\$55.2 million
Valuation ⁵	S\$88.0 million
MIIF ownership	3.1% interest
% of MIIF portfolio	4.8%

DUET is a portfolio of diversified energy utility assets targeting OECD countries. Listed on the Australian Stock Exchange (ASX) in August 2004 with a market capitalisation of in excess of A\$1.8 billion, DUET currently holds interests in gas pipelines and gas and electricity distribution networks. Energy distribution networks are typically subject to limited competition and therefore subject to regulation. Such assets generally have stable and predictable cash flows.

Macquarie Communications Infrastructure Group (MCG)

Date of initial acquisition	27 May 2005
Cost of acquisition	S\$150.1 million
Valuation ⁵	S\$154.4 million
MIIF ownership	3.7% interest
% of MIIF portfolio	8.4%

MCG listed on the Australian Stock Exchange on 13 August 2002. Since this time, MCG has become a substantial owner and operator of communications infrastructure in Australia and the UK. MCG's investment mandate is to provide investors with stable, long-term cash yields and the potential for significant earnings and capital growth through effective business and capital management. MCG has significant exposure to the transition from analogue to digital broadcasting. MCG has a leading industry role on the implementation of new digital broadcast services and its assets provide the platform for the future delivery and expansion of these services.

Macquarie Infrastructure Company (MIC)

Date of initial acquisition	27 May 2005
Cost of acquisition	S\$28.1 million
Valuation ⁵	S\$38.1 million
MIIF ownership	1.6% interest
% of MIIF portfolio	2.1%

MIC owns, operates and invests in a diversified group of infrastructure businesses which provide basic, everyday services in the United States. It is listed on the New York Stock Exchange (NYSE), with a market capitalisation of approximately US\$1.6 billion. MIC has controlling interests in an airport services business, an airport parking business, a district energy business, gas production and distribution business and has a 50% interest in bulk liquid storage terminal businesses in the US.

Events Subsequent to Balance Sheet Date

Sale of Macquarie Infrastructure Company

On 2 July 2007, MIIF unwound its Total Return Swap (TRS) arrangements with MBL in respect of 599,000 LLC⁷ interests in Macquarie Infrastructure Company (MIC).

MIIF and MBL mutually agreed to waive the termination period of 90 days. MBL elected to meet its obligations under the TRS by delivery of the LLC interests in MIC. To take advantage of the follow-on offering of LLC interests in MIC that was announced on 25 June 2007, MIIF requested that the LLC interests which are the subject of the TRS be offered for sale in conjunction with the recently completed MIC follow-on offering. The follow-on offering was successfully priced at US\$40.99 per LLC interest, which equated to a total gross consideration of US\$24.6 million⁸ (S\$37.6 million) for the 599,000 LLC interests in MIC. MIIF recorded a gain of US\$7.7 million (S\$11.8 million) from initial investment costs upon disposal of the holding. Valuation of MIC as at 30 June 2007 is presented on page 11 of this report.

Sale of DUET Group

On 4 July 2007, MIIF unwound its Total Return Swap (TRS) arrangements with MBL in respect of 17,592,000 securities in DUET Group (DUET).

MIIF and MBL mutually agreed to waive the termination period of 90 days. MBL elected to meet its obligations under the TRS by delivery of the securities in DUET. As requested by MIIF, these DUET securities were successfully sold off-market via a book-build process conducted by Macquarie Securities. The sale was successfully priced at A\$3.70 per security, which equated to a total gross consideration of A\$65.1 million (S\$84.9 million⁹) for the 17,592,000 securities in DUET. MIIF recorded a gain of A\$21.6 million (S\$28.2 million) from initial investment costs upon disposal of the holding. Valuation of DUET as at 30 June 2007 is presented on page 11 of this report.

Conversion of performance fee to a subscription for MIIF securities

On 6 July, MIIF advised that a performance fee of S\$3.1 million is payable to its Manager, for the three month period from 1 April 2007 to 30 June 2007. The Manager will apply the performance fee payable to a subscription of MIIF securities. In accordance with the calculation disclosed in the MIIF Prospectus, 2,764,856 MIIF ordinary shares are expected to be issued to the Manager and an application will be made to SGX-ST for the listing of the same.

Acquisition of Taiwan Broadband Communications

On 16 July 2007, MIIF reached an agreement with affiliated investment funds managed by Och-Ziff Capital Management (Och-Ziff) for the sale of its 20 per cent interest in Taiwan Broadband Communications (TBC), which is one of Taiwan's largest CATV (cable television) infrastructure owners and leading cable television operators.

MIIF acquired Och-Ziff's stake in TBC for a final acquisition price (including transaction costs) of US\$178 million (S\$272 million¹⁰). The acquisition price, negotiated on an arm's length commercial basis, was based on a valuation of the asset determined by using established valuation techniques¹¹.

The purchase price represents an EV/EBITDA multiple of 12.2 times for the 12 months ended 31 December 2006. MIIF will fund the acquisition through its existing committed debt facilities with terms ranging from one to three years.

TBC is currently 60% owned by Macquarie Media Group (MMG), a Macquarie managed investment vehicle, with the remaining 20% held by Intermediate Capital Group Plc (ICG).

⁷ Limited Liability Company

⁸ All currency conversions done on the basis of US\$1:00:S\$1.5293. Source: Bloomberg

⁹ Conversion done on the basis of S\$1:00:A\$0.7670. Source: Bloomberg

¹⁰ All currency conversions done on the basis of US\$1:00:S\$1.5293. Source: Bloomberg

¹¹ Discounted cash flow analysis, valuation of similar investments, reference to recent sale transactions of similar businesses and other method as determined by the Manager

Events Subsequent to Balance Sheet Date (cont'd)

Sale of Macquarie Communications Infrastructure Group

On 27 July 2007, MIIF unwound its Total Return Swap (TRS) arrangements with Macquarie Bank in respect of 18,783,000 securities in Macquarie Communications Infrastructure Group (MCG). MCG is a leading owner and operator of communications infrastructure in Australia and the UK.

MIIF and Macquarie Bank have mutually agreed to waive the termination period of 90 days. Macquarie Bank has elected to meet its obligations under the TRS by retaining the MCG securities and delivering cash to MIIF as full and final settlement. As prescribed in the TRS arrangements, the cash proceeds payable is determined by the arithmetic average of the 15 trading-day daily VWAP¹² ending 26 July 2007, the date the settlement election was made. Macquarie Bank has paid MIIF the sum of AUD\$112.6 million (S\$149.3 million) or AUD\$6.0 per MCG security to MIIF on 3 August 2007. MIIF will use the proceeds to repay part of the drawn balance on its debt facilities. MIIF recorded a loss of A\$5.6 million (S\$7.4 million) from initial investment costs upon disposal of the holding. Valuation of MCG as at 30 June 2007 is presented on page 11 of this report.

¹² Volume Weighted Average Price

Commentary on Competitive Industry Conditions

Infrastructure as a sector has grown rapidly. An estimated 2% of GDP, or around US\$800bn, is spent on infrastructure investment and maintenance annually. As an indicator of the sector's growth, the total market capitalisation of the Macquarie Global Infrastructure Index, a proxy for listed global infrastructure, has grown from US\$465bn since 2000 to US\$1,785bn in March 2007.

MIIF is the flagship Asian listed infrastructure fund of the Macquarie Bank Group (Macquarie). MIIF benefits from Macquarie's infrastructure expertise in tracking new opportunities and acquiring infrastructure assets in diversified sectors at competitive prices around the world, but with an increasing focus on Asia.

The attractiveness of Asia as an investment destination for infrastructure is driven by the following factors:

Demographic change

Rising populations and demographic change put pressure on existing infrastructure and create demand for increased investment. According to World Bank estimates, the urban population in East Asia and the Pacific region is projected to increase by 500m over the next 20 years.

This growth will place tremendous pressure on existing urban infrastructure, especially on basic services such as electricity generation, telecoms, water and sanitation. The World Bank estimates that infrastructure investment of close to US\$180bn a year will be required for the East Asia and the Pacific region alone.

Economic Growth

Sustainable economic growth over the long term requires investment in new infrastructure and maintenance of existing infrastructure assets.

Strong economic growth, measured by increasing GDP and increasing wealth among consumers, is likely to spur infrastructure investment, particularly in developing countries. Higher incomes bring increased demand for a better quality of life, enhanced environmental and government services, and the extension of municipal services to communities.

According to the World Bank, Asia grew by 4% in 2004 and is expected to grow by a compounded annual rate of 10% by 2014. GDP growth will drive demand for infrastructure investment and sustainable growth can only be achieved through continued investment.

Infrastructure Investments

The Asian Development Bank¹³ estimates that in East Asia alone, the expected infrastructure service needs will be US\$165bn annually over the next five years. This is approximately 6.2% of the region's annual GDP. These estimates take into account both new investments and maintenance of existing assets. To meet these needs, it is estimated that 65% of the expenditure would have to be new investment.

Governments, often faced with growing deficits and other demands on spending, are struggling to keep up with the growing demand for infrastructure investment. While demand continues to rise, government spending on infrastructure has declined, creating a widening investment gap.

According to World Bank estimates, developing countries must spend an estimated 7% of GDP annually, in order to service infrastructure requirements for both new investment and operations and maintenance of existing infrastructure. Since developing countries today spend an average of 3-4% of GDP on infrastructure annually, they face a substantial investment gap.

The widening investment gap has opened the door for private involvement in infrastructure provision. Governments are increasingly allowing private capital to flow into sectors which were traditionally under the complete purview of the government.

Private investment in infrastructure has taken three routes of full private provision, public-private partnership and private finance initiative schemes. According to the World Bank, private investors contributed US\$580bn in more than 1,900 infrastructure projects in developing countries from 1990 to 1999.

¹³<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/EXTEAPINFRASTRUCTURE/0,,contentMDK:20700727~pagePK:64168445> Asian Development Bank

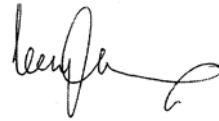
Confirmation of the Board pursuant to Rule 705(4) of the Listing Manual

On behalf of the Board of Directors of Macquarie International Infrastructure Fund Limited, I, the undersigned hereby confirm to the best of my knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the quarter ended 30 June 2007 to be false or misleading.

On behalf of the Board of Directors



John Stuart Hugh Roberts
Chairman
Sydney



Heng Chiang Meng
Deputy Chairman
Singapore

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO
THE SHAREHOLDERS OF MACQUARIE INTERNATIONAL INFRASTRUCTURE FUND LIMITED

Introduction

We have reviewed the accompanying interim financial information of Macquarie International Infrastructure Fund Limited ("the Company") and its subsidiaries ("the Group"), which comprise the condensed interim balance sheets of the Company and the Group as of 30 June 2007, and the related condensed consolidated interim statements of income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 Interim Financial Reporting.

PricewaterhouseCoopers

PricewaterhouseCoopers
Singapore, 10 August 2007