MACQUARIE INTERNATIONAL INFRASTRUCTURE FUND LIMITED

SGX Quarterly Report for the half-year ended 30 June 2008

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PERFORMANCE REVIEW OF MACQUARIE INTERNATIONAL INFRASTRUCTURE FUND LIMITED

INTRODUCTION

OVERVIEW

Macquarie International Infrastructure Fund Limited (MIIF or the Company), a Bermudian mutual fund company, is a leading Asia-based private owner and operator of infrastructure businesses with significant investments in communications infrastructure, broadcast infrastructure, renewable energy, transport infrastructure and aged care infrastructure, 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 approximately $1.0 billion as at 30 June 2008. MIIF has over 6,900 investors, including retail investors, as well as some of the world's foremost institutional investors.

MIIF is the leading Asia focused listed infrastructure fund managed by the Macquarie Group (Macquarie). MIIF benefits from Macquarie's infrastructure expertise in sourcing new investment opportunities and acquiring infrastructure businesses in diversified sectors with an increasing focus on Asia.

As at 30 June 2008, MIIF's portfolio comprises of the following investments:

Investment Portfolio	Percentage Ownership (%)	Percentage of Portfolio by Value (%)
Direct Investments		
Arqiva	8.7	29.7
Macquarie European Infrastructure Fund (MEIF)	6.3	21.9
Hua Nan Expressway (HNE)	81.0	20.5
Taiwan Broadband Communication (TBC)	20.0	11.1
Canadian Aged Care (CAC)	55.0	7.9
Changshu Xinghua Port (CXP)	38.0	7.2
infraVest Wind Power Co. Ltd (infraVest)	100.0	1.7

DIVIDEND POLICY

MIIF's dividend policy is based on the anticipated cash flows from its investments. MIIF intends to pay out as dividends to shareholders the majority of free operating cash available for distribution and not to 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 finance costs, 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 intends 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 foreign exchange rates, changes in the value of MIIF's unlisted securities and other business specific and general economic factors. These unrealised losses do not impact MIIF's cash flow and its ability to pay dividends in the current period.

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.

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

INCOME STATEMENT ANALYSIS

Net income on an adjusted basis represents the earnings of MIIF that underpins the payment of dividends to MIIF shareholders, and as such is the measure that the Board of Directors of MIIF focuses on to determine the amount of dividends that are ultimately paid to 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.

The following table compares the unaudited actual results for the quarter and half-year ended 30 June 2008 to the corresponding quarter and half-year ended 30 June 2007.

REVIEW OF NET INCOME ON AN ADJUSTED BASIS

NET INCOME ON AN ADJUSTED BASIS

	Quarter ended 30 Jun 08 $'000	Quarter ended 30 Jun 07 $'000	Half-year ended 30 Jun 08 $'000	Half-year ended 30 Jun 07 $'000
Revenue (1)				
Distribution income	-	14,508	-	15,026
Investment income	28,732	46,117	43,076	55,204
Loss on disposal of investment	-	-	(2,471)	-
Interest income	97	220	194	775
Net foreign exchange gain/(loss)	1,131	(757)	3,707	(567)
Total investment revenue	29,960	60,088	44,506	70,438
Expenses (2)				
Management fees	(3,409)	(4,363)	(6,505)	(7,557)
Performance fees	-	(3,146)	-	(3,146)
Directors' fees	(81)	(57)	(153)	(115)
Finance costs	(265)	(3,012)	(1,325)	(3,659)
Other operating expenses	(4,559)	(1,338)	(5,675)	(3,152)
Total operating expenses	(8,314)	(11,916)	(13,658)	(17,629)
Net income on an adjusted basis	21,646	48,172	30,848	52,809
Amounts not included in the above analysis				
Net gain/(loss) on the movement in the fair value of MIIF's financial assets (3)	6,593	211,230	(49,720)	281,023
Transaction costs	(1,016)	-	(3,016)	-
Net income/(loss) on an unconsolidated basis (4)	27,223	259,402	(21,888)	333,832
Consolidation adjustments to net income	(1,874)	(113,733)	(2,816)	(138,282)
Net income/(loss) on a consolidated basis (4)	25,349	145,669	(24,704)	195,550

1) Please refer to review of revenue on page 17
2) Please refer to review of expenses on page 19
3) The net gain/(loss) on financial assets at fair value as shown in the income statement on this page is different to the net gain/(loss) on financial assets at fair value as shown on page 10 of this report because of the required treatment of distributions as set out in MIIF's accounting policies and the reclassification of realised loss to be included in loss on disposal of investment.
4) Please refer to page 15 for reconciliation to consolidated income statement.

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

REVIEW OF NET INCOME ON AN ADJUSTED BASIS

MIIF reported net income of $30.8 million for the six months ended 30 June 2008, down approximately 41.5 per cent on an adjusted basis from the prior corresponding period (pcp). The results reflect the fact that MIIF during the pcp earned distribution and investment income from non-Asian businesses that have since been sold. Net income on an adjusted basis was lower for the following reasons:

- MIIF disposed of its interests in four listed investments (DUET Group, Macquarie Airports, Macquarie Communications Infrastructure Group and Macquarie Infrastructure Company) and two unlisted investments (Brussels Airport and TanQuid) in late 2007 and early 2008. These investments contributed income to MIIF in the first half of 2007, but not in 2008;
- Investment income from Brussels Airport and TanQuid in the prior corresponding period was augmented by special distributions arising from TanQuid's acquisition of Petroplus and from the refinancing of Brussels Airport; and
- In accordance with local laws, investments in Asia generally pay their distributions out of accounting profits annually in arrears. This results in a lagged receipt of initial post acquisition distributions from such businesses. Consequently, the lagged distribution timing from MIIF's new investments (Hua Nan Expressway, Taiwan Broadband Communications and infraVest Wind) has resulted in a once off reduction in distribution income received by MIIF, and it anticipates these businesses will generate investment income in the second half of this year.

The once-off impact (outlined above) on MIIF's investment income profile, resulting from the rebalancing of its portfolio towards Asia, was anticipated and will not affect the timing of MIIF's dividend payments to shareholders.

DIVIDENDS

MIIF's Board of Directors has declared an interim ordinary dividend of 4.25 cents per ordinary share (cps) for the half-year ended 30 June 2008.

Final Ordinary Dividend

	For the half-year ended 30 June 2008	For the half-year ended 30 June 2007
Name of Dividend	Interim	Interim
Dividend Rate – Base	4.25 cents per ordinary share	4.15 cents per ordinary share
Announcement Date	13 August 2008	13 August 2007
Ex-dividend Date	26 August 2008	24 August 2007
Book Closure Date	28 August 2008	28 August 2007
Date Payable	15 October 2008	14 September 2007

MIIF Scrip Dividend Scheme

MIIF's Board of Directors has announced the application of the MIIF Scrip Dividend Scheme (the Scheme) to the interim ordinary dividend of 4.25 cps for the financial period ended 30 June 2008 (the Interim Dividend).

The Scheme gives eligible shareholders of MIIF the option to elect to receive new ordinary shares in the capital of MIIF (New Shares) credited as fully paid, in lieu of the cash amount of the Interim Dividend declared on the shares held as at the books closure date per above.

The issue price for each New Share to be issued to eligible shareholders who elect to participate in the Scheme will be determined by the directors of MIIF in accordance with the terms and conditions of the Scheme. We anticipate the issue price will be announced on 4 September 2008.

The issue price will be determined without discount applied to the arithmetic average of the daily volume weighted average price of a MIIF share on the SGX-ST during the period of 5 market days immediately following the books closure date per above.

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
30 June 2007	4.15
31 December 2007	4.25

MACQUARIE INTERNATIONAL INFRASTRUCTURE FUND LIMITED

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2008

CONSOLIDATED BALANCE SHEET

	Group as at 30 Jun 08 $'000	Group as at 31 Dec 07 $'000	Company as at 30 Jun 08 $'000	Company as at 31 Dec 07 $'000
Assets				
Current assets				
Cash and cash equivalents	36,933	55,016	29,989	54,930
Trade and other receivables	16,274	18,759	18,745	20,535
Financial assets at fair value through profit or loss	3,835	1,749	3,632	1,749
Other assets	432	27	88	27
	57,474	75,551	52,454	77,241
Non-current assets				
Concession intangible assets	104,542	-	-	-
Financial assets at fair value through profit or loss	1,607,218	1,813,406	1,597,847	1,779,917
Goodwill	6,723	-	-	-
Other assets	465	-	-	
	1,718,948	1,813,406	1,597,847	1,779,917
Total assets	1,776,422	1,888,957	1,650,301	1,857,158
Liabilities				
Current liabilities				
Trade and other payables	14,325	28,717	21,060	37,053
Borrowings	58,301	178,224	52,706	178,224
	72,626	206,941	73,766	215,277
Non-current liabilities				
Financial liabilities at fair value through profit or loss	726	453	596	453
Provision for other liabilities and charges	445	-	-	-
Borrowings	85,696	-	-	-
	86,867	453	596	453
Total liabilities	159,493	207,394	74,362	215,730
Net assets	1,616,929	1,681,563	1,575,939	1,641,428

	Group as at 30 Jun 08 $'000	Group as at 31 Dec 07 $'000	Company as at 30 Jun 08 $'000	Company as at 31 Dec 07 $'000
Equity				
Share capital	1,245,530	1,234,627	1,245,530	1,234,627
Foreign currency translation reserve	(2,331)	(461)	-	-
Retained earnings	334,134	413,343	330,409	406,801
	1,577,333	1,647,509	1,575,939	1,641,428
Minority interest	39,596	34,054	-	-
Total equity	1,616,929	1,681,563	1,575,939	1,641,428

CONSOLIDATED INCOME STATEMENT

	Group Quarter ended 30 Jun 08 $'000	Group Quarter ended 30 Jun 07 $'000	Group Half-year ended 30 Jun 08 $'000	Group Half-year ended 30 Jun 07 $'000
Income				
Storage revenue	-	30,548	-	60,177
Power supply revenue	2,283	-	2,626	-
Interest revenue	149	768	266	1,435
Other income	6	-	11	
Net foreign exchange gain /(loss)	12,881	(4,817)	6,342	(728)
Net gain/(loss) on financial assets at fair value through profit or loss	27,969	168,904	(6,792)	218,719
Total income	43,288	195,403	2,453	279,603
Expenses				
Base management fees	3,409	4,363	6,505	7,557
Performance fees	-	3,146	-	3,146
Finance costs	2,683	6,159	3,861	11,842
Employee benefits expense	39	8,944	70	17,191
Depreciation	-	5,969	-	11,837
Amortisation	1,484	-	1,675	-
Professional services	(214)	627	2,333	1,352
Consumables	-	6,040	-	11,605
Rental expense	24	1,832	47	3,619
Directors' fees	118	57	222	115
Other operating expenses	4,561	7,756	5,316	10,948
Total operating expenses	12,104	44,893	20,029	79,212
Profit/(loss) before income tax	31,184	150,510	(17,576)	200,391
Income tax expense	-	(4,841)	(1,475)	(4,841)
Profit/(loss) after income tax	31,184	145,669	(19,051)	195,550
Minority interest	(5,835)	-	(5,653)	-
Profit/(loss) attributable to equity holders of MIIF after income tax and minority interest	25,349	145,669	(24,704)	195,550

EARNINGS PER SHARE

	Group Quarter ended 30 Jun 08 $'000	Group Quarter ended 30 Jun 07 $'000	Group Half-year ended 30 Jun 08 $'000	Group Half-year ended 30 Jun 07 $'000
Basic Earnings per Share				
Earnings/(losses) used in calculation of basic earnings per share ($'000)	25,349	145,669	(24,704)	195,550
Weighted average number of shares on issue used in calculation of basic earnings per share ('000)	1,291,097	1,279,687	1,286,774	1,279,687
Basic earnings/(losses) per Share (cents per share)	1.96	11.38	(1.92)	15.28
Diluted Earnings per Share				
Diluted earnings/(losses) used in calculation of diluted earnings per share ($'000)	25,349	145,669	(24,704)	195,550
Weighted average number of shares on issue used in calculation of diluted earnings per share ('000)	1,291,097	1,282,452	1,286,774	1,282,452
Diluted earnings/(losses) per share (cents per share)	1.96	11.36	(1.92)	15.25

STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Shareholders' Equity	Quarter ended 30 Jun 08 $'000	Quarter ended 30 Jun 07 $'000	Half-year ended 30 Jun 08 $'000	Half-year ended 30 Jun 07 $'000
Total equity at the beginning of the period	1,572,661	1,373,129	1,681,563	1,374,330
Foreign currency translation reserve recognised directly in equity	2,274	5,784	(1,871)	5,889
Minority interest	5,742	-	5,542	-
Profit/(loss) after tax for the period	25,349	145,669	(24,704)	195,550
Total recognised gains/(losses) for the period	33,365	151,453	(21,033)	201,439
Issue of ordinary shares	10,903	-	10,903	-
Dividends paid	-	-	(54,504)	(51,187)
Total equity at the end of the period	1,616,929	1,524,582	1,616,929	1,524,582

Statement of Changes in Shareholders' Equity of MIIF	Quarter ended 30 Jun 08 $'000	Quarter ended 30 Jun 07 $'000	Half-year ended 30 Jun 08 $'000	Half-year ended 30 Jun 07 $'000
Total equity at the beginning of the period	1,537,813	1,412,820	1,641,428	1,399,182
Profit/(loss) after tax for the period	27,223	198,778	(21,888)	263,603
Total recognised gains/(losses) for the period	27,223	198,778	(21,888)	263,603
Issue of ordinary shares	10,903	-	10,903	-
Dividends paid	-	-	(54,504)	(51,187)
Total equity at the end of the period	1,575,939	1,611,598	1,575,939	1,611,598

CHANGES IN SHARE CAPITAL

On 5 May 2008, 13,801,826 ordinary shares at par value of $0.01 each in the capital of MIIF (the New Shares) were allotted and issued at an issue price of $0.79 for each New Share to eligible shareholders who had elected to participate in the Scrip Dividend Scheme.

Consequent to the issue of the New Shares, the number of issued and paid-up ordinary shares of MIIF increased from 1,282,451,610 to 1,296,253,436.

STATEMENT OF CASH FLOWS

	Group Quarter ended 30 Jun 08 $'000	Group Quarter ended 30 Jun 07 $'000	Group Half-year ended 30 Jun 08 $'000	Group Half-year ended 30 Jun 07 $'000
Cash flows from operating activities				
Profit/ (loss) after tax	31,184	145,669	(19,051)	195,550
Adjustments for non cash items:				
Income tax expense	-	4,841	1,475	4,841
Amortisation and depreciation	1,484	6,148	1,675	12,195
Unrealised foreign exchange loss/(gain)	3,814	11,989	(522)	6,466
Revaluation of financial assets at fair value through profit or loss	(13,634)	(82,082)	48,164	(156,190)
Changes in working capital, net of the effects from acquisition of subsidiaries:				
(Increase)/decrease in trade and other receivables	(15,484)	(33,261)	3,553	(21,007)
Decrease in inventory	-	61	-	57
(Decrease)/increase in trade and other payables	(4,286)	326	(24,356)	5,551
Increase/(decrease) in provisions for other liabilities and charges	-	59	-	(5,398)
Increase in other assets	(361)	(41)	(334)	(685)
Income tax refunded/(paid)	-	10,145	(1,475)	10,145
Net cash inflow from operating activities	2,717	63,854	9,129	51,525
Cash flows from investing activities				
Proceeds from sale of investments	-	-	154,241	89,760
Purchase of subsidiary net of cash acquired	(3,015)	(922)	(17,575)	(1,536)
Purchase of property, plant and equipment	-	(285,539)	-	(285,539)
Movement in restricted cash for acquisition of subsidiary	-	-	23,415	-
Net cash (outflow)/inflow from investing activities	(3,015)	(286,461)	160,081	(197,315)
Cash flows from financing activities				
Proceeds from borrowings	30,814	287,254	235,851	287,254
Repayment of borrowings	-	(29,749)	(356,107)	(92,449)
Dividends paid	(43,601)	-	(43,601)	(51,187)
Movement in restricted cash of subsidiary	(5,981)	-	(5,981)	-
Net cash (outflow)/inflow from financing activities	(18,768)	257,505	(169,838)	143,618
Net (decrease)/increase in cash and cash equivalents	(19,066)	34,898	(628)	(2,172)
Cash and cash equivalents at beginning of period	50,020	22,023	31,601	59,146
Effects of exchange rate changes on cash and cash equivalents	(2)	400	(21)	347
Cash and cash equivalents at end of period	30,952	57,321	30,952	57,321

RECONCILIATION OF NET INCOME ON AN ADJUSTED BASIS TO THE CONSOLIDATED INCOME STATEMENT

The income statement on page 4 of this report, and specifically the line titled ''Net income on an adjusted basis'', has been prepared so as to present the earnings out of which MIIF dividends will be paid. The income statement on page 4 has not been prepared in accordance with applicable accounting standards. The consolidated income statement on page 10 has been prepared in accordance with International Financial Reporting Standards (IFRS). The table below reconciles the net income on an adjusted basis for the half-year ended 30 June 2008 presented in the income statement on page 4 of this report to the consolidated income statement of the Group (MIIF and its subsidiaries) for the half-year ended 30 June 2008 disclosed on page 10.

	Net Income(1) on an adjusted basis Half-year ended 30 Jun 08 $'000	GAAP Adjustments(2) Half-year ended 30 Jun 08 $'000	Consolidation Adjustments(3) Half-year ended 30 Jun 08 $'000	MIIF Group(4) Half-year ended 30 Jun 08 $'000
Income				
Investment income	43,076	(43,076)	-	-
Power supply revenue	-	-	2,626	2,626
Loss on disposal of investments	(2,471)	2,471	-	-
Interest income	194	-	72	266
Other income	-	-	11	11
Net foreign exchange gain	3,707	-	2,635	6,342
Net (loss)/gain on financial assets at fair value through profit or loss	-	(9,115)	2,323	(6,792)
Total income/(loss)	44,506	(49,720)	7,667	2,453
Expenses				
Management fees	6,505	-	-	6,505
Directors' fees	153	-	69	222
Finance costs	1,325	-	2,536	3,861
Professional services	1,579	3,016	(2,262)	2,333
Other operating expenses	4,096	-	3,012	7,108
Total expenses	13,658	3,016	3,355	20,029
Profit/(loss) before income tax	30,848	(52,736)	4,312	(17,576)
Income tax expense	-	-	(1,475)	(1,475)
Minority interest	-	-	(5,653)	(5,653)
Profit attributable to equity holders	30,848	(52,736)	(2,816)	(24,704)

1) This is the net income on an adjusted basis presented in the income statement on page 4.

2) These are adjustments that must be made to the net income on an adjusted basis to arrive at the net income on an unconsolidated basis, prepared in accordance with IFRS. For example, investment income is classified as 'net gain/loss on financial assets at fair value through profit and loss' under IFRS, therefore an adjustment was made to remove it from investment income.

3) This is a consolidation adjustment only. It reverses a portion of the net revaluation gains recognised in the unconsolidated income statement of MIIF that relates to assets which are consolidated in the consolidated income statement of MIIF as required under IFRS.

4) This is the consolidated profit after tax of the MIIF Group disclosed on page 10.

MACQUARIE INTERNATIONAL INFRASTRUCTURE FUND LIMITED

MANAGEMENT REVIEW: FOR THE HALF-YEAR ENDED 30 JUNE 2008

REVIEW OF REVENUE AND EXPENSES FOR THE HALF-YEAR ENDED 30 JUNE 2008

Presented in the income statement disclosed on page 4

REVIEW OF REVENUE

Distribution and investment income performance for the half year ended 30 June 2008

MIIF reported net income of $30.8 million for the half-year ended 30 June 2008 is down approximately 41.5 per cent on an adjusted basis from the prior corresponding period (pcp). Net income on an adjusted basis was lower for the following reasons:

- MIIF disposed of its interests in four listed investments (DUET Group, Macquarie Airports, Macquarie Communications Infrastructure Group and Macquarie Infrastructure Company) and two unlisted investments (Brussels Airport and TanQuid) in late 2007 and early 2008;
- Investment income from Brussels Airport and TanQuid in the pcp was augmented by special distributions arising from TanQuid's acquisition of Petroplus and from the refinancing of Brussels Airport; and
- Investments in Asia generally pay their distributions out of accounting profits annually in arrears, which has resulted in a lagged receipt of distributions received by MIIF in the first half of 2008. We anticipate receiving investment income from MIIF's newly acquired Asian businesses (Hua Nan Expressway, Taiwan Broadband Communications and infraVest Wind) in the second half of the year.

The table below provides a detailed breakdown of the distribution and investment income recognised by MIIF during the following reporting periods:

Investment	Quarter ended 30 Jun 08 $'000	Quarter ended 30 Jun 07 $'000	Half-year ended 30 Jun 08 $'000	Half-year ended 30 Jun 07 $'000
Distribution income				
DUET	-	2,856	-	2,856
MAp	-	5,989	-	5,989
MCG	-	5,123	-	5,123
MIC	-	540	-	1,058
Total distribution income	-	14,508	-	15,026
Investment income				
Arqiva	10,195	11,119	10,195	11,119
Brussels Airport	-	13,336	-	13,336
CAC	4,291	7,466	8,438	8,852
CXP	5,080	5,680	5,080	5,680
HNE	-	-	-	-
infraVest	413	-	413	-
MEIF	8,753	8,516	8,753	8,516
TanQuid	-	-	-	7,701
TBC	-	-	10,197	-
Total investment income	28,732	46,117	43,076	55,204
Total distribution and investment income	28,732	60,625	43,076	70,230

DISTRIBUTION POLICIES

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 legal requirements and prudent reserves. We expect MIIF's direct investments to continue to grow over time, resulting in increased distributions to investors, including MIIF.

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

Investment Portfolio	Frequency per annum	Distribution declaration date
Arqiva	2	June, December
CAC	12	Monthly
CXP	1	June
HNE	1	September
infraVest	1	July
MEIF	2	March, September
TBC	2	June, December

DESCRIPTION OF DISTRIBUTION AND INVESTMENT INCOME

Distribution income represents the distributions that MIIF receives from listed investments. MIIF has progressively disposed of its entire interests in the listed investments DUET Group (DUET), Macquarie Airports (MAp), Macquarie Communications Infrastructure Group (MCG) and Macquarie Infrastructure Company (MIC) since the second-half of 2007. These divestments were consistent with MIIF's focus on direct investments and on-going efforts to rebalance its portfolio towards the Asian region. MIIF does not currently own any listed investment and hence did not receive any distribution income in the half-year ended 30 June 2008.

Investment income represents the distributions that MIIF receives from unlisted investments. As at 30 June 2008, MIIF has interests in Arqiva, CAC, CXP, HNE, infraVest, MEIF and TBC.

Accounting treatment of investment income

In the consolidated income statement on page 10, distribution and investment income are shown as part of "Net gain on financial assets at fair value through profit or loss" as per MIIF's accounting policies and International Financial Reporting Standards (IFRS).

- Loss on disposal of investments

Consistent with MIIF's focus on direct investments and on-going efforts to rebalance its portfolio towards the Asian region, MIIF divested its investment MAp during the half-year ended 30 June 2008. The divestment resulted in a loss of $2.5 million, notwithstanding the investment generated an equity internal rate of return of 7.0% per annum for MIIF over its ownership period arising primarily from past distribution income received.

- Interest income

Interest income of $0.2 million for the half-year ended 30 June 2008 arose from interest earned on cash deposits held in bank accounts. The interest payable on these various accounts ranges from 0.2% to 4.5% per annum.

- Net foreign exchange (loss)/gain

Several of MIIF's non-investment balances are denominated in a currency other than SGD. These balances include cash-on-hand, expenses payable and distribution and investment income receivable. As foreign exchange (FX) rates move, the value of these balances change accordingly. The foreign exchange gain recognised for the half-year ended 30 June 2008 was due to the favourable movement of the exchange rates on these non-investment balances against the SGD.

REVIEW OF EXPENSES

	Quarter ended 30 June 08 $'000	Quarter ended 30 June 2007 $'000	Half-year ended 30 Jun 08 $'000	Half-year ended 30 June 07 $'000
Expenses				
Management fees	3,409	4,363	6,505	7,557
Performance fees	-	3,146	-	3,146
Directors' fees	81	57	153	115
Finance costs	265	3,012	1,325	3,659
Other operating expenses	4,559	1,338	5,675	3,152
Total operating expenses	8,314	11,916	13,658	17,629

Total operating expenses of $13.7 million for the half-year ended 30 June 2008 were 23% lower than the prior corresponding period. The decrease was primarily due to lower finance costs, management fees and no performance fee recognised for the period. An analysis of these and other MIIF expense items are as follows:

- Management fees

Management fees was lower compared to the prior corresponding period due to the reduction in net investment value of MIIF, which was the basis used to calculate fees payable to MIIF's manager.

- Directors' fees

The MIIF Board of Directors comprises five members, of which four are independent of the Macquarie Group. Each independent director is entitled to receive an annual director's fee of US$50,000. The remaining MIIF Board member who is an executive of the Macquarie Group, is not entitled to be paid a director's fee. The total aggregated fee was higher than the prior corresponding period because of the appointment of an additional independent director, which took effect in December 2007.

- Finance costs

Finance costs of $1.3 million for the half-year ended 30 June 2008 were lower than the prior corresponding period. Finance costs relate to interest expenses incurred by MIIF on the outstanding balances of its borrowing facilities. The lower finance costs were due to the lower level of borrowings in the half-year ended 30 June 2008. MIIF's outstanding balance on its borrowing facilities was approximately $52.7 million as at 30 June 2008.

- Other operating expenses

Other operating expenses of $5.7 million for the half-year ended 30 June 2008 were higher than the prior corresponding period. The increase in operating expenses was primarily due to the facility extension fees of $3.0 million incurred as a result of the renewal of MIIF's debt facility in May 2008. Other expense items that were reflected in this category relate to MIIF's normal day–to-day operations. These items include fees paid for share registrar services, SGX-ST listing and administration services, general legal services, audit services and professional fees incurred for financial and acquisition advice.

REVIEW OF NET ASSETS AND BALANCE SHEET AS AT 30 JUNE 2008

As presented in the balance sheet disclosed on page 8

ASSETS

- Trade and other receivables

Stand-alone current trade and other receivables decreased from $20.5 million as at 31 December 2007 to $18.7 million as at 30 June 2008. The balance as at 30 June 2008 primarily represent distributions receivable from Arqiva and CXP, amounting to $15.2m which is lower than the dividend receivable in 2007 of $18.7 million.

Group current trade and other receivables decreased from $18.8 million as at 31 December 2007 to $16.3 million in 30 June 2008 primarily due to changes in company level balances as explained above. On consolidation, the Group figure is lower compared to the stand-alone company because of elimination of Group inter-company balances.

- Current financial assets at fair value through profit or loss

Stand-alone current financial assets at fair value through profit or loss reflect 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 18 months in advance.

- Concession intangible assets

The movement from 31 December 2007 is due to the acquisition and consolidation of infraVest in the half-year ended 30 June 2008. The fixed assets held by infraVest are recognised as intangible assets under International Financial Reporting Interpretations Committee, IFRIC 12: Service Concession Arrangements. Relevant amortisation for the period from 20 March 2008 to 30 June 2008 was recognised in the income statement.

- Non-current financial assets at fair value through profit or loss

Stand-alone non-current financial assets at fair value through profit or loss decreased from $1,779.9 million as at 31 December 2007 to $1,597.8 million at 30 June 2008. This balance reflects the Directors' valuation of the fair value of MIIF's investments as at 30 June 2008.

The decrease in valuation of existing assets was substantially due to the sale of MAp, which resulted in a reduction in valuation of approximately $181.1 million as compared to 31 December 2007.

The following table sets out a reconciliation of the value of MIIF's investments from 31 December 2007 to 30 June 2008.

	Company Balance at 31 Dec 07 $'000	Additional investment / (divestment) $'000	Distribution received from investments $'000	Foreign exchange effects $'000	Revaluation to 30 Jun 08 $'000	Company Balance at 30 Jun 08 $'000
Listed securities						
MAp	181,136	(152,890)	-	2,209	(30,455)	-
	181,136	(152,890)	-	2,209	(30,455)	-
Unlisted securities						
Arqiva	516,945	-	(10,195)	(25,829)	(6,389)	474,532
MEIF	353,572	-	(8,753)	7,140	(2,163)	349,796
HNE	298,047	-	-	2,280	27,881	328,208
TBC	167,512	-	(10,197)	1,651	18,015	176,981
CAC	148,218	-	(8,438)	(11,636)	(1,240)	126,904
CXP	114,430	-	(5,080)	-	4,977	114,327
infraVest	-	24,752	(413)	(1,209)	3,912	27,042
Others	57	-	-	-	-	57
	1,598,781	24,752	(43,076)	(27,603)	44,993	1,597,847
Total investments	1,779,917	(128,138)	(43,076)	(25,394)	14,538	1,597,847

MIIF fair values all of its investments in its stand-alone accounts. The value of the unlisted investments is based on a detailed discounted cash flow financial model that is developed to calculate the value that each business could potentially be sold to a willing buyer under normal conditions.

Group non-current financial assets held at their fair value have decreased from $1,813.4 million as at 31 December 2007 to $1,607.2 million as at 30 June 2008. This balance reflects the fair value of all of MIIF's investments after consolidation.

LIABILITIES

- Trade and other payables

Stand-alone trade and other payables decreased from $37.1 million as at 31 December 2007 to $21.1 million as at 30 June 2008. This amount predominantly comprises $3.4 million of management fees payable to the Manager and $15.8 million payable to Macquarie International China Holdings for investment into HuaNan Expressway.

Group trade and other payables have decreased due to changes in Company level balances and the elimination of Group inter-company balances.

- Borrowings

Stand-alone company borrowings decreased from $178.2 million as at 31 December 2007 to $52.7 million as at 30 June 2008. This reduction was primarily due to the repayment of MIIF's outstanding borrowings from the proceeds received from the sale of MAp.

Group short term borrowings have reduced from $178.2 million as at 31 December 2007 to $58.3 million as at 30 June 2008 due to a reduction in the company level borrowings of MIIF as explained above and the consolidation of infraVest's short term borrowings. Group long term borrowings have increased to $85.7 million as at 30 June 2008 due the consolidation of infraVest's long term borrowings. Equipment, building, cash and shares of infraVest were pledged with the lender as collateral for the borrowings of $91.3 million.

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

	Group as at 30 Jun 08 $'000	Group as at 31 Dec 07 $'000	Company as at 30 Jun 08 $'000	Company as at 31 Dec 07 $'000
Amount repayable in one year or less, or on demand	58,301	178,224	52,706	178,224
Amount repayable after one year	85,696	-	-	-
Total borrowings	143,997	178,224	52,706	178,224
Amount secured	91,291	-	-	-
Amount unsecured	52,706	178,224	52,706	178,224
Total borrowings	143,997	178,224	52,706	178,224

- Non-current financial liabilities held at their fair value

Stand-alone non-current financial liabilities held at their fair value reflect the fair value of long term foreign currency forward contracts that MIIF has entered into to hedge the forecast distributions that it expects to receive from its investments.

The Group balance of non-current financial liabilities held at their fair value as at 30 June 2008 represents that of the stand alone company as well as the fair value of financial liabilities of infraVest, MIIF's 100% owned subsidiary.

NET ASSET VALUE

	Group As at 30 Jun 08	Group As at 31 Dec 07	Company As at 30 Jun 08	Company As at 31 Dec 07
Net Asset Value				
Total net asset value ($'000)	1,616,929	1,681,563	1,575,939	1,641,428
Total number of ordinary shares on issue used in calculation of net asset value per share ('000)	1,296,253	1,282,452	1,296,253	1,282,452
Net asset value per ordinary share ($ per share)	1.25	1.31	1.22	1.28

MIIF's stand-alone net asset value (NAV) decreased from $1,641.4 million as at 31 December 2007 to $1,575.9 million as at 30 June 2008, taking its NAV per share to $1.22 for the period. This was primarily due to the reduction in the fair value of non-current assets mainly arising from valuation gains from HNE and TBC, which was offset by the difference between the mark-to-market value of MIIF's investment in Macquarie Airports as at 31 December 2007 and the proceeds from the sale of this investment. This, in combination with the payment of MIIF's 2007 final dividend during the half-year under review contributed towards the lower NAV for the period.

Group net assets decreased from $1,681.6 million as at 31 December 2007 to $1,616.9 million as at 30 June 2008.

ENTERPRISE VALUE

MIIF EV is calculated by aggregating:

- Proportionate operating businesses' net debt, based on MIIF's proportionate beneficial interest at 30 June 2008
- Net debt outstanding at MIIF level at 30 June 2008; and
- MIIF businesses' equity attributable to MIIF Shareholders as at 30 June 2008.

	As at 30 June 08 $'000	As at 31 March 08 $'000
Proportionate operating businesses' net debt	2,296,723	2,296,678
MIIF net debt/(cash)	22,717	(15,632)
MIIF businesses' equity attributable to MIIF shareholders	1,597,790	1,592,229
Enterprise Value (EV)	3,917,230	3,873,275
Total operating businesses' net debt as a percentage of EV	59%	59%
Total net debt as a percentage of EV	59%	59%

Net debt is reported at both the asset level and MIIF level. Operating assets' net debt is calculated at each of the relevant operating assets by subtracting total cash-on-hand from total debt at the end of the period.

The fair values of assets have been determined in accordance with a valuation framework adopted by the directors of MIIF. Discounted cash flow analysis is the methodology applied to the valuation framework in respect of all unlisted assets. Assets' equity value attributable to MIIF Shareholders is calculated by aggregating MIIF's interest in the fair values of the assets less corporate net debt.

MIIF's total gearing as a percentage of EV remains at 59% as at 30 June 2008 and 31 March 2008. Total gearing is calculated by dividing the sum of operating assets' net debt and MIIF net debt by EV.

CASH FLOW ANALYSIS

Cash proceeds generated from MIIF's operations until the payment date of MIIF's interim dividend, together with its cash balance at the beginning of the period, will be used to pay the interim dividend declared by MIIF for half-year ended 30 June 2008.

Excluded from cash and cash equivalents was an amount of $6.0 million which is restricted for use as the cash deposit has been pledged to the lender as collateral for the loan facility of infraVest.

INTERESTED PERSON TRANSACTIONS DISCLOSURE

- 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
Lee Suet Fern	20 December 2007	Not applicable

- Directors' remuneration

John Roberts is an executive director of Macquarie Group Limited (MGL), the ultimate parent entity of Macquarie Infrastructure Management (Asia) Pty Limited (the Manager), and is not entitled to any remuneration from MIIF, other than reimbursement of expenses incurred on behalf of MIIF. Heng Chiang Meng, Robert Mulderig, Michael Hamer and Lee Suet Fern are entitled to a total remuneration of US$50,000 per annum each.

- The Manager

The Manager was appointed by MIIF 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, MIIF and the Manager:

	Group Half-year ended 30 Jun 08 $'000	Group Half-year ended 30 Jun 07 $'000	Company Half-year ended 30 Jun 08 $'000	Company Half-year ended 30 Jun 07 $'000
Transactions				
Base management fees	6,505	7,557	6,505	7,557
Performance fee	-	3,146	-	3,146
Dividends	4,538	4,160	4,538	4,160

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

	Group As at 30 Jun 08 $'000	Group As at 30 Jun 07 $'000	Company As at 30 Jun 08 $'000	Company As at 30 Jun 07 $'000
Balances				
Accrued base management fees	3,403	4,364	3,403	4,364
Accrued performance fees	-	3,146	-	3,146

The Manager holds 106,776,610 ordinary shares in MIIF.

For the quarter ended 30 June 2008, the MIIF Accumulation Index[1] was lower than the agreed benchmark annual return of 8% (2.0% for the period). Consequently, no performance fee is payable to the Manager and a performance fee deficit[2] will be carried forward to the next quarter.

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

[1] 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.

[2] 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 this calculation is approximately $379 million.

- Macquarie Group (Macquarie)

Macquarie Group Limited (MGL) is the ultimate parent of the Manager. Macquarie and in particular Macquarie Capital Advisers Limited (MacCap Adv) are an important source of acquisition opportunities and financial and acquisition advice.

During the previous quarter, the Group engaged MacCap Adv of MGL to advise on the acquisition of infraVest. The final fees relating to these transactions are $3.0 million. The fees relating to infraVest have been approved by the independent members of the MIIF Board, and confirmed by an independent firm to be consistent with the level of fees that would be charged for a similar transaction on normal commercial terms and conditions.

FOREIGN EXCHANGE TRANSACTIONS

MIIF utilises the services provided by MGL's foreign exchange department from time to time to enter into foreign exchange forward contracts based on arms length competitive market rates. The listing of foreign currency transactions entered into for the current quarter and the relevant related party charges incurred were provided to the independent members of the MIIF Board for review.

ADDITIONAL INFORMATION

- Disclosure, audit and review of financial statements

Pursuant to Rule 705(1) of the SGX-ST Listing Manual, the financial statements for the quarter ended 30 June 2008 have been announced within 45 days after the end of the relevant financial period.

- Review by Independent Auditor

The Consolidated Balance Sheet, Consolidated Income Statement for the half-year ended 30 June, Earnings Per Share for half-year ended 30 June, Statement of Changes in Equity for half-year ended 30 June and the Statement of Cash Flows for the half-year ended 30 June have been extracted from the condensed consolidated interim financial information that have been reviewed in accordance with International Standard on Review Engagement 2410 Review of Interim Financial Information performed by the Independent Auditor of MIIF. The extract of the review report, dated 11 August 2008 on the interim financial report of the Company and its subsidiaries for the half-year ended 30 June 2008 is attached to this announcement.

- Basis of preparation

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as that of preceding accounting periods. There are no substantial changes to the Group's accounting policies.

The financial statements are consistent with those set out in the 2007 audited financial statements which have been prepared in accordance with IFRS. There have been no changes to the accounting policies described in the 2007 audited accounts except for the adoption of certain revised International Financial Reporting Standards (IFRS) and Interpretations to IFRS (INT FRS) that became mandatory from 1 January 2008.

The adoption did not have a material impact on the results of the Group, except for IFRIC Interpretation 12, Service Concession Arrangements ("IFRIC 12") which is effective from 1 January 2008. A substantial portion of infraVest's (MIIF's fully owned subsidiary) assets are used within the framework of concession contracts. Such assets are not recognised as property, plant and equipment but as intangible assets. The carrying value of the property, plant and equipment that was reclassified to Concession Intangible Assets are amortised on a straight-line basis, over the concession period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- Goodwill

Goodwill represents the excess of the cost of an acquisition of subsidiaries over the fair value at the end of the acquisition of the Group's share of their identifiable net assets.

Goodwill of $6.7 million has been recognised on consolidation of the acquired and assumed assets and liabilities of infraVest. The goodwill represents the excess of the amount paid by MIIF for infraVest over the fair value of the net identifiable assets of infraVest as at the date of acquisition.

MIIF is still in the process of performing a detailed fair value assessment of all assets and liabilities acquired and assumed. In accordance with the International Financial Reporting Standard, IFRS 3: Business Combinations, the difference between the final assessed values of these assets and liabilities compared to the assets and liabilities of infraVest that have been consolidated and included in this report, will be reflected as an adjustment to goodwill.

In accordance with IFRS 3, this assessment will be completed within twelve months from the date of acquisition of infraVest.

- Functional and presentation currency

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

- Rounding of amounts in the financial statements

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

- Effects from timing of distributions

MIIF's revenue is driven by the frequency of distributions from its underlying investments. The frequency of distributions ranges from monthly to annually depending on the underlying asset.

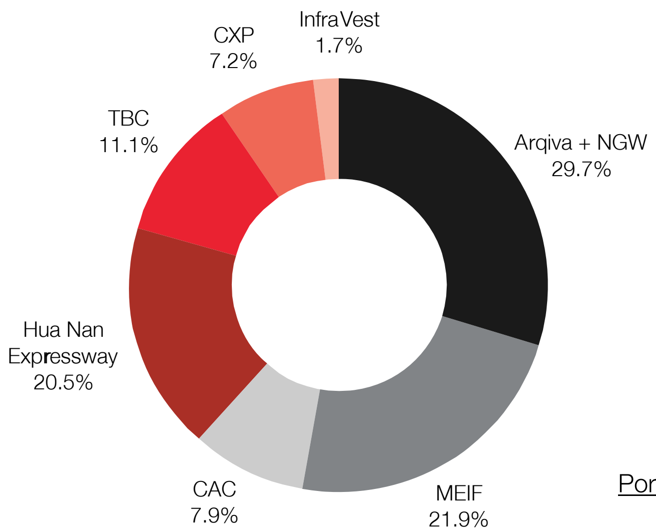
EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There were no significant events subsequent to balance sheet date.

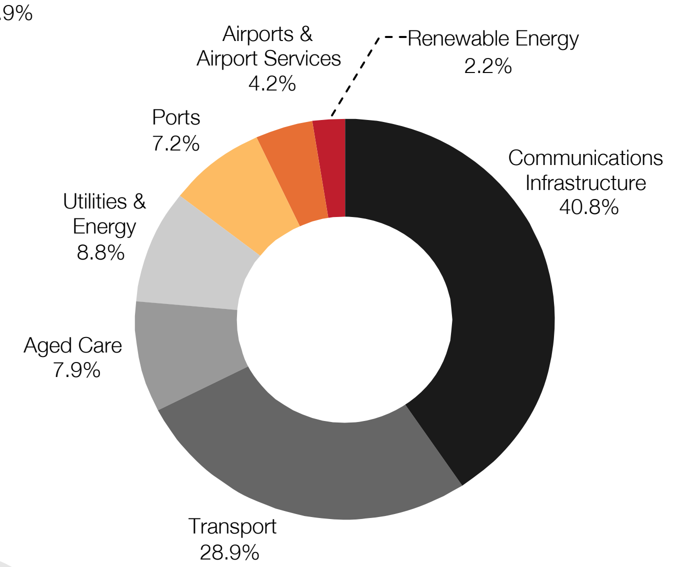
INVESTMENT PORTFOLIO

The following diagrams show the contributions that various investments make to MIIF's overall portfolio based on 30 June 2008 fair valuation of each business:

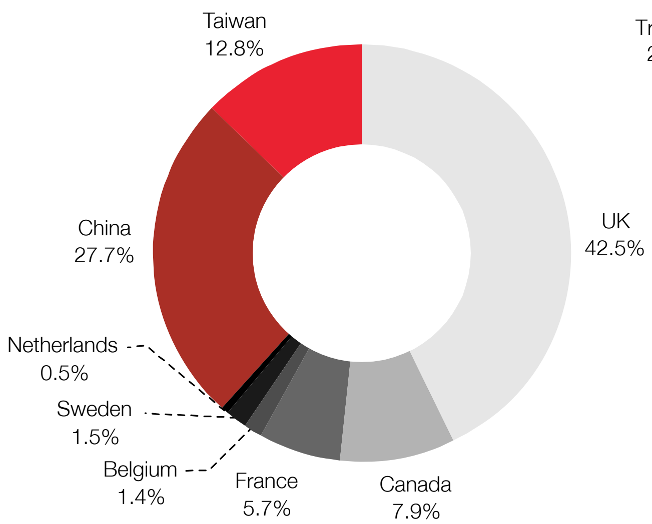
Portfolio Composition by Value



Portfolio Composition by Industry



Portfolio Composition by Country



INVESTMENT PORTFOLIO DISCUSSION

Arqiva and NGW

Date of acquisition	Initial – 27 May 2005 Rights Issue – 4 April 2007
Cost of acquisition	Initial – S$175.7 million Rights Issue – S$259.1 million
Valuation[1]	S$474.5 million
MIIF ownership	8.7% interest
% of MIIF portfolio[1]	29.7%

Arqiva is an infrastructure based provider of terrestrial and satellite broadcasting transmission, wireless communications and services to public safety organisations in the United Kingdom (UK). Arqiva controls a large portfolio of broadcast towers, satellite transmission facilities and other communications infrastructure. Arqiva provides transmission services to TV and radio broadcasters, site leasing to mobile phone and other wireless communication companies, and radio services to police, fire and ambulance services. Arqiva owns and operates approximately 580 towers for radio and television broadcasts, and approximately 3,500 sites for mobile communications.

NGW is an infrastructure-based provider of services to broadcasters, mobile network operators, and owns and operates two of the six TV multiplexes – each a group of digital TV channels in the UK. NGW owns and operates approximately 570 towers for radio and television transmission broadcasts and approximately 5,500 sites for mobile communications.

Acquisition update

The legal undertakings between Macquarie UK Broadcast Holdings Limited (MUKBHL), the vehicle through which MIIF invests in Arqiva, Macquarie MCG International Limited and others[2], and the UK Competition Commission (Commission) regarding the merger of Arqiva and NGW have been finalised and signed by the relevant Macquarie entities.

We anticipate the 'Hold Separate' arrangements, which have been in place since the acquisition of NGW in April 2007 will be lifted on 1 September 2008 and full integration of the two companies will commence immediately.

[1] Based on 30 June 2008 valuations. Numbers are subject to rounding
[2] Macquarie European Infrastructure Fund II (MEIF II), Macquarie European Infrastructure Fund III (MEIF III) and Macquarie Capital Funds (Europe) Limited, as manager of MEIF II and MEIF III

Key operational statistics[3] can be found in the tables below.

Arqiva only

(£'million)	6 months to June 2008	6 months to June 2007	Variance
Revenue	238.2	198.8	19.8%
Operating Expenses	174.6	133.1	31.2%
EBITDA	63.6	65.7	(3.2%)
EBITDA Margin	26.7%	33.0%	

Revenue breakdown for Arqiva only

(£'million)	6 months to June 2008	6 months to June 2007	Variance
Satellite Media	113.3	74.5	52.1%
Terrestrial Media	71.0	68.6	3.5%
Wireless solutions	27.1	25.6	5.9%
Public safety	26.8	30.1	(11.0%)

NGW only[4]

(£'million)	6 months to June 2008	6 months to June 2007[5]	Variance
Revenue	164.3	159.4	3.1%
Operating Expenses	81.8	85.6	(4.4%)
EBITDA	82.5	73.8	11.8%
EBITDA Margin	50.2%	46.3%	

Digital Switch Over process (DSO)

DSO is a substantial engineering project in the broadcasting industry in the UK, and is due to be completed by 2012. Arqiva has been working with the UK Government and Digital UK to replace the existing analogue and low power digital transmitter system with high power digital transmitters at 1,154 sites. Post DSO, 98.5% of the population in the UK will be able to receive digital television. Arqiva successfully performed the first switchover from analogue to digital broadcasting in October 2007, in the Whitehaven region, and is now looking at carrying out the next switchover phase in the Border region[6] in early 2009.

[3] Includes intercompany revenue and expenses between Arqiva and NGW
[4] Limited information is available due to Hold Separate undertakings
[5] Pro-forma results
[6] Describes a region located in the north of UK along the border with Scotland

The merger of Arqiva and NGW will ensure the success of the DSO project through improved efficiency and streamlined engineering and construction workflows. The improved efficiency of the DSO program is expected to bring significant cost synergy and capital expenditure saving, in which the various broadcasting customers will participate.

Business Commentary

Financial Performance (Arqiva only)

- Revenue was 19.8% higher compared to the prior corresponding period due to the increase in satellite media revenue following the acquisition of BT Satellite Broadcast Services (BT SBS) on 31 March 2007. This was reduced by a decrease in public safety revenue driven by the completion of the ntl:Telewest mechanical and electrical support and transmission maintenance contracts in 2007.
- Operating expenses were 31.2% higher compared to the prior corresponding period as a result of the costs related to the inclusion of BT SBS results for the half-year.
- The EBITDA margin has fallen from 33.0% to 26.7% due to the inclusion of the BT SBS business which includes lower margin products such as satellite capacity resale.

Operational

- Arqiva has secured long term high-power Digital Terrestrial Television (DTT) contracts (approximately 25 years) with BBC, Digital 3 & 4, and SDN[7] with a combined order book of approximately £3.7 billion.
- The successful integration of the BT SBS business, has extended Arqiva's reach and customer service capabitlity with teleports in France and the USA. Currently, Arqiva uplinks 301 TV channels and 49 radio stations for the Sky UK platform.
- Growth in the demand for wireless towers slowed as 3G networks reached coverage of around 80% of the population and slowed their network build. New technologies such as WiMAX may provide additional opportunities for the wireless business if the technology becomes widely accepted in the UK.

Outlook

- The two key areas of focus for Arqiva are the execution of the DSO and the integration of Arqiva and NGW is expected to take place upon the Commission's lifting of the 'Hold Separate' arrangement on 1 September 2008.

[7] A wholly-owned subsidiary of ITV plc

Canadian Aged Care (CAC)

Date of initial acquisition	24 Nov 2005
Cost of acquisition	S$164.9 million
Valuation[1]	S$126.9 million[8]
MIIF ownership	55% interest
% of MIIF portfolio[1]	7.9%

CAC is a portfolio of long-term care facilities (LTC) in Ontario, Canada. Operating since 1975, CAC provides 4,396 beds across 26 LTC facilities, one retirement home and one independent living facility.

CAC is currently the third largest operator of LTC homes in Ontario. LTC homes are a vital part of a community's social infrastructure and share features that characterise other high-quality infrastructure businesses, including relatively stable revenue, significant barriers to entry and low demand variability.

A LTC home that provides basic accommodation for at least 40% of residents may offer the remaining residents preferred accommodation in semi-private or private rooms. The LTC home operator retains the premiums collected for such accommodation, which typically increases revenue and enhances profitability.

Key operational statistics[9] can be found in the table below.

Average occupancy (%)	3 months to June 2008	3 months to June 2007	Variance	6 months to June 2008	6 months to June 2007	Variance
LTC Private Occupancy	92.2%	84.9%	7.3%	92.1%	83.5%	8.6%
LTC Total Occupancy	98.1%	98.1%	0.0%	98.1%	98.2%	(0.1%)

(C$'million)	3 months to June 2008	3 months to June 2007	Variance	6 months to June 2008	6 months to June 2007	Variance
Revenue	62.0	45.3	36.9%	117.8	89.2	32.1%
Operating Expenses	54.1	39.2	38.0%	103.7	77.3	34.2%
EBITDA	8.0	6.1	31.1%	14.2	11.9	19.3%
EBITDA Margin	12.9%	13.5%		12.1%	13.3%	

[8] The decrease in valuation reflects the new Long-Term Care Homes Act 2006 (the Act) and subsequent revision in CAC's debt assumptions. Prior to the Act, which received Royal Assent in June 2007, long-term care licences in the Province of Ontario had one-year terms subject to automatic renewal provided that compliance requirements were met. The Act fixed term limits on LTC licences, ranging from 15 to 25 years depending on a home's structural classification

[9] Based on unaudited financial statements

BUSINESS COMMENTARY (3 MONTHS ENDED JUNE 2008)

Financial Performance

- EBITDA was 31.1% higher compared to the prior corresponding period, driven by the contributions of the seven newly-acquired homes from a wholly owned subsidiary of Counsel Corporation and greater use of private accommodation across CAC's portfolio.

Operations

- LTC private occupancy was 7.3% higher compared to the prior corresponding period, which is in line with provincial trends and reflects increased marketing efforts.
- On 31 January 2008, CAC completed the acquisition of seven LTC homes consisting of 1,127 beds from a wholly owned subsidiary of Counsel Corporation. This acquisition contributed strongly to the overall growth of the business.
- On 1 February 2008, CAC signed an agreement to acquire the Good Samaritan Seniors Complex which consists of a 64-bed Class A LTC home and an attached 24-bed retirement home located in Alliston, Ontario, for approximately C$11.1 million plus transaction costs. The acquisition is conditional upon regulatory approval from the Ministry of Health and Long-term Care (MOHLTC). Upon completion of the transaction, CAC will provide 4,884 beds across 27 LTC facilities, two retirement homes, and one independent living facility.

Outlook

- Initiatives to optimise the preferred accommodation mix and also to lift occupancy, particularly in the newly acquired homes, are being maintained by CAC as it is eligible for full funding from the MOHLTC when CAC's homes achieve a level of 97% annual average occupancy.
- CAC will continue to seek growth opportunities, primarily complementary acquisitions of existing LTC homes in the fragmented Ontario marketplace.

Changshu Xinghua Port (CXP)

Date of initial acquisition	2 Dec 2005
Cost of acquisition	S$112.3 million
Valuation[1]	S$114.3 million
MIIF ownership	38% interest
% of MIIF portfolio[1]	7.2%

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 containers. CXP will continue to build on its diversified cargo base while maintaining its position as a regional hub for steel and forestry products.

Key operational statistics can be found in the tables below.

Volume	3 months to June 2008	3 months to June 2007	Variance	6 months to June 2008	6 months to June 2007	Variance
Container (TEU[10])	27,009.0	20,383.0	32.5%	48,928.0	47,897.3	2.2%
Steel (tonnes)	675,147.4	1,027,015.7	(34.3%)	1,247,747.0	1,701,130.4	(26.7%)
Non-steel (tonnes)	204,321.5	161,140.4	26.8%	407,894.5	388,592.0	5.0%
Forestry Products (tonnes)	487,614.0	432,295.0	12.8%	1,001,434.0	788,372.0	27.0%
Total (tonnes)	1,367,082.9	1,620,451.1	(15.6%)	2,657,075.4	2,878,094.4	(7.7%)

(RMB'million)	3 months to June 2008	3 months to June 2007	Variance	6 months to June 2008	6 months to June 2007	Variance
Revenue	52.1	60.7	(14.2%)	102.1	110.2	(7.4%)
Operating Expenses	23.5	26.3	(10.6%)	45.1	48.2	(6.4%)
EBITDA	28.6	34.4	(16.9%)	57.0	62.0	(8.1%)
EBITDA Margin	54.9%	56.7%		55.8%	56.3%	

[10] Twenty-foot equivalent unit

BUSINESS COMMENTARY (3 MONTHS TO JUNE 2008)

Financial Performance

- EBITDA was 16.9% lower compared to the prior corresponding period due to a reduction in volume of bulk cargo, offset by cost control initiatives. Marketing initiatives to diversify CXP's cargo mix are underway to reduce dependency on the steel market.

Operations

- Steel shipments remained well below the prior corresponding period as the export tariffs introduced in late 2007 continue to depress demand from Europe and the US for Chinese steel. As a result overall steel volumes were down 34.3%
- The volume of forestry products was 12.8% higher compared to the prior corresponding period due to strong demand for wood pulp, which supports the paper making industry in the region, and exports of paper reels.
- CXP handled new products such as woodchips and plasterboard, reflecting CXP's ongoing efforts to diversify its cargo mix.

Outlook

- CXP is pursuing a strategy to attract cargo owners, ship operators, and regional specialist mills. In addition, CXP will continue to actively pursue initiatives to increase productivity, cost control and service quality.
- CXP remains the leading forestry port in the region due to its successful partnership with the Belgian forestry specialist, Westerlund, and its ability to expand warehouse capacity to accommodate growth.

Hua Nan Expressway (HNE)

Date of initial acquisition	19 Nov 2007
Cost of acquisition[11]	$295.7 million
Valuation[1]	$328.2 million
MIIF ownership	81% interest
% of MIIF portfolio[1]	20.5%

HNE is a 31-kilometre dual-carriage urban toll road in the city of Guangzhou, the capital of Guangdong province in China. It is the main artery for north-south traffic in Guangzhou, enabling easy access to south China. As a crucial urban infrastructure in one of China's fastest growing economic regions, HNE is intersected by 8 expressways, ensuring excellent connectivity.

Key operational statistics can be found in the tables below.

Total volume of vehicles types ('000)	3 months to June 2008	3 months to June 2007	Variance	6 months to June 2008	6 months to June 2007	Variance
Passenger vehicles	7,573.8	6,844.8	10.7%	14,751.2	13,288.9	11.0%
Minibus / Light Truck	644.5	755.0	(14.6%)	1,285.7	1,516.7	(15.2%)
Medium Bus / Truck	1,697.4	1,831.6	(7.3%)	3,308.4	3,636.7	(9.0%)
Large Bus / Large Truck	167.6	147.4	13.7%	304.7	269.1	13.2%
Heavy Duty Truck / Trailer	366.9	402.8	(8.9%)	673.9	744.4	9.5%
Total Vehicles	10,450.3	9,981.7	4.7%	20,323.9	19,455.7	4.5%

(RMB'million)	3 months to June 2008	3 months to June 2007	Variance	6 months to June 2008	6 months to June 2007	Variance
Revenue	117.1	111.7	4.8%	226.4	218.9	3.4%
Operating Expenses	24.2	18.8	28.8%	43.6	32.9	32.4%
EBITDA	92.9	92.9	-%	182.8	186.0	(1.7%)
EBITDA Margin	79.3%	83.2%		80.7%	84.9%	

[11] Originally announced acquisition price of $329.5m included $295.7m invested at acquisition, and $33.8m of Acquisition Adjustments contingent upon certain events

BUSINESS COMMENTARY (3 MONTHS TO JUNE 2008)

Financial Performance

- Toll revenue was 4.8% higher compared to the prior corresponding period. This was achieved despite the unseasonal and extremely cold weather in China in February and flooding in Guangdong Province in June. Revenue was positively impacted, in part, by international conferences held at the nearby Bazhou Convention Centre and the partial closure of the competing Luoxi Bridge.
- The increased operating costs reflect one-off transition costs and the salary adjustment which were incurred this year.

Operational

- The total volume of Passenger vehicles increased by 10.7%. This was largely due to the positive impact of various exhibitions being held in Guangzhou between April and May and the partial closure of the competing Luoxi Bridge in May this year.
- The total volume of Medium Bus/Truck and Heavy Duty Truck/Trailer type vehicles was 8.9% lower compared to the prior corresponding period due to recently implemented traffic controls which restrict these vehicle types from entering the city between 7 a.m. to 9 a.m. and 7 p.m. and 9 p.m. These restrictions came into effect in late 2007.
- The 14.6% fall in Minibus / Light Truck and the 13.7% rise in Large Bus / Large Truck type vehicles were due to the general trend of factories relocating further away from Guangzhou City. This resulted in more factories using larger trucks to transport goods in order to save costs.

Outlook

- Following local government approval, Phase III[12] construction restarted on 14 April 2008. Opening is expected Q1 2009, and this is expected to increase traffic volume on HNE.
- The tax bureau's approval of a change in HNE's depreciation policy from the straight-line method to the units-of-production method has led to an increase in retained earnings for 2007. As a result, HNE's first distribution is now expected in September 2008 (previously March 2009).

[12] MIIF has an option to acquire Phase III

infraVest Wind (infraVest)

Date of initial acquisition	20 March 2008
Cost of acquisition	S$27.9 million
Valuation[1]	S$27.0 million
MIIF ownership	100% interest
% of MIIF portfolio[1]	1.7%

infraVest owns and operates 25 wind turbines, with a combined capacity of 49.8MW, at two sites in Miaoli County, Taiwan. All power generated is sold to Taiwan Power Company, the state-owned power utility in Taiwan, under a long term power purchase agreement. The tariff under this agreement is currently fixed at NT$2 per kWh.

infraVest benefits from strong government support for renewable energy in Taiwan and the long term power purchase arrangement with Taiwan Power Company underpins the stable cash flows expected to be derived from this investment.

Financial close of the acquisition of infraVest by MIIF was successfully achieved on 20 March 2008.

Key operational statistics can be found in the table below.

(GWh)	3 months to June 2008	3 months to June 2007	Variance	6 months to June 2008	6 months to June 2007	Variance
Total Energy Production	24.5	20.4	20.1%	76.8	65.5	17.3%

(NT$'million)	3 months to June 2008	3 months to June 2007[13]	Variance	6 months to June 2008	6 months to June 2007[13]	Variance
Revenue	51.1	N/A	N/A	157.8	N/A	N/A
Operating Expenses	(26.7)	N/A	N/A	(37.6)	N/A	N/A
EBITDA	24.4	N/A	N/A	120.2	N/A	N/A
EBITDA Margin	47.8%	N/A		76.2%	N/A	

[13] Financial information is not available prior to MIIF's ownership of the asset

BUSINESS COMMENTARY (3 MONTHS TO JUNE 2008)

Financial Performance

- Total energy production was 20.1% higher compared to the prior corresponding period due to improved wind performance.
- Energy production is subject to seasonality, with the autumn and winter months (October to March) forecast to have higher wind speed than the spring and summer months (April to September).

Outlook

- Ongoing efforts to maximise operating performance of wind turbines and actively manage key relationships.

Taiwan Broadband Communications (TBC)

Date of initial acquisition	16 July 2007
Cost of acquisition[14]	S$161.8 million
Valuation[1]	S$177.0 million
MIIF ownership	20% interest
% of MIIF portfolio[1]	11.1%

TBC is one of the three leading television operators in Taiwan, which is the fourth largest cable television market by revenue in Asia. Established in 1999, TBC owns five cable television networks located in adjacent service areas in northern and central Taiwan.

TBC's core business is the provision of cable television services. TBC is the sole licensee and provider of cable television services in its five operating regions. It also offers value-added services such as broadband internet access and cable telephony services, as well as premium digital television programming.

TBC is a key provider of integrated entertainment and communications services to more than one million homes reached by its cable network.

Key operational statistics can be found in the tables below.

Ending Subscribers	June 2008	June 2007	Variance
Basic Cable TV	703,104	675,909	4.0%
Premium Digital	22,988	17,362	32.4%
Penetration rate[15]	3.3%	2.6%	
Broadband	121,677	98,737	23.2%
Penetration rate[11]	17.3%	14.6%	

(NT$'million)	3 months to June 2008	3 months to June 2007	Variance	6 months to June 2008	6 months to June 2007	Variance
Revenue	1,593.8	1,527.4	4.3%	3,163.8	3,034.2	4.3%
Operating Expenses	608.9	601.6	1.2%	1,230.3	1,222.6	0.6%
EBITDA	984.9	925.8	6.4%	1,933.5	1,811.6	6.7%
EBITDA Margin	61.8%	60.6%		61.1%	59.7%	

[14] Post a return of capital from TBC of U$68.3 million ($104.1 million) which was distributed to MIIF as a result of the refinancing of TBC's debt facilities shortly after MIIF's acquisition of its interest in TBC

[15] Penetration rate is calculated as a percentage of Basic subscribers

Average Revenue per User (ARPU) (NT$)[16]	3 months to June 2008	3 months to June 2007	Variance	6 months to June 2008	6 months to June 2007	Variance
Basic	559.9	567.3	(1.3%)	560.4	566.2	(1.0%)
Premium Digital	182.9	178.6	2.4%	175.9	185.2	(5.0%)
Broadband	557.3	578.0	(3.6%)	556.5	570.9	(2.5%)
Total[17]	658.0	653.8	0.6%	656.7	651.0	0.9%

BUSINESS COMMENTARY

Financial Performance

- For the three months ended June 2008, EBITDA increased by 6.4% due to an overall increase in Basic Cable TV subscribers, steady growth in the Broadband business and effective cost control.

Operational

- TBC continued to focus on strategies to expand its broadband internet and premium digital television service.
  - In early 2008, TBC commenced offering a market-leading 16 Mbps broadband internet service. By the end of June 2008, Broadband subscribers increased by a significant 23.2% compared to the prior corresponding period due to successful marketing initiatives.
  - In premium digital television, TBC continued with initiatives to develop an enhanced package of digital channels.
- TBC focused on several initiatives to position the business for growth in value added services by:
  - Extending network coverage to reach new growth areas.
  - Increased sales penetration efforts in new homes.
  - New offerings to customers coming out of contract to retain customer loyalty.
  - Selling broadband services to CATV customers through product bundling.

Outlook

- TBC will remain focused on delivering positive momentum across the business. Management remains committed to increasing the penetration of the value added services of broadband internet and premium digital television, through enhanced product offerings and superior customer service, whilst continuing to deliver solid growth of its cable television business.

[16] ARPU is calculated using the subscription revenue of each product type divided by the average number of subscribers to the product

[17] Total ARPU is calculated using the total subscription revenue divided by the average number of Basic subscribers

Macquarie European Infrastructure Fund (MEIF)

Date of initial acquisition	14 July 2005
Cost of acquisition	S$194.8 million
Valuation[1]	S$349.8 million
MIIF ownership	6.3% interest
% of MIIF portfolio[1]	21.9%

MEIF is a limited partnership that was established to make equity and equity-related investments in a diversified portfolio of infrastructure businesses located in developed European OECD countries. MEIF aims to deliver moderate capital growth and sustainable cash yields over the long term.

MEIF completed its final close in June 2005, with total investor commitments of €1.5 billion.

KEY HIGHLIGHTS FOR THE PERIOD

- The Board of Brussels Airport has announced plans to build a dedicated low-cost terminal which will be able to accommodate up to 15 aircraft at any one time. This project demonstrates the airport's commitment to supporting the growth and demands of the low cost sector which represents the fastest growing segment of intra-European traffic.
- Wales & West Utilities was awarded the SBGI/IGEM 'Utility Network Operator of the Year'. The award panel, comprising the Health and Safety Executive (HSE) and industry members, recognised Wales & West Utilities' performance in innovative contracting, training and apprenticeships, and its safety record.
- The new Conservative Mayor of London, Boris Johnson, withdrew the previous administration's statutory challenge to the planning permission granted to Thames Water to build the Thames Gateway Desalination Plant.

OUTLOOK

MEIF distributed €65 million to its investors on 24 April 2008. MEIF is anticipated to make its next distribution to investors in the quarter to 31 December 2008, which will be supported by distributions received by MEIF from its portfolio companies.

COMPETITIVE INDUSTRY CONDITIONS

Infrastructure as a sector has grown rapidly. An estimated 2% of global 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$1,767bn in March 2008.

MIIF is the leading Asia-focused listed infrastructure fund managed by the Macquarie Group (Macquarie). MIIF benefits from Macquarie's infrastructure expertise in tracking new opportunities and acquiring infrastructure businesses 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 businesses.

  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 International Monetary Fund, developing Asian markets are expected to grow by a compounded annual rate of 14.2% from 2003 to 2013. GDP growth will drive demand for infrastructure investment and sustainable growth can only be achieved through continued investment.

- Infrastructure Investments

  The Asian Development Bank[20] 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 businesses. 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.

[20] 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, we, the undersigned hereby confirm to the best of our 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 2008 to be false or misleading.

On behalf of the Board of Directors

John Stuart Hugh Roberts
Chairman
Sydney
11 August 2008

Heng Chiang Meng
Deputy Chairman
Singapore
11 August 2008