



Macquarie International Infrastructure Fund Limited

SGX Quarterly Report 30 September 2006

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Review of Macquarie International Infrastructure Fund Limited Performance

Comparison of Current Period Results to Prior Period Results

Macquarie International Infrastructure Fund Limited ("MIIF" or the "Company"), and its subsidiaries (collectively referred to as the "Group"), has previously compared its financial performance for the period being reported on to forecast of net income for the same period made available in the MIIF Prospectus dated 20 May 2005 and the Circular dated 15 November 2005. These forecasts covered all financial periods from the date of MIIF's listing on the Main Board of the Singapore Exchange Trading Securities Trading Limited ("SGX-ST"), being 27 May 2005, to the period ended 30 June 2006. Because MIIF has not made available forecasts of net income for any periods subsequent to 30 June 2006, MIIF's financial performance for all periods subsequent to 30 June 2006 will be compared to the financial performance of MIIF for the same corresponding period in the prior year.

All investments have performed in line with internal forecasts and have paid distributions consistent with forecasted distributions.

The Company has announced dividend guidance of 4.00 cents per share for the 6 months ending 31 December 2006, and stated that based on the demonstrated ability of the assets within the portfolio to generate stable and predictable cash flows that grow over time, this level of dividend payout to MIIF shareholders is sustainable and is expected to grow over time as well.

INCOME STATEMENT ANALYSIS

The following table compares the unaudited actual results for the quarter end and year to date periods ended 30 September 2006 to the same quarter end and year to date periods ended 30 September 2005.

	Quarter ended 30 Sep 06 Unaudited Actuals \$'000	Year to date 30 Sep 06 Unaudited Actuals \$'000	Quarter ended 30 Sep 05 Unaudited Actuals \$'000	Year to date 30 Sep 05 Unaudited Actuals \$'000
Revenue				
Distribution income	498	13,630	504	11,592
Investment income	24,283	61,729	13,506	23,877
Interest income	409	1,124	201	482
Foreign exchange gain/(loss)	360	1,473	(193)	(99)
Total investment revenue	25,550	77,956	14,018	35,852
Expenses				
Management fees	3,020	8,618	1,711	2,865
Directors' fees	60	180	97	151
Finance costs	724	2,426	340	340
Other operating expenses	740	422	169	1,326
Total operating expenses	4,544	11,646	2,317	4,682
Net income on an adjusted basis	21,006	66,310	11,701	31,170
Income and expense items not included in the above analysis				
Net gain on the movement in the fair value of MIIF's financial assets	66,706	71,999	2,219	77,570
Transactions costs & performance fees	-	-	(151)	(51,391)
Net income on an unconsolidated basis	87,712	138,309	13,769	57,349
Consolidation adjustments to net income	(16,117)	(22,224)	697	1,145
Net income on a consolidated basis	71,595	116,085	14,466	58,494

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Comparison of Current Period Results to Prior Period Results (continued)

Review of net income

- Net income on an adjusted basis

Net income on an adjusted basis is reported in the income statement on page 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.

Net Income on an adjusted basis is \$21.0 million and \$66.3 million for the three and nine-month periods ended 30 September 2006 respectively, which is 79.5% and 112.7% higher than the corresponding period in 2005. As outlined in the analysis of distribution and investment income, the major contributors to the increase are: the investment income from TanQuid, CXP and Canadian Aged Care; a greater than forecast distribution from Brussels Airport; and the longer period covered by the current reporting period (being the 9 months ended 30 September 2006 as compared to the 4 month and 5 day period ended 30 September 2005). Net income on an adjusted basis has remained stable on a quarter by quarter basis when compared to the corresponding results reported in 2005. The financial results for the current quarter and year to date confirm the continued strong performance of the portfolio which is expected to continue into the future.

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

The income statement disclosed on page 1 of this report, 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 on page 1 has not been prepared in accordance with applicable accounting standards. The consolidated income statement on page 15 has been prepared in accordance with all applicable accounting standards. The table below reconciles the year to date income statement disclosed on page 1 of this report to the year to date consolidated income statement disclosed on page 15.

	Adjusted Net Income ⁽¹⁾	GAAP Adjustments ⁽²⁾	TanQuid ⁽³⁾	Consolidation Adjustments ⁽⁴⁾	MIIF Group ⁽⁵⁾
	Year to date	Year to date	Year to date	Year to date	Year to date
	30 Sep 06	30 Sep 06	30 Sep 06	30 Sep 06	30 Sep 06
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
Distribution income	13,630	(13,630)	-	-	-
Investment income	61,729	(61,729)	-	-	-
Storage revenue	-	-	67,180	-	67,180
Interest revenue	1,124	-	124	-	1,248
Net foreign exchange gain/(loss)	1,473	-	-	9	1,482
Net gain on financial assets at fair value through profit or loss	-	147,358	4,522	(30,478)	121,402
Total income	77,956	71,999	71,826	(30,469)	191,312
Expenses					
Management fees	8,618	-	-	-	8,618
Directors' fees	180	-	-	4	184
Finance costs	2,426	-	7,392	-	9,818
Other operating expenses	422	-	56,203	(18)	56,607
Total expenses	11,646	-	63,595	(14)	75,227
Profit before income tax	66,310	71,999	8,231	(30,455)	116,085
Income tax expense	-	-	-	-	-
Profit after income tax	66,310	71,999	8,231	(30,455)	116,085

(1) This is Adjusted Net Income as presented on page 1 of this report.

(2) These are the adjustments that must be made to Adjusted Net Income to arrive at Unconsolidated Net Income prepared in accordance with all applicable accounting standards.

(3) This is the net income of TanQuid that must be consolidated into 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 Net Income of the MIIF Group as disclosed on page 15 of this report.

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Comparison of Current Period Results to Prior Period Results (continued)

Review of distribution and investment income

Distribution and investment income for the three and nine-month periods ended 30 September 2006 was in aggregate \$24.8 and \$75.4 million respectively, compared to \$14.0 and \$35.5 million respectively for the quarter and period from listing to 30 September 2005. This represents a 77.1% and 112.4% increase respectively on the prior year corresponding period. Distribution and investment income has increased in comparison to the prior year due to the following:

- The results for the current periods include 9 months' worth of results as compared to the 2005 periods, which cover a 4 month and 5 day period.
- Included in investment income in the current quarter and year to date periods are distributions received or receivable from MIIF's investments in TanQuid, CXP and Canadian Aged Care. Income from these investments was not included in investment income in the prior year corresponding periods as these investments were acquired in the quarter ended 31 December 2005.
- Brussels Airport has declared a distribution payable to equity holders which was greater than forecast. This was due to strong operational performance at Brussels Airport which has now been passed on to investors in the form of higher dividends.

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	Year to date	Quarter ended	Year to date
	30 Sep 06	30 Sep 06	30 Sep 05	30 Sep 05
	\$'000	\$'000	\$'000	\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Distribution income				
MAP	-	5,416	-	5,055
MCG	-	4,302	-	3,563
DUET	-	2,428	-	1,940
MIC	498	1,484	504	1,034
Total distribution income	498	13,630	504	11,592
Investment income*				
Canadian Aged Care	4,487	13,455	-	-
Brussels	6,150	14,470	530	6,457
Arqiva	6,802	11,993	9,436	13,880
TSB	-	8,445	-	-
NMRE	6,844	8,151	3,540	3,540
MEIF	-	3,121	-	-
CXP	-	2,094	-	-
Total investment income	24,283	61,729	13,506	23,877
Total distribution and investment income	24,781	75,359	14,010	35,469

The reported distribution and investment income is in line with forecasts. The distribution policies 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 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 stable and predictable cash flows that such infrastructure assets generate.

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. MAP, MCG and DUET declare distributions payable to their security holders at the end of each six month period ending June and December. MIC declares distributions payable to its security holders at the end of each calendar quarter.

* Per our accounting policies, investment income includes equity distributions, interest and loan repayments

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Comparison of Current Period Results to Prior Period Results (continued)

Review of distribution and investment income (continued)

Investment income represents distributions declared by MIIF's unlisted investments, including MEIF, Arqiva, Brussels Airport, NMRE, Canadian Aged Care, TanQuid and CXP. MEIF declares distributions payable to its investors during the September and March quarters. Brussels Airport declares an interim and a preliminary year end distribution payable to its investors during the September and March quarters respectively. Brussels Airport declares a final year end distribution payable to its investors during the June quarter. Arqiva declares and pays distributions to its investors three times per year during the June, September and December quarters. Canadian Aged Care declares distributions payable to its investors at the end of each month. TanQuid declares interim distributions payable to its investors at the end of the June and December quarters, with a final dividend for the year just ended declared and paid during the March quarter. CXP declares an annual distribution payable to its investors during the March quarter.

In the income statement on page 15, 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.

Review of expenses

Expenses incurred are \$4.5 million and \$11.6 million for the three and nine-month periods ended 30 September 2006 respectively. Expenses for the current year to date are higher than the expenses reported for the period from listing to 30 September 2005 due to the fact that MIIF commenced operations on 27 May 2005, and so expenses for the prior year reflect a shorter period of operation. The base management fee for the period from listing to 30 September 2005 includes only 4 months of management fees compared to the 9 months reported in September 2006. Finance costs are also higher in 2006 versus 2005 due to increased level of borrowings in 2006 (funds borrowed at 30 September 2005 were \$37.1 million, compared to funds borrowed at 30 September 2006 are \$61.8 million), and also the inclusion of debt establishment costs incurred when establishing MIIF's current debt facilities.

Review of other income and expense items (presented in the income statement disclosed on page 1)

- **Interest income**
MIIF invests excess cash on hand into cash based securities such as Commercial Paper and Non-negotiable certificates of deposit. These instruments generate a return to MIIF of between 3% and 5% per annum. The interest income reported for the current periods has been generated by MIIF's excess cash on hand.
- **Foreign exchange gain/(loss)**
Several of MIIF's non-investment balances are denominated in a currency other than Singapore dollars. These balances include cash on hand, expenses payable and revenue receivable. As exchange rates move, the value of these balances changes accordingly. The foreign exchange gain recognised for the current period is due to the impact of changing foreign exchange rates on these non-investment balances.
- **Directors' fees**
The MIIF Board of Directors is comprised 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\$50,000.00. 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.
- **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 \$72.0 million represents the change in the fair value of these assets during the 9 month period ended 30 September 2006. These gains do not represent cash inflows, and are recognised in our income statement because it is required under our accounting policies and applicable International Financial Reporting Standards.

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Comparison of Current Period Results to Prior Period Results (continued)

Review of other income and expense items (presented in the income statement disclosed on page 1) (continued)

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

Overall, MIIF's investments have increased in value in response to strong operational performance observed within the assets which have resulted from various initiatives, including those introduced under MIIF's active asset management approach. Other opportunities may arise within certain of MIIF's assets that create even further value such as new contracts entered into, or capital management opportunities. This in turn may increase the value of these assets.

During the quarter and the year to date, the value of MIIF's listed investments increased by \$12.3 million and \$2.3 million respectively. The equity interest held by MIIF in these entities provides MIIF with exposure to the quality infrastructure assets owned by these entities. This adds a further layer of diversification to the MIIF portfolio, and also contributes to the stability and reliability of the cash flows generated by the MIIF portfolio.

The net gain on financial assets at fair value as shown in the income statement on page 1 differs from the net gain on financial assets at fair value as shown on page 15 of this report due to the required treatment of distributions as set out in MIIF's accounting policies.

ANALYSIS OF MIIF'S BALANCE SHEET

Review of net assets

Overall, MIIF's stand alone net assets have increased from \$1,260.8 million as at 31 December 2005 to \$1,308.9 million as at 30 September 2006. This is attributable to the unrealised increase in the value of MIIF's investments, as well as the earnings generated by MIIF during the period. This represents a Net Asset Value ("NAV") of \$1.02 per share.

Group net assets have also increased from \$1,261.3 million as at 31 December 2005 to \$1,292.1 million as at 30 September 2006, due primarily to the net asset movement within the stand alone Company net assets as noted above.

Review of trade and other receivables

Stand alone trade and other receivables have decreased from \$18.2 million as at 31 December 2005 to \$2.9 million as at 30 September 2006. The majority of this balance comprises dividend receivables from MIIF's investments. At 31 December 2005 MIIF had balances receivable from DUET, MAP, MCG and Canadian Aged Care while at 30 September 2006 the only dividends owing are from the Canadian Aged Care business and Brussels Airport.

Group trade and other receivables have decreased from \$39.2 million as at 31 December 2005 to \$36.8 million as at 30 September 2006. The balance of \$36.8 includes \$23.3 million which pertains to Petroplus (the add-on acquisition undertaken by TanQuid). Excluding the increase relating to Petroplus, trade and other receivables have decreased due to the reduced level of dividends receivable from MIIF's investments as discussed above and also due to the increased rent receipts from TanQuid's oil storage customers.

Review of current financial assets held at their fair value

Stand alone current financial assets held at their fair value have decreased from \$3.2 million as at 31 December 2005 to \$0.8 million as at 30 September 2006. 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 the currencies, to which MIIF is exposed, which includes the Australian dollar, the US dollar, the British Pound, the Euro and the Canadian dollar.

Group current financial assets held at their fair value have increased from \$3.2 million as at 31 December 2005 to \$4.0 million as at 30 September 2006. The difference between the group and stand alone balance is 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. As at 31 December 2005, these interest rate swaps were a net liability, as the fixed swap rate that TanQuid was paying was greater than the then current floating rate. There has been a general increase in European interest rates, and this has result in a change in the fair value of these interest rate swaps from the net liability position as previously reported, to a net receivable position as at 30 September 2006.

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Comparison of Current Period Results to Prior Period Results (continued)

Review of property, plant and equipment

Property, plant and equipment of \$331.6 million relate to the tank storage facilities in Germany and other property, plant and equipment owned by TanQuid. The balance has increased by \$39.1 million due to the Petroplus acquisition.

Review of non-current financial assets held at their fair value

Stand alone non-current financial assets held at their fair value have increased from \$1,207.5 million as at 31 December 2005 to \$1,344.5 million as at 30 September 2006. This balance reflects the fair value of all of MIIF investments as at 30 September 2006. The increase is due to a number of factors including:

- Overall increase in the value of MIIF's investments;
- Additional investment by MIIF into MEIF in response to MEIF's acquisition of Autoroutes Paris-Rhin-Rhône; and
- Additional investment by MIIF into TanQuid in order to aid TanQuid's acquisition of eight tank storage sites from Petroplus International B.V. ("Petroplus acquisition").

The following table sets out a reconciliation of the value of MIIF's investments from 31 December 2005 to 30 September 2006:

	Parent Balance at 31 Dec 05 \$'000	Additional investment \$'000	Income received from investments \$'000	Foreign exchange effects \$'000	Revaluation to 30 Sep 06 \$'000	Parent Balance at 30 Sep 06 \$'000
Listed securities						
MAp	137,273	-	(5,416)	(3,869)	939	128,927
MCG	130,250	-	(4,302)	(3,745)	15,677	137,880
DUET	53,693	-	(2,428)	(1,591)	8,021	57,695
MIC	30,684	-	(1,484)	(1,370)	1,835	29,665
	351,900	-	(13,630)	(10,575)	26,472	354,167
Unlisted securities						
Arqiva	206,284	-	(11,993)	8,345	17,995	220,631
MEIF	100,287	37,724	(3,121)	2,794	30,409	168,093
Canadian Aged Care	160,663	-	(13,455)	(713)	12,230	158,725
TanQuid	88,312	24,116	(8,445)	2,035	20,760	126,778
CXP	111,500	-	(2,094)	-	15,121	124,527
Brussels Airport	101,965	-	(14,470)	2,143	12,508	102,146
NMRE	86,500	747	(8,151)	3,610	6,633	89,339
Other	60	-	-	1	-	61
	855,571	62,587	(61,729)	18,215	115,656	990,300
Total investments	1,207,471	62,587	(75,359)	7,640	142,128	1,344,467

MIIF marks to market all of its investments in its stand alone accounts. The value of the listed investments is based on the closing 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 \$1,125.1 million as at 31 December 2005 to \$1,219.7 million as at 30 September 2006. This balance continues to reflect the fair value of all of MIIF investments, except TanQuid, which is eliminated on consolidation.

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Comparison of Current Period Results to Prior Period Results (continued)

Review of goodwill

Goodwill of \$85.1 million has arisen on the acquisition of TanQuid and represents the excess of the amount paid for TanQuid over the fair value of the net identifiable assets of TanQuid as at the date of acquisition. The remaining change in the value of goodwill between 31 December 2005 and 30 September 2006 is due to the effects of foreign exchange movements.

MIF is still in the process of performing a detailed fair value assessment of all the TanQuid and Petroplus assets and liabilities acquired and in accordance with the International Financial Reporting Standard, IFRS 3, any changes identified as a result of this process to the fair value of the assets acquired and liabilities assumed 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 TanQuid and the Petroplus business.

Review of trade and other payables

Stand alone trade and other payables has decreased from \$14.7 million as at 31 December 2005 to \$6.1 million as at 30 September 2006, and reflects the management fees that are payable to MIF's manager, Macquarie Infrastructure Management (Asia) Pty Limited for the quarters ended 30 June 2006 and 30 September 2006. The balance as at 31 December 2005 included costs payable by MIF with respect to the second capital raising that was completed during November 2005. These have since been paid.

Group trade and other payables mainly relate to trade and other creditors payable by TanQuid. The TanQuid liabilities account for \$76.3 million of the reported balance at 30 September 2006, and represent liabilities for lease rentals and other minor trade creditors. The balance has increased by \$26.1 million due to the Petroplus acquisition, which together with a decrease in the other TanQuid trade creditors account for the \$16.7 million increase in trade and other payables.

Review of borrowings

Stand alone borrowings have increased from NIL as at 31 December 2005 to \$61.8 million as at 30 September 2006. As noted above, this reflects the borrowings incurred in order to fund MIF's additional investment into MEIF and TanQuid during the period.

Group borrowings have increased from \$247.6 million as at 31 December 2005 to \$350.2 million as at 30 September 2006. The movement is due to the increase in borrowings within the stand alone company of \$61.8 million. The remainder of the borrowings relate to the borrowings of TanQuid.

Further details regarding MIF's borrowings are provided below.

Review of provisions

Provisions of \$19.8 million arise only on consolidation of TanQuid, and relate to storage site rehabilitation obligations and long-term employee benefits.

Review of deferred income tax liabilities

Deferred tax liabilities of \$2.2 million arise on consolidation and relate to TanQuid only.

ANALYSIS OF BORROWINGS

As at 30 September 2006, Group total borrowings were \$350.2 million. Further details regarding the level of borrowings are set out on page 22 of this report. Borrowings of \$288.4 million have been recognised on the consolidation of TanQuid. The funds relating to these borrowings were used to fund the acquisition of TanQuid.

During May 2006 a commitment draw down notice was received from MEIF of €18.9 million (\$37.7 million) which was funded with a \$37.7 million draw down on MIF's debt facilities. This transaction increased the quantum of MIF's non-current liabilities between 31 December 2005 and 30 June 2006.

At 31 July 2006, TanQuid had agreed to acquire a portfolio of oil and chemical tank storage facilities from Petroplus and MIF contributed \$24.1 million via its debt facilities.

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Comparison of Current Period Results to Prior Period Results (continued)

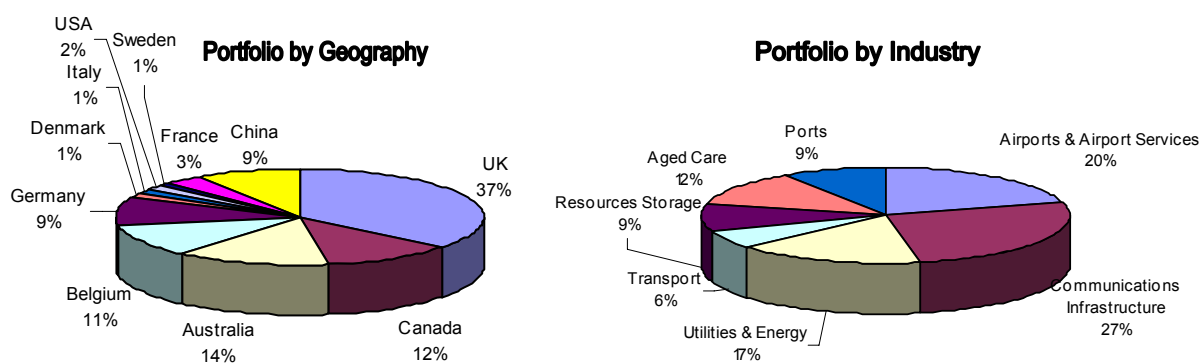
ANALYSIS OF CASH FLOWS

MIIF generated net operating cash flows of \$84.1 million during the period from 1 January 2006 to 30 September 2006. The cash generated from MIIF's operations has been used to pay the dividends declared for both the 31 December 2005 and 30 June 2006 dividend payments, therefore no borrowings were incurred in order to fund the dividend payments.

Investment Portfolio Analysis

MIIF's investment portfolio consists of a diverse range of infrastructure assets, spread across 7 countries and 11 infrastructure sectors. This mix of infrastructure sector exposure and country exposure result in a uniquely diversified infrastructure investment portfolio that provide many yield enhancing benefits, which is extremely difficult to replicate.

The charts below set out MIIF's investment portfolio by Geography and by Industry. MIIF has a portfolio of just under \$1.3 billion, spread across a number of stable and growing economies. MIIF has announced that it intends to actively pursue Asian investment opportunities going forward, with an overall focus on increasing the exposure of the portfolio to the Asian region.



MIIF's economic and legal interests in each of its assets range from as little as 2% up to 100%. An update on each of MIIF's investments is provided below.

■ Arqiva (formerly ntl Broadcast)

Arqiva is one of only two TV broadcast transmission operators in the UK and the second largest independent wireless site leasing provider in the UK. 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.

During May 2006 BBC announced that it had selected Arqiva as its preferred supplier for a range of new digital transmission services, the signing of the contracts took place on 18 September 2006. These transmission services will become operational over the period from 2008 to 2012 and will continue until 2031.

MIIF has an 8.69% direct interest in Arqiva plus an additional 2.76% indirect interest held through its investment in Macquarie Communications Infrastructure Group (MCG), an Australian Stock Exchange (ASX) listed fund.

■ Brussels Airport

Brussels Airport is the largest airport in Belgium with 16.2 million passengers in 2005, representing approximately 85% of total Belgian airline passenger traffic.

MIIF has a 3.21% direct interest in Brussels Airport plus an additional 1.75% indirect interest held through its investment in Macquarie Airports, an ASX listed group, and its investment in Macquarie European Infrastructure Fund.

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Investment Portfolio Analysis (continued)

■ **Novera Macquarie Renewable Energy Joint Venture Limited (“NMRE”)**

NMRE owns and operates electricity generation projects across 58 sites in the UK, with a total operating capacity of 114 MW. Electricity is generated from renewable sources such as landfill gas, hydro and wind.

On 20 October 2005, NMRE acquired additional landfill gas assets in the UK for a consideration of £11 million. MIIF contributed equity of £1.9 million to partly fund the acquisition.

In May 2006, NMRE sold its interest in two German wind farms which were non-core. The net sales proceeds were returned to shareholders who re-invested part of the proceeds for development projects.

MIIF has a 50.00% interest in NMRE through its wholly owned subsidiary, Macquarie Renewables Limited.

■ **Macquarie European Infrastructure Fund (“MEIF”)**

MEIF is an unlisted investment fund with investments in infrastructure and related assets in European OECD countries. MIIF has committed to invest a further €34.6 million, to be drawn at the discretion of MEIF, to fund future acquisitions of MEIF.

MIIF has invested €60.4 million (\$121.7 million) since acquisition and holds a 6.32% interest in MEIF.

■ **Macquarie Airports (“MAp”)**

MAp is an ASX listed globally diversified airport fund. MAp currently has interests in airports located in Sydney, Rome, Copenhagen, Bristol, Birmingham and Brussels, which collectively handled over 110 million passengers in 2005.

During September 2006, MAp announced the completion of its acquisition of an additional 1.9% interest in Brussels Airport from Macquarie Bank Limited. The acquisition will take MAp's ownership in Brussels Airport to 53.9%. The 1.9% additional interest in Brussels has been acquired at a price of €26.86 million or approximately A\$45.1 million

MIIF has a 2.10% direct interest in MAp by way of a total return swap with a Macquarie Bank Group member.

■ **Macquarie Communications Infrastructure Group (“MCG”)**

MCG holds controlling interests in communications infrastructure located in Australia and the United Kingdom. MCG owns 100% of Broadcast Australia, a broadcast and transmissions business in Australia that owns and operates the most extensive broadcast transmission infrastructure network in Australia. MCG also has a controlling interest in Arqiva (formerly ntl Broadcast).

During September 2006, MCG announced that Broadcast Australia had been appointed as the ABC's managed transmission service provider for 13 News Radio and two Local Radio services to be commissioned before 31 July 2007. These services are in addition to the 635 radio services already transmitted by Broadcast Australia for the ABC. Once these services have been commissioned they will add approximately A\$1.5 million per annum to Broadcast Australia's revenue. The ABC has also selected Broadcast Australia as the exclusive preferred supplier for the managed transmission service provision for a further 60 new or upgraded analogue radio services, subject to confirmation of frequency allocation and finalisation of contract terms and conditions.

MIIF has a 4.76% direct interest in MCG by way of a total return swap with a Macquarie Bank Group member.

Unaudited Financial Report

For the quarter ended 30 September 2006

Investment Portfolio Analysis (continued)

■ DUET Group (“DUET”)

DUET owns a diverse portfolio of energy utility assets. DUET is an ASX listed group which holds interests in gas pipelines and distribution networks in Western Australia and electricity and gas distribution networks in Victoria.

During August 2006, DUET announced and completed the successful restructure of its business. The change added an Australian company, DUET Investment Holdings Limited (“DIHL”), to the structure and thereby created the DUET group. The purpose of the restructure was to give DUET greater flexibility in its capital management and investment strategy. The new company DIHL holds DUET’s investment in Duquesne Light. As part of the restructure, DIHL shares were distributed to Unitholders and stapled to the existing DUET Units. This stapling created a Triple Stapled Security made up of one DIHL share, one unit in DUET1 and one unit in DUET2.

MIIF has a 3.56% direct interest in DUET by way of a total return swap with a Macquarie Bank Group member.

■ Macquarie Infrastructure Company (“MIC”)

MIC is listed on the NYSE. MIC focuses on infrastructure opportunities that arise in North America. MIC currently owns airport services, airport parking and district energy businesses.

June 2006 saw the completion of MIC’s acquisition of The Gas Company in Hawaii. The Gas Company is a regulated producer and distributor of gas products to residential and business consumers on the six major islands of Hawaii. The company also operates an unregulated propane distribution business.

During August 2006, MIC announced that it had sold its holding in Macquarie Communications Infrastructure Group. MIC sold 16.5 million shares overnight at a price of A\$6.10 per share resulting in gross proceeds of A\$100.4 million. MIC also announced that it had entered into definitive agreements to sell its 50% stake in the company that owns the Yorkshire Link toll road concession and its 17.5% interest in the South East Water clean water utility. Proceeds from the sales will be used to repay acquisition related debt raised during this year.

MIIF has a 2.20% direct interest in MIC by way of a total return swap with a Macquarie Bank Group member.

■ Canadian Aged Care (also known as “Leisureworld”)

Canadian Aged Care owns and operates 19 Long Term Care (LTC) facilities, two retirement homes and one Independent Living facility in Ontario, Canada. Canadian Aged Care is the third largest operator of LTC facilities in Ontario. The investment in Canadian Aged Care was acquired on 22 November 2005.

MIIF acquired a 55% economic interest in Canadian Aged Care by way of total return swaps with Macquarie Bank Group members.

■ Changshu Xinghua Port Co. Ltd (“CXP”)

CXP is a multi-purpose cargo river port which handles mainly steel, forestry products and containers. CXP enjoys a competitive advantage and strong growth opportunities through its strategic location on the Yangtze River Delta, one of China’s fastest growing industrial regions.

MIIF owns a 40% interest in Singapore Changshu Development Company which owns 95% of CXP, giving MIIF an effective interest in CXP of 38%. The investment in CXP was acquired on 2 December 2005.

■ Deukalion Tanklager GmbH & Co. KG (“TanQuid”)

TanQuid is an oil and chemicals tank storage business and the largest independent provider of oil storage services in Germany with an overall capacity of almost 3 million cubic metres. The business consists of 10 tank storage sites strategically located close to major industrial centres throughout Germany.

During July 2006 TanQuid completed the acquisition of 100% of a portfolio of oil and chemical tank storage facilities from Petroplus International B.V. The acquired portfolio consists of eight tank storage sites located primarily in the key industrial region of the Ruhr-Rhine in western Germany. All sites are located with access to a variety of transport links, providing a unique strategic advantage over other storage facilities.

TanQuid now operates oil and chemical storage tanks at 18 sites in Germany, consolidating its position as Germany’s largest independent tank storage business, with market share increasing from 22% to 25%. The management team of the acquired sites has been integrated into TanQuid, and has brought with them their portfolio of unique clients.

MIIF acquired 100% of TanQuid in November 2005. The investment in TanQuid was acquired on 16 November 2005. The acquisition of the storage facilities from Petroplus was completed on 31 July 2006.

Unaudited Financial Report

For the quarter ended 30 September 2006

Competitive Industry Conditions

MIIF has been formed to own, operate and invest in a diversified group of infrastructure businesses around the world. MIIF's investments reside primarily in China, Australia, Canada, parts of Europe and the United States. The performance of these economies is expected to influence the performance of MIIF.

■ China

MIIF's exposure to the Chinese market is through its investment in CXP. Growth in the economy will remain high in 2006 and 2007 even with the tightening measures introduced in 2006 to restrain credit growth and investment. Being strategically placed in the Yangtze River Delta region, CXP is set to benefit from economic growth and increased exports.

■ Australia

The exposure to the Australian market for MIIF arises through its interests in MAp, MCG and DUET. The industries MIIF is exposed to in Australia are airports, telecommunications and utilities. The underlying assets of MIIF's investments across all three infrastructure classes operate in a regulated environment, with high barriers to entry and stable incomes. In 2005, over 110 million passengers used MAp's airports globally. In the telecommunications sector, further growth is mainly expected through the government backed roll-out of new technologies and strong industrial growth in Western Australia has resulted in an increase in the size of the proposed expansion of DUET's Dampier to Bunbury Natural Gas Pipeline.

■ Canada

MIIF is operating in the Canadian market through its interest in Canadian Aged Care, a provider of essential social infrastructure in Ontario. The aged care industry in Ontario is fragmented, which offers consolidation opportunities. In addition MIIF sees opportunities for natural growth due to an aging population, increasing life expectancy and growing senior affluence. Natural growth will also be achieved by increasing occupancy through the ramp up of existing and new facilities such as Orillia. Currently occupancy is at or above 97% at all but two facilities.

■ Europe

MIIF is exposed to various infrastructure classes around Europe through direct investments in Arqiva, NMRE, Brussels Airport and TanQuid. It has further exposure through its investments in MEIF, MAp, MCG and MIC. The exposure in Europe ranges across several infrastructure asset classes, being airports, telecommunications, renewable energy, utilities, ferries, oil and chemicals storage and toll roads. The underlying investments operating across these infrastructure classes operate in regulated industries with high barriers to entry. Short term changes in economic conditions have only limited impact on these markets as they mainly provide essential infrastructure used by customers on a daily basis.

■ US

MIIF's exposure to the US market arises through its investment in MIC and DUET. MIC holds investment in airport services, utilities and toll roads. These investments operate in a similar environment as our assets in Europe and have a similarly limited exposure to changes in economic conditions. For instance, one of MIC's assets, The Gas Company, is representative of the limited exposure to economic conditions of MIC's assets. The Gas Company owns and operates the only synthetic natural gas plant in Hawaii and the only inter-island LPG transport barges.

Dividends

On 13 September 2006 a dividend of 3.95 cents per share was paid to investors for the six months ended 30 June 2006. The dividend was in line with the dividend guidance issued earlier in the year.

Based on the strong performance of the portfolio to 30 June 2006, and the positive outlook for the near future, the Board of Directors of MIIF restated dividend guidance on 7 August 2006 for the six months ending 31 December 2006 of 4.00 cents per share. This dividend will likely be paid to investors during March 2007.

Based on the closing share price of MIIF shares as at 30 September 2006 of \$0.95, this represents a trading yield of 8.4% for the financial year ending 31 December 2006.

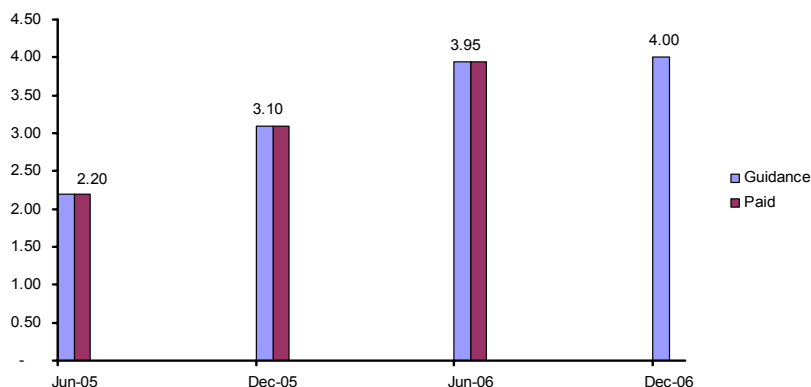
In addition to the restatement of dividend guidance for the six months ending 31 December 2006, the Board of Directors of MIIF have stated that, based on the demonstrated ability of the assets within the portfolio to generate stable and predictable cash flows that grow over time, the directors believe that this level of dividend payment to MIIF shareholders is sustainable and is expected to grow over time.

Unaudited Financial Report

For the quarter ended 30 September 2006

Dividends (continued)

The graph below shows the guidance provided by MIIF regarding its dividend payments and the actual payments made for the dividends declared to 30 June 2006.



As the Company was incorporated in Bermuda and is not resident in Singapore for tax purposes, dividends paid by the Company will be regarded as foreign-source income. The foreign dividend is subject to Singapore income tax when received in Singapore by corporate shareholders. Foreign dividends received by foreign investors with no permanent establishments 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.

MIIF is a Bermudian incorporated company, and as such 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.

It is possible that MIIF may generate accounting profits, and have carry forward accounting reserves, such as retained earnings, that are less than the dividend amounts that the Board of Directors of MIIF intend to declare and pay. Such situations may arise as a result of unrealised losses that MIIF is required to recognise due to movements in foreign exchange rates, share prices, changes in the value of MIIF's unlisted securities and other asset specific and general economic factors. These unrealised amounts do not impact the cash flow of MIIF and its ability to pay dividends now and in the future.

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.

Consolidation

In the preparation of its consolidated financial statements, MIIF has decided to apply the exemption available under paragraph 26 of IAS 27 *Consolidated and Separate Financial Statements*. This exemption allows the use of financial information for subsidiaries with a different reporting date if it is not possible to prepare financial information as at the same reporting date within the required time. MIIF is using financial information from TanQuid as at 31 August 2006. As a result, the consolidated income statement for the current quarter as disclosed on page 15 of this report includes the revenues and expenses of TanQuid for the 3 month period between the 1 June 2006 to 31 August 2006, whilst the consolidated balance sheet as disclosed on page 16 of this report includes the assets and liabilities of TanQuid as at 31 August 2006. Because of stable nature of this business, this difference in timing does not have a material impact on the reported income statement and balance sheet of the Group.

Unaudited Financial Report

For the quarter ended 30 September 2006

Changes in Share Capital

There were no changes in Share Capital during the quarter ended 30 June 2006.

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

Director's remuneration

John Roberts and Gregory Osborne are executive directors of Macquarie Bank Limited, 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

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 period between the Group, the Company and the Manager:

	Group Quarter ended 30 Sep 06 \$'000	Company Quarter ended 30 Sep 06 \$'000	Group Quarter ended 30 Sep 05 \$'000	Company Quarter ended 30 Sep 05 \$'000
Transactions				
Base management and performance fees paid or payable	3,020	3,020	1,711	1,711
Dividends paid or payable	3,856	3,856	1,369	1,369

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

	Group As at 30 Sep 06 \$'000 Unaudited	Group As at 31 Dec 05 \$'000 Audited	Company As at 30 Sep 06 \$'000 Unaudited	Company As at 31 Dec 05 \$'000 Audited
Balances				
Accrued base management fees	5,675	5,063	5,675	5,063
Total liabilities payable to the Manager	5,675	5,063	5,675	5,063

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

Unaudited Financial Report

For the quarter ended 30 September 2006

Interested Person Transactions (continued)

(c) Macquarie Bank Group

Macquarie Bank Limited ("MBL") is the ultimate parent of the Manager. MBL and its subsidiaries and in particular the Investment Banking Group are an important source of acquisition opportunities and financial and acquisition advice.

During the period, the Group engaged the Investment Banking Group of MBL to advise on the acquisition and financing of 8 oil and chemicals storage tanks and sites from Petroplus. Further details of the acquisition are included on page 10 of this report. The Group paid fees of \$1.8 million to the Investment Banking Group of MBL for the advisory services provided. These fees were reviewed by an independent expert who concluded that the level of fees was consistent with the level of fees that would be charged for a similar transaction on normal commercial terms and conditions. The fees were approved for payment by the independent directors of the MIIF Board.

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. Further details of the acquisition are included on page 10 of this report. The acquisition has been funded using the stand by debt facilities that MIIF has arranged with the United Overseas Bank ("UOB").

Subsequent Events

There are no subsequent events which warrant mention for the quarter under review.

Unaudited Financial Report

For the quarter ended 30 September 2006

Consolidated Income Statement

	Group Quarter ended 30 Sep 06 \$'000 Unaudited	Group Year to date 30 Sep 06 \$'000 Unaudited	Group Quarter ended 30 Sep 05 \$'000 Unaudited	Group Year to date 30 Sep 05 \$'000 Unaudited
Income				
Storage revenue	27,069	67,180	-	-
Interest revenue	474	1,248	201	482
Net foreign exchange gain/(loss)	368	1,482	(193)	(99)
Net gain on financial assets at fair value through profit or loss	74,079	121,402	16,926	114,184
Total income	101,990	191,312	16,934	114,567
Expenses				
Base management and performance fees	3,020	8,618	1,711	31,005
Transaction costs – acquisition of investments	-	-	151	23,251
Finance costs	3,909	9,818	340	340
Employee benefits expense	7,484	19,272	-	-
Depreciation	5,266	12,520	-	-
Professional services	585	1,395	-	-
Consumables	2,133	5,798	-	-
Rental expense	1,508	4,049	-	-
Directors' fees	64	184	97	151
Other operating expenses	6,426	13,573	169	1,326
Total operating expenses	30,395	75,227	2,468	56,073
Profit before income tax	71,595	116,085	14,466	58,494
Income tax expense	-	-	-	-
Profit after income tax	71,595	116,085	14,466	58,494
Profit attributable to the equity holders of the parent	71,595	116,085	-	-
Basic earnings per share (cents per share)	5.59	9.07	1.78	15.37
Diluted earnings per share (cents per share)	5.59	9.07	1.78	15.37

Unaudited Financial Report

As at 30 September 2006

Balance Sheet

	Group As at 30 Sep 06 \$'000 Unaudited	Group As at 31 Dec 05 \$'000 Audited	Company As at 30 Sep 06 \$'000 Unaudited	Company As at 31 Dec 05 \$'000 Audited
Assets				
Current assets				
Cash and cash equivalents	45,143	51,942	28,653	46,589
Trade and other receivables	36,691	39,132	2,889	18,176
Financial assets at fair value through profit or loss	3,978	3,190	783	3,190
Inventory	733	711	-	-
Other assets	66	57	66	57
	86,611	95,032	32,391	68,012
Non-current assets				
Trade and other receivables	73	80	-	-
Property, plant and equipment	331,647	278,121	-	-
Financial assets at fair value through profit or loss	1,219,726	1,125,103	1,344,467	1,207,471
Goodwill	94,437	83,756	-	-
	1,645,883	1,487,060	1,344,467	1,207,471
Total assets	1,732,494	1,582,092	1,376,858	1,275,483
Liabilities				
Current liabilities				
Trade and other payables	62,500	45,758	6,104	14,695
Borrowings	5,671	5,540	-	-
	68,171	51,298	6,104	14,695
Non-current liabilities				
Provisions for other liabilities and charges	19,804	18,288	-	-
Borrowings	350,215	247,658	61,841	-
Financial liabilities at fair value through profit or loss	-	1,349	-	-
Deferred income tax liabilities	2,204	2,238	-	-
	372,223	269,533	61,841	-
Total liabilities	440,394	320,831	67,945	14,695
Net assets	1,292,100	1,261,261	1,308,913	1,260,788
Equity				
Share capital	1,231,573	1,231,539	1,231,573	1,231,539
Foreign currency translation reserve	(1,686)	(6,624)	-	-
Retained earnings	62,213	36,346	77,340	29,249
Total equity	1,292,100	1,261,261	1,308,913	1,260,788

Unaudited Financial Report

For the quarter ended 30 September 2006

Statement of Cash Flows

	Group Quarter ended 30 Sep 06 \$'000 Unaudited	Group Year to date 30 Sep 06 \$'000 Unaudited	Group Quarter ended 30 Sep 05 \$'000 Unaudited	Group Year to date 30 Sep 05 \$'000 Unaudited
Cash flows from operating activities				
Profit after tax	71,595	116,085	14,466	58,494
Adjustments for non cash items:				
Depreciation	5,266	12,520	-	-
Unrealised foreign exchange gains	(368)	(1,482)	193	99
Revaluation of financial assets at fair value through profit or loss	(61,660)	(65,890)	26,593	(51,682)
Effect of exchange rate movements on operating assets and liabilities	3,677	2,211	-	-
Changes in operating assets and liabilities, net of the effects from acquisitions of controlled entities and business assets:				
Decrease/(increase) in trade and other receivables	(13,120)	2,448	10,450	-
Decrease/(increase) in inventory	(32)	(22)	-	-
Increase/(decrease) in trade and other payables	26,650	16,742	(28,127)	5,383
Increase in provisions for other liabilities and charges	3,117	1,516	-	-
Decrease/(increase) in other assets	26	(9)	(3)	(153)
Decrease/(increase) in the provision for deferred income tax liabilities	(32)	34	-	-
Net cash inflow from operating activities	35,119	84,153	23,572	12,141
Cash flows from investing activities				
Purchase of property, plant and equipment	(64,847)	(66,046)	-	-
Purchase of financial assets	(747)	(38,471)	(87,421)	(783,843)
Net cash outflow from investing activities	(65,594)	(104,517)	(87,421)	(783,843)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	-	-	-	802,833
Capital raising costs paid	-	-	(1,908)	(21,715)
Proceeds from borrowings	64,833	102,557	37,708	37,708
Repayment of borrowings	3,421	-	-	-
Dividends paid	(50,548)	(90,218)	(17,662)	(17,662)
Net cash outflow from financing activities	17,706	12,339	18,138	801,164
Net decrease in cash and cash equivalents	(12,769)	(8,025)	(45,711)	29,462
Cash and cash equivalents at beginning of period	57,712	51,942	73,951	-
Effects of exchange rate changes on cash and cash equivalents	200	1,226	829	(393)
Cash and cash equivalents at 30 September 2006	45,143	45,143	29,069	29,069

Unaudited Financial Report

For the quarter ended 30 September 2006

Consolidated Statement of Changes in Shareholders' Equity

	Quarter ended 30 Sep 06 \$'000 Unaudited	Year to date 30 Sep 06 \$'000 Unaudited	Quarter ended 30 Sep 05 \$'000 Unaudited	Year to date 30 Sep 05 \$'000 Unaudited
Total equity at the beginning of the period	1,270,188	1,261,261	824,249	-
Foreign currency translation reserve recognised directly in equity	865	4,938	(697)	(1,145)
Profit after tax for the period	71,595	116,085	14,466	58,494
Total recognised gains for the period	71,595	116,085	14,466	58,494
Transactions with equity holders in their capacity as equity holders:				
Issue of share capital				
Initial public offering	-	-	-	802,833
Conversion of performance fees	-	-	28,140	28,140
Capital raising costs	-	34	(338)	(22,502)
Dividends paid	(50,548)	(90,218)	(17,662)	(17,662)
Total equity at the end of the period	1,292,100	1,292,100	848,158	848,158

Unaudited Financial Report

For the quarter ended 30 September 2006

Statement of Changes in Shareholders' Equity of the Company

	Quarter ended 30 Sep 06 \$'000 Unaudited	Year to date 30 Sep 06 \$'000 Unaudited	Quarter ended 30 Sep 05 \$'000 Unaudited	Year to date 30 Sep 05 \$'000 Unaudited
Total equity at the beginning of the period	1,271,749	1,260,788	824,249	-
Foreign currency translation reserve recognised directly in equity	-	-	-	-
Profit after tax for the period	87,712	138,309	13,769	57,349
Total recognised gains for the period	87,712	138,309	13,769	57,349
Transactions with equity holders in their capacity as equity holders:				
Issue of share capital				
Initial public offering	-	-	-	802,833
Conversion of performance fees	-	-	28,140	28,140
Capital raising costs	-	34	(338)	(22,502)
Dividends paid	(50,548)	(90,218)	(17,662)	(17,662)
	1,308,913	1,308,913	848,158	848,158

Unaudited Financial Report

As at 30 September 2006

Net Asset Value

	Group As at 30 Sep 06 \$'000 Unaudited	Group As at 31 Dec 05 \$'000 Audited	Company As at 30 Sep 06 \$'000 Unaudited	Company As at 31 Dec 05 \$'000 Audited
Net Asset Value				
Total net asset value (\$'000)	1,292,100	1,261,261	1,308,913	1,260,788
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)	\$1.01	\$0.99	\$1.02	\$0.99

Unaudited Financial Report

For the quarter ended 30 September 2006

Earnings Per Share

	Group Quarter ended 30 Sep 06 \$'000 Unaudited	Group Year to date 30 Sep 06 \$'000 Unaudited	Group Quarter ended 30 Sep 05 \$'000 Unaudited	Group Year to date 30 Sep 05 \$'000 Unaudited
Basic Earnings per Share				
Earnings used in calculation of basic earnings per share (\$'000)	71,595	116,085	14,466	58,494
Weighted average number of shares on issue used in calculation of basic earnings per share ('000)	1,279,687	1,279,687	812,634	380,667
Basic earnings per share (cents per share)	5.59	9.07	1.78	15.37
Diluted Earnings per Share				
Diluted earnings used in calculation of diluted earnings per share (\$'000)	71,595	116,085	14,466	58,494
Weighted average number of shares on issue used in calculation of diluted earnings per share ('000)	1,279,687	1,279,687	812,634	380,667
Diluted earnings per share (cents per share)	5.59	9.07	1.78	15.37

Unaudited Financial Report

For the quarter ended 30 September 2006

Borrowings

	Group As at 30 Sep 06 \$'000 Unaudited	Group As at 31 Dec 05 \$'000 Audited
Amount repayable in one year or less, or on demand	5,671	5,540
Amount repayable after one year	350,215	247,658
Total borrowings	355,886	253,198
Amount secured	355,886	253,198
Amount unsecured	-	-
Total borrowings	355,886	253,198

The borrowings disclosed above include borrowings of TanQuid and include bank loans as well as finance lease liabilities. These bank loans are secured through a combination of various pledge agreements, agreements to transfer title in the tangible assets of the business to the lender in the event of default, granting of a charge over the real property of the business to the lender and an assignment of the hedging arrangements from TanQuid back to the lender. These arrangements exist only with respect to the borrowings of TanQuid.

Borrowings of MIIF, which are \$61.8m at 30 September 2006, are generally repayable after one year.

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.

Unaudited Financial Report

For the quarter ended 30 September 2006

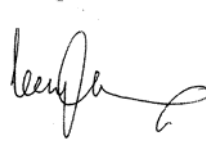
Confirmation of the Board pursuant to Rule 705(4) of the Listing Manual

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 third quarter ending 30 September 2006 to be false or misleading.

On behalf of the Board of Directors



John Roberts
Director
Sydney
30 October 2006



Heng Chiang Meng
Director
Singapore
30 October 2006