



# Macquarie International Infrastructure Fund Limited

## SGX Quarterly Report 30 September 2005

Macquarie Infrastructure Management (Asia) Pty Limited (Manager of Macquarie International Infrastructure Fund Limited ("the Fund")) is a wholly owned subsidiary of Macquarie Bank Limited.

Investments in Macquarie International Infrastructure Fund Limited are not deposits with or other liabilities of Macquarie Bank Limited, or any entity in the Macquarie Bank Group and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither Macquarie Infrastructure Management (Asia) Pty Limited, nor any member of the Macquarie Bank Group guarantees the performance of the Fund, the repayment of capital or the payment of a particular rate of return on the securities of the Fund.

This report is not an offer or invitation for subscription or purchase, or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in Macquarie International Infrastructure Fund Limited, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Macquarie Infrastructure Management (Asia) Pty Limited, as Manager of the Fund, is entitled to fees for so acting. Macquarie Bank Limited and its related corporations, together with their officers and directors, may hold securities in Macquarie International Infrastructure Fund Limited from time to time.

# Unaudited Financial Report

For the quarter ended 30 September 2005

## Table of Contents

<b>Review of Macquarie International Infrastructure Fund Limited Performance .....</b>	<b>1</b>
Comparison of Actual Results versus the Prospectus Forecasts .....	1
Income Statement .....	1
Balance sheet .....	2
Borrowings .....	3
Investment Portfolio .....	3
Competitive Industry Conditions .....	4
Dividends .....	5
Accounting Policies Application .....	5
Changes in Share Capital .....	6
Subsequent Events .....	6
<b>Income Statement .....</b>	<b>8</b>
<b>Balance Sheet .....</b>	<b>9</b>
<b>Statement of Cash Flows .....</b>	<b>10</b>
<b>Statement of Changes in Shareholders' Equity .....</b>	<b>11</b>
<b>Net Asset Value.....</b>	<b>13</b>
<b>Earnings Per Share.....</b>	<b>14</b>
<b>Borrowings.....</b>	<b>15</b>

## Review of Macquarie International Infrastructure Fund Limited Performance

### Comparison of Actual Results versus the Prospectus Forecasts

Macquarie International Infrastructure Fund Limited (MIIF or the "Company"), and its subsidiaries collectively referred to as the "Group", continued to perform well during the period, meeting all forecasts as detailed in the MIIF Prospectus dated 20 May 2005 (the Prospectus). The Net Asset Value (NAV) remained steady at \$1.03 per share despite payment of a 2.2 cents per share dividend, foreign exchange losses caused by the strengthening Singapore dollar and unrealised revaluation losses recognised with respect to the listed investment portfolio. This consistency is reflective of the diversified investment portfolio of MIIF and its ability to withstand market volatility.

This strong performance has enabled management to confirm its intention to pay a dividend to shareholders for the period ended 31 December 2005 of 3.0 cents per share, generating an annual dividend yield for the 2005 calendar year of 8.7% based on an issue price of \$1.00 per share. This is at the higher end of the promised dividend range as disclosed in the Prospectus.

Unless otherwise stated all amounts are in Singapore Dollars.

#### INCOME STATEMENT

The following table compares the actual results for the period from incorporation to 30 September 2005 to the Prospectus forecasts. The table details net income of \$32.3 million (before items not included in the Prospectus forecast) compared to a Prospectus forecast of \$29.0 million. This table also details those items which are included in the financial performance of the Group (as shown on page 8), but were not included in the Prospectus forecast. The impact of these items was taken into account and disclosed in the Prospectus and, as noted in the Prospectus, will not impact the ability of the Group to meet its ongoing dividend guidance issued.

	Group Year to Date 30 September 2005 Adjusted Actuals \$'000	Group Year to Date 30 September 2005 Forecast* \$'000
<b>Revenue</b>		
Distribution income	11,592	11,550
Investment income	23,877	20,750
Interest income	482	10
Foreign exchange loss	(99)	0
<b>Total investment revenue</b>	<b>35,852</b>	32,310
<b>Expenses</b>		
Management fees	2,865	2,750
Directors' fees	151	100
Other operating expenses	530	450
<b>Total operating expenses</b>	<b>3,546</b>	3,300
<b>Net income before items not included in Prospectus forecast</b>	<b>32,306</b>	29,010
<b>Revenue items not included in Prospectus forecast</b>		
Net gain on movement in fair value of financial assets	78,715	0
<b>Expense items not included in Prospectus forecast</b>		
Transaction costs	23,251	0
Performance fees	28,140	0
Marketing costs	796	0
Interest expense	340	0
<b>Net income</b>	<b>58,494</b>	29,010

\* The Prospectus included a forecast profit range for the period ended 30 June 2005 and the half year ending 31 December 2005. The forecast income statement above is the midpoint of the forecast profit range for the period from Listing to 30 September 2005, based on the forecast included in the Prospectus, allocated to the period from Listing to 30 September 2005.

# Unaudited Financial Report

For the quarter ended 30 September 2005

Distribution and Investment income from the underlying investment portfolio of MIIF of \$35.5 million was at the higher end of the distribution income range included in the Prospectus forecast and exceeded the midpoint of the forecast shown in this table by \$3.2 million.

- Distribution income includes distributions received from MIC of \$1.0 million, from MAp of \$5.1 million, from DUET of \$1.9 million and from MCG of \$3.6 million.
- Investment income includes payments received from MIIF's unlisted investments including Arqiva, Novera and Brussels Airport.

MIIF generated interest income on its cash balances of \$0.5 million. Foreign exchange losses of \$0.4 million were mainly due to a depreciation of the Euro and the Pound Sterling against the Singapore Dollar, which was partly offset by a stronger Australian Dollar and US Dollar.

The effect of foreign exchange on MIIF's investments does not impact MIIF's ability to pay dividends as forecast. MIIF's hedging policy reduces the impact of movements in foreign exchange rates on cash flows forecast.

Base management fees payable to Macquarie Infrastructure Management (Asia) Pty Limited (the Manager) were in line with the forecast as were other operating expenses.

## Revenue items not included in Prospectus forecast:

- Net gain on movement in fair value of financial assets of \$78.7 million. This refers to the increase or decrease in the fair value of these assets during the period being reported on. These gains do not represent cash inflows for the Group, but arise as a result of accounting for the investments of the Group at fair value. Net gain on movement in fair value of financial assets as shown in the income statement on page 8 differs from the above amount due to a difference in MIIF's accounting policies between the Prospectus and this quarterly report. Refer to below note regarding Change in Accounting Policies.

## Expense items not included in Prospectus forecast:

- Transaction costs of \$23.3 million. Payment of these costs will not impact our ability to pay the forecast dividends as they were funded through the issue of our shares during the initial public offering and the over-allotment offering.
- Performance fees of \$28.1 million earned by the Manager. The Manager invested the entire performance fee earned by it for the quarter ended 30 June 2005 in MIIF shares. The new shares were issued on 23 August 2005.
- Marketing costs of \$0.8 million. These costs were incurred as part of our initial public offering and are not of a recurring nature. The costs were funded through the issue of our shares during the initial public offering and the over-allotment offering.
- Interest expense of \$0.3 million relates to interest payable on Borrowings. The Prospectus forecast did not include any interest on borrowings.

The Prospectus clearly noted that each of these items were excluded from the forecast profit range, and further noted what the impact of each would have been on the forecast profit had they been included. The forecast profit excluded these items in order to reflect a "normalised" income statement for the forecast period.

## BALANCE SHEET

Financial assets at fair value have increased by \$88.2 million since 30 June 2005. The significant contributors to this increase are the investment in MEIF of \$87.4 million, net increases in the fair values of unlisted and listed investments of \$4.4 million and net foreign exchange losses of \$3.1 million.

Distributions receivable shown at June 2005 were paid during the quarter. As at 30 September there were no distributions receivable from underlying investments.

Other creditors decreased by \$28.1 million which is due to the conversion of the performance fee payable to the Manager for the quarter ended 30 June 2005 into ordinary shares of MIIF. The Manager agreed to accept conversion of any performance fee earned up to 31 December 2005 into ordinary shares of MIIF instead of cash settlement.

The Net Asset Value per share of \$1.03 at 30 June 2005 remained steady even after payment of a dividend of 2.2 cents during September 2005. Had the dividend not been paid the Net Asset Value per share at 30 September 2005 would be \$1.05.

# Unaudited Financial Report

For the quarter ended 30 September 2005

## **BORROWINGS**

As at 30 September 2005 MIIF had total borrowings of \$37.1 million outstanding as set out on page 15. The total borrowings are secured over assets of the Group. MIIF has granted a first ranking charge over all of its assets, other than its debt portfolios and the investment in MEIF, and a second ranking charge over its debt portfolios in favour of Macquarie Bank Limited.

## **Investment Portfolio**

MIIF was incorporated in Bermuda on 7 January 2005 and was subsequently registered as a mutual fund company, which was formed to own, operate and invest in a diversified group of infrastructure businesses around the world. On 27 May 2005 MIIF listed on the Singapore Exchange Securities Trading Limited (SGX).

### **Existing Investment Portfolio**

The net IPO, overallotment, Cornerstones and Sponsor proceeds were used to acquire the following investments either via direct investment or by way of total return swaps.

#### ■ **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. MIIF has an 8.69% direct interest in Arqiva plus an additional 2.64% 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 15.6 million passengers in 2004, representing approximately 85% of total Belgian airline passenger traffic. MIIF has a 3.21% direct interest in Brussels Airport plus an additional 1.81% indirect interest held through its investment in Macquarie Airports, an ASX listed group, and its investment in Macquarie European Infrastructure Fund.

#### ■ **Novera Macquarie Renewable Energy Joint Venture Limited (Novera)**

Novera owns and operates 55 electricity generation projects in the UK with an expected installed capacity of 128MW. Each project generates electricity through the use of renewable energy sources such as land fill gas, hydro and wind. MIIF has a 50.00% interest in Novera through its wholly owned subsidiary Macquarie Renewables Limited.

On 26 July 2005 MIIF received a cash distribution of GBP1.2 million (\$3.5 million) from Novera.

#### ■ **Macquarie European Infrastructure Fund (MEIF)**

MEIF is an unlisted investment fund with investments in infrastructure and related assets in European OECD countries. MIIF has invested €42.3 million (\$87.4 million) during the quarter and holds a 6.32% interest in MEIF. MIIF has committed to invest a further €53.5 million, to be drawn at the discretion of MEIF, to fund MEIF's future acquisitions.

#### ■ **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 100 million passengers in 2004. MIIF has a 2.27% direct interest in MAp by way of a total return swap with a Macquarie Bank Group member.

On 29 August MAp announced that it had been shortlisted by the Hungarian Privatisation and State Holding Company to bid for a majority interest in Budapest Ferihegy International Airport.

On 22 September MAp announced that Rome Airport sold its 20% interest in Airports Company South Africa and unrelated to the sale it successfully completed the refinancing of its revolving and term loan facilities. Proceeds from the sale will be applied towards pre-funding future capital expenditure, mandatory debt repayments and dividend payments.

On 26 October MAp announced that it has launched a public tender offer for Copenhagen Airports (CPH). The board of directors of CPH has unanimously recommended that shareholders accept the Tender Offer from MAp.

# Unaudited Financial Report

For the quarter ended 30 September 2005

## ■ Macquarie Communications Infrastructure Group (MCG)

MCG targets investments in communications infrastructure. MCG has investments in Broadcast Australia which owns and operates the most extensive broadcast transmission infrastructure network in Australia. MCG also has a controlling interest in Arqiva (formerly ntl Broadcast). MIIF has a 4.79% direct interest in MCG by way of a total return swap with a Macquarie Bank Group member and a 0.09% indirect interest in MCG.

## ■ Diversified Utility and Energy Trusts (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. MIIF has a 4.17% direct interest in DUET by way of a total return swap with a Macquarie Bank Group member.

On 19 October 2005 DUET announced that it welcomed the final decision by the Victorian Essential Services Commission on the 2006 Electricity Distribution Price Review (EDPR) for United Energy Distribution Pty Ltd (UED), which is a substantial improvement on the draft decision previously issued. On 28 October DUET announced an increase in its distribution guidance for the year ended 30 June 2006 from 22.5 cents to 23.5 cents.

## ■ Macquarie Infrastructure Company (MIC)

MIC is listed on the NYSE. MIC focuses on infrastructure opportunities in the United States. MIC currently owns airport services, airport parking and district energy businesses and interests in MCG, South East Water and a UK toll road. MIIF has a 2.21% direct interest in MIC by way of a total return swap with a Macquarie Bank Group member.

On 19 August 2005 MIC announced that it entered into an agreement to acquire 100% of The Gas Company, LLC, the only regulated gas utility company in the state of Hawaii.

On 4 October 2005 MIC announced that it completed the acquisition of six off-airport parking facilities, with sites in Buffalo, Columbus, Houston, Oklahoma City, Philadelphia and St. Louis.

## Acquisitions committed to during the period 1 July 2005 to 30 September 2005

On 19 September 2005 MIIF entered into an agreement to acquire 100% of a German tank storage business (TSB) from Lehnkering GmbH. TSB is an oil and chemicals tank storage business and the largest independent provider of oil storage services in Germany. The total equity investment of MIIF in TSB will be approximately \$100 million and the transaction is expected to be completed by the end of the current financial year.

## 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 Australia, the United States and parts of Europe. The performance of these economies is expected to influence the performance of MIIF.

### ■ Australia

The Australian economy is currently undergoing a shift in the drivers of growth, away from consumption and housing activity, and towards business investment and exports. GDP growth is expected to slow due to higher petrol prices and signs of a weakening labour market. The Reserve Bank of Australia appears concerned about the potential for high petrol prices to drive a rise in inflation rates.

### ■ US

The outlook for the US economy has been shaken by the recent hurricanes. The likely result is that economic growth over the second-half of 2005 will slow followed by faster economic growth during 2006. Surging housing activity and household consumption growth are also decreasing. Because these sectors have been major contributors to US growth for so long, there is concern about the sustainability of US growth. Alternative sources of demand, however, should keep the US economy growing for the foreseeable future.

### ■ Europe

There is increasing evidence that the low point for European growth has passed. The combination of a weaker Euro and persistently low interest rates is finally lifting growth. The weaker Euro means that oil prices have risen extremely quickly in Europe. This does not appear to have dented confidence. Higher interest rates are unlikely for several months and this will allow the European economy to strengthen.

# Unaudited Financial Report

For the quarter ended 30 September 2005

## Dividends

MIIF paid a dividend of 2.2 cents per share in relation to the quarter ended 30 June 2005 on 9 September 2005. The dividend for the period to 31 December 2005 has not been announced but is expected to be consistent with guidance already issued.

As our Company was incorporated in Bermuda and is not resident in Singapore for tax purposes, dividends paid by our 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.

## 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 Pro Forma Financial Statements detailed in the Prospectus.

### ■ Financial assets at fair value through profit or loss

The investments held by MIIF are classified as "financial assets recognised at fair value" on the balance sheet upon initial recognition. As a mutual fund, MIIF also classifies investments in jointly controlled entities as financial assets recognised at fair value where it has determined that the fair value of investments in jointly controlled entities can be reliably determined.

Purchases and sales of financial assets are recognised on trade date, being the date on which MIIF commits to purchase or sell the asset. Transaction costs for all "financial assets recognised at fair value" are expensed as incurred.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. MIIF values its listed equity securities with reference to the quoted market price (the closing price) as at the date of each valuation.

The fair value of unlisted securities is determined by using established valuation techniques.

Gains and losses arising from changes in the fair value of the "financial assets recognised at fair value" category are included in the income statement in the period in which they arise.

### ■ Critical accounting estimates and judgements in applying accounting policies

MIIF makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Fair value of unlisted securities*

The fair value of unlisted securities that are not quoted in active markets is determined by using established valuation techniques. MIIF uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. MIIF uses the following valuation methods:

- Discounted cash flows
- Capitalisation of earnings analysis, such as EBITDA multiple analysis
- Valuation of similar investments
- Reference to recent sales transactions of the same or similar securities

### ■ Distribution and investment income

Distribution and investment income includes dividends, distributions and interest income from the Group's listed and unlisted investments. They are recognised on a declaration and entitlement basis.

#### **Change in Accounting Policies**

The policy of distribution and investment income was adopted with effect from 27 May 2005. The policy detailed in the Prospectus, which was applied at 30 June 2005, was to include loan repayments received from the Group's

# Unaudited Financial Report

For the quarter ended 30 September 2005

investments in distribution and investment income. The revised policy ensures the nature of the payments received from investments are reflected accurately in the financial information of MIIF.

The change in accounting policy did not result in a change in "Total investment revenue". However it resulted in a decrease in "Investment income" and an increase in "Net gain on movement in fair value of financial assets" by \$5.9 million for the period ended 30 June 2005.

The following table shows the impact on the revenue line items in the income statement included in the MIIF Financial Report for the quarter ended 30 June 2005. The table compares the revenue line items had this new policy been applicable at the time of preparation of the MIIF Financial Report compared to the revenue line items in the MIIF Financial Report released to the market. This change in accounting policy does not impact the ability of the Group to meet its ongoing dividend guidance issued.

	Group Year to Date 30 June 2005 Actuals \$'000 Restated	Group Year to Date 30 June 2005 Actuals \$'000 Reported to SGX
<b>Revenue</b>		
Distribution income	11,088	11,088
Investment income	4,443	10,371
Interest income	281	281
Net foreign exchange loss	(354)	(354)
Net gain on movement in fair value of financial assets	81,727	75,799
<b>Total investment revenue</b>	<b>97,185</b>	<b>97,185</b>

This change in accounting policies will not impact the ability of the Group to meet its ongoing dividend guidance issued.

## Changes in Share Capital

On 7 January 2005 MIIF was incorporated in Bermuda with the issue of two ordinary shares of par value \$1.00 to Macquarie Infrastructure Management (Asia) Pty Limited (MIMA).

On 7 February 2005 MIIF's shareholder approved the increase in the authorised share capital from \$2, divided into two ordinary shares of \$1.00 each, to \$680,000,000, divided into 68,000,000,000 shares of \$0.01 each. This resulted in the share split of the existing 2 shares of par value \$1.00 into 200 shares of par value \$0.01 each.

On 27 May 2005 MIIF issued 730,000,000 ordinary shares with a par value of \$0.01 per share.

On 7 June 2005 MIIF issued an additional 72,833,133 ordinary shares with a par value of \$0.01 each. Share capital as at 30 June 2005 is comprised of 802,833,333 ordinary shares of par value \$0.01 each. There are no outstanding convertible shares as at 30 September 2005.

On 23 August 2005, MIMA the manager of MIIF invested all of the performance fee earned by it for the quarter ended 30 June 2005 in 23,728,421 MIIF Shares. These shares were not entitled to participate in the dividend paid on 9 September 2005.

## Subsequent Events

### ■ Equity Fund Raising

Between 21 October 2005 and 3 November 2005 MIIF lodged documents with the SGX, proposing to raise up to \$500 million in additional equity to fund the following new acquisitions and working capital:

- ❑ Acquisition of 100% of TSB, the largest independent German tank storage business. TSB operates ten oil and chemicals storage facilities in various German cities. The transaction is expected to be completed by the end of the financial year.
- ❑ Acquisition of a 55% interest in Leisureworld, an age care provider in Ontario, Canada. The transaction is expected to be completed by the end of November.

## Unaudited Financial Report

For the quarter ended 30 September 2005

- Acquisition of a 40% interest in Singapore Changshu Development Corporation (SCDC), an entity incorporated in Singapore, which owns a 95% interest in Changshu Xinghua Port (CXP), a multi-purpose river terminal on the Yangtze river handling mainly steel and forestry products.

The Equity Fund Raising and acquisitions are subject to shareholder approval to be obtained at the Special General Meeting scheduled for 10 November 2005. Notice of the Special General Meeting was given to shareholders on 22 October 2005.

## Income Statement

	Group Quarter ended 30 September 2005 Actuals \$'000 Unaudited	Group Year to Date 30 September 2005 Actuals \$'000 Unaudited
<b>Revenue</b>		
Distribution income	504	11,592
Investment income	12,977	17,420
Interest income	201	482
Net foreign exchange loss	(193)	(99)
Net gain on movement in fair value of financial assets	3,445	85,172
Total investment revenue	16,934	114,567
<b>Expenses</b>		
Management fee	1,711	31,005
Directors' fees	97	151
Transaction costs	151	23,251
Interest expense	340	340
Other operating expenses	169	1,326
Total operating expenses	2,468	56,073
<b>Operating profit</b>	<b>14,466</b>	<b>58,494</b>
<b>Profit before and after tax</b>	<b>14,466</b>	<b>58,494</b>
<b>Increase in amounts attributable to shareholders from operations</b>	<b>14,466</b>	<b>58,494</b>
Basic earnings per share (cents per share) *	1.78	15.37
Diluted earnings per share (cents per share) *	1.78	15.37

\* The weighted average number of shares used in the Year to Date Earnings per Share calculations has been calculated from 7 January 2005, the date of incorporation of MIIF, to 30 September 2005. Had the weighted average number of shares been calculated for the period 27 May 2005, the date of the IPO on the SGX, to 30 September 2005 the Basic Earnings per Share would be 7.28c and the Diluted Earnings per Share would be 7.28c.

# Unaudited Financial Report

As at 30 September 2005

## Balance Sheet

	Group As at 30 September 2005 \$'000 Unaudited	Group As at 30 June 2005 \$'000 Reviewed	Company As at 30 September 2005 \$'000 Unaudited	Company As at 30 June 2005 \$'000 Reviewed
<b>Assets</b>				
Cash at bank	29,069	73,951	29,008	73,951
Financial assets recognised at fair value	861,414	773,208	861,475	773,208
Distributions receivable	0	10,450	0	10,450
Other assets	153	150	153	150
<b>Total assets</b>	<b>890,636</b>	<b>857,759</b>	<b>890,636</b>	<b>857,759</b>
<b>Liabilities</b>				
Borrowings	37,095	0	37,095	0
Other creditors	5,383	33,510	5,383	33,510
<b>Total liabilities</b>	<b>42,478</b>	<b>33,510</b>	<b>42,478</b>	<b>33,510</b>
<b>Net assets attributable to shareholders</b>	<b>848,158</b>	<b>824,249</b>	<b>848,158</b>	<b>824,249</b>
<b>Shareholders' equity</b>	<b>848,158</b>	<b>824,249</b>	<b>848,158</b>	<b>824,249</b>
Net asset value per share (\$ per share)	\$1.03	\$1.03	\$1.03	\$1.03

## Statement of Cash Flows

	Group Quarter ended 30 September 2005 \$'000 Unaudited	Group Year to Date 30 September 2005 \$'000 Unaudited
<b>Cash flows from operating activities</b>		
Distributions received	10,799	11,329
Investment income received	12,977	17,420
Interest received	141	422
Operating expenses paid	(874)	(23,487)
<b>Net cash outflow from operating activities</b>	<b>23,043</b>	<b>5,684</b>
<b>Cash flows from investing activities</b>		
Purchase of financial assets	(87,421)	(783,843)
Proceeds from repayment of loans	529	6,457
<b>Net cash outflow from investing activities</b>	<b>(86,892)</b>	<b>(777,386)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	0	802,833
Capital raising costs paid	(1,908)	(21,715)
Proceeds from borrowings	37,708	37,708
Dividends paid	(17,662)	(17,662)
<b>Net cash inflow from financing activities</b>	<b>18,138</b>	<b>801,164</b>
<b>Net increase in cash and cash equivalents</b>	<b>(45,711)</b>	<b>29,462</b>
Cash and cash equivalents at beginning of period	73,951	0
Effects of exchange rate changes on cash and cash equivalents	829	(393)
<b>Cash and cash equivalents at 30 September 2005</b>	<b>29,069</b>	<b>29,069</b>

## Statement of Changes in Shareholders' Equity

### Changes in Shareholders' Equity of the Group for the Quarter ended 30 September 2005

	Share Capital and Reserves \$'000	Retained Earnings \$'000	Translation Reserves \$'000	Total \$'000
<b>Balance as at 1 July 2005 *</b>	<b>780,669</b>	<b>44,028</b>	<b>(448)</b>	<b>824,249</b>
Profit for the quarter		14,466	0	<b>14,466</b>
Total recognised income for the period		14,466	0	<b>14,466</b>
Transactions with equity holders in their capacity as equity holders:				
Issue of share capital – Conversion of Performance Fees	28,140	0	0	<b>28,140</b>
Capital raising costs – Initial Public Offering	(338)	0	0	<b>(338)</b>
Foreign currency translation reserve	0	0	(697)	<b>(697)</b>
Dividends paid	0	(17,662)	0	<b>(17,662)</b>
<b>Balance at 30 September 2005</b>	<b>808,471</b>	<b>40,832</b>	<b>(1,145)</b>	<b>848,158</b>

\* The balances as at 1 July 2005 have been restated to be comparable to the closing balances as at 30 September. An amount of \$448,000 has been reclassified from foreign exchange loss included in Retained Earnings in the prior period to the Translation Reserves. This reclassification results in opening Retained Earnings increasing by \$448,000. This will not impact MIIF's ability to pay future dividends as forecast.

### Changes in Shareholders' Equity of the Group from Date of Incorporation to 30 September 2005

	Share Capital and Reserves \$'000	Retained Earnings \$'000	Translation Reserves \$'000	Total \$'000
<b>Balance as at 7 January 2005</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Profit for the period		58,494	0	<b>58,494</b>
Total recognised income for the period		58,494	0	<b>58,494</b>
Transactions with equity holders in their capacity as equity holders:				
Issue of share capital – Initial Public Offering	802,833	0	0	<b>802,833</b>
Issue of share capital – Conversion of Performance Fees	28,140	0	0	<b>28,140</b>
Capital raising costs – Initial Public Offering	(22,502)	0	0	<b>(22,502)</b>
Foreign currency translation reserve	0	0	(1,145)	<b>(1,145)</b>
Dividends paid	0	(17,662)	0	<b>(17,662)</b>
<b>Balance at 30 September 2005</b>	<b>808,471</b>	<b>40,832</b>	<b>(1,145)</b>	<b>848,158</b>

# Unaudited Financial Report

For the quarter ended 30 September 2005

## Changes in Shareholders' Equity of the Company for the Quarter ended 30 September 2005

	Share Capital and Reserves \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance as at 1 July 2005 *</b>	<b>780,669</b>	<b>43,580</b>	<b>824,249</b>
Profit for the quarter		13,769	<b>13,769</b>
Total recognised income for the period		13,769	<b>13,769</b>
Transactions with equity holders in their capacity as equity holders:			
Issue of share capital – Conversion Performance Fees	28,140	0	<b>28,140</b>
Capital raising costs – Initial Public Offering	(338)	0	<b>(338)</b>
Dividends paid	0	(17,662)	<b>(17,662)</b>
<b>Balance at 30 September 2005</b>	<b>808,471</b>	<b>39,687</b>	<b>848,158</b>

## Changes in Shareholders' Equity of the Company from Date of Incorporation to 30 September 2005

	Share Capital and Reserves \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance as at 7 January 2005</b>	<b>0</b>	<b>0</b>	<b>0</b>
Profit for the period		57,349	<b>57,349</b>
Total recognised income for the period		57,349	<b>57,349</b>
Transactions with equity holders in their capacity as equity holders:			
Issue of share capital – Initial Public Offering	802,833	0	<b>802,833</b>
Issue of share capital – Conversion Performance Fees	28,140	0	<b>28,140</b>
Capital raising costs – Initial Public Offering	(22,502)	0	<b>(22,502)</b>
Dividends paid	0	(17,662)	<b>(17,662)</b>
<b>Balance at 30 September 2005</b>	<b>808,471</b>	<b>39,687</b>	<b>848,158</b>

# Unaudited Financial Report

As at 30 September 2005

## Net Asset Value

	Group As at 30 September 2005 \$'000 Unaudited	Group As at 30 June 2005 \$'000 Reviewed	Company As at 30 September 2005 \$'000 Unaudited	Company As at 30 June 2005 \$'000 Reviewed
<b>Net Asset Value</b>				
Total net asset value (\$'000)	848,158	824,249	848,158	824,249
Total number of ordinary shares on issue used in calculation of net asset value per share ('000)	826,562	802,833	826,562	802,833
Net asset value per ordinary share (\$ per share)	\$1.03	\$1.03	\$1.03	\$1.03

## Earnings Per Share

	Group Quarter ended 30 September 2005 Unaudited	Group Year to Date 30 September 2005 Unaudited
<b>Basic Earnings per Share *</b>		
Earnings used in calculation of basic earnings per share (\$'000)	14,466	58,494
Weighted average number of shares on issue used in calculation of basic earnings per share ('000)	812,634	380,667
Basic earnings per share (cents per share)	1.78	15.37
<b>Diluted Earnings per Share *</b>		
Diluted earnings used in calculation of diluted earnings per share (\$'000)	14,466	58,494
Weighted average number of shares on issue used in calculation of diluted earnings per share ('000)	812,634	380,667
Diluted earning per share (cents per share)	1.78	15.37

\* The weighted average number of shares used in the Year to Date Earnings per Share calculations has been calculated from 7 January 2005, the date of incorporation of MIIF, to 30 September 2005. Had the weighted average number of shares been calculated for the period 27 May 2005, the date of the IPO on the SGX, to 30 September 2005 the Basic Earnings per Share would be 7.28c and the Diluted Earnings per Share would be 7.28c.

# Unaudited Financial Report

As at 30 September 2005

## Borrowings

	Group As at 30 September 2005 \$'000 Unaudited	Group As at 30 June 2005 \$'000 Reviewed
Amount repayable in one year or less, or on demand	37,095	0
Amount repayable after one year	0	0
<b>Total Borrowings</b>	<b>37,095</b>	<b>0</b>
Amount secured	37,095	0
Amount unsecured	0	0
<b>Total Borrowings</b>	<b>37,095</b>	<b>0</b>

All of the above borrowings are secured over assets of the Group. MIIF has granted a first ranking charge over all of its assets, other than its debt portfolios and the investment in MEIF, and a second ranking charge over its debt portfolios in favour of Macquarie Bank.