

**MACQUARIE INTERNATIONAL
INFRASTRUCTURE FUND LIMITED**

SGX Quarterly Report for the quarter and half-year
ended 30 June 2010



MACQUARIE

CONTENTS

REPORT SUMMARY	1
REPORT SUMMARY.....	2
PERFORMANCE REVIEW OF MACQUARIE INTERNATIONAL INFRASTRUCTURE FUND LIMITED	4
INTRODUCTION	5
REVIEW OF NET INCOME ON AN ADJUSTED BASIS	8
FINANCIAL STATEMENTS FOR THE QUARTER AND HALF-YEAR ENDED 30 JUNE 2010.....	10
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	11
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	12
EARNINGS PER SHARE	14
STATEMENTS OF CHANGES IN EQUITY.....	15
CHANGES IN SHARE CAPITAL	17
CONSOLIDATED STATEMENT OF CASH FLOW.....	18
RECONCILIATION OF NET INCOME ON AN ADJUSTED BASIS TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	19
MANAGEMENT REVIEW: FOR THE HALF-YEAR ENDED 30 JUNE 2010.....	20
REVIEW OF REVENUE AND EXPENSES FOR THE HALF-YEAR ENDED 30 JUNE 2010	21
REVIEW OF NET ASSETS AND STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010.....	25
INVESTMENT PORTFOLIO	35
INVESTMENT PORTFOLIO DISCUSSION.....	36
OUTLOOK	46
CONFIRMATION OF THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL.....	47

REPORT SUMMARY

REPORT SUMMARY

KEY HIGHLIGHTS

- Investments performed strongly, recording EBITDA growth on prior corresponding period (pcp)
- However, MIIF's income declined significantly following three major asset divestments
- Strong balance sheet maintained with cash balances of S\$465.2 million and no corporate-level debt
- Net Asset Value (NAV) of S\$1.04 billion, up 1.7 per cent from previous quarter
- Successful refinancing of Taiwan Broadband Communications (TBC) borrowings
- Dividend declared for 1H 2010 of 1.5 cents per share (cps)

FINANCIAL HIGHLIGHTS

Macquarie International Infrastructure Fund Limited achieved net income on an adjusted basis of S\$4.7 million for the half year, down S\$23.5 million from the pcp.

This reduction is in line with expectations and was primarily due to:

- Lower investment income received from Canadian Aged Care (CAC) of S\$3.2 million (2009: S\$7.2 million) which was divested in March 2010, and TBC of S\$5.1 million (2009: S\$10.0 million) due to the amortisation of its debt facilities;
- Cessation of investment income from Arqiva (2009: S\$3.8 million) and MEIF (2009: S\$3.1 million); and
- Higher total operating expenses (up S\$0.8 million) driven by higher management fees.

MIIF's NAV per share as at 30 June 2010 was S\$0.80, compared with S\$0.82 as at 31 December 2009. The decrease for the six months was driven by the reduction in the value of Arqiva to its sale price (down S\$35.1 million). This decrease was materially offset by an increase in the value of HNE (up S\$36.8 million), TBC (up S\$15.7 million) and CXP (up S\$6.6 million) in the period. The revaluation increase in these businesses was offset by FX driven decreases in the remainder of the portfolio. MIIF's NAV per share this quarter is 1.7 per cent higher when compared to the previous quarter (S\$0.79).

MIIF's cash balance has increased to S\$465.2 million (up from S\$169.9 million as at 31 December 2009) following the receipt of proceeds from the disposal of MIIF's interest in Arqiva and the IPO of CAC. This cash balance represents approximately S\$0.36 per share of NAV.

INTERIM DIVIDEND

The MIIF Board has declared an interim dividend of 1.5 Singapore cents per ordinary share or a total of S\$19.5 million for the half year ended 30 June 2010.

MIIF's Scrip Dividend Scheme will not be applicable to this interim dividend. As such, all eligible shareholders of MIIF will receive their interim dividend in cash.

OPERATIONAL HIGHLIGHTS

Key operating highlights from MIIF's businesses for the half year to 30 June 2010 include:

- Changshu Xinghua Port (CXP): CXP performed well during the half year with EBITDA for the six months 11.3 per cent higher than the pcp. Log (up 116.2 per cent) and other non-steel cargo (up 82 per cent) volumes were significantly higher for the half year, predominantly due to the increase in log shipments from New Zealand and handling of new products such as sodium sulphate. Steel volumes were down 7.9 per cent due to a drop in import steel volumes. Container volumes were 36.6 per cent higher than the pcp, reflecting the improvement in global container trade;

-
- Hua Nan Expressway (HNE): HNE's EBITDA of RMB214.7 million for the period was 25.8 per cent higher than the pcp on traffic volumes of 25.8 million vehicles (2009: 20.1 million). This increase was largely driven by the continued increase in car ownership in China, the opening of the Phase III¹ section of HNE and the improvement in economic conditions in the Guangdong province;

It is anticipated that growth in the second half of 2010 will be tempered by proposed measures to reduce traffic prior to and during the Asian Games which are to be held in Guangzhou at the end of this year;

- Miaoli Wind: EBITDA of NT\$88.6 million for the six months was 8.5 per cent lower when compared to the pcp on total energy production of 60.3 GWh for the period (2009: 67.1 GWh). This decrease was due to lower wind speeds and reduced availability of the wind turbines;

Miaoli Wind is in the process of lodging an application for Voluntary Gold Standard carbon credits. If successful, Miaoli Wind will be able to generate incremental revenue through the sale of these credits;

- Taiwan Broadband Communications (TBC): Increases in high speed internet broadband subscription, higher take-up of the new digital product and steady basic cable subscriber growth have led to an EBITDA growth of 5.4 per cent for the half year compared to the pcp. Since the re-launch of the new digital TV product in March 2009, digital subscribers have grown significantly and are expected to be a key driver of TBC's next growth phase;

On 30 June 2010, TBC successfully completed the refinancing of its debt facilities. These facilities are as follows:

- (a) A Senior Secured Debt Facility of NT\$24.5 billion maturing in June 2017. This facility includes a NT\$23.3 billion term debt, which has a lower amortising profile in the early years, as well as a NT\$1.2 billion revolving facility to fund capital expenditure and working capital
- (b) A Subordinated Debt Facility of US\$135.0 million maturing in December 2017. This facility is non-amortising

TBC has implemented a hedging programme consistent with existing MIIF policy, in order to manage any risk of increased interest rates in Taiwan.

PORTFOLIO OUTLOOK

Operationally, MIIF's portfolio is expected to continue performing well. The aggregated level of gearing across MIIF's invested portfolio has reduced further from 59 per cent as at 31 March 2010 to 57 per cent as at 31 June 2010, and all businesses are forecast to deliver further revenue and EBITDA growth year on year.

All of MIIF's investments are currently located in Asia and MIIF will continue to focus on identifying attractive acquisition opportunities in the region. With its significant cash balance, MIIF is well positioned to capitalise on these opportunities should they arise in the course of the year. In addition, MIIF has the ability to pursue options such as share buy-backs or the payment of a special dividend.

¹ The Phase III of Hua Nan Expressway is a complementary road to HNE and is not owned by MIIF. MIIF owns Phase I and II of HNE

PERFORMANCE REVIEW OF
MACQUARIE INTERNATIONAL INFRASTRUCTURE
FUND LIMITED

INTRODUCTION

ABOUT MIIF

Macquarie International Infrastructure Fund Limited (MIIF or the Company), a Bermuda-registered mutual fund company, is a leading Asia-listed owner and operator of private infrastructure businesses. MIIF has investments in toll roads, ports, renewable energy and communications and broadcast infrastructure businesses.

MIIF was the first infrastructure fund to list on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST). MIIF listed on the SGX-ST on 27 May 2005 and has over 8,200 investors, including retail investors and some of the world's foremost institutional investors.

MIIF is an Asian-focused listed infrastructure fund managed by Macquarie Infrastructure Management (Asia) Pty Limited (MIMAL), a subsidiary of Macquarie Group Limited.

As at 30 June 2010, MIIF's portfolio comprises the following businesses:

Investment Portfolio	Percentage Ownership (%)	Percentage of Portfolio by Value (%)
Changshu Xinghua Port (CXP)	38.0%	8.9%
Hua Nan Expressway (HNE)	81.0%	28.5%
Miaoli Wind Co. Ltd (Miaoli Wind)	100.0%	0%
Taiwan Broadband Communications (TBC)	20.0%	17.0%
Cash and cash equivalents ⁽¹⁾	N/A	45.6%

1) Includes \$8.9 million deferred sales proceeds from the CAC IPO. These proceeds are subject to certain conditions. Refer to page 45 for further details

DIVIDEND POLICY

MIIF intends to pay out as ordinary dividends to shareholders the majority of normal distributions that it receives or expects to receive from its investment and not to retain significant cash balances in excess of prudent reserves. Prudent reserves are required to ensure that MIIF remains solvent and that, amongst other things, operating costs such as finance costs, audit fees, registry fees and hedging costs are adequately provided for. Currently, MIIF has significant cash balances following the completion of its strategy to divest its Non-Asian assets. In line with its focus on Asia, MIIF is now seeking attractive acquisition investments in Asia. With its significant cash balance, MIIF is well positioned to capitalise on these opportunities should they arise over the course of the year. If no opportunities are identified, MIIF will look to return cash to Shareholders.

MIIF declares and pays regular semi-annual cash dividends on all outstanding shares.

As a Bermudian incorporated company, MIIF is governed by the Bermuda Companies Act 1981. The Bermuda Companies Act 1981 allows companies that are governed by it to declare and pay dividends to shareholders in excess of accounting profits and reserves. Consequently, it is possible that the dividends that MIIF's Board of Directors (The Board) intends to declare and pay for the period to exceed the total of MIIF's retained earnings and accounting profits generated for the period. Such situations may arise as a result of unrealised losses that MIIF is required to recognise due to movements in its foreign exchange rates, changes in the value of MIIF's unlisted securities and other business specific and general economic factors. These unrealised losses do not impact MIIF's cash flow and its ability to pay dividends in the current period.

DIVIDENDS

MIIF's Board of Directors has declared an interim ordinary dividend of 1.5 cents per ordinary share (CPS) for the half year ended 30 June 2010.

Interim Ordinary Dividend

	For the half-year ended 30 Jun 2010	For the half-year ended 30 Jun 2009
Name of Dividend	Interim	Interim
Dividend Rate – Base	1.5 cents per ordinary share	1.5 cents per ordinary share
Announcement Date	12 August 2010	13 August 2009
Ex-dividend Date	25 August 2010	26 August 2009
Book Closure Date	27 August 2010	28 August 2009
Date Payable	9 September 2010	11 September 2009

The table below provide details of MIIF's historical dividends:

Period ended	Cents per share
30 June 2005	2.20
31 December 2005	3.10
30 June 2006	3.95
31 December 2006	4.00
30 June 2007	4.15
31 December 2007	4.25
30 June 2008	4.25
31 December 2008	3.00

Period ended	Cents per share
30 June 2009	1.50
31 December 2009	1.50
30 June 2010	1.50

TAXATION

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

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

STATEMENTS OF COMPREHENSIVE INCOME ANALYSIS

Net income on an adjusted basis as set out on page 8 represents the earnings of MIIF that underpins the payment of dividends to MIIF shareholders, and as such is the measure that the Board focuses on to determine the amount of dividends that are ultimately paid to shareholders. This measure excludes all unrealised gains or losses on investments and other balance sheet items that are ordinarily captured in a statement of comprehensive income prepared in accordance with all applicable accounting standards.

The following table compares the unaudited actual results for the quarter and half-year ended 30 June 2010 to the quarter and half year ended 30 June 2009.

REVIEW OF NET INCOME ON AN ADJUSTED BASIS

NET INCOME ON AN ADJUSTED BASIS⁽¹⁾

	Note	Quarter ended 30 Jun 10 \$'000	Quarter ended 30 Jun 09 \$'000	Half-year ended 30 Jun 10 \$'000	Half-year ended 30 Jun 09 \$'000
Revenue					
Total income from investments	A	417	6,589	8,358	24,156
Interest income	B (i)	331	4	536	24
Net foreign exchange (loss)/gain on hedged transactions	B (ii)	(227)	(125)	(123)	7,282
Total revenue		521	6,468	8,771	31,462
Expenses					
Management fees	C (i)	(550)	(1,040)	(2,615)	(1,680)
Directors' fees	C (ii)	(100)	(108)	(202)	(217)
Finance costs	C (iii)	-	(302)	-	(411)
Lending fees	C (iv)	(88)	(66)	(216)	(155)
Other operating expenses	C (v)	(527)	(509)	(1,055)	(818)
Total operating expenses		(1,265)	(2,025)	(4,088)	(3,281)
Net (loss)/income on an adjusted basis		(744)	4,443	4,683	28,181
Transaction costs	D	174	-	(4,679)	-
Profit attributable to equity holders		(570)	4,443	4	28,181
Amounts not included in the above analysis					
Unrealised foreign exchange movement on hedged transactions		11,090	1,040	6,418	(15,119)
Unrealised foreign exchange movement on revaluing items		(2,634)	796	(2,570)	423
Net gain/(loss) on the movement in the fair value of MIIF's financial assets		8,393	(25,115)	(8,353)	(113,467)
Total GAAP adjustments		16,849	(23,279)	(4,505)	(128,163)
Net income/(loss) on an unconsolidated basis⁽²⁾		16,279	(18,836)	(4,501)	(99,982)
Consolidation adjustments to net income		3,260	2,742	10,312	6,772
Net income/(loss) on a consolidated basis		19,539	(16,094)	5,811	(93,210)

1) All figures, unless stated otherwise are presented in Singapore dollars, which is MIIF's functional and presentation currency. The notes to net income on an adjusted basis can be found on pages 21 to 24.

2) Please refer to page 19 for reconciliation to consolidated statement of comprehensive income.

REVIEW OF NET INCOME ON AN ADJUSTED BASIS

For the half-year ended 30 June 2010, MIIF reported a net income on an adjusted basis of \$4.7 million which was \$23.5 million lower compared to the pcp. The decrease is in line with expectations and follows the disposal of MIIF's interest in MEIF during the fourth quarter of 2009 and MIIF's interests in Arqiva and CAC during the current year.

Total income from investments of \$8.4 million was 65.4% lower compared to pcp (refer to page 21 for more details). This reduction resulted from the combination of lower distributions from TBC of \$5.1 million (2009: \$10.0 million) and from CAC of \$3.2 million (2009: \$7.2 million) as well as the cessation of distributions from Arqiva (2009: \$3.8 million) and MEIF (2009: \$3.1 million).

The lower distribution from TBC was due to the scheduled amortisation of its senior debt facility. This amortisation commenced in October 2009 and impacted the cash available for distributions to TBC's shareholders in the first half of 2010 (refer page 42 for update on this position).

MIIF will receive its annual distribution from CXP and HNE in the third quarter.

Total revenue of \$8.8 million incorporates interest income of \$0.5 million generated from the investment of surplus cash balances as well as net foreign exchange losses of \$0.1 million.

MIIF's total operating expenses of \$4.1 million for the half-year ended 30 June 2010 were \$0.8 million higher than the pcp. This increase was principally due to higher management fees as a result of the higher level of market capitalisation of MIIF in the first quarter of 2010 (Refer to C (i) on page 23 for details).

MACQUARIE INTERNATIONAL
INFRASTRUCTURE FUND LIMITED

FINANCIAL STATEMENTS FOR THE QUARTER AND
HALF-YEAR ENDED 30 JUNE 2010

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Financial statements of the Company include the results and balances only of the parent entity (ie: MIIF). Financial statements of the Group include balances that are reflected in the accounts of those investments that MIIF is required to consolidate under IFRS (eg: Miaoli Wind).

	Note	Group as at 30 Jun 10 \$'000	Group as at 31 Dec 09 \$'000	Company as at 30 Jun 10 \$'000	Company as at 31 Dec 09 \$'000
Assets					
Current assets					
Cash and cash equivalents	I	473,502	175,599	465,190	169,934
Trade and other receivables	E (i)	12,955	2,570	13,357	4,673
Financial assets at fair value through profit or loss	E (ii)	6,265	51	6,265	-
Other assets		904	93	115	33
		493,626	178,313	484,927	174,640
Non-current assets					
Intangible assets	E (iii)	89,825	93,878	-	-
Financial assets at fair value through profit or loss	E (iv) & (v)	599,274	929,627	566,436	900,659
Other assets		451	466	-	-
		689,550	1,023,971	566,436	900,659
Total assets		1,183,176	1,202,284	1,051,363	1,075,299
Liabilities					
Current liabilities					
Trade and other payables	F (i)	17,672	17,121	9,436	9,252
Financial liabilities at fair value through profit or loss	F (iii)	219	152	-	152
Borrowings	F (ii)	5,817	5,803	-	-
		23,708	23,076	9,436	9,404
Non-current liabilities					
Trade and other payables		10	10	-	-
Financial liabilities at fair value through profit or loss	F (iii)	5,746	4,676	-	-
Provision for other liabilities and charges		430	436	-	-
Borrowings	F (ii)	75,922	79,936	-	-
		82,108	85,058	-	-
Total liabilities		105,816	108,134	9,436	9,404
Net assets		1,077,360	1,094,150	1,041,927	1,065,895
Equity					
Share capital		1,246,616	1,246,616	1,246,616	1,246,616
Foreign currency translation reserve		(5,286)	2,124	-	-
Accumulated losses		(196,790)	(183,134)	(204,689)	(180,721)
		1,044,540	1,065,606	1,041,927	1,065,895
Non-controlling interest	F (iv)	32,820	28,544	-	-
Total equity		1,077,360	1,094,150	1,041,927	1,065,895

- Notes to the consolidated statements of financial position can be found on pages 25 to 27.
- Please refer to note L (vi) on page 34 for the listing of all subsidiaries and joint venture entities included within the Group results.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group Quarter ended 30 Jun 10 \$'000	Group Quarter ended 30 Jun 09 \$'000	Group Half-year ended 30 Jun 10 \$'000	Group Half-year ended 30 Jun 09 \$'000
Income				
Power supply revenue	2,108	2,039	5,107	5,661
Interest income	343	17	556	51
Net foreign exchange gain/(loss)	5,299	(1,251)	7,317	7,361
Net gain/(loss) on financial assets at fair value through profit or loss ⁽¹⁾	14,505	(10,600)	10,849	(95,461)
Other income ⁽²⁾	2,911	-	2,911	2
Total income/(loss)	25,166	(9,795)	26,740	(82,386)
Expenses				
Base management fees	(550)	(1,040)	(2,615)	(1,680)
Finance costs	(1,050)	(1,422)	(2,115)	(2,636)
Employee benefits expense	(161)	(129)	(235)	(231)
Professional services	(289)	(634)	(5,369)	(833)
Rental expense	(19)	(47)	(38)	(90)
Directors' fees	(201)	(89)	(348)	(225)
Amortisation	(1,411)	(1,481)	(2,845)	(2,988)
Lending fees	(88)	(66)	(216)	(155)
Other operating expenses	(904)	(1,200)	(2,252)	(2,031)
Total operating expenses	(4,673)	(6,108)	(16,033)	(10,869)
Profit/(loss) before income tax	20,493	(15,903)	10,707	(93,255)
Income tax expense	(635)	(543)	(635)	(1,070)
Profit/(loss) after income tax	19,858	(16,446)	10,072	(94,325)
Profit/(loss) attributable to:				
Owners of the parent	19,539	(16,094)	5,811	(93,210)
Non-controlling interest	319	(352)	4,261	(1,115)
Profit/(loss) after income tax	19,858	(16,446)	10,072	(94,325)

1) Income from investments is shown as part of "Net gain/(loss) on financial assets at fair value through profit or loss" as per MIIF's accounting policies and International Financial Reporting Standards (IFRS).

2) Includes income MIIF earns from the provision of management services to its subsidiaries and associates.

	Group Quarter ended 30 Jun 10 \$'000	Group Quarter ended 30 Jun 09 \$'000	Group Half-year ended 30 Jun 10 \$'000	Group Half-year ended 30 Jun 09 \$'000
Profit/(loss) after income tax	19,858	(16,446)	10,072	(94,325)
Other comprehensive income:				
Foreign currency translation reserve	(5,828)	1,115	(7,395)	256
Total comprehensive income	14,030	(15,331)	2,677	(94,069)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	13,664	(13,108)	(1,599)	(92,914)
Non-controlling interest	366	(2,223)	4,276	(1,155)
Total comprehensive income	14,030	(15,331)	2,677	(94,069)

EARNINGS PER SHARE

	Group Quarter ended 30 Jun 10 \$'000	Group Quarter ended 30 Jun 09 \$'000	Group Half-year ended 30 Jun 10 \$'000	Group Half-year ended 30 Jun 09 \$'000
Weighted average number of shares on issue used in calculation of basic earnings per share ('000)	1,297,804	1,297,804	1,297,804	1,297,804
Weighted average number of shares on issue used in calculation of diluted earnings per share ('000)	1,297,804	1,297,804	1,297,804	1,297,804
Earnings per share				
Earnings/(losses) attributable to owners of the parent (\$'000)	19,539	(16,094)	5,811	(93,210)
▪ Basic earnings per share (cents per share)	1.51	(1.24)	0.45	(7.18)
▪ Diluted earnings per share (cents per share)	1.51	(1.24)	0.45	(7.18)

STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Shareholders' Equity	Share capital \$'000	(Accumulated losses)/ retained earnings \$'000	Foreign currency translation reserve \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance as at 1 January 2010	1,246,616	(183,134)	2,124	1,065,606	28,544	1,094,150
<i>Changes in equity for the quarter ended 31 March 2010</i>						
Dividends paid	-	(19,467)	-	(19,467)	-	(19,467)
Total comprehensive income for the period	-	(13,728)	(1,535)	(15,263)	3,910	(11,353)
Balance as at 31 March 2010	1,246,616	(216,329)	589	1,030,876	32,454	1,063,330
<i>Changes in equity for the quarter ended 30 June 2010</i>						
Total comprehensive income for the period	-	19,539	(5,875)	13,664	366	14,030
Balance as at 30 June 2010	1,246,616	(196,790)	(5,286)	1,044,540	32,820	1,077,360
Balance as at 1 January 2009	1,246,616	(8,688)	1,271	1,239,199	30,247	1,269,446
<i>Changes in equity for the quarter ended 31 March 2009</i>						
Dividends paid	-	(38,934)	-	(38,934)	-	(38,934)
Total comprehensive income for the period	-	(79,346)	(460)	(79,806)	1,068	(78,738)
Balance as at 31 March 2009	1,246,616	(126,968)	811	1,120,459	31,315	1,151,774
<i>Changes in equity for the quarter ended 30 June 2009</i>						
Total comprehensive income for the period	-	(13,864)	756	(13,108)	(2,223)	(15,331)
Balance as at 30 June 2009	1,246,616	(140,832)	1,567	1,107,351	29,092	1,136,443

Statement of Changes in Shareholders' Equity of MIIF	Share capital \$'000	(Accumulated losses)/ retained earnings \$'000	Total equity \$'000
Balance as at 1 January 2010	1,246,616	(180,721)	1,065,895
<i>Changes in equity for the quarter ended 31 March 2010</i>			
Dividends paid	-	(19,467)	(19,467)
Total comprehensive income for the period	-	(20,780)	(20,780)
Balance as at 31 March 2010	1,246,616	(220,968)	1,025,648
<i>Changes in equity for the quarter ended 30 June 2010</i>			
Total comprehensive income for the period	-	16,279	16,279
Balance as at 30 June 2010	1,246,616	(204,689)	1,041,927
Balance as at 1 January 2009	1,246,616	15,862	1,262,478
<i>Changes in equity for the quarter ended 31 March 2009</i>			
Dividends paid	-	(38,934)	(38,934)
Total comprehensive income for the period	-	(81,146)	(81,146)
Balance as at 31 March 2009	1,246,616	(104,218)	1,142,398
<i>Changes in equity for the quarter ended 30 June 2009</i>			
Total comprehensive income for the period	-	(18,836)	(18,836)
Balance as at 30 June 2009	1,246,616	(123,054)	1,123,562

CHANGES IN SHARE CAPITAL

There were no changes to share capital during the quarter and half-year ended 30 June 2010.

CONSOLIDATED STATEMENT OF CASH FLOW

	Group Quarter ended 30 Jun 10 \$'000	Group Quarter ended 30 Jun 09 \$'000	Group Half-year ended 30 Jun 10 \$'000	Group Half-year ended 30 Jun 09 \$'000
<i>Cash flows from operating activities</i>				
Profit/(loss) after tax	19,858	(16,446)	10,072	(94,325)
Adjustments for non cash items:				
Amortisation	1,411	1,481	2,845	2,988
Income tax expense	635	-	635	-
Unrealised foreign exchange gains	(6,812)	(56)	(7,338)	(1,179)
Amortisation of transaction costs	24	24	48	49
Revaluation of financial assets at fair value through profit or loss	(119,851)	17,518	(10,011)	120,108
<u>Changes in working capital, net of the effects from acquisition of subsidiaries:</u>				
Decrease/(increase) in trade and other receivables	85,981	658	(10,385)	10,128
Increase/(decrease) in trade and other payables	2,642	340	(84)	(16,700)
Increase in provision for other liabilities and charges	(7)	(9)	(6)	-
(Increase)/decrease in other assets	(176)	(213)	(796)	985
Net cash (outflow)/inflow from operating activities	(16,295)	3,297	(15,020)	22,054
<i>Cash flows from investing activities</i>				
Proceeds from sale of investments	335,288	-	335,288	-
Purchase of business assets net of cash acquired	-	-	-	(10,187)
Net cash inflow/(outflow) from investing activities	335,288	-	335,288	(10,187)
<i>Cash flows from financing activities</i>				
Proceeds from borrowings	-	-	-	35,000
Repayments of borrowings	(2,898)	(22,786)	(2,898)	(27,786)
Dividends paid	-	-	(19,467)	(38,934)
Movement in restricted cash of subsidiary	(390)	364	(417)	(562)
Net cash outflow from financing activities	(3,288)	(22,422)	(22,782)	(32,282)
Net increase/(decrease) in cash and cash equivalents	315,705	(19,125)	297,486	(20,415)
Cash and cash equivalents at beginning of financial period	152,250	29,931	170,469	31,221
Effects of exchange rate changes on cash and cash equivalents	834	69	834	69
Cash and cash equivalents at end of financial period	468,789	10,875	468,789	10,875

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

The income statement on page 8 of this report, and specifically the line titled 'Net income on an adjusted basis', has been prepared so as to present the earnings out of which MIIF dividends will be paid. The income statement on page 8 has not been prepared in accordance with applicable accounting standards. The consolidated statement of comprehensive income on page 12 has been prepared in accordance with International Financial Reporting Standards (IFRS). The table below reconciles net income on an adjusted basis for the half-year ended 30 June 2010 presented in the income statement on page 8 of this report to the consolidated statement of comprehensive income (MIIF and its subsidiaries) for the half-year ended 30 June 2010 disclosed on page 12.

	Net Income ⁽¹⁾ on an adjusted basis year to date 30 Jun 10 \$'000	GAAP adjustments ⁽²⁾ year to date 30 Jun 10 \$'000	Consolidation adjustments ⁽³⁾ year to date 30 Jun 10 \$'000	MIIF Group ⁽⁴⁾ year to date 30 Jun 10 \$'000
Income				
Investment revenue	8,358	(8,358)	-	-
Power supply revenue	-	-	5,107	5,107
Interest revenue	536	-	20	556
Net foreign exchange gain	(123)	(2,570)	10,010	7,317
Net loss on financial assets at fair value through profit or loss	-	3,905	6,944	10,849
Other income	-	2,518	393	2,911
Total income	8,771	(4,505)	22,474	26,740
Expenses				
Management fees	(2,615)	-	-	(2,615)
Finance costs	-	-	(2,115)	(2,115)
Professional services	(474)	(4,646)	(249)	(5,369)
Directors' fees	(202)	-	(146)	(348)
Lending fees	(216)	-	-	(216)
Other operating expenses	(581)	(33)	(4,756)	(5,370)
Total expenses	(4,088)	(4,679)	(7,266)	(16,033)
Profit/(loss) before income tax	4,683	(9,184)	15,208	10,707
Income tax expense	-	-	(635)	(635)
Profit/(loss) after income tax	4,683	(9,184)	14,573	10,072
Non-controlling interest	-	-	(4,261)	(4,261)
Profit/(loss) attributable to owners of the parent	4,683	(9,184)	10,312	5,811

- 1) This is the net income on an adjusted basis presented in the income statement on page 8.
- 2) These are adjustments that must be made to the net income on an adjusted basis to arrive at the net income on an unconsolidated basis, prepared in accordance with IFRS. This also includes transaction costs as shown on page 8.
- 3) This is a consolidation adjustment only. It reverses a portion of the net revaluation gains recognised in the unconsolidated income statement of MIIF that relates to assets which are consolidated in the consolidated income statement of MIIF as required under IFRS.
- 4) This is the consolidated statement of comprehensive income after tax of the MIIF Group disclosed on page 12.

MACQUARIE INTERNATIONAL
INFRASTRUCTURE FUND LIMITED

MANAGEMENT REVIEW:
FOR THE HALF-YEAR ENDED 30 JUNE 2010

REVIEW OF REVENUE AND EXPENSES FOR THE HALF-YEAR ENDED 30 JUNE 2010

Presented in the income statement disclosed on page 8

REVIEW OF REVENUE

MIIF's total revenue of \$8.8 million for the half-year ended 30 June 2010 was 72.1% lower than pcip.

This reduction is the result of the combination of lower distributions from TBC of \$5.1 million (2009: \$10.0 million) and from CAC of \$3.2 million (2009: \$7.2 million) as well as the cessation of distributions from Arqiva (2009: \$3.8 million) and MEIF (2009: \$3.1 million).

A) TOTAL INCOME FROM INVESTMENTS

MIIF's total income from investments is derived from the following sources:

- Distributions and other income arising from the normal operating earnings of the investments. These distributions and other income from the investments are recurring in nature.
- One-off distributions arising from capital management initiatives such as but not limited to refinancing or asset sales. These one-off distributions are non-recurring in nature. There were no such items in the current quarter or pcip.

The table below provides a detailed breakdown of the income from investments recognised by MIIF during the following reporting periods:

Investment	Quarter ended 30 Jun 10 \$'000	Quarter ended 30 Jun 09 \$'000	Half-year ended 30 Jun 10 \$'000	Half-year ended 30 Jun 09 \$'000
Income from investments				
Arqiva	-	-	-	3,798
CAC	-	3,495	3,245	7,243
MEIF	-	3,094	-	3,094
TBC	417	-	5,113	10,021
Total income from investments	417	6,589	8,358	24,156
Special distributions	-	-	-	-
Total income	417	6,589	8,358	24,156

Distribution Policies

The distribution policy of each of MIIF's businesses is to distribute all net cash flow generated from operations, reduced for debt servicing costs and maintenance capital expenditure, subject to legal requirements and prudent reserves.

The following table shows the typical historic frequency of distributions from MIIF's current portfolio of assets as at 30 June 2010:

Investment Portfolio	Frequency per annum	Distribution declaration date
CXP	1	September
HNE	1	September
Miaoli Wind	1	July
TBC	2	June, December

Depending on local regulatory or legal requirements, the time delay between the date distributions from the assets are generated and the date they are declared and received by MIIF will vary from asset to asset. For example, CXP and HNE pay their distributions in respect of the 2009 financial year in the third quarter of 2010. As a result of this timing difference, MIIF may use its surplus cash balances or corporate debt facility to bridge finance its dividend on a temporary basis. Debt drawn down for this purpose is repaid as soon as the distributions from the assets are received.

It should be noted that MIIF did not receive any distributions from Miaoli Wind in respect of 2009 or year to date 2010 performance (see page 40 for Investment Portfolio Discussion on Miaoli Wind).

B) OTHER REVENUE ITEMS

(i) Interest income

Interest income for the half-year ended 30 June 2010 was \$0.5 million. MIIF has invested the majority of its net cash proceeds from the sale of MEIF, CAC and Arqiva in short term commercial paper earning an annualised interest of approximately 0.5%. Surplus cash deposits earned an annualised interest of approximately 0.1%.

(ii) Net foreign exchange (loss)/gain on hedged transactions

Net foreign exchange losses of \$0.1 million for the half-year ended 30 June 2010 were due to losses from the realisation of some of MIIF's distribution hedges (2009: gain of \$7.3 million).

C) REVIEW OF EXPENSES

	Quarter ended 30 Jun 10 \$'000	Quarter ended 30 Jun 09 \$'000	Half-year ended 30 Jun 10 \$'000	Half-year ended 30 Jun 09 \$'000
Expenses				
Management fees	550	1,040	2,615	1,680
Directors' fees	100	108	202	217
Finance costs	-	302	-	411
Lending fees	88	66	216	155
Other operating expenses	527	509	1,055	818
Total operating expenses	1,265	2,025	4,088	3,281

Total operating expenses of \$4.1 million for the half-year ended 30 June 2010 was 24.6% higher than the pcip.

An analysis of MIIF's expense items are as follows:

(i) Management fees

Management fees for the half-year ended 30 June 2010 are higher than the pcip due to the increase in MIIF's average market capitalisation and the non-recurrence of the MEIF fee rebate, being only partially offset by the impact of the increase in the Fund's cash balances.

The following table provides a reconciliation of the movement in management fees compared to the pcip.

	Quarter ended 30 Jun 10 \$'000	Quarter ended 30 Jun 09 \$'000	Year to date 30 Jun 10 \$'000	Year to date 30 Jun 09 \$'000
MIIF Market Capitalisation	612,350	449,911	656,521 ⁽³⁾	395,096 ⁽³⁾
MIIF Net Debt/(Cash)	(465,190)	21,065	(304,980) ⁽³⁾	23,250 ⁽³⁾
Base Management Fee (1.5% per annum) ⁽¹⁾	2,290	1,683	4,883	2,939
Fee on Net Debt/(Cash) (1.5% per annum) ⁽¹⁾	(1,740)	79	(2,268)	173
Rebate in respect of MEIF fee ⁽²⁾	-	(722)	-	(1,432)
Net Fee	550	1,040	2,615	1,680

Notes:

- MIIF pays a fee to its manager calculated on its market capitalisation including net debt.
- Distributions to MIIF from its investment in MEIF were received net of fees paid by MEIF to Macquarie Group. Macquarie Infrastructure Management (Asia) Pty Limited (MIMAL) provided to MIIF a rebate equivalent to this fee, to ensure that Macquarie Group did not double charge management fees.
- MIIF's Market Capitalisation for the year to date is the average of the two relevant calculation periods for Quarter 1 and Quarter 2. MIIF's net debt for the year to date is a simple average of the balances at each quarter end reporting date.

(ii) Directors' fees

Each independent director is entitled to receive an annual director's fee of US\$72,500. The Board comprises five members, of which four are independent of the Macquarie Group. The remaining MIF Board member who is an executive of the Macquarie Group, is not entitled to be paid a director's fee.

(iii) Finance costs

There are no finance costs for the half-year ended 30 June 2010, following the decision to repay all outstanding corporate level debt in the last quarter of 2009.

(iv) Lending fees

Lending fees relate to commitment fees on undrawn borrowing facilities. The lending fees of \$0.2 million for the half-year ended 30 June 2010 were higher than the pcp as unutilized commitments increased following the decision to repay its outstanding loan balance at the end of 2009.

In light of its significant cash balances, MIF has cancelled one of its corporate facilities during the current quarter and thus lending fees will be reduced during the second half of the year.

(v) Other operating expenses

Other operating expenses of \$1.1 million for the half-year ended 30 June 2010 were 29.0% higher than the pcp. The increase was primarily due to higher professional fees paid for due diligence costs during the quarter. Other items that are reflected in this category relate to MIF's normal day-to-day operations. These items include fees paid for share registrar services, SGX-ST listing and administration services, general legal services, audit services and professional fees incurred for financial and acquisition advice.

D) TRANSACTION COSTS

MIF incurred professional fees and transaction costs amounting to \$4.7 million during the sale of its investment in Arqiva. The Group engaged Macquarie Capital Advisers to advise on the disposal (refer to note J(iv) for notes on related party transactions).

REVIEW OF NET ASSETS AND STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010

As presented in the statements of financial position disclosed on page 11

E) ASSETS

(i) Trade and other receivables

Stand-alone current trade and other receivables increased from \$4.7 million as at 31 December 2009 to \$13.4 million as at 30 June 2010. The increase is materially explained by an \$8.9 million balance representing the deferred sales proceeds following the CAC IPO. MIIF anticipates receiving this payment in Q1 2011 once the holdback requirements are fulfilled.

Group current trade and other receivables increased from \$2.6 million as at 31 December 2009 to \$13.0 million as at 30 June 2010 largely due to movements at the Company level as explained above.

(ii) Current financial assets at fair value through profit or loss

Stand-alone and Group financial assets at fair value through profit or loss include \$5.8 million receivable in respect of the mark to market movements on its foreign exchange swaps that were entered into during the quarter and which we use to hedge the foreign exchange movements of the Euro denominated commercial paper back into Singapore dollar (MIIF's functional currency). The remaining balance represents the fair value of the foreign currency forward contracts that MIIF entered into to hedge its forecast cash flow.

(iii) Intangible assets

The balance as at 30 June 2010 was due to the consolidation of Miaoli Wind. Fixed assets held by Miaoli Wind were recognised as intangible assets under International Financial Reporting Interpretations Committee, IFRIC 12: Service Concession Arrangements.

(iv) Stand-alone non-current financial assets at fair value through profit or loss

Stand-alone non-current financial assets (excluding forward foreign currency contracts) at fair value through profit or loss decreased from \$900.7 million as at 31 December 2009 to \$566.4 million at 30 June 2010. This balance reflects the Board's valuation of the fair value of MIIF's businesses as at 30 June 2010. The decrease in valuation of its investments was substantially due to:

- divestment of Arqiva and CAC (\$324.9 million)
- distributions received of \$8.3 million; and
- net foreign exchange loss of \$22.4 million arising from translation of MIIF's foreign denominated assets to Singapore dollars.

Offset by:

- revaluation uplift of HNE of \$36.8 m, TBC of \$15.7 m and CXP of \$6.6 m.

The following table sets out a reconciliation of the value of MIIF's investments from 31 December 2009 to 30 June 2010.

	Company Balance at 31 Dec 09 \$'000	Investment / (divestment) \$'000	Income received from investments \$'000	Foreign exchange effects \$'000	Revaluation to 30 Jun 10 \$'000	Company Balance at 30 Jun 10 \$'000
<i>Unlisted securities</i>						
Arqiva	297,193	(238,490)	-	(23,611)	(35,092)	-
CAC	89,821	(88,087)	(3,245)	2,379	(868)	-
CXP	85,955	-	-	255	6,622	92,832
HNE	258,579	-	-	848	36,756	296,183
Miaoli Wind	-	1,716	-	3	(1,719)	-
TBC	169,039	-	(5,113)	(2,268)	15,691	177,349
Others	72	-	-	-	-	72
Total investments	900,659	(324,861)	(8,358)	(22,394)	21,390	566,436

MIIF disposed its stake in CAC on 24 Mar 2010 for \$91.2 million and Arqiva on 28 May 2010 for \$238.5 million (net of fees). Following these disposals, MIIF has cash and cash equivalents, including \$8.9 million deferred sales proceeds from the CAC IPO, amounting to \$474.1 million.

The \$21.4 million revaluation adjustment in MIIF's investments over the half-year is mainly explained by the significant movements in HNE (\$36.8 million), TBC (\$15.7 million) and CXP (\$6.6 million), which were partially offset by the reduction to the sale price of Arqiva (\$35.1 million). The revaluation increase in these businesses was offset by FX driven decreases in the remainder of the portfolio.

MIIF injected \$1.7 million into Miaoli Wind in the first quarter to avoid a breach of the debt service cover ratio. By proactively addressing this potential breach, the Company remains unhindered in its application for Voluntary Gold Standard carbon credits. If successful, the valuation of the business will eventually increase.

(v) Group non-current financial assets at fair value through profit or loss

Group non-current financial assets (excluding forward foreign currency contracts) held at their fair value have decreased from \$929.6 million as at 31 December 2009 to \$599.3 million as at 30 June 2010. The explanation for the movement at Group level is materially the same as for the Company other than adjustments made to reflect the fair value of the Group's investments.

F) LIABILITIES

(i) Trade and other payables

Stand-alone current trade and other payables increased from \$9.3 million as at 31 December 2009 to \$9.4 million as at 30 June 2010.

Group current trade and other payables increased from \$17.1 million as at 31 December 2009 to \$17.7 million as at 30 June 2010.

(ii) Borrowings

Stand-alone company borrowings are nil as at 30 June 2010.

Group short term borrowings include the portion of Miaoli Wind's debt and interest payable of \$5.8 million, to be amortised in the current period.

Group long term borrowings of \$75.9 million as at 30 June 2010 relate to the consolidation of Miaoli Wind's long term borrowings which are non-recourse to MIIF. Equipment, building, cash and shares of Miaoli Wind were pledged with the lender as collateral for the total borrowings of \$81.7 million.

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

	Group as at 30 Jun 10 \$'000	Group as at 31 Dec 09 \$'000	Company as at 30 Jun 10 \$'000	Company as at 31 Dec 09 \$'000
Amount repayable in one year or less, or on demand	5,817	5,803	-	-
Amount repayable after one year	75,922	79,936	-	-
Total borrowings	81,739	85,739	-	-
Amount secured	81,739	85,739	-	-
Amount unsecured	-	-	-	-
Total borrowings	81,739	85,739	-	-

(iii) Financial liabilities at fair value through profit or loss

The Group balance of non-current financial liabilities held at their fair value as at 30 June 2010 includes the fair value of Miaoli Wind's interest rate swaps.

It is MIIF's policy to hedge distribution income for a period up to a maximum of 24 months in advance. However, depending on market conditions, MIIF may choose to be selective on the proportion of distributions it hedges.

(iv) Non-controlling interest

Non-controlling interest represents the share of Group net asset value attributable to the minority shareholder of SCHK (a subsidiary holding MIIF's interest in HNE).

G) NET ASSET VALUE

MIIF uses the discounted cash flow (DCF) approach to value its investments. These valuations reflect the fair value for which infrastructure assets could be exchanged between knowledgeable, willing parties in an orderly arm's length transaction.

MIIF calculates the fair value of each of its assets at the end of each calendar quarter and adjusts the carrying value of each investment to its fair value. This process generates revaluation gains and losses, which are reported in the Group statement of comprehensive income as Net gain/loss on financial assets at fair value through profit or loss.

To ensure that the DCF analysis continues to provide a fair value estimate that can be considered reliable, the valuation model is periodically benchmarked to other sources such as recent market transactions to ensure that the discounted cash flow valuation is providing a reliable measure.

It should be noted that the preparation of the financial report in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparation of the financial report are reasonable. Actual results in the future, however, may differ from those reported.

The valuation of MIIF's investments has been determined by reference to changes to the respective asset's discount rate, adopted by the MIIF board in accordance with its valuation framework. The discount rate applied to the cash flows of a particular asset comprises the risk free interest rate appropriate to the country in which the asset is located and a risk premium, reflecting the uncertainty associated with the cash flows.

(i) The investment valuation sensitivity to movements in the discount rate is disclosed in the table below:

Change in valuation due to movement in discount rate	Jun 10 1% higher \$'000	Jun 10 1% lower \$'000	Jun 09 1% higher \$'000	Jun 09 1% lower \$'000
Arqiva	-	-	(23,965)	26,483
CAC	-	-	(7,511)	9,148
CXP	(8,259)	9,469	(7,774)	8,955
HNE	(21,391)	23,833	(19,288)	21,591
Miaoli Wind	-	1,325	(1,370)	2,207
TBC	(7,121)	7,518	(7,472)	7,948
Total	(36,771)	42,145	(67,380)	76,332

(ii) The investment valuation sensitivity to movements in the revenue forecasts are disclosed in the table below:

Change in valuation due to movement in revenue	Jun 10 1% higher \$'000	Jun 10 1% lower \$'000	Jun 09 1% higher \$'000	Jun 09 1% lower \$'000
Arqiva	-	-	12,287	(12,306)
CAC	-	-	15,143	(15,172)
CXP	1,541	(1,541)	1,446	(1,446)
HNE	6,123	(6,122)	5,348	(5,321)
Miaoli Wind	504	-	911	(291)
TBC	2,444	(2,337)	4,491	(4,465)
Total	10,612	(10,000)	39,626	(39,001)

The table below shows the net asset movements:

	Group As at 30 Jun 10	Group As at 31 Dec 09	Company As at 30 Jun 10	Company As at 31 Dec 09
Net Asset Value				
Total net asset value (\$'000)	1,077,360	1,094,150	1,041,927	1,065,895
Total number of ordinary shares on issue used in calculation of net asset value per share ('000)	1,297,804	1,297,804	1,297,804	1,297,804
Net asset value per ordinary share (\$ per share)	0.83	0.84	0.80	0.82

MIIF's stand-alone NAV decreased from \$1,065.9 million as at 31 December 2009 to \$1,041.9 million as at 30 June 2010, taking its NAV per share to \$0.80 at the end of the period. Group net assets decreased from \$1,094.2 million as at 31 December 2009 to \$1,077.4 million as at 30 June 2010.

The movement in MIIF's NAV per share from 30 June 2009 to 30 June 2010 is outlined below.

	Company As at 30 Jun 10	Company As at 31 Mar 10	Company As at 31 Dec 09	Company As at 30 Sept 09	Company As at 30 Jun 09
Net asset value per ordinary share (\$ per share)	0.80	0.79	0.82	0.80	0.87

31 March 2010 to 30 June 2010:

NAV per share increased from \$0.79 to \$0.80 due to small increases in the valuations of CXP, TBC and HNE.

31 December 2009 to 31 March 2010:

NAV per share decreased from \$0.82 to \$0.79 primarily due to the decrease in valuation of Arqiva being materially offset by increase in value of HNE and TBC.

30 September 2009 to 31 December 2009:

NAV per share increased from \$0.80 to \$0.82 primarily due to the increased valuation of HNE being only partially offset by the reduction in value of Miaoli Wind.

30 June 2009 to 30 September 2009:

NAV per share reduced from \$0.87 to \$0.80 primarily due to adverse currency movements in MIIF's investments in Arqiva and CXP, increased regulatory risk in HNE and the reduction in fair value of MEIF to reflect the price at which MIIF has sold 71.6% of its stake in MEIF.

H) ENTERPRISE VALUE

MIIF's Enterprise Value (EV) is calculated by aggregating:

- Proportionate operating businesses' net debt, based on MIIF's proportionate beneficial interest as at 30 June 2010
- MIIF's net debt outstanding as at 30 June 2010; and
- MIIF businesses' equity attributable to MIIF's Shareholders as at 30 June 2010.

	As at 30 Jun 10 \$'000	As at 31 Mar 10 \$'000
Proportionate operating businesses' net debt	753,630	1,259,512
MIIF net (cash)/debt	(465,190)	(142,990)
MIIF businesses' equity attributable to MIIF shareholders	566,365	788,621
Enterprise Value (EV)	854,805	1,905,143
Net debt as a percentage (%) of EV		
Total MIIF net debt as a % of EV	34%	59%

Net debt is reported at both the operating business level and at MIIF level. Operating businesses' net debt is calculated at each of the relevant operating businesses by subtracting total cash-on-hand from total debt as at 30 June 2010. Operating business' total debt is non-recourse to MIIF and is presented here only for the purposes of computing EV.

The operating businesses' equity value attributable to MIIF Shareholders is calculated by aggregating MIIF's interest in the fair values of the individual businesses.

MIIF's total gearing as a percentage of EV is 34% as at 30 June 2010. Total gearing is calculated by dividing the sum of MIIF's proportionate beneficial interest in the operating businesses' net debt and MIIF's net debt by EV.

I) CASH FLOW ANALYSIS

Stand-alone company level cash and cash equivalents increased from \$169.9 million as at 31 December 2009 to \$465.2 million as at 30 June 2010 following the payment of MIIF's 2009 final dividend on 26 March 2010 and sale proceeds received from divestment of CAC and Arqiva. MIIF has invested \$453.7m in commercial paper.

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents excludes an amount of \$4.7 million (2009: \$5.1 million) which is restricted for use, as the cash deposit has been pledged by Miaoli Wind to the lender as collateral for the loan facility of Miaoli Wind.

J) RELATED PARTY TRANSACTIONS

(i) Directors

The following persons were directors of MIIF during the quarter and half year to 30 June 2010:

	Date of Appointment	Date of Resignation
John Stuart Hugh Roberts	7 February 2005	Not applicable
Heng Chiang Meng	7 February 2005	Not applicable
Robert Andrew Mulderig	7 February 2005	Not applicable
Michael David Hamer	7 February 2005	Not applicable
Lee Suet Fern	20 December 2007	Not applicable

(ii) Directors' remuneration

John Roberts is an executive director of Macquarie Group Limited (MGL), the ultimate parent entity of Macquarie Infrastructure Management (Asia) Pty Limited (the Manager), and is not entitled to any remuneration from MIIF, other than reimbursement of expenses incurred on behalf of MIIF. With effect from 1 May 2008, Heng Chiang Meng, Robert Mulderig, Michael Hamer and Lee Suet Fern are entitled to a total remuneration of US\$72,500 per annum each.

(iii) The Manager

The Manager was appointed by MIIF as the sole and exclusive manager pursuant to a Management Agreement dated 19 May 2005.

The following transactions occurred between MIIF and the Manager during the half year to date:

	Group Half-year ended 30 Jun 10 \$'000	Group Half-year ended 30 Jun 09 \$'000	Company Half-year ended 30 Jun 10 \$'000	Company Half-year ended 30 Jun 09 \$'000
Transactions				
Base management fees	2,615	1,680	2,615	1,680
Dividends	1,602	3,203	1,602	3,203

The following balances remained outstanding between MIIF and the Manager as at 30 June 2010:

	Group as at 30 Jun 10 \$'000	Group as at 31 Dec 09 \$'000	Company as at 30 Jun 10 \$'000	Company as at 31 Dec 09 \$'000
Balances				
Accrued base management fees	550	1,508	550	1,508

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

For the quarter ended 30 June 2010, the MIIF Accumulation Index² was lower than the agreed benchmark annual return of 8%. Consequently, no performance fee was payable to the Manager and a performance fee deficit³ will be carried forward to the next quarter.

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

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

³ Where the MIIF Accumulation Index has underperformed the benchmark in prior periods, this underperformance is carried forward as a deficit and taken into account in calculating the performance fee payable. The deficit carried forward in relation to this calculation is approximately \$786 million.

(iv) Macquarie Group (Macquarie)

Macquarie Real Estate (MRE) was engaged as one of three underwriters to support the CAC IPO. MIIF had a 55% economic exposure, through the terms of the total return swaps, to MLTCLP being the CAC entity that engaged MRE and accordingly the substance of the arrangement is set out below in accordance with MIIF's related party transactions policy.

In particular, where a joint mandate between a Macquarie entity and a third party advisor is proposed, the fees negotiated with the third party advisor is considered to be a benchmark for "arm's length" provided the Macquarie entity is engaged on substantially similar terms, and as a result MRE was party to the same underwriting agreed as Toronto Dominion and Royal Bank of Canada, arms length pricing has been satisfied.

The total underwriting fee paid on IPO amounted to CAD10.9 million or 5.75% of the initial IPO Gross Proceeds. MRE's share of this fee amounted to CAD2.5 million. The fee was paid by the IPO entity (MLTCLP), and so on a look through basis MIIF's 55% share of the fee was CAD1.4 million.

Macquarie Capital Advisers Limited (MacCap Adv) was engaged to advise on the disposal of Arqiva. The basis of the fee was consistent with the terms of the Financial Advisory Mandate entered into between MIIF and MacCap Advisers, the terms of which KPMG deemed reasonable and "as if negotiated at arms length" in their review of the Financial Advisory Mandate. The fee of approximately SGD4.4 million was payable when MIIF received the shareholders' approval at the 20th May Special General Meeting.

Macquarie Capital Advisers Limited has been engaged by the TBC Board to act as financial advisers on the process of refinancing its existing debt facilities. Macquarie Korea Opportunities Fund (MKOF), as the controlling shareholder also received approval from their Independent Directors on the engagement and the fee structure. An advisory fee (being approx US\$7.4 million) which is payable upon successful completion of the refinancing is an amount equal to 0.8% of the total debt refinanced (being approx US\$900.2 million).

A related Macquarie Group entity will be one of the lenders to the Subordinated Loan Agreement to be entered into with TBC Holdings BV (offshore holding company in Netherlands). This agreement including all the fees has been negotiated with the Mandated Lead Arrangers (MLA - a syndicate of third party financial institutions). The related Macquarie group entity will become a party via a syndication process being conducted by the MLAs. The loan amount committed is US\$45.0 million with an interest rate of LIBOR + 8.25%.The tenor for the facility is 7.5 years.

K) FOREIGN EXCHANGE TRANSACTIONS

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

L) ADDITIONAL INFORMATION

(i) Disclosure, audit and review of financial statements

Pursuant to Rule 705(1) of the SGX-ST Listing Manual, the financial statements for the quarter and half-year ended 30 June 2010 have been disclosed within 45 days after the end of the relevant financial period.

(ii) Review by Independent Auditor

The condensed consolidated statements of financial position, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the half-year ended 30 June, have been extracted from the condensed consolidated interim financial information that has been reviewed in accordance with International Standard on Review Engagement 2410 Review of Interim Financial Information performed by the Independent Auditor of MIIF. The extract of the review report, dated 12 August 2010 on the condensed consolidated interim financial information of the Company and its subsidiaries for the half-year ended 30 June 2010 is attached to this announcement.

(iii) Basis of preparation

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

The financial statements are consistent with those set out in the 2009 audited financial statements which have been prepared in accordance with IFRS. There have been no changes to the accounting policies described in the 2009 audited accounts except for the adoption of certain revised International Financial Reporting Standards (IFRS) that became applicable from 1 January 2010.

The adoption of these revised standards did not have a material impact on the results of the Group. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(iv) Functional and presentation currency

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

(v) Rounding of amounts in the financial statements

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

(vi) **Group Accounting - subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is acquired or otherwise obtained by the Group. They are deconsolidated from the date that control ceases.

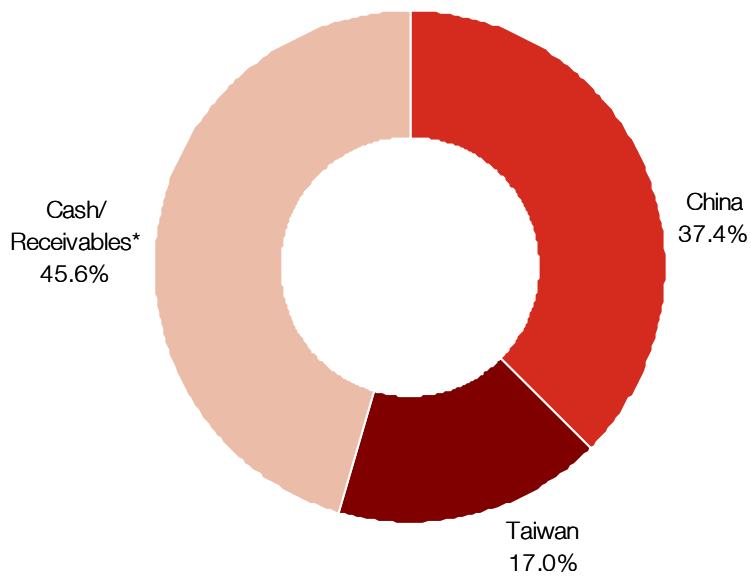
The following entities were subsidiaries or joint venture entities as at 30 June 2010:

Name of entity	Type	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	Reporting date
Macquarie Renewables Limited	Subsidiary	Holding Company	Bermuda	100%	31 December
Macquarie International Infrastructure Holding Limited	Subsidiary	Holding Company	Bermuda	100%	31 December
South China Highway Development (H.K.) Limited	Subsidiary	Investment in toll road	Hong Kong	90%	31 December
Macquarie International China Holdings Limited	Subsidiary	Holding Company	Bermuda	100%	31 December
Macquarie International Infrastructure Netherlands2 Cooperatief U.A	Subsidiary	Holding Company	Netherlands	100%	31 December
Macquarie International Infrastructure Netherlands B.V	Subsidiary	Holding Company	Netherlands	100%	31 December
Singapore Changshu Development Company	Joint Venture	Holding Company	Singapore	40%	31 December
Macquarie International Infrastructure Taiwan Limited	Subsidiary	Holding Company	Bermuda	100%	31 December
Macquarie International Taiwan Co., Ltd	Subsidiary	Holding Company	Taiwan	100%	31 December
Miaoli Wind Co., Ltd	Subsidiary	Operation of wind farm	Taiwan	100%	31 December

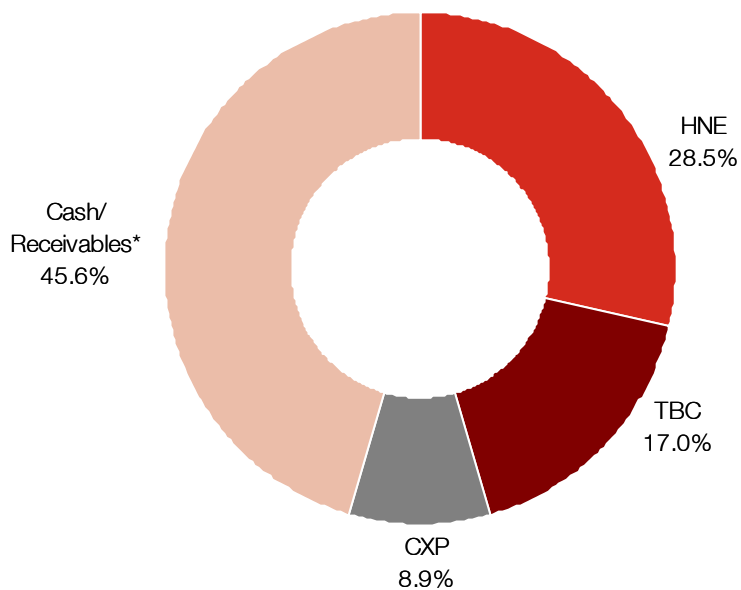
INVESTMENT PORTFOLIO

The following diagrams show the contributions that various investments make to MIIF's overall portfolio based on 30 June 2010 fair valuation of each business.

Portfolio Composition by Geography



Portfolio Composition by Asset



Note: * Includes \$8.9 million deferred sales proceeds from the CAC IPO. These proceeds are subject to certain conditions. Refer to page 45 for further details

INVESTMENT PORTFOLIO DISCUSSION

Changshu Xinghua Port (CXP)

Date of initial acquisition	2 Dec 2005
Cost of acquisition	S\$112.3 million
Valuation ⁴	S\$92.8 million
Distributions since Acquisition	S\$14.4 million
MIF ownership	38% interest
% of MIF portfolio ⁴	8.9%

CXP is a multipurpose cargo port centrally located within the Yangtze River Delta industrial zone, a high-growth industrial region which includes the cities of Suzhou, Wuxi and Changshu. CXP's hinterland is one of China's fastest growing industrial regions.

The port jetty of 1,700 metres has 8 berths, with 2 gantry container cranes and 10 multiuse portal cranes. There are presently 14 warehouses totalling 107,300 m², and additional yard storage totalling 608,147 m².

Water depth at the deepest point is 13.3 m, permitting vessels of up to 70,000 DWT to load/unload at the port.

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

Key operational statistics can be found in the tables below.

Volume	3 months to Jun 2010	3 months to Jun 2009	Variance Fav/(Adv)	6 months to Jun 2010	6 months to Jun 2009	Variance Fav/(Adv)
Steel (tonnes)	715,472	755,695	(5.3%)	1,140,799	1,238,165	(7.9%)
Logs (tonnes)	310,121	243,648	27.3%	648,949	300,158	116.2%
Other Non-steel (tonnes)	110,472	80,161	37.8%	267,108	146,742	82.0%
Paper & Pulp Products (tonnes)	543,737	585,399	(7.1%)	1,022,681	1,047,885	(2.4%)
Total General Cargo (tonnes)	1,679,802	1,664,903	0.9%	3,079,537	2,732,950	12.7%
Container (TEU ⁵)	23,446	21,933	6.9%	44,929	32,890	36.6%

(RMB'million)	3 months to Jun 2010	3 months to Jun 2009	Variance Fav/(Adv)	6 months to Jun 2010	6 months to Jun 2009	Variance Fav/(Adv)
Revenue	64.0	59.7	7.2%	121.1	102.1	18.6%
Operating Expenses	(32.2)	(27.3)	(17.9%)	(58.3)	(45.7)	(27.6%)
EBITDA	31.8	32.4	(1.9%)	62.8	56.4	11.3%
EBITDA Margin	49.7%	54.3%	(4.6%)	51.9%	55.2%	(3.3%)

⁴ Based on 30 June 2010 valuations. Numbers are subject to rounding

⁵ Twenty-foot equivalent unit

BUSINESS COMMENTARY (3 MONTHS TO JUNE 2010)

Financial Performance

- Revenue was 7.2% higher than pcp mainly due to increased log volumes. The increase in revenue was offset by higher direct costs (17.9% above pcp), which was driven mainly by the larger export steel volumes handled at CXP this year compared to 2009 (CXP handled more import steel volumes in 2009). Handling costs are generally higher for export steel compared to import steel. In addition, facility maintenance costs have increased this period, contributing to the 4.6% reduction in EBITDA margin.

Operations

- CXP performed well this quarter with general cargo and container volumes increasing by 0.9% and 6.9% respectively.

BUSINESS COMMENTARY (6 MONTHS TO JUNE 2010)

Financial Performance

- EBITDA was 11.3% higher compared to the pcp. This was primarily due to higher revenues following increases in log and container volumes. CXP generated revenues of RMB121.1 million, up 18.6% on the pcp.

Operations

- CXP has performed well year to date, with general cargo and container volumes increasing by 12.7% and 36.6% respectively
- General cargo: Non-steel products increased by more than 100% due to higher volumes of New Zealand logs and handling of new products such as sodium sulphate. Steel volumes were 7.9% lower than pcp mainly due to a drop in import steel. The price differential between domestic steel and international steel has closed significantly. The drop in import steel was partly offset by higher export and domestic steel.
- Container volumes have rebounded significantly (36.6%) from the low levels observed in 2009, which were impacted by the global contraction in container trade.

Outlook

- Growth in volumes across most product groups is expected to continue into 2H 2010.

Hua Nan Expressway (HNE)

Date of initial acquisition	19 Nov 2007
Cost of acquisition ⁷	S\$295.7 million
Valuation ⁸	S\$296.2 million
Distributions since Acquisition	S\$41.8 million
MIF ownership	81% interest
% of MIF portfolio ⁸	28.5%

Hua Nan Expressway Phase I and II (HNE) is a 31-kilometre dual-carriage urban toll road in the city of Guangzhou, the capital of Guangdong province in China. It is the main artery for north-south traffic in Guangzhou, enabling easy access to South China and is intersected by eight expressways and urban arteries, ensuring excellent connectivity.

HNE has an established traffic history since 1999, with the rights to operate and collect tolls⁶ up to 2026. HNE was the first toll road in Guangdong province to implement electronic tolling. It has a routine maintenance program in place and significant excess capacity to accommodate traffic growth. As an urban toll road in Guangzhou, HNE benefits from being exposed to the long term traffic growth potential of Guangdong province.

Key operational statistics can be found in the tables below.

Total volume of vehicles types ('000)	3 months to Jun 10	3 months to Jun 09	Variance Fav/(Adv)	6 months to Jun 10	6 months to Jun 09	Variance Fav/(Adv)
Passenger vehicles	9,986.4	7,978.3	25.2%	19,744.4	15,316.3	28.9%
Minibus / Light Truck	655.3	549.8	19.2%	1,301.0	1,073.4	21.2%
Medium Bus / Truck	1,821.9	1,464.6	24.4%	3,507.2	2,860.2	22.6%
Large Bus / Large Truck	175.0	130.6	34.0%	332.3	244.8	35.7%
Heavy Duty Truck / Trailer	488.7	308.9	58.2%	898.0	575.7	56.0%
Total Vehicles	13,127.3	10,432.2	25.8%	25,782.9	20,070.4	28.5%

(RMB'million)	3 months to Jun 10	3 months to Jun 09	Variance Fav/(Adv)	6 months to Jun 10	6 months to Jun 09	Variance Fav/(Adv)
Revenue	131.4	107.9	21.8%	258.7	212.0	22.0%
Operating Expenses	(23.5)	(21.7)	(8.3%)	(44.0)	(41.4)	(6.3%)
EBITDA	107.9	86.2	25.2%	214.7	170.6	25.8%
EBITDA Margin	82.1%	79.9%	2.2%	83.0%	80.5%	2.5%

⁶ Toll rates on HNE are set by the Guangdong provincial government

⁷ Originally announced acquisition price of \$329.5m included \$295.7m invested at acquisition, and \$33.8m to be drawn at a later date contingent upon certain events. This contingency is now no longer required and will not be drawn.

⁸ Based on 30 June 2010 valuations. Numbers are subject to rounding

BUSINESS COMMENTARY (3 MONTHS TO JUNE 2010)

Financial Performance

- Revenue was 21.8% higher compared to the same period in 2009. This was due to:
 - the continued positive contribution from the newly opened Phase III section of HNE⁹ which acts as a feeder road to HNE Phase I and II;
 - the improvement in economic conditions in the Guangdong province; and
 - the continued strong growth in passenger vehicle ownership in Guangdong province.
- Operating expenses were 8.3% higher compared to pcp due to timing differences on routine maintenance expenses incurred in 1H 2010 and general increases in expenses as a result of higher traffic volumes. The higher expenses were partially offset by staff reductions as a result of workforce rationalisation.

Operations

- Refer to Financial Performance.

BUSINESS COMMENTARY (6 MONTHS TO JUNE 2010)

Financial Performance

- EBITDA was 25.8% higher compared to pcp. This favourable variance was largely driven by the strong revenue performance in 1H10 as a result of the overall increase in higher traffic numbers.

Operations

- The 28.9% year on year increase in the volume of passenger vehicles reflected the positive impacts of the opening of Phase III and the general increase in car ownership in Guangdong province.
- The continued improvement in economic conditions in Guangdong province has resulted in a strong 27% increase in commercial vehicles relative to pcp, thereby contributing to traffic numbers.

Outlook

- HNE's traffic volume and therefore revenue is anticipated to continue growing through Q3 of 2010 due to:
 - the on-going positive contribution from HNE Phase III; and
 - the recovery in the Chinese economy.
- However, Guangzhou is hosting the 2010 Asian Games in December, and significant traffic restrictions have been announced for the period from 1 November to 22 December 2010, with the aim of reducing traffic levels by 50% for that period.

⁹ The Phase III section of Hua Nan Expressway is a complementary road to HNE and is not owned by MIF

Miaoli Wind

Date of initial acquisition	20 March 2008	Miaoli Wind owns and operates 25 wind turbines, with a combined capacity of 49.8MW, at two sites in Miaoli County, Taiwan.
Cost of acquisition ¹⁰	S\$30.8 million	
Valuation ¹¹	S\$0.0 million	Miaoli Wind generates revenue by selling its entire energy production to Taipower under a 15 year fixed tariff PPA (one agreement per wind farm site) with an option to extend each PPA for an additional 5 years. The fixed tariff is NT\$ 2.00/kWh.
Distributions since Acquisition	S\$0.4 million	
MIIF ownership	100% interest	
% of MIIF portfolio ¹¹	0.0%	

Key operational statistics can be found in the table below.

(GWh)	3 months to Jun 10	3 months to Jun 09	Variance Fav/(Adv)	6 months to Jun 10	6 months to Jun 09	Variance Fav/(Adv)
Total Energy Production	25.1	22.6	11.1%	60.3	67.1	(10.1%)

(NT\$'million)	3 months to Jun 10	3 months to Jun 09	Variance Fav/(Adv)	6 months to Jun 10	6 months to Jun 09	Variance Fav/(Adv)
Revenue	48.6	46.3	5.0%	116.7	127.1	(8.2%)
Operating Expenses	(14.2)	(15.9)	10.7%	(28.1)	(30.3)	7.3%
EBITDA	34.4	30.4	13.2%	88.6	96.8	(8.5%)
EBITDA Margin	70.8%	65.7%	5.1%	75.9%	76.2%	(0.3%)

BUSINESS COMMENTARY (3 MONTHS TO JUNE 2010)

Financial Performance

- Revenue for the quarter was 5.0% higher compared to pcp. This was due to higher generation in June.
- EBITDA for the period was 13.2% higher compared to the pcp due to higher revenue as well as lower operating expenses. The lower operating expenses are due to lower operations and maintenance expenses.

Operations

- Total energy production was 11.1% higher compared to pcp due to higher average wind speeds in June.

BUSINESS COMMENTARY (6 MONTHS TO JUNE 2010)

Financial Performance

- EBITDA for the period was 8.5% lower than pcp, due to revenue being 8.2% lower in the period.

Operations

- Total energy production was 10.1% lower compared to pcp. This was due to lower average wind speeds in January and February, which was only partially offset by the higher average wind speeds in June.

¹⁰ Includes an equity injection of S\$1.7 million made in March 2010 to avoid a breach of the 31 December 2009 debt service cover ratio. The low debt service cover ratio was caused by the poor wind conditions for the 12 months to 31 December 2009

¹¹ Based on 30 June 2010 valuations. Numbers are subject to rounding

Outlook

- Since acquisition, wind speeds have been significantly lower than expected. The original valuation at acquisition was based on 36 years of wind history from a nearby location and provided management with high confidence over a long term achievable average. However, the operational performance has been disappointing and management has now revised its forecast to the average actual historic generation.
- Miaoli Wind is applying for Voluntary Gold Standard carbon credits. If the application is successful, Miaoli Wind will be able to generate incremental revenue through the sale of these credits.

Taiwan Broadband Communications (TBC)

Date of initial acquisition	16 July 2007
Cost of acquisition ¹²	S\$161.8 million
Valuation ¹³	S\$177.3 million
Distributions since Acquisition ¹⁴	S\$42.3 million
MIIF ownership	20% interest
% of MIIF portfolio ¹³	17.0%

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

TBC is the sole licensee and provider of cable television services in its five operating regions. TBC is a key provider of integrated entertainment and communications services to more than one million homes serviced by its cable network.

TBC's core business is the provision of cable television services. It also offers value-added services such as broadband internet access and cable telephony services, as well as premium digital television programming, thereby providing subscribers with improved picture and sound quality and extra channels.

Key operational statistics can be found in the tables below.

	Net Additional Subscribers		Ending Subscribers		
	3 months to Jun 2010	3 months to Jun 2009	Jun 2010	Jun 2009	Variance Fav/(Adv)
Basic Cable TV	2,874	2,678	730,663	719,087	1.6%
Basic Digital ¹⁵	7,388	6,011	36,185	16,968	113.3%
Penetration rate ¹⁶	NA	NA	5.0%	2.4%	2.6%
Broadband	2,897	2,504	146,382	134,182	9.1%
Penetration rate	NA	NA	20.0%	18.7%	1.3%

(NT\$'million)	3 months to Jun 2010	3 months to Jun 2009	Variance Fav/(Adv)	6 months to Jun 2010	6 months to Jun 2009	Variance Fav/(Adv)
Revenue	1,715.9	1,646.8	4.2%	3,417.5	3,290.0	3.9%
Operating Expenses	(652.4)	(632.1)	(3.2%)	(1,291.4)	(1,272.6)	(1.5%)
EBITDA	1,063.5	1,014.7	4.8%	2,126.1	2,017.4	5.4%
EBITDA Margin	62.0%	61.6%	0.4%	62.2%	61.3%	0.9%

¹² Post a return of capital from TBC of US\$68.3 million (S\$104.1 million) which was distributed to MIIF as a result of the refinancing of TBC's debt facilities shortly after MIIF's acquisition of its interest in TBC

¹³ Based on 30 June 2010 valuations. Numbers are subject to rounding

¹⁴ Excludes return of capital from TBC of US\$68.3 million (S\$104.1 million)

¹⁵ Excludes additional pay-tier subscribers for HBO, Rainbow and Sonsee

¹⁶ Penetration rate is calculated as a percentage of Basic subscribers

BUSINESS COMMENTARY (3 MONTHS TO JUNE 2010)

Financial Performance

- EBITDA was 4.8% higher compared to the pcp. This was primarily due to higher revenues following increases in subscribers across all the businesses. TBC generated revenues of NT\$1,715.9 million, up 4.2% on the pcp.
- The overall EBITDA margin of 62.0% was higher than pcp (61.6%).
- Management has focused on capital management initiatives in the quarter to ensure maximum distributions to shareholders.

On 30 June 2010, TBC successfully completed the refinancing of its debt facilities. These facilities are as follows:

(a) A Senior Secured Debt Facility of NT\$24.5 billion maturing in June 2017. This facility includes a NT\$23.3 billion term debt, which has a lower amortising profile in the early years, as well as a NT\$1.2 billion revolving facility to fund capital expenditure and working capital

(b) A Subordinated Debt Facility of US\$135.0 million maturing in December 2017. This facility is non-amortising

TBC has implemented a hedging programme consistent with existing MIIF policy, in order to manage any risk of increased interest rates in Taiwan. The refinancing has lowered TBC's overall cost of debt, extended the tenor to 2017 and reduced the overall level of future amortisation in the early years.

Operations

- TBC has performed strongly in the June 2009 quarter, with basic cable subscriber numbers increasing by 2,874, digital subscribers increasing by 7,388 and broadband subscribers increasing by 2,897 from 1Q 2010.

BUSINESS COMMENTARY (6 MONTHS TO JUNE 2010)

Financial Performance

- EBITDA was 5.4% higher compared to the pcp. This was primarily due to higher revenues following increases in subscribers across all the businesses. TBC generated revenues of NT\$3,417.5 million, up 3.9% on the pcp.
- The overall EBITDA margin of 62.2% was higher than pcp (61.3%).

Operations

- TBC has performed well year to date, with its market leading broadband and digital TV services driving significant increases in multi-product sales. Broadband subscribers increased by 9.1% on pcp to 146,382 due to continued marketing efforts. Digital subscribers increased by 113.3% on pcp to 36,185 due to the successful up-selling of the new digital product (which was launched in March 2009). In addition, basic cable subscriber numbers reached 730,663, representing an increase of 1.6% on pcp.
- Digital TV is a key aspect of TBC's next growth phase. Digital TV currently represents only 5.0% of total basic Cable TV, implying substantial growth opportunities via successful up-selling of digital TV products to basic Cable TV subscribers.

Outlook

- TBC continues to demonstrate strong operational performance and will continue to focus on enhancing its digital TV and broadband products to build the subscriber base and deliver stronger margins
 - Digital TV represents only 5.0% of total basic Cable TV, implying substantial growth opportunities through up-selling of digital TV products to basic Cable TV subscribers

Disposal of Arqiva

Date of initial acquisition	27 May 2005
Cost of acquisition ¹⁷	S\$434.8 million
Proceeds of disposal ¹⁸	S\$243.3 million
Distributions since Acquisition	S\$111.0 million
MIF ownership	8.7% interest
% of MIF portfolio	0.0%

On 24 March 2010, MIF announced that it had agreed to sell its 8.7% interest in Arqiva for £116.5 million (S\$243.3 million). The divestment was approved by shareholders at a Special General Meeting held on 20 May 2010. The sale completed on 28 May 2010.

¹⁷ Acquisition cost comprises initial acquisition of S\$175.7 million on 27 May 2005 and rights issue of S\$259.1 million for the add-on acquisition of NGW on 4 April 2007

¹⁸ Proceeds of disposal excludes transaction costs of \$4.7 million.

Disposal of Canadian Aged Care (CAC)

Date of initial acquisition	27 Nov 2005
Cost of acquisition	S\$164.9 million
Proceeds of disposal	S\$91.2 million
Distributions since Acquisition	S\$73.4 million

On 24 March 2010, Leisureworld Senior Care Corporation (Leisureworld) successfully completed the initial public offering of CAC. MIIF has to date received approximately CAD60.1 million (90% of the total IPO proceeds). The payment of the remaining proceeds of approximately CAD6.7 million¹⁹ has been deferred for a period of 12 months (31 March 2011) to cover any indemnification obligations. This deferred amount comprises a cash portion and common shares representing a 2.6% economic interest in Leisureworld as mentioned below.

Leisureworld had, inter alia, acquired 95.2% of the ownership interests in CAC from Macquarie Power and Infrastructure Income Fund (MPT) and Macquarie Group Limited (MGL). The remaining 4.8% of common shares were retained by MPT and MGL to satisfy an over-allotment option that was granted to the underwriters for a period of 30 days from the date of closing of the initial public offering. On 24 April 2010, the over-allotment option was not exercised by the underwriters and as a result, MPT and MGL will retain the common shares for a minimum period of 180 days. Accordingly, MIIF will continue to hold a 2.6% economic interest in Leisureworld by way of total return swaps with MGL and MPT will hold the remaining 2.2%.

¹⁹ This is based on c.0.5 million of retained shares at a price of CAD9.18 per share (as at 30 June 2010) and cash balances of c.CAD1.9 million. The final payment to MIIF will depend on the share price at the end of the 180 day retention period (23 September 2010) and any indemnification obligations up to 31 March 2011

OUTLOOK

Operationally, MIIF's portfolio is expected to continue performing well. The aggregated level of gearing across the portfolio has reduced from 59 per cent as at 31 March 2010 to 34 per cent as at 30 June 2010, and all businesses are forecast to deliver further revenue and EBITDA growth year on year.

All of MIIF's investments are currently located in Asia. MIIF will continue to focus on identifying attractive acquisition opportunities in the region and will maintain stringent investment criteria. With its significant cash balance, MIIF is well positioned to capitalise on these opportunities should they arise in the course of the year. In addition, MIIF has the ability to pursue options such as share buy-backs or the payment of a special dividend.

CONFIRMATION OF THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of Macquarie International Infrastructure Fund Limited, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the quarter and half year ended 30 June 2010 to be false or misleading in any material aspect.

On behalf of the Board of Directors



John Stuart Hugh Roberts

Chairman

Sydney

12 August 2010



Heng Chiang Meng

Deputy Chairman

Singapore

12 August 2010

The Board of Directors
Macquarie International Infrastructure Fund Limited
Penboss Building
50 Parliament Street
2nd Floor Hamilton HM12
Bermuda

PricewaterhouseCoopers LLP
8 Cross Street #17-00
PWC Building
Singapore 048424
Telephone +65 6236 3388
Facsimile +65 6236 3300
pwc.com/sg
GST No.: M90362193L
Reg. No.: T09LL0001D

12 August 2010

Our ref: ASSUR FSIP/02520769-A000/SKW/TA(15)
(When replying please quote our reference)

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

Dear Sirs

Introduction

We have reviewed the accompanying condensed consolidated statements of financial position of Macquarie International Infrastructure Fund Limited ("the Company") as of 30 June 2010 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Yours faithfully

