

**MACQUARIE INTERNATIONAL
INFRASTRUCTURE FUND LIMITED**

SGX Quarterly Report for the quarter and year ended
31 March 2010



MACQUARIE

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REPORT SUMMARY

REPORT SUMMARY

KEY HIGHLIGHTS

- Businesses performed strongly recording EBITDA growth on prior year
- Strong balance sheet maintained with cash balances anticipated to increase to S\$466.5.0 million¹ and no corporate-level debt
- Net Asset Value (NAV) of S\$1.03 billion, down 3.8 per cent from previous quarter
- Successful divestment of MIIF's interest in Canadian Aged Care (CAC) for a total consideration S\$91.2 million
- Proposed disposal of MIIF's entire interest in Arqiva

FINANCIAL HIGHLIGHTS

Macquarie International Infrastructure Fund Limited achieved net income on an adjusted basis of S\$5.4 million for the quarter, down S\$18.3 million from the prior corresponding period.

This reduction was primarily due to:

- Lower investment income received from Taiwan Broadband Communications (TBC) (down S\$5.3 million) due to the amortization of its debt facilities;
- Cessation of distributions from Arqiva; and
- Higher total operating expenses (up S\$1.5 million) driven by higher management fees and other operating expenses.

MIIF's NAV per share as at 31 March 2010 was S\$0.79, compared with S\$0.82 as at 31 December 2009. The decrease for the three months was driven by the reduction in the value of Arqiva to the net proceeds expected from its disposal. This decrease was materially offset by a significant increase in the value of HNE (up S\$33.0 million) and also TBC (up S\$3.7 million) in the period.

MIIF's disposal of its interest in CAC resulted in corporate level cash balance² of S\$234.2 million as at 31 March 2010, up from S\$169.9 million in the prior quarter.

This cash provides balance sheet flexibility for the Company. Options available to the Board for the use of these proceeds include acquisitions, share buy-back or payment of a special dividend. Although market conditions are improving, the Board continues to maintain a conservative approach to investment, funding and capital.

OPERATIONAL HIGHLIGHTS

Key operating highlights from MIIF's businesses for the three months to 31 March 2010 include:

- Changshu Xinghua Port (CXP): CXP has performed well during the first quarter with EBITDA for the quarter 29.2 per cent higher than the prior corresponding period. Non steel volumes were more than 100 per cent higher, mainly due to the increase in log shipments from New Zealand and handling of new products such as sodium sulphate. Paper and pulp volumes were 3.6 per cent above the prior corresponding period. Steel volumes were down 11.8 per cent due to a drop in import steel volumes. In addition, container volumes were 96.1 per cent higher which had been severely hit by the global contraction in container trade;
- Hua Nan Expressway (HNE): Revenue of RMB127.3 million for the period was 22.2 per cent higher than the prior corresponding period with traffic volumes of 12.7 million vehicles (2009: 9.6 million). This increase was largely driven by the continued increase in car ownership in China, the opening of the Phase III³ section of HNE and the improvement in economic conditions in the Guangdong province;

¹ By end of May 2010

² Comprising of stand-alone company level cash and cash equivalents and receivable of CAC sales

³ 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

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- **Miaoli Wind:** Miaoli Wind posted revenue of NT\$68.1 million on total energy production of 35.2 GWh for the period (2009: 44.5 GWh). EBITDA of NT\$54.1 million for the three months was 18.5 per cent lower when compared to the prior corresponding period 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 6.0 per cent for the quarter compared to the prior corresponding period. 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; and
 - **Arqiva:** The Terrestrial Broadcast division delivered revenue growth of 18.0 per cent in the quarter compared to the prior corresponding period. This growth offset the impact of weaker performances posted by Arqiva's Satellite & Media and Wireless Access businesses. As a result, Arqiva recorded total revenue of £208.5 million in the quarter which was in line with the prior corresponding period.

During the quarter, Arqiva successfully launched SeeSaw, the video on demand platform acquired from the UK public service broadcasters in July 2009. SeeSaw has since executed content agreements with the BBC, Channel 4 and Five.

- **Canadian Aged Care (CAC):** In the first quarter of 2010, MIIF disposed of its 55.0 per cent interest in CAC through an initial public offering (IPO) of Leisureworld Senior Care Corporation (Leisureworld). MIIF has to date received approximately CAD60.1 million (90 per cent of the total IPO proceeds). MIIF continues to hold a residual 2.6 per cent economic interest in Leisureworld which it intends to realise in due course. The payment of the remaining proceeds (CAD6.7 million) has been deferred for a period of 12 months (31 March 2011) to cover any indemnification obligations. Refer to MIIF's website at www.macquarie.com/miif for more details.

PROPOSED ARQIVA DISPOSAL

On 24 March 2010, MIIF announced the proposed disposal of its 8.7 per cent interest in Arqiva for a total cash consideration of £116.5 million (S\$243.3 million). The transaction is subject to approval by MIIF shareholders at a Special General Meeting scheduled for 20 May 2010. Refer to MIIF's website at www.macquarie.com/miif for more details.

PORTFOLIO OUTLOOK

With the exception of Arqiva, 100 per cent of MIIF's investments are located in Asia. The aggregated level of gearing across the portfolio has reduced significantly, and all businesses are forecast to deliver further revenue and EBITDA growth.

MIIF will focus on identifying attractive acquisition opportunities in Asia. 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 payment of a special dividend.

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, communications and broadcast infrastructure and renewable energy.

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 8,100 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 31 March 2010, MIIF's portfolio comprises the following businesses:

Investment Portfolio	Percentage Ownership (%)	Percentage of Portfolio by Value (%)
Arqiva *	8.7%	23.3%
Changshu Xinghua Port (CXP)	38.0%	8.4%
Hua Nan Expressway (HNE)	81.0%	28.5%
Miaoli Wind Co. Ltd (Miaoli Wind)	100.0%	0%
Taiwan Broadband Communications (TBC)	20.0%	16.9%
Cash, Cash equivalents and Receivables from CAC disposal	N/A	22.9%

* The sale of MIIF's interest in Arqiva is subject to shareholders' approval at a Special General Meeting to be convened on 20 May 2010.

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. In addition, MIIF has and expects to receive further significant cash balances following the completion of its strategy to divest its Non-Asian assets. Should the proceeds from the divestment not be reinvested, MIIF may distribute these proceeds either through a special distribution or a share buy-back. 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 exceeds the total of MIIF's retained earnings and accounting profits generated for the period. Such situations may arise as a result of unrealised losses that MIIF is required to recognise due to movements in its foreign exchange rates, changes in the value of MIIF's unlisted securities and other business specific and general economic factors. These unrealised losses do not impact MIIF's cash flow and its ability to pay dividends in the current period.

DIVIDENDS

The final dividend for the half year ended 31 December 2009 was paid on 26 March 2010. The interim dividend for the six months to 30 June 2010 is anticipated to be declared on 11 August 2010.

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
30 June 2009	1.50
31 December 2009	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 to 31 March 2010 to the quarter to 31 March 2009.

REVIEW OF NET INCOME ON AN ADJUSTED BASIS

NET INCOME ON AN ADJUSTED BASIS⁽¹⁾

	Note	Quarter ended 31 Mar 10 \$'000	Quarter ended 31 Mar 09 \$'000
Revenue			
Total income from investments	A	7,941	17,567
Interest income	B (i)	205	20
Net foreign exchange gain on hedged transactions	B (ii)	104	7,407
Total revenue		8,250	24,994
Expenses			
Management fees	C (i)	(2,065)	(640)
Directors' fees	C (ii)	(102)	(109)
Finance costs	C (iii)	-	(109)
Lending fees	C (iv)	(128)	(89)
Other operating expenses	C (v)	(528)	(309)
Total operating expenses		(2,823)	(1,256)
Net income on an adjusted basis		5,427	23,738
Transaction costs	D	(4,853)	-
Profit attributable to equity holders		574	23,738
Amounts not included in the above analysis			
Unrealised foreign exchange movement on hedged transactions		(4,672)	(16,159)
Unrealised foreign exchange movement on revaluing items		64	(373)
Net loss on the movement in the fair value of MIIF's financial assets		(16,746)	(88,352)
Total GAAP adjustments		(21,354)	(104,884)
Net loss on an unconsolidated basis ⁽²⁾		(20,780)	(81,146)
Consolidation adjustments to net income		7,052	1,800
Net loss on a consolidated basis		(13,728)	(79,346)

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 quarter ended 31 March 2010, MIIF reported a net income on an adjusted basis of \$5.4 million which was \$18.3 million lower compared to the prior comparative period (pcp).

Total income from investments of \$7.9 million was 54.8% lower compared to pcp (refer to page 21 for more details). The main reason for this reduction in the quarter was the lower distributions from TBC of \$4.7 million (1Q 2009: \$10.0 million) and, as foreshadowed in previous disclosures, the cessation of distributions from Arqiva (1Q 2009: \$3.8 million). Distributions received from CAC have remained broadly in line with pcp.

Total revenue of \$8.3 million also includes interest income of \$ 0.2 million from the investment of surplus cash balances as well as net foreign exchange gains of \$ 0.1 million.

MIIF's total operating expenses of \$2.8 million for the quarter ended 31 March 2010 were \$1.5 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 (Refer to C (i) on page 23 for details). In addition there were some small increases to lending fees and other operating expenses.

MACQUARIE INTERNATIONAL
INFRASTRUCTURE FUND LIMITED

FINANCIAL STATEMENTS FOR THE QUARTER ENDED
31 MARCH 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 31 Mar 10 \$'000	Group as at 31 Dec 09 \$'000	Company as at 31 Mar 10 \$'000	Company as at 31 Dec 09 \$'000
Assets					
Current assets					
Cash and cash equivalents	I	157,407	175,599	142,990	169,934
Trade and other receivables	E (i)	98,936	2,570	101,877	4,673
Financial assets at fair value through profit or loss	E (ii)	238,490	51	238,490	-
Other assets		717	93	-	33
		495,550	178,313	483,357	174,640
Non-current assets					
Intangible assets	E (iii)	92,715	93,878	-	-
Financial assets at fair value through profit or loss	E (iv) & (v)	582,534	929,627	550,203	900,659
Other assets		462	466	-	-
		675,711	1,023,971	550,203	900,659
Total assets		1,171,261	1,202,284	1,033,560	1,075,299
Liabilities					
Current liabilities					
Trade and other payables	F (i)	14,395	17,121	7,083	9,252
Financial liabilities at fair value through profit or loss	F (iii)	908	152	829	152
Borrowings	F (ii)	6,883	5,803	-	-
		22,186	23,076	7,912	9,404
Non-current liabilities					
Trade and other payables		10	10	-	-
Financial liabilities at fair value through profit or loss	F (iii)	5,106	4,676	-	-
Provision for other liabilities and charges		437	436	-	-
Borrowings	F (ii)	80,192	79,936	-	-
		85,745	85,058	-	-
Total liabilities		107,931	108,134	7,912	9,404
Net assets		1,063,330	1,094,150	1,025,648	1,065,895
Equity					
Share capital		1,246,616	1,246,616	1,246,616	1,246,616
Foreign currency translation reserve		589	2,124	-	-
Cumulated losses		(216,329)	(183,134)	(220,968)	(180,721)
		1,030,876	1,065,606	1,025,648	1,065,895
Minority interest	F (iv)	32,454	28,544	-	-
Total equity		1,063,330	1,094,150	1,025,648	1,065,895

- Notes to the consolidated statements of financial position can be found on pages 25 to 27.
- Please refer to note L(vii) on page 33 for the listing of all subsidiaries and joint venture entities included within the Group results.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group Quarter ended 31 Mar 10 \$'000	Group Quarter ended 31 Mar 09 \$'000
Income		
Power supply revenue	2,999	3,622
Interest income	213	34
Net foreign exchange gain	2,018	8,612
Net loss on financial assets at fair value through profit or loss ⁽¹⁾	(3,656)	(84,861)
Other income	-	2
Total income	1,574	(72,591)
Expenses		
Base management fees	(2,065)	(640)
Finance costs	(1,065)	(1,214)
Employee benefits expense	(74)	(102)
Professional services	(5,080)	(199)
Rental expense	(19)	(43)
Directors' fees	(147)	(136)
Amortisation	(1,434)	(1,507)
Lending fees	(128)	(89)
Other operating expenses	(1,348)	(831)
Total operating expenses	(11,360)	(4,761)
Loss before income tax	(9,786)	(77,352)
Income tax expense	-	(527)
Loss after income tax	(9,786)	(77,879)
Profit/(loss) attributable to:		
Owners of the parent	(13,728)	(79,346)
Minority interest	3,942	1,467
Loss after income tax	(9,786)	(77,879)

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).

	Group Quarter ended 31 Mar 10 \$'000	Group Quarter ended 31 Mar 09 \$'000
Loss after income tax	(9,786)	(77,879)
Other comprehensive income:		
Foreign currency translation reserve	(1,567)	(859)
Total comprehensive income	(11,353)	(78,738)
Total comprehensive income attributable to:		
Owners of the parent	(15,263)	(79,806)
Minority interest	3,910	1,068
Total comprehensive income	(11,353)	(78,738)

EARNINGS PER SHARE

	Group Quarter ended 31 Mar 10	Group Quarter ended 31 Mar 09
Weighted average number of shares on issue used in calculation of basic earnings per share ('000)	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
Earnings per share		
Earnings/(losses) attributable to owners of the parent (\$'000)	(13,728)	(79,346)
▪ Basic earnings per share (cents per share)	(1.06)	(6.11)
▪ Diluted earnings per share (cents per share)	(1.06)	(6.11)

STATEMENTS OF CHANGES IN EQUITY

Consolidated Statement of Changes in Shareholders' Equity	Share capital \$'000	Retained earnings/ (accumulated losses) \$'000	Foreign currency translation reserve \$'000	Total \$'000	Minority 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>Balance as at 1 January 2009</i>						
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

Statement of Changes in Shareholders' Equity of MIIF	Share capital \$'000	Retained earnings/ (accumulated losses) \$'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 31 March 2009</i>			
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

CHANGES IN SHARE CAPITAL

There were no changes to share capital during the quarter ended 31 March 2010.

CONSOLIDATED STATEMENT OF CASH FLOW

	Group Quarter ended 31 Mar 10 \$'000	Group Quarter ended 31 Mar 09 \$'000
<i>Cash flows from operating activities</i>		
Loss after tax	(9,786)	(77,879)
Adjustments for non cash items:		
Income tax expense	-	-
Amortisation	1,434	1,507
Impairment loss on intangibles	-	-
Unrealised foreign exchange losses	(526)	(1,123)
Amortisation of transaction costs	24	25
Revaluation of financial assets at fair value through profit or loss	111,556	102,590
<u>Changes in working capital, net of the effects from acquisition of subsidiaries:</u>		
(Increase)/decrease in trade and other receivables	(96,366)	9,470
Decrease in trade and other payables	(2,726)	(17,040)
Increase in provisions for other liabilities and charges	1	9
(Increase)/ decrease in other assets	(620)	1,198
Income tax paid	-	-
Net cash inflow from operating activities	2,991	18,757
<i>Cash flows from investing activities</i>		
Proceeds from sale of investments	-	-
Purchase of business assets net of cash acquired	(1,716)	(10,187)
Movement in restricted cash	-	-
Net cash inflow from investing activities	(1,716)	(10,187)
<i>Cash flows from financing activities</i>		
Proceeds from borrowings	-	35,000
Repayments of borrowings	-	(5,000)
Dividends paid	(19,467)	(38,934)
Movement in restricted cash of subsidiary	(27)	(926)
Net cash outflow from financing activities	(19,494)	(9,860)
Net decrease in cash and cash equivalents	(18,219)	(1,290)
Cash and cash equivalents at beginning of financial period	170,469	31,221
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of financial period	152,250	29,931

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 quarter ended 31 March 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 quarter ended 31 March 2010 disclosed on page 12.

	Net Income ⁽¹⁾ on an adjusted basis year to date 31 Mar 10 \$'000	GAAP adjustments ⁽²⁾ year to date 31 Mar 10 \$'000	Consolidation adjustments ⁽³⁾ year to date 31 Mar 10 \$'000	MIIF Group ⁽⁴⁾ year to date 31 Mar 10 \$'000
Income				
Investment revenue	7,941	(7,941)	-	-
Power supply revenue	-	-	2,999	2,999
Interest revenue	205	-	8	213
Net foreign exchange gain	104	64	1,850	2,018
Net loss on financial assets at fair value through profit or loss	-	(13,477)	9,821	(3,656)
Other income	-	-	-	-
Total income	8,250	(21,354)	14,678	1,574
Expenses				
Management fees	(2,065)	-	-	(2,065)
Finance costs	-	-	(1,065)	(1,065)
Professional services	(220)	(4,819)	(41)	(5,080)
Directors' fees	(102)	-	(45)	(147)
Lending fees	(128)	-	-	(128)
Other operating expenses	(308)	(34)	(2,533)	(2,875)
Total expenses	(2,823)	(4,853)	(3,684)	(11,360)
Profit/(loss) before income tax	5,427	(26,207)	10,994	(9,786)
Income tax expense	-	-	-	-
Profit/(loss) after income tax	5,427	(26,207)	10,994	(9,786)
Minority interest	-	-	(3,942)	(3,942)
Profit/(loss) attributable to owners of the parent	5,427	(26,207)	7,052	(13,728)

- 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 QUARTER ENDED 31 MARCH 2010

REVIEW OF REVENUE AND EXPENSES FOR THE QUARTER ENDED 31 MARCH 2010

Presented in the income statement disclosed on page 8

REVIEW OF REVENUE

MIIF's total revenue of \$8.3 million for the quarter ended 31 March 2010 was 67.0% lower than pcp.

The main reason for this reduction in the quarter was the lower distributions from TBC of \$4.7 million (1Q 2009: \$10.0 million) and, as foreshadowed in previous disclosures, the cessation of distributions from Arqiva (1Q 2009: \$3.8 million). Distributions received from CAC have remained broadly in line with pcp.

A) TOTAL INCOME FROM INVESTMENTS

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

- Distributions arising from the normal operating earnings of the investments. These distributions 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 pcp

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

Investment	Quarter ended 31 Mar 10 \$'000	Quarter ended 31 Mar 09 \$'000
Income from investments		
Arqiva	-	3,798
CAC	3,245	3,748
TBC	4,696	10,021
Total income from investments	7,941	17,567
Special distributions	-	-
Total income	7,941	17,567

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 each investment.

Investment Portfolio	Frequency per annum	Distribution declaration date
Arqiva	2	June, December
CAC	12	Monthly
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. As a result MIIF may have to drawdown against its corporate debt facility to bridge the period between the date distributions in respect of a previous accounting period are received and the date MIIF pays its dividends in respect of that period. Debt drawn down for this purpose is repaid as soon as the cash is received.

It should be noted that MIIF did not receive any distributions from Arqiva and Miaoli Wind in respect of 2009 or year to date 2010 performance (see page 35 and 42 for Investment Portfolio Discussion on Arqiva and Miaoli Wind respectively). Following the disposal of its interest in CAC, MIIF will receive no further distributions from this business

B) OTHER REVENUE ITEMS

(i) Interest income

Interest income for the quarter ended 31 March 2010 was \$0.2 million. MIIF has invested the majority of its net cash proceeds from the sale of MEIF in Singapore dollar short term commercial paper earning an annualised interest of approximately 0.5%. Surplus Singapore dollar cash deposits have earned an annualised interest of approximately 0.1%.

(ii) Net foreign exchange gain

Net foreign exchange gain of \$0.1 million for the quarter ended 31 March 2010 was due to gains from the realisation of some of MIIF's distribution hedges (1Q 2009: \$7.4 million).

C) REVIEW OF EXPENSES

	Quarter ended 31 Mar 10 \$'000	Quarter ended 31 Mar 09 \$'000
Expenses		
Management fees	2,065	640
Directors' fees	102	109
Finance costs	-	109
Lending fees	128	89
Other operating expenses	528	309
Total operating expenses	2,823	1,256

Total operating expenses of \$2.8 million for the quarter ended 31 March 2010 was 125% higher than the pcg.

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

(i) Management fees

Management fees for the quarter ended 31 March 2010 were higher when compared to the pcg because of MIIF's higher average market capitalisation. The higher average share price has resulted in a higher net investment value of MIIF, which is the basis used to calculate fees payable to MIIF's manager.

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

	Quarter ended 31 Mar 10 \$'000	Quarter ended 31 Mar 09 \$'000
MIIF Market Capitalisation	701,182	339,672
MIIF Net Debt/(Cash)	(142,990)	25,459
Base Management Fee (1.5% per annum) ⁽¹⁾	2,593	1,256
Fee on Net Debt/(Cash) (1.5% per annum) ⁽¹⁾	(528)	94
Rebate in respect of MEIF fee ⁽²⁾	-	(710)
Net Fee	2,065	640

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 does not double charge management fees.

(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 MIIF 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 quarter ended 31 March 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 \$ 0.1million for the quarter ended 31 March 2010 were higher than the pcq as unutilized commitments increased following the decision to repay its outstanding loan balance at the end of 2009.

(v) Other operating expenses

Other operating expenses of \$ 0.5 million for the quarter ended 31 March 2010 were 71% higher than the pcq. The increase was primarily due to higher professional fees incurred during the quarter. Other items that are reflected in this category relate to MIIF's normal day-to-day operations. These items include fees paid for share registrar services, SGX-ST listing and administration services, general legal services, audit services and professional fees incurred for financial and acquisition advice.

D) TRANSACTION COSTS

Following the decision to propose the Arqiva transaction for Shareholder approval, Management have accrued the expected \$4.9m transaction costs that will be incurred on successful divestment. 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 31 MARCH 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 \$101.9 million as at 31 March 2010. The increase reflects the receivable from the CAC divestment proceeds of \$91.2 million as well as an increase in inter-company receivables from MIIF's subsidiaries. Initial cash proceeds of \$82.4 million were received on 15 April 2010. The remaining balances of circa \$8.8 million (CAD 6.7million) will only be received 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 \$98.9 million as at 31 March 2010 due to movements at Company level as explained above.

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

Stand-alone current financial assets at fair value through profit or loss represent the net realizable value MIIF expects to receive on successful disposal of Arqiva. The balance represents the proposed sales price (GBP116.5 million) translated at the forward contract rate entered into following the decision to propose the sale for shareholder resolution. The anticipated proceeds of \$243.3m have been reduced by transaction costs of \$4.9 million.

(iii) Intangible assets

The balance as at 31 March 2010 was due to the acquisition and 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 \$550.2 million at 31 March 2010. This balance reflects the Board's valuation of the fair value of MIIF's businesses as at 31 March 2010. The decrease in valuation of total investments was substantially due to:

- reduction in value and subsequent reclassification of the investment in Arqiva of \$238.5 million to current financial assets at fair value through profit or loss
- divestment of CAC. Net proceeds from disposal are included within trade and other receivables;
- distributions received of \$7.9 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

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

	Company Balance at 31 Dec 09 \$'000	Investment / (divestment) \$'000	Income received from investments \$'000	Foreign exchange effects \$'000	Revaluation to 31 Mar 10 \$'000	Classification Into Short-term assets	Company Balance at 31 Mar 10 \$'000
Current							
Arqiva	-	-	-	-	-	238,490	238,490
Sub total (E-ii)	-	-	-	-	-	238,490	238,490
Non-current							
Arqiva	297,193	-	-	(23,611)	(35,092)	(238,490)	-
CAC	89,821	(88,087)	(3,245)	2,379	(868)	-	-
CXP	85,955	-	-	(405)	251	-	85,801
HNE	258,579	-	-	(1,216)	34,236	-	291,599
MEIF	-	-	-	-	-	-	-
Miaoli Wind	-	1,716	-	3	(1,719)	-	-
TBC	169,039	-	(4,696)	485	7,903	-	172,731
Others	72	-	-	-	-	-	72
Sub total (E-iv)	900,659	(86,371)	(7,941)	(22,365)	4,711	(238,490)	550,203
Total investments	900,659	(86,371)	(7,941)	(22,365)	4,711	-	788,693

MIIF disposed of its stake in CAC on 24 Mar 2010 for \$91.2 million. Following the disposal of CAC and MEIF in 2009, MIIF has cash and cash equivalents as well as receivables from the CAC sale amounting to \$234.2 million.

The \$4.7 million revaluation adjustment in MIIF's investments over the quarter is mainly explained by the significant movements in HNE (\$34.2 million) and TBC (\$7.9 million), which were offset by Arqiva (\$35.1 million) and to a lesser extent by Miaoli Wind (\$1.7 million). The revaluation increase in these businesses was partially offset by FX driven decreases in the remainder of the portfolio.

The net decrease of \$35.1 million in fair value of Arqiva reflects the net proceeds MIIF expects to receive on completion of divestment. The increase in valuation of HNE reflects management's view of future toll rates.

MIIF injected \$1.7 million into Miaoli Wind during the 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 then the valuation of the business will 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 \$582.5 million as at 31 March 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 decreased from \$9.3 million as at 31 December 2009 to \$7.1 million as at 31 March 2010 following the payment of certain outstanding balances.

Group current trade and other payables decreased from \$17.1 million as at 31 December 2009 to \$14.4 million as at 31 March 2010. The explanation for the movement at Group level is materially the same as for the Company.

(ii) Borrowings

Stand-alone company borrowings are nil as at 31 March 2010.

Group short term borrowings include the portion of Miaoli Wind's debt and interest payable of \$6.9 million, to be amortised in the current period.

Group long term borrowings of \$80.2 million as at 31 March 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 borrowings of \$87.1 million.

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

	Group as at 31 Mar 10 \$'000	Group as at 31 Dec 09 \$'000	Company as at 31 Mar 10 \$'000	Company as at 31 Dec 09 \$'000
Amount repayable in one year or less, or on demand	6,883	5,803	-	-
Amount repayable after one year	80,192	79,936	-	-
Total borrowings	87,075	85,739	-	-
Amount secured	87,075	85,739	-	-
Amount unsecured	-	-	-	-
Total borrowings	87,075	85,739	-	-

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

Stand-alone current financial liabilities at fair value through profit or loss represent the fair value of foreign currency forward contracts of \$0.8 million that MIIF has entered into to hedge forecast distributions.

The Group balance of non-current financial liabilities held at their fair value as at 31 March 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 does hedge.

(iv) Minority interest

Minority 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 gains/losses 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	Mar 10 1% higher \$'000	Mar 10 1% lower \$'000	Mar 09 1% higher \$'000	Mar 09 1% lower \$'000
Arqiva *	-	-	(22,391)	24,786
CXP	(7,718)	8,856	(8,610)	9,936
HNE	(20,116)	25,356	(21,656)	24,259
Miaoli Wind	(1,126)	1,339	(2,267)	2,622
TBC	(7,145)	7,550	(8,960)	9,553
Total	(36,105)	43,101	(63,884)	71,156

* As the Arqiva valuation reflects the agreed sales price, a change in discount rate will not impact the valuation as at 31 March 2010.

(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	Mar 10 1% higher \$'000	Mar 10 1% lower \$'000	Mar 09 1% higher \$'000	Mar 09 1% lower \$'000
Arqiva *	-	-	11,059	(11,059)
CXP	1,453	(1,453)	1,557	(1,561)
HNE	6,099	(6,098)	6,097	(6,099)
Miaoli Wind	517	(504)	733	(736)
TBC	2,206	(2,202)	4,816	(4,821)
Total	10,275	(10,257)	24,262	(24,276)

* As the Arqiva valuation reflects the agreed sales price, a change in revenue forecasts will not impact the valuation as at 31 March 2010.

The table below shows the net asset movements:

	Group As at 31 Mar 10	Group As at 31 Dec 09	Company As at 31 Mar 10	Company As at 31 Dec 09
Net Asset Value				
Total net asset value (\$'000)	1,063,330	1,094,150	1,025,648	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)	0.82	0.84	0.79	0.82

MIIF's stand-alone NAV decreased from \$1,065.9 million as at 31 December 2009 to \$1,025.6 million as at 31 March 2010, taking its NAV per share to \$0.79 at the end of the period. Group net assets decreased from \$1,094.2 million as at 31 December 2009 to \$1,063.3 million as at 31 March 2010.

The movement in MIIF's NAV per share from 31 March 2009 to 31 March 2010 is outlined below.

	Company As at 31 Mar 10	Company As at 31 Dec 09	Company As at 30 Sept 09	Company As at 30 Jun 09	Company As at 31 Mar 09
Net asset value per ordinary share (\$ per share)	0.79	0.82	0.80	0.87	0.88

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.

31 March 2009 to 30 June 2009:

Further uncertainty in debt markets and a review of long term growth assumptions particularly in TBC resulted in reduction of NAV per share from \$0.88 to \$0.87.

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 31 March 2010
- MIIF's net debt outstanding as at 31 March 2010; and
- MIIF businesses' equity attributable to MIIF's Shareholders as at 31 March 2010.

	As at 31 Mar 10 \$'000	As at 31 Dec 09 \$'000
Proportionate operating businesses' net debt	1,259,512	1,605,708
MIIF net (cash)/debt	(142,990)	(169,934)
MIIF businesses' equity attributable to MIIF shareholders	788,621	900,587
Enterprise Value (EV)	1,905,143	2,336,361
Net debt as a percentage (%) of EV		
Total MIIF net debt as a % of EV	59%	61%

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 31 March 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 59% as at 31 March 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 decreased from \$169.9 million as at 31 December 2009 to \$ 143.0 million as at 31 March 2010 following the payment of MIIF's 2009 final dividend on 26 March 2010.

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents excludes an amount of \$5.2 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 to 31 March 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 quarter to date:

	Group Quarter ended 31 Mar 10 \$'000	Group Quarter ended 31 Mar 09 \$'000	Company Quarter ended 31 Mar 10 \$'000	Company Quarter ended 31 Mar 09 \$'000
Transactions				
Base management fees	2,065	640	2,065	640
Dividends	1,602	3,203	1,602	3,203

The following balances remained outstanding between MIIF and the Manager as at 31 March 2010:

	Group as at 31 Mar 10 \$'000	Group as at 31 Dec 09 \$'000	Company as at 31 Mar 10 \$'000	Company as at 31 Dec 09 \$'000
Balances				
Accrued base management fees	2,065	1,508	2,065	1,508

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

For the quarter ended 31 March 2010, the MIIF Accumulation Index⁴ was lower than the agreed benchmark annual return of 8%. Consequently, no performance fee was payable to the Manager and a performance fee deficit⁵ 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.

⁴ 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.

⁵ 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 \$687 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) have been engaged to advise on the disposal of Arqiva. The basis of the fee is 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 becomes payable only if MIIF receives shareholder approval at the 20th May SGM.

If shareholder approval is received MIIF will pay MacCap Advisers approximately SGD4.4 million.

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 ended 31 March 2010 have been disclosed within 45 days after the end of the relevant financial period.

(ii) Review by Independent Auditor

The financial statements for the quarter ended 31 March 2010 have not been audited or reviewed by the Group's auditor, PricewaterhouseCoopers LLP.

(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) Effects from timing of distributions

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

(vii) 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 de-consolidated from the date that control ceases.

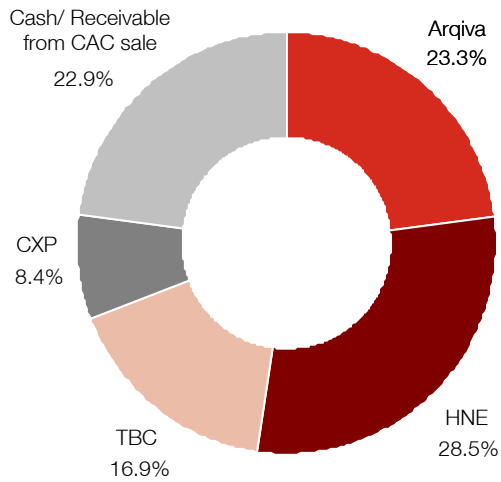
The following entities were subsidiaries or joint venture entities as at 31 March 2010:

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

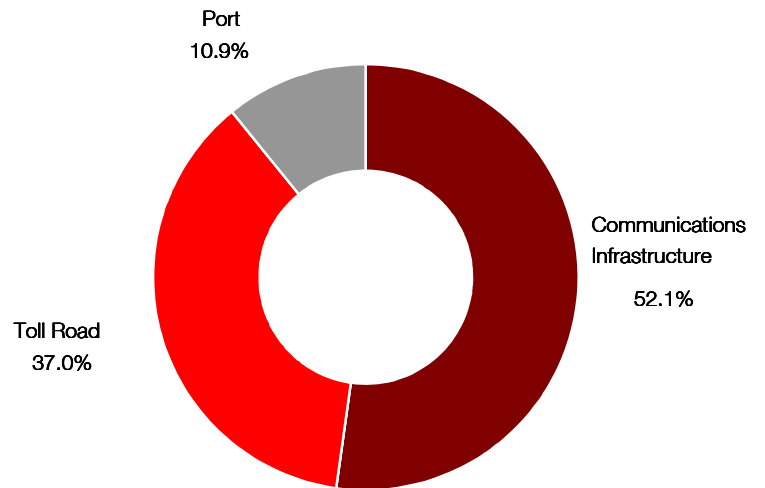
INVESTMENT PORTFOLIO

The following diagrams show the contributions that various investments make to MIIF's overall portfolio based on 31 March 2010 fair valuation of each business.

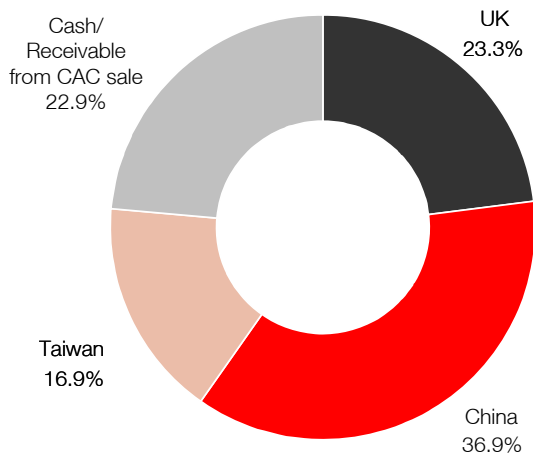
Portfolio Composition by Investment



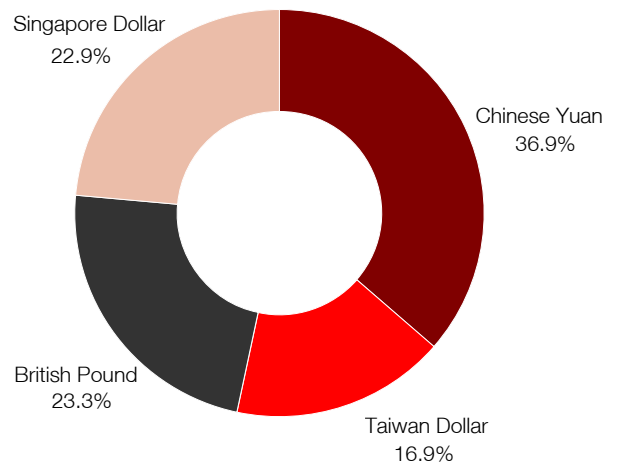
Portfolio Composition by Industry



Portfolio Composition by Geography



Portfolio Composition by Currency



Note: The Singapore-based/ Singapore dollar denominated component of the portfolio represents cash holdings and receivable from CAC sale.

INVESTMENT PORTFOLIO DISCUSSION

Arqiva

Date of initial acquisition	27 May 2005
Cost of acquisition	S\$434.8 million ⁶
Valuation ⁷	S\$238.5 million
Distributions since Acquisition	S\$111.0 million
MIF ownership	8.7% interest
% of MIF portfolio ⁷	23.3%

Arqiva is a provider of terrestrial and satellite broadcasting transmission, wireless communications and radio services predominantly in the United Kingdom (UK). Arqiva provides transmission services to TV and radio broadcasters, site leasing to mobile phone and other wireless communication companies, and radio services to UK emergency services and other government and commercial organisations. Arqiva owns and operates 1,154 TV transmission sites, 8,000 active sites for mobile communications and two of the six national digital terrestrial TV multiplexes in the UK. 99% of the UK population is served by Arqiva's owned and operated communications and broadcast infrastructure.

MIF Agrees to Sell Entire Interest in Arqiva

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 negotiated on an arm's length commercial basis and is subject to closing conditions including MIF shareholders' approval at a Special General Meeting to be convened on 20 May 2010. The full details of this divestment are available at www.macquarie.com/mif.

Digital Switch Over process (DSO)

The DSO programme to convert current analogue and low-power Digital Terrestrial TV (DTT) to national high-power DTT continues. DSO is now complete in Wales and the successful switchover makes it UK's first digital nation. All additional switchover events for the financial year ending 30 June 2010 remain on track.

Business Commentary

Key operational statistics can be found in the table below.

(£'million)	3 months to Mar 2010	3 months to Mar 2009	Variance Fav/(Adv)
Revenue	208.5	208.0	0.2%
Operating Expenses	(121.3)	(129.0)	6.0%
EBITDA ⁸	87.2	79.0	10.4%
EBITDA Margin	41.8%	38.0%	3.8%

Financial Performance (3 months to 31 March 2010)

- Revenue was 0.2% higher compared to the pcp
 - Terrestrial Broadcasting revenue was £84.6 million, 18.0% higher compared to the pcp, following the addition of new channels on the multiplex platform.
 - Satellite & Media revenue was £59.2 million, 8.0% lower compared to the pcp. The decrease in revenue was due largely to the loss of the Setanta contract after it entered administration.
 - Wireless Access revenue was £64.4 million, 10.6% lower compared to the pcp. This decrease in revenue was due mainly to the loss of the Metropolitan Police contract and delays on the MBNL (network sharing) rollout.

⁶ 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

⁷ Based on 31 March 2010 valuations. Numbers are subject to rounding

⁸ Pre one off cost and share of income from associates

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- Total costs for the quarter decreased by 6.0% compared to the pcp. The decrease was driven by cost savings in the Satellite & Media and Wireless Access divisions, partially offset by higher cost in Terrestrial Broadcasting from the SeeSaw launch.

Operations (3 months to 31 March 2010)

- Arqiva successfully launched the video on demand platform (SeeSaw, formerly Project Kangaroo) in February with positive reception by the press and the public. Arqiva acquired the video on demand platform from the UK public service broadcasters in July 2009 and has since executed content agreements with the BBC, Channel 4 and Five. Marketing is ongoing to increase the number of users.
- The multiplex channel platform continues to represent a key growth opportunity for Arqiva. Following an investigation into the pay-TV market, the UK communications regulator, Ofcom, have imposed a requirement that Sky Sports 1 and 2 are offered to retailers at wholesale prices. This provides an opportunity for a potential pay-TV proposition on the DTT platform.

Outlook

- The sale of MIIF's 8.7% interest in Arqiva is subject to MIIF shareholders' approval at a Special General Meeting to be convened on 20 May 2010.

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 million 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%.

Changshu Xinghua Port (CXP)

Date of initial acquisition	2 Dec 2005
Cost of acquisition	S\$112.3 million
Valuation ⁹	S\$85.8 million
Distributions since Acquisition	S\$14.4 million
MIF ownership	38% interest
% of MIF portfolio	8.4%

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 Mar 2010	3 months to Mar 2009	Variance Fav/(Adv)
Steel (tonnes)	425,326	482,470	(11.8%)
Non-steel (tonnes)	495,463	123,091	302.5%
Paper & Pulp Products (tonnes)	478,944	462,486	3.6%
Total General Cargo (tonnes)	1,399,733	1,068,047	31.1%
Container (TEU ¹⁰)	21,483	10,957	96.1%

(RMB'million)	3 months to Mar 2010	3 months to Mar 2009	Variance Fav/(Adv)
Revenue	57.2	42.4	34.9%
Operating Expenses	(26.2)	(18.4)	(42.4%)
EBITDA	31.0	24.0	29.2%
EBITDA Margin	54.2%	56.6%	(2.4%)

⁹ Based on 31 March 2010 valuations. Numbers are subject to rounding

¹⁰ Twenty-foot equivalent unit

BUSINESS COMMENTARY (3 MONTHS TO MARCH 2010)

Financial Performance

- EBITDA was 29.2% higher compared to the pcp. This was primarily due to higher revenues following increases in volumes across most product groups with the exception of steel. CXP generated revenues of RMB57.2 million, up 34.9% on the pcp.

Operations

- CXP performed well this quarter with general cargo and container volumes increasing by 31.1% and 96.1% 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. Paper and pulp volumes increased by 3.6%. Steel volumes were 11.8% 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. However, the increase did not completely offset the fall in import steel volumes.
- Container volumes have rebounded significantly (96.1%) from the low levels observed in 2009, which were impacted by the global contraction in container trade.

Outlook

- CXP achieved significant growth in volumes across most of its businesses and management expects this trend to continue into 2Q 2010.

Hua Nan Expressway (HNE)

Date of initial acquisition	19 Nov 2007
Cost of acquisition ¹²	S\$295.7 million
Valuation ¹³	S\$291.6 million
Distributions since Acquisition	S\$41.8 million
MIIF ownership	81% interest
% of MIIF portfolio ¹³	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 tolls¹¹ 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 Mar 2010	3 months to Mar 2009	Variance Fav/(Adv)
Passenger vehicles	9,758.0	7,338.0	33.0%
Minibus / Light Truck	645.6	523.6	23.3%
Medium Bus / Truck	1,685.3	1,395.6	20.8%
Large Bus / Large Truck	157.3	114.2	37.7%
Heavy Duty Truck / Trailer	409.2	266.8	53.4%
Total Vehicles	12,655.4	9,638.2	31.3%

(RMB'million)	3 months to Mar 2010	3 months to Mar 2009	Variance Fav/(Adv)
Revenue	127.3	104.2	22.2%
Operating Expenses	(20.6)	(19.6)	(5.1%)
EBITDA	106.7	84.6	26.1%
EBITDA Margin	83.8%	81.2%	2.6%

¹¹ Toll rates on HNE are set by the Guangdong provincial government

¹² 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.

¹³ Based on 31 March 2010 valuations. Numbers are subject to rounding

BUSINESS COMMENTARY (3 MONTHS TO MARCH 2010)

Financial Performance

- Revenue was 22.2% higher compared to the same period in 2009. This was due to:
 - the continued positive contribution from the newly opened Phase III section of HNE¹⁴ 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 sales in China. .
- Operating expenses were 5.1% higher compared to pcp due to the pre-payment of certain expenses in Q1 2010. The higher expenses were partially offset by staff reductions as a result of workforce rationalisations.

Operations

- Refer to Financial Performance.

Outlook

- HNE's traffic volume and therefore revenue is anticipated to continue growing in 2010 due to:
 - the on-going positive contribution from HNE Phase III; and
 - the recovery in the Chinese economy.
- This growth is anticipated to be dampened slightly by the opening of Xinguang Expressway Phase II and potential traffic restrictions being implemented in Guangzhou for the Asian Games.

¹⁴ The Phase III section of Hua Nan Expressway is a complementary road to HNE and is not owned by MIIF

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	S\$30.8 million ¹⁵	
Valuation ¹⁶	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 extent each PPA for an additional 5 years. The fixed tariff is NT\$ 2.00/kWh.
Distributions since Acquisition	S\$0.4 million	
MIF ownership	100% interest	
% of MIF portfolio ¹⁶	0.0%	

Key operational statistics can be found in the table below.

(GWh)	3 mths to Mar 2010	3 mths to Mar 2009	Variance Fav/(Adv)
Total Energy Production	35.2	44.5	(20.9%)

(NT\$'million)	3 mths to Mar 2010	3 mths to Mar 2009	Variance Fav/(Adv)
Revenue	68.1	80.8	(15.7%)
Operating Expenses	(14.0)	(14.4)	2.8%
EBITDA	54.1	66.4	(18.5%)
EBITDA Margin	79.4%	82.2%	(2.8%)

¹⁵ 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

¹⁶ Based on 31 March 2010 valuations. Numbers are subject to rounding

BUSINESS COMMENTARY (3 MONTHS TO MARCH 2010)

Financial Performance

- Revenue for the quarter was 15.7% lower compared to pcp. This was due mainly to poor generation in January and February.
- EBITDA for the period was 18.5% lower compared to the pcp due to lower revenue.

Operations

- Total energy production was 20.9% lower compared to pcp due to lower average wind speeds in January and February and reduced availability of the wind turbines.

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. This puts at risk Miaoli Wind's ability to refinance to current debt levels in 2012.
- 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)

Date of initial acquisition	16 July 2007
Cost of acquisition ¹⁷	S\$161.8 million
Valuation ¹⁸	S\$172.7 million
Distributions since Acquisition ¹⁹	S\$42.3 million
MIIF ownership	20% interest
% of MIIF portfolio ¹⁸	16.9%

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		Variance Fav/(Adv)
	3 months to Mar 2010	3 months to Mar 2009	March 2010	March 2009	
Basic Cable TV	3,161	3,514	727,789	716,409	1.6%
Basic Digital ²⁰	3,785	151 ²¹	28,797	10,957	162.8%
Penetration rate ²²	NA	NA	4.0%	1.5%	2.5%
Broadband	3,258	3,073	143,485	131,678	9.0%
Penetration rate	NA	NA	19.7%	18.4%	1.3%

(NT\$'million)	3 months to Mar 2010	3 months to Mar 2009	Variance Fav/(Adv)
Revenue	1,701.6	1,643.2	3.6%
Operating Expenses	(639.0)	(640.5)	0.2%
EBITDA	1,062.6	1,002.7	6.0%
EBITDA Margin	62.4%	61.0%	1.4%

¹⁷ 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

¹⁸ Based on 31 March 2010 valuations. Numbers are subject to rounding

¹⁹ Excludes return of capital from TBC of US\$68.3 million (S\$104.1 million)

²⁰ Excludes additional pay-tier subscribers for HBO, Rainbow and Sonsee

²¹ The re-launch of the digital TV product only occurred in March 2009

²² Penetration rate is calculated as a percentage of Basic subscribers

BUSINESS COMMENTARY (3 MONTHS TO MARCH 2010)

Financial Performance

- EBITDA was 6.0% 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\$1,701.6 million, up 3.6% on the pcp.
- The overall EBITDA margin of 62.4% was higher than pcp (61.0%).

Operations

- TBC has performed well to date, with its market leading broadband and digital TV services driving significant increases in multi-product sales. Broadband subscribers increased by 9.0% to 143,485 and digital subscribers increased by 162.8% to 28,797. In addition, basic cable subscriber numbers reached 727,789, 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 4.0% 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. TBC will continue to focus on enhancing TBC's digital TV and broadband products to build the subscriber base and deliver stronger margins.
- TBC started amortizing its debt facilities as scheduled in December 2009. Further amortization of the debt facilities is scheduled for 2010, which will impact distributions to equity. Management will focus on capital management in the coming months to ensure distributions to shareholders are maintained.

OUTLOOK

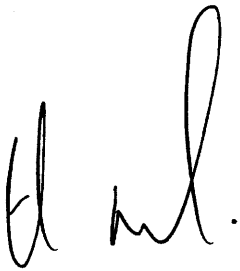
Should shareholders approve the Arqiva disposal, 100 per cent of MIIF's investments will be located in Asia. The aggregated level of gearing across the portfolio has reduced significantly, and all businesses are forecast to deliver further revenue and EBITDA growth.

MIIF will focus on identifying attractive acquisition opportunities in Asia. 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 payment of a special dividend.

CONFIRMATION OF THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

On behalf of the Board of Directors of Macquarie International Infrastructure Fund Limited, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the quarter ended 31 March 2010 to be false or misleading.

On behalf of the Board of Directors



John Stuart Hugh Roberts

Chairman
Sydney
11 May 2010



Heng Chiang Meng

Deputy Chairman
Singapore
11 May 2010