

**MACQUARIE INTERNATIONAL
INFRASTRUCTURE FUND LIMITED**

SGX Quarterly Report for the quarter and year ended
31 December 2009



MACQUARIE

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REPORT SUMMARY

REPORT SUMMARY

KEY HIGHLIGHTS

- Businesses performed strongly recording significant EBITDA growth quarter on quarter and for the full year
- Successful divestment of MIIF's entire interest in Macquarie European Infrastructure Fund (MEIF) for a net cash consideration of S\$174.4 million¹
- MIIF's balance sheet remained strong with cash balances increasing to S\$169.9 million and no corporate-level debt
- Net Asset Value (NAV) of S\$1.07 billion, up 2.3% from previous quarter
- Potential divestment of MIIF's entire interest in Canadian Aged Care (CAC) through a planned initial public offering (event post reporting period)
- Dividend declared for 2H 2009 of 1.5cps

FINANCIAL HIGHLIGHTS

Macquarie International Infrastructure Fund Limited achieved net income on an adjusted basis of S\$56.3 million for the twelve months to 31 December 2009, down 51.6 per cent from the prior year.

This reduction was primarily due to:

- Significantly lower investment income received from Arqiva (down 87.1 per cent), Macquarie European Infrastructure Fund (MEIF) (down 61.4 per cent) and Changshu Xinghua Port (CXP) (down 69.6 per cent); and
- Non-recurrence of special distributions during the current year (2008: S\$28.5m).

The decrease was partially offset by the impact of lower total operating expenses of S\$7.5 million (down 61.4 per cent) driven by lower management fees and reduced interest expenses. Investment income from HNE, TBC and CAC remained strong and were broadly in line with the prior year.

MIIF's NAV per share as at 31 December 2009 was S\$0.82, compared with S\$0.97 as at 31 December 2008 and S\$0.80 as at 30 September 2009. The decrease for the twelve months was driven by the material reduction in the fair value of Arqiva, MEIF, Miaoli Wind and to a lesser extent by CXP and CAC. The reduction in the fair value of these businesses reflect factors such as the increased level of uncertainty in current debt markets, changes in operating conditions and regulations, and the write-down of MIIF's investment in MEIF to the divestment price. During the period, foreign exchange movements across the portfolio (excluding HNE and CXP) were positive.

Revaluation losses of S\$106.4 million for the twelve months ended 31 December 2009 were reported in MIIF's statutory accounts. These unrealised losses do not impact MIIF's cash flows or its ability to pay a dividend in the current period.

As a result of the sale of MIIF's interest in MEIF, stand-alone company level cash and cash equivalents amounted to S\$169.9 million as at 31 December 2009, up from S\$12.2 million in the prior year.

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. Despite improving

¹ Equates to sale proceeds of S\$177.4 million less transaction costs of S\$3.0 million

market conditions, the Board continues to maintain a conservative approach to investment, funding and capital.

OPERATIONAL HIGHLIGHTS

Key operating highlights from MIIF's businesses for the twelve months to 31 December 2009 include:

- Arqiva: The UK economic downturn has not significantly impacted Arqiva's revenue in the year due to the long term nature of Arqiva's contracts. Operationally, Arqiva's businesses performed solidly, evidenced by the Terrestrial Broadcast division which delivered revenue growth of 10.6 per cent compared to the prior year.

During the year, Arqiva announced the acquisition of the platform assets of Project Kangaroo, the video-on-demand platform developed by a joint venture set up by BBC Worldwide, ITV and Channel 4. Arqiva plans to launch a new video-on-demand service to UK consumers soon.

Arqiva is still targeting a 2014 refinancing. The Arqiva Board continues to review options in relation to Arqiva's current capital structure.

- Canadian Aged Care (CAC): EBITDA for the twelve months to date was higher than the prior year by 13.6 per cent, primarily driven by a full twelve months of contribution from the Counsel Corporation homes, increases in private accommodation and higher government funding rates. CAC sustained a high average total occupancy across its homes of 98.5 per cent (2008: 98.4 per cent). The average occupancy of rooms designated for private use also increased to 95.9 per cent (2008: 92.9 per cent);
- Changshu Xinghua Port (CXP): Despite challenging economic conditions and a difficult start to the year, CXP's strong performance in the last three quarters has resulted in EBITDA (on a normalised basis²) for the year being 5.9 per cent higher than in 2008. Non steel volumes were 53.4 per cent above volumes observed in 2008, mainly due to the increase in logs from New Zealand and new products such as cement pipes and borax. Paper and pulp volumes were 10.6 per cent above the prior year. Steel volumes were 11.0 per cent down from 2008 due to the fall in demand for Chinese steel exports. In addition, container volumes were 14.3 per cent below the prior year due mainly to global contraction in container trade experienced in the first quarter;
- Hua Nan Expressway (HNE): Revenue of RMB484.4 million for the period was 8.4 per cent higher than the prior year with traffic increasing to 46.3 million vehicles (2008: 40.9 million). This increase was largely driven by the continued increase in car ownership in China, the closure of the Northern Ring Road for maintenance and the opening of the Phase III³ section of HNE;
- Miaoli Wind: Miaoli Wind posted revenue of NT\$260.3 million on total energy production of 134.0 GWh for the period (2008: 139.9 GWh). EBITDA of NT\$203.6 million for the twelve months was 5.4 per cent lower when compared to the prior year due to lower power generation as a result of poor wind performance and reduced availability of the wind turbines.

As a result management has now revised its forecast to the average actual historic generation and this is reflected in the valuation of the business. In addition, MIIF will inject S\$1.7 million into Miaoli Wind to avoid a breach of the debt service cover ratio.

Miaoli Wind is in the process of lodging an application for Voluntary Gold Standard carbon credits. Should the application and eventual registration be successful, Miaoli Wind will be able to sell the credits that it generates. However, as registration is not guaranteed and the timing is relatively uncertain, this additional revenue stream and consequent increase in the valuation has not been reflected at this point in time;

² Excludes the charge of the RMB24.1 million provision made for a one-off legal claim recognised in 2008.

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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- Taiwan Broadband Communications (TBC): Steady basic cable subscriber growth, increases in internet broadband subscription and higher take-up of the new digital product has led to an EBITDA growth of 4.5 per cent for the twelve months compared to the prior year. Since the re-launch of the new digital TV product in March 2009, digital subscribers have grown by 131.5 per cent compared to 2008 and are expected to be a key aspect of TBC's next growth phase; and
 - Macquarie European Infrastructure Fund (MEIF): In the fourth quarter of 2009, MIIF sold its entire 6.3 per cent interest in MEIF to a number of financial investors for a net cash consideration of S\$174.4 million. Refer to MIIF's website at www.macquarie.com/miif for more details.

PORTFOLIO OUTLOOK

While global economic and debt market conditions have improved during the year, the outlook remains uncertain, making forecasting difficult. Consequently, MIIF will maintain a conservative stance towards investment, funding and capital management across its business.

Operationally, MIIF's portfolio is expected to continue performing well despite challenging conditions. All businesses are forecast to deliver revenue and EBITDA growth. In addition, MIIF's balance sheet is anticipated to remain strong in 2010.

MIIF will also seek opportunities to further its plan to focus MIIF's portfolio on direct investments in Asia.

EVENT AFTER THE REPORTING PERIOD

On 16 February 2010, MIIF announced the proposed disposal of Canadian Aged Care (CAC) through a planned initial public offering⁴ (IPO). MIIF is expected to receive a settlement equivalent to 55 per cent of the net proceeds from the IPO. Refer to MIIF's website at www.macquarie.com/miif for more details.

⁴ Completion is subject to a number of conditions, including the successful marketing of the IPO, regulatory and other relevant approvals and closing of the IPO

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, renewable energy and aged-care infrastructure.

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 8,300 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 December 2009, MIIF's portfolio comprises the following businesses:

Investment Portfolio	Percentage Ownership (%)	Percentage of Portfolio by Value (%)
Arqiva	8.7	27.7
Canadian Aged Care (CAC)	55.0	8.4
Changshu Xinghua Port (CXP)	38.0	8.0
Hua Nan Expressway (HNE)	81.0	24.2
Miaoli Wind Co. Ltd (Miaoli Wind)	100.0	0.0
Taiwan Broadband Communications (TBC)	20.0	15.8
Cash	N/A	15.9

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. Should MIIF receive additional cash receipts from its business which are of a non-recurring nature, as a result of capital management initiatives such as refinancing or asset sales and these proceeds are not reinvested, then MIIF may decide to 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 Board has declared a final dividend of 1.5 cents per ordinary share (cps) for the half year ended 31 December 2009 (the Final Dividend).

Final Ordinary Dividend

	For the half-year ended 31 December 2009	For the half-year ended 31 December 2008
Name of Dividend	Final	Final
Dividend Rate – Ordinary	1.5 cents per ordinary share	3.00 cents per ordinary share
Announcement Date	24 February 2010	25 February 2009
Ex-dividend Date	9 March 2010	10 March 2009
Book Closure Date	11 March 2010	12 March 2009
Date Payable	26 March 2010	27 March 2009

MIIF Scrip Dividend Scheme

The MIIF Scrip Dividend Scheme (the Scheme) will not be applicable to the Final Dividend.

Breakdown of Total Annual Dividend

	For the year ended 31 December 2009 \$'000	For the year ended 31 December 2008 \$'000
Ordinary	38,934	94,025
Total	38,934	94,025

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

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 9 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 year ended 31 December 2009 to the quarter and year ended 31 December 2008.

REVIEW OF NET INCOME ON AN ADJUSTED BASIS

NET INCOME ON AN ADJUSTED BASIS

	Note	Quarter ended 31 Dec 09 \$'000	Quarter ended 31 Dec 08 \$'000	Year ended 31 Dec 09 \$'000	Year ended 31 Dec 08 \$'000
Revenue					
Total income from investments	A	7,480	33,360	57,301	99,395
Non-recurring income from investments		-	-	-	28,540
Interest income	B (i)	78	41	105	389
Net foreign exchange (loss)/gain on hedged transactions	B (ii)	(682)	438	6,364	7,329
Total revenue		6,876	33,839	63,770	135,653
Expenses					
Management fees	C (i)	1,508	786	4,182	8,861
Directors' fees	C (ii)	101	107	422	370
Finance costs	C (iii)	44	384	625	1,989
Lending fees	C (iv)	177	286	587	4,006
Other operating expenses	C (v)	480	727	1,654	4,112
Total operating expenses		2,310	2,290	7,470	19,338
Net income on an adjusted basis		4,566	31,549	56,300	116,315
Transaction costs		(3,010)	-	(3,010)	(3,016)
Loss on disposal of investments	D	(17,440)	-	(17,440)	(2,471)
(Loss)/profit attributable to equity holders		(15,884)	31,549	35,850	110,828
Amounts not included in the above analysis					
Unrealised foreign exchange movement on hedged transactions		292	10,970	(14,918)	13,469
Unrealised foreign exchange movement on revaluing items		320	(298)	985	(498)
Net gain/(loss) on the movement in the fair value of MIIF's financial assets ⁽¹⁾		39,071	(237,909)	(160,099)	(405,143)
Total GAAP adjustments		39,683	(227,237)	(174,032)	(392,172)
Net income/(loss) on an unconsolidated basis ⁽²⁾		23,799	(195,688)	(138,182)	(281,344)
Consolidation adjustments to net income		16,459	(609)	22,137	(31,092)
Net income/(loss) on a consolidated basis		40,258	(196,297)	(116,045)	(312,436)

- 1) The net loss on financial assets at fair value as shown in the income statement on this page is different to the net gain/(loss) on financial assets at fair value as shown on page 13 of this report because of the required treatment of distributions as set out in MIIF's accounting policies and the reclassification of realised loss to be included in loss on disposal of investments.
- 2) Please refer to page 20 for reconciliation to consolidated statement of comprehensive income.
- 3) 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 22 to 25.

REVIEW OF NET INCOME ON AN ADJUSTED BASIS

For the year ended 31 December 2009, MIIF reported a net income on an adjusted basis of \$56.3 million which was \$60.0 million lower compared to the prior year.

Total income from investments of \$57.3 million was 42.4% lower compared to the prior comparative period (pcp). Please refer to page 22 for more details. The main reason for this reduction in the year was the lower distributions from Arqiva of \$3.8 million (2008: \$29.5 million), MEIF of \$6.4 million (2008: \$16.5 million) and CXP of \$1.5 million (2008: \$5.1 million). Distributions received from HNE, TBC and CAC have remained broadly in line with the prior year.

MIIF received no special distributions during the year (2008: \$28.5 million).

Total revenue of \$63.8 million also includes the benefits of net foreign exchange gains of \$6.4 million (2008: \$7.3 million).

MIIF's total operating expenses of \$7.5 million for the year ended 31 December 2009 were \$11.9 million lower than the prior year due to reduced management fees, lending fees and operating expenses. The fall in management fees is due to the lower level of market capitalisation of MIIF and the decrease in lending fees is due to the reduction in MIIF's available loan facilities.

MACQUARIE INTERNATIONAL
INFRASTRUCTURE FUND LIMITED

FINANCIAL STATEMENTS FOR THE QUARTER AND
YEAR ENDED 31 DECEMBER 2009

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 Dec 09 \$'000	Group as at 31 Dec 08 \$'000	Company as at 31 Dec 09 \$'000	Company as at 31 Dec 08 \$'000
Assets					
Current assets					
Cash and cash equivalents	J	175,599	35,403	169,934	12,186
Trade and other receivables	E (i)	2,570	10,620	4,673	13,534
Financial assets at fair value through profit or loss	E (ii)	51	6,847	-	6,847
Other assets		93	130	33	28
		178,313	53,000	174,640	32,595
Non-current assets					
Intangible assets	E (iii)	93,878	102,872	-	-
Financial assets at fair value through profit or loss	E (iv) & (v)	929,627	1,260,106	900,659	1,253,291
Other assets		466	1,636	-	-
		1,023,971	1,364,614	900,659	1,253,291
Total assets		1,202,284	1,417,614	1,075,299	1,285,886
Liabilities					
Current liabilities					
Trade and other payables	F (i)	17,121	27,809	9,252	3,394
Financial liabilities at fair value through profit or loss	F (iii)	152	-	152	-
Borrowings	F (ii)	5,803	25,529	-	20,014
		23,076	53,338	9,404	23,408
Non-current liabilities					
Trade and other payables		10	71	-	-
Financial liabilities at fair value through profit or loss	F (iii)	4,676	7,848	-	-
Provision for other liabilities and charges		436	435	-	-
Borrowings	F (ii)	79,936	86,476	-	-
		85,058	94,830	-	-
Total liabilities		108,134	148,168	9,404	23,408
Net assets		1,094,150	1,269,446	1,065,895	1,262,478
Equity					
Share capital		1,246,616	1,246,616	1,246,616	1,246,616
Foreign currency translation reserve		2,124	1,271	-	-
(Accumulated losses)/retained earnings		(183,134)	(8,688)	(180,721)	15,862
		1,065,606	1,239,199	1,065,895	1,262,478
Minority interest	F (iv)	28,544	30,247	-	-
Total equity		1,094,150	1,269,446	1,065,895	1,262,478

- Notes to the consolidated statements of financial position can be found on pages 26 to 29.
- Please refer to note M(vii) on page 40 for the listing of all subsidiaries and joint venture entities included within the Group results.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Group Quarter ended 31 Dec 09 \$'000	Group Quarter ended 31 Dec 08 \$'000	Group Year ended 31 Dec 09 \$'000	Group Year ended 31 Dec 08 \$'000
Income				
Power supply revenue	4,425	3,929	11,521	8,382
Interest income	87	58	151	513
Net foreign exchange gain	240	3,739	6,097	4,861
Net gain/(loss) on financial assets at fair value through profit or loss ⁽¹⁾	50,571	(200,130)	(106,402)	(287,666)
Other income	1,049	1	1,061	59
Total income	56,372	(192,403)	(87,572)	(273,851)
Expenses				
Base management fees	1,508	786	4,182	8,861
Finance costs	1,152	1,557	5,058	6,676
Employee benefits expense	175	311	444	482
Professional services	3,810	3,448	4,832	6,687
Rental expense	16	58	161	143
Directors' fees	292	343	645	744
Amortisation	1,478	1,579	5,947	4,700
Lending fees	177	286	587	4,006
Impairment loss on intangibles	3,190	-	3,190	-
Other operating expenses	1,077	1,645	4,638	8,037
Total operating expenses	12,875	10,013	29,684	40,336
Profit/(loss) before income tax	43,497	(202,416)	(117,256)	(314,187)
Income tax expense	(79)	(30)	(661)	(2,695)
Profit/(loss) after income tax	43,418	(202,446)	(117,917)	(316,882)
Profit/(loss) attributable to:				
Owners of the parent	40,258	(196,297)	(116,045)	(312,436)
Minority interest	3,160	(6,149)	(1,872)	(4,446)
Profit/(loss) after income tax	43,418	(202,446)	(117,917)	(316,882)

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

	Group Quarter ended 31 Dec 09 \$'000	Group Quarter ended 31 Dec 08 \$'000	Group Year ended 31 Dec 09 \$'000	Group Year ended 31 Dec 08 \$'000
Profit/(loss) after income tax	43,418	(202,446)	(117,917)	(316,882)
Other comprehensive income:				
Foreign currency translation reserve	(497)	(4,648)	1,022	2,371
Total comprehensive income	42,921	(207,094)	(116,895)	(314,511)
Total comprehensive income attributable to:				
Owners of the parent	39,746	(201,042)	(115,192)	(310,704)
Minority interest	3,175	(6,052)	(1,703)	(3,807)
Total comprehensive income	42,921	(207,094)	(116,895)	(314,511)

EARNINGS PER SHARE

	Group Quarter ended 31 Dec 09	Group Quarter ended 31 Dec 08	Group Year ended 31 Dec 09	Group Year ended 31 Dec 08
Weighted average number of shares on issue used in calculation of basic earnings per share ('000)	1,297,804	1,297,551	1,297,804	1,291,866
Weighted average number of shares on issue used in calculation of diluted earnings per share ('000)	1,297,804	1,297,551	1,297,804	1,291,866
Earnings per share				
Earnings/(losses) attributable to owners of the parent (\$'000)	40,258	(196,297)	(116,045)	(312,436)
▪ Basic earnings per share (cents per share)	3.10	(15.13)	(8.94)	(24.18)
▪ Diluted earnings per share (cents per share)	3.10	(15.13)	(8.94)	(24.18)

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 2009	1,246,616	(8,688)	1,271	1,239,199	30,247	1,269,446
<i>Changes in equity for the nine months ended 30 September 2009</i>						
Dividends paid	-	(58,401)	-	(58,401)	-	(58,401)
Total comprehensive income for the period	-	(156,303)	1,365	(154,938)	(4,878)	(159,816)
Balance as at 30 September 2009	1,246,616	(223,392)	2,636	1,025,860	25,369	1,051,229
<i>Changes in equity for the quarter ended 31 December 2009</i>						
Total comprehensive income for the period	-	40,258	(512)	39,746	3,175	42,921
Balance as at 31 December 2009	1,246,616	(183,134)	2,124	1,065,606	28,544	1,094,150
Balance as at 1 January 2008	1,234,627	413,343	(461)	1,647,509	34,054	1,681,563
<i>Changes in equity for the nine months ended 30 September 2008</i>						
Dividends paid	-	(109,595)	-	(109,595)	-	(109,595)
Total comprehensive income for the period	-	(116,140)	6,478	(109,662)	2,245	(107,417)
Issue of ordinary shares	10,903	-	-	10,903	-	10,903
Balance as at 30 September 2008	1,245,530	187,608	6,017	1,439,155	36,299	1,475,454
<i>Changes in equity for the quarter ended 31 December 2008</i>						
Total comprehensive income for the period	-	(196,296)	(4,746)	(201,042)	(6,052)	(207,094)
Issue of ordinary shares	1,086	-	-	1,086	-	1,086
Balance as at 31 December 2008	1,246,616	(8,688)	1,271	1,239,199	30,247	1,269,446

Statement of Changes in Shareholders' Equity of MIIF	Share capital \$'000	Retained earnings/ (accumulated losses) \$'000	Total equity \$'000
Balance as at 1 January 2009	1,246,616	15,862	1,262,478
<i>Changes in equity for the nine months ended 30 September 2009</i>			
Dividends paid	-	(58,401)	(58,401)
Total comprehensive income for the period	-	(161,981)	(161,981)
Balance as at 30 September 2009	1,246,616	(204,520)	1,042,096
<i>Changes in equity for the quarter ended 31 December 2009</i>			
Total comprehensive income for the period	-	23,799	23,799
Balance as at 31 December 2009	1,246,616	(180,721)	1,065,895
Balance as at 1 January 2008	1,234,627	406,801	1,641,428
<i>Changes in equity for the nine months ended 30 September 2008</i>			
Issue of ordinary shares	10,903	-	10,903
Dividends paid	-	(109,595)	(109,595)
Total comprehensive income for the period	-	(85,656)	(85,656)
Balance as at 30 September 2008	1,245,530	211,550	1,457,080
<i>Changes in equity for the quarter ended 31 December 2008</i>			
Issue of ordinary shares	1,086	-	1,086
Total comprehensive income for the period	-	(195,688)	(195,688)
Balance as at 31 December 2008	1,246,616	15,862	1,262,478

CHANGES IN SHARE CAPITAL

There were no changes to share capital during the quarter ended 31 December 2009.

CONSOLIDATED STATEMENT OF CASH FLOW

	Note	Group Quarter ended 31 Dec 09 \$'000	Group Quarter ended 31 Dec 08 \$'000	Group Year ended 31 Dec 09 \$'000	Group Year ended 31 Dec 08 \$'000
<i>Cash flows from operating activities</i>					
Profit/(loss) after tax		43,418	(202,446)	(117,917)	(316,882)
Adjustments for non cash items:					
Income tax expense		79	30	661	2,695
Amortisation		1,478	1,579	5,947	4,700
Impairment loss on intangibles		3,190	-	3,190	-
Unrealised foreign exchange (gains)/losses		(1,894)	(722)	(484)	8,273
Amortisation of transaction costs		24	49	97	3,078
Revaluation of financial assets at fair value through profit or loss		(42,573)	234,332	167,080	399,385
<u>Changes in working capital, net of the effects from acquisition of subsidiaries:</u>					
(Increase)/decrease in trade and other receivables		(2,089)	(9,711)	8,050	9,124
Increase/(decrease) in trade and other payables		6,960	15,768	(10,476)	(9,855)
Increase/(decrease) in provisions for other liabilities and charges		1	(6)	1	(15)
Decrease/(increase) in other assets		219	(1,019)	1,207	(1,119)
Income tax paid		(79)	(30)	(661)	(2,695)
Net cash inflow from operating activities		8,734	37,824	56,695	96,689
<i>Cash flows from investing activities</i>					
Proceeds from sale of investments		177,362	-	177,362	154,241
Purchase of business assets net of cash acquired		-	-	(10,187)	(18,764)
Movement in restricted cash		-	-	-	23,415
Net cash inflow from investing activities		177,362	-	167,175	158,892
<i>Cash flows from financing activities</i>					
Proceeds from borrowings		-	40,000	53,000	275,851
Repayments of borrowings		(21,557)	(49,556)	(78,343)	(430,663)
Dividends paid		-	(54,005)	(58,401)	(97,606)
Movement in restricted cash of subsidiary		(372)	58	(948)	(4,182)
Net cash outflow from financing activities		(21,929)	(63,503)	(84,692)	(256,600)
Net increase/(decrease) in cash and cash equivalents		164,167	(25,679)	139,178	(1,019)
Cash and cash equivalents at beginning of financial period		6,301	56,802	31,221	31,601
Effects of exchange rate changes on cash and cash equivalents		1	98	70	639
Cash and cash equivalents at end of financial period	J	170,469	31,221	170,469	31,221

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

The income statement on page 9 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 MIFF dividends will be paid. The income statement on page 9 has not been prepared in accordance with applicable accounting standards. The consolidated statement of comprehensive income on page 13 has been prepared in accordance with International Financial Reporting Standards (IFRS). The table below reconciles net income on an adjusted basis for the year ended 31 December 2009 presented in the income statement on page 9 of this report to the consolidated statement of comprehensive income (MIFF and its subsidiaries) for the year ended 31 December 2009 disclosed on page 13.

	Net Income ⁽¹⁾ on an adjusted basis year ended 31 Dec 09 \$'000	GAAP adjustments ⁽²⁾ year ended 31 Dec 09 \$'000	Consolidation adjustments ⁽³⁾ year ended 31 Dec 09 \$'000	MIFF Group ⁽⁴⁾ year ended 31 Dec 09 \$'000
Income				
Investment revenue	57,301	(57,301)	-	-
Power supply revenue	-	-	11,521	11,521
Interest revenue	105	-	46	151
Net foreign exchange gain	6,364	985	(1,252)	6,097
Net loss on financial assets at fair value through profit or loss	-	(135,156)	28,754	(106,402)
Other income	-	-	1,061	1,061
Total income	63,770	(191,472)	40,130	(87,572)
Expenses				
Management fees	4,182	-	-	4,182
Finance costs	625	-	4,433	5,058
Professional services	698	3,010	1,124	4,832
Directors' fees	422	-	223	645
Lending fees	587	-	-	587
Other operating expenses	956	-	13,424	14,380
Total expenses	7,470	3,010	19,204	29,684
Profit/(loss) before income tax	56,300	(194,482)	20,926	(117,256)
Income tax expense	-	-	(661)	(661)
Profit/(loss) after income tax	56,300	(194,482)	20,265	(117,917)
Minority interest	-	-	1,872	1,872
Profit/(loss) attributable to owners of the parent	56,300	(194,482)	22,137	(116,045)

- 1) This is the net income on an adjusted basis presented in the income statement on page 9.
- 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 and loss on disposal of investments as shown on page 9.
- 3) This is a consolidation adjustment only. It reverses a portion of the net revaluation gains recognised in the unconsolidated income statement of MIFF that relates to assets which are consolidated in the consolidated income statement of MIFF as required under IFRS.
- 4) This is the consolidated statement of comprehensive income after tax of the MIFF Group disclosed on page 13.

MACQUARIE INTERNATIONAL
INFRASTRUCTURE FUND LIMITED

MANAGEMENT REVIEW:
FOR THE QUARTER ENDED 31 DECEMBER 2009

REVIEW OF REVENUE AND EXPENSES FOR THE QUARTER ENDED 31 DECEMBER 2009

Presented in the income statement disclosed on page 9

REVIEW OF REVENUE

MIIF's total revenue of \$63.8 million for the year ended 31 December 2009 was 53.0% lower than pcp. The main reason for this reduction in the year was the lower distributions from Arqiva of \$3.8 million (2008: \$29.5 million), MEIF of \$6.4 million (2008: \$16.5 million) and CXP of \$1.5 million (2008: \$5.1 million). MIIF also did not receive special distributions during the year (2008: \$28.5 million). Distributions received from HNE, TBC and CAC have remained broadly in line with the prior year.

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.

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

Investment	Quarter ended 31 Dec 09 \$'000	Quarter ended 31 Dec 08 \$'000	Year ended 31 Dec 09 \$'000	Year ended 31 Dec 08 \$'000
Income from investments				
Arqiva	-	7,798	3,798	29,528
CAC	3,757	3,711	14,745	16,406
CXP	446	-	1,544	5,080
Miaoli Wind	-	-	-	413
MEIF	3,277	7,771	6,371	16,525
TBC	-	869	16,610	18,232
HNE	-	13,211	14,233	13,211
Total income from investments	7,480	33,360	57,301	99,395
Special distributions	-	-	-	28,540
Total income	7,480	33,360	57,301	127,935

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 in respect of 2009 performance (see page 44 for Investment Portfolio Discussion on Arqiva).

B) OTHER REVENUE ITEMS

(i) Interest income

Interest income for the year ended 31 December 2009 was \$0.1 million mainly derived from Singapore dollar cash deposits earning an annualised interest of approximately 0.1%. Following the sale of MEIF, MIIF has invested in Singapore dollar short term commercial paper earning an annualised interest of approximately 0.5%.

(ii) Net foreign exchange gain

Net foreign exchange gain of \$6.4 million for the year ended 31 December 2009 was due to gains from the realisation of a number of MIIF's distribution hedges (2008: \$7.3 million).

C) REVIEW OF EXPENSES

	Quarter ended 31 Dec 09 \$'000	Quarter ended 31 Dec 08 \$'000	Year ended 31 Dec 09 \$'000	Year ended 31 Dec 08 \$'000
Expenses				
Management fees	1,508	786	4,182	8,861
Directors' fees	101	107	422	370
Finance costs	44	384	625	1,989
Lending fees	177	286	587	4,006
Other operating expenses	480	727	1,654	4,112
Total operating expenses	2,310	2,290	7,470	19,338

Total operating expenses of \$7.5 million for the year ended 31 December 2009 was 61.4% lower than the pcp.

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

(i) Management fees

Management fees for the year ended 31 December 2009 were lower when compared to the pcp because of MIIF's lower average market capitalisation. The lower average share price has resulted in a lower net investment value of MIIF, which is the basis used to calculate fees payable to MIIF's manager.

(ii) Directors' fees

Each independent director is entitled to receive an annual director's fee of US\$72,500. The fee was increased on 1 May 2008 following a market benchmarking process and was subsequently approved by MIIF's Remunerations Committee on 6 August 2008.

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

Finance costs of \$0.6 million for the year ended 31 December 2009 were \$1.4 million lower than the pcp due to lower fund-level borrowings for the period. MIIF has fully repaid its outstanding loan balance as at the year end.

(iv) Lending fees

Lending fees relate to commitment fees on undrawn borrowing facilities. The lending fees of \$0.6 million for the year ended 31 December 2009 were lower than the pcp following the decision to reduce MIIF's available loan facilities from \$440.0 million as at 31 December 2008 to \$200.0 million in March 2009.

(v) Other operating expenses

Other operating expenses of \$1.7 million for the year ended 31 December 2009 were 59.8% lower than the pcp. The decrease was primarily due to lower professional fees incurred during the year. 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) OTHER EXPENSE ITEMS

Loss on disposal of investments

Consistent with MIIF's focus on direct investments and efforts to rebalance its portfolio towards the Asian region, MIIF fully divested its interest in MEIF in December 2009. Whilst the divestment resulted in a loss of \$17.4 million, MIIF has realised a positive 4.6% internal rate of return over the life of the investment. In the quarter ended 31 December 2009, the Group engaged Macquarie Capital Advisors to advise on the disposal of MEIF. The final fees incurred were \$2.9 million. Refer to note K(iv) for notes on related party transactions.

REVIEW OF NET ASSETS AND STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

As presented in the statements of financial position disclosed on page 12

E) ASSETS

(i) Trade and other receivables

Stand-alone current trade and other receivables decreased from \$13.5 million as at 31 December 2008 to \$4.7 million as at 31 December 2009. The reduction reflects the receipt of dividends from Arqiva and TBC of \$8.7 million accrued in 2008 and received in the current year, as well as reduction of inter-company receivables from MIIF's subsidiaries. The balance as at 31 December 2009 mainly comprised inter-company receivables from MIIF's subsidiaries.

Group current trade and other receivables decreased from \$10.6 million as at 31 December 2008 to \$2.6 million as at 31 December 2009 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 reflected the 2008 fair value of the foreign currency forward contracts that MIIF entered into to hedge its forecast distribution income. The remaining hedges are currently in a \$0.2 million liability position and are recorded as financial liabilities at fair value through profit or loss.

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.

(iii) Intangible assets

The balance as at 31 December 2009 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. Intangible asset-management rights of \$3.2 million were identified from the detailed assessment of assets and liabilities on acquisition of Miaoli Wind and included in the consolidated statement of financial position. Relevant amortisation for the year ended 31 December 2009 was recognised in the consolidated statement of comprehensive income. As at 31 December 2009, management determined that the asset-management right is impaired and has written off the carrying value of the intangible.

(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 \$1,253.3 million as at 31 December 2008 to \$900.7 million at 31 December 2009. This balance reflects The Board's valuation of the fair value of MIIF's businesses as at 31 December 2009. The decrease in valuation of total investments was substantially due to:

- divestment of MEIF of \$177.4 million. Net proceeds from disposal are included within cash and cash equivalents;
- revaluation losses of \$154.6 million on MIIF's business to reflect the current economic climate and updated operating forecasts of MIIF's underlying businesses as well as revised assumptions on debt availability and financing requirements; and
- distributions received of \$57.3 million.

This is offset by:

- net foreign exchange gains of \$34.4 million arising from translation of MIIF's foreign denominated assets to Singapore dollars; and
- a deferred equity investment in CAC of \$10.2 million following the acquisition of seven long term care homes acquired in January 2008.

The following table sets out a reconciliation of the value of MIIF's investments from 31 December 2008 to 31 December 2009.

	Company Balance at 31 Dec 08 \$'000	Investment / (divestment) \$'000	Income received from investments \$'000	Foreign exchange effects \$'000	Revaluation to 31 Dec 09 \$'000	Company Balance at 31 Dec 09 \$'000
Unlisted securities						
Arqiva	329,501	-	(3,798)	25,464	(53,974)	297,193
CAC	93,408	10,187	(14,745)	11,203	(10,232)	89,821
CXP	94,722	-	(1,544)	(1,422)	(5,801)	85,955
HNE	276,541	-	(14,233)	(5,880)	2,151	258,579
MEIF	246,447	(177,362)	(6,371)	4,765	(67,479)	-
Miaoli Wind	23,895	-	-	53	(23,948)	-
TBC	180,786	-	(16,610)	174	4,689	169,039
Others	72	-	-	-	-	72
Total investments	1,245,372	(167,175)	(57,301)	34,357	(154,594)	900,659

MIIF disposed of its stake in MEIF in 2009 for \$177.4 million. The proceeds were used to pay transaction costs and repay the existing fund level debt, with the remainder uninvested.

The \$154.6 million revaluation adjustment in MIIF's investments over the year is mainly explained by the significant movements in MEIF (\$67.5 million), Arqiva (\$54.0 million), Miaoli Wind (\$23.9 million) and to a lesser extent by CAC (\$10.2 million) and CXP (\$5.8 million). The revaluation reduction in these businesses was partially offset by FX driven increases in the remainder of the portfolio.

The fall in the fair values of Arqiva and CAC reflect the increased level of uncertainty in current debt markets and in particular the ability to refinance certain borrowings at materially the same terms and levels. It is clear in the current environment that availability of debt continues to be reduced from those levels experienced before the global financial crisis with the result that businesses may need to use new equity or its own cash earnings to bring the amount of debt down to levels where refinancing is more achievable.

The net increase in HNE's revaluation reflects an improved traffic forecast prepared by a third party industry specialist, offset by concern over our ability to maintain existing toll rates. When Phase 1 of HNE was commissioned, the Guangdong government granted its approval for higher toll rates to be charged on two sections of the road commensurate with the higher cost of construction. Following the Guangdong Provincial Chinese People's Political Consultative Conference and National People's Congress meetings in February 2009, the government resolved to review the toll rates of all toll roads in the province which have previously been granted approval to charge higher rates. HNE has not received

any official request or instructions to reduce its toll rates and MIIF intends to vigorously resist any such action. The increased risk of this event has resulted in the reduction of the fair value of HNE during the period.

The reduction in value of Miaoli Wind by \$23.9 million reflects management's view that we are unable to rely on the long term wind forecast previously used. Due to poor wind performance, MIIF will inject \$1.7 million into Miaoli Wind to avoid a breach of the debt service cover ratio. The Company is in the process of applying 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 \$1,260.1 million as at 31 December 2008 to \$929.6 million as at 31 December 2009. 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 \$3.4 million as at 31 December 2008 to \$9.3 million as at 31 December 2009. The main reasons for the increase are intercompany payables of \$4.0 million (2008: \$0.7 million), accrued professional fees of \$3.2 million (2008: \$0.6 million) and base management fees payable of \$1.5 million (2008: \$0.8 million).

Group current trade and other payables decreased from \$27.8 million as at 31 December 2008 to \$17.1 million as at 31 December 2009. The decrease is due to payables relating to South China Highway Development (H.K) Limited (SCHK) that was repaid in 2009.

(ii) Borrowings

Stand-alone company borrowings of \$20.0 million as at 31 December 2008 were fully repaid during the year.

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 \$79.9 million as at 31 December 2009 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 \$85.7 million.

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

	Group as at 31 Dec 09 \$'000	Group as at 31 Dec 08 \$'000	Company as at 31 Dec 09 \$'000	Company as at 31 Dec 08 \$'000
Amount repayable in one year or less, or on demand	5,803	25,529	-	20,014
Amount repayable after one year	79,936	86,476	-	-
Total borrowings	85,739	112,005	-	20,014
Amount secured	85,739	91,991	-	-
Amount unsecured	-	20,014	-	20,014
Total borrowings	85,739	112,005	-	20,014

(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 \$0.2 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 December 2009 includes the fair value of Miaoli Wind's interest rate swaps.

(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	Dec 09 1% higher \$'000	Dec 09 1% lower \$'000	Dec 08 1% higher \$'000	Dec 08 1% lower \$'000
Arqiva	(23,394)	25,819	(22,607)	25,041
CAC	(8,318)	10,038	(8,383)	10,306
CXP	(7,892)	9,067	(9,200)	10,631
HNE	(18,411)	20,486	(21,459)	24,161
Miaoli Wind	(1,301)	1,552	(2,239)	2,592
TBC	(7,227)	7,652	(8,464)	9,035
Total	(66,543)	74,614	(72,352)	81,766

(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	Dec 09 1% higher \$'000	Dec 09 1% lower \$'000	Dec 08 1% higher \$'000	Dec 08 1% lower \$'000
Arqiva	12,110	(12,055)	12,907	(13,038)
CAC	15,885	(15,853)	14,279	(14,313)
CXP	1,462	(1,462)	1,607	(1,607)
HNE	5,346	(5,360)	6,094	(6,109)
Miaoli Wind	552	(537)	696	(679)
TBC	2,191	(2,229)	4,530	(4,609)
Total	37,546	(37,496)	40,113	(40,355)

The table below shows the net asset movements:

	Group As at 31 Dec 09	Group As at 31 Dec 08	Company As at 31 Dec 09	Company As at 31 Dec 08
Net Asset Value				
Total net asset value (\$'000)	1,094,150	1,269,446	1,065,895	1,262,478
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)	0.84	0.98	0.82	0.97

MIIF's stand-alone NAV decreased from \$1,262.5 million as at 31 December 2008 to \$1,065.9 million as at 31 December 2009, taking its NAV per share to \$0.82 at the end of the period. Group net assets decreased from \$1,269.4 million as at 31 December 2008 to \$1,094.2 million as at 31 December 2009.

The movement in MIIF's NAV per share from 31 December 2008 to 31 December 2009 is outlined below.

	Company As at 31 Dec 09	Company As at 30 Sept 09	Company As at 30 Jun 09	Company As at 31 Mar 09	Company As at 31 Dec 08
Net asset value per ordinary share (\$ per share)	0.82	0.80	0.87	0.88	0.97

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.

31 December 2008 to 31 March 2009:

NAV per share reduced from \$0.97 to \$0.88 primarily due to the reduction in fair value of Arqiva, MEIF and CAC. The decrease reflected uncertainty in debt markets and in particular the ability to refinance certain borrowings at materially the same terms and levels.

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 December 2009
- MIIF's net debt outstanding as at 31 December 2009; and
- MIIF businesses' equity attributable to MIIF's Shareholders as at 31 December 2009.

	As at 31 Dec 09 \$'000	As at 30 Sept 09 \$'000
Proportionate operating businesses' net debt	1,605,708	2,194,322
MIIF net (cash)/debt	(169,934)	16,058
MIIF businesses' equity attributable to MIIF shareholders	900,587	1,056,318
Enterprise Value (EV)	2,336,361	3,266,698
Net debt as a percentage (%) of EV		
Total MIIF net debt as a % of EV	61%	68%

Net debt is reported at both the operating business level and at MIIF level. Operating business' net debt is calculated at each of the relevant operating businesses by subtracting total cash-on-hand from total debt as at 31 December 2009. 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 61% as at 31 December 2009. 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) OPERATING SEGMENTS

Following the adoption of IFRS 8: Operating Segments, the Group has amended its basis of segmental reporting. As the principal activity of the Group during the year ended 31 December 2009 was the investment in diversified infrastructure assets around the world, management has determined the operating segments based on the reports reviewed by the Manager and The Board. These reports are used to measure performance, monitor risks and rewards associated with the specific asset and to make strategic decisions.

Comparative information for the year ended 31 December 2008 has been disclosed accordingly.

Operating segments for Dec 2009	UK & Europe		Canada	People's Republic of China		Taiwan	Other \$'000	GRAND
	Arqiva \$'000	MEIF \$'000	CAC \$'000	CXP \$'000	HNE \$'000	TBC \$'000		TOTAL \$'000
Revenue	(28,510)	(62,714)	2,349	(7,127)	(4,143)	5,154	(23,895)	(118,886)
Segment (loss)/profit before income tax	(28,510)	(62,714)	2,349	(7,127)	(4,143)	5,154	(23,895)	(118,886)
Net loss before income tax								(118,886)
As at 31 Dec 2009								
Segment assets	297,193	-	89,821	85,955	287,307	169,039	-	929,315
Total segment assets								929,315
Segment liabilities	-	-	-	-	-	-	-	-
Total segment liabilities								-

Operating segments for Dec 2008	UK & Europe		Canada	Australia	People's Republic of China		Taiwan	Other	GRAND
	Arqiva \$'000	MEIF \$'000	CAC \$'000	MAp \$'000	CXP \$'000	HNE \$'000	TBC \$'000		TOTAL \$'000
Revenue	(143,771)	(90,600)	(38,404)	(28,246)	(14,628)	(11,114)	31,506	(1,633)	(296,890)
Segment (loss)/profit before income tax	(143,771)	(90,600)	(38,404)	(28,246)	(14,628)	(11,114)	31,506	(1,633)	(296,890)
Net loss before income tax									(296,890)
As at 31 Dec 2008									
Segment assets	329,501	246,447	93,408	-	94,722	307,268	180,786	23,895	1,276,027
Total segment assets									1,276,027
Segment liabilities	-	-	-	-	-	-	-	-	-
Total segment liabilities									-

Revenue comprises the net gain/(loss) on financial assets at fair value through profit or loss (excluding forward foreign currency contracts and interest rate swaps). Segment assets represent the fair value of MIF's businesses as at 31 December 2009.

Reconciliation

A reconciliation of profit/(loss) before income tax for reportable segments to profit/(loss) before income tax as shown in the consolidated statements of comprehensive income is as follows:

	As at 31 Dec 2009 \$'000	As at 31 Dec 2008 \$'000
Loss before tax for reportable segments	(94,991)	(295,257)
Other segments	(23,895)	(1,633)
Segment loss before income tax	(118,886)	(296,890)
Unallocated revenue	7,419	21,406
Unallocated expenses	(29,684)	(40,336)
Elimination on consolidation of Miaoli Wind	23,895	1,633
Loss before income tax	(117,256)	(314,187)

Unallocated revenue comprises power supply revenue, interest income, net foreign exchange gain, net gain/(loss) on foreign exchange hedge contracts and interest rate swaps held at fair value through profit or loss, and other income as shown in the consolidated statements of comprehensive income.

Unallocated expenses comprise total operating expenses as shown in the consolidated statements of comprehensive income.

Reportable segments' assets are reconciled to total assets as follows:

	As at 31 Dec 2009 \$'000	As at 31 Dec 2008 \$'000
Segment assets for reportable segments	929,315	1,252,132
Other segments	-	23,895
Total segment assets	929,315	1,276,027
Unallocated assets :		
Cash and cash equivalents	175,599	35,403
Trade and other receivables	2,570	10,620
Financial assets at fair value through profit or loss	363	14,821
Intangible assets	93,878	102,872
Other assets	559	1,766
Elimination on consolidation of Miaoli Wind	-	(23,895)
Total assets	1,202,284	1,417,614

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 31 Dec 2009 \$'000	As at 31 Dec 2008 \$'000
Segment liabilities for reportable segments	-	-
Other segments	-	-
Total segment liabilities	-	-
Unallocated liabilities :		
Trade and other payables	17,131	27,880
Financial liabilities at fair value through profit or loss	4,828	7,848
Provisions	436	435
Borrowings	85,739	112,005
Total liabilities	108,134	148,168

Breakdown of Revenue

	2009 \$'000	2008 \$'000	% change
Financial period from 1 January to 30 June			
Total revenue from continuing operations for the financial period	(82,386)	2,453	(3,458.6%)
Operating loss after tax for the financial period	(94,325)	(19,051)	395.1%
Financial period from 1 July to 31 December			
Total revenue from continuing operations for the financial period	(5,186)	(276,304)	(98.1%)
Operating loss after tax for the financial period	(23,592)	(297,831)	(92.1%)
Financial year to 31 December			
Total revenue from continuing operations for the financial year	(87,572)	(273,851)	(68.0%)
Operating loss after tax for the financial year	(117,917)	(316,882)	(62.8%)

J) CASH FLOW ANALYSIS

Stand-alone company level cash and cash equivalents increased from \$12.2 million as at 31 December 2008 to \$169.9 million as at 31 December 2009.

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents excludes an amount of \$5.1 million (2008: \$4.2 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.

K) RELATED PARTY TRANSACTIONS

(i) Directors

The following persons were directors of MIIF during the quarter to 31 December 2009:

	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 year to date:

Transactions	Group Year ended 31 Dec 09 \$'000	Group Year ended 31 Dec 08 \$'000	Company Year ended 31 Dec 09 \$'000	Company Year ended 31 Dec 08 \$'000
Base management fees	4,182	8,861	4,182	8,861
Dividends	4,805	9,076	4,805	9,076

The following balances remained outstanding between MIIF and the Manager as at 31 December 2009:

	Group as at 31 Dec 09 \$'000	Group as at 31 Dec 08 \$'000	Company as at 31 Dec 09 \$'000	Company as at 31 Dec 08 \$'000
Balances				
Accrued base management fees	1,508	786	1,508	786

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

For the quarter ended 31 December 2009, the MIIF Accumulation Index⁵ was lower than the agreed benchmark annual return of 8%. Consequently, no performance fee was payable to the Manager and a performance fee deficit⁶ 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.

(iv) Macquarie Group (Macquarie)

Macquarie Group Limited (MGL) and in particular Macquarie Capital Advisers Limited (MacCap Adv) are important sources of acquisition opportunities and financial and acquisition advice. In the quarter ended 31 December 2009, the Group engaged MacCap Adv to advise on the disposal of MEIF. In accordance with the general mandate for advisory fees approved at the 2009 AGM, the final fees incurred were \$2.9 million. 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 arm's length" in their review of the Financial Advisory Mandate.

L) 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.

⁵ 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.

⁶ 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 \$822 million.

M) 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 December 2009 have been disclosed within 60 days after the end of the relevant financial period.

(ii) Review by Independent Auditor

The financial statements for the quarter ended 31 December 2009 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 2008 audited financial statements which have been prepared in accordance with IFRS. There have been no changes to the accounting policies described in the 2008 audited accounts except for the adoption of certain revised International Financial Reporting Standards (IFRS) and Interpretations to IFRS (INT FRS) that became mandatory from 1 January 2009.

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 deconsolidated from the date that control ceases.

The following entities were subsidiaries or joint venture entities as at 31 December 2009:

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
Leisureworld ¹	Joint Venture	Aged care	Canada	55%	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

1 Acquired by way of conditional TRS.

N) EVENTS AFTER THE REPORTING PERIOD

a) On 16 February 2010, MIIF announced that Leisureworld Senior Care Corporation (Leisureworld) has filed a preliminary prospectus with the Canadian securities regulatory authorities in relation to a proposed initial public offering (IPO) of common shares. This potential divestment through the planned IPO is subject to a number of conditions, including the successful marketing of the IPO, regulatory and other relevant approvals and closing of the IPO.

With the net proceeds of the IPO, to be determined after a book building process, Leisureworld will acquire 100 per cent of the ownership interests in the Canadian Aged Care (CAC) portfolio (also known as Leisureworld Senior Care LP) from Macquarie Power & Infrastructure Income Fund and Macquarie Group.

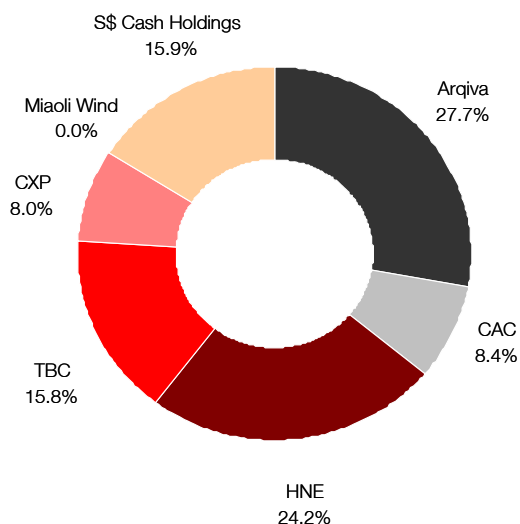
MIIF owns a 55 per cent economic interest in CAC by way of total return swaps (TRS) with Macquarie Group. As a result of the offering, MIIF intends to terminate its TRS with Macquarie Group. Upon completion MIIF is expected to receive a settlement equivalent to 55 per cent of the net proceeds from the IPO.

b) On 23 February 2010, The Board approved a final dividend of 1.5 cents per share for the half year ended 31 December 2009. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ended 31 December 2010.

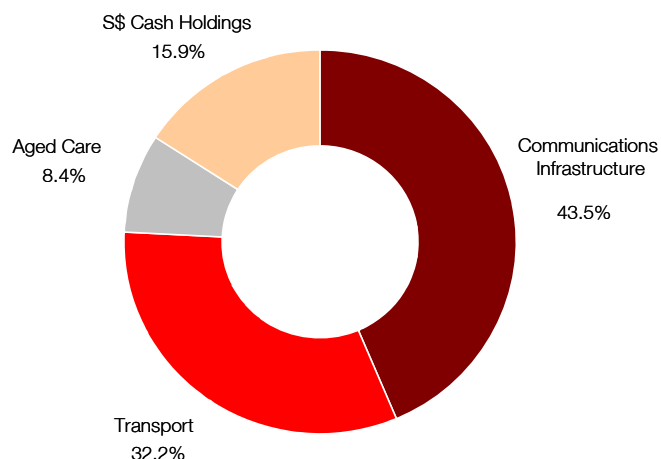
INVESTMENT PORTFOLIO

The following diagrams show the contributions that various investments make to MIIF's overall portfolio based on 31 December 2009 fair valuation of each business.

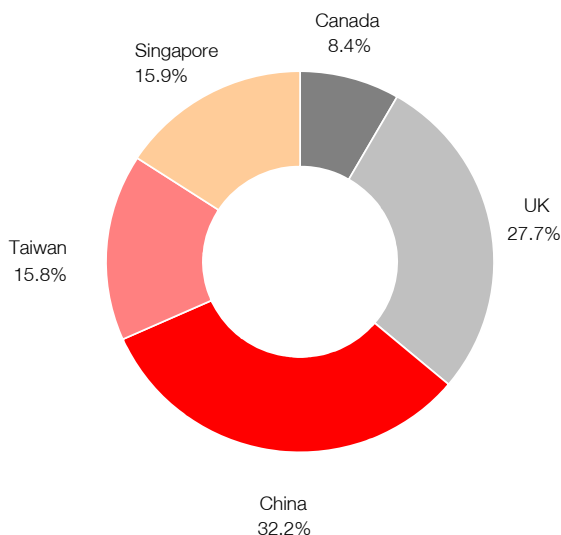
Portfolio Composition by Investment



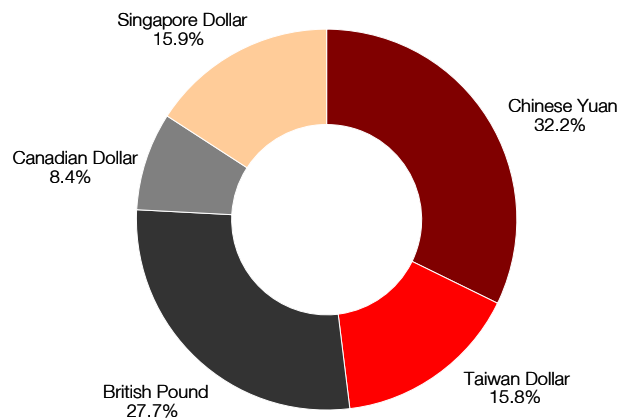
Portfolio Composition by Industry



Portfolio Composition by Geography



Portfolio Composition by Currency



Note: The Singapore-based/ Singapore dollar denominated component of the portfolio represents cash holdings.

INVESTMENT PORTFOLIO DISCUSSION

Arqiva

Date of initial acquisition	27 May 2005
Cost of acquisition	S\$434.8 million ⁷
Valuation ⁸	S\$297.2 million
Distributions since Acquisition	S\$111.0 million
MIF ownership	8.7% interest
% of MIF portfolio ⁸	27.7%

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.

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. The highly populated Granada region was successfully switched over in November. DSO continues to progress well, with Arqiva on track to meet all milestones this financial year.

Business Commentary

Key operational statistics can be found in the table below.

(£'million)	3 months to Dec 2009	3 months to Dec 2008	Variance Fav/(Adv)	12 months to Dec 2009	12 months to Dec 2008	Variance Fav/(Adv)
Revenue	204.9	201.5	1.7%	826.1	778.3	6.1%
Operating Expenses	(120.1)	(127.9)	6.1%	(496.2)	(487.1)	(1.9%)
EBITDA ⁹	84.8	73.5	15.4%	330.0	291.2	13.3%
EBITDA Margin	41.4%	36.5%	4.9%	39.9%	37.4%	2.5%

Financial Performance (3 months to 31 December 2009)

- Revenue was 1.7% higher compared to the pcp
 - Terrestrial Broadcasting revenue was £77.3 million, 12.7% higher compared to the pcp, following the addition of new multiplexing channels.
 - Satellite & Media revenue was £60.8 million, 2.3% 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 £66.4 million, 6.0% lower compared to the pcp. This decrease in revenue was due mainly to the loss of the Metropolitan Police contract.
- Total costs for the quarter decreased by 6.1% compared to the pcp, driven by cost savings resulting from last year's integration process.

⁷ 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

⁸ Based on 31 December 2009 valuations. Numbers are subject to rounding

⁹ Pre one off cost and share of income from associates

Financial Performance (12 months to 31 December 2009)

- Revenue was 6.1% higher compared to the pcp
 - Terrestrial Broadcast revenue was £295.7 million, 10.6% higher compared to the pcp, following the addition of new multiplexing channels.
 - Satellite and Media revenue was £249.6 million, 6.8% higher compared to the pcp. The increase in revenue was predominantly the result of the strengthening of the Euro against the Pound. A large proportion of the division's revenue is Euro denominated.
 - Wireless Access revenue was £279.6 million, 0.8% higher compared to the pcp.
- Operating expenses were 1.9% higher compared to pcp. While employee expenses were lower compared to pcp due to headcount reduction, Arqiva's variable cost base increased due to higher satellite transponder costs.

Operations (3 months to 31 December 2009)

- Last quarter, Arqiva announced the acquisition of the platform assets of Project Kangaroo, the video-on-demand platform developed by a joint venture set up by BBC Worldwide, ITV and Channel 4. Since then, content agreements have been secured with the BBC, Channel 4 and Five. Alpha testing of the user interface was completed on time, resulting in the identification and resolution of a number of bugs, and beta testing is currently underway.
- The multiplex channel platform represents a key growth opportunity for Arqiva. Platform upgrades have provided Arqiva with additional multiplex capacity. Arqiva has advertised this additional multiplex capacity, which has been received with a high level of enthusiasm by interested parties.

Outlook

- The key objective for management is to ensure that DSO continues to track according to plan. In addition, Arqiva is focused on identifying suitable new business opportunities that will deliver sustainable future growth for the business.
- Operationally, Arqiva's businesses are anticipated to perform solidly despite the broader economic environment.
- The Arqiva Board continues to review options in relation to Arqiva's current capital structure; it is anticipated that Arqiva will not pay any distributions to shareholders until the review of Arqiva's capital structure has been completed.

Canadian Aged Care (CAC)

Date of initial acquisition	24 Nov 2005
Cost of acquisition	S\$164.9 million
Valuation ¹⁰	S\$89.8 million ¹¹
Distributions since Acquisition	S\$66.7 million
MIIF ownership	55% interest
% of MIIF portfolio ¹⁰	8.4%

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

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

Key operational statistics can be found in the table below.

	3 months to Dec 2009	3 months to Dec 2008	Variance Fav/(Adv)	12 months to Dec 2009	12 months to Dec 2008	Variance Fav/(Adv)
Average occupancy (%)						
LTC Private Occupancy	97.3%	94.2%	3.1%	95.9%	92.9%	3.0%
LTC Total Occupancy	98.8%	98.6%	0.2%	98.5%	98.4%	0.1%

(C\$'million)	3 months to Dec 2009	3 months to Dec 2008	Variance Fav/(Adv)	12 months to Dec 2009	12 months to Dec 2008	Variance Fav/(Adv)
Revenue	69.4	66.6	4.2%	268.0	248.7	7.8%
Operating Expenses	(59.2)	(59.4)	0.3%	(234.6)	(219.3)	(7.0%)
EBITDA	10.2	7.2	41.7%	33.4	29.4	13.6%
EBITDA Margin	14.7%	10.8%	3.9%	12.5%	11.8%	0.7%

BUSINESS COMMENTARY (3 MONTHS TO DECEMBER 2009)

Financial Performance

- For the quarter ended 31 December 2009, CAC generated revenue of C\$69.4 million compared with C\$66.6 million in the pcp. This C\$2.8 million increase was primarily driven by the increase in government funding of C\$1.55 per resident per day which was introduced retroactively to April 2009. There was also a one-time adjustment in medical leave accruals due to a change in accounting policy, reducing expenses by C\$1.7 million. The increase in revenue resulted in higher EBITDA of 41.7% compared to the pcp.

¹⁰ Based on 31 December 2009 valuations. Numbers are subject to rounding

¹¹ The decrease in valuation reflects the new Long-Term Care Homes Act 2006 (the Act) and subsequent revision in CAC's debt assumptions. Prior to the Act, which received Royal Assent in June 2007, long-term care licences in the Province of Ontario had one-year terms subject to automatic renewal provided that compliance requirements were met. The Act fixed term limits on LTC licences, ranging from 15 to 25 years depending on a home's structural classification. The S\$ appreciation against the C\$ since acquisition has also contributed to the decrease in valuation.

Operations

- Occupancy remained high for the quarter ended December 2009, with average total occupancy of 98.8% and private accommodation occupancy of 97.3%. This compares with 98.6% and 94.2% respectively for the pcp. Maximum funding for an individual home is achieved with total annual occupancy levels of 97% and above for the home. All homes exceeded 97.0% occupancy levels, with the exception of one home at 95.0%.

BUSINESS COMMENTARY (12 MONTHS TO DECEMBER 2009)

Financial Performance

- For the twelve months ended 31 December 2009, CAC generated revenue of C\$268.0 million compared with C\$248.7 million in the pcp. This C\$19.3 million increase was primarily driven by a full twelve months of contribution from the Counsel Corporation homes, increases in private accommodation and higher government funding rates. Operating expenses for the twelve months were also higher, reflecting a full period of results from Counsel Corporation homes, which included one-time refurbishment costs as well as general increases in staff and operating costs at a number of homes across the portfolio.
- YTD EBITDA was higher than the prior corresponding period at C\$33.4 million, with revenue offsetting the increase in operating expenses. This was mainly driven by the increase in the daily per resident government funding rates. EBITDA margin was higher at 12.5%.

Operations

- Occupancy remained high for the period ended December 2009, with average total occupancy of 98.5% and private accommodation occupancy of 95.9%. This compares with 98.4% and 92.9% respectively for the pcp.

Outlook

- Subsequent to year end, on 16 February 2010 MIIF announced the filing of a preliminary prospectus by Leisureworld Senior Care Corporation (LSCC) with Canadian securities regulatory authorities in relation to a proposed initial public offering of common shares of LSCC. With the net proceeds of the offering, LSCC intends to acquire 100% of the ownership interests in CAC from its current owners, Macquarie Power & Infrastructure Income Fund and Macquarie Group. MIIF owns a 55% economic interest in CAC by way of total return swaps (TRS) with Macquarie Group.

Changshu Xinghua Port (CXP)

Date of initial acquisition	2 Dec 2005
Cost of acquisition	S\$112.3 million
Valuation ¹²	S\$86.0 million
Distributions since Acquisition	S\$14.4 million
MIIF ownership	38% interest
% of MIIF portfolio ¹²	8.0%

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

Key operational statistics can be found in the tables below.

Volume	3 months to Dec 2009	3 months to Dec 2008	Variance Fav/(Adv)	12 months to Dec 2009	12 months to Dec 2008	Variance Fav/(Adv)
Steel (tonnes)	550,918	456,677	20.6%	2,315,743	2,600,770	(11.0%)
Non-steel (tonnes)	382,221	175,125	118.3%	1,209,374	788,161	53.4%
Paper & Pulp Products (tonnes)	523,534	440,192	18.9%	2,094,048	1,893,519	10.6%
Total (tonnes)	1,456,673	1,071,994	35.9%	5,619,165	5,282,450	6.4%
Container (TEU ¹³)	21,454	20,496	4.7%	81,893	95,552	(14.3%)

(RMB'million)	3 months to Dec 2009	3 months to Dec 2008	Variance Fav/(Adv)	12 months to Dec 2009	12 months to Dec 2008	Variance Fav/(Adv)
Revenue	57.6	49.3	16.8%	217.2	209.6	3.6%
Operating Expenses	(25.4)	(23.7)	(7.2%)	(98.0)	(97.0)	(1.0%)
Normalised EBITDA ¹⁴	32.2	25.6	25.8%	119.2	112.6	5.9%
EBITDA Margin	55.9%	51.9%	4.0%	54.9%	53.7%	1.2%

¹² Based on 31 December 2009 valuations. Numbers are subject to rounding

¹³ Twenty-foot equivalent unit

¹⁴ Normalised EBITDA for 2008 excludes RMB 24.1 million of provision made for a one-off legal claim.

BUSINESS COMMENTARY (3 MONTHS TO DECEMBER 2009)

Financial Performance

- Revenue for the quarter was above pcp by 16.8% due to higher volumes across all the businesses.
- Operating expenses were 46.9% lower compared to the pcp primarily due to the provision of RMB24.1 m made in 2008 for a one-off legal claim.
- Normalised EBITDA for 2009 is 25.8% higher than the Normalised EBITDA for 2008 of RMB25.6 m.

Operations

- Volumes across all the businesses have performed exceptionally well, with steel and paper and pulp products (previously labelled as forestry) volumes increasing by 20.6% and 18.9% respectively. Non-steel products increased by more than 100%, mainly due to higher volumes of New Zealand logs and handling of new products such as borax, cement pipes, spodumene and sodium sulfate. Container volumes have improved gradually over the last 6 months and increased by 4.7% over pcp in the December quarter.

BUSINESS COMMENTARY (12 MONTHS TO DECEMBER 2009)

Financial Performance

- Despite challenging economic conditions and a difficult start to the year, CXP performed exceptionally well with EBITDA higher than pre-Normalised 2008 EBITDA by 34.7% and 5.9% higher than Normalised EBITDA for 2008. The increase was driven by higher revenue of 3.6% over pcp.

Operations

- Non steel volumes were 53.4% above volumes observed in 2008, mainly due to the increase in New Zealand logs and handling of new products such as borax, cement pipes, spodumene and sodium sulfate. Paper and Pulp products (previously labelled as forestry) were also 10.6% above pcp.
- Steel and container volumes were 11.0% and 14.3% below pcp respectively mainly due to the fall in demand for Chinese steel exports and global contraction in container trade experienced in the first quarter.

Outlook

- Despite a challenging start to 2009 due to the global slowdown in the economy, CXP achieved significant growth in volumes across most of its businesses and management expects this trend to continue into 2010.
- Management will continue to diversify cargoes handled at CXP, in order to increase the port's resilience to any negative changes to the economic environment.

Hua Nan Expressway (HNE)

Date of initial acquisition	19 Nov 2007
Cost of acquisition ¹⁶	S\$295.7 million
Valuation ¹⁷	S\$258.6 million
Distributions since Acquisition	S\$41.84 million
MIIF ownership	81% interest
% of MIIF portfolio ¹⁷	24.2%

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 tolls¹⁵ 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 Dec 09	3 months to Dec 08	Variance Fav/(Adv)	12 months to Dec 09	12 months to Dec 08	Variance Fav/(Adv)
Passenger vehicles	10,060.6	7,868.2	27.9%	34,935.6	30,109.9	16.0%
Minibus / Light Truck	691.8	602.4	14.8%	2,427.3	2,489.6	(2.5%)
Medium Bus / Truck	1,892.5	1,529.4	23.7%	6,864.1	6,369.7	7.8%
Large Bus / Large Truck	186.6	145.3	28.4%	618.4	599.3	3.2%
Heavy Duty Truck / Trailer	444.3	308.2	44.2%	1,484.9	1,304.1	13.9%
Total Vehicles	13,275.8	10,453.5	27.0%	46,330.3	40,872.6	13.4%

(RMB'million)	3 months to Dec 09	3 months to Dec 08	Variance Fav/(Adv)	12 months to Dec 09	12 months to Dec 08	Variance Fav/(Adv)
Revenue	136.4	110.4	23.6%	484.4	446.7	8.4%
Operating Expenses	(26.7)	(27.4)	2.6%	(91.0)	(92.9)	2.0%
EBITDA	109.7	83.0	32.2%	393.4	353.8	11.2%
EBITDA Margin	80.4%	75.2%	5.2%	81.2%	79.2%	2.0%

¹⁵ Toll rates on HNE are set by the Guangdong provincial government

¹⁶ 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.

¹⁷ Based on 31 December 2009 valuations. Numbers are subject to rounding

BUSINESS COMMENTARY (3 MONTHS TO DECEMBER 2009)

Financial Performance

- Revenue was 23.6% higher compared to pcp. This was due to a combination of:
 - the positive impact from the closure of the Northern Ring Road, an alternative route, for maintenance from 18 July 2009 to 8 November 2009 and the continued positive impact from the opening of the Phase III section of HNE¹⁸; and
 - the negative impact of the Olympics and the economic slowdown in Guangdong province in 4Q08 not being repeated in 4Q09.
- Costs were 2.6% lower compared to pcp. This positive variance is largely due to the favourable impact of the staffing system implemented in 2Q09. Under the new staffing system, HNE has reduced the number of toll collection shifts from three to two shifts a day.

Operations

- The opening of Phase III in June 2009 resulted in increased volumes across all vehicle types relative to pcp.
- The positive impact from the closure of the Northern Ring Road affected all vehicle types but the impact was particularly pronounced for commercial vehicles as it forms a significant portion of traffic on the Northern Ring Road.
- The 27.9% year on year increase in passenger vehicles also reflects the general increase in car ownership and passenger car sales in China.

BUSINESS COMMENTARY (12 MONTHS TO DECEMBER 2009)

Financial Performance

- EBITDA was 11.2% higher compared to pcp. This favorable variance was largely driven by the strong revenue performance in 2H09.

Operations

- The 16.0% year on year increase in the volume of passenger vehicles reflected the impacts of the opening of Phase III and the closure of the Northern Ring Road, discussed above, as well as the general increase in car ownership in China.
- Following a difficult first half, commercial vehicle volumes rebounded strongly in 2H09 resulting in a year on year increase of 5.9%. The increase was supported in part by improving economic conditions in the Guangzhou region as well as the positive impact of Phase III and the closure of the Northern Ring Road.

Outlook

- HNE's traffic volume is expected to continue to grow in 2010 as it benefits from:
 - the positive contribution from Phase III; and
 - the recovery in the Chinese economy.
- This growth is expected to be partially offset by the negative impact from the opening of Xinguang Expressway Phase II and possible traffic restrictions being implemented for the Guangzhou Asian Games.

¹⁸ 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
Cost of acquisition	S\$29.1 million
Valuation ¹⁹	S\$0.0 million
Distributions since Acquisition	S\$0.4 million
MIIF ownership	100% interest
% of MIIF portfolio ¹⁹	0.0%

Miaoli Wind owns and operates 25 wind turbines, with a combined capacity of 49.8MW, at two sites in Miaoli County, Taiwan.

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.

Key operational statistics can be found in the table below.

(GWh)	3 mths to Dec 2009	3 mths to Dec 2008	Variance Fav/(Adv)	12 mths to Dec 2009	12 mths to Dec 2008 ²⁰	Variance Fav/(Adv)
Total Energy Production	51.5	42.5	21.2%	134.0	139.9	(4.2%)

(NT\$'million)	3 mths to Dec 2009	3 mths to Dec 2008	Variance Fav/(Adv)	12 mths to Dec 2009	12 mths to Dec 2008 ²⁰	Variance Fav/(Adv)
Revenue	100.7	89.5	12.5%	260.3	288.2	(9.7%)
Operating Expenses	(17.8)	(10.9)	(63.3%)	(56.7)	(73.0)	22.3%
EBITDA	82.9	78.6	5.5%	203.6	215.2	(5.4%)
EBITDA Margin	82.3%	87.8%	(5.5%)	78.2%	74.7%	3.5%

¹⁹ Based on 31 December 2009 valuations. Numbers are subject to rounding

²⁰ Includes the pre-acquisition results of Miaoli Wind. MIIF acquired Miaoli Wind on the 20 March 2008. The 2008 results presented above are for ease of comparison and is for illustrative purposes only.

BUSINESS COMMENTARY (3 MONTHS TO DECEMBER 2009)

Financial Performance

- Revenue for the quarter was 12.5% higher compared to pcp. This improvement reflects that although current power generation has been poor, it was higher than its equivalent quarter in 2008.
- EBITDA for the period was 5.5% higher compared to the pcp due to higher revenue. 2008 expenses were lower due to the accrual of O&M compensation.

Operations

- Total energy production was 21.2% higher compared to pcp due to higher average wind speeds.

BUSINESS COMMENTARY (12 MONTHS TO DECEMBER 2009)

Financial Performance

- Revenue for the 12 months to December 2009 was 9.7% lower compared to pcp. This resulted primarily from lower power generation in February.
- As a result, EBITDA for the period was 5.4% lower compared to the pcp despite lower operating expenses partially offsetting the decline.

Operations

- Total energy production was 4.2% lower compared to pcp due to lower average wind speeds, especially in February 2009.

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 and poor developments have 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. This poor wind performance has been reflected in the valuation of the business. Further MIIIF will inject S\$1.7 million into Miaoli Wind to avoid a breach of the debt service cover ratio.
- Miaoli Wind is in the process of lodging an application for Voluntary Gold Standard carbon credits. Should the application and eventual registration be successful, Miaoli Wind will be able to sell the credits that it generates. However, as registration is not guaranteed and the timing is relatively uncertain, this additional revenue stream and potential increase in the valuation has not been reflected at this point in time.

Taiwan Broadband Communications (TBC)

Date of initial acquisition	16 July 2007
Cost of acquisition ²¹	S\$161.8 million
Valuation ²²	S\$169.0 million
Distributions since Acquisition	S\$141.7 million
MIIF ownership	20% interest
% of MIIF portfolio ²²	15.8%

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 Dec 2009	3 months to Dec 2008	December 2009	December 2008	Variance Fav/(Adv)
Basic Cable TV	2,905	4,475	724,628	712,895	1.6%
Basic Digital ²³	4,412	(1,122) ²⁴	25,012	10,806	131.5%
Penetration rate ²⁵	NA	NA	3.5%	1.5%	2.0%
Broadband	2,845	2,743	140,227	128,605	9.0%
Penetration rate	NA	NA	19.4%	18.0%	1.4%

(NT\$'million)	3 months to Dec 2009	3 months to Dec 2008	Variance Fav/(Adv)	12 months to Dec 2009	12 months to Dec 2008	Variance Fav/(Adv)
Revenue	1,690.6	1,633.1	3.5%	6,646.1	6,408.4	3.7%
Operating Expenses	(657.6)	(648.3)	(1.4%)	(2,568.0)	(2,506.4)	(2.5%)
EBITDA	1,033.0	984.8	4.9%	4,078.1	3,902.0	4.5%
EBITDA Margin	61.1%	60.3%	0.8%	61.4%	60.9%	0.5%

²¹ 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

²² Based on 31 December 2009 valuations. Numbers are subject to rounding

²³ Excludes additional pay-tier subscribers for HBO, Rainbow and Sonsee

²⁴ With the re-launch of the digital TV product expected in March 2009, TBC stopped promoting the existing digital TV product towards the end of 2008

²⁵ Penetration rate is calculated as a percentage of Basic subscribers

BUSINESS COMMENTARY (3 MONTHS TO DECEMBER 2009)

Financial Performance

- EBITDA was 4.9% 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\$1,690.6 million, up NT\$57.5 million on the pcp.
- The overall EBITDA margin of 61.1% was higher than pcp (60.3%).

Operations

- TBC has continued to perform well in the December 2009 quarter despite the slowdown in Taiwan's economy, with basic cable subscriber numbers increasing by 2,905, digital subscribers increasing by 4,412 and broadband subscribers increasing by 2,845 from 3Q 2009.
- Digital product business continued to perform strongly, achieving growth since launch in March of 128.3%. DVR service is also seeing strong take-up among digital subscribers since launch in August, reaching 11,958 subscribers. As at 31 December 2009, 47.8% of total digital customers subscribed for DVR.

BUSINESS COMMENTARY (12 MONTHS TO DECEMBER 2009)

Financial Performance

- EBITDA was 4.5% 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\$6,646.1 million, up NT\$237.7 million on the pcp.

Operations

- TBC has performed exceptionally well to date despite the slowdown in Taiwan's economy, with basic cable subscriber numbers reaching 724,628, representing an increase of 1.6% on pcp.
- Market leading broadband and digital TV services are driving significant increases in multi-product sales for TBC. Broadband subscribers increased by 9.0% to 140,227 and digital subscribers increased by 131.5% to 25,012.
- Digital TV is a key aspect of TBC's next growth phase. Digital TV currently represents only 3.5% of total basic Cable TV, implying substantial growth opportunities via successful up-selling of digital TV products to basic Cable TV subscribers.

Outlook

- TBC's strong performance in 2009 demonstrated its resilient nature to changes in Taiwanese economic conditions. Additionally, the enhanced program content and upgrade of the digital platform is anticipated to grow the demand for TBC's digital products.
- 2010 will see continued focus on enhancing TBC's digital TV and broadband products to build the subscriber base and deliver stronger margins.

OUTLOOK

While global economic and debt market conditions have improved during the year, the outlook remains uncertain, making forecasting difficult. Consequently, MIIF will maintain a conservative stance towards investment, funding and capital management across its business.

Operationally, MIIF's portfolio is expected to continue performing well despite challenging conditions. All businesses are forecast to deliver revenue and EBITDA growth. In addition, MIIF's balance sheet is anticipated to remain strong in 2010.

MIIF will also seek opportunities to further its plan to focus MIIF's portfolio on direct investments in Asia.

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 year ended 31 December 2009 to be false or misleading.

On behalf of the Board of Directors



John Stuart Hugh Roberts
Chairman
Sydney
23 February 2010



Heng Chiang Meng
Deputy Chairman
Singapore
23 February 2010