

**MACQUARIE INTERNATIONAL  
INFRASTRUCTURE FUND LIMITED**

SGX Quarterly Report for the quarter and half-year ended 30 June 2009



MACQUARIE

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# REPORT SUMMARY

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# REPORT SUMMARY

## FINANCIAL HIGHLIGHTS

Macquarie International Infrastructure Fund Limited (MIIF) achieved a net income on an adjusted basis of S\$28.6 million for the six months ended 30 June 2009, down S\$4.7 million compared to the prior year.

The decrease in MIIF's net income on an adjusted basis was primarily due to:

- Lower investment income from Arqiva (down 62.7 per cent) and MEIF (down 64.6 per cent) when compared to the prior year; and
- Timing difference in the receipt of distributions from Changshu Xinghua Port (CXP) (2008: S\$5.1 million), which are expected to be paid in the third quarter, also contributed to the lower income in the period.

The impact of MIIF's lower investment income was partially offset by:

- Net foreign exchange gain of S\$7.7 million primarily due to the realisation of some of MIIF's asset distribution hedges; and
- Lower total operating expenses of S\$3.3 million which were 76.0 per cent lower than the prior year, driven by lower management fees and reduced interest expenses.

MIIF's NAV per share as at 30 June 2009 was S\$0.87, compared with S\$0.97 as at 31 December 2008 (S\$0.88 as at 31 March 2009). The decrease for the six months was driven particularly by the material reduction in the fair value of Arqiva, MEIF, CAC and to a lesser extent CXP. The reduction in the fair value of these businesses was partially offset by foreign exchange driven gains across the portfolio.

Revaluation losses of S\$95.5 million for the six months ended 30 June 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.

## OPERATIONAL HIGHLIGHTS

Key operating highlights from MIIF's businesses for the six months to 30 June 2009 include:

- Arqiva: The 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 with the Satellite and Media division continuing the strong growth delivered in 2008. EBITDA<sup>1</sup> was 9.0 per cent higher than the prior year;

In March 2009, Arqiva was appointed the strategic partner of Mobile Broadband Network Limited (MBNL), the joint venture between T-Mobile UK and 3 UK for the provision of wireless sites. In addition, the DSO programme to convert current analogue and low-power Digital Terrestrial TV to national high-power DTT continues and Arqiva is on track to deliver DSO nationwide ahead of due date in 2012;

Following CPPIB's acquisition of a 48% interest in Arqiva, Arqiva's final distribution for the 2009 year<sup>2</sup> has been deferred pending a future capital structure review;

- Canadian Aged Care (CAC): EBITDA for the half year was in line with the prior year. Increased revenues from seven newly acquired homes were off-set by higher costs at these homes, and whilst occupancy of private accommodation increased, one-off refurbishment costs were also higher. CAC

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<sup>1</sup> Pre one-off cost and share of income from associates

<sup>2</sup> MIIF typically receives this distribution from Arqiva in July

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sustained a high average total occupancy across its homes of 98.1 per cent (2008: 98.1 per cent). The average occupancy of rooms designated for private use increased for the six month period at 94.6 per cent (2008: 92.1 per cent);

- Changshu Xinghua Port (CXP): As a result of challenging economic conditions, CXP had a difficult start to the year. However its performance improved significantly across all cargo types in 2Q 2009. General cargo and forestry product volumes performed exceptionally well with increases of 22.7% and 20.1% in the quarter. Container volumes improved in the quarter but continue to underperform last year due to the global contraction in container trade. The strong 2Q 2009 performance has resulted in CXP's EBITDA for 1H 2009 being broadly in line with 1H 2008;
- Hua Nan Expressway (HNE): Toll revenue of RMB212.0 million for the quarter was slightly lower than the prior year, with traffic down marginally to 20.1 million vehicles (2008: 20.3 million). This decrease was due to the economic slowdown in China which has reduced manufacturing output and led to factory closures in Guangdong province. EBITDA was 6.7 per cent lower than 2008. The Phase III section of HNE commenced operations on 22 June 2009. Since the opening of this road, vehicles linking from Phase III<sup>3</sup> to Phase I and II of HNE contributed to an 8.8 per cent increase in toll revenue<sup>4</sup>;
- Miaoli Wind: Miaoli Wind posted revenue of NT\$127.1 million on total energy production of 67.1 GWh for the half (2008: 76.8 GWh). EBITDA of NT\$96.8 million for the half was 19.5 per cent lower when compared to the prior year wholly due to lower power generation as a result of poor wind performance;
- Taiwan Broadband Communications (TBC): TBC continued to achieve impressive growth during the period. An increase in basic analogue cable television subscriber numbers, steady growth in internet broadband subscription and an increase in the subscription of the higher margin premium digital product has led to EBITDA growth of 4.3 per cent for the half when compared to the prior year. TBC successfully launched a new digital product in April 2009. The product has been very well received and new subscriptions are ahead of plan; and
- Macquarie European Infrastructure Fund (MEIF): As a consequence of the slowdown in economic activity in Europe, MEIF's transportation businesses; APRR, Wightlink, Bristol Airport and Brussels Airport, recorded lower traffic performances in the half, leading to lower revenue and EBITDA.

## PORTFOLIO OUTLOOK

While global economic and debt market conditions are anticipated to remain challenging during 2009, it is important to note that all borrowings held by MIIF's underlying businesses are non-recourse to MIIF and have substantial remaining contractual terms of between two and 14 years.

Given the continued volatility in market conditions, MIIF maintains a conservative approach to capital management and is focused on ensuring its businesses are appropriately placed for the current environment.

MIIF's investments in TBC and CAC are likely to remain relatively unaffected with respect to global economic activity. However, revenues from MIIF's remaining investments, particularly those in China<sup>5</sup> and transportation assets in Europe, are being impacted by the economic slowdown.

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<sup>3</sup> 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

<sup>4</sup> Average toll revenue growth between the 15 days after the opening of Phase III and the 15 days prior to the opening of Phase III

<sup>5</sup> The opening of Phase III of HNE is anticipated to make a positive contribution towards the performance of Phase I and II of HNE

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PERFORMANCE REVIEW OF  
MACQUARIE INTERNATIONAL INFRASTRUCTURE  
FUND LIMITED

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# 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 significant investments in toll roads, ports, communications and broadcast infrastructure, transport infrastructure, renewable energy, and aged-care infrastructure, among others.

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 7,900 investors, including retail investors and some of the world's foremost institutional investors.

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

As at 30 June 2009, MIIF's portfolio comprises the following businesses:

<b>Investment Portfolio</b>	<b>Percentage Ownership (%)</b>	<b>Percentage of Portfolio by Value (%)</b>
Arqiva	8.7	27.1
Canadian Aged Care (CAC)	55.0	7.7
Changshu Xinghua Port (CXP)	38.0	7.3
Hua Nan Expressway (HNE)	81.0	23.4
Macquarie European Infrastructure Fund (MEIF)	6.3	18.8
Miaoli Wind Co. Ltd (Miaoli Wind) – formerly known as infraVest Wind	100.0	1.4
Taiwan Broadband Communications (TBC)	20.0	14.3

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## DIVIDEND POLICY

MIIF's dividend policy is based on the anticipated cash flows from its investments. MIIF intends to pay out as ordinary dividends to shareholders the majority of normal distributions received from MIIF's 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, these proceeds would be distributed by way of a special distribution. 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

MIIF's Board of Directors has declared an interim ordinary dividend of 1.5 cents per ordinary share (cps) for the half-year ended 30 June 2009.

### Interim Ordinary Dividend

	For the half-year ended 30 Jun 2009	For the half-year ended 30 Jun 2008
Name of Dividend	Interim	Interim
Dividend Rate – Base	1.5 cents per ordinary share	4.25 cents per ordinary share
Announcement Date	13 August 2009	13 August 2008
Ex-dividend Date	26 August 2009	26 August 2008
Book Closure Date	28 August 2009	28 August 2008
Date Payable	11 September 2009	15 October 2008

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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 2008	4.25
30 June 2008	4.25
31 December 2008	3.00

## 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 represents the earnings of MIIF that underpins the payment of dividends to MIIF shareholders, and as such is the measure that MIIF's Board of Directors focuses on to determine the amount of dividends that are ultimately paid to shareholders. It does not include all items of revenue and expense that are ordinarily captured in a statement of comprehensive income prepared in accordance with all applicable accounting standards.

The following table compares the unaudited actual results for the quarter and half-year ended 30 June 2009 to the quarter and half-year ended 30 June 2008.

# REVIEW OF NET INCOME ON AN ADJUSTED BASIS

## NET INCOME ON AN ADJUSTED BASIS

	Note	Quarter ended 30 Jun 09 \$'000	Quarter ended 30 Jun 08 \$'000	Half-year ended 30 Jun 09 \$'000	Half-year ended 30 Jun 08 \$'000
<b>Revenue</b>					
Total income from investments	A	6,589	28,732	24,156	43,076
Non-recurring income from investments		-	-	-	-
Interest income	B (i)	4	97	24	194
Net foreign exchange gain	B (ii)	671	1,131	7,705	3,707
<b>Total revenue</b>		<b>7,264</b>	<b>29,960</b>	<b>31,885</b>	<b>46,977</b>
<b>Expenses</b>					
Management fees	C (i)	1,040	3,409	1,680	6,505
Directors' fees	C (ii)	108	81	217	153
Finance costs	C (iii)	302	265	411	1,325
Lending fees	C (iv)	66	3,289	155	3,530
Other operating expenses	C (v)	509	1,270	818	2,145
<b>Total operating expenses</b>		<b>2,025</b>	<b>8,314</b>	<b>3,281</b>	<b>13,658</b>
<b>Net income on an adjusted basis</b>		<b>5,239</b>	<b>21,646</b>	<b>28,604</b>	<b>33,319</b>
Loss on disposal of investments	D	-	-	-	(2,471)
<b>Profit attributable to equity holders</b>		<b>5,239</b>	<b>21,646</b>	<b>28,604</b>	<b>30,848</b>
Amounts not included in the above analysis					
Net (loss)/gain on the movement in the fair value of MIIF's financial assets <sup>(1)</sup>		(24,075)	6,593	(128,586)	(49,720)
Transaction costs		-	(1,016)	-	(3,016)
<b>Total GAAP adjustments</b>		<b>(24,075)</b>	<b>5,577</b>	<b>(128,586)</b>	<b>(52,736)</b>
<b>Net (loss)/income on an unconsolidated basis <sup>(2)</sup></b>		<b>(18,836)</b>	<b>27,223</b>	<b>(99,982)</b>	<b>(21,888)</b>
Consolidation adjustments to net income		2,742	(1,874)	6,772	(2,816)
<b>Net (loss)/income on a consolidated basis</b>		<b>(16,094)</b>	<b>25,349</b>	<b>(93,210)</b>	<b>(24,704)</b>

- 1) The net loss on financial assets at fair value as shown in the income statement on this page is different to the net (loss)/gain on financial assets at fair value as shown on page 12 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 gain/(loss) on disposal of investment.
- 2) Please refer to page 19 for reconciliation to consolidated statement of comprehensive income.

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

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## REVIEW OF NET INCOME ON AN ADJUSTED BASIS

For the half-year ended 30 June 2009, MIIF reported a net income on an adjusted basis of \$28.6 million which was \$4.7 million lower compared to the prior corresponding period (pcp). The decrease was due to lower income from investments, offset by a higher net foreign exchange gain, lower management fees and lower company-level finance costs.

Total income from investments was 43.9% lower compared to the pcp. The main reasons for this reduction in the period are the lower distribution from Arqiva of \$3.8 million (2008: \$10.2 million), MEIF of \$3.1 million (2008: \$8.8 million) and timing difference in the receipt of distributions from CXP which is expected to be paid in the third quarter (2008: \$5.1 million).

Total revenue of \$31.9 million also benefited from net foreign exchange gains of \$7.7 million.

MIIF's total operating expenses of \$3.3 million for the half-year ended 30 June 2009 were \$10.4 million lower than the pcp due to reduced management fees and company-level finance costs. The lower management fees were due to the lower market capitalisation of MIIF and the lower finance costs were due to the decrease in average company-level borrowings. Profit attributed to equity holders for the year to date of \$28.6 million is \$2.2 million lower than the pcp.

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MACQUARIE INTERNATIONAL  
INFRASTRUCTURE FUND LIMITED

FINANCIAL STATEMENTS FOR THE HALF-YEAR  
ENDED 30 JUNE 2009

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# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Group as at 30 Jun 09 \$'000	Group as at 31 Dec 08 \$'000	Company as at 30 Jun 09 \$'000	Company as at 31 Dec 08 \$'000
<b>ASSETS</b>					
Current assets					
Cash at bank	I	15,619	35,403	8,935	12,186
Trade and other receivables	E (i)	575	10,620	4,508	13,534
Financial assets at fair value through profit or loss	E (ii)	34	6,847	-	6,847
Other assets		180	130	-	28
		16,408	53,000	13,443	32,595
Non-current assets					
Intangible assets	E (iii)	100,329	102,872	-	-
Financial assets at fair value through profit or loss	E (iv) & (v)	1,155,466	1,260,106	1,142,094	1,253,291
Other assets		517	1,636	-	-
		1,256,312	1,364,614	1,142,094	1,253,291
<b>Total assets</b>		<b>1,272,720</b>	<b>1,417,614</b>	<b>1,155,537</b>	<b>1,285,886</b>
<b>Liabilities</b>					
Current liabilities					
Trade and other payables	F (i)	10,777	27,809	1,507	3,394
Financial liabilities at fair value through profit or loss	F (iii)	353	-	353	-
Borrowings	F (ii)	35,797	25,529	30,115	20,014
		46,927	53,338	31,975	23,408
Non-current liabilities					
Trade and other payables		135	71	-	-
Financial liabilities at fair value through profit or loss	F (iii)	5,962	7,848	-	-
Provision for other liabilities and charges		437	435	-	-
Borrowings	F (ii)	82,816	86,476	-	-
		89,350	94,830	-	-
<b>Total liabilities</b>		<b>136,277</b>	<b>148,168</b>	<b>31,975</b>	<b>23,408</b>
<b>Net assets</b>		<b>1,136,443</b>	<b>1,269,446</b>	<b>1,123,562</b>	<b>1,262,478</b>
<b>Equity</b>					
Share capital		1,246,616	1,246,616	1,246,616	1,246,616
Foreign currency translation reserve		1,567	1,271	-	-
(Accumulated losses)/retained earnings		(140,832)	(8,688)	(123,054)	15,862
		1,107,351	1,239,199	1,123,562	1,262,478
Minority interest	F (iv)	29,092	30,247	-	-
<b>Total equity</b>		<b>1,136,443</b>	<b>1,269,446</b>	<b>1,123,562</b>	<b>1,262,478</b>

- Notes to the consolidated statements of financial position can be found on pages 25 to 31.
- Please refer to note L(vii) on page 36 for the listing of all subsidiaries and joint venture entities included within the Group results.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Group Quarter ended 30 Jun 09 \$'000	Group Quarter ended 30 Jun 08 \$'000	Group Half-year ended 30 Jun 09 \$'000	Group Half-year ended 30 Jun 08 \$'000
<b>Income</b>				
Power supply revenue	2,039	2,283	5,661	2,626
Interest income	17	149	51	266
Net foreign exchange (loss)/gain	(1,251)	12,881	7,361	6,342
Net (loss)/gain on financial assets at fair value through profit or loss <sup>(1)</sup>	(10,600)	27,969	(95,461)	(6,792)
Other income	-	6	2	11
<b>Total income</b>	<b>(9,795)</b>	<b>43,288</b>	<b>(82,386)</b>	<b>2,453</b>
<b>Expenses</b>				
Base management fees	1,040	3,409	1,680	6,505
Finance costs	1,422	2,683	2,636	3,861
Employee benefits expense	129	39	231	70
Professional services	634	(214)	833	2,333
Rental expense	47	24	90	47
Directors' fees	89	118	225	222
Amortisation	1,481	1,484	2,988	1,675
Lending fees	66	3,289	155	3,530
Other operating expenses	1,200	1,272	2,031	1,786
<b>Total operating expenses</b>	<b>6,108</b>	<b>12,104</b>	<b>10,869</b>	<b>20,029</b>
(Loss)/profit before income tax	(15,903)	31,184	(93,255)	(17,576)
Income tax expense	(543)	-	(1,070)	(1,475)
<b>(Loss)/profit after income tax</b>	<b>(16,446)</b>	<b>31,184</b>	<b>(94,325)</b>	<b>(19,051)</b>
(Loss)/profit attributable to:				
Owners of the parent	(16,094)	25,349	(93,210)	(24,704)
Minority interest	(352)	5,835	(1,115)	5,653
<b>(Loss)/profit after income tax</b>	<b>(16,446)</b>	<b>31,184</b>	<b>(94,325)</b>	<b>(19,051)</b>

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

	Group Quarter ended 30 Jun 09 \$'000	Group Quarter ended 30 Jun 08 \$'000	Group Half-year ended 30 Jun 09 \$'000	Group Half-year ended 30 Jun 08 \$'000
(Loss)/profit after income tax	(16,446)	31,184	(94,325)	(19,051)
<b>Other comprehensive income:</b>				
Foreign currency translation reserve	1,115	2,181	256	(1,982)
<b>Total comprehensive income</b>	<b>(15,331)</b>	<b>33,365</b>	<b>(94,069)</b>	<b>(21,033)</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	(13,108)	27,623	(92,914)	(26,575)
Minority interest	(2,223)	5,742	(1,155)	5,542
<b>Total comprehensive income</b>	<b>(15,331)</b>	<b>33,365</b>	<b>(94,069)</b>	<b>(21,033)</b>

## EARNINGS PER SHARE

	Group Quarter ended 30 Jun 09	Group Quarter ended 30 Jun 08	Group Half-year ended 30 Jun 09	Group Half-year ended 30 Jun 08
Weighted average number of shares on issue used in calculation of basic earnings per share ('000)	1,297,804	1,291,097	1,297,804	1,286,774
Weighted average number of shares on issue used in calculation of diluted earnings per share ('000)	1,297,804	1,291,097	1,297,804	1,286,774
<b>Earnings per share</b>				
(Losses)/earnings attributable to owners of the parent (\$'000)	(16,094)	25,349	(93,210)	(24,704)
- Basic earnings per share (cents per share)	(1.24)	1.96	(7.18)	(1.92)
- Diluted earnings per share (cents per share)	(1.24)	1.96	(7.18)	(1.92)

## STATEMENT 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
<b>Balance as at 1 January 2008</b>	1,234,627	413,343	(461)	1,647,509	34,054	1,681,563
<i>Changes in equity for the quarter ended 31 March 2008</i>						
Dividends paid	-	(54,504)	-	(54,504)	-	(54,504)
Total comprehensive income for the period	-	(50,053)	(4,145)	(54,198)	(200)	(54,398)
<b>Balance as at 31 March 2008</b>	1,234,627	308,786	(4,606)	1,538,807	33,854	1,572,661
<i>Changes in equity for the quarter ended 30 June 2008</i>						
Total comprehensive income for the period	-	25,349	2,274	27,623	5,742	33,365
Issue of ordinary shares	10,903	-	-	10,903	-	10,903
<b>Balance as at 30 June 2008</b>	1,245,530	334,135	(2,332)	1,577,333	39,596	1,616,929
<i>Balance as at 1 January 2009</i>						
<b>Balance as at 1 January 2009</b>	1,246,616	(8,688)	1,271	1,239,199	30,247	1,269,446
<i>Changes in equity for the quarter ended 31 March 2009</i>						
Dividends paid	-	(38,934)	-	(38,934)	-	(38,934)
Total comprehensive income for the period	-	(79,346)	(460)	(79,806)	1,068	(78,738)
<b>Balance as at 31 March 2009</b>	1,246,616	(126,968)	811	1,120,459	31,315	1,151,774
<i>Changes in equity for the quarter ended 30 June 2009</i>						
Total comprehensive income for the period	-	(13,864)	756	(13,108)	(2,223)	(15,331)
<b>Balance as at 30 June 2009</b>	1,246,616	(140,832)	1,567	1,107,351	29,092	1,136,443

Statement of Changes in Shareholders' Equity of MIIF	Share capital \$'000	Retained earnings/ (Accumulated losses) \$'000	Total equity \$'000
<b>Balance as at 1 January 2008</b>	1,234,627	406,801	1,641,428
<i>Changes in equity for the quarter ended 31 March 2008</i>			
Dividends paid	-	(54,504)	(54,504)
Total comprehensive income for the period	-	(49,111)	(49,111)
<b>Balance as at 31 March 2008</b>	1,234,627	303,186	1,537,813
<i>Changes in equity for the quarter ended 30 June 2008</i>			
Issue of ordinary shares	10,903	-	10,903
Total comprehensive income for the period	-	27,223	27,223
<b>Balance as at 30 June 2008</b>	1,245,530	330,409	1,575,939
<b>Balance as at 1 January 2009</b>	1,246,616	15,862	1,262,478
<i>Changes in equity for the quarter ended 31 March 2009</i>			
Dividends paid	-	(38,934)	(38,934)
Total comprehensive income for the period	-	(81,146)	(81,146)
<b>Balance as at 31 March 2009</b>	1,246,616	(104,218)	1,142,398
<i>Changes in equity for the quarter ended 30 June 2009</i>			
Total comprehensive income for the period	-	(18,836)	(18,836)
<b>Balance as at 30 June 2009</b>	1,246,616	(123,054)	1,123,562

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## CHANGES IN SHARE CAPITAL

There were no changes to share capital during the quarter ended 30 June 2009.

# STATEMENT OF CASH FLOWS

	Group Quarter ended 30 Jun 09 \$'000	Group Quarter ended 30 Jun 08 \$'000	Group Half-year ended 30 Jun 09 \$'000	Group Half-year ended 30 Jun 08 \$'000
<b><i>Cash flows from operating activities</i></b>				
(Loss)/profit after tax	(16,446)	31,184	(94,325)	(19,051)
Adjustments for non cash items:				
Income tax expense	-	-	-	1,475
Amortisation and depreciation	1,481	1,484	2,988	1,675
Unrealised foreign exchange (gains)/losses	(56)	3,814	(1,179)	(522)
Amortisation of transaction costs	24	-	49	-
Revaluation of financial assets at fair value through profit or loss	17,518	(13,634)	120,108	48,164
<u>Changes in working capital, net of the effects from acquisition of subsidiaries:</u>				
Decrease/(increase) in trade and other receivables	658	(15,484)	10,128	3,553
Increase/(decrease) in trade and other payables	340	(4,286)	(16,700)	(24,356)
Decrease in provisions for other liabilities and charges	(9)	-	-	-
(Increase)/decrease in other assets	(213)	(361)	985	(334)
Income tax paid	-	-	-	(1,475)
<b>Net cash inflow from operating activities</b>	<b>3,297</b>	<b>2,717</b>	<b>22,054</b>	<b>9,129</b>
<b><i>Cash flows from investing activities</i></b>				
Proceeds from sale of investments	-	-	-	154,241
Purchase of business assets net of cash acquired	-	(3,015)	(10,187)	(17,575)
Movement in restricted cash	-	-	-	23,415
<b>Net cash (outflow)/inflow from investing activities</b>	<b>-</b>	<b>(3,015)</b>	<b>(10,187)</b>	<b>160,081</b>
<b><i>Cash flows from financing activities</i></b>				
Proceeds from borrowings	-	30,814	35,000	235,851
Repayment of borrowings	(22,786)	-	(27,786)	(356,107)
Dividends paid	-	(43,601)	(38,934)	(43,601)
Movement in restricted cash of subsidiary	364	(5,981)	(562)	(5,981)
<b>Net cash outflow from financing activities</b>	<b>(22,422)</b>	<b>(18,768)</b>	<b>(32,282)</b>	<b>(169,838)</b>
<b>Net decrease in cash at bank</b>	<b>(19,125)</b>	<b>(19,066)</b>	<b>(20,415)</b>	<b>(628)</b>
Cash at bank at beginning of financial period	29,931	50,020	31,221	31,601
Restricted cash	4,744	5,981	4,744	5,981
Effects of exchange rate changes on cash at bank	69	(2)	69	(21)
<b>Cash at bank at end of financial period</b>	<b>15,619</b>	<b>36,933</b>	<b>15,619</b>	<b>36,933</b>

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

The income statement on page 8 of this report, and specifically the line titled 'Net income on an adjusted basis', has been prepared so as to present the earnings out of which MIF dividends will be paid. The income statement on page 8 has not been prepared in accordance with applicable accounting standards. The consolidated statement of comprehensive income on page 12 has been prepared in accordance with International Financial Reporting Standards (IFRS). The table below reconciles net income on an adjusted basis for half-year ended 30 June 2009 presented in the income statement on page 8 of this report to the consolidated statement of comprehensive income (MIF and its subsidiaries) for the half-year ended 30 June 2009 disclosed on page 12.

	Net Income <sup>(1)</sup> on an adjusted basis year to date 30 Jun 09 \$'000	GAAP Adjustments <sup>(2)</sup> year to date 30 Jun 09 \$'000	Consolidation Adjustments <sup>(3)</sup> year to date 30 Jun 09 \$'000	MIF Group <sup>(4)</sup> year to date 30 Jun 09 \$'000
<b>Income</b>				
Investment revenue	24,156	(24,156)	-	-
Power supply revenue	-	-	5,661	5,661
Interest revenue	24	-	27	51
Other income	-	-	2	2
Net foreign exchange gain/(loss)	7,705	-	(344)	7,361
Net loss on financial assets at fair value through profit or loss	-	(104,430)	8,969	(95,461)
<b>Total income</b>	<b>31,885</b>	<b>(128,586)</b>	<b>14,315</b>	<b>(82,386)</b>
<b>Expenses</b>				
Management fees	1,680	-	-	1,680
Directors' fees	217	-	8	225
Finance costs	411	-	2,225	2,636
Lending fees	155	-	-	155
Professional services	305	-	528	833
Other operating expenses	513	-	4,827	5,340
<b>Total expenses</b>	<b>3,281</b>	<b>-</b>	<b>7,588</b>	<b>10,869</b>
Profit/(loss) before income tax	28,604	(128,586)	6,727	(93,255)
Income tax expense	-	-	(1,070)	(1,070)
<b>Profit/(loss) after income tax</b>	<b>28,604</b>	<b>(128,586)</b>	<b>5,657</b>	<b>(94,325)</b>
Minority interest	-	-	1,115	1,115
<b>Profit/(loss) attributable to owners of the parent</b>	<b>28,604</b>	<b>(128,586)</b>	<b>6,772</b>	<b>(93,210)</b>

1) This is the net income on an adjusted basis presented in the income statement on page 8.

2) These are adjustments that must be made to the net income on an adjusted basis to arrive at the net income on an unconsolidated basis, prepared in accordance with IFRS. For example, investment revenue is classified as 'net loss/gain on financial assets at fair value through profit and loss' under IFRS, therefore an adjustment was made to remove it from investment revenue.

3) This is a consolidation adjustment only. It reverses a portion of the net revaluation gains recognised in the unconsolidated income statement of MIF that relates to assets which are consolidated in the consolidated income statement of MIF as required under IFRS.

4) This is the consolidated statement of comprehensive income after tax of the MIF Group disclosed on page 12.

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MACQUARIE INTERNATIONAL  
INFRASTRUCTURE FUND LIMITED

MANAGEMENT REVIEW:  
FOR THE HALF-YEAR ENDED 30 JUNE 2009

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# REVIEW OF REVENUE AND EXPENSES FOR THE HALF-YEAR ENDED 30 JUNE 2009

Presented in the income statement disclosed on page 8

## REVIEW OF REVENUE

MIIF's total revenue of \$31.9 million for the half-year ended 30 June 2009 was 32.1% lower than pcp due to lower income from investments offset by higher gains on net foreign exchange in 2009.

The lower income from investments is due to lower distribution from Arqiva and MEIF, and timing difference in the receipt of distribution from CXP. Higher gain on net foreign exchange arose primarily from the realisation of MIIF's distribution hedges during the half-year ended.

### 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 30 Jun 09 \$'000	Quarter ended 30 Jun 08 \$'000	Half-year ended 30 Jun 09 \$'000	Half-year ended 30 Jun 08 \$'000
<b>Income from investments</b>				
Arqiva	-	10,195	3,798	10,195
CAC	3,495	4,291	7,243	8,438
CXP	-	5,080	-	5,080
Miaoli Wind	-	413	-	413
MEIF	3,094	8,753	3,094	8,753
TBC	-	-	10,021	10,197
<b>Total income from investments</b>	<b>6,589</b>	<b>28,732</b>	<b>24,156</b>	<b>43,076</b>

MIIF received income from investments of \$24.2 million from Arqiva (\$3.8 million), CAC (\$7.2 million), MEIF (\$3.1 million) and TBC (\$10.0 million) in the half-year under review. Total income from investments was 43.9% lower compared to the pcp (2008: \$43.1 million).

There were no one-off distributions received during the period

## 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
MEIF	2	April, October
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 when 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 when distributions in respect of a previous accounting period are received and when MIIF pays its dividends in respect of that period. Debt drawn down for this purpose is repaid as soon as the cash is received.

We note that due to changes in Tax Filing dates, distributions from our China assets will in future be declared in the third quarter.

## B) OTHER REVENUE ITEMS

### (i) Interest income

Interest income for the half-year ended 30 June 2009 was mainly derived from Singapore dollar cash deposits earning an annualised interest of approximately 0.1%.

### (ii) Net foreign exchange gain

Net foreign exchange gain of \$7.7 million for the half-year ended 30 June 2009 was due to:

- \$7.3 million gain from the realisation of a number of MIIF's distribution hedges.
- gain of \$0.4 million arising from non-investment balances which are denominated in a currency other than Singapore dollars. These balances include cash-on-hand, expenses payable, distribution and investment income receivable. As foreign exchange rates move, the value of these balances change accordingly.

## C) REVIEW OF EXPENSES

	Quarter ended 30 Jun 09 \$'000	Quarter ended 30 Jun 08 \$'000	Half-year ended 30 Jun 09 \$'000	Half-year ended 30 Jun 08 \$'000
<b>Expenses</b>				
Management fees	1,040	3,409	1,680	6,505
Directors' fees	108	81	217	153
Finance costs	302	265	411	1,325
Lending fees	66	3,289	155	3,530
Other operating expenses	509	1,270	818	2,145
<b>Total operating expenses</b>	<b>2,025</b>	<b>8,314</b>	<b>3,281</b>	<b>13,658</b>

Total operating expenses of \$3.3 million for half-year ended 30 June 2009 was 76.0% lower than the pcp.

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

### (i) Management fees

Management fees for the half-year ended 30 June 2009 were lower when compared to the pcp because of MIIF's lower average market capitalisation. This 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 MIIF Board of Directors 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 \$0.4 million for the half-year ended 30 June 2009 were \$0.9 million lower than the pcp due to lower fund-level borrowings for the period. MIIF's outstanding balance on its borrowing facilities was approximately \$30.0 million as at 30 June 2009.

### (iv) Lending fees

Lending fees relate to commitment fees on undrawn borrowing facilities. The lending fees of \$0.2 million for the half-year ended 30 June 2009 were lower than the pcp following the decision to reduce MIIF's available loan facilities from \$440.0 million as at 30 June 2008 to \$200.0 million as at 30 June 2009.

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**(v) Other operating expenses**

Other operating expenses of \$0.8 million for the half-year ended 30 June 2009 were 61.8% lower than the pcp. The decrease was primarily due to lower professional fees incurred in the quarter. Other expense items that were 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 divested its interest in MAp in March 2008. The divestment resulted in a loss of \$2.5 million, although the investment in MAp generated an equity internal rate of return of 7.0% per annum for MIIF over its ownership period. MIIF made no divestments in the six-months ended 30 June 2009.

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# REVIEW OF NET ASSETS AND STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2009

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

## **E) ASSETS**

### **(i) Trade and other receivables**

Stand-alone current trade and other receivables decreased from \$13.5 million as at 31 December 2008 to \$4.5 million as at 30 June 2009. The reduction was primarily due to the reversal of dividends receivable of \$8.7 million from Arqiva and TBC paid in the second half of 2008. The balance as at 30 June 2009 is mainly comprised of inter-company receivables from MIIF's subsidiaries.

Group current trade and other receivables decreased from \$10.6 million as at 31 December 2008 to \$0.6 million as at 30 June 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 \$0.4 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 30 June 2009 was due to the acquisition and consolidation of Miaoli Wind in March 2008. 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 have been identified from the detailed assessment of assets and liabilities on acquisition of Miaoli Wind. This has been included in the Group Statement of Financial Position. Relevant amortisation for the half-year ended 30 June 2009 was recognised in the consolidated statement of comprehensive income.

### **(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 \$1,245.4 million as at 31 December 2008 to \$1,142.1 million at 30 June 2009. This balance reflects the Directors' valuation of the fair value of MIIF's businesses as at 30 June 2009. The decrease in valuation of total investments was substantially due to:

- revaluation losses of \$139.3 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;
- net foreign exchange gains of \$50.0 million arising from translation of MIIF's foreign denominated assets to Singapore dollars;
- distributions received of \$24.2 million; and
- offset by 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 30 June 2009.

	Company Balance at 31 Dec 08 \$'000	Investment / (divestment) \$'000	Income received from investments \$'000	Foreign exchange effects \$'000	Revaluation to 30 Jun 09 \$'000	Company Balance at 30 Jun 09 \$'000
<b>Unlisted securities</b>						
Arqiva	329,501	-	(3,798)	39,648	(55,988)	309,363
CAC	93,408	10,187	(7,243)	4,429	(12,964)	87,817
CXP	94,722	-	-	993	(12,353)	83,362
HNE	276,541	-	-	1,642	(11,409)	266,774
MEIF	246,447	-	(3,094)	2,463	(31,208)	214,608
Miaoli Wind	23,895	-	-	102	(7,631)	16,366
TBC	180,786	-	(10,021)	721	(7,754)	163,732
Others	72	-	-	-	-	72
<b>Total investments</b>	<b>1,245,372</b>	<b>10,187</b>	<b>(24,156)</b>	<b>49,998</b>	<b>(139,307)</b>	<b>1,142,094</b>

The \$139.3 million reduction in the fair value of MIIF's investments is mainly explained by the material movements in Arqiva (\$56.0 million) and MEIF (\$31.2 million) and to a lesser extent by CAC (\$13.0 million) and CXP (\$12.4 million). The reduction in the fair value of these businesses was partially offset by FX driven increases in the remainder of the portfolio.

The fall in the fair value of Arqiva, MEIF and CAC reflects 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 is much reduced from those levels experienced before the current dislocation in credit markets with the result that businesses may need to use new equity or its own cash earnings to bring debt levels down to more achievable levels.

#### **Additional Disclosures**

We note that on 30 June 2009, the security holders of Macquarie Communications Infrastructure Group (MCG) voted in favour of implementing the proposal by Canada Pension Plan Investment Board (CPPIB) to acquire all the stapled securities of MCG by way of inter-conditional Schemes of Arrangement and a Trust Scheme (the "Scheme"). Security holders of MCG received a Scheme consideration of A\$2.50 per stapled security and a Special Capital Distribution of A\$0.50 per stapled security. The combined consideration of A\$3.00 per stapled security represents a 181% premium to the three month volume weighted average price of MCG securities prior to the announcement. MCG is a 48% shareholder of Arqiva.

The MCG Independent Directors appointed Deloitte Corporate Finance Pty Limited (Deloitte) to prepare an independent expert report on the proposed bid. This report was published on 4 May 2009 and found the offer from CPPIB to be "fair", with a valuation range of GBP823 million – GBP1,166 million for 100% of Arqiva. The combined offer of A\$3.00 by CPPIB implied a value for Arqiva toward the top end of this range. If MIIF were to adopt CPPIB's implied value for Arqiva it would reduce MIIF's net asset value (NAV) per ordinary share to \$0.81.

We are of the opinion that the value ascribed to Arqiva in the Independent Expert's report by Deloitte in the Scheme document prepared by MCG does not represent a comparable transaction and is not

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determinative of its fair value. This is because the value ascribed to Arqiva by Deloitte was in the context of an offer for the whole of MCG and not for Arqiva as a standalone business.

Given the facts and circumstances available to us to date, we believe that the fair value of Arqiva as at 30 June 2009 represents management's best estimate. Arqiva's fair value contained in these accounts has been properly prepared in accordance with the methodology set out under note G on page 29.

**(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 \$1,252.1 million as at 31 December 2008 to \$1,155.3 million as at 30 June 2009. This balance reflects the fair value of the Group's investments.

**F) LIABILITIES**

**(i) Trade and other payables**

Group current trade and other payables decreased from \$27.8 million as at 31 December 2008 to \$10.8 million as at 30 June 2009. It comprised both company level balances and trade and other payables of MIIF's subsidiaries.

**(ii) Borrowings**

Stand-alone company borrowings increased from \$20.0 million as at 31 December 2008 to \$30.1 million as at 30 June 2009. This increase was primarily due to a temporary drawdown of \$30.0 million required to fund MIIF's 2008 final dividend and a deferred equity investment in CAC used to acquire the seven long term care homes in January 2008. These borrowings are expected to reduce further upon receipt of distributions (in respect of 2008 earnings) from CXP and HNE in the third quarter of 2009. Group short term borrowings include the portion of Miaoli Wind's debt of \$5.7 million, to be amortised in the current period.

Group long term borrowings of \$82.8 million as at 30 June 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 \$88.5 million.

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

	Group as at 30 Jun 09 \$'000	Group as at 31 Dec 08 \$'000	Company as at 30 Jun 09 \$'000	Company as at 31 Dec 08 \$'000
Amount repayable in one year or less, or on demand	35,797	25,529	30,115	20,014
Amount repayable after one year	82,816	86,476	-	-
Total borrowings	118,613	112,005	30,115	20,014
Amount secured	88,498	91,991	-	-
Amount unsecured	30,115	20,014	30,115	20,014
Total borrowings	118,613	112,005	30,115	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 \$0.4 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 30 June 2009 includes the fair value of Miaoli Wind's forward contracts and interest rate swaps.

**(iv) Minority interest**

Minority interest represents the share of Group net asset value attributable to the minority shareholder of South China Highway Development (H.K.) Limited (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:

<b>Change in valuation due to movement in discount rate</b>	<b>Jun 09 1% higher \$'000</b>	<b>Jun 09 1% lower \$'000</b>	<b>Jun 08 1% higher \$'000</b>	<b>Jun 08 1% lower \$'000</b>
Arqiva	(23,965)	26,483	(32,961)	36,688
CAC	(7,511)	9,148	(11,835)	14,397
CXP	(7,774)	8,955	(5,846)	6,236
HNE	(19,288)	21,591	(24,509)	27,599
Miaoli Wind	(1,370)	2,207	(2,337)	2,698
TBC	(7,472)	7,948	(7,496)	8,014
<b>Total</b>	<b>(67,380)</b>	<b>79,332</b>	<b>(84,984)</b>	<b>95,632</b>

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

Change in valuation due to movement in revenue	Jun 09 1% higher \$'000	Jun 09 1% lower \$'000	Jun 08 1% higher \$'000	Jun 08 1% lower \$'000
Arqiva	12,287	(12,306)	17,660	(17,632)
CAC	15,143	(15,172)	16,996	(17,044)
CXP	1,446	(1,446)	2,155	(2,155)
HNE	5,348	(5,321)	6,614	(6,614)
Miaoli Wind	911	(291)	664	(664)
TBC	4,491	(4,465)	3,721	(3,792)
<b>Total</b>	<b>39,626</b>	<b>(39,001)</b>	<b>47,810</b>	<b>(47,901)</b>

The investment valuation sensitivity analyses above do not include MEIF as it is not a direct investment in an operating asset but investment in an unlisted fund.

The table below shows the net asset movements:

	Group As at 30 Jun 09	Group As at 31 Dec 08	Company As at 30 Jun 09	Company As at 31 Dec 08
<b>Net Asset Value</b>				
Total net asset value (\$'000)	1,136,443	1,269,446	1,123,562	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)	0.88	0.98	0.87	0.97

MIIF's stand-alone NAV decreased from \$1,262.5 million as at 31 December 2008 to \$1,123.6 million as at 30 June 2009, taking its NAV per share to \$0.87 for the period. Group net assets decreased from \$1,269.4 million as at 31 December 2008 to \$1,136.4 million as at 30 June 2009.

The movement in MIIF's NAV per share from 30 June 2008 to 30 June 2009 is outlined below.

	Company As at 30 Jun 09	Company As at 31 Mar 09	Company As at 31 Dec 08	Company As at 30 Sept 08	Company As at 30 Jun 08
Net asset value per ordinary share (\$ per share)	0.87	0.88	0.97	1.12	1.22

**30 June 2008 to 30 September 2008:**

NAV per share reduced from \$1.22 to \$1.12 mainly due to the reduction in fair value of Arqiva and MEIF as well as the provision for 2008 interim dividends.

**30 September 2008 to 31 December 2008:**

NAV per share reduced from \$1.12 to \$0.97 mainly due to the reduction in fair value of HNE, CXP and MEIF as well as foreign exchange effects arising from the conversion of Arqiva, MEIF and CAC to Singapore dollars.

**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 and MEIF.

**31 March 2009 to 30 June 2009:**

NAV per share reduced from \$0.88 to \$0.87 due to the further reduction in fair value of HNE and TBC offset by favourable movements in foreign exchange.

## H) ENTERPRISE VALUE

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

- Proportionate operating businesses' net debt, based on MIIF's proportionate beneficial interest as at 30 June 2009
- MIIF's net debt outstanding as at 30 June 2009; and
- MIIF businesses' equity attributable to MIIF's Shareholders as at 30 June 2009.

	As at 30 Jun 09 \$'000	As at 31 Mar 09 \$'000
Proportionate operating businesses' net debt	2,207,422	2,164,596
MIIF net debt/(cash)	21,180	25,581
MIIF businesses' equity attributable to MIIF shareholders	1,142,028	1,167,136
Enterprise Value (EV)	3,370,629	3,357,313
<b>Net debt as a percentage (%) of EV</b>		
Total operating businesses' net debt as a % of EV	65%	64%
Total MIIF net debt as a % of EV	66%	65%

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 30 June 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 66% as at 30 June 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) CASH FLOW ANALYSIS

Included in cash and cash equivalents was an amount of \$4.7 million (2008: \$6.0 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.

Stand-alone company level cash balance decreased from \$12.2 million as at 31 December 2008 to \$8.9 million as at 30 June 2009.

## J) RELATED PARTY TRANSACTIONS

### (i) Directors

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

	Group Half-year ended 30 Jun 09 \$'000	Group Half-year ended 30 Jun 08 \$'000	Company Half-year ended 30 Jun 09 \$'000	Company Half-year ended 30 Jun 08 \$'000
<b>Transactions</b>				
Base management fees	1,680	6,505	1,680	6,505
Dividends	3,203	4,538	3,203	4,538

The following balances remained outstanding between MIIF and the Manager as at 30 June 2009:

	Group as at 30 Jun 09 \$'000	Group as at 31 Dec 08 \$'000	Company as at 30 Jun 09 \$'000	Company as at 31 Dec 08 \$'000
<b>Balances</b>				
Accrued base management fees	1,039	786	1,039	786

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

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For the quarter ended 30 June 2009, the MIIF Accumulation Index<sup>6</sup> was lower than the agreed benchmark annual return of 8%. Consequently, no performance fee was payable to the Manager and a performance fee deficit<sup>7</sup> 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. There were no fees paid to Macquarie during the quarter in respect of transaction related services.

**K) FOREIGN EXCHANGE TRANSACTIONS**

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

**L) ADDITIONAL INFORMATION**

**(i) Disclosure, audit and review of financial statements**

Pursuant to Rule 705(1) of the SGX-ST Listing Manual, the financial statements for the half-year ended 30 June 2009 have been disclosed within 45 days after the end of the relevant financial period.

**(ii) Review by Independent Auditor**

The condensed consolidated statements of financial position, condensed consolidated statements of comprehensive income, changes in equity and cash flows for the half-year ended 30 June, have been extracted from the condensed consolidated interim financial information that has been reviewed in accordance with International Standard on Review Engagement 2410 Review of Interim Financial Information performed by the Independent Auditor of MIIF. The extract of the review report, dated 12 August 2009 on the condensed consolidated interim financial information of the Company and its subsidiaries for the half-year ended 30 June 2009 is attached to this announcement.

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<sup>6</sup> 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.

<sup>7</sup> 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 \$949 million.

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**(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 30 June 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 <sup>1</sup>	Joint Venture	Aged care	Canada	55%	31 December
Macquarie International Infrastructure Taiwan Limited <sup>2</sup>	Subsidiary	Holding Company	Bermuda	100%	31 December
Macquarie International Taiwan Co., Ltd <sup>2</sup>	Subsidiary	Holding Company	Taiwan	100%	31 December
Miaoli Wind Co., Ltd <sup>2</sup>	Subsidiary	Operation of wind farm	Taiwan	100%	31 December

1 Acquired by way of conditional TRS.

2 The above subsidiaries have been incorporated or acquired during the financial year ended 31 December 2008.

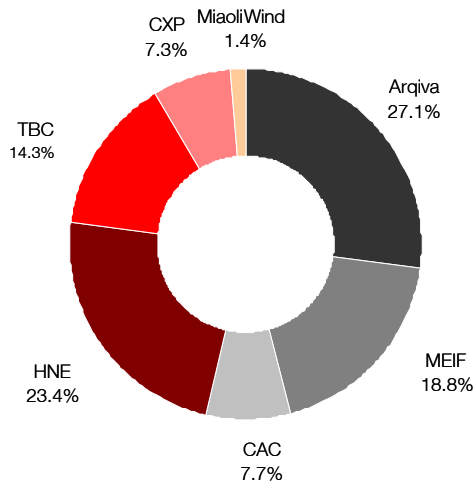
**M) EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after the reporting period.

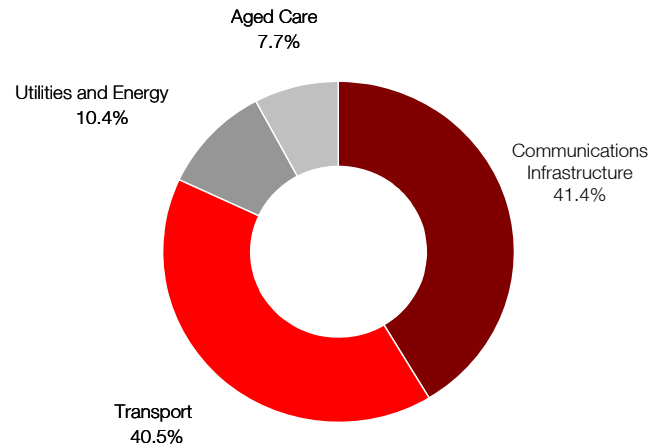
# INVESTMENT PORTFOLIO

The following diagrams show the contributions that various investments make to MIIF's overall portfolio based on 30 June 2009 fair valuation of each business:

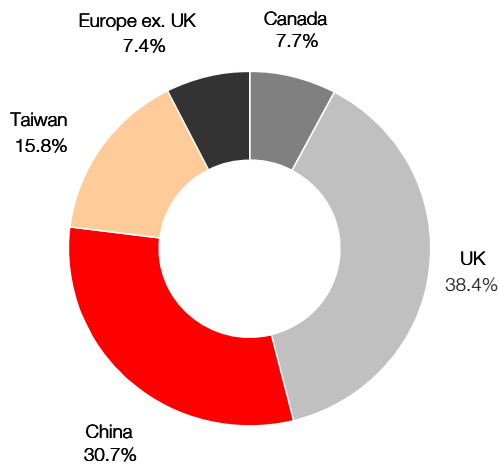
Portfolio Composition by Investment



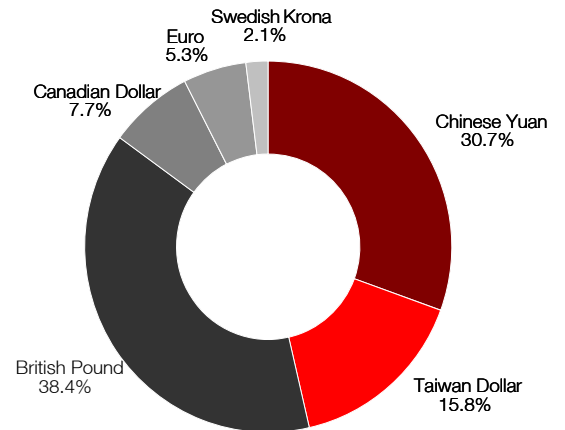
Portfolio Composition by Industry



Portfolio Composition by Geography



Portfolio Composition by Currency



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## INVESTMENT PORTFOLIO DISCUSSION

### Arqiva

Date of initial acquisition	27 May 2005
Cost of acquisition	S\$434.8 million <sup>8</sup>
Valuation <sup>9</sup>	S\$309.4 million
Distributions since Acquisition	S\$111.0 million
MIF ownership	8.7% interest
% of MIF portfolio <sup>8</sup>	27.1%

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 1,435 sites for radio and television broadcasts, 8,000 active sites for mobile communications and two of the six digital terrestrial TV multiplexes in the UK. More than 99% of the UK population is served by Arqiva's owned and operated communications and broadcast infrastructure.

### Integration update

Integration continues to progress ahead of plan, delivering considerable benefits whilst avoiding disruption to business activity. Ensuring the ongoing success of the integration programme will continue to be an issue of considerable importance to the Arqiva team.

### 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, representing approximately £700 million of capital expenditure. The programme is progressing at pace, and Arqiva is well on track to deliver DSO nationwide ahead of due date. The continued success of the DSO programme is a key priority for management.

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<sup>8</sup> Acquisition cost comprises of 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

<sup>9</sup> Based on 30 June 2009 valuations. Numbers are subject to rounding

## Business Commentary

Key operational statistics can be found in the table below.

(£'million)	6 months to June 2009	6 months to June 2008	Variance Fav/(Adv)
Revenue	413.4	386.2	7.0%
Operating Expenses	(254.0)	(240.0)	(5.8%)
EBITDA*	159.4	146.2	9.0%
EBITDA Margin	38.6%	37.9%	0.7%

\* Pre one off cost and share of income from associates

## Financial Performance (6 months to 30 June 2009)

- Revenue was 7% higher compared to the pcp.
  - Terrestrial Broadcast revenue was £143.7 million, 10% higher compared to the pcp. This improvement was due to an increase in RPI-linked revenue as well as the launch of a new aggregated multiplex channel (Dave+1 and Russia Today).
  - Satellite and Media revenue was £128.9 million, 14% higher compared to the pcp. The increase in revenue was predominately 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 £140.3 million, 1.5% lower compared to the pcp. The decrease in revenue was due to lower installation revenues associated with the Mobile Broadband Network Limited (MBNL) rollout.
- Operating expenses were 5.8% higher compared to the pcp. Whilst employee expenses were lower compared to the pcp due to headcount reduction, other RPI-linked expenses have increased. In addition, costs in the Satellite and Media division have increased due to the strengthening of the Euro against the Pound. A large proportion of the Satellite and Media division's costs are Euro denominated.

## Operations (6 months to 30 June 2009)

- The joint venture between T-Mobile UK and 3 UK formed to create and manage what will be the UK's most extensive 3G network, has selected Arqiva as its strategic partner for the provision of wireless sites. Under the terms of the 10-year agreement, Arqiva will provide MBNL with 5,100 sites and Arqiva will have exclusive marketing rights for site sharing services on a further 2,500 sites.
- The multiplex channel platform represents a key growth opportunity for Arqiva. During the period we saw the successful launch of a new aggregated channel on Multiplex D. Platform upgrades have provided Arqiva with significant additional capacity which allowed the aggregation of time slots from different broadcasters for the launch of an additional channel on the Freeview platform.

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## Outlook

- The key objective for management is to ensure the continued success of the integration process, whilst ensuring 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 with the Satellite and Media division anticipated to continue the strong growth delivered in 2008.
- On 30 June 2009, Canada Pension Plan Investment Board's (CPPIB) formal cash offer to acquire all the stapled securities of Macquarie Communications Infrastructure Group (MCG) was accepted by MCG shareholders. As a result of this transaction, CPPIB will acquire a 48% shareholding in Arqiva.
- If debt markets remain challenging it may be necessary for borrowing levels at Arqiva to be reduced. The Board and management continue to review alternatives to ensure a sustainable capital structure. This may impact upon the level of distributions in the future.

## Canadian Aged Care (CAC)

Date of initial acquisition	24 Nov 2005
Cost of acquisition	S\$164.9 million
Valuation <sup>8</sup>	S\$87.8 million <sup>10</sup>
Distributions since Acquisition	S\$59.2 million
MIIF ownership	55% interest
% of MIIF portfolio <sup>8</sup>	7.7%

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.

A LTC home that provides basic accommodation for at least 40% of residents may offer the remaining residents preferred accommodation in semi-private or private rooms. The LTC home operator retains the premiums collected for such preferred accommodation, which typically increases revenue and enhances profitability.

Key operational statistics can be found in the table below.

Average occupancy (%)	3 months to June 2009	3 months to June 2008	Variance Fav/(Adv)	6 months to June 2009	6 months to June 2008	Variance Fav/(Adv)
LTC Private Occupancy	94.7%	92.2%	2.5%	94.6%	92.1%	2.5%
LTC Total Occupancy	98.0%	98.1%	(0.1%)	98.1%	98.1%	-%

(C\$'million)	3 months to June 2009	3 months to June 2008	Variance Fav/(Adv)	6 months to June 2009	6 months to June 2008	Variance Fav/(Adv)
Revenue	66.2	62.0	6.8%	130.5	117.8	10.8%
Operating Expenses	(58.2)	(54.0)	(7.8%)	(116.3)	(103.6)	(12.3%)
EBITDA	8.0	8.0	-%	14.2	14.2	-%
EBITDA Margin	12.1%	12.9%	(0.8%)	10.9%	12.1%	(1.2%)

<sup>10</sup> 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.

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## BUSINESS COMMENTARY (3 MONTHS TO JUNE 2009)

### Financial Performance

- For the quarter ended 30 June 2009, CAC generated revenue of C\$66.2 million compared with C\$62.0 million in the pcp. This C\$4.2 million increase was primarily driven by higher nursing and personal care revenues as a result of increased government funding rates. The increase in revenue was offset by higher operating expenses for the quarter, resulting in a flat EBITDA compared to the pcp.

### Operations

- Occupancy levels have remained high for the quarter ended June 2009, with average total occupancy of 98.0% and private accommodation occupancy of 94.7% of the allowable total. This compares with 98.1% and 92.2% respectively for the pcp. Maximum funding for an individual home is achieved with total annual occupancy levels of 97% and above for the home.

## BUSINESS COMMENTARY (6 MONTHS TO JUNE 2009)

### Financial Performance

- For the six months ended 30 June 2009, CAC generated revenue of C\$130.5 million compared with C\$117.8 million in the pcp. This C\$12.7 million increase was primarily driven by a full six months of contribution from the Counsel Corporation homes, increases in private accommodation and increased government funding rates which were higher than in the same period last year. Operating expenses for the six 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 is in line with the prior corresponding period at C\$14.2 million. EBITDA margin was negatively impacted by the acquisition of the Class C homes, which are lower margin businesses compared to the existing Class A homes. The EBITDA margin is expected to improve as these homes are redeveloped into Class A homes.

### Operations

Occupancy levels have remained high for the period ended June 2009, with average total occupancy of 98.1% and private accommodation occupancy of 94.6%. This compares with 98.1% and 92.1% respectively for the pcp.

### Outlook

- CAC anticipates continued high levels of occupancy as well as continuing growth in the accommodation rate of private rooms.
- In July 2007, the Ministry of Health and Long-Term Care ("MOHLTC") announced a 10-year capital funding plan to provide for the redevelopment of 35,000 Class B and C LTC beds so that they may attain Class A standards. This initiative will be implemented through at least five rounds of redevelopment, requiring LTC operators to submit applications for funding. This program will enable LTC operators to improve the overall quality and comfort of accommodation available to residents, and receive higher funding rates.

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- In July 2009, the Ministry of Health advised that an additional C\$43 million in one-time funding will be provided in the 2009-2010 fiscal year (retroactive to April 1, 2009) under the Other Accommodation portion of the accommodation funding envelope. This funding is expected to represent approximately C\$1.55 per resident per day in additional funding to Ontario's LTC homes, including CAC.

## Changshu Xinghua Port (CXP)

Date of initial acquisition	2 Dec 2005
Cost of acquisition	S\$112.3 million
Valuation <sup>8</sup>	S\$83.4million
Distributions since Acquisition	S\$12.9 million
MIF ownership	38% interest
% of MIF portfolio <sup>8</sup>	7.3%

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 m<sup>2</sup>, and additional yard storage totalling 608,147 m<sup>2</sup>.

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 June 2009	3 months to June 2008	Variance Fav/(Adv)	6 months to June 2009	6 months to June 2008	Variance Fav/(Adv)
Steel (tonnes)	755,695	675,147	11.9%	1,238,165	1,247,747	(0.8%)
Non-steel (tonnes)	323,809	204,322	58.5%	446,900	407,895	9.6%
Forestry Products (tonnes)	585,399	487,614	20.1%	1,047,885	1,001,434	4.6%
Total (tonnes)	1,664,903	1,367,083	21.8%	2,732,950	2,657,076	2.9%
Container (TEU <sup>11</sup> )	21,933	27,009	(18.8%)	32,890	48,928	(32.8%)

(RMB'million)	3 months to June 2009	3 months to June 2008	Variance Fav/(Adv)	6 months to June 2009	6 months to June 2008	Variance Fav/(Adv)
Revenue	59.7	52.1	14.6%	102.1	102.1	-%
Operating Expenses	(27.3)	(23.5)	(16.2%)	(45.7)	(45.1)	(1.3%)
EBITDA	32.4	28.6	13.3%	56.4	57.0	(1.1%)
EBITDA Margin	54.3%	54.9%	(0.6%)	55.2%	55.8%	(0.6%)

<sup>11</sup> Twenty-foot equivalent unit

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## BUSINESS COMMENTARY (3 MONTHS TO JUNE 2009)

### Financial Performance

- Despite the slowdown in the economy, revenue for the quarter was 14.6% higher compared to the pcp due to the increase in steel, non-steel and forestry volumes. Steel volumes were higher than pcp by 11.9% due to the increase in imported steel from Russia. Non steel volumes were also higher than pcp by 58.5% mainly due to the increase in New Zealand logs and handling of new products such as cement pipes and spodumene.
- Operating expenses were 16.2% higher compared to the pcp primarily due to higher sub-contractor costs (which are volume related) and other operational costs.
- EBITDA was 13.3% higher compared to the pcp and EBITDA margin remained stable at c.54-55%.

### Operations

- General cargo and forestry product volumes have performed exceptionally well with increases of 22.7% and 20.1% respectively. Container volumes have improved in the quarter but continue to perform below pcp at 18.8% due to the global contraction in container trade.

## BUSINESS COMMENTARY (6 MONTHS TO JUNE 2009)

### Financial Performance

- EBITDA for 1H 2009 was broadly in line with 1H 2008 performance.
- As a result of challenging economic conditions, CXP's had a difficult start to the year. However its performance improved significantly across all cargo types in 2Q 2009. This has resulted in CXP's EBITDA for 1H 2009 being broadly in line with 1H 2008 performance.

### Operations

- Volumes across all the cargo types with the exception of container volumes have performed broadly in line or above volumes observed in 1H 2008.

### Outlook

- Although the outlook for the rest of 2009 remains challenging given the global slowdown in the economy, general cargo and forestry volumes are expected to remain relatively stable over the next six months. Container volumes have performed below pcp mainly due to the weak performance in the first quarter (10,957 TEUs in 1Q 2009 v 21,919 in 1Q 2008) but we have seen improvements in the June quarter (21,933 TEUs in 2Q 2009 v 10,957 TEUs in 1Q 2009) and expect this trend to continue into the second half of 2009.

## Hua Nan Expressway (HNE)

Date of initial acquisition	19 Nov 2007
Cost of acquisition <sup>13</sup>	S\$295.7 million
Valuation <sup>8</sup>	S\$266.8 million
Distributions since Acquisition	S\$27.6 million
MIF ownership	81% interest
% of MIF portfolio <sup>8</sup>	23.4%

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 tolls<sup>12</sup> up to 2026. HNE was the first toll road in Guangdong province to implement electronic tolling. It has a routine maintenance program in place and significant excess capacity to accommodate traffic growth. As an urban toll road in Guangzhou, HNE benefits from being exposed to the long term traffic growth potential of Guangdong province.

Key operational statistics can be found in the tables below.

Total volume of vehicles types ('000)	3 months to Jun 09	3 months to Jun 08	Variance Fav/(Adv)	6 months to Jun 09	6 months to Jun 08	Variance Fav/(Adv)
Passenger vehicles	7,978.3	7,573.9	5.3%	15,316.3	14,751.2	3.8%
Minibus / Light Truck	549.8	644.5	(14.7%)	1,073.4	1,285.7	(16.5%)
Medium Bus / Truck	1,464.6	1,697.4	(13.7%)	2,860.2	3,308.4	(13.5%)
Large Bus / Large Truck	130.6	167.6	(22.1%)	244.8	304.7	(19.7%)
Heavy Duty Truck / Trailer	308.9	366.9	(15.8%)	575.7	673.9	(14.6%)
<b>Total Vehicles</b>	<b>10,432.2</b>	<b>10,450.3</b>	<b>(0.2%)</b>	<b>20,070.4</b>	<b>20,323.9</b>	<b>(1.2%)</b>

(RMB'million)	3 months to Jun 09	3 months to Jun 08	Variance Fav/(Adv)	6 months to Jun 09	6 months to Jun 08	Variance Fav/(Adv)
Revenue	107.9	117.1	(7.9%)	212.0	226.4	(6.4%)
Operating Expenses	(21.7)	(24.2)	10.3%	(41.4)	(43.6)	5.0%
EBITDA	86.2	92.9	(7.2%)	170.6	182.8	(6.7%)
EBITDA Margin	79.9%	79.3%	0.6%	80.5%	80.7%	(0.2%)

<sup>12</sup> Toll rates on HNE are set by the Guangdong provincial government

<sup>13</sup> 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.

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## BUSINESS COMMENTARY (3 MONTHS TO JUNE 2009)

### Financial Performance

- Revenue was 7.9% lower compared to pcp. This was due to the negative impact of the economic slowdown in China which has resulted in reduced manufacturing output and hence many factory closures in Guangdong province.
- Costs were 10.5% lower compared to pcp. This positive variance is due to transition costs that was incurred in 2008 that is one-off in nature.

### Operations

- The total volume of passenger vehicles for the period increased by 5.3% year on year and reflects the general increase in car ownership in China<sup>14</sup>.
- The global economic slowdown has severely impacted the level of industrial activity in the Guangdong Province and has led to a 14.7% drop in the number of commercial vehicles utilising the expressway as compared to the pcp.
- The Phase III section of HNE<sup>15</sup> commenced operations on 22 June 2009, contributing to an increase in toll revenue on Phases I and II of 8.8%<sup>16</sup>

## BUSINESS COMMENTARY (6 MONTHS TO JUNE 2009)

### Financial Performance

- EBITDA was 6.7% lower compared to pcp. This unfavorable variance was mainly driven by the economic slowdown in China which adversely impacted toll revenue.

### Operations

- The 3.8% year on year increase in the volume of passenger vehicles reflects the general increase in car ownership in China<sup>13</sup>.
- The 14.7% year on year decline in the number of commercial vehicles reflects the continued negative impact of the economic slowdown on commercial vehicles using HNE during the 6 months to June 2009.

### Outlook

- HNE's traffic volumes in the first half of 2009 reflected a decline in commercial traffic as industrial activity in the Guangdong Province slowed. However, HNE is well placed to benefit from a recovery in the economy. This is expected to be enhanced by:
  - the continued positive impact from the opening of Phase III
  - the positive impact from the closure of the Northern Ring Road, an alternate route, between 18 July 2009 and 31 December 2009.
- Following a review of HNE's tolling operations, a new staffing system which requires fewer toll collectors has been implemented. These staff has been transferred to Phase III in 2Q09 and will result in future operating costs being reduced.

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<sup>14</sup> Passenger car sales increased by 47.7% in June 2009 with 872,900 cars sold. Source: China Association of Automobile Manufacturers

<sup>15</sup> The Phase III section of Hua Nan Expressway is a complementary road to HNE and is not owned by MIF

<sup>16</sup> Average toll revenue growth between the 15 days after the opening of Phase III and the 15 days prior to the opening of Phase III.

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- HNE has successfully negotiated improved terms on its existing loan with China Construction Bank, resulting in an average 6.7% discount to prevailing interest rate on HNE senior debt facility,

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## Macquarie European Infrastructure Fund (MEIF)

Date of initial acquisition	14 July 2005	Macquarie European Infrastructure Fund (MEIF) is a Limited Partnership that was established to make equity and equity-like investments in a diversified portfolio of infrastructure and related assets in developed European OECD countries. Established in April 2004, MEIF is targeted at pension funds and other institutional investors seeking long-term stable returns matching their long-dated liability profiles. MEIF completed its fundraising in June 2005, with total investor commitments of €1.5 billion. MEIF has fully drawn and invested its capital into 8 substantial European infrastructure businesses.
Cost of acquisition	S\$194.8 million	
Valuation <sup>8</sup>	S\$214.6 million	
Distributions since Acquisition	S\$58.1 million	
MIF ownership	6.3% interest	
% of MIF portfolio <sup>8</sup>	18.8%	

### KEY HIGHLIGHTS FOR THE PERIOD

The current unprecedented economic conditions continue to present challenges for all businesses. MEIF's portfolio businesses are focused on their individual responses to the changing market conditions and, overall, continue to perform well at an operational level.

In addition, MEIF is actively managing the capital structures of its portfolio businesses to ensure that these are appropriate for the current environment. MEIF is taking a cautious view regarding future developments in the debt market over the short to medium term. Consequently, it has revised its distribution profile, which has led to a reduction in distributions. In reducing distributions in the near term, MEIF has taken a prudent step to reduce portfolio risk.

Key highlights from MEIF's operating businesses for the 6 months to 30 June 2009 include:

#### Thames Water

- In June 2009, Thames Water announced a 3.8% increase in pre-tax profit for the year ended 31 March 2009. This favourable outcome was driven by an increase in revenue and a decrease in operating expenditure.
- All regulatory targets were met for the third consecutive year since acquisition
  - Beaten annual leakage target agreed with Ofwat for third consecutive year, despite coldest winter in 12 years.<sup>17</sup>
  - Best-ever drinking water quality at 99.99% compliant.<sup>18</sup>

#### APRR

- Traffic for the 6 months to 30 June 2009 was down by 2.4% compared to the same period in 2008, reflecting the difficult economic situation. As a result, toll revenues decreased by 2.1% compared to the first half of 2008.

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<sup>17</sup> Subject to final confirmation from Ofwat. The leakage target for 2008/09 was 715 MI/d on a 12-month rolling average. This was exceeded with an average of 698 MI/d (by end of March 2009). Current levels are around 637MI/d.

<sup>18</sup> Subject to final confirmation by the Drinking Water Inspectorate. Achieved 99.98% compliant for 2007/08.

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### **MEIF Renewables**

- Generation for the 6 months to 30 June 2009 was 3.3% lower compared to the same period in 2008 due to poor biomass generation and low winds across the European wind asset portfolio for the first quarter. A planned outage of EDF's connecting grid affected generation at the French wind assets in the second quarter. However, revenues were 11.9% higher than the same period in 2008 due to acquisitions during the year.

### **Wales & West Utilities**

- EBITDA for the half was 5.2% higher than the same period in 2008. This was due to increased regulated revenues and back office cost savings.
- Operationally, Wales & West Utilities continues to meet its key performance and regulatory standards, including a commendable performance in health and safety.

### **Bristol Airport**

- Traffic for the half is 17.5% lower compared to the same period in 2008, driven by:
  - reduced flights from easyJet and Air Southwest
  - the bankruptcy of XL Airways; and
  - capacity reduction by Thomson Group
- 2009 has got off to a challenging start and the timing of recovery is difficult to predict. However, with summer capacity currently comparable to the previous year, an improvement is expected as the year progresses.

### **Wightlink**

- EBITDA for the half was lower compared to the same period in 2008 due to declining traffic and retail revenues.
- The economic slowdown in the UK has impacted passenger, car and freight numbers in 2009. This decline is anticipated to be offset somewhat by improved service offerings and new marketing initiatives introduced in 2009.

### **Brussels Airport**

- Traffic for the half is 11.7% lower compared to the same period in 2008, however an improving trend was observed especially in Q2 as airlines gradually restored capacity at the start of the summer season.
- As witnessed at Bristol Airport, ongoing increased capacity is expected to offer an improvement in traffic as the year progresses.

### **Arlanda Express**

- Revenue for the half was 5.7% lower compared to the same period in 2008 due to lower Arlanda Express passenger numbers. This was a direct result of fewer passengers passing through Arlanda Airport.
- Market share of total airport traffic continues to exceed last year's performance with year to date performance at 0.72 percentage points above pcp.

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## OUTLOOK

- MEIF will continue to maintain a conservative approach to capital management and management is focused on ensuring the businesses are appropriately placed for the current economic environment and debt market conditions.

## Miaoli Wind (formerly known as infraVest Wind)

Date of initial acquisition	20 March 2008
Cost of acquisition	S\$29.1 million
Valuation <sup>8</sup>	S\$16.4 million
Distributions since Acquisition	S\$0.4 million
MIIF ownership	100% interest
% of MIIF portfolio <sup>8</sup>	1.4%

Miaoli Wind owns and operates 25 wind turbines, with a combined capacity of 49.8MW, at two sites in Miaoli County, Taiwan. All power generated is sold to Taiwan Power Company, the state-owned power utility in Taiwan, under a long term power purchase agreement. The tariff under this agreement is fixed at NT\$2 per kWh.

Miaoli Wind benefits from strong government support for renewable energy in Taiwan and the long term power purchase arrangement with Taiwan Power Company underpins the stable cash flows expected to be derived from this investment.

Key operational statistics can be found in the table below.

(GWh)	3 mths to Jun 2009	3 mths to Jun 2008	Variance Fav/(Adv)	6 mths to Jun 2009	6 mths to Jun 2008 <sup>19</sup>	Variance Fav/(Adv)
Total Energy Production	22.6	24.5	(7.8%)	67.1	76.8	(12.6%)

(NT\$'million)	3 mths to Jun 2009	3 mths to Jun 2008	Variance Fav/(Adv)	6 mths to Jun 2009	6 mths to Jun 2008 <sup>20</sup>	Variance Fav/(Adv)
Revenue	46.3	51.1	(9.4%)	127.1	157.8	(19.5%)
Operating Expenses	(15.9)	(26.7)	40.4%	(30.3)	(37.6)	19.4%
EBITDA	30.4	24.4	24.6%	96.8	120.2	(19.5%)
EBITDA Margin	65.7%	47.7%	17.9%	76.2%	76.2%	-

## BUSINESS COMMENTARY (3 MONTHS TO JUNE 2009)

### Financial Performance

- Revenue for the quarter was 9.4% lower compared to pcp. This resulted from lower power generation during quarter.
- EBITDA for the period was 24.6% higher compared to the pcp due to lower operating expenses. 2008 expenses were higher due to one-off transition costs.

### Operations

- Total energy production was 7.8% lower compared to pcp due to lower average wind speeds.

<sup>19</sup> Includes the pre-acquisition results of Miaoli Wind. MIIF acquired Miaoli Wind on the 30 March 2008. The 2008 results presented above are for ease of comparison and is for illustrative purposes only.

<sup>20</sup> Includes the pre-acquisition results of Miaoli Wind. MIIF acquired Miaoli Wind on the 30 March 2008. The 2008 results presented above are for ease of comparison and is for illustrative purposes only.

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## BUSINESS COMMENTARY (6 MONTHS TO JUNE 2009)

### Financial Performance

- Revenue for the half was 19.5% lower compared to pcp. This resulted from lower power generation during the month of February 2009 due to low wind performance.
- As a result, EBITDA for the period was 19.5% lower compared to the pcp despite lower operating expenses partially offsetting the decline.

### Operations

- Total energy production was 12.6% lower compared to pcp as average wind speeds during this period were lower compared to pcp. This was especially evident in the month of February 2009.

### Outlook

In the event that wind performance for the region restores to historical averages, this will result in higher revenue and EBITDA margin.

## Taiwan Broadband Communications (TBC)

Date of initial acquisition	16 July 2007
Cost of acquisition <sup>21</sup>	S\$161.8 million
Valuation <sup>8</sup>	S\$163.7 million
Distributions since Acquisition	S\$135.1 million
MIF ownership	20% interest
% of MIF portfolio <sup>8</sup>	14.3%

TBC is one of the three leading cable television operators in Taiwan, which is the fourth 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.

Ending Subscribers	June 2009	June 2008	Variance Fav/(Adv)
Basic Cable TV	719,087	703,104	2.3%
Premium Digital	26,720	22,988	16.2%
Penetration rate <sup>22</sup>	3.7%	3.3%	
Broadband	134,182	121,677	10.3%
Penetration rate <sup>21</sup>	18.7%	17.3%	

(NT\$'million)	3 months to June 2009	3 months to June 2008	Variance Fav/(Adv)	6 months to June 2009	6 months to June 2008	Variance Fav/(Adv)
Revenue	1,646.8	1,593.8	3.3%	3,290.0	3,163.8	4.0%
Operating Expenses	(632.1)	(608.9)	(3.8%)	(1,272.6)	(1,230.3)	(3.4%)
EBITDA	1,014.7	984.9	3.0%	2,017.4	1,933.5	4.3%
EBITDA Margin	61.6%	61.8%	(0.2%)	61.3%	61.1%	0.2%

<sup>21</sup> Post a return of capital from TBC of US\$68.3 million (S\$104.1 million) which was distributed to MIF as a result of the refinancing of TBC's debt facilities shortly after MIF's acquisition of its interest in TBC

<sup>22</sup> Penetration rate is calculated as a percentage of Basic subscribers

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## BUSINESS COMMENTARY (3 MONTHS TO JUNE 2009)

### Financial Performance

- EBITDA was 3.0% higher compared to the pcp. This was primarily due to higher revenues following increases in subscribers across all the businesses. TBC generated revenues of NT\$1,646.8 million, up NT\$53.0 million on the pcp.
- The overall EBITDA margin remains stable at c.62%.

### Operations

- TBC has performed well in the June 2009 quarter despite the slowdown in Taiwan's economy, with basic cable subscriber numbers increasing by 2,678, premium digital subscribers increasing by 6,788 and broadband subscribers increasing by 2,504 from the March quarter.

## BUSINESS COMMENTARY (6 MONTHS TO JUNE 2009)

### Financial Performance

- EBITDA was 4.3% higher compared to the pcp. This was primarily due to higher revenues following increases in subscribers across all the businesses. TBC generated revenues of NT\$3,290.0 million, up NT\$126.3 million on the pcp.

### Operations

- TBC has performed well in the 1H 2009 despite the slowdown in Taiwan's economy, with basic cable subscriber numbers reaching 719,087, broadband subscribers increasing by 10.3% to 134,182 and premium digital subscribers increasing by 16.2% to 26,720.
- The new digital TV product has performed strongly to date and is expected to be a key aspect of TBC's next growth phase. Digital subscriber take up is expected to increase, with the new digital product providing customers with better content, greater features and advanced applications.

### Outlook

- TBC's basic cable television business is relatively resilient 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.

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## COMPETITIVE INDUSTRY CONDITIONS

### OUTLOOK

Operating conditions in 2009 are anticipated to remain challenging. The businesses MIIF has invested in continue to perform soundly and do not face any major contractual refinancing until 2014. However, the availability of debt in current markets has been reduced.

If previous deterioration of debt markets persists it may be necessary for borrowing levels within certain businesses to be reduced. Should the Boards and management of these businesses amortise certain debt facilities ahead of maturity, receipts from the underlying businesses would be reduced. This will have an adverse impact on MIIF's investment income, thereby affecting its ability to make distributions to shareholders.

With respect to global economic activity, MIIF's investments in CAC and TBC are likely to remain relatively unaffected. However, MIIF's remaining investments, particularly those in China and transportation assets in Europe will continue to be susceptible to reduced economic activity.

MIIF will maintain its prudent approach to all activities. It will adopt a conservative approach to capital management and will focus on optimising the performance of its businesses through disciplined cost control and revenue initiatives.

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## 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 half-year ended 30 June 2009 to be false or misleading.

On behalf of the Board of Directors



**John Stuart Hugh Roberts**

Chairman

Sydney

12 August 2009



**Heng Chiang Meng**

Deputy Chairman

Singapore

12 August 2009

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

***Introduction***

We have reviewed the accompanying condensed consolidated statements of financial position of Macquarie International Infrastructure Fund Limited ("the Company") as of 30 June 2009 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

***Scope of Review***

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

***Conclusion***

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

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Public Accountants and Certified Public Accountants  
Singapore, 12 August 2009