

MACQUARIE

**Macquarie International
Infrastructure Fund Limited**

**SGX Report for the
Quarter and Year
ended 31 December 2007**

Unaudited Financial Results

For the quarter and year ended 31 December 2007

Table of Contents

Introduction.....	2
Financial Highlights	3
Dividends	5
Review of the Performance of Macquarie International Infrastructure Fund Limited.....	7
Income Statement Analysis.....	7
Net Asset Value	12
Balance Sheet Analysis	13
Enterprise Value	16
Cash Flow Analysis.....	16
Segment Reporting	17
Breakdown of Revenue.....	19
Consolidated Income Statement	20
Earnings Per Share	21
Balance Sheet.....	22
Statement of Changes in Equity	23
Consolidated Statement of Changes in Shareholders' Equity	23
Changes in Share Capital	23
Statement of Cash Flows.....	24
Related Party Disclosures	25
Financial Risk Management	27
Investment Portfolio Analysis.....	30
Commentary on Competitive Industry Conditions	39
Events Subsequent to Balance Sheet Date	40
Additional Information	40
Confirmation of the Board pursuant to Rule 705(4) of the Listing Manual	41

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Introduction

Macquarie International Infrastructure Fund (MIIF or the Company) is the flagship Asian listed infrastructure fund of the Macquarie Group (Macquarie). MIIF benefits from Macquarie's infrastructure expertise in sourcing new investment opportunities and acquiring infrastructure assets in diversified sectors with an increasing focus on Asia.

MIIF, a Bermudian mutual fund company, is today a leading Asia-based private owner and operator of infrastructure assets with significant investments in toll roads, airports, communications infrastructure, broadcast infrastructure, renewable energy, transport infrastructure assets and aged care infrastructure assets, among others.

MIIF was the first infrastructure fund to list on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST). It listed on the SGX-ST on 27 May 2005 and is today a top 100 SGX company with a market capitalisation of more than S\$1.3 billion as at 31 December 2007 and over 7,300 investors, including retail investors plus some of the world's foremost institutional investors.

As at 31 December 2007, MIIF's portfolio comprises the following investments:

Investment Portfolio	Percentage Ownership (%)	Percentage of Portfolio by Value (%)
Direct Investments		
Arqiva	8.7	29.0
Canadian Aged Care (CAC)	55.0	8.4
Changshu Xinghua Port (CXP)	38.0	6.4
Hua Nan Expressway (HNE)	81.0	16.7
Macquarie European Infrastructure Fund (MEIF)	6.3	19.9
Taiwan Broadband Communication (TBC)	20.0	9.4
Listed Investments		
Macquarie Airports (MAP)	2.1	10.2

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Financial Highlights

Fourth Quarter				Key Results (in S\$'000)	Key Variances
Movement from pcp	Qtr Ended 2007 \$'000	Qtr Ended 2006 \$'000	Change (%)		
↓	8,050	13,041	(38.3)	Revenue Distribution income	Divestment of MIC, DUET and MCG during the year resulted in the corresponding income from these investments being reduced when compared against the prior corresponding period (pcp). Notwithstanding, distribution income was bolstered by a special distribution from MAp.
↓	23,973	28,224	(15.1)	Investment income	Divestment of Brussels Airport and TanQuid resulted in the corresponding income from these investments being reduced. Despite the divestments during the year, investment income was augmented by Arqiva as a result of acquisitions during the year, MEIF which was fully invested in 2007, a special distribution from TanQuid and refinancing proceeds from Brussels Airport.
↑	109,008	-	N/A	Gain on disposal of investments	Represents realised gains from the divestment of TanQuid and Brussels Airport of \$72.9m and \$36.1m respectively.
↑	2,110	-	N/A	Other income	Represents fee paid by LODH Macquarie Infrastructure Fund (LMIF) for the successful acquisition of IVG Tanklagergesellschaft mbH, which was a part of the sale of TanQuid by MIIF to LMIF.
↑	143,478	41,773	> 100.0	Total investment revenue	
↑	4,264	3,178	34.2	Expenses Management fees	Due to MIIF's higher market capitalisation and borrowings during the fee determination period. Market capitalisation and borrowings are components of the Net Investment Value from which management fees are calculated.
↑	1,918	692	> 100.0	Finance costs	Due to higher utilisation of MIIF's borrowing facilities in 2007 which was driven by its participation in the Arqiva rights issue, additional investment in MEIF and acquisitions such as TBC and HNE respectively.
↑	2,278	913	> 100.0	Other operating expenses	Due primarily to higher bank charges and commitment fees arising from higher level of funding activities and other expense items relating to MIIF's normal day to day operations.
↑	8,514	4,841	75.9	Total operating expenses	
↑	134,964	36,932	> 100.0	Net income on an adjusted basis⁽¹⁾	
↓	(105,498)	53,337	> (100.0)	Net (loss) / gain on the movement in the fair value of MIIF's financial assets	Mainly reflecting changes in the fair value of underlying assets, net of realised gains on disposal of investments arising from the sale of TanQuid and Brussels Airport (reflected above in Total investment revenue).
↑	(26,247)	-	N/A	Transaction costs	Due to professional fees incurred in the acquisition of TBC and HNE and the divestment of NMRE, MIC, DUET, MCG, Brussels Airport and TanQuid during the year.
↓	3,219	90,269	(96.4)	Net income on an unconsolidated basis⁽²⁾	This represents net income after required GAAP adjustments as detailed on page 7 and reconciled on page 8.
↑	110,950	(8,751)	> 100.0	Consolidation adjustments to net income	These are net adjustments required to arrive at Group results, and includes adjustments for the gain on sale of TanQuid and its deconsolidation.
↑	114,169	81,518	40.1	Net income on a consolidated basis⁽³⁾	This represents net income on a consolidated basis after required consolidation adjustments as detailed on page 7 and reconciled on page 8.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Fourth Quarter				Key Results (in S\$'000)	Key Variances
Movement from pcp	Qtr Ended 2007 \$	Qtr Ended 2006 \$	Change (%)		
↑	1.28	1.09	17.4	Key per share data (in cents) Net asset value per ordinary share	Increase in NAV is mainly attributable to increase in non-current assets held at fair value, which was partly offset by dividends paid for the period.

- 1) Net income on an adjusted basis represents the earnings of MIIF that underpins the payment of dividends to MIIF shareholders, and as such it is the measure that the Board of Directors of MIIF focuses on to determine the amount of dividends that are ultimately paid to MIIF shareholders. It does not include all items of revenue and expense that are ordinarily captured in an income statement prepared in accordance with all applicable accounting standards.
- 2) Net income on an unconsolidated basis is calculated when adjustments, which are prepared in accordance with all applicable accounting standards, are applied to net income on an adjusted basis. This includes adjustments to reflect the fair value gain/loss on underlying investments.
- 3) Net income on a consolidated basis is arrived after all consolidation adjustments are applied. It also reverses a portion of the net revaluation gains recognised in the unconsolidated income statement of MIIF that cannot be recognised in the consolidated income statement of MIIF as required by all applicable accounting standards.

Note: The information above represents key results for the period under review and has been extracted for ease of reference. The select individual results should be analysed on a stand-alone basis. These individual results are not intended to form the respective total results presented for each category above. All figures, unless stated otherwise are presented in Singapore dollars, which is MIIF's functional and presentation currency.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Dividends

MIIF's Board of Directors has declared a final ordinary dividend of 4.25 cents per share (cps) for the half year ended 31 December 2007.

Final Ordinary Dividend

	For the half year ended 31 December 2007	For the half year ended 31 December 2006
Name of Dividend	Final	Final
Dividend Rate - Base	4.25 cents per ordinary share	4.00 cents per ordinary share
Announcement Date	27 February 2008	28 February 2007
Ex-dividend Date	11 March 2008	13 March 2007
Book Closure Date	13 March 2008	15 March 2007
Date Payable	5 May 2008*	30 March 2007

* Date payable has changed due to the implementation of the Scrip Dividend Scheme. See below for details.

MIIF Scrip Dividend Scheme

MIIF's Board of Directors has announced the application of the MIIF Scrip Dividend Scheme (Scheme) to the final ordinary dividend of 4.25 cps for the financial year ended 31 December 2007 (the Final Dividend).

The Scheme gives eligible shareholders of MIIF the option to elect to receive new ordinary shares in the capital of MIIF (the New Shares) credited as fully paid, in lieu of the cash amount of the Final Dividend declared on the shares held as at the books closure date per above.

The issue price for each New Share to be issued to eligible shareholders who elect to participate in the Scheme will be determined by the directors of MIIF in accordance with the terms and conditions of the Scheme. We anticipate the issue price will be announced on 4 April 2008.

The issue price will be determined at a 5 percent discount applied to the arithmetic average of the daily volume weighted average price of a MIIF share on the SGX-ST during the period of 15 market days immediately following the books closure date per above.

Breakdown of Total Annual Dividend

	For the year ended 31 December 2007 \$'000	For the year ended 31 December 2006 \$'000
Ordinary	104,295	90,218
Preference	-	-
Total	104,295	90,218

Historical Dividend Information

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

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Dividend Policy

MIIF's dividend policy is based on the anticipated sustainable cash flows from its investments. MIIF intends to pay out as dividends to shareholders the majority of free operating cash available for distribution 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, operational costs such as finance cost, audit fees, registry fees and hedging costs are adequately provided for. 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 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 asset specific and general economic factors. These unrealised losses do not impact MIIF's cash flow and its ability to pay dividends.

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.

Singapore does not currently impose withholding tax on dividends paid to non-Singapore tax resident shareholders.

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.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Review of the Performance of Macquarie International Infrastructure Fund Limited

Income Statement Analysis

The following table compares the unaudited actual results for the quarter and year ended 31 December 2007 to the corresponding quarter and year ended 31 December 2006. This income statement and specifically the line entitled "Net income on an adjusted basis," has been prepared so as to present the earnings of MIIF out of which its dividends are paid, excluding any return on capital from assets. This income statement has not been prepared in accordance with applicable accounting standards.

	Quarter ended 31 Dec 07 \$'000	Quarter ended 31 Dec 06 \$'000	Year ended 31 Dec 07 \$'000	Year ended 31 Dec 06 \$'000
Revenue				
Distribution income	8,050	13,041	23,077	26,671
Investment income	23,973	28,224	109,973	89,951
Gain on disposal of investments	109,008	-	172,607	-
Interest income	437	284	1,966	1,408
Other income	2,110	-	4,317	-
Net foreign exchange (loss)/gain	(100)	224	(7,730)	1,697
Total investment revenue	143,478	41,773	304,210	119,727
Expenses				
Management fees	4,264	3,178	16,408	11,762
Performance fees	-	-	3,146	-
Directors' fees	54	58	226	238
Finance costs	1,918	692	8,298	1,548
Other operating expenses	2,278	913	7,282	2,940
Total operating expenses	8,514	4,841	35,360	16,488
Net income on an adjusted basis ⁽¹⁾	134,964	36,932	268,850	103,239
Amounts not included in the above analysis				
Net (loss)/gain on the movement in the fair value of MIIF's financial assets ⁽²⁾	(105,498)	53,337	(3,214)	125,339
Transaction costs	(26,247)	-	(26,274)	-
Special distribution received ⁽³⁾	-	-	104,125	-
Net income on an unconsolidated basis	3,219	90,269	343,487	228,578
Consolidation adjustments to net income	110,950	(8,751)	30,988	(30,975)
Net income on a consolidated basis	114,169	81,518	374,475	197,603

1) Net income on an adjusted basis represents the earnings of MIIF that underpins the payment of dividends to MIIF shareholders, and as such it is the measure that the Board of Directors of MIIF focuses on to determine the amount of dividends that are ultimately paid to MIIF shareholders. It does not include all items of revenue and expense that are ordinarily captured in an income statement prepared in accordance with all applicable accounting standards.

2) The net gain on financial assets at fair value as shown in the Income Statement on this page is different to the net gain on financial assets at fair value as shown on page 20 of this report because of the required treatment of distributions as set out in MIIF's accounting policies and the reclassification of realised gains to gain on disposal of investments.

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

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

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Reconciliation of net income on an adjusted basis to the consolidated income statement

The income statement on page 7 has not been prepared in accordance with applicable accounting standards whilst the consolidated income statement on page 20 has been prepared in accordance with all applicable accounting standards. The table below reconciles the net income on an adjusted basis for the year ended 31 December 2007 presented in the income statement on page 7 to the consolidated income statement of the Group (MIIF and its subsidiaries) for the year ended 31 December 2007 disclosed on page 20.

	Net Income ⁽¹⁾ on an adjusted basis Year to date 31 Dec 07 \$'000	GAAP Adjustments ⁽²⁾ Year to date 31 Dec 07 \$'000	Consolidation Adjustments ⁽³⁾ Year to date 31 Dec 07 \$'000	MIIF Group ⁽⁴⁾ Year to date 31 Dec 07 \$'000
Income				
Distribution income	23,077	(23,077)	-	-
Investment income	109,973	(109,973)	-	-
Gain on disposal of investments	172,607	(172,607)	-	-
Interest income	1,966	-	142	2,108
Other income	4,317	-	45	4,362
Net foreign exchange (loss)/gain	(7,730)	-	1,809	(5,921)
Net gain/(loss) on financial assets at fair value through profit or loss	-	406,568	(67,921)	338,647
Net gain on disposal of subsidiary	-	-	103,391	103,391
Total income	304,210	100,911	37,466	442,587
Expenses				
Management fees	16,408	-	-	16,408
Performance fees	3,146	-	-	3,146
Directors' fees	226	-	49	275
Finance costs	8,298	-	-	8,298
Other operating expenses	7,282	26,274	3,688	37,244
Total expenses	35,360	26,274	3,737	65,371
Profit before income tax	268,850	74,637	33,729	377,216
Income tax expense	-	-	(1,714)	(1,714)
Profit from discontinued operations	-	-	2,597	2,597
Minority interest	-	-	(3,624)	(3,624)
Profit attributable to equity holders	268,850	74,637	30,988	374,475

1) This is the net income on an adjusted basis presented in the income statement on page 7.

2) These are the adjustments that must be made to the net income on an adjusted basis to arrive at the net income on an unconsolidated basis which is prepared in accordance with all applicable accounting standards.

3) This is a consolidation adjustment only. It also reverses a portion of the net revaluation gains recognised in the unconsolidated income statement of MIIF that cannot be recognised in the consolidated income statement of MIIF as required by all applicable accounting standards.

4) This is the consolidated profit after tax of the MIIF Group disclosed on page 20.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Distribution and investment income

The table below provides a detailed breakdown of the distribution and investment income recognised by MIIF during the following reporting periods:

Investment	Quarter ended 31 Dec 07 \$'000	Quarter ended 31 Dec 06 \$'000	Year ended 31 Dec 07 \$'000	Year ended 31 Dec 06 \$'000
Distribution income				
DUET	-	2,608	2,856	5,036
MAp	8,050	5,151	14,040	10,567
MCG	-	4,774	5,123	9,076
MIC	-	508	1,058	1,992
Total distribution income	8,050	13,041	23,077	26,671
Investment income				
Arqiva	10,630	5,417	26,871	17,410
Brussels Airport	-	2,652	21,951	17,122
CAC	4,728	4,150	18,192	17,605
CXP	-	-	5,680	2,092
MEIF	8,615	7,504	17,131	10,625
NMRE	-	-	-	8,151
TanQuid	-	8,501	19,240	16,946
TBC	-	-	908	-
Total investment income	23,973	28,224	109,973	89,951
Total distribution and investment income	32,023	41,265	133,050	116,622

Distribution income represents the distributions that MIIF receives from its listed investments. As at 31 December 2007, MIIF has an interest in MAp, a globally diversified airport business fund listed on the Australian Securities Exchange. During the year, MIIF divested its interests in MCG, DUET and MIC respectively.

Investment income represents the dividends that MIIF receives from its unlisted investments. As at 31 December 2007, MIIF has interests in Arqiva, CAC, CXP, HNE, MEIF and TBC. MIIF committed to acquire infraVest Wind and expects to reach financial close in 2008. During the year, MIIF divested its interests in Brussels Airport and TanQuid respectively.

Total distribution and investment income of \$32.0 million for the quarter ended 31 December 2007 was 22% lower than the pcp. This was driven by the timing of receipt of distributions from new acquisitions TBC and HNE, additional investment in Arqiva and MEIF, and the divestment of MIC, DUET, MCG, Brussels Airport and TanQuid during the year which resulted in the corresponding income from these investments being reduced.

MIIF's total distribution and investment income of \$133.1 million for the year ended 31 December 2007 was 14% higher than the pcp. This was due to notable increases in investment income from Arqiva and MEIF, as a result of contributions to earnings from new investments. Furthermore, MIIF's income was bolstered by special distributions from MAp and TanQuid and refinancing proceeds from Brussels Airport.

Subject to regulatory requirements, the distribution policy of each of MIIF's investments is to distribute all cash flow generated from operations minus debt servicing costs, minor maintenance capital expenditure and the retention of prudent reserves.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Distribution and investment income (cont'd)

Through active asset management, we expect the operational performance of each of MIIF's investments to benefit from increased patronage, pricing, asset base growth and cost savings. This in turn, will generate growth in cash flow from operations and ultimately increase distributions to investors such as MIIF.

In the consolidated income statement on page 20, distribution and investment income are shown as part of "Net gain on financial assets at fair value through profit or loss" as per our accounting policies and International Financial Reporting Standards (IFRS).

The following table shows the frequency of distributions from each investment.

Investment Portfolio	Frequency per annum	Distribution declaration date
Unlisted Investments		
Arqiva	2	June, December
CAC	12	Monthly
CXP	1	December
HNE	1	December
MEIF	2	March, September
TBC	2	June, December
Listed Investments		
MAp	2	June, December

Gain on disposal of investments (presented in the income statement disclosed on page 7)

MIIF in pursuit of its strategy to focus on Asian infrastructure, successfully sold non-Asian assets and redeployed the capital into Asian assets during the year ended 31 December 2007. The strategic divestments of listed fund investments and some non-Asian investments enabled MIIF to realise total gains of approximately \$172.6 million for the year. Of these realised gains, a sum of \$72.9 million and \$36.1 million were achieved respectively from the sale of TanQuid and Brussels Airport in the quarter ended 31 December 2007. The remaining gains of \$63.6 million were achieved from the sale of NMRE, MIC, MCG and DUET during the year. MIIF has the option of reinvesting or distributing to shareholders the total realised gains on these divestments. To date MIIF has reinvested the proceeds into new Asian acquisitions namely HNE and TBC, in addition to repaying the drawn balance of its debt facilities.

Other income (presented in the income statement disclosed on page 7)

- Interest income

Interest income of \$0.4 million for the quarter ended 31 December 2007 and \$2.0 million for the year ended 31 December 2007 were 54% and 40% higher than the respective pcp. Interest income is earned on cash deposits held in bank accounts that are denominated in AUD, CAD, EUR, GBP, SGD and USD respectively. The interest payable on these various accounts ranges from 1% to 6% per annum.

- Other income

Other income of \$2.1 million for the quarter ended 31 December 2007 was received from LODH Macquarie Infrastructure Fund (LMIF) for the successful acquisition of IVG Tanklagergesellschaft mbH, which was a part of the sale of TanQuid by MIIF to LMIF. This other income, in combination with the \$2.2 million received for the successful indemnity claim recovered by a subsidiary of Novera Macquarie Renewable Energy (NMRE) in the third quarter of 2007, resulted in \$4.3 million of other income being posted for the year ended 31 December 2007.

- Net foreign exchange (loss)/gain

Several of MIIF's non-investment balances are denominated in a currency other than SGD. These balances include cash-on-hand, expenses payable and distribution and investment income receivable. As foreign exchange (FX) rates move, the value of these balances change accordingly. MIIF manages the FX exposure arising from the distribution and investment income that MIIF receives by entering into foreign currency forward contracts to convert the foreign currency to SGD.

The foreign exchange losses incurred for the year ended 31 December 2007 were due to the impact of changing foreign exchange rates on these non-investment balances. Refer to page 27 for details of MIIF's currency exposure.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Other income (presented in the income statement disclosed on page 7) (cont'd)

- Net loss on the movement in the fair value of MIIF's financial assets

The net loss on the movement in the fair value of MIIF's financial assets of \$105.5 million for the quarter ended 31 December 2007 reflects the change in the fair value of these assets during the period, offset by the reclassification of realised gains to Gain on disposal of investments (as discussed above).

Expenses (presented in the income statement disclosed on page 7)

	Quarter ended 31 Dec 07 \$'000	Quarter ended 31 Dec 06 \$'000	Year ended 31 Dec 07 \$'000	Year ended 31 Dec 06 \$'000
Expenses				
Management fees	4,264	3,178	16,408	11,762
Performance fees	-	-	3,146	-
Directors' fees	54	58	226	238
Finance costs	1,918	692	8,298	1,548
Other operating expenses	2,278	913	7,282	2,940
Total operating expenses	8,514	4,841	35,360	16,488

Total operating expenses of \$8.5 million for the quarter ended 31 December 2007 and \$35.4 million for the year ended 31 December 2007 were 76% and 114% higher than the respective pcp. The main contributors to the higher expenses for the quarter and year ended 31 December 2007 when compared against the pcp were other operating expenses, finance costs and management fees. An analysis of these and other MIIF expense items are as follows:

- Management fees

Management fees were higher for the quarter and year ended 31 December 2007 when compared against its respective pcp. The increments were driven by MIIF's higher market capitalisation and borrowings during the fee determination periods throughout the year. Market capitalisation and borrowings are components of the Net Investment Value from which management fees are calculated.

- Performance fees

For the year ended 31 December 2007, MIIF incurred a sum of \$3.1 million as a performance fee due to its manager, Macquarie Infrastructure Management (Asia) Pty Limited (the Manager). The performance fee became payable when the MIIF Accumulation Index increased by 6.8 per cent versus the agreed benchmark return of 2.0 per cent for the three month period 1 April 2007 to 30 June 2007. The fee payable took into account the deduction for the performance fee deficit carried forward from prior periods. The Manager elected to take the fee in the form of MIIF scrip rather than cash.

- Directors' fees

The MIIF Board of Directors comprises five members, of which four are independent of the Macquarie Group. Each independent director is entitled to receive an annual director's fee of US\$50,000. The remaining MIIF Board member who is an executive of the Macquarie Group, is not entitled to be paid a director's fee.

- Finance costs

Finance costs of \$1.9 million for the quarter ended 31 December 2007 and \$8.3 million for the year ended 31 December 2007 were significantly higher than the respective pcp. Finance costs relate to interest expenses incurred by MIIF on the outstanding balances of its borrowing facilities. MIIF's higher level of finance costs in 2007 was driven by its participation in the Arqiva rights issue, the additional investment in MEIF and acquisitions such as TBC and HNE.

- Other operating expenses

Other operating expenses of \$2.3 million for the quarter ended 31 December 2007 and \$7.3 million for the year ended 31 December 2007 were significantly higher than the respective pcp. The increased level of expenses was driven primarily by higher bank charges and commitment fees arising from the higher level of funding activities.

Other expense items that are reflected in this category relate to MIIF's normal day-to-day operations. These items include fees paid for share registrar services, SGX-ST listing and administration services, general legal services, audit, and consulting services.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Net Asset Value

	Group As at 31 Dec 07	Group As at 31 Dec 06	Company As at 31 Dec 07	Company As at 31 Dec 06
Net Asset Value				
Total net asset value (\$'000)	1,681,563	1,374,330	1,641,428	1,399,182
Total number of ordinary shares on issue used in calculation of net asset value per share ('000)	1,282,452	1,279,687	1,282,452	1,279,687
Net asset value per ordinary share (\$ per share)	1.31	1.07	1.28	1.09

The following table reconciles the unconsolidated net asset value as at the beginning of the quarter to the unconsolidated net asset value as at the end of the quarter.

	Quarter ended 31 Dec 07		Quarter ended 31 Dec 06	
	Company	Net Asset Value per ordinary share	Company	Net Asset Value per ordinary share
	\$'000	\$ per share	\$'000	\$ per share
Net asset value/NAV per share at beginning of the quarter	1,638,209	1.28	1,308,913	1.02
Movement in investments due to capital revaluations (listed investments)	(5,295)	-	45,066	0.04
Movement in investments due to capital revaluations (unlisted investments)	88,501	0.07	49,078	0.04
Movement in investments due to FX revaluations (listed investments)	(9,102)	(0.01)	6,121	-
Movement in investments due to FX revaluations (unlisted investments)	(44,359)	(0.04)	(6,578)	(0.01)
Base management fees incurred	(4,264)	-	(3,178)	-
Movement in the fair value of FX forward contracts	5,788	-	915	-
Impact of foreign exchange movements on other balances	(100)	-	-	-
Professional fees	(27,211)	(0.02)	(336)	-
Other items (individually are not material)	(739)	-	(819)	-
Net Assets/NAV per share as at period end	1,641,428	1.28	1,399,182	1.09

Unaudited Financial Results

For the quarter and year ended 31 December 2007

Balance Sheet Analysis

Net assets

MIIF's stand-alone net assets increased from \$1,399.2 million as at 31 December 2006 to \$1,641.4 million as at 31 December 2007. This was due to the increase in non-current assets held at fair value, which was partly offset by dividends paid for the period. This represents a Net Asset Value (NAV) of \$1.28 per share as at 31 December 2007 compared to \$1.09 per share as at 31 December 2006.

Group net assets increased from \$1,374.3 million as at 31 December 2006 to \$1,681.6 million as at 31 December 2007.

During the quarter, MIIF disposed its interest in TanQuid, which resulted in an accounting gain on disposal of \$103.4 million at the Group level for the quarter ended 31 December 2007. Consequently, TanQuid is no longer consolidated into the MIIF Group.

Trade and other receivables

Stand-alone trade and other receivables decreased from \$22.5 million as at 31 December 2006 to \$20.5 million as at 31 December 2007. Trade and other receivables for MIIF comprise mainly of dividends receivable. As at 31 December 2007, the balance relates to dividends receivable from Arqiva and MAP, amounting to \$18.7 million, and receivables arising from payments made on behalf of MIIF's special purpose vehicles, amounting to \$1.8 million.

Group trade and other receivables decreased from \$43.9 million as at 31 December 2006 to \$18.8 million as at 31 December 2007. The decrease is largely due to balances pertaining to TanQuid, which was disposed of during the year. On consolidation, the Group figure is lower compared to the stand-alone company because of elimination of Group inter-company balances.

Current financial assets held at their fair value

Stand-alone current financial assets held at their fair value reflect the fair value of the foreign currency forward contracts that MIIF has entered into to hedge the forecast distributions that it expects to receive from its investments for a period of at least 12 months in advance.

The Group balance of current financial assets held at fair value as at 31 December 2007 represents that of the stand-alone company. The decrease is due to the fair value interest rate swaps relating to TanQuid, which was disposed of during the year.

Property, plant and equipment

The movement from 31 December 2006 is due to the disposal of TanQuid during the year.

Non-current financial assets held at their fair value

Stand-alone non-current financial assets held at their fair value increased from \$1,334.8 million as at 31 December 2006 to \$1,779.9 million as at 31 December 2007. This balance reflects the fair value of all MIIF investments as at 31 December 2007. The increase was due to a number of factors including:

- Overall increase in the value of MIIF's investments;
- Additional investment by MIIF into Arqiva in response to Arqiva's acquisition of NGW;
- Additional investment in MEIF;
- Investment in TBC; and
- Investment in HNE.

This increase was offset by the divestment of MIIF's interests in NMRE, MIC, MCG, DUET, Brussels Airport and TanQuid.

Unaudited Financial Results

For the quarter and year ended 31 December 2007

Non-current financial assets held at their fair value (cont'd)

The following table sets out a reconciliation of the value of MIIF's investments from 31 December 2006 to 31 December 2007:

	Company Balance at 31 Dec 06	Additional investment / (divestment)	Distribution received from investments	Foreign exchange effects	Revaluation to 31 December 07	Company Balance at 31 Dec 07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed securities						
DUET	61,956	(85,151)	(2,856)	6,031	20,020	-
MAp	154,539	-	(14,040)	6,675	33,962	181,136
MCG	143,213	(147,241)	(5,123)	11,884	(2,733)	-
MIC	32,605	(37,402)	(1,058)	(229)	6,084	-
	392,313	(269,794)	(23,077)	24,361	57,333	181,136
Unlisted securities						
Arqiva	228,635	259,067	(26,871)	(25,829)	81,943	516,945
Brussels Airport	103,247	(107,851)	(21,951)	4,764	21,791	-
CAC	147,989	-	(18,192)	14,462	3,959	148,218
CXP	120,598	-	(5,680)	-	(488)	114,430
HNE	-	277,325	-	125	20,597	298,047
MEIF	219,071	42,600	(17,131)	10,162	98,870	353,572
TanQuid	122,929	(187,300)	(19,240)	7,931	75,680	-
TBC	-	261,240	(105,033)	(6,248)	17,553	167,512
Others	60	(7)	-	4	-	57
	942,529	545,074	(214,098)	5,371	319,905	1,598,781
Total investments	1,334,842	275,280	(237,175)	29,732	377,238	1,779,917

MIIF fair values all of its investments in its stand-alone accounts. The value of MIIF's listed investments is based on the bid price of that security on the last trading day of the quarter. The value of the unlisted investments is based on a detailed discounted cash flow financial model that is developed to calculate the value that each asset could potentially be sold to a willing buyer under normal conditions.

Group non-current financial assets held at their fair value have increased from \$1,218.3 million as at 31 December 2006 to \$1,813.4 million as at 31 December 2007. This balance reflects the fair value of all of MIIF's investments.

Trade and other payables

Stand-alone trade and other payables increased from \$3.5 million as at 31 December 2006 to \$37.1 million as at 31 December 2007. This amount comprises of \$4.3 million of management fees payable to the Manager, \$16.6 million of expenses related to acquisition activities payable to suppliers and \$15.0 million payable to Macquarie International China Holdings in relation to MIIF's investment in HNE.

Group trade and other payables relate to trade and other creditors payable by the stand-alone company as explained above. The difference is due to elimination of inter company balances at the Group level.

Unaudited Financial Results

For the quarter and year ended 31 December 2007

Borrowings

Stand-alone company borrowings increased from \$89.5 million as at 31 December 2006 to \$178.2 million as at 31 December 2007. This increase was due to the drawdowns from MIIF's borrowing facilities to subscribe to Arqiva's rights issue to fund Arqiva's acquisition of NGW, additional investments in MEIF and the investment into TBC and HNE. This increase has been offset by repayments from proceeds arising from the divestments of MIC, DUET, MCG, Brussels Airport and TanQuid, and from excess cash from operations.

Group borrowings have reduced from \$379.6 million as at 31 December 2006 to \$178.2 million as at 31 December 2007. The movement is a result of the disposal of TanQuid.

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

	Group as at 31 Dec 07 \$'000	Group as at 31 Dec 06 \$'000
Amount repayable in one year or less, or on demand	178,224	6,460
Amount repayable after one year	-	373,104
Total borrowings	178,224	379,564
Amount secured	-	290,022
Amount unsecured	178,224	89,542
Total borrowings	178,224	379,564

MIIF's borrowings which amount to \$178.2 million as at 31 December 2007 are generally repayable within a year and are drawn from committed debt facilities with terms of up to 15 months. The total undrawn facilities as at 31 December 2007 were \$507.4 million.

Non-current financial liabilities held at their fair value

Stand-alone non-current financial liabilities held at their fair value reflect the fair value of long term foreign currency forward contracts that MIIF has entered into to hedge the forecast distributions that it expects to receive from its investments.

Provisions for other liabilities and charges

Provisions for other liabilities and charges have decreased to nil as the balance as at 31 December 2006 relates to TanQuid, which was disposed of during the year.

Unaudited Financial Results

For the quarter and year ended 31 December 2007

Enterprise Value (EV)

Company-level EV is calculated by aggregating:

- MIIF's share of its operating assets' net debt, based on MIIF's proportionate beneficial interest at 31 December 2007;
- Net debt outstanding at MIIF level at 31 December 2007; and
- MIIF Assets' Equity Attributable to MIIF Shareholders as at 31 December 2007.

	As at 31 Dec 07 \$'000
Operating assets net debt	2,360,942
MIIF net debt	123,293
MIIF Assets' Equity Attributable to MIIF Shareholders	1,848,386
EV	4,332,621
Total operating asset net debt as a percentage of EV	55%
Total net debt as a percentage of EV	57%

Net debt is reported at both the assets level and MIIF level. Operating assets' net debt is calculated at each of the relevant operating assets by subtracting total cash-on-hand from total debt at the end of the period. Available cash is calculated by subtracting from total cash-on-hand, all dividends declared by MIIF but not paid at the end of the relevant period.

The fair values of assets have been determined in accordance with a valuation framework adopted by the directors of MIIF. Discounted cash flow analysis is the methodology applied to the valuation framework in respect of all unlisted assets. Assets' equity value attributable to MIIF security holders is calculated by aggregating MIIF's interest in the fair values of the assets less corporate net debt.

MIIF's total gearing as a percentage of EV is 57% as at 31 December 2007. Total gearing is calculated by dividing the sum of operating assets net debt and MIIF net debt by EV.

Cash Flow Analysis

MIIF's net operating cash inflow amounted to \$160.6 million for the year ended 31 December 2007. The cash proceeds generated from MIIF's operations, together with the beginning cash balance, will be used to pay dividends declared by MIIF.

Unaudited Financial Results

For the quarter and year ended 31 December 2007

Segment Reporting

The principal activity of MIIF during the period was investment in diversified infrastructure assets around the world. The primary basis of segment reporting is geographical. As at the date of this report, MIIF has investments in the following geographical segments:

FY 2007	UK and Europe \$'000	United States and Canada \$'000	China \$'000	Taiwan \$'000	Australia \$'000	Total \$'000
Geographical segments						
Year to 31 December 2007						
Revenue from continuing activities	317,220	24,321	36,019	(5,354)	75,839	448,045
Revenue from discontinued activities	113,111	-	-	-	-	113,111
Segment profit from continuing activities before tax	313,750	24,237	35,710	(5,354)	75,839	444,182
Unallocated revenue						(5,458)
Unallocated expenses						(61,508)
Net profit before income tax						377,216
As at 31 December 2007						
Segment assets	881,151	148,245	446,066	167,512	189,186	1,832,160
Unallocated assets						56,797
Consolidated total assets						1,888,957
Segment liabilities	-	-	6,605	-	-	6,605
Unallocated liabilities						200,789
Consolidated total liabilities						207,394

Unaudited Financial Results

For the quarter and year ended 31 December 2007

Segment Reporting (cont'd)

FY 2006	UK and Europe \$'000	United States and Canada \$'000	China \$'000	Australia \$'000	Total \$'000
Geographical segments					
Year to 31 Dec 2006					
Revenue from continuing activities	128,465	8,843	11,192	63,171	211,671
Revenue from discontinued activities	116,659	-	-	-	116,659
Segment profit/(loss) from continuing activities before tax	128,458	8,843	11,192	63,171	211,664
Unallocated revenue					1,703
Unallocated expenses					(16,490)
Net profit from continuing activities before income tax					196,877
Other segment items					
Capital expenditure – property, plant and equipment	8,959	-	-	-	8,959
As at 31 Dec 2006					
Segment assets	1,106,864	181,982	126,777	372,240	1,787,863
Unallocated assets					48,252
Consolidated total assets					1,836,115
Segment liabilities	362,525	-	6,200	-	368,725
Unallocated liabilities					93,060
Consolidated total liabilities					461,785

Unaudited Financial Results

For the quarter and year ended 31 December 2007

Breakdown of Revenue

	2007 \$'000	2006 \$'000	% change
Financial period from 1 January to 30 June			
Total revenue from continuing operations for the financial period	211,825	45,003	371
Operating profit after tax for the financial period	195,550	44,490	340
Financial period from 1 July to 31 December			
Total revenue from continuing operations for the financial period	230,762	168,371	37
Operating profit after tax for the financial period	182,549	153,113	18
Financial year to 31 December			
Total revenue from continuing operations for the financial year	442,587	213,374	107
Operating profit after tax for the financial year	378,099	197,603	90

Unaudited Financial Results

For the quarter and year ended 31 December 2007

Consolidated Income Statement

	Group Quarter ended 31 Dec 07 \$'000	Group Quarter ended 31 Dec 06 \$'000	Group Year ended 31 Dec 07 \$'000	Group Year ended 31 Dec 06 \$'000
Income				
Interest revenue	467	284	2,108	1,408
Other income	2,155	-	4,362	-
Net foreign exchange gain/(loss)	2,167	307	(5,921)	1,789
Net gain on financial assets at fair value through profit or loss	47,185	93,297	338,647	210,177
Net gain on disposal of asset	103,391	-	103,391	-
Total income	155,365	93,888	442,587	213,374
Expenses				
Base management fee	4,264	3,178	16,408	11,762
Performance fee	-	-	3,146	-
Finance costs	1,918	(330)	8,298	1,548
Professional services	27,255	518	28,714	1,231
Rental expense	8	-	8	-
Directors' fees	104	61	275	245
Other operating expenses	1,404	1,438	8,522	1,711
Total operating expenses	34,953	4,865	65,371	16,497
Profit before income tax from continuing operations	120,412	89,023	377,216	196,877
Income tax expense	(1,714)	-	(1,714)	-
Profit after income tax from continuing operations	118,698	89,023	375,502	196,877
Minority interest	(3,624)	-	(3,624)	-
Profit after income tax and minority interest from continuing operations	115,074	89,023	371,878	196,877
(Loss)/Profit from discontinued operations	(905)	(7,505)	2,597	726
Profit attributable to the equity holders of MIIF	114,169	81,518	374,475	197,603

Unaudited Financial Results

For the quarter and year ended 31 December 2007

Earnings Per Share

	Group Quarter ended 31 Dec 07	Group Quarter ended 31 Dec 06	Group Year ended 31 Dec 07	Group Year ended 31 Dec 06
Weighted average number of shares on issue used in calculation of basic earnings per share ('000)	1,282,452	1,279,687	1,280,609	1,279,687
Weighted average number of shares on issue used in calculation of diluted earnings per share ('000)	1,282,452	1,279,687	1,280,609	1,279,687
Continuing operations				
Earnings from continuing operations attributable to equity holders of the Company (\$'000)	115,074	89,023	371,878	196,877
- Basic earnings per share (cps)	8.97	6.96	29.04	15.38
- Diluted earnings per share (cps)	8.97	6.96	29.04	15.38
Discontinued operations				
(Losses)/earnings from discontinued operations attributable to equity holders of the Company (\$'000)	(905)	(7,505)	2,597	726
- Basic (losses)/earnings per share (cps)	(0.07)	(0.59)	0.20	0.06
- Diluted (losses)/earnings per share (cps)	(0.07)	(0.59)	0.20	0.06
Total				
Earnings attributable to equity holders of the Company (\$'000)	114,169	81,518	374,475	197,603
- Basic earnings per share (cps)	8.90	6.37	29.24	15.44
- Diluted earnings per share (cps)	8.90	6.37	29.24	15.44

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Balance Sheet

	Group As at 31 Dec 07 \$'000	Group As at 31 Dec 06 \$'000	Company As at 31 Dec 07 \$'000	Company As at 31 Dec 06 \$'000
Assets				
Current assets				
Cash and cash equivalents	55,016	59,146	54,930	43,356
Non-current assets held for sale	-	89,760	-	89,760
Trade and other receivables	18,759	43,803	20,535	22,544
Financial assets at fair value through profit or loss	1,749	4,615	1,749	1,697
Inventory	-	1,068	-	-
Other assets	27	172	27	41
	75,551	198,564	77,241	157,398
Non-current assets				
Trade and other receivables	-	63	-	-
Property, plant and equipment	-	380,015	-	-
Intangible assets	-	5,330	-	-
Financial assets at fair value through profit or loss	1,813,406	1,218,251	1,779,917	1,334,842
Goodwill	-	33,892	-	-
	1,813,406	1,637,551	1,779,917	1,334,842
Total assets	1,888,957	1,836,115	1,857,158	1,492,240
Liabilities				
Current liabilities				
Trade and other payables	28,717	46,355	37,053	3,516
Borrowings	178,224	6,460	178,224	-
	206,941	52,815	215,277	3,516
Non-current liabilities				
Financial assets at fair value through profit or loss	453	-	453	-
Provisions for other liabilities and charges	-	20,281	-	-
Borrowings	-	373,104	-	89,542
Deferred income tax liabilities	-	15,585	-	-
	453	408,970	453	89,542
Total liabilities	207,394	461,785	215,730	93,058
Net assets	1,681,563	1,374,330	1,641,428	1,399,182
Equity				
Share capital	1,234,627	1,231,573	1,234,627	1,231,573
Foreign currency translation reserve	(461)	(406)	-	-
Retained earnings	413,343	143,163	406,801	167,609
	1,647,509	1,374,330	1,641,428	1,399,182
Minority Interest	34,054	-	-	-
Total equity	1,681,563	1,374,330	1,641,428	1,399,182

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Statement of Changes in Equity

Consolidated Statement of Changes in Shareholders' Equity	Quarter ended 31 Dec 07 \$'000	Quarter ended 31 Dec 06 \$'000	Year ended 31 Dec 07 \$'000	Year ended 31 Dec 06 \$'000
Total equity at the beginning of the period	1,541,371	1,291,746	1,374,330	1,261,239
Foreign currency translation reserve recognised directly in equity	(8,031)	1,066	(55)	5,672
Minority interest	34,054	-	34,054	-
Profit after tax for the period	114,169	81,518	374,475	197,603
Total recognised gains for the period	140,192	82,584	408,474	203,275
Issue of share capital – conversion of performance fees	-	-	3,146	-
Capital raising costs	-	-	(92)	34
Dividends paid	-	-	(104,295)	(90,218)
Total equity at the end of the period	1,681,563	1,374,330	1,681,563	1,374,330

Statement of Changes in Shareholders' Equity of MIIF	Quarter ended 31 Dec 07 \$'000	Quarter ended 31 Dec 06 \$'000	Year ended 31 Dec 07 \$'000	Year ended 31 Dec 06 \$'000
Total equity at the beginning of the period	1,638,209	1,308,913	1,399,182	1,260,788
Profit after tax for the period	3,219	90,269	343,487	228,578
Total recognised gains for the period	3,219	90,269	343,487	228,578
Issue of share capital – conversion of performance fees	-	-	3,146	-
Capital raising costs	-	-	(92)	34
Dividends paid	-	-	(104,295)	(90,218)
Total equity at the end of the period	1,641,428	1,399,182	1,641,428	1,399,182

Changes in Share Capital

There were no changes in share capital for the quarter ended 31 December 2007.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Statement of Cash Flows

	Group Quarter ended 31 Dec 07 \$'000	Group Quarter ended 31 Dec 06 \$'000	Group Year ended 31 Dec 07 \$'000	Group Year ended 31 Dec 06 \$'000
Cash flows from operating activities				
Profit after tax	117,793	81,518	378,099	197,603
Adjustments for non cash items:				
Amortisation and depreciation	3,548	10,474	22,533	22,994
Gain on sale of investment	(103,391)	-	(103,391)	-
Revaluation of financial assets at fair value through profit or loss	28,021	(48,854)	(81,916)	(114,744)
Effect of exchange rate movements on operating assets and liabilities	(9,818)	(3,029)	4,406	(2,300)
Changes in operating assets and liabilities, net of the effects from acquisitions of controlled entities and business assets:				
(Increase)/decrease in trade and other receivables	3,027	(7,963)	16,073	16,906
Increase in inventory	(32)	(333)	-	(82)
Decrease in trade and other payables	(80,699)	(14,354)	(79,883)	(22,158)
Increase/(decrease) in provisions for other liabilities and charges	4,862	(5,345)	-	(6,122)
Decrease in other assets	568	123	15	114
(Increase)/decrease in the provision for taxation	(5,852)	4,978	4,644	5,012
Net cash (outflow)/ inflow from operating activities	(41,973)	17,215	160,580	97,223
Cash flows from investing activities				
Proceeds from sale of subsidiary	159,793	-	159,793	-
Proceeds from sale of investments	107,860	-	467,412	-
Purchase of business assets net of cash acquired	(212,222)	13,820	(216,985)	(55,638)
Purchase of property, plant and equipment	(2,040)	(22,103)	(7,074)	(14,545)
Purchase of financial assets	-	(27,712)	(562,906)	(66,184)
Restricted cash	(23,415)	-	(23,415)	-
Net cash inflow/(outflow) from investing activities	29,976	(35,995)	(183,175)	(136,367)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	-	-	3,146	-
Capital raising costs	-	-	(92)	-
Proceeds from borrowings	-	32,357	693,742	134,914
Repayment of borrowings	(31,624)	-	(597,392)	-
Dividends paid	-	-	(104,295)	(90,218)
Net cash (outflow)/inflow from financing activities	(31,624)	32,357	(4,891)	44,696
Net (decrease)/increase in cash and cash equivalents	(43,621)	13,577	(27,486)	5,552
Cash and cash equivalents at beginning of period/year	72,747	45,143	59,146	51,942
Effects of exchange rate changes on cash and cash equivalents	2,475	426	(59)	1,652
Cash and cash equivalents at end of period/year	31,601	59,146	31,601	59,146

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Related Party Disclosures

(a) Directors

The following persons were directors of MIIF during the periods being reported on:

	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
Gregory Kenneth Osborne (alternate director to John Stuart Hugh Roberts)	7 February 2005	5 October 2007
Lee Suet Fern	20 December 2007	Not applicable

Directors' remuneration

John Roberts and Gregory Osborne are executive directors of Macquarie Group Limited (MGL), the ultimate parent entity of the Manager, and are not entitled to any remuneration from MIIF, other than reimbursement of expenses incurred on behalf of MIIF, such as travel costs and accommodation. Heng Chiang Meng, Robert Mulderig, Michael Hamer and Lee Suet Fern are entitled to a total remuneration of US\$50,000 per annum each.

(b) The Manager

Macquarie Infrastructure Management (Asia) Pty Limited (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 during the quarter between the Group, MIIF and the Manager:

	Group Quarter ended 31 Dec 07 \$'000	Group Quarter ended 31 Dec 06 \$'000	Company Quarter ended 31 Dec 07 \$'000	Company Quarter ended 31 Dec 06 \$'000
Transactions				
Base management fees	4,264	3,178	4,264	3,178

The following balances remained outstanding between the Group, MIIF and the Manager at the current reporting date:

	Group As at 31 Dec 07 \$'000	Group As at 31 Dec 06 \$'000	Company As at 31 Dec 07 \$'000	Company As at 31 Dec 06 \$'000
Balances				
Accrued base management fees	4,264	3,178	4,264	3,178
Total liabilities payable to the Manager	4,264	3,178	4,264	3,178

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

For the quarter ended 31 December 2007, the MIIF Accumulation Index¹ was lower than the agreed benchmark annual return of 8% (2% for the period). Consequently, no performance fee is payable to the Manager and a performance fee deficit² will be carried forward to the next quarter.

¹ 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.

² 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 the calculation of this performance fee is approximately \$192 million.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Related Party Disclosures (cont'd)

(b) The Manager (cont'd)

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, as disclosed in the MIIF Prospectus.

(c) Macquarie Group (Macquarie)

Macquarie Group Limited (MGL) is the ultimate parent of the Manager. Macquarie and in particular Macquarie Capital Advisers (MacCap Adv) are an important source of acquisition opportunities and financial and acquisition advice.

During the year, the Group engaged MacCap Adv of MGL to advise on the acquisition of TBC and HNE, and the sale of TanQuid. The fees relating to these transactions amount to \$25.0 million. The fees relating to HNE have been approved by the independent members of the MIIF Board, subject to the receipt of a satisfactory independent expert report to establish whether they are consistent with the level of fees that would be charged for a similar transaction on normal commercial terms and conditions. Upon satisfaction of this condition, the fees will be approved and paid.

MIIF utilises the services provided by MGL's foreign exchange department from time to time to enter into foreign exchange forward contracts. Pricing received is benchmarked against third party pricing.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Financial Risk Management

The Group's and MIIF's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's and MIIF's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group and MIIF use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by the Company under policies approved by the Board of the Manager. The Board of the Manager identifies, evaluates and hedges financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

Market risk

(a) Foreign exchange risk

Investments

Foreign exchange risk arises when recognised assets and liabilities and future commercial transactions are denominated in a currency that is not the entity's functional currency.

The Group and MIIF operate internationally and are exposed to foreign exchange risk arising from currency exposures to the Euro, GBP, CAD, AUD, CNY and NTD.

The Group and the Company do not hedge the foreign exchange exposure on overseas investments due to their long-term horizon. However, commitments to make investments which are denominated in foreign currencies are hedged, by way of forward contracts, as close as possible to the time of making the commitment or raising the required capital. Anticipated distributions from investments denominated in foreign currencies are typically hedged up to 75% for a period of up to 18 months.

Distributions and investment income

MIIF receives distributions and investment income denominated in currencies other than the Singapore dollar. With respect to these cash flows, MIIF is exposed to currency risk, as the value of the amounts receivable denominated in other currencies will fluctuate due to changes in exchange rates. As outlined above, MIIF's policy is to enter into foreign currency forward contracts to convert the foreign currency amounts to Singapore dollars.

The table below set out MIIF's exposure to various currencies:

Company	Singapore Dollar	British Pound	Euro	Renminbi	Australian Dollar	Taiwan Dollar	Canadian Dollar	US Dollar	Hong Kong Dollar	Total
As at 31 December 2007	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Assets										
Financial assets										
Cash at bank	31,370	-	23,506	-	-	-	-	-	54	54,930
Trade and other receivables	1,851	10,634	-	-	8,050	-	-	-	-	20,535
Investments in listed securities	-	-	-	-	181,136	-	-	-	-	181,136
Investments in unlisted securities	114,432	516,945	353,613	298,047	-	167,512	148,218	14	-	1,598,781
Other financial assets	1,776	-	-	-	-	-	-	-	-	1,776
Total assets	149,429	527,579	377,119	298,047	189,186	167,512	148,218	14	54	1,857,158
Financial liabilities										
Trade and other payables	(8,915)	-	-	(27,618)	(85)	-	-	(434)	(1)	(37,053)
Borrowings	(150,489)	-	(27,735)	-	-	-	-	-	-	(178,224)
Other financial liabilities	(453)	-	-	-	-	-	-	-	-	(453)
Total liabilities	(159,857)	-	(27,735)	(27,618)	(85)	-	-	(434)	(1)	(215,730)
Net assets	(10,428)	527,579	349,384	270,429	189,101	167,512	148,218	(420)	53	1,641,428

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Financial Risk Management (cont'd)

(b) Price risk

The Group and MIIF are exposed to equity securities price risk, although its holding in MAp constitutes 10.2% of the portfolio. This arises from investments held by the Group and classified on the balance sheet at fair value through profit or loss. The Group is not exposed to commodity price risk.

Credit risk

The Group and MIIF have no significant concentration of credit risk. Derivative counterparties and cash transactions are limited to high quality financial institutions.

Liquidity risk

The Group and MIIF have a prudent liquidity policy to ensure that they maintain sufficient cash and cash equivalents to meet their obligations.

Cash flow and fair value interest rate risk

As the Group and MIIF have no significant interest-bearing assets, apart from cash and cash equivalent balances, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

MIIF and its investments have interest-rate risk arising from borrowings. The Company and its investments have borrowings issued at both fixed and floating interest rates. Borrowings issued at fixed rates expose the Company and its investments to fair value interest rate risk. For floating rate exposures, the investments partially hedge the exposure by entering into interest rate and cross currency swaps, whereby the investments agree with their counterparties to exchange at specified intervals the difference between the fixed contract rates and floating rate amounts calculated by reference to the agreed notional principal amounts.

The table below sets out debt and hedging information relating to each of MIIF's investments.

Asset	Total debt drawn	Term	Margin	Repayment	% of Debt Hedged
Arqiva ³	GBP 2.6 bn	6-8 years	1.83%-2.08%	Bullet	100
CAC ³	CAD 310 m	8 years	0.73%	Bullet	100
CXP ³	RMB 480 m	7 years	PBOC rate minus 10% ⁴	Bullet	13
HNE ^{3,5}	RMB 2.8 bn	7 years	PBOC rate ⁴	Amortising	- ⁶
TBC Senior Facilities ⁷	NTD 21.0 bn	7 years	Weighted average interest rate of 4.7% ⁴	Bullet	91
TBC Unsecured Facility ⁷	USD 100 m	9 years	8% ^{4,8}	Bullet	100

³ Senior debt

⁴ Cost of funds

⁵ Based on expected debt position for HNE post refinancing

⁶ Interest rate hedges are not available in China at this time

⁷ As of August 2007

⁸ Excluding capitalising interest component which vests on maturity in 2016

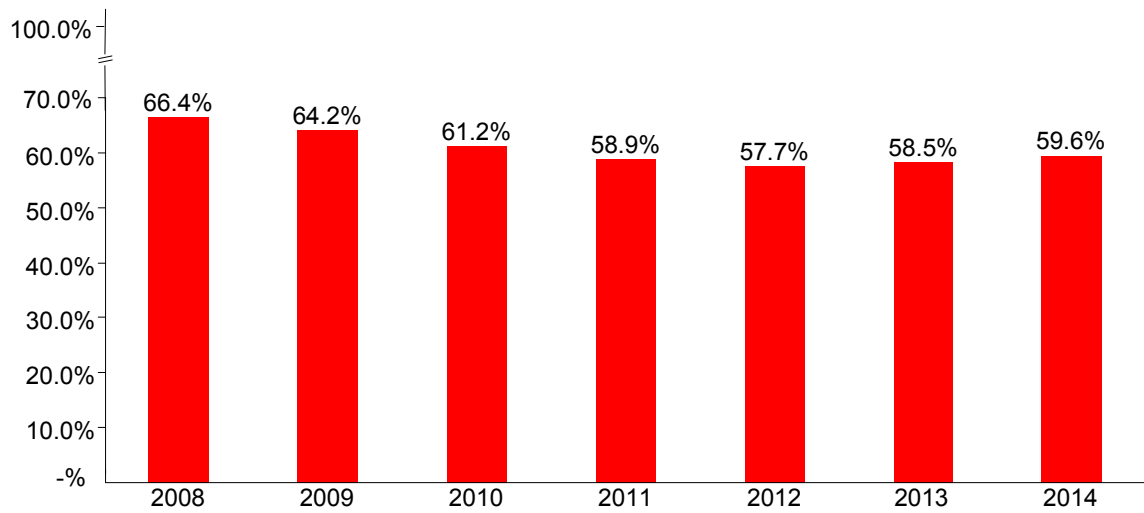
Unaudited Financial Report

For the quarter and year ended 31 December 2007

Financial Risk Management (cont'd)

The chart below shows the percentage of asset debt hedged over the following terms⁵.

Proportionately Consolidated Hedge Position Across MIIF's Direct Assets



Unaudited Financial Report

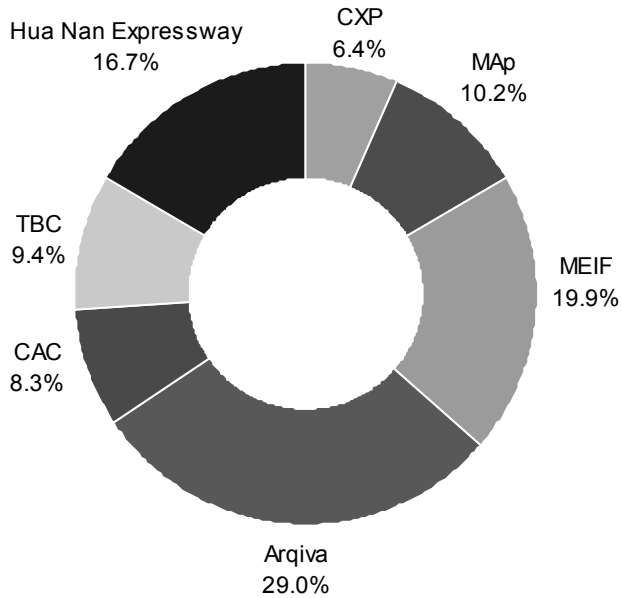
For the quarter and year ended 31 December 2007

Investment Portfolio Analysis

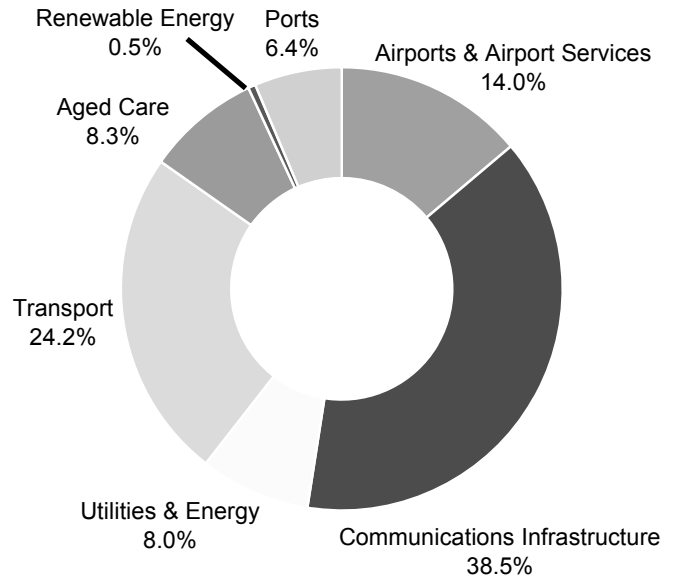
MIF is a leading Asia-based private owner and operator of infrastructure assets with significant investments in toll roads, airports, communications infrastructure, broadcast infrastructure, renewable energy, transport infrastructure assets and aged care infrastructure assets, among others.

The following diagrams show the contributions that the various investments make to MIF's overall portfolio based on the 31 December 2007 fair valuation of each asset:

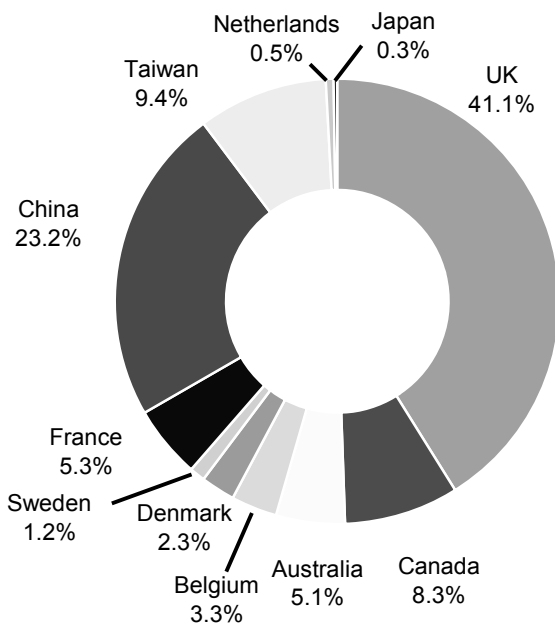
Portfolio Composition by Value⁹



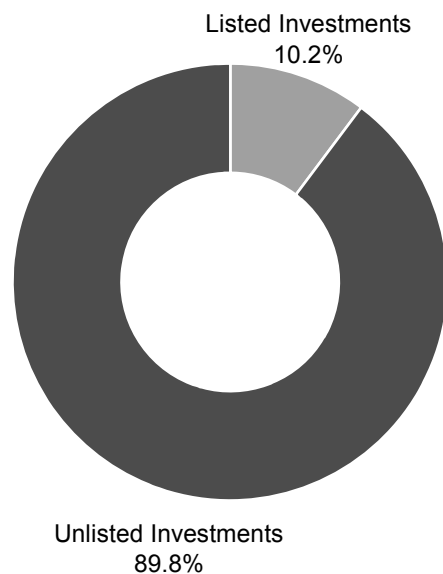
Portfolio Composition by Industry⁹



Portfolio Composition by Country⁹



Listed vs. Unlisted⁹



⁹ Based on 31 December 2007 valuations, numbers are subject to rounding

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Arqiva and NGW

Date of initial acquisition	Initial – 27 May 2005 Rights Issue – 4 April 2007
Cost of acquisition	Initial – S\$175.7 million Rights Issue – S\$260.0 million
Valuation ⁹	S\$516.9 million
MIIF ownership	8.7% interest
% of MIIF portfolio	29.0%

Arqiva is an infrastructure based provider of terrestrial and satellite broadcasting transmission, wireless communications and services to public safety organisations in the United Kingdom (UK). Arqiva controls a large portfolio of broadcast towers, satellite transmission facilities and other communications infrastructure. Arqiva provides transmission services to TV and radio broadcasters, site leasing to mobile phone and other wireless communication companies, and radio services to police, fire and ambulance services. Arqiva owns and operates approximately 550 towers for radio and television broadcasts, 1,350 active sites for mobile communications, and has marketing rights to more than 1,400 further mobile communications sites.

NGW is an infrastructure based provider of services to broadcasters, mobile network operators, and owns and operates two of the six TV multiplexes – each a group of digital TV channels in the UK. NGW owns and operates approximately 750 towers for radio and television transmission broadcasts and approximately 5,500 active sites for mobile communications.

Hold separate arrangement

Arqiva and NGW are subject to a hold separate undertaking while the acquisition of NGW by Arqiva is reviewed by the UK Competition Commission (Commission). The review commenced in August 2007, after the UK Office of Fair Trading referred the case to the Commission.

The Commission released its Provisional Findings on 30 November 2007, and identified a substantial lessening of competition in the supply of managed transmission services and network access in both television and radio in the UK arising from the acquisition of NGW by Arqiva.

Arqiva submitted its response to the Commission on 20 December 2007, and addressed the possible remedies suggested by the Commission, which range from behavioural remedies to some form of potential divestment. Arqiva strongly believes that an effective behavioural remedy is the best way to maximise the benefits to the industry and minimise the risk to Digital Switch Over (DSO).

The Commission has advised that the review process is expected to be completed during March 2008.

Arqiva only			
(S\$million)	12 months to Dec 2007	12 months to Dec 2006	Variance
Revenue ¹⁰	1,206.2	936.4	28.8%
Operating Expenses ¹⁰	835.2 ¹¹	586.2	42.5%
EBITDA ¹⁰	371.0	350.1	6.0%
EBITDA Margin	30.8%	37.4%	

Revenue breakdown for Arqiva only

(S\$million)	12 months to Dec 2007	12 months to Dec 2006	Variance
Satellite Media ¹⁰	516.5	237.5	>100%
Terrestrial Media ¹⁰	389.6	381.9	2.0%
Wireless solutions ¹⁰	146.1	136.9	6.7%
Public safety ¹⁰	154.1	180.1	(14.4%)

¹⁰ Converted at the 31 December 2007 exchange rate of £1:S\$2.8583. Source: Bloomberg. Numbers are subject to rounding

¹¹ Excludes £4.4m one-off costs associated with NGW and UK Competition Commission inquiry

Unaudited Financial Report

For the quarter and year ended 31 December 2007

NGW only ¹²			
(S\$million)	6 months to Dec 2007	6 months to Dec 2006 ¹³	Variance
Revenue ¹⁰	474.2	439.0	8.0%
Operating Expenses ¹⁰	238.4	239.2	(0.4%)
EBITDA ¹⁰	235.8	199.8	18.0%
EBITDA Margin	49.7%	45.5%	

DSO process

Arqiva has been working with the UK Government and Digital UK for a number of years on what is the most ambitious broadcast engineering project undertaken in the UK. DSO involves the replacement of 5,000 analogue and 500 low power digital transmitter systems, with a further 4,000 new high power digital transmitter systems at 1,154 sites.

Arqiva's role in the switchover project is very important to the ultimate success of ensuring that almost all of the UK will be able to receive free digital terrestrial television through a roof-top aerial.

On 17 October 2007, Arqiva switched on the country's first area to transition from analogue to high-power digital television. The new digital services are being transmitted from Whitehaven, Eskdale Green and Gosforth in England's northeast.

Arqiva is attractively positioned for DSO having won all the competitively tendered managed transmission contracts which has resulted in a substantial order book of long term contracts. During the period Arqiva signed new contracts with SDN Ltd – a wholly owned subsidiary of ITV plc – and Digital 3 and 4. SDN currently broadcasts a range of popular free-to-air channels including Five, S4C and QVC together with pay-channels via Top Up TV. Digital 3 and 4 carry the main commercial television channels in the UK, ITV 1 and Channel 4, as well as other popular channels including ITV 2, ITV 3, ITV 4, More4 and E4.

Key Highlights for the period

- On 27 November 2007, Arqiva announced that US broadcast channel IPTV has chosen Arqiva as its key content distribution platform to expand into the European market.

Outlook

- Execution of DSO between 2008 and 2012 continues to be a major operational focus. Around 5,000 analogue transmitters are to be replaced at a total industry capital cost of around £500 million. The DSO project is one of the biggest and most complex broadcast engineering projects of its kind. Arqiva will focus on executing the next stage of DSO at Selkirk in November 2008 and at all the remaining sites by 2012.
- Arqiva is pursuing growth plans in a number of areas based on innovation; focus on core markets; and aim of growing long term, infrastructure-related revenues.

¹² Limited information is available due to Hold Separate undertakings

¹³ Stated on a proforma basis

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Canadian Aged Care (CAC)

Date of initial acquisition	24 Nov 2005
Cost of acquisition	S\$164.9 million
Valuation ⁹	S\$148.2 million
MIIF ownership	55% economic interest
% of MIIF portfolio	8.3%

CAC is a portfolio of long-term care facilities (LTC) in Ontario, Canada. Operating since 1973, 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 assets, including relatively stable revenue, significant barriers to entry and low demand variability.

Key operational statistics can be found in the table below.

Average occupancy (%)	12 months to Dec 2007	12 months to Dec 2006	Variance
LTC Preferred Occupancy	83.2%	79.0%	4.2%
LTC Total	98.4%	95.3%	3.1%

(\$'million)	12 months to Dec 2007	12 months to Dec 2006	Variance
Revenue ¹⁴	262.1	248.1	5.6%
Operating Expenses ¹⁴	223.7	212.3	5.4%
EBITDA ¹⁴	38.4	35.8	7.3%
EBITDA Margin	14.7%	14.4%	

Key Highlights for the period

- Average total occupancy for the portfolio was 99.0% for the quarter ended December 2007 compared with 95.4% for the corresponding period in 2006. This reflects increased occupancy at the Vaughan and Orillia homes. Preferred bed average occupancy for all homes was 87.1% in the quarter compared with 80.7% in the corresponding period in 2006.
- For the full year, 18 of CAC's 19 LTC homes achieved the 97% occupancy threshold required for full funding.

Outlook

- CAC will continue to seek growth opportunities, primarily complementary acquisitions of existing LTC homes in the fragmented Ontario marketplace.
- Initiatives to optimise the preferred accommodation mix and also to lift occupancy are being pursued by CAC as it is eligible for full funding from the MOHLTC when CAC's homes achieve a level of 97% annual average occupancy.
- On 31 January 2008, CAC signed an agreement to acquire the Good Samaritan Seniors Complex which consists of a 64-bed Class A LTC home and an attached 24-bed retirement home located in Alliston, Ontario, for approximately C\$11.1 million plus transaction costs. The acquisition is conditional upon regulatory approval from the MOHLTC. Upon completion of the transaction, CAC will own or manage 27 LTC homes, representing 4,378 beds, two retirement homes, representing 53 beds, and one independent living facility with 53 beds.

¹⁴ Converted at the 31 December 2007 exchange rate of CAD1:S\$1.4422. Source: Bloomberg. Numbers are subject to rounding

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Changshu Xinghua Port (CXP)

Date of initial acquisition	2 Dec 2005
Cost of acquisition	S\$112.3 million
Valuation ⁹	S\$114.4 million
MIIF ownership	38% interest
% of MIIF portfolio	6.4%

CXP is a multipurpose cargo port centrally located within the Yangtze River Delta industrial zone, a high-growth industrial region which includes the cities of Suzhou, Wuxi and Changshu. CXP's hinterland has over 200 million people and is one of China's fastest growing industrial regions. This hinterland and Shanghai, China's epicentre for commerce, forms CXP's platform for future growth.

CXP's cargo base consists of bulk cargo comprising mainly steel and forestry related products and containerised cargo. 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 table below.

Volume	12 months to Dec 2007	12 months to Dec 2006	Variance
Container Total (Teu)	87,672	136,084	(35.6%)
Conventional Cargo (tons)	5,554,942	4,185,645	32.7%

(\$'million)	12 months to Dec 2007	12 months to Dec 2006	Variance
Revenue ¹⁵	42.4	38.4	10.4%
Operating Expenses ¹⁵	18.5	15.1	22.5%
EBITDA ¹⁵	23.9	23.3	2.3%
EBITDA Margin	56.3%	60.7%	

Key Highlights for the period

- For the year ended 2007, general cargo volumes were up by 33% on pcp, showing continued growth in overall port services demand. This strong performance was a result of on-going marketing initiatives which have yielded solid growth in export and domestic steel and forestry product volumes. Despite the strong growth in general cargoes, container volumes for 2007 were down by 36% on pcp, reflecting the movement of a key customer to its own pier.
- Revenue and EBITDA for the year ended 31 December 2007 grew by 10.4% and 2.6% respectively due to gains in general and forestry cargoes offsetting revenue declines in the container sector.

Outlook

- Competition in the steel sector remains strong, with a variety of regional ports remaining active. CXP is pursuing a 3-way strategy to stay competitive, working to attract cargo owners, ship operators, and regional specialist mills.
- CXP continues to be the leading forestry port in the region, through its successful partnership with the Belgian forestry specialist Westerlund and its ability to add warehouse capacity as needed to accommodate growth. With a strong performance in 2007, continued growth is expected in forestry products.
- As part of its continuing efforts to secure new business for 2008, CXP has been marketing its services to a broad range of businesses designed to diversify its cargo mix and to enable it to enter new markets. In addition, CXP will continue to actively pursue initiatives to increase productivity, cost control and service quality.

¹⁵ Converted at the 31 December 2007 exchange rate of S\$1:RMB5.068. Source: Bloomberg. Numbers are subject to rounding

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Hua Nan Expressway (HNE)

Date of initial acquisition	19 Nov 2007
Cost of acquisition ¹⁶	S\$295.7 million
Valuation ⁹	S\$298.0 million
MIIF ownership	81% interest
% of MIIF portfolio	16.7%

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. A crucial urban infrastructure in one of the China's fastest growing economic regions; is intersected by 8 expressways ensuring excellent connectivity.

The process of transitioning ownership of HNE to MIIF is significantly progressed with the newly acquired business performing in line with expectations.

Key Highlights for the period

- The total toll revenue for 2007 is RMB454.4 million (S\$89.7 million¹⁵), marginally ahead of expected revenue of RMB450.8 million (S\$89.0 million¹⁵).
- The average daily total vehicles for the Tuhua exit point increased by 1,704 vehicles or 14.0% compared to the same month last year. This is due to favourable effects from the temporary closure of the Guangzhou-Shenzhen Expressway.

Outlook

- Management anticipates 2008 traffic growth will benefit from the opening of Phase III of HNE planned for the second half of 2008.

Taiwan Broadband Communications (TBC)

Date of initial acquisition	16 July 2007
Cost of acquisition ¹⁷	S\$161.8 million
Valuation ⁹	S\$167.5 million
MIIF ownership	20% interest
% of MIIF portfolio	9.4%

TBC is one of the three leading 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 networks located in northern and central Taiwan.

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, providing subscribers with improved picture and sound quality, and extra channels.

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 the more than one million homes reached by its cable network.

Key operational statistics can be found in the table below.

Ending Subscribers	12 months to Dec 2007	12 months to Dec 2006	Variance
Basic CATV	688,860	664,785	3.6%
Premium Digital TV	19,373	16,009	21.0%
Penetration rate ¹⁸	2.8%	2.4%	
Broadband	111,177	92,723	19.9%
Penetration rate ¹⁸	16.1%	13.9%	

¹⁶ Originally announced acquisition price of S\$329.5m included S\$295.7m invested at acquisition, and S\$33.8m of Acquisition Adjustments contingent upon certain events and as yet unpaid

¹⁷ Post a return of capital from TBC of US\$68.3 million (S104.1 million) which was distributed to MIIF as a result of the refinancing of TBC's debt facilities shortly after MIIF's acquisition of its interest in TBC

¹⁸ Penetration rate is calculated as a percentage of Basic subscribers

Unaudited Financial Report

For the quarter and year ended 31 December 2007

(S\$million)	12 months to Dec 2007	12 months to Dec 2006	Variance
Revenue ¹⁹	273.4	265.1	3.1%
Operating Expenses ¹⁹	110.3	110.8	(0.5%)
EBITDA ¹⁹	163.1	154.3	5.7%
EBITDA Margin	59.6%	58.2%	

Average Revenue per User (ARPU) per Basic sub (S\$) ²⁰	12 months to Dec 2007	12 months to Dec 2006	Variance
Basic ¹⁹	29.6	29.7	(0.4%)
Tiering ¹⁹	8.1	7.9	2.7%
Broadband ¹⁹	26.4	25.7	2.6%

Key Highlights for the period

- TBC continued its strong performance in the year ended 31 December 2007, with EBITDA up 5.7% to S\$163.1 million¹⁹ and revenue increasing by 3.1% to S\$273.4 million¹⁹.
- TBC continued to focus on strategies to expand its broadband internet and premium digital television service.
 - During 2007, TBC completed a technology upgrade to facilitate a significant increase in broadband internet speeds. During the year, TBC launched a 12 Mbps broadband product, and in early 2008 commenced offering a market-leading 16 Mbps service.
 - In premium digital television, TBC continued with initiatives to develop an enhanced package of digital channels.
- TBC focused on several initiatives to position of the business for growth in value added services by:
 - Extending network coverage to reach new growth areas.
 - Sales penetration in new homes.
 - Offering customers coming out of contract with new offers through win back campaigns to improve customer loyalty.
 - Selling broadband services to CATV customers through product bundling.
 - Recruiting and training sales and marketing staff.

Outlook

- In 2008, TBC will remain focused on delivering positive momentum across the business. Management remains committed to increasing the penetration of the value added services of broadband internet and premium digital television through enhanced product offerings and superior customer service whilst continuing to deliver solid growth of its cable television business.

¹⁹ Results based on TBC management accounts and compared on a like-for-like basis. Converted at the 31 December 2007 exchange rate of S\$1:NT\$22.5234. Source: Bloomberg. Numbers are subject to rounding

²⁰ ARPU includes subscription revenue and other revenue from installation, advertising and channel leasing

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Macquarie European Infrastructure Fund (MEIF)

Date of initial acquisition	14 July 2005
Cost of acquisition	S\$194.8 million
Valuation ⁹	S\$353.6 million
MIIF ownership	6.3% interest
% of MIIF portfolio	19.9%

MEIF is a limited partnership that was established to make equity and equity-related investments in a diversified portfolio of infrastructure assets and related assets located in developed European OECD countries. MEIF aims to deliver moderate capital growth and sustainable cash yields over the long term. MEIF completed its final close in June 2005, with total investor commitments of €1.5 billion.

Key Highlights for the period

- On 26 October 2007, MEIF paid a total distribution of €65.0 million to its investors. The current rolling 12 month cash yield of the fund is 10.0% per annum, based on weighted average drawn commitments to 30 September 2007.
- In November 2007 Thames Water paid its first distribution to investors since MEIF's investment, for a total value of £102 million, with MEIF receiving its pro rata share of distribution in early December 2007.
- MEIF continued to explore opportunities to improve the financial and operational performance of the assets within its portfolio and to support their ongoing growth. MEIF worked with Wales & West Utilities to lock in low long-term interest rates through hedging, and operational performance in the Renewables portfolio is showing the results of considerable focus on an improved maintenance programme over the last year.
- The completion process for the investment by MEIF of 49.0% economic interest in NRE was delayed due to a review by the Dutch government. The Fund is considering options for directing the called funds to other investment opportunities.

Outlook

MEIF is anticipated to make its next distribution to investors in the second quarter of 2008, generated with portfolio distribution proceeds received in respect of the half year to 31 March 2008.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Macquarie Airports (MAp)

Date of initial acquisition	27 May 2005
Cost of acquisition	S\$154.5 million
Valuation ⁹	S\$181.1 million
MIIF ownership	2.1% economic interest
% of MIIF portfolio	10.2%

MAp is a globally diversified airport business fund and one of the world's largest private airport owners and operators. Listed on the Australian Stock Exchange (ASX), MAp is a top 50 ASX listed company with a market capitalisation of approximately A\$7.0 billion and approximately 36,500 investors, including some of the world's largest pension funds.

MAp is an active long-term investor with a uniquely integrated management model, bringing together both financial and operational expertise. This approach to airport business ownership has seen increased choice, improved facilities and better levels of service for the 77 million passengers who use MAp's airports each year, and increasing returns to MAp security holders.

Key Highlights for the period

- In October 2007, MAp announced the completion of its acquisition of an additional 5.0% interest in Brussels Airport from Federale Participatie-en Investeringsmaatschappij (FPIM), the investment vehicle of the Belgian State, taking MAp's beneficial interest in Brussels Airport to 58.9%.
- In October 2007, MAp announced that a MAp-led consortium increased its shareholding in Japan Airport Terminal from 12.5% to 19.9%. MAp's individual interest in JAT has increased from 7.5% to 14.9%.
- In October, MAp announced that Sydney Airport had reached a five year commercial agreement regarding aeronautical charges at Sydney Airport with Qantas, covering all Qantas passenger services. The international component of the agreement is consistent with the agreement reached with the Board of Airline Representatives of Australia in September 2007.
- In November 2007, MAp announced satisfaction of all conditions relating to its offer to acquire an additional 3.2% beneficial interest in The Brussels Airport Company from MIIF taking MAp's beneficial interest in Brussels Airport to 62.1%.
- In December 2007, MAp announced a final distribution of A\$0.18 consisting of a regular distribution of A\$0.13 and a special distribution of A\$0.5 for the period ended 31 December 2007.

Outlook

- Traffic performance at MAp's airports has remained strong demonstrating the resilience of MAp's business despite the backdrop of rising oil prices. Active airline marketing, new airline capacity and increasing liberalisation of bilateral air services agreements should continue to promote traffic growth. Several important commercial initiatives, including the T2 retail redevelopment at Sydney, expanded retail/Duty Free offering at Copenhagen, were delivered during 2007 and should have an impact in 2008.
- A number of new initiatives are underway including the International Terminal Redevelopment and International Multi-Storey Car Park at Sydney to ensure long term revenue growth.
- In addition, MAp highlighted that the privatisation pipeline is likely to gain momentum in 2008.

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Commentary on Competitive Industry Conditions

Infrastructure as a sector has grown rapidly. An estimated 2% of GDP, or around US\$800bn, is spent on infrastructure investment and maintenance annually. As an indicator of the sector's growth, the total market capitalisation of the Macquarie Global Infrastructure Index, a proxy for listed global infrastructure, has grown from US\$465bn since 2000 to US\$1,785bn in March 2007.

MIIF is the flagship Asian listed infrastructure fund of the Macquarie Group (Macquarie). MIIF benefits from Macquarie's infrastructure expertise in tracking new opportunities and acquiring infrastructure assets in diversified sectors at competitive prices around the world, but with an increasing focus on Asia.

The attractiveness of Asia as an investment destination for infrastructure is driven by the following factors:

Demographic change

Rising populations and demographic change put pressure on existing infrastructure and create demand for increased investment. According to World Bank estimates, the urban population in East Asia and the Pacific region is projected to increase by 500m over the next 20 years.

This growth will place tremendous pressure on existing urban infrastructure, especially on basic services such as electricity generation, telecoms, water and sanitation. The World Bank estimates that infrastructure investment of close to US\$180bn a year will be required for the East Asia and the Pacific region alone.

Economic Growth

Sustainable economic growth over the long term requires investment in new infrastructure and maintenance of existing infrastructure assets.

Strong economic growth, measured by increasing GDP and increasing wealth among consumers, is likely to spur infrastructure investment, particularly in developing countries. Higher incomes bring increased demand for a better quality of life, enhanced environmental and government services, and the extension of municipal services to communities.

According to the World Bank, Asia grew by 4% in 2004 and is expected to grow by a compounded annual rate of 10% by 2014. GDP growth will drive demand for infrastructure investment and sustainable growth can only be achieved through continued investment.

Infrastructure Investments

The Asian Development Bank²¹ estimates that in East Asia alone, the expected infrastructure service needs will be US\$165bn annually over the next five years. This is approximately 6.2% of the region's annual GDP. These estimates take into account both new investments and maintenance of existing assets. To meet these needs, it is estimated that 65% of the expenditure will have to be new investment.

Governments, often faced with growing deficits and other demands on spending, are struggling to keep up with the growing demand for infrastructure investment. While demand continues to rise, government spending on infrastructure has declined, creating a widening investment gap.

According to World Bank estimates, developing countries must spend an estimated 7% of GDP annually, in order to service infrastructure requirements for both new investment and operations and maintenance of existing infrastructure. Since developing countries today spend an average of 3-4% of GDP on infrastructure annually, they face a substantial investment gap.

The widening investment gap has opened the door for private involvement in infrastructure provision. Governments are increasingly allowing private capital to flow into sectors which were traditionally under the complete purview of the government.

Private investment in infrastructure has taken three routes of full private provision, public-private partnership and private finance initiative schemes. According to the World Bank, private investors contributed US\$580bn in more than 1,900 infrastructure projects in developing countries from 1990 to 1999.

²¹<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/EXTEAPINFRASTRUCTURE/0,,contentMDK:20700727~pagePK:64168445> Asian Development Bank

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Events Subsequent to Balance Sheet Date

Canadian Aged Care completes acquisition of long-term care portfolio

On 1 February 2008, MIIF announced that Canadian Aged Care (CAC), also known as Leisureworld Senior Care LP, has completed its previously announced acquisition of seven long-term care homes from a wholly-owned subsidiary of Counsel Corporation following regulatory approval from the Ontario Ministry of Health and Long-Term Care.

The C\$67.0 million (S\$93.6 million²²) transaction, plus transaction and home refurbishment costs, was financed through a C\$75.0 million (S\$104.7 million²²) credit facility established by CAC. CAC's shareholders have committed to making an equity contribution of up to C\$15.0 million (S\$20.9 million²²) within the next 12 months. In accordance with MIIF's 55.0 per cent interest in CAC, MIIF's share of the equity required is approximately C\$8.3 million (S\$11.6 million²²). MIIF will finance its contribution by utilising its existing committed debt facilities.

Canadian Aged Care acquires Good Samaritan Seniors Complex

On 4 February 2008, MIIF announced that Canadian Aged Care (CAC), also known as Leisureworld Senior Care LP, has signed an agreement to acquire the Good Samaritan Seniors Complex, consisting of a 64-bed Class A long-term care home and an attached 24-bed retirement home, located in Alliston, Ontario for approximately C\$11.1 million (S\$15.5 million²²) plus transaction costs. The acquisition is conditional upon regulatory approval from the Ontario Ministry of Health and Long-Term Care.

Additional Information

Audit and Review of financial statements

The financial statements for the quarter and year ended 31 December 2007 have not been audited or reviewed by the Group's auditor, PricewaterhouseCoopers.

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. Hence there are no substantial changes to the Group's accounting policies.

The financial statements are consistent with those set out in the 2006 audited accounts which have been prepared in accordance with IFRS. There have been no changes to the accounting policies described in the 2006 audited accounts except for the adoption of certain revised Financial Reporting Standards (FRS) and Interpretations to FRS (INT FRS) that became mandatory from 1 April 2007. The adoption of the amendment, new standard and interpretations 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 judgment in the process of applying the Group's accounting policies. Estimates and judgments 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. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Functional and presentation currency

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

Rounding of amounts in the financial statements

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

Effects of seasonality

MIIF's revenue was not impacted by the effects of seasonality.

²² Conversion done at C\$1.00: S\$1.3964. Source: Bloomberg, 24 January 2008

Unaudited Financial Report

For the quarter and year ended 31 December 2007

Confirmation of the Board pursuant to Rule 705(4) of the Listing Manual

On behalf of the Board of Directors of Macquarie International Infrastructure Fund Limited, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the quarter ended 31 December 2007 to be false or misleading.

On behalf of the Board of Directors



John Stuart Hugh Roberts
Chairman
Sydney



Heng Chiang Meng
Deputy Chairman
Singapore