



Macquarie International Infrastructure Fund Limited

SGX Report for the Financial Year ended 31 December 2006

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Review of Macquarie International Infrastructure Fund Limited Performance

Comparison of Current Year Results to Prior Period Results

Macquarie International Infrastructure Fund Limited ("MIIF" or the "Company"), and its subsidiaries (collectively referred to as the "Group"), has previously compared its financial performance for the period being reported on to the forecast of net income for the same period made available in either the MIIF Prospectus dated 20 May 2005 or the MIIF Circular dated 15 November 2005. These forecasts covered all financial periods from the date of MIIF's listing on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), being 27 May 2005, to the period ended 30 June 2006. Because MIIF has not made available forecasts of net income for any periods subsequent to 30 June 2006, MIIF's financial performance for all periods subsequent to 30 June 2006 have been, and will continue to be compared to the financial performance of MIIF for the same corresponding period in the prior year.

MIIF has completed another successful year, with investments in the portfolio generating equity distributions ahead of forecasts, and an increase in the value of the portfolio overall. MIIF successfully completed the acquisition of further oil and gas tank storage sites that now form part of the pre-existing TanQuid business, and also agreed the sale of its interest in Novera Macquarie Renewable Energy ("NMRE") as part of its strategy to increasingly focus the investment portfolio on Asian infrastructure assets. MIIF continues to have debt facilities available of approximately \$500 million, which will be used to fund asset acquisitions, and will continue to focus on actively managing the existing assets within the portfolio to ensure the value of the portfolio is optimised.

MIIF declared a dividend of 4.00 cents per share for the 6 months ended 31 December 2006, which was consistent with the dividend guidance previously provided as part of the 30 June 2006 half year results.

Comparison of Current Year Results to Prior Period Results (continued)

INCOME STATEMENT ANALYSIS

The following table compares the unaudited actual results for the quarter and year ended 31 December 2006 to the same quarter and year ended 31 December 2005.

	Quarter ended 31 Dec 06 Unaudited \$'000	Year to date 31 Dec 06 Unaudited \$'000	Quarter ended 31 Dec 05 Unaudited \$'000	Year to date 31 Dec 05 ¹ Unaudited \$'000
Revenue				
Distribution income	13,041	26,671	11,486	23,078
Investment income	28,224	89,951	10,337	34,214
Interest income	284	1,408	337	819
Net foreign exchange gain	224	1,697	419	320
Total investment revenue	41,773	119,727	22,579	58,431
Expenses				
Management fees	3,178	11,762	3,054	5,919
Directors' fees	58	238	75	226
Finance costs	692	1,548	301	641
Other operating expenses	913	2,940	676	1,206
Total operating expenses	4,841	16,488	4,106	7,992
Net income on an adjusted basis	36,932	103,239	18,473	50,439
Amounts not included in the above analysis				
Net gain on the movement in the fair value of MIF's financial assets	53,337	125,339	(23,883)	53,687
Transaction costs & performance fees	-	-	(67)	(51,324)
Other costs	-	-	(4,961)	(5,891)
Net income on an unconsolidated basis	90,269	228,578	(10,438)	46,911
Consolidation adjustments to net income	(8,751)	(30,975)	5,384	6,529
Net income/(loss) on a consolidated basis	81,518	197,603	(5,054)	53,440

¹ The 31 December 2005 year to date figures cover the period 28 May 2005 to 31 December 2005

Comparison of Current Year Results to Prior Period Results (continued)

INCOME STATEMENT ANALYSIS

Review of net income

- Net income on an adjusted basis
Net income on an adjusted basis is reported in the income statement on page 2. Net income on an adjusted basis represents the earnings of MIIF that underpin the payment of dividends to MIIF shareholders, and as such is the measure that the Board of Directors of MIIF focus 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.

Net income on an adjusted basis is \$36.9 million and \$103.2 million for the 31 December 2006 quarter end and year end respectively, which is 100% and 105% higher than the corresponding periods in 2005. As outlined later in this report as part of the analysis of distribution and investment income, the major contributors to the increase are:

- Increased equity cash flows from all of the assets except for Macquarie Infrastructure Company (“MIC”), which was stable and consistent with the prior year. The infrastructure businesses into which MIIF has invested have all exhibited growth in their underlying business drivers, which has in turn driven revenue, earnings and ultimately equity distributions.
- A greater number of assets within the portfolio. During the 31 December 2006 quarter and year, a number of asset acquisitions were completed, namely the acquisition of additional oil and gas tank storage sites that now form part of the TanQuid business, and the acquisition of several assets within the Macquarie European Infrastructure Fund (“MEIF”) portfolio, the European based unlisted fund in which MIIF has a 6.32% interest. These assets have generated revenue and equity distributions that would not have been received during the prior year due to MIIF’s effective ownership of these assets commencing during the current quarter and year end.
- Difference in reporting periods. The current year end covers an entire calendar year, whereas the prior year end covers a period that was shorter than one calendar year, being from MIIF’s date of listing on the SGX-ST, 27 May 2005, to 31 December 2005.
- Further, MIIF acquired its interests in TanQuid, Canadian Aged Care and CXP during the last quarter of the 2005 year. As such, these assets contributed to MIIF’s earnings for a short period of time relative to their full year contribution in 2006.

With the exception of the items outlined above, the 2006 results are comparable on both a quarterly and annual basis when compared to the 2005 results.

- Reconciliation of net income on an adjusted basis to the consolidated income statement
The income statement disclosed on page 2 of this report, 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 MIIF dividends will be paid. The income statement on page 2 has not been prepared in accordance with applicable accounting standards. The consolidated income statement on page 19 has been prepared in accordance with all applicable accounting standards. The table below reconciles the 31 December 2006 year end income statement disclosed on page 2 of this report to the 31 December 2006 year end consolidated income statement disclosed on page 19.

Comparison of Current Year Results to Prior Period Results (continued)

INCOME STATEMENT ANALYSIS

	Adjusted Net Income ⁽¹⁾	GAAP Adjustments ⁽²⁾	TanQuid ⁽³⁾	Consolidation Adjustments ⁽⁴⁾	MIIF Group ⁽⁵⁾
	Year ended 31 Dec 06	Year ended 31 Dec 06	Year ended 31 Dec 06	Year ended 31 Dec 06	Year ended 31 Dec 06
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
Distribution income	26,671	(26,671)	-	-	-
Investment income	89,951	(89,951)	-	-	-
Storage revenue	-	-	110,553	-	110,553
Interest revenue	1,408	-	1,863	-	3,271
Net foreign exchange gain	1,697	-	-	92	1,789
Net gain on financial assets at fair value through profit or loss	-	241,961	4,243	(31,784)	214,420
Total income	119,727	125,339	116,659	(31,692)	330,033
Expenses					
Management fees	11,762	-	-	-	11,762
Directors' fees	238	-	-	7	245
Finance costs	1,548	-	12,352	-	13,900
Other operating expenses	2,940	-	98,766	2	101,708
Total expenses	16,488	-	111,118	9	127,615
Profit before income tax	103,239	-	5,541	(31,701)	202,418
Income tax expense	-	-	(4,815)	-	(4,815)
Profit after income tax	103,239	125,339	726	(31,701)	197,603

(1) This is Adjusted Net Income as presented on page 2 of this report.

(2) These are the adjustments that must be made to Adjusted Net Income to arrive at Unconsolidated Net Income prepared in accordance with all applicable accounting standards.

(3) This is the net income of TanQuid that must be consolidated with MIIF in accordance with all applicable accounting standards.

(4) This is a consolidation adjustment only, and 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.

(5) This is the Consolidated Net Income of the MIIF Group as disclosed on page 19 of this report.

Review of distribution and investment income

Distribution and investment income for the 31 December 2006 quarter end and year end was in aggregate \$41.3 million and \$116.6 million respectively, compared to \$21.8 million and \$57.3 million respectively for the 31 December 2005 quarter end and year end. This represents an 89% and 103% increase respectively on the prior corresponding period. Distribution and investment income has increased in comparison to the prior year due to the following:

- The distribution and investment income for the current year end includes 12 months of equity distributions as compared to the 2005 period which covers a shorter period of 7 months and 5 days.
- All infrastructure businesses into which MIIF has invested have exhibited growth, either by way of increased patronage volumes (passenger numbers, shipping volume throughput, occupancy rates), increased pricing (favourable regulatory decisions which have allowed the assets to increase the prices of the infrastructure service offerings) and increased revenue generative asset bases (growth in regulatory asset base, increased number of contracts).
- MEIF, the European based unlisted fund in which MIIF has a 6.32% interest, declared distributions that were higher than those declared during the 2005 year. The increased distributions were driven by strong operational performance of the pre-existing assets within its portfolio, and revenue generated by new assets acquired by MEIF during the current year end.

Comparison of Current Year Results to Prior Period Results (continued)

INCOME STATEMENT ANALYSIS

The following table provides a detailed breakdown of the distribution and investment income recognised by MIIF during the current periods being reported on.

Investment	Quarter ended 31 Dec 06 \$'000	Year ended 31 Dec 06 \$'000	Quarter ended 31 Dec 05 \$'000	Period ended 31 Dec 05 \$'000
Distribution income				
MAp	5,151	10,567	3,927	8,982
MCG	4,774	9,076	4,506	8,069
DUET	2,608	5,036	2,544	4,484
MIC	508	1,992	509	1,543
Total distribution income	13,041	26,671	11,486	23,078
Investment income*				
Canadian Aged Care	4,150	17,605	3,216	3,216
Brussels Airport	2,652	17,122	-	6,457
Arqiva	5,417	17,410	5,156	19,035
TanQuid	8,501	16,946	-	-
NMRE	-	8,151	-	3,541
MEIF	7,504	10,625	1,965	1,965
CXP	-	2,092	-	-
Total investment income	28,224	89,951	10,337	34,214
Total distribution and investment income	41,265	116,622	21,823	57,292

The reported distribution and investment income is ahead of MIIF's internal forecasts. The distribution policy of each of MIIF's investments is to distribute all net cash flow generated from operations, reduced for debt servicing costs and minor maintenance capital expenditure, subject to prudent reserves. We expect the operational performance of each of MIIF's investments to continue to grow as a result of increased patronage, pricing, asset base growth and cost savings, in turn generating greater net cash flow from operations, and ultimately increased cash flow to investors, including MIIF. This is reflective of the stable and predictable cash flows that such infrastructure assets generate.

Distribution income represents the equity distributions that MIIF has received from its listed investments, being MAp, MCG, DUET and MIC. MAp, MCG and DUET are listed on the Australian Stock Exchange. MIC is listed on the New York Stock Exchange. MAp, MCG and DUET declare distributions payable to their security holders at the end of each six month period ending June and December. MIC declares distributions payable to its security holders at the end of each calendar quarter.

Investment income represents distributions declared by MIIF's unlisted investments, including MEIF, Arqiva, Brussels Airport, NMRE, Canadian Aged Care, TanQuid and CXP. MEIF declares distributions payable to its investors during the September and March quarters. Brussels Airport declares an interim and a preliminary year end distribution payable to its investors during the September and March quarters respectively. Brussels Airport declares a final year end distribution payable to its investors during the June quarter. Arqiva declares and pays distributions to its investors three times per year during the June, September and December quarters. Canadian Aged Care declares distributions payable to its investors at the end of each month. TanQuid declares interim distributions payable to its investors at the end of the June and December quarters, with a final dividend for the year just ended declared and paid during the March quarter. CXP declares an annual distribution payable to its investors during the March quarter.

In the consolidated income statement on page 19, distribution and investment income are shown as part of "Net gain on financial assets at fair value through profit or loss" in accordance with our accounting policies and International Financial Reporting Standards.

* Per our accounting policies, investment income includes equity distributions, interest and loan repayments

Comparison of Current Year Results to Prior Period Results (continued)

Review of expenses

Expenses incurred are \$4.8 million and \$16.5 million for the 31 December 2006 quarter and year respectively. Expenses for the current year end are higher than the expenses reported for the prior year corresponding period due to the fact that MIIF commenced operations on 27 May 2005, and so expenses for the prior year reflect a shorter period of operation. The base management fee for the prior year corresponding period reflects only 7 months of management fees compared to the 12 months reported for the current year end. Finance costs are also higher in the current year end versus the prior year corresponding period due to an increased level of borrowings during the year.

Review of other income and expense items (presented in the income statement disclosed on page 1)

- **Interest income**
MIIF invests excess cash on hand into cash based securities such as commercial paper and non-negotiable certificates of deposit. These instruments generate a return to MIIF of between 3% and 5% per annum. The interest income reported for the current periods has been generated by MIIF's excess cash on hand.
- **Net foreign exchange gain**
Several of MIIF's non-investment balances are denominated in a currency other than Singapore dollars. These balances include cash on hand, expenses payable and revenue receivable. As exchange rates move, the value of these balances changes accordingly. The foreign exchange gain recognised for the current period is due to the favourable impact of changing foreign exchange rates on these non-investment balances.
- **Directors' fees**
The MIIF Board of Directors is comprised of four members, three of whom are independent of the Macquarie Bank Group. Each of the independent directors is entitled to receive an annual director's fee of US\$50,000. The MIIF Board member who is an executive of the Macquarie Bank Group, is not entitled to be paid a directors fee from MIIF.
- **Other operating expenses**
Other operating expenses comprise items of expenditure necessarily incurred by MIIF as part of its day to day operations. This includes fees paid to the share registrar, SGX-ST listing and administration fees, general legal fees, audit fees and other consulting based fees.
- **Net gain on the movement in the fair value of MIIF's financial assets**
The net gain on the movement in the fair value of MIIF's financial assets of \$125.3 million for the current year represents the change in the fair value of these assets during the current year. These gains do not represent cash inflows, and are recognised in our Income Statement because it is required under our accounting policies and applicable International Financial Reporting Standards.

Overall, MIIF's investments have increased in value in response to strong operational performance observed within the assets which have resulted from various initiatives, including those introduced under MIIF's active asset management approach. Other opportunities may arise within certain of MIIF's assets that create even further value such as new contracts entered into, or capital management opportunities. This in turn may increase the value of these assets.

During the 31 December 2006 quarter and year, the value of MIIF's listed investments increased by \$45.1 million and \$71.5 million respectively. The equity interest held by MIIF in these entities provides MIIF with exposure to the quality infrastructure assets owned by these entities. This adds a further layer of diversification to the MIIF portfolio, and also contributes to the stability and reliability of the cash flows generated by the MIIF portfolio.

The net gain on financial assets at fair value as shown in the Income Statement on page 2 differs from the net gain on financial assets at fair value as shown on page 19 of this report due to the required treatment of distributions as set out in MIIF's accounting policies.

Comparison of Current Year Results to Prior Period Results (continued)

ANALYSIS OF MIIF'S BALANCE SHEET

Review of net assets

Overall, MIIF's stand alone net assets have increased from \$1,260.8 million as at 31 December 2005 to \$1,399.2 million as at 31 December 2006. This is attributable to the increase in the value of MIIF's investments, as well as the earnings generated by MIIF during the year. This represents a Net Asset Value ("NAV") of \$1.09 per share.

Group net assets have also increased from \$1,261.2 million as at 31 December 2005 to \$1,374.3 million as at 31 December 2006, due primarily to the net asset movement within the stand alone Company net assets as noted above.

During November 2006, MIIF finalised the detailed fair value assessment of all assets and liabilities acquired as a result of its 100% acquisition of TanQuid on 16 November 2005. The values presented at 31 December 2005 were preliminary fair values and have been restated in accordance with applicable International Financial Reporting Standards, specifically IFRS3 Business Combinations. The following table summarises the adjustments made as part of the finalisation of the purchase price allocation:

	31 December 2005	31 December 2005 (restated)	Difference
Property, plant and equipment	277,788	314,069	36,281
Intangible assets	333	4,629	4,296
Trade and other receivables	39,132	40,242	1,110
Goodwill	83,756	26,994	(56,762)
Provisions for other liabilities and charges	(18,288)	(20,282)	(1,994)
Borrowings	(253,198)	(236,561)	16,637
Deferred income tax liabilities	(2,238)	(1,827)	411
Retained earnings	(36,346)	(35,778)	568

The preliminary balances reported at 31 December 2005 did not take into account various details associated with the assets due to information not being readily available as MIIF had acquired TanQuid a relatively short period prior to the 2005 year end. With this information now available, the detailed assessment has been finalised, and the necessary accounting adjustments made. These adjustments in no way impact MIIF current cash flows, or cash flows forecast to be generated by TanQuid.

Review of trade and other receivables

Stand alone trade and other receivables have increased from \$18.2 million as at 31 December 2005 to \$22.5 million as at 31 December 2006. The majority of this balance comprises dividend receivables from MIIF's investments. At 31 December 2005 MIIF had balances receivable from DUET, MAp, MCG and Canadian Aged Care and at 31 December 2006 MIIF had balances owing from DUET, MAp, MCG, Canadian Aged Care and TanQuid. The distribution receivable from TanQuid relates to the 6 month period ended 31 December 2006. This dividend was declared as payable by TanQuid prior to the end of the year, and has accordingly been recognised as part of the 31 December 2006 results.

Group trade and other receivables have increased from \$40.3 million at 31 December 2005 to \$43.9 million as at 31 December 2006. The balance of \$43.9 million includes \$20.4 million which was acquired as part of the acquisition of Petroplus (the add-on acquisition undertaken by TanQuid). Excluding the increase relating to Petroplus, trade and other receivables have decreased due to the increased rent receipts from TanQuid's oil storage customers.

Comparison of Current Year Results to Prior Period Results (continued)

Review of current financial assets held at their fair value

Stand alone current financial assets held at their fair value have decreased from \$3.2 million as at 31 December 2005 to \$1.7 million at 31 December 2006. This balance reflects 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 looking forward. The decrease in the value of these foreign currency forward contracts reflects the general weakening in the Singapore dollar against some of the currencies to which MIIF is exposed, primarily the US dollar, the British Pound, and the Euro.

Group current financial assets held at their fair value have increased from \$3.2 million as at 31 December 2005 to \$4.6 million at 31 December 2006. The difference between the group and stand alone balance relates to the fair value of the interest rate swaps that TanQuid has entered into to hedge its exposure to floating interest rates that arises as a result of the floating rate borrowings that it is party to. As at 31 December 2005, these interest rate swaps were a net liability, as the fixed swap rate that TanQuid was paying was greater than the then current floating rate. There has been a general increase in European interest rates, and this has resulted in a change in the fair value of these interest rate swaps from the net liability position as previously reported, to a net receivable position as at 31 December 2006.

Review of property, plant and equipment and Intangible assets

Property, plant and equipment of \$380.0 million relate to the tank storage facilities in Germany and other property, plant and equipment owned by TanQuid. The balance has increased by \$66.0 million due to the Petroplus acquisition.

The TanQuid balance sheet also contains intangible assets consisting of software packages. This balance has increased in comparison to the prior year balances primarily as a result of the finalisation of the purchase price allocation.

Review of non-current financial assets held at their fair value

Stand alone non-current financial assets held at their fair value have increased from \$1,207.5 million as at 31 December 2005 to \$1,424.6 million as at 31 December 2006. This balance reflects the fair value of all of MIIF investments as at 31 December 2006. The increase is due to a number of factors including:

- Overall increase in the value of MIIF's investments;
- Additional investment by MIIF into MEIF in response to MEIF's acquisition of Autoroutes Paris-Rhin-Rhône and Thames Water utility company; and
- Additional investment by MIIF into TanQuid as part of TanQuid's acquisition of eight tank storage sites from Petroplus International B.V. ("Petroplus acquisition").

On 21 December 2006 MIIF announced a conditional agreement to sell its 50% interest in NMRE and subsequent to year end the sale of NMRE was concluded. In line with the requirements of IAS 39, the investment in NMRE has to be reclassified as a non-current asset held for sale and has been disclosed as such in the Balance Sheet.

Comparison of Current Year Results to Prior Period Results (continued)

Review of non-current financial assets held at their fair value (continued)

The following table sets out a reconciliation of the value of MIIF's investments from 31 December 2005 to 31 December 2006:

	Parent Balance at 31 Dec 05 \$'000	Additional investment \$'000	Income received from investments \$'000	Foreign exchange effects \$'000	Revaluation to 31 Dec 06 \$'000	Parent Balance at 31 Dec 06 \$'000
Listed securities						
MAp	137,273	-	(10,567)	(1,046)	28,879	154,539
MCG	130,250	-	(9,076)	(719)	22,758	143,213
DUET	53,693	-	(5,036)	(317)	13,616	61,956
MIC	30,684	-	(1,992)	(2,369)	6,282	32,605
	351,900	-	(26,671)	(4,451)	71,535	392,313
Unlisted securities						
Arqiva	206,284	-	(17,410)	10,607	29,154	228,635
MEIF	100,287	65,437	(10,625)	3,486	60,486	219,071
Canadian Aged Care	160,663	-	(17,605)	(12,351)	17,282	147,989
TanQuid	88,312	24,116	(16,946)	2,693	24,754	122,929
CXP	111,500	-	(2,092)	-	11,190	120,598
Brussels Airport	101,965	-	(17,122)	2,677	15,727	103,247
NMRE	86,500	747	(8,151)	4,527	6,137	89,760
Other	60	-	-	-	-	60
	855,571	90,300	(89,951)	11,639	164,730	1,032,289
Total investments	1,207,471	90,300	(116,622)	7,188	236,265	1,424,602

MIIF marks to market all of its investments in its stand alone accounts. The value of the listed investments is based on the closing price of each security on the last trading day in the quarter. The value of the unlisted investments is based on a detailed discounted cash flow financial model that is developed to calculate a value for which the asset could be sold to a willing buyer under normal conditions.

Group non-current financial assets held at their fair value have increased from \$1,125.1 million as at 31 December 2005 to \$1,308.0 million as at 31 December 2006. This balance continues to reflect the fair value of all of MIIF investments, except the fair value of MIIF's investment into TanQuid, which is replaced with the assets and liabilities of the TanQuid business in the Group balance sheet. As noted above, the fair value of MIIF's investment in NMRE has been reclassified to represent a current asset.

Review of goodwill

Goodwill of \$83.8 million (as reported at 31 December 2005) had originally arisen on the acquisition of TanQuid and represents the excess of the amount paid for TanQuid over the fair value of the net identifiable assets of TanQuid as at the date of acquisition. During November 2006, MIIF finalised the detailed fair value assessment of all the assets and liabilities acquired and assumed as part of its acquisition of TanQuid. In accordance with International Financial Reporting Standard IFRS3, Business Combinations, the goodwill originally recognised and reported with respect to the acquisition of TanQuid has been adjusted to offset the differences identified between the final assessed values of TanQuid's identifiable assets and liabilities and the original values of these assets and liabilities that had previously been consolidated and reported in the 2005 annual report. All comparative figures have been restated in accordance with the requirements of IFRS3.

MIIF is in the process of finalising the detailed fair value assessment of the assets and liabilities acquired as part of the Petroplus acquisition, and in accordance with IFRS 3, this assessment will be completed within twelve months from the date of acquisition. A preliminary assessment has resulted in a decrease of EUR14 million (\$28 million) to the goodwill originally recognised on the acquisition of Petroplus. All relevant balances have been restated in order to account for this adjustment.

Goodwill is tested annually for impairment. For the year ended 31 December 2006, no impairment test was performed as the fair value assessment was performed close to year end.

Unaudited Financial Report

For the quarter and year ended 31 December 2006

Comparison of Current Year Results to Prior Period Results (continued)

Review of trade and other payables

Stand alone trade and other payables has decreased from \$14.7 million as at 31 December 2005 to \$3.5 million at 31 December 2006. Included in the \$3.5 million is \$3.1 million which represents the management fees that are payable to MIIF's manager, Macquarie Infrastructure Management (Asia) Pty Limited for the quarter ended 31 December 2006. The balance as at 31 December 2005 included costs payable by MIIF with respect to the second capital raising that was completed during November 2005. These have since been paid.

Group trade and other payables mainly relate to trade and other creditors payable by TanQuid. The TanQuid liabilities account for \$42.8 million of the reported balance at 31 December 2006, and represent liabilities for lease rentals and other minor trade creditors. The balance has increased by \$22.1 million during the 2006 year, due to the Petroplus acquisition, which together with a decrease in the other TanQuid trade creditors account for the \$10.3 million decrease in trade and other payables.

Review of borrowings

Stand alone borrowings have increased from nil as at 31 December 2005 to \$89.5 million as at 31 December 2006. As noted above, this reflects the borrowings incurred in order to fund MIIF's additional investment into MEIF and TanQuid during the year.

Group borrowings have increased from \$236.6 million as at 31 December 2005 to \$379.6 million as at 31 December 2006. The movement is due to the increase in borrowings within the stand alone company of \$89.5 million. The remainder of the borrowings relate to the borrowings of TanQuid.

Further details regarding MIIF's borrowings are provided below.

Review of provisions

Provisions of \$14.1 million arise only on consolidation of TanQuid, and relate to storage site rehabilitation obligations and long-term employee benefits of TanQuid. The remaining balance relates to the deferred consideration provision of CXP of \$6.2 million.

Review of deferred income tax liabilities

Deferred tax liabilities of \$15.6 million arise on consolidation and relate to TanQuid only. This balance has increased by \$6.1 million due to the acquisition of Petroplus.

ANALYSIS OF BORROWINGS

As at 31 December 2006, Group total borrowings were \$379.6 million. Further details regarding the level of borrowings are set out on page 25 of this report. Borrowings of \$290.1 million have been recognised on the consolidation of TanQuid. The funds relating to these borrowings were used to fund the acquisition of TanQuid and Petroplus, which are non-recourse to MIIF.

During May 2006 and December 2006 commitment draw down notices were received from MEIF of €18.9 million (\$37.7 million) and €13.7 million (\$27.7 million) respectively, which were funded with a \$37.7 million and €13.7 million draw down on MIIF's debt facilities. These transactions increased the quantum of MIIF's non-current liabilities between 31 December 2005 and 31 December 2006.

On 31 July 2006, TanQuid agreed to acquire a portfolio of oil and chemical tank storage facilities from Petroplus and MIIF contributed \$24.1 million which is funded by utilising its debt facilities.

ANALYSIS OF CASH FLOWS

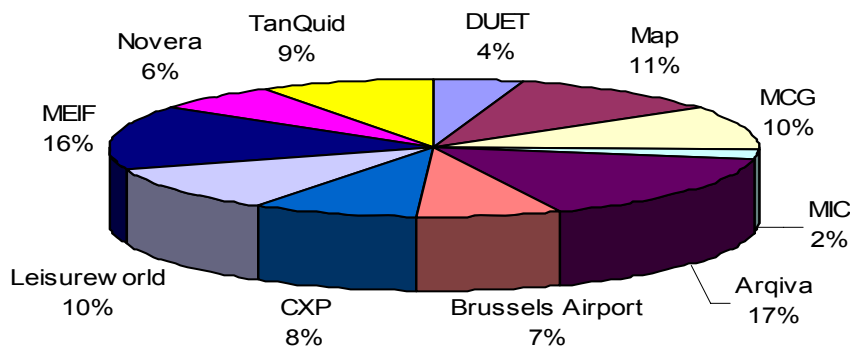
MIIF generated net operating cash flows of \$97.2 million during the year from 1 January 2006 to 31 December 2006. The cash generated from MIIF's operations has been used to pay the dividend declared for the 30 June 2006 half year end, and will also be used in order to pay the dividend to be declared for the 6 month period ended 31 December 2006.

Investment Portfolio Analysis

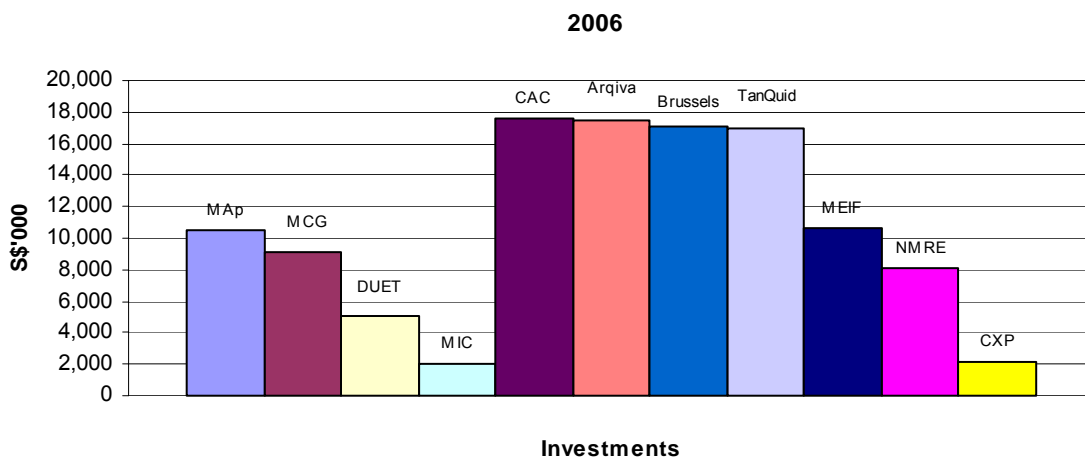
MIIF's investment portfolio consists of a diverse range of infrastructure assets, spread across 7 countries and 11 infrastructure sectors. This mix of infrastructure sector exposure and country exposure result in a uniquely diversified infrastructure investment portfolio that provides many yield enhancing benefits of this portfolio mix..

The following chart shows the contributions that the various investments make to MIIF's overall portfolio. MIIF has a portfolio with an acquisition cost of just under \$1.3 billion, spread across a number of stable and growing economies. MIIF has announced that it intends to actively pursue Asian investment opportunities going forward, with an overall focus on increasing the exposure of the portfolio to the Asian region.

The following chart shows the contributions that the various investments make to MIIF's overall portfolio based on the 31 December 2006 fair valuation of each asset:



The following chart shows the contribution that the distributions received from each of the investments made to total distribution and investment income:



MIIF's economic and legal interests in each of its assets range from as little as 2% up to 100%. An update on each of MIIF's investments is provided below.

Investment Portfolio Analysis (continued)

■ Arqiva (formerly ntl Broadcast)

Arqiva is one of only two TV broadcast transmission operators in the UK and the second largest independent wireless site leasing provider in the UK. Arqiva provides transmission services to TV and radio broadcasters, site leasing to mobile phone and other wireless telecommunication companies and radio services to police, fire and ambulance services.

On 17 November 2006, Arqiva announced the signing of a Sale and Purchase Agreement with British Telecoms ("BT") to acquire the full time service components of BT's Satellite Broadcast Services business (BT SBS) for £25.0 million in cash. The deal will include long-term customer contracts, operations and personnel located in the USA, France, Italy and the Netherlands, as well as the UK. Completion of the deal is subject to regulatory approval in the UK and Germany.

MIIF has an 8.69% direct interest in Arqiva plus an additional 2.76% indirect interest held through its investment in Macquarie Communications Infrastructure Group (MCG), an Australian Stock Exchange (ASX) listed fund.

■ Brussels Airport

Brussels Airport is the largest airport in Belgium and it handled 16.7 million passengers in 2006.

On 19 October 2006, the airport revealed its new brand: "Brussels Airport, Welcome to Europe". The new branding introduces the three key themes of Brussels Airport as European, Efficient and Welcoming. The airport also has a new company name; Brussels International Airport Company is now the Brussels Airport Company.

MIIF holds a 3.21% direct interest in Brussels Airport plus an additional 1.76% indirect interest held through its investment in Macquarie Airports, an ASX listed group, and its investment in Macquarie European Infrastructure Fund.

■ Novera Macquarie Renewable Energy Joint Venture Limited ("NMRE")

NMRE owns and operates electricity generation projects across 58 sites in the UK, with a total capacity of 114 MW. Electricity is generated from renewable sources such as landfill gas, hydro and wind.

On 21 October 2005 NMRE announced that it had acquired additional landfill gas assets in the UK for a consideration of £11 million. MIIF contributed equity of £1.9 million to partly fund the acquisition.

In December 2006, MIIF entered into a conditional agreement to sell its 50% stake in NMRE to its joint venture partner, Novera Energy Limited.

■ Macquarie European Infrastructure Fund ("MEIF")

MEIF is an unlisted investment fund with investments in infrastructure and related assets in European OECD countries. MIIF has committed to invest a further €20.9 million, to be drawn at the discretion of MEIF, to fund future acquisitions made by MEIF.

On 1 December 2006, an equity consortium led by MEIF completed its acquisition of Thames Water. At acquisition, MEIF's 12.38% share represented a €426.6 million investment.

MIIF has invested €74.1 million (\$150.0 million) since acquisition and holds a 6.32% interest in MEIF.

■ Macquarie Airports ("MAp")

MAp is an ASX listed globally diversified airport fund. MAp currently has interests in airports located in Sydney, Rome, Copenhagen, Bristol, Birmingham and Brussels, which collectively handled over 117 million passengers in 2006.

In December 2006, Sydney Airport successfully completed its A\$3.68 billion senior debt refinancing transaction, partially funded by the issue of 6.5 million Sydney Kingsford Smith Interest Earning Securities (SKIES, a new hybrid instrument) at a Face Value of A\$100 each. This transaction provides Sydney Airport with a strong financial base for future operations and enables current investment plans to be funded in a cost-effective manner.

MAp traded ex-entitlement on 21 December 2006 to the 29 December 2006 distribution of A\$0.12 per security.

MIIF holds a 2.10% direct interest in MAp by way of a total return swap with a Macquarie Bank Group member.

Investment Portfolio Analysis (continued)

■ Macquarie Communications Infrastructure Group (“MCG”)

MCG holds controlling interests in communications infrastructure located in Australia and the United Kingdom. MCG owns 100% of Broadcast Australia, a broadcast and transmissions business in Australia that owns and operates the most extensive broadcast transmission infrastructure network in Australia. MCG also has a 58.3% controlling interest in Arqiva (formerly ntl Broadcast).

MCG held its Annual General Meeting on 25 October 2006 where the Directors raised the guidance for the 2007 distribution by 7.7% from A\$0.39 to A\$0.42 per security. The fund traded ex-entitlement on 21 December 2006 to the 29 December 2006 distribution of A\$0.21 per security.

MIIF has a 4.68% direct interest in MCG by way of a total return swap with a Macquarie Bank Group member.

■ DUET Group (“DUET”)

DUET is an ASX listed investment fund managed jointly by AMP and Macquarie Bank. DUET owns a diverse portfolio of energy utility assets, with interests in gas pipelines and distribution networks in Western Australia, electricity and gas distribution networks in Victoria and an interest in an electricity distribution network in North America.

On 30 November 2006, the distribution rate case of Duquesne Light Holdings (“Duquesne”) was approved by the Pennsylvania Public Utility Commission, providing a total revenue increase for the distribution business of US\$117 million. The new rates, based on the outcome of the rate case, will be effective 6 January 2007. On 5 December 2006, the shareholders of Duquesne voted overwhelmingly in support of the proposed Macquarie-led consortium offer for the company, with a 93% majority of those eligible to vote. The Duquesne transaction is expected to reach completion by 1H2007.

MIIF has a 3.54% direct interest in DUET by way of a total return swap with a Macquarie Bank Group member.

■ Macquarie Infrastructure Company Trust (“MIC”)

MIC is listed on the NYSE. MIC is focused on owning and operating infrastructure businesses in the United States. Following the sale of investments in three non-US businesses in the second half of 2006, MIC owns/has invested in five businesses, all in the US.

In October, MIC announced the successful public offering of 10.35 million shares of trust stock (including the exercise of the underwriter’s option of 1.35 million shares to cover over allotments) at a price of US\$29.50 per share. The offering generated net proceeds of approximately US\$291 million, which were used to repay in full MIC’s acquisition-related term loan and borrowings under its acquisition-related revolving credit facility. The indebtedness had been incurred in connection with three acquisitions that MIC concluded in 2006.

MIIF has a 1.60% direct interest in MIC by way of a total return swap with a Macquarie Bank Group member.

■ Canadian Aged Care (also known as “Leisureworld”)

Canadian Aged Care owns and operates 19 Long Term Care (LTC) facilities, one retirement home and one Independent Living facility in Ontario, Canada. Canadian Aged Care is the third largest operator of LTC facilities in Ontario. The investment in Canadian Aged Care was acquired on 22 November 2005.

Orillia’s, CAC’s newest Class A LTC facility was constructed within budget in Q4 2006. The 160 bed home opened on 17 November 2006. Orillia is an under-serviced location. Opened for less than two months, the ramp up at Orillia exceeded expectations with total occupancy at 56% and preferred occupancy at 40% as of 31 December 2006.

MIIF acquired a 55% economic interest in Canadian Aged Care by way of total return swaps with Macquarie Bank Group members.

■ Changshu Xinghua Port Co. Ltd (“CXP”)

CXP is a multi-purpose cargo river port which handles mainly steel and forestry products and containers. CXP enjoys a competitive advantage and strong growth opportunities through its strategic location on the Yangtze River Delta, one of China’s fastest growing industrial regions.

The completion of the Phase 3 expansion has provided additional capacity for both General Cargo and Container handling. In the fourth quarter, growth in Container handling was 20.4% over the same period last year, while growth in General Cargo was 25% over the previous comparable period.

MIIF owns a 40% interest in Singapore Changshu Development Company which owns 95% of CXP, giving MIIF an effective interest in CXP of 38%. The interest in CXP was acquired on 2 December 2005.

Investment Portfolio Analysis (continued)

■ Deukalion Tanklager GmbH & Co. KG ("TanQuid")

TanQuid is an oil and chemicals tank storage business and the largest independent provider of oil storage services in Germany with an overall capacity of almost 3 million cubic metres. The business consists of 19 tank storage sites strategically located close to major industry centres throughout Germany.

During the year, the Duisburg facility was enhanced to allow British Petroleum to enter into a new contract with TanQuid which includes a new barge to railcar trans-shipment installation.

MIIF acquired 100% of TanQuid on 16 November 2005. The acquisition of the storage facilities from Petroplus was completed on 31 July 2006.

Competitive Industry Conditions

MIIF has been formed to own, operate and invest in a diversified group of infrastructure businesses around the world. MIIF's investments reside primarily in China, Australia, Canada, parts of Europe and the United States. The performance of these economies is expected to influence the performance of MIIF.

■ China

MIIF's exposure to the Chinese market is through its investment in CXP. Inflation accelerated to a ten-month high in November 2006 with forecast inflation set to increase slightly from 2006 to 2008. Growth in the economy will remain high in 2007 even with the tightening measures introduced in 2006 to restrain credit growth and investment. Being strategically placed in the Yangtze River Delta region, CXP is set to benefit from robust growth in global and China-related trade, which will necessitate increased water borne cargo transport.

■ Australia

The MIIF exposure to the market in Australia arises through its interests in MAp, MCG and DUET. In Australia, MIIF is exposed to industries such as airports, telecommunications and utilities. The underlying assets of MIIF's investments across these infrastructure classes operate in a regulated environment, with high barriers to entry and stable incomes. In 2006, over 117 million passengers used MAp's airports globally. In the telecommunications sector, further growth is mainly expected through the government backed roll-out of new technologies and soaring industrial growth in Western Australia has resulted in an increase in the size of the proposed expansion of DUET's Dampier to Bunbury Natural Gas Pipeline.

■ Canada

MIIF is operating in the Canadian market through its interest in Canadian Aged Care, a provider of essential social infrastructure in Ontario. The aged care industry in Ontario is fragmented, which offers consolidation opportunities. In addition MIIF sees opportunities for natural growth due to an aging population, increasing life expectancy and growing senior affluence. Natural growth will also be achieved by increasing occupancy through the ramp up of existing and new facilities such as Orillia. Average occupancy for the quarter was 95.4%.

■ Europe

MIIF is exposed to various infrastructure classes around Europe through direct investments in Arqiva, NMRE, Brussels Airport and TanQuid. It has further exposure through its investments in MEIF, MAp, MCG and MIC. The exposure in Europe ranges across several infrastructure asset classes, being airports, telecommunications, renewable energy, utilities, resources storage and transport.

The underlying investments operating across these infrastructure classes operate in regulated industries with high barriers to entry. Changes in economic conditions over the short term have limited impact on these asset classes as they deal in the provision of essential infrastructure used daily by customers.

■ US

MIIF has exposure to the US infrastructure market through its investment in MIC. MIC owns an airport services business, an airport carpark business, a district energy business, a gas production and distribution business and 50% of a company that owns one of the largest bulk liquid storage terminal businesses in the US. These investments operate in a similar environment as our assets in Europe and have a similarly limited exposure to changes in economic conditions.

Unaudited Financial Report

For the quarter and year ended 31 December 2006

Dividends

During March 2007, MIIF will pay a dividend of 4.00 cents per share to investors for the six months ended 31 December 2006. The dividend is in line with the dividend guidance issued during August 2006.

Based on the annual results and the performance of the various assets within the MIIF portfolio for the year ended 31 December 2006, the Board of Directors of MIIF have stated that, based on the demonstrated ability of the assets within the portfolio to generate stable and predictable cash flows that grow over time, they believe that this level of dividend payment to MIIF shareholders is sustainable and is expected to grow over time.

	Final dividend 2006	Half year dividend 2006	Final dividend 2005	Half year dividend 2005
Ordinary shares				
Dividends per share	4.00	3.95	3.10	2.2
Dividends paid/declared (\$'000)	51,187	50,548	39,671	17,662

As the Company was incorporated in Bermuda and is not resident in Singapore for tax purposes, dividends paid by the Company 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.

MIIF is a Bermudian incorporated company, and as such 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.

It is possible that MIIF may generate accounting profits, and have carry forward accounting reserves, such as retained earnings, that are less than the dividend amounts that the Board of Directors of MIIF intend to declare and pay. Such situations may arise as a result of unrealised losses that MIIF is required to recognise due to movements in foreign exchange rates, share prices, changes in the value of MIIF's unlisted securities and other asset specific and general economic factors. These unrealised amounts do not impact the cash flow of MIIF and its ability to pay dividends now and in the future.

Accounting Policies Application

Accounting policies and methods of computation applied in the preparation of these figures that are not stated in this report are the same as those used in the most recently audited financial statements.

Consolidation

Developments during the 31 December 2006 quarter have had the result that MIIF no longer needs to apply the exemption available under paragraph 26 of IAS27, Consolidated and Separate Financial Statements. From the current quarter going forward TanQuid will be providing financial information as at the same reporting date as MIIF, therefore aligning the reporting period of TanQuid with that of MIIF. The quarter ended 31 December 2006 contains 4 months' worth of results for TanQuid, i.e. 1 September 2006 to 31 December 2006 and the annual results contain 12 months worth of results which is consistent with the number of months reported by the MIIF Parent entity.

Comparative figures

Comparative figures have been restated following the completion of the purchase price allocation in relation to the acquisition of TanQuid in accordance with IFRS3, Business Combinations.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current financial year.

Changes in Share Capital

There were no changes in Share Capital during the quarter ended 31 December 2006.

Interested Person Transactions

(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	Not applicable

Directors' remuneration

John Roberts and Gregory Osborne are executive directors of Macquarie Bank Limited, 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 the Company, such as travel costs and accommodation. Heng Chiang Meng, Robert Mulderig and Michael Hamer are entitled to a total remuneration of US\$50,000 per annum each.

Interested Person Transactions (continued)

(b) The Manager

The Manager was appointed by the Company as the sole and exclusive manager pursuant to a management agreement dated 19 May 2005.

The following transactions occurred during the year between the Group, the Company and the Manager:

	Group Quarter ended 31 Dec 06 \$'000	Company Quarter ended 31 Dec 06 \$'000	Group Quarter ended 31 Dec 05 \$'000	Company Quarter ended 31 Dec 05 \$'000
Transactions				
Base management fees	3,178	3,178	3,054	3,054
Dividends paid or payable	-	-	1,766	1,766

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

	Group As at 31 Dec 06 \$'000	Group As at 31 Dec 05 \$'000	Company As at 31 Dec 06 \$'000	Company As at 31 Dec 05 \$'000
Balances				
Accrued base management fees	3,178	5,063	3,178	5,063
Total liabilities payable to the Manager	3,178	5,063	3,178	5,063

The Manager holds 104,011,754 ordinary shares in the Company.

(c) Macquarie Bank Group

Macquarie Bank Limited ("MBL") is the ultimate parent of the Manager. MBL and its subsidiaries and in particular the Investment Banking Group are an important source of acquisition opportunities and financial and acquisition advice.

During the year, the Group engaged the Investment Banking Group of MBL to advise on the acquisition and financing of 8 oil and chemicals storage tanks and sites from Petroplus (TanQuid add-on acquisition). The Group paid fees of \$1.8 million to the Investment Banking Group of MBL for the advisory services provided. These fees were reviewed by an independent expert who concluded that the level of fees was consistent with the level of fees that would be charged for a similar transaction on normal commercial terms and conditions. The fees were approved for payment by the independent directors of the MIIF Board.

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

TanQuid has entered into an interest rate swap with a Macquarie Group entity on normal commercial terms. The acquisition has been funded using the stand by debt facilities that MIIF has arranged with the United Overseas Bank ("UOB").

Subsequent Events

On 22 January 2007, MIIF reached financial close with Novera for the sale of its 50% interest in NMRE, which owns and operates renewable energy assets in the UK and Europe. NMRE was sold for a cash consideration of £30 million (\$91 million) less transaction related costs.

The opportunistic sale is in line with MIIF's commitment to maximise value for security holders and, over time, to progressively move its portfolio of assets to be more focused on Asian Infrastructure.

The majority of the proceeds from the sale of NMRE will be applied in order repay MIIF's outstanding debt.

Unaudited Financial Report
For the quarter and year ended 31 December 2006

Review by independent auditor

A review of this report, which is not an audit, has been conducted in accordance with International Standard on Review Engagements ISRE 2400-Engagements to Review Financial Statements, by MIF's independent auditor, PricewaterhouseCoopers. Their review opinion is attached to the end of this report.

Consolidated Income Statement

	Group Quarter ended 31 Dec 06 \$'000	Group Year to date 31 Dec 06 \$'000	Group Quarter ended 31 Dec 05 \$'000 *	Group Year to date 31 Dec 05 \$'000 *
Income				
Storage revenue	43,373	110,553	17,721	17,721
Interest revenue	2,023	3,271	375	858
Net foreign exchange gain	307	1,789	419	320
Net gain on financial assets at fair value through profit or loss	93,018	214,420	7,297	121,283
Total income	138,721	330,033	25,812	140,182
Expenses				
Base management and performance fees	3,178	11,762	3,054	34,059
Transaction costs – acquisition of investments	-	-	5,831	26,753
Finance costs	4,630	13,900	1,027	2,217
Employee benefits expense	11,199	30,471	4,631	4,631
Depreciation	10,474	22,994	3,487	3,487
Professional services	606	1,439	1,893	1,893
Consumables	5,378	9,398	1,322	1,322
Rental expense	2,436	6,485	1,006	1,006
Directors' fees	61	245	75	226
Other operating expenses	14,426	30,921	8,293	10,901
Total operating expenses	52,388	127,615	30,619	86,495
Profit before income tax	86,333	202,418	(4,807)	53,687
Income tax expense	(4,815)	(4,815)	(247)	(247)
Profit after income tax	81,518	197,603	(5,054)	53,440
Profit attributable to the equity holders of the company	81,518	197,603	(5,054)	53,440
Basic earnings per share (cents per share)	6.37	15.44	(0.50)	9.81
Diluted earnings per share (cents per share)	6.37	15.44	(0.50)	9.81

*Balances have been restated following the completion of the purchase price allocation in relation to the acquisition of TanQuid in November 2005

Unaudited Financial Report

As at 31 December 2006

Balance Sheet

	Group As at 31 Dec 06 \$'000	Group As at 31 Dec 05 \$'000 *	Company As at 31 Dec 06 \$'000	Company As at 31 Dec 05 \$'000
Assets				
Current assets				
Cash and cash equivalents	59,146	51,942	43,356	46,589
Non-current assets held for sale	89,760	-	89,760	-
Trade and other receivables	43,803	40,242	22,544	18,176
Financial assets at fair value through profit or loss	4,615	3,190	1,697	3,190
Inventory	1,068	711	-	-
Other assets	172	57	41	57
	198,564	96,142	157,398	68,012
Non-current assets				
Trade and other receivables	63	80	-	-
Property, plant and equipment	380,015	314,069	-	-
Intangible assets	5,330	4,629	-	-
Financial assets at fair value through profit or loss	1,218,251	1,125,103	1,334,842	1,207,471
Goodwill	33,892	26,994	-	-
	1,637,551	1,470,875	1,334,842	1,207,471
Total assets	1,836,115	1,567,017	1,492,240	1,275,483
Liabilities				
Current liabilities				
Trade and other payables	46,355	45,759	3,516	14,695
Borrowings	6,460	5,540	-	-
	52,815	51,299	3,516	14,695
Non-current liabilities				
Provisions for other liabilities and charges	20,281	20,282	-	-
Borrowings	373,104	231,021	89,542	-
Financial liabilities at fair value through profit or loss	-	1,349	-	-
Deferred income tax liabilities	15,585	1,827	-	-
	408,970	254,479	89,542	-
Total liabilities	461,785	305,778	93,058	14,695
Net assets	1,374,330	1,261,239	1,399,182	1,260,788
Equity				
Share capital	1,231,573	1,231,539	1,231,573	1,231,539
Foreign currency translation reserve	(406)	(6,078)	-	-
Retained earnings	143,163	35,778	167,609	29,249
Total equity	1,374,330	1,261,239	1,399,182	1,260,788

*Balances have been restated following the completion of the purchase price allocation in relation to the acquisition of TanQuid in November 2005

Statement of Cash Flows

	Group Quarter ended 31 Dec 06 \$'000	Group Year to date 31 Dec 06 \$'000	Group Quarter ended 31 Dec 05 \$'000 *	Group Year to date 31 Dec 05 \$'000 *
Cash flows from operating activities	81,518	197,603	(5,054)	53,440
Profit after tax				
Adjustments for non cash items:				
Depreciation	10,474	22,994	3,487	3,487
Unrealised foreign exchange gains	(307)	(1,789)	(419)	(320)
Revaluation of financial assets at fair value through profit or loss	(48,854)	(114,744)	(24,045)	(75,727)
Settlement of performance fee through ordinary shares	-	-	28,140	28,140
Effect of exchange rate movements on operating assets and liabilities	(2,722)	(511)	420	420
Changes in operating assets and liabilities, net of the effects from acquisitions of controlled entities and business assets:				
Decrease/(increase) in trade and other receivables	(7,963)	16,906	(24,544)	(24,544)
Decrease/(increase) in inventory	(333)	(82)	(41)	(41)
Increase/(decrease) in trade and other payables	(14,354)	(22,158)	18,782	24,165
Increase in provisions for other liabilities and charges	(5,345)	(6,122)	5,762	5,762
Decrease/(increase) in other assets	123	114	(3,094)	(3,247)
Decrease/(increase) in the provision for deferred income tax liabilities	4,978	5,012	192	192
Net cash inflow/(outflow) from operating activities	17,215	97,223	(414)	11,727
Cash flows from investing activities				
Purchase of financial asset at fair value through profit or loss	(27,712)	(66,184)	(213,693)	(1,003,943)
Purchase of business assets net of cash required	13,820	(55,638)	(363,722)	(363,772)
Purchase of property, plant and equipment	(22,103)	(14,545)	(5,839)	(5,839)
Proceeds from investments	-	-	-	6,457
Net cash outflow from investing activities	(35,995)	(136,367)	(583,254)	(1,367,097)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	-	-	435,000	1,237,833
Capital raising costs paid	-	-	(10,444)	(32,159)
Proceeds from borrowings	32,357	134,914	341,688	379,396
Repayment of borrowings	-	-	(160,975)	(160,975)
Dividends paid	-	(90,218)	-	(17,662)
Net cash inflow from financing activities	32,357	44,696	605,269	1,406,433
Net increase in cash and cash equivalents	13,577	5,552	21,601	51,063
Cash and cash equivalents at beginning of year/period	45,143	51,942	29,069	-
Effects of exchange rate changes on cash and cash equivalents	426	1,652	1,272	879
Cash and cash equivalents at end of year/period	59,146	59,146	51,942	51,942

*Balances have been restated following the completion of the purchase price allocation in relation to the acquisition of TanQuid in November 2005

Consolidated Statement of Changes in Shareholders' Equity

	Quarter ended 31 Dec 06 \$'000	Year to date 31 Dec 06 \$'000	Quarter ended 31 Dec 05 \$'000 *	Year to date 31 Dec 05 \$'000 *
Total equity at the beginning of the year/period	1,291,746	1,261,239	848,158	-
Foreign currency translation reserve recognised directly in equity	1,066	5,672	(4,933)	(6,078)
Profit/(loss) after tax for the period	81,518	197,603	(5,054)	53,440
Total recognised gains/(losses) for the year/period	81,518	197,603	(5,054)	53,440
Transactions with equity holders in their capacity as equity holders:				
Issue of share capital				
Initial public offering	-	-	-	802,833
Conversion of performance fees	-	-	-	28,140
Equity Fund Raising	-	-	435,000	435,000
Capital raising costs	-	34	(11,932)	(34,434)
Dividends paid	-	(90,218)	-	(17,662)
Total equity at the end of the year/period	1,374,330	1,374,330	1,261,239	1,261,239

*Balances have been restated following the completion of the purchase price allocation in relation to the acquisition of TanQuid in November 2005

Statement of Changes in Shareholders' Equity of the Company

	Quarter ended 31 Dec 06 \$'000	Year to date 31 Dec 06 \$'000	Quarter ended 31 Dec 05 \$'000	Year to date 31 Dec 05 \$'000
Total equity at the beginning of the year/period	1,308,913	1,260,788	848,158	-
Foreign currency translation reserve recognised directly in equity	-	-	-	-
Profit/(loss) after tax for the period	90,269	228,578	(10,438)	46,911
Total recognised gains for the year/period	90,269	228,578	(10,438)	46,911
Transactions with equity holders in their capacity as equity holders:				
Issue of share capital				
Initial public offering	-	-	-	802,833
Conversion of performance fees	-	-	-	28,140
Equity Fund Raising	-	-	435,000	435,000
Capital raising costs	-	34	(11,932)	(34,434)
Dividends paid	-	(90,218)	-	(17,662)
Total equity at the end of the year/period	1,399,182	1,399,182	1,260,788	1,260,788

Unaudited Financial Report

As at 31 December 2006

Net Asset Value

	Group As at 31 Dec 06 \$'000	Group As at 31 Dec 05 \$'000 *	Company As at 31 Dec 06 \$'000	Company As at 31 Dec 05 \$'000
Net Asset Value				
Total net asset value (\$'000)	1,374,330	1,261,239	1,399,182	1,260,788
Total number of ordinary shares on issue used in calculation of net asset value per share ('000)	1,279,687	1,279,687	1,279,687	1,279,687
Net asset value per ordinary share (\$ per share)	\$1.07	\$0.99	\$1.09	\$0.99

*Balances have been restated following the completion of the purchase price allocation in relation to the acquisition of TanQuid in November 2005

Earnings Per Share

	Group Quarter ended 31 Dec 06 \$'000	Group Year to date 31 Dec 06 \$'000	Group Quarter ended 31 Dec 05 \$'000 *	Group Year to date 31 Dec 05 \$'000 *
Basic Earnings per Share				
Earnings used in calculation of basic earnings per share (\$'000)	81,518	197,603	(5,054)	53,440
Weighted average number of shares on issue used in calculation of basic earnings per share ('000)	1,279,687	1,279,687	1,018,647	544,618
Basic earnings per share (cents per share)	6.37	15.44	(0.50)	9.81
Diluted Earnings per Share				
Diluted earnings used in calculation of diluted earnings per share (\$'000)	81,518	197,603	(5,054)	53,440
Weighted average number of shares on issue used in calculation of diluted earnings per share ('000)	1,279,687	1,279,687	1,018,647	544,618
Diluted earnings per share (cents per share)	6.37	15.44	(0.50)	9.81

*Balances have been restated following the completion of the purchase price allocation in relation to the acquisition of TanQuid in November 2005

Borrowings

	Group As at 31 Dec 06 \$'000	Group As at 31 Dec 05 \$'000 *
Amount repayable in one year or less, or on demand	6,460	5,540
Amount repayable after one year	373,104	231,021
Total borrowings	379,564	236,561
Amount secured	379,564	236,561
Total borrowings	379,564	236,561

*Balances have been restated following the completion of the purchase price allocation in relation to the acquisition of TanQuid in November 2005

The borrowings disclosed above include borrowings of TanQuid and include bank loans as well as finance lease liabilities. These bank loans are secured through a combination of various pledge agreements, agreements to transfer title in the tangible assets of the business to the lender in the event of default, granting of a charge over the real property of the business to the lender and an assignment of the hedging arrangements from TanQuid back to the lender. These arrangements exist only with respect to the borrowings of TanQuid.

Borrowings of MIIF, which are \$89.5 million at 31 December 2006, are generally repayable after one year.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Segment Reporting

The principal activity of MIIF during the year 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:

	UK and Europe \$'000	United States and Canada \$'000	China \$'000	Australia \$'000	Total \$'000
Geographical segments					
Year to 31 December 2006					
Revenue from continuing activities	245,124	8,843	11,192	63,171	328,330
Segment profit from continuing activities before tax	133,999	8,843	11,192	63,171	217,205
Unallocated revenue					1,703
Unallocated expenses					(16,490)
Net profit from continuing activities before income tax					202,418
Other segment items					
Capital expenditure – property, plant and equipment	8,959	-	-	-	8,959
Depreciation	22,994	-	-	-	22,994
As at 31 December 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

Segment Reporting (continued)

	UK and Europe \$'000	United States and Canada \$'000	China \$'000	Australia \$'000	Total* \$'000
Geographical segments					
Period to 31 December 2005*					
Revenue from continuing activities	149,110	3,016	4,153	(19,257)	137,022
Segment profit from continuing activities before tax	131,525	3,016	(699)	(19,257)	114,585
Unallocated revenue					4,330
Unallocated expenses					(65,228)
Net profit from continuing activities before income tax					53,687
Other segment items					
Capital expenditure – property, plant and equipment	5,839	-	-	-	5,839
Depreciation	3,487	-	-	-	3,487
As at 31 December 2005					
Segment assets	874,123	193,355	117,479	332,108	1,517,065
Unallocated assets					49,952
Consolidated total assets					1,567,017
Segment liabilities	285,254	-	10,520	-	295,774
Unallocated liabilities	-	-	-	-	10,004
Consolidated total liabilities					305,778

*Balances have been restated following the completion of the purchase price allocation in relation to the acquisition of TanQuid in November 2005

Breakdown of Revenue

	Actuals \$'000
Financial period from 1 January 2006 to 30 June 2006 (reviewed)	
Total revenue for the financial period from 1 January 2006 to 30 June 2006	89,324
Operating profit after tax for the financial period ended 30 June 2006	44,490
Financial period from 1 July 2006 to 31 December 2006	
Total revenue for the financial period from 1 July 2006 to 31 December 2006	240,709
Operating profit after tax for the financial period from 1 July 2006 to 31 December 2006	153,113
Financial year from date of incorporation to 31 December 2006	
Total revenue for the financial year from 1 January 2006 to 31 December 2006	330,033
Operating profit after tax for the financial year from 1 January 2006 to 31 December 2006	197,603
Financial period from date of incorporation to 30 June 2005	
Total revenue for the financial period from date of incorporation to 30 June 2005	97,185
Operating profit after tax for the financial period from date of incorporation to 30 June 2005	43,580
Financial period from 1 July 2005 to 31 December 2005 *	
Total revenue for the financial period from 1 July 2005 to 31 December 2005	42,997
Operating profit after tax for the financial period from 1 July 2005 to 31 December 2005	9,860
Financial period from date of incorporation to 31 December 2005 *	
Total revenue for the financial period from date of incorporation to 31 December 2005	140,182
Operating profit after tax for the financial period from date of incorporation to 31 December 2005	53,440

*Balances have been restated following the completion of the purchase price allocation in relation to the acquisition of TanQuid in November 2005

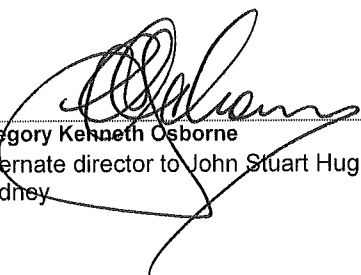
Unaudited Financial Report

For the quarter and year ended 31 December 2006

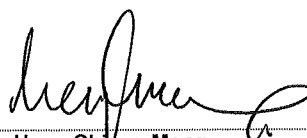
Confirmation of the Board pursuant to Rule 705(4) of the Listing Manual

On behalf of the Board of Directors of Macquarie International Infrastructure Fund Limited, I, the undersigned hereby confirm to the best of my knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the year ended 31 December 2006 to be false or misleading.

On behalf of the Board of Directors



Gregory Kenneth Osborne
Alternate director to John Stuart Hugh Roberts
Sydney



Heng Chang Meng
Director
Singapore

The Board of Directors
Macquarie International Infrastructure Fund Limited
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GST No: 52-871777-D
Co. Reg. No.: 52871777D

26 February 2007

Our ref: ASSUR FSIP/02520769-A000/KDL/MP(15)
(When Replying Please Quote Our Reference)

Dear Sirs

**Macquarie International Infrastructure Fund Limited and its subsidiaries
Review of financial information
For the quarter and year ended 31 December 2006**

We have performed a review on certain financial information of Macquarie International Infrastructure Fund Limited (the "Company") and its subsidiaries (known collectively as the "Group") as at 31 December 2006 and for the quarter and year ended 31 December 2006. Such financial information has been prepared by the Company for announcement on the Singapore Exchange.

The financial information is set out in the attached pages of the Company's announcement and comprises the following:-

- Consolidated income statement of the Group for the quarter and year ended 31 December 2006 as set out in page 19 of the report;
- Balance sheet of the Group and Company as at 31 December 2006 as set out in page 20 of the report;
- Consolidated statement of cash flows for the quarter and year ended 31 December 2006 as set out in page 21 of the report;
- Consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the quarter and year ended 31 December 2006 as set out in pages 22 and 23 of the report;
- Net asset value per ordinary share of the Group and Company as at 31 December 2006 set out in page 24 of the report; and
- Earnings per ordinary share of the Group (basic and diluted) for the quarter and year ended 31 December 2006 set out in page 25 of the report.

Macquarie International Infrastructure Fund Limited
Our ref: ASSUR FSIP/02520769-A000/KDL/MP(15)
26 February 2007
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Appendix 7.2 of the Singapore Exchange Securities Trading Limited Listing Manual (the "Listing Manual") requires the preparation of financial information to be in compliance with the relevant provisions thereof. The financial information is the responsibility of, and has been approved by the directors. Our responsibility is to issue a report solely for the use of the directors on the financial information based on our review.

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2400, Engagements to Review Financial Statements. A review of financial information consists principally of applying analytical review procedures to financial data and making inquiries of, and having discussions with, persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with International Standards on Auditing and does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that there are any material modifications that need to be made to the accompanying financial information for it to be in accordance with Appendix 7.2 of the Listing Manual.

Yours faithfully

PriceWaterhouseCoopers

Certified Public Accountants
Singapore