

**MACQUARIE INFRASTRUCTURE GROUP**  
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009



This report comprises  
Macquarie Infrastructure Trust (II) ARSN 092 863 548 and its controlled entities  
Macquarie Infrastructure Trust (I) ARSN 092 863 780 and its controlled entities

# Financial Report

## for the year ended 30 June 2009

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Macquarie Infrastructure Group (MIG) comprises Macquarie Infrastructure Trust (I) (ARSN 092 863 780) (MIT(I)), Macquarie Infrastructure Trust (II) (ARSN 092 863 548) (MIT(II)) and Macquarie Infrastructure Group International Limited (ARBN 112 684 885) (MIGIL).

Macquarie Infrastructure Investment Management Limited (ACN 072 609 271) (AFSL 241405) (MIIML) is the responsible entity of MIT(I) and MIT(II). MIIML is a wholly owned subsidiary of Macquarie Group Limited (ACN 122 169 279) (MGL).

Macquarie Capital Funds (Europe) Limited (MCFEL) (registered number 3976881) is the adviser to MIGIL. MCFEL is a wholly owned subsidiary of MGL.

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MIG, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

MIIML, as responsible entity of the trusts comprised by MIG, and MCFEL as the adviser to MIGIL, are entitled to fees for so acting. MGL and its related corporations (including MIIML and MCFEL) together with their officers and directors and officers and directors of MIGIL may hold stapled securities in MIG from time to time.

# Financial Report

## for the year ended 30 June 2009

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# Directors' Report

## for the year ended 30 June 2009

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### Directors' Report

In respect of the year ended 30 June 2009, the directors of Macquarie Infrastructure Investment Management Limited (MIIML or the Responsible Entity) submit the following report on the consolidated financial report of Macquarie Infrastructure Trust (II) (MIT(II)). UIG 1013: *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* requires one of the stapled entities of an existing stapled structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement, MIT(II) has been identified as the parent of the consolidated group comprising MIT(II) and its controlled entities, Macquarie Infrastructure Trust (I) (MIT(I)) and its controlled entities and Macquarie Infrastructure Group International Limited (MIGIL) and its controlled entities, together acting as Macquarie Infrastructure Group (MIG or the Group).

In respect of the year ended 30 June 2009, the directors of the Responsible Entity also submit the following report on the consolidated financial report of MIT(I), being MIT(I) and its controlled entities (the MIT(I) Group).

### Principal Activities

The principal activity of MIG and the MIT(I) Group (together the Groups) is the development and operation of toll roads, bridges and tunnels and investment in entities in the same industry sector. There were no significant changes in the nature of the Groups activities during the year.

### Directors

The following persons were directors of the Responsible Entity during the whole of the year and up to the date of this report (unless otherwise stated):

- Mark Roderick Granger Johnson (Chairman)
- Eric Paul McClintock
- David Allen Mortimer
- David Anthony Walsh
- Michael Carapiet (resigned 23 December 2008)
- John Stuart Hugh Roberts (alternate Director to Mark Roderick Granger Johnson and Michael Carapiet) (resigned 23 December 2008)

The following persons were directors of MIGIL during the whole of the year and up to the date of this report:

- Robert Andrew Mulderig (Chairman)
- Jeffrey Gerald Conyers (Deputy Chairman)
- Dr Peter Dyer
- Mark Roderick Granger Johnson

Interests in the Group held by the directors of the Responsible Entity and MIGIL during the year are disclosed in Note 25 to the financial statements.

### Distributions

The total distribution for MIG for the year ended 30 June 2009 was 20.0000 cents per stapled security (2008: 20.0000 cents per stapled security). An interim distribution of 10.0000 cents per stapled security (2008:10.0000 cents per stapled security) was paid by MIG on 13 February 2009. A final distribution of 10.0000 cents per stapled security (2008:10.0000 cents per stapled security) was paid on 14 August 2009. The distribution consisted of 4.64 cents paid by MIT(I) and 5.36 cents by MIT(II).

# Directors' Report

## for the year ended 30 June 2009

### Review and Results of Operations

The performance of MIG and the MIT(I) Group for the year, as represented by the results of their operations, was as follows:

	<b>MIG Consolidated 2009 \$'000</b>	MIG Consolidated 2008 \$'000	<b>MIT(I) Consolidated 2009 \$'000</b>	MIT(I) Consolidated 2008 \$'000
Revenue and other income from continuing activities	<b>(2,163,581)</b>	1,356,345	<b>(95,310)</b>	66,397
(Loss)/Profit attributable to MIG security holders / MIT(I) unit holders	<b>(1,713,631)</b>	767,269	<b>(133,250)</b>	11,838
	<b>Cents</b>	Cents	<b>Cents</b>	Cents
Basic earnings per stapled security / unit	<b>(73.72)</b>	31.46	<b>(5.73)</b>	0.49

### *Valuation of investments in financial assets*

The current dislocation in global economic and market conditions has had a negative impact on the valuation of MIG's investments in financial assets. The decrease in MIG's portfolio valuation reflects changes to asset discount rates, lower forecast traffic volumes driven by the recessionary environment in the Northern Hemisphere, higher assumed financing costs across the portfolio, and macroeconomic influences such as long term inflationary expectations and foreign exchange rates.

In the current global economic climate there is greatly increased uncertainty and unpredictability about many of these factors. In arriving at the valuation of the portfolio at 30 June 2009, the directors have made estimates and judgements which they believe to be reasonable concerning these and other matters affecting the values of MIG's investments in financial assets, including expectations of long term future economic developments and other future events.

Further information on the valuation of investments in financial assets can be found in Note 1(e) and Note 1(bb), and information on the sensitivity of the valuations to the key assumptions underpinning them is included in Note 10.

### *Security buy-back*

On 21 August 2008, MIG announced as part of its ongoing capital management strategy that it would buy back up to 10% of its issued securities within a period of 12 months.

As at 30 June 2009, MIG had bought back 142,102,047 MIG securities for total consideration of \$250.5 million (including transaction costs). Of this amount \$8.8 million related to consideration for 142,102,047 units in MIT(I) and \$36.3 million related to consideration for 142,102,047 units in MIT(II). Brokerage of \$412,695 was paid to Macquarie Capital Securities (Australia) Limited for securities bought back to 30 June 2009. Of this amount \$14,589 was paid by MIT(I) and \$60,112 was paid by MIT(II).

### *Westlink M7*

In August 2008, MIG exercised its pre-emptive rights under the Westlink Equity Participants Deed to acquire an additional 2.5% interest in Westlink M7 from Leighton Contractors Pty Ltd, for consideration of \$38.0 million. Financial close occurred on 28 August 2008, increasing MIG's stake in the Westlink M7 to 50%.

In December 2008, MIG accepted a binding offer for 100% of its interest in Westlink M7 from Western Sydney Road Group (WSRG) for \$805.0 million. WSRG is owned in equal parts by MIG and funds managed by QIC Private Capital Pty Limited (a wholly owned subsidiary of QIC) and the sale generated proceeds for MIG of \$402.5 million. The sale to WSRG was completed on 27 February 2009.

# Directors' Report

## for the year ended 30 June 2009

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### ***Lusoponte***

In September 2008, MIG accepted a binding offer from two of the existing shareholders in Lusoponte, Mota-Engil Concessões de Transporte (Mota) and Vinci SA (Vinci), to purchase MIG's 30.6% interest in Lusoponte for €112.0 million (\$227.0 million). The conditions precedent were met on 30 December 2008 and financial close occurred on 5 January 2009.

### ***Autoroutes Paris-Rhin-Rhône (APRR)***

In April 2009 the Board of Directors of APRR decided not to pay a final distribution with respect to the financial year ended 31 December 2008. Previously, Eiffarie, the holding company of APRR, has met its debt service obligations from the cash dividend paid to it by APRR. In light of APRR's decision the June 2009 obligations were met by Eiffarie shareholder contributions. MIG's pro rata contribution was €20.6 million (\$35.8million) which was contributed on 24 June 2009.

## **Significant Changes in State of Affairs**

### **MIG and MIT(I) Group**

In the opinion of the directors there were no significant changes in the state of affairs of the Groups other than those disclosed in the Review and Results of Operations that occurred during the year under review.

### **Events Occurring after Balance Sheet Date**

A final distribution of 10.0000 cents (2008: 10.0000 cents per stapled security) was paid by MIG on 14 August 2009. The distribution consisted of 4.64 cents paid by MIT(I) and 5.36 cents by MIT(II).

Since the end of the year, the directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the year ended 30 June 2009.

### **Likely Developments and Expected Results of Operations**

MIG is reviewing a range of options which seek to enhance security holder value. In this regard, the MIG directors are working with Macquarie Group to review all these options and their potential implications for MIG security holders.

Further information on likely developments relating to the operations of the Groups in future years and the expected results of those operations has not been included in this report because the directors of the Responsible Entity believe it would be likely to result in unreasonable prejudice to the Groups.

### **Indemnification and Insurance of Officers and Auditors**

No insurance premiums are paid for out of the assets of the Groups in regard to insurance cover provided to either the Responsible Entity or auditors of the Groups. So long as the officers of the Responsible Entity act in accordance with the Trust Constitutions and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Groups against any losses incurred while acting on behalf of the Groups. The auditors of the Groups are in no way indemnified out of the assets of the Groups.

### **Fees Paid to the Responsible Entity, Adviser and associates**

Fees paid to the Responsible Entity and Macquarie Capital Funds (Europe) Limited (MCFEL or the Adviser to MIGIL) out of the Groups' property during the year are disclosed in Note 25 to the financial statements.

No fees were paid out of the Groups' property to the directors of either the Responsible Entity or the Adviser during the year. Interests in the Group held by the Responsible Entity and its associates during the year are disclosed in Note 25 to the financial statements.

# Directors' Report

## for the year ended 30 June 2009

### Interests in the Groups Issued During the Financial Year

The movement in securities on issue in the Groups during the year is as set out below:

	<b>Consolidated 2009 '000</b>	Consolidated 2008 '000	<b>Parent Entity 2009 '000</b>	Parent Entity 2008 '000
MIG and MIT(I) Group				
Securities / units on issue at the beginning of the year	<b>2,403,834</b>	2,516,791	<b>2,403,834</b>	2,516,791
Securities / units cancelled during the year	<b>(142,102)</b>	(112,957)	<b>(142,102)</b>	(112,957)
Securities / units on issue at the end of the year	<b>2,261,732</b>	2,403,834	<b>2,261,732</b>	2,403,834

For further details please refer Note 19 to the financial statements.

### Value of Assets

	<b>Consolidated 2009 \$'000</b>	Consolidated 2008 \$'000	<b>Parent Entity 2009 \$'000</b>	Parent Entity 2008 \$'000
MIG				
Value of Group assets at 30 June	<b>7,302,808</b>	9,747,056	<b>1,074,185</b>	1,354,254

	<b>Consolidated 2009 \$'000</b>	Consolidated 2008 \$'000	<b>Parent Entity 2009 \$'000</b>	Parent Entity 2008 \$'000
MIT(I) Group				
Value of Group assets at 30 June	<b>611,430</b>	806,343	<b>806,312</b>	811,616

The value of the Groups' assets is derived using the basis set out in Note 1 to the financial statements.

### Environmental Regulation

The operations of the underlying assets in which the Groups invest are subject to environmental regulations particular to the countries in which they are located.

The following environmental regulations apply to MIG's controlled assets:

#### United Kingdom

Midland Expressway Limited constructed the M6 Toll road under a series of Orders made in 1998 by the Secretary of State for Transport pursuant to his powers under the Highways Act 1980 and the New Roads and Street Works Act 1991. Prior to that, the M6 Toll had been the subject of a full Environmental Impact Assessment that was considered in detail at a Public Inquiry held in 1994 and 1995. The Public Inquiry produced a list of specific environmental commitments and undertakings. There have been no significant breaches of the environmental legislation, commitments or undertakings.

#### Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 10.

#### Rounding of Amounts in the Directors' Report and the Financial Report

The Groups are of a kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Financial Reports. Amounts in the Directors' Report and Financial Reports have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

# Directors' Report

## for the year ended 30 June 2009

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### Application of Class Order

The Directors' report and financial reports for MIT(I) and MIT(II) are jointly presented in the one report as permitted by ASIC Class Order 06/441.

This report is made in accordance with a resolution of the directors of Macquarie Infrastructure Investment Management Limited.



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Mark Johnson  
Sydney  
19 August 2009



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David Mortimer  
Sydney  
19 August 2009

## Auditor's Independence Declaration

As lead auditor for the audits of Macquarie Infrastructure Trust (II) and Macquarie Infrastructure Trust (I) for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Macquarie Infrastructure Group, which is deemed to include Macquarie Infrastructure Trust (I) and the entities it controlled during the year, Macquarie Infrastructure Trust (II) and the entities it controlled during the year, and Macquarie Infrastructure Group International Limited and the entities it controlled during the year and in respect of Macquarie Infrastructure Trust (I) and the entities it controlled during the year.



Wayne Andrews  
Partner  
PricewaterhouseCoopers

Sydney  
19 August 2009

# Financial Report

## for the year ended 30 June 2009

### Income Statements

	Note	Consolidated				Parent Entity			
		MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Revenue and other income from continuing activities</b>									
Revenue from continuing activities	2	173,003	203,692	2,762	5,056	37,413	46,478	638	4,141
Revaluation (loss) / gain and other income from continuing activities	2	(2,336,584)	1,152,653	(98,072)	61,341	(290,029)	48,147	(93,788)	26,202
<b>Total revenue and other income from continuing activities</b>		<b>(2,163,581)</b>	<b>1,356,345</b>	<b>(95,310)</b>	<b>66,397</b>	<b>(252,616)</b>	<b>94,625</b>	<b>(93,150)</b>	<b>30,343</b>
<b>Operating expenses from continuing activities</b>									
Finance costs	2	(186,846)	(150,984)	(29,122)	(38,765)	(827)	(631)	(28,978)	(10,222)
Other operating expenses	2	(171,340)	(208,884)	(8,802)	(14,175)	(93,070)	(6,938)	(12,046)	(13,895)
<b>Total operating expenses from continuing activities</b>		<b>(358,186)</b>	<b>(359,868)</b>	<b>(37,924)</b>	<b>(52,940)</b>	<b>(93,897)</b>	<b>(7,569)</b>	<b>(41,024)</b>	<b>(24,117)</b>
<b>(Loss) / profit from continuing activities before income tax benefit / (expense)</b>		<b>(2,521,767)</b>	<b>996,477</b>	<b>(133,234)</b>	<b>13,457</b>	<b>(346,513)</b>	<b>87,056</b>	<b>(134,174)</b>	<b>6,226</b>
Income tax benefit / (expense)	3	123,320	(82,286)	(16)	(1,619)	14,478	(10,460)	-	-
<b>(Loss) / profit from continuing activities after income tax benefit / (expense)</b>		<b>(2,398,447)</b>	<b>914,191</b>	<b>(133,250)</b>	<b>11,838</b>	<b>(332,035)</b>	<b>76,596</b>	<b>(134,174)</b>	<b>6,226</b>
<b>(Loss) / Profit attributable to:</b>									
MIG security holders / MIT(I) unit holders		(1,713,631)	767,269	(133,250)	11,838	(332,035)	76,596	(134,174)	6,226
Minority interests	22	(684,816)	146,922	-	-	-	-	-	-
		<b>(2,398,447)</b>	<b>914,191</b>	<b>(133,250)</b>	<b>11,838</b>	<b>(332,035)</b>	<b>76,596</b>	<b>(134,174)</b>	<b>6,226</b>
Earnings per security / unit for (loss) / profit from continuing activities attributable to MIG security holders / MIT(I) unit holders									
		<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>				
Basic earnings per stapled security / unit	23	(73.72)	31.46	(5.73)	0.49				

The above Income Statements should be read in conjunction with the accompanying notes

# Financial Report

## as at 30 June 2009

### Balance Sheets

	Note	Consolidated				Parent Entity			
		MIG	MIG	MIT(I)	MIT(I)	MIT(II)	MIT(II)	MIT(I)	MIT(I)
		30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
<b>Current assets</b>									
Cash and cash equivalents	6	955,519	984,212	146,128	25,782	395,261	203,862	23,933	25,509
Receivables	7	8,360	2,474	101,359	282	8,332	1,591	101,358	449
Derivative financial instruments	9	-	47,096	-	-	-	-	-	-
Prepayments	8	3,201	2,335	380	122	380	122	380	122
<b>Total current assets</b>		<b>967,080</b>	1,036,117	<b>247,867</b>	26,186	<b>403,973</b>	205,575	<b>125,671</b>	26,080
<b>Non-current assets</b>									
Receivables	7	-	3,230	-	-	401,171	508,580	-	-
Derivative financial instruments	9	-	67,699	-	-	-	-	-	-
Investments in financial assets	10	5,128,436	7,363,008	363,563	780,157	269,041	640,099	680,641	785,536
Property, plant and equipment	11	1,107,165	1,172,277	-	-	-	-	-	-
Tolling concessions	12	100,127	104,725	-	-	-	-	-	-
<b>Total non-current assets</b>		<b>6,335,728</b>	8,710,939	<b>363,563</b>	780,157	<b>670,212</b>	1,148,679	<b>680,641</b>	785,536
<b>Total assets</b>		<b>7,302,808</b>	9,747,056	<b>611,430</b>	806,343	<b>1,074,185</b>	1,354,254	<b>806,312</b>	811,616
<b>Current liabilities</b>									
Distribution payable	15	(226,173)	(240,384)	(104,628)	-	(121,545)	-	(104,628)	-
Payables	16	(39,526)	(37,539)	(820)	(6,670)	(105,131)	(1,784)	(195,725)	(11,042)
Derivative financial instruments	9	(63,831)	-	-	-	-	-	-	-
Current tax liabilities	18	(6,307)	(321)	-	-	(5,776)	-	-	-
<b>Total current liabilities</b>		<b>(335,837)</b>	(278,244)	<b>(105,448)</b>	(6,670)	<b>(232,452)</b>	(1,784)	<b>(300,353)</b>	(11,042)

# Financial Report

## as at 30 June 2009

### Balance Sheets (continued)

	Note	Consolidated				Parent Entity			
		MIG	MIG	MIT(I)	MIT(I)	MIT(II)	MIT(II)	MIT(I)	MIT(I)
		30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
<b>Non-current liabilities</b>									
Payables	16	(184,503)	(150,969)	-	-	-	-	-	-
Interest-bearing financial liabilities	17	(2,512,049)	(2,428,289)	(395,472)	(442,464)	-	-	(395,472)	(442,464)
Derivative financial instruments	9	(4,949)	-	-	-	-	-	-	-
Deferred tax liabilities	18	(105,677)	(203,169)	-	-	-	(20,822)	-	-
<b>Total non-current liabilities</b>		<b>(2,807,178)</b>	<b>(2,782,427)</b>	<b>(395,472)</b>	<b>(442,464)</b>	<b>-</b>	<b>(20,822)</b>	<b>(395,472)</b>	<b>(442,464)</b>
<b>Total liabilities</b>		<b>(3,143,015)</b>	<b>(3,060,671)</b>	<b>(500,920)</b>	<b>(449,134)</b>	<b>(232,452)</b>	<b>(22,606)</b>	<b>(695,825)</b>	<b>(453,506)</b>
<b>Net assets</b>		<b>4,159,793</b>	<b>6,686,385</b>	<b>110,510</b>	<b>357,209</b>	<b>841,733</b>	<b>1,331,648</b>	<b>110,487</b>	<b>358,110</b>
<b>Equity</b>									
<b>MIG security holders' interest / MIT(I) unit holders' interest</b>									
Contributed equity	19	3,341,035	3,591,566	258,726	267,547	577,619	613,954	258,726	267,547
Retained profits / (losses)	20	370,963	2,542,244	(148,216)	89,662	264,114	717,694	(148,239)	90,563
Reserves	21	299,677	(183,629)	-	-	-	-	-	-
<b>Total MIG security holders' interest / MIT(I) unit holders' interest</b>		<b>4,011,675</b>	<b>5,950,181</b>	<b>110,510</b>	<b>357,209</b>	<b>841,733</b>	<b>1,331,648</b>	<b>110,487</b>	<b>358,110</b>
Minority interests in controlled entities	22	148,118	736,204	-	-	-	-	-	-
<b>Total equity</b>		<b>4,159,793</b>	<b>6,686,385</b>	<b>110,510</b>	<b>357,209</b>	<b>841,733</b>	<b>1,331,648</b>	<b>110,487</b>	<b>358,110</b>

The above Balance Sheets should be read in conjunction with the accompanying notes

# Financial Report

## for the year ended 30 June 2009

### Statements of Changes in Equity

	Note	Consolidated				Parent Entity			
		MIG	MIG	MIT(I)	MIT(I)	MIT(II)	MIT(II)	MIT(I)	MIT(I)
		30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
<b>Total equity at the beginning of the year</b>		<b>6,686,385</b>	7,075,887	<b>357,209</b>	358,551	<b>1,331,648</b>	1,303,415	<b>358,110</b>	365,064
Exchange differences on translation of foreign operations		<b>781,292</b>	(287,013)	-	-	-	-	-	-
Changes in fair value of cash flow hedges (net of tax)		<b>(192,385)</b>	(88,440)	-	-	-	-	-	-
(Loss) / Profit for the year		<b>(2,398,447)</b>	914,191	<b>(133,250)</b>	11,838	<b>(332,035)</b>	76,596	<b>(134,174)</b>	6,226
<b>Total recognised income and expense for the year</b>		<b>(1,809,540)</b>	538,738	<b>(133,250)</b>	11,838	<b>(332,035)</b>	76,596	<b>(134,174)</b>	6,226
<b>Transactions with equity holders in their capacity as equity holders:</b>									
Securities cancelled pursuant to security buy-back (including transaction costs)	19	<b>(250,531)</b>	(364,438)	<b>(8,821)</b>	(13,180)	<b>(36,335)</b>	(48,363)	<b>(8,821)</b>	(13,180)
Distributions provided for or paid to MIG security holders	5	<b>(457,650)</b>	(481,912)	<b>(104,628)</b>	-	<b>(121,545)</b>	-	<b>(104,628)</b>	-
Distributions provided for or paid to minority interest	22	<b>(23,301)</b>	(81,890)	-	-	-	-	-	-
Equity contribution from minority interest	22	<b>14,430</b>	-	-	-	-	-	-	-
		<b>(717,052)</b>	(928,240)	<b>(113,449)</b>	(13,180)	<b>(157,880)</b>	(48,363)	<b>(113,449)</b>	(13,180)
<b>Total equity at the end of the year</b>		<b>4,159,793</b>	6,686,385	<b>110,510</b>	357,209	<b>841,733</b>	1,331,648	<b>110,487</b>	358,110
<b>Total recognised income and expenses for the year is attributable to:</b>									
MIG security holders / MIT(I) unit holders		<b>(1,230,325)</b>	375,262	<b>(133,250)</b>	11,838	<b>(332,035)</b>	76,596	<b>(134,174)</b>	6,226
Minority interests		<b>(579,215)</b>	163,476	-	-	-	-	-	-
		<b>(1,809,540)</b>	538,738	<b>(133,250)</b>	11,838	<b>(332,035)</b>	76,596	<b>(134,174)</b>	6,226

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes

# Financial Report

## for the year ended 30 June 2009

### Cash Flow Statements

	Note	Consolidated				Parent Entity			
		MIG	MIG	MIT(I)	MIT(I)	MIT(II)	MIT(II)	MIT(I)	MIT(I)
		30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
<b>Cash flows from operating activities</b>									
Toll revenue received		142,584	151,761	-	-	-	-	-	-
Interest received		37,182	69,347	2,753	5,055	10,279	10,553	629	4,141
Net indirect taxes received/(paid)		(14,691)	(11,454)	151	1,641	472	2,289	151	1,701
Payments to suppliers and employees (inclusive of GST)		(55,762)	(36,590)	(12,149)	(2,356)	(5,952)	(811)	(11,776)	(2,124)
Responsible Entity and Adviser base fees paid		(46,345)	(78,264)	(4,367)	(8,498)	(3,751)	(4,364)	(4,367)	(8,498)
Distributions and dividend income received		144,814	347,490	22,663	49,578	-	-	3,240	2,335
Income taxes received / (paid)		(585)	(9,497)	-	(1,575)	(585)	-	-	-
Other income received		5,552	7,812	-	-	-	-	-	-
<b>Net cash flows from operating activities</b>	24	<b>212,749</b>	440,605	<b>9,051</b>	43,845	<b>463</b>	7,667	<b>(12,123)</b>	(2,445)
<b>Cash flows from investing activities</b>									
Proceeds from return of capital from investments		7,207	10,411	-	-	7,208	8,342	-	-
Proceeds from sale of investments in financial assets		1,021,521	-	732,968	-	65,385	-	45,313	-
Payments for the purchase of investments in financial assets		(527,600)	(27,485)	(437,177)	-	-	-	(421,616)	-
Proceeds from sale of fixed assets		55	-	-	-	-	-	-	-
Capital expenditure		(852)	(14,487)	-	-	-	-	-	-
Loans (advanced to)/repaid by investments and controlled entities		-	-	-	-	(23,905)	(26,736)	-	-
<b>Net cash flows from investing activities</b>		<b>500,331</b>	(31,561)	<b>295,791</b>	-	<b>48,688</b>	(18,394)	<b>(376,303)</b>	-

# Financial Report

## for the year ended 30 June 2009

### Cash Flow Statements (continued)

	Note	Consolidated				Parent Entity			
		MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Cash flows from financing activities</b>									
Proceeds from bank borrowings		1,025	15,497	-	-	-	-	-	-
Borrowing cost paid		(79,146)	(85,620)	(1,833)	(2,795)	(887)	(624)	(1,833)	(2,795)
Loans advanced to / repaid by related entities		-	-	(173,842)	(138,142)	175,904	174,248	397,504	(73,121)
Distributions paid to MIG security holders / MIT(I) unit holders		(471,860)	(493,207)	-	-	-	-	-	-
On market buy-back		(250,531)	(364,438)	(8,821)	(13,180)	(36,335)	(48,363)	(8,821)	(13,180)
Distributions paid to minority interests		(23,301)	(98,705)	-	-	-	-	-	-
Loans advanced from minority interests		21,650	-	-	-	-	-	-	-
Contributions of equity from minority interests		14,430	-	-	-	-	-	-	-
<b>Net cash flows from financing activities</b>		<b>(787,733)</b>	<b>(1,026,473)</b>	<b>(184,496)</b>	<b>(154,117)</b>	<b>138,682</b>	<b>125,261</b>	<b>386,850</b>	<b>(89,096)</b>
<b>Net (decrease)/increase in cash assets held</b>		<b>(74,653)</b>	<b>(617,429)</b>	<b>120,346</b>	<b>(110,272)</b>	<b>187,833</b>	<b>114,534</b>	<b>(1,576)</b>	<b>(91,541)</b>
Cash and cash equivalents at the beginning of the year		984,212	1,673,122	25,782	136,055	203,862	91,409	25,509	117,051
Effect of exchange rate movements on cash and cash equivalents		45,960	(71,481)	-	(1)	3,566	(2,081)	-	(1)
<b>Cash and cash equivalent assets at the end of the year</b>	6	<b>955,519</b>	<b>984,212</b>	<b>146,128</b>	<b>25,782</b>	<b>395,261</b>	<b>203,862</b>	<b>23,933</b>	<b>25,509</b>
<b>Non cash financing and investing activities</b>	24								

The above Cash Flow Statements should be read in conjunction with the accompanying notes

# Financial Report

## for the year ended 30 June 2009

### Notes to the Financial Statements

#### 1 Summary of Significant Accounting Policies

The significant policies which have been adopted in the preparation of the financial statements are stated to assist in a general understanding of this general purpose financial report. These policies have been consistently applied to all periods presented, unless otherwise stated.

##### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

As permitted by ASIC Class order 06/441, this financial report consists of the parent entity and consolidated financial statements of Macquarie Infrastructure Trust (II) (MIT(II)) and the entities it controlled at the end of, and during, the year (collectively referred to as MIG, or the Group), and the parent entity and consolidated financial statements of Macquarie Infrastructure Trust (I) (MIT(I)) and the entities it controlled at the end of, and during, the year (collectively referred to as the MIT(I) Group).

The MIT(I) parent entity balance sheet shows a net current liability at 30 June 2009 of \$174.7 million. The net current liability is funded by a payable of \$195.7 million to a wholly owned subsidiary, Western Sydney Orbital Funding Trust (WSOFT). Macquarie Infrastructure Investment Management Limited, the Responsible Entity of MIT(I) and trustee to WSOFT, will only call on this loan so as not to cause MIT(I) to be unable to pay its debts as and when they fall due.

The financial report was authorised for issue by the directors of the Responsible Entity on 19 August 2009. The Responsible Entity has the power to amend and reissue the financial report.

##### ***Compliance with International Financial Reporting Standards (IFRS)***

Compliance with Australian Accounting Standards ensures that the financial statements and notes of MIG, MIT(II) parent, the MIT(I) Group and MIT(I) parent comply with IFRS as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

##### ***Historical cost convention***

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The most significant of these are the Groups' non-controlled investments in toll road assets. Further information on the valuation of these investments is disclosed in Note 1(bb) and Note 10. This includes details of key estimates and assumptions incorporated into the valuations and information on the sensitivity of the valuations to changes in those estimates and assumptions.

##### ***Stapled Security***

The units of MIT(I) and MIT(II) and the shares of Macquarie Infrastructure Group International Limited (MIGIL or the Company) are combined and issued as stapled securities in MIG. The units of MIT(I) and MIT(II) and the shares of MIGIL cannot be traded separately and can only be traded as stapled securities.

This financial report consists of the consolidated financial statements of MIT(II), which comprises MIT(II) and its controlled entities, MIT(I) and its controlled entities and MIGIL and its controlled entities, together acting as MIG and the consolidated financial statements of MIT(I) which comprises MIT(I) and its controlled entities.

##### (b) Consolidated accounts and stapling arrangements

UIG 1013: *Consolidated Financial Reports in Relation to Pre-Date-of-Transition Stapling Arrangements* requires one of the stapled entities of an existing stapled structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement MIT(II) has been identified as the parent of MIG comprising MIT(I) and its controlled entities, MIT(II) and its controlled entities and MIGIL and its controlled entities.

# Financial Report

## for the year ended 30 June 2009

### 1 Summary of Significant Accounting Policies (continued)

#### (b) Consolidated accounts and stapling arrangements (continued)

The financial statements of MIG should be read in conjunction with the consolidated financial statements of MIT(I), presented in this report, and the separate consolidated financial statements of MIGIL for the year ended 30 June 2009.

#### (c) Principles of consolidation

The consolidated financial statements of MIG incorporate the assets and liabilities of the entities controlled by MIT(II) at 30 June 2009, including those deemed to be controlled by MIT(II) by identifying it as the parent of MIG, and the results of those controlled entities for the year then ended. The consolidated financial statements of the MIT(I) Group incorporate the assets and liabilities of the entities controlled by MIT(I) at 30 June 2009. The effects of all transactions between entities in the consolidated entity are eliminated in full. Minority interests in the results and equity are shown separately in the Income Statement and the Balance Sheet respectively. Minority interests are those interests in partly owned subsidiaries that are not held directly or indirectly by MIT(I), MIT(II) or MIGIL.

Where control of an entity is obtained during a financial period, its results are included in the Income Statement from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

#### (d) Group formation

On 9 June 2000, MIT(I) and MIT(II) (both trusts constituted in Australia) became registered schemes under the Managed Investments Act (1998). On that date, Macquarie Infrastructure Investment Management Limited (MIIML) became the Responsible Entity of each Trust, replacing the Manager and the Trustee (also MIIML).

On 20 September 2000, the investment of MIT(II) in Macquarie European Infrastructure plc (MEI) was distributed to MIG security holders through an in specie distribution of the MEI shares. The MEI shares were then stapled to MIT(I) and MIT(II) and listed on the Australian Securities Exchange (ASX) as a triple stapled security comprising MIG.

On 12 January 2005, a restructure inserted a new mutual fund company (incorporated in Bermuda), Macquarie Infrastructure Bermuda Limited (MIBL), above MEI, replacing MEI as the stapled company in the MIG stapled structure. On 8 December 2005, MIBL changed its name to MIGIL. Macquarie Capital Funds (Europe) Limited (previously known as Macquarie Investment Management (UK) Limited) is the Adviser of this company.

#### (e) Investments in financial assets at fair value through profit or loss

MIG and the MIT(I) Group (together the Groups) have designated their non-controlling investments in toll road assets as financial assets at fair value through profit or loss. Investments in financial assets at fair value through profit or loss are revalued at each reporting date, or when there is a change in the nature of the investment, to their fair values in accordance with AASB 139: *Financial Instruments: Recognition and Measurement*. Changes in the fair values of these investments in financial assets at fair value through profit or loss, both positive and negative have been recognised in the Income Statement for the year.

***Investments have been brought to account as follows:***

#### ***Interests in partnerships, unlisted securities in companies and trusts***

Interests in partnerships, unlisted securities in companies and trusts are brought to account at fair value, determined in accordance with a valuation framework adopted by the directors. Discounted cash flow analysis is the methodology applied in the valuation framework as it is the generally accepted methodology for valuing toll roads, bridges and tunnels and the basis upon which market participants have derived valuations for toll road transactions.

# Financial Report

## for the year ended 30 June 2009

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### 1 Summary of Significant Accounting Policies (continued)

#### (e) Investments in financial assets at fair value through profit or loss (continued)

Discounted cash flow analysis is the process of estimating future cash flows that are expected to be generated by an asset and discounting these cash flows to their present value by applying an appropriate discount rate. The discount rate applied to the cash flows of a particular asset comprises the risk free interest rate appropriate to the country in which the asset is located and a risk premium, reflecting the uncertainty associated with the cash flows and/or the return over the risk free rate which an investor would require on the asset.

MIG engages independent traffic forecasting experts to provide a view on the most likely level of traffic to use the toll road having regard to a wide range of factors including the development of the surrounding road network, economic growth in the traffic corridor and people's willingness to pay specific toll levels based on the perceived benefits they gain from using the toll road.

The risk free rate for each asset is determined using the yields on 10 year nominal government bonds in the relevant jurisdiction at the valuation date.

The valuation derived from the discounted cash flow analysis is periodically benchmarked to other sources such as recent market transactions to ensure that the discounted cash flow valuation is providing a reliable measure.

Interest, dividends and other distributions received from investments brought to account at fair value are credited against the investments when received.

#### *Interests in interest bearing debt securities*

Interests in interest-bearing (public and other) debt securities are brought to account at fair value, determined in accordance with a valuation framework adopted by the directors. Discounted cash flow analysis is the methodology applied in the valuation framework. Adjustments to the fair value of debt securities are recognised in the Income Statement.

#### (f) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost. Interest income from loans and receivables is recognised using the effective interest method.

Receivables are generally received within 30 days of becoming due and receivable. A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off in the period in which they are identified.

#### (g) Investments in associates and subsidiaries

Investments in associates have been accounted for at fair value through profit or loss as noted above in both the parent and consolidated entity accounts.

Investments in subsidiaries have been accounted for at fair value through profit or loss as noted above in the parent entity accounts.

#### (h) Cash, cash equivalents and other financial assets

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

# Financial Report

## for the year ended 30 June 2009

### 1 Summary of Significant Accounting Policies (continued)

#### (i) Intangible assets – tolling concessions

Tolling concessions are intangible assets and represent the right to levy tolls in respect of controlled motorways.

Tolling concessions have a finite useful life by the terms of the concession arrangement and are carried at cost, which represents fair value on acquisition, less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of tolling concessions over their estimated useful lives.

#### (j) Property, plant and equipment

Property, plant and equipment includes leasehold improvements. Property, plant and equipment is recorded at cost, which represents fair value on acquisition less accumulated depreciation.

##### *Property, plant and equipment*

This comprises integrated land, buildings, leasehold improvements and plant and equipment used by the M6 Toll in exercising its tolling concession rights.

##### *Leasehold improvements*

Costs directly associated with the construction and improvement of the M6 Toll, including borrowing costs incurred up to the date of commencement of operations of the road, have been capitalised.

#### (k) Depreciation and amortisation of non-current assets

Non-current assets are depreciated or amortised on a straight-line basis over the period of the right to use the assets in accordance with contractual arrangements entered into by the controlled entities.

##### *Property, plant and equipment*

Depreciation is calculated to write off the net cost of property, plant and equipment over its estimated useful life. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life of property, plant and equipment for the M6 Toll is as follows:

Asset Description	Asset Classification	Estimated Useful Life	Depreciation basis
Road Infrastructure	M6 Toll Road	50 years	Straight line basis
Roadbase	M6 Toll Road	15 years	Straight line basis
Wearing Course	M6 Toll Road	8 years	Straight line basis
Road Buildings Infrastructure	M6 Toll Road	50 years	Straight line basis
Non Road Buildings including Motorway Service Area	Short Leasehold Land and Buildings	50 years	Straight line basis
Masts and Columns	Plant and Machinery	12 years	Straight line basis
Office Furniture and Fittings	Plant and Machinery	10 years	Straight line basis
Signage	Plant and Machinery	6 years	Straight line basis
Vehicles and Maintenance Equipment	Plant and Machinery	5 years	Straight line basis
IT Equipment	Plant and Machinery	3 years	Straight line basis
Toll Collection System	Plant and Machinery	3 years	Straight line basis

##### *Leasehold improvements*

Amounts recorded as leasehold improvements relating to the M6 Toll including expenses and borrowing costs, are amortised over the estimated remaining term of the right granted to operate the relevant road, being until January 2054.

The period of amortisation of leasehold improvements is reassessed on a regular basis.

##### *Tolling concessions*

Tolling concessions are amortised on a straight line basis over the life of each concession, expiring in January 2054 for the M6 Toll.

# Financial Report

## for the year ended 30 June 2009

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### 1 Summary of Significant Accounting Policies (continued)

#### (l) Impairment of assets

The carrying amount of tolling concessions, leasehold improvements and property, plant and equipment is assessed periodically to determine whether there are indications of any impairment of the value beyond what is expressed in the amortisation or depreciation charges. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount.

The recoverable amount of the asset is determined as the higher of the fair value less cost to sell and the value in use. If it is not possible to determine a recoverable amount for the individual assets, the assets are assessed together in the smallest group of assets which generate cash inflows that are largely independent of those from other assets or groups of assets.

#### (m) Prepayments

Prepayments recognised comprise costs incurred relating to the following financial years.

#### (n) Interest-bearing financial liabilities

Subsequent to initial recognition at fair value, net of transaction costs incurred, interest bearing financial liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method based on the lesser of the expected or contractual life.

#### (o) Financial instruments transaction costs

Transaction costs are included in the carrying amounts disclosed in the financial statements, except for financial assets or liabilities that are measured at fair value through the profit or loss, where transaction costs directly attributable to the acquisition or issue of the financial asset or liability are recognised in the Income Statement.

#### (p) Payables and other liabilities

Liabilities are recognised at fair value when an obligation exists to make future payments as a result of a purchase of assets or services, whether or not billed. Trade creditors are generally settled within 30 days.

#### (q) Distributions

A distribution payable is recognised for the amount of any distribution declared, or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

#### (r) Revenue and other income recognition

Revaluation income represents changes in the fair value of investments in listed and unlisted securities and interest bearing debt securities and is brought to account as described in Note 1(e) above. Interest income on cash balances is brought to account on an accruals basis and toll revenue is recognised when the service is provided. Other revenue is recognised when the fee in respect of services provided is receivable.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of subsidies, goods and services tax (GST) and value added tax (VAT).

#### (s) Income tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

# Financial Report

## for the year ended 30 June 2009

### 1 Summary of Significant Accounting Policies (continued)

#### (s) Income tax (continued)

Deferred income tax is determined using the Balance Sheet method, being the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

MIT(I) and its wholly owned Australian controlled entities have formed a tax-consolidated group under Australian taxation law as of 1 July 2003. The head entity, MIT(I), and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax accounts. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'standalone tax payer' approach.

Neither MIT(I) nor its controlled trusts are liable for income tax under the Income Tax Assessment Acts, provided that their taxable income (including any assessable realised capital gains) is fully distributed to unit holders each year.

Under current Bermudian law, MIGIL will not be subject to any income, withholding or capital gains taxes in Bermuda. Controlled entities of MIGIL that are subject to taxes in their jurisdictions recognise income tax using the balance sheet approach of tax effect accounting.

#### (t) Foreign currency translation

##### *Functional and presentation currency*

Items included in the financial statements of each of the Groups' entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of MIT(I) and MIT(II).

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

##### *Group companies*

The results and financial position of all the Groups' entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- income and expenses for each Income Statement are translated at exchange rates at the dates of transactions or at an average rate as appropriate; and
- all resulting exchange differences are recognised as a separate component of equity.

# Financial Report

## for the year ended 30 June 2009

### 1 Summary of Significant Accounting Policies (continued)

#### (t) Foreign currency translation (continued)

##### *Group Companies (continued)*

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to security holders' equity. When a foreign operation is sold or borrowings that form part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Income Statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### (u) Derivative financial instruments

The Groups enter into interest rate swap agreements and forward foreign exchange contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), or hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

##### *(i) Fair value hedges*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

##### *(ii) Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recycled through the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast interest payment that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

##### *(iii) Derivatives that are not designated as hedges or do not qualify for hedge accounting*

Certain derivative instruments are not designated as hedges or do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that are not designated as hedges or do not qualify for hedge accounting are recognised immediately in the Income Statement.

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# Financial Report

## for the year ended 30 June 2009

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### 1 Summary of Significant Accounting Policies (continued)

#### (u) Derivative financial instruments (continued)

##### *Fair value estimation*

The fair values of over-the-counter derivatives are determined using valuation techniques adopted by the directors with assumptions that are based on market conditions existing at each balance sheet date. The fair values of interest rate swaps are calculated as the present values of the estimated future cash flows. The fair values of forward exchange contracts are determined using forward exchange market rates at the balance sheet date.

#### (v) Earnings per stapled security/unit

##### *Basic earnings per stapled security/unit*

Basic earnings per stapled security/unit is determined by dividing the profit attributable to security holders/unit holders by the weighted average number of securities/units on issue during the year.

##### *Diluted earnings per stapled security/unit*

Diluted earnings per stapled security/unit adjusts the figures used in the determination of basic earnings per stapled security/unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary stapled securities/units and the weighted average number of stapled securities/units assumed to have been issued for no consideration in relation to dilutive potential ordinary stapled securities/units.

#### (w) Goods and Services Tax (GST) and Value Added Tax (VAT)

The amount of GST incurred by the Trusts that is not recoverable from the Australian Taxation Office (ATO) is recognised as an expense or as part of the cost of acquisition of an asset. These expenses have been recognised in the Income Statement net of the amount of GST recoverable from the ATO. The amount of VAT incurred by the controlled entities of the Company that is not recoverable from H.M. Revenue & Customs in the United Kingdom is recognised as an expense or as part of the cost of acquisition of an asset. Receivables and payables are stated at amounts inclusive of GST and VAT. The net amount of GST and VAT recoverable from the ATO and H.M. Revenue & Customs is included in receivables in the Balance Sheet. Cash flows relating to GST and VAT are included in the Cash Flow Statement on a gross basis.

#### (x) Segment reporting

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

#### (y) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Groups' share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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# Financial Report

## for the year ended 30 June 2009

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### 1 Summary of Significant Accounting Policies (continued)

#### (y) Acquisitions of assets (continued)

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

#### (z) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

#### (aa) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligations; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

#### (bb) Critical Accounting Estimates and Judgement

The preparation of the financial report in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparation of the financial report are reasonable. Actual results in the future may differ from those reported.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### *(i) Investments in financial assets at fair value through profit or loss*

Interests in financial assets are brought to account at fair value determined in accordance with the discounted cash flow analysis methodology adopted by the directors. Discounted cash flow is the process of estimating future cash flows that are expected to be generated by an asset and discounting these cash flows to their present value by applying an appropriate discount rate. The key assumptions used in calculating the fair value are therefore the future cash flows that are expected to be generated by an asset, the future financing costs of the asset and the appropriate discount rate.

Further information on the valuation of investments in financial assets can be found in Note 1(e), and information on the sensitivity of the valuations to the key assumptions is included in Note 10.

##### *(ii) Derivative financial instruments*

The fair values of over-the-counter derivatives are determined using valuation techniques adopted by the directors with assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps are calculated as the present value of the estimated future cash flows.

# Financial Report

## for the year ended 30 June 2009

### 1 Summary of Significant Accounting Policies (continued)

#### (bb) Critical Accounting Estimates and Judgement (continued)

##### *(iii) Income tax*

The Group is subject to income taxes in jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises anticipated tax liabilities based on its current understanding of the tax law.

In addition, the Group has recognised deferred tax assets relating to carried forward losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. The utilisation of tax losses depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

#### (cc) Accounting Standards and Interpretations issued but not effective as at 30 June 2009

##### ***AASB 8: Operating Segments***

AASB 8: *Operating Segments* and AASB 2007-3, *Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009). This standard will require the entity to adopt the 'management approach' to disclosing information about its reportable segments. Generally, the financial information will be reported on the same basis as it is used internally by the Responsible Entity for evaluating operating segment performance and deciding how to allocate resources to operating segments. Such information may be prepared using different measures to that used in preparing the Income Statement and Balance Sheet, in which case reconciliations of certain items will be required.

##### ***AASB 101: Presentation of Financial Statements***

AASB 101: *Presentation of Financial Statements* and amending standard AASB 2007-08: *Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009). AASB 101 introduces the notion of a 'complete set of financial statements', and changes the presentation of financial statements so owner changes in equity are disclosed separately from non-owner changes in equity. All non-owner changes in equity ('comprehensive income') will be presented either in one statement of comprehensive income or in two statements (an Income Statement and a statement of comprehensive income), instead of being presented in the statement of changes in equity. Additional disclosure will be made of the income tax relating to each component of other comprehensive income, and the titles of the financial statements will change although their use will not be mandatory ('balance sheet' becomes 'statement of financial position'; 'income statement' becomes part of the 'statement of comprehensive income', unless a separate income statement is provided; 'cash flow statement' becomes 'statement of cash flows'). AASB 2007-08 contains consequential amendments to disclosures required by other Australian Accounting Standards as a result of the revised AASB 101.

##### ***AASB 123: Borrowing Costs***

The revised AASB 123: *Borrowing Costs* and AASB 2007-6: *Amendments to Australian Accounting Standard arising from AASB 123* is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.

# Financial Report

## for the year ended 30 June 2009

### 1 Summary of Significant Accounting Policies (continued)

#### (cc) Accounting Standards and Interpretations issued but not effective as at 30 June 2009 (continued)

##### ***AASB 2008-3: Business Combinations and AASB 127: Consolidated and Separate Financial Statements***

AASB 2008-3: *Amendments to Australian Accounting Standards Arising from AASB 3 and AASB 127* (effective from 1 July 2009). These standards amend the accounting for certain aspects of business combinations and changes in ownership interests in controlled entities. Consequential amendments are made to other standards, AASB 128: *Investments in Associates* and AASB 131: *Interests in Joint Ventures*. Changes include:

- transaction costs are recognised as an expense at the acquisition date, unless the cost relates to issuing debt or equity securities;
- contingent consideration is measured at fair value at the acquisition date (allowing for a 12 month period post-acquisition to affirm fair values) without regard to the probability of having to make a future payment, and all subsequent changes in fair value are recognised in profit;
- changes in control are considered significant economic events, thereby requiring ownership interests to be remeasured to their fair value (and the gain/loss recognised in profit) when control of a controlled entity is gained or lost;
- changes in a parent's ownership interest in a controlled entity that do not result in a loss of control (e.g. dilutionary gains) are recognised directly in equity.

Until future acquisitions take place that are accounted for in accordance with revised AASB 3, the impact on MIG is not known.

##### ***AASB: 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)***

The amendments to AASB 5 *Discontinued Operations* and AASB 1 *First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards* are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

##### ***AASB 2008-8: Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)***

AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. MIG does not currently have hedges of this nature. Therefore, it is not expected to have a material impact on the Group's financial statements.

##### ***AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009)***

In April 2009, the AASB published amendments to AASB 7 *Financial Instruments: Disclosure* to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The AASB also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives. The Group will apply the amendments from 1 July 2009. They will not affect any of the amounts recognised in the financial statements.

# Financial Report

## for the year ended 30 June 2009

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### 1 Summary of Significant Accounting Policies (continued)

#### (cc) Accounting Standards and Interpretations issued but not effective as at 30 June 2009 (continued)

##### ***AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual periods beginning on or after 1 July 2009)***

The AASB has made amendments to AASB 2 *Share-based Payment*, AASB 138 *Intangible Assets* and AASB Interpretations 9 *Reassessment of Embedded Derivatives* and 16 *Hedges of a Net Investment in a Foreign Operation* as a result to the IASB's annual improvements project. The Group will apply the amendments from 1 July 2009. The Group does not expect that any adjustments will be necessary as a result of applying the revised rules.

##### ***AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual periods beginning on or after 1 July 2010)***

In May 2009, the AASB issued a number of improvements to existing Australian Accounting Standards Standards. The Group will apply the revised standards from 1 July 2010. The Group does not expect that any adjustments will be necessary as a result of applying the revised rules.

#### (dd) Comparative figures

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

#### (ee) Rounding of amounts

The Group is of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

# Financial Report

## for the year ended 30 June 2009

### 2 (Loss) / Profit for the Year

The (loss) / profit from continuing activities before income tax includes the following specific items of revenue, revaluation, other income and expense:

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Revenue from continuing activities</b>				
Interest income from related parties	1,419	1,295	224	327
Interest income from other persons and corporations	35,582	69,132	2,538	4,729
Toll revenue	121,612	127,847	-	-
Other revenue	14,390	5,418	-	-
<b>Total revenue from continuing activities</b>	<b>173,003</b>	<b>203,692</b>	<b>2,762</b>	<b>5,056</b>
<b>Revaluation (loss) / gain from continuing activities</b>				
Revaluation of interests in partnerships, unlisted securities in companies and trusts designated at fair value through profit or loss	(2,115,172)	1,063,110	(97,377)	26,153
Revaluation of interest bearing financial assets designated at fair value through profit or loss	(283,470)	108,482	(15,978)	41,046
Net foreign exchange gain / (loss)	41,587	12,520	15,276	(6,953)
<b>Total revaluation (loss) / gain from continuing activities</b>	<b>(2,357,055)</b>	<b>1,184,112</b>	<b>(98,079)</b>	<b>60,246</b>
<b>Other income from continuing activities</b>				
(Loss) / gain on derivative financial instruments	(16,788)	10,260	-	-
Net foreign exchange gain / (loss)	37,259	(44,496)	7	52
Refund of goods and services tax paid in prior periods	-	2,777	-	1,043
<b>Total other income from continuing activities</b>	<b>20,471</b>	<b>(31,459)</b>	<b>7</b>	<b>1,095</b>
<b>Total revaluation (loss) / gain and other income from continuing activities</b>	<b>(2,336,584)</b>	<b>1,152,653</b>	<b>(98,072)</b>	<b>61,341</b>
<b>Total revenue and other income from continuing activities</b>	<b>(2,163,581)</b>	<b>1,356,345</b>	<b>(95,310)</b>	<b>66,397</b>

# Financial Report

## for the year ended 30 June 2009

### 2 (Loss) / Profit for the Year (continued)

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Operating expenses from continuing activities</b>				
<b>Finance costs</b>				
Interest paid to related parties	-	-	27,164	35,926
Interest paid to other persons and corporations	150,113	150,984	1,958	2,839
Revision to carrying value of financial liabilities carried at amortised cost (see Note 17)	36,733	-	-	-
	<b>186,846</b>	150,984	<b>29,122</b>	38,765
<b>Other operating expenses</b>				
Amortisation of tolling concessions	2,606	2,613	-	-
<b>Depreciation:</b>				
Plant and machinery	6,098	6,424	-	-
Land and buildings	996	1,029	-	-
M6 Toll Road	32,848	35,962	-	-
	<b>39,942</b>	43,415	-	-
<b>Cost of operations:</b>				
Employment costs	14,801	12,290	-	-
Operating expenses	10,317	6,726	-	-
Operating lease rentals	39,384	55,425	-	-
	<b>64,502</b>	74,441	-	-
<b>Other operating expenses:</b>				
Auditors remuneration	1,826	2,535	528	716
Consulting and administration fees	12,448	7,389	6,690	4,995
Custodians' fees	237	182	111	45
Responsible entity's and adviser's base fees	36,880	67,029	1,268	7,700
Other expenses	12,899	11,280	205	719
	<b>64,290</b>	88,415	<b>8,802</b>	14,175
<b>Total other operating expenses</b>	<b>171,340</b>	208,884	<b>8,802</b>	14,175
<b>Total operating expenses from continuing activities</b>	<b>358,186</b>	359,868	<b>37,924</b>	52,940

# Financial Report

## for the year ended 30 June 2009

### 2 (Loss) / Profit for the Year (continued)

Parent Entity	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Revenue from continuing activities</b>				
Interest income from related parties	27,825	36,495	148	292
Interest income from other persons and corporations	9,588	9,983	490	3,849
<b>Total revenue from continuing activities</b>	<b>37,413</b>	46,478	<b>638</b>	4,141
<b>Revaluation (loss) / gain from continuing activities</b>				
Revaluation of interests in partnerships, unlisted securities in companies and trusts	(455,374)	125,248	(112,247)	24,684
Revaluation of interest bearing financial assets	-	-	3,175	7,376
Net foreign exchange gain / (loss)	156,909	(76,064)	15,276	(6,953)
<b>Total revaluation (loss) / gain from continuing activities</b>	<b>(298,465)</b>	49,184	<b>(93,796)</b>	25,107
<b>Other income from continuing activities</b>				
Foreign exchange gain / (loss)	8,436	(2,772)	8	52
Refund of goods and services tax paid in prior periods	-	1,735	-	1,043
<b>Total other income from continuing activities</b>	<b>8,436</b>	(1,037)	<b>8</b>	1,095
<b>Total revaluation (loss) / gain and other income from continuing activities</b>	<b>(290,029)</b>	48,147	<b>(93,788)</b>	26,202
<b>Total revenue and other income from continuing activities</b>	<b>(252,616)</b>	94,625	<b>(93,150)</b>	30,343

# Financial Report

## for the year ended 30 June 2009

### 2 (Loss) / Profit for the Year (continued)

Parent Entity	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Operating expenses from continuing activities</b>				
<b>Finance costs</b>				
Interest paid to related parties	-	-	27,115	7,383
Interest paid to other persons and corporations	827	631	1,863	2,839
	<b>827</b>	<b>631</b>	<b>28,978</b>	<b>10,222</b>
<b>Other operating expenses</b>				
Auditors remuneration	473	854	528	547
Consulting and administration fees	921	404	6,451	4,886
Custodians fees	126	136	111	45
Impairment provision on loans to related parties	83,926	-	-	-
Responsible entity's and adviser's base fees	5,669	3,064	1,268	7,700
Other expenses	1,955	2,480	3,688	717
<b>Total other operating expenses</b>	<b>93,070</b>	<b>6,938</b>	<b>12,046</b>	<b>13,895</b>
<b>Total operating expenses from continuing activities</b>	<b>93,897</b>	<b>7,569</b>	<b>41,024</b>	<b>24,117</b>

# Financial Report

## for the year ended 30 June 2009

### 3 Income Tax Expense

The income tax expense for the financial year differs from the amount calculated on the (loss) / profit from continuing activities. The differences are reconciled as follows:

Consolidated	Note	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>(a) (Loss) / Profit from continuing activities before income tax (expense) / benefit</b>					
Prima facie income tax on (loss) / profit from continuing activities at the Australian tax rate of 30% (2008 – 30%)		(756,530)	298,943	(39,970)	4,037
Tax effect of operating result of MIT(I) Group		39,970	(4,037)	39,970	(4,037)
Tax effect of operating result of MIGIL		492,797	(237,703)	-	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:					
Non-assessable income		-	(332)	-	-
Non-deductible tolling concession amortisation		496	489	-	-
Non-deductible depreciation		1,765	5,495	-	-
Non-deductible expenditure		4,292	7,251	-	-
Prior year tax losses utilised		(23,305)	(11,012)	-	-
Previously unrecognised losses brought to account		(94,763)	-	-	-
Deferred tax liability recognised (*)		194,839	-	-	-
Deferred tax asset on revaluation loss not brought to account		68,950	-	-	-
Difference in overseas tax rates		(52,654)	19,670	-	-
(Over) / under provision in prior year		(3,486)	2,386	16	1,619
Sundry items		4,309	1,136	-	-
Aggregate income tax (benefit) / expense		(123,320)	82,286	16	1,619
<b>(b) Income tax expense</b>					
Aggregate income tax expense comprises:					
Current taxation provision		5,759	321	-	-
Deferred tax liability		(125,593)	79,579	-	-
(Over) / under provision in prior year		(3,486)	2,386	16	1,619
		(123,320)	82,286	16	1,619
Income tax expense is attributable to:					
(Loss) / profit from continuing activities		(123,320)	82,286	16	1,619
Aggregate income tax (benefit) / expense		(123,320)	82,286	16	1,619
Deferred income tax (benefit) / expense included in income tax (benefit) / expense comprises:					
(Decrease) / increase in deferred tax liabilities	18	(125,593)	79,579	-	-
<b>(c) Amounts recognised directly in equity</b>					
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:					
Deferred tax – credited directly to equity	18	(36,575)	(39,862)	-	-
<b>(d) Tax losses</b>					
Unused tax losses for which no deferred tax asset has been recognised		928,079	1,024,946	27,193	80,037
Potential tax benefit of unused tax losses		298,930	320,674	8,158	29,011

(\*) As a result of legislative change affecting depreciation deductions for the M6 Toll, a deferred tax liability of \$194.8 million has been recognised.

# Financial Report

## for the year ended 30 June 2009

### 3 Income Tax Expense (continued)

Parent Entity	Note	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>(a) (Loss) / profit from continuing operations before income tax (expense) / benefit</b>		<b>(346,513)</b>	87,056	<b>(134,174)</b>	6,226
Prima facie income tax on (loss) / profit from continuing activities at the Australian tax rate of 30% (2008 – 30%)		<b>(103,954)</b>	26,117	<b>(40,252)</b>	1,868
Tax effect of operating result of MIT(I)		-	-	<b>40,252</b>	(1,868)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:					
Non-assessable income		-	(5,156)	-	-
Non-deductible expenditure (*)		<b>26,698</b>	191	-	-
Prior year tax losses utilised		<b>(23,305)</b>	(11,012)	-	-
Deferred tax asset on revaluation loss not brought to account		<b>85,803</b>	-	-	-
Sundry items		<b>280</b>	320	-	-
Aggregate income tax (benefit) / expense		<b>(14,478)</b>	10,460	-	-
<b>(b) Income tax expense</b>					
Aggregate income tax expense comprises:					
Current taxation provision		<b>5,759</b>	-	-	-
Deferred tax liability		<b>(20,822)</b>	10,460	-	-
Under provision in prior year		<b>585</b>	-	-	-
		<b>(14,478)</b>	10,460	-	-
Income tax expense is attributable to:					
(Loss) / profit from continuing activities		<b>(14,478)</b>	10,460	-	-
Aggregate income tax (benefit) / expense		<b>(14,478)</b>	10,460	-	-
Deferred income tax expense / (revenue) included in income tax expense comprises:					
(Decrease) / increase in deferred tax liabilities	18	<b>(20,822)</b>	10,460	-	-
<b>(c) Tax losses</b>					
Unused tax losses for which no deferred tax asset has been recognised		<b>59,722</b>	142,910	<b>27,193</b>	80,037
Potential tax benefit of unused tax losses		<b>17,917</b>	42,873	<b>8,158</b>	24,011

(\*) The non-deductible expenditure in 2009 primarily relates to an impairment provision on loans to related parties

# Financial Report

## for the year ended 30 June 2009

### 4 Remuneration of Auditors

Consolidated	MIG 30 June 2009 \$	MIG 30 June 2008 \$	MIT(I) 30 June 2009 \$	MIT(I) 30 June 2008 \$
<b>Amounts paid or payable to PricewaterhouseCoopers Australian firm for:</b>				
Audit services	721,035	676,115	251,678	180,724
Other services				
Taxation compliance services	407,068	970,355	266,548	526,384
Trust compliance services	10,186	16,115	9,471	8,415
	<b>1,138,289</b>	<b>1,662,585</b>	<b>527,697</b>	<b>715,523</b>
<b>Amounts paid or payable to related practices of PricewaterhouseCoopers Australian firm for:</b>				
Audit services	338,303	542,442	-	-
Other services				
Taxation compliance services	405,092	329,709	-	-
	<b>743,395</b>	<b>872,151</b>	<b>-</b>	<b>-</b>

Of the amounts paid or payable to PricewaterhouseCoopers \$585,311 (2008: \$803,951) is attributable to MIGIL and its controlled entities.

Parent Entity	MIT(II) 30 June 2009 \$	MIT(II) 30 June 2008 \$	MIT(I) 30 June 2009 \$	MIT(I) 30 June 2008 \$
<b>Amounts paid or payable to PricewaterhouseCoopers Australian firm for:</b>				
Audit services	368,642	408,017	251,678	136,824
Other services				
Taxation compliance services	103,940	438,169	266,548	401,472
Trust compliance services	715	7,700	9,471	8,415
	<b>473,297</b>	<b>853,886</b>	<b>527,697</b>	<b>546,711</b>

# Financial Report

## for the year ended 30 June 2009

### 5 Distributions Paid and Proposed

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
The distributions were paid/payable as follows:				
Interim distribution paid for period ended 31 December	231,477	241,529	-	-
Final distribution proposed and subsequently paid for the year ended 30 June	226,173	240,383	104,628	-
	457,650	481,912	104,628	-
	<b>Cents per stapled security</b>	<b>Cents per stapled security</b>	<b>Cents per unit</b>	<b>Cents per unit</b>
Interim distribution paid for the period ended 31 December (100% unfranked)	10.0000	10.0000	-	-
Final distribution proposed and subsequently paid for the year ended 30 June (8.67% franked*)	10.0000	10.0000	4.64	-
	20.0000	20.0000	4.64	-

(\*) Franking credits are only attributable to the MIT(II) component of the MIG distribution.

The final distribution was paid on 14 August 2009.

Parent Entity	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
The distributions were paid/payable as follows:				
Final distribution proposed and subsequently paid for the year ended 30 June	121,545	-	104,628	-
	121,545	-	104,628	-
	<b>Cents per unit</b>	<b>Cents per unit</b>	<b>Cents per unit</b>	<b>Cents per unit</b>
Interim distribution paid for the period ended 31 December	-	-	-	-
Final distribution proposed and subsequently paid for the year ended 30 June (MIT(II) – 16.17% franked)	5.36	-	4.64	-
	5.36	-	4.64	-

# Financial Report

## for the year ended 30 June 2009

### 6 Cash and Cash Equivalent

	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
Consolidated				
Cash at bank	80,813	60,014	24,817	4,956
Short term money market investments	838,621	877,006	121,311	20,826
Cash not available for use	36,085	47,192	-	-
	<b>955,519</b>	984,212	<b>146,128</b>	25,782

	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
Parent Entity				
Cash at bank	8,141	11,253	23,933	4,683
Short term money market investments	382,708	188,894	-	20,826
Cash not available for use	4,412	3,715	-	-
	<b>395,261</b>	203,862	<b>23,933</b>	25,509

#### (a) Short term money market investments

The short term money market investments outstanding at year-end mature within 90 days (2008: 120 days) and pay interest between 0.41% - 3.35% (2008: 2.67% - 8.30%) per annum.

The majority of the cash at bank balance is held in accounts earning money market rates of interest.

#### (b) Cash not available for use

This includes restricted amounts relating to Macquarie Motorways Group Limited's (MMG) debt service obligations, equity commitments to Warnowquerung GmbH & Co. KG (Warnow Tunnel) and blocked deposits required under Midland Expressway Ltd's (MEL) concession agreement obligations amounting to \$31.7 million (2008: \$43.5 million).

MIT(II) has also provided letters of credit totalling US\$3.6 million (\$4.4 million) (2008: US\$3.6 million (\$3.8 million)) to several agencies which have granted environmental permits for the construction of the South Bay Expressway. The letters of credit are backed by an on-demand guarantee, provided through a secured cash deposit of US\$3.6 million (\$4.4 million) (2008: US\$3.6 million (\$3.8 million)).

Discussion of the Groups' and the Parents' policies concerning the management of credit risk can found in Note 27.

# Financial Report

## for the year ended 30 June 2009

### 7 Receivables

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Current</b>				
GST and VAT recoverable	202	377	38	282
Loan to related party	-	-	101,261	-
Other receivables	8,158	2,097	60	-
Total current receivables	8,360	2,474	101,359	282
<b>Non-current</b>				
Loan to related party	-	3,230	-	-
Total non-current receivables	-	3,230	-	-

Parent Entity	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Current</b>				
GST recoverable	163	94	38	282
Loans to related entities	-	-	101,261	-
Other receivables	8,169	1,497	59	167
Total current receivables	8,332	1,591	101,358	449
<b>Non-current</b>				
Loans to related entities	485,097	508,580	-	-
Provision for impairment	(83,926)	-	-	-
Total non-current receivables	401,171	508,580	-	-

The fair values of receivables approximate their carrying values with the exception of the MIT(II) Parent's non-current loans to related entities. The fair value of MIT(II) Parent's non-current loans to related entities after provision for impairment is \$357.3 million. This difference to carrying value of \$43.9 million is due to higher credit margins observed on recent transactions of similar rated debt.

The Groups' and Parents' maximum credit exposure for receivables is the carrying value.

Discussion of the Groups' and the Parents' policies concerning the management of credit risk can found in Note 27.

### 8 Prepayments

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Current</b>				
Prepaid expenses	3,201	2,335	380	122
Total current prepayments	3,201	2,335	380	122
<b>Parent Entity</b>				
<b>Current</b>				
Prepaid expenses	380	122	380	122
Total current prepayments	380	122	380	122

# Financial Report

## for the year ended 30 June 2009

### 9 Derivative Financial Instruments

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Current assets</b>				
Interest rate swap contracts	-	47,096	-	-
<b>Total current derivative financial instrument assets</b>	-	47,096	-	-
<b>Non-current assets</b>				
Interest rate swap contracts	-	67,699	-	-
<b>Total non-current derivative financial instrument assets</b>	-	67,699	-	-
<b>Current liabilities</b>				
Interest rate swap contracts	63,831	-	-	-
<b>Total current derivative financial instrument liabilities</b>	63,831	-	-	-
<b>Non-current liabilities</b>				
Interest rate swap contracts	4,949	-	-	-
<b>Total non-current derivative financial instrument liabilities</b>	4,949	-	-	-

#### Instruments used by the Group

At 30 June 2009, the Group is party to derivative financial instruments entered into in the normal course of business, in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to Note 27).

#### *Interest rate swap contracts – cash flow hedges*

Macquarie Motorways Group Limited (MMG) has entered into a 30 year interest rate hedge, such that all floating rate payments due on the £1.00 billion term loan (refer to Note 17) have been fixed. The swap contracts entered into have structured fixed payments at levels that increase from period to period. The levels of fixed payments start at a low rate and then increase over 20 years until they reach a plateau rate for the remainder of the term. The swap contracts are currently being settled on a six monthly basis.

The interest rate swap contracts have been designated and qualify as a cash flow hedge. The gain or loss arising from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into the Income Statement when the hedged interest expense is recognised.

At the Balance Sheet date these contracts were liabilities with a fair value of £33.7 million (\$68.8 million) (2008: asset of £53.3 million (\$110.8 million)) and have been disclosed as derivative financial instrument liabilities or assets on the Balance Sheet. The fair value movement of the swaps in the year was a loss of £85.8 million (\$230.1 million) (2008: £54.3 million (\$125.5 million)). Of this movement a loss of £85.6 million (\$229.0 million) (2008: £55.7 million (\$128.3 million)) has been recognised in the Statement of Changes in Equity in the cash flow hedging reserve and a loss of £0.2 million (\$1 million due to monthly foreign exchange rate variations) (2008: gain of £1.4 million (\$2.8 million)) has been recognised in the Income Statement.

A liability of £74.8 million (\$152.5 million) (2008: £50.6 million (\$105.2 million)) has been recognised in interest bearing financial liabilities (refer to note 17) to reflect the low rates of fixed payments currently being paid under the swap contracts.

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# Financial Report

## for the year ended 30 June 2009

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### 9 Derivative Financial Instruments (continued)

#### *Interest rate swap contracts – other*

During the year ended 30 June 2008 MMG entered into a 1 year basis swap agreement for a notional amount of £1.00 billion. Under the terms of the swap agreement MMG paid 6 month London Interbank Offered Rate (LIBOR) and received 1 month LIBOR plus a premium from 30 June 2008 to 30 June 2009. The fair value movement of these swaps in the year was a loss of £3.1 million (\$15.7 million due to monthly foreign exchange rate variations) which has been recognised in the Income Statement.

At 30 June 2009, the notional principal amounts and periods of expiry of MMG's interest rate swap contracts are:

	2009 \$'000	2008 \$'000
1 - 5 years	-	2,079,152
25 – 27 years	2,039,361	2,079,152

#### **Instruments used by MIT(I) Group and MIT(I) Parent**

The MIT(I) Group and MIT(I) parent did not hold any derivatives at 30 June 2009.

#### **Instruments used by MIT(II) Parent**

The MIT(II) parent did not hold any derivatives at 30 June 2009.

# Financial Report

## for the year ended 30 June 2009

### 10 Investments in Financial Assets at Fair Value through Profit or Loss

#### (a) MIG Consolidated

##### *Investments in Financial Assets*

The table below summarises the movements in MIG's investments in financial assets during the year ended 30 June 2009.

	Balance at 30 June 2008 \$'000	Investments \$'000	Returns from investments Note (i) \$'000	FX effects Note (ii) \$'000	Revaluations \$'000	Divestments \$'000	Balance at 30 June 2009 \$'000
<b>Interests in unlisted securities in companies, partnerships and trusts</b>							
407 International Inc.	3,295,005	-	(56,637)	196,244	(150,736)	-	<b>3,283,876</b>
Lusoponte Concessionária para a Travessia do Tejo S.A. (iii)	187,608	-	(3,428)	42,805	(3,818)	(223,167)	-
Chicago Skyway Partnership	235,727	-	(3,011)	66,565	(150,972)	-	<b>148,309</b>
Financière Eiffarie SAS (APRR) (iv)	1,471,391	28,736	(40,638)	205,192	(1,121,321)	-	<b>543,360</b>
Indiana Toll Road Partnership	344,356	-	(4,198)	110,123	(352,141)	-	<b>98,140</b>
South Bay Expressway L.P.	132,851	17,022	-	53,625	(203,498)	-	-
Dulles Greenway Partnership	94,532	578	-	32,338	(85,861)	-	<b>41,587</b>
WSO Co. Pty Limited (Westlink M7) (v)	84,531	5,591	-	-	(6,144)	(83,978)	-
Western Sydney Road Group (Westlink M7) (v)	-	399,331	(3,240)	-	(37,280)	-	<b>358,811</b>
Warnowquerung GmbH & Co. KG Partnership (Warnow tunnel)	1,681	-	-	130	(511)	-	<b>1,300</b>
Transtoll Pty Limited	1,701	1,189	-	-	(2,890)	-	-
	<b>5,849,383</b>	<b>452,447</b>	<b>(111,152)</b>	<b>707,022</b>	<b>(2,115,172)</b>	<b>(307,145)</b>	<b>4,475,383</b>
<b>Interests in interest bearing financial assets</b>							
Financière Eiffarie SAS Bonds (APRR) (iv)	493,072	43,104	(21,448)	28,017	(190,952)	-	<b>351,793</b>
Dulles Greenway Subordinated Loans	302,973	-	-	74,827	(76,540)	-	<b>301,260</b>
Westlink M7 Subordinated Term Loan Notes (v)	717,580	34,086	(19,423)	-	(15,978)	(716,265)	-
	<b>1,513,625</b>	<b>77,190</b>	<b>(40,871)</b>	<b>102,844</b>	<b>(283,470)</b>	<b>(716,265)</b>	<b>653,053</b>
<b>Total investments</b>	<b>7,363,008</b>	<b>529,637</b>	<b>(152,023)</b>	<b>809,866</b>	<b>(2,398,642)</b>	<b>(1,023,410)</b>	<b>5,128,436</b>

At 30 June 2009, the total value of MIG's investments in financial assets is \$5,128.4 million (2008: \$7,363.0 million) (including minority interests). The values of these investments, which are unlisted, have been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors. Refer to note 1(e).

# Financial Report

## for the year ended 30 June 2009

### 10 Investments in Financial Assets at Fair Value through Profit or Loss (continued)

#### (a) MIG Consolidated (continued)

The investment valuation sensitivity to movements in the discount rates, revenue forecasts and project level interest rates is disclosed in the table below.

	2009 50 bps lower \$ million	2009 50 bps higher \$ million	2008 50 bps lower \$ million	2008 50 bps higher \$ million
Change in valuation of investments due to movement in the discount rates	556.1	(475.8)	734.3	(631.9)

	2009 5% lower \$ million	2009 5% higher \$ million	2008 5% lower \$ million	2008 5% higher \$ million
Change in the valuation of investments due to movement in revenue forecasts	(578.7)	588.4	(847.4)	837.2

	2009 50 bps lower \$ million	2009 50 bps higher \$ million	2008 50 bps lower \$ million	2008 50 bps higher \$ million
Change in the valuation of investments due to movement in interest rates	87.9	(86.4)	119.6	(118.1)

# Financial Report

## for the year ended 30 June 2009

### 10 Investments in Financial Assets at Fair Value through Profit or Loss (continued)

#### (b) MIT(I) Group

##### *Investments in Financial Assets*

The table below summarises the movements in MIT(I) Group's investments in financial assets during the year ended 30 June 2009.

	Balance at 30 June 2008 \$'000	Investments \$'000	Returns from investment Note (i) \$'000	FX effects Note (ii) \$'000	Revaluations \$'000	Divestments \$'000	Balance at 30 June 2009 \$'000
<b>Interests in unlisted securities in companies and trusts</b>							
WSO Co. Pty Limited (Westlink M7) (v)	15,127	5,592	-	-	(2,123)	(18,596)	-
Western Sydney Road Group (Westlink M7) (v)	-	399,331	(3,240)	-	(37,280)	-	<b>358,811</b>
MIG Holdings (US) LLC (Chicago Skyway) (B Class shares)	15,298	-	-	3,984	(14,959)	-	<b>4,323</b>
MIG Holdings 2 (US) LLC (Dulles Greenway) (B Class shares)	32,152	-	-	11,292	(43,015)	-	<b>429</b>
	62,577	404,923	(3,240)	15,276	(97,377)	(18,596)	<b>363,563</b>
<b>Interests in interest bearing financial assets</b>							
Westlink M7 Subordinated term Loan Notes (v)	717,580	34,086	(19,423)	-	(15,978)	(716,265)	-
	717,580	34,086	(19,423)	-	(15,978)	(716,265)	-
<b>Total investments</b>	<b>780,157</b>	<b>439,009</b>	<b>(22,663)</b>	<b>15,276</b>	<b>(113,355)</b>	<b>(734,861)</b>	<b>363,563</b>

At 30 June 2009, the total value of MIT(I) Group's investments in financial assets is \$363.6 million (2008: \$780.2 million). The values of these investments, which are unlisted, have been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors. Refer to note 1(e).

The investment valuation sensitivity to movements in the discount rates, revenue forecasts and project level interest rates is disclosed in the table below.

	2009 50 bps lower \$ million	2009 50 bps higher \$ million	2008 50 bps lower \$ million	2008 50 bps higher \$ million
Change in valuation of investments due to movement in the discount rates	19.5	(18.1)	42.7	(40.0)

	2009 5% lower \$ million	2009 5% higher \$ million	2008 5% lower \$ million	2008 5% higher \$ million
Change in the valuation of investments due to movement in revenue forecasts	(28.9)	23.1	17.8	(17.9)

	2009 50 bps lower \$ million	2009 50 bps higher \$ million	2008 50 bps lower \$ million	2008 50 bps higher \$ million
MIT(I) Consolidated				
Change in the valuation of investments due to movement in interest rates	7.0	(6.7)	13.7	(13.7)

# Financial Report

## for the year ended 30 June 2009

### 10 Investments in Financial Assets at Fair Value through Profit or Loss (continued)

#### (c) MIT(II) Parent

##### *Investments in Financial Assets*

The table below summarises the movements in MIT(II) Parent's investments in financial assets during the year ended 30 June 2009.

	Balance at 30 June 2008 \$'000	Investments \$'000	Returns from investments Note (i) \$'000	FX effects Note (ii) \$'000	Revaluations \$'000	Divestments \$'000	Balance at 30 June 2009 \$'000
<b>Interests in unlisted securities in companies *</b>							
MIT(II) Holdings Pty Limited	28	-	-	-	-	-	28
Macquarie Infrastructure US Pty Limited (South Bay Expressway)	52,446	-	-	18,590	(71,036)	-	-
MIG Investments Australia Pty Limited (Chicago Skyway and Indiana Toll Road)	475,166	-	(7,208)	126,426	(364,777)	-	229,607
Macquarie Infrastructure Australia Pty Limited (Dulles Greenway)	43,054	-	-	11,893	(15,541)	-	39,406
MIG – Western Sydney Orbital Holding Company Pty Limited (Westlink M7) (v)	69,405	-	-	-	(4,020)	(65,385)	-
<b>Total investments</b>	<b>640,099</b>	<b>-</b>	<b>(7,208)</b>	<b>156,909</b>	<b>(455,374)</b>	<b>(65,385)</b>	<b>269,041</b>

(\*) Investments with a fair value of less than \$1,000 have been excluded from the list above. These are included on the full list of investments in associates in Note 14.

At 30 June 2009, the total value of MIT(II) Parent's investments in financial assets is \$269.0 million (2008: \$640.1 million). The values of these investments, which are unlisted, have been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors. Refer to note 1(e).

The investment valuation sensitivity to movements in the discount rates, revenue forecasts and project level interest rates is disclosed in the table below.

	2009 50 bps lower \$ million	2009 50 bps higher \$ million	2008 50 bps lower \$ million	2008 50 bps higher \$ million
Change in valuation of investments due to movement in the discount rates	35.2	(26.5)	96.8	(83.2)

	2009 5% lower \$ million	2009 5% higher \$ million	2008 5% lower \$ million	2008 5% higher \$ million
Change in the valuation of investments due to movement in revenue forecasts	(38.0)	44.3	(155.9)	152.0

	2009 50 bps lower \$ million	2009 50 bps higher \$ million	2008 50 bps lower \$ million	2008 50 bps higher \$ million
Change in the valuation of investments due to movement in interest rates	9.1	(6.9)	21.0	(21.1)

# Financial Report

## for the year ended 30 June 2009

### 10 Investments in Financial Assets at Fair Value through Profit or Loss (continued)

#### (d) MIT (I) Parent

##### *Investments in Financial Assets*

The table below summarises the movements in MIT(I) Parent's investments in financial assets during the year ended 30 June 2009.

	Balance at 30 June 2008 \$'000	Investments \$'000	Returns from investment Note (i) \$'000	FX effects Note (ii) \$'000	Revaluations \$'000	Divestments \$'000	Balance at 30 June 2009 \$'000
<b>Interests in unlisted securities in companies and trusts*</b>							
Western Sydney Orbital Funding Trust (v)	679,920	22,342	(368,037)	-	(17,161)	-	<b>317,064</b>
LMI WSO Holdings No.3 Pty Limited (v)	15,127	3,914	-	-	-	(19,041)	-
WSO Sub-Trust No.1-5 (Westlink M7)** (v)	-	399,177	(3,240)	-	(37,111)	-	<b>358,826</b>
MIG Holdings (US) LLC (Chicago Skyway) (B Class Shares)	15,298	-	-	3,984	(14,959)	-	<b>4,323</b>
MIG Holdings 2 (US) LLC (Dulles Greenway) (B Class Shares)	32,152	-	-	11,292	(43,016)	-	<b>428</b>
	<b>742,497</b>	<b>425,433</b>	<b>(371,277)</b>	<b>15,276</b>	<b>(112,247)</b>	<b>(19,041)</b>	<b>680,641</b>
<b>Interest bearing financial assets</b>							
Abigroup Westlink Partner Holding No 3 Pty Ltd Redeemable Preferences Shares (v)	43,039	-	(902)	-	3,175	(45,312)	-
	<b>43,039</b>	<b>-</b>	<b>(902)</b>	<b>-</b>	<b>3,175</b>	<b>(45,312)</b>	<b>-</b>
<b>Total investments</b>	<b>785,536</b>	<b>425,433</b>	<b>(372,179)</b>	<b>15,276</b>	<b>(109,072)</b>	<b>(64,353)</b>	<b>680,641</b>

(\*) Investments with a fair value of less than \$1,000 have been excluded from the list above. These are included on the full list of investments in associates in Note 14.

(\*\*) MIT(I) holds its 50% interest in WSRG through five separate wholly owned trusts, each of which holds an equal 10% equity interest.

At 30 June 2009, the total value of MIT(I) Parent's investments in financial assets is \$680.6 million (2008: \$785.5 million). The values of these investments, which are unlisted, have been determined by discounted cash flow analyses in accordance with the valuation framework adopted by the directors. Refer to note 1(e).

# Financial Report

## for the year ended 30 June 2009

### 10 Investments in Financial Assets at Fair Value through Profit or Loss (continued)

#### (d) MIT (I) Parent (continued)

The investment valuation sensitivity to movements in the discount rates, revenue forecasts and project level interest rates is disclosed in the table below.

	2009 50 bps lower \$ million	2009 50 bps higher \$ million	2008 50 bps lower \$ million	2008 50 bps higher \$ million
Change in valuation of investments due to movement in the discount rates	19.5	(18.1)	42.7	(40.0)

	2009 5% lower \$ million	2009 5% higher \$ million	2008 5% lower \$ million	2008 5% higher \$ million
Change in the valuation of investments due to movement in revenue forecasts	(28.9)	23.1	17.8	(17.9)

	2009 50 bps lower \$ million	2009 50 bps higher \$ million	2008 50 bps lower \$ million	2008 50 bps higher \$ million
Change in the valuation of investments due to movement in interest rates	7.0	(6.7)	13.7	(13.7)

#### Notes

##### (i) Returns from investments

Distributions or receipts from the investments are credited directly against the investment when received.

##### (ii) Foreign Exchange (FX) effects

Where an investment in a toll road company is held by a group entity that has the same functional currency as the asset, but a different functional currency to MIT(I) and MIT(II), FX effects resulting from translation of the group entity's assets and liabilities are taken to the Foreign Currency Translation Reserve. Where an investment in a toll road company is held by a group entity that has a functional currency different from that of the asset, FX effects resulting from translation of the investment in the books of the group entity are taken through the Income Statement. Of the \$809.9 million foreign exchange gain relating to MIG's investments in financial assets, \$41.6 million was credited to the Income Statement and \$768.3 million was taken to the Foreign Currency Translation Reserve and Minority Interest.

MIT(I) Group and MIT(I) Parent had a foreign exchange gain of \$15.3 million relating to their investments in financial assets which was taken through the Income Statement in full.

MIT(II) Parent also took the full \$156.9 million foreign exchange gain relating to its investment in financial assets through the Income Statement.

##### (iii) Lusoponte

In September 2008, MIG accepted a binding offer from two of the existing shareholders in Lusoponte, Mota-Engil Concessões de Transporte (Mota) and Vinci SA (Vinci), to purchase MIG's 30.6% interest in Lusoponte for €112 million (\$227.0 million). The conditions precedent were met on 30 December 2008. The sale was completed on 5 January 2009.

# Financial Report

## for the year ended 30 June 2009

### 10 Investments in Financial Assets at Fair Value through Profit or Loss (continued)

#### (iv) *Financière Eiffarie (APRR)*

The Group's interest in APRR is held through Macquarie Autoroutes de France SA (MAF) and MAF Finance Sarl (MFS), companies owned 50% plus one share by the Group and 50% less one share by Macquarie European Infrastructure Fund (MEIF). The Group's interest in MAF and MFS is subject to put and call options granted in favour of MEIF. These options include provisions that enable MEIF to sell its interest in MAF and MFS to the Group or purchase the Group's interest in MAF and MFS at fair market value in the event that a Macquarie Group Limited (MGL) Group entity ceases to be the manager of MAF.

In addition, Eiffage SA has a call option over MAF's shares in Financière Eiffarie, exercisable at fair value in the event that a MGL Group entity ceases to be the adviser of MAF.

The decrease in valuation of MAF's investment in Financière Eiffarie has been driven by: revisions to forecast traffic in light of the current economic climate; revisions to financing assumptions in light of the current credit markets; and an increase in discount rate as set out below.

#### (v) *Westlink M7*

In August 2008, MIG exercised its pre-emptive rights under the Westlink Equity Participants Deed to acquire an additional 2.5% interest in Westlink M7 from Leightons Contractors Pty Limited for consideration of \$38.0 million. Financial close occurred on 28 August 2008, increasing MIG's stake in the Westlink M7 to 50%.

In December 2008, MIG accepted a binding offer for 100% of its interest in Westlink M7 from Western Sydney Road Group (WSRG) for \$805.0 million. WSRG is owned in equal parts by MIG and funds managed by QIC Private Capital Pty Limited (a wholly owned subsidiary of QIC) and the sale generated net proceeds for MIG of \$402.5 million. The sale was completed on 27 February 2009.

#### (vi) *Discount rates*

The discount rates applied to the discounted cash flow forecasts of the Groups' investments in financial assets are as follows:

	30 June 2009	30 June 2008
MIG		
407 ETR	9.50%	8.02%
Chicago Skyway	12.50%	10.01%
APRR	13.50%	10.81%
Indiana Toll Road	14.50%	10.01%
South Bay Expressway	13.50%	13.51%
Dulles Greenway	12.50%	12.51%
Warnow Tunnel	12.50%	11.62%
Westlink M7	12.00%	11.55%
Lusoponte	-	9.07%

	30 June 2009	30 June 2008
MIT(I) Group		
Chicago Skyway	12.50%	10.01%
Dulles Greenway	12.50%	12.51%
Westlink M7	12.00%	11.55%

The differentials between the discount rates applied across the portfolio reflect the different levels of inherent risk in the forecast cash flows for each asset. Discount rates used for the purposes of MIG's valuations are benchmarked to recent market transactions where available. In the current dislocated market, returns required by direct investors have been observed to be higher than in stable market conditions.

# Financial Report

## for the year ended 30 June 2009

### 11 Property, Plant and Equipment

MIG Consolidated	Plant and machinery \$'000	Short leasehold land and buildings \$'000	M6 Toll Road \$'000	Total Property, plant and equipment \$'000
<b>Net book amount at 1 July 2008</b>	34,510	43,558	1,094,209	<b>1,172,277</b>
Additions	982	2,063	24	<b>3,069</b>
Depreciation expense	(6,098)	(996)	(32,848)	<b>(39,942)</b>
Disposals	(27)	-	-	<b>(27)</b>
Exchange differences	(337)	(772)	(27,103)	<b>(28,212)</b>
<b>Net book amount at 30 June 2009</b>	29,030	43,853	1,034,282	<b>1,107,165</b>
<b>At 30 June 2009</b>				
Cost	79,469	49,060	1,229,283	<b>1,357,812</b>
Accumulated depreciation	(50,439)	(5,207)	(195,001)	<b>(250,647)</b>
<b>Net book amount at 30 June 2009</b>	29,030	43,853	1,034,282	<b>1,107,165</b>
<b>Net book amount at 1 July 2007</b>				
	45,156	50,701	1,271,912	<b>1,367,769</b>
Additions	900	7	13,580	<b>14,487</b>
Depreciation expense	(6,424)	(1,029)	(35,962)	<b>(43,415)</b>
Exchange differences	(5,122)	(6,121)	(155,321)	<b>(166,564)</b>
<b>Net book amount at 30 June 2008</b>	34,510	43,558	1,094,209	<b>1,172,277</b>
<b>At 30 June 2008</b>				
Cost	80,304	47,911	1,253,256	<b>1,381,471</b>
Accumulated depreciation	(45,794)	(4,353)	(159,047)	<b>(209,194)</b>
<b>Net book amount at 30 June 2008</b>	34,510	43,558	1,094,209	<b>1,172,277</b>

#### Property, Plant and Equipment pledged as security

Property, Plant and Equipment as at 30 June 2009 relates solely to Midland Expressway Limited (MEL) assets. Non recourse loans of MMG are secured by way of debenture over the assets of MEL.

#### MIT(I) Group, MIT(I) Parent and MIT(II) Parent

The MIT(I) Group, MIT(I) parent entity and MIT(II) parent entity do not have any property, plant and equipment.

# Financial Report

## for the year ended 30 June 2009

### 12 Tolling Concessions

MIG Consolidated	30 June 2009 \$'000	30 June 2008 \$'000
M6 Toll	100,127	104,725
Total Tolling Concessions	<u>100,127</u>	<u>104,725</u>

Tolling concessions are amortised over the remaining life of each concession, expiring in January 2054 for the M6 Toll.

MIG Consolidated	M6 Toll \$'000
<b>Net book amount at 1 July 2008</b>	104,725
Amortisation expense	(2,606)
Exchange difference	(1,992)
<b>Net book amount at 30 June 2009</b>	<u>100,127</u>

#### At 30 June 2009

Cost	114,848
Accumulated amortisation	(14,721)
<b>Net book amount 30 June 2009</b>	<u>100,127</u>

#### Net book amount at 1 July 2007

Amortisation expense	(2,613)
Exchange difference	(14,863)
<b>Net book amount at 30 June 2008</b>	<u>104,725</u>

#### At 30 June 2008

Cost	116,840
Accumulated depreciation	(12,115)
<b>Net book amount at 30 June 2008</b>	<u>104,725</u>

### MIT(I) Group, MIT(I) Parent and MIT(II) Parent

The MIT(I) Group, MIT(I) parent entity and MIT(II) parent entity do not have any tolling concessions.

# Financial Report

## for the year ended 30 June 2009

### 13 Subsidiaries

#### (a) MIG

Name of controlled entity	Country of establishment	2009 voting %	2008 voting %
0830273 BC Limited	Canada	100.0	-
0830356 BC Limited	Canada	100.0	-
Abbey Westlink Partner Holding No. 1 Pty Limited*	Australia	-	100.0
Abbey Westlink Partner Holding No. 3 Pty Limited*	Australia	-	100.0
Abbey Westlink Partner No. 1 Pty Limited*	Australia	-	100.0
Abbey Westlink Partner No. 3 Pty Limited*	Australia	-	100.0
Abbey WSO Holding No. 1 Pty Limited	Australia	100.0	100.0
Abbey WSO Holding No. 3 Pty Limited	Australia	100.0	100.0
Connect BC Development Group Limited	Canada	100.0	100.0
Connect Highways Development Group Limited Partnership	Canada	100.0	-
European Transport Investments (UK) Limited	UK	100.0	100.0
European Transport Investments Pty Limited	Australia	100.0	100.0
LMI Westlink Partner Holding No. 3 Pty Limited*	Australia	-	100.0
LMI Westlink Partner No. 3 Pty Limited*	Australia	-	100.0
LMI WSO Holding No. 3 Pty Limited*	Australia	-	100.0
Macquarie (UK) Projects Limited	UK	100.0	100.0
Macquarie 121 Holdings LLC	USA	-	100.0
Macquarie 121 Partnership LLC	USA	-	100.0
Macquarie 125 Holdings Inc	USA	100.0	50.0
Macquarie 1604 Holdings Pty Limited	USA	100.0	100.0
Macquarie 635 Holdings Pty Limited	USA	100.0	100.0
Macquarie 635 ML Holdings LLC	USA	100.0	100.0
Macquarie Autoroutes de France SAS	France	50.0	50.0
Macquarie European Infrastructure Limited	UK	100.0	100.0
Macquarie Green Bermudian Holdings Limited	Bermuda	100.0	100.0
Macquarie Holdings (Texas) LLC	USA	100.0	100.0
Macquarie Infrastructure (Luxembourg) SA	Luxembourg	100.0	100.0
Macquarie Infrastructure (UK) Limited (MIUK)	UK	100.0	100.0
Macquarie Infrastructure Australia Pty Limited	Australia	100.0	100.0
Macquarie Infrastructure Canada Inc	Canada	100.0	100.0
Macquarie Infrastructure Luxembourg Investments Sarl	Luxembourg	100.0	100.0
Macquarie Infrastructure Road Investments Sarl	Luxembourg	100.0	100.0
Macquarie Infrastructure Netherlands Investments Cooperatief UA	Netherlands	100.0	100.0
Macquarie Infrastructure Netherlands Toll Roads BV	Netherlands	100.0	100.0
Macquarie Infrastructure (Toll Route) SA	Luxembourg	100.0	100.0
Macquarie Infrastructure US Pty Limited	Australia	100.0	100.0
Macquarie LBJ Holdings LLC	USA	100.0	100.0
Macquarie Mexico Holdings SA de CV	Mexico	100.0	100.0
Macquarie Midland Holdings Limited	UK	100.0	100.0
Macquarie Motorways Group Limited (MMG)	UK	100.0	100.0
Macquarie (Florida) Holdings LLC	USA	-	100.0
Macquarie Poinciana Parkway Holdings LLC	USA	-	100.0
Macquarie Texas Holdings Pty Limited	USA	100.0	100.0
Macquarie US Toll Roads Pty Limited	Australia	100.0	100.0
Macquarie US Toll Road Holdings LLC	USA	100.0	100.0
MAF Finance Sarl	Luxembourg	50.2	50.2

# Financial Report

## for the year ended 30 June 2009

### 13 Subsidiaries (continued)

#### (a) MIG (continued)

Name of controlled entity	Country of establishment	2009 voting %	2008 voting %
MEIL Holdings Pty Limited	Australia	100.0	100.0
MIBL Finance Luxembourg SarL	Luxembourg	100.0	100.0
Midland Expressway Limited (MEL)	UK	100.0	100.0
MIG Holdings (US) LLC	USA	100.0	100.0
MIG Holdings 2 (US) LLC	USA	100.0	100.0
MIG Holdings Limited	Bermuda	100.0	100.0
MIG Indiana Holdings LLC	USA	100.0	100.0
MIG Investments Australia Pty Limited	Australia	100.0	100.0
MIG Investments Limited	Bermuda	100.0	100.0
MIG Westlink Funding Trust	Australia	100.0	100.0
MIG - Western Sydney Orbital Holding Company Pty Limited*	Australia	-	100.0
MIT(I) Holdings Pty Limited	Australia	100.0	100.0
New International Canadian Holding Luxembourg SarL	Luxembourg	100.0	-
South I-205 Concession Company LLC	USA	100.0	100.0
Tipperhurst Limited	UK	100.0	100.0
Transtoll Pty Limited	Australia	98.5	97.5
Western Sydney Orbital Funding (Options) Trust*	Australia	-	100.0
Western Sydney Orbital Funding Trust	Australia	100.0	100.0
Western Sydney Orbital Holding Trust*	Australia	-	100.0
WSO Sub-Trust No.1	Australia	100.0	-
WSO Sub-Trust No.2	Australia	100.0	-
WSO Sub-Trust No.3	Australia	100.0	-
WSO Sub-Trust No.4	Australia	100.0	-
WSO Sub-Trust No.5	Australia	100.0	-

#### (b) MIT(I) Consolidated

Name of controlled entity	Country of establishment	2009 voting %	2008 voting %
Abbey Westlink Partner Holding No. 1 Pty Ltd*	Australia	-	100.0
Abbey Westlink Partner No. 1 Pty Ltd*	Australia	-	100.0
Abbey Westlink Partner Holding No. 3 Pty Ltd*	Australia	-	100.0
Abbey Westlink Partner No. 3 Pty Ltd*	Australia	-	100.0
LMI Westlink Partner Holding No. 3 Pty Ltd*	Australia	-	100.0
LMI Westlink Partner No. 3 Pty Ltd*	Australia	-	100.0
LMI WSO Holding No. 3 Pty Limited*	Australia	-	100.0
MIG Westlink Funding Trust	Australia	100.0	100.0
Western Sydney Orbital Funding (Options) Trust*	Australia	-	100.0
Western Sydney Orbital Funding Trust	Australia	100.0	100.0
Western Sydney Orbital Holding Trust*	Australia	-	100.0
WSO Sub-Trust No.1	Australia	100.0	-
WSO Sub-Trust No.2	Australia	100.0	-
WSO Sub-Trust No.3	Australia	100.0	-
WSO Sub-Trust No.4	Australia	100.0	-
WSO Sub-Trust No.5	Australia	100.0	-

(\*) In February 2009, this entity was sold to the Western Sydney Road Group in which MIG holds a 50% voting and equity interest. As a result, it has been transferred from a subsidiary to an investment in associate (see Note 14).

# Financial Report

## for the year ended 30 June 2009

### 14 Investments in Associates

#### (a) MIG

Name of associate	Country of establishment	Principal activity	Balance date	2009 voting %	2008 voting %
407 International Inc (including subsidiaries)	Canada	Toll road operator	31 Dec	<b>30.0</b>	30.0
Autoroutes Paris-Rhin-Rhône (including subsidiaries)	France	Toll road network operator	31 Dec	<b>20.4</b>	20.4
Californian Transportation Ventures Inc (CTV)	USA	General Partner of SBXLP	30 Jun	<b>50.0</b>	50.0
Chicago Skyway Partnership	USA	Holding company	30 Jun	<b>50.0</b>	50.0
Dulles Greenway Partnership	USA	Holding company	30 Jun	<b>50.0</b>	50.0
Eiffarie SAS	France	Investment in toll road network	31 Dec	<b>25.0</b>	25.0
Financière Eiffarie SAS	France	Holding company	31 Dec	<b>25.0</b>	25.0
Indiana Toll Road Partnership	USA	Holding company	31 Dec	<b>49.0</b>	49.0
ITR Concession Company Holdings LLC	USA	Investment in toll road	30 Jun	<b>25.0</b>	25.0
ITR Concession Company LLC	USA	Toll road operator	30 Jun	<b>25.0</b>	25.0
Macquarie Autoroutes de France 2 SA	Luxembourg	Holding company	31 Mar	<b>50.0</b>	50.0
MIG Investment 3 (US) LLC	USA	Holding company	30 Jun	<b>50.0</b>	50.0
PROMAC Holdings SA de CV	Mexico	Holding company	30 Jun	<b>40.0</b>	40.0
Shenandoah Greenway Corporation	USA	General Partner of TRIP II	30 Jun	<b>50.0</b>	50.0
Skyway Concession Company Holdings LLC	USA	Holding company	31 Dec	<b>22.5</b>	22.5
Skyway Concession Company LLC	USA	Toll road operator	31 Dec	<b>22.5</b>	22.5
South Bay Expressway Limited Partnership	USA	Toll road operator	30 Jun	<b>50.0</b>	50.0
Statewide Mobility Partners LLC	USA	Holding company	30 Jun	<b>25.0</b>	25.0
Toll Road Investors Partnership II LP (TRIP II)*	USA	Toll road operator	31 Mar	<b>50.0</b>	50.0
Warnowquerung GmbH & Co. KG (WKG) (limited partnership)**	Germany	Investment in toll tunnel	31 Dec	<b>70.0</b>	70.0
Warnowquerung Verwaltungsgesellschaft GmbH**	Germany	General Partner of WKG	31 Dec	<b>70.0</b>	70.0
Westlink Motorway Limited	Australia	Nominee for partnership	30 Jun	<b>25.0</b>	47.5
Westlink Motorway Partnership	Australia	Investment in toll road	30 Jun	<b>25.0</b>	47.5
WSO Co. Pty Limited	Australia	Toll road operator	30 Jun	<b>25.0</b>	47.5
WSO Investment Holding Company Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
WSO Investment Company Pty Ltd***	Australia	Holding company	30 Jun	<b>50.0</b>	-
WSO Investment Management No.1 Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
WSO Finance Pty Limited	Australia	Finance company	30 Jun	<b>25.0</b>	47.5
WSO Partnership Investment Trust ***	Australia	Holding company	30 Jun	<b>50.0</b>	-
WSO Partnership Investment Company Limited	Australia	Holding company	30 Jun	<b>50.0</b>	-
Abbey Westlink Partner Holding No. 1 Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
Abbey Westlink Partner Holding No. 3 Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
Abbey Westlink Partner No. 1 Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
Abbey Westlink Partner No. 3 Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
LMI Westlink Partner Holding No. 1 Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
LMI Westlink Partner Holding No. 3 Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
LMI Westlink Partner No. 1 Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
LMI Westlink Partner No. 3 Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
LMI WSO Holding No. 3 Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
Western Sydney Orbital Funding (Options) Trust***	Australia	Holding company	30 Jun	<b>50.0</b>	-
MIG - Western Sydney Orbital Holding Company Pty Limited***	Australia	Holding company	30 Jun	<b>50.0</b>	-
Western Sydney Orbital Holding Trust***	Australia	Holding company	30 Jun	<b>50.0</b>	-

# Financial Report

## for the year ended 30 June 2009

### 14 Investments in Associates (continued)

The above associates are measured at fair value in accordance with AASB 139: *Financial Instruments: Recognition and Measurement*, as such the changes in fair value are recognised in the Income Statement in the financial year in which the changes occur. Refer also to Note 10.

#### (b) MIT(I) Consolidated

Name of associate	Country of establishment	Principal activity	Balance date	2009 voting %	2008 voting %
Westlink Motorway Limited	Australia	Nominee for partnership	30 Jun	25.0	47.5
Westlink Motorway Partnership	Australia	Investment in toll road	30 Jun	25.0	47.5
WSO Finance Pty Limited	Australia	Finance company	30 Jun	25.0	47.5
WSO Co. Pty Limited	Australia	Toll road operator	30 Jun	25.0	47.5
WSO Investment Holding Company Pty Limited***	Australia	Holding company	30 Jun	50.0	-
WSO Investment Company Pty Limited***	Australia	Holding company	30 Jun	50.0	-
WSO Investment Management No.1 Pty Limited***	Australia	Trustee	30 Jun	50.0	-
WSO Investment Management No.2 Pty Limited***	Australia	Trustee	30 Jun	50.0	-
WSO Investment Management No.3 Pty Limited***	Australia	Trustee	30 Jun	50.0	-
WSO Partnership Investment Trust***	Australia	Holding company	30 Jun	50.0	-
WSO Partnership Investment Company Limited***	Australia	Holding company	30 Jun	50.0	-
Abbey Westlink Partner Holding No. 1 Pty Limited***	Australia	Holding company	30 Jun	50.0	-
Abbey Westlink Partner Holding No. 3 Pty Limited***	Australia	Holding company	30 Jun	50.0	-
Abbey Westlink Partner No. 1 Pty Limited***	Australia	Holding company	30 Jun	50.0	-
Abbey Westlink Partner No. 3 Pty Limited***	Australia	Holding company	30 Jun	50.0	-
LMI Westlink Partner Holding No. 1 Pty Limited***	Australia	Holding company	30 Jun	50.0	-
LMI Westlink Partner Holding No. 3 Pty Limited***	Australia	Holding company	30 Jun	50.0	-
LMI Westlink Partner No. 1 Pty Limited***	Australia	Holding company	30 Jun	50.0	-
LMI Westlink Partner No. 3 Pty Limited***	Australia	Holding company	30 Jun	50.0	-
LMI WSO Holding No. 3 Pty Limited***	Australia	Holding company	30 Jun	50.0	-
Western Sydney Orbital Funding (Options) Trust***	Australia	Holding company	30 Jun	50.0	-
MIG - Western Sydney Orbital Holding Company Pty Limited***	Australia	Holding company	30 Jun	50.0	-
Western Sydney Orbital Holding Trust***	Australia	Holding company	30 Jun	50.0	-

(\*) MIG holds a 6.7% (2008: 6.7%) interest in the limited partnership, along with interest bearing financial assets giving a 50% economic interest. MIG holds a 50% interest in the General Partner, Shenandoah Greenway Corporation.

(\*\*) A subsidiary of MIGIL, European Transport Investments (UK) Limited (ETIUK), beneficially owns 70% of both the WKG partnership and the General Partner (GP) of the partnership which have contracted to build, own and operate a tolled tunnel in Rostock, Germany. The agreement is structured such that any decision made in regard to the financial and operational policies requires 75% of the voting members to proceed, as a result MIG does not control WKG.

(\*\*\*) In February 2009, this entity was sold to the Western Sydney Road Group in which MIG holds a 50% voting and equity interest. As a result, it has been transferred from a subsidiary to an investment in associate (see Note 13).

The voting power held in the other associates disclosed above is in proportion to the ownership interest held.

The above associates are measured at fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, accordingly the changes in fair value are recognised in the Income Statement in the financial year in which the changes occur. Refer also to Note 10.

# Financial Report

## for the year ended 30 June 2009

### 15 Distribution Payable

	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
Consolidated				
<b>Current – Distribution Payable</b>				
Balance at the beginning of the year	240,384	251,679	-	-
Provided for during the year	457,650	481,912	104,628	-
Paid during the year	(471,861)	(493,207)	-	-
Balance at the end of the year	226,173	240,384	104,628	-

The provision for distributions due to MIG security holders represents the distribution for the period ended 30 June 2009. This amount was paid on 14 August 2009.

	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
Parent Entity				
<b>Current – Distribution Payable</b>				
Balance at the beginning of the year	-	-	-	-
Provided for during the year	121,545	-	104,628	-
Paid during the year	-	-	-	-
Balance at the end of the year	121,545	-	104,628	-

# Financial Report

## for the year ended 30 June 2009

### 16 Payables

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Current</b>				
GST payable	2,926	748	-	-
Responsible Entity's and Adviser's base fees payable	7,301	14,519	152	2,001
Trade creditors	217	808	-	-
Sundry creditors and accruals	29,082	21,464	312	4,306
Amounts payable to related entities	-	-	356	363
	<b>39,526</b>	<b>37,539</b>	<b>820</b>	<b>6,670</b>
<b>Non Current</b>				
Lease payable	184,503	150,969	-	-
	<b>184,503</b>	<b>150,969</b>	<b>-</b>	<b>-</b>

Parent Entity	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Current</b>				
Responsible Entity's and Adviser's base fees payable	1,164	469	152	2,001
Sundry creditors and accruals	530	1,305	311	4,269
Amounts payable to related entities (*)	103,437	10	195,262	4,772
	<b>105,131</b>	<b>1,784</b>	<b>195,725</b>	<b>11,042</b>

(\*) The \$195.3 million payable to related entities by MIT(I) represents an amount payable to a wholly owned subsidiary, Western Sydney Orbital Holding Trust (WSOFT). MIIML, the Responsible Entity of MIT(I) and trustee of WSOFT intends only to call this loan based on MIT(I)'s capacity to pay.

The fair values of payables approximate their carrying values.

# Financial Report

## for the year ended 30 June 2009

### 17 Interest Bearing Financial Liabilities

Consolidated	Note	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Non-current</b>					
Non-recourse loans	a	2,077,034	2,076,573	-	-
Accrued interest rate swap liability	b	152,539	105,181	-	-
Loan from minority interest	c	282,476	246,535	-	-
Loan from MIT (II)	d	-	-	395,472	442,464
		<b>2,512,049</b>	<b>2,428,289</b>	<b>395,472</b>	<b>442,464</b>
<b>The maturity profile of the above interest bearing financial liabilities is:</b>					
Due within one year		-	-	-	-
Due between one and five years		136,567	137,923	-	-
Due after five years		2,375,482	2,290,366	395,472	442,464
		<b>2,512,049</b>	<b>2,428,289</b>	<b>395,472</b>	<b>442,464</b>

Parent Entity	Note	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Non-current</b>					
Loan from MIT (II)	d	-	-	395,472	442,464
		-	-	<b>395,472</b>	<b>442,464</b>
<b>The maturity profile of the above interest bearing financial liabilities is:</b>					
Due within one year		-	-	-	-
Due between one and five years		-	-	-	-
Due after five years		-	-	395,472	442,464
		-	-	<b>395,472</b>	<b>442,464</b>

The fair values of interest bearing financial liabilities, other than non-recourse loans, approximate their carrying values. The fair value of non-recourse loans at 30 June 2009 was \$1,623.3 million. The difference of \$453.7 million to the carrying amount is attributable to higher credit margins observed on recent transactions of similar rated debt.

#### (a) Non-recourse loans

The consolidated financial statements incorporate interest-bearing financial liabilities raised by controlled project entities to finance the construction of infrastructure assets. These project-related liabilities are non-recourse to the Group.

The non-recourse loan represents MMG's debt facilities of £1.03 billion (\$2.1 billion) (net of capitalised borrowing costs) relating to the M6 Toll. Interest expense on the non-recourse loans is calculated by applying the effective interest rate of 6.58% to the liability component. In 2009, a one-off finance charge of £18.0 million (\$36.7 million) was recognised to increase the carrying value of the MMG non-recourse debt to reflect the present value of the revised estimated cash flows resulting from higher margins. These revised estimated cash flows have been discounted using the original effective interest rate in accordance with the requirements of AASB 139: *Financial Instruments: Recognition and Measurement*.

Interest on the drawn facilities is charged at a margin over the London Inter Bank Offered Rate (LIBOR). At 30 June 2009 the interest rate was 1.87% (2008: 6.75%). The facilities are due for repayment in 2015 with a cash sweep commencing 2012 and comprise a £1.00 billion (\$2.04 billion) term loan and a £30.0 million (\$61.1 million) capital expenditure facility. The facilities are subject to a change of control provision whereby, should MMG cease to be controlled directly or indirectly by an entity managed or advised by a member of the Macquarie Group, the lenders have the right to cancel the facilities and declare outstanding amounts immediately due and payable.

# Financial Report

## for the year ended 30 June 2009

### 17 Interest Bearing Financial Liabilities (continued)

#### (a) Non-recourse loans (continued)

At 30 June 2009 the term loan was fully drawn down and £7.65 million (\$15.6 million) (2008: £7.4m (\$15.4 million)) of the capital expenditure facility had been utilised. The facilities have certain covenants attached and are secured by way of a debentures over MEL's assets. Interest rate hedging has been put in place in relation to 100% of the face value of the term loan to 2036. Details of these derivatives can be found in Note 9 and details of the risk management for the Group can be found in Note 27.

#### (b) Accrued interest rate swap liability

The swap liability represents a separate element associated with the MMG 30 year interest rate hedge. This reflects the fact that fixed payments currently being paid under the swap contracts are less than the effective swap rate. As at 30 June 2009, this element incurs fixed interest of 3.6% (2008: 3.6%) per annum.

#### (c) Loan from Minority Interest

The shareholder loan from MEIF Luxembourg Holdings SA to MAF has a nominal value of €162.4 million (\$282.5 million) (2008: €150.0 million (\$246.5 million)) and interest is charged at a floating rate at a margin over the Euro Inter Bank Offer Rate (EURIBOR). The loan is due for repayment in 2033.

At 30 June 2009 the interest rate was 6.51% (2008: 8.81%).

#### (d) Loan from MIT(II)

The loan from MIT(II) accrues interest at BBSW plus a margin of 0.45% per annum.

### Financing Facilities

At balance date access to the following financing facilities were available:

MIG Consolidated	Note	Undrawn balance MIG 30 June 2009 \$'000	Undrawn balance MIG 30 June 2008 \$'000
Multi-Option facility	e	300,000	500,000
Syndicated facility	f	-	200,000
		<b>300,000</b>	<b>700,000</b>

#### (e) Multi-Option Facility

At 30 June 2009 MIG had a multi-option debt facility with Westpac Banking Corporation (WBC) for a total amount of \$300.0 million (2008: \$500.0 million with WBC and Commonwealth Bank of Australia). At 30 June 2009, Nil (2008: Nil) was drawn under the facility. The facility attracts interest at BBSY plus a margin of 0.75% per annum.

Line fees and establishment fees of \$1.5 million (2008: \$1.6 million) were incurred in relation to the facility and expensed during the year.

Effective 1 July 2009 the available commitment under the Multi-Option Facility was, at MIG's request, reduced from \$300.0 million to \$150.0 million.

#### (f) Syndicated Facility

On 28 April 2008, MIG negotiated an additional syndicated debt facility for a total amount of \$200.0 million. The facility was awarded to MIG Westlink Funding Trust, a subsidiary of MIT(I), and was a securitisation of a portion of the cash flows from Westlink M7. The facility was provided by WBC, National Australia Bank and Australia and New Zealand Banking Group Limited, had a term of 3 years and attracted interest at BBSY plus a margin of 1.55% per annum.

Line fees and establishment fees of \$436,726 (2008: \$2.2 million) were incurred in relation to the facility and expensed over the term of the facility.

The availability period of the Syndicated Facility expired in February 2009. No amounts were drawn.



# Financial Report

## for the year ended 30 June 2009

### 19 Contributed Equity

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
On issue at the beginning of the year	3,591,566	3,956,004	267,547	280,727
Cancelled pursuant to:				
Security buy-back*, net of transaction costs	(250,531)	(364,438)	(8,821)	(13,180)
On issue at the end of the year	3,341,035	3,591,566	258,726	267,547

Parent Entity	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
On issue at the beginning of the year	613,954	662,317	267,547	280,727
Cancelled pursuant to:				
Security buy-back*, net of transaction costs	(36,335)	(48,363)	(8,821)	(13,180)
On issue at the end of the year	577,619	613,954	258,726	267,547

Consolidated and Parent Entity	MIG / MIT(II) 2009 Number of stapled securities/units '000	MIG / MIT(II) 2008 Number of stapled securities/units '000	MIT(I) 2009 Number of units '000	MIT(I) 2008 Number of units '000
On issue at the beginning of the year	2,403,834	2,516,791	2,403,834	2,516,791
Cancelled pursuant to:				
Security buy-back*	(142,102)	(112,957)	(142,102)	(112,957)
On issue at the end of the year	2,261,732	2,403,834	2,261,732	2,403,834

(\*) On 14 January 2008 MIG completed its \$1.00 billion on market buy-back, resulting in the total buy-back and cancellation of 292,218,706 MIG securities.  
On 21 August 2008 MIG commenced an on market buy-back of up to 240,383,409 MIG securities over a 12 month period ending 21 August 2009.

### Ordinary units in MIT(I) and MIT(II) and ordinary shares in MIGIL

Each fully paid stapled security confers the right to vote at meetings of security holders, subject to any voting restrictions imposed on a security holder under the *Corporations Act 2001* in Australia, *Companies Act* in Bermuda and the ASX Listing Rules. On a show of hands, every security holder present in person or by proxy has one vote. On a poll, every security holder who is present in person or by proxy has one vote for each dollar of the value of the total interests they have in MIT(I) and MIT(II) and one vote for each fully paid share in respect of MIGIL.

While MIT(II) is taxed as a company, it need not distribute all of its taxable income to security holders. Unless the Responsible Entity determines otherwise, a unit on issue in MIT(I) at the end of an income period entitles its holder to a pro-rata proportion of the net income of MIT(I) in respect of that income period. The Responsible Entity determines the net income of MIT(I) as at the end of each financial year. The directors of MIGIL may declare dividends which are appropriate given the financial position of MIGIL. The entitlement to income of each fully paid stapled security will be distributed to the investor within two months of the last day of the income period.

Upon the winding up of a Trust, the Responsible Entity is required to realise the assets of the Trust and after meeting liabilities of the Trust, to distribute the net proceeds to the security holders pro-rata according to the number of securities held on the date upon which the Trust commenced to be wound up. If MIGIL is wound up, the liquidator may, with the sanction of an extraordinary resolution and any other requirement of law, divide among the members in specie or in kind the whole or any part of the assets of MIGIL.

# Financial Report

## for the year ended 30 June 2009

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### 19 Contributed Equity (continued)

#### Special shares in MIGIL

In addition to ordinary shares, MIGIL has on issue 1 A special share of \$1 and 1 B special share of \$1. The rights attaching to each class of special shares of MIGIL are as follows:

##### *A special share*

The A special share is to be held by Macquarie Capital Funds (Europe) Limited (MCFEL or the Adviser), its successors or assignees. The adviser of MIGIL is Macquarie Capital Funds (Europe) Limited. The shareholder is entitled to appoint up to 50% of the directors of the Company and to appoint any one of such directors to be managing director. The A special shareholder has no rights of participation in the profits of MIGIL (the Company) or the assets of the Company on a winding up.

The A special shareholder may, after consulting with the Company, request the Company to redeem or repurchase the A special share at par, by giving notice to the Company and delivering the relevant share certificate to the Company.

The Company may redeem or repurchase the A special share at par:

- with the consent of the A special shareholder following notice to the A special shareholder
- without consent of the A special shareholder following notice to the A special shareholder upon unstapling or upon termination of the advisory agreement.

##### *B special share*

The B special share is to be held by the MIT(I) Responsible Entity, its successors or assignees. The shareholder is entitled to appoint up to 25% of the directors of the Company. The B special shareholder has no rights of participation in the profits of the Company or the assets of the Company on a winding up.

The B special shareholder may, after consulting with the Company, request the Company to redeem or repurchase the B special share at par, by giving notice to the Company and delivering the relevant share certificate to the Company.

The Company may redeem or repurchase the B special share at par:

- with the consent of the B special shareholder following notice to the B special shareholder
- without consent of the B special shareholder following notice to the B special shareholder upon unstapling or upon termination of the advisory agreement.

# Financial Report

## for the year ended 30 June 2009

### 20 Retained Profits

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
Balance at the beginning of the year	2,542,244	2,256,887	89,662	77,824
(Loss)/Profit attributable to security holders / unit holders	(1,713,631)	767,269	(133,250)	11,838
Distributions provided for or paid	(457,650)	(481,912)	(104,628)	-
Balance at the end of the year	370,963	2,542,244	(148,216)	89,662

Parent Entity	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
Balance at the beginning of the year	717,694	641,098	90,563	84,337
(Loss)/Profit attributable to unit holders	(332,035)	76,596	(134,174)	6,226
Distributions provided for or paid	(121,545)	-	(104,628)	-
Balance at the end of the year	264,114	717,694	(148,239)	90,563

### 21 Reserves

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Balance of reserves</b>				
Hedging reserve - cash flow hedges	(100,763)	91,622	-	-
Foreign currency translation reserve	400,440	(275,251)	-	-
	299,677	(183,629)	-	-
<b>Movements of reserves</b>				
<b>Hedging reserve – cash flow hedges</b>				
Balance at the beginning of the year	91,622	180,062	-	-
Revaluation (gross) on interest rate swap contracts	(228,960)	(128,302)	-	-
Deferred tax liability recognised on interest rate swap contracts	36,575	39,862	-	-
Balance at the end of the year	(100,763)	91,622	-	-
<b>Foreign currency translation reserve</b>				
Balance at the beginning of the year	(275,251)	28,316	-	-
Net exchange differences on translation of foreign controlled entities	675,691	(303,567)	-	-
Balance at the end of the year	400,440	(275,251)	-	-

#### Nature and purpose of reserves

##### *Hedging reserve – cash flow hedges*

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 1(u). Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.

##### *Foreign currency translation reserve*

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(t).

#### MIT(I) Parent and MIT(II) Parent

The MIT(I) parent entity and MIT(II) parent entity do not have any reserve balances.

# Financial Report

## for the year ended 30 June 2009

### 22 Minority Interest in Controlled Entities

Consolidated	MIG	MIG	MIT(I)	MIT(I)
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	736,204	654,618	-	-
Profit attributable to minority interest	(684,816)	146,922	-	-
Foreign exchange differences attributable to minority interest	105,601	16,554	-	-
Distributions provided for or paid to minority interest	(23,301)	(81,890)	-	-
Equity contribution from minority interest	14,430	-	-	-
Balance at the end of the year	148,118	736,204	-	-

As MIG holds a controlling interest in Macquarie Autoroutes de France SA (50% plus 1 share) and MAF Finance Sarl (50% plus 1 share), it must consolidate 100% of the assets, liabilities and results of the entities into its financial report and disclose minority interests.

### 23 Earnings per Stapled Security / Unit

Consolidated	MIG	MIG	MIT(I)	MIT(I)
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	\$'000	\$'000	\$'000	\$'000
Basic and diluted earnings per stapled security / unit after finance costs to security holders	(73.72)c	31.46c	(5.73)c	0.49c
Earnings used in the calculation of basic and diluted earnings per stapled security/unit after finance costs attributable to unit holders*	(1,713,631)	767,269	(133,250)	11,838
Weighted average number of stapled securities / units used in calculation of basic and diluted earnings per stapled security after finance costs to security holders*	2,324,368,983	2,438,496,933	2,324,368,983	2,438,496,933

(\*) There is no difference in the earnings and weighted average number of stapled securities used in the calculation of basic earnings per security and diluted earnings per security.

# Financial Report

## for the year ended 30 June 2009

### 24 Cash Flow Information

Consolidated	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Reconciliation of (loss) / profit from continuing activities after income tax benefit / (expense) to net cash flows from operating activities</b>				
(Loss) / profit from continuing activities after income tax	<b>(2,398,447)</b>	914,191	<b>(133,250)</b>	11,838
Revaluation of financial assets	<b>2,398,642</b>	(1,171,592)	<b>113,355</b>	(67,199)
Expenses relating to financing activities	<b>185,297</b>	150,719	<b>27,623</b>	38,705
Net foreign exchange differences	<b>(78,846)</b>	31,976	<b>(15,283)</b>	6,901
Net gain/(loss) on derivative contracts	<b>16,788</b>	(10,260)	-	-
Depreciation and amortisation	<b>42,548</b>	46,028	-	-
Changes in operating assets and liabilities				
Decrease in receivables	<b>115,052</b>	390,412	<b>8,498</b>	91,164
Increase/(decrease) in current tax liability	<b>5,759</b>	(6,692)	-	-
(Decrease)/increase in deferred tax liability	<b>(125,593)</b>	79,579	-	-
Increase/(decrease) in payables	<b>51,549</b>	16,244	<b>8,108</b>	(37,564)
Net cash flows from operating activities	<b>212,749</b>	440,605	<b>9,051</b>	43,845

#### Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the year as shown in the Cash Flow Statements is reconciled to the related items in the Balance Sheets as follows:

Cash at bank	<b>80,813</b>	60,014	<b>24,817</b>	4,956
Short term money market investments	<b>838,621</b>	877,006	<b>121,311</b>	20,826
Cash not available for use	<b>36,085</b>	47,192	-	-
Cash and cash equivalents	<b>955,519</b>	984,212	<b>146,128</b>	25,782

# Financial Report

## for the year ended 30 June 2009

### 24 Cash Flow Information (continued)

Parent Entity	MIT(II) 30 June 2009 \$'000	MIT(II) 30 June 2008 \$'000	MIT(I) 30 June 2009 \$'000	MIT(I) 30 June 2008 \$'000
<b>Reconciliation of (loss) / profit from continuing activities after income tax benefit / (expense) to net cash flows from operating activities</b>				
(Loss) / Profit from continuing activities after income tax	<b>(332,035)</b>	76,596	<b>(134,174)</b>	6,226
Revaluation of financial assets	<b>455,374</b>	(125,248)	<b>109,072</b>	(32,060)
Expenses relating to financing activities	<b>(26,340)</b>	(35,500)	<b>27,625</b>	10,162
Net foreign exchange differences	<b>(165,345)</b>	78,835	<b>(15,284)</b>	6,900
Impairment of Loans	<b>83,926</b>	-	-	-
Changes in operating assets and liabilities				
(Increase)/decrease in receivables	<b>(291)</b>	1,789	<b>3,210</b>	4,597
Increase in current tax liability	<b>5,759</b>	-	-	-
(Decrease)/increase in deferred tax liability	<b>(20,822)</b>	10,459	-	-
Increase/(decrease) in payables	<b>237</b>	736	<b>(2,572)</b>	1,730
Net cash flows from operating activities	<b>463</b>	7,667	<b>(12,123)</b>	(2,445)
<b>Reconciliation of cash and cash equivalents</b>				
Cash and cash equivalents at the end of the year as shown in the Cash Flow Statements is reconciled to the related items in the Balance Sheets as follows:				
Cash at bank	<b>8,141</b>	11,253	<b>23,933</b>	4,683
Short term money market investments	<b>382,708</b>	188,894	-	20,826
Cash not available for use	<b>4,412</b>	3,715	-	-
Cash and cash equivalents	<b>395,261</b>	203,862	<b>23,933</b>	25,509

### Non cash financing and investing activities

There were no non-cash financing or investing activities during the year.

# Financial Report

## for the year ended 30 June 2009

### 25 Related Party Disclosures

#### Responsible Entity

The Responsible Entity of MIT(I) and MIT(II) is Macquarie Infrastructure Investment Management Limited, a wholly owned subsidiary of Macquarie Group Limited (MGL). The registered office of the Responsible Entity is No. 1 Martin Place, Sydney NSW 2000.

#### Adviser

The Adviser of MIGIL is Macquarie Capital Funds (Europe) Limited (MCFEL or the Adviser), a wholly owned subsidiary of MGL. The registered office of the Adviser is No.1 Ropemaker Street, London EC2Y 9HD, United Kingdom.

#### Directors

The following persons were directors of the Responsible Entity during the whole of the year and up to the date of this report (unless otherwise stated):

- Mark Roderick Granger Johnson (Chairman)
- Eric Paul McClintock
- David Allen Mortimer
- David Anthony Walsh
- Michael Carapiet (resigned 23 December 2008)
- John Stuart Hugh Roberts (alternate Director to Mark Roderick Granger Johnson and Michael Carapiet) (resigned 23 December 2008)

The following persons were directors of MIGIL during the whole of year and up to the date of this report:

- Robert Andrew Mulderig (Chairman)
- Jeffrey Gerald Conyers (Deputy Chairman)
- Dr Peter Dyer
- Mark Roderick Granger Johnson

No fees were paid out of the Groups' property to the directors of the Responsible Entity during the year.

The number of MIG stapled securities held directly, indirectly or beneficially by the directors of the Responsible Entity or their related entities at 30 June 2009 is set out below:

	Stapled Securities		
	Balance at the start of the year	Changes during the year	Balance at the end of the year
Mark Roderick Granger Johnson	811,731	-	<b>811,731</b>
Eric Paul McClintock	109,216	3,212	<b>112,428</b>
David Allen Mortimer	585,802	22,514	<b>608,316</b>
David Anthony Walsh	35,000	-	<b>35,000</b>
	<b>1,541,749</b>	<b>25,726</b>	<b>1,567,475</b>

During the year, no director of the Responsible Entity or the Company has received or become entitled to receive any benefit because of a contract made by MIG with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest except at terms set out in the Trust Constitutions and governing documents of the Company.

# Financial Report

## for the year ended 30 June 2009

### 25 Related Party Disclosures (continued)

#### Key Management Personnel

The following are Key Management Personnel of MIG:

- The Responsible Entity
- Robert Andrew Mulderig (Director - MIGIL)
- Dr Peter Dyer (Director - MIGIL)
- Jeffrey Gerald Conyers (Director - MIGIL)
- Mark Roderick Granger Johnson (Director - MIGIL)

The key management personnel for MIT(I) parent entity, MIT(II) parent entity and the MIT(I) Group is the Responsible Entity.

Key Management Personnel are defined in AASB 124: *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the entity. The Responsible Entity of the Trusts and the directors of MIGIL meet the definition of Key Management Personnel as they have this authority in relation to the activities of MIG. These powers have not been delegated by the Responsible Entity or the directors of MIGIL to any person, including the CEO of MIG. Accordingly, there are no other Key Management Personnel of MIG.

Compensation in the form of directors' fees were received by directors as follows for the year ended 30 June 2009:

	30 June 2009	30 June 2008
Jeffery Conyers	<b>US\$40,000 (\$49,580)</b>	US\$40,000 (\$41,746)
Robert Mulderig	<b>US\$40,000 (\$49,580)</b>	US\$40,000 (\$41,746)
Peter Dyer	<b>£40,000 (\$81,574)</b>	£40,000 (\$83,166)
Mark Johnson	<b>\$50,000</b>	\$50,000

The compensation paid to directors of MIGIL is determined with reference to current market rates for directorships of similar entities. The level of compensation is not related to the performance of MIGIL.

The number of MIG stapled securities held directly, indirectly or beneficially by the Key Management Personnel during the financial year are set out below:

	Stapled securities		<b>Balance at the end of the year</b>
	Balance at the start of the year	Changes during the year	
Responsible Entity (*)	33,695,119	(33,695,119)	-
Robert Andrew Mulderig	50,000	164,000	<b>214,000</b>
Dr Peter Dyer	-	-	-
Jeffrey Gerald Conyers	-	-	-
Mark Roderick Granger Johnson	811,731	-	<b>811,731</b>
<b>Total</b>	<b>34,556,850</b>	<b>(33,531,119)</b>	<b>1,025,731</b>

(\*) The Responsible Entity sold all its MIG stapled securities to another MGL Group Company during the year.

# Financial Report

## for the year ended 30 June 2009

### 25 Related Party Disclosures (continued)

#### Responsible Entity's and Advisers' fees

Under the terms of the governing documents of the individual entities within the Group, fees paid or payable (inclusive of non-recoverable GST and VAT) to the Responsible Entity of the Trusts and the Adviser of MIGIL were:

	MIG 30 June 2009 \$	MIG 30 June 2008	MIT(I) 30 June 2009 \$	MIT(I) 30 June 2008
Consolidated				
Base fee	36,879,900	67,029,419	1,267,859	7,699,583
	<b>36,879,900</b>	<b>67,029,419</b>	<b>1,267,859</b>	<b>7,699,583</b>

  

	MIT(II) 30 June 2009 \$	MIT(II) 30 June 2008	MIT(I) 30 June 2009 \$	MIT(I) 30 June 2008
Parent Entity				
Base fee	5,669,037	3,064,200	1,267,859	7,699,583
	<b>5,669,037</b>	<b>3,064,200</b>	<b>1,267,859</b>	<b>7,699,583</b>

The base fee is calculated as 1.25% per annum of the first \$3 billion of MIG net investment value (market capitalisation adjusted for cash and investment commitments) and at 1.00% per annum on MIG net investment value over \$3 billion at the end of each quarter.

The performance fee is calculated with reference to the performance of the accumulated security price of MIG compared with the performance of the S&P/ASX 300 Industrials Accumulation Index. For the year ended 30 June 2009, and 30 June 2008, no new performance fee was calculated for MIG and no instalments of performance fees, relating to previous periods became payable. No instalments in relation to past performance fees remain outstanding at 30 June 2009.

Fees are apportioned between MIT(I), MIT(II) and the Company based on each entity's share of the net assets of MIG. The fair values of the assets are used in the calculation of this apportionment.

#### Other transactions

MGL and companies within the MGL Group have undertaken various transactions with, and performed various services for MIG. Fees paid to MGL are approved solely by the independent directors on the boards of the Responsible Entity and MIGIL and where appropriate, external advice is sought by the directors to ensure that the fees and terms of engagement are representative of arm's length transactions.

At 30 June 2009, companies within the MGL Group held 454.0 million (2008: 363.1 million) stapled securities in the Group. The Responsible Entity sold all its MIG stapled securities to another MGL Group company during the year (2008: 33.7 million MIG securities held).

Distributions totalling \$6,868,523 (2008: \$6,631,121) were paid by MIG to the Responsible Entity in respect of the year ended 30 June 2009.

At 30 June 2009, entities within the Groups had the following funds on deposit with Macquarie Bank Limited (MBL), a wholly owned subsidiary of MGL:

- MIG \$57,083,650 (2008: \$46,952,618)
- MIT(I) Group \$24,926,425 (2008: \$4,956,048)
- MIT(II) parent \$7,981,899 (2008: \$11,253,066)
- MIT(I) parent \$23,932,782 (2008: \$4,682,940)

# Financial Report

## for the year ended 30 June 2009

### 25 Related Party Disclosures (continued)

#### Other transactions (continued)

During the year entities within the Group earned the following interest on deposits with MBL. MIG earns interest on deposit at commercial rates:

- MIG \$993,224 (2008: \$1,007,430)
- MIT(I) Group \$222,873 (2008: \$325,316)
- MIT(II) parent \$375,325 (2008: \$569,699)
- MIT(I) parent \$147,911 (2008: \$291,772)

During the year entities within the Group reimbursed MGL the following, representing out-of-pocket expenses incurred by the Responsible Entity and the Adviser in the performance of their duties:

- MIG \$1,362,907 (2008: \$1,101,657)
- MIT(I) Group \$137,162 (2008: \$116,672)
- MIT(II) parent \$654,897 (2008: \$633,544)
- MIT(I) parent \$137,162 (2008: \$116,672)

*For the year ended 30 June 2009, the Group incurred the following advisory fees:*

Advisory fees of \$2,226,500 were paid to Macquarie Capital Advisers Limited, a subsidiary of MGL, relating to the sale of 50% ownership of Westlink M7 to Western Sydney Road Group.

*For the year ended 30 June 2008, the Group incurred the following advisory fees:*

Advisory fees of \$3,850,000 were paid to Macquarie Capital Advisers Limited, a subsidiary of MGL, relating to the establishment of the MIG Westlink Funding Trust.

Advisory fees of €3,227,500 (\$5,981,637) paid/payable to Macquarie Capital (Europe) Limited, a subsidiary of MGL, were incurred by Eiffarie SAS, an associate of MIGIL.

Brokerage of \$412,695 (2008: \$600,332) was paid to Macquarie Capital Securities (Australia) Limited (MCSAL) during the year in connection with the security buy back, of which \$14,589 was paid by MIT(I) and \$60,112 paid by MIT(II).

Brokerage of \$197,955 (2008: \$272,726) was paid to MCSAL in connection with the on market sourcing of securities for the MIG DRP in relation to distributions paid during the year. The brokerage was paid by MIGIL.

MIG utilises the services provided by MBL's foreign exchange department from time to time on arms length terms.

All of the above amounts represent payments on normal commercial terms made in relation to the provision of goods and services.

#### *Other balances and transactions:*

At 30 June 2009, MIT(II) had a receivable balance with MIT(I) Group of \$294,207,079 (2008: \$442,464,025). The balance represents amounts owing by MIT(I) to MIT(II) in relation to the conversion of the Reset Convertible Notes on 15 November 2006. The loan between MIT(II) and MIT(I) bears interest at BBSW plus a margin of 0.45%. Interest capitalised and payable by MIT(I) to MIT(II) totalled \$27,202,195 (2008: \$35,926,020) for the year.

At 30 June 2009 MIT(II) had a net receivable balance with MIT(II) Holdings Pty Limited of \$12,111,729 (2008: \$6,799,269).

At 30 June 2008, MIT(II) parent had a receivable balance with MIT(I) parent of \$442,464,024 (2007: \$34,119,770). The balance principally comprised amounts advanced by MIT(II) parent to MIT(I) parent in order to buy-back securities which had not yet been utilised at year end. During the year ended 30 June 2008, MIT(II) parent had advanced a net amount of \$106,984,880 to MIT(I) parent.

At 30 June 2009, MIT(I) Group had a payable balance with MIGIL of \$355,815 (2008: \$362,758). In addition, MIT(II) had a payable balance with MIGIL of \$2,166,709 (receivable 2008: \$176,892).

# Financial Report

## for the year ended 30 June 2009

### 26 Segment Reporting

The principal activity of MIG during the year was the development and operation of toll roads, tunnels and bridges and investment in entities in the same industry sector. The primary basis of segment reporting is geographical.

MIG	Australia \$'000	Europe \$'000	North America \$'000	Total \$'000
<b>Consolidated</b>				
<b>Geographical segments</b>				
<b>30 June 2009</b>				
Revenue and other income from continuing activities	(44,122)	(1,102,068)	(1,017,391)	<b>(2,163,581)</b>
Segment loss from continuing activities before income tax	(56,553)	(1,395,926)	(1,062,901)	<b>(2,515,380)</b>
Unallocated expenses				<b>(6,387)</b>
Loss from continuing activities before income tax				<b>(2,521,767)</b>
Total assets	903,341	2,518,069	3,881,398	<b>7,302,808</b>
Total liabilities	240,081	2,896,265	6,669	<b>3,143,015</b>
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	439,008	72,692	21,006	<b>532,706</b>
Depreciation and amortisation expense	-	42,548	-	<b>42,548</b>

MIG	Australia \$'000	Europe \$'000	North America \$'000	Total \$'000
<b>Consolidated</b>				
<b>Geographical segments</b>				
<b>30 June 2008</b>				
Revenue and other income from continuing activities	107,529	498,331	750,485	1,356,345
Segment profit from continuing activities before income tax	89,687	202,416	709,555	1,001,658
Unallocated expenses				(5,181)
Profit from continuing activities before income tax				996,477
Total assets	1,037,833	4,302,662	4,406,561	9,747,056
Total liabilities	269,353	2,639,458	151,860	3,060,671
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	2,975	14,487	32,741	50,203
Depreciation and amortisation expense	-	46,028	-	46,028

# Financial Report

## for the year ended 30 June 2009

### 26 Segment Reporting (continued)

MIT(I) Group	Australia \$'000	North America \$'000	Total \$'000
<b>Consolidated</b>			
<b>Geographical segments</b>			
<b>30 June 2009</b>			
Revenue and other income from continuing activities	(52,620)	(42,690)	<b>(95,310)</b>
Segment loss from continuing activities before income tax	(88,898)	(42,706)	<b>(131,604)</b>
Unallocated expenses			<b>(1,630)</b>
Loss from continuing activities before income tax			<b>(133,234)</b>
Total assets	606,678	4,752	<b>611,430</b>
Total liabilities	500,918	2	<b>500,920</b>
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	439,009	-	<b>439,009</b>

MIT(I) Group	Australia \$'000	North America \$'000	Total \$'000
<b>Consolidated</b>			
<b>Geographical segments</b>			
<b>30 June 2008</b>			
Revenue and other income from continuing activities	56,200	10,197	66,397
Segment profit from continuing activities before income tax	5,729	9,729	15,458
Unallocated expenses			(2,001)
Profit from continuing activities before income tax			13,457
Total assets	758,894	47,449	806,343
Total liabilities	449,012	122	449,134
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	6,073	-	6,073

# Financial Report

## for the year ended 30 June 2009

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### 27 Financial Risk and Capital Management

#### Financial Risk Management

The Groups' and the parent entities' activities expose them to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Groups' and the parent entities overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. The Groups and parent entities 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 Responsible Entity under policies approved by the Board of the Responsible Entity and the Board of MIGIL in consultation with the Adviser. The Board of the Responsible Entity and the Board of MIGIL, in consultation with the Adviser, identify, evaluate and hedge financial risk and provide 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

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 risk is measured using sensitivity analysis and cash flow forecasting.

The Groups and the parent entities operate internationally and are exposed to foreign exchange risk arising from currency exposures to the Euro, Pound Sterling, United States Dollar and Canadian Dollar.

The Groups and the parent entities 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, with maturities as close as possible to the time of making the commitment or raising the required capital.

Monetary items are converted to the Australian Dollar at the rate of exchange ruling at the financial reporting date. Derivative instruments are valued with reference to forward exchange rates from the year-end to settlement date, as provided by independent financial institutions.

##### (b) Interest rate risk

The Group has no significant interest-bearing assets whose fair value is significantly impacted by changes in market interest rates.

The Groups' and the parent entities main interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Groups and the parent entities to cash flow interest rate risk. The Groups only have long term borrowings issued at floating interest rates. For floating rate exposures, the Groups hedge the exposure by entering into interest rate swaps, whereby the Groups and the parent entities 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. Refer to Note 17.

#### *Credit risk*

Potential areas of credit risk consist of cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposures to committed transactions. The Groups and parent entities limit their exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standing. The Groups and parent entities only transact with independently rated parties with appropriate minimum credit ratings of A-1. The Board of the Responsible Entity from time to time sets exposure limits to financial institutions and these are monitored on an on-going basis.

# Financial Report

## for the year ended 30 June 2009

### 27 Financial Risk and Capital Management (continued)

#### *Credit risk (continued)*

Sound credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security.

The Group MIT(I) consolidated and MIT(I) parent have no material balances which are past due but not impaired or impaired.

MIT(II) parent has no material balances which are past due but not impaired. During the year ended 30 June 2009, MIT(II) provided for the full amount of a receivable from its wholly owned subsidiary, Macquarie Infrastructure US Pty Limited. Refer to Note 2.

The following table sets out the counterparties with which the Groups transact and therefore provides an indication of the credit risk exposures.

	MIG			MIT(I)		
	Financial Institutions \$'000	Corporates \$'000	Total \$'000	Financial Institutions \$'000	Corporates \$'000	Total \$'000
<b>Consolidated</b>						
<b>2009</b>						
Cash and cash equivalents	955,519	-	955,519	146,128	-	146,128
Derivative financial instruments	-	-	-	-	-	-
Receivables	-	8,360	8,360	-	98	98
<b>Total</b>	<b>955,519</b>	<b>8,360</b>	<b>963,879</b>	<b>146,128</b>	<b>98</b>	<b>146,226</b>
<b>2008</b>						
Cash and cash equivalents	984,212	-	984,212	25,782	-	25,782
Derivative financial instruments	114,795	-	114,795	-	-	-
Receivables	-	5,704	5,704	-	282	282
<b>Total</b>	<b>1,099,007</b>	<b>5,704</b>	<b>1,104,711</b>	<b>25,782</b>	<b>282</b>	<b>26,064</b>

	MIT(II)			MIT(I)		
	Financial Institutions \$'000	Corporates \$'000	Total \$'000	Financial Institutions \$'000	Corporates \$'000	Total \$'000
<b>Parent Entity</b>						
<b>2009</b>						
Cash and cash equivalents	395,261	-	395,261	23,933	-	23,933
Receivables	-	308,087	308,087	-	97	97
<b>Total</b>	<b>395,261</b>	<b>308,087</b>	<b>703,348</b>	<b>23,933</b>	<b>97</b>	<b>24,030</b>
<b>2008</b>						
Cash and cash equivalents	203,862	-	203,862	25,509	-	25,509
Receivables	-	1,591	1,591	-	449	449
<b>Total</b>	<b>203,862</b>	<b>1,591</b>	<b>205,453</b>	<b>25,509</b>	<b>449</b>	<b>25,958</b>

#### **Financial institutions**

The credit risk to financial institutions relates to cash held by, receivables due from and negotiable certificates of deposit and commercial paper that has been purchased from Australian and OECD banks. In line with the credit risk policies of the Groups these counterparties must meet a minimum credit rating of A-1.

#### **Corporates and other**

The credit risk relates primarily to trade receivables at the toll road asset level and other receivables from government authorities. These counterparties have a range of credit ratings.

# Financial Report

## for the year ended 30 June 2009

### 27 Financial Risk and Capital Management (continued)

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Groups and parent entities have a prudent liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or highly liquid cash assets, anticipated cash in and outflows and exposure to connected parties.

The below tables display the forecast contractual undiscounted future cash outflows of the MIG, MIT(I) Group's and MIT(I) parent's liabilities.

#### Contractual undiscounted future cash outflows

	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-5 years \$'000	Greater than 5 years \$'000	Total \$'000
<b>MIG Consolidated</b>						
<b>2009</b>						
Non-recourse loans	47,164	85,466	142,496	366,733	2,354,986	2,996,845
Loan from minority interest	18,197	18,530	21,557	47,160	757,199	862,643
Payables	39,526	79	20,203	42,194	1,742,196	1,844,198
Derivative liability	64,449	32,049	(5,863)	(14,146)	38,443	114,932
Accrued interest rate swap liability	(42,561)	(40,013)	(50,356)	(70,359)	1,220,090	1,016,801
Distribution payable	226,173	-	-	-	-	226,173
<b>Total</b>	<b>352,948</b>	<b>96,111</b>	<b>128,037</b>	<b>371,582</b>	<b>6,112,914</b>	<b>7,061,592</b>
<b>2008</b>						
Non-recourse loans	143,583	147,788	173,715	398,913	2,244,850	3,108,849
Loan from minority interest	19,553	24,717	24,705	47,909	717,109	833,993
Payables	37,539	-	22,867	48,430	2,485,510	2,594,346
Distribution payable	240,384	-	-	-	-	240,384
<b>Total</b>	<b>441,059</b>	<b>172,505</b>	<b>221,287</b>	<b>495,252</b>	<b>5,447,469</b>	<b>6,777,572</b>
<b>MIT(I) Consolidated</b>						
<b>2009</b>						
Payables	820	-	-	-	-	820
Distribution payable	104,628	-	-	-	-	104,628
Interest bearing financial liabilities	-	-	-	-	557,361	557,361
<b>Total</b>	<b>105,448</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>557,361</b>	<b>662,809</b>
<b>2008</b>						
Payables	6,670	-	-	-	-	6,670
Interest bearing financial liabilities	-	-	-	-	667,798	667,798
<b>Total</b>	<b>6,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>667,798</b>	<b>674,468</b>

# Financial Report

## for the year ended 30 June 2009

### 27 Financial Risk and Capital Management (continued)

#### Liquidity risk (continued)

MIT(I) Parent	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-5 years \$'000	Greater than 5 years \$'000	Total \$'000
<b>2009</b>						
Payables	195,725	-	-	-	-	195,725
Distribution payable	104,628	-	-	-	-	104,628
Interest bearing financial liabilities	-	-	-	-	557,361	557,361
	<u>300,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>557,361</u>	<u>857,714</u>
<b>2008</b>						
Payables	11,042	-	-	-	-	11,042
Interest bearing financial liabilities	-	-	-	-	667,798	667,798
	<u>11,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>667,798</u>	<u>678,840</u>

MIT(II) Parent	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-5 years \$'000	Greater than 5 years \$'000	Total \$'000
<b>2009</b>						
Payables	110,907	-	-	-	-	110,907
Distribution payable	121,545	-	-	-	-	121,545
	<u>232,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,452</u>
<b>2008</b>						
Payables	1,784	-	-	-	-	1,784
	<u>1,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,784</u>

#### Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and disclosure purposes.

The fair value of financial instruments that are not actively traded in an active market is determined using valuation techniques. Discounted cash flows, are used to determine the fair value for financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

#### Foreign exchange risk

In assessing foreign exchange risk, management has assumed the following movements in the Australian dollar:

- AUD/CAD exchange rate increased/decreased by 0.10 Canadian dollars (2008: 0.10)
- AUD/EUR exchange rate increased/decreased by 0.06 Euro dollars (2008: 0.04)
- AUD/GBP exchange rate increased/decreased by 0.05 UK pounds (2008: 0.04)
- AUD/USD exchange rate increased/decreased by 0.13 United States dollars (2008: 0.09)

The below tables display the amounts for financial instruments that would be recognised in the Income Statement or directly in equity if the movements in foreign exchange rates as outlined above occur. MIG management has determined the above movements in the Australian dollar to be a reasonably possible shift following analysis of foreign exchange volatility for relevant currencies over the last 5 years.

# Financial Report

## for the year ended 30 June 2009

### 27 Financial Risk and Capital Management (continued)

#### *Fair value estimation (continued)*

MIG Consolidated	Foreign exchange risk			
	Appreciation in foreign exchange rates		Depreciation in foreign exchange rates	
	P&L \$'000	Equity \$'000	P&L \$'000	Equity \$'000
<b>2009</b>				
Total financial assets	(6,651)	-	9,014	-
Total financial liabilities	1,443	-	(1,981)	-
<b>Total</b>	<b>(5,208)</b>	<b>-</b>	<b>7,033</b>	<b>-</b>
<b>2008</b>				
Total financial assets	(17,406)	-	21,003	-
Total financial liabilities	2,845	-	(3,433)	-
<b>Total</b>	<b>(14,561)</b>	<b>-</b>	<b>17,570</b>	<b>-</b>

MIT(I) Parent	Foreign exchange risk			
	Appreciation in foreign exchange rates		Depreciation in foreign exchange rates	
	P&L \$'000	Equity \$'000	P&L \$'000	Equity \$'000
<b>2009</b>				
Total financial assets	(1,884)	-	2,608	-
Total financial liabilities	337	-	(466)	-
<b>Total</b>	<b>(1,547)</b>	<b>-</b>	<b>2,142</b>	<b>-</b>
<b>2008</b>				
Total financial assets	(4,120)	-	4,973	-
Total financial liabilities	67	-	(81)	-
<b>Total</b>	<b>(4,053)</b>	<b>-</b>	<b>4,892</b>	<b>-</b>

MIT(I) consolidated and MIT(I) parent have no significant exposure to foreign exchange risk.

#### *Interest rate risk*

In assessing interest rate risk, management has assumed the following movements in the identified interest rates:

- Bank bill swap reference rate (BBSW) increased/decreased by 161 bps (2008: 71 bps)
- Pound Sterling LIBOR increased/decreased by 164 bps (2008: 70 bps)
- EUR LIBOR increased/decreased by 154 bps (2008: 55 bps)
- USD LIBOR increased by 273 bps (2008: increased/decreased by 149 bps) and decreased by 60 bps
- CAD LIBOR increased/decreased by 157 bps (2008: 108 bps)

The below tables display the amounts for financial instruments that would be recognised in the Income Statement or directly in equity if the above interest rate movements occur. MIG management has determined the above movements in interest rates to be a reasonably possible shift following analysis of the interest spreads of comparable debt instruments over the past 5 years.

# Financial Report

## for the year ended 30 June 2009

### 27 Financial Risk and Capital Management (continued)

#### Interest rate risk (continued)

MIG Consolidated	Interest rate risk			
	Increase in interest rates		Decrease in interest rates	
	P&L \$'000	Equity \$'000	P&L \$'000	Equity \$'000
<b>2009</b>				
Total financial assets	15,478	431,880	(14,928)	(632,107)
Total financial liabilities	(4,600)	-	4,600	-
<b>Total</b>	<b>10,878</b>	<b>431,880</b>	<b>(10,328)</b>	<b>(632,107)</b>
<b>2008</b>				
Total financial assets	17,209	193,584	(17,268)	(228,018)
Total financial liabilities	(4,820)	-	4,820	-
<b>Total</b>	<b>12,389</b>	<b>193,584</b>	<b>(12,448)</b>	<b>(228,018)</b>

MIT(I) Consolidated	Interest rate risk			
	Increase in interest rates		Decrease in interest rates	
	P&L \$'000	Equity \$'000	P&L \$'000	Equity \$'000
<b>2009</b>				
Total financial assets	2,346	-	(2,346)	-
Total financial liabilities	(4,536)	-	4,885	-
<b>Total</b>	<b>(2,190)</b>	<b>-</b>	<b>2,539</b>	<b>-</b>
<b>2008</b>				
Total financial assets	184	-	(184)	-
Total financial liabilities	(3,359)	-	3,359	-
<b>Total</b>	<b>(3,175)</b>	<b>-</b>	<b>3,175</b>	<b>-</b>

MIT(II) Parent	Interest rate risk			
	Increase in interest rates		Decrease in interest rates	
	P&L \$'000	Equity \$'000	P&L \$'000	Equity \$'000
<b>2009</b>				
Total financial assets	7,404	-	(7,611)	-
Total financial liabilities	-	-	-	-
<b>Total</b>	<b>7,404</b>	<b>-</b>	<b>(7,611)</b>	<b>-</b>
<b>2008</b>				
Total financial assets	4,811	-	(4,811)	-
Total financial liabilities	-	-	-	-
<b>Total</b>	<b>4,811</b>	<b>-</b>	<b>(4,811)</b>	<b>-</b>

# Financial Report

## for the year ended 30 June 2009

### 27 Financial Risk and Capital Management (continued)

#### Interest rate risk (continued)

	Interest rate risk			
	Increase in interest rates		Decrease in interest rates	
MIT(I) Parent	P&L \$'000	Equity \$'000	P&L \$'000	Equity \$'000
<b>2009</b>				
Total financial assets	384	-	(384)	-
Total financial liabilities	(1,012)	-	1,362	-
Total	(628)	-	978	-
<b>2008</b>				
Total financial assets	182	-	(182)	-
Total financial liabilities	(3,359)	-	3,359	-
Total	(3,177)	-	3,177	-

Financial assets include cash and cash equivalents, receivables, prepayments and derivative financial assets.

Financial liabilities include distribution payable, payables and interest bearing financial liabilities.

#### Capital Management

The Groups' capital management objectives are to:

- Ensure sufficient capital resources to support the Groups' business and operational requirements; and
- Safeguard the Groups' ability to continue as a going concern.

Periodic reviews of the Groups' capital requirements are performed to ensure the Groups are meeting their objectives.

Capital is defined as contributed equity plus reserves. As at 30 June 2009 the Groups do not have any externally imposed capital requirements.

### 28 Commitments for Expenditure

	MIG 2009 \$'000	MIG 2008 \$'000
Consolidated		
<b>Operating leases commitments</b>		
Commitments in relation to land leased by MEL from the Highways Agency in the UK and other non cancellable operating leases are payable as follows:		
Within one year	36,539	52,940
Later than one year but not later than five years	145,770	211,584
Later than five years	1,438,697	2,141,459
	<b>1,621,006</b>	<b>2,405,983</b>

The Group leases land from the Highways Agency in respect of the M6 Toll. The lease payments are established via a formula set out by the Highways Agency, which settles all costs associated with the purchase by the Highways Agency of that land, and interest on those costs at 6% real per annum. Lease payments will be made from 2011 to 2054.

#### Other commitments

As part of the debt refinancing of the M6 Toll in August 2006, MEI, a subsidiary of MIGIL made a commitment to contribute up to a maximum of £70 million (\$142.8 million) (indexed) towards a road enhancement project which would provide a link to the M6 Toll. As this contribution is conditional upon the project being undertaken at a future date, the Group believes that no provisions are necessary in the financial statements at 30 June 2009.

# Financial Report

## for the year ended 30 June 2009

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### 28 Commitments for Expenditure (continued)

#### Other commitments (continued)

MIT(II) parent entity, MIT(I) parent entity and the MIT(I) Group have no commitments which are material either individually or as a class.

### 29 Contingent Liabilities

Except as discussed elsewhere in this report, MIG had the following contingent liabilities at balance date. No provisions have been raised against these items unless stated below.

#### (i) Warnow Tunnel

European Transport Investments (UK) Limited (ETI), a subsidiary of MIGIL, has made two separate guarantees, totalling €1.19 million (\$2.07 million), in the event of a senior debt payment event of default by Warnowquerung GmbH & Co. KG, the owner of the Rostock Fixed Crossing Concession. The Group believes it is unlikely to have to make these contributions and that no provisions are necessary in the financial statements as at 30 June 2009.

This contingent commitment is backed by an on-demand guarantee, provided through a blocked account into which €1.19 million (\$2.07 million) has been deposited. These funds are restricted and are not accessible.

#### (ii) South Bay Expressway

The construction contractor at South Bay Expressway (SBX) has submitted claims against South Bay Expressway Limited Partnership (SBXLP), an associate of MIG. These claims are the subject of ongoing discussion and adjudication.

MIG does not believe that any provision is required against its investment in SBX in the financial statements at 30 June 2009, on the basis SBXLP is expected to defend the claims successfully.

Macquarie Infrastructure Trust (II) has provided letters of credit totalling US\$3.6 million (\$4.4 million) to several agencies which have granted environmental permits for the construction of the SBX. The Group believes it unlikely that there has been or will be any violation of the relevant environmental laws which would require the letters of credit to be drawn and therefore no provisions are necessary in the financial statements as at 30 June 2009.

The letters of credit are backed by an on-demand guarantee, provided through a secured cash deposit of US\$3.6 million (\$4.4 million).

#### (iii) Conversion of Reset Convertible Notes

On 13 November 2006, Ontario Teachers' Pension Plan Board (OTPP) exercised their right to convert all outstanding Reset Convertible Notes (ReCNs) into MIG stapled securities. At the same time, OTPP advised that it considered that MIG had not complied with the terms of the ReCNs Deed Poll in relation to the giving of notice of a Trigger Event, OTPP lodged a summons in the Supreme Court of New South Wales on 7 March 2008 alleging breach of the ReCNs Deed Poll. MIG made an ASX announcement on 10 March 2008 noting the above and indicating it intends to contest the claim. The litigation process is currently ongoing.

### 30 Events Occurring after Balance Sheet Date

A final distribution of 10.0000 cents (2008: 10.0000 cents per stapled security) was paid by MIG on 14 August 2009. The distribution consisted of 4.64 cents paid by MIT(I) and 5.36 cents by MIT(II).

Since the end of the year, the directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the year ended 30 June 2009.

# Financial Report

## for the year ended 30 June 2009

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### Statement by the Directors of the Responsible Entity of MIT(II)

In the opinion of the directors of Macquarie Infrastructure Investment Management Limited (MIIML) (the "Responsible Entity"):

- a) the financial statements and notes for MIT(II) set out on pages 11 to 78 are in accordance with the *Corporations Act 2001* and the Trust Constitution, including:
  - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of Macquarie Infrastructure Group's (as defined in note 1 (b)) and MIT(II)'s financial positions as at 30 June 2009 and of their performance, for the financial year ended on that date; and
- b) there are reasonable grounds to believe that MIT(II) will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



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Mark Johnson  
Sydney  
19 August 2009



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David Mortimer  
Sydney  
19 August 2009

# Financial Report

## for the year ended 30 June 2009

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### Statement by the Directors of the Responsible Entity of MIT(I)

In the opinion of the directors of Macquarie Infrastructure Investment Management Limited (MIIML) ("the Responsible Entity"):

- a) the financial statements and notes for MIT(I) set out on pages 11 to 78 are in accordance with the *Corporations Act 2001* and Trust Constitution, including:
  - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of Macquarie Infrastructure Trust (I)'s and MIT(I) Group's financial positions as at 30 June 2009, and of their performance for the financial year ended on that date; and
- b) there are reasonable grounds to believe that Macquarie Infrastructure Trust (I) will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



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Mark Johnson  
Sydney  
19 August 2009



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David Mortimer  
Sydney  
19 August 2009

## Independent Audit Report to the Unitholders of Macquarie Infrastructure Trust (I) and Macquarie Infrastructure Trust (II)

### Report on the financial reports

We have audited the accompanying financial reports of Macquarie Infrastructure Trust (I) and Macquarie Infrastructure Trust (II), which comprise the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declarations for Macquarie Infrastructure Trust (I), Macquarie Infrastructure Trust (II), Macquarie Infrastructure Group and the Macquarie Infrastructure Trust (I) Group. Macquarie Infrastructure Group comprises Macquarie Infrastructure Trust (II) and the entities it controlled during the year which are deemed to include Macquarie Infrastructure Trust (I) and the entities it controlled during the year and Macquarie Infrastructure Group International Limited and the entities it controlled during the year. The Macquarie Infrastructure Trust (I) Group comprises Macquarie Infrastructure Trust (I) and the entities it controlled during the year.

#### *Directors' responsibility for the financial report*

The directors of Macquarie Infrastructure Investment Management Limited, the Responsible Entity of Macquarie Infrastructure Trust (I) and Macquarie Infrastructure Trust (II), are responsible for the preparation and fair presentation of the financial reports in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial reports that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian Accounting Standards ensures that the financial reports, comprising the financial statements and notes, comply with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial reports based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial reports.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial reports.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

- (a) the financial reports of Macquarie Infrastructure Trust (I) and Macquarie Infrastructure Trust (II), are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of Macquarie Infrastructure Trust (I)'s, Macquarie Infrastructure Trust (II)'s, Macquarie Infrastructure Group's and Macquarie Infrastructure Trust (I) Group's financial positions as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial reports comply with International Financial Reporting Standards as disclosed in Note 1.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Wayne Andrews*

Wayne Andrews  
Partner

Sydney  
19 August 2009