

MACQUARIE

Macquarie Infrastructure Group International Limited

Registered number **EC35715**

Interim Financial Report 31 December 2006

During the period under review, Macquarie Infrastructure Group (MIG) comprises Macquarie Infrastructure Trust (I) ARSN 092863780 (MIT(I)), Macquarie Infrastructure Trust (II) ARSN 092863548 (MIT(II)) and Macquarie Infrastructure Group International Limited Company ARBN 094 142 891 (MIGIL).

Macquarie Infrastructure Investment Management Limited ACN 072 609 271 (MIIML) is the responsible entity of MIT(I) and MIT(II). MIIML is a wholly owned subsidiary of Macquarie Bank Limited ACN 008 583 542 (MBL).

Macquarie Investment Management (UK) Limited registered number 3976881(MIM UK) is the advisor for MIGIL. MIM UK is a wholly owned subsidiary of MBL.

Investments in MIG are not deposits with or other liabilities of MBL, or any entity in the Macquarie Bank Group and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither MIGIL, nor any member of the Macquarie Bank Group, including MIIML and MIM UK, guarantees the performance of MIG, the repayment of capital or the payment of a particular rate of return on MIG stapled securities.

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 in MIG and MIM UK as the advisor to MIGIL are entitled to fees for so acting. MBL and its related corporations (including MIIML and MIM UK) together with their officers and directors and officers and directors of MIGIL hold stapled securities in MIG from time to time.

Interim Financial Report

Half Year Ended 31 December 2006

Table of Contents

Directors' Report	1
Directors.....	1
Secretary.....	1
Principal Activities and Results	1
Review of the Business.....	2
Independent Review Report to the Members of Macquarie Infrastructure Group International Limited	4
Consolidated Income Statement	5
Consolidated Balance Sheet	6
Consolidated Statement of Changes in Equity	7
Consolidated Cash Flow Statement	8
Notes to the Interim Financial Report	9
1 Summary of Significant Accounting Policies	9
2 Net Profit for the Period	13
3 Taxation	15
4 Distributions Paid and Proposed.....	15
5 Investments in Financial Assets.....	16
6 Contributed Equity	17
7 Reserves.....	18
8 Segment Reporting	18
9 Contingencies	19
10 Events Occurring After Balance Sheet Date	19

Interim Financial Report

Half Year Ended 31 December 2006

Directors' Report

The Directors of Macquarie Infrastructure Group International Limited (MIGIL or the Company) submit the following report, in respect of the six months ended 31 December 2006 (the period).

Directors

The following persons held office as Directors of the Company during the period and up to the date of this report:

- Robert Mulderig (Chairman)
- Mark Johnson
- Dr Peter Dyer
- Jeffrey Conyers (Deputy Chairman)

Secretary

The following person held office as secretary of the Company during the period and up to the date of this report:

- Roslyn O'Brien

Principal Activities and Results

The principal activity of the Company and its subsidiaries (together the Group) is to invest in toll roads, bridges and tunnels. During the period, the Group formed part of Macquarie Infrastructure Group (MIG). MIG is a triple stapled security which during the period comprised a unit in each of two Australian trusts, Macquarie Infrastructure Trust (I) (MIT(I)) and Macquarie Infrastructure Trust (II) (MIT(II)) and an ordinary share of the Company. MIGIL is a mutual fund company incorporated and domiciled in Bermuda.

The group results for the period are set out below and in more detail in the attached financial statements.

	6 months to 31 Dec 2006 AUS \$'000	6 months to 31 Dec 2005 AUS \$'000
Total revenue and other income	1,109,547	524,323
Net profit attributable to MIGIL equity holders	611,082	630,330

Interim Financial Report

Half Year Ended 31 December 2006

Review of the Business

■ **M6 Toll**

Debt Refinancing

MIG completed a debt refinancing of the M6 Toll on 24 August 2006.

Following the refinancing, the previous £619.9 million (\$1.54 billion) debt facility was replaced by new facilities of £1.03 billion (\$2.55 billion) and new interest rate swaps. The new nine-year facilities are due for repayment in 2015 and comprise a £1.00 billion (\$2.48 billion) term loan and a £30.0 million (\$74.5 million) capital expenditure facility. To date the capital expenditure facility has not been utilised. Interest rate hedging has been put in place in relation to 100% of the face value of the loan for the next 30 years.

As part of the refinancing a group restructure was undertaken. Macquarie Motorways Group Limited (MMG), a new 100% owned subsidiary of the Company, was incorporated on 18 July 2006. The new facilities and interest rate swaps are held by MMG.

Using the proceeds of the new loan facility and other inter group financing MMG purchased 100% of the issued share capital of Macquarie Infrastructure (UK) Limited (MIUK) from Macquarie European Infrastructure Limited (MEI). Both MIUK and MEI are 100% owned subsidiaries of the Company. MIUK has a 30.61% shareholding in Lusoponte Concessionaria para a Travessia do Tejo S.A. MMG also purchased a 10% interest in MIBL Finance Luxembourg SA, a 100% owned subsidiary of the Company. Through this interest MMG now has a 5% interest in Macquarie Autoroutes de France SAS, the group's holding company for its investment in Autoroutes Paris-Rhin-Rhône.

MMG also acquired 100% of the issued share capital of Midland Expressway Limited (MEL) from Macquarie Midland Holdings Limited, a 100% owned subsidiary of the Company. MEL has the concession to develop, operate and maintain the M6 Toll.

After repaying the previous debt facility and incurring debt arranging and refinancing fees the additional cash assets generated by the Group amounted to £358.0 million (\$887.5 million). A further £34.0 million (\$84.3 million) of restricted cash assets were released from the refinancing. \$500.0 million of the proceeds were used by MIG to repay the standby facilities drawn in connection with the acquisition of the Indiana Toll Road, with the remainder being applied to the security buy-back (refer below).

Advisory fees of £6.2 million (\$15.4 million) were paid to Macquarie Bank Limited in connection with the refinancing.

Outstanding Claims

Outstanding claims against MEL, for construction liabilities amounting to £27.7 million (\$68.8 million) were withdrawn during the previous year. As at 31 December 2006 there are no outstanding claims against MEL. MEL expects further claims against it, but is unable to quantify the amount. The Group believes that it will defend these claims successfully and that no provisions are necessary in the financial statements as at 31 December 2006.

■ **Divestment of 50% interest in Dulles Greenway**

On 15 December 2006, the Company sold its loan to Shenandoah Holdings LLC to Macquarie Infrastructure Partners (MIP), for proceeds of US\$281.6 million (\$360.4 million). This formed part of a divestment by MIG of 50% of its interests in its US assets to MIP.

■ **Security buy-back**

On 3 October 2006, MIG commenced an on-market buy-back of up to \$500.0 million of MIG securities (Ongoing Buy-Back). Following the successful completion of the sale of US assets to MIP, and having received the required approvals from ASIC and MIG security holders, MIG also announced on 18 December 2006 an expanded on-market buy-back (Expanded Buy-Back) of up to a further \$500.0 million.

The Expanded Buy-Back will conclude no later than 23 August 2007. As at 31 December 2006, MIG has bought back 80,101,729 MIG securities for total consideration of \$271.5 million of which \$224.0 million was payable by MIGIL. MIGIL paid brokerage of \$0.4 million to Macquarie Bank Limited during the period in connection with the buy back.

Interim Financial Report

Half Year Ended 31 December 2006

■ **Distribution Reinvestment Plan**

On 15 August 2006, MIGIL issued 55,504,517 ordinary shares under the MIG Distribution Reinvestment Plan (DRP). The net equity raised, including share premium, was \$118.4 million. The DRP enables MIG security holders to reinvest distributions from MIG into MIG securities.

■ **Conversion of Reset Convertible Notes (ReCNs)**

On 13 November 2006, Ontario Teachers' Pension Plan Board (OTPP) exercised their right to convert all outstanding ReCNs, with Face Value of \$490.0 million together with accrued interest of \$14.7 million, into MIG stapled securities.


On 15 November 2006, MIGIL issued 165,048,894 stapled securities to OTPP in accordance with the terms of the ReCNs Deed Poll. The net equity raised, including share premium, was \$426.7 million.

■ **Distributions**

An interim distribution for the half year ended 31 December 2006 of 10.00 cents per security (2005: nil) was paid by MIGIL on 14 February 2007.

In the opinion of the Directors, there were no other significant developments within the Company and its controlled entities that occurred during the period.

By order of the Board


Robert Mulderig
Chairman
21 February 2007

Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Interim Financial Report

Half Year Ended 31 December 2006

Independent Review Report to the Members of Macquarie Infrastructure Group International Limited

We have been instructed by the Company to review the financial information for the six months ended 31 December 2006 which comprises the consolidated balance sheet as at 31 December 2006 and the related consolidated income statement, cash flow statement and statement of changes in equity for the six months then ended and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

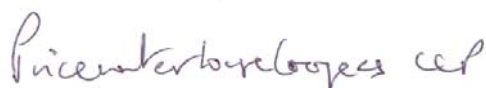
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with International Financial Reporting Standards ("IFRS").

This interim report has been prepared in accordance with the basis set out in Note (1).

We conducted our review in accordance with guidance contained in International Standards on Auditing (UK and Ireland) applicable to review engagements. A review consists principally of making enquiries of the directors and management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the Company and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2006.

The directors are responsible for the maintenance and integrity of the MIG web site, which houses the Group's consolidated financial statements. The work carried out by PricewaterhouseCoopers LLP does not involve consideration of the maintenance or integrity of the MIG website and, accordingly, PricewaterhouseCoopers LLP does not accept responsibility for any changes that may have occurred to the Group's consolidated financial statements since they were initially presented on the MIG web site.



PricewaterhouseCoopers LLP
Chartered Accountants
London
21 February 2007

Interim Financial Report

Half Year Ended 31 December 2006

Consolidated Income Statement

	Note	6 months to 31 Dec 2006 AUS \$'000	6 months to 31 Dec 2005 AUS \$'000
Revenue and other income from continuing activities			
Revenue from continuing activities		102,079	77,708
Other income from continuing activities		1,007,468	446,615
Total revenue and other income from continuing activities	2(i)	1,109,547	524,323
Operating expenses from continuing activities			
Financing costs		(86,957)	(45,215)
Other operating expenses		(115,516)	(95,503)
Total operating expenses from continuing activities	2(ii)	(202,473)	(140,718)
Net profit from continuing activities before taxation		907,074	383,605
Taxation (expense)/benefit	3	(324)	246,725
Net profit from continuing activities after taxation		906,750	630,330
Net profit attributable to:			
MIGIL equity holders		611,082	630,330
Minority interest		295,668	-
		906,750	630,330

The above Consolidated Income Statement should be read in conjunction with the accompanying notes on pages 9 to 19.

Interim Financial Report

Half Year Ended 31 December 2006

Consolidated Balance Sheet

	Note	31 Dec 2006 AUS \$'000	30 Jun 2006 AUS \$'000
Current assets			
Cash and cash equivalents		1,836,090	326,087
Trade and other receivables		446,055	8,826
Inventories		388	513
Total current assets		2,282,533	335,426
Non-current assets			
Investments in financial assets	5	5,010,494	4,886,652
Property, plant and equipment		1,514,251	1,538,127
Tolling concessions		51,334	51,993
Derivative financial instruments		37,178	-
Total non-current assets		6,613,257	6,476,772
Total assets		8,895,790	6,812,198
Current liabilities			
Trade and other payables		(464,473)	(40,135)
Distribution payable to MIGIL equity holders	4	(261,595)	(91,411)
Total current liabilities		(726,068)	(131,546)
Non-current liabilities			
Trade and other payables		(112,097)	(83,941)
Provisions		(2,396)	(2,498)
Interest-bearing financial liabilities		(2,730,765)	(1,795,773)
Derivative financial instruments		-	(6,750)
Total non-current liabilities		(2,845,258)	(1,888,962)
Total liabilities		(3,571,326)	(2,020,508)
Net assets		5,324,464	4,791,690
Equity			
Equity attributable to MIGIL equity holders			
Contributed equity	6	6,327,693	6,006,310
Reserves	7	(2,945,759)	(2,637,886)
Retained profits		1,512,975	1,163,489
		4,894,909	4,531,913
Minority interest		429,555	259,777
Total equity		5,324,464	4,791,690

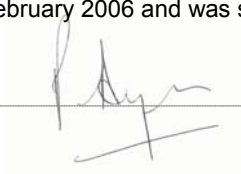
The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes on pages 9 to 19.

This financial information was approved by the Board of Directors on 21 February 2006 and was signed on its behalf by:

Robert Mulderig
Director



Peter Dyer
Director



Interim Financial Report

Half Year Ended 31 December 2006

Consolidated Statement of Changes in Equity

	6 months to 31 Dec 2006 AUS \$'000	6 months to 31 Dec 2005 AUS \$'000
Total equity at the beginning of the period	4,791,690	2,572,653
Adjustment to equity on adoption of IAS 32 and IAS 39	-	543,594
Exchange differences on translation of foreign operations	(350,297)	264,842
Movement in hedging reserve	37,178	-
Profit for the period	906,750	630,330
Total recognised income and expense for the period	593,631	1,438,766
Transactions with equity holders		
Issue of share capital, net of transaction costs paid	321,383	630,438
Distributions provided for or paid to ordinary share holders	(261,595)	-
Distributions provided for or paid to minority interest	(120,645)	-
Total equity at the end of the period	5,324,464	4,641,857
Total recognised income and expense for the period is attributable to:		
MIGIL equity holders	303,209	1,438,766
Minority interest	290,422	-
	593,631	1,438,766

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 9 to 19.

Interim Financial Report

Half Year Ended 31 December 2006

Consolidated Cash Flow Statement

	6 months to 31 Dec 2006 AUS \$'000	6 months to 31 Dec 2005 AUS \$'000
Cash flows from operating activities		
Toll revenue received	85,751	69,356
Interest received	37,152	39,789
Payments to suppliers and employees (inclusive of VAT)	(28,752)	(12,628)
Management fees paid	(34,710)	(16,906)
Performance fees paid	-	(9,465)
Dividend income received	139,336	14,015
Income taxes paid	(86)	-
Other income received	3,555	4,042
Net cash flows from operating activities	202,246	88,203
Cash flows from investing activities		
Proceeds from disposal of interest bearing financial assets	360,419	-
Payments for purchase of investments	-	(654,180)
Purchase of tangible fixed assets	(505)	(10,370)
Proceeds from sale of tangible fixed assets	12	-
Proceeds from return of capital from investments	1,312	2,810
Net cash flows from investing activities	361,238	(661,740)
Cash flows from financing activities		
Issue of ordinary share capital	118,884	566,940
On-market buyback	(224,387)	-
Borrowing costs paid	(93,309)	(46,619)
Proceeds from borrowings	2,479,104	-
Repayment of borrowings	(1,538,348)	-
Repayment of related entity loans	355,637	83,888
Distributions paid to shareholders	(146,432)	(295,179)
Net cash flows from financing activities	951,149	309,030
Net increase/(decrease) in cash assets held	1,514,633	(264,507)
Cash assets at the beginning of the period	326,087	941,745
Effects of exchange rate movements	(4,630)	14,265
Cash assets at the end of the period	1,836,090	691,503

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes on pages 9 to 19.

Notes to the Interim Financial Report

1 Summary of Significant Accounting Policies

This general purpose financial report for the half year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of MIGIL for the year ended 30 June 2006.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

— Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The area involving a higher degree of judgement or complexity is related to investments in financial assets, which are measured at directors' estimates of fair value. 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, bridge and tunnel transactions.

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 discount rate applied to 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.

The risk premiums applied to the discounted cash flow valuations of MIGIL's investments in financial assets as at 31 December 2006 are as follows: 407 ETR 4.0% (30 June 2006: 4.0%), Lusoponte 2.8% (30 June 2006: 2.8%), Warnow Tunnel 6.5% (30 June 2006: 6.5%), Dulles Greenway 7.5% (30 June 2006: 7.5%), and APRR 12.0% (30 June 2006: 18.0%). Details of significant changes in risk premiums are provided in Note 5.

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

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by MIGIL at 31 December 2006 and the results of all controlled entities for the period then ended. The effects of all transactions between entities in the consolidated Group 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, which are not held directly or indirectly by 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.

Interim Financial Report

Half Year Ended 31 December 2006

1 Summary of Significant Accounting Policies (Continued)

(c) Investments in financial assets

MIGIL has designated its non-controlled investments in toll road companies as financial assets at fair value through profit and loss. Investments in financial assets 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 IAS 39. Changes in the fair values of investments in financial assets, both positive and negative have been recognised in the Income Statement for the period.

Investments have been measured as follows:

— *Interests in unlisted securities in companies*

MIGIL, as a mutual fund company, has taken advantage of the exemption available under IAS 28 *Investments in Associates*, and designated those infrastructure investments that are associated undertakings, as financial assets at fair value through profit and loss in line with IAS 39. They are not equity accounted as otherwise required by IAS 28.

Unlisted interests in companies (including investments in associates) which are not controlled are measured at the directors' estimates of fair value, determined in accordance with a discounted cash flow analysis.

Adjustments to the fair value of interests in unlisted securities in companies are recognised in the Income Statement.

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 debt securities are measured at fair value. Adjustments to the fair value of debt securities are recognised in the Income Statement.

Interim Financial Report

Half Year Ended 31 December 2006

1 Summary of Significant Accounting Policies (Continued)

(d) Derivative financial instruments

The Group enters into interest rate swap agreements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its interest rate swap agreements as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the 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 assessments, 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.

— 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 in the Income Statement in the periods when the hedged item will affect profit or loss. 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.

— Fair value estimation

The fair values of over-the-counter derivatives are determined using valuation techniques 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.

Interim Financial Report

Half Year Ended 31 December 2006

1 Summary of Significant Accounting Policies (Continued)

(e) Foreign currency translation

— **Functional and presentation currency**

Items included in the financial statements of each of the Group's 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 MIGIL's functional and presentation currency.

— **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, except when deferred in equity from applying cash flow hedge accounting and applying net investment hedge accounting.

— **Group companies**

The results and financial position of all of the Group entities (none of which has the currency of a hyperinflationary economy) 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; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investments in foreign entities are recognised initially in a separate component of 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 is 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.

(f) Revenue and other income recognition

Revaluation of investments in financial assets represents changes in the fair value of investments in unlisted securities and interest bearing debt securities. Income relating to these investments is brought to account as described in Note (c) above.

Interest income from investments not brought to account at fair value is recognised as it accrues and toll revenue is recognised when the service is provided. Other revenue is recognised when the fee in respect of services provided is receivable.

Toll revenue and other revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of value added tax (VAT).

Interim Financial Report

Half Year Ended 31 December 2006

2 Net Profit for the Period

The net profit/(loss) from continuing activities before taxation includes the following specific items of revenue and expense:

(i) Revenue and other income from continuing activities

	6 months to 31 Dec 2006 AUS \$'000	6 months to 31 Dec 2005 AUS \$'000
Revenue from continuing activities		
Interest income: Other persons and corporations	26,312	16,533
Toll revenue	73,011	58,779
Other revenue	2,756	2,396
Total revenue from continuing activities	102,079	77,708
Other income from continuing activities		
Revaluation of interests in unlisted securities in companies	906,623	487,869
Revaluation of interest bearing financial assets and accrued interest	94,355	(35,722)
Foreign exchange effect of revaluations	(6,099)	4
Total revaluation income	994,879	452,151
Foreign exchange gain/(loss)	1,796	(9,570)
Net gains on derivative financial liabilities	10,793	4,034
Total other income from continuing activities	1,007,468	446,615
Total revenue and other income from continuing activities	1,109,547	524,323

Interim Financial Report

Half Year Ended 31 December 2006

2 Net Profit for the Period (Continued)

(ii) Operating expenses from continuing activities

	6 months to 31 Dec 2006 AUS \$'000	6 months to 31 Dec 2005 AUS \$'000
Financing costs		
Related parties	74	599
Interest expense	85,250	42,350
Amortisation of capitalised borrowing costs using the effective interest rate	1,037	1,796
Facility fees	596	470
	86,957	45,215
Other operating expenses		
Amortisation of tolling concessions	548	520
Depreciation		
Plant and machinery	6,848	6,834
Land and buildings	570	539
M6 Toll road	13,473	15,499
	21,439	23,392
Cost of operations:		
Employment costs	8,302	5,521
Operating expenses	5,481	6,467
Operating lease rentals	28,322	19,965
	42,105	31,953
Other operating expenses:		
Consulting and administration fees	19,640	1,651
Manager's and adviser's base fees	30,670	32,108
Manager's and adviser's performance fees	-	(87)
Other expenses	1,662	6,486
	51,972	40,158
Total other operating expenses	115,516	95,503
Total operating expenses from continuing activities	202,473	140,718

Interim Financial Report

Half Year Ended 31 December 2006

3 Taxation

On adoption of IAS 32 *Financial Instruments: Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement* at 1 July 2005 a deferred tax liability was recognised for all revaluation increments above investment cost for tax paying entities.

An exemption from capital gains tax on disposal of certain entities exists in the UK, termed the Substantial Shareholding Exemption (SSE).

The Group considers that from 31 December 2005 it is probable that the SSE would have been satisfied and that no tax would be likely to be payable in the event of disposals of Lusoponte and 407ETR. Accordingly, the deferred tax liabilities recognised in connection with these assets at 1 July 2005 were reversed in the period ended 31 December 2005. The net effect of the change in the prior period was to increase the taxation benefit by \$246.7 million.

4 Distributions Paid and Proposed

The distributions were paid/payable as follows:

	6 months to 31 Dec 2006 AUS \$'000	6 months to 31 Dec 2005 AUS \$'000
Final distribution paid to ordinary share holders for the year ended 30 June	91,411	295,179
Interim distribution proposed and subsequently payable to ordinary share holders for the half year ended 31 December	261,595	-
	353,006	295,179

Interim Financial Report

Half Year Ended 31 December 2006

5 Investments in Financial Assets

MIGIL, as a mutual fund company, has taken advantage of the exemption available under IAS 28 *Investments in Associates*, and designated those infrastructure investments that are associated undertakings, as financial assets at fair value through profit and loss in line with IAS 39, see note 1(c).

The fair values attributed to these investments are disclosed below.

	Balance at 30 June 2006	Investments /(Divestments)	Returns from Investments Note (i)	FX Effects	Revaluations	Balance at 31 December 2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interests in unlisted securities in companies						
Investment in 407 International Inc. (407 ETR)	2,960,063	-	(16,716)	(286,625)	278,824	2,935,546
Shares in Lusoporte Concessionária para a Travessia do Tejo S.A. (Lusoporte)	234,696	-	(1,312)	(6,581)	19,507	246,310
Partnership interest in Warnowquerung GmbH (Warnow Tunnel)	-	-	-	-	-	-
Investment in Financière Eiffarie SAS (APRR)	534,785	-	(122,620)	(14,091)	608,292	1,006,366
	3,729,544	-	(140,648)	(307,297)	906,623	4,188,222
Interest bearing financial assets						
Investments in Financière Eiffarie SAS Bonds (APRR)	513,578	-	(13,496)	(14,734)	16,492	501,840
Investments in Dulles Greenway Subordinated Loans Note (ii)	643,530	(360,419)	(6,733)	(33,809)	77,863	320,432
	1,157,108	(360,419)	(20,229)	(48,543)	94,355	822,272
Total Investments	4,886,652	(360,419)	(159,565)	(355,840)	1,000,978	5,010,494

Notes

(i) Income from Investment

Returns from an investment are credited directly against the investment when received.

(ii) Dulles Greenway

On 15 December 2006, the Company sold its loan to Shenandoah Holdings LLC to Macquarie Infrastructure Partners (MIP), for proceeds of US\$281.6 million (\$360.4 million). This formed part of a divestment by MIG of 50% of its interests in its US assets to MIP.

(iii) Financiere Eiffarie

The risk premium applied in the valuation of Financiere Eiffarie (APRR) at 30 June 2006 was 18.0%, reflecting the acquisition price of the asset. APRR is a relatively recent acquisition for MIG, and has certain characteristics that differentiate it from other assets in the portfolio. The risk premium has been revised to 12.0% at 31 December 2006, which is considered appropriate having regard to the fact that the asset is in a transition phase operationally and has a comparatively high level of gearing.

Interim Financial Report

Half Year Ended 31 December 2006

6 Contributed Equity

	31 Dec 2006 AUS \$'000 (Half year)	30 June 2006 AUS \$'000 (Full year)
On issue at the beginning of the period/year	6,006,310	5,201,616
Issued pursuant to:		
DRP on 12 August 2005	-	48,955
Institutional placement on 1 September 2005	-	456,455
Reinvestment of performance fees in securities on 12 September 2005	-	54,396
Security purchase plan dated 12 October 2005	-	70,648
DRP on 14 February 2006	-	174,719
DRP on 15 August 2006	118,423	-
Conversion of ReCNs on 15 November 2006	426,704	-
Cancelled pursuant to:		
Security buy-back: 3 October 2006 – 31 December 2006 (i)	(224,017)	-
Costs incurred in the raising of capital	273	(479)
On issue at the end of the period/year	6,327,693	6,006,310
	Number of ordinary shares '000	Number of ordinary shares '000
On issue at the beginning of the period/year	2,475,499	2,164,890
Issued pursuant to:		
DRP on 12 August 2005	-	17,594
Institutional placement on 1 September 2005	-	174,419
Reinvestment of performance fees in securities on 12 September 2005	-	21,862
Security purchase plan dated 12 October 2006	-	26,732
DRP on 14 February 2006	-	70,002
DRP on 15 August 2006	55,505	-
Conversion of ReCNs on 15 November 2006	165,049	-
Cancelled pursuant to:		
Security buy-back: 3 October 2006 – 31 December 2006 (i)	(80,102)	-
On issue at the end of the period/year	2,615,951	2,475,499

(i) On 3 October 2006, MIG commenced an on-market buy-back of up to \$500.0 million of MIG securities (Ongoing Buy-Back). Following the successful completion of the sale of US assets to MIP, and having received the required approvals from ASIC and MIG security holders, MIG also announced on 18 December 2006 an expanded on-market buy-back (Expanded Buy-Back) of up to a further \$500.0 million.

The Expanded Buy-Back will conclude no later than 23 August 2007. As at 31 December 2006, MIG has bought back 80,101,729 MIG securities for total consideration of \$271.5 million of which \$224.0 million was payable by MIGIL. MIGIL paid brokerage of \$0.4 million to Macquarie Bank Limited during the period in connection with the buy-back.

ASIC has formally issued a relief instrument with terms that allow MIG to buy back up to a limit of 17.5% of MIG's issued securities. This is based on the lowest number of MIG securities on issue in the 12 months up to 24 August 2006 and is a maximum of 381,934,838 securities. All other conditions precedent have been satisfied.

Interim Financial Report

Half Year Ended 31 December 2006

7 Reserves

	31 Dec 2006 AUS \$'000 (Half year)	30 Jun 2006 AUS \$'000 (Full year)
Movements in foreign currency translation reserve:		
Balance at the beginning of the period/year	364,081	(40,816)
Currency translation differences during the period/year	(345,051)	404,897
Balance at the end of the period/year	19,030	364,081
Movements in hedging reserve:		
Balance at the beginning of the period/year	-	-
Movements in hedging reserve during the period/year	37,178	-
Balance at the end of the period/year	37,178	-
Movements in other reserve:		
Balance at the beginning of the period/year	(3,001,967)	(3,001,967)
Movements in other reserve during the period/year	-	-
Balance at the end of the period/year	(3,001,967)	(3,001,967)
Total reserves at the end of the period/year	(2,945,759)	(2,637,886)

8 Segment Reporting

The principal activity of MIGIL during the period was investment in toll roads, tunnels and bridges. The primary basis of segment reporting is geographical. At the date of this report MIGIL had investments in Europe, Canada and the United States of America. The North America segment includes balances pertaining to Bermuda.

The Group's toll road business includes the construction and operation of toll roads and investment in entities in the same industry sector.

Geographical Segments

	Europe AUS \$'000	Australia AUS \$'000	North America AUS \$'000	Total AUS \$'000
Period ended 31 December 2006				
Segment revenue and other income	752,860	-	356,687	1,109,547
Total revenue and other income	752,860	-	356,687	1,109,547
Segment profit	550,461	(74)	356,687	907,074
Net profit before taxation	550,461	(74)	356,687	907,074
Period ended 31 December 2005				
Segment revenue and other income	93,532	-	430,791	524,323
Total revenue and other income	93,532	-	430,791	524,323
Segment profit	(46,587)	(599)	430,791	383,605
Net profit before taxation	(46,587)	(599)	430,791	383,605

Interim Financial Report

Half Year Ended 31 December 2006

9 Contingencies

■ *M6 Toll*

Outstanding claims against Midland Expressway Limited (MEL) a subsidiary of MIGIL, for construction liabilities amounting to £27.7 million (\$68.8 million) were withdrawn during the previous year. As at 31 December 2006 there are no outstanding claims against MEL. MEL expects further claims against it, but is unable to quantify the amount. The Group believes that it will defend these claims successfully and that no provisions are necessary in the financial statements as at 31 December 2006.

■ *Warnow Tunnel*

European Transport Investments (UK) Limited (ETI) a subsidiary of MIGIL, has made two separate guarantees, totalling €1.19 million (\$1.99 million), in the event of a senior debt payment event or default by Warnowquerung. The group believes it is unlikely to have to make these contributions and that no provisions are necessary in the financial statements as at 31 December 2006.

This contingent commitment is backed by an on-demand guarantee, provided through a blocked account into which €1.19 million (\$1.99 million) has been deposited.

■ *Performance fees*

Pursuant to the provisions of the Trust Constitutions of MIT(I) and MIT(II), the Advisory Agreement between the Company and Macquarie Investment Management (UK) Limited (MIMUK) as advisor and the Management Agreement between MEI and MIMUK as manager, the Group may become liable for the payment of the third instalment of the performance fee in respect of the year ended 30 June 2005 due to the Advisor. The payment of this instalment is dependent upon meeting certain conditions with respect to the market performance of the stapled security.

The performance fee is calculated with reference to the performance of the accumulated security price of MIG compared with the performance of the Australian All Industrials Accumulation Index.

Fees are apportioned between MIT(I), MIT(II) and the Company based on each entity's share of the net assets of MIG (further adjusted for cash and investment commitments in the case of the base fee). The fair values of the assets are used in the calculation of this apportionment. Fees are calculated in Australian Dollars.

For the year ended 30 June 2006, no new performance fee was earned by MIMUK.

For the year ended 30 June 2005, a total performance fee in relation to the Group of \$52,623,000 was calculated. The 2005 performance fee is payable in three equal instalments, the first instalment was settled in the year ended 30 June 2005 through an issue of ordinary shares. The performance criteria for the second instalment were not met. The third instalment is payable on 30 June 2007, conditional upon the meeting of certain future performance criteria. The following table represents the Group's contingent liabilities in respect of performance fees:

	31 December 2006	30 June 2006
	AUS\$'000	AUS\$'000
Third instalment fee relating to 30 June 2005	17,541	17,541
	17,541	17,541

10 Events Occurring After Balance Sheet Date

■ *Distribution Reinvestment Plan*

A portion of stapled security holders participated in MIG's Distribution Reinvestment Plan for the interim distribution paid on 14 February 2007. Of the distribution declared \$57.8 million was reinvested in MIGIL through the issue of new shares.

Other than as disclosed above, there are no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of MIGIL and its controlled entities, the results of these operations or the state of affairs of the consolidated entity in subsequent financial years.