



MACQUARIE INFRASTRUCTURE GROUP
INTERIM REPORT FOR THE PERIOD ENDED
31 DECEMBER 2008



MACQUARIE

CEO'S REPORT

MIG'S BOARDS AND MANAGEMENT REMAIN FOCUSED ON OPTIMISING PERFORMANCE AT EACH OF ITS BUSINESSES THROUGH CONTINUED APPLICATION OF MIG'S ACTIVE MANAGEMENT MODEL, WITH SPECIFIC EMPHASIS ON UTILISATION OF TOLLING REGIMES, OPERATING COSTS AND MANAGEMENT OF DEBT.

The first half of the 2009 financial year was characterised by extremely challenging global economic conditions. Despite the prevailing conditions, MIG's toll road businesses returned solid results for the reporting period.

MIG's Boards and management remain focused on optimising performance at each of its businesses through continued application of MIG's active management model, with specific emphasis on utilisation of tolling regimes, operating costs and management of debt. Each of these is discussed below.

Financial performance

In these volatile conditions MIG has successfully maximised the potential revenue, and subsequent earnings, from the portfolio through active management of tolling regimes, with positive results.

Actual operating revenue for the six months ended 31 December 2008 increased by A\$55.1 million (9.4%) to A\$641.3 million. This increase in revenue is attributable mainly to higher toll rates at APRR, 407 ETR and Westlink M7, and the opening of South Bay Expressway to tolled traffic on 14 January 2008.

These toll increases, together with some minor changes to vehicle mix and trip patterns, have led to an effective weighted average toll increase of 4.2% across the portfolio. Subtracting inflation, this represents an average real toll increase of 1.7%.

FINANCIAL HIGHLIGHTS

		Six months to 31 December 2008	Six months to 31 December 2007
Distribution	MIG distributions	A\$0.10 per security	A\$0.10 per security
Reported results	Net profit attributable to MIG security holders	(A\$1,270m)	A\$1,029m
Proportionally consolidated results[†]	Revenue	A\$641m	A\$586m
	EBITDA from road assets	A\$459m	A\$424m
	MIG proportionate earnings	A\$283m	A\$168m
		As at 31 December 2008	As at 30 June 2008
Balance sheet	Total assets	A\$8,774m	A\$9,747m
	Total MIG security holders' interest	A\$4,866m	A\$5,950m
Other	Asset portfolio valuation	A\$7,078m	A\$8,569m
	Net asset backing per security [‡]	A\$3.30	A\$3.84

[†] Includes the actual earnings from individual assets in the proportion of MIG's equity ownership for the period, prepared in accordance with the policies set out in MIG's 31 December 2008 Management Information Report. This information has not been prepared in accordance with Accounting Standards.

[‡] Before deferred tax.



MIG's proportionate earnings, including the gain on sale of Lusoponte, were A\$283.4 million, an increase of 68.3% compared to the prior corresponding period (pcp). MIG proportionate earnings per security increased 76% from 6.8 cents to 12.0 cents as a consequence of both the gain on sale of Lusoponte and the decrease in the number of securities on issue due to the ongoing buy-back.

On a proforma basis (adjusted for movements in exchange rates) operating revenue increased A\$9.5 million (1.5%) in the six months to 31 December 2008, compared to the pcp.

Underlying EBITDA from road assets increased 1.4% to A\$459.1 million, while the underlying road assets' EBITDA margin remained constant at 71.6%. The increase in EBITDA has been achieved through revenue growth and tight control over expenses.

In its statutory accounts for the period, MIG reported a loss of A\$1,269.9 million. This was driven by unrealised asset revaluation movements, which are taken through the income statement. This loss was almost completely offset by unrealised foreign exchange gains which, under accounting standards, are not shown in the income statement.

Asset sales

During the period, MIG demonstrated its expertise as a toll road developer and value creator with the successful sales of Lusoponte and Westlink M7.

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 (A\$227.0 million). The conditions precedent were met on 30 December 2008 and financial close was achieved on 5 January 2009.

Consequently, the gain on the sale of Lusoponte of A\$129.0 million has been reflected in MIG's proportionate earnings for the current period.

On 1 December 2008, MIG announced that it had accepted a binding offer for 100% of its interest in Westlink M7 from the Western Sydney Road Group (WSRG) for A\$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, a leading Australian institutional investment manager) on behalf of its clients. The sale was subject to the pre-emptive rights of the other shareholder in Westlink M7.

The sale will generate net proceeds for MIG of approximately A\$402.5 million. This is a sound outcome for MIG security holders. The price will deliver for investors an internal rate of return of 25.9%. On 13 January 2009, the other shareholder in Westlink M7 announced that it would not exercise its pre-emptive rights. MIG is in ongoing discussions regarding a sell-down of its interest in WSRG to third-party investors.

The sale of Westlink M7 to WSRG was completed on 27 February 2009.

Traffic

The effects of existing and challenging economic conditions have been felt most in Continental Europe and the United States (US). Weighted average traffic has decreased 2.6% across MIG's portfolio, with MIG experiencing lower traffic on all of its roads, with the exception of Westlink M7 and Warnow Tunnel.

Government agency statistics released by the US Department of Transport estimate that the cumulative travel on all roads in the US in 2008 decreased by 3.7% (102.1 billion vehicle miles) as compared to 2007.

Both Chicago Skyway and Indiana Toll Road (ITR) have also been affected by the temporary closure of feeder road Route I-65. This road was however re-opened to traffic on 25 November 2008 and traffic on both Chicago Skyway and ITR is expected to increase as a result.

In France, motorway traffic decreased by 1.4% in 2008, the first drop since records began in 1980. This compares to a 3% increase in 2007. The reduction was especially noticeable from the second quarter of 2008, with the sharp increase in oil prices and the slowing of the economy.

The impact of the economic slowdown has been particularly pronounced in heavy vehicle traffic, with freight movements down significantly as a consequence of lower economic activity. In Europe and North America heavy vehicle traffic has fallen by approximately 10%.

In addition to the effects of economic slowdown, traffic has also been negatively affected by improvements made to competing alternative routes to a number of MIG's roads, in particular Dulles Greenway and M6 Toll.

Debt position

MIG and its toll road businesses are in a sound financial position. MIG continues to actively manage its debt position and debt maturities and is well placed to manage the impacts of the current difficult credit market conditions and reduced level of liquidity.

MIG's proportionate net debt has increased to A\$11,434.2 million, a 21.5% increase, primarily as a consequence of the depreciation of the Australian dollar during the period. Overall, the Australian dollar has fallen 17.6% against the currencies in which MIG's debt is held. Had the 30 June 2008 foreign exchange rates been applied in the current period, the total net debt balance would be A\$9.8 billion, a 3.8% increase since 30 June 2008.

During the period, MIG successfully negotiated a number of refinancings of debt within the portfolio, totalling A\$1.8 billion, including:

- A number of debt raisings completed by APRR:
 - €250 million six year bank facility drawn in July 2008
 - €200 million seven year French CPI linked commercial paper issue in October 2008
 - €50 million four year bank facility established in December 2008
 - €91 million ten year CNA debt drawn in December 2008
- Post balance date, on 15 January 2009, 407 ETR issued C\$500 million of bonds through a syndicate of Canadian Banks.

Importantly, with these refinancings, the new debt raised was at a lower overall cost in comparison to the debt that it replaced, demonstrating that credit providers continue to support high quality infrastructure assets.

Across the portfolio MIG continues to exhibit a strong debt service coverage ratio of 2.1 times. MIG also has a strong hedging position with over 70% of its interest cost hedged for the next seven years.

On market buy-back

On 21 August 2008, MIG announced its intention to conduct an on market buy-back of up to 10% of securities on issue over the course of the ensuing 12 months. This buy-back forms part of MIG's overall capital management strategy and was deemed the most appropriate investment MIG could make with its excess cash balances in the current market environment.

As at 19 February 2009, MIG had purchased and cancelled 100,928,340 securities, at an average price of A\$2.00, and a cost of A\$202.2 million. The progress of the buy-back to 19 February 2009 represented 4.2% of the securities on issue.

Cash position

MIG is in a very strong cash position, with cash balances of A\$563.6 million as at 31 December 2008. The current cash position is A\$961.6 million.*

Corporate governance

In response to market feedback, in October 2008, MIG announced changes to its corporate governance framework. Most notably, security holders will have the right to nominate and vote on the appointment of all directors across the Boards of MIG on a rotational basis, commencing with the 2009 Annual General Meeting.

In accordance with these changes, in December 2008 Michael Carapiet, head of Macquarie Capital, resigned from the Board of the responsible entity for MIG, and John Roberts, joint head of Macquarie Capital Advisers, resigned as alternate director for Michael Carapiet and Mark Johnson.

In addition, the management arrangements for the stapled company as set out in the advisory deed, the trust constitutions, and a summary of key terms are now available on MIG's website. MIG will continue to review its corporate governance framework annually.

Outlook

We face a challenging economic environment. However, MIG's Boards and management will continue to focus on driving performance from MIG's portfolio.

Key initiatives for the year ahead include:

- Ongoing management of revenue and cost initiatives to drive growth in EBITDA, including managing the implementation of new toll schedules on a number of roads within the portfolio
- Identifying opportunities to realise value in the portfolio for security holders
- Continuing the on market buy-back
- Actively managing the debt position at MIG's assets.

The solid first half result is evidence of the stability of MIG's earnings. MIG and its portfolio of toll roads are in a sound financial position. We are well positioned to face the challenges ahead and look forward to updating MIG investors on the progress of the initiatives discussed above.

Thank you for your continuing support.



John Hughes
Chief Executive Officer
Macquarie Infrastructure Group

* As at 27 February 2009.

MIG INVESTMENT PROFILE AS AT 31 DECEMBER 2008

Asset	Location	Toll increase mechanism	MIG's % interest	Asset value 31 Dec 2008 (A\$ million)	% of MIG portfolio
407 ETR	Toronto, Canada	Market based with traffic thresholds	30.0	3,571	50.4
M6 Toll	Birmingham, UK	Market based	100.0	1,201	17.0
APRR	Eastern France	% of inflation	20.4	767	10.8
Westlink M7	Sydney, Australia	Inflation (quarterly)	50.0	805	11.4
Dulles Greenway	Virginia, US	Subject to regulation – toll path set to 2020	50.0	345	4.9
Indiana Toll Road	Indiana, US	Specified truck toll schedule and fixed car toll until 2010 – thereafter, greater of CPI, 2% or nominal GDP per capita	25.0	189	2.7
Skyway	Chicago, US	Specified toll schedule until 2017 – thereafter, greater of CPI, 2% or nominal GDP per capita	22.5	186	2.6
Tagus River Crossings	Lisbon, Portugal	Inflation	–	–	–
South Bay Expressway	San Diego, US	Market based	50.0	12	0.2
Warnow Tunnel	Rostock, Germany	Minimum of inflation unless IRR > 25.0%	70.0	2	–
Total				7,078	100

MAJOR ASSET PERFORMANCE SIX MONTHS TO 31 DECEMBER 2008 VS PCP

Asset	% Traffic increase	% Revenue increase	% EBITDA increase
407 ETR	(2.2)	1.8	(7.1)
M6 Toll	(11.8)	(0.3)	(0.6)
APRR	(3.3)	(0.9)	1.2
Westlink M7	6.1	7.6	18.8
MIG proportionately consolidated*	(2.6)	1.5	1.4

* Based on proforma proportionately consolidated information. This has been normalised for changes in ownership interest and foreign exchange movements.

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Mark Johnson (Chairman)
Paul McClintock
David Mortimer AO
David Walsh

Secretaries

Christine Williams
Dennis Leong

Macquarie Infrastructure Group International Limited

Directors

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

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This interim report is general information and does not take into account the particular investment objectives, financial situation or 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. Macquarie Infrastructure Group International Limited and member companies of the Macquarie Group including Macquarie Infrastructure Investment Management Limited (the responsible entity of the trusts comprised in Macquarie Infrastructure Group) and Macquarie Capital Funds (Europe) Limited, the adviser of Macquarie Infrastructure Group International Limited, do not guarantee the performance of MIG, the repayment of capital or the payment of income.

Complaints handling

A formal complaints handling procedure is in place for MIG. MIIML (the responsible entity) is a member of the Financial Ombudsman Service (FOS). Complaints should in the first instance be directed to the responsible entity. If you have any enquiries or complaints please contact:

The Manager - Investor Relations, MIIML
GPO Box 4294 Sydney NSW 1164
Telephone (Australia): 1800 358 440
Telephone (International): +612 8232 7248
Email: mig@macquarie.com

If, after giving us the opportunity to resolve your complaint, you do not feel that it has been resolved satisfactorily, you can lodge a complaint with FOS:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Website: www.fos.org.au

MIG's ongoing commitment to your privacy

We understand the importance you place on your privacy and are committed to protecting and maintaining the confidentiality of the personal information you provide to us. MIG has adopted the Macquarie Group privacy policy.

For further information, visit the MIG website at www.macquarie.com/mig or contact our investor relations team on 1800 358 440.

Interim financial report

A copy of the MIG interim financial report for the six months to 31 December 2008, as well as for previous periods, is available on the MIG website www.macquarie.com/mig

Alternatively, if you would like to receive a hard copy of any of MIG's financial reports, please contact Computershare Investor Services on 1800 000 982.