

**MACQUARIE INFRASTRUCTURE GROUP**

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009



MACQUARIE

# Concise 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.

# Concise 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).

### Principal Activities

The principal activity of MIG 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 Group's 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 MIG full 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 the Group for the year, as represented by the results of its operations, was as follows:

	<b>MIG Consolidated 2009 \$'000</b>	MIG Consolidated 2008 \$'000
Revenue and other income from continuing activities	<b>(2,163,581)</b>	1,356,345
(Loss)/Profit attributable to MIG security holders	<b>(1,713,631)</b>	767,269
	<b>Cents</b>	Cents
Basic earnings per stapled security	<b>(73.72)</b>	31.46

#### ***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(f), and information on the sensitivity of the valuations to the key assumptions underpinning them is included in Note 5.

#### ***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). Brokerage of \$412,695 was paid to Macquarie Capital Securities (Australia) Limited for securities bought back to 30 June 2009.

#### ***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.

#### ***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.

# Directors' Report

## for the year ended 30 June 2009

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### ***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**

In the opinion of the directors there were no significant changes in the state of affairs of the Group 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 Group 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 Group.

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

No insurance premiums are paid for out of the assets of the Group in regard to insurance cover provided to either the Responsible Entity or auditors of the Group. 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 Group against any losses incurred while acting on behalf of the Group. The auditors of the Group are in no way indemnified out of the assets of the Group.

### **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 Group's property during the year are disclosed in Note 25 to the MIG full financial statements.

No fees were paid out of the Group's 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 MIG full financial statements.

# Directors' Report

## for the year ended 30 June 2009

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

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

MIG	Consolidated 2009 '000	Consolidated 2008 '000
Securities on issue at the beginning of the year	2,403,834	2,516,791
Securities cancelled during the year	(142,102)	(112,957)
Securities on issue at the end of the year	2,261,732	2,403,834

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

### Value of Assets

MIG	Consolidated 2009 \$'000	Consolidated 2008 \$'000
Value of Group assets at 30 June	7,302,808	9,747,056

The value of the Group's 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 Group 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 8.

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

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 Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.



Mark Johnson  
Sydney  
19 August 2009



David Mortimer  
Sydney  
19 August 2009

## Auditor's Independence Declaration

As lead auditor for the audits of Macquarie Infrastructure Trust (II) 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

# Concise Financial Report

## for the year ended 30 June 2009

### Consolidated Income Statement

	Note	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000
<b>Revenue and other income from continuing activities</b>			
Revenue from continuing activities	2	173,003	203,692
Revaluation (loss) / gain and other income from continuing activities	2	(2,336,584)	1,152,653
<b>Total revenue and other income from continuing activities</b>		<b>(2,163,581)</b>	1,356,345
<b>Operating expenses from continuing activities</b>			
Finance costs	2	(186,846)	(150,984)
Other operating expenses	2	(171,340)	(208,884)
<b>Total operating expenses from continuing activities</b>		<b>(358,186)</b>	(359,868)
<b>(Loss) / profit from continuing activities before income tax benefit / (expense)</b>		<b>(2,521,767)</b>	996,477
Income tax benefit / (expense)		123,320	(82,286)
<b>(Loss) / profit from continuing activities after income tax benefit / (expense)</b>		<b>(2,398,447)</b>	914,191
(Loss) / Profit attributable to:			
MIG security holders		(1,713,631)	767,269
Minority interests		(684,816)	146,922
		<b>(2,398,447)</b>	914,191
Earnings per security for (loss) / profit from continuing activities attributable to MIG security holders			
		<b>Cents</b>	Cents
Basic earnings per stapled security		<b>(73.72)</b>	31.46

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

# Concise Financial Report

## as at 30 June 2009

### Consolidated Balance Sheet

	Note	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000
<b>Current assets</b>			
Cash and cash equivalents		955,519	984,212
Receivables		8,360	2,474
Derivative financial instruments	4	-	47,096
Prepayments		3,201	2,335
<b>Total current assets</b>		<b>967,080</b>	<b>1,036,117</b>
<b>Non-current assets</b>			
Receivables		-	3,230
Derivative financial instruments	4	-	67,699
Investments in financial assets	5	5,128,436	7,363,008
Property, plant and equipment		1,107,165	1,172,277
Tolling concessions		100,127	104,725
<b>Total non-current assets</b>		<b>6,335,728</b>	<b>8,710,939</b>
<b>Total assets</b>		<b>7,302,808</b>	<b>9,747,056</b>
<b>Current liabilities</b>			
Distribution payable	3	(226,173)	(240,384)
Payables		(39,526)	(37,539)
Derivative financial instruments	4	(63,831)	-
Current tax liabilities		(6,307)	(321)
<b>Total current liabilities</b>		<b>(335,837)</b>	<b>(278,244)</b>
<b>Non-current liabilities</b>			
Payables		(184,503)	(150,969)
Interest-bearing financial liabilities	6	(2,512,049)	(2,428,289)
Derivative financial instruments	4	(4,949)	-
Deferred tax liabilities		(105,677)	(203,169)
<b>Total non-current liabilities</b>		<b>(2,807,178)</b>	<b>(2,782,427)</b>
<b>Total liabilities</b>		<b>(3,143,015)</b>	<b>(3,060,671)</b>
<b>Net assets</b>		<b>4,159,793</b>	<b>6,686,385</b>
<b>Equity</b>			
<b>MIG security holders' interest</b>			
Contributed equity		3,341,035	3,591,566
Retained profits		370,963	2,542,244
Reserves		299,677	(183,629)
<b>Total MIG security holders' interest</b>		<b>4,011,675</b>	<b>5,950,181</b>
Minority interests in controlled entities		148,118	736,204
<b>Total equity</b>		<b>4,159,793</b>	<b>6,686,385</b>

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

# Concise Financial Report

## for the year ended 30 June 2009

### Consolidated Statement of Changes in Equity

	Note	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000
<b>Total equity at the beginning of the year</b>		<b>6,686,385</b>	7,075,887
Exchange differences on translation of foreign operations		781,292	(287,013)
Changes in fair value of cash flow hedges (net of tax)		(192,385)	(88,440)
(Loss) / Profit for the year		(2,398,447)	914,191
Total recognised income and expense for the year		(1,809,540)	538,738
<b>Transactions with equity holders in their capacity as equity holders:</b>			
Securities cancelled pursuant to security buy-back (including transaction costs)		(250,531)	(364,438)
Distributions provided for or paid to MIG security holders	3	(457,650)	(481,912)
Distributions provided for or paid to minority interest		(23,301)	(81,890)
Equity contribution from minority interest		14,430	-
		(717,052)	(928,240)
<b>Total equity at the end of the year</b>		<b>4,159,793</b>	6,686,385
<b>Total recognised income and expenses for the year is attributable to:</b>			
MIG security holders		(1,230,325)	375,262
Minority interests		(579,215)	163,476
		(1,809,540)	538,738

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

# Concise Financial Report

## for the year ended 30 June 2009

### Consolidated Cash Flow Statement

	MIG 30 June 2009 \$'000	MIG 30 June 2008 \$'000
<b>Cash flows from operating activities</b>		
Toll revenue received	142,584	151,761
Interest received	37,182	69,347
Net indirect taxes paid	(14,691)	(11,454)
Payments to suppliers and employees (inclusive of GST)	(55,762)	(36,590)
Responsible Entity and Adviser base fees paid	(46,345)	(78,264)
Distributions and dividend income received	144,814	347,490
Income taxes paid	(585)	(9,497)
Other income received	5,552	7,812
<b>Net cash flows from operating activities</b>	<b>212,749</b>	<b>440,605</b>
<b>Cash flows from investing activities</b>		
Proceeds from return of capital from investments	7,207	10,411
Proceeds from sale of investments in financial assets	1,021,521	-
Payments for the purchase of investments in financial assets	(527,600)	(27,485)
Proceeds from sale of fixed assets	55	-
Capital expenditure	(852)	(14,487)
<b>Net cash flows from investing activities</b>	<b>500,331</b>	<b>(31,561)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	1,025	15,497
Borrowing cost paid	(79,146)	(85,620)
Distributions paid to MIG security holders	(471,860)	(493,207)
On market buy-back	(250,531)	(364,438)
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>Net decrease in cash assets held</b>	<b>(74,653)</b>	<b>(617,429)</b>
Cash and cash equivalents at the beginning of the year	984,212	1,673,122
Effect of exchange rate movements on cash and cash equivalents	45,960	(71,481)
<b>Cash and cash equivalent assets at the end of the year</b>	<b>955,519</b>	<b>984,212</b>

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

# Concise Financial Report

## for the year ended 30 June 2009

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### Discussion and Analysis

In addition to the discussion below, an outline of the major transactions and events is provided in the Directors' Report.

#### Overview of operating performance

The loss attributable to MIG stapled security holders for the year ended 30 June 2009 of A\$1,713.6 million compares to a gain of A\$767.3 million in 2008. The year-on-year variance is primarily attributable to the revaluation loss on MIG's non-controlled toll road assets in 2009.

#### ***Revenue from continuing activities of A\$173.0 million (2008: A\$203.7 million)***

Toll revenue from the M6 Toll of A\$121.6 million was down 4.9% on 2008, mainly due to foreign exchange effects, as well as an underlying decrease of 1.8% reflecting the mitigation of lower traffic levels by the impact of scheduled toll increases. Interest income of A\$35.6 million was lower than in 2008, reflecting both global reductions in interest rates and lower average cash balances during 2009.

#### ***Revaluation (loss) / gain and other income from continuing activities of A\$(2,336.6) million (2008: A\$1,152.7 million gain)***

The primary contributor to the current period result is the decrease in the valuation of MIG's portfolio of non-controlled toll road assets of A\$2,357.1 million due to lower forecast traffic volumes, higher assumed asset level financing costs, the impact of macroeconomic factors such as long term inflationary expectations and changes to asset discount rates reflecting the current market environment. Further details are provided in Notes 1(e) and 5 to the financial statements.

#### ***Finance costs of A\$186.8 million (2008: A\$150.9 million)***

In 2009, a one-off finance charge of \$36.7 million was recognised to increase the carrying value of the MMG non-recourse debt reflecting the higher margins that are now payable. Excluding this non-cash accounting adjustment, finance costs have remained consistent in AUD terms. Interest payments on the M6 Toll's GBP1,000 million non-recourse debt have been fully hedged to 2036.

#### ***Other operating costs of A\$171.3 million (2008: A\$208.9 million)***

The reduction in other operating costs is primarily the result of lower responsible entity and advisor base fees which have decreased by A\$30.1 million or 45% compared to 2008.

#### ***Income tax benefit of A\$123.3 million (2008: A\$82.3 million expense)***

As a result of a legislative change affecting depreciation deductions for the M6 Toll, a deferred tax liability, net of previously unrecognised tax losses, of A\$100.1 million has been recognised in 2009. Offsetting this is a A\$225.7 million decrease in the deferred tax liability on revaluation of MIT(II)'s investments in non-controlled toll road assets.

### Discussion and analysis of financial position

Net assets were A\$4,159.8 million at 30 June 2009, the movement from A\$6,686.4 million at 30 June 2008 driven by a A\$2,234.6 million reduction in the fair value of MIG's investments in non-controlled toll road assets. This movement reflects the net divestment of assets during the year, with cash proceeds subsequently distributed to investors or used to buy back securities, as well as the downward revaluation of the portfolio referred to above, offset in part by foreign exchange gains across all the non-controlled toll road investments. These foreign exchange gains are recognised substantially through reserves and not in the income statement as outlined in the discussion and analysis of equity below.

# Concise Financial Report

## for the year ended 30 June 2009

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### Discussion and Analysis (continued)

#### Discussion and analysis of changes in equity

Overall, contributed equity decreased to A\$3,341.0 million (2008: A\$3,591.6 million) due to the on-market buy-back of securities announced in August 2008. As at 30 June 2009, MIG had bought back 142.1 million stapled securities for total consideration of A\$250.5 million (including transaction costs).

At 30 June 2009, reserves comprised a foreign currency translation reserve of A\$400.4 million (2008: A\$275.3 million negative reserve) and a negative cash flow hedging reserve of A\$100.8 million (2008: A\$91.6 million positive reserve).

Where an investment in a toll road company is held by a group entity having a non Australian dollar functional currency, but the same functional currency as the assets, the effects of foreign exchange that result from the translation of that group entity's assets and liabilities are taken to the foreign currency translation reserve. The foreign exchange gain during the year arose due to the weakening of the Australian dollar against all major currencies in the portfolio, with the exception of sterling.

The cash flow hedging reserve balance reflects the fair market value of the interest rate swaps hedging the non-recourse debt at the M6 Toll. The decrease in fair value during the year, reflecting the decrease in the forward interest rate curve, has been taken to a separate reserve in accordance with the hedge accounting rules of Australian Accounting Standards.

#### Discussion and analysis of statement of cash flows

Net cash inflows from operating activities totalled A\$212.7 million (2008: A\$440.6 million). The decrease was largely due to a A\$202.7 million decrease in distributions received from MIG's non-controlled toll road assets. These lower distributions were due to divestments during the current period, the receipt in the prior year of non-recurring releases of cash reserves from both APRR and Westlink M7, and the recent decision of APRR not to pay a final dividend for the financial year ended 31 December 2008. There was also a A\$32.2 million decrease in interest income due to lower global interest rates and lower average cash balances in 2009. These decreases were partially offset by a decrease in responsible entity and advisor base fees paid.

The net cash inflow from investing activities was A\$500.3 million (2008: A\$31.6 million net outflow) consisting primarily of the proceeds from the sale of Lusoponte and the net cash inflow from the purchase of an additional 2.5% stake in Westlink M7 and subsequent sale of MIG's resulting 50% interest in Westlink M7 to Western Sydney Road Group, a group owned in equal parts by MIG and QIC.

The net cash outflow from financing activities was A\$787.7 million (2008: A\$1,026.5 million) comprising distributions paid to MIG security holders and payments made in relation to the on-market security buy-back.

# Concise 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 concise financial report. These policies have been consistently applied to all periods presented, unless otherwise stated.

##### (a) Basis of preparation

The concise financial report has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards AASB 1039: *Concise Financial Reports*.

The concise 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 concise financial report.

##### *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(f) 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 concise 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.

##### (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.

##### (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.

# Concise Financial Report

## for the year ended 30 June 2009

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

#### (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 has designated its 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.

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.

# Concise 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)

##### *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) 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 5.

##### *(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.

##### *(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.

# Concise 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
<b>Revenue from continuing activities</b>		
Interest income from related parties	1,419	1,295
Interest income from other persons and corporations	35,582	69,132
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>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
Revaluation of interest bearing financial assets designated at fair value through profit or loss	(283,470)	108,482
Net foreign exchange gain / (loss)	41,587	12,520
<b>Total revaluation (loss) / gain from continuing activities</b>	<b>(2,357,055)</b>	<b>1,184,112</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)
Refund of goods and services tax paid in prior periods	-	2,777
<b>Total other income from continuing activities</b>	<b>20,471</b>	<b>(31,459)</b>
<b>Total revaluation (loss) / gain and other income from continuing activities</b>	<b>(2,336,584)</b>	<b>1,152,653</b>
<b>Total revenue and other income from continuing activities</b>	<b>(2,163,581)</b>	<b>1,356,345</b>

# Concise 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
<b>Operating expenses from continuing activities</b>		
<b>Finance costs</b>		
Interest paid to other persons and corporations	150,113	150,984
Revision to carrying value of financial liabilities carried at amortised cost (see Note 6)	36,733	-
	<b>186,846</b>	150,984
<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
Consulting and administration fees	12,448	7,389
Custodians' fees	237	182
Responsible entity's and adviser's base fees	36,880	67,029
Other expenses	12,899	11,280
	<b>64,290</b>	88,415
<b>Total other operating expenses</b>	<b>171,340</b>	208,884
<b>Total operating expenses from continuing activities</b>	<b>358,186</b>	359,868

# Concise Financial Report

## for the year ended 30 June 2009

### 3 Distributions Paid and Proposed

Consolidated	MIG 30 June 2009 \$'000	MIG 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
	<b>457,650</b>	<b>481,912</b>
	<b>Cents per stapled security</b>	<b>Cents per stapled security</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
	<b>20.0000</b>	<b>20.0000</b>

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

The final distribution was paid on 14 August 2009.

### 4 Derivative Financial Instruments

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

#### 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.

#### *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 6) 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.

# Concise Financial Report

## for the year ended 30 June 2009

### 4 Derivative Financial Instruments (continued)

#### *Interest rate swap contracts – cash flow hedges (continued)*

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 6) to reflect the low rates of fixed payments currently being paid under the swap contracts.

#### *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 - 30 years	<b>2,039,361</b>	2,079,152

# Concise Financial Report

## for the year ended 30 June 2009

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

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>
Total investments in financial assets	<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).

# Concise Financial Report

## for the year ended 30 June 2009

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

#### 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.

**(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.

**(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.

# Concise Financial Report

## for the year ended 30 June 2009

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

#### (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 approximately \$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 Group's investments in financial assets are as follows:

MIG	30 June 2009	30 June 2008
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%

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.

# Concise Financial Report

## for the year ended 30 June 2009

### 6 Interest Bearing Financial Liabilities

Consolidated	Note	MIG 30 June 2009 \$'000	MIG 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
		<b>2,512,049</b>	<b>2,428,289</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
		<b>2,512,049</b>	<b>2,428,289</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.

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 4.

#### (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%).

# Concise Financial Report

## for the year ended 30 June 2009

### 6 Interest Bearing Financial Liabilities (continued)

#### *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	d	300,000	500,000
Syndicated facility	e	-	200,000
		<b>300,000</b>	<b>700,000</b>

#### (d) 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). 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.

#### (e) 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(l), 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.

# Concise Financial Report

## for the year ended 30 June 2009

### 7 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

# Concise Financial Report

## for the year ended 30 June 2009

### 8 Commitments for Expenditure

Consolidated	MIG 2009 \$'000	MIG 2008 \$'000
<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.

### 9 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).

# Concise Financial Report

## for the year ended 30 June 2009

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### 9 Contingent Liabilities (continued)

#### (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.

### 10 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 Group, the results of those operations or the state of affairs of the Group in years subsequent to the year ended 30 June 2009.

# Concise 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"), the consolidated concise financial report of MIT(II) for the year ended 30 June 2009, as set out on pages 9 to 29, complies with Accounting Standard 1039: Concise Financial Reports.

The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report for the year ended 30 June 2009.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

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 (II)

### Report on the financial reports

The accompanying concise financial report of Macquarie Infrastructure Trust (II) comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Macquarie Infrastructure Trust (II) for the year ended 30 June 2009. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

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

The directors of Macquarie Infrastructure Investment Management Limited, the Responsible Entity of Macquarie Infrastructure Trust (II), are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Macquarie Infrastructure Trust (II) for the year ended 30 June 2009. Our audit report on the financial report for the year was signed on 19 August 2009 and was not subject to any modification. The Australian 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 for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

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

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 on the financial report*

In our opinion, the concise financial report of Macquarie Infrastructure Trust (II) for the year ended 30 June 2009 complies with Australian Accounting Standard AASB 1039: *Concise Financial Reports*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Wayne Andrews*

Wayne Andrews  
Partner

Sydney  
19 August 2009