

APPENDIX 4D

Half Year Report

Name of entity: **Macquarie Communications Infrastructure Group (MCG)**

1. Details of the reporting period

Current Period: 1 July 2008 - 31 December 2008

Previous Corresponding Period: 1 July 2007 - 31 December 2007

2. Results for announcement to the market

A\$'000			
2.1 Revenues from ordinary activities	up/ down	2% to	1,052,997
2.2 (Loss) from ordinary activities after tax attributable to members	up/down	>100% to	(1,097,155)
2.3 Net (Loss) for the period attributable to members ¹	up/down	>100% to	(576,007)

The loss from ordinary activities of \$1,097.2 million for the half year ended 31 December 2008 is significantly influenced by the revaluation of non-operating items recorded at fair value. These items include derivatives such as interest rate swaps and certain financial liabilities such as the group's issued exchangeable bonds. Interest rate swaps are used by MCG to fix its interest costs for the long term by swapping floating interest rates on the group's debt for fixed interest rates under swap contracts. Australian accounting standards require that derivative instruments be recorded at fair value resulting in significant accounting volatility over the life of the instruments as market expectations of interest rates, foreign exchange rates and inflation change.

The effect of non-operating revaluation items on the result for the six months to 31 December 2008 are detailed in the table below:

	6 months to 31 Dec 2008 \$'million			6 months to 31 Dec 2007 \$'million		
	Pre Tax	Post Tax	Post Minority Interest	Pre Tax	Post Tax	Post Minority Interest
Loss from ordinary activities after tax attributable to members			(1,097.2)			(313.7)
Net revaluation losses on interest rate swaps	1,239.8	1,095.5	764.4	599.8	432.4	271.5
Net revaluation losses on interest rate swaps (Airwave*)	325.3	234.2	234.2	110.4	79.5	79.5
Net unrealised revaluation losses on instruments designated at fair value through profit and loss	141.4	141.4	141.4	(82.3)	(82.3)	(82.3)
Net unrealised revaluation gains on forward foreign exchange contracts	(25.3)	(25.3)	(25.3)	(14.4)	(14.4)	(14.4)
Sub-total	1,681.2	1,444.8	1,114.7	613.5	415.2	253.3
Adjusted Profit / (loss) from ordinary activities after tax attributable to members			17.5			(60.4)

* - being MCG's 50% equity accounted share of the loss

¹ Under Australian accounting standards the net (loss) attributable to Macquarie MCG International Limited is treated as a minority interest. The loss attributable to security holders including in respect of MMCIL was (\$1,097.2) million.

2.4 Dividends / Distributions	Amount per security	Franked amount per security
<i>Current Period:</i>		
Interim distribution 2009	5.0c	Nil
Final distribution 2008	23.0c	Nil
<i>Previous Corresponding Period:</i>		
Interim distribution 2008	23.0c	Nil
Final distribution 2007	21.0c	Nil
2.5 Record date for determining entitlements to the dividend/distribution	30 June 2008 , 31 December 2008	

2.6 Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood.

Revenue

Revenue from ordinary activities for the half year ended 31 December 2008 of \$1,053.0 million, is 2% higher than the prior corresponding period (pcp). Revenue in the interim financial statements primarily consists of income from controlled assets, Broadcast Australia and Arqiva. The increase in revenue over the pcp is primarily as a result of stronger revenue in digital television services, analogue radio and the acquisition of Hostworks at Broadcast Australia. Revenue of Arqiva grew in local currency but was flat when translated to AUD.

Loss from ordinary activities attributable to members

The loss from ordinary activities attributable to members of \$1,097.2 million for the half year ended 31 December 2008 is significantly influenced by the revaluation of non-operating items recorded at fair value. The adjusted profit from ordinary activities of \$17.5 million is higher than the pcp largely due to the profit on sale of MCG's investment in Global Tower Partners of \$66.0 million.

Loss for the period attributable to members

The loss for the period attributable to members of \$576.0 million for the half year ended 31 December 2008 is significantly influenced by the revaluation of non-operating items recorded at fair value.

3. Net tangible assets per security

	Current period	Previous corresponding period
Net asset backing per ordinary security	\$0.55	\$1.63
Net tangible asset backing per ordinary security	(\$12.64)	(\$13.80)

* Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (ie, all liabilities, preference shares, outside equity interests etc).

4. Control gained or lost over entities during the period

4.1 Name of entity (or group of entities) over which control was gained	Macquarie Communications Infrastructure Holdings No.1 Pty Limited
4.2 Date Control was gained	31 October 2008

4.1 Name of entity (or group of entities) over which control was lost	Trans Pacific Pylon LLC
4.2 Date Control was lost	12 September 2008

5. Details of dividends/distributions

On 15 August 2008, the final distribution for the year ended 30 June 2008 of \$120.7 million (23.0 cents per stapled security) was paid to security holders.

The interim distribution for the period ending 30 June 2009 was \$27.1 million (5.0 cents per stapled security). This distribution was paid to security holders on 13 February 2009.

6. Details of dividend/distribution reinvestment plan

MCG recently announced the suspension of the MCG dividend and distribution reinvestment plan (DRP). Consequently, the DRP is not available for the 2009 Interim Distribution.

The DRP was still in effect for the final distribution for the year ended 30 June 2008 paid in August 2008 and a portion of stapled security holders participated. Consequently, MCG issued new securities to DRP participants. As a result, in the period to 31 December 2008, \$44.8 million has been reinvested in MCG through the DRP.

7. Details of associates and joint venture entities

*The group holds a 50% (PCP: 50.0%) interest in Airwave which is held as an associate and equity accounted.

*The group holds a 36.7% (PCP: 36.7%) interest in Digital One Limited, which is held as an associate and equity accounted.

*The group holds a 25.0% (PCP: 0.0%) interest in Muxco Limited, which is held as an associate and equity accounted.

*The group holds a 16.4% (PCP: 0.0%) interest in Arts Alliance Media Investment Limited, which is held as an associate and equity accounted. The £5.0 million (\$11.2 million interest was acquired on 8 December 2008.

8. Accounting standards used by foreign entities

All entities report to International Financial Reporting Standards (IFRS). Any adjustments required from IFRS to MCG's accounting policies under Australian Accounting Standards are made by MCG for the purpose of its consolidated financial statements.

9. Qualification of audit / review

N/A as there is no audit dispute or qualification. Refer attached interim financial report for review report.