

2015 TRANSURBAN ANNUAL REPORT



Contents

Transurban Group financial statements	1
--	----------

Security holder information	125
------------------------------------	------------

Corporate Governance Statement

Transurban's 2015 Corporate Governance Statement is located at transurban.com/corporate_governance.htm

Transurban Holdings Limited and Controlled Entities

ABN 86 098 143 429

(Including Transurban International Limited and Transurban Holding Trust)

Annual report for the year ended 30 June 2015

Contents

Directors' report	3
Section A: Group financial statements	51
Section B: Notes to the Group financial statements	58
Section C: Transurban Holding Trust ('THT') and Transurban International Limited ('TIL') financial statements	105
Section D: Notes to the THT and TIL financial statements	110
Section E: Signed reports	122

Directors' report

The Directors of Transurban Holdings Limited ('the Company', 'the Parent' or 'THL') and its controlled entities ('Transurban Group' or 'the Group'), Transurban International Limited and its controlled entities ('TIL'), and Transurban Infrastructure Management Limited ('TIML'), as responsible entity of Transurban Holding Trust and its controlled entities ('THT'), present their report on the Transurban Group for the financial year ended 30 June 2015 ('FY15'). The controlled entities of THL include the other members of the stapled group being TIL and THT.

Directors

The following persons were Directors of THL, TIML and TIL during the whole of the financial year and up to the date of this report, unless otherwise stated:



Lindsay Maxsted
Dip Bus, FCA, FAICD

Chair and independent Non-executive Director

Director since 1 March 2008. Chair since 12 August 2010.

Chair of the Nomination Committee and a member of the Audit and Risk Committee.

Lindsay is currently Chair and a Non-executive Director of Westpac Banking Corporation, and a Non-executive Director of BHP Billiton Limited and BHP Billiton plc. He is the Managing Director of Align Capital Pty Ltd and the Honorary Treasurer of Baker IDI Heart and Diabetes Institute.

Lindsay was formerly a partner of KPMG Australia and was the CEO of that firm from 2001 to 2007. His principal area of practice prior to this was in the corporate recovery field managing a number of Australia's largest insolvency / workout / turnaround engagements.

As at the date of this report, Lindsay holds interests in 66,559 stapled securities.



Scott Charlton
BSci, MBA

Chief Executive Officer and Executive Director

Director since 16 July 2012. CEO since 16 July 2012.

Scott joined Transurban from Lend Lease, where he was Group COO and Group Director of Operations.

Prior to this, Scott held several senior appointments across a range of infrastructure entities and financial institutions, including as CFO of Leighton Holdings Limited and as Managing Director of Deutsche Bank in Australia and Hong Kong.

Scott is currently Deputy Chair of Infrastructure Partnerships Australia and is a member of the Monash Industry Council of Advisors, the Business Council of Australia, and of Roads Australia.

As at the date of this report, Scott holds interests in 400,612 stapled securities, 1,175,827 performance awards (unlisted) and 137,209 STI deferred awards (unlisted).

Directors (continued)



Neil Chatfield
M.Bus, FCPA, FAICD

Independent Non-executive Director

Director since 18 February 2009.

Chair of the Audit and Risk Committee and a member of the Nomination Committee and the Remuneration and Human Resources Committee.

Neil is an established Executive and Non-executive Director with extensive experience across all facets of company management, and with specific expertise in financial management, capital markets, mergers and acquisitions, and risk management.

Neil is currently the Chair of Seek Limited and the Chair of Costa Group Holdings Ltd and a Non-executive Director of Recall Holdings Limited, all ASX listed companies. Neil is also Chair of the not-for-profit organisation Launch Housing. He was previously Chair and a Non-executive Director of Virgin Australia Holdings Limited (to May 2015) and a Non-executive Director of Grange Resources Limited (to April 2014) and of Whitehaven Coal Limited (to May 2012).

Neil previously served as Executive Director and the CFO of Toll Holdings (from 1997 to 2008).

As at the date of this report, Neil holds interests in 55,424 stapled securities.



Robert Edgar
BEC (Hons), PhD, FAICD

Independent Non-executive Director

Director since 21 July 2009.

Chair of the Remuneration and Human Resources Committee and a member of the Audit and Risk Committee and the Nomination Committee.

Bob has over 30 years' experience as a senior executive, with 25 years at ANZ Banking Group in various senior roles, including Deputy CEO, Senior Managing Director, COO, and Chief Economist.

Bob is currently a Non-executive Director of Asciano Group, Linfox Armaguard Pty Ltd and Djerriwarhh Investments. He is Chair of the Prince Henry's Institute of Medical Research. Bob was previously Chair and a Non-executive Director of Federation Centres (to June 2015) and a Non-executive Director of Nufarm Limited (to March 2012).

As at the date of this report, Bob holds interests in 30,324 stapled securities.

Directors (continued)



Samantha Mostyn
BA, LLB

Independent Non-executive Director

Director since 8 December 2010.

Member of the Remuneration and Human Resources Committee and the Nomination Committee.

Sam has significant experience in the Australian corporate sector both in Executive and Non-executive capacities, in particular in the areas of human resources, corporate and government affairs, sustainability management, and diversity.

Sam is currently a Non-executive Director of Virgin Australia Holdings Limited, Citigroup Pty Ltd, Cover-More Group Limited and the Mirvac Group. She is President of the Australian Council for International Development. She is also a Non-executive Director of Australian Volunteers International, Australia Council for the Arts, and Carriageworks.

Sam is currently Deputy Chair of the Diversity Council Australia, and is a member of the NSW Climate Change Council, the advisory boards of ClimateWorks Australia and the Crawford School of Government and Economics, ANU. She is also a Commissioner of the Australian Football League.

As at the date of this report, Sam holds interests in 17,256 stapled securities.



Christine O'Reilly
BBus

Independent Non-executive Director

Director since 12 April 2012.

Member of the Audit and Risk Committee and the Nomination Committee.

Christine has over 30 years' experience in the finance and infrastructure sectors in various roles including as Co-Head of Unlisted Infrastructure at Colonial First State Global Asset Management and as CEO of the GasNet Australia Group.

Christine is currently a Non-executive Director of CSL Limited, Energy Australia Holdings Ltd, and Medibank Private Limited. She is also a Non-executive Director of Baker IDI Heart and Diabetes Institute and is the Deputy Chair of CARE Australia.

As at the date of this report, Christine holds interests in 19,332 stapled securities.

Directors (continued)



Rodney Slater
J.D., BS

Independent Non-executive Director

Director since 22 June 2009

Member of the Nomination Committee.

Rodney is a partner in the Government Relations and Lobbying, Transportation, Infrastructure and Local Government, and Construction Projects groups of Washington DC firm Squire Patton Boggs (US) LLP. He is Global Co-Chair of the Transportation Shipping and Logistics Industry Group. He served as US Secretary of Transportation from 1997 until the end of the Clinton Administration in January 2001 and was the Administrator of the Federal Highway Administration from 1993 to 1996.

In the US, Rodney's current Non-executive Directorships include Kansas City Southern (railroads), Verizon Communications Inc and Southern Development Bancorporation. He was previously a Director of Parsons Brinckerhoff, Delta Airlines, Northwest Airlines, Atkins Global and ICx Technologies Inc. Rodney is a Non-executive Director of the Congressional Awards Foundation and United Way Worldwide.

As at the date of this report, Rodney does not hold interests in any stapled securities.



Ian Smith
BE Mining (Hons), BFin Admin

Independent Non-executive Director

Director from 1 January 2012 to 10 August 2015

Ian was previously the Managing Director and CEO of Orica Limited (to March 2015), Managing Director and CEO of Newcrest Mining, the Global Head of Operational and Technical Excellence at Rio Tinto, based in London, and Managing Director of Comalco Aluminium Smelting within the Rio Tinto Group. Prior to this, Ian held senior operational and project management roles with WMC Resources, Pasminco Limited and CRA Limited.

Ian was previously the President of The Australian Mines and Metals Association, Chairman of the Minerals Council of Australia, and a Director of the Australian Chamber of Commerce and Industry.

Ian is a Fellow of both the Institute of Engineers Australia and the Australasian Institute of Mining and Metallurgy - from which he was awarded its highest honour, the Institute Medal, in June 2012.

As at the date of his resignation, Ian held interests in 94,785 stapled securities.

Result

Statutory results

- Revenue from ordinary activities increased 61.7 per cent to \$1,860 million;
- Profit from ordinary activities after tax decreased 248.0 per cent to a \$373 million loss;
- Profit from ordinary activities after tax excluding significant items decreased 82.1 per cent to \$45 million;
- Earnings before depreciation and amortisation, net finance costs, equity accounted investments and income taxes ('EBITDA') increased 3.0 per cent to \$782 million;
- EBITDA excluding significant items increased 59.6 per cent to \$1,211 million;
- Statutory net profit attributable to security holders of the stapled group decreased 164.5 per cent to a \$182 million loss;
- Statutory net profit before significant items attributable to security holders of the stapled group decreased 70.6 per cent to \$83 million; and

The Group incurred a statutory loss, arising from significant transaction and integration costs (including stamp duty) related to the acquisition of Transurban Queensland. Excluding these significant items, a lower statutory profit was influenced by higher depreciation and amortisation charges associated with the consolidation of Transurban Queensland, the US assets and Cross City Tunnel.

Proportional results

- Toll revenue increased 39.6 per cent to \$1,559 million;
- EBITDA increased by 8.9 per cent to \$1,017 million;
- EBITDA before significant items increased by 38.0 per cent to \$1,289 million; and
- Free cash increased 34.3 per cent to \$768 million.

Distributions

	Amount per security Cents	Franked amount per security %
Final distribution (declared prior to reporting date)	17.0	–
Final dividend (declared prior to reporting date)	3.5	100
	<hr/> 20.5	
Interim distribution for the current year	16.0	–
Interim dividend for the current year	3.5	100
	<hr/> 19.5	
Final distribution (prior year)	17.0	14.7
Final dividend (prior year)	1.0	100
	<hr/> 18.0	
Record date for determining entitlements to distribution and dividend		30 June 2015
Date of payment of final distribution and dividend		14 August 2015

Principal activities

The principal activities of the Group during the financial year were the development, operation and maintenance of toll roads.

Operating and financial review

Our business

Transurban manages and develops urban toll road networks in Australia and the United States of America.

Transurban is listed on the Australian securities exchange ('ASX') and has been in business since 1996.

Strategy

Transurban's target markets are the eastern seaboard of Australia and North America.

At the heart of our business strategy is our desire to be a 'partner of choice' for our government clients and an organisation that meets the needs of our customers. To achieve this, we provide effective transportation solutions to support the growth and development of the cities in which we operate.

At Transurban we do this through intensive management of our existing road networks, through our active involvement in the transport policy debate, and by applying our unique skills to the infrastructure challenges in our markets.

In delivering on this objective our business has fostered core capabilities in the following areas:

- Network planning and forecasting
- Community engagement
- Development and delivery
- Technology
- Operations and customer management

Value proposition

Transurban has a market leading position with an interest in 14 assets across four markets. The investment proposition for high quality toll road assets lies in providing investors with access to long dated, predictable, growing cash flows generated over the life of the concession.

Organic growth is derived from traffic growth and inflation protected toll escalation. It is supported by Transurban's ability to provide efficient corporate and operational services at scale across its portfolio. Transurban has a track record of leveraging its core competencies to drive cost efficiencies and margin uplift.

In addition, value is unlocked through the ongoing development of the portfolio through investment in the underlying assets.

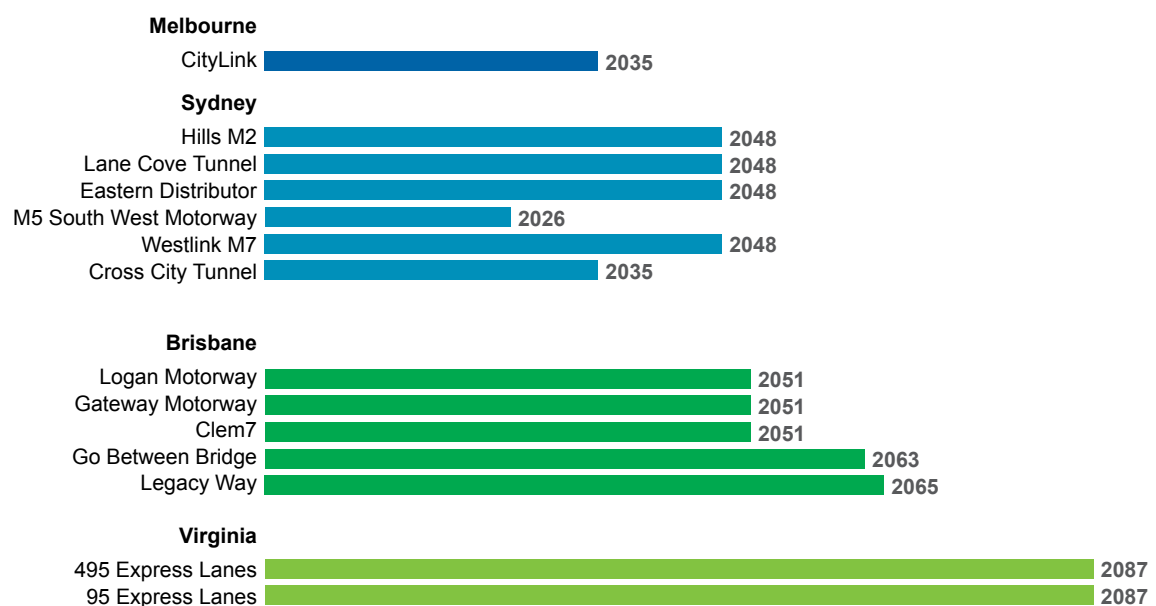
Operating and financial review (continued)

Segments

	VIC	NSW		QLD	USA	
WHOLLY OWNED	CityLink (100%)	Lane Cove Tunnel (100%)	Hills M2 Motorway (100%)			
		Roam / TollAust (100%)	Cross City Tunnel (100%)			
NON-100% OWNED AND CONSOLIDATED		M1 Eastern Distributor (75.1%)		Logan Motorway (62.5%)	Gateway Motorway (62.5%)	95 Express Lanes (77.5%) ¹
				Go Between Bridge (62.5%)	CLEM7 (62.5%)	495 Express Lanes (94%) ¹
				Legacy Way (62.5%)		
NON-100% OWNED AND EQUITY ACCOUNTED		Westlink M7 (50%)	Interlink M5 (50%)			
		North Connex (50%)				

1. The acquisition of the non-controlling interest in the USA assets on 29 June 2015 does not impact the segment disclosures which continue to be shown on a proportional basis in the current financial year. The proportional ownership of the USA assets will be reported at 100% from 1 July 2015.

Concession assets timeline



Operating and financial review (continued)

Accounting for assets – changes during the year

During the year ended 30 June 2015, the following changes in accounting for our assets have taken place:

Transurban Queensland ('TQ')	<p>In April 2014, a Transurban-led consortium (62.5% Transurban, 25% AustralianSuper and 12.5% Tawreed, a wholly-owned subsidiary of the Abu Dhabi Investment Authority) reached agreement to acquire Queensland Motorways for \$6,673 million, plus stamp duty and transaction costs of \$438 million. Financial close was achieved on 2 July 2014. Transurban operates the network on behalf of the owners.</p> <p>Queensland Motorways changed its name to Transurban Queensland on 30 January 2015.</p>
Legacy Way	<p>Legacy Way tunnel opened to traffic on 25 June 2015 and Transurban Queensland achieved financial close on 29 June 2015, with a payment of \$118 million (including stamp duty).</p>
Acquisition of remaining non-controlling interest in USA	<p>On 29 June 2015 Transurban acquired the remaining interest in the co-investment vehicle DRIVE, which holds investments in the 95 Express Lanes and 495 Express Lanes. Transurban acquired the remaining 25% shareholding in DRIVE that it did not previously own from funds managed by CP2 for US\$145 million. This acquisition increases Transurban's equity interest to 100% in both 95 Express Lanes and 495 Express Lanes from 77.5% and 94% respectively.</p>
NorthWestern Roads Group	<p>On 31 October 2014, the NorthWestern Roads Group ('NWRG') was created with the other members of the consortium that hold the equity interests in Westlink M7. As part of this transaction, the Group contributed a number of entities ('the CARS Group') and in return for contributing these entities the Group received an equity interest equal to 50% of the fair value of NWRG (including Westlink M7) on the date of the transaction. This transaction resulted in the Term Loan Notes ('TLNs') owed by Westlink M7 to the CARS Group being derecognised by the Group and instead the Group has recognised an equity accounted investment in NWRG for an amount equal to the value of the TLNs on the date of the transaction. NWRG also holds the Group's interest in the NorthConnex Project in the NSW network that reached financial close on 31 January 2015.</p>

Group financial performance

Financial performance indicators

The Transurban Board and management assess the performance of the networks in which we operate based on a measure of proportional earnings before interest, tax, depreciation and amortisation expenses ('Proportional EBITDA') excluding the impact of significant items ('Underlying proportional EBITBA'). This reflects the contribution of each network in the Group in the proportion of Transurban's equity ownership.

To arrive at the proportional result, minority interests in Transurban's controlled roads are backed out and Transurban interests in non-controlled assets are included, in proportion to Transurban's ownership.

Free cash is the primary measure used to assess Transurban's cash generation. Free cash is used as the guide to determine distributions to security holders.

Operating and financial review (continued)

Year ended 30 June 2015 highlights

Statutory results

	FY15 \$M	FY14 \$M
Toll revenue	1,514	906
EBITDA	782	759
Net (loss)/profit	(373)	252
EBITDA excluding significant items	1,211	759
Net profit after tax excluding significant items	45	252

Proportional EBITDA

Segment information in note B4 to the financial statements presents the proportional result for Transurban Group, including reconciliations to the statutory result. Management considers proportional EBITDA to be the best indicator of asset performance. The table below also provides FY15 results adjusted to exclude certain acquisitions so as to assess the performance of the existing business to the prior year result.

	FY15 \$M	FY14 \$M	FY15 Adjusted¹ \$M	FY14 Adjusted² \$M	% Change³
Toll revenue	1,559	1,117	1,223	1,105	10.7%
Fee and other revenue	167	115	141	115	22.6%
Total costs	(437)	(298)	(316)	(293)	7.8%
EBITDA excluding significant items	1,289	934	1,048	927	13.1%
Significant items	(272)	—	—	—	—
EBITDA	1,017	934	1,048	927	13.1%

1. Excludes significant items relating to the Queensland Motorway acquisition, contributions associated with the 95 Express Lanes, Cross City Tunnel, Transurban Queensland and changes in ownership interest in the US business.

2. Excludes contribution from Pocahontas 895.

3. Percentage change between adjusted FY14 and adjusted FY15.

Financial position

	FY15 M	FY14 M
Market capitalisation	\$17,800	\$14,011
Shares on issue – 30 June	1,914	1,896
Cash and cash equivalents	\$1,249	\$2,879

Transurban's operating assets are primarily long-life intangible assets (concession assets), representing the provision by Government entities for the right to toll customers for the use of the assets. Concession assets represent 79 per cent of the total assets of the Group. The duration of the concessions typically range from approximately 30 to 80 years, and for accounting purposes the carrying values are amortised on a straight line basis over the duration of the concession.

Operating and financial review (continued)

Free cash and cash flows from operations

	FY15	FY14	% Change
Free cash	\$768M	\$572M	34.3%
Weighted average securities eligible for distribution	1,910M	1,690M	13.0%
Free cash per security (cents)	40.2	33.9	18.6%

Movements in free cash during the period have been influenced by:

- Growth in EBITDA from the from 100 per cent owned assets
- Increase in distribution from Eastern Distributor, M5 and M7.
- Distributions from Transurban Queensland

The weighted average securities eligible for distribution have increased due to the full year impact of the equity issued in May 2014 to support the acquisition of Transurban Queensland.

Note B10 to the statutory accounts provides a detailed calculation of free cash.

Network performance

Network	Highlights	Prop. Toll revenue contribution	Traffic growth (ADT)	Toll revenue growth	EBITDA growth	EBITDA margin
Sydney ¹	<ul style="list-style-type: none"> → Traffic growth continuing to benefit from additional capacity delivered through widening and ramp projects → Truck toll multipliers increased on Lane Cove Tunnel, M5 South West Motorway and Westlink M7 	42.8%	7.7%	21.2%	20.2%	83.8%
Melbourne	<ul style="list-style-type: none"> → Average weekend/public holiday traffic growth increased by 5.5% → Reduction in operating expenses from in-housing management of road operations and incident response 	37.0%	3.0%	7.8%	11.3%	93.2%
Brisbane ²	<ul style="list-style-type: none"> → Integration is on track and delivering benefits → Improvement in traffic growth for Logan Motorway in H2 FY15 following completion of Stage 1 rectification works 	15.9%	2.7%	6.8%	12.2%	74.7%
Northern Virginia ³	<ul style="list-style-type: none"> → 95 Express Lanes opened well relative to expectations → There have been operating cost benefits following the integration of 495 and 95 Express Lanes 	4.3%	139.7%	206.5%	N.M. ⁴	48.2%

1. Transurban acquired Cross City Tunnel ('CCT') on 26 June 2014, and as such the previous corresponding period only includes traffic and revenue data from this date until 30 June 2014. Excluding CCT from FY14 and FY15, Sydney ADT increased by 7.5%, toll revenue grew by 11.5%, EBITDA grew by 13.5% and the EBITDA margin is 86.1%.

2. Brisbane ADT growth, toll revenue growth and EBITDA growth are calculated using the FY14 pro forma as the previous corresponding period. EBITDA Growth and EBITDA margin are calculated before significant items.

3. Excludes Pocahontas 895 in the previous corresponding period and the impact of change in ownership percentage of 95 and 495 Express Lanes, which occurred on 29 June 2015. Toll revenue and EBITDA growth are calculated in USD, EBITDA margin is calculated in AUD.

4. Not meaningful.

Operating and financial review (continued)

New South Wales

Operations

Consolidation of O&M	Roll-out of GLiDe	Concession life extensions
<ul style="list-style-type: none"> → Previous Eastern Distributor evergreen operating and maintenance contract renegotiated → Transurban will be undertaking Eastern Distributor and Cross City Tunnel operations → A contractor providing maintenance services for 12 years 	<ul style="list-style-type: none"> → Transurban has continued to roll out the GLiDe tolling system to NSW assets in FY15. Eastern Distributor, M2, Lane Cove Tunnel and M7 assets are now all operating on the GLiDe platform → GLiDe retail services also replaced Roam Tolling's existing system in June 2015 	<ul style="list-style-type: none"> → As a result of the financial close of NorthConnex, the concession length of the M2, Lane Cove Tunnel and the M7 have all been extended and they now expire in 2048. Following financial close of NorthConnex, an increase in the truck tolls on Lane Cove Tunnel and M7 commenced and will increase to three-times the car tolls progressively over two years

Development

NorthConnex	Other projects completed
<ul style="list-style-type: none"> → Construction environmental management plan approved in June 2015 → Shaft excavation is scheduled to commence in September 2015 	<ul style="list-style-type: none"> → M2 – Lane Cove Road on-ramp opened to traffic on 25 July 2014 → Completion of the M5 West widening project on 15 December 2014

Victoria

Operations

CityLink operations

- FY15 was the first full year of direct management of road operations and incident response
- 7.6% reduction in operating expenses due to savings from customer contact initiatives and the direct management of road operations

Development

CityLink Tulla widening	Western Distributor
<ul style="list-style-type: none"> → The CityLink Tulla widening project is a major freeway upgrade that is designed to increase capacity, ease congestion and improve safety along the Tullamarine Freeway, CityLink and the West Gate Freeway – from Bulla Road in Essendon North through to Power Street in Southbank. The works are scheduled to commence in October 2015 and be completed by early 2018 → Contract renegotiation reached financial close on 30 April 2015 	<ul style="list-style-type: none"> → The Western Distributor is a proposed tunnel and elevated motorway that connects the West Gate Freeway with the Port of Melbourne, CityLink and the central business district, providing an alternate river crossing and easing pressure on the West Gate Bridge. The Victorian Government commenced its assessment of Transurban's proposal → Transurban is working collaboratively with the Victorian Government to progress Stage 3 of the market-led proposal process

Operating and financial review (continued)

Queensland

Operations

Transurban Queensland integration

- Transurban has worked throughout FY15 to integrate Transurban Queensland into the wider Transurban Group. The integration program is on track
- Integration is realising significant operational and financial benefits, including improving EBITDA margin
- Further benefits are expected from technology and operations and maintenance integration in FY16/17

Legacy Way

- Opened 25 June 2015
- Initial traffic data performing well relative to expectations
- Legacy Way delivers a critical connection between the inner northern suburbs and the western suburbs of Brisbane considerably reducing travel times and relieving congestion.

Development

Gateway Upgrade North

- Transurban Queensland is managing the project on behalf of the Queensland Government
- A design and construct contractor has been appointed

Northern Virginia, United States of America

Operations

95 Express Lanes

- Tolling of the 95 Express Lanes commenced on 29 December 2014
- Opened well relative to expectations
- Continued ramp up with increasing toll pricing and traffic volumes

Operating and financial review (continued)

Financing activities

During the reporting period Transurban executed a number of financing activities including:

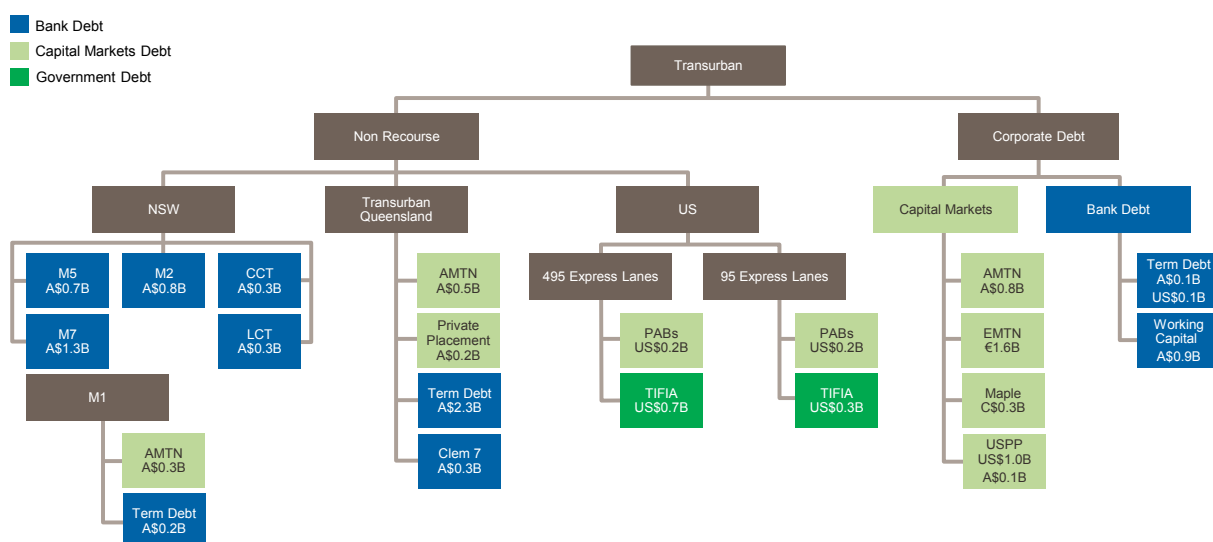
<i>July 2014</i>	Transurban drew \$2,900 million in term bank debt to fund the acquisition of Queensland Motorways.
<i>August 2014</i>	Westlink M7 refinanced \$1,270 million of debt facilities.
<i>September 2014</i>	Transurban issued €600 million of secured fixed rate 10 year notes under the Euro Medium Term Note programme.
<i>December 2014</i>	Transurban Queensland issued \$250 million of secured fixed rate 7 year notes.
<i>December 2014</i>	Transurban Queensland issued \$200 million of secured floating rate 10 year notes.
<i>March 2015</i>	Hills M2 refinanced \$755 million of senior secured debt facilities.
<i>April 2015</i>	Transurban Queensland placed \$200 million in 15 year secured senior debt to REST (Retail Employees Superannuation Trust).
<i>May 2015</i>	Transurban issued €500 million of secured fixed rate 10 year notes under the Euro Medium Term Note programme.
<i>June 2015</i>	Transurban refinanced \$300 million of working capital facilities.

In April 2015 Transurban confirmed that Standard and Poor's Financial Services LLC rating service had downgraded Transurban Finance Company Pty Limited's senior secured debt credit rating from A- (negative outlook) to BBB+ (stable outlook).

The senior secured credit rating of Transurban Queensland was also downgraded by Standard and Poor's Financial Services LLC rating service from BBB+ to BBB.

There were no changes to the ratings provided by Moody's Investors Services Inc. or Fitch Ratings Inc. during the period.

The following diagram shows the non-recourse and corporate debt balances of the Group.



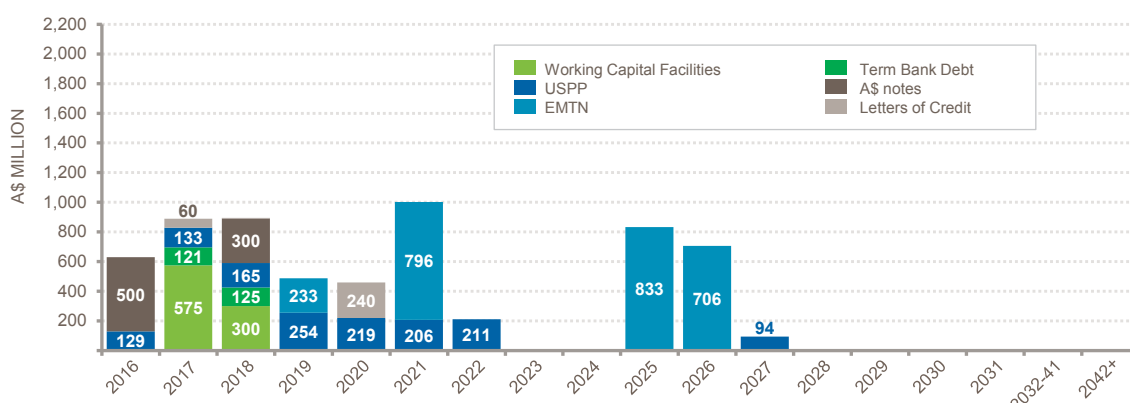
Debt maturity profiles

The following charts show the Group's current debt maturity profile based on the total facilities available. The charts show the debt in the financial year it matures and in the case of the non-recourse debt, the full value of the debt facilities has been shown as this is the value of debt for refinancing purposes.

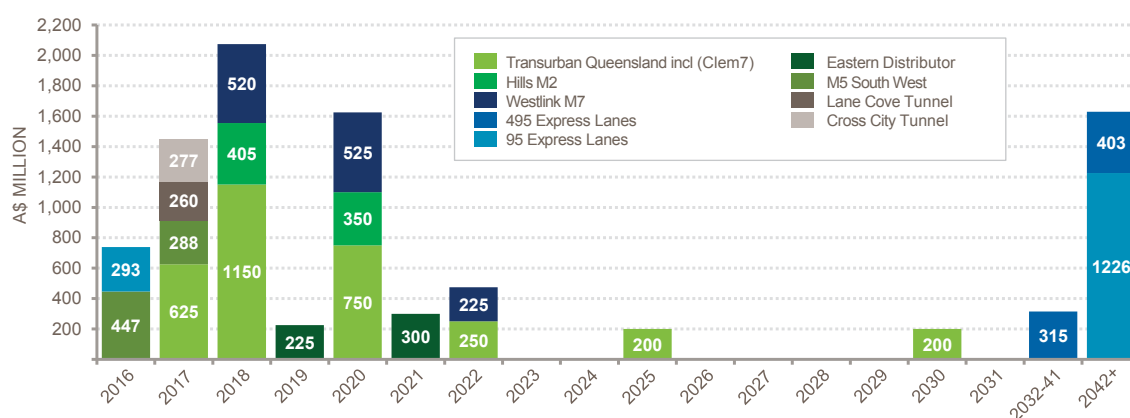
The debt values are shown at 30 June 2015 and Canadian dollar and US dollar debt has been converted at the hedged rate where cross currency swaps are in place. Unhedged US dollar debt has been converted to Australian dollars at spot exchange rate (\$0.77 at 30 June 2015).

Operating and financial review (continued)

Corporate debt maturity profile



Non-recourse debt maturity profile



Financial risk management

Transurban's exposure to financial risk management and its policies for managing that risk can be found in the Financial Risk Management notes in the financial statements – note B15. This section discusses Transurban's hedging policies, credit risk, interest rate risk and liquidity and funding policies.

Corporate activities

Executive Committee changes

On 14 July 2014, Samantha Hogg, Chief Financial Officer, left Transurban. Samantha was replaced by Adam Watson, who commenced in December 2014.

Michele Huey was appointed to the role of Group General Manager, Strategy after it was vacated by Wesley Ballantine who was appointed to Group General Manager, Queensland.

On 14 July 2014, Tony Adams was promoted to Group General Manager, Project Delivery and Operational Excellence.

Tony replaced Tim Steinhilber, who transferred back to the USA to support delivery of the 95 Express Lanes project and is no longer a KMP.

Operating and financial review (continued)

People

At Transurban we aim to create an environment where our people are encouraged to reach their full potential, and are recognised and rewarded for their achievements. We strive to maintain an open culture where diversity is welcomed and accepted. We want everyone in our workplace to be treated fairly and to feel their contribution is valued. The safety and wellbeing of our employees are central to everything we do as a business. We recognise that, ultimately, our future successes are a direct result of the people who work with us and the contribution they make every day.

We have ~1000 employees located in our four regions, Melbourne, Sydney, Brisbane and Washington, DC. This year, our internal employee opinion survey showed that 80% of employees are proud to work for Transurban. The way we work together and engage with our customers is guided by our values of Integrity, Collaboration, Accountability, Ingenuity and Respect and our survey told us that 89% of our employees believe in the values of the Group.

Leadership

We support our employees' career aspirations by offering personal and professional development opportunities. We offer a range of career planning and support programs to suit the many different needs and learning styles of our workforce. We support and encourage eligible employees to pursue further education related to their specific discipline or future career path at Transurban. Through our learning and development policy, eligible employees have access to both study/exam leave and financial assistance.

We are dedicated to the ongoing development of our existing and future leaders. This year, 42 senior leaders attended the annual Senior Leadership Program. The key theme of the program was driving for continued high performance. There has also been a focus on building greater leadership capability through the middle management group. Activities to support this include the implementation of a Group Coaching program; cascading of activities from the Senior Leadership Program; and the continuation of the Coaching and Mentoring program for female managers.

Transurban conducts a bi-annual talent review with the Executive and Senior Leadership teams. This review helps identify high potential individuals who may have the ability to move into a Senior Leadership or Executive roles, or those who may be able to move laterally outside of their area of technical expertise.

Capability

We continue to identify ways to build capability at all layers within the organisation. A key activity throughout FY15 has been a spans and layers review, which provides guiding principles for future organisational design activity which support leadership and professional/technical career pathways. In line with our commitment to building talent internally, the Transurban Graduate Program will commence in January 2016. The aim of the program is to attract the next generation of Transurban leaders and professional/technical experts.

We have developed relationships with key universities enabling the establishment of summer internships for engineering and business graduates. We have also partnered with Career Trackers to support indigenous university students with work placement opportunities.

Performance

There has been a significant focus on developing a high performance culture through differentiating performance. The Short Term Incentive program and the introduction of formal performance comparisons against peers, has strengthened the link between individual and Group performance. We offer a range of employee benefits including an employee share scheme and group insurance including salary continuance, death and permanent disablement insurance cover.

Operating and financial review (continued)

Wellbeing

At Transurban, we believe that healthy employees contribute to a high performing company. We are committed to keeping our employees safe, and promoting their health and wellbeing so they can enjoy fit and healthy lives, both at work and at home. Our Wellbeing program has five essential elements: health; work; financial; values and staying connected. The employee volunteer program has continued, which includes the ability for all employees to take one day of paid volunteer leave each year. The inaugural Transurban Annual Awards were held in October 2014 which recognises achievements of employees in the categories of customer service, diversity, ingenuity, safety, sustainability and overall business excellence.

Sustainability

Transurban's vision "to strengthen communities through transport" is closely supported by our Sustainability Strategy. We are committed to making sure that our roads help make our cities great places to live and work — both now and in the future.

Transurban's Sustainability Strategy has three key pillars:

- Be good neighbours: We will work with communities to create shared value with our business by anticipating, listening and responding to community needs;
- Use less: We will minimise natural resource use and create resource efficiencies during development, operations and maintenance to reduce the impacts of our operations on the community and environment; and
- Think long term: We will look for innovative transport solutions that will create efficient, safe transport networks and thriving cities

During the period Transurban continued with a range of sustainability initiatives including community partnerships and grants programs, energy efficiency studies for our roads and tunnels, road corridor regeneration projects, and continued public reporting of our sustainability performance.

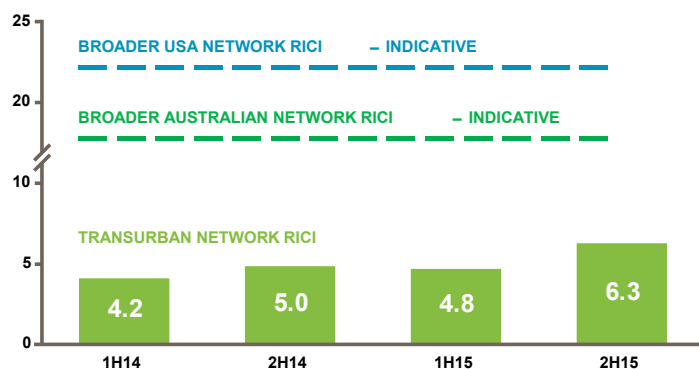
Transurban provides regular progress reports to the Board on the focus areas. The annual Sustainability Report summarises the year's activities and outlines commitments for the coming years.

The 2015 Sustainability Report will be published in October 2015 and available via the Transurban website.

Safety

Safety is a key focus of our business. We measure our safety performance in our workplace and on our road networks. In FY15, Transurban achieved zero recordable injuries and zero lost time injuries in our workplace. The safety performance on our road networks is favourable to network averages for Australia and the United States. The chart below compares the number of incidents resulting in an injury on Transurban's road networks, with the broader network averages.

Road Injury Crash Index ('RICI')¹ Comparison



1. Serious road injury (an individual transported from or receives medical treatment, at scene) crashes per 100 million vehicle kilometres travelled

Operating and financial review (continued)

Business risks and opportunities

The following are key *opportunities* that may impact Transurban's financial and operating result in future periods:

- Ability to leverage capabilities to enhance motorway networks;
- Greater than forecast traffic volumes;
- Integration of consistent technology and systems to enhance network footprint;
- Ability to harness knowledge and experience to drive operations and maintenance;
- Identification of new business opportunities in Transurban's target markets; and
- Application of sustainability initiatives to enhance road user and local community experiences.

The following are key *risks* that may impact Transurban's financial and operating result in future periods:

- Reduced traffic volumes or an inability to grow traffic volumes;
- Change in government policies;
- Competitor growth or behaviour;
- Access to suitable financing arrangements;
- Safety incidents through operations or driver behaviour;
- Dependency on the services of key contractors and counterparties;
- Unfavourable changes to market or operating conditions;
- Cyber and information protection; and
- Failure of technical infrastructure.

Risk management

Managing risk is an essential part of our business. Key risks are regularly reviewed by the Board, the Audit and Risk Committee and our Executive Committee.

Transurban has a business-wide risk framework in place to help create a consistent and rigorous approach to identifying, analysing and evaluating risks. This framework has various policies, standards and guidelines attached to it, including the Risk Management Policy which can be found in the Corporate Governance section of our website (transurban.com).

The framework is overseen by the Audit and Risk Committee and is actively managed by the Executive Committee. It is consistent with AS/NZ31000:2009 and is subject to regular review by internal audit. Our Audit and Risk Committee Charter is also available in the Corporate Governance section of our website.

Company secretaries

Amanda Street LLB (Hons), BComm

Amanda joined Transurban in September 2008 and was appointed as Company Secretary in February 2011. Before joining Transurban, Amanda was Assistant Company Secretary at SP AusNet, and Senior Corporate Counsel at National Australia Bank. She has over 15 years of legal, company secretariat and other relevant experience. Prior to her in-house work, Amanda was a solicitor specialising in M&A work with Australian law firm King & Wood Mallesons.

Julie Galligan LLB, BA

Julie joined Transurban in November 2008 and was appointed as General Counsel in February 2012. Julie has over 15 years' legal experience in private practice and in-house roles in both Australia and the United Kingdom. Prior to joining Transurban, Julie worked in-house at Associated British Ports and at law firms, SJ Berwin LLP and MinterEllison.

Operating and financial review (continued)

Meetings of directors

The number of meetings of the Boards of Directors of THL, TIML and TIL and each Board Committee held during the year ended 30 June 2015, and the number of meetings attended by each Director are set out in the following tables.

Meetings of the Boards of Directors of THL, TIML and TIL were held jointly.

	Board of Directors		Audit & Risk Committee ¹		Remuneration & HR Committee ²		Nomination Committee ³	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Lindsay Maxsted	8	8	7	7	5	*	3	3
Scott Charlton	8	8	7	*	5	*	2	*
Neil Chatfield	7	8	7	7	5	5	2	3
Robert Edgar	8	8	6	7	5	5	3	3
Samantha Mostyn	8	8	*	*	4	5	3	3
Christine O'Reilly	8	8	7	7	3	*	3	3
Rodney Slater	8	8	*	*	1	*	3	3
Ian Smith ⁴	8	8	*	*	1	*	3	*

* = Not a member of the relevant Committee

1. Scott Charlton is not a member of the Audit and Risk Committee but attended meetings during the year.

2. Lindsay Maxsted, Scott Charlton, Christine O'Reilly, Rodney Slater and Ian Smith were not members of the Remuneration and Human Resources Committee but attended meetings during the year. Scott Charlton was excluded from discussions involving his remuneration during meetings which he attended.

3. Scott Charlton and Ian Smith were not members of the Nomination Committee but attended meetings during the year.

4. Ian Smith resigned as a Non-executive Director effective 10 August 2015.

2015 Remuneration report (audited)

Introduction

The Board is pleased to present the Remuneration Report for the Transurban Group ('Group') for the year ended 30 June 2015 ('FY15'). This report, prepared in accordance with the Corporations Act 2001, contains detailed information regarding the remuneration arrangements for the directors and senior executives who were the 'key management personnel' ('KMP') of the Group during FY15.

The KMP are listed in the table below:

Non-executive Directors

Lindsay Maxsted, Chair

Neil Chatfield

Robert Edgar

Samantha Mostyn

Christine O'Reilly

Rodney Slater

Ian Smith¹

Current senior executives²

Scott Charlton, Executive Director and Chief Executive Officer ('CEO')

Tony Adams, Group General Manager, Project Delivery and Operational Excellence (from 14 July 2014)³

Jennifer Aument, Group General Manager, North America

Wesley Ballantine, Group General Manager, Queensland

Andrew Head, Group General Manager, New South Wales

Michele Huey, Group General Manager, Strategy (from 19 January 2015)

Sue Johnson, Group General Manager, Customer Operations and Human Resources

Lisa Tobin, Group General Manager, Technology

Vin Vassallo, Group General Manager, Victoria

Adam Watson, Chief Financial Officer (from 1 December 2014)

Former senior executives

Samantha Hogg, Chief Financial Officer (departed 14 July 2014)

Tim Steinhilber, Group General Manager, Delivery and Operational Excellence (transferred back to the USA 14 July 2014)⁴

1. Ian Smith resigned as a Non-executive Director effective 10 August 2015.

2. The dates on which senior executives who were appointed or promoted during the year ended 30 June 2015 represent the period of time that those senior executives were members of KMP. Their remuneration for the period which they were members of KMP is disclosed in this report.

3. Formerly Vice President, Infrastructure (in the USA).

4. Tim Steinhilber transferred back to the USA to support the delivery of the 95 Express Lanes project and is no longer a KMP.

Remuneration report (continued)

1. Remuneration snapshot

The Transurban board is committed to an executive remuneration framework that is focused on driving a performance culture and linking pay to the achievement of the Group's strategy and business objectives and, ultimately, generating security holder value.

Transurban's remuneration framework is reviewed annually taking into consideration security holder and other stakeholder feedback, market expectations and regulatory developments.

At the 2014 annual general meeting ('AGM'), the remuneration framework received strong support from security holders, with a 98.83 per cent vote in favour of the resolution to adopt the 2014 Remuneration report.

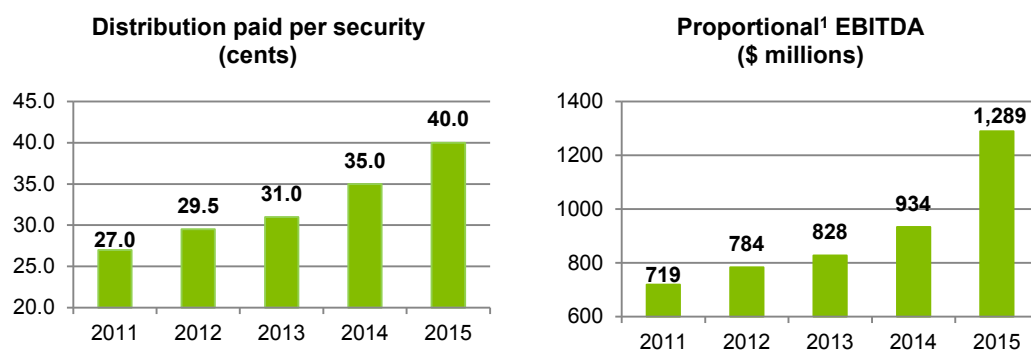
The Group considers its current remuneration framework to be the culmination of a thorough and considered review process over the last four years. Since 2011, the Group has:

- maintained rigour in the determination and ongoing management of the total remuneration packages for the CEO and senior executives;
- introduced short term incentive ('STI') deferral (FY12). Initially this was 30 per cent of any STI awarded to senior executives and was deferred into Transurban securities vesting two years after the performance year. The percentage of STI deferred was increased to 50 per cent for all new senior executives effective from FY13 and for all senior executives from FY14;
- introduced clawback provisions on all unvested STI deferred awards (FY12) to provide a mechanism to reclaim awards in the event of misconduct or the material misstatement of financial results;
- introduced a bespoke comparator group for the TSR component of long term incentive ('LTI') awards (FY12) to refine the comparison group to those companies who the Group potentially competes with for capital and executive talent;
- replaced proportional EBITDA with free cash flow ('FCF') as the second performance measure for LTI awards (FY12). This change supported the continued focus on the maximisation of free cash and in turn greater distributions to security holders;
- been transitioning since FY13 from a fair value allocation valuation methodology for the FCF component of LTI awards to a face value (discounted for distributions) approach. This transition will be completed for grants made in FY16; and
- revised the STI program to enhance this variable pay element through increased performance differentiation, the introduction of formal performance comparisons against peers, and strengthening the link between individual and Group performance.

The board considers that the current remuneration framework offers a range of mechanisms to balance sensible risk management and motivate executives to deliver outstanding results.

A core strategy of the Group is continued distribution growth and value creation for security holders. Consistent with this strategy, the Group has significantly expanded its portfolio with acquisitions and development projects in Australia and the USA, leveraging its urban networks and partnering with Governments to develop transport solutions in our core markets of the east coast of Australia and North America.

Since FY11, as shown in the graphs below, distributions paid to security holders have grown by 48.1 per cent (27.0 cents in FY11 to 40.0 cents in FY15) and underlying proportional EBITDA (refer to note B4 for further details) has increased by 79.3 per cent.



1. Proportional EBITDA excluding significant items.

Remuneration report (continued)

A key component of the Group's remuneration strategy includes a pay for performance policy, which is aimed at rewarding and retaining those senior executives who are instrumental in driving sustainable performance.

A. Transurban's remuneration framework

The key elements of the remuneration framework for the CEO and other senior executives for FY15 were as follows:

Remuneration mix

The remuneration of the CEO and other senior executives was structured as a mix of fixed remuneration and variable ('at risk') remuneration through short term and long term incentive components. The relative weightings of the three components were as follows:

	Total remuneration % (annualised at target)		
	Fixed TEC	Variable (performance based)	
		STI	LTI
CEO	40	30 (50% deferred)	30
Senior executives	45	30 (50% deferred)	25

Fixed total employment cost ('TEC')

Fixed TEC was set with reference to the market median, using the ASX 10-40 as the primary reference. Remuneration packages (including TEC levels) are reviewed annually by the Remuneration and Human Resources Committee taking into consideration an individual's role, experience and performance, as well as relevant comparative market data provided by an independent remuneration consultant. TEC levels are also reviewed on a change in role.

Short term incentive ('STI')

For FY15, STI performance measures were as follows:

- Group performance measures (50 per cent of the award) were linked to growth in proportional EBITDA, cost management based on proportional net costs, and safety. See section 4D for further details; and
- Individual key performance indicators ('KPIs') (50 per cent of the award).

Each individual's assessment is used in determining a rating relative to peers. The overall rating is used to calculate an individual's STI using a payment schedule as determined by the board, which is designed to encourage high performance.

STIs awarded to senior executives include a mandatory deferral component of 50 per cent, deferred for two years following the performance year.

For Australian senior executives, STI deferral is into Transurban securities. Due to legal restrictions on the issue of securities to USA residents, the USA resident senior executives receive deferred cash awards. The deferred component of remuneration may, at the discretion of the Board, be subject to forfeiture or clawback (e.g. in the event of misconduct or material misstatement of financial results).

Long term incentive ('LTI')

For FY15, LTI performance measures were as follows:

- 50 per cent relative Total shareholder return ('TSR') measured against a bespoke comparator group comprising companies in the transport, utilities, real estate, telecommunications and construction Global industry classification standards ('GICS') sectors of the ASX 150; and
- 50 per cent free cash flow ('FCF') per security, reflecting the Group's focus on maximising free cash flow to drive security holder return. The definition of FCF per security is set out in note B10. The FCF calculation is included in note B10 of the audited financial statements.

Remuneration report (continued)

B. Changes to KMP

Incoming Chief Financial Officer – Adam Watson

On 1 December 2014, Adam Watson commenced with the Group as Chief Financial Officer. His remuneration on an annualised basis consists of:

- Total fixed remuneration ('TEC') of \$650,000; and
- Variable elements comprising a STI target opportunity of 30 per cent of his total remuneration package (\$435,500); and LTI target opportunity of 25 per cent of his total remuneration package (\$364,000). Adam Watson was eligible to participate in the LTI plan and STI program in FY15, pro-rated from his commencement date.

In recognition of giving up certain equity awards with his former employer to join the Group, he received a one-off grant of Transurban equity, subject to his continued employment with the Group. The grant consists of 15,188 performance awards (valued at \$125,000 at grant date), which will vest in two equal tranches of 7,594 on the first and second anniversaries of his commencement with the Group. Each performance award is an entitlement to receive one fully paid Transurban security on vesting.

Incoming Group General Manager, Strategy – Michele Huey

On 19 January 2015, Michele Huey commenced with the Group as Group General Manager, Strategy. Her remuneration on an annualised basis consists of:

- Total fixed remuneration ('TEC') of \$480,000; and
- Variable elements comprising a STI target opportunity of 30 per cent of her total remuneration package (\$321,600); and LTI target opportunity of 25 per cent of her total remuneration package (\$268,800). Michele Huey was eligible to participate in the LTI plan and STI program in FY15, pro-rated from her commencement date.

In recognition of giving up certain equity awards with her former employer to join the Group, she received a one-off grant of Transurban equity, subject to her continued employment with the Group. The grant consists of 25,788 performance awards (valued at \$225,131 at grant date), which will vest in two equal tranches of 12,894 on the first and second anniversaries of her commencement with the Group. Each performance award is an entitlement to receive one fully paid Transurban security on vesting.

Incoming Group General Manager, Project Delivery and Operational Excellence – Tony Adams

On 14 July 2014, Tony Adams was promoted to Group General Manager, Project Delivery and Operational Excellence. Tony has been with the Group since June 2003, his former role was Vice President, Infrastructure located in the USA. His remuneration on an annualised basis consists of:

- Total fixed remuneration ('TEC') of \$520,000; and
- Variable elements comprising a STI target opportunity of 30 per cent of his total remuneration package (\$348,400); and LTI target opportunity of 25 per cent of his total remuneration package (\$291,200).

Outgoing Chief Financial Officer – Samantha Hogg

On ceasing employment as Chief Financial Officer on 14 July 2014, Samantha Hogg received a sum equivalent to six months TEC as a payment in lieu of notice (\$347,272) and her unvested equity awards lapsed in accordance of their original terms (231,329 LTI awards and 17,944 deferred STI awards).

Outgoing Group General Manager, Project Delivery and Operational Excellence – Tim Steinhilber

Tim Steinhilber, former Group General Manager, Project Delivery and Operational Excellence transferred back to the USA to support the delivery of the 95 Express Lanes project and was no longer a KMP.

Remuneration report (continued)

2. Remuneration governance

A. Board and remuneration and human resources committee responsibility

The Remuneration and Human Resources Committee assists the Board in fulfilling its responsibilities relating to the remuneration of Non-executive Directors, the remuneration of, and incentives for, the CEO and other senior executives, and remuneration practices, strategies and disclosures generally.

It is critical that the Remuneration and Human Resources Committee is independent of management when making decisions affecting employee remuneration. Accordingly, the Committee comprises Non-executive Directors, all of whom are independent. Where appropriate, the CEO and the Group General Manager, Customer Operations and Human Resources attend committee meetings, however they do not participate in formal decision making.

The membership of the Remuneration and Human Resources Committee was unchanged in FY15. The members of the Committee continue to be Robert Edgar (Chair), Samantha Mostyn and Neil Chatfield. Further details regarding the Committee are set out in the Directors' report.

The Remuneration and Human Resources Committee reviews gender pay equity annually. The Group's focus is on achieving gender pay equity at all employee levels in the organisation. The Group is proud of its achievements and continues to focus on gender diversity and is pleased that the FY15 review indicated no significant differences between male and female pay.

B. Engagement of remuneration consultants

To ensure that the Remuneration and Human Resources Committee has all relevant information when making remuneration decisions, it may seek and consider advice from independent remuneration consultants where appropriate. Any advice from consultants is used to guide the Committee and the Board, but does not serve as a substitute for thorough consideration by Non-executive Directors.

During FY15, no consultants provided the Remuneration and Human Resources Committee with a remuneration recommendation relating to KMP. Ernst & Young provided the Committee with benchmark data only.

The Group has a protocol in place governing the appointment of remuneration consultants and the manner in which any recommendations made by those consultants concerning the remuneration of KMP are to be provided to the Group, and in particular the circumstances in which management may be given access to those recommendations. The purpose of the protocol is to ensure that any remuneration recommendations provided by consultants are provided without undue influence by KMP.

In accordance with the protocol, all remuneration recommendations and advice must be sent directly to the Remuneration and Human Resources Committee through the Chair of the Committee. The provision of such material or other information directly to management is prohibited. The protocol also requires a consultant to provide, with their recommendations, both a declaration of their independence from KMP to whom their recommendations relate, and also confirmation that the Committee's conditions for contact and dialogue with management have been observed.

Remuneration report (continued)

3. Remuneration in context

Transurban is a top 20 organisation listed on the Australian Securities Exchange and is the largest transport infrastructure entity in Australia, and one of the largest toll road entities in the world. Transurban is focused on being the 'partner of choice' for its Government clients and an organisation that meets the needs of our customers through effective and innovative urban transport solutions in road infrastructure.

The effective management of our toll road concessions involves leveraging a network footprint in our markets, taking a leading role in shaping policy, and utilising our core capabilities in the following areas:

- Network planning and forecasting;
- Community engagement;
- Development and delivery;
- Technology; and
- Operations and customer management.

The investment proposition for high quality toll road assets lies in providing investors with access to long dated, predictable, growing cash flows generated over the life of the concessions through effective management and development of the road corridors they govern.

The Board and management are focused on enhancing security holder value through the strong performance of the Group's asset portfolio. Development activities provide opportunities to expand the portfolio and unlock further value in the concessions. The Group is focused on the long term management of toll road assets at various stages of maturity to achieve the best outcomes for investors, Government partners and the community. In Australia, the Group's interests include 100 per cent ownership of CityLink in Melbourne, and the Hills M2, Lane Cove Tunnel and Cross City Tunnel in Sydney. The Group has partial interests in a further three roads on the Sydney orbital network, being the M1 Eastern Distributor (75.1 per cent), the M5 (50 per cent), and the Westlink M7 (50 per cent). The Group also has an interest in five assets in Brisbane (Gateway Motorway, Logan Motorway, CLEM 7, Go Between Bridge and Legacy Way) through its 62.5 per cent investment in Transurban Queensland (formerly known as Queensland Motorways).

On 29 June, the Group's interests in the USA increased to 100 per cent ownership of the 495 Express Lanes and the 95 Express Lanes. The acquisition of the non-controlling interest in these USA assets does not impact the proportional disclosures throughout this report. The prior ownership interest of 94.0 per cent and 77.5 per cent respectively, have been used for the entire reporting period with the proportional ownership interest being shown at 100 per cent from 1 July 2015.

Remuneration report (continued)

4. CEO / senior executive remuneration for FY15

A. Remuneration strategy and policy

The Group's executive remuneration strategy is designed to attract, retain and motivate a highly qualified and experienced management team with the necessary skills and attributes to lead the Group in achieving its business objectives. The strategy also aims to encourage management to strive for superior performance by rewarding the achievement of targets that are challenging, clearly understood, and within the control of individuals to achieve through their own actions.

The Group's remuneration strategy and policy as set by the Board is summarised below:



Remuneration report (continued)

B. Remuneration mix

For FY15, the remuneration of the CEO and other senior executives was structured as a mix of fixed remuneration and variable (or 'at risk') remuneration through short term and long term incentive components. The relative weightings of the three components were determined by the Board (on the recommendation of the Remuneration and Human Resources Committee) and are set out in the table below:

	Total remuneration % (annualised at target) ¹		
	Fixed TEC	Variable (performance based)	
		STI	LTI
CEO	40	30 (50% deferred)	30
Senior executives	45	30 (50% deferred)	25

1. These figures may not necessarily reflect the relative value derived from each of the components, which depends on actual performance against targets for the variable components. The STI percentages are based on achieving the relevant performance targets. The LTI percentages are based on the maximum LTI available at the time of grant to each Senior executive.

C. Fixed remuneration – total employment cost ('TEC')

What is TEC?

Fixed remuneration is represented by total employment cost comprising base salary and superannuation contributions (or pension plans in the case of USA based employees).

Fixed remuneration is not 'at risk' but is set by reference to appropriate benchmark information for an individual's responsibilities, performance, qualifications and experience. There are no guaranteed TEC increases in the service agreement of the CEO or any senior executive.

How is TEC determined?

Senior executive remuneration packages (including TEC levels) are reviewed annually by the Remuneration and Human Resources Committee taking into consideration an individual's role, experience and performance, as well as relevant comparative market data. Independent remuneration consultants and surveys, internal relativities and market conditions also provide guidance. TEC levels are also reviewed on a change in role. Any changes to TEC levels recommended by the Committee must be approved by the Board.

The TEC of the CEO and other senior executives is determined with reference to the market median. The primary reference for determining the market median is the ASX 10-40. A range around the median provides flexibility to recognise exceptional capabilities.

D. Short term incentive ('STI')

How does the STI plan operate?

Eligible permanent Group employees, including the CEO and other senior executives, participate in the annual STI plan. The STI plan puts a proportion of remuneration 'at risk' subject to meeting specific pre-determined Group, team and individual performance measures linked to corporate objectives. This aligns employee interests with the Group's financial performance, as well as the Group's organisational values.

For FY15, the CEO and other senior executives had a target STI opportunity of 30 per cent of their total remuneration package. Mandatory STI deferral of 50 per cent of the overall STI award applies for all grants to the CEO and other senior executives.

The deferral period is two years. For Australian senior executives, deferral is into Transurban securities. Due to legal restrictions on the issue of securities to USA residents, the USA resident senior executives receive deferred cash awards. STI deferral grants are made in the form of awards. Each award is an entitlement to receive a fully paid security, or an equivalent cash payment, on terms and conditions determined by the Board. This deferred component of remuneration may, at the discretion of the Board, be subject to forfeiture or clawback (e.g. in the event of misconduct or the material misstatement of financial results).

Remuneration report (continued)

What were the Group STI performance measures for FY15?

The STI performance measures for the CEO and other senior executives (excluding Wesley Ballantine, see page 30 for further details) for FY15 were chosen to provide a balance between corporate, individual, operational, strategic, financial and non-financial aspects of performance and are described below:

Measure				
Group performance target	1. Growth in proportional EBITDA (20% weighting)			
	The proportional EBITDA targets were set against the Group's FY15 budget. The EBITDA target excluded the 95 Express Lanes, Legacy Way and Transurban Queensland transaction and integration costs.			
	Proportional EBITDA result			% STI that vests¹
	More than \$20.8 million decrease on FY15 Target			zero
	\$20.8 million decrease on FY15 Target			50
	Target for FY15 (\$1,239.4 million)			100
	\$22.8 million increase on FY15 Target			150
	2. Cost management based on proportional net costs (20% weighting)			
	The proportional net costs targets were set against the Group's FY15 budget. The proportional net costs target excluded the 95 Express Lanes, Legacy Way and Transurban Queensland transaction and integration costs.			
	Proportional net costs result			% STI that vests¹
Individual key performance indicators ('KPIs')	More than \$267.5 million			zero
	FY15 Target plus \$9.1 million			50
	FY15 Target (\$258.4 million)			100
	FY15 Target less \$9.1 million			150
	3. Safety targets (10% weighting)			
	The safety target was a combination of a lead indicator in the form of an employee leadership component through KPIs and three lag indicators. The target is split with a weighting of 70% lead and 30% lag indicators. The lag indicators focus on improving the Group's safety culture and reducing workplace injuries for employees and contractors as well as customer safety.			
	Safety Lag Indicators	% STI that vests¹		
		zero	50	100
				150
	Recordable injury frequency rate ('RIFR')	More than FY14 rate	Maintain FY14 rate	25% reduction on FY14 rate
	Serious injury collisions frequency rate	More than FY14 rate	Maintain FY14 rate	3% reduction on FY14 rate
	High potential events and near misses	Failure to meet 50% target	Where Transurban has control, all incidents are reported, investigated, with lessons learnt and shared across the Group	50% target and zero overdue actions resulting from investigations and lessons learnt
				50% target, 100% target, and actions verified post 3 months after lesson learned distribution
Individual KPIs (50% weighting) , were unique to the individual's area of accountability, and in FY15 related to critical business sustainability measures, including: operational excellence, strategy, people and leadership, financial discipline, customer satisfaction, project outcomes, succession planning, employee capability and diversity. Individuals have a clear line of sight to KPIs and are able to directly affect outcomes through their own actions. Detail of the KPIs for the CEO and other senior executives is not disclosed due to the commercially sensitive nature of these targets.				

1. Straight line vesting applies between 50-100% and 100-150%.

Remuneration report (continued)

What were the Transurban Queensland STI performance measures for FY15?

The STI targets for Wesley Ballantine, Group General Manager, Queensland differed from those of the other Group senior executives as they related to the Transurban Queensland business only. The segregation was agreed with the Group's equity partners in Transurban Queensland. The STI targets for FY16 will be the same for all senior executives including Wesley Ballantine. The STI performance measures for Wesley Ballantine for FY15 were chosen to provide a balance between corporate, individual, operational, strategic, financial and non-financial aspects of performance and are described below.

Measure	
Transurban Queensland performance target	1. Growth in EBITDA (20% weighting) The EBITDA targets were set against the FY15 budget. The EBITDA target excluded Legacy Way and Transurban Queensland transaction and integration costs.
	EBITDA result % STI that vests¹
	More than \$4.5 million decrease on FY15 Target zero
	\$4.5 million decrease on FY15 Target 50
	Target for FY15 (\$275.0 million) 100
	\$4.5 million increase on FY15 Target 150
	2. Cost management based on net costs (20% weighting) The net costs targets were set against the Group's FY15 budget. The net costs target excluded Legacy Way and Transurban Queensland transaction and integration costs.
	Net costs result % STI that vests¹
	More than \$116.0 million zero
	\$2.5 million higher than FY15 Target 50
	Target for FY15 (\$113.5 million) 100
	\$2.5 million decrease on FY15 Target 150
	3. Safety targets (10% weighting) The safety target was a combination of a lead indicator in the form of an employee leadership component through KPIs and one lag indicator. The target is split with a weighting of 70% lead and 30% on the lag indicator. The lag indicator (Recordable injury frequency rate) focuses on improving the Group's safety culture and reducing workplace injuries for employees and contractors.
	Recordable Injury Frequency Rate % STI that vests¹
	More than FY14 rate zero
	Maintain FY14 rate 50
	25% reduction on FY14 rate 100
	Zero rate 150
Individual key performance indicators ('KPIs')	Individual KPIs (50% weighting) , were unique to Wesley Ballantine's area of accountability, and related to critical business sustainability measures, including: strategy, people and leadership, financial discipline, succession planning, stakeholder management and project outcomes. Further detail is not disclosed due to the commercially sensitive nature of these targets.

1. Straight line vesting applies between 50-100% and 100-150%.

Remuneration report (continued)

Who sets the STI performance measures?

STI performance measures are set at the beginning of the financial year. The CEO's individual KPIs are set by the Board. All other senior executives' individual KPIs are set by the CEO and approved by the Board. The Board sets the Group performance targets.

What is proportional EBITDA and why is it used as an STI performance measure?

EBITDA (earnings before interest, taxes, depreciation and amortisation) is a common operational performance measure used by many companies.

Proportional EBITDA is one of the primary measures that the Board uses to assess the operating performance of the Group, with an aim to maintain a focus on the Group's operating results and associated cash generation. It reflects the contribution from individual assets to the Group's operating performance and focuses on elements of the result that management can influence to drive improvements in short term earnings. Proportional EBITDA is the aggregation of EBITDA from each asset multiplied by the Group's percentage ownership, as well as any contribution from Group functions. The Board believes proportional EBITDA provides a better reflection of the underlying performance of the Group's assets than statutory EBITDA. The EBITDA calculation from the statutory accounts for FY15 does not include the EBITDA contribution for those assets which are equity accounted (M5 and M7). Proportional EBITDA figures used to assess performance are included in note B4 of the audited financial statements.

The Board can decide to exclude specific items from proportional EBITDA to provide an underlying result when determining performance incentives. For FY15, the Board resolved to exclude the 95 Express Lanes and Legacy Way from the proportional EBITDA measure as these assets opened to traffic during FY15 and were considered to be in a period of ramp-up. The Board also resolved to exclude the Transurban Queensland transaction and integration costs. The integration is budgeted over a number of financial years and should be evaluated as an overall project rather than each financial year and transaction costs relate to one-off costs associated with the acquisition of Transurban Queensland.

Proportional EBITDA has been used by the Group as an STI performance measure since 2009.

What are proportional net costs and why is this used as a performance measure?

Proportional net costs are calculated as fee and other revenues less total costs of the Group. Costs after fee and other revenues encourage and allow management to incur additional costs where these are justified by increased revenue results.

The use of a cost related STI performance measure reflects management's ability to influence the expenditure of the business. Strong cost management throughout the business drives an increase in proportional EBITDA and free cash flow and ultimately security holder value.

Proportional net costs have been used by the Group as an STI performance measure since 2010.

The proportional net costs measure for FY15 excludes the 95 Express Lanes and Legacy Way as these assets opened to traffic during FY15 and were considered to be in a period of ramp-up. The Board also resolved to exclude the Transurban Queensland transaction and integration costs. The integration is budgeted over a number of financial years and should be evaluated as an overall project rather than each financial year and transaction costs relate to one-off costs associated with the acquisition of Transurban Queensland.

Remuneration report (continued)

How is performance assessed?

Performance against the Group performance targets is assessed by the Board. The results of key elements are independently validated.

The CEO's performance against his individual KPIs is assessed by the Remuneration and Human Resources Committee, which then makes recommendations to the Board. The performance of other senior executives against their individual KPIs is assessed by the CEO, who confers with the Committee and then the Board regarding his assessment.

Once KPIs have been assessed, the Board considers the appropriate rating for each senior executive, taking into account their comparable performance and behaviours against the Group's values. The Board then approves STI awards. STI cash awards for FY15 will be paid in August 2015. The STI deferred component for FY15 will be awarded in August 2015 and will vest, subject to continuity of employment (unless otherwise determined by the Board) and clawback provisions, on 1 July 2017.

The Board believes the method of assessment is rigorous and provides a balanced evaluation of the performance of the CEO and each senior executive.

What if a senior executive ceases employment before the STI targets are assessed?

Under the service agreements for the CEO and other senior executives, if the CEO or other senior executive ceases employment with the Group before performance against STI targets is assessed, they are generally not entitled to receive any STI award, unless otherwise determined by the Board.

How is the annual STI pool determined?

The Board approves a pool to be distributed for the annual STI program (cash and deferred securities/cash). The pool is the sum of all eligible employees possible STI outcomes at 100 per cent target (TEC multiplied by their STI opportunity). This value is divided by two and each half is treated as follows: one half represents the individual component of the STI and is capped at 100 per cent, the second half is multiplied by the Group's performance outcome to represent the Group's performance component and is capped at 150 per cent. The overall pool is capped at 125 per cent.

The Board has discretion as to the proportion of the pool that will be distributed in any given year.

What is the maximum and minimum payment an individual can receive under the STI plan?

The minimum STI an individual can receive is zero per cent (if targets are not met) and the maximum is 150 per cent of their STI opportunity (awarded for exceptional outperformance).

What were the Group STI performance outcomes for FY15?

Group performance in respect of the proportional EBITDA, proportional net costs and safety STI performance measures for FY15 was assessed by the Board as 123.7 per cent of the possible STI opportunity.

Measure	Performance	Outcome
Proportional EBITDA ¹	\$1,278 million	150.0%
Proportional net costs ¹	\$257 million	106.8%
Safety	–	104.8%
Overall Group Performance	–	123.7%

1. For FY15 the 95 Express Lanes, Legacy Way and the Transurban Queensland transaction and integration costs were excluded from the Proportional EBITDA and Proportional net costs measures.

Remuneration report (continued)

What were the Transurban Queensland STI performance outcomes for FY15?

The performance of Transurban Queensland in respect of EBITDA, net costs and safety STI performance measures for FY15 was assessed by the Board as 143.5 per cent of the possible STI opportunity.

Measure	Performance	Outcome
EBITDA ¹	\$295 million	150.0%
Net costs ¹	\$100 million	150.0%
Safety	–	117.5%
Overall performance	–	143.5%

1. For FY15 Legacy Way and the Transurban Queensland transaction and integration costs were excluded from the EBITDA and net costs measures.

What were the individual STI performance outcomes and awards for the CEO and senior executives for FY15?

Current senior executives	STI outcome (%)			Actual STI awarded ³ (\$)		STI forfeited (%)
	Individual KPIs	Group component ⁴	Total	Cash ⁵	Deferred into securities ⁵	
S Charlton	140.0	173.2	156.6 ²	1,160,975	1,160,975	–
T Adams	105.0	129.9	117.4	200,500	200,500	–
J Aument ¹	115.0	142.3	128.6	266,525	266,525	–
W Ballantine	115.0	165.0	140.0	239,450	239,450	–
A Head	125.0	154.6	139.8	300,400	300,400	–
M Huey	88.0	108.9	98.4	72,825	72,825	1.6
S Johnson	115.0	142.3	128.6	191,375	191,375	–
L Tobin	115.0	142.3	128.6	233,250	233,250	–
V Vassallo	125.0	154.6	139.8	262,300	262,300	–
A Watson	88.0	108.9	98.4	126,475	126,475	1.6

1. Jennifer Aument is remunerated in USA Dollars. Her awarded STI has been translated to Australian Dollars using the average exchange rate over the reporting period.

2. In accordance with the STI plan, the maximum STI an individual can receive is 150 per cent of their STI opportunity and as a result Scott Charlton's STI outcome has been capped at 150 per cent of his STI opportunity. The amounts paid in cash and deferred into securities shown in the table above is in accordance with this cap.

3. On-target performance must be achieved before any STI is awarded. Therefore, the minimum potential value of the STI in respect of FY15 was zero.

4. The Group performance outcome is determined by multiplying the individual percentage outcome by the Group's percentage outcome of 123.7% for the Transurban Group and 143.5% for Transurban Queensland.

5. The cash STI payments will be paid in August 2015. The STI deferred component (50 per cent of the STI awarded) will vest, subject to continuity of employment (unless otherwise determined by the Board) and clawback provisions, on 1 July 2017.

Remuneration report (continued)

What was the grant and movement in the number of STI deferred awards?

	Balance at start of year	Granted during year as remuneration	Matured and paid during year	Forfeited during the year	Balance at the end of year
Current senior executives					
S Charlton	108,486	137,209	–	–	245,695
T Adams ¹	37,759	22,224	(19,004)	–	40,979
J Aument	29,071	21,440	(14,789)	–	35,722
W Ballantine	32,540	27,359	(15,212)	–	44,687
A Head	37,651	38,816	(22,449)	–	54,018
M Huey ²	–	–	–	–	–
S Johnson	37,828	18,061	(16,540)	–	39,349
L Tobin	6,612	23,062	–	–	29,674
V Vassallo	6,612	30,139	–	–	36,751
A Watson ²	–	–	–	–	–
Former senior executives					
S Hogg ³	36,917	–	(18,973)	(17,944)	–
T Steinhilber ⁴	40,548	19,236	(19,356)	–	40,428

1. Tony Adams' opening balance represents those awards granted while in his former role as Vice President, Infrastructure.

2. Michele Huey and Adam Watson had a zero opening balance at the beginning of FY15, as they joined the Group after the FY14 STI performance period and therefore were not entitled to receive an STI deferred award in respect of that period.

3. Samantha Hogg forfeited her unvested awards on departure from the Group.

4. Tim Steinhilber retained his STI deferred awards on his return to the USA as Advisor, Major Projects.

E. Long term incentive ('LTI')

How does the LTI plan operate?

The LTI plan aligns reward with security holder value by tying this component of executive remuneration to the achievement of performance measures that underpin sustainable long term growth.

Participation in the LTI plan is offered to the CEO and other senior executives, and certain other employees nominated by the CEO and approved by the Board. For FY15, the CEO was offered an LTI grant equivalent to 30 per cent of his total target remuneration package. Other eligible senior executives were offered grants equivalent to 25 per cent of their total target remuneration package.

LTI grants are made in the form of performance awards under the Group's performance awards plan ('PAP') at no cost to the recipient. Each performance award is an entitlement to receive a fully paid Transurban security, or an equivalent cash payment, on terms and conditions determined by the Board, subject to the achievement of certain vesting conditions linked to performance over a three year period.

LTI grants are generally made twice per annum – once in August following the annual performance review for senior executives excluding the CEO, and at a later date in November for the CEO. This is to allow the CEO's grant of performance awards to be put to a security holder vote at the AGM.

Two performance measures are used to determine the number of performance awards that will vest at the end of the performance period. Total shareholder return ('TSR') provides a comparison for Transurban's performance against those companies with which the Group competes for capital. Additionally, growth in free cash flow ('FCF') per security helps to retain a focus on maximisation of free cash. The maximum vesting following these tests is capped at 100 per cent of awards issued.

Remuneration report (continued)

How does the LTI plan operate? (continued)

The performance awards will, subject to achievement of the two performance measures against the vesting schedules, vest and be automatically exercised at the vesting date with no exercise price payable by the recipient. The Board will determine in its absolute discretion whether the performance awards will be settled in Transurban securities or a cash payment of equivalent value. Due to legal restrictions on the issue of securities to USA residents, the USA senior executive receives a cash payment upon vesting.

Performance awards that do not vest after testing of the performance measures lapse without retesting. Performance awards are not transferable and do not carry voting or distribution rights. However securities allocated upon vesting of performance awards carry the same rights as other Transurban securities.

What is the Group's LTI allocation valuation methodology?

A fair value approach is applied for the TSR allocation. The Group is currently transitioning to a face value approach (discounted for distributions) for the FCF component. The transition is over 3 years and all things being equal there will be a decrease in the number of awards recipients receive until the new methodology is achieved. This transition will be completed for grants made during FY16.

What were the LTI performance measures for FY15?

Performance awards granted during FY15 are subject to a three year performance period and the following dual performance measures over that period:

Measure	Description of measure
Relative TSR (50% weighting)	<p>Relative TSR is measured against a bespoke comparator group comprising companies in the transport, utilities, real estate, construction and infrastructure Global industry classification standards ('GICS') sectors of the ASX 150. The 37 companies in this group are:</p> <p><i>Abacus Property Group, AGL Energy Limited, Asciano Limited, Australand Property Group, APA Group, Aurizon Holdings Limited, BWP Trust, CFS Retail Property Trust Group, Charter Hall Group, Cromwell Group, Charter Hall Retail REIT, DUET Group, Dexu Property Group, Envestra Limited, Federation Centres Limited, Goodman Group, GPT Group, iiNet Limited, Investa Office Fund, Leighton Holdings Limited, Lend Lease Group, Mirvac Group, Monadelphous Group Limited, Macquarie Atlas Roads Limited, Qantas Airways Limited, Qube Logistics Holdings Limited, Scentre Group Limited, Stockland, Spark Infrastructure Group, SP AusNet, Sydney Airport, Transurban Group, Telecom Corporation of New Zealand Limited, Telstra Corporation Limited, Toll Holdings Limited, TPG Telecom Limited, Westfield Corporation.</i></p> <p>TSR measures total return on investment of a security, taking into account both capital appreciation and distributed income which was reinvested on a pre-tax basis.</p> <p>For performance awards granted during the year ended 30 June 2015, the relative TSR component will vest on a straight line basis if the Group's relative TSR performance is above the median of the bespoke comparator group at the end of the performance period, in accordance with the following table:</p>
TSR vesting schedule:	
The Group's relative TSR ranking in the comparator group	% of performance awards that vest
At or below the 50% percentile	Zero
Above the 50th percentile but below the 75th percentile	Straight line vesting between 50 and 100
At or above the 75th percentile	100

Remuneration report (continued)

Measure	Description of measure								
Growth in FCF per security (50% weighting)	<p>Within Transurban, free cash flow ('FCF') per security is defined as:</p> <ul style="list-style-type: none"> → The Group's cash flow from operating activities; → less: cash flows from operating activities from consolidated non 100% owned assets; → less: allowance for maintenance of intangible assets for 100% owned assets; → add back: payments for maintenance of intangible assets; → less: actual tag expenditure in 100% owned assets; → add: dividends received from non 100% owned assets; → divided by: weighted average number of securities issued. <p>The FCF calculation is included in note B4 of the audited financial statements.</p> <p>For performance awards granted during the year ended 30 June 2015, the FCF per security component will vest based on the Group's compound annual growth targets translated into annual FCF per security over the three year performance period, as set out below:</p> <p>Growth in FCF per security vesting schedule:</p> <table> <tr> <th>% annual growth in FCF per security</th><th>% of performance awards that vest</th></tr> <tr> <td>Less than 10%</td><td>Zero</td></tr> <tr> <td>Between 10% and 13%</td><td>Straight line vesting between 50 and 100</td></tr> <tr> <td>13% or more</td><td>100</td></tr> </table> <p>For performance awards granted during FY16, the performance target range for growth in FCF per security is between 8 per cent and 11 per cent per annum.</p>	% annual growth in FCF per security	% of performance awards that vest	Less than 10%	Zero	Between 10% and 13%	Straight line vesting between 50 and 100	13% or more	100
% annual growth in FCF per security	% of performance awards that vest								
Less than 10%	Zero								
Between 10% and 13%	Straight line vesting between 50 and 100								
13% or more	100								

Why were these LTI performance measures selected?

The TSR target is a relative, external, market-based performance measure against those companies with which the Group competes for capital. It provides a direct link between executive reward and security holder return. The vesting schedule applied is in line with market practice, with straight line vesting between 50 per cent and 100 per cent for performance above the 50th percentile up to the 75th percentile for performance against the comparator group.

Growth in FCF per security reflects the Group's continuing focus on the maximisation of free cash, and has been used as an LTI performance measure since FY13.

Why is a three year performance period used for LTIs?

The three year performance period for LTI has been set in line with market practice. The Board continues to monitor market practice in this regard.

How will the LTI performance targets be measured?

Relative TSR

The Group will receive an independent report that sets out the Group's TSR growth and that of each company in the bespoke comparator group. A volume weighted average price of securities for the 20 trading days up to and including the testing date is used in the calculation of TSR.

The level of TSR growth achieved by the Group will be given a percentile ranking having regard to the Group's performance compared to the performance of other companies in the comparator group (the highest ranking company being ranked at the 100th percentile). This ranking will determine the extent to which performance awards subject to this target will vest.

FCF per security

The Group's FCF per security percentage growth rate will be calculated based on the FCF per security over the three year performance period.

The Board considers these methods of measurement to be rigorous and transparent.

Remuneration report (continued)

What if a senior executive ceases employment?

Under the terms of the service agreements for the CEO and other senior executives, if the CEO or other senior executive ceases employment with the Group before the performance measures are tested, their unvested performance awards will generally lapse, unless otherwise determined by the Board.

What will happen in the event of a change in control?

In the event of a takeover or change of control of the Group, the treatment of any unvested performance awards granted in FY15 will be subject to the incumbent Board's discretion.

What was the grant, and movement in the number and value, of performance awards during FY15?

Eligible senior executives (excluding the CEO) received performance awards with a grant date of 15 August 2014. Following the receipt of security holder approval at the 2014 AGM, the CEO received performance awards with a grant date of 1 November 2014. Senior executives new to the Group received performance awards with a grant date of 25 January 2015. All performance awards granted in FY15 vest subject to a performance period from 1 July 2014 through to 30 June 2017.

The relevant values of the grants are as follows:

Recipient	Grant date	Value of awards at grant date (\$)		Closing security price at grant date
		Relative TSR ¹	FCF per security	
Eligible senior executives	15 August 2014	\$3.89	\$6.87	\$7.90
CEO	1 November 2014	\$4.11	\$7.22	\$8.13
Eligible senior executives new to the Group	25 January 2015	\$5.47	\$8.32	\$9.24

1. Fair value in accordance with AASB 2 treatment of market conditions.

Performance awards granted in FY15

	Number of performance awards granted ⁴	Value at grant date (\$)	Potential value of grant yet to vest ⁵ (\$)
Current senior executives			
S Charlton ¹	345,135	1,851,582	1,851,582
T Adams	64,928	330,186	330,186
J Aument	62,735	319,034	319,034
W Ballantine	63,679	323,836	323,836
A Head	80,080	407,238	407,238
M Huey ²	48,888	323,466	323,466
S Johnson	60,933	309,869	309,869
L Tobin	67,588	343,713	343,713
V Vassallo	69,922	355,583	355,583
A Watson ³	69,830	462,030	462,030

1. The grant made to the CEO constituted his LTI entitlement for FY15 and was made following security holder approval at the 2014 AGM on the terms summarised above. Performance awards vest subject to performance over the period from 1 July 2014 through to 30 June 2017.

2. The grant made to Michele Huey includes a one-off equity grant of 25,788 awards recognising the equity awards forfeited when she ceased employment with her former employer. Refer to section 1B of the Report for details. The remaining balance of 19,687 awards has been prorated to recognise her joining the Group on 19 January 2015.

3. The grant made to Adam Watson includes his one-off equity grant of 15,188 awards recognising the equity awards forfeited when he ceased employment with his former employer. Refer to section 1B of the Report for details. The remaining balance of 41,711 awards has been prorated to recognise him joining the Group on 1 December 2014.

4. The grants made to senior executives assume full vesting of their full LTI entitlement for FY15 and were made on the terms summarised above. Performance awards vest subject to performance testing over the period from 1 July 2014 through to 30 June 2017.

5. The maximum value of the grant has been estimated based on the award valuations at grant date (a fair value approach for the TSR component and a face value approach discounted for distribution for the FCF component). The minimum total value of the grant, if the applicable performance measures are not met, is zero.

Remuneration report (continued)

F. Legacy LTI plans

The Group has a number of LTI plans that were offered in previous years, as detailed below:

Plan	FY14 PAP	FY13 PAP
Grant date	15 Aug 2013 1 Nov 2013 (CEO only)	15 Aug 2012 19 Oct 2012 (CEO only)
Performance period	1 Jul 2013 – 30 Jun 2016	1 Jul 2012 – 30 Jun 2015
External performance measure (50% of grant)	Relative TSR	Relative TSR
Comparator group	42 companies within a bespoke comparator group within the ASX150	37 companies within a bespoke comparator group within the ASX150
Vesting schedule	Relative TSR Above 50th percentile to 75th percentile At or above the 75th percentile	% of performance awards that vest Straight line vesting between 50%-100% 100% vests
Internal performance measure (50% of grant)	Growth in free cash flow ('FCF') per security From 12% - 15%	Growth in free cash flow ('FCF') per security From 6% - 9%
Vesting schedule	Compound growth At target From target % to stretch % At or above stretch %	% of performance awards that vest 50% vests Straight line vesting between 50%- 100% 100% vests
Current status	Vesting to occur after announcing FY16 results	Vesting to occur after announcing FY15 results
Awards on issue	959,977	682,313

Value of performance awards vested and lapsed in FY15

Due to changes in the timing of performance periods and vesting dates there were no LTI plans which vested during FY15. The next plan to vest is the FY13 plan which has a performance period of 1 July 2012 to 30 June 2015. The vesting date will be within 30 days after the release of the Group's results for FY15 on 11 August 2015 and the vesting outcome will appear in the FY16 Report.

Initial vesting calculations indicate that 100 per cent of awards on issue for the FY13 plan will vest for all remaining participants.

Remuneration report (continued)

Number of performance awards on issue as at 30 June 2015

The number of performance awards held by members of KMP as at 30 June 2015 is provided below. Comparative data is shown for those senior executives who were members of KMP during both FY15 and FY14.

	Balance at start of year	Granted during year as remuneration	Matured and paid during year	Lapsed or forfeited during year	Balance at the end of year
Current senior executives					
S Charlton					
2015	988,196	345,135	(78,752) ¹	–	1,254,579
2014	684,656	382,292	(78,752) ¹	–	988,196
T Adams²					
2015	–	64,928	–	–	64,928
J Aument					
2015	74,494	62,735	–	–	137,229
2014	21,597	74,494	(18,684)	(2,913)	74,494
W Ballantine					
2015	62,630	63,679	–	–	126,309
2014	24,441	62,630	(21,144)	(3,297)	62,630
A Head					
2015	207,521	80,080	–	–	287,601
2014	311,043	94,767	(155,462)	(42,827)	207,521
M Huey					
2015	–	48,888 ³	–	–	48,888
S Johnson					
2015	62,630	60,933	–	–	123,563
2014	29,626	62,630	(25,630)	(3,996)	62,630
L Tobin					
2015	79,980	67,588	–	–	147,568
2014	–	79,980	–	–	79,980
V Vassallo					
2015	79,980	69,922	–	–	149,902
2014	–	79,980	–	–	79,980
A Watson					
2015	–	69,830 ⁴	–	–	69,830
Former senior executives					
S Hogg					
2015	231,329	–	–	(231,329)	–
2014	292,851	105,633	(129,489)	(37,666)	231,329
T Steinhilber					
2015	78,267	–	–	(78,267) ⁵	–
2014	28,755	78,267	(24,876)	(3,879)	78,267

1. Scott Charlton's number of performance awards granted during FY13 includes 236,256 performance awards granted in September 2012 as a sign-on award, to vest, subject to his continued employment, in three equal tranches on the first, second and third anniversaries of his commencement with the Group. The first tranche (78,752) awards vested on 16 July 2013, the second tranche (78,752) awards vested on 16 July 2014 and the third and final tranche (78,752) awards vested on 16 July 2015.

2. Tony Adams was promoted as Group General Manager, Operational Excellence and Project Delivery in July 2014 and did not hold any performance awards prior to his appointment.

3. Michele Huey received a pro-rated grant of performance awards in FY15 due to her commencement date of 19 January 2015. She also received a one-off equity grant of 25,788 awards recognising the equity awards forfeited when she ceased employment with her former employer. The one-off equity grant will vest, subject to continued employment, in two equal tranches on the first and second anniversaries of her commencement with the Group. Refer to section 1B for details.

4. Adam Watson received a pro-rated grant of performance awards in FY15 due to his commencement date of 1 December 2014. He also received a one-off equity grant of 15,188 awards recognising the equity awards forfeited when he ceased employment with his former employer. The one-off equity grant will vest, subject to continued employment, in two equal tranches on the first and second anniversaries of his commencement with the Group. Refer to section 1B for details.

5. On 14 July Tim Steinhilber transferred back to the USA as Advisor, Major Projects. As of this time he was no longer considered a KMP.

All performance awards granted or matured in FY15 (where applicable) in the table above were issued by Transurban and resulted or will result in one ordinary Transurban stapled security (or cash equivalent, as determined by the Board) per performance award granted or matured.

Remuneration report (continued)

G. Remuneration paid to the CEO and other senior executives

	Short-term employee benefits		Deferred STI ⁵	Post-employment benefits	Termination benefits	Long-term benefits	Share based benefits ⁶		Total
	Cash salary and fees	Cash STI ³	Non-monetary benefits ⁴	Superannuation		Long service leave	Equity awards	Cash awards	
Current CEO									
S Charlton									
2015	2,045,112	1,160,975	5,814	592,517	18,783	—	1,939,196	—	5,762,397
2014	1,858,493	1,039,250	7,042	492,200	17,774	—	1,484,748	—	4,899,507
Current other senior executives									
T Adams¹									
2015	552,978	200,500	136,789	129,188	18,783	—	8,929	100,314	1,147,481
J Aument²									
2015	656,643	266,525	1,608	134,454	12,548	—	—	458,905	1,530,683
2014	516,456	244,487	1,250	126,054	11,274	—	—	192,748	1,092,269
W Ballantine									
2015	491,711	239,450	123,974	108,383	18,783	—	9,033	195,951	1,187,285
2014	393,737	207,225	1,462	107,433	17,774	—	21,430	96,404	845,465
A Head									
2015	622,524	300,400	2,444	132,485	18,783	—	11,437	419,998	1,508,071
2014	604,875	294,000	2,418	111,497	17,774	—	13,053	474,344	1,517,961
M Huey									
2015	208,293	72,825	770	—	9,392	—	—	159,956	451,236
S Johnson									
2015	458,525	191,375	1,685	93,892	18,783	—	8,620	191,708	964,588
2014	423,737	136,800	1,496	127,917	17,774	—	8,661	98,710	815,095
L Tobin									
2015	522,517	233,250	1,724	73,225	18,783	—	—	229,019	1,078,518
2014	507,741	174,675	1,753	30,000	17,774	—	—	109,235	841,178
V Vassallo									
2015	541,217	262,300	1,724	91,092	18,783	—	—	232,625	1,147,741
2014	507,741	228,275	1,753	30,000	17,774	—	—	109,235	894,778
A Watson									
2015	368,210	126,475	1,001	—	10,957	—	—	154,762	661,405
Former senior executives									
S Hogg									
2015	61,234	—	76	(81,410)	4,696	347,272	(121,997)	(455,252)	(245,381)
2014	676,275	131,100	2,018	117,353	17,774	—	21,368	485,938	1,451,826
M Kulper									
2015	—	—	—	—	—	—	—	—	—
2014	583,403	—	2,912	300,629 ⁷	2,791	333,356	—	385,168 ⁷	1,608,259
T Steinhilber									
2015	64,501	—	94	5,570	4,696	—	—	4,509	79,370
2014	572,856	309,886	30,165	177,462	17,774	—	8,531	208,931	1,325,605

1. Tony Adams was promoted as Group General Manager, Operational Excellence and Project Delivery in July 2014. His remuneration for the period during which he was a member of KMP is disclosed in the table only. Amounts disclosed as 'cash salary and fees' includes \$58,824 in relocation costs from USA to Australia.
2. Jennifer Aument is remunerated in USA Dollars. The amounts shown in the table above have been converted to Australian Dollars using the average exchange rate over the reporting period. Amounts disclosed as 'cash salary and fees' includes \$67,506 of annual leave cashed out.
3. The amount represents the cash STI payment to the senior executive for FY15, which will be paid in August 2015.
4. Non-monetary benefits include Group insurance, relocation and expatriate allowances (where relevant).
5. A component of STI award is deferred into securities. In accordance with accounting standards, the deferred component will be recognised over the three year service period. The amount recognised in this table is the FY15 accounting charge for unvested grants.
6. In accordance with the requirements of the accounting standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. performance awards under the LTI plan). The fair value of equity instruments is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration may be different to the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of performance awards at the date of their grant has been independently determined in accordance with accounting standards. The fair value of the performance awards has been valued applying a Monte Carlo simulation (using a Black-Scholes framework) to model Transurban's security price and where applicable, the TSR performance against the comparator group performance.
7. The value for deferred STI and share based benefits for Michael Kulper includes all unvested awards. In accordance with accounting standard AASB 2, these have been accounted as an acceleration of vesting. The amount that would have been recognised for services received from M Kulper as President, North America of the Group over the remainder of the vesting period has been included in the table above. These awards will continue on foot in accordance with the original terms. The LTI awards may or may not vest.

Remuneration report (continued)

H. Service agreements

The remuneration and other terms of employment for the CEO and other senior executives are formalised in service agreements which have no specified term. Under these agreements, the CEO and other senior executives are eligible to participate in STI and LTI plans. Some other key aspects of the agreements in place for FY15 are outlined below:

	Period of notice to terminate (executive)	Period of notice to terminate (the Group ¹)
CEO	6 months	12 months
Other senior executives	3 months	6 months

1. Payment in lieu of the notice period may be provided (based on the executive's fixed remuneration). The Group may also terminate at any time without notice for serious misconduct.

I. Additional remuneration information

Employee security plans

The Group operated the following broad employee based security plans in FY15.

ShareLink Incentive Plan

Under the ShareLink Incentive Plan, subject to Board approval, an allocation of Transurban securities may be made to eligible employees (excluding the CEO and other senior executives) in recognition of the Group's prior year performance. Eligible employees received a grant of 100 securities at no cost to them on 24 February 2015. Due to legal restrictions on the issue of securities to USA residents, eligible employees in the USA received a cash payment of equivalent value in lieu of securities.

Given that the plan is designed to reward employees for the Group's prior year performance and is not intended to serve as a future incentive, there are no performance measures attached to grants of securities or cash payments under the plan.

Securities granted under the plan carry a three year holding lock from the grant date and can only be traded once the holding lock expires or when employment with the Group ceases, whichever is earlier.

ShareLink Investment Tax Exempt Plan

The ShareLink Investment Tax Exempt Plan provides eligible employees (excluding the CEO and other senior executives) the opportunity to invest up to \$1,000 per year in Transurban securities on a tax exempt basis. Participants contribute up to \$500 by way of salary sacrifice which is matched by the Group dollar for dollar. Security acquisitions are made quarterly in September, December, March and June each year.

The plan is designed to encourage employee security holdings and to align the interests of employees with those of the Group and is therefore not subject to performance measures.

Dealing in securities

In accordance with the Group's Dealing in Securities Policy, employees who have awards under a Group equity plan may not hedge against those awards. In addition, KMP may not hedge against entitlements that have vested but remain subject to a holding lock. Employees and Directors are not permitted to obtain margin loans using Transurban securities (either solely or as part of a portfolio) as security for loans.

Remuneration report (continued)

Securities held by senior executives as at 30 June 2015

The number of securities held by members of KMP as at 30 June 2015 is provided below. Comparative data is shown for those senior executives who were members of KMP during both FY15 and FY14.

	Balance at start of year	Changes during year	Balance at end of year
Current senior executives			
S Charlton			
2015	134,622	78,752	213,374
2014	10,000	124,622	134,622
T Adams			
2015	5,090 ¹	–	5,090
J Aument			
2015	–	–	–
2014	–	–	–
W Ballantine			
2015	4,685	1,109	5,794
2014	3,988	697	4,685
A Head			
2015	87,760	(12,099)	75,661
2014	3,041	84,719	87,760
M Huey			
2015	–	–	–
S Johnson			
2015	43,763	(13,664)	30,099
2014	29,596	14,167	43,763
L Tobin			
2015	–	–	–
2014	–	–	–
V Vassallo			
2015	11,048	509	11,557
2014	10,538	510	11,048
A Watson			
2015	–	–	–
Former senior executives			
S Hogg			
2015	141,042	(141,042) ²	–
2014	11,553	129,489	141,042
M Kulper			
2015	–	–	–
2014	80,000	(80,000) ²	–
T Steinhilber			
2015	–	–	–
2014	–	–	–

1. Opening balance held prior to the senior executive becoming a member of KMP.

2. Balance removed on departure from the Group.

Remuneration report (continued)

5. Link between Group performance, security holder wealth and remuneration

The variable (or 'at risk') remuneration of the CEO and other senior executives is linked to the Group's performance through the use of measures based on the operating performance of the business.

A. Group performance and STI

For the year ended 30 June 2015, 20 per cent of the STI award was determined with reference to proportional EBITDA, 20 per cent with reference to proportional net costs, and 10 per cent with reference to safety, as discussed on page 30.

STI is an 'at risk' component of remuneration; payments are determined based on the following three measures, and could result in zero payout if targets are not met. The maximum payment available to any senior executive is 150.0 per cent of their STI opportunity.

Proportional EBITDA

Proportional EBITDA excluding significant items², was \$1,289 million. Excluding the effect of 95 Express Lanes and Legacy Way, this resulted in a payment of 150.0 per cent of STIs attributable to proportional EBITDA.

EBITDA performance was driven by the contribution of Transurban Queensland to the portfolio of assets and the integration progressing faster than planned, leading to earlier recognition of cost efficiencies. Total traffic across our Australian assets increased 5.1 per cent and toll prices increased 4.5 per cent, further enhancing the growth in EBITDA.

Proportional net costs

Proportional net costs excluding significant items², was \$270 million. Excluding the effect of 95 Express Lanes and Legacy Way, this resulted in the payment of 106.8 per cent of STIs attributable to proportional net costs.

The movement in net costs is largely related to Transurban Queensland. Additional business development and project activity have been offset by operational efficiencies including the in-housing of CityLink operations and Group customer initiatives.

Safety

For the year ended 30 June 2015, the safety performance measure resulted in 104.8 per cent STI outcome. The target was a combination of a lead indicator in the form of an employee leadership component through KPIs and three lag indicators (Recordable Injury Frequency Rate, Serious Injury Collisions Frequency Rate and High Potential Events and Near Misses). The target was split with a weighting of 70 per cent for the lead indicator and 30 per cent for the lag indicators. The Group achieved the following outcomes:

Measure	Score	Outcome %	STI Outcome %
Leadership	3.14	107.0	74.9
Recordable Injury Frequency Rate	0.0	150.0	15.0
Serious Injury Collisions Frequency Rate	5.59	0.0	0.0
High Potential Events and Near Misses	34 of 34 closed ¹	148.5	14.9
Overall Safety Outcome			104.8

1. 33 of 34 corrective actions were completed on time. One incident was closed but the corrective action was not completed by the due date.

2. Items relating to the acquisition for Transurban Queensland (formerly, Queensland Motorways) including stamp duty, transaction and integration costs.

Remuneration report (continued)

B. Group performance and LTI

For the year ended 30 June 2015, LTIs were linked to relative TSR and FCF per security.

Relative TSR

Relative TSR for the year ended 30 June 2015 is measured against a bespoke comparator group comprising companies in the transport, utilities, real estate, construction and infrastructure Global industry classification standards ('GICS') sectors of the ASX150.

FCF per security

The performance target for performance awards granted during FY15 was a range for compound growth in FCF per security of between 10.0 per cent and 13.0 per cent per annum over three years. It was considered an appropriate target that reflects the Group's focus on the maximisation of free cash to drive security holder return. For performance awards granted during the year ending 30 June 2016, the performance target range for compound growth in FCF per security per annum will be between 8.0 per cent and 11.0 per cent.

The table below summarises the Group's five year results for the relevant performance measures. These results show that since the year ended 30 June 2010, Transurban's distribution policy has been to align distributions with FCF per security. Since that time, Transurban has delivered consistent growth on this measure based on consistent revenue and EBITDA growth. Based on investor feedback, this remains Transurban's financial focus.

Group performance

Measure	2015	2014	2013	2012	2011
Security price at year end	\$9.30	\$7.39	\$6.76	\$5.69	\$5.23
Distribution paid per security (cents)	40.0	35.0	31.0	29.5	27.0
Proportional EBITDA, excluding significant items – \$m ¹	1,289	934	828	784	719
TSR performance ²	32%	17%	25%	15%	32%
TSR rank position ³	n/a	33 / 93 ⁴ 14 / 31 ⁵	12 / 89 ⁶ 6 / 86 19 / 86 ⁷	35 / 86 6 / 86 19 / 86 ⁷	n/a
FCF per security performance (cents)	40.2	33.9	30.1	29.8	27.5

1. In the current and prior year, LTIs were linked to relative TSR and FCF per security. In earlier years, LTIs were linked to relative TSR and proportional EBITDA.

2. The TSR performance is the total security holder return for that financial year.

3. This is the TSR ranking position for the LTI that vests during the financial year. There weren't any vestings during this reporting period.

4. FY11 PAP that vested 1 November 2013.

5. FY12 PAP that vested 30 June 2014.

6. FY10 PAP that vested November 2012 (testing as at 30 June 2012).

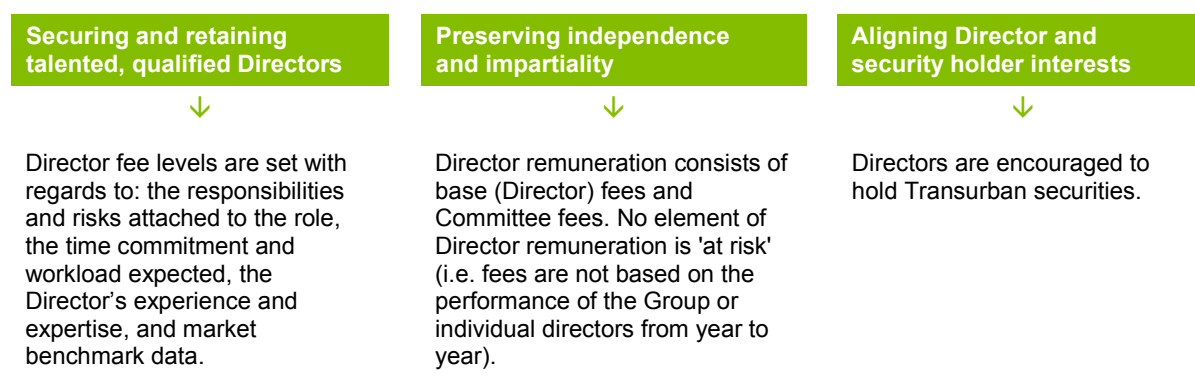
7. FY09 PAP tested in three tranches.

Remuneration report (continued)

6. Non-executive Director remuneration

A. Remuneration policy

The diagram below sets out the key objectives of the Group's Non-executive Director remuneration policy and how they are achieved through the Group's remuneration framework:



B. Remuneration arrangements

Maximum aggregate remuneration

The Remuneration and Human Resources Committee regularly reviews Non-executive Director remuneration arrangements, which includes periodic benchmarking against other publicly listed entities of similar size and complexity to Transurban.

The amount of aggregate remuneration that may be paid to Non-executive Directors in any year is capped at a level approved by security holders. The current aggregate fee pool of \$2,400,000 per year (inclusive of superannuation contributions) was approved by security holders at the 2010 annual general meeting. In FY15, Transurban utilised 70.3 per cent of the aggregate fee pool. No change to the aggregate fee pool is proposed for FY16.

Non-executive Director fees for FY15

A review of Non-executive Director fees was undertaken during FY15 having regards to both the remuneration policy described above and market benchmark data. Following the review, the fees for the Chair of the Board, the Chairs of the Audit and Risk and Remuneration and Human Resources Committees, and the members of the Audit and Risk Committee were increased (effective 1 January 2015) in line with market benchmarks. The fee increases were also considered appropriate in light of the increasing demands placed on Directors in recent years given the increased scale and complexity of the business. The increase in total fees payable to Non-executive Directors was 4.3 per cent. Non-executive Director fees were last increased in 2010.

Current base fees and Committee fees per year are set out below:

	Chair fee \$	Member fee \$
Board	505,000 ¹	170,000
Audit and Risk Committee	48,000 ¹	25,000 ¹
Remuneration and Human Resources Committee	35,000 ¹	20,000
Nomination Committee	10,000	10,000

1. Effective 1 January 2015, the annual fee for the Chair of the Board increased from \$455,000 to \$505,000, the annual fee for the Chair of the Audit and Risk Committee increased from \$40,000 to \$48,000, the annual fee for members of the Audit and Risk Committee increased from \$20,000 to \$25,000, and the annual fee for the Chair of the Remuneration and Human Resources Committee increased from \$30,000 to \$35,000.

Remuneration report (continued)

Non-executive Director fees for FY15 (continued)

The Chair of the Board does not receive any additional fees for Committee responsibilities. The Chair of each Committee only receives the Chair fee (and not a member fee).

Non-executive Directors are permitted to be paid additional fees for special duties or exertions. No such fees were paid during FY15. Non-executive Directors are also entitled to be reimbursed for all business related expenses, including travel, as may be incurred in the discharge of their duties.

Retirement benefits

Non-executive Directors are not entitled to any retirement benefits.

C. Remuneration paid to Non-executive Directors

Non-executive Director remuneration for FY15 and FY14 is set out below:

	Short-term benefits	Post-employment benefits	Total
	Fees	Superannuation ¹	
Current Non-executive Directors			
L Maxsted			
2015	462,071	18,783	480,854
2014	437,925	17,774	455,699
N Chatfield			
2015	226,321	18,783	245,104
2014	222,825	17,774	240,599
R Edgar			
2015	217,321	18,783	236,104
2014	212,825	17,774	230,599
S Mostyn			
2015	183,570	17,439	201,009
2014	183,570	16,980	200,550
C O'Reilly			
2015	185,643	17,636	203,279
2014	183,570	16,980	200,550
R Slater²			
2015	217,181	–	217,181
2014	197,023	–	197,023
I Smith³			
2015	155,973	14,817	170,790
2014	155,973	14,427	170,400
Total			
2015	1,648,080	106,241	1,754,321
2014	1,593,711	101,709	1,695,420

1. Superannuation contributions made on behalf of Non-executive Directors to satisfy the Group's obligations under applicable superannuation guarantee legislation.

2. Rodney Slater is remunerated in USA Dollars. The amounts shown in the table above have been converted to Australian Dollars using the average exchange rate over the reporting period.

3. Ian Smith resigned as a Non-executive Director effective 10 August 2015.

Remuneration report (continued)

D. Securities held by Non-executive Directors as at 30 June 2015

	Balance at start of year	Changes during year	Balance at end of year
Current Non-executive Directors			
L Maxsted			
2015	66,559	—	66,559
2014	30,000	36,559	66,559
N Chatfield			
2015	50,424	5,000	55,424
2014	30,910	19,514	50,424
R Edgar			
2015	30,324	—	30,324
2014	24,590	5,734	30,324
S Mostyn			
2015	17,256	—	17,256
2014	14,000	3,256	17,256
C O'Reilly			
2015	13,972	5,360	19,332
2014	4,363	9,609	13,972
R Slater			
2015	—	—	—
2014	—	—	—
I Smith¹			
2015	92,742	2,043	94,785
2014	71,772	20,970	92,742

1. Ian Smith resigned as a Non-executive Director effective 10 August 2015.

E. Non-executive Director related party information

Rodney Slater is a partner in the public policy practice group of Squire Patton Boggs (US) LLP. Transurban used Squire Patton Boggs (US) LLP during FY15 for various lobbying activities in the USA. This relationship is based on normal commercial terms. US\$150,208 was paid to Squire Patton Boggs (US) LLP during FY15.

Lindsay Maxsted is Chairman and a Non-executive Director of Westpac Banking Corporation. Westpac provides transactional banking and loan facilities to Transurban. This relationship is based on normal commercial terms. During FY15 Westpac also participated in the Transurban Queensland financing, M7 and M2 refinancings, provided a Letter of Credit facility associated with the NorthConnex project and acted as an arranger on the Transurban Queensland AMTN, all on normal commercial terms.

Neil Chatfield is Chairman and a Non-executive Director of Seek Limited. Seek provides employment advisory services to Transurban. This relationship is based on normal commercial terms.

Neil Chatfield was Chairman of Virgin Australia Holdings Limited until May 2015. Samantha Mostyn is a Non-executive Director of Virgin Australia Holdings Limited. Transurban uses air travel services provided by Virgin Australia. This relationship is based on normal commercial terms.

Samantha Mostyn is a Non-executive Director of Citigroup Pty Limited. During FY15 Citibank participated in the M2 refinancing, provided a bilateral working capital facility and acted as an arranger on the May 2015 Transurban EMTN, all on normal commercial terms.

Christine O'Reilly is a Non-executive Director of Energy Australia. Energy Australia is one of Transurban's electricity providers in NSW and Queensland. This relationship is based on normal commercial terms.

None of Rodney Slater, Lindsay Maxsted, Neil Chatfield, Samantha Mostyn nor Christine O'Reilly were, or are, involved in any procurement or other Board decision making regarding the companies or firms with which they have an association (as described above).

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

The Company has an "External Auditor Independence" policy which is intended to support the independence of the external auditor by regulating the provision of services by the external auditor. The external auditor will not be engaged to perform any service that may impair or be perceived to impair the external auditor's judgment or independence.

The external auditor will only provide a permissible non-audit service where there is a compelling reason for it to do so.

All non-audit services must be pre-approved by the CFO (services less than \$5,000) or the Chair of the Audit and Risk Committee (in all other cases).

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- the Audit and Risk Committee reviews the non-audit services to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for audit and non-audit services provided by the auditor of THL, its related practices and non-related audit firms:

	2015 \$	2014 \$
Amounts received or due and receivable by PricewaterhouseCoopers		
Audit and other assurance services:		
Audit and review of financial reports	2,293,000	1,337,000
Other assurance services	173,600	594,000
	2,466,600	1,931,000
Other consulting services	243,915	–
Total remuneration for PricewaterhouseCoopers	2,710,515	1,931,000
Total auditors' remuneration	2,710,515	1,931,000

Indemnification and insurance

Each officer (including each director) of the Group is indemnified, to the maximum extent permitted by law, against any liabilities incurred as an officer of the Group pursuant to agreements with the Group. Each officer is also indemnified against reasonable costs (whether legal or otherwise) incurred in relation to relevant proceedings in which the officer is involved because the officer is or was an officer.

The Group has arranged to pay a premium for a Directors and officers liability insurance policy to indemnify Directors and officers in accordance with the terms and conditions of the policy.

This policy is subject to a confidentiality clause which prohibits disclosure of the nature of the liability covered, the name of the insurer, the limit of liability and the premium paid for this policy.

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 50.

Rounding of amounts

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest million, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Lindsay Maxsted
Director



Scott Charlton
Director

Melbourne
11 August 2015



Auditor's Independence Declaration

As lead auditor for the audit of the Transurban Group, THT and TIL for the year ended 30 June 2015, 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 the Transurban Group and the entities it controlled during the period, THT and the entities it controlled during the period and TIL and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Dodd'.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
11 August 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Transurban Holdings Limited ABN 86 098 429

Contents

Section A: Group financial statements

Consolidated statement of comprehensive income
Consolidated balance sheet
Consolidated statement of changes in equity
Consolidated statement of cash flows

Section B: Notes to the Group financial statements

Basis of preparation and significant changes	B1 Corporate information	B2 Summary of significant changes in the current period	B3 Basis of preparation			
Operating performance	B4 Segment information	B5 Revenue	B6 Significant items	B7 Income tax	B8 Working capital	
Security holder outcomes	B9 Earnings per stapled security	B10 Dividends/ distributions and free cash				
Capital and borrowings	B11 Contributed equity	B12 Reserves	B13 Net finance costs	B14 Borrowings	B15 Derivatives and financial risk management	
Network summary	B16 Intangible assets	B17 Maintenance provision	B18 Other liabilities – concession and promissory notes			
Group structure	B19 Principles of consolidation	B20 Material subsidiaries	B21 Business combinations	B22 Equity accounted investments	B23 Non-controlling interests – other	B24 Deed of cross and intragroup guarantees
Items not recognised	B25 Contingencies	B26 Commitments	B27 Subsequent events			
Other	B28 Related party transactions	B29 Key management personnel compensation	B30 Remuneration of auditors	B31 Parent entity disclosures		

Section C: Transurban Holdings Trust ('THT') and Transurban International Limited ('TIL') financial statements

Consolidated statement of comprehensive income
Consolidated balance sheet
Consolidated statement of changes in equity
Consolidated statement of cash flows

Section D: Notes to the THT and TIL financial statements

Section E: Signed reports

Directors' declaration
Independent auditor's report to the stapled security holders

Streamlined financial statements

This year, the Group's financial statements have been presented in a more streamlined manner by changing the format and layout to simplify the information disclosed and make it more relevant to users. The notes have been grouped into similar sections and key accounting policies, along with key estimates and judgements, have been moved into the notes to which they relate.

The structure of the financial report has also changed as a result of the Group applying the option under ASIC Class Order 05/642 **Combining financial reports of stapled security issuers** to present the consolidated financial statements in one section, and all other reporting group members in adjacent columns in a separate section.

Section A: Group financial statements

Transurban Holdings Limited
Consolidated statement of comprehensive income
for the year ended 30 June 2015

	Note	2015 \$M	2014 \$M
Revenue	B5	1,860	1,150
Expenses			
Employee benefits expense		(116)	(82)
Road operating costs		(243)	(135)
Construction costs		(185)	(105)
Transaction and integration costs		(429)	(9)
Corporate and other expenses		(105)	(60)
Total expenses		(1,078)	(391)
Earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes		782	759
Amortisation	B16	(513)	(301)
Depreciation		(38)	(29)
Total depreciation and amortisation		(551)	(330)
Net finance costs	B13	(611)	(345)
Share of net profits of equity accounted investments	B22	17	115
(Loss)/profit before income tax		(363)	199
Income tax (expense)/benefit	B7	(10)	45
(Loss)/profit from continuing operations		(373)	244
<i>Discontinued operation</i>			
Profit from discontinued operations, net of tax		—	8
(Loss)/profit for the year		(373)	252
<i>(Loss)/profit attributable to:</i>			
Ordinary security holders of the stapled group			
- Attributable to THL		(57)	(83)
- Attributable to THT/TIL		(125)	365
		(182)	282
Non-controlling interests - other	B23	(191)	(30)
		(373)	252
Other comprehensive income			
<i>Items that may be reclassified to profit or loss in the future</i>			
Changes in the fair value of cash flow hedges, net of tax		(50)	26
Exchange differences on translation of US operations, net of tax		(10)	(3)
Other comprehensive income for the year, net of tax		(60)	23
Total comprehensive income for the year		(433)	275
<i>Total comprehensive income for the year is attributable to:</i>			
Ordinary security holders of the stapled group			
- Attributable to THL		(81)	(86)
- Attributable to THT/TIL		(176)	389
Non-controlling interests - other		(176)	(28)
		(433)	275
Earnings per security attributable to ordinary security holders of the stapled group:		Cents	Cents
Basic and diluted (loss)/earnings per stapled security	B9	(9.5)	18.3

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Transurban Holdings Limited
Consolidated balance sheet
for the year ended 30 June 2015

	Note	2015 \$M	2014 \$M
ASSETS			
Current assets			
Cash and cash equivalents	B8	1,249	2,879
Trade and other receivables	B8	117	84
Derivative financial instruments	B15	4	—
Total current assets		1,370	2,963
Non-current assets			
Equity accounted investments	B22	1,092	268
Held-to-maturity investments		165	945
Derivative financial instruments	B15	82	16
Property, plant and equipment		249	226
Deferred tax assets	B7	961	64
Intangible assets	B16	17,320	10,386
Total non-current assets		19,869	11,905
Total assets		21,239	14,868
LIABILITIES			
Current liabilities			
Trade and other payables	B8	340	181
Borrowings	B14	628	721
Derivative financial instruments	B15	4	35
Maintenance provision	B17	82	77
Distribution provision	B10	438	380
Other provisions		27	23
Other liabilities		116	76
Total current liabilities		1,635	1,493
Non-current liabilities			
Borrowings	B14	11,471	6,077
Deferred tax liabilities	B7	969	664
Maintenance provision	B17	733	211
Other provisions		61	6
Derivative financial instruments	B15	325	398
Other liabilities		49	57
Total non-current liabilities		13,608	7,413
Total liabilities		15,243	8,906
Net assets		5,996	5,962
EQUITY¹			
Contributed equity	B11	1,237	1,208
Reserves	B12	(70)	(44)
Accumulated losses		(3,034)	(2,843)
Non-controlling interests – THT and TIL		6,636	7,383
Equity attributable to security holders of the stapled group		4,769	5,704
Non-controlling interests – other	B23	1,227	258
Total equity		5,996	5,962

1. The 30 June 2014 equity balances have been restated due to the change in accounting policy to adopt AASB 10 Consolidated financial statements as described in note B2.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Transurban Holdings Limited
Consolidated statement of changes in equity
for the year ended 30 June 2015

	Attributable to security holders of the stapled group							
	No. of securities M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Non-controlling interests—THT & TIL \$M	Total \$M	Non-controlling interests—other \$M	Total equity \$M
Balance at 1 July 2014	1,896	1,208	(44)	(2,843)	7,383	5,704	258	5,962
Comprehensive income								
Profit/(loss) for the year	–	–	–	(57)	(125)	(182)	(191)	(373)
Other comprehensive income/(loss)	–	–	(24)	–	(51)	(75)	15	(60)
Total comprehensive income/(loss)	–	–	(24)	(57)	(176)	(257)	(176)	(433)
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs ¹	–	–	–	–	–	–	1,342	1,342
Employee performance awards issued ²	1	–	(2)	–	1	(1)	–	(1)
Distributions provided for or paid ³	–	–	–	(134)	(630)	(764)	–	(764)
Distribution reinvestment plan ⁴	17	29	–	–	114	143	–	143
Distributions to non-controlling interests ⁵	–	–	–	–	–	–	(64)	(64)
Transactions with non-controlling interests ⁶	–	–	–	–	(56)	(56)	(133)	(189)
	18	29	(2)	(134)	(571)	(678)	1,145	467
Balance at 30 June 2015	1,914	1,237	(70)	(3,034)	6,636	4,769	1,227	5,996

1. In July 2014, the non-controlling partners in Transurban Queensland (Australian Super and Tawreed) contributed \$1,331 million as their equity contribution for the acquisition of Transurban Queensland. The Group's equity contribution into Transurban Queensland is eliminated upon consolidation. The remaining \$11 million is due to an equity contribution into DRIVE from the non-controlling partner prior to Transurban's purchase of this non-controlling interest on 29 June 2015.
2. From 2012 it is mandatory that a portion of all Short Term Incentives issued to the CEO and other senior executives are deferred for a period of 2 years as detailed in the Remuneration Report. In addition to the Short Term Incentives, Stapled Securities (including units in the Trust) were issued to executives under the Group's Long Term Incentive share-based payment plans as detailed in the Remuneration Report. These securities are held by the executive but will only vest in accordance with the terms of the plans.
3. Refer to note B10 for further details of distributions provided for or paid.
4. Under the distribution reinvestment plan, holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash.
5. Distributions were paid during the period to the non-controlling interest partners in Airport Motorway Trust (Eastern Distributor) and Transurban Queensland Invest Trust (Transurban Queensland).
6. Refer to note B23 for further details of transactions with non-controlling interests.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Transurban Holdings Limited
Consolidated statement of changes in equity
for the year ended 30 June 2015

Attributable to security holders of the stapled group

	No. of securities M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Non-controlling interests—THT & TIL \$M	Total \$M	Non-controlling interests—other \$M	Total equity \$M
Balance at 30 June 2013	1,482	7,976	(104)	(4,469)	(183)	3,220	146	3,366
Restated for change in accounting policy ¹	—	(7,336)	52	1,779	5,504	—	—	—
Restated balance at 1 July 2013	1,482	640	(52)	(2,690)	5,322	3,220	146	3,366
Comprehensive income								
Profit/(loss) for the year	—	—	—	(83)	365	282	(30)	252
Other comprehensive income/(loss)	—	—	(3)	—	24	21	2	23
Total comprehensive income/(loss)	—	—	(3)	(83)	389	303	(28)	275
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs ²	405	544	—	—	2,152	2,696	161	2,857
Employee performance awards issued ³	—	2	4	—	2	8	—	8
Distributions provided for or paid ⁴	—	—	—	(71)	(523)	(594)	—	(594)
Distribution reinvestment plan ⁵	9	22	—	—	42	64	—	64
Distributions to non-controlling interests ⁶	—	—	—	—	—	—	(14)	(14)
Transactions with non-controlling interests	—	—	7	—	—	7	(7)	—
	414	568	11	(71)	1,673	2,181	140	2,321
Balance at 30 June 2014	1,896	1,208	(44)	(2,843)	7,383	5,704	258	5,962

1. The 30 June 2013 equity balances have been restated due to the change in accounting policy to adopt AASB 10 Consolidated financial statements as described in note B2.

2. During May 2014 the Group successfully completed the fully underwritten institutional and retail components of its renounceable 10 for 43 pro rata entitlement offer. The institutional component raised \$1.8 billion at an issue price of \$6.75 per security and the retail component raised \$0.6 billion. As part of the entitlement offer, the Group also completed a placement of securities to its Queensland Motorways Group consortium bid partners AustralianSuper and Tawreed raising an additional \$0.4 billion. The total proceeds from the entitlement offer and placement were approximately \$2.7 billion and were used to fund the Group's equity contribution for the Queensland Motorways Group acquisition which completed on 2 July 2014.

3. From 2012 it is mandatory that a portion of all Short Term Incentives issued to the CEO and other senior executives are deferred for a period of 2 years as detailed in the Remuneration Report. In addition to the short term incentives, stapled securities (including units in the Trust) were issued to executives under the Group's long term incentive share-based payment plans as detailed in the Remuneration Report. These securities are held by the executive but will only vest in accordance with the terms of the plans.

4. Refer to note B10 for further details of distributions provided for or paid.

5. Under the distribution reinvestment plan, holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash.

6. Distributions were paid during the period to the non-controlling interest partners in Airport Motorway Trust (Eastern Distributor).

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Transurban Holdings Limited
Consolidated statement of cash flows
for the year ended 30 June 2015

	Note	2015 \$M	2014 \$M
Cash flows from operating activities			
Receipts from customers		1,797	1,116
Payments to suppliers and employees		(574)	(379)
Payments for maintenance of intangible assets		(91)	(36)
Transaction and integration costs related to acquisitions		(429)	—
Other revenue		31	99
Interest received		79	68
Interest paid		(506)	(344)
Income taxes paid		(3)	(3)
Net cash inflow from operating activities	(a)	304	521
Cash flows from investing activities			
Payments for held-to-maturity investments, net of fees		(108)	(27)
Payments for equity accounted investments		(2)	(39)
Payments for intangible assets		(203)	(112)
Payments for property, plant and equipment		(77)	(73)
Distributions received from equity accounted investments		95	57
Payments for acquisition of subsidiaries, net of cash acquired	B21	(6,397)	(709)
Net cash outflow from investing activities		(6,692)	(903)
Cash flows from financing activities			
Proceeds from equity issued to non-controlling interests		1,342	—
Proceeds from issues of stapled securities		—	2,696
Proceeds from borrowings (net of costs)		6,562	2,465
Payment for acquisition of non-controlling interest	B23	(189)	—
Repayment of borrowings		(2,361)	(1,729)
Dividends and distributions paid to the Group's security holders	B10	(570)	(419)
Distributions paid to non-controlling interests	B10	(57)	(9)
Net cash inflow from financing activities		4,727	3,004
Net (decrease)/increase in cash and cash equivalents		(1,661)	2,622
Cash and cash equivalents at the beginning of the year		2,879	259
Effects of exchange rate changes on cash and cash equivalents		31	(2)
Cash and cash equivalents at end of the year	B8	1,249	2,879
(a) Reconciliation of (loss)/profit after income tax to net cash flow from operating activities			
		2015 \$M	2014 \$M
(Loss)/profit for the year		(373)	252
Depreciation and amortisation		551	330
Non-cash share-based payments expense		7	7
Net construction revenue		(5)	—
Non-cash net finance costs		52	(45)
Share of profits of equity accounted investments	B22	(17)	(115)
<i>Change in operating assets and liabilities:</i>			
Decrease in trade and other receivables		1	6
Decrease in concession and promissory note liability		(10)	(2)
Increase in operating creditors and accruals		52	14
Decrease in other operating provisions		(1)	(1)
Increase in provision for income taxes payable		3	8
Movement in deferred taxes		16	34
Increase in maintenance provision		28	33
Net cash inflow from operating activities		304	521

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Section B: Notes to the Group financial statements

Basis of preparation and significant changes

B1 Corporate information

Transurban Holdings Limited ('the company', 'the parent' or 'THL') is a company incorporated in Australia and limited by shares that are publicly traded on the Australian Securities Exchange. These financial statements have been prepared as a consolidation of the financial statements of Transurban Holdings Limited and its controlled entities ('Transurban Group' or 'the Group'). The controlled entities of THL include the other members of the stapled group being Transurban International Limited and its controlled entities ('TIL') and Transurban Holding Trust and its controlled entities ('THT'). The equity securities THL, THT and TIL are stapled and cannot be traded separately. Entities within the Group are domiciled and incorporated in Australia and the United States of America.

The consolidated financial statements of Transurban Group for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors on 11 August 2015. Directors have the power to amend and reissue the financial report.

B2 Summary of significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

Acquisition of Queensland Motorways Group (Transurban Queensland)

The Group completed the acquisition of Queensland Motorways Group on 2 July 2014. This acquisition resulted in the Group acquiring a 62.5% controlling interest in the Queensland Motorways Group, which included four operating assets (Logan Motorway, Gateway Motorway, CLEM7 and Go Between Bridge). The right to purchase the Legacy Way asset was exercised once construction was completed in June 2015 (post acquisition). The details of the assets and liabilities acquired on 2 July 2014 have been detailed in note B21 and are reflected in the operating results and financial position of the Group from 2 July 2014. On 30 January 2015, Queensland Motorways Group changed its name to Transurban Queensland ('TQ').

Creation of the NorthWestern Roads Group

On 31 October 2014, the NorthWestern Roads Group ('NWRG') was created with the other members of the consortium that hold the equity interests in Westlink M7. As part of this transaction, the Group contributed a number of entities ('the CARS Group') and in return for contributing these entities the Group received an equity interest equal to 50% of the fair value of NWRG (including Westlink M7) on the date of the transaction. This transaction resulted in the Term Loan Notes ('TLNs') owed by Westlink M7 to the CARS Group being derecognised by the Group and instead the Group has recognised an equity accounted investment in NWRG for an amount equal to the value of the TLNs on the date of the transaction. NWRG also holds the Group's interest in the NorthConnex Project in the NSW network that reached financial close on 31 January 2015.

Acquisition of Legacy Way

On 25 June 2015, the Legacy Way tunnel officially opened to traffic. The Group has subsequently achieved financial close on 29 June 2015, with a payment of \$118 million made to Brisbane City Council on 10 July 2015. This payment has been included within trade and other payables at 30 June 2015.

Acquisition of remaining equity interest in the 95 Express Lanes and 495 Express Lanes

On 29 June 2015 the Group acquired the remaining 25% shareholding in DRIVE that it did not already own for US\$145 million (\$189 million). This acquisition increases the Group's equity interest to 100% in both the 95 Express Lanes and 495 Express Lanes in Northern Virginia, USA from 77.5% and 94% respectively. The Group completed the acquisition by using existing corporate debt facilities. Refer to note B23.

Change of accounting policy relating to the preparation of the Group's financial statements

- During FY15, the Group undertook a reassessment of its accounting policy relating to the preparation of consolidated / combined financial statements for the Group. This reassessment has resulted in the Group no longer applying IAS 1039 *Pre-date of transition stapling arrangements* and AASB 1002 *Post date of transition stapling arrangements* to enable the preparation of consolidated/combined financial statements for the Group.

B2 Summary of significant changes in the current reporting period (continued)

Change of accounting policy relating to the preparation of the Group's financial statements (continued)

- The Group will now apply AASB 10 *Consolidated financial statements* as the basis for preparing the Group financial statements. Under this revised accounting policy, THL has been identified as the parent entity of the stapled Group and THL will prepare consolidated financial statements. This treatment complies with Australian accounting standards and international financial reporting standards and as such, the Group is no longer required to rely on the Australian securities and investment commission Class Order 13/1050 in order to be able to prepare consolidated / aggregated financial statements for the stapled Group.
- The impact of this change on the Group's consolidated financial statements is the reclassification of THT's equity components to a 'non-controlling interests' line in the financial statements, consistent with the presentation of TIL, as outlined in the opening balance adjustments to the statement of changes in equity.
- The Group also elected to apply the option under ASIC Class Order 05/642 *Combining financial reports of stapled security issuers* to present the consolidated financial statements in one section (Section A), and all other reporting group members in a separate section (Section C). In the previous period, separate financial statements were prepared for THL, THT and TIL.

B3 Basis of preparation

The Group financial statements are general purpose financial statements which:

- Have been prepared in accordance with the Corporations Act 2001, Australian accounting standards, and other authoritative pronouncements of the Australian Accounting Standards Board;
- Have adopted all accounting policies in accordance with Australian accounting standards, and where a standard permits a choice in accounting policy, the policy adopted by the Group has been disclosed in these financial statements;
- Do not early adopt any accounting standards or interpretations that have been issued or amended but are not yet effective;
- Comply with International financial reporting standards ('IFRS') as issued by the International Accounting Standards Board ('IASB');
- Have been prepared under the historical cost convention, as modified by the revaluation of other financial assets and liabilities (including derivative financial instruments);
- Are presented in Australian dollars, which is THL's functional and presentation currency.
- Have been rounded to the nearest million dollars, unless otherwise stated, in accordance with ASIC Class Order 98/100;
- Have applied the option under ASIC Class Order 05/642 to present consolidated financial statements in one section and all other reporting group members in a separate section; and
- The presentation of comparative amounts have been restated, where applicable, to conform to the current period presentation.

Going concern

The financial report has been prepared on a going concern basis, which assumes the continuity of normal operations. This is based on the following:

- The Group has generated positive cash inflows from operating activities of \$304 million, after payment of \$429 million in transaction and integration costs relating to acquisitions (2014: \$521 million);
- The Group has available a total of \$356 million of undrawn borrowing facilities across a number of finance providers; and
- The Group cash balance includes proceeds raised from a Euro bond issuance in May 2015 that will be used to repay upcoming maturities and drawn debt under existing working capital facilities. The Group expects that remaining borrowings classified as current at 30 June 2015 will be refinanced during the next financial year.

B3 Basis of preparation (continued)

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in the fair value reserve in equity.

Foreign operations

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

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to other comprehensive income.

New and amended standards

The Group has adopted the following new or revised accounting standards which became effective for the annual reporting period commencing on 1 July 2014. The Group determined there is no impact on the financial statements:

Reference	Description
AASB 2012-3	AASB 2012-3 adds application guidance to AASB 132 <i>Financial instruments: presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.
AASB 2013-9	Amendments to Australian accounting standards conceptual framework, materiality and financial instruments. Part B makes amendments to particular standards to delete references to AASB 1031 and minor amendments to other standards.
AASB 2014-1	Amendments to Australian accounting standards arising from the issuance by the IASB Annual improvements to IFRSs 2010-2012 and 2011-2013 cycles. These address various Australian accounting standards.
AASB 1031	The revised AASB 1031 is an interim standard that cross-references to other standards that contains guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all standards and interpretations have been removed.
Interpretation 21	This interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs.

B3 Basis of preparation (continued)

Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published but are not mandatory for 30 June 2015 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

Reference	Description	Impact on the Group	Application of the standard	Application by the Group
<i>AASB 9 Financial instruments</i>	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also includes an expected loss impairment model and a reformed approach to hedge accounting.	Management is in the process of assessing the impact of this standard on the Group's financial assets, but does not believe the impact will be significant. There will be no impact on the Group's accounting for financial liabilities.	1 January 2018	1 July 2018
<i>AASB 15 Revenue from contracts with customers</i>	AASB 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. AASB 15 supersedes a number of current revenue standards.	Although a formal assessment has not been completed, the impact of the application of the new standard is not expected to be material.	1 January 2017	1 July 2017
<i>AASB 2014-4</i>	Amendment clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	The Group does not use the revenue based amortisation method and therefore the impact of the application of the new standard is not expected to be material.	1 January 2016	1 July 2016
<i>AASB 2014-10</i>	Amends AASB 10 and AASB 128 to address an inconsistency between the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	Although a formal assessment has not been completed, the impact of the application of the new standard is not expected to be material.	1 January 2016	1 July 2016
<i>AASB 2015-1</i>	These amendments clarify various Australian accounting standards.	Although a formal assessment has not been completed, the impact of the application of the new standard is not expected to be material.	1 January 2016	1 July 2016
<i>AASB 2015-2</i>	These amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements.	Although a formal assessment has not been completed, the impact of the application of the new standard is not expected to be material.	1 January 2016	1 July 2016

B3 Basis of preparation (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by management and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are found in the following notes:

- | | |
|---|----------|
| → Income taxes | Note B7 |
| → Fair value of derivatives and other financial instruments | Note B15 |
| → Estimated impairment of intangible assets and cash generating units | Note B16 |
| → Provision for maintenance expenditure | Note B17 |
| → Valuation of promissory notes and concession notes | Note B18 |

Operating performance

B4 Segment information

In the segment information provided to the Executive Committee (chief operating decision maker), segments are defined by the geographical networks in which the Group operates being Victoria ('VIC'), New South Wales ('NSW'), Queensland ('QLD') and the United States of America ('USA'). The Group's corporate function is not an operating segment under the requirements of AASB 8 as its revenue generating activities are only incidental to the business.

The Executive Committee assess the performance of the networks based on a measure of proportional earnings before interest, tax, depreciation and amortisation expenses ('Proportional EBITDA') excluding the impact of significant items ('Underlying proportional EBITBA'). This reflects the contribution of each network in the Group in the proportion of Transurban's equity ownership. Interest income and expenses are allocated to the networks where the amounts are related specifically to the assets. Otherwise they are allocated to the Corporate function.

The diagram¹ below shows the assets included in each geographical network, together with the ownership interests held by the Group for the current financial year:

	VIC	NSW		QLD		USA	
WHOLLY OWNED	CityLink (100%)	Lane Cove Tunnel (100%)	Hills M2 Motorway (100%)				
		Roam / TollAust (100%)	Cross City Tunnel (100%)				
NON-100% OWNED AND CONSOLIDATED		M1 Eastern Distributor (75.1%)		Logan Motorway (62.5%)	Gateway Motorway (62.5%)	95 Express Lanes (77.5%) ²	495 Express Lanes (94%) ²
				Go Between Bridge (62.5%)	CLEM7 (62.5%)		
				Legacy Way (62.5%)			
NON-100% OWNED AND EQUITY ACCOUNTED		Westlink M7 (50%)	Interlink M5 (50%)				
		North Connex (50%)					

1. Refer to the Group structure section (notes B19 – B24) of the financial statements for further details of the legal entity structure of the Group. The NSW tolling businesses of Roam and TollAust have also been included in the NSW network as they provide tolling services to all of the NSW assets.

2. The acquisition of the non-controlling interest in the USA assets on 29 June 2015 does not impact the segment disclosures below which continue to be shown on a proportional basis in the current financial year. The proportional ownership of the USA assets will be reported at 100% from 1 July 2015.

B4 Segment information (continued)

Segment information – proportional income statement

2015

\$M	VIC	NSW	QLD ¹	USA	Corporate and other	Total
Toll revenue	577	668	247	67	–	1,559
Fee and other revenue	58	65	21	14	9	167
Total proportional revenue	635	733	268	81	9	1,726
Underlying proportional EBITDA	538	559	185	33	(26)	1,289
Significant items	–	–	(262)	–	(10)	(272)
Proportional EBITDA	538	559	(77)	33	(36)	1,017

1. The QLD segment assets were acquired 2 July 2014.

2014

\$M	VIC	NSW	USA	Corporate and other	Total
Toll revenue	535	551	31	–	1,117
Fee and other revenue	53	49	5	8	115
Total proportional revenue	588	600	36	8	1,232
Proportional EBITDA	484	466	4	(20)	934

Reconciliation of segment information to statutory financial information

The proportional results presented above are different from the statutory financial results of the Group due to the proportional presentation of each asset's contribution to each geographical network.

Segment revenue

Revenue from external customers is through toll and fee revenues earned on toll roads. There are no inter-segment revenues. Segment revenue reconciles to total statutory revenue as follows:

	Note	2015 \$M	2014 \$M
Total segment revenue (proportional)		1,726	1,232
Add:			
Revenue attributable to non-100% owned consolidated assets		200	27
Construction revenue from road development activities		185	106
Business development revenue		–	35
Other		–	3
Less:			
Revenue of non-100% owned equity accounted assets		(251)	(253)
Total statutory revenue	B5	1,860	1,150

Proportional EBITDA

Proportional EBITDA reconciles to profit/(loss) before income tax as follows:

	2015 \$M	2014 \$M
Proportional EBITDA	1,017	934
Add: EBITDA attributable to non-100% owned consolidated assets	(21)	14
Less: Proportional EBITDA of non-100% owned equity accounted assets	(214)	(189)
Statutory profit before depreciation, amortisation, net finance costs, equity accounted investments and income taxes	782	759
Statutory net finance costs	(611)	(345)
Statutory depreciation and amortisation	(551)	(330)
Share of net profit from equity accounted investments	17	115
(Loss)/profit before income tax	(363)	199

B5 Revenue

	2015 \$M	2014 \$M
Toll revenue	1,514	906
Fee revenue	112	79
Construction revenue	190	110
Other revenue	44	55
Total revenue	1,860	1,150

Accounting policy

The Group generates the following types of revenue:

Revenue type	Recognition
<i>Toll revenue</i>	Recognised when the charge is incurred by the user.
<i>Fee revenue</i>	Recognised when the charge is incurred by the user and the amount is determined to be recoverable by the Group.
<i>Construction revenue</i>	Revenue for the construction of service concession infrastructure assets is recognised in accordance with the percentage of completion method, which is measured by reference to costs incurred to date as a percentage of total forecast costs for each project.
<i>Other revenue</i>	Includes management fee revenue, business development revenue and other road revenue, and is recognised to the extent that incurred costs will be recovered.

B6 Significant items

Significant items are those items where their nature and amount is considered material to the financial statements and not in the ordinary course of business. Such items which have been included in transaction and integration costs within the Group's result for the year and are detailed below:

		2015		2014	
		Statutory \$M	Proportional \$M	Statutory \$M	Proportional \$M
Stamp duty on acquisition of Queensland Motorways Group ¹	(a)	384	240	—	—
Other transaction fees on acquisition of Queensland Motorways Group ¹	(a)	23	18	—	—
Integration costs relating to the acquisition of Queensland Motorways Group ¹	(b)	22	14	—	—
Total significant items		429	272	—	—
Income tax benefit associated with the transaction and integration costs of Queensland Motorways Group ¹		(11)	(7)	—	—
Net significant items		418	265	—	—

1. Queensland Motorways changed its name to Transurban Queensland on 30 January 2015.

(a) Stamp duty and other transaction fees

The acquisition of Queensland Motorways Group (Transurban Queensland) by a Transurban-led consortium was completed on 2 July 2014. The consortium incurred stamp duty and other transaction costs as a result of the acquisition. These costs are in addition to the \$9 million in acquisition costs that were already incurred, and disclosed, during the year ended 30 June 2014 which were not disclosed as a significant item.

(b) Integration costs relating to acquisition of Queensland Motorways Group

Since acquisition, the Group has incurred costs to integrate the Queensland Motorways Group business into Transurban. These costs include employee costs, consulting and legal fees.

B7 Income tax

Income tax expense/(benefit)

	2015 \$M	2014 \$M
Current tax	(24)	(4)
Deferred tax	23	(44)
Under provision in prior years	11	3
	10	(45)
Deferred income tax expense/(benefit) included in <i>income tax expense/(benefit)</i> comprises:		
(Increase) in deferred tax assets	(62)	(56)
Decrease in deferred tax liabilities	85	12
	23	(44)

Reconciliation of income tax expense/(benefit) to prima facie tax payable

	2015 \$M	2014 \$M
(Loss)/profit before income tax expense/(benefit)	(363)	199
Tax at the Australian tax rate of 30.0% (2014: 30.0%)	(109)	60
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Trust income not subject to tax	–	(81)
Trust losses not claimable	35	–
Equity accounted results	5	(47)
Tax rate differential	13	15
Non-deductible interest	13	10
Non-deductible stamp duty	25	–
Deferred tax balance derecognised on disposal	8	–
Sundry items	9	(5)
Under/(over) provision in prior years	11	3
Income tax expense/(benefit)	10	(45)
Tax expense/(income) relating to items of other comprehensive income		
Cash flow hedges	(6)	(23)
Foreign currency translation	–	2
	(6)	(21)

Deferred tax assets and liabilities

	Assets		Liabilities	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
The balance comprises temporary differences attributable to:				
Provisions	258	102	–	–
Current and prior year losses	729	638	–	–
Fixed assets/intangibles	773	27	(1,434)	(1,041)
Concession fees and promissory notes	–	–	(368)	(370)
Cash flow hedges	108	118	(87)	(69)
Other	13	15	–	(20)
Tax assets/(liabilities)	1,881	900	(1,889)	(1,500)
Set-off of tax	(920)	(836)	920	836
Net tax assets/(liabilities)	961	64	(969)	(664)
Movements:				
Opening balance at 1 July	900	770	(1,500)	(1,391)
Credited to the statement of comprehensive income	62	56	(85)	(11)
Credited/(charged) to equity	(36)	4	48	(49)
Acquired	873	80	(264)	(49)
Foreign exchange movements	15	(14)	(12)	4
Transfer from deferred tax assets/liabilities	72	4	(72)	(4)
Other	(5)	–	(4)	–
Closing balance at 30 June	1,881	900	(1,889)	(1,500)
Deferred tax assets/(liabilities) to be recovered after more than 12 months	1,881	900	(1,889)	(1,500)

B7 Income tax (continued)

Accounting policy

The income tax expense/benefit for the period is the tax payable or benefit on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Transurban stapled group comprises two corporate entities (THL and TIL) and a trust (THT). THT operates as a flow-through trust, and is not liable to pay tax itself. Instead, security holders pay tax on the distributions they receive from the trust at their individual marginal tax rates. The Group is structured in this way because the initial heavy capital investment and associated debt funding required for infrastructure investments results in accounting losses being generated in the initial years which would otherwise prevent a company from paying dividends. The trust enables distributions to be made to security holders throughout the life of the asset.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Investment allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as tax losses.

Tax consolidation legislation

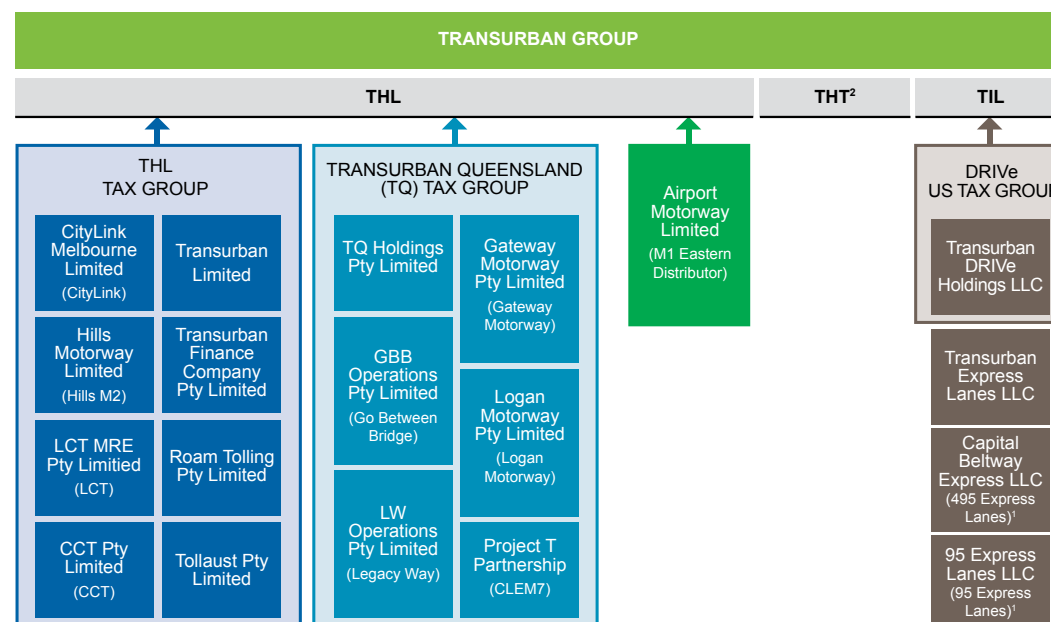
The Transurban Group has adopted the Australian tax consolidation legislation for THL and its wholly-owned Australian entities from 1 July 2005.

All entities within the Australian tax consolidated groups continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group is a separate taxpayer within the tax consolidated group.

B7 Income tax (continued)

Tax consolidation legislation (continued)

The tax consolidated groups within the Group are summarised as follows:



1. Entity is classified as a partnership for tax purposes
2. There are no tax groups under THT

THL tax consolidated group

The entities in the THL tax consolidated group entered into a tax sharing agreement ('TSA') effective from 29 April 2009.

The entities in the THL tax consolidated group have also entered into a tax funding agreement ('TFA') effective from 1 July 2008. Under the TFA the wholly-owned entities fully compensate THL for any current tax payable assumed and are compensated by THL for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. THL determined and communicates the amount payable/receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

Transurban Queensland tax consolidated group

The entities in the Transurban Queensland Holdings 1 Pty Ltd ('TQH1') tax consolidated group entered into a TSA effective from 2 July 2014. The entities in the TQH1 tax consolidated group have also entered into a TFA effective from 2 July 2014. Under the TFA the wholly-owned entities fully compensate TQH1 for any current tax payable assumed and are compensated by TQH1 for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amount receivable/payable under the TFA is calculated at the end of the financial year for each wholly-owned entity. TQH1 determines and communicates the amount payable / receivable to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

B7 Income tax (continued)

Transurban DRIVE tax consolidated group

Transurban DRIVE Holdings LLC ('TDH') is the head company of the DRIVE tax consolidated group. The DRIVE tax consolidated group is consolidated for US tax purposes in the sense that the 100% subsidiaries of TDH have elected to be treated as disregarded entities for US tax purposes. This treatment means that those entities are ignored for US tax purposes and that TDH, as head entity, carries any tax liability or benefits arising in the group. The DRIVE tax consolidated group currently owns partnership interests in both 495 Express Lanes and 95 Express Lanes and includes its share of each asset's profits or losses in its US tax return.

Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Key estimate

The Group is subject to income taxes in Australia and the USA. Significant judgement is required in determining the 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 liabilities for anticipated tax audit issues based on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences relating to the same taxation authority against which the unused tax losses can be utilised. However, the utilisation of tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped. In the USA tax losses generally expire after a 20 year period. Management has reviewed the potential future taxable profits and has recognised deferred tax assets in relation to tax losses.

B8 Working capital

The Group's working capital balances are summarised as follows:

	2015	2014
	\$M	\$M
Current assets		
Cash and cash equivalents	1,249	2,879
Trade receivables	61	39
Other receivables	45	36
Prepayments	11	9
	117	84
	1,366	2,963
Current liabilities		
Trade payables and accruals	(222)	(181)
Legacy Way consideration payable	(118)	–
	(340)	(181)
Net working capital	1,026	2,782

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities. All cash balances are interest bearing.

The amount shown in cash and cash equivalents includes \$202 million not available for general use at 30 June 2015 (2014: \$124 million) of which \$140 million (2014: \$59 million) belongs to TIL. This comprises amounts required to be held under maintenance and funding reserves and prepaid tolls, which are not available for general use.

Trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Trade receivables are due for settlement no more than 30 days from revenue recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be unrecoverable are written off by reducing the carrying amount of trade debtors directly. An allowance for impairment is used when there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance for impairment is the difference between the carrying amount and the amount expected to be recoverable. The additional amount of the allowance for doubtful debtors is recognised in profit or loss.

As at 30 June 2015, the Group held an allowance for doubtful debtors of \$7 million (2014: \$1 million), recognised for current trade receivables that were considered potentially unrecoverable. As at 30 June 2015, trade receivables of \$19 million (2014: \$6 million) were overdue but the Group still believe that these overdue amounts will be received in full. The other classes within trade and other receivables do not contain amounts that are considered to be potentially unrecoverable.

The carrying amount of trade and other receivables approximates their fair value.

Security holder outcomes

B9 Earnings per stapled security

Reconciliation of earnings used in calculating earnings per security

	2015	2014
(Loss)/profit attributable to ordinary security holders of the stapled group (\$M)	(182)	282
Weighted average number of securities (M)	1,908	1,539
Basic and diluted earnings per security attributable to the ordinary security holders of the stapled group (Cents)	(9.5)	18.3

B10 Dividends/distributions and free cash

	Total \$M	Paid in cash \$M	Settled in securities \$M	Cents	Date paid/ payable
<i>Dividends/distributions paid by the Group</i>					
2014					
Declared 21 May 2013					
Franked THL	52	46	6	3.5	14 August 2013
Unfranked THT	178	159	19	12.0	
	230	205	25	15.5	
Declared 3 December 2013¹					
Franked THL	52	39	13	3.5	14 February 2014
Unfranked THT	201	175	26	13.5	
	253	214	39	17.0	
Total paid FY14	483	419	64	32.5	

2015

Declared 23 May 2014¹

Franked THL	19	3	16	1.0	14 August 2014
Franked THT	47	39	8	2.5	
Unfranked THT	274	227	47	14.5	
	340	269	71	18.0	

Declared 3 December 2014²

Franked THL	68	42	26	3.5	13 February 2015
Unfranked THT	305	259	46	16.0	
	373	301	72	19.5	
Total paid FY15	713	570	143	37.5	

Dividends/distributions payable by the Group

Declared 15 May 2015²

Franked THL	66	–	–	3.5	14 August 2015
Unfranked THT	325	–	–	17.0	
	391	–	–	20.5	

1. Total declared FY14 is \$594 million.

2. Total declared FY15 is \$764 million.

B10 Dividends/distributions and free cash (continued)

Distribution policy and free cash calculation

The Group's distribution policy is to align distributions with free cash from operations. The Group calculates free cash as follows:

	2015 \$M	2014 \$M
Cash flows from operating activities	304	521
Add back transaction and integration costs related to acquisitions (non 100% owned entities) ¹	419	–
Add back payments for maintenance of intangible assets	91	36
Less cash flow from operating activities from consolidated non 100% owned entities	(338)	(96)
Less allowance for maintenance of intangible assets for 100% owned assets	(11)	(21)
<i>Adjust for distributions and interest received from non 100% owned entities</i>		
M1 Eastern Distributor distribution	31	26
M5 distribution and term loan note interest	67	59
Transurban Queensland distribution and shareholder loan note interest	118	–
NWRG distribution and M7 term loan note interest	87	47
Free cash	768	572
Weighted average securities on issue (millions)²	1,910	1,690
Free cash per security (cents) – weighted average securities	40.2	33.9

1. Transaction and integration cash payments reflect only those costs that were paid directly by the consortium that acquired Queensland Motorways Group. Additional costs were incurred directly by the Transurban Group and have been included in the total cash flow reported in the Consolidated statement of cash flows.

2. The weighting applied to securities is based on their eligibility for distributions during the year.

Franking credits

	2015 \$M	2014 \$M
Franking credits available for subsequent periods based on a tax rate of 30.0% (2014: 30.0%)	246	259

Distribution provision

A provision for distribution is recognised for any distribution declared and authorised on or before the end of the reporting period, but not distributed by the end of the reporting period. These distributions are provided for once they are approved by the board, are announced to equity holders and are no longer at the discretion of the entity.

Movements in distribution provision

Movements in the distribution provision during the financial year are set out below:

	Distribution to security holders \$M	Distributions to non-controlling interest – other \$M	Total \$M
Balance at 1 July 2013	230	33	263
Additional provision recognised	594	9	603
Amounts paid	(419)	(2)	(421)
Amounts reinvested	(65)	–	(65)
Balance at 30 June 2014	340	40	380
Additional provision recognised	764	64	828
Amounts paid	(570)	(57)	(627)
Amounts reinvested	(143)	–	(143)
Balance at 30 June 2015	391	47	438

Capital and borrowings

B11 Contributed equity

	2015 \$M	2014 \$M
Fully paid stapled securities	1,237	1,208
	1,237	1,208

Stapled securities

Stapled securities are classified as equity and entitle the holder to participate in distributions and on winding up of the Group in proportion to the number of securities held. Every holder of a stapled security present at a meeting, in person or by proxy, is entitled to one vote. The issued units of the Group are made up of a parcel of stapled securities, each parcel comprising one share in THL, one unit in THT and one share in TIL. The individual securities comprising a parcel of stapled securities cannot be traded separately.

Other contributed equity attributable to security holders of the Group relating to THT and TIL of \$9,863 million is included within Non-controlling interests – THT & TIL.

B12 Reserves

	Cash flow hedges \$M	Share-based payments \$M	Foreign currency translation \$M	Transactions with non- controlling interests \$M	Total \$M
Balance 1 July 2013	(38)	1	(9)	(6)	(52)
Revaluation – gross	(23)	–	–	–	(23)
Deferred tax	6	–	22	–	28
Amount attributable to non-controlling interest	–	–	35	–	35
Currency translation differences	–	–	(18)	–	(18)
Transfers to profit or loss	–	–	(22)	–	(22)
Other movements	–	1	–	7	8
Balance 30 June 2014	(55)	2	8	1	(44)
Revaluation – gross	(43)	(2)	–	–	(45)
Deferred tax	6	–	–	–	6
Currency translation differences	–	–	15	–	15
Transfers to profit or loss	(2)	–	–	–	(2)
Balance 30 June 2015	(94)	–	23	1	(70)

Nature of reserves	Purpose of reserves
<i>Cash flow hedges</i>	Used to record gains or losses on cash flow hedging instruments, which are used by the Group to mitigate the risk of movements in exchange rates and interest rates. Amounts are reclassified to profit or loss when the transaction to which the hedge is linked (such as the payment of interest) affects profit or loss.
<i>Share-based payments</i>	Used to recognise the fair value of long-term incentives issued but not exercised.
<i>Foreign currency translation</i>	Exchange differences arising on translation of the US operations of the Group are recognised in this reserve.
<i>Transactions with non-controlling interests</i>	The Group uses the economic entity approach when accounting for transactions with non-controlling interests.

B13 Net finance costs

	2015 \$M	2014 \$M
<i>Finance income</i>		
Interest income on held-to-maturity investments	41	106
Interest income on bank deposits	14	18
Unwind of discount on liabilities – promissory and concession notes	13	6
Net foreign exchange gains	–	1
Total finance income	68	131
<i>Finance costs</i>		
Interest and finance charges paid/payable	(625)	(463)
Unwind of discount on liabilities – maintenance provision	(43)	(13)
Net foreign exchange losses	(11)	–
Total finance costs	(679)	(476)
Net finance costs	(611)	(345)

An additional \$10 million (2014: \$1 million) of financing costs have been capitalised and included in the carrying value of assets under construction.

B14 Borrowings

	2015 \$M	2014 \$M
<i>Current</i>		
Capital markets debt	500	–
U.S. private placement	128	106
Term debt	–	400
Syndicated facilities	–	215
Total current borrowings	628	721
<i>Non-current</i>		
Working capital facilities	530	245
Capital markets debt	4,226	2,550
U.S. private placement	1,239	1,126
Term debt	3,883	1,095
Syndicated facilities	245	383
TIFIA	1,067	678
Shareholder loan notes	281	–
Total non-current borrowings	11,471	6,077
Total borrowings	12,099	6,798

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

B14 Borrowings (continued)

Accounting policy (continued)

Borrowing costs are recognised as expenses in the period in which they are incurred, except to the extent to which they relate to the construction of qualifying assets in which case specifically identifiable borrowing costs are capitalised into the cost of the asset. Borrowing costs include interest on short-term and long-term borrowings.

Costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the effective period of the funding.

Financing arrangements and credit facilities

Credit facilities are provided as part of the overall debt funding structure of the Group. The drawn component of each facility is shown below:

	Maturity	Carrying value	
		2015 \$M	2014 \$M
Corporate debt			
<i>Working capital facilities drawn</i>			
AUD 150m facility ¹	Jan 2016	–	131
AUD 125m facility	Aug 2016	124	116
AUD 125m facility	Aug 2016	88	–
AUD 100m facility	Dec 2016	94	–
AUD 100m facility	Apr 2017	91	–
AUD 125m facility	Jun 2017	118	–
Net capitalised borrowing costs		(2)	(2)
<i>Capital markets debt</i>			
Domestic wrapped bond AUD 300m	Nov 2015	300	300
Domestic unwrapped bond AUD 200m	Jun 2016	200	200
Domestic wrapped bond AUD 300m	Nov 2017	300	300
EMTN CAD 250m	Mar 2019	262	249
EMTN EUR 500m	Oct 2020	728	724
EMTN EUR 600m	Sep 2024	874	–
EMTN EUR 500m	Aug 2025	728	–
Net capitalised borrowing costs		(23)	(12)
<i>Syndicated facilities</i>			
Syndicated debt AUD 215m ¹	Feb 2015	–	215
Syndicated debt AUD 160m ¹	Feb 2017	–	160
Syndicated debt USD 93m	May 2017	120	99
Syndicated debt AUD 125m	Aug 2017	125	125
Net capitalised borrowing costs		–	(1)
<i>U.S. private placement</i>			
Dec 2004 – Tranche A USD 100m ¹	Dec 2014	–	106
Aug 2005 – Tranche A USD 98m	Aug 2015	128	104
Nov 2006 – Tranche A USD 43m (plus accreted interest)	Nov 2016	74	61
Dec 2004 – Tranche B USD 39m	Dec 2016	51	41
Aug 2005 – Tranche B USD 126m	Aug 2017	164	133
Nov 2006 – Tranche B USD 136m (plus accreted interest)	Nov 2018	236	193
Dec 2004 – Tranche C USD 109m	Dec 2019	141	115
Dec 2004 – Tranche D AUD 72m	Dec 2019	72	72
Aug 2005 – Tranche C USD 157m	Aug 2020	204	166
Nov 2006 – Tranche C USD 121m (plus accreted interest)	Nov 2021	211	172
Nov 2006 – Tranche D USD 50m (plus accreted interest)	Nov 2026	88	72
Net capitalised borrowing costs		(2)	(3)
Total corporate debt, net of capitalised borrowing costs		5,494	3,835

B14 Borrowings (continued)

Financing arrangements and credit facilities (continued)

	Maturity	Carrying value	
		2015 \$M	2014 \$M
Non-recourse debt			
Working capital facilities			
Transurban Queensland Finance – facility AUD 25m	Jul 2017	17	–
Capital markets debt			
Airport Motorway Trust – Domestic bond AUD 300m	Dec 2020	300	300
Transurban Queensland Finance – Domestic bond AUD 250m	Dec 2021	250	–
Transurban Queensland Finance – Domestic bond AUD 200m	Dec 2024	200	–
95 Express Lanes – Private activity bonds USD 72m	Jul 2034	93	70
95 Express Lanes – Private activity bonds USD 170m	Jan 2040	222	187
495 Express Lanes – Private activity bonds USD 225m	Dec 2047	293	239
Net capitalised borrowing costs		(1)	(6)
Term debt			
Hills Motorway Trust – Term debt AUD 400m ¹	Nov 2014	–	400
Lane Cove Tunnel Trust – Term debt AUD 260m	Aug 2016	260	260
Transurban Queensland Finance – Bridge facility AUD 350m	Jul 2016	350	–
Hills Motorway Trust – Term debt AUD 65m ¹	Nov 2016	–	65
Hills Motorway Trust – Capex facility AUD 275m ¹	Nov 2016	–	275
Clem7 – Term debt AUD 270m	Dec 2016	270	–
Cross City Tunnel Trust – Term debt AUD 277m	Jun 2017	277	277
Transurban Queensland Finance – Capex facility AUD 375m	Jul 2017	74	–
Transurban Queensland Finance – Term debt AUD 750m	Jul 2017	750	–
Hills Motorway Trust – Term debt AUD 405m	Mar 2018	405	–
Airport Motorway Trust – Term debt AUD 225m	Jul 2018	225	225
Transurban Queensland Finance – Term debt AUD 750m	Jul 2019	750	–
Hills Motorway Trust – Term debt AUD 350m	Mar 2020	350	–
Transurban Queensland Finance – Term debt AUD 200m	Apr 2030	200	–
Net capitalised borrowing costs		(28)	(7)
TIFIA loans			
495 Express Lanes – Facility limit USD 589m (plus accreted interest)	Dec 2047	768	589
95 Express Lanes – Facility limit USD 300m (plus accreted interest)	Jan 2048	299	89
Net capitalised borrowing costs		–	–
Shareholder loan notes			
Loan from Transurban Queensland consortium partners – AUD 281m	Jun 2048	281	–
Total non-recourse debt, net of capitalised borrowing costs		6,605	2,963
Total debt		12,099	6,798

1. These facilities were refinanced during FY15.

Working capital facilities

- The corporate facilities are secured by first ranking charges over the cash flows of the Group; and
- The Transurban Queensland Finance facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

B14 Borrowings (continued)

Capital markets debt

- The corporate domestic bonds are secured by first ranking charges over the cash flows of the Group;
- A corporate secured EMTN program was established in October 2011 with a program limit of USD \$2 billion, which increased to USD \$5 billion in May 2015. Under the program the Group may from time to time issue notes denominated in any currency. These facilities are secured by first ranking charges over the cash flows of the Group;
- The Airport Motorway Trust domestic bond is secured against the respective rights of Airport Motorway Limited and Airport Motorway Trust and their assets;
- The Transurban Queensland Finance domestic bonds are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets;
- The 95 Express Lanes Private Activity Bonds ('PABs') are secured against the rights of 95 Express Lanes LLC and its assets; and
- The 495 Express Lanes PABs are supported by bank-issued, irrevocable letters of credit maturing June 2016. The PAB's are secured against the rights of Capital Beltway Express LLC and its assets.

Syndicated facilities

- The corporate syndicated bank debt is secured by first ranking charges over the cash flows of the Group.

U.S. private placement

- Corporate U.S. private placement facilities are secured by a first ranking charge over the cash flows of the Group.

Term debt

- The Airport Motorway facility is fully secured against the respective rights of Airport Motorway Limited and the Airport Motorway Trust and their assets;
- The Hills Motorway Trust facilities are fully secured against the respective rights of Hills Motorway Limited and Hills Motorway Trust and their assets;
- The Lane Cove Tunnel facility is fully secured against the respective rights of LCT-MRE Pty Limited and LCT-MRE Trust and their assets;
- The Cross City Tunnel facility is fully secured against the respective rights of Transurban CCT Pty Limited and Transurban CCT Trust and their assets;
- The Clem7 facility is fully secured against the respective rights of the Project T Partnership and their assets; and

The Transurban Queensland Finance facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

Transportation Infrastructure Finance and Innovation Act ('TIFIA')

- The 495 Express Lanes TIFIA facility is secured against the rights of Capital Beltway Express LLC and its assets; and
- The 95 Express Lanes TIFIA facility is secured against the rights of 95 Express Lanes LLC and its assets.

Shareholder loan notes

- The loans from Transurban Queensland to the non-Transurban Group acquisition consortium partners are unsecured.

B14 Borrowings (continued)

Letters of credit and corporate credit facilities

		2015 \$M		2014 \$M	
	Maturity	Facility amount	Amount issued	Facility amount	Amount issued
Letter of credit facility	Nov 2016	60	37	60	51
Letter of credit facility	Dec 2019	240	240	–	–
General credit facility ¹	Dec 2014	–	–	7	7
7General credit facility ²	Aug 2017	4	3	–	–
Total		304	280	67	58

1. The general credit facility covers corporate requirements including letters of credit, bank guarantees, credit card facilities, online banking and an overdraft facility.

2. The general credit facility covers corporate requirements including credit card facilities, online banking and an overdraft facility.

Letters of credit and bank guarantees to the value of \$17 million (2014: \$57 million) have also been issued under multi-option facilities and working capital facilities. All letters of credit are currently undrawn and therefore no liability is recorded.

Covenants

A number of the Group's consolidated borrowings include covenants, some of which are listed below. There have been no breaches of any of these covenants during the year.

Corporate Debt

Covenant	Threshold
Senior interest coverage ratio	Greater than 1.25 times
Group Market Capitalisation	Gearing must not exceed 60% ¹
CityLink Interest Coverage Ratio	Greater than 1.1 times

Non-Recourse Debt

Covenant	Threshold
Airport Motorway Trust Interest Coverage Ratio	Greater than 1.15 times
Hills Motorway Trust Interest Coverage Ratio	Greater than 1.20 times
Lane Cove Tunnel Trust Interest Coverage Ratio	Greater than 1.15 times
Cross City Tunnel Trust Senior Debt Service Coverage Ratio	Greater than 1.15 times
Transurban Queensland Finance Interest Coverage Ratio	Greater than 1.20 times
Clem7 Interest Coverage Ratio	Greater than 1.20 times
495 Express Lanes Senior Debt Service Coverage Ratio	Greater than 1.15 times ²
95 Express Lanes Senior Debt Service Coverage Ratio	The first relevant calculation date is in December 2017, three years from project substantial completion

1. Based on the balance sheet as at 30 June 2015, the Group's security price would need to close below \$5.23 (2014: \$2.16) per security for 20 consecutive days to trigger this clause.

2. The first relevant calculation date for this ratio is 31 December 2015. Senior lenders provided a waiver with respect to the DSCR ratio requirement for 30 June 2014, 31 December 2014 and 30 June 2015.

B15 Derivatives and financial risk management

Derivatives

	2015 \$M		2014 \$M	
	Current	Non-current	Current	Non-current
Assets				
Interest rate swap contracts – cash flow hedges	–	16	–	–
Forward exchange contracts – cash flow hedges	4	–	–	–
Cross-currency interest rate swap contracts – cash flow hedges	–	66	–	–
Cross-currency interest rate swap contracts – net investment hedge	–	–	–	16
Total derivative financial instrument assets	4	82	–	16
Liabilities				
Interest rate swap contracts – cash flow hedges	3	227	7	219
Cross-currency interest rate swap contracts – cash flow hedges	1	41	28	179
Cross-currency interest rate swap contracts – net investment hedge	–	57	–	–
Total derivative financial instrument liabilities	4	325	35	398

Accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in this note. Movements in the cash flow hedging reserve in shareholders' equity are shown in note B12. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps and cross currency swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

B15 Derivatives and financial risk management (continued)

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

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

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses accumulated in equity are included in profit or loss when the foreign operation is partially disposed of or sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

Hedging strategy and instruments used by the Group

The Group uses derivative financial instruments in the normal course of business in order to hedge exposures to fluctuations in interest rates and foreign exchange rates in accordance with the Group's financial risk management policies. The Group's policies allow derivative transactions to be undertaken for the purpose of reducing risk and do not permit speculative trading. The instruments used by the Group are as follows:

Interest rate swap contracts – cash flow hedges

The Group uses interest rate swap contracts to manage the Group's exposure to variable interest rates related to borrowings. Interest rate swap contracts currently in place cover 83% (2014: 93%) of the variable debt held by the Group (excluding working capital facilities).

Forward exchange contracts – cash flow hedges

The Group currently uses forward exchange contracts to protect against exchange rate movements between the AUD and foreign currencies. The Group has hedged a portion of its USD interest commitments and its capital expenditure commitments.

Cross-currency interest rate contracts – cash flow hedges

The Group has entered into cross-currency interest rate swap contracts to remove the risk of unfavourable exchange rate movements on borrowings held in foreign currencies. Under these contracts, the Group receives foreign currency at fixed rates and pays AUD at either fixed or floating rates. The Group then uses the interest rate swap contracts to hedge the floating interest rate commitments back to fixed interest rates.

B15 Derivatives and financial risk management (continued)

Offsetting financial assets and financial liabilities

Currently there is no right or basis to present any financial assets or financial liabilities on a net basis, and as such no financial assets or financial liabilities have been presented on a net basis in the Group's balance sheet at the end of the financial year.

Hedge of net investment in foreign entity

Transurban's investment in its US based assets (495 Express Lanes and 95 Express Lanes) acts as a natural hedge against the exposure to foreign currency movements for a portion of the Group's USD denominated borrowings. Exchange differences arising on the revaluation of these USD denominated borrowings are recognised in profit or loss in the separate financial statements of Transurban Finance Company Pty Limited. In the Group financial statements these exchange differences are recognised in the foreign currency translation reserve in equity and will be transferred to profit or loss when the Group disposes its interest in the US based assets. As at 30 June 2015, the Group has deferred \$87 million in losses (2014: \$50 million gains).

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The financial risk management function is carried out centrally under the policies approved by the Board. The Group reviews operations actively to identify and monitor all financial risks and to mitigate these risks through the use of hedging instruments where appropriate. The Board are informed on a regular basis of any material exposures to financial risks.

The Group continuously monitor risk exposures over time through review of cash flows, price movements, market analysis and ongoing communication within the Group. When measuring financial risk, The Group consider positive and negative exposures, existing hedges and the ability to offset exposures where possible.

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk when future transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Foreign currency exposures are viewed as either investment exposures or operating exposures. Exposures from investments in foreign assets are generally managed using foreign currency debt. All known material operating exposures out to 12 months are hedged, using hedging instruments, offsetting exposures or drawing on foreign currency funds.

Exposure to foreign currency risk at the reporting date, denominated in the currency in which the risk arises, was as follows:

	2015 \$M			2014 \$M		
	USD	CAD	EUR	USD	CAD	EUR
Net investment in foreign operation	1,093	—	—	872	—	—
Borrowings	(1,484)	(250)	(1,600)	(1,421)	(250)	(500)
Cross-currency interest rate swaps	529	250	1,600	629	250	500
Net exposure	138	—	—	80	—	—

B15 Derivatives and financial risk management (continued)

Foreign exchange risk (continued)

Sensitivity

Sensitivity to exchange rate movements based on the translation of financial instruments held at the end of the period is as follows:

	2015 \$M		2014 \$M	
	Movement in post-tax profit	Increase / (decrease) in equity	Movement in post-tax profit	Increase / (decrease) in equity
AUD/USD				
+ 10 cents	–	(36)	–	(17)
- 10 cents	–	50	–	22
AUD/CAD				
+ 10 cents	–	(2)	–	(2)
- 10 cents	–	3	–	3
AUD/EUR				
+ 5 cents	–	(42)	–	(15)
- 5 cents	–	56	–	20

The Group revalues its foreign currency denominated borrowings each period using market spot rates and, where these borrowings have been appropriately hedged, defers these movements in the cash flow hedge reserve in equity. The volatility in the cash flow hedge reserve is caused mainly by fair value movements of the cross currency interest rate swaps, which are affected by changes in forward Australian dollar/foreign currency exchange rates.

Interest rate risk

The Group's main exposure to interest rate risk arises from cash and cash equivalents, and long-term borrowings. The Group manages interest rate risk by entering into fixed rate debt facilities or by using interest rate swaps to convert floating rate debt to fixed interest rates. Generally, the Group raises long term borrowings at floating interest rates and swaps them into fixed interest rates that are lower than those available if the Group borrowed at fixed rates directly. The Group's policy is to hedge interest rate exposure at a minimum in compliance with the covenant requirements of funding facilities and up to 100%. Covenant requirements vary by debt facility, and require a minimum of between 50% and 80% of the interest rate exposure to be hedged. At 30 June 2015, 75% (2014: 86%) of the Group's interest rate exposure on variable rate borrowings was hedged.

As at the reporting date, the Group had the following cash balances, variable rate borrowings and interest rate swap contracts outstanding:

	2015 \$M	2014 \$M
Cash and cash equivalents	1,249	2,879
Floating rate borrowings	(5,852)	(3,257)
Interest rate swaps (notional principal amount)	4,409	2,808
Net exposure to interest rate risk	(194)	2,430

B15 Derivatives and financial risk management (continued)

Interest rate risk (continued)

Sensitivity

Sensitivity to interest rate movements based on variable rate obligations is as follows:

	Movement in post-tax profit	
	2015 \$M	2014 \$M
Interest rates +100bps	(2)	24
Interest rates –100bps	2	(24)

Credit risk

The Group has no significant concentrations of credit risk from operating activities, and has policies in place to ensure that transactions are made with commercial customers with an appropriate credit history. However, as an operator of large infrastructure assets, the Group is exposed to credit risk with its financial counterparties through entering into financial transactions through the ordinary course of business. These include funds held on deposit, cash investments and the market value of derivative transactions.

The Group assesses the credit strength of potential financial counterparties using objective ratings provided by multiple independent rating agencies. The Board approved policies ensure that higher limits are granted to higher rated counterparties. The Group also seeks to mitigate its total credit exposure to counterparties by only dealing with credit worthy counterparties, limiting the exposure to any one counterparty, minimising the size of the exposure where possible through netting offsetting exposures, diversifying exposures across counterparties, closely monitoring changes in total credit exposures and changes in credit status, and taking mitigating action when necessary.

Liquidity risk

The Group maintains sufficient cash and undrawn facilities to maintain short term flexibility and enable the Group to meet financial commitments in a timely manner. The Group assesses liquidity over the short term (up to 12 months) and medium term (one to five years) by maintaining accurate forecasts of operating expenses, committed capital expenditure and payments to security holders. Long term liquidity requirements are reviewed as part of the annual strategic planning process.

Short term liquidity is managed by maintaining a strategic liquidity reserve. This reserve is based on the Group's forecast annual operating costs and certain risk exposure scenarios as maintained by the Group's strategic risk register, and is maintained as cash and undrawn facilities. The reserve is maintained on a rolling 12 month basis. Medium term liquidity forecasting is maintained on a rolling five year horizon.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2015 \$M	2014 \$M
Floating rate		
Expiring beyond one year	356	421
	356	421

B15 Derivatives and financial risk management (continued)

Financing arrangements (continued)

As at 30 June 2015, the Group has letter of credit facilities and general credit facilities in place with undrawn capacity of \$24 million (2014: \$9 million). The facilities are committed for the term of the facility and cannot be withdrawn by the lenders without notice.

Contractual maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows of the Group's financial liabilities. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

2015								
\$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	340	—	—	—	—	—	340	340
Borrowings	903	2,266	2,113	1,042	1,577	10,166	18,067	12,099
Interest rate swaps	88	70	39	23	8	7	235	214
Cross-currency swaps	47	72	64	35	60	(345)	(67)	29
Concession and promissory notes	—	—	—	—	—	440	440	46
Total	1,378	2,408	2,216	1,100	1,645	10,268	19,015	12,728

2014								
\$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	180	—	—	—	—	—	180	180
Borrowings	885	943	1,514	681	833	5,827	10,683	6,798
Interest rate swaps	86	65	41	24	11	32	259	226
Cross-currency swaps	55	48	52	48	38	(26)	215	191
Concession and promissory notes	—	—	—	—	—	403	403	56
Total	1,206	1,056	1,607	753	882	6,236	11,740	7,451

Capital risk management

The Group is subject to a gearing ratio covenant imposed by senior secured lenders and monitors capital on the basis of the gearing ratio to ensure compliance with the covenant. There have been no breaches of the covenant during the current financial year. For further information refer to the Borrowings note B14.

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital, so that it can continue to provide returns to security holders and benefits for other stakeholders.

Fair value measurements

The carrying value of the Group's financial assets and liabilities approximate fair value. This is also generally the case with borrowings since either the interest payable on those borrowings is close to current market rates or the borrowings are of a short-term nature. The fair values of non-current borrowings are determined based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs.

B15 Derivatives and financial risk management (continued)

Fair value measurements (continued)

Fair value is categorised within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's financial instruments measured, recognised and disclosed at fair value were valued using market observable inputs (Level 2).

There were no transfers between levels during the period and there has been no change in the valuation techniques applied.

Key estimate

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date. The fair value of both cross-currency interest rate swaps and interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period.

Network summary

The table below summarises the key balance sheet items of the Group's concession assets by network:

2015 \$M	Equity accounted investment carrying amount	Concession assets	Goodwill	Maintenance provision	Non-recourse borrowings
VIC	–	2,632	1	(118)	–
NSW	1,092	5,111	260	(142)	(1,810)
QLD ¹	–	6,411	205	(531)	(2,839)
USA	–	2,562	–	(24)	(1,675)
Total	1,092	16,716	466	(815)	(6,324)

1. The QLD segment assets were acquired on 2 July 2014.

2014 \$M	Equity accounted investment carrying amount	Concession assets	Goodwill	Maintenance provision	Non-recourse borrowings
VIC	–	2,780	1	(109)	–
NSW	268	5,247	260	(169)	(1,795)
USA	–	1,288	–	(10)	(1,168)
Total	268	9,315	261	(288)	(2,963)

B16 Intangible assets

2015 \$M	Concession assets	Assets under construction	Goodwill	Total
Cost	20,474	138	466	21,078
Accumulated amortisation	(3,758)	–	–	(3,758)
Net book amount	16,716	138	466	17,320

2014 \$M	Concession assets	Assets under construction	Goodwill	Total
Cost	12,560	810	261	13,631
Accumulated amortisation	(3,245)	–	–	(3,245)
Net book amount	9,315	810	261	10,386

B16 Intangible assets (continued)

Movement in intangible assets

	Concession assets \$M	Assets under construction \$M	Goodwill \$M	Total \$M
Opening balance 1 July 2013	7,213	656	260	8,129
Additions	19	82	–	101
Acquisition of subsidiary	1,804	667	1	2,472
Currency and other adjustments	(16)	1	–	(15)
Transfers	596	(596)	–	–
Amortisation charge	(301)	–	–	(301)
Net book amount 30 June 2014	9,315	810	261	10,386
Additions	140	212	–	352
Acquisition of subsidiary	6,431	–	205	6,636
Currency and other adjustments	297	162	–	459
Transfers	1,046	(1,046)	–	–
Amortisation charge	(513)	–	–	(513)
Net book amount 30 June 2015	16,716	138	466	17,320

Concession assets

Concession assets represent the Group's rights to operate roads under Service Concession Arrangements. All concession assets are classified as intangible assets and are amortised on a straight line basis over the term of the right to operate the asset.

Transurban has the right to toll the concession assets for the concession period. Extensions to the concession period have been granted during the period for a number of individual concessions as a result of road development projects and improvements. At the end of the concession period, all concession assets are returned to the respective Government. The remaining terms of the right to operate are reflected below:

	2015 Years	2014 Years
VIC – Victorian State Government	20	20
NSW – New South Wales State Government	21 – 33	21 – 32
QLD – Queensland State Government and Brisbane City Council	36 – 50	–
USA – Virginia State Government (United States of America)	72	73

Assets under construction

Assets under construction relate to the remaining upgrade work on the Lane Cove Road on-ramps and the Vimiera Road embankment works in New South Wales, Australia. Construction costs relating to completed works on the 95 Express Lanes, which began tolling on 29 December 2014, were transferred to the concession asset during the year. Remaining costs will be transferred to the concession asset upon final completion of the projects.

Goodwill

Goodwill primarily relates to the Group's Sydney Network and Queensland Network and has arisen from the acquisition of Hills Motorway Group, Tollau Pty Limited and the Sydney Roads Group in Sydney and the Queensland Motorways Group in Queensland.

B16 Intangible assets (continued)

Impairment testing of goodwill and other intangible assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of the recoverable amount. Goodwill is tested for impairment on an annual basis, regardless of whether an indicator of impairment exists.

Recoverable amount is the greater of fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Where the carrying amount of an intangible asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through profit or loss. The decrement in the carrying amount is recognized as an expense in profit or loss in the reporting period in which the impairment occurs.

The recoverable amount of the Group's cash generating units have been determined based on value-in-use calculations.

The following table sets out the key assumptions on which management has based its cash flow projections. The calculations use 2 year cash flow projections based on financial budgets reviewed by the Board. Cash flows beyond this period are modelled using the same set of assumptions up to the end of the applicable concession period:

	VIC		NSW		QLD		USA	
	2015	2014	2015	2014	2015	2014	2015	2014
Long term CPI (% annual growth)	2.5%	2.5%	2.5%	2.5%	2.7%	–	2.5%	2.5%
Long term average weekly earnings (% annual growth)	4.0%	4.0%	4.0%	4.0%	N/A	–	3.0%	3.0%
Pre-tax discount rate (%)	8.2%	8.2%	8.2%	8.2%	8.2%	–	8.2%	8.2%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
<i>Traffic volume</i>	Based on historical trends and the Group's long term traffic forecasting models
<i>Long term CPI (% annual growth)</i>	Based on independent external forecasts
<i>Long term average weekly earnings (% annual growth)</i>	Based on independent external forecasts
<i>Pre-tax discount rate</i>	Discount rates consider specific risks relating to the CGU. In performing the value-in-use calculations for each CGU, the Group has applied post-tax discount rates to discount the forecast future attributable post tax cash flows. The equivalent pre-tax discount rates are disclosed in the table above.

Key estimate

The Group makes certain assumptions in calculating the recoverable amount of its goodwill and other intangible assets. These include assumptions around expected traffic flows and forecast operational costs. In performing the value-in-use calculation, the Group has applied the assumptions noted in the above table. Management does not consider that any reasonable possible change in the assumptions will result in the carrying value of a CGU exceeding its recoverable amount.

B17 Maintenance provision

Movement in maintenance provision

	Current \$M	Non-current \$M
Carrying value at 1 July 2013	44	185
Additional provision recognised	32	–
Acquisition of subsidiary	30	23
Amounts paid/utilised	(39)	–
Unwinding of discount	–	13
Transfer	10	(10)
Carrying value at 30 June 2014	77	211
Additional provision recognised	80	–
Acquisition of subsidiary	28	468
Amounts paid/utilised	(91)	–
Unwinding of discount	–	43
Transfer	(10)	10
Movement in foreign exchange	(2)	1
Carrying value at 30 June 2015	82	733

Key estimate

As part of its obligations under the service concession arrangements, the Group assumes responsibility for the maintenance and repair of installations of the publicly owned roads it operates. The Group records a provision for its present obligation to maintain the motorways held under concession deeds. The provision is included in the financial statements at the present value of expected future payments. The calculations to discount these amounts to their present value are based on the estimated timing and profile of expenditure occurring on the roads.

B18 Other liabilities – concession and promissory notes

	2015 \$M	2014 \$M
M1 Eastern Distributor concession note	26	31
M2 Motorway promissory note	20	25
Total	46	56

Key estimate

The Group has non-interest bearing long term debt, represented by promissory notes and concession notes payable to the Government, measured at the present value of expected future payments. The calculations to discount these notes to their present value are based on the estimated timing and profile of the repayments. Assumptions are made in determining the timing and profile, based on expected available equity cash flows of the Group's cash generating units. A discount rate is used to value the promissory notes and concession notes to their present value, which is determined through reference to other facilities in the market with similar characteristics. A discount rate of 12% (2014: 12%) has been used, which recognises the subordinated nature of these notes.

B18 Other liabilities – concession and promissory notes (continued)

M1 Eastern Distributor

The Eastern Distributor project deed between Airport Motorway Limited, Airport Motorway Trust and the New South Wales Roads and maritime services ('RMS') provides for annual concession fees of \$15 million during the construction phase and for the first 24 years after completion of construction of the M1 Eastern Distributor. Until a certain threshold return is achieved, payments of concession fees due under the Project Deed will be satisfied by means of the issue of non-interest bearing concession notes.

The face value of concession notes on issue at 30 June 2015 is \$270 million (2014: \$255 million).

M2 Motorway

The Hills Motorway Trust has entered into leases with the RMS. Annual lease liabilities under these leases total \$7 million (2014: \$7 million), indexed annually to the consumer price index over the estimated period that the M2 Motorway will be used. Until such time as a threshold return is achieved, payments under these leases can be made at any time at the discretion of the trustee of the Hills Motorway, by means of the issue of non-interest bearing promissory notes to the RMS.

The face value of promissory notes on issue at 30 June 2015 is \$170 million (2014: \$159 million).

Group structure

B19 Principles of consolidation

Subsidiaries

Subsidiaries are fully consolidated from the date the Group gains control of the subsidiary and are de-consolidated from the date that control ceases.

In preparing the consolidated financial statements of the Group, all inter-entity transactions and balances have been eliminated. The accounting policies adopted by the individual entities comprising the Group are consistent with the parent company.

Non-controlling interests consist of two components:

- Non-controlling interest – other: external non-controlling interests relating to Transurban Queensland, Eastern Distributor, 495 Express Lanes and 95 Express Lanes in the results and equity of subsidiaries are shown separately in the Group financial statements. The remaining external non-controlling interests related to the 495 Express Lanes and 95 Express Lanes were acquired on 29 June 2015 (refer note B23).
- Non-controlling interests that relate to THT and TIL are presented separately, but relate to equity holders of the stapled group.

Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control and relate to the Group's investments in Interlink M5 and the NorthWestern Roads Group (which holds the Westlink M7 and NorthConnex assets).

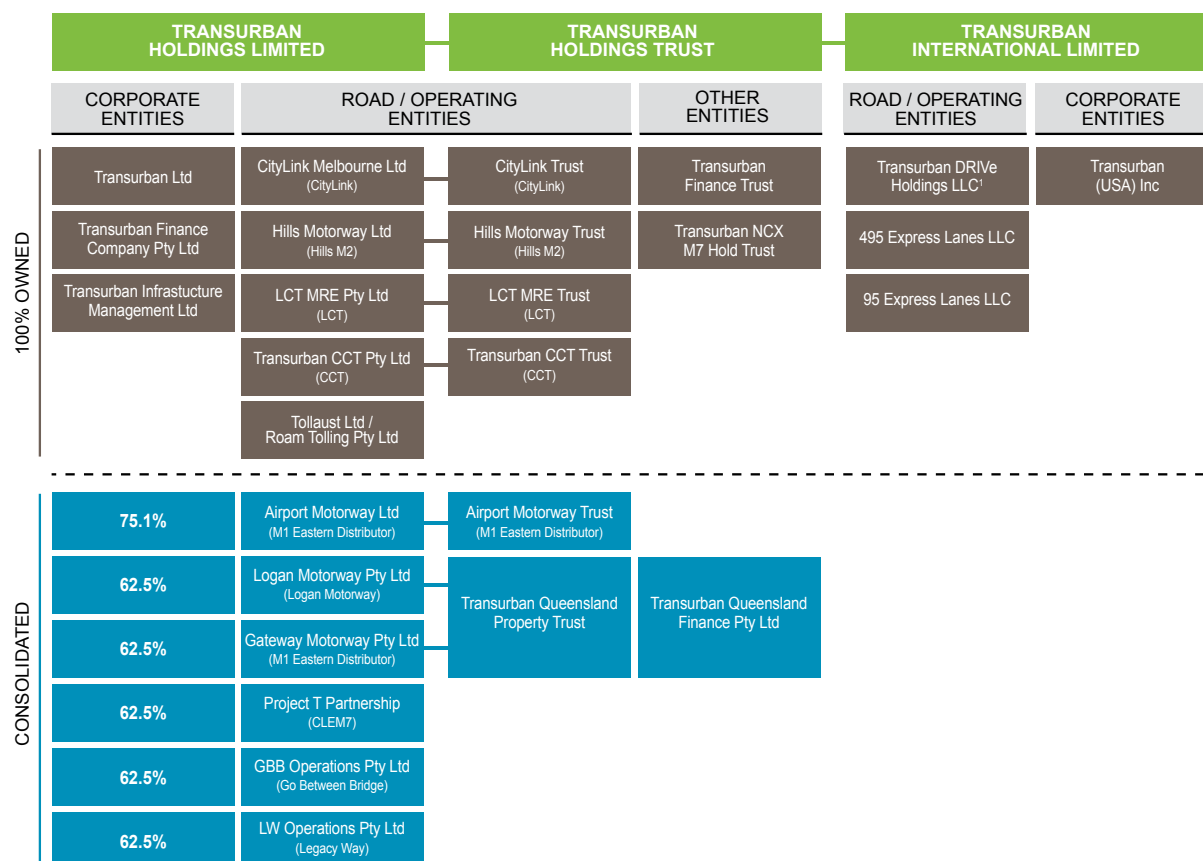
The Group's share of the post-acquisition profits or losses in associates is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's cumulative share of losses in an associate exceeds its investment in the asset, the Group does not recognise any further losses from this point. Dividends received from the assets listed above reduce the carrying amount of the investment.

Changes in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control, as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity.

B20 Material subsidiaries

The Group's material subsidiaries are outlined in the Group structure diagram below.



1. Acquisition of non-controlling interest occurred on 29 June 2015.

B21 Business combinations

Accounting policy

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

B21 Business combinations (continued)

Accounting policy (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2015 acquisitions

Queensland Motorways Group (Transurban Queensland)

On 24 April 2014 the Group announced that a consortium (in which the Group holds a 62.5% equity interest) had reached agreement to acquire the Queensland Motorways Group through an all cash offer to the existing shareholder. The acquisition was completed on 2 July 2014.

The Queensland Motorways Group portfolio is a motorway network in Brisbane, Australia comprising four concessions covering the Logan and Gateway motorways, Clem7, Go Between Bridge and Legacy Way. This urban motorway network is complementary to the Group's existing networks in Sydney and Melbourne, and contributes additional scale, long dated concessions, investment potential and strategic value to the Group's current portfolio.

The Group elected to measure the non-controlling interest in Queensland Motorways at the proportionate share of its interest in the identifiable net assets.

On 30 January 2015, Queensland Motorways changed its name to Transurban Queensland.

Purchase consideration

	\$M
Cash paid	6,419
Total purchase consideration	6,419

The consideration of \$6,403 million was paid on 2 July 2014 with an additional \$16 million payment made in September 2014 as a working capital adjustment. This has been reflected in the Group's current year financial statements.

Reconciliation of purchase consideration to cash acquired

	\$M
Cash paid	6,419
Less: cash acquired	(22)
Payment for business combination, net of cash	6,397

Acquisition-related costs

Total acquisition and integration costs incurred to date are \$438 million, inclusive of \$384 million of stamp duty. Of these costs, \$429 million has been incurred in the current financial year. These acquisition costs are not included in the purchase consideration disclosed above.

B21 Business combinations (continued)

2015 acquisitions (continued)

Queensland Motorways Group (Transurban Queensland) (continued)

Identifiable assets acquired and liabilities assumed

The final fair values of the assets and liabilities of Queensland Motorways Group as at acquisition date are as follows:

	Provisional fair value disclosed at 31 December 2014 \$M	Adjustments to provisional fair value \$M	Final fair value \$M
Cash and cash equivalents	22	–	22
Trade and other receivables	14	–	14
Other assets	5	(1)	4
Property, plant and equipment	16	–	16
Deferred tax assets	665	(56)	609
Intangible assets	6,641	(210)	6,431
Trade and other payables	(52)	–	(52)
Provisions	(764)	210	(554)
Interest bearing liabilities	(270)	–	(270)
Other liabilities	(6)	–	(6)
Total identified assets acquired	6,271	(57)	6,214
Goodwill	148	57	205
Total	6,419	–	6,419
Less: non-controlling interest share of net assets	(2,407)	–	(2,407)
Net identifiable assets acquired	4,012	–	4,012

Goodwill

The goodwill of \$205 million is attributable to the expected synergies to be realised through managing the portfolio of both the acquired assets and the Group's existing assets, and to the measurement of deferred income taxes based on nominal amounts rather than fair value. None of the goodwill recognised is expected to be deductible for tax purposes.

Revenue and profit contribution

From the date of acquisition to 30 June 2015, revenue of \$429 million and a statutory loss after taxation of \$499 million was included in the profit or loss with regard to Transurban Queensland. Excluding significant items related to the acquisition, Transurban Queensland contributed a net loss after taxation of \$81 million.

2014 acquisitions

Cross City Tunnel

On 30 December 2013, the Group gained control of the Cross City Tunnel Group ('CCT Group') by acquiring the secured senior debt of the CCT Group. The concession asset was subsequently purchased on 26 June 2014. The operations of the CCT Group were classified as held-for-sale and presented as discontinued operations between the acquisition date and 26 June 2014 while the receivers and managers conducted a sale process.

The cash outflow was \$475 million (\$491 million purchase price less cash acquired of \$16 million).

In the event of material CCT Group traffic outperformance relative to the Transurban base case assumptions and if certain other conditions are satisfied, a further payment will be made to RBS over four years of up to \$28 million. No value has been ascribed to this contingent liability (2014: nil).

B21 Business combinations (continued)

2014 acquisitions (continued)

DRIVE, 495 Express Lanes and 95 Express Lanes

On 4 June 2014 it was determined that the Group had gained control of Transurban DRIVE, 495 Express Lanes and 95 Express Lanes due to the additional equity interest in 495 Express Lanes acquired by the Group on 11 April 2014 and 4 June 2014 as well as the additional equity in 95 Express Lanes acquired by the Group on 11 April 2014. Therefore the Group accounted for the acquisition of DRIVE, 95 Express Lanes and 495 Express Lanes, as a business combination on 4 June 2014. Transurban DRIVE LLC had historically been recognised as an equity accounted investment. The cash outflow was \$232 million (\$345 purchase price less \$113 million cash acquired).

There have not been any adjustments to the fair value of the assets and liabilities acquired as presented at 30 June 2014.

B22 Equity accounted investments

Below is the reconciliation of the equity accounted carrying value of investments:

	NorthWestern Roads Group		M5 Motorway		Transurban DRIVE		Total	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Opening carrying value 1 July	–	–	268	304	–	229	268	533
Additional investment	–	–	–	–	–	27	–	27
Transfer of Westlink M7 Term loan note balance into equity accounted investment	892	–	–	–	–	–	892	–
Costs capitalised on creation of NWRG	10	–	–	–	–	–	10	–
Group's recognised share of total comprehensive income	–	–	17	21	–	102	17	123
Dividends received	(30)	–	(65)	(57)	–	–	(95)	(57)
Cessation of equity accounting on gain of control	–	–	–	–	–	(358)	–	(358)
Closing carrying value	872	–	220	268	–	–	1,092	268
Losses not recognised	624	677	–	–	–	–	624	677

Joint ventures

NorthWestern Roads Group (50% ownership interest)

The Group has a 50% ownership interest in the NorthWestern Roads Group, which holds 100% of the Westlink M7 Group and the NorthConnex Group. Westlink M7 holds the concession to design, construct, finance and operate the Westlink M7 Motorway in Sydney for a period of 31 years from the date of operation (16 December 2005) until February 2037, and NorthConnex holds the concession to design, construct, finance and operate the NorthConnex Tunnel in Sydney until 2048.

The following entities are a part of the Westlink Group:

- WSO Co Pty Limited (the operator of the Motorway).
- Westlink Motorway Limited (the nominee manager of the Westlink Motorway Partnership).
- WSO Finance Pty Limited (the financier of the Motorway).
- Westlink Motorway Partnership (was responsible for the construction of the Motorway).

The following entities are part of the NorthConnex Group:

- NorthConnex Company Pty Limited (the operator of the Motorway).

B22 Equity accounted investments (continued)

Joint ventures (continued)

NorthWestern Road Groups (continued)

- NorthConnex Finance Company Pty Limited (the financier of the Motorway).
- NorthConnex State Works Contractor Pty Limited (was responsible for the construction of the Motorway).

M5 Motorway (50% ownership interest)

Tolls are collected on the M5 in both directions, with four toll collection points. The concession for the M5 Motorway extends to December 2026 following completion of the M5 widening. At the end of the concession, all concession assets will be returned to the NSW State Government.

Transurban DRIVE (75% ownership interest until cessation of equity accounting)

Prior to 4 June 2014 the Group applied equity accounting for its 75% ownership interest in DRIVE. On 4 June 2014, the Group gained control of Transurban DRIVE and therefore ceased equity accounting this investment, as discussed in note B21.

Summarised financial information of equity accounted investments

Set out below is the summarised financial information for those investments accounted for using the equity method. The summarised financial information presented below is on a 100 per cent basis for each equity accounted investment.

	North Western Roads Group		M5 Motorway		Transurban DRIVE		Total	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Summarised balance sheet – 100%								
Cash and cash equivalents	53	86	5	31	–	–	58	117
Other current assets	11	8	11	1	–	–	22	9
Non-current assets	1,915	1,798	459	418	–	–	2,374	2,216
Current liabilities	(4)	(45)	(48)	(86)	–	–	(52)	(131)
Non-current liabilities	(1,579)	(3,201)	(904)	(801)	–	–	(2,483)	(4,002)
Net assets	396	(1,354)	(477)	(437)	–	–	(81)	(1,791)
Summarised statement of comprehensive income – 100%								
Revenue	272	236	230	206	–	42	502	484
Depreciation and amortisation	(76)	(70)	(28)	(15)	–	(9)	(104)	(94)
Other expenses	(40)	(47)	(32)	(28)	–	(32)	(72)	(107)
Gain on transfer of Pocahontas	–	–	–	–	–	326	–	326
Interest expense	(104)	(298)	(36)	(26)	–	(69)	(140)	(393)
Income tax expense	3	11	(46)	(41)	–	(104)	(43)	(134)
Profit/(loss)	55	(168)	88	96	–	154	143	82
Other comprehensive income	(2)	13	1	(1)	–	37	(1)	49
Total comprehensive income	53	(155)	89	95	–	191	142	131

The following table reconciles the above summarised financial information presented on a 100 per cent basis to the proportional amounts recognised by the Group.

	50%	50%	50%	50%	75%	75%	–	–
Ownership interest	50%	50%	50%	50%	75%	75%	–	–
Proportional total comprehensive income	27	(78)	44	48	–	143	71	113
Amortisation of fair value uplift	–	–	(27)	(27)	–	–	(27)	(27)
Group's share of comprehensive income	27	(78)	17	21	–	143	44	86
Losses not recognised	(27)	78	–	–	–	(104)	(27)	(26)
Unrecognised gain on transfer	–	–	–	–	–	70	–	70
Transfer of reserves	–	–	–	–	–	(15)	–	(15)
Group's recognised share of total profit	–	–	17	21	–	94	17	115
Group's share of dividends received	30	–	65	57	–	–	95	57

B23 Non-controlling interests – other

Set out below is summarised financial information for each material subsidiary (see note B20) that has non-controlling interests that are material and external to the stapled Group and the total external non-controlling interest. The amounts disclosed are before inter-company eliminations.

	Transurban Queensland 37.5%		Total non-controlling interests – other	
	2015	2014	2015	2014
	\$M	\$M	\$M	\$M
Summarised balance sheet				
Current assets	92	21	102	164
Non-current assets	7,267	–	9,061	4,725
Current liabilities	(243)	–	(448)	(299)
Non-current liabilities	(4,187)	–	(5,296)	(3,223)
Net assets	2,929	21	3,419	1,367
Carrying amount of NCI	1,099	8	1,227	258
Summarised statement of comprehensive income				
Revenue	429	–	630	112
Expenses	(929)	(20)	(1,171)	(313)
Profit for the year	(500)	(20)	(541)	(201)
Other comprehensive income	(24)	–	(42)	(8)
Total comprehensive income	(524)	(20)	(583)	(209)
(Loss)/profit allocated to NCI	(187)	8	(191)	30
OCI allocated to NCI	(9)	–	15	2
Summarised cash flows				
Cash flows from operating activities	(290)	(20)	(248)	10
Cash flows from investing activities	(6,429)	40	(6,595)	6
Cash flows from financing activities	6,745	–	7,062	(8)
Net increases in cash and cash equivalents	26	20	219	8

Transactions with non-controlling interests

On 29 June 2015 the Group acquired the remaining 25% shareholding in DRIVE for US\$145 million (\$189 million). This acquisition increases the Group's equity interest to 100% in both the 95 Express Lanes and 495 Express Lanes in Northern Virginia, USA from 77.5% and 94% respectively. The group recognised a decrease in non-controlling interests of \$133 million and a decrease in equity attributable to owners of the parent of \$56 million. The effect on the equity attributable to the owners of the Group during the year is summarised as follows:

	\$M
Carrying amount of non-controlling interests acquired	133
Consideration paid to non-controlling interests	(189)
Excess of consideration paid recognised in equity	(56)

B24 Deed of cross and intra-group guarantees

Deed of cross guarantee

Transurban Holdings Limited, Transurban Limited, Tollaust Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited, Statewide Roads Limited, M4 Holdings No. 1 Pty Limited, M5 Holdings Pty Limited and Devome Pty Limited are party to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission. The companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by THL, they also represent the 'extended closed group'. Set out below is the summary financial information of the closed group:

B24 Deed of cross and intra-group guarantees (continued)

	2015 \$M	2014 \$M
Summarised statement of comprehensive income		
Revenue	321	208
Operating costs	(186)	(136)
Depreciation and amortisation expense	(25)	(22)
Net finance costs	22	(132)
Profit/(loss) before income tax	132	(82)
Income tax (expense)/benefit	(23)	34
Profit/(loss) for the year	109	(48)
Total comprehensive income/(loss) for the year	109	(48)
Summarised movements in retained earnings		
Accumulated losses at the beginning of the year	(600)	(478)
Profit/(loss) for the year	109	(48)
Dividends provided for or paid	(134)	(74)
Retained earnings at the end of the year	(625)	(600)
Summarised balance sheet		
Current assets		
Cash and cash equivalents	542	2,347
Trade and other receivables	1,903	867
Total current assets	2,445	3,214
Non-current assets		
Other financial assets	2,090	1,709
Property, plant and equipment	227	215
Deferred tax assets	540	557
Total non-current assets	2,857	2,481
Total assets	5,302	5,695
Current liabilities		
Trade and other payables	4,165	3,191
Provisions	87	35
Total current liabilities	4,252	3,226
Non-current liabilities		
Payables	351	1,814
Deferred tax liabilities	78	39
Provisions	7	7
Total non-current liabilities	436	1,860
Total liabilities	4,688	5,086
Net assets	614	609
Equity		
Contributed equity	1,237	1,208
Other reserves	1	1
Retained earnings	(624)	(600)
Total equity	614	609

Intra-group guarantees

As at 30 June 2015, the Transurban Group comprises Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited, traded and quoted on the ASX as one triple stapled security.

Under the stapling arrangement, each entity is able to provide direct and/or indirect support to each other entity and its controlled entities within the Group on a continual basis.

Items not recognised

B25 Contingencies

Contingent liabilities

As a result of the acquisition of the concession assets noted below, the Group may be required to make further payments to the respective vendor's in the event that the traffic and toll revenue performance of the relevant asset exceeds certain criteria. The contingent consideration is recorded at the end of each reporting period at its fair value based upon the same traffic and revenue assumptions as outlined in note B16. The following table details the current carrying value of the contingent consideration recognised within 'Other provisions' in the consolidated balance sheet, the maximum nominal value that could be paid under each contract and the date at which the contingent consideration is assessed and becomes payable:

Concession asset	Carrying value \$M	Maximum consideration payable \$M	Assessment / payment date
Cross City Tunnel	—	28	Dec 2017
Legacy Way Tunnel	—	200	Jun 2017
Legacy Way Tunnel	23	Unlimited ¹	Jun 2020
Go Between Bridge	33	Unlimited ¹	Jun 2018

No contingent consideration was recognised at June 2014.

The parent entity does not have any contingent liabilities at reporting date (2014: nil).

The equity accounted investments of the Group do not have any contingent liabilities at reporting date (2014: nil).

1. The maximum consideration payable will reflect a portion of the cumulative outperformance of the concession asset as compared against an internal rate of return agreed between Transurban Queensland and the Brisbane City Council.

B26 Commitments

	Operating commitments		Capital commitments		Operating lease commitments	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Within one year	100	52	139	152	—	—
Later than one year but not later than five years	247	92	763	—	13	10
Later than five years	248	297	—	—	17	21
	595	441	902	152	30	31

Share of commitments for equity accounted investments

	North Western Roads Group 50%		M5 Motorway 50%		Total	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Capital commitments	1,247	—	—	40	1,247	40
Operating commitments	186	182	2	—	188	182
	1,433	182	2	40	1,435	222

B27 Subsequent events

The following events have occurred subsequent to year end:

- On 2 July 2015, Transurban Queensland priced approximately \$900 million in senior secured notes ('Notes'). The Notes will be issued in three tranches of approximately \$200 million, \$300 million and \$400 million with tenors of 10, 12 and 15 years respectively. The proceeds will be used to repay existing debt that begins to reach maturity from July 2016. Settlement is expected to occur on 22 September 2015 and is subject to certain closing conditions; and
- On 9 July 2015, Interlink Roads Pty Limited (operator of M5 South West Motorway) reached financial close on a \$742 million refinancing of its senior secured debt facilities. The new facility will have maturities of 5.5 years (\$272 million), 7.5 years (\$180 million) and 10 years (\$275 million) and will be subject to amortisation resulting in full repayment of the debt at the end of its term. Transurban holds a 50% interest in Interlink with the investment recorded within the equity accounted investments balance.

Other than what is noted above, there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the operations of the Group, and results of those operations, or the state of affairs of the Group, in future financial years.

Other

B28 Related party transactions

	Joint ventures	
	2015	2014
	\$'000	\$'000
Transactions with related parties		
Revenue from services	13,346	39,502
Interest income	41,113	105,538
Repayment of M5 debt notes	11,683	27,098
Outstanding balances with related parties		
M7 Term loan notes	—	886,746
M5 debt notes	70,000	58,318
NorthConnex shareholder loan notes	95,253	—

No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts from related parties.

M5 debt notes

The M5 debt notes are Transurban's debt funding contribution to the M5 West Widening Project. The fixed maturity date of the notes is 10 years after financial close of the Project. The interest rate charged on these notes is fixed at 5.0% for the first three years following financial close.

M7 Term loan notes

The Term loan notes ('TLNs') earn interest at a fixed rate of 11.93% until the earlier of 34 years and the termination of the Agreement to Lease between the RMS and Westlink Motorway Limited. Any unpaid interest is capitalised and deemed to subscribe for further loan notes with an aggregate principal amount equal to that unpaid interest.

The TLNs are classified as a held-to-maturity receivable. It is not classified as an investment for equity accounting purposes, and therefore has not been affected by equity accounting losses from the associate. All TLNs are denominated in Australian currency. The Group has derecognised these TLNs during FY15 as described in note B2.

NorthConnex shareholder loan notes

The Shareholder loan notes ('SLNs') earn interest at a fixed rate of 9.0% until the final day of the NorthConnex concession period. Any unpaid interest is capitalised and deemed to subscribe for further loan notes with an aggregate principal amount equal to that unpaid interest.

The SLNs are classified as a held-to-maturity receivable. It is not classified as an investment for equity accounting purposes, and therefore has not been affected by equity accounting losses from the associate. All SLNs are denominated in Australian currency.

B29 Key management personnel compensation

The remuneration amounts below represent the entire amounts paid by the Group.

	2015	2014
	\$	\$
Short-term employee benefits	11,573,323	11,056,992
Post-employment benefits	280,011	257,966
Long-term benefits	(83,978)¹	73,043
Share-based payments	3,631,691	3,645,461
Deferred short term incentives	1,279,396	1,620,545
Termination benefits	347,272	333,356
	17,027,715	16,987,363

1. Includes a reversal of accrued long service leave due to the departure of key management personnel during the year.

Detailed remuneration disclosures including the key management personnel are made in the remuneration report in the Directors' report.

B30 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group and its related practices:

Amounts received or due and receivable by PricewaterhouseCoopers

	2015	2014
	\$	\$
Audit and other assurance services		
Audit and review of financial reports	2,293,000	1,337,000
Other assurance services	173,600	594,000
	2,466,600	1,931,000
Other consulting services	243,915	–
Total remuneration for PricewaterhouseCoopers	2,710,515	1,931,000
Total auditors' remuneration	2,710,515	1,931,000

B31 Parent entity disclosures

The financial information for the parent entity, Transurban Holdings Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for at cost in the parent entity financial statements of Transurban Holdings Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

In addition to its own current and deferred tax amounts, Transurban Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

B31 Parent entity disclosures (continued)

Summary financial information

The individual financial statements for the parent entity report the following aggregate amounts:

	2015 \$M	2014 \$M
Balance sheet		
Current assets	1,933	1,352
Total assets	5,826	6,095
Current liabilities	(117)	(100)
Total liabilities	(4,531)	(4,799)
Net assets	1,295	1,296
<i>Shareholders' equity</i>		
Contributed equity	1,237	1,208
Reserves	1	1
Retained earnings	57	87
Total equity	1,295	1,296
Profit/(loss) for the year	104	(85)
Total comprehensive income/(loss)	104	(85)

Guarantees entered into by the parent entity

There are cross guarantees given by Transurban Holdings Limited, Transurban Limited, Tollaust Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited, Statewide Roads Limited and M5 Holdings Pty Limited as described in note B24.

Section C: Transurban Holding Trust ('THT') and Transurban International Limited ('TIL') financial statements

Consolidated statement of comprehensive income

Consolidated balance sheet

Consolidated statement of changes in equity

Consolidated statement of cash flows

Section D: Notes to the THT and TIL financial statements

Basis of preparation and significant changes	D1 Introduction	D2 Trust formation and termination		
Operating performance	D3 Segment information	D4 Revenue	D5 Income tax	
Security holder outcomes	D6 Dividends/ distributions	D7 Earnings per stapled security		
Capital and borrowings	D8 Reserves	D9 Net finance income and costs	D10 Borrowings	D11 Derivatives and financial risk management
Network summary	D12 Intangible assets	D13 Other liabilities – concession and promissory notes		
Group structure	D14 Equity accounted investments	D15 Non-controlling interests		
Other	D16 Related party transactions	D17 Parent entity financial information		

Transurban Holding Trust and Transurban International Limited
Consolidated statement of comprehensive income
for the year ended 30 June 2015

	Note	Transurban Holding Trust		Transurban International Limited	
		2015 \$M	2014 \$M	2015 \$M	2014 \$M
Revenue	D4	593	355	235	79
Employee benefits expense		—	—	—	(3)
Road operating costs		(4)	(12)	(39)	(21)
Construction costs		(18)	(48)	(142)	(33)
Transaction and integration costs		(311)	(7)	—	—
Corporate and other expenses		(2)	(2)	(19)	(19)
Total expenses		(335)	(69)	(200)	(76)
Earnings before depreciation and amortisation, net finance costs, equity accounted investments and income tax		258	286	35	3
Depreciation and amortisation expense		(276)	(123)	(29)	(4)
Net finance income/(costs)	D9	(71)	192	(165)	(127)
Share of net profits/(losses) of equity accounted investments	D14	—	—	—	94
(Loss)/profit before income tax		(89)	355	(159)	(34)
Income tax benefit/(expense)		(8)	(3)	17	23
(Loss)/profit for the year		(97)	352	(142)	(11)
<i>(Loss)/profit is attributable to:</i>					
Ordinary security holders of TIL		—	—	(134)	20
Ordinary unit holders of THT		9	345	—	—
Non-controlling interests	D15	(106)	7	(8)	(31)
		(97)	352	(142)	(11)
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Changes in the fair value of cash flow hedges, net of tax		(17)	19	4	61
Exchange differences on translation of foreign operations, net of tax		—	—	(22)	(42)
Other comprehensive income for the year, net of tax		(17)	19	(18)	19
Total comprehensive income for the year		(114)	371	(160)	8
<i>Total comprehensive income for the year is attributable to:</i>					
Ordinary security holders of TIL		—	—	(177)	38
Ordinary unit holders of THT		1	362	—	—
Non-controlling interests		(115)	9	17	(30)
		(114)	371	(160)	8
		Cents	Cents	Cents	Cents
Earnings per security attributable to ordinary security holders of the group:					
Basic and diluted earnings/(loss) per security	D7	0.5	22.4	(7.0)	1.3

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Transurban Holding Trust and Transurban International Limited
Consolidated balance sheet
for the year ended 30 June 2015

		Transurban Holding Trust		Transurban International Limited	
	Note	2015 \$M	2014 \$M	2015 \$M	2014 \$M
ASSETS					
Current assets					
Cash and cash equivalents		156	75	179	147
Loans to related parties		2,468	2,418	17	8
Trade and other receivables		1	3	12	4
Total current assets		2,625	2,496	208	159
Non-current assets					
Equity accounted investments	D14	862	—	—	—
Derivative financial instruments		16	—	—	—
Related party receivables		5,701	6,117	—	—
Concession notes		866	795	—	—
Term loan notes		—	887	—	—
Property, plant and equipment		—	—	3	1
Deferred tax assets	D5	—	5	163	55
Intangible assets	D12	8,414	3,641	2,562	1,965
Total non-current assets		15,859	11,445	2,728	2,021
Total assets		18,484	13,941	2,936	2,180
LIABILITIES					
Current liabilities					
Related party payables		629	509	1,398	886
Trade and other payables		30	14	39	61
Borrowings	D10	—	400	—	—
Maintenance provision		—	—	2	1
Distribution payable	D6	372	361	—	—
Derivative financial instruments	D11	2	4	—	—
Other liabilities		38	46	6	13
Total current liabilities		1,071	1,334	1,445	961
Non-current liabilities					
Maintenance provision		—	—	22	9
Deferred tax liabilities	D5	—	—	134	55
Related party payables		4,944	3,622	—	—
Borrowings	D10	4,394	1,392	1,675	1,171
Derivative financial instruments	D11	76	41	54	41
Other liabilities		20	24	—	—
Total non-current liabilities		9,434	5,079	1,885	1,276
Total liabilities		10,505	6,413	3,330	2,237
Net assets/(liabilities)		7,979	7,528	(394)	(57)
EQUITY					
Contributed equity		—	—	279	276
Issued units		9,584	9,472	—	—
Reserves	D8	(43)	(35)	(145)	(46)
Accumulated losses		(2,579)	(1,958)	(528)	(395)
Non-controlling interests	D15	1,017	49	—	108
Total equity		7,979	7,528	(394)	(57)

The above consolidated balance sheets should be read in conjunction with the accompanying notes.

Transurban Holding Trust and Transurban International Limited
Consolidated statement of changes in equity
for the year ended 30 June 2015

THT

	Attributable to security holders of Transurban Holding Trust				Non- controlling interests \$M	Total equity \$M
	No. of units M	Issued units \$M	Reserves \$M	Accumulated losses \$M		
Balance at 1 July 2013	1,482	7,336	(52)	(1,780)	38	5,542
Comprehensive income						
Profit for the year	—	—	—	345	7	352
Other comprehensive income	—	—	17	—	2	19
Total comprehensive income	—	—	17	345	9	371
Treasury units	405	2,092	—	—	—	2,092
Distribution reinvestment plan	9	42	—	—	—	42
Distributions	—	—	—	(523)	(14)	(537)
Equity contributions	—	—	—	—	16	16
Employee share awards issued	—	2	—	—	—	2
	414	2,136	—	(523)	2	1,615
Balance at 30 June 2014	1,896	9,472	(35)	(1,958)	49	7,528
Comprehensive income						
Profit for the year	—	—	—	9	(106)	(97)
Other comprehensive income	—	—	(8)	—	(9)	(17)
Total comprehensive income	—	—	(8)	9	(115)	(114)
Contributions of equity, net of transaction costs	—	—	—	—	1,147	1,147
Distribution reinvestment plan	17	111	—	—	—	111
Distributions	—	—	—	(630)	—	(630)
Distributions to NCI	—	—	—	—	(64)	(64)
Employee share awards issued	1	1	—	—	—	1
	18	112	—	(630)	1,083	565
Balance at 30 June 2015	1,914	9,584	(43)	(2,579)	1,017	7,979

TIL

	Attributable to security holders of Transurban International Limited				Non- controlling interests \$M	Total equity \$M
	No. of securities M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M		
Balance at 30 June 2013	1,482	216	(72)	(414)	—	(270)
Comprehensive income						
Profit for the year	—	—	—	20	(31)	(11)
Other comprehensive income	—	—	19	—	—	19
Total comprehensive income	—	—	19	20	(31)	8
Contributions of equity	405	59	—	—	—	59
Distribution reinvestment plan	9	1	—	—	—	1
Transactions with NCI	—	—	7	—	(7)	—
Equity contributions	—	—	—	—	145	145
	414	60	7	—	138	205
Balance at 30 June 2014	1,896	276	(46)	(394)	107	(57)
Comprehensive income						
Profit for the year	—	—	—	(134)	(8)	(142)
Other comprehensive income	—	—	(43)	—	25	(18)
Total comprehensive income	—	—	(43)	(134)	17	(160)
Contributions of equity, net of transaction costs	—	—	—	—	9	9
Distribution reinvestment plan	17	3	—	—	—	3
Transactions with NCI	—	—	(56)	—	(133)	(189)
Employee share awards issued	1	—	—	—	—	—
	18	3	(56)	—	(124)	(177)
Balance at 30 June 2015	1,914	279	(145)	(528)	—	(394)

*The above consolidated statements of changes in equity should be read in conjunction
with the accompanying notes.*

Transurban Holding Trust and Transurban International Limited
Notes to the THT and TIL financial statements
30 June 2015

Note	Transurban Holding Trust		Transurban International Limited	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Cash flows from operating activities				
Receipts from customers	551	240	105	82
Payments to suppliers	(42)	(21)	(83)	(77)
Payments for maintenance of intangibles	—	—	(1)	—
Transaction costs related to acquisitions	(311)	—	—	—
Interest received	127	121	—	(1)
Interest paid	(413)	(341)	(24)	(10)
Income taxes (paid)/refunds received	(3)	(4)	—	1
Net cash outflow from operating activities	(91)	(5)	(3)	(5)
Cash flows from investing activities				
Payments for acquisition of subsidiary	(5,240)	—	—	(232)
Payment for investments in equity accounted investments	—	—	—	(39)
Payments for intangible assets	(21)	(441)	(166)	(5)
Net cash outflow from investing activities	(5,261)	(441)	(166)	(276)
Cash flows from financing activities				
Loans (to)/from related parties	(1,590)	(354)	236	731
Repayment of loans from/(to) related parties	3,892	889	(4)	(339)
Proceeds from issue of shares	—	—	9	—
Proceeds from borrowings (net of cost)	3,612	582	117	32
Repayment of borrowings	(1,056)	(295)	—	—
Payment for acquisition of non-controlling interest	—	—	(189)	—
Distributions paid to Transurban Group's security holders	(515)	(337)	—	—
Distributions paid to non-controlling interests in subsidiaries	(57)	(9)	—	—
Proceeds from equity issued to non-controlling interests	1,147	16	—	—
Net cash inflow from financing activities	5,433	492	169	424
Net increase/(decrease) in cash and cash equivalents	81	46	—	143
Cash and cash equivalents at the beginning of the year	75	29	147	5
Effects of exchange rate changes on cash and cash equivalents	—	—	32	(1)
Cash and cash equivalents at end of year	156	75	179	147

(a) Reconciliation of (loss)/profit after income tax to net cash inflow from operation activities

	THT		TIL	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
(Loss)/profit for the year	(97)	352	(142)	(11)
Depreciation and amortisation	276	123	29	4
Non-cash net finance costs	(3)	(45)	65	—
Capitalised interest income	(76)	(75)	—	—
Net construction revenue	—	—	(5)	—
Share of net (profits)/losses of equity accounted investments	—	—	—	(94)
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	43	(1)	(10)	13
(Decrease)/increase in related party operating loans	(260)	(387)	80	(39)
Increase/(decrease) in unearned income	1	19	(10)	3
Increase/(decrease) in trade creditors and accruals	20	11	(1)	(24)
Increase/(decrease) in other operating provisions	—	—	10	18
Increase/(decrease) in provision for income taxes payable	5	(2)	(19)	125
Net cash outflow from operating activities	(91)	(5)	(3)	(5)

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Basis of preparation and significant changes

D1 Introduction

The Transurban Holding Trust Group consists of Transurban Holding Trust ('THT') and the entities it controls ('THT Group') and the Transurban International Limited Group consists of Transurban International Limited ('TIL') and the entities it controls ('TIL Group'). THT and TIL form part of the stapled Transurban Group.

THT is registered as a managed investment scheme under Chapter 5C of the Corporations Act 2001, and as a result requires a responsible entity. The responsible entity of the THT is Transurban Infrastructure Management Limited ('TIML'). TIML is the responsible entity of the Trust and is responsible for performing all functions that are required under the Corporations Act 2001 of a responsible entity.

THT is a Trust registered and domiciled in Australia.

TIL is a public company limited by shares and incorporated in Australia.

Going concern

TIL's current liabilities exceed its current assets by \$1,237 million as at 30 June 2015. This is primarily driven by a \$1,398 million loan payable to another entity within the Transurban Group. Excluding this loan, the TIL Group has net current assets of \$161 million.

Under the stapling arrangement, each entity is able to provide direct and / or indirect support to each other entity and its controlled entities within the Transurban Group.

The financial reports have been prepared on a going concern basis, which assumes the continuity of normal operations.

D2 Trust formation and termination

The Transurban Holding Trust was established on 15 November 2001 and has no termination date. The Trust was registered as a managed investment scheme by the Australian Securities and Investments Commission on 28 November 2001.

Operating performance

D3 Segment information

Refer to note B4 for further information around the structure of the segments for the Transurban Group.

THT operating segments

Management has determined that THT has one operating segment.

THT operations involve the leasing of assets and the provision of funding to the Transurban Group or associates of the Transurban Group. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of the Trust are based on this one operating segment.

TIL operating segments

Management has determined that TIL has one operating segment.

TIL operations involve the development, operation and maintenance of toll roads in the USA. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of TIL are based on this one operating segment.

Reconciliation of segment information to statutory financial information

Segment information for TIL as disclosed in the Transurban Group segment note at B4 is reconciled to the TIL statutory financial information below.

Segment revenue

Revenue from external customers is through toll and fee revenues earned on toll roads. There are no inter-segment revenues. Segment revenue reconciles to total statutory revenue as follows:

	TIL ¹	
	2015 \$M	2014 \$M
Total segment revenue (proportional)	81	36
Add:		
Construction revenue from road development activities	144	33
Business development revenue	–	35
Corporate fee and other revenue	10	7
Less:		
Revenue of equity accounted assets	–	(32)
Total revenue	235	79

Reconciliation of proportional EBITDA to statutory profit for the year

Proportional EBITDA reconciles to statutory net profit as follows:

	TIL ¹	
	2015 \$M	2014 \$M
Proportional EBITDA	33	4
Add:		
EBITDA attributable to non-100% owned and consolidated assets	2	1
EBITDA attributable to TIL corporate activities (disclosed in corporate and other)	–	2
Proportional EBITDA of non-100% owned and equity accounted assets	–	(4)
Statutory earnings before depreciation and amortisation, net finance costs, equity accounted investments and tax	35	3
Statutory net finance costs	(165)	(127)
Statutory depreciation and amortisation	(29)	(4)
Share of net losses of equity accounted investments	–	94
Loss before tax for the year from continuing operations	(159)	(34)

1. The USA segment is disclosed in note B4.

D4 Revenue

	THT		TIL	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Toll revenue	—	—	77	3
Fee revenue	—	—	8	1
Rental income	546	272	—	—
Construction revenue	18	55	147	37
Other revenue	1	—	3	38
Concession fees	28	28	—	—
Total revenue	593	355	235	79

Revenue type	Recognition
<i>Rental income</i>	Rental income is derived from property held by THT and is recognised in profit and loss in accordance with the lease contract.
<i>Concession fees</i>	<p>Other income from concession fees relates to the CityLink concession notes. Pursuant to the Agreement for the Melbourne CityLink Concession Deed (the Concession Deed), CityLink Melbourne Limited (CityLink) (a member of the Transurban Group), is required to pay annual concession fees for the duration of CityLink's concession period. Until a certain threshold rate of return on the project is achieved, the payment of concession fees due under the Concession Deed can be satisfied by means of non-interest bearing concession notes.</p> <p>Following agreements reached with the State of Victoria (the State), the Group paid a total of \$765 million to the State to have all current concession notes issued by the State assigned to Transurban Holding Trust, and the State directed CityLink to pay future concession notes to Transurban Holding Trust. Accordingly, CityLink continues to issue notes semi-annually to Transurban Holding Trust, and the Group recognises concession note income from the issue of these notes, at the present value of expected future repayments.</p>

D5 Income tax

TIL deferred tax assets and liabilities

	Asset		Liability	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
The balance comprises temporary difference attributable to:				
Accrued expenses	8	7	—	—
Provisions	—	6	—	—
Current and prior year losses	167	77	—	—
Unearned income	—	3	—	—
Fixed assets/intangibles	43	1	(210)	(108)
Cash flow hedges	21	15	—	—
Tax assets/(liabilities)	239	109	(210)	(108)
Set off of tax	(76)	(54)	76	54
Net tax assets/(liabilities)	163	55	(134)	(54)
Movements:				
Opening balance at 1 July	109	9	(108)	—
Credited /(charged) to the statement of comprehensive income	104	28	(82)	(33)
Credited /(charged) to equity	7	6	—	(27)
Acquired on consolidation of DRIVe	—	80	—	(49)
Foreign exchange movements	15	(14)	(12)	1
Other	4	—	(8)	—
Closing balance 30 June	239	109	(210)	(108)
Deferred tax assets/(liabilities) to be recovered after more than 12 months	239	109	(210)	(108)

Security holder outcomes

D6 Distributions

Refer to note B10 of the THL financial statements for the dividends/distributions paid and payable by the Group.

Movements in distribution provision – THT

	Distribution to security holders \$M	Distributions to non-controlling interest in subsidiaries \$M	Total \$M
Balance at 1 July 2013	178	33	211
Additional provision recognised	523	15	538
Amounts paid	(337)	(9)	(346)
Amounts reinvested	(42)	–	(42)
Balance at 30 June 2014	322	39	361
Additional provision recognised	630	64	694
Amounts paid	(515)	(57)	(572)
Amounts reinvested	(111)	–	(111)
Balance at 30 June 2015	326	46	372

D7 Earnings per stapled security

	THT		TIL	
	2015	2014	2015	2014
Profit/(loss) attributable to ordinary security holders (\$M)	9	345	(134)	20
Weighted average number of securities (M)	1,908	1,539	1,908	1,539
Basic and diluted earnings per security attributable to the ordinary security holders (Cents)	0.5	22.4	(7.0)	1.3

Capital and borrowings

D8 Reserves

Refer to note B12 for a description of the nature and purpose of each reserve.

THT	Cash flow hedges \$M	Share-based payments \$M	Total \$M
Balance 1 July 2013	(57)	5	(52)
Revaluation	17	2	19
Transfer to issued units	—	(2)	(2)
Balance 30 June 2014	(40)	5	(35)
Revaluation	(8)	—	(8)
Balance 30 June 2015	(48)	5	(43)

TIL	Cash flow hedges \$M	Share- based payments \$M	Foreign currency translation \$M	Transactions with non- controlling interests \$M	Total \$M
Balance 1 July 2013	(77)	1	14	(9)	(71)
Movement in equity accounted investment's reserve	40	—	—	—	40
Employee share options issued	—	(1)	—	—	(1)
Currency translation differences	—	—	(36)	—	(36)
Transfers	37	—	(22)	7	22
Balance 30 June 2014	—	—	(44)	(2)	(46)
Revaluation, net of tax	4	—	—	—	4
Currency translation differences	—	—	(47)	—	(47)
Transactions with NCI	—	—	—	(56)	(56)
Balance 30 June 2015	4	—	(91)	(58)	(145)

D9 Net finance income and costs

	THT		TIL	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Finance income				
Interest income from related parties	371	523	—	—
Other interest income	1	1	—	—
Net foreign exchange gains	9	—	—	1
Re-measurement of promissory note payable	6	—	—	—
Re-measurement of concession notes receivable	44	49	—	—
Total finance income	431	573	—	1
Finance costs				
Interest and finance charges paid/payable	(502)	(379)	(154)	(128)
Net foreign exchange losses	—	(1)	(11)	—
Net movement in promissory note payable	—	(1)	—	—
Total finance costs	(502)	(381)	(165)	(128)
Net finance (costs)/income	(71)	192	(165)	(127)

Re-measurement of concession notes

Re-measurement of concession notes represents the discount unwinding over the passage of time on these notes and the change in the payment profile of the concession notes.

D10 Borrowings

Refer to note B14 for a description of each facility type.

	THT		TIL	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Current				
Term debt	–	400	–	–
	–	400	–	–
Non-current				
Working capital facilities	16	–	–	–
Term debt	3,633	1,096	–	–
Capital markets debt	745	296	608	493
TIFIA	–	–	1,067	678
	4,394	1,392	1,675	1,171
Total borrowings	4,394	1,792	1,675	1,171

D11 Derivative and financial risk management

The instruments used by the Group are described in note B15.

	2015 \$M				2014 \$M			
	Current		Non-current		Current		Non-current	
	THT	TIL	THT	TIL	THT	TIL	THT	TIL
Assets								
Interest rate swap contracts – cash flow hedges	–	–	16	–	–	–	–	–
Liabilities								
Interest rate swap contracts – cash flow hedges	2	–	76	54	4	–	41	41
	2	–	76	54	4	–	41	41

Market risk

Foreign exchange risk

Exposure to foreign currency risk at the reporting date, denominated in the currency in which the risk arises, was as follows:

	THT		TIL	
	2015 USD \$M	2014 USD \$M	2015 AUD \$M	2014 AUD \$M
Receivables	1,110	946	1	1
Borrowings	(1,072)	(909)	(8)	(2)
Net exposure	38	37	(7)	(1)

Sensitivity

THT

	Movement in post-tax profit	
	2015 \$M	2014 \$M
AUD/USD		
+ 10 cents	(6)	(4)
- 10 cents	7	5

THT equity is not impacted by movements in foreign exchange.

TIL's profit and equity are not materially impacted by movements in foreign exchange.

D11 Derivative and financial risk management (continued)

Interest rate risk

THT and TIL are not materially impacted by movements in interest rates. As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	2015 \$M		2014 \$M	
	THT	TIL	THT	TIL
Cash and cash equivalents	156	179	75	147
Floating rate borrowings	(3,857)	(293)	(1,502)	(238)
Interest rate swaps (notional principal amount)	3,417	293	1,398	238
Net exposure to interest rate risk	(284)	179	(29)	147

Liquidity risk

Contractual maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows of the Group's financial liabilities. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period. For further information refer to note B15.

2015 \$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	30	–	–	–	–	–	30	30
Borrowings	137	1,031	1,348	313	1,156	1,114	5,099	4,394
Related party loans	1,055	991	796	617	375	3,348	7,182	5,573
Interest rate swaps	44	31	13	3	(2)	(31)	58	62
Concession and promissory notes	–	–	–	–	–	170	170	20
Total	1,266	2,053	2,157	933	1,529	4,601	12,539	10,079

2014 \$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	14	–	–	–	–	–	14	14
Borrowings	464	65	923	27	242	325	2,046	1,792
Related party loans	737	958	639	711	512	1,544	5,101	4,131
Interest rate swaps	21	16	7	3	1	–	48	45
Concession and promissory notes	–	–	–	–	–	148	148	24
Total	1,236	1,039	1,569	741	755	2,017	7,357	6,006

D11 Derivative and financial risk management (continued)

TIL

2015 \$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	39	—	—	—	—	—	39	39
Borrowings	20	22	22	71	84	4,579	4,798	1,675
Related party loans	1,480	—	—	—	—	—	1,480	1,398
Interest rate swaps	9	8	7	6	5	34	69	54
Total	1,548	30	29	77	89	4,613	6,386	3,166

2014 \$M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	61	—	—	—	—	—	61	61
Borrowings	9	17	17	17	58	3,877	3,995	1,171
Related party loans	938	—	—	—	—	—	938	886
Interest rate swaps	8	8	6	5	4	23	54	41
Total	1,016	25	23	22	62	3,900	5,048	2,159

Network summary

Refer to the Network summary section of the Group financial statements for the intangible assets, maintenance provision, goodwill, and concession and promissory note accounting policies.

D12 Intangible assets

2015 \$M	Concession assets		Assets under construction		Total	
	THT	TIL	THT	TIL	THT	TIL
Cost	9,671	2,593	83	–	9,754	2,593
Accumulated amortisation	(1,340)	(31)	–	–	(1,340)	(31)
Net book amount	8,331	2,562	83	–	8,414	2,562

2014 \$M	Concession assets		Assets under construction		Total	
	THT	TIL	THT	TIL	THT	TIL
Cost	4,650	1,291	55	676	4,705	1,967
Accumulated amortisation	(1,064)	(2)	–	–	(1,064)	(2)
Net book amount	3,586	1,289	55	676	3,641	1,965

Movement in intangible assets

	Concession assets \$M		Assets under construction \$M		Total \$M	
	THT	TIL	THT	TIL	THT	TIL
Opening balance 1 July 2013	2,731	–	596	–	3,327	–
Additions	382	–	55	–	437	–
Acquisition of subsidiary	–	1,291	–	667	–	1,958
Currency and other adjustments	–	–	–	9	–	9
Transfer	596	–	(596)	–	–	–
Amortisation charge	(123)	(2)	–	–	(123)	(2)
Net book amount 30 June 2014	3,586	1,289	55	676	3,641	1,965
Additions	–	–	19	142	19	142
Acquisition of subsidiary	5,240	–	–	–	5,240	–
Currency and other adjustments	–	323	–	161	–	484
Transfer	(219)	979	9	(979)	(210)	–
Amortisation charge	(276)	(29)	–	–	(276)	(29)
Net book amount 30 June 2015	8,331	2,562	83	–	8,414	2,562

D13 Other liabilities – concession and promissory notes

M2 Motorway

The face value of promissory notes on issue at 30 June 2015 is \$170 million (2014: \$159 million). The net present value at 30 June 2015 of the redemption payments relating to these promissory notes is \$20 million (2014: \$25 million).

Group structure

D14 Equity accounted investments

Set out below is the summarised financial information for the THT Group's investments accounted for using the equity method. The summarised financial information presented below is on a 100 per cent basis. Refer to note B22 for the details of the North Western Roads Group.

THT

	NorthWestern Roads Group	
	2015	2014
	\$M	\$M
Summarised balance sheet – 100%		
Current assets	35	46
Non-current assets	2,534	2,508
Current liabilities	(64)	(42)
Non-current liabilities	(1,340)	(3,139)
Net assets	1,165	(627)
Summarised statement of comprehensive income – 100%		
Revenue	128	125
Depreciation and amortisation	(47)	(54)
Other expenses	(5)	–
Interest expense	(154)	(159)
Income tax expense	1	–
Loss for the year	(77)	(88)
Other comprehensive income	–	10
Total comprehensive income	(77)	(78)

The following table reconciles the above summarised financial information presented on a 100 per cent basis to the proportional amounts recognised by the Group

Ownership interest	50%	50%
Proportional total comprehensive income	(38)	(39)
Losses not recognised	(38)	(39)
Group's share of comprehensive income	–	–

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associates

THT

	NorthWestern Roads Group 50%	
	2015	2014
	\$M	\$M
Opening carrying value 1 July	–	–
Transfer of Westlink M7 term loan note balance into equity accounted investment	892	–
Group's recognised share of total comprehensive income	–	–
Distributions received	(30)	–
Closing carrying value	862	–
Losses not recognised	352	314

D15 Non-controlling interests

Set out below is summarised financial information for each material subsidiary that has non-controlling interests that are material to THT. The amounts disclosed for each subsidiary are before inter-company eliminations.

THT

	Transurban Queensland 37.5%		Airport Motorway Trust 24.9%		Total	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Summarised balance sheet						
Current assets	117	21	21	21	138	42
Non-current assets	5,114	–	867	837	5,981	837
Current liabilities	(21)	–	(186)	(158)	(207)	(158)
Non-current liabilities	(2,606)	–	(539)	(537)	(3,145)	(537)
Net assets	2,604	21	163	163	2,767	184
Carrying amount of NCI	976	8	41	41	1,017	49
Summarised statement of comprehensive income						
Revenue	240	–	103	100	343	100
Profit for the year	(327)	(19)	69	58	(258)	39
Other comprehensive income	(24)	–	–	–	(24)	–
Total comprehensive income	(351)	(19)	69	58	(282)	39
(Profit)/loss allocated to NCI	(123)	7	17	(14)	(106)	(7)
OCI allocated to NCI	(9)	–	–	–	(9)	–
Summarised cash flows						
Cash flows from operating activities	(152)	(20)	41	–	(111)	(20)
Cash flows from investing activities	(5,240)	40	–	–	(5,240)	40
Cash flows from financing activities	5,417	–	(41)	–	5,376	–
Net increases in cash and cash equivalents	25	20	–	–	25	20

Other

D16 Related party transactions

THT

	THL ¹		Joint ventures	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Transactions with related parties				
Rental income	545,914	271,512	—	—
Interest income	335,706	418,960	35,569	103,437
Interest expense	241,630	267,000	—	—
Other expenses	4,408	11,945	—	—
Outstanding balances with related parties				
Current receivables	2,468,660	2,532,252	—	—
M7 Term loan notes	—	—	—	886,746
Non-current receivables	5,701,214	6,117,308	—	—
Concession notes	866,153	794,687	—	—
Current liabilities	628,947	508,256	—	—
Non-current liabilities	4,943,438	3,640,847	—	—

TIL

	THL ¹	
	2015 \$'000	2014 \$'000
Transactions with related parties		
Revenue from services	—	37,935
Interest expense	75,000	45,141
Other expenses	10,374	9,511
Outstanding balances with related parties		
Loan to related parties	17,469	8,415
Loan from related parties	1,398,138	886,235

1. Transactions and outstanding balances between THT/TIL and THL.

D17 Parent entity financial information

Summary financial information

The individual financial statements for the parent entities (THT and TIL) show the following aggregate amounts:

	THT		TIL	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Balance sheet				
Current assets	2,943	3,442	338	273
Total assets	13,943	12,577	338	273
Current liabilities	496	473	3	—
Total liabilities	5,361	4,249	3	—
Net assets	8,582	8,328	335	273
Contributed equity	9,584	9,472	279	277
Reserves	4	5	58	(4)
Retained earnings	(1,006)	(1,149)	(2)	—
Shareholders' equity	8,582	8,328	335	273
Profit/(loss) for the year	787	697	(3)	—
Exchange differences on translation of US operations, net of tax	—	—	58	(4)
Total comprehensive income/(loss)	787	697	55	(4)

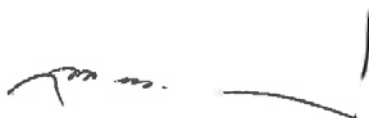
Section E: Signed reports

In the opinion of the Directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited (as the responsible entity of Transurban Holding Trust) and Transurban International Limited (collectively referred to as 'the Directors'):

- (a) the financial statements and notes of Transurban Holdings Limited and its controlled entities, including Transurban Holding Trust and its controlled entities and Transurban International Limited and its controlled entities set out on pages 51 to 121 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Transurban Holdings Limited Group's, Transurban Holding Trust Group's and Transurban International Group's financial position as at 30 June 2015 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Transurban Holdings Group, Transurban Holding Trust Group and Transurban International Group will be able to pay their debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note B24 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note B24.

Note B3 confirms that the financial statements also comply with International financial reporting standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.



Lindsay Maxsted
Director



Scott Charlton
Director

Melbourne
11 August 2015



Independent auditor's report to the stapled security holders of the Transurban Group

Report on the financial report

We have audited the accompanying financial report which comprises;

- Transurban Holdings Limited (the company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Transurban Holdings Limited (the Transurban Group). The Transurban Group comprises the company and the entities it controlled at year's end or from time to time during the financial year including the other members of the stapled group being Transurban International Limited and Transurban Holdings Trust and their controlled entities.
- Transurban Holding Trust (the Trust), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Transurban Holding Trust (THT). THT comprises the Trust and the entities it controlled at year's end or from time to time during the financial year.
- Transurban International Limited (the international company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Transurban International Limited (TIL). TIL comprises the international company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management the responsible entity of Transurban Holding Trust (collectively referred to as "the directors") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note B3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

PricewaterhouseCoopers, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



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

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial reports of the Transurban Group, THT and TIL are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Transurban Group, THT and TIL financial position as at 30 June 2015 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note B3.

Report on the Remuneration Report

We have audited the remuneration report included in pages 21 to 47 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of the Transurban Group for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Chris Dodd
Partner

Melbourne
11 August 2015

Security holder information

The security holder information set out below was applicable as at 12 August 2015.

Distribution of stapled securities

The number of holders of stapled securities, which comprise one share in Transurban Holdings Limited, one share in Transurban International Limited and one unit in Transurban Holding Trust, was 78,091.

The voting rights are one vote per stapled security.

The percentage of total holdings held by or on behalf of the 20 largest holders of these securities was 79.57 per cent.

The distribution of holders was as follows:

Security grouping	Total holders	Stapled securities	% of issued stapled securities
1 - 1,000	25,561	10,987,006	0.57
1,001 - 5,000	36,845	92,572,644	4.84
5,001 - 10,000	9,426	66,677,701	3.48
10,001 - 100,000	5,984	127,831,422	6.68
100,001 - 999,999,999	275	1,616,393,143	84.43
Total	78,091	1,914,461,916	100.00

There were 3,040 holders of less than a marketable parcel of stapled securities.

There were 1,914,461,916 stapled securities on issue.

20 largest holders of stapled securities

Name	Number of stapled securities held	% of issued stapled securities
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	521,911,659	27.26
NATIONAL NOMINEES LIMITED	440,885,748	23.03
J P MORGAN NOMINEES AUSTRALIA LIMITED	264,837,393	13.83
CITICORP NOMINEES PTY LIMITED	118,362,749	6.18
BNP PARIBAS NOMS PTY LTD	47,593,780	2.49
CITICORP NOMINEES PTY LIMITED	36,854,604	1.93
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	18,335,264	0.96
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	13,458,754	0.70
AMP LIFE LIMITED	13,161,624	0.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,012,468	0.37
BNP PARIBAS NOMINEES PTY LTD	5,836,330	0.30
UBS NOMINEES PTY LTD	5,517,440	0.29
ARGO INVESTMENTS LIMITED	5,481,463	0.29
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	5,022,427	0.26
AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED	4,000,000	0.21
DIVERSIFIED UNITED INVESTMENT LIMITED	3,700,000	0.19
BOND STREET CUSTODIANS LIMITED	3,328,881	0.17
MILTON CORPORATION LIMITED	3,328,081	0.17
NAVIGATOR AUSTRALIA LTD	2,343,238	0.12
BOND STREET CUSTODIANS LIMITED	2,304,368	0.12
Total	1,523,276,271	79.57

Substantial holders

Substantial security holders as at 12 August 2015 were as follows:

Name	Number of stapled securities held	% of issued stapled securities
UNISUPER	210,913,229	11.06
COMMONWEALTH BANK OF AUSTRALIA	121,869,397	6.42

This page has been left blank intentionally

This page has been left blank intentionally

This page has been left blank intentionally

Enquiries

Enquiries about your Transurban stapled securities

The stapled securities register is maintained by Computershare Investor Services Pty Ltd.

If you have a question about your Transurban securities or distributions please contact:

Computershare

Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067
Australia

Mail

The Registrar
Computershare Investor Services Pty Ltd
GPO Box 2975
Melbourne, Victoria 3001
Australia

Phone

(Australia) 1300 555 159
(Overseas) +61 3 9415 4062

AUSTRALIA

MELBOURNE (HEAD OFFICE)

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008

SYDNEY

Level 9
1 Chifley Square
Sydney
New South Wales 2000

BRISBANE

7 Brandl Street
Eight Mile Plains
Queensland 4113

MAILING ADDRESS

Locked Bag 28
South Melbourne
Victoria 3205

Phone +61 3 8656 8900
Fax +61 3 8656 8585

UNITED STATES

WASHINGTON DC AREA

6440 General Green Way
Alexandria VA 22312
USA

Phone +1 (571) 419 6100

Email corporate@transurban.com