

**Transurban Holding Trust and
Controlled Entities**

ARSN 098 807 419

**Financial statements
for the year ended 30 June 2008**

Transurban Holding Trust ARSN 098 807 419

Financial statements - 30 June 2008

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Directors' report

The directors of Transurban Infrastructure Management Limited, the responsible entity of Transurban Holding Trust, present their report on the consolidated entity consisting of Transurban Holding Trust ("the Trust"), and the entities it controlled (collectively "the Group") at the end of, and during, the year ended 30 June 2008.

Transurban Holding Trust forms part of the Transurban Group. The securities of the entities comprising the Transurban Group are stapled. A Stapled Security comprises one share in Transurban Holdings Limited, one share in Transurban International Limited and one unit in Transurban Holding Trust. None of the components of the Stapled Security can be traded separately.

Responsible Entity

Transurban Holding Trust is registered as a managed investment scheme under Chapter 5C of the *Corporations Act 2001* and, as a result, requires a responsible entity. Transurban Infrastructure Management Limited is the responsible entity of Transurban Holding Trust and is responsible for performing all functions that are required under the *Corporations Act 2001* of a Responsible Entity.

Directors

With the exception of the changes noted below, the following persons held office as directors of Transurban Infrastructure Management Limited during the whole of the financial year and up to the date of this report:

Non-executive Directors

David J Ryan AO
 Geoffrey O Cosgriff
 Jeremy G A Davis AM
 Susan M Oliver
 Christopher J S Renwick AM
 Lindsay Maxsted (Appointed 1 March 2008)

Executive Directors

Kimberley Edwards (Resigned 4 April 2008)
 Christopher J Lynch (Appointed 18 February 2008)

Results

The consolidated net profit for the Group was \$213.9 million (2007: loss of \$22.7 million).

Principal Activities and Operations

During the year the principal activities of the consolidated entity consisted of holding 100 per cent of the units in the CityLink Trust, the Transurban Finance Trust, the Hills Motorway Trust, the Sydney Roads Trust, the T (895) Finance Trust and the Transurban CARS Trust. The Transurban CARS Trust holds the Transurban Group's investment in Westlink M7 Motorway in Sydney.

Distributions

Distributions paid to members during the financial year were as follows:

	2008	2007
	\$'000	\$'000
Distributions proposed		
Final distribution payable and recognised as a liability: 29.0 cents (2007: 27.5 cents) per fully paid stapled security payable 29 August 2008	<u>319,076</u>	<u>294,744</u>
	<u>319,076</u>	<u>294,744</u>
Distributions paid during the year		
Final distribution for 2007 financial year of 27.5 cents (2006: 25.5 cents) per fully paid Stapled Security paid 27 August 2007	294,744	207,422
Interim distribution for 2008 financial year of 28.0 cents (2007: 26.5 cents) per fully paid Stapled Security paid 27 February 2008	<u>303,297</u>	<u>220,989</u>
Total distributions paid	<u>598,041</u>	<u>428,411</u>

Distributions (continued)

	2008	2007
	\$'000	\$'000
Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the years ended 30 June 2008 and 30 June 2007		
Paid in cash	396,858	197,408
Executive loans - repayments	1,535	1,230
Satisfied by issue of Stapled Securities	199,615	229,756
Funds available for future distribution reinvestment plans	33	17
	<u>598,041</u>	<u>428,411</u>

Review of operations

Total revenue for the Group increased 46.5% to \$630.0 million. The profit for the year was \$213.9 million.

The increase in revenue is primarily due to an increase of \$164.9 million of interest charged to Transurban Group entities on various operating loans and an increase of \$5.8 million in interest from Term Loan Notes. In addition an increase of \$28.9 million of rental income charged to the Transurban Group entities for the use of land.

The prior year also included the final recognition of losses from the Trust's investment in the Westlink Group. The investment was written down to zero and as a result no further losses have been recognised in the current year (2007: \$23.2 million).

Significant changes in the state of affairs

On 19 June 2008, Transurban announced that it had made a \$658.8 million (the Trust's share was \$399.1 million) share placement to Canadian Pension Plan Investment Board, at a 7 per cent premium to the then market price. In addition it was announced that distributions beyond August 2008 would be reduced to more closely align to operating cash flow and that the group would be targeting a reduction of \$20 million out of its ongoing cost structure.

Matters subsequent to the end of the financial year

On 14 August 2008, Transurban exercised its pre-emptive rights under the Westlink Equity Participants Deed to acquire an additional 2.5 per cent of the Westlink M7 for a consideration of \$38.0 million. This takes Transurban's stake in the Westlink M7 to 50 per cent.

Except for the details mentioned above, no other matter or circumstance has arisen since 30 June 2008 that has significantly affected, or may significantly affect:

- the entity's operations in future financial years, or
- the results of those operations in future financial years, or
- the entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Trust and the expected results of operations have not been included in this report because the directors of the responsible entity believe it would be likely to result in unreasonable prejudice to the Trust.

Environmental regulation

The Group is subject to significant environmental regulation in respect of its assets. Key matters are as follows:

CityLink

CityLink Melbourne Limited is subject to regulation by the Environment Protection Act (1970) administered by the Victorian Environmental Protection Authority ("EPA"). The EPA currently regulates:

- discharges from the tunnel ventilation system and management of in-tunnel air quality;
- management of discharges of treated groundwater to the Yarra River; and

Environmental regulation (continued)

- management of the groundwater recharge system.

TransLink Operations (TLO) holds EPA Waste Discharge Licence EA41502. This specifies limits on the discharge of carbon monoxide, nitrogen dioxide and particulate matter as PM10 and PM2.5 from the tunnel ventilation system and imposes requirements to monitor these emissions. The licence also includes limits on the concentration of carbon monoxide within the tunnel and requires this to be monitored continuously.

This monitoring is undertaken by several specialist organisations under the supervision of the CityLink operator, Translink Operations Pty Ltd. The monitoring organisations are certified by the National Association of Testing Authorities. Monitoring verifies that emission levels are well below the maximum levels specified in the Waste Discharge Licence.

In November 2002, Transurban commissioned a Groundwater Reuse Facility that is designed to treat groundwater that flows into the Burnley and Domain Tunnels and re-inject it into the aquifers along the alignment of the tunnels. As part of the management regime for this facility, EPA Victoria issued a Pollution Abatement Notice (PAN) to CityLink Melbourne Limited. This PAN requires groundwater quality to be monitored and reported. To date there have been no groundwater quality issues detected.

CityLink Melbourne Limited also holds a trade waste agreement with City West Water Limited. This agreement regulates the discharge to sewer of backwash water from the filtration system of the Groundwater Reuse Facility.

As TransLink Operations are responsible for the management of all hazardous spills, EPA Victoria also issued a PAN to TransLink Operations in relation to discharge of tunnel water to the Yarra River. This PAN ensures that TLO only discharge treated groundwater from the tunnels to the Yarra River.

In addition to the above environmental regulations, the Project Scope and Technical Requirements (PS&TR) imposes a range of additional environmental requirements on CityLink. These include additional air quality requirements to be met within the tunnels, including oxides of nitrogen and visibility, and noise requirements on the open road system. The PS&TR requires that CityLink Melbourne undertake regular noise monitoring. CityLink Melbourne is obliged to take remedial action if traffic noise at abutting developments exceeds, or is predicted to exceed by 2011, 63dB(A) L10.

M2 Motorway

The operations of the Hills Motorway M2 is subject to environmental regulations under Commonwealth and State laws. The operator of the Motorway has in place a comprehensive environmental Management plan to monitor the performance of the Motorway and takes remedial steps where necessary. The consolidated entity on a regular basis reviews the operator's environmental management plan and there were no breaches reported during the financial year.

Eastern Distributor

The Eastern Distributor has been constructed under a licence issued by the Department of Urban Affairs and Planning ("DUAP"). This licence was issued following an environmental impact study of the project, and as part of the terms of the licence, the Minister for Planning and the Environmental Protection Agency ("EPA") stipulated 152 environmental conditions to which Leighton Contractors Pty Limited ("the contractors") must adhere. These conditions range from engineering, public access and amenity to environmental concerns. Breaches of the environmental conditions could result in cessation of the project.

Compliance with these requirements is monitored by a monthly report that the contractor submits to DUAP. This report outlines the compliance with the aforementioned environmental conditions stipulated in the licence. The report is subject to audit by both the consulting engineer Sinclair Knight Merz ("SKM") and the Roads and Traffic Authority of NSW and no significant breaches have been reported.

Licences have also been issued under the Clean Waters Act and the Noise Control Act, which relate to the discharging of water from the site and noise generating activities. There have been no significant breaches of these Acts.

Other Acts with which the project is required to comply with are:

- Clean Air Act
- NSW Heritage Act
- Waste Minimisation and Management Act
- The Environmental Offences & Penalties Act
- Environmentally Hazardous Chemicals Act

There have been no significant breaches of these Acts.

Insurance and Indemnification

The Trust indemnifies all past and present Directors and Secretaries of the Company, including at this time the Directors named in this report and the Secretary or Secretaries, against every liability incurred by them in their respective capacities unless:

- the liability is owed to the Company or to a related body corporate;
- the liability did not arise out of the conduct of good faith; or
- the liability is for a pecuniary penalty order or a compensation order under the Corporations Act 2001.

The Company also indemnifies each person who is or has been an officer of the Company against liability for costs or expenses incurred by the person in his or her capacity as an officer of the Company in defending civil or criminal proceedings in which judgment is given in favour of the person or the person is acquitted or in connection with an application in which the Court grants relief to the person under the Corporations Act 2001.

The Auditors of the Company are in no way indemnified out of the assets of the Company.

Fees paid to and interest held in the Trust by the Responsible Entity or its Associates

Fees paid to the Responsible Entity out of Trust property during the year are disclosed in note 31 to the financial statements.

No fees were paid to the directors of the Responsible Entity during the year out of Trust property.

Interests in the Trust issued during the financial year

	Consolidated		Parent	
	2008 Number '000	2007 Number '000	2008 Number '000	2007 Number '000
Balance at 1 July	1,068,374	816,633	1,068,374	816,633
Units issued during the year	<u>149,889</u>	<u>251,741</u>	<u>149,889</u>	<u>251,741</u>
Balance at 30 June	<u>1,218,263</u>	<u>1,068,374</u>	<u>1,218,263</u>	<u>1,068,374</u>
Value of Assets				
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Value of Trust assets at 30 June	<u>9,665,991</u>	<u>9,729,795</u>	<u>6,984,059</u>	<u>7,004,677</u>

The value of the Trust's assets is derived using the basis of accounting set out in Note 1 to the financial statements.

Units under option

There are 2.7 million units of Transurban Holding Trust under share based payment schemes. 0.7 million units were granted in the current year. No units were issued on the exercise of the relevant schemes.

Directors' Interests

The directors of the Responsible Entity have disclosed relevant interests in Stapled Securities issued by the Transurban Group as follows:

	Number of Stapled Securities
D J Ryan	57,300
G O Cosgriff	116,036
J G A Davis	125,005
L Maxsted	-
S M Oliver	50,518
C J S Renwick	21,552
C J Lynch	152,800

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 6.

Rounding of amounts

The company 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 thousand dollars, or in certain cases, to the nearest dollar.

Auditor

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

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



David J Ryan AO
Chairman



Christopher J Lynch
Director

Melbourne
26 August 2008

PricewaterhouseCoopers
ABN 52 780 433 757

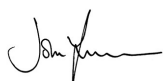
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Auditor's Independence Declaration

As lead auditor for the audit of Transurban Holding Trust for the year ended 30 June 2008, 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 Transurban Holding Trust and the entities it controlled during the year.



John Yeoman
Partner
PricewaterhouseCoopers

Melbourne
26 August 2008

Transurban Holding Trust ARSN 098 807 419

Financial statements - 30 June 2008

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This financial report covers both the separate financial statements of Transurban Holding Trust as an individual entity and the consolidated financial statements for the consolidated entity consisting of Transurban Holding Trust and its subsidiaries. The financial report is presented in the Australian currency.

Transurban Holding Trust is a Trust incorporated and domiciled in Australia. Its registered office and principal place of business is:

Transurban Holding Trust
Level 43 Rialto South Tower
525 Collins Street
Melbourne VIC 3000

The financial report was authorised for issue by the directors on 26 August 2008. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally. All releases to the ASX and the media, financial reports and other information are available on our website: www.transurban.com

Transurban Holding Trust
Income statements
For the year ended 30 June 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue from continuing operations	4	630,036	430,069	236,516	113,526
Other income	5	49,102	44,555	49,102	44,588
Expenses from ordinary activities					
Depreciation and amortisation expense	6	(108,933)	(105,030)	(3,925)	-
Operational costs		(3,199)	(36,074)	(1,182)	(32,584)
Administration costs		(11,701)	(1,489)	(11,121)	(824)
Promissory Notes		(1,158)	(1,263)	-	-
Finance costs	6	(338,105)	(330,255)	(134,852)	(164,745)
Share of net profits of associates and joint venture partnership accounted for using the equity method	35	<u>-</u>	<u>(23,166)</u>	<u>-</u>	<u>(6,236)</u>
Profit/(loss) before income tax		216,042	(22,653)	134,538	(46,275)
Income tax expense	7	(2,189)	-	-	-
Profit from continuing operations		<u>213,853</u>	<u>(22,653)</u>	<u>134,538</u>	<u>(46,275)</u>
Profit/(loss) for the year		<u>213,853</u>	<u>(22,653)</u>	<u>134,538</u>	<u>(46,275)</u>
Profit (loss) is attributable to:					
Equity holders of Transurban Holding Trust	25	198,383	(27,724)	134,538	(46,275)
Minority interest		<u>15,470</u>	<u>5,071</u>	<u>-</u>	<u>-</u>
		<u>213,853</u>	<u>(22,653)</u>	<u>134,538</u>	<u>(46,275)</u>
		Cents	Cents		
Earnings per unit for profit/(loss) attributable to the ordinary unit holders:					
Basic earnings per share	40	18.2	(3.1)		
Diluted earnings per share	40	18.2	(3.1)		

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

Transurban Holding Trust
Balance sheets
As at 30 June 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	45,882	268,995	1,308	183,836
Trade and other receivables	9	195,994	17,202	210,344	81,141
Derivative financial instruments	10	2,917	-	-	-
Total current assets		244,793	286,197	211,652	264,977
Non-current assets					
Receivables	11	5,963,892	5,887,457	2,250,920	2,214,288
Held-to-maturity investments	12	558,223	557,731	-	-
Derivative financial instruments	10	20,669	20,623	-	-
Other financial assets	13	-	-	4,140,285	4,140,285
Property, plant and equipment	14	2,487,652	2,592,660	-	-
Intangible assets	15	381,202	385,127	381,202	385,127
Total non-current assets		9,411,638	9,443,598	6,772,407	6,739,700
Total assets		9,656,431	9,729,795	6,984,059	7,004,677
LIABILITIES					
Current liabilities					
Trade and other payables	16	245,702	83,561	258,111	109,526
Borrowings	17	459,000	-	-	-
Current tax liabilities		1,350	-	-	-
Provisions	18	349,241	329,667	318,397	293,862
Non-interest bearing liabilities	19	169,978	423,952	135,311	390,619
Total current liabilities		1,225,271	837,180	711,819	794,007
Non-current liabilities					
Borrowings	20	3,490,343	3,990,522	1,250,728	1,163,159
Deferred tax liabilities	22	795	-	-	-
Non-interest bearing liabilities	21	64,371	199,833	51,398	188,188
Total non-current liabilities		3,555,509	4,190,355	1,302,126	1,351,347
Total liabilities		4,780,780	5,027,535	2,013,945	2,145,354
Net assets		4,875,651	4,702,260	4,970,114	4,859,323
UNIT HOLDERS' FUNDS					
Issued units	23	6,507,180	5,911,399	6,507,180	5,911,399
Reserves	24	17,392	9,186	6,874	4,029
Retained profits/(accumulated losses)	24	(1,696,182)	(1,272,192)	(1,543,940)	(1,056,105)
Capital and reserves attributable to equity holder of Transurban Holding Trust		4,828,390	4,648,393	4,970,114	4,859,323
Minority interest	25	47,261	53,867	-	-
Total unitholders' funds		4,875,651	4,702,260	4,970,114	4,859,323

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

Transurban Holding Trust
Statements of changes in equity
For the year ended 30 June 2008

Consolidated	Notes	Attributable to members of Transurban Holding Trust				Total \$'000
		Contributed equity \$'000	Reserves \$'000	(Accumulated losses) \$'000	Minority interest \$'000	
Balance at 1 July 2006		<u>4,194,672</u>	<u>(910)</u>	<u>(728,735)</u>	<u>-</u>	<u>3,465,027</u>
Changes in fair value of share-based payments		-	2,861	-	-	2,861
Changes in fair value of cash flow hedges		-	7,235	-	-	7,235
Net income/(expense) recognised directly in equity		-	10,096	-	-	10,096
Profit (loss) for the year		-	-	<u>(27,724)</u>	<u>5,071</u>	<u>(22,653)</u>
Total recognised income and expense for the year		<u>-</u>	<u>10,096</u>	<u>(27,724)</u>	<u>5,071</u>	<u>(12,557)</u>
Exercise of employee unit options	23	296	-	-	-	296
Conversion of CARS, net of transaction costs	23	340,549	-	-	-	340,549
Treasury units acquired	23	(14,474)	-	-	-	(14,474)
Treasury units disposed	23	1,617	-	-	-	1,617
Minority interest on acquisition of subsidiary	32	-	-	-	65,992	65,992
Distributions provided for or paid	24	-	-	(515,733)	-	(515,733)
Distribution reinvestment plan	23	219,570	-	-	-	219,570
Distributions paid to minority interests in subsidiaries	25	-	-	-	(17,196)	(17,196)
Acquisition of Sydney Roads Group, net of transaction costs	32	<u>1,169,169</u>	-	-	-	<u>1,169,169</u>
		<u>1,716,727</u>	-	<u>(515,733)</u>	<u>48,796</u>	<u>1,249,790</u>
Balance at 30 June 2007		<u>5,911,399</u>	<u>9,186</u>	<u>(1,272,192)</u>	<u>53,867</u>	<u>4,702,260</u>
Balance at 1 July 2007		<u>5,911,399</u>	<u>9,186</u>	<u>(1,272,192)</u>	<u>53,867</u>	<u>4,702,260</u>
Changes in the fair value of share based payments	24	-	2,845	-	-	2,845
Changes in fair value of cash flow hedges	24	-	5,361	-	-	5,361
Profit for the year		-	-	<u>198,383</u>	<u>15,470</u>	<u>213,853</u>
Total recognised income and expense for the year		<u>-</u>	<u>8,206</u>	<u>198,383</u>	<u>15,470</u>	<u>222,059</u>
Contributions of equity, net of transaction costs	23	399,138	-	-	-	399,138
Treasury securities	23	6,707	-	-	-	6,707
Distribution reinvestment plan	23	189,936	-	-	-	189,936
Distributions provided for or paid	24	-	-	(622,373)	-	(622,373)
Acquisition of additional interest in AMG		-	-	-	(7,427)	(7,427)
Distributions paid to minority interest	25	-	-	-	(14,649)	(14,649)
		<u>595,781</u>	-	<u>(622,373)</u>	<u>(22,076)</u>	<u>(48,668)</u>
Balance at 30 June 2008		<u>6,507,180</u>	<u>17,392</u>	<u>(1,696,182)</u>	<u>47,261</u>	<u>4,875,651</u>

Transurban Holding Trust
Statements of changes in equity
For the year ended 30 June 2008
(continued)

Parent	Notes	Contributed equity \$'000	Reserves \$'000	(Accumulated losses) \$'000	Total \$'000
Balance at 1 July 2006		4,194,672	1,168	(494,097)	3,701,743
Changes in the fair value of share based payments	24	<u>-</u>	<u>2,861</u>	<u>-</u>	<u>2,861</u>
(Loss) for period		<u>-</u>	<u>-</u>	<u>(46,275)</u>	<u>(46,275)</u>
Total recognised income and expense for the year		<u>-</u>	<u>2,861</u>	<u>(46,275)</u>	<u>(43,414)</u>
Exercise of employee unit options	23	296	-	-	296
Conversion of CARS, net of transaction costs	23	340,549	-	-	340,549
Treasury units acquired	23	(14,474)	-	-	(14,474)
Treasury units disposed	23	1,617	-	-	1,617
Distributions provided for or paid	24	-	-	(515,733)	(515,733)
Distribution reinvestment plan	23	219,570	-	-	219,570
Acquisition of Sydney Roads Group, net of transaction costs	32	<u>1,169,169</u>	<u>-</u>	<u>-</u>	<u>1,169,169</u>
		<u>1,716,727</u>	<u>-</u>	<u>(515,733)</u>	<u>1,200,994</u>
Balance at 30 June 2007		<u>5,911,399</u>	<u>4,029</u>	<u>(1,056,105)</u>	<u>4,859,323</u>
Balance at 1 July 2007		5,911,399	4,029	(1,056,105)	4,859,323
Changes in the fair value of share based payments	24	<u>-</u>	<u>2,845</u>	<u>-</u>	<u>2,845</u>
Profit for year		<u>-</u>	<u>-</u>	<u>134,538</u>	<u>134,538</u>
Total interest recognised and expense for the year		<u>-</u>	<u>2,845</u>	<u>134,538</u>	<u>137,383</u>
Contributions of equity, net of transaction costs	23	399,138	-	-	399,138
Treasury securities	23	6,707	-	-	6,707
Distribution reinvestment plan	23	189,936	-	-	189,936
Dividends provided for or paid	24	<u>-</u>	<u>-</u>	<u>(622,373)</u>	<u>(622,373)</u>
		<u>595,781</u>	<u>-</u>	<u>(622,373)</u>	<u>(26,592)</u>
Balance at 30 June 2008		<u>6,507,180</u>	<u>6,874</u>	<u>(1,543,940)</u>	<u>4,970,114</u>

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

Transurban Holding Trust
Cash flow statements
For the year ended 30 June 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		118,300	115,517	-	-
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(29,187)</u>	<u>(59,305)</u>	<u>(21,293)</u>	<u>(40,313)</u>
Interest received		89,113	56,212	(21,293)	(40,313)
Interest paid		53,862	25,546	3,924	20,280
Taxes paid		(233,256)	(208,338)	(60,511)	(38,942)
		(43)	-	-	-
Net cash (outflow) from operating activities	38	<u>(90,324)</u>	<u>(126,580)</u>	<u>(77,880)</u>	<u>(58,975)</u>
Cash flows from investing activities					
Payment for purchase of subsidiaries, net of cash acquired		-	(14,047)	-	(5,352)
Loans to related parties		(1,042,934)	(577,750)	(757,835)	(415,116)
Monash-CityLink Westgate improvement project		(404,152)	-	(404,152)	-
Repayment of loans by related parties		1,240,712	741,081	745,208	393,285
Distributions received		-	-	93,724	71,225
Net cash inflow (outflow) from investing activities		<u>(206,374)</u>	<u>149,284</u>	<u>(323,055)</u>	<u>44,042</u>
Cash flows from financing activities					
Proceeds from issues of units	23	400,550	296	400,550	296
Payments for establishing borrowing facilities		(1,325)	-	(293)	-
Repayments of borrowings		(150,000)	-	-	-
Proceeds from borrowings		-	4,000	-	-
Payments for treasury securities	23	-	(14,474)	-	(14,474)
Proceeds from sale of treasury units		6,712	-	6,712	-
Unit issue transaction costs		(1,968)	-	(1,968)	-
Proceeds from forfeited treasury securities		-	1,612	-	1,612
Finance costs capitalised		-	-	-	(2,610)
Loans from related parties		1,292,627	1,251,770	1,158,768	1,218,819
Repayment of loans to related parties		(1,050,685)	(927,231)	(948,504)	(813,251)
Distributions paid	26	(396,858)	(197,408)	(396,858)	(197,408)
Distributions paid to minority interests in subsidiaries		(25,468)	(4,246)	-	-
Net cash inflow from financing activities		<u>73,585</u>	<u>114,319</u>	<u>218,407</u>	<u>192,984</u>
Net increase (decrease) in cash and cash equivalents		(223,113)	137,023	(182,528)	178,051
Cash and cash equivalents at the beginning of the financial year		<u>268,995</u>	<u>131,972</u>	<u>183,836</u>	<u>5,785</u>
Cash and cash equivalents at end of year	8	<u>45,882</u>	<u>268,995</u>	<u>1,308</u>	<u>183,836</u>

The above cash flow statements should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Transurban Holding Trust as an individual entity and the consolidated entity consisting of Transurban Holding Trust and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Transurban Holding Trust complies with International Financial Reporting Standards (IFRS).

Early adoption of standards

The company has not elected to adopt any new accounting standards early.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments).

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 42.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by Transurban Holding Trust as at 30 June 2008 and the results of all controlled entities for the year then ended. Transurban Holding Trust and its controlled entities together are referred to in this financial report as the consolidated entity or group. The effects of all transactions between entities in the group are eliminated in full.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Interests in joint ventures are where the Group jointly controls an entity with another party (refer to note 35).

Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost. Similarly, the interest in the joint venture partnership is accounted for using the equity method.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates and joint ventures are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate, the Trust does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised in the major business activities as follows:

(i) Rental revenue

Rental revenue is recognised as earned in accordance with the lease contract.

(ii) Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the financial assets.

(iii) Distribution Revenue

Distribution revenue is recognised when the Trust's right to receive payment is established.

(e) Income tax

Income tax is brought to account in the financial statements to the extent it relates to companies in the Group. Pursuant to the provisions of the Income Tax Legislation, Trusts are not liable to income tax provided that its taxable income (including assessable realised capital gains) is fully distributed to unit holders.

(f) Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(g) Business combinations

The purchase method of accounting is used to account for all business combinations, excluding business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity and internal costs are expenses as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

1 Summary of significant accounting policies (continued)

(g) Business combinations (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.

(h) Impairment of 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 a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the impairment occurs.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(i) Cash and cash equivalents

For cash flow statement presentation, cash and cash equivalents includes cash on hand, cash deposits held at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement no more than 31 days from the date of revenue recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(k) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet (note 9) and (note 11).

1 Summary of significant accounting policies (continued)

(k) Investments and other financial assets (continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than twelve months from the reporting date, which are classified as current assets.

(l) Derivatives

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 each reporting date. 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), or
- hedges of the cash flow of recognised assets and liabilities and highly probable forecast transactions (cash flow 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 note 10. Movements in the hedging reserve in shareholders' equity are shown in note 24. 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; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are reported in the income statement, 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 hedging fixed rate borrowings is recognised in the income statement within other income or other expense together with the gain or loss relating to the ineffective portion and changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge 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.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'.

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 remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) 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 the hedge accounting are recognised immediately in the income statement and are included in other income or other expenses.

1 Summary of significant accounting policies (continued)

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

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 a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of 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 balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(n) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Amortisation and Depreciation

CityLink fixed assets

Amounts classified as CityLink fixed assets are amortised over the estimated term of the right granted to operate CityLink (32 years), or the estimated useful lives of the assets, whichever is less. Amortisation by the combined entity commenced on 18 December 2001 and is calculated on a straight line basis. The period of amortisation will be assessed annually.

M2 Motorway Fixed Assets

Amounts classified as M2 Motorway fixed assets are amortised over 28 years, being the estimated term of the right to operate the M2 Motorway or the estimated useful lives of the assets, whichever is less. Amortisation by the combined entity commenced on 12 April 2005 and is calculated on a straight line basis. The period of amortisation is assessed annually.

Other plant and equipment

Depreciation is calculated on a straight line basis so as to write off the net cost of items of plant and equipment over their expected useful lives. Estimates of remaining useful lives will be made on a regular basis for all assets. The expected useful lives are 3 – 15 years.

Impairment

The fixed assets are assessed for impairment in line with the policy stated in note 1(h) impairment of assets.

1 Summary of significant accounting policies (continued)

(o) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount are recognised in the income statement over the period of the borrowings using an effective interest method.

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 date.

(q) Concession notes

The Group recognises an intangible representing Concession Notes assigned from the State of Victoria as part of the Tulla-Calder transaction and the Monash-Citylink-Westgate transaction. As the timing and profile of these amounts is largely determined by the available equity cashflows of the underlying asset, the present value of the expected future cashflows is determined using a discount rate of 9.7 per cent (2007: 9.7 per cent) which recognises their subordinated nature.

(r) Promissory notes

Non-interest bearing long term debt represented by Promissory Notes payable to the State of New South Wales in respect of the M2 Motorway has been included in the financial statements at the present value of expected future repayments. As the timing and profile of these repayments is largely determined by the available equity cashflows of the underlying asset, the present value of the expected future repayments is determined using a discount rate, which recognises their subordinated nature.

The discount rate applied to the M2 Motorway Promissory Notes is 12.0 per cent (2007: 12.0 per cent). Refer to note 21.

(s) Borrowing costs

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 deferred and amortised over the effective period of the funding.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(u) Contributed equity

Units in the trust are classified as equity.

Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new units or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

1 Summary of significant accounting policies (continued)

(u) Contributed equity (continued)

If the entity reacquires its own equity instruments, e.g. as the result of a security buy-back, those instruments are deducted from equity and the associated securities are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(v) Distributions

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(w) Earnings per Unit

(i) Basic earnings per unit

Basic earnings per unit is determined by dividing the profit after income tax attributable to shareholders by the weighted average number of units outstanding during the year.

(ii) Diluted earnings per unit

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per share by taking into account the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential units.

(x) 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.

(y) Rounding of amounts

The company 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

- (i) *AASB-I 12 Service Concession Arrangements, AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures*

AASB-I 12, AASB 2007-2, UIG 4 and the revised UIG 129 are all effective for annual reporting periods commencing on or after 1 January 2008. AASB-I 12 provides guidance on the accounting by operators for public-to-private service concession arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services, such as transport, water and energy facilities. UIG 4 has been amended to exclude public-to-private service concession arrangement from its scope and UIG 129 was revised to require some additional disclosures. The Group has elected not to adopt the interpretation early.

Application of the Interpretation is likely to affect the classification of certain Property, Plant and Equipment and Intangible assets as well as impact the recognition of 'make-good' provisions in relation to concession assets. The impact of the application of this Interpretation has not yet been quantified.

1 Summary of significant accounting policies (continued)

(z) New accounting standards and interpretations (continued)

(ii) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.

(iii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]*

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group does already capitalise borrowing costs relating to qualifying assets.

(iv) AASB-I 127 *Consolidated and separate Financial Statements*

Revised AASB 127 Consolidated and Separate Financial Statements changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investments when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will be mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

(v) AASB 3 *Business Combinations*

Revised AASB 3 Business Combinations changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

(vi) Revised AASB 101 *Presentation of Financial Statements and AASB 2007 8 Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group has not yet decided when to adopt the revised standard. Had the revised standard been applied in the current financial year, there would have been no significant impact on the financial statements.

2 Trust formation and termination

The Transurban Holding Trust was established on 15 November 2001. The Trust was due to terminate on 20 December 2081 unless terminated earlier. However, amendments made to the Trust Deed have extended the Trust to perpetuity.

The Trust was registered as a managed investment scheme by the Australian Securities and Investments Commission on 28 November 2001.

3 Segment information

Business segments

The Trust's principle business segment for the period ending 30 June 2008 was 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 this principle segment. The management structure and internal reporting of the Trust are based on the principle business segment.

Geographical segments

Assets of the Transurban Group which the Trust has funded are located in two separate states of Australia and one State within the United States of America.

(a) Secondary reporting format - geographical segments

	Segment revenues		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Victoria	316,883	228,037	5,963,005	5,737,129	-	385,127
New South Wales	303,570	198,619	3,702,986	3,756,565	-	-
United States of America	-	-	-	236,101	-	-
	<u>620,453</u>	<u>426,656</u>	<u>9,665,991</u>	<u>9,729,795</u>	<u>-</u>	<u>385,127</u>

4 Revenue

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
From continuing operations				
Rental income	211,272	182,383	-	-
Interest income and from related parties	409,181	244,273	98,216	20,448
	<u>620,453</u>	<u>426,656</u>	<u>98,216</u>	<u>20,448</u>
Other revenue				
Distributions from subsidiaries	-	-	136,864	87,963
Interest	9,583	3,413	1,436	5,115
	<u>9,583</u>	<u>3,413</u>	<u>138,300</u>	<u>93,078</u>
	<u>630,036</u>	<u>430,069</u>	<u>236,516</u>	<u>113,526</u>

5 Other income

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Foreign exchange gains (net)	-	4,707	-	4,740
Concession notes	19,185	17,484	19,185	17,484
Remeasurement of concession notes	29,917	22,364	29,917	22,364
	<u>49,102</u>	<u>44,555</u>	<u>49,102</u>	<u>44,588</u>

6 Expenses

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Profit before income tax includes the following specific expenses:				
<i>Finance costs excluding concession notes and promissory notes</i>				
Interest and finance charges paid/payable	297,946	214,527	100,573	60,280
Interest rate hedging charges paid/payable	3,963	12,479	(1,814)	-
Remeasurement of Monash-CityLink-Westgate upgrade payable	36,093	48,811	36,093	48,811
	<u>338,002</u>	<u>275,817</u>	<u>134,852</u>	<u>109,091</u>
<i>Movement in concession note receivable</i>				
Recognised in finance costs:				
Remeasurement of notes due to change in payment profile	-	55,654	-	55,654
	<u>-</u>	<u>55,654</u>	<u>-</u>	<u>55,654</u>
<i>Movement in promissory notes payable</i>				
Recognised in finance costs:				
Remeasurement of notes on issue from prior periods	1,402	1,405	-	-
Remeasurement of notes due to change payment profile	(1,299)	(2,621)	-	-
Total finance costs	<u>338,105</u>	<u>330,255</u>	<u>134,852</u>	<u>164,745</u>
<i>Foreign exchange losses</i>				
Net foreign exchange losses	11,108	-	10,948	-
Total foreign exchange losses	<u>11,108</u>	<u>-</u>	<u>10,948</u>	<u>-</u>
<i>Depreciation and amortisation expense</i>				
Operational	108,760	104,858	3,925	-
Corporate	172	172	-	-
Total depreciation and amortisation	<u>108,932</u>	<u>105,030</u>	<u>3,925</u>	<u>-</u>

7 Income tax expense

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Income tax expense				
Current tax	2,377	-	-	-
Deferred tax	(924)	-	-	-
Under/(Over) provided in prior years	<u>736</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax losses at end of year	<u>2,189</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets	(1,720)	-	-	-
(Decrease) increase in deferred tax liabilities (note 22)	<u>796</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(924)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	<u>216,042</u>	<u>(22,653)</u>	<u>134,538</u>	<u>(46,275)</u>
Tax at the Australian tax rate of 30% (2007 - 30%)	<u>64,813</u>	<u>(6,796)</u>	<u>40,361</u>	<u>(13,883)</u>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Trust income not subject to tax	(63,360)	6,796	(40,361)	13,883
Under (over) provision in prior periods	<u>736</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income tax expense	<u>2,189</u>	<u>-</u>	<u>-</u>	<u>-</u>

8 Current assets - Cash and cash equivalents

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash at bank and in hand	<u>45,882</u>	<u>268,995</u>	<u>1,308</u>	<u>183,836</u>
Balance per statement of cash flows	<u>45,882</u>	<u>268,995</u>	<u>1,308</u>	<u>183,836</u>

All cash balances are interest bearing (refer to note 43).

9 Current assets - Trade and other receivables

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade receivables	4	-	-	-
Loans to related parties	93,826	13,261	14,632	10,424
Other receivables	101,046	1,193	195,712	70,717
Prepayments	<u>1,118</u>	<u>2,748</u>	<u>-</u>	<u>-</u>
	<u>195,994</u>	<u>17,202</u>	<u>210,344</u>	<u>81,141</u>

No class within trade and other receivables contain impaired or past due assets. Based on the credit history, it is expected these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

9 Current assets - Trade and other receivables (continued)

(a) Trade receivables

Trade receivables represents Goods and Services Tax receivable from the Australian Tax Office. There is no allowance for doubtful debts.

(b) Loans to related parties

Loans to related parties predominantly represent interest and finance charges on funds loaned from Transurban Finance Company. There is no allowance for doubtful debts as the counterparties are related parties.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. The Parent Entity balance for 2008 and 2007 is principally comprised of distributions receivable from its subsidiaries and accrued interest from a related party.

(d) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to receivables is provided in note 43.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. For more information on the risk management policy of the Company refer to note 43.

10 Derivative financial instruments

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current assets				
Interest rate swap contracts - cash flow hedges ((a)(i))	2,917	-	-	-
Non-current assets				
Interest rate swap contracts - cash flow hedges ((a)(i))	<u>20,669</u>	<u>20,623</u>	<u>-</u>	<u>-</u>
Total derivative financial instrument assets	<u>23,586</u>	<u>20,623</u>	<u>-</u>	<u>-</u>

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business. Financial instruments include interest and foreign exchange contracts entered into to hedge exposure in accordance with the financial risk management policies (refer to note 43).

(i) Interest rate swap contracts - cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 8.0 per cent. It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps taken out by the Transurban Group cover approximately 80 per cent (2007: 74 per cent) of long term variable debt excluding working capital facilities. The fixed interest rates range between 5.6 per cent and 6.97 per cent (2007: 5.6 per cent and 6.24 per cent) and the variable rates are the appropriate bank bill rate.

The contracts require settlement of net interest receivable or payable. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

10 Derivative financial instruments (continued)

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in income immediately. In the year ended 30 June 2008 no portion was ineffective (2007 - \$nil).

(b) Credit risk exposures

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity.

The Group continually monitors the credit ratings and credit exposure of each counterparty.

(c) Interest rate and foreign exchange risk

For an analysis of the sensitivity of derivatives to interest rate and foreign exchange risk refer to note 43.

11 Non-current assets - Receivables

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Tullamarine/Calder Freeway upgrade	110,630	100,417	110,630	100,417
Monash-CityLink-Westgate upgrade	217,148	178,259	217,148	178,259
Advances to related parties	4,853,988	4,668,461	1,407,629	1,344,486
Other related party loans	782,126	940,320	515,513	591,126
	<u>5,963,892</u>	<u>5,887,457</u>	<u>2,250,920</u>	<u>2,214,288</u>

Tullamarine/Calder Freeway upgrade

On 27 January 2005, the Transurban Group reached agreement with the State of Victoria and Vic Roads to use CityLink Concession Notes to fund an upgrade of the Tullamarine/Calder Freeway interchange.

Under the agreement, Transurban paid \$151.0 million to Vic Roads was used to fund the upgrade. In exchange, the State assigned to Transurban \$305.3 million of Concession Notes issued by CityLink to the State under the provisions of the Melbourne CityLink Concession Deed.

The receivable classified as "Tullamarine/Calder Freeway upgrade" recognises the discounted value of Concession Notes reassigned from the State to the Trust.

Monash-CityLink-Westgate upgrade

The Transurban Group reached agreement with the State of Victoria and Vic Roads to jointly fund upgrades and improvements to 75 kilometres of the Westgate-CityLink (Southern Link)-Monash freeway corridor.

The CityLink upgrade, which is estimated to cost \$166 million over the three year construction period, will be funded via the Distribution Reinvestment Plan. The State will fund the non-CityLink works, estimated to cost \$737 million.

Under the agreement, the State will also assign to Transurban all remaining and future Concession Note liabilities incurred under the provisions of the Melbourne CityLink Concession Deed. These liabilities have a face value of \$2.9 billion and will be replaced by payments over the next three years totalling \$614 million.

The receivable classified as "Monash-CityLink-Westgate upgrade" recognises the discounted value of Concession Notes reassigned from the State to the Trust.

(d) Impaired receivables and receivables past due

None of the non-current receivables are impaired or past due but not impaired.

11 Non-current assets - Receivables (continued)

(e) Fair values

The fair values and carrying values of non-current receivables are the same.

(f) Risk exposure

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in note 43.

12 Non-current assets - Held-to-maturity investments

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Investment in Term Loan Notes	<u>558,223</u>	<u>557,731</u>	-	-
	<u>558,223</u>	<u>557,731</u>	-	-

Investment in Term Loan Notes ("TLN")

Term Loan Notes represent Transurban's debt funding contribution to the Westlink Motorway Partnership. The fixed maturity date of the TLN's is the earlier of 34 years and the termination of the "Agreement to Lease" between the Roads and Traffic Authority of New South Wales and Westlink Motorway Limited.

The interest rate charged on these notes is 11.93 per cent and any unpaid interest capitalises into additional notes. During the year ended 30 June 2008 interest of \$66.9 million was earned (2007: \$61.1 million), of which \$26.2 million was capitalised (2007: \$61.1 million). In addition, \$25.8 million in notes were repaid (2007: \$nil).

(a) Impairment and risk exposure

None of the held-to-maturity investments are either past due or impaired.

All held-to-maturity investments are denominated in Australian currency. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

13 Non-current assets - Other financial assets

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Units in controlled entities	-	-	<u>4,140,285</u>	4,140,285
	-	-	<u>4,140,285</u>	<u>4,140,285</u>

Non-traded investments

The investment in controlled entities represents 100 per cent of the ordinary units of The CityLink Trust, The Hills Motorway Trust, and The Sydney Roads Trust. These trusts are registered in Australia.

14 Non-current assets - Property, plant and equipment

Consolidated	CityLink \$'000	M2 \$'000	Equipment and fittings \$'000	Total \$'000
At 1 July 2006				
Cost or fair value	822,315	2,091,523	1,047	2,914,885
Accumulated depreciation	<u>(119,472)</u>	<u>(97,548)</u>	<u>(175)</u>	<u>(217,195)</u>
Net book amount	<u>702,843</u>	<u>1,993,975</u>	<u>872</u>	<u>2,697,690</u>
Year ended 30 June 2007				
Opening net book amount	702,843	1,993,975	872	2,697,690
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation charge	<u>(26,884)</u>	<u>(77,974)</u>	<u>(172)</u>	<u>(105,030)</u>
Closing net book amount	<u>675,959</u>	<u>1,916,001</u>	<u>700</u>	<u>2,592,660</u>
At 30 June 2007				
Cost or fair value	822,315	2,091,523	1,048	2,914,886
Accumulated depreciation	<u>(146,356)</u>	<u>(175,522)</u>	<u>(348)</u>	<u>(322,226)</u>
Net book amount	<u>675,959</u>	<u>1,916,001</u>	<u>700</u>	<u>2,592,660</u>
Consolidated				
	CityLink \$'000	M2 \$'000	Equipment and fittings \$'000	Total \$'000
Year ended 30 June 2008				
Opening net book amount	675,959	1,916,001	700	2,592,660
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation charge	<u>(27,420)</u>	<u>(77,416)</u>	<u>(172)</u>	<u>(105,008)</u>
Closing net book amount	<u>648,539</u>	<u>1,838,585</u>	<u>528</u>	<u>2,487,652</u>
At 30 June 2008				
Cost or fair value	822,315	2,091,985	1,048	2,915,348
Accumulated depreciation	<u>(173,776)</u>	<u>(253,400)</u>	<u>(520)</u>	<u>(427,696)</u>
Net book amount	<u>648,539</u>	<u>1,838,585</u>	<u>528</u>	<u>2,487,652</u>

15 Non-current assets - Intangible assets

Consolidated	CityLink upgrade \$'000
At 1 July 2006	
Cost	-
Accumulated amortisation	-
Net book amount	<u>-</u>
Year ended 30 June 2007	
Opening net book amount	-
Additions	385,127
Disposals	-
Amortisation charge	-
Closing net book amount	<u>385,127</u>
At 30 June 2007	
Cost	385,127
Accumulated amortisation	-
Net book amount	<u>385,127</u>
Year ended 30 June 2008	
Opening net book amount	385,127
Additions	-
Disposals	-
Amortisation charge	(3,925)
Closing net book amount	<u>381,202</u>
At 30 June 2008	
Cost	385,127
Accumulated amortisation	(3,925)
Net book amount	<u>381,202</u>

15 Non-current assets - Intangible assets (continued)

Parent	CityLink upgrade \$'000
At 1 July 2006	
Cost	-
Accumulated amortisation	-
Net book amount	<u>-</u>
Year ended 30 June 2007	
Additions	385,127
Disposals	-
Amortisation charge	-
Closing net book amount	<u>385,127</u>
At 30 June 2007	
Cost	385,127
Accumulated amortisation	-
Net book amount	<u>385,127</u>
Year ended 30 June 2008	
Opening net book amount	385,127
Additions	-
Disposals	-
Amortisation charge	<u>(3,925)</u>
Closing net book amount	<u>381,202</u>
At 30 June 2008	
Cost	385,127
Accumulated amortisation	<u>(3,925)</u>
Net book amount	<u>381,202</u>

CityLink Upgrade

During the prior year Transurban signed an agreement with the State of Victoria and VicRoads to jointly fund upgrades and improvements to 75 kilometres of the West Gate – CityLink – Monash Freeway corridor. On initial recognition of the agreement an intangible asset was recognised and represents future economic benefits arising from increased toll revenue as a result of the increased traffic flow from the upgrades.

16 Current liabilities - Trade and other payables

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade payables	59	280	44	79
Related party payables	233,200	69,999	257,923	109,320
Other payables	12,443	13,282	144	127
	<u>245,702</u>	<u>83,561</u>	<u>258,111</u>	<u>109,526</u>

Other payables

Other payables represents accruals for operating expenses and interest on the Trust's borrowings.

(a) Risk exposure

Information about the Trust's exposure to foreign exchange risk is provided in note 43.

17 Current liabilities - Borrowings

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Secured				
Term Debt	440,000	-	-	-
Working Capital Facilities	19,000	-	-	-
Total secured current borrowings	<u>459,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

(a) Security and fair value disclosures

Information about the terms and conditions of major borrowings, details of the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided below or in note 20.

(b) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 43.

(c) Term Debt & Working Capital Facilities

The term debt is a \$440.0 million bank facility, maturing in June 2009. The facility was fully utilised at 30 June 2008 and at 30 June 2007. This facility is fully secured against the respective rights of Hills Motorway Ltd and Hills Motorway Trust in the M2 Motorway and their assets. The interest rate applicable to the term debt is 8.5 per cent (2007: 7.0 per cent).

\$30.0 million working capital facility, maturing in June 2009. At 30 June 2008, \$19 million of this facility was drawn. This facility is fully secured against the respective rights of Hills Motorway Ltd and Hills Motorway Trust in the M2 Motorway and their assets. The interest rate applicable to the working capital facility is 8.3 per cent (2007: 6.8 per cent).

18 Current liabilities - Provisions

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Distribution to security holders	318,397	293,862	318,397	293,862
Provision for distribution to minority interests in subsidiaries	<u>30,844</u>	<u>35,805</u>	<u>-</u>	<u>-</u>
	<u>349,241</u>	<u>329,667</u>	<u>318,397</u>	<u>293,862</u>

The provision recognised in June 2007 was paid to security holders on 29 August 2007. The final 2008 distribution is payable on 27 August 2008.

19 Current liabilities - Non-interest bearing liabilities

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Unearned income (related parties)	34,667	33,333	-	-
Unearned income	54	6,093	54	6,093
Monash-CityLink-Westgate upgrade (a)	<u>135,257</u>	<u>384,526</u>	<u>135,257</u>	<u>384,526</u>
	<u>169,978</u>	<u>423,952</u>	<u>135,311</u>	<u>390,619</u>

(a) Refer to note 11 for details.

20 Non-current liabilities - Borrowings

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Secured				
Term debt	-	440,000	-	-
Airport Motorway Trust Term Debt	515,500	515,499	-	-
ED Securitisation Facility	-	150,000	-	-
Working Capital Facilities	-	19,000	-	-
Loans from related parties	<u>2,974,843</u>	<u>2,866,023</u>	<u>1,250,728</u>	<u>1,163,159</u>
	<u>3,490,343</u>	<u>3,990,522</u>	<u>1,250,728</u>	<u>1,163,159</u>

(a) Loans from related parties

\$1.3 billion was borrowed from Transurban Finance Company and was used to refinance Transurban's debt in relation to the construction of the Melbourne CityLink project. The remaining \$1.7 billion was also borrowed from Transurban Finance Company and used to finance the Group's activities.

(b) Risk exposures

Information about the Group's and parent entity's exposure to interest rate and foreign currency changes is provided in note 43.

(c) ED Funding Trust Securitisation Facility

SRG has in place a \$150 million securitisation facility over the distributions received from the ED. In September 2007 this facility was refinanced by the Transurban Group using funds raised via a syndicated bank facility.

20 Non-current liabilities - Borrowings (continued)

(d) Airport Motorway Trust Term Debt

\$515.5 million bank facility, maturing in November 2009. The facility was fully utilised at 30 June 2008. This facility is non-recourse to the Group. The interest rate applicable to the term debt is 8.4 per cent (2007: 6.8 per cent)

(e) Covenants

The Group's debt has the following Interest Coverage Ratio ("ICR") covenants:

- CityLink - ICR greater than 1.1 times
- Group - ICR greater than 1.25 times

In addition, the Group has a market capitalisation clause where gearing must not exceed 60%. Based on the balance sheet at 30 June 2008, the Group's Security price would need to close below \$2 per Security for 20 consecutive business days to trigger this clause.

In addition, the non-recourse debt at M1 and Hills has the following covenants:

- M1 Airport Motorway - ICR greater than 1.05 times
- Hills Motorway - ICR greater than 1.1 times

(f) Fair value

The fair values and carrying values of financial assets and liabilities brought to account at balance date are the same.

21 Non current liabilities - Non-interest bearing liabilities

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Promissory notes	12,973	11,645	-	-
Unearned income	-	18,000	-	18,000
Monash-CityLink-Westgate upgrade	<u>51,398</u>	<u>170,188</u>	<u>51,398</u>	<u>170,188</u>
	<u>64,371</u>	<u>199,833</u>	<u>51,398</u>	<u>188,188</u>

The Hills Motorway Trust has entered into leases with the Roads and Traffic Authority of New South Wales ("RTA"). Annual lease liabilities under these leases total \$7.0 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 Responsible Entity of the Trust, by means of the issue of non-interest bearing promissory notes to the RTA.

Promissory Notes have been included in the Financial Report as non-interest bearing liabilities at the present value of expected future repayments. As the timing and profile of these repayments is largely determined by the available equity cash flows of the M2 Motorway, the present value of the expected future repayments is determined using a discount rate of 12 per cent (2007: 12 per cent) which recognises their subordinated nature.

The face value of promissory Notes on issue at 30 June 2008 is \$96.6 million (2007: \$87.1 million). The Net Present Value at 30 June 2008 of the redemption payments relating to these Promissory Notes is \$11.6 million (2007: \$11.6 million).

21 Non current liabilities - Non-interest bearing liabilities (continued)

The indicative timing of these redemption payments is set out in the following table.

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Promissory note redemption				
Estimated Concession Note payments				
Later than 5 years but not later than 10 years	-	-	-	-
Later than 10 years but not later than 15 years	<u>96,563</u>	<u>87,125</u>	<u>-</u>	<u>-</u>
	96,563	87,125	-	-

Reconciliation

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Reconciliation of the movement in the Promissory Note liability				
Promissory Notes liability at the start of the year	11,645	11,711	-	-
Promissory Notes issued during the year	9,438	9,054	-	-
Discount of Promissory Notes on issue at the beginning of the year	103	(1,216)	-	-
Discount of Promissory Notes issued during the year	<u>(8,212)</u>	<u>(7,904)</u>	<u>-</u>	<u>-</u>
Promissory Note liability at the end of the year	12,974	11,645	-	-

22 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
The balance comprises temporary differences attributable to:				
Receivables	<u>795</u>	-	-	-
Total deferred tax liabilities	<u>795</u>	-	-	-
Movements:				
Opening balance at 1 July	-	-	-	-
Charged/(credited) to the income statement (note 7)	<u>795</u>	-	-	-
Closing balance at 30 June	<u>795</u>	-	-	-
Deferred tax liabilities to be settled within 12 months	-	-	-	-
Deferred tax liabilities to be settled after more than 12 months	<u>795</u>	-	-	-
	<u>795</u>	-	-	-

23 Issued units

The issued units of the Trust are a component of a parcel of stapled securities, each parcel comprising one share in Transurban Holdings Limited, one unit in Transurban Holding Trust and one share in Transurban International Limited.

The individual securities comprising a parcel of stapled securities cannot be traded separately.

	Consolidated	
	2008 \$'000	2007 \$'000
(a) Ordinary units		
Ordinary units fully paid	<u>6,507,180</u>	<u>5,911,399</u>
	<u>6,507,180</u>	<u>5,911,399</u>
	Consolidated	
	2008 Number '000	2007 Number '000
Ordinary units		
Ordinary units fully paid	<u>1,218,263</u>	<u>1,068,373</u>
	<u>1,218,263</u>	<u>1,068,373</u>

23 Issued units (continued)

(b) Movements in issued units

Date	Details	Notes	Consolidated		
			Number of units '000	Issue price	\$'000
1 July 2007	Opening balance		816,633		4,194,672
25 Aug 2006	Distribution Reinvestment Plan	(d)	15,708	\$6.3515	99,769
27 Sep 2006	Disposal of Treasury Securities	(g)	26	\$6.8200	175
30 Oct 2006	Disposal of Treasury Securities	(g)	48	\$7.0560	339
31 Dec 2006	Acquisition of Treasury Securities	(g)	(2,067)	\$7.0023	(14,474)
31 Dec 2006	Conversion of CARS	(f)	321	\$5.4354	1,743
3 Jan 2007	Conversion of CARS	(f)	32,523	\$5.3754	174,827
17 Jan 2007	Disposal of Treasury Securities	(g)	16	\$7.3349	117
19 Jan 2007	Options exercised	(e)	29	\$3.8800	111
7 Feb 2007	Disposal of Treasury Securities	(g)	44	\$7.4320	327
15 Feb 2007	Disposal of Treasury Securities	(g)	68	\$7.3410	499
22 Feb 2007	Disposal of Treasury Securities	(g)	22	\$7.2780	161
27 Feb 2007	Options exercised	(e)	48	\$3.8800	185
28 Feb 2007	Distribution Reinvestment Plan	(d)	17,031	\$7.0341	119,801
14 Apr 2007	Conversion of CARS	(f)	32,541	\$5.3754	174,921
8 May 2007	Acquisition of Sydney Roads Group	(h)	148,431	\$7.5300	1,117,686
26 Jun 2007	Acquisition of Sydney Roads Group	(h)	6,952	\$7.5300	52,346
	Less:				
	CARS Underwriting fees				(10,941)
	Transaction costs arising on issue of securities				(865)
30 June 2007	Balance		<u>1,068,374</u>		<u>5,911,399</u>
1 July 2007	Opening balance		1,068,374		5,911,399
27 Aug 2007	Distribution Reinvestment Plan	(e)	11,408	\$7.3638	84,006
19 Sep 2007	Disposal of treasury securities	(g)	138	\$6.7100	932
25 Sep 2007	Disposal of treasury securities	(g)	44	\$6.9400	310
4 Oct 2007	Disposal of treasury securities	(g)	50	\$6.9830	346
29 Nov 2007	Disposal of treasury securities	(g)	273	\$6.5560	1,786
5 Dec 2007	Disposal of treasury securities	(g)	30	\$6.5710	197
7 Jan 2008	Disposal of treasury securities	(g)	32	\$6.3410	203
27 Feb 2008	Distribution Reinvestment Plan	(d)	17,058	\$6.2100	105,930
11 Mar 2008	Disposal of treasury securities	(g)	27	\$5.8010	154
9 Apr 2008	Disposal of treasury securities	(g)	95	\$6.3860	604
16 Apr 2008	Disposal of treasury securities	(g)	44	\$5.8960	256
1 May 2008	Disposal of treasury securities	(g)	62	\$6.3270	392
25 Jun 2008	Disposal of treasury securities	(g)	628	\$2.4330	1,527
29 June 2008	Equity placement	(i)	120,000	\$3.3379	400,550
	Less: Transaction costs arising on issue of securities				(1,412)
30 June 2008	Balance		<u>1,218,263</u>		<u>6,507,180</u>

All units issued form part of the Transurban Group stapled securities issued. The amounts above represent the value apportioned to Transurban Holding Trust, with the remaining value apportioned to Transurban Holdings Limited and Transurban International Limited.

(c) Trust Units

Units entitle the holder to participate in distributions and the winding up of Transurban Holding Trust in proportion to the number of and amounts paid on the units held.

On a show of hands every holder of units present at a meeting in person or by proxy is entitled to one vote.

23 Issued units (continued)

(d) Distribution reinvestment plan

The Transurban Group has established a distribution reinvestment plan under which 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. Securities were issued under the plan are at a 2.5 per cent discount to the market price.

(e) Options over Trust units

Options over Trust units are granted pursuant to the Transurban Group Executive Option Plan as the Trust units form part of the Transurban Group Stapled Security. The last grant of options was 20 May 2002 which expired on 30 April 2007.

(f) Conversion of Convertible Adjusting Rate Securities ("CARS")

During the prior year all remaining CARS were converted to Transurban Group securities. On conversion 65.4 million Trust units were issued.

(g) Treasury Units

Stapled Securities (including units in the Trust) were issued to executives under the Executive Loan Plan. The stapled securities are held by the executive but will only vest in the executive in accordance with the terms of the plan. The acquired securities cannot be transferred or sold while the loan is outstanding. On forfeit the securities are sold on market.

(h) Sydney Roads group acquisition

The consideration given to the holders of SRG securities on acquisition by the Transurban Group consisted of 155.4 million Transurban Group stapled securities issued at one Transurban Group Stapled Security for every 5.7 SRG Stapled Securities held, or a cash payment of \$1.32 per SRG security totalling \$63.6 million (refer note 32).

(i) Equity Placement

Transurban raised \$658.8 million via an equity placement of 120 million securities to the Canadian Pension Plan Investment Board on 29 June 2008. Of this \$400.6 million was attributed to the Trust, with the remaining value apportioned to Transurban Holdings Limited and Transurban International Limited.

(j) Capital risk management

The Group is subject to a gearing ratio covenant imposed by Senior Secured lenders. The Group monitors capital on the basis of the gearing ratio to ensure compliance with the covenant. There have been no breaches of the covenant. For further information refer to note 20.

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

In order to maintain or adjust the capital structure, the Group may adjust the amounts of distributions paid to security holders, return capital to security holders, issue new securities or sell assets to reduce debt.

24 Reserves and retained profits/(accumulated losses)

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Reserves				
Cash flow reserve	10,518	5,157	-	-
Share-based payments reserve	<u>6,874</u>	<u>4,029</u>	<u>6,874</u>	<u>4,029</u>
	<u>17,392</u>	<u>9,186</u>	<u>6,874</u>	<u>4,029</u>

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Movements:				
<i>Cash flow reserve</i>				
Balance 1 July	5,157	(2,078)	-	-
Revaluation - gross	4,018	5,892	-	-
Transfer to net profit - gross	<u>1,343</u>	<u>1,343</u>	-	-
Balance 30 June	<u>10,518</u>	<u>5,157</u>	-	-

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Movements:				
<i>Share-based payments reserve</i>				
Balance 1 July	4,029	1,168	4,029	1,168
Amortisation of benefits	1,543	1,144	1,543	1,144
Executive loans distributions	<u>1,302</u>	<u>1,717</u>	<u>1,302</u>	<u>1,717</u>
Balance 30 June	<u>6,874</u>	<u>4,029</u>	<u>6,874</u>	<u>4,029</u>

(b) Retained profits/(accumulated losses)

Movements in retained profits/(accumulated losses) were as follows:

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance 1 July	(1,272,192)	(728,735)	(1,056,105)	(494,097)
Net profit/(loss) for the year	198,383	(27,724)	134,538	(46,275)
Distributions	<u>(622,373)</u>	<u>(515,733)</u>	<u>(622,373)</u>	<u>(515,733)</u>
Balance 30 June	<u>(1,696,182)</u>	<u>(1,272,192)</u>	<u>(1,543,940)</u>	<u>(1,056,105)</u>

(i) Cash flow reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(l). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the value of benefits issued but not exercised.

25 Minority interest

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Minority interest	<u>47,261</u>	<u>53,867</u>	-	-
	<u>47,261</u>	<u>53,867</u>	-	-

Minority interest in Airport Motorway Trust

Balance at 1 July	53,867	-	-	-
Acquisition of subsidiary	(7,427)	65,992	-	-
Profit / (loss)	15,470	5,071	-	-
Dividends paid	<u>(14,649)</u>	<u>(17,196)</u>	-	-
Balance at 30 June	<u>47,261</u>	<u>53,867</u>	-	-

26 Distributions

	Parent	
	2008 \$'000	2007 \$'000
Distributions proposed		
Final distributions payable and recognised as a liability:		
29.0 cents (2007 - 27.5 cents) per fully paid Stapled Security payable 29 August 2008	<u>319,076</u>	<u>294,744</u>
	<u>319,076</u>	<u>294,744</u>
Distributions paid during the year		
Final distribution for 2007 financial year of 27.5 cents (2006 - 25.5 cents) per fully paid Stapled Security paid 27 August 2007	294,744	207,422
Interim distribution for 2008 financial year of 28.0 cents (2007 - 26.5 cents) per fully paid Stapled Security paid 27 February 2008	<u>303,297</u>	<u>220,989</u>
Total distributions paid	<u>598,041</u>	<u>428,411</u>
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2008 and 2007 were as follows:		
Paid in cash	396,858	197,408
Executive loans - repayments	1,535	1,230
Satisfied by issue of Stapled Securities (a)	199,615	229,756
Distributions waiting to be applied to future DRP	<u>33</u>	<u>17</u>
	<u>598,041</u>	<u>428,411</u>

- (a) The value of stapled securities represents the total value of securities issued, however, this value is apportioned between Transurban Holding Trust (\$189.9 million) and Transurban Holdings Limited (\$9.7 million).

27 Key management personnel disclosures

(a) Directors

With the exception of the changes noted below, the following persons were directors of Transurban Infrastructure Management Limited, the responsible entity of the Trust during the financial year:

(i) Executive directors

Kimberley Edwards (resigned 4 April 2008)
Christopher J Lynch (appointed 18 February 2008)

(ii) Non-executive directors

David J Ryan AO
Geoffrey O Cosgriff
Jeremy GA Davis AM
Susan M Oliver
Christopher J S Renwick AM
Lindsay Maxsted (appointed 1 March 2008)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

<i>Name</i>	<i>Position</i>
Chris Brant	Chief Finance Officer (until his departure on 29 August 2008)
Brendan Bourke	Chief Operating Officer
Paul O'Shea	Group General Manager Legal and Risk Management (until his departure on 14 July 2008)
Gareth Mann	Group General Manager Development (until his departure on 23 November 2007)
David Cardiff	Group General Manager Human Resource
Ken Daley	Executive Vice President International Development
Michael Kulper	President Transurban North America

All of the above persons were also key management persons during the year ended 30 June 2007, except D Cardiff, K Daley and M Kulper who joined the Executive Management team on the appointment of Christopher Lynch, as the Transurban Group CEO.

(c) Remuneration report

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of non-executive director remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

27 Key management personnel disclosures (continued)

A Principles used to determine the nature and amount of remuneration

Non-Executive Directors

The remuneration of non-executive directors consists of director's fees and committee fees. Non-executive directors are not currently provided with any form of equity-based compensation.

The constitutions of the entities comprising the Transurban Group ("the Group") provide that the total remuneration paid in a year to non-executive directors may not exceed \$2.1 million in total for the Group.

Subject to this limit, remuneration structure and amounts for non-executive directors are recommended by the Remuneration Committee of the Board with assistance from external remuneration consultants. Liability for the Superannuation Guarantee Contribution is met from gross remuneration. The current fee arrangements were last reviewed with effect from 29 October 2007.

In September 2005, the Board resolved to discontinue previously provided retirement benefits for all participating non-executive directors with effect from 30 September 2005 such that future directors were not entitled to this benefit. The value of benefits accrued up to this date attracts interest at the statutory Fringe Benefits rate. The accrued 'frozen' retirement benefits plus interest will be paid to directors upon their retirement.

Extension of Employee Security Ownership Plan to Non-Executive Directors

The remuneration of Transurban non-executive directors (NEDs) consists of director's fees and committee fees. Non-executive directors are not currently provided with any form of equity-based compensation. Transurban Group is seeking to provide additional flexibility to the existing NED remuneration offering and further align security holder interests. To this end, the Board has approved the extension of the Employee Security Ownership Plan to the NEDs. Under the approved arrangement, the NEDs are able to sacrifice a portion of their director fees to acquire Transurban securities through a tax deferred arrangement. This arrangement is in line with the Group's overall remuneration philosophy and market practice. The Board will be seeking security holder approval at its Annual General Meeting (AGM) to be held on 27 October 2008.

Executive Directors and Executives

Transurban's remuneration philosophy is to attract, retain, motivate and reward employees who are critical to the continued growth and success of the Group. The Group's reward framework is designed to:

- offer competitive remuneration benchmarked against the external market;
- provide strong and transparent linkages between individual and group performance and rewards;
- reward and motivate employees to the highest levels of performance; and
- align employee incentives with increased security holder value.

In consultation with external remuneration consultants, the Group's executive reward framework is structured to reward both longer term growth and the achievement of short term performance targets through a combination of base salary and benefits, short-term incentives ("STI") in the form of cash bonuses and long-term incentives ("LTI") in the form of share based payments.

The proportion of each component of an executive's total remuneration is established by reference to remuneration survey data for comparable companies. As executives progress in seniority, the proportion of remuneration which is dependent on the performance of the entity increases.

The incentive component of executive remuneration is determined by:

- financial performance relative to short-term profitability targets;
- business achievements through the achievement of Group key result areas ("KRAs") which includes both financial and non-financial performance targets;
- project successes;
- total security holder return relative to other companies in the ASX Industrials index; and
- individual performance as measured by the achievement of key performance indicators ("KPIs") and the upholding of Group values.

27 Key management personnel disclosures (continued)

The remuneration of the Chief Executive Officer (CEO) is established by the Board, based on the recommendation of the Remuneration Committee. The remuneration of senior executives reporting to the CEO is established by the Remuneration Committee, based on the recommendation of the CEO.

The components of executive remuneration are as follows:

Base pay

Base pay represents the fixed component of executive remuneration and is structured as a Total Employment Cost ("TEC"). TEC consists of a mix of cash, superannuation and prescribed benefits. An executive's TEC is reviewed annually against market data for comparable roles. There are no guaranteed base pay increases fixed in any executive's contract of employment.

Benefits

Executives receive benefits including death and disability insurance, salary continuance insurance and car parking.

Short-term incentives

On an annual basis, the Group makes available Short-term Incentive payments to executives for the achievement of Group and individual performance KPIs. A target STI amount, expressed as a percentage of the executive's TEC, is specified for each executive and is subject to further adjustment for:

- The extent to which the Group has met its KRAs; and
- The extent to which the executive has achieved his/her individual KPIs.

Such adjustments can result in the actual STI payment received by the executive being above or below the targeted STI amounts. STI payments are made annually in August following annual performance reviews.

Each year, KRAs for the Group are established by the Board, based on recommendations made by the CEO. The KPIs for the CEO are established by the Board based on recommendations made by the Remuneration Committee. KPIs for executives reporting to the CEO are established by the CEO.

The Remuneration Committee is also responsible for assessing the extent to which KRAs and the KPIs set for senior executives have been achieved. To assist in making these assessments, the Committee receives reports from the Chief Finance Officer (CFO) and the CEO.

To ensure that incentives remain relevant, the Board reviews the financial and non-financial targets on an annual basis.

Long Term Incentives

On an annual basis, the Group makes available LTI allocations to executives. Two forms of LTIs were in operation during the reporting period. The Executive Loan Plan ("ELP") rewards the improvements in the price of stapled securities over a three year period utilising Total Shareholder Return ("TSR") as a performance measure. The Performance Rights Plan ("PRP") grants executives with a number of stapled securities at no cost to them, subject to the achievement of performance conditions at the end of a three year vesting period. An operational performance indicator and TSR are utilised as performance measures under the plan.

Executives based outside Australia are eligible to participate in a cash based plan similarly structured to the ELP and PRP.

Employee Security Ownership Plan

Executives may elect to participate in the Employee Security Ownership Plan on the same basis as that offered to permanent employees.

Business Generation Incentive Plan

The Group also operates a Business Generation Incentive Plan ("BGIP") in which executives may participate, depending upon their level of involvement in generating new business. The BGIP provides for cash bonuses to be paid from a bonus pool determined by the risk adjusted net present value of a project or business venture.

The BGIP is intended to reward executives for successful business generation activities, based on the increase in security holder value derived from new business. BGIP payments are determined and awarded by the Board, on the recommendation of the Remuneration Committee and the CEO.

Key Characteristics of Transurban's Business Generation Incentive Plan ("BGIP") Rewards are:

27 Key management personnel disclosures (continued)

- based on success, not effort;
- based on the added value of new business;
- determined by a risk adjusted market value analysis; and
- distributed based on contribution.

27 Key management personnel disclosures (continued)

B Details of remuneration

The remuneration amounts below represent the entire amounts paid by the Transurban Group. The full amounts have been disclosed as a reasonable basis of apportionment is not available to reflect the Trust's portion.

2008	Short-term employee benefits				Post-employment benefits			Share-based payments			Total
	Cash salary and fees \$	Value of equities acquired in lieu of cash salary/fees \$	Cash Bonus \$	Non-Monetary Benefits \$	Super-annuation \$	Long service leave \$	Retirement Benefits ⁽²⁾ \$	Termination Benefits \$	Executive Loan Plan \$	Performance Rights Plan \$	
<i>Non-executive directors</i>											
D J Ryan	385,484	-	-	-	34,694	-	-	-	-	-	420,178
G O Cosgriff	165,208	-	-	-	14,869	-	14,192	-	-	-	194,269
J G A Davis	166,070	-	-	-	20,000	-	23,642	-	-	-	209,712
S M Oliver	165,208	-	-	-	14,869	-	27,160	-	-	-	207,237
CJS Renwick	110,047	-	-	-	70,000	-	-	-	-	-	180,047
L Maxsted	49,715	-	-	-	4,474	-	-	-	-	-	54,189
<i>Executive directors</i>											
K Edwards (4)(5)(6)	1,289,868	-	9,218,000	-	100,000	86,233	-	5,249,395	529,631	191,405	16,664,532
C J Lynch ⁽¹⁾⁽³⁾	821,020	1,000,000	2,000,000	3,763	15,000	-	-	-	-	-	3,839,783
<i>Other key management personnel</i>											
C Brant ⁽¹⁰⁾	689,552	-	702,000	9,020	61,953	17,231	-	571,891	133,138	104,776	2,289,561
B Bourke ⁽¹⁾	633,182	750,000	557,300	8,480	51,627	28,478	-	119,075	97,292	97,292	2,245,434
D Cardiff	270,889	-	250,000	-	50,433	15,977	-	-	28,835	28,737	644,871
K Daley	454,420	-	1,416,200	-	100,000	29,482	-	-	(124,921)	42,641	1,917,822
G Mann ⁽⁷⁾⁽⁸⁾	236,090	-	-	-	6,470	-	-	643,191	49,386	8,217	943,354
M Kulper	478,842	-	2,616,927	-	38,700	22,401	-	-	(142,201)	41,668	3,056,337
P O'Shea ⁽⁹⁾	409,910	-	586,000	9,020	96,190	(8,124)	-	495,580	93,202	82,323	1,764,101
Total	6,325,505	1,750,000	17,346,427	30,283	679,279	191,678	64,994	6,960,057	686,145	597,059	34,631,427

27 Key management personnel disclosures (continued)

2007	Short-term employee benefits				Post-employment benefits			Share-based payments			Total
	Cash salary and fees \$	Value of equities acquired in lieu of cash salary/fees \$	Cash Bonus \$	Non-Monetary Benefits \$	Super-annuation** \$	Long service leave \$	Retirement Benefits ⁽²⁾ \$	Options \$	Executive Loan Plan \$	Performance Rights Plan \$	
<i>Non-executive directors</i>											
D J Ryan	235,191	-	-	-	21,167	-	-	-	-	-	256,358
L G Cox ⁽¹¹⁾	204,511	-	-	-	70,075	-	40,969	-	-	-	315,555
P C Byers	45,891	-	-	-	4,130	-	9,838	-	-	-	59,859
J G A Davis	83,535	-	-	-	84,000	-	20,582	-	-	-	188,117
S M Oliver	160,618	-	-	-	14,455	-	23,646	-	-	-	198,719
G O Cosgriff	144,557	-	-	-	13,010	-	12,355	-	-	-	169,922
C JS Renwick	52,409	-	-	-	105,113	-	-	-	-	-	157,522
<i>Executive directors</i>											
K Edwards	1,495,520	-	1,600,000	8,330	105,113	-	-	-	264,409	376,710	3,850,082
<i>Other key management personnel</i>											
C Brant	561,683	-	550,000	8,330	49,641	-	-	-	105,941	80,051	1,355,646
B Bourke	515,792	-	500,000	8,330	45,510	-	-	-	94,214	75,342	1,239,188
P O'Shea	325,454	-	450,000	8,330	105,124	-	-	-	73,008	56,506	1,018,422
G Mann	465,415	-	250,000	8,330	85,000	-	-	-	98,935	-	907,680
<i>5 executives receiving the highest remuneration - not already mentioned above</i>											
K Daley	343,343	-	350,000	-	105,113	-	-	-	102,046	56,506	957,008
M Kulper	425,000	-	350,000	-	55,519	-	-	-	114,379	-	944,898
Total	5,058,919	-	4,050,000	41,650	862,970	-	107,390	-	852,932	645,115	11,618,976

(a)The amounts disclosed as remuneration is that part of the value of the Executive Loan Plan benefit which is attributable to the current year portion of the vesting period.

(b)The amounts disclosed as remuneration is that part of the value of the Performance Rights Plan benefit which is attributable to the current year portion of the vesting period.

(1)Mr C Lynch and Mr B Bourke elected to receive part of their fixed remuneration in Transurban securities which were purchased on market.

(2)Retirement benefits were frozen for all participating non-executive directors at their current levels up to 30 September 2005. Interest accrues on director entitlement balances at 7.05 per cent per annum.

(3)Mr C Lynch joined the Group on 4 February 2008 as CEO elect and subsequently became CEO on April 5.

(4)Mr K Edwards was the Managing Director from the beginning of the reporting period until his retirement on 4 April 2008.

(5)Mr K Edwards's cash bonus comprises a short term incentive payment of \$1,000,000, a Strategic Milestone Incentive Plan bonus of \$5,000,000 and a Business Generation Plan Incentive of \$3,218,000.

(6)Mr K Edwards's termination payment includes the following contractual and statutory payments: \$2,470,000 being 1.3 times of fixed remuneration, \$2,139,194 being all statutory leave entitlements and notice in lieu of unexpired portion of his employment contract (from 5 April 2008 to 21 February 2009), and \$640,200 being cash payment in lieu of the expiration of long term incentives.

(7)Mr G Mann was the Group General Manager from the beginning of the reporting period until his resignation on 23 November 2007.

(8)Mr G Mann's termination payment includes a statutory payment of \$43,191 and termination payment of \$600,000.

(9)Mr P O'Shea was the Group General Manager Legal and Risk Management from the beginning of the reporting period until his departure on 14 July 2008. Mr P O'Shea's termination payment totalled \$495,580.

(10)Mr C Brant was the Chief Finance Officer until his departure on 29 August 2008. Mr C Brant's termination payment totalled \$571,891.

(11)L G Cox was chairman and a non-executive director from the beginning of the period until his resignation on 28 February 2007. Mr Cox was paid a retirement benefit of \$0.9 million.

(12)P C Byers was a non-executive director from the beginning of the period until his retirement on 23 October 2006. Mr Byers was paid a retirement benefit of \$0.3 million.

27 Key management personnel disclosures (continued)

The relative proportions of remuneration that are linked to performance and those that fixed are as follows:

	Fixed Remuneration		At risk - STI		At risk - LTI	
	2008	2007	2008	2007	2008	2007
Executive Directors Group						
C Lynch	34%	-	33%	-	33%	-
K Edwards	50%	56%	25%	25%	25%	19%
Other key management personnel of the Group						
C Brant	50%	58%	25%	18%	25%	24%
B Bourke	50%	58%	25%	18%	25%	24%
D Cardiff	60%	-	20%	-	20%	-
K Daley	50%	62%	25%	19%	25%	19%
G Mann	50%	58%	25%	18%	25%	24%
M Kulper	50%	62%	25%	19%	25%	19%
P O'Shea	50%	58%	25%	18%	25%	24%

C Service agreements

Remuneration for the CEO and the key management personnel are formalised in service agreements. Each of these agreements provides for access to performance-related cash bonuses and other benefits including death and disability insurance, salary continuance insurance and car parking. Although not specified in agreements, executives are eligible to participate in executive long term incentive plans (or equivalent cash plans for those executives located outside Australia) and the Business Generation Incentive Plan. Other major provisions of the agreements, relating to remuneration, are set out below:

Mr C Lynch, CEO

Mr C Lynch joined the Group on 4 February 2008 as CEO elect and subsequently became CEO on April 5. The key terms of the CEO's employment arrangement are in line with the Group's remuneration philosophy and market practice and are as follows:

- fixed remuneration including base salary and superannuation on commencement of \$2,000,000 to be reviewed prior to 30 June 2009 and then prior to 30 June in each subsequent year;
- a sign on award to the total value of \$1,000,000 received in the form of the Group's equity on commencement;
- a cash payment of \$2,000,000 being 100 per cent of the CEO's fixed remuneration is to be made in September 2008 in lieu of Mr C Lynch's ineligibility for consideration for a STI payment for the 2008 financial year. In each subsequent year, it will be the greater of actual performance based on the achievement of business or personal KPI's or 50 per cent of annual TEC;
- a minimum long term incentive allocation (in a form of Performance Rights Plan) of 50 per cent of TEC is to be granted on 1 November 2008. In each subsequent year, the allocation will be up to 100% of TEC. These LTIs will be subject to performance conditions and will vest three years from grant date;
- the CEO's LTI allocation will be derived by using an option valuation methodology such as the Black Scholes with Monte Carlo simulations. The number of LTIs will be derived by dividing the CEO's remuneration value by this valuation. For example, if the valuation at 1 November 2008 is \$5.00, the CEO's allocation of \$2,000,000 will be divided by this valuation to provide him with a total of 400,000 performance rights;
- term of Agreement – permanent, subject to six months notice of termination; and
- upon termination, the CEO is entitled to retain any unvested LTIs, which will vest in accordance with the performance conditions under the PRP as at the time of the allocation.

Mr K Edwards, Managing Director

The details of Mr K Edwards's service agreement up to his retirement on 4 April 2008 are as follows:

- fixed remuneration including base salary and superannuation, for the year ending 30 June 2008 of \$1,900,000 to be reviewed annually by the Remuneration Committee and the Board;

27 Key management personnel disclosures (continued)

- a Short Term Incentive Payment of \$1,600,000 being 100 per cent of his total employment cost for the year ending 30 June 2007.
- a Long Term Incentive allocation for financial year 2008 under the terms and conditions of the new Performance Rights Plan (described in Section D) equal to \$1,000,000 (or approximately 50 per cent of TEC) was offered 1 November 2007 with Stapled Securities to be acquired on market.
- the Managing Director's allocation will be derived by using an option valuation methodology such as the Black Scholes with Monte Carlo simulations or other similar method of calculation. By dividing the Managing Director's remuneration value by this adjusted valuation, the number of Stapled Securities will be derived.
- the CEO's LTI allocation will be derived by using an option valuation methodology such as the Black Scholes with Monte Carlo simulations. The number of LTIs will be derived by dividing the CEO's remuneration value by this valuation. For example, if the valuation at 1 November 2008 is \$4.00, the CEO's allocation of \$1,000,000 will be divided by this valuation to provide him with a total of 250,000 performance rights;
- term of Agreement – permanent, subject to 6 months' notice of termination;
- the payment of 1.3 times of fixed remuneration upon termination

Other Key Management Personnel

All other key management personnel have permanent service agreements that are subject to six months notice of termination. Total Employment Cost ("TEC") for these executives is reviewed annually by the Remuneration Committee and approved by the Board.

In addition to the above terms and conditions, the following Key Management Personnel service agreements include the following:

Mr K Daley

- A Strategic Milestone Incentive Plan payment equal to \$1,000,000 effective 30 June 2010.
- Access to any unvested long term incentives (pro-rated based on time served) subject to stipulated performance criteria.

Mr M Kulper

- A bonus equalling 2.0 per cent of any success fees paid to Transurban at Financial Close on Project I95, and 0.5 per cent of the amount of equity and/or other securities subscribed to the I95 project by Transurban and/or funds managed by Transurban. This bonus agreement will stay in force until 30 June 2009 unless otherwise extended by the Board.

D Share based compensation

Executive Loan Plan ("ELP")

The Executive Loan plan ("ELP") was offered in the 2006 and 2007 financial year and was structured as a performance loan plan rewarding material improvements in Transurban's securityholder returns.

Executives participating in the ELP are provided with an interest free loan to assist them to acquire stapled securities at market price. The term of the loan is three years and there is only one testing date. The stapled securities are held by the executive but will only vest in the executive in accordance with the terms of the Plan. Expiry occurs three years plus 60 days from the date of commencement of the Plan, unless the rules of the Plan otherwise provide. Holding locks are applied to the Stapled Securities to ensure that they can only be dealt with in accordance with the terms of the Plan. The acquired shares cannot be transferred or sold while the loan is outstanding.

Stapled securities vest in the executive if:

- the executive is employed by the Transurban Group for at least three years from the date of commencement of the Plan, unless the rules of the Plan otherwise provide; and
- the performance hurdle relevant to the offer is met.

27 Key management personnel disclosures (continued)

The performance hurdle involves a comparison of TSR. The TSR of Transurban's listed stapled securities is compared with the TSR of each other company (Comparator Company) in the S&P / ASX 100 Industrials (or similar or replacement index) for the whole period of comparison. The period of comparison (Performance Hurdle Test Period) is the three years post the offer date of the Plan.

Transurban and each of the Test Companies will be ranked according to their respective TSRs over the Performance Hurdle Test Period. This ranking determines the extent to which stapled securities will vest as follows:

- If Transurban's TSR is ranked at or above the 75th percentile, 100 per cent of the stapled securities will vest.
- If Transurban's TSR is ranked above the 50th percentile but below the 75th percentile, the percentage of stapled securities ("P") that will vest will be that calculated according to the following formula:

$$P = 50 + 2 \times (R_{\text{Transurban}} - 50)$$

Where: Transurban = The percentile rank of Transurban's TSR.

- If Transurban's TSR is ranked at or below the 50th percentile, none of the stapled securities will vest.

If the Stapled Securities vest in the executive:

- Then the executive can either pay the amount of the loan which needs to be repaid and which is attributable to those vested Stapled Securities, in which case they will be free to deal with those Stapled Securities as they see fit; or
- The Group will otherwise sell the vested securities and apply for the proceeds of sale in discharge of the amount of the loan which is repayable attributable to those Stapled Securities, with any surplus to be provided to the executive.

Any unvested Stapled Securities will be sold by the Group and the proceeds of sale will be applied in reduction of the repayable amount of the loan attributable to those unvested securities, with the executive having no entitlement to the surplus.

If an executive leaves the employment of the Transurban Group those unvested securities will lapse and will be sold with the proceeds being applied in repayment of the repayable portion of the loan.

All dividends and distributions payable in respect of the stapled securities acquired under the Plan, net of deductions for tax, are applied in reduction of the outstanding loan balance.

The allocation of ELP units was determined by the following:

A remuneration value was determined for each participant relative to their total employment cost. These values were referenced to external market benchmarks.

- The number of stapled securities an executive was entitled to was derived by using an option valuation methodology, such as the Black Scholes with Monte Carlo simulations, which took into account the fact that the loan will need to be repaid along with performance and other conditions. The remuneration value was then divided by this adjusted valuation to derive the number of stapled securities allocated;
- The stapled securities were acquired and transferred to each participant;
- The purchase price per stapled security was the average market price of stapled securities weighted by reference to volume over the week leading up to and including the grant date of the Plan; and
- The amount of the loan provided to a participant was equal to the purchase price per stapled security multiplied by the participant's stapled securities entitlement.

Details of securities provided to each director of Transurban Holding Trust and other key management personnel of the group are set out below.

27 Key management personnel disclosures (continued)

2008	Balance at start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at end of the year	Vested and exercisable at the end of the year
Executive directors						
K Edwards	722,500	-	-	(722,500)	-	-
C Lynch	-	-	-	-	-	-
Other key management personnel of the Group						
C Brant	293,000	-	-	-	293,000	-
B Bourke	262,000	-	-	-	262,000	-
P O'Shea	205,000	-	-	-	205,000	-
G Mann	272,500	-	-	(272,500)	-	-
D Cardiff	63,500	-	-	-	63,500	-
K Daley	174,000	-	-	-	174,000	-
M Kulper	190,000	-	-	-	190,000	-
2007	Balance at start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at end of the year	Vested and exercisable at the end of the year
Executive directors						
K Edwards	312,500	410,000	-	-	722,500	-
Non-executive directors						
C Brant	118,000	175,000	-	-	293,000	-
B Bourke	102,000	160,000	-	-	262,000	-
P O'Shea	75,000	130,000	-	-	205,000	-
G Mann	112,500	160,000	-	-	272,500	-
Grant date		Expiry date		Grant price		Value per unit at grant date
1 Nov 2005		1 Nov 2008		\$6.47		\$1.35
1 Nov 2006		1 Nov 2009		\$7.28		\$1.37

27 Key management personnel disclosures (continued)

Performance Rights Plan ("PRP")

In the May 2006 Budget, the Federal Government announced its intention to extend the employee share scheme and related capital gains tax provisions to stapled securities that include an ordinary share and are listed on the Australian Security Exchange, with effect from 1 July 2006. Given this announcement, Transurban undertook a review of its Employee Equity Plans to ensure that they remained relevant and aligned to the interests of stapled security holders and remained operable under the constitution of the Transurban Holding Trust. As a result, the Transurban Board endorsed a new Performance Rights Plan which was introduced in November 2007.

Under the PRP, Executives are granted performance rights to acquire, at no cost to them, an allocated number of stapled securities, subject to the achievement of performance conditions at the end of a three year vesting period. Two performance measures are utilised, one linked to Total Shareholder Return over a three year vesting period and the second, an operational performance measure over the same period. Each performance measure applies to 50% of the performance awards. The Plan has been structured so that rewards are only obtained if there are materially improved security holder returns and operational performance results over the three year vesting period.

There is only one testing date. The right to Stapled Securities cannot be transferred, exercised or otherwise dealt with during the vesting period. No dividends or distributions are payable in respect of the stapled securities subject of the Plan during the vesting period.

Stapled securities vest in the executive if:

- The executive is employed by the Transurban Group for at least three years from the date of commencement of the Plan, unless the rules of the Plan otherwise provide; and
- The performance hurdles relevant to the offer are met.

The scheme also allows for post employment vesting at the discretion of the Board

Performance Hurdles - TSR

The TSR performance hurdle involves a comparison of Transurban's listed stapled securities with the TSR of each other company (Comparator Company) in the S&P / ASX 100 Industrials (or similar or replacement index) for the whole period of comparison. The period of comparison (Performance Hurdle Test Period) will be three years.

TSR measures total return on investment of a security. It takes into account both capital appreciation and distributed income. It assumes a notional reinvestment of distributions paid on the security (on a pre-tax basis) in additional securities, at the market price on the day before the securities begin trading ex the relevant distribution.

Transurban and each of the Comparator Companies will be ranked according to their respective TSRs over the Performance Hurdle Test Period.

This ranking determines the extent to which 50 per cent of Stapled Securities will vest.

- If Transurban's TSR is ranked at or below the 50th percentile, none of the stapled securities will vest.
- If Transurban's TSR is ranked at or above the 75th percentile, 100 per cent of the stapled securities under this measurement will vest.
- 50 per cent of rights under this measure vest if the TSR is greater than the 50th percentile, with linear vesting between the 50th percentile and 75th percentile for the remaining 50 per cent.

Performance Hurdle - Operational Performance

The operational performance measure based on Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) growth and is as follows:

- 50 per cent of rights under this measurement vest if there is 10 per cent compound EBITDA annual growth over the vesting period from the base year;
- 100 per cent of rights under this measurement vest if there is 15 per cent compound EBITDA annual growth over the vesting period from the base year;
- linear vesting if ranking is between the two annual compound growth targets.

27 Key management personnel disclosures (continued)

Allocation of PRP Units

The allocation of PRP units will be determined by the following: a remuneration value will be determined for each participant relative to their total employment cost. These values are referenced to external market benchmarks.

The number of rights an executive was entitled to was derived by using an option valuation methodology, such as the Black Scholes with Monte Carlo simulations, which took into account performance and other conditions. The remuneration value was then divided by this adjusted valuation to derive the number of rights allocated.

Details of rights provided to each director of Transurban Holding Trust and other key management personnel of the Group are set out below.

Performance Criteria	Grant date	Vesting date	Fair value of rights at grant date	Spot price at grant date
TSR	1 Nov 2007	1 Nov 2010	\$3.50	\$7.29
EBITDA	1 Nov 2007	1 Nov 2010	\$5.96	\$7.29

Details of rights provided to each director of Transurban Holding Trust and other key management personnel of the Group are set out below:

	Number of performance rights granted 2008
Directors of Transurban Holding Trust	
C Lynch	-
K Edwards	285,714
Other key management personnel of the Group	
C Brant	100,000
B Bourke	92,857
D Cardiff	27,428
P O'Shea	78,571

Performance Rights Plan for overseas based Executives

Executives based outside Australia are eligible to participate in a cash based plan similarly structured to the PRP.

The terms and conditions of each grant of cash based PRP affecting remuneration in this reporting period are as follows:

Performance Criteria	Grant date	Vesting date	Fair value of rights at grant date	Spot price at grant date	Fair value of rights at reporting date
TSR	1 Nov 2007	1 Nov 2010	\$ 3.50	\$ 7.29	\$ 1.32
EBITDA	1 Nov 2007	1 Nov 2010	\$ 5.96	\$ 7.29	\$ 3.58

Details of rights provided to each director of Transurban Holdings Limited and other key management personnel of the Group are set out below.

27 Key management personnel disclosures (continued)

Other Key Management Personnel	Number of performance rights granted 2008
K Daley	78,751
M Kulper	76,778

E Additional information

Performance of Transurban group

As outlined in the Long Term Incentive section of this report, the reward delivered under the long-term incentive component of executive remuneration is dependent on either TSR performance or EBITDA Growth.

The table below summarises the actual and prospective relative TSR performance over the Performance Period to date in respect of unvested long term incentives. The data is indicative of results as if tested on 30 June 2008.

Long term Incentive plan	Company TSR as at 30 June 2008	indicative percentile Rank	Indicative Number of Rights Vesting ⁽¹⁾
Executive Loan Plan 2006	(16.4)%	37.1%	-
Executive Loan Plan 2007	(30.7)%	34.2%	-
Performance Rights Plan 2008	(35.4)%	43.6%	-

⁽¹⁾All Performance Rights vest where the Group's relative TSR is at the 75th percentile (i.e. where TSR is higher than 75% of the peer group).

The table below illustrates the Company's annual compound growth in EBITDA for Rights granted under the Performance Rights Plan with a 10% and 15% hurdle of annual compound growth.

Long term Incentive plan	Company Compound EBITDA growth as at 30 June 2008	Indicative Number of Rights Vesting ⁽¹⁾
Performance Rights Plan 2008	1.2%	-

⁽¹⁾All Performance Rights vest where the Group's compound EBITDA growth is above 15%. No rights vest if it is below 10%.

Cash Bonuses and Long Term Incentives

Cash Bonuses

Remuneration of the Group's executives includes a short term incentive (STI) component and each executive has the potential to receive 100 per cent (and over, depending on out performance) of his or her target STI payment. The actual STI payment received by each executive is determined by the extent to which the executive's KPIs are met.

Cash bonuses aggregating \$7.5 million were accrued under the Business Generation Incentive Plan in relation to the achievement of the Capital Beltway project in the US. Cash bonuses aggregating \$1.055 million were accrued under the Business Generation Incentive Plan in relation to the achievement of the DRIVE project in the US. The project was to create a more efficient vehicle for international investment.

For each cash bonus paid to the key management personnel listed in the above tables, the percentage of the available bonus that was paid in the financial year and the percentage that was forfeited because the person did not meet his or her performance criteria are set out below. No part of the cash bonuses are payable in future years.

27 Key management personnel disclosures (continued)

	Targeted Paid %	Bonus Forfeited %
Directors of the Group		
C Lynch	100	-
K Edwards	100	-
Other key management personnel of the Group		
C Brant	96	4
B Bourke	96	4
D Cardiff	260	-
K Daley	99	1
M Kulper	99	1
P O'Shea	97	3

Long Term Incentive Units

Further details relating to long term incentives are set out below.

	A Remuneration %	B Value at grant date \$	C Value at exercise date \$	D Value at lapse date \$
K Edwards - Executive Loan Plan 2006	29	437,500	188,440	-
K Edwards - Executive Loan Plan 2007	35	560,000	308,244	32,947
K Edwards - Performance Rights Plan 2008	50	1,000,000	-	191,405
C Brant - Executive Loan Plan 2006	30	165,000	-	-
C Brant - Executive Loan Plan 2007	40	240,000	-	-
C Brant - Performance Rights Plan 2008	50	350,000	-	-
B Bourke - Executive Loan Plan 2006	30	142,500	-	-
B Bourke - Executive Loan Plan 2007	40	220,000	-	-
B Bourke - Performance Rights Plan 2008	50	325,000	-	-
D Cardiff - Executive Loan Plan 2006	20	40,000	-	-
D Cardiff - Executive Loan Plan 2007	20	44,000	-	-
D Cardiff - Performance Rights Plan 2008	30	96,000	-	-
K Daley - Executive Loan Plan 2006	30	103,950	-	-
K Daley - Executive Loan Plan 2007	30	126,000	-	-
K Daley - Performance Rights Plan 2008	50	275,000	-	-
G Mann - Executive Loan Plan 2006	20	67,000	-	20,213
G Mann - Executive Loan Plan 2007	30	108,000	-	29,173
G Mann - Performance Rights Plan 2008	40	160,000	-	8,217
M Kulper - Executive Loan Plan 2006	20	36,080	-	-
M Kulper - Executive Loan Plan 2007	30	135,000	-	-
M Kulper - Performance Rights Plan 2008	50	268,725	-	-
P O'Shea - Executive Loan Plan 2006	30	105,000	-	-
P O'Shea - Executive Loan Plan 2007	40	168,000	-	-
P O'Shea - Performance Rights Plan 2008	50	275,000	-	-

A = The percentage of the value of remuneration, based on the value at grant date set out in column B.

B = The value at grant date calculated in accordance with AASB 2 Share - based Payment.

C = The value at exercise date that were granted as part of remuneration and were exercised/matured during the year.

D = The value at lapse date that were granted as part of remuneration and that lapsed during the year

Mr Lynch did not participate in any of the plans due to his employment with the Group commencing after the plans were in operation

27 Key management personnel disclosures (continued)

Stapled Security holdings

The number of Transurban Group Stapled Securities and Convertible Adjusting Rate Securities ("CARS") held during the financial year by each director of Transurban Infrastructure Management Limited and other key management personnel, including their personally-related entities, are set out below.

Stapled Securities

2008

	Balance at start of the year	Received during the year via the Performance Rights Plan	Received during the year via the Executive Loan Plan	Other changes during the year	Balance at end of the year
Non-executive directors					
D J Ryan	24,091	-	-	33,209	57,300
G O Cosgriff	48,611	-	-	67,425	116,036
J G A Davis	55,592	-	-	69,413	125,005
S M Oliver	41,831	-	-	8,687	50,518
C J S Renwick	21,552	-	-	-	21,552
Executive directors					
K Edwards	2,033,500	285,714	-	(2,319,214)	-
C Lynch	-	-	-	152,800	152,800
Other key management personnel					
C Brant	296,392	-	-	1,575	297,967
B Bourke	671,328	92,857	-	28,333	792,518
P O'Shea	442,489	78,571	-	81,799	602,859
G Mann	272,707	-	-	(272,707)	-
D Cardiff	167,443	27,428	-	190	195,061
K Daley	365,332	78,571	-	-	443,903
M Kulper	-	76,778	-	80,000	156,778

2007

	Balance at start of the year	Received during the year via the Performance Rights Plan	Received during the year via the Executive Loan Plan	Other changes during the year	Balance at end of the year
Non-executive directors					
D J Ryan	22,394	-	-	1,697	24,091
G O Cosgriff	31,110	-	-	17,501	48,611
J G A Davis	51,817	-	-	3,775	55,592
S M Oliver	68,009	-	-	(26,178)	41,831
C J S Renwick	-	-	-	21,552	21,552
Executive directors					
K Edwards	1,873,500	-	410,000	(250,000)	2,033,500
Other key management personnel					
C Brant	119,448	-	175,000	1,944	296,392
B Bourke	474,749	-	160,000	36,579	671,328
P O'Shea	437,324	-	130,000	(124,835)	442,489
G Mann	112,600	-	160,000	107	272,707

27 Key management personnel disclosures (continued)

CARS

2007

	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year	Matured and payable at the end of the year
Non-executive directors					
D J Ryan	-	-	-	-	-
G O Cosgriff	121	-	(121)	-	-
J G A Davis	-	-	-	-	-
S M Oliver	-	-	-	-	-
C J S Renwick	-	-	-	-	-
Executive directors					
K Edwards	-	-	-	-	-
Other key management personnel					
C Brant	-	-	-	-	-
B Bourke	400	-	(400)	-	-
P O'Shea	-	-	-	-	-
G Mann	-	-	-	-	-

No directors of the Group or other key management personnel of the Group had any interests in CARS for the year ended 2008 30 June.

28 Remuneration of auditors

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

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Amounts received or due and receivable by PricewaterhouseCoopers				
<i>Audit and Other Assurance Services</i>				
Audit and review of financial reports	<u>128,250</u>	333,500	<u>128,250</u>	49,700
Total audit and other assurance services	<u>128,250</u>	<u>333,500</u>	<u>128,250</u>	<u>49,700</u>
<i>Taxation services</i>				
Tax compliance services	-	150,635	-	108,635
Tax consulting services	-	24,800	-	24,800
Total taxation services	<u>-</u>	<u>175,435</u>	<u>-</u>	<u>133,435</u>
Total remuneration for PricewaterhouseCoopers	<u>128,250</u>	<u>508,935</u>	<u>128,250</u>	<u>183,135</u>

It is the Transurban Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the consolidated entity are important. These assignments are principally tax advice and financial due diligence.

29 Contingencies

Contingent liabilities

Transurban DRIVE Holdings LLC ("DRIVE"), a related party of the Transurban Group, holds a concession agreement with The Commonwealth of Virginia to construct and operate High Occupancy Toll ("HOT") lanes on the Capital Beltway ("Capital Beltway project"), a ring road that runs around Washington DC. The project is currently in the pre-construction phase, with full construction expected to commence in the coming months. Construction is expected to take five years and the tolling concession will operate for 75 years.

On 20 December 2007 (and as amended on 12 June 2008) the Transurban Group, through the entities in the triple staple, being Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited (as responsible entity of the Transurban Holding Trust), entered into an agreement with Capital Beltway Express LLC ("Capital Beltway Express"), a subsidiary of DRIVE, the Virginia Department of Transportation, Goldman Sachs Capital Markets L.P., Depfa Bank plc and Wells Fargo Bank N.A. to provide an Equity Funding Guarantee ("the Guarantee") over all of DRIVE's equity obligations associated with funding the equity contributions to the Capital Beltway project.

The Transurban Group owns 75 per cent of the equity of DRIVE and recognises this investment in the consolidated financial statements using the equity method of accounting. DRIVE holds 90% of the equity in Capital Beltway Express and, from time to time, is required to make equity contributions to Capital Beltway Express to fund the equity component of the Capital Beltway project costs. The total equity contribution DRIVE is obliged to make to Capital Beltway Express is US\$313,825,757, of which US\$98,254,463 had been paid at balance sheet date.

In accordance with the DRIVE Holdings LLC Agreement, should a DRIVE member default on any capital calls, the Transurban Group has the right to acquire their share of DRIVE at a 50 per cent discount to its fair value. As such in the instance of the Guarantee being called, the Transurban Group may exercise its right to the interest in DRIVE at a discounted value.

30 Commitments

(i) Promissory Notes

The Responsible Entity, on behalf of the Hills Motorway Trust, has entered into leases with the Roads and Traffic Authority of New South Wales ("RTA"). Annual lease liabilities under these leases total \$7.0 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 the discretion of the Responsible Entity, by means of the issue of non-interest bearing promissory notes to the RTA. Refer to note 21 for details.

31 Related party transactions

(a) Parent entities

The parent entity within the Group is the Transurban Holding Trust. The ultimate parent entity of the Transurban Group is Transurban Holdings Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 33.

(c) Key management personnel

Disclosure relating to key management personnel are set out in note 27.

(d) Other related parties

All of the directors of Transurban Infrastructure Management Limited are also directors of Transurban Holdings Limited. Mr Ryan and Mr Lynch are directors of Transurban International Limited. The following services are provided by the Trust to these consolidated entities:

- Financial support through interest bearing and non-interest bearing loans; and/or
- The rental of land.

Financial support is received from Transurban Finance Company in the form of an interest bearing loan. The Trust pays interest and related finance charges for such loan.

Transurban Infrastructure Management Limited is the Responsible Entity of Transurban Holding Trust, CityLink Trust and CARS Trust and receives Responsible Entity and Management Fees.

31 Related party transactions (continued)

Aggregate amounts of each of the above types of other transactions with directors of Transurban Infrastructure Management Limited:

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Amounts recognised as revenue</i>				
Rental income	211,271,599	182,382,820	-	-
Interest income	<u>342,319,336</u>	<u>158,108,692</u>	<u>98,216,091</u>	<u>2</u>
	<u>553,590,935</u>	<u>340,491,512</u>	<u>98,216,091</u>	<u>2</u>
<i>Amounts recognised as expenses</i>				
Interest and other related charges paid	222,258,506	207,283,553	-	-
Responsible Entity fees	2,422,736	4,464,127	1,182,423	1,148,449
Management fees	-	32,624,436	-	31,435,718
	<u>224,681,242</u>	<u>244,372,116</u>	<u>1,182,423</u>	<u>32,584,167</u>

Aggregate amounts of assets at balance date relating to the above types of other transactions with directors of the Group:

Current receivables	93,829,453	13,264,140	14,632,858	10,424,961
Non-current receivables	<u>782,126,113</u>	<u>940,319,850</u>	<u>515,513,176</u>	<u>591,126,470</u>
	<u>875,955,566</u>	<u>953,583,990</u>	<u>530,146,034</u>	<u>601,551,431</u>

Aggregate amounts payable at balance date relating to the above types of other transactions with directors of the Group:

Current payables	233,201,211	69,999,019	257,923,066	109,319,850
Unearned income	<u>34,666,667</u>	<u>33,333,400</u>	-	-
	<u>267,867,878</u>	<u>103,332,419</u>	<u>257,923,066</u>	<u>109,319,850</u>

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Interest and finance charges</i>				
Joint venture partnership	<u>66,861,277</u>	<u>61,098,250</u>	-	-
	<u>66,861,277</u>	<u>61,098,250</u>	-	-
<i>Distributions</i>				
Subsidiaries - revenue	-	-	<u>136,863,930</u>	<u>87,962,691</u>
	-	-	<u>136,863,930</u>	<u>87,962,691</u>

31 Related party transactions (continued)

(e) Outstanding balances arising from the provision of services

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current receivables - interest and finance charges	-	7,317,140	-	-
	<u>-</u>	<u>7,317,140</u>	<u>-</u>	<u>-</u>

(f) Loan to/from related parties

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Loans to subsidiaries</i>				
Beginning of the year	-	-	-	-
Loans advanced	-	-	-	-
Loan repayments received	-	-	-	-
End of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Loans from subsidiaries</i>				
Beginning of the year	-	-	1,163,159,128	809,363,442
Loans advanced	-	-	1,144,053,878	1,408,260,352
Loan repayments received	-	-	(1,030,277,240)	(1,054,464,666)
Foreign exchange movements	-	-	(26,207,821)	-
End of year	<u>-</u>	<u>-</u>	<u>1,250,727,945</u>	<u>1,163,159,128</u>
<i>Loan to associate</i>				
Beginning of the year	557,731,127	469,767,198	-	-
Loans advanced	-	26,865,894	-	-
Loan repayment received	(25,751,528)	-	-	-
Interest capitalised	26,243,863	61,098,035	-	-
End of year	<u>558,223,462</u>	<u>557,731,127</u>	<u>-</u>	<u>-</u>
<i>Loans to other related parties</i>				
Beginning of the year	4,668,460,874	3,576,386,000	1,344,486,349	264,000,000
Loans advanced	896,083,213	2,216,997,905	456,009,468	1,113,888,007
Loans repayments received	(674,540,969)	(1,091,130,184)	(356,852,331)	(33,501,658)
Foreign exchange movements	(36,014,815)	(33,792,847)	(36,014,815)	-
End of year	<u>4,853,988,303</u>	<u>4,668,460,874</u>	<u>1,407,628,671</u>	<u>1,344,386,349</u>
<i>Loans from other related parties</i>				
Beginning of the year	2,866,023,030	2,531,810,000	-	(1,632,319)
Loans advanced	1,300,107,247	1,777,287,599	-	1,632,319
Loans repayments received	(1,165,143,401)	(1,416,547,044)	-	-
Foreign exchange movements	(26,143,828)	(26,527,525)	-	-
End of year	<u>2,974,843,048</u>	<u>2,866,023,030</u>	<u>-</u>	<u>-</u>

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

31 Related party transactions (continued)

(g) Loan to associate

The "loan to associate" is via Term Loan Notes ("TLN"). The TLN represent the Group's funding contribution to the Westlink Motorway Partnership and earn interest at a fixed rate of 11.93 per cent until the earlier of 34 years and the termination of the "Agreement to Lease" between the Roads and Traffic Authority of New South Wales 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 TLN have not been affected by equity accounting losses from the associate.

(h) Terms and conditions

All transactions were made on normal terms and conditions and at market rates.

32 Business combination

(a) Additional 2.5 per cent interest in Westlink M7

On 29 September 2006 Transurban AL Trust, a subsidiary of Transurban CARS Trust, acquired 100 per cent of the issued capital of Abigroup Westlink Partner Holding No. 2 Pty Limited and its subsidiary Abigroup Westlink Partner No. 2 Pty Limited.

The acquired entities contributed \$2.5 million of net profit to the Group for the period 29 September 2006 to 30 June 2007. If the acquisition had occurred on 1 July 2006, consolidated revenue and consolidated losses for the year ended 30 June 2007 would have been \$430.9 million and \$22.9 million respectively.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Purchase consideration	
Cash paid	<u>34,300</u>
Total purchase consideration	<u>34,300</u>
Fair value of net identifiable assets acquired	<u>34,300</u>
Goodwill	<u>-</u>

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Term loan notes	26,866	26,866
Investment in associate entities	<u>-</u>	<u>7,434</u>
Net assets	<u>26,866</u>	<u>34,300</u>

32 Business combination (continued)

(b) Sydney Roads Group acquisition

On 11 April 2007 the Transurban Group acquired a controlling interest in the Sydney Roads Group.

The acquired entities contributed revenues of \$23.8 million and net profit of \$15.5 million for the period from the 11 April 2007 until 30 June 2007. If the acquisition had occurred on 31 July 2006 (the date of formation of the Sydney Roads Group), consolidated revenue and consolidated profit for the year ended 30 June 2007 would have been \$516.8 million and \$3.7 million respectively.

These amounts have been calculated using the groups accounting policies and by adjusting the results of the subsidiaries to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 31 July 2006 together with the consequential tax effects.

Details of the fair value of assets and liabilities acquired are as follows:

	\$'000
Purchase consideration	
Equity consideration	1,170,034
Direct costs relating to the acquisition	17,985
Loan to Transurban Holdings Limited	<u>(1,113,988)</u>
Total purchase consideration	74,031
Fair value of net identifiable assets acquired	<u>74,031</u>
Goodwill	<u>-</u>

Purchase consideration

	Consolidated		Parent	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Outflow of cash to acquire Sydney Roads Group, net of cash acquired				
Cash consideration:				
Cash transaction costs	-	5,352	-	5,352
Less: Cash acquired	<u>-</u>	<u>(25,605)</u>	<u>-</u>	<u>(25,605)</u>
Outflow of cash	<u>-</u>	<u>(20,253)</u>	<u>-</u>	<u>(20,253)</u>

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount	Fair value
	\$'000	\$'000
Cash	25,605	25,605
Prepayments and other receivables	1,893	1,893
Derivative financial instruments	8,774	8,774
Receivables - related parties	801,075	801,075
Trade and other payables	(31,823)	(31,823)
Borrowings	<u>(665,501)</u>	<u>(665,501)</u>
Net assets	<u>140,023</u>	<u>140,023</u>
Minority interests		(65,992)
Goodwill		<u>-</u>
Net identifiable assets acquired		<u>74,031</u>

33 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding *	
			2008 %	2007 %
The CityLink Trust	Australia	Ordinary	100	100
Transurban Finance Trust	Australia	Ordinary	100	100
Transurban AL Trust	Australia	Ordinary	100	100
Transurban CARS Trust	Australia	Ordinary	100	100
Transurban WSO Trust	Australia	Ordinary	100	100
Hills Motorway Trust	Australia	Ordinary	100	100
T (895) Finance Trust	Australia	Ordinary	100	100
Abigroup Westlink Partner Holding No.4 Pty Ltd	Australia	Ordinary	100	100
Abigroup Westlink Partner No.4 Pty Ltd	Australia	Ordinary	100	100
LMI Westlink Partner Holding No.4 Pty Ltd	Australia	Ordinary	100	100
LMI Westlink Partner No.4 Pty Ltd	Australia	Ordinary	100	100
Abigroup Westlink Partner Holding No.2 Pty Ltd	Australia	Ordinary	100	100
Abigroup Westlink Partner No.2 Pty Limited	Australia	Ordinary	100	100
Sydney Roads Trust ^	Australia	Ordinary	100	100
Eastern Distributor Funding Trust ^	Australia	Ordinary	100	100
Airport Motorway Trust ^	Australia	Ordinary	75.10	71.35

* The proportion of ownership interest is equal to the proportion of voting power held.

^ Acquired on 11 April 2007 as part of the Sydney Roads Group acquisition.

34 Acquisition of additional interest in Airport Motorway Group

On 14 September 2007, the Transurban Group acquired an additional 3.75 per cent interest in the Airport Motorway Group ("AMG"), the owner of the concession for the M1 Eastern Distributor in Sydney, for cash consideration of \$46.5 million. As part of the acquisition, Transurban Holding Trust paid \$11.6 million, of which \$7.4 million was paid to acquire an additional 3.75 per cent of Airport Motorway Trust, and \$4.2 million was paid for the receipt of debentures.

The Transurban Group acquired a 71.35 per cent interest in AMG, as part of its takeover of Sydney Roads Group in April 2007. As at 31 December 2007, Transurban holds a 75.1 per cent interest in AMG.

35 Investments in associates

(a) Carrying amounts

Name of company	Principal activity	Ownership interest		Consolidated		Parent	
		2008	2007	2008	2007	2008	2007
		%	%	\$'000	\$'000	\$'000	\$'000
Westlink Motorway Limited		47.5	47.5	-	-	-	-
WSO Finance Pty Limited		47.5	47.5	-	-	-	-
Westlink Motorway Partnership		47.5	47.5	-	-	-	-

Each of the above is a member of the Westlink Motorway Group, established to invest in, construct and operate the Westlink M7 toll road in Sydney. All were incorporated in Australia.

Westlink Motorway Limited is the nominee manager of the Westlink Motorway Partnership and is carried at \$90.

WSO Finance Pty Limited is the financier of the Westlink M7 toll road and is carried at \$90.

Westlink Motorway Partnership was responsible for the construction of the Westlink M7 Motorway in Sydney. The M7 opened for operation on 16 December 2005.

Consolidated	
2008	2007
\$'000	\$'000

(b) Movements in carrying amounts

Carrying amount at the beginning of the financial year	-	15,732
Additional investment acquired	-	7,434
Share of losses	-	(23,166)
Carrying amount at the end of the financial year	-	-

(c) Share of losses

(Loss) before income tax	-	(23,166)
Income tax expense	-	-
(Loss) after income tax	-	(23,166)

(d) Losses not recognised

Balance at 1 July	16,595	-
Unrecognised losses for the year	19,402	16,595
Balance at 30 June	35,997	16,595

35 Investments in associates (continued)

(e) Summarised financial information

	Ownership Interest %	Group's share of:			
		Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit \$'000
2008					
Westlink Motorway Limited		-	-	-	-
WSO Finance Pty Limited		45,087	45,087	58,976	-
Westlink Motorway Partnership		<u>777,253</u>	<u>813,183</u>	<u>64,519</u>	<u>(19,666)</u>
		<u>822,340</u>	<u>858,270</u>	<u>123,495</u>	<u>(19,666)</u>
2007					
Westlink Motorway Limited	-	-	-	-	-
WSO Finance Pty Limited	-	28,500	28,500	63,430	-
Westlink Motorway Partnership	-	<u>898,968</u>	<u>947,843</u>	<u>29,720</u>	<u>(39,761)</u>
		<u>927,468</u>	<u>976,343</u>	<u>93,150</u>	<u>(39,761)</u>
				Consolidated	
				2008	2007
				\$'000	\$'000

(f) Share of expenditure commitments

Capital commitments

_____	-	_____	177
_____	-	_____	177

(g) Contingent liabilities

As at reporting date there are no contingent liabilities.

36 Economic dependency

The consolidated entity is reliant on distributions from the CityLink Trust and the Hills Motorway Trust and interest on Term Loan Notes and on continuing funding by entities within the Transurban Group for its ongoing viability.

37 Events occurring after the balance sheet date

On 14 August 2008, Transurban exercised its pre-emptive rights under the Westlink Equity Participants Deed to acquire an additional 2.5 per cent of the Westlink M7 for a consideration of \$38.0 million. This takes Transurban's stake in the Westlink M7 to 50 per cent.

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

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Profit/(loss) for the year	213,853	(22,653)	134,538	(46,275)
Depreciation and amortisation	108,933	105,030	3,925	-
Amortisation deferred borrowing costs	-	2,752	479	259
Share of loss of associates and joint venture partnership	-	23,166	-	-
Capitalised TLN interest	(26,244)	(61,098)	-	-
Distribution income	-	-	(93,724)	(16,738)
Non cash finance costs	13,008	(18,700)	(13,008)	-
Fair value adjustment to derivatives	(782)	-	-	-
Change in operating assets and liabilities				
(Increase) in receivables	(106,372)	(967)	(124,995)	(81)
Decrease (Increase) in prepayments	-	(254)	-	83
Non cash related party loans	(298,016)	-	-	-
Increase in deferred tax assets	796	-	-	-
increase (Decrease) in payables	3,240	(1,951)	342	102
Unearned income	-	33,591	-	(38)
Increase in Promissory Note liability	1,260	1,150	-	-
Loans to/from related parties	-	(186,646)	14,632	3,713
Increase in provisions	-	-	(69)	-
Net cash (outflow) from operating activities	<u>(90,324)</u>	<u>(126,580)</u>	<u>(77,880)</u>	<u>(58,975)</u>

39 Non-cash investing and financing activities

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Distributions satisfied by the issue of units under the distribution reinvestment plan	189,963	219,570	189,936	219,570
Stapled securities issued as part of the acquisition of Sydney Roads Group	-	1,169,169	-	1,169,169
Conversion of CARS to Transurban Stapled Securities	-	351,491	-	351,491
	<u>189,963</u>	<u>1,740,230</u>	<u>189,936</u>	<u>1,740,230</u>

40 Earnings per unit

	Consolidated	
	2008	2007
	Cents	Cents
Basic earnings per unit attributable to ordinary unit holders	18.2	(3.1)
Diluted earnings per unit attributable to ordinary unit holders	18.2	(3.1)
	Consolidated	
	2008	2007
	\$'000	\$'000
<i>Basic earnings per unit</i>		
Profit from continuing operations	213,853	(22,653)
Profit from continuing operations attributable to minority interests	<u>(15,470)</u>	<u>(5,071)</u>
Profit from continuing operations attributable to the ordinary equity holders of the Trust used in calculating basic earnings per unit	198,383	(27,724)
	Consolidated	
	2008	2007
	Number	Number
Weighted average number of units used in calculating basic and diluted earnings per unit	1,088,861,291	880,884,193
Adjustments for calculation of diluted earnings per unit:		
Performance rights	<u>452,071</u>	<u>-</u>
Weighted average number of units and potential units used as the denominator in calculating diluted earnings per share	<u>1,089,313,362</u>	<u>880,884,193</u>

(a) Information concerning the classification of units

(i) Stapled securities

Stapled Securities, and therefore units, are fully paid and have been recognised in the determination of basic earnings per unit.

41 Intra-group guarantees

As at 30 June 2008, 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 directly and/or indirectly supports each other and its controlled entities within the group on a continual basis.

42 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(i) Valuation of Promissory notes and Concession Notes Receivable

The Trust holds non-interest bearing long term debt represented by promissory notes and a long term receivable that offsets a concession notes liability held in CityLink Melbourne, that are included in the financial statements at the present value of expected future repayments. The calculations to discount these notes to their present value are based on the timing and profile of the repayments. Assumptions are made in determining the timing and profile, based on expected available equity cash flows of the Trust's cash generating units.

A discount rate is used to value the promissory notes and concession notes receivable to their present value, which is determined through reference to other facilities in the market with similar characteristics.

42 Critical accounting estimates and judgements (continued)

(ii) Impairment of Assets

The Group tests whether its cash generating units have suffered any impairment when an event occurs that indicates that this may be the case. The recoverable amount of any cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions regarding traffic flows, discount rates, growth rates and other factors affecting operating activities.

43 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, ie not as trading or other speculative instruments. The Group uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and cash flow forecasting for foreign exchange risks.

Risk management is carried out by the Finance Group under policies approved by the Board of Directors. The Finance Group identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board are informed on a regular basis of any material exposures to financial risks.

(a) Market risk

(i) Foreign exchange risk

The Group is a member of a wider Transurban Group which operates internationally and is exposed primarily to foreign exchange risk arising from currency exposures to the US Dollar. The Group is also exposed to foreign exchange risk on its portion of US private placement borrowings. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting.

Forward contracts, transacted by the Finance Group, are used to manage foreign exchange risk. The Finance Group is responsible for managing exposures in each foreign currency by using external forward currency contracts. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2008 USD \$'000	30 June 2007 USD \$'000
Receivables	320,016	204,153
Payables	(254,969)	(209,708)
Net exposure	65,047	(5,555)

The above table is presented in the currency in which the exposure exists.

43 Financial risk management (continued)

The carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars except as set out below:

	30 June 2008 USD \$'000	30 June 2007 USD \$'000
Receivables	293,228	203,464
Trade payables	(228,869)	(209,196)
Net exposure	64,359	(5,732)

Group sensitivity

Based on the financial instruments held at 30 June 2008, had the Australian dollar strengthened by 10c or weakened by 15c against the U.S. dollar with all other variables held constant, the Group's post-tax profit for the year would have been \$7,228,000 lower or \$14,455,000 higher, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table.

Based on the financial instruments held at 30 June 2007, had the Australian dollar strengthened by 15c or weakened by 15c against the U.S. dollar with all other variables held constant, the Group's post-tax profit for the year would have been \$1,122,000 higher or \$1,648,000 lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table. Profit is more sensitive to movements in the Australian dollar/US dollar exchange rates in 2008 than 2007 because of the increased amount of US dollar denominated receivables.

Equity is not impacted by movements in foreign exchange. The Group's exposure to other foreign exchange movements is not material.

Parent entity sensitivity

Based on the financial instruments held at 30 June 2008, had the Australian dollar strengthened by 10c or weakened by 15c against the U.S. dollar with all other variables held constant, the Group's post-tax profit for the year would have been \$7,151,000 lower or \$14,302,000 higher (2007 - \$1,158,000 higher or \$1,700,000 lower), mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table. Profit is more sensitive to movements in the Australian dollar/US dollar exchange rates in 2008 than 2007 because of the increased amount of US dollar denominated receivables.

Equity is not impacted by movements in foreign exchange. The Parent entity's exposure to other foreign exchange movements is not material.

(ii) Cash flow interest rate risk

Group

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly semi-annually), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Group's risk management policy is to hedge at least 80 per cent of its borrowings out to 5 years in fixed rate instruments. Beyond 5 years the maturity of the hedge should match the maturity of the underlying debt.

43 Financial risk management (continued)

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

	30 June 2008		30 June 2007	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Consolidated Group				
Cash and cash equivalents	7.1	(45,882)	6.2	(268,995)
Floating Rate Borrowings	8.4	2,346,500	6.9	2,283,500
Interest rate swaps (notional principal amount)	8.0	<u>(1,862,804)</u>	6.6	<u>(1,382,804)</u>
Net exposure to cash flow interest rate risk		<u>437,814</u>		<u>631,701</u>
Parent				
Cash and cash equivalents	7.1 %	(1,308)	6.2 %	(183,836)
Floating Rate Borrowings	8.4 %	615,327	6.9 %	466,494
Interest rate swaps (notional principal amount)	8.2 %	<u>(439,409)</u>	- %	<u>-</u>
Net exposure to cash flow interest rate risk		<u>174,610</u>		<u>282,658</u>

An analysis by maturities is provided in (c) below.

Group sensitivity

The Group's main interest rate risk arises from cash equivalents and loans and other receivables with variable interest rates. At 30 June 2008, if interest rates had changed by +/-100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$4,378,000 lower/higher (2007 - \$6,317,000 lower/higher), mainly as a result of additional hedging and offset by lower interest income from cash and cash equivalents.

Parent entity sensitivity

The parent entity's main interest rate risk arises from cash equivalents and loans and other receivables with variable interest rates. At 30 June 2008, if interest rates had changed by +/-100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$1,746,000 lower/higher (2007 - \$2,827,000 lower/higher), mainly as a result of additional hedging offset by lower interest income from cash and cash equivalents.

(b) Credit risk

The Group has no significant concentrations of credit risk from Operating Activities. The Group has policies in place to ensure that transactions are made with commercial customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group continually monitors the credit ratings and credit exposure of each counterparty. The Group does not obtain any security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The Group's investment in the Westlink Motorway (WM7) is through Term Loan Notes (see note 12 for details) The return on these Notes is ultimately dependent on the performance of the Motorway. The Group continually monitors the performance and expected cash flows of the Motorway.

43 Financial risk management (continued)

(c) 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 manages liquidity risk by continuously monitoring forecast and actual cash flows.

Financing arrangements

The Group and the parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated		Parent entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Floating rate				
Expiring within one year	96,000	50,000	85,000	50,000
Expiring beyond one year	<u>531,759</u>	<u>194,000</u>	<u>531,759</u>	<u>183,000</u>
	<u>627,759</u>	<u>244,000</u>	<u>616,759</u>	<u>233,000</u>

The facilities are committed for the term of the facility and cannot be withdrawn by the bank without notice.

Maturities of financial liabilities

The tables below analyse the Group's and the parent entity's financial liabilities, net settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the reporting date.

Group - At 30 June 2008	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 (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives								
Non-interest bearing	743,243	61,800	-	-	-	12,973	818,016	818,01
Variable rate	657,819	674,579	114,535	214,672	480,042	967,685	3,109,332	2,346,50
Fixed rate	<u>57,863</u>	<u>209,354</u>	<u>51,014</u>	<u>268,712</u>	<u>74,363</u>	<u>1,913,113</u>	<u>2,574,419</u>	<u>1,593,53</u>
Total non-derivatives	<u>1,458,925</u>	<u>945,733</u>	<u>165,549</u>	<u>483,384</u>	<u>554,405</u>	<u>2,893,771</u>	<u>6,501,767</u>	<u>4,758,05</u>
Derivatives								
Net settled (interest rate swaps)	(48,102)	(41,904)	(29,567)	(20,387)	(14,101)	(44,204)	(198,265)	(2,91)
Net settled (cross-currency interest rate swaps)	<u>33,454</u>	<u>31,591</u>	<u>29,076</u>	<u>26,806</u>	<u>28,593</u>	<u>79,315</u>	<u>228,835</u>	<u>20,66</u>
Total derivatives	<u>(14,648)</u>	<u>(10,313)</u>	<u>(491)</u>	<u>6,419</u>	<u>14,492</u>	<u>35,111</u>	<u>30,570</u>	<u>17,75</u>

Transurban Holding Trust
Notes to the financial statements
30 June 2008
(continued)

43 Financial risk management (continued)

	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 (assets)/ liabilities
Group - At 30 June 2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives								
Non-interest bearing	817,378	148,300	61,800	-	-	85,554	1,113,032	1,113,03
Variable rate	668,932	588,706	644,721	57,576	157,556	721,205	2,838,696	2,283,50
Fixed rate	<u>61,128</u>	<u>61,793</u>	<u>212,460</u>	<u>53,632</u>	<u>271,646</u>	<u>1,979,729</u>	<u>2,640,388</u>	<u>1,620,00</u>
Total non-derivatives	<u>1,547,438</u>	<u>798,799</u>	<u>918,981</u>	<u>111,208</u>	<u>429,202</u>	<u>2,786,488</u>	<u>6,592,116</u>	<u>5,016,54</u>
Derivatives								
Net settled (interest rate swaps)	(15,125)	(20,061)	(18,828)	(13,315)	(8,612)	(34,929)	(110,870)	-
Net settled (cross-currency interest rate swaps)	<u>20,403</u>	<u>21,927</u>	<u>22,129</u>	<u>21,520</u>	<u>35,118</u>	<u>110,994</u>	<u>232,091</u>	<u>20,623</u>
Total derivatives	<u>5,278</u>	<u>1,866</u>	<u>3,301</u>	<u>8,205</u>	<u>26,506</u>	<u>76,065</u>	<u>121,221</u>	<u>20,623</u>
Parent - At 30 June 2008	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 (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives								
Non-interest bearing	724,808	61,800	-	-	-	21,118	807,726	807,726
Variable rate	52,137	51,860	51,367	151,429	42,556	555,936	905,285	615,327
Fixed rate	<u>13,303</u>	<u>61,124</u>	<u>10,297</u>	<u>190,745</u>	<u>34,001</u>	<u>887,270</u>	<u>1,196,740</u>	<u>619,348</u>
Total non-derivatives	<u>790,248</u>	<u>174,784</u>	<u>61,664</u>	<u>342,174</u>	<u>76,557</u>	<u>1,464,324</u>	<u>2,909,751</u>	<u>2,042,401</u>
Derivatives								
Net settled (interest rate swaps)	4,593	4,291	4,274	2,884	1,372	1,325	18,739	-
Net settled (cross-currency interest rate swaps)	-	-	-	(511)	4,683	(3,163)	1,009	-
Total derivatives	<u>4,593</u>	<u>4,291</u>	<u>4,274</u>	<u>2,373</u>	<u>6,055</u>	<u>(1,838)</u>	<u>19,748</u>	<u>-</u>
Parent - At 30 June 2007	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 (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives								
Non-interest bearing	807,539	148,300	61,800	-	-	59,468	1,077,107	1,077,107
Variable rate	360,490	10,173	10,278	10,403	110,400	42,386	544,130	466,494
Fixed rate	<u>13,303</u>	<u>13,303</u>	<u>61,124</u>	<u>10,648</u>	<u>191,965</u>	<u>912,713</u>	<u>1,203,056</u>	<u>641,821</u>
Total non-derivatives	<u>1,181,332</u>	<u>171,776</u>	<u>133,202</u>	<u>21,051</u>	<u>302,365</u>	<u>1,014,567</u>	<u>2,824,293</u>	<u>2,185,422</u>
Derivatives								
Net settled (cross-currency interest rate swaps)	-	-	-	-	14,520	13,454	27,974	-
Total derivatives	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,520</u>	<u>13,454</u>	<u>27,974</u>	<u>-</u>

43 Financial risk management (continued)

(d) Fair value estimation

Refer to note 1 for the Group's policy on fair value estimation.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 72 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 Trust's and consolidated entity's financial position as at 30 June 2008 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations by the chief executive officer and chief finance officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



David J Ryan AO
Director



Christopher J Lynch
Director

Melbourne
26 August 2008

Independent auditor's report to the members of Transurban Holding Trust

Report on the financial report

We have audited the accompanying financial report of Transurban Holding Trust (the Trust), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Transurban Holding Trust and the Transurban Holding Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Transurban Infrastructure Management Limited, the Responsible Entity of the Trust, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalent to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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 entity'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.

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

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

**Independent auditor's report to the members of
Transurban Holding Trust (continued)**

Auditor's opinion

In our opinion:

- (a) the financial report of Transurban Holding Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.



PricewaterhouseCoopers



John Yeoman
Partner

Melbourne
26 August 2008