Transurban Holdings Limited and Controlled Entities ABN 86 098 143 429

(including Transurban International Limited and Transurban Holding Trust)

Annual financial report for the year ended 30 June 2011

Transurban Holdings Limited ABN 86 098 143 429
Annual financial report - 30 June 2011

Directors' report

The directors of Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited, as Responsible Entity for Transurban Holding Trust, present their report on the Transurban Group for the year ended 30 June 2011.

Group accounts

The Transurban Group financial statements have been prepared as an aggregation of the financial statements of Transurban Holdings Limited (THL) and controlled entities, Transurban International Limited (TIL) and controlled entities and Transurban Holding Trust (THT) and controlled entities, as if all entities operate together. They are therefore treated as a combined entity (and referred to as "the Group"), notwithstanding that none of the entities controls any of the others.

The financial statements have been aggregated in recognition of the fact that the securities issued by THL, TIL and THT are stapled together and comprise one share in THL, one share in TIL and one unit in THT (Stapled Security). None of the components of the Stapled Security can be traded separately.

Directors

With the exception of the changes noted below, the following persons were directors of THL, Transurban Infrastructure Management Limited (TIML) and TIL during the whole of the financial year and up to the date of this report.

	THL	TIML	TIL
Non-executive directors			
Lindsay P Maxsted *	✓	✓	✓
David J Ryan AO (Resigned 12 August 2010)	✓	✓	✓
Neil G Chatfield	✓	✓	
Geoffrey O Cosgriff	✓	✓	
Jeremy G A Davis AM	✓	✓	
Robert J Edgar	✓	✓	
Samantha J Mostyn (Appointed 8 December 2010)	✓	✓	
Robert R Officer (Appointed 20 August 2010)	✓	✓	
Rodney E Slater	✓	✓	
Jennifer S Eve			✓
James M Keyes			✓
Executive director			
Christopher J Lynch	✓	✓	✓

(*) - Appointed to TIL on 12 August 2010

Results

The consolidated net profit for the year for the Group was $118,158,000 (2010: profit of $59,605,000). The net profit attributable to ordinary equity holders of the Group for the year was $112,467,000 (2010: profit of $59,418,000).

Principal activities

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

Distributions

Distributions paid to the ordinary equity holders of the Group during the financial year were as follows:

	30 June 2011 $'000	30 June 2010 $'000
Distributions proposed		
Final distribution payable and recognised as a liability: 14 cents (2010: 12 cents) per fully paid Stapled Security payable 11 August 2011	**202,096**	169,760
	202,096	169,760
Distributions paid during the year		
Final distribution for 2010 financial year of 12.0 cents (2009: 11.0 cents) per fully paid Stapled Security paid 27 August 2010	**169,760**	141,095
Interim distribution for 2011 financial year of 13.0 cents (2010: 12.0 cents) per fully paid Stapled Security paid 15 February 2011	**187,367**	154,806
Total distributions paid	**357,127**	295,901
Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the years ended 30 June 2011 and 30 June 2010		
Paid in cash	**232,577**	230,451
Executive loans - repayments	**-**	65
Satisfied by issue of Stapled Securities	**124,557**	65,381
Funds available (from)/for future distribution reinvestment plans	**(7)**	4
	357,127	295,901

The distributions are unfranked and have a minimal tax deferred component.

Review of operations

Transurban's net profit for the year ended 30 June 2011 was $118.2 million. Toll revenue increased by 5.8 per cent to $724.1 million. Strong traffic growth on CityLink following completion of construction of the Southern Link upgrade was a key driver behind the revenue increase, with the contribution from the Lane Cove Tunnel in its first year since acquisition assisting by partially offsetting the effect of the M4 concession ending in the prior year.

Performance of Transurban’s portfolio of assets

CityLink (Melbourne)
CityLink toll revenue for the year ended 30 June 2011 increased 11.5 per cent to $434.6 million. Average daily transactions increased 8.8 per cent.

Traffic volumes have been strong across the network following the completion of construction works on the Southern Link section of CityLink in October 2010, bringing to a close major works impacting motorists.

Lane Cove Tunnel/Military Road e-Ramps (Sydney)
The acquisition of Lane Cove Tunnel was completed on 10 August 2010 and was successfully integrated into Transurban’s business during the year.

Toll revenue from the date of acquisition to 30 June 2011 for the Lane Cove Tunnel and Military Road e-Ramps was $51.7 million. Average daily trips increased 4.2 per cent over the previous year (prior to acquisition by Transurban).

Review of operations (continued)

Hills M2 (Sydney)
Toll revenue for the year ended 30 June 2011 for Hills M2 increased 3.0 per cent to $145.7 million. Average daily trips increased 0.3 per cent.

On 26 October 2010, Transurban announced that it had reached contractual close with the NSW Government for the $550.0 million upgrade of the Hills M2 Motorway. Financial close was reached on 19 November 2010 and construction commenced in January 2011.

Under the agreement to upgrade the M2, tolls will increase by approximately 7.7 per cent at construction completion and the concession will be extended four years to 2046. The works will increase capacity on the M2 by increasing the number of traffic lanes and the provision of new tolled ramps which will improve traffic flow and accessibility of the motorway.

M1 Eastern Distributor (Sydney) – Airport Motorway Group
Toll revenue for the year ended 30 June 2011 for the M1 Eastern Distributor increased 12.0 per cent to $92.1 million. Average daily trips increased 2.5 percent.

The toll revenue increase was driven by toll increases for cars on 1 July 2010 and for trucks on 1 January 2011.

M5 (Sydney) - Interlink Roads Pty Limited
Toll revenue for the year ended 30 June 2011 for the M5 increased 3.0 per cent to $167.5 million. Average daily trips increased 1.6 per cent.

Transurban and its partners are in continuing discussions with the NSW Government to widen the M5 corridor. At this stage, there is no agreement in place but Transurban continues to support the proposal and stands ready to bring greater capacity to the M5 corridor as a matter of priority.

Westlink M7 (Sydney) - Westlink Motorway Group
Toll revenue for the year ended 30 June 2011 for Westlink M7 increased 8.6 per cent to $190.6 million. Average daily trips increased 6.2 per cent.

Growth in the southern section of Westlink M7 continues to be strong reflecting further development within the corridor during the year.

Pocahontas 895 (Virginia USA) - Transurban DRIVe
Toll revenue for the year ended 30 June 2011 for Pocahontas 895 increased 2.4 per cent to $14.1 million. Average daily trips increased 1.8 per cent.

On 13 January 2011 the Richmond Airport Connector, linking Richmond International Airport with Pocahontas 895, was opened for traffic. This completed a two year construction of the connector.

Capital Beltway (Virginia USA) – Transurban DRIVe
Construction on the Capital Beltway (I-495) High Occupancy Toll (HOT) lane project is now more than 70 per cent complete after a very strong construction period. The construction project remains on budget and on track for completion in late 2012, with first tolls expected in 2013.

Other corporate activities

Organisational restructure
On 27 January 2011 Transurban announced a restructured Executive Committee. The amended organisational structure is aligned with Transurban’s focus to ensure clear market based accountability at the senior executive level, and concentrate efforts around regional and market based relationships with the respective Government customers and communities Transurban serves.

Cost control
Cost control and efficiency continues to be a strong focus of the Group for the year ended 30 June 2011. The Group has a long term target of flat nominal costs.

Review of operations (continued)

Refinancing activities
Transurban continued to have success in refinancing activities in the year ended 30 June 2011.

August 2010	Raised $260.0 million of non-recourse project debt to partially fund the acquisition of Lane Cove Tunnel.
September 2010	In conjunction with Westlink Motorway Group, refinanced $505.0 million of non-recourse project debt on the Westlink M7.
November 2010	Refinanced $465.0 million of non-recourse project debt on the Hills M2 and raised $275.0 million of additional financing to fund the debt component of the M2 Upgrade project. The refinancing of $465.0 million replaced financing put in place in May 2009 and was completed on competitive terms in an improved credit market.
December 2010	Refinanced $270.0 million of Working Capital. This replaced $320.0 million that was due to mature in February 2011.
May 2011	Issued $200.0 million of domestic medium term notes, to partially fund $300.0 million existing notes maturing in September 2011.
July 2011	Refinanced $520.0 million of non-recourse project debt on the M1 Eastern Distributor.

Significant changes in the state of affairs

On 10 August 2010, the Group completed the acquisition of the Lane Cove Tunnel and Military Road e-Ramps motorway concession in Sydney, for consideration (including costs) of $634.6 million.

Matters subsequent to the end of the financial year

As noted above, on 7 July 2011, the Group completed a refinancing of $520.0 million of non-recourse project debt for the M1 Eastern Distributor. The refinancing replaces existing $515.0 million non-recourse debt that was due to mature in July 2012, July 2014 and July 2016.

At the date of this report the directors are not aware of any other circumstances that have arisen since 30 June 2011 that have significantly affected, or may significantly affect, the Group's operations in future financial years, the results of those operations in future financial years, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Group and the expected results of operations have not been included in these financial statements because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is subject to environmental regulations under Australian Commonwealth and State laws and certain applicable laws in the USA. The Group maintains a comprehensive environmental management plan to monitor the performance of its motorways, and any external parties responsible for operating any of the Group’s motorways, and takes remedial steps where necessary.

There were no significant breaches reported during the financial year on the Group’s assets.

Information on directors

Lindsay P Maxsted Dip Bus, FCA.
Chairman and independent non-executive director

Term of office
Director since 1 March 2008. Chairman since 12 August 2010.

Lindsay was the CEO of KPMG Australia between 2001 and 2007. His principal area of practice prior to becoming CEO was in the corporate recovery field managing a number of Australia's largest insolvency/workout/turnaround engagements. He is currently the Managing Director of Align Capital Pty Ltd, a non-executive director of BHP Billiton Limited and BHP Billiton plc, a non-executive director of Westpac Banking Corporation, and Honorary Treasurer of Baker IDI Heart and Diabetes Institute. He was previously the non-executive Chairman of VicRacing Pty Ltd and a non-executive director of St George Bank Limited.

Lindsay holds interests in 30,000 Stapled Securities.

Transurban Board Committee membership
Chairman of the Nomination Committee and a member of the Audit and Risk Committee.

Christopher J Lynch B Comm, MBA, FCPA, FAICD.
Chief Executive Officer

Term of office
Director since 18 February 2008. CEO since April 2008.

Chris came to Transurban from one of the world's largest resourcing and mining companies, BHP Billiton. He held a series of senior appointments there, including 5 years as CFO. His last position at BHP Billiton was Executive Director and Group President - Carbon Steel Materials. Prior to his time at BHP Billiton the bulk of Chris' career was with Alcoa Inc where his roles included Vice President and CIO, CFO Europe, and Managing Director of KAAL Australia Limited.

Chris has experience in senior leadership roles in global corporations operating across multiple markets and the development and operation of major projects with large up-front capital requirements.

Chris is also an AFL Commissioner.

Chris holds interests in 255,401 Stapled Securities and 1,100,932 Performance Awards.

Neil G Chatfield M.Bus, FCPA, FAICD.
Independent non-executive director

Term of office
Director since 18 February 2009.

Neil is an established executive and non-executive director with experience across a range of industries. He is currently the independent Chairman of Virgin Blue Holdings Limited and a non-executive director of Seek Limited, Whitehaven Coal Limited, and Grange Resources Limited.

Neil was most recently an executive director and the CFO of Toll Holdings Limited, Australia's largest transport and logistics company, a position he held for over 10 years.

Neil holds interests in 20,910 Stapled Securities.

Transurban Board Committee membership
Chairman of the Audit and Risk Committee and a member of the Nomination Committee.

Information on directors (continued)

Geoffrey O Cosgriff BAppSc, Company Director Diploma, FIE(Aust), FAICD.
Independent non-executive director

Term of office
Director since 19 December 2000.

Geoff has extensive experience in the information technology industry and was the Managing Director of MITS Limited for 10 years. He has also held executive management roles with Melbourne and Metropolitan Board of Works, Melbourne Water Corporation and Logica Australia Pty Ltd. He is a Council Member for Leadership Victoria and is also actively engaged in a number of executive coaching and mentoring assignments.

He is a non-executive director of UXC Limited and a director of Infocos Pty Limited. He was formerly a director of Logica Australia Pty Ltd.

Geoff holds interests in 152,236 Stapled Securities.

Transurban Board Committee membership
Chairman of the Remuneration Committee and a member of the Nomination Committee.

Jeremy G A Davis AM BEc, MBA, MA, FAICD.
Independent non-executive director

Term of office
Director since 16 December 1997.

Jeremy is a Professor Emeritus of the University of New South Wales, after retiring from the Australian Graduate School of Management. He was a management consultant with the Boston Consulting Group for 10 years and is a former Director of the Australian Stock Exchange Limited. He is currently a non-executive director of Singapore Power Limited, SP AusNet and Asian Renewable Energy Management Limited. He is also a non-executive director of CHAMP Ventures Pty Ltd and AMWIN Management Pty Ltd.

Jeremy holds interests in 158,188 Stapled Securities.

Transurban Board Committee membership
Member of each of the Audit and Risk, Nomination and Remuneration Committees.

Robert J Edgar BEc (Hons), PhD, FAICD.
Independent non-executive director

Term of office
Director since 21 July 2009.

Bob retired from his position as Deputy CEO of the ANZ Banking Group in April 2009. In a 25 year career at ANZ, he also held the positions of Chief Operating Officer, Managing Director, Institutional Financial Services and Chief Economist. He remains on the Board of one of ANZ's Asian banks, Bank of Tianjin. He was previously on the Boards of AMMB Holdings Berhad and Shanghai Rural Commercial Bank.

Bob is currently a non-executive director of Nufarm Ltd, Asciano Group and Linfox Armaguard Pty Ltd. He is also Chairman of the Prince Henry's Institute of Medical Research.

Bob holds interests in 18,627 Stapled Securities.

Transurban Board Committee membership
Member of each of the Audit and Risk, Nomination and Remuneration Committees.

Information on directors (continued)

Samantha J Mostyn BA, LLB.
Independent non-executive director

Term of office
Director since 8 December 2010.

Sam has more than 15 years experience in senior management roles, including as Director of the Institute for Sustainable Solutions at the University of Sydney until November 2010. Prior to that appointment her roles included corporate affairs, culture and human resources positions at Insurance Australia Group, Optus Communications and Cable & Wireless Plc. She also held senior policy advisory positions with a previous federal government.

Sam's other Board roles include Virgin Blue Holdings Limited and Citigroup Pty Ltd, the AFL Commission, the Australian Museum Trust and the Sydney Theatre Company. She is the Chair of the Stakeholders Advisory Council of the CSIRO's Climate Adaptation Flagship, a member of the NSW Climate Change Council and serves on the advisory board of ClimateWorks Australia.

Sam holds no Stapled Securities.

Transurban Board Committee membership
Member of the Nomination Committee.

Robert R Officer BAgSc (Melb), MAgEc (New Eng), MBA, PhD (Chicago), FASSA, FSIA.
Non-independent non-executive director

Term of office
Director since 20 August 2010.

Bob is currently Professor Emeritus of the University of Melbourne. He was previously the Deputy Director and AMP professor of Finance at the Melbourne Business School, and he held a Chair at Monash University and positions at the Universities of Queensland, Chicago, Rochester, Stanford and the Wharton School at the University of Pennsylvania.

Bob is currently Chairman of Acorn Capital Ltd and JCP Investment Partners Ltd. He is on the Boards of CP2 Limited, the Transport Accident Commission, Colonial Foundation, Melbourne University Publishing Pty Ltd and Tactical Global Management Ltd. He is a past Chairman of Victorian Funds Management Corporation, Victorian WorkCover Authority, and the Personal Injury Education Foundation Ltd, and was on the Boards of the Bank of Melbourne and the Over Fifty Group.

Bob holds interests in 19,089 Stapled Securities.

Transurban Board Committee membership
Member of the Nomination Committee.

Rodney E Slater J.D., BS.
Independent non-executive director

Term of office
Director since 22 June 2009.

Rodney is a partner in the public policy practice group of Washington DC firm Patton Boggs, where he has led its transportation practice since 2001. He served as US Secretary of Transportation from 1997 until the end of the Clinton Administration in January 2001, and was also the head of the Federal Highway Administration between 1993 and 1996.

In the US, Rodney's current directorships include Kansas City Southern (railroads), Southern Development Bancorporation, and Verizon Communications Inc. He was formerly a director of Parsons Brinckerhoff, Delta Airlines Inc, and ICx Technologies Inc. He also served on Transurban's US Advisory Board until November 2008.

Rodney holds no Stapled Securities.

Transurban Board Committee membership
Member of the Nomination Committee.

Information on directors (continued)

Jennifer S Eve BA, LLB (Hons), LLM in Corporate Law.
Independent non-executive director

Term of office
Director of TIL since 18 September 2006.

Jennifer is an associate and member of the Funds and Investment Services Team within the Corporate and Commercial Practice Group at offshore law firm Appleby. She practices in the area of company and commercial law, specialising in the formation and administration of investment vehicles. Jennifer also has experience involving debt restructuring and intergroup restructuring. She is a local team member of the Segregated Accounts Portfolio Team and the Global Islamic Finance Team.

Jennifer was educated in Bermuda, Canada and the United Kingdom. She is a member of the Bar of England and Wales (non-practicing) and Bermuda.

Jennifer holds no Stapled Securities.

James M Keyes MA. (Hons).
Independent non-executive director

Term of office
Director of TIL since 18 September 2006.

James is Managing Director of Renaissance Capital. He is responsible for the Bermuda office, which he established for Renaissance in 2008. He was previously a partner at offshore law firm Appleby. He practised as a lawyer for over 15 years, specialising in mutual funds, corporate finance and securities.

James attended Oxford University in England and graduated as a Rhodes Scholar.

James holds no Stapled Securities.

Company secretaries

Amanda Street LLB (Hons), BComm.
Amanda joined Transurban in September 2008 and was appointed as Company Secretary in February 2011. Before joining Transurban, Amanda was Assistant Company Secretary at SP Ausnet and Senior Corporate Counsel at National Australia Bank. She has over 10 years of legal, company secretarial and other relevant experience. Prior to her in-house work, Amanda was a solicitor specialising in M&A work with Australian law firm Mallesons.

Stephen Byrne LLB, BEc, Dip Leg. Practice.
Stephen joined Transurban in February 2010 as General Counsel, Australia. He is responsible for all Australian legal matters. He has over 16 years of legal, company secretarial and other relevant experience, mostly within the infrastructure and chemicals sector. Stephen is an experienced manager of legal teams, having previously held General Counsel roles with Veolia Water (Australia, New Zealand) and BOC Gases (Asia Pacific, the Americas), where his work included large engineering projects, joint ventures and M&A.

Appleby Services (Bermuda) Ltd
Appleby Services (Bermuda) Ltd is a wholly owned subsidiary of the global law firm Appleby and is licensed to conduct trust business by the Bermudan Monetary Authority. Appleby Services (Bermuda) Ltd, through its corporate administration and trust services divisions, provides company secretarial services to TIL.

Meetings of directors

The number of meetings of the Boards of directors of THL, TIML and TIL held during the year ended 30 June 2011, and the number of meetings attended by each director are set out in the following tables:

Meetings of the board of directors of THL and TIML were held jointly.

	Board of Directors THL		Board of Directors TIML		Board of Directors TIL	
	Attended	Held#	Attended	Held#	Attended	Held#
Lindsay P Maxsted	10	10	10	10	3	3
David J Ryan (Resigned 12 August 2010)	3	3	3	3	1	1
Christopher J Lynch	10	10	10	10	4	4
Neil G Chatfield	10	10	10	10	*	*
Geoffrey O Cosgriff	10	10	10	10	*	*
Jeremy G A Davis	10	10	10	10	*	*
Robert J Edgar	10	10	10	10	*	*
Samantha J Mostyn (Appointed 8 December 2010)	4	4	4	4	*	*
Robert R Officer (Appointed 20 August 2010)	6	6	6	6	*	*
Rodney E Slater	10	10	10	10	*	*
Jennifer S Eve	*	*	*	*	4	4
James M Keyes	*	*	*	*	4	4

= Number of meetings held during the time the director held office
* = Not a member of the relevant Board

The number of meetings of each Board committee of THL, TIML and TIL held during the year ended 30 June 2011, and the number of meetings attended by each director are set out in the following table.

	Audit and Risk Committee(1)		Remuneration Committee(2)		Nomination Committee(3)		Sustainability Committee(4)		Special purpose Sub-committees	
	Attended	Held#	Attended	Held#	Attended	Held#	Attended	Held#	Attended	Held#
Lindsay P Maxsted	7	7	5	*	3	3	1	1	3	3
David J Ryan (Resigned 12 August 2010)	2	2	2	2	*	*	1	1	1	1
Christopher J Lynch	7	*	11	*	3	*	1	*	3	3
Neil G Chatfield	7	7	3	*	3	3	*	*	2	2
Geoffrey O Cosgriff	2	*	12	12	3	3	*	*	*	*
Jeremy G A Davis	7	7	12	12	3	3	*	*	*	*
Robert J Edgar	5	5	8	10	3	3	1	1	*	*
Samantha J Mostyn (Appointed 8 December 2010)	*	*	3	*	2	2	*	*	*	*
Robert R Officer (Appointed 20 August 2010)	1	*	2	*	3	3	*	*	*	*
Rodney E Slater	1	*	1	*	3	3	1	1	*	*
Jennifer S Eve	*	*	*	*	*	*	*	*	*	*
James M Keyes	*	*	*	*	*	*	*	*	*	*

= Number of meetings held during the time the director held office and was a member of the committee
* = Not a member of the relevant committee

(1) - Chris Lynch, Geoffrey Cosgriff, Bob Officer and Rodney Slater were not members of the Audit and Risk Committee but attended meetings during the year.
(2) - Lindsay Maxsted, Chris Lynch, Neil Chatfield, Samantha Mostyn, Bob Officer and Rodney Slater were not members of the Remuneration Committee but attended meetings during the year. Chris Lynch was excluded from discussions involving his remuneration during meetings of the Remuneration Committee which he attended.
(3) - Chris Lynch was not a member of the Nomination Committee but attended meetings during the year.
(4) - The Sustainability Committee was disbanded on 10 August 2010 and is no longer a separate committee of the Board. Chris Lynch was not a member of the Sustainability Committee but attended the meeting during the year.

2011 REMUNERATION REPORT (AUDITED)

INTRODUCTION

The Remuneration Report, prepared in accordance with section 300A of the *Corporations Act 2001*, contains detailed information regarding the remuneration arrangements for the Directors and Senior Executives who are the 'key management personnel' (**KMP**) of the Group. The KMP include the five highest remunerated executives of the Group and Transurban Holdings Limited for the year ended 30 June 2011, and are listed in the tables below:

Senior Executives	Non-Executive Directors
Name and position	***Name***
Chris Lynch, Executive Director, Chief Executive Officer **(CEO)**	Lindsay Maxsted *(appointed Chairman on 12 August 2010)*
Brendan Bourke,[1] Chief Operating Officer	David Ryan *(resigned as Chairman on 12 August 2010)*
Ken Daley, President, International Development	Neil Chatfield
Megan Fletcher,[1] Group General Manager, Public Affairs	Geoff Cosgriff
Andrew Head,[1] Group General Manager, NSW	Jeremy Davis
Samantha Hogg,[1] Group General Manager, Corporate Services	Bob Edgar
Tom Honan, Chief Financial Officer	Samantha Mostyn *(appointed on 8 December 2010)*
Michael Kulper, President, North America	Bob Officer *(appointed on 20 August 2010)*
Elizabeth Mildwater,[1] Group General Manager, Victoria	Rodney Slater
	Jennifer Eve (Director of TIL only)
	James Keyes (Director of TIL only)

1 *As part of the Group's organisational restructure announced on 27 January 2011, Brendan Bourke ceased as Chief Operating Officer with effect from 28 February 2011 and Megan Fletcher ceased as Group General Manager, Public Affairs with effect from 4 February 2011. Andrew Head changed role from Group General Manager, Strategy and Development to Group General Manager, NSW, Samantha Hogg (previously Acting Group General Manager, People, Legal and Governance) was appointed as Group General Manager, Corporate Services, and Elizabeth Mildwater changed role from Group General Manager, People Legal and Governance to Group General Manager, Victoria, all with effect from 1 February 2011. Elizabeth Mildwater resigned as Company Secretary on 9 February 2011.*

A comprehensive review of the Group's remuneration framework has been undertaken in light of feedback received from security holders and other stakeholders on the Group's remuneration arrangements, market expectations and regulatory developments. As a result, the Board has approved a new remuneration framework for the year ending 30 June 2012, details of which are summarised on page 11 and will be disclosed in detail in next year's Remuneration Report.

CONTENTS

The remuneration information contained in the Remuneration Report is presented as follows:

All values in this Remuneration Report are in Australian dollars, unless otherwise stated.

1 CHANGES TO THE REMUNERATION FRAMEWORK FOR THE YEAR ENDING 30 JUNE 2012

A NEW REMUNERATION FRAMEWORK

Following the 2010 Annual General Meeting (**AGM**), the Remuneration Committee on behalf of the Board undertook a comprehensive review of the Group's remuneration framework for Senior Executives and Senior Managers, with assistance from independent advisers Ernst & Young. Feedback received from security holders and other stakeholders, market expectations and regulatory developments were all considered as part of the review.

In undertaking the review, the Remuneration Committee sought to balance the needs and expectations of security holders and other stakeholders with business strategy considerations and the need to remunerate Senior Executives and Senior Managers appropriately in a competitive marketplace, and to focus on linking performance and reward whilst taking into account the particular challenges facing the Group.

The review led to the Remuneration Committee recommending, and the Board approving, the adoption of a new remuneration framework for Senior Executives and Senior Managers effective 1 July 2011. An overview of the new framework for Senior Executives is set out below.

OVERVIEW OF THE NEW REMUNERATION FRAMEWORK FOR SENIOR EXECUTIVES

Remuneration mix

To more closely align Senior Executives' remuneration packages with security holder return and business strategy, variable and equity based components of total target remuneration will increase in the year ending 30 June 2012. With the introduction of STI deferral (see below), Senior Executives' equity exposure will increase as a percentage of total target remuneration.

	% of total Senior Executive remuneration (annualised) (at target) - 2012		
	Fixed (TEC)	Variable (performance based)	
		STI	LTI
CEO	33.3	33.3*	33.3
Other Senior Executives	45	30*	25

**With 30% STI deferral (see below).*

The transition to the desired remuneration mix will be achieved over a maximum period of three years. Any remuneration package increases will be directed to STI/STI deferral.

Short term incentive (STI)

In the year ending 30 June 2012, a mandatory 30 per cent STI deferral into securities will be introduced for Senior Executives (including the CEO). The deferral period will be three years (including a one year performance period). This component of remuneration will be subject to clawback. An example of a clawback event is misconduct or misstatement of financial results. These changes reflect security holder expectations. They will also act as a positive retention tool.

Long term incentive (LTI)

The performance measures for the LTI plan for the year ending 30 June 2012 will change to the following:

- 50 per cent relative Total Shareholder Return (**TSR**) measured against a bespoke comparator group comprising companies in the transport, utilities, real estate, construction and infrastructure Global Industry Classification Standards (GICS) sectors of the ASX150; and
- 50 per cent Free Cash Flow (**FCF**) per security which reflects the Group's focus on the maximisation of free cash to drive security holder return. The definition of FCF per security is outlined in the glossary of terms on page 32. The FCF calculation is included in note 21 of the audited financial statements.

These measures have been selected as they are meaningful for Senior Executives and reflect security holder expectations.

The treatment of unvested LTI awards (granted in the year ending 30 June 2012) on a change of control will now be subject to Board discretion.

2 REMUNERATION GOVERNANCE

BOARD AND REMUNERATION COMMITTEE RESPONSIBILITY

The Remuneration Committee assists the Board in fulfilling its responsibilities relating to the remuneration of directors, the remuneration of, and incentives for, the CEO and other Senior Executives, and remuneration practices, strategies and disclosures generally.

It is critical that the Remuneration Committee is independent of management when making decisions affecting employee remuneration. Accordingly, the Remuneration Committee comprises Non-Executive Directors, all of whom are independent. Where appropriate, members of management attend Remuneration Committee meetings by invitation; however they do not participate in formal decision making.

ENGAGEMENT OF REMUNERATION CONSULTANTS

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

Potential conflicts of interest are taken into account when remuneration consultants are selected, and their terms of engagement regulate their level of access to, and require their independence from, management.

During the year ended 30 June 2011, the Hay Group, an independent external consultant, were engaged to provide market remuneration data to assist the Remuneration Committee in making decisions regarding Senior Executive remuneration. In addition, the Remuneration Committee engaged Ernst & Young to provide market remuneration data and conduct an independent review of the Group’s new remuneration framework for the year ending 30 June 2012.

3 REMUNERATION IN CONTEXT

Toll road concessions are an asset class characterised by defensive, predictable cash flows, which grow over the life of long dated concession agreements. There is high upfront capital expenditure during the construction phase of a project, which for quality assets shifts to a low cost, high margin cash generative business for the remainder of the concession life. The investment proposition for high quality toll road assets lies in providing investors with access to long dated, predictable, growing cash flows generated by the assets over the life of the concessions.

The Group is an international toll road developer and manager with interests in Australia and the US. The Group is focused on the long-term management of toll road assets at various stages of maturity to achieve the best outcomes for investors, government partners and the community.

In Australia, the Group's interests include 100 per cent ownership of CityLink in Melbourne, and the Hills M2 and Lane Cove Tunnel (control taken on 10 August 2010) in Sydney. The Group has partial interests in a further three roads on the Sydney orbital network, being the M1 Eastern Distributor (75.1 per cent), the M5 (50.0 per cent), and the M7 (50.0 per cent). In North America, the Group has interests in two assets, Pocahontas 895 (75.0 per cent) and the Capital Beltway Express (67.5 per cent), which is under construction in Northern Virginia.

The Board and management are focused on ensuring security holder value is enhanced through the strong performance of the current portfolio of assets. In addition, development activities provide opportunities to further expand the portfolio in value accretive ways. The maximisation of free cash available to security holders over the near, medium and longer term is central to achieving this aim and the remuneration framework has been determined having regard to this.

4 CEO AND SENIOR EXECUTIVE REMUNERATION FOR THE YEAR ENDED 30 JUNE 2011

A REMUNERATION STRATEGY AND POLICY

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

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

Creating Security Holder Value

↓

Remuneration Strategy

Attract, retain, motivate and reward executives who are critical to the Group's growth and success by:

- Offering competitive remuneration that is benchmarked against the external market.
- Providing a balance of fixed and variable or 'at risk' remuneration.

Align executive rewards with individual and Group performance by:

- Making short term and long term components of remuneration 'at risk' based on performance.
- Assessing rewards against appropriate financial and non-financial performance measures.
- Encouraging executive security holdings.

↓

Remuneration Structure

Fixed remuneration

Total Employment Cost:

- Comprises cash salary, superannuation and other prescribed benefits.
- Provides a base level of reward for effective completion of Group and specific accountabilities.
- Appropriately benchmarked and set with reference to role, responsibilities, skills and experience.

Variable or 'at risk' remuneration

Short term incentive:

- Rewards tied to pre-determined annual individual and Group performance measures.
- Individual targets reflect individual specific accountabilities and key drivers for growth and success.
- Group performance targets linked to earnings and cost management.

Long term incentive:

- Equity rewards to align executive and security holder interests.
- Vest after 3 years, subject to achievement of internal and external performance targets.
- Encourages sustainable performance in the medium to longer term, and provides a retention element.

B REMUNERATION MIX

For the year ended 30 June 2011, the remuneration of the CEO and other Senior Executives was structured as a mix of fixed remuneration and variable or 'at risk' remuneration through short term and long term incentive components.

The relative weightings of the three remuneration components for the CEO and other Senior Executives were determined by the Board (on the recommendation of the Remuneration Committee) and are set out in the table below:

Relative weightings of remuneration components[1]

	% of total remuneration (annualised) (at target) - 2011		
	Fixed (TEC)	Variable (performance-based)	
		STI	LTI
CEO	34	33	33
Other Senior Executives	50	25	25

1 *These figures do not necessarily reflect the relative value derived from each of the components, which depends on actual performance against targets for the variable components (refer below). The above STI percentages are based on achieving the relevant performance targets. The above LTI percentages are based on the maximum LTI available at the time of grant to each Senior Executive if the awards granted vest at the end of the performance period. The table above reflects the percentage value of remuneration which consists of awards for each Senior Executive, apart from the CEO's LTI granted in the year ended 30 June 2011 which was granted in cash, subject to the same terms and conditions as the LTI plan offered to other Senior Executives. The CEO's LTI grant for all other years has consisted of awards.*

C FIXED REMUNERATION - TOTAL EMPLOYMENT COST (TEC)

What is TEC?

Fixed remuneration is represented by total employment cost (**TEC**) comprising base salary, superannuation contributions and benefits such as salary continuance, death and disability insurance.

Fixed remuneration is not 'at risk' but is set by reference to appropriate benchmark information for an individual's responsibilities, performance, qualifications and experience.

There are no guaranteed base salary increases in any Senior Executive's employment agreement.

The Board instituted a salary freeze for the CEO and other Senior Executives for the year ended 30 June 2010. The Board determined that this freeze should continue in the year ended 30 June 2011, with three exceptions. TEC increases were given to three Senior Executives during the year. These executives changed roles as a result of the Group's organisational restructure announced on 27 January 2011. The revised remuneration was based on market remuneration data provided by the Hay Group.

How is TEC determined?

TEC levels are reviewed annually by the Remuneration Committee at the beginning of each financial year with reference to an individual's role, experience and performance, as well as relevant comparative market data. Independent remuneration consultants and surveys, internal considerations and market conditions also provide guidance. TEC is also reviewed on a change in role.

D SHORT TERM INCENTIVE (STI)

How did the STI plan operate?

The STI plan was an annual cash incentive plan linked to the attainment of specific pre-determined Group, team and individual performance measures. All permanent Group employees, including the CEO and other Senior Executives, participated in the STI plan.

For the year ended 30 June 2011, the CEO had a target STI opportunity of 100 per cent of his annualised TEC. Other Senior Executives had a target STI opportunity of 50 per cent of their annualised TEC.

The STI plan put a significant proportion of remuneration 'at risk' subject to meeting specific targets linked to the Group's business objectives. The STI plan focused participants on achieving performance targets and provided an incentive for high performance. This aligned executive interests with the Group's financial performance, as well as management principles and the Group's cultural values.

What were the STI performance measures?

STI performance measures are set at the beginning of the financial year.

There were three categories of performance measures for the CEO and other Senior Executives for the year ended 30 June 2011. They were chosen to provide a balance between corporate, individual, operational, strategic, financial and non financial aspects of performance and are described below:

STI performance measures for the year ended 30 June 2011

Performance measure and % of target award measure applies to	Target(s) for performance measure
Group performance targets **50%**	To ensure that STI payments were aligned with business performance and the creation of security holder value, there were two Group performance targets: • growth in proportional EBITDA; and • cost management based on proportional net costs. Each accounted for 50% of the Group performance targets.
Shared Senior Executive Safety KPI **10%**	To achieve the business objective of creating and maintaining a safety culture, the Senior Executive team shared a safety KPI. For Senior Executives based in Australia, outcomes were required in relation to: • a reduction in lost time injury frequency rates; and • achievement of AS4801 certification. For Senior Executives based in the US, outcomes were required in relation to: • maintaining zero lost time injury occurrence; • development of appropriate OHS plans; and • the completion of risk assessments.
Individual key performance indicators **(KPIs)** **40%**	Individual KPIs are unique to the individual's area of accountability, but relate to critical business sustainability measures including: operational performance; cost reduction; customer satisfaction; project outcomes; succession planning; risk management; people management; strategy development; and business plan implementation. Individual KPIs reflect the behaviours valued by the Group, and are capable of measurement. Individuals have a clear line of sight to KPIs and are able to directly affect outcomes through their actions.

Who sets the STI performance measures?

The CEO's individual KPIs are set by the Board. All other Senior Executives' individual KPIs and the shared Senior Executive safety KPI are set by the CEO and approved by the Board. The Board sets the Group performance targets.

What is proportional EBITDA and why does Transurban use it as a performance measure?

EBITDA is a common operational performance measure used by many companies.

Proportional EBITDA is one of the primary measures that the Board uses to assess the operating performance of the Group, with an aim to maintain a focus on the Group's operating results and associated cash generation. It reflects the contribution from individual assets to the Group's operating performance and focuses on elements of the result that management can influence to drive improvements in short term earnings.

Proportional EBITDA is the aggregation of EBITDA from each asset multiplied by the Group's percentage ownership, as well as any contribution from Group functions. Proportional EBITDA provides a better reflection of the underlying performance of the Group's assets than statutory EBITDA. The EBITDA calculation from the statutory accounts would not include the EBITDA contribution of the M5, M7 or DRIVe (equity accounted in the statutory results), which are meaningful contributors to the Group's performance. Proportional EBITDA figures used to assess performance are included in note 2 of the audited financial statements.

The Board can decide to exclude specific items from proportional EBITDA to provide an underlying result when determining performance incentives. These items reflect one-off, non recurring items, both revenue and expenses, that will not contribute to the Group's performance in future periods. For the year ended 30 June 2011, the Board has excluded the release of the M4 maintenance provision, which would have increased the proportional EBITDA growth outcome.

Since 2009, proportional EBITDA has been used by the Group as a performance measure for STIs.

What is proportional net costs and why does Transurban use it as a performance measure?

The STI cost management performance measure is based on proportional net costs. Proportional net costs are the operating, corporate and business development costs of the Group less non-toll revenues (fees and other). The deduction of these non-toll revenues encourages and allows management to incur additional costs where these are justified by increased revenue results (e.g. toll collection activities such as video tolling and/or enforcement).

The inclusion of a cost-related performance measure reflects the fact that management has the ability to influence the expenditure of the business. Strong cost management throughout the business drives an increase in proportional EBITDA and cash flow and ultimately security holder value. Proportional net costs was first used by the Group as an STI performance measure in the year ended 30 June 2010.

What were the proportional EBITDA and proportional net costs targets for the year ended 30 June 2011?

The proportional EBITDA and proportional net costs targets for the year ended 30 June 2011 were set against the previous year's results and the Group's 30 June 2011 budget.

The targets for the year ended 30 June 2011 are set out in the table below:

Proportional EBITDA result	Percentage of STI that vests ^	Proportional net costs result
Result is less than 7% above the underlying result for the year ended 30 June 2010	0%	Actual underlying proportional net costs are over budget for the year ended 30 June 2011
Result is 7% above the underlying result for the year ended 30 June 2010	50%	Actual underlying proportional net costs on budget for the year ended 30 June 2011
Budgeted proportional EBITDA is achieved for the year ended 30 June 2011 (which was 11.4% growth on 30 June 2010 result)	100%	Actual underlying proportional net costs are 5% below budgeted underlying proportional net costs for the year ended 30 June 2011
Result is 17% above the underlying result for the year ended 30 June 2010	150%	Actual underlying proportional net costs are 15% below budgeted underlying proportional net costs for the year ended 30 June 2011

^ straight line vesting applies between 50-100% and 100-150%

How are the varying levels of performance achievement rewarded?

STI targets are designed to differentiate and reward high performance.

50 per cent of the available STI vests for threshold performance, 100 per cent vests for on-target performance and up to an additional 50 per cent can be earned for outperformance. These targets are consistent for all of the Group's eligible employees.

Given that STI awards are contingent on performance across a range of measures, maximum STI awards can only be achieved for performance that is strong on all measures.

How is performance assessed?

Group performance targets: The performance of Senior Executives against the Group performance targets is assessed by the Board. The results are independently reviewed.

Shared Senior Executive Safety KPI: The performance against the Senior Executive team's shared KPI is assessed by the Remuneration Committee which then makes recommendations to the Board. These results are independently reviewed.

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

Once KPIs have been assessed, the Board approves STI awards. STI awards for the year ended 30 June 2011 will be paid in August 2011.

The Board believes the above methods of assessment are rigorous and transparent, and provide a balanced evaluation of the CEO and each other Senior Executive's performance.

What if a Senior Executive ceased employment?

Under the CEO's employment contract in place for the year ended 30 June 2011, if the CEO's employment was terminated by the Group other than for cause, the CEO would receive a pro-rata payment of the greater of target STI or actual performance.

Under the employment contracts in place for the year ended 30 June 2011, if a Senior Executive (excluding the CEO) ceased employment with the Group before STI targets were achieved, the Senior Executive would generally not have been entitled to receive any STI payment, unless otherwise determined by the Board.

STI performance outcomes for the year ended 30 June 2011

Group performance in respect of the proportional EBITDA and proportional net costs performance measures for the year ended 30 June 2011 was assessed by the Board as 122.7 per cent.

STI payments for the CEO and other Senior Executives for the year ended 30 June 2011 are set out in the table below:

	Actual STI awarded [2]	Target STI paid	Target STI forfeited
Name	**$**	**%**	**%**
Chris Lynch	2,461,680	118	-
Brendan Bourke[1]	254,163	104	-
Ken Daley	431,438	115	-
Megan Fletcher[1]	110,656	104	-
Andrew Head	323,640	117	-
Samantha Hogg	241,285	117	-
Tom Honan	587,250	117	-
Michael Kulper	573,750	115	-
Elizabeth Mildwater	319,633	115	-

1 *As part of the Group's organisational restructure announced on 27 January 2011, Brendan Bourke and Megan Fletcher exited the business. Their STI awards for the year ended 30 June 2011 were pro-rated and awarded based on individual performance and Group performance which was forecasted to the end of the STI performance period.*

2 *The threshold level of performance must be achieved before any STI is awarded. Therefore, the minimum potential value of the STI in respect of the year ended 30 June 2011 was nil. The maximum potential value of the STI was $6,435,000 (awarded for outperformance), excluding the exited employees. The STI payments in respect of the year ended 30 June 2011 will be paid in August 2011.*

E LONG TERM INCENTIVE (LTI)

How did the LTI plan operate?

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

Participation in the LTI plan is only offered to Senior Executives, and certain other Senior Managers approved by the Board. For the year ended 30 June 2011, the CEO was offered an LTI grant equivalent to 100 per cent of his annualised TEC. Other Senior Executives were offered grants representing 50 per cent of their annualised TEC.

LTI grants are delivered in the form of Performance Awards under the Group's Performance Awards Plan (**PAP**). Each Performance Award is an entitlement to receive a fully paid Transurban security on terms and conditions determined by the Board, including the achievement of certain vesting conditions linked to performance over a three year period. If the performance measures are satisfied, the Performance Awards vest and Transurban securities will be delivered to the participant. Whilst the Board has discretion to grant cash payments of equivalent value at the end of the performance period, it is the Board's current intention to settle any vested Performance Awards in Transurban securities. Overseas participants were granted Performance Awards which provided for cash payments upon vesting, subject to the achievement of performance measures.

Performance Awards that do not vest after testing of the performance measures lapse.

Performance Awards are not transferable and do not carry voting or distribution rights. However securities allocated upon vesting of Performance Awards carry the same rights as other Transurban securities.

Security holder approval was not obtained at the 2010 AGM for the proposed grant of Performance Awards to the CEO. The CEO was therefore entitled under his employment agreement to receive, and did receive, a cash-based award in December 2010 subject to the terms and conditions of the LTI plan as outlined in this section.

What were the LTI performance measures?

Participants do not derive actual value from their LTI grants unless performance targets are achieved.

Performance Awards granted during the year ended 30 June 2011 are subject to the following dual performance measures over a three year performance period:

- relative TSR ranked against the S&P/ASX100 group of companies; and
- growth in proportional EBITDA.

Each condition applies to 50 per cent of the available LTI award.

What were the performance targets?

Relative TSR

For Performance Awards granted during the year ended 30 June 2011, the relative TSR component of the award will vest if the Group's relative TSR performance is at least above the median of the S&P/ASX100 group of companies at the end of the three year performance period, in accordance with the following table:

TSR vesting schedule

The Group's relative TSR ranking in the S&P/ASX100 Index	% of performance awards that vest
At or below the 50th percentile	Nil
Above the 50th percentile but below the 75th percentile	Straight line vesting between 50-100%
At or above the 75th percentile	100%

Proportional EBITDA

For Performance Awards granted during the year ended 30 June 2011, the proportional EBITDA component of the award that will vest will depend on the Group's percentage compound proportional EBITDA growth over the three financial year performance period (including on a part-year basis), as set out below:

Proportional EBITDA vesting schedule

% compound proportional EBITDA annual growth	% of Performance Awards that vest
7%	50%
Between 7% and 11%	Straight line vesting between 50-100%
11% or more	100%

Why were these performance measures selected?

The TSR target is a relative, external, market-based performance measure against those companies with which the Group competes for capital, customers and talent. It provides a direct link between executive reward and security holder return.

The proportional EBITDA target provides evidence of the Group's growth in earnings and is linked to its overall strategic objectives. The movement in proportional EBITDA reflects Transurban's underlying business performance and its goal of long term sustainable growth in earnings from existing operations.

How will the performance targets be measured?

Relative TSR

The Group will receive an independent report that sets out the Group's TSR growth and that of each company in the peer group. A volume weighted average price of securities for the one week up to and including the test date is used in the calculation of TSRs for Transurban and the comparator group.

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

Proportional EBITDA

The Group's proportional EBITDA percentage growth rate will be calculated based on EBITDA results included in the Group's audited financial statements.

The measure may be adjusted to include or exclude the relevant EBITDA from acquisitions and divestments that may occur during the performance period, in order to ring fence performance based on the known asset portfolio at the start of the performance period. In addition, the Board may decide to exclude specific items from proportional EBITDA to provide an underlying result when determining performance incentives. These adjustments reflect one-off, non recurring items, both revenue and expenses, that will not contribute to the Group’s performance in future periods. The result will be subject to Board approval.

The Board believes the above methods of assessment are rigorous and provide an appropriate assessment of the Group’s performance against the performance measures.

For further proportional EBITDA information see Note 2 Segment information in the Transurban Holdings Limited financial statements.

What if a Senior Executive ceases employment?

Under the CEO’s employment contract in place for the year ended 30 June 2011, if the CEO's employment was terminated by the Company other than for cause, the CEO would receive a pro-rated Performance Award calculated from his appointment anniversary date to his termination date, vesting in accordance with the performance measures under LTI plan as at the time of grant. If the CEO ceased employment with the Group before the performance measures are tested, then he would be entitled to retain any unvested Performance Awards or cash-based awards, which would vest in accordance with the performance measures under the LTI plan as at the time of grant.

Under the terms of the employment contracts in place for the year ended 30 June 2011, if any other Senior Executives cease employment with the Group before the performance measures are tested, then their unvested Performance Awards will lapse, unless the Board determines otherwise.

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

LTIs form part of the CEO and Senior Executives’ remuneration. In the event of a takeover or change of control of the Group, any unvested Performance Awards granted before 30 June 2011 will automatically vest. Performance Awards that vest following a change of control will not generally be subject to restrictions on dealing.

What was the grant, movement in the number and value of Performance Awards by Senior Executives during the year ended 30 June 2011?

These are summarised in tables below.

Performance Awards granted in the year ended 30 June 2011

Performance criteria	Grant date	Vesting date	Fair value of awards at grant date[1]	VWAP at grant date
			$	$
TSR	1-Nov 10	1-Nov 13	3.23	5.31
EBITDA	1-Nov-10	1-Nov-13	4.62	5.31

1 *The fair value was calculated as at the grant date of 1 November 2010. An explanation of the pricing model used to calculate these values is set out in Note 35 to the financial statements.*

Performance Awards granted in the year ended 30 June 2011

	Number of Performance Awards granted [2]	Value at grant date	Maximum total value of grant yet to vest [3]
Name		**$**	**$**
Chris Lynch[1]	-	-	-
Brendan Bourke[4]	120,972	474,815	51,940
Ken Daley	123,441	484,506	484,506
Megan Fletcher[4]	52,668	206,722	22,612
Andrew Head	90,523	355,303	355,303
Samantha Hogg	65,835	258,402	258,402
Tom Honan	164,587	646,004	646,004
Michael Kulper	170,433	668,950	668,950
Elizabeth Mildwater	90,523	355,303	355,303

Performance Awards lapse where the performance measures are not satisfied on testing. As the Performance Awards only vest on satisfaction of performance and service conditions which are to be tested in future financial periods, none of the Senior Executives forfeited Performance Awards during the year.

1 *The CEO was granted a cash-based award of 684,683 units, linked to Transurban's security price, on 23 December 2010 subject to the terms and conditions of the LTI plan offered for the year ended 30 June 2011. The vesting date, fair value at grant date and VWAP at grant date are equivalent to the information outlined in the table above. The value of this award at the grant date was $2,687,381 and the maximum total value of the grant yet to vest is $2,687,381.*

2 *The grants made to Senior Executives constituted their full LTI entitlement for the year ended 30 June 2011 and were made on 1 November 2010 on the terms summarised above. Performance Awards vest subject to performance over the period from 1 November 2010 through to 1 November 2013.*

3 *The maximum value of the grant has been estimated based on the fair value per instrument at date of grant. The minimum total value of the grant, if the applicable performance measures are not met, is nil.*

4 *As part of the Group's organisational restructure, Brendan Bourke and Megan Fletcher exited the business. The Board exercised its discretion to allow Brendan Bourke and Megan Fletcher to retain a pro-rated proportion of their year ended 30 June 2011 Performance Awards (13,233 Performance Awards retained by Brendan Bourke and 5,761 Performance Awards retained by Megan Fletcher). These awards are subject to post-employment vesting, to be tested at the normal vesting date based on achievement of the performance measures. Brendan Bourke forfeited 107,739 Performance Awards. The value of the forfeited awards at the grant date was $422,876. Megan Fletcher forfeited 46,907 Performance Awards. The value of the forfeited awards at the grant date was $184,110.*

F LEGACY LTI PLANS

The Group has a number of legacy LTI plans that are no longer offered but which have existing participants. Details of these plans are set out below:

FY2008 Performance Rights Plan (PRP) (Performance Rights for Australian and overseas participants)	
Plan terms and conditions	
Grant date:	1 Nov 2007
Vesting date:	1 Nov 2010
Fair value per right at grant date:	TSR: $3.50, Statutory EBITDA and DRIVe management fee $5.96
Spot price at grant date:	$7.29

Details of plan

Participants were granted Performance Rights that entitled them to receive Transurban securities at no cost at the end of a three year performance period, subject to the achievement of performance measures. Each Performance Right entitled the participant to one fully paid Transurban security. Performance Rights which did not vest after testing of the performance measures lapsed.

Overseas participants were granted Performance Rights which provided for cash payments upon vesting, subject to the achievement of performance measures.

Performance measures and targets

For Australian participants, the PRP had two performance measures, statutory EBITDA and relative TSR against the constituents of the S&P/ASX 100, each applying to 50 per cent of the award.

For overseas participants, the PRP had two performance measures, DRIVe management fee growth and relative TSR against the constituents of the S&P/ASX 100, each applying to 50 per cent of the award.

TSR vesting schedule

The Group's relative TSR ranking in the S&P/ASX100 Index	**% of Performance Rights that vest**
At or below the 50th percentile	Nil
Above the 50th percentile but below the 75th percentile	Straight line vesting between 50-100%
At or above the 75th percentile	100%

Statutory EBITDA and DRIVe management fee vesting schedule

% compound statutory EBITDA annual growth	**% of Performance Rights that vest**
10%	50%
Between 10% and 15%	Straight line vesting between 50-100%
15% or more	100%
% compound growth of DRIVe management fee	**% of Performance Rights that vest**
20%	50%
Between 20% and 25%	Straight line vesting between 50-100%
25% or more	100%

Result - movements in plan for the year ended 30 June 2011

The 2008 award matured on 1 November 2010. 84.44 per cent of awards subject to the TSR performance measure vested based on the Group's ranking against the constituents of the S&P/ASX 100. 15.56 per cent of the TSR awards were forfeited. None of the awards subject to the statutory EBITDA growth or DRIVe management fee growth measures vested as the prescribed performance targets were not met. Therefore, 100 per cent of the EBITDA/DRIVe awards were forfeited.

The following Transurban securities and Performance Rights lapsed and vested during the year ended 30 June 2011 for the following KMP:

	Lapsed		Vested	
Name	**Number**	**Value ($)**	**Number**	**Value ($)**
B Bourke	53,653	301,999	39,204	137,215
K Daley	45,398	255,536	33,173	116,104
M Fletcher	6,438	36,237	4,704	16,465
A Head	8,584	48,319	6,273	21,954
M Kulper	44,362	249,705	32,416	113,455

FY2009 Executive Equity Plan (EEP) (Fully paid Transurban securities for Australian participants and Performance Rights for overseas participants)

Plan terms and conditions

Grant date:	1 Nov 2008
Vesting date:	1 Nov 2011
Grant price:	$5.22
Value per unit at grant date:	$4.27

Details of plan

Australian participants received a grant of Transurban securities at no cost subject to disposal restrictions for three years from the grant date.

Executives based outside Australia received a grant of Performance Rights at no cost which entitles participants to receive Transurban securities which vest at the end of a three year vesting period.

Performance targets

Vesting is based on service during the three year performance period.

Movements in plan for the year ended 30 June 2011

The Board exercised its discretion in awarding 19,146 securities to Brendan Bourke, and 19,146 securities to Megan Fletcher. The value of these securities under the Plan was $81,753 and $81,753 respectively.

FY2009 Performance Awards Plan (PAP) (Performance Awards for Australian and overseas participants)

Plan terms and conditions

Grant date:	1 Nov 2008
Vesting date:	1 Nov 2011
Fair value per right at grant date:	TSR $3.30, Proportional EBITDA $4.27
Spot price at grant date:	$5.22

Details of plan

Participants were granted Performance Awards that entitled them to receive Transurban securities at no cost at the end of a three year performance period, subject to the achievement of performance measures.

Each Performance Award entitles the participant to one fully paid Transurban security. Performance Awards which do not vest after testing of the performance measures will lapse.

The Board has discretion to award cash payments of equivalent value upon vesting.

Performance targets

The PAP has two performance measures, proportional EBITDA and relative TSR against the constituents of the S&P/ASX 100, each applying to 50 per cent of the award.

The awards are tested at the end of each year of the three year performance period. If the performance measures are satisfied for the year, one third of the awards are preserved until the vesting date. A retest is applied at the end of each subsequent year for each tranche, up to year three. At the end of the three years a cumulative test of the performance measures is applied to any unvested awards.

TSR vesting schedule

The Group's relative TSR ranking in the S&P/ASX100 Index	% of Performance Awards that vest
At or below the 50th percentile	Nil
Above the 50th percentile but below the 75th percentile	Straight line vesting between 50-100%
At or above the 75th percentile	100%

Proportional EBITDA vesting schedule

% compound proportional EBITDA annual growth	% of Performance Awards that vest
5%	50%
Between 5% and 9%	Straight line vesting between 50-100%
9% or more	100%

Movements in plan for the year ended 30 June 2011

The table below sets out the performance targets achieved over the testing period, banked awards and unvested awards from each tranche which vested in the period.

Performance Measure	Number of awards banked in tranche 1	Number of awards banked in tranche 2	Number of unvested awards from tranches 1 & 2 which vested in the year	Number of awards banked in tranche 3	Number of unvested awards from tranche 3 which vested in the year	Number of awards for testing 1 Nov 2011
	$	$	$		$	$
TSR	-	207,475	-	To be calculated 1 Nov 2011	To be calculated 1 Nov 2011	422,582
Proportional EBITDA	181,810	182,785	6,956	185,690	19,192	-

During the year ended 30 June 2011, 9,713 performance awards were forfeited by Brendan Bourke. The value of the forfeited awards was $36,764. 3,964 performance awards were forfeited by Megan Fletcher. The value of the forfeited awards was $15,004. The Board exercised its discretion to allow pro-rata amounts of outstanding Performance Awards to continue subject to the terms and conditions of the plan (75,752 awards for Brendan Bourke at a grant value of $286,721; 30,920 awards for Megan Fletcher and a grant value of $117,032).

FY2010 Performance Awards Plan (PAP) (Performance Awards for Australian and overseas participants)

Plan terms and conditions

Grant date:	11 Dec 2009
Vesting date:	11 Dec 2012
Fair value per right at grant date:	TSR $3.33, Proportional EBITDA $4.97
Spot price at grant date:	$5.55

Details of plan

Participants were granted Performance Awards that entitle them to receive Transurban securities at no cost at the end of a three year performance period, subject to the achievement of performance measures.

Each Performance Award entitles the participant to one fully paid Transurban security. Performance Awards which do not vest after testing of the performance measures will lapse.

The Board has discretion to award cash payments of equivalent value upon vesting.

Performance targets

The PAP has two performance measures, proportional EBITDA and relative TSR against the constituents of the S&P/ASX 100, each applying to 50 per cent of the award.

The awards are tested at the end of the three year performance period only.

TSR vesting schedule

The Group's relative TSR ranking in the S&P/ASX100 Index	% of Performance Awards that vest
At or below the 50th percentile	Nil
Above the 50th percentile but below the 75th percentile	Straight line vesting between 50-100%
At or above the 75th percentile	100%

Proportional EBITDA vesting schedule

% compound proportional EBITDA annual growth	% of Performance Awards that vest
6%	50%
Between 6% and 9%	Straight line vesting between 50-100%
9% or more	100%

Movements in plan for the year ended 30 June 2011

During the year ended 30 June 2011, 64,814 Performance Awards were forfeited by Brendan Bourke. The value of the forfeited awards was $268,980. 28,218 Performance Awards were forfeited by Megan Fletcher. The value of the forfeited awards was $117,105.

The Board exercised its discretion to allow pro-rata amounts of outstanding Performance Awards to continue subject to the terms and conditions of the plan (44,236 awards for Brendan Bourke at a grant value of $183,579; 19,260 awards for Megan Fletcher at a grant value of $79,929).

G REMUNERATION PAID TO THE CEO AND OTHER SENIOR EXECUTIVES

Remuneration for the years ended 30 June 2011 and 30 June 2010

	Short-term employee benefits			Post-employment benefits	Long term benefits	Termination benefits	Share based benefits[3]			Total
	Cash salary and fees	Cash Bonus[1]	Non-monetary benefits[2]	Super-annuation	Long service leave		2008 PRP	2009, 2010 & 2011 PAP	2009 EEP	
Executive director										
C Lynch										
2011	2,033,360	2,461,680	18,557	47,500	21,309	-	-	2,054,484	113,261	6,750,151
2010	2,030,860	2,740,000	6,049	50,000	-	-	-	1,079,488	113,261	6,019,658
Other key management personnel										
B Bourke[4, 5]										
2011	456,860	254,163	9,097	58,333	-	958,759	(227,067)	132,745	36,476	1,679,366
2010	687,093	432,400	6,049	49,107	13,148	-	24,800	346,315	132,046	1,690,958
D Cardiff										
2011	-	-	-	-	-	-	-	-	-	-
2010	157,544	-	-	10,420	4,443	268,637	5,425	(65,233)	(29,389)	351,847
K Daley										
2011	702,287	431,438	123,596	48,995	11,627	-	(192,133)	345,116	27,226	1,498,152
2010	706,407	1,271,200	53,677	49,004	14,168	-	-	280,674	27,226	2,402,356
M Fletcher[4]										
2011	227,968	110,656	3,114	22,917	-	402,234	(27,246)	55,612	36,476	831,731
2010	296,196	185,050	-	24,481	11,697	-	-	95,895	27,226	640,545
A Head										
2011	541,554	323,640	6,232	24,243	25,662	-	(36,330)	218,883	27,226	1,131,110
2010	376,772	271,300	-	24,330	15,080	-	3,488	127,201	27,226	845,397
S Hogg										
2011	433,494	241,285	5,882	25,000	3,342	-	-	151,828	21,780	882,611
2010	134,569	49,500	-	11,292	-	-	-	65,449	21,780	282,590
T Honan										
2011	976,398	587,250	8,178	25,000	-	-	-	640,437	121,547	2,358,810
2010	976,396	648,250	-	25,000	-	-	-	406,064	121,547	2,177,257
M Kulper										
2011	1,017,385	573,750	8,199	9,800	19,690	-	(187,748)	554,433	34,049	2,029,558
2010	1,126,355	725,390	-	8,729	52,446	-	-	415,367	34,049	2,362,336
E Mildwater										
2011	540,797	319,633	6,311	25,000	5,419	-	-	207,150	27,226	1,131,536
2010	410,093	273,750	-	24,330	-	-	-	87,458	27,226	822,857
Total										
2011	6,930,103	5,303,495	189,166	286,788	87,049	1,360,993	(670,524)	4,360,688	445,267	18,293,025
2010	6,902,285	6,596,840	65,775	276,693	110,982	268,637	33,713	2,838,678	502,198	17,595,801

Notes:

1 *The amount represents cash STI payments to the Senior Executive for the year ended 30 June 2011, which will be paid in August 2011*

2 *Non-monetary benefits include Group insurance, vehicle allowance and expatriate allowances (where relevant).*

3 *In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. performance awards awarded under the LTI plan). The fair value of equity instruments is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration may be different to the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of Performance Awards at the date of their grant has been independently determined in accordance with AASB 2. The TSR component of the Performance Awards has been valued applying a Monte-Carlo simulation to model Transurban's security price and TSR performance against the comparator group performance. The assumptions underpinning these valuations are set out in Note 35 to the financial statements.*

4 *As part of the Group's organisational restructure announced on 27 January 2011, Brendan Bourke and Megan Fletcher exited the business. Their STI payments for the year ended 30 June 2011 are detailed on page 17. The Board exercised its discretion to allow pro-rata amounts of outstanding LTI awards to continue subject to post-employment vesting, as detailed in the legacy LTI plan information at sections E and F. Their termination benefits include accrued annual leave, long service leave, payment in lieu of notice and ex-gratia payment.*

5 *Brendan Bourke participated in the ShareLink Investment Tax Exempt Plan (receiving securities to the value of $250) and the ShareLink Tax Deferred Plan (receiving securities to the value of $1,500) for the year ended 30 June 2011.*

H ADDITIONAL REMUNERATION INFORMATION

(I) EMPLOYEE SECURITY PLANS

The Group operates three broad employee-based security plans as described below.

ShareLink Incentive Plan

Under this plan, subject to Board approval, an allocation of securities or cash payments may be made to eligible employees (excluding the CEO but including other Senior Executives) in recognition of the Group's prior year performance.

Eligible employees received a grant of 100 securities at no cost to them on 23 February 2011. Eligible employees in the US received a cash payment of equivalent value in lieu of securities.

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

ShareLink Investment Tax Exempt Plan and ShareLink Investment Tax Deferred Plan

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

The ShareLink Investment Tax Deferred Plan provides eligible employees with the opportunity to contribute up to $5,000 per annum by way of salary sacrifice to be invested in Transurban securities. The Group matches participants' contributions dollar for dollar up to $3,000. The plan has a maximum disposal restriction period of three years from the date of acquisition, including a 12 month forfeiture period.

Grants under both of these plans are designed to encourage employee security holdings and to align the interests of employees with the Group and are therefore not subject to performance measures.

(II) DEALINGS IN SECURITIES

In accordance with the Group's Dealing in Securities Policy, employees who have awards under an LTI plan may not hedge against those awards.

Employees and Directors are not permitted to obtain margin loans using Transurban securities (either solely or as part of a portfolio) as security for loans.

(III) SERVICE AGREEMENTS

The remuneration and other terms of employment for the CEO and other Senior Executives are formalised in service agreements which have no specified term. Each of these agreements provides for access to performance-related STIs and other prescribed benefits.

The CEO's contract includes an entitlement to participate in an LTI plan (or equivalent cash plan). Other Senior Executives are eligible to participate in the LTI plan (or equivalent cash plans for those executives located outside Australia).

Some key aspects of the agreements in place in the year ended 30 June 2011 are outlined below:

	Period of notice to terminate (executive)	Period of notice to terminate (the Group)*
CEO	6 months	12 months
Other Senior Executives	3 months	6 months

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

5 LINK BETWEEN GROUP PERFORMANCE, SECURITY HOLDER WEALTH AND REMUNERATION

The remuneration of the CEO and other Senior Executives is linked to the Group's performance through the use of targets based on the operating performance of the business for both short and long term incentives.

A GROUP PERFORMANCE AND STI

For the year ended 30 June 2011, 25 per cent of Senior Executive STIs were determined with reference to proportional EBITDA and 25 per cent with reference to proportional net costs as discussed on page 15.

Proportional EBITDA

The underlying proportional EBITDA result for the year ended 30 June 2011 was $718.7 million, a 13.1 per cent increase from the prior year result. This result exceeded the Group's budget by 1.4 per cent, allowing the payment of 116.9 per cent of STIs attributable to proportional EBITDA. The proportional EBITDA result was driven by the Group's continued focus on cost control and the performance of the asset portfolio, characterised by strong traffic volumes on all Australian assets, particularly Melbourne's CityLink following the completion of the Southern Link Upgrade.

Refer to the graph over the following page which outlines the Group's proportional EBITDA results over the five-year period from 1 July 2006 to 30 June 2011.

Proportional net costs

The underlying proportional net costs result for the year ended 30 June 2011 was $172.3 million, a 1.2 per cent improvement from the prior year result. This result was below the Group's budget by 9.3 per cent, resulting in the payment of 128.6 per cent of STIs attributable to proportional net costs. As with proportional EBITDA, the Group's continued focus on cost management resulted in a decrease in the cost base across operational, corporate and business development costs. A number of value initiatives implemented also contributed to the cost reductions.

Safety

For the year ended 30 June 2011, the safety performance measure resulted in the payment of 150 per cent of the eligible STI for Senior Executives based in Australia, and 133 per cent for the eligible STI for Senior Executives based in the US. The safety KPI target included several components as discussed on page 15 of which a reduction in lost time injury frequency rates was one element. In the year ended 30 June 2011, lost time injury frequency rates decreased from 3.64 to 1.17.

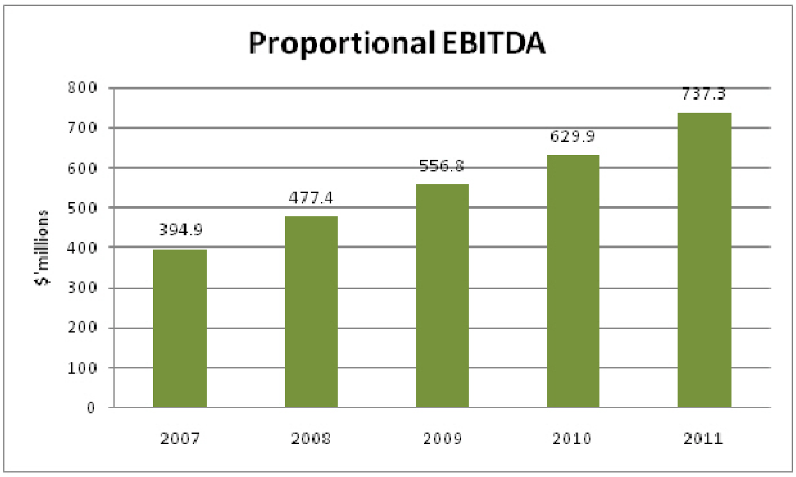
B GROUP PERFORMANCE AND LTI

For the year ended 30 June 2011, LTIs were linked to proportional EBITDA and relative TSR. The performance targets for the current plans are outlined on pages 18 - 19.

Proportional EBITDA

The performance target for proportional EBITDA of between 7 per cent and 11 per cent compound growth was considered an appropriate target in the current economic climate and for the anticipated level of organic growth in a mature toll road portfolio. Ring fencing arrangements mean that only the existing portfolio of assets contribute to the calculation.

In general, LTI targets have been based on cumulative performance in relation to proportional EBITDA over preceding years. The following graph shows the growth in proportional EBITDA from 1 July 2006. This growth is driven by increased traffic volumes and revenue collection processes and more specifically cost control that has been a focus of the Group since 2008.



1. The result for the year ended 30 June 2010 includes the M4 until 15 February 2010 when the concession deed ended and includes Lane Cove Tunnel from 10 August 2010.

The table below illustrates the Group's annual compound growth for the relevant non-market measure of each plan:

LTI plan	Group compound growth as at 30 June 2011
Performance Awards Plan 2009	8.2%
Performance Awards Plan 2010	10.2%
Performance Awards Plan 2011	15.2%

TSR performance

The table below summarises the relative TSR performance over the performance period to date in respect of unvested LTIs

Long term incentive plan	Group TSR growth from start of performance period to 30 June 2011	Transurban's indicative percentile ranking compared to comparator group
Performance Awards Plan 2009	13.87%	50.00%
Performance Awards Plan 2010	3.12%	48.84%
Performance Awards Plan 2011	2.81%	60.44%

Distributions paid over the past five financial years are summarised in the table below:

Amount (cents)	Ex date	Payment date
14.00	24 Jun 2011	11 Aug 2011
13.00	23 Dec 2010	15 Feb 2011
12.00	24 Jun 2010	27 Aug 2010
12.00	23 Dec 2009	26 Feb 2010
11.00	24 Jun 2009	28 Aug 2009
11.00	23 Dec 2008	27 Feb 2009
29.00	24 Jun 2008 *	29 Aug 2008
28.00	21 Dec 2007 *	27 Feb 2008
27.50	29 Jun 2007 *	27 Aug 2007
26.50	22 Dec 2006 *	28 Feb 2007
25.50	26 Jun 2006 *	25 Aug 2006

* Distributions made under a previous distribution policy no longer applied by the Group.

6 NON-EXECUTIVE DIRECTOR REMUNERATION

A REMUNERATION POLICY

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

Securing and retaining talented, qualified Directors	Preserve independence and impartiality	Aligning Non-Executive Director and security holder interests
↓	↓	↓
Non-Executive Director fee levels are set with regard to: • the responsibilities and risks attached to the role; • the time commitment expected and the workload; • Director experience and expertise; and • market benchmark data provided by independent remuneration consultants.	• Non-Executive Director remuneration consists of base (Director) fees and Committee fees. • No element of Non-Executive Director remuneration is 'at risk' – that is, fees are not based on the performance of the Group or individual Directors from year to year.	• Non-Executive Directors are encouraged to hold Transurban securities.

B REMUNERATION ARRANGEMENTS

Maximum aggregate remuneration

The amount of aggregate remuneration that may be paid to Non-Executive Directors in any year is capped at a level approved by security holders. The current aggregate fee pool of $2,400,000 per year (inclusive of superannuation contributions) was approved by security holders at the 2010 AGM. No change to this amount is proposed for the year ending 30 June 2012.

The aggregate fee pool and the manner in which it is apportioned amongst Non-Executive Directors is reviewed annually. The Remuneration Committee undertakes this review and makes recommendations to the Board. In conducting the review, the Remuneration Committee takes market benchmarking advice from independent remuneration consultants.

2011 Non-Executive Director fees

There was no increase in Non-Executive Directors fees during the year ended 30 June 2011. Non-Executive Director fees were last increased in January 2010.

Current base (Director) fees and Committee[1] fees per year are set out below:

	Chair fee $	Member fee $
Board	455,000	170,000
Audit and Risk Committee	40,000	20,000
Nomination Committee	10,000	10,000
Remuneration Committee	25,000	20,000

1 The Sustainability Committee was disbanded on 11 August 2010 and is no longer a separate Committee of the Board. The Chair fee of $25,000 per year and the member fee of $15,000 per year ceased on 11 August 2010.

The Chairman of the Board does not receive any additional fees for his Committee responsibilities.

Non-Executive Directors are permitted to be paid additional fees for special duties or exertions. No such fees were paid during the year ended 30 June 2011.

Non-Executive Directors are also entitled to be reimbursed for all business related expenses, including travel, as may be incurred in the discharge of their duties.

Retirement benefits

In September 2005, the Board resolved to discontinue previously provided retirement benefits for Non-Executive Directors with effect from 30 September 2005. The value of benefits accrued up to this date attracts interest at the statutory fringe benefits rate. Accrued ‘frozen’ retirement benefits plus interest will be paid to Geoff Cosgriff and Jeremy Davis on their retirement from the Board. No other current Non-Executive Directors are entitled to any retirement benefits.

The following table details the retirement benefit amounts provided and expensed in the years ended 30 June 2011 and 30 June 2010.

	2011 financial year $	2010 financial year $
Accrued – Geoff Cosgriff	16,301	15,210
Accrued – Jeremy Davis	27,155	25,338

No retirement benefits were paid out in the current year (2010: $nil).

ShareLink Investment Tax Deferred Plan

Under the ShareLink Investment Tax Deferred Plan, Non-Executive Directors are able to sacrifice up to 50 per cent of their pre-tax fees to acquire up to $5,000 of Transurban securities per annum through a tax deferred arrangement.

C REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS

Details of Non-Executive Directors' remuneration for the years ended 30 June 2011 and 30 June 2010 are set out below:

	Short-term benefits	Post-employment benefits		Total
	Fees	Superannuation contributions[1]	Retirement benefits[2]	
Current Non-Executive Directors				
Lindsay Maxsted (Appointed Chairman 12 August 2010)				
2011	394,593	35,513	-	430,106
2010	194,826	17,534	-	212,360
Neil Chatfield				
2011	199,828	17,985	-	217,813
2010	167,818	15,104	-	182,922
Geoff Cosgriff				
2011	188,153	16,934	16,301	221,388
2010	171,880	15,469	15,210	202,559
Jeremy Davis				
2011	201,920	27,750	27,155	256,825
2010	175,084	22,500	25,338	222,922
Bob Edgar				
2011	196,552	17,690	-	214,242
2010	155,739	14,016	-	169,755
Rodney Slater				
2011	155,268	-	-	155,268
2010	125,975	10,932	-	136,907
Bob Officer (Appointed 20 August 2010)				
2011	141,066	12,696	-	153,762
2010	-	-	-	-
Samantha Mostyn (Appointed 8 December 2010)				
2011	93,996	8,460	-	102,456
2010	-	-	-	-
Jennifer Eve				
2011	91,484	-	-	91,484
2010	77,315	-	-	77,315
James Keyes				
2011	34,984	-	-	34,984
2010	39,597	-	-	39,597
Former Non-Executive Directors				
David Ryan (Resigned 12 August 2010)				
2011	49,199	4,428	-	53,627
2010	401,546	36,139	-	437,685
Total				
2011	1,747,043	141,456	43,456	1,931,955
2010	1,509,780	131,694	40,548	1,682,022

1 *Superannuation contributions made on behalf of non-executive directors to satisfy the Group's obligations under applicable Superannuation Guarantee legislation.*

2 *Amounts provided for by the Group during the financial year in relation to the contractual retirement benefits which the Non-Executive Director will be entitled to upon retirement from office.*

7 GLOSSARY OF TERMS

Term	Definition
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Free Cash Flow (FCF) per security	Within Transurban, FCF per security is defined as: • Group's cash flow from operating activities • Less: Cash flows from operating activities of non-100 per cent owned controlled assets • Add Back: Maintenance Capital Expenditure for 100 per cent owned assets • Less: Accounting charge for maintenance provision for the year • Less: Actual tag expenditure in 100 per cent owned assets • Add: Dividends received from non-100 per cent owned assets • Divided by: Weighted average of securities issued.
Key Management Personnel (KMP)	Those persons having authority and responsibility for planning, directing and controlling the major activities of the Group and Transurban Holdings Limited, directly or indirectly, including any Director (whether executive or otherwise), as listed on page 10.
Long term incentive (LTI)	An 'at risk' component of executive remuneration under which an equity reward may be provided to participants based on achievement of specific performance measures over a performance period of three years.
Proportional EBITDA	EBITDA calculated based on percentage of Transurban asset ownership as follows: CityLink (100 per cent), Hills M2 (100 per cent), LCT (100 per cent), Roam (100 per cent), Tollaust (100 per cent), M1 Eastern Distributor (75.1 per cent), M5 (50 per cent), M7 (50 per cent) and DRIVe (75 per cent including 67.5 per cent of Capital Beltway Express and 75 per cent of Pocahontas 895). The proportional EBITDA result is included in the audited financial statements.
Proportional net costs	Net costs include the operating, corporate and business development costs of the Group less non-toll revenues (fees and other).
Relative total shareholder return (TSR)	TSR measures total return on investment of a security, taking into account both capital appreciation and distributed income which was reinvested on a pre-tax basis. Relative TSR measures the return on investment of a company relative to a peer group of companies. Relative TSR is one of the performance measures in determining the vesting of Transurban LTI program.
Senior Executives	The executives who are the KMP of the Group (including the CEO), as listed on page 10.
Short term incentive (STI)	An 'at risk' component of executive remuneration under which a cash reward may be payable based on achievement of individual and Group performance measures.
Statutory EBITDA	100% of the EBITDA from controlled entities (CityLink, Hills M2, LCT, M1 Eastern Distributor, Roam, Tollaust) regardless of Transurban's ownership percentage. It excludes the EBITDA contribution from non-controlled interests (M5 Motorway, Westlink M7 and DRIVe).
Total employment cost (TEC)	Base salary and other benefits including superannuation paid to an executive.

Non-audit services

The Group has an "External Auditor Independence" policy which is intended to support the independence of the external auditor by regulating the provision of services by the external auditor. The external auditor will not be engaged to perform any service that may impair or be perceived to impair the external auditor's judgement or independence. The external auditor will only provide a permissible non-audit service where there is a compelling reason for it to do so, and the aim is for the external auditor not to provide non-audit services at all. All non-audit services must be pre-approved by the Chief Financial Officer (services less than $5,000) or the Chair of the Audit and Risk Committee (in all other cases).

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

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

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

	30 June 2011 $	30 June 2010 $
Amounts received or due and receivable by PricewaterhouseCoopers		
Audit and Other Assurance Services		
- Audit and review of financial reports		
PricewaterhouseCoopers Australia	**1,091,000**	1,022,000
- Other assurance services		
PricewaterhouseCoopers Australia	**69,887**	474,802
Total remuneration for PricewaterhouseCoopers	**1,160,887**	1,496,802
Amounts received or due and receivable by other audit firms for:		
Audit services		
Audit and review of financial report	**-**	88,400
Other services		
- Other assurance services	**-**	296,550
- Taxation services	**-**	95,847
Total remuneration for other audit firms	**-**	480,797
Total auditors remuneration	**1,160,887**	1,977,599

The prior year audit fee relates to the amount due to Ernst & Young who were the auditors of Statewide Roads Limited. Other assurance and tax fees are for other services Ernst and Young were engaged for throughout the Group.

Indemnification and insurance

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

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

This policy is subject to a confidentiality clause which prohibits disclosure of the nature of the liability covered, the name of the Insurer, the Limit of Liability and the Premium paid for this policy.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 35.

Rounding of amounts

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

Lindsay P Maxsted
Director

Christopher J Lynch
Director

Melbourne
3 August 2011

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Transurban Holdings Limited and the Transurban Holdings Limited Group for the year ended 30 June 2011, 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 Holdings Limited and the Transurban Holdings Limited Group (the Group). The Group comprises the aggregation of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited and the entities they controlled during the period.

John Yeoman
Partner
PricewaterhouseCoopers

Melbourne
3 August 2011

Transurban Holdings Limited ABN 86 098 143 429
Annual financial report - 30 June 2011

This financial report covers the Transurban Group which consists of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited and their controlled entities as described in Note 1 to the Financial Statements. The financial report is presented in the Australian currency.

The equity securities of the parent entities are stapled and cannot be traded separately. Entities within the group are domiciled and incorporated in Australia, the United States of America or Bermuda. Transurban Holdings Limited's registered office and principal place of business is:

Level 3
505 Little Collins Street
Melbourne Victoria 3000

The financial report was authorised for issue by the directors on 3 August 2011. The Group 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 Holdings Limited
Consolidated income statement
For the year ended 30 June 2011

	Notes	30 June 2011 $'000	30 June 2010 $'000
Revenue			
Toll, fee and other road revenue	3	**799,217**	751,107
Construction revenue	3	**220,015**	46,822
Business development and other revenue	3	**17,284**	19,240
		1,036,516	817,169
Road operating costs		**(160,396)**	(179,312)
Corporate costs		**(39,117)**	(44,742)
Business development costs		**(13,070)**	(18,830)
Construction costs		**(220,015)**	(46,822)
		(432,598)	(289,706)
Profit before depreciation and amortisation, net finance costs, equity accounted investments and tax		**603,918**	527,463
Depreciation and amortisation expense	4	**(289,435)**	(305,051)
Finance income		**270,757**	280,644
Finance costs		**(456,270)**	(456,964)
Net finance costs	5	**(185,513)**	(176,320)
Share of net (losses) of equity accounted investments	9	**(20,198)**	(20,549)
Profit before income tax		**108,772**	25,543
Income tax benefit	6	**9,386**	34,062
Profit for the year		**118,158**	59,605
Profit is attributable to:			
Ordinary equity holders of the stapled group		**112,467**	59,418
Non-controlling interests		**5,691**	187
		118,158	59,605
		Cents	Cents
Earnings per security attributable to ordinary equity holders of the stapled group:			
Basic earnings per stapled security	33	**7.8**	4.6
Diluted earnings per stapled security	33	**7.8**	4.6

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

	30 June 2011 $'000	30 June 2010 $'000
Profit for the year	**118,158**	59,605
Other comprehensive income		
Changes in the fair value of cash flow hedges, net of tax	**(17,216)**	22,026
Exchange differences on translation of foreign operations, net of tax	**(7,613)**	(1,780)
Other comprehensive income for the year, net of tax	**(24,829)**	20,246
Total comprehensive income for the year	**93,329**	79,851
Total comprehensive income for the year is attributable to:		
Owners of Transurban Holdings Limited	**110,722**	133,269
Non-controlling interests	**(17,393)**	(53,418)
	93,329	79,851

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

Transurban Holdings Limited
Consolidated balance sheet
As at 30 June 2011

	Notes	30 June 2011 $'000	30 June 2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**411,880**	681,259
Trade and other receivables	8	**217,560**	205,607
Derivative financial instruments	11	**1,065**	271
Total current assets		**630,505**	887,137
Non-current assets			
Equity accounted investments	9	**524,834**	599,459
Term loan notes	10	**724,225**	678,044
Derivative financial instruments	11	**55,238**	79,959
Property, plant and equipment	12	**177,548**	146,053
Deferred tax assets	13	**12,899**	12,051
Intangible assets	14	**8,278,281**	7,678,619
Total non-current assets		**9,773,025**	9,194,185
Total assets		**10,403,530**	10,081,322
LIABILITIES			
Current liabilities			
Trade and other payables	15	**221,363**	202,354
Borrowings	16	**202,870**	35,604
Derivative financial instruments	11	**136,431**	2,822
Current tax liabilities		**13,706**	17,779
Provisions	17	**296,586**	293,569
Other liabilities	18	**89,622**	78,035
Total current liabilities		**960,578**	630,163
Non-current liabilities			
Borrowings	16	**4,035,817**	4,005,010
Deferred tax liabilities	13	**843,846**	901,462
Provisions	17	**262,573**	181,612
Derivative financial instruments	11	**255,711**	141,030
Other liabilities	18	**52,654**	45,536
Total non-current liabilities		**5,450,601**	5,274,650
Total liabilities		**6,411,179**	5,904,813
Net assets		**3,992,351**	4,176,509
EQUITY			
Contributed equity	19	**7,772,117**	7,656,383
Reserves	20	**26,461**	52,594
(Accumulated losses)	20	**(4,085,426)**	(3,836,959)
Non-controlling interest - Transurban International Limited		**104,041**	118,197
Non-controlling interests		**175,158**	186,294
Total equity		**3,992,351**	4,176,509

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

	Notes	Attributable to members of Transurban Holdings Limited Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2009		**7,106,243**	**12,230**	**(3,605,921)**	**3,512,552**	**328,584**	**3,841,136**
Comprehensive income							
Profit (loss) for the year	20	-	-	93,528	93,528	(33,923)	59,605
Other comprehensive income	20	-	39,741	-	39,741	(19,495)	20,246
Total comprehensive income		**-**	**39,741**	**93,528**	**133,269**	**(53,418)**	**79,851**
Transactions with owners in their capacity as owners:							
Contributions of equity net of transaction costs	19	482,665	-	-	482,665	47,648	530,313
Treasury securities	19	7,978	-	-	7,978	459	8,437
Distribution reinvestment plan	19	59,497	-	-	59,497	5,884	65,381
Distributions provided or paid	20	-	-	(324,566)	(324,566)	-	(324,566)
Dividends provided for or paid to non-controlling interest in subsidiaries		-	-	-	-	(25,329)	(25,329)
Change in value of share-based payment reserve	20	-	623	-	623	663	1,286
		550,140	623	(324,566)	226,197	29,325	255,522
Balance at 30 June 2010		**7,656,383**	**52,594**	**(3,836,959)**	**3,872,018**	**304,491**	**4,176,509**
Balance at 1 July 2010		**7,656,383**	**52,594**	**(3,836,959)**	**3,872,018**	**304,491**	**4,176,509**
Comprehensive income							
Profit (loss) for the year	20	-	-	140,915	140,915	(22,757)	118,158
Other comprehensive income	20	-	(30,193)	-	(30,193)	5,364	(24,829)
Total comprehensive income		**-**	**(30,193)**	**140,915**	**110,722**	**(17,393)**	**93,329**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	19	-	-	-	-	-	-
Treasury securities	19	91	-	-	91	12	103
Distribution reinvestment plan	19	115,831	-	-	115,831	8,719	124,550
Distribution provided for or paid	20	-	-	(389,463)	(389,463)	-	(389,463)
Distribution provided for or paid to non-controlling interest in subsidiaries		-	-	-	-	(17,226)	(17,226)
Change in value of share-based payment reserve	20	(188)	4,060	81	3,953	596	4,549
		115,734	4,060	(389,382)	(269,588)	(7,899)	(277,487)
Balance at 30 June 2011		**7,772,117**	**26,461**	**(4,085,426)**	**3,713,152**	**279,199**	**3,992,351**

Non-controlling interests include Transurban International Limited and other non-controlling interests outside of the Group

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

Transurban Holdings Limited
Consolidated statement of cash flows
For the year ended 30 June 2011

	Notes	**30 June 2011 $'000**	30 June 2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**912,781**	857,082
Payments to suppliers and employees (inclusive of GST)		**(338,579)**	(308,736)
Payments for maintenance of intangible assets		**(18,429)**	(22,396)
Other revenue		**24,869**	19,892
Interest received		**217,598**	196,486
Interest paid		**(380,900)**	(347,945)
Income taxes paid		**(42,649)**	(60,997)
Net cash inflow from operating activities	31	**374,691**	333,386
Cash flows from investing activities			
Payments for equity accounted investments		**(29,356)**	(24,804)
Payments for intangible assets		**(797,733)**	(56,059)
Payments for property, plant and equipment		**(36,617)**	(46,829)
Payment for settlement of CityLink concession notes		**-**	(61,795)
Distributions received from equity investments		**41,000**	36,500
Net cash (outflow) from investing activities		**(822,706)**	(152,987)
Cash flows from financing activities			
Proceeds from issues of stapled securities, net of costs		**-**	530,929
Proceeds from sale of treasury securities, net of costs		**103**	4,540
Proceeds from borrowings, net of costs		**1,067,641**	1,177,477
Repayment of borrowings		**(639,130)**	(1,154,033)
Distributions paid to Group's security holders	21	**(232,577)**	(230,451)
Distributions paid to non-controlling interests		**(15,542)**	(28,158)
Net cash inflow from financing activities		**180,495**	300,304
Net (decrease) increase in cash and cash equivalents		**(267,520)**	480,703
Cash and cash equivalents at beginning of year		**681,259**	199,805
Effects of exchange rate changes on cash and cash equivalents		**(1,859)**	751
Cash and cash equivalents at end of year	7	**411,880**	681,259

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

Contents of the notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(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.*

The Transurban Group financial statements have been prepared as an aggregation of the financial statements of Transurban Holdings Limited and controlled entities (THL), Transurban Holding Trust and controlled entities (THT), and Transurban International Limited and controlled entities (TIL) as if all entities operate together. They are therefore treated as a combined entity (hereon referred to as "the Group"), notwithstanding that none of the entities controls any of the others. The principles of consolidation have been applied in order to present the aggregated financial statements on a combined basis. THL has been deemed the parent of the Group.

The financial statements have been aggregated in recognition of the fact that the securities issued by THL, THT and TIL are stapled together and comprise one share in THL, one unit in THT and one share in TIL (Stapled Security). None of the components of the Stapled Security can be traded separately.

The Group's current liabilities exceed its current assets by $330.1 million as at 30 June 2011. The financial report has been prepared on a going concern basis, which contemplates the continuity of normal operations, as the Group is trading profitably and has continually been able to refinance maturing debt. In addition, at 30 June 2011 the Group has available a total of $410.8 million of unused working capital facilities.

Where necessary, comparatives have been reclassified for consistency with current year disclosures.

Compliance with IFRS
The consolidated financial statements of Transurban Holdings Limited also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Early adoption of standards
The Group has not elected to adopt any new accounting standard early.

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

Rounding of amounts
The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the 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.

(b) Principles of consolidation

Subsidiaries
Subsidiaries are all 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.

The aggregated financial statements incorporate an elimination of inter-entity transactions and balances and other adjustments necessary to present the financial statements on a combined basis. The accounting policies adopted in preparing the financial statements have been consistently applied by the individual entities comprising the Group except as otherwise indicated.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(h)).

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, balance sheet and statement of changes in equity respectively.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Associates and joint ventures
Associates are all entities over which the Group has significant influence but not control. Interests in joint ventures are where the Group jointly controls an entity with another party (refer to note 9).

Investments in associates are accounted for using the equity method of accounting, after being initially recognised at cost.

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. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses. Dividends received from associates and joint ventures reduce the carrying amount of the investment.

Application of UIG 1013 Pre-date of Transition Stapling Arrangements and AASB Interpretation 1002 Post-date of Transition Stapling Arrangements
For the purpose of UIG 1013 and AASB Interpretation 1002, THL was identified as the parent entity in relation to the pre-date of transition stapling with THT and the post-date of transition stapling with TIL. In accordance with UIG 1013 the results and equity of THL and THT have been combined in the financial statements. AASB Interpretation 1002 however requires the results and equity of TIL to be treated and disclosed as non-controlling interest.

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer (the chief operating decision maker) and the Executive Committee, who report to the Chief Executive Officer (CEO).

(d) Foreign currency translation

Functional and presentation currency
The consolidated financial statements are presented in Australian dollars, which is Transurban Holdings Limited's functional and presentation currency.

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

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

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

- all resulting exchange differences are recognised in other comprehensive income.

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

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised for the major business activities as follows:

- Toll and fee revenue - Toll charges and related fees are recognised when the charge is incurred by the user.
- Business development revenue - Business development revenue is recognised when earned, and to the extent of costs incurred and that these costs will be recovered.
- Interest income - Interest income is recognised using the effective interest rate method.
- Construction revenue - During the construction phase of service concession infrastructure assets, the Group records an intangible asset representing the right to charge users of the infrastructure and recognises revenue from the construction of the infrastructure. Revenue and expenses associated with construction contracts are recognised in accordance with the percentage of completion method.

(f) Income tax

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

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

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

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

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

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

Current and deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income, or directly in equity, respectively.

1 Summary of significant accounting policies (continued)

(f) Income tax (continued)

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

Tax consolidation legislation
The Transurban Group has adopted the tax consolidation legislation for Transurban Holdings Limited and its wholly-owned Australian entities as of 1 July 2005.

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

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 25). Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Lease incentives are recognised as a reduction of the rental expense over the lease term on a straight line basis.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

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

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

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

(i) 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 an estimate of the 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 through the income statement. The decrement in the carrying amount is recognised as an expense in the income statement 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 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.

1 Summary of significant accounting policies (continued)

(i) Impairment of assets (continued)

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.

(j) Cash and cash equivalents

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

(k) Investments and other financial assets

Classification
The Group classifies its investments and other financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments and other financial assets were acquired. The classification of the Group's investments and other financial assets are determined at initial recognition and, in the case of assets classified as held-to-maturity, is re-evaluated at the end of each reporting period.

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.

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 are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 8) in the consolidated balance sheet.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Trade receivables are due for settlement no more than 30 days from revenue recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An impairment allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows. The amount of the impairment allowance is recognised in the income statement.

Held-to-maturity investments (term loan notes)
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. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

Recognition and derecognition
Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statements. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

1 Summary of significant accounting policies (continued)

(k) Investments and other financial assets (continued)

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit and loss as gains and losses from investment securities.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statements within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statements as part of revenue from continuing operations when the Group's right to receive payments is established.

Impairment
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement - is reclassified from equity and recognised in the income statement as a reclassification adjustment. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(l) Derivatives and hedging activities

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

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 11. Movements in the hedging reserve in shareholders' equity are shown in note 20. 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. The treatment of derivatives is as follows:

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

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

1 Summary of significant accounting policies (continued)

(l) Derivatives and hedging activities (continued)

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

  Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects 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.

  When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statements. 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.

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

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

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

- *Derivatives that do not qualify for hedge accounting*
  Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs incurred on development projects (including computer software and hardware) are recognised as an asset when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be reliably measured. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statements during the reporting 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.

Depreciation
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 annually for all assets. The expected useful lives are 3 – 15 years.

Impairment
Fixed assets are assessed for impairment in line with the policy stated in note 1(i).

1 Summary of significant accounting policies (continued)

(n) Intangible assets

Concession Assets
Concession Assets represent the Group's rights to operate roads under Service Concession Arrangements. Concession Assets constructed by the Group are recorded at the fair value of consideration received or receivable for the construction services delivered. Concession Assets acquired by the Group are recorded at the fair value of the assets at the date of acquisition. All Concession Assets are classified as intangible assets and are amortised over the term of the right to operate the asset on a straight line basis. For details of concession agreement dates refer to note14.

Where work is in progress, it is classified as assets under construction.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to the relevant cash-generating units for the purpose of impairment testing.

(o) Financial liabilities

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Concession and promissory notes
The Group has non-interest bearing long term debt, represented by Concession and Promissory Notes, payable to the government, measured at the net present value of expected future payments.

(p) Borrowings

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

Borrowings are removed from the balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as finance income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(q) 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.

1 Summary of significant accounting policies (continued)

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are discounted to the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. 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. The increase in the provision due to the discount unwinding over the passage of time is recognised as a finance cost.

Provision for maintenance
As part of its obligations under the service concession arrangements, the Group assumes responsibility for the maintenance and repair of installations of the publicly-owned roads it operates. A provision for maintenance has been raised where the Group has a present legal or constructive obligation to maintain and replace components of the underlying physical assets operated by the Group as a result of past events. The Group's obligations under the respective concession deeds arise as a consequence of use of the road during the operating phase. The provision is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions giving rise to a cash outflow after more than one year are discounted to present value if the impact is material. The increase in the provision due to the discount unwinding over the passage of time is recognised as a finance cost.

Provision for distribution
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 reporting period but not distributed at the end of the reporting period.

(s) Employee benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and short-term incentives, and long service leave expected to be settled within 12 months after the end of the period, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and short-term incentives, and long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented in payables. An expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Long-term employee benefit obligations
The liability for long service leave which is not expected to be settled within 12 months after the end of the period is recognised in the provision for employee benefits. It is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Equity-based compensation benefits
Equity-based compensation benefits have been provided to some employees.

The fair value of units granted under the plans are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the units.

The fair value of units granted under cash settled share-based compensation plans is recognised as an expense over the vesting period with a corresponding increase in liabilities. The fair value of the liability is remeasured at each reporting date with any changes in fair value recognised in the income statement for the period.

The fair value is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term, the impact of dilution, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield and the risk free interest rate for the term of the plan.

1 Summary of significant accounting policies (continued)

(s) Employee benefits (continued)

The fair value granted is adjusted to reflect the market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and growth targets). Non-market vesting conditions are included in assumptions about the number of units that are expected to become exercisable. At each reporting date, the Group revises its estimate of the number of units that are expected to become exercisable. The employee benefit expense recognised each reporting period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

Superannuation
Superannuation is contributed to plans as nominated by the employee. The contribution is not less than the statutory minimum. The superannuation plans are all accumulation funds.

The cost of current and deferred employee compensation and contributions to employee superannuation plans were charged to the income statement.

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(t) Contributed equity

Stapled securities are classified as equity.

Incremental costs directly attributable to the issue of new stapled securities are shown in equity as a reduction, net of tax, from the proceeds.

If the Group reacquires its own securities, those securities are deducted from equity. 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.

(u) Parent entity financial information

The financial information for the parent entity, Transurban Holdings Limited, disclosed in note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

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

Tax consolidation legislation
Transurban Holdings Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation effective 1 July 2005.

The head entity, Transurban Holdings Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group is a separate taxpayer within the tax consolidated group.

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

1 Summary of significant accounting policies (continued)

(v) 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.

(w) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013)
AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 July 2013 but is available for early adoption. Management are in the process of assessing the impact on financial assets but do not believe this will be significant.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The Group has not yet decided when to adopt AASB 9.

(ii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011)
In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 July 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013)
On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Transurban Holdings Limited is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. The two standards will have no impact on the financial statements of the Group.

(iv) AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective from 1 July 2011/1 January 2011)
In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Group will apply the amendments from 1 July 2011. Management continue to assess the impact of AASB 2010-3 and AASB 2010-4 and does not expect that any adjustments will be necessary as the result of applying the revised rules.

(v) AASB 2010-6 *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)
In November 2010, the AASB made amendments to AASB 7 *Financial Instruments: Disclosures* which introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Group's disclosures.

2 Segment information

Description of segments

It has been determined that the operating segments based on information provided to the CEO and Executive Committee is by geographical region, being Victoria and New South Wales in Australia and the USA.

The Group operates in one business sector only, being the development, operation and maintenance of toll roads. The CEO and Executive Committee therefore consider the business from the perspective of locations.

The following assets are included in the operating segments:

Segment	**Assets**
Victoria, Australia	CityLink
New South Wales, Australia	Hills M2 Motorway
	Lane Cove Tunnel
	75.1 per cent interest in the M1 Eastern Distributor
	Equity investments in the M5 Motorway (50.0 per cent) and Westlink M7 (50.0 per cent)
USA	75.0 per cent interest in Transurban DRIVe. Transurban DRIVe holds 100.0 per cent of Pocahontas 895 and 90.0 per cent of Capital Beltway Express

The tolling businesses of Roam and Tollaust have also been included in the NSW operating segment as they are managed together with each of the assets and contribute tolling services to all NSW assets.

The USA segment does not meet the quantitative thresholds to be reported as an operating segment in accordance with AASB 8. However management have concluded that this segment should be reported as it is closely monitored as an emerging market with development opportunities.

The Group's corporate function is not an operating segment under the requirements of AASB 8 as its revenue generating activities are only incidental to the business. Management have aggregated and disclosed the corporate business units as the contribution to the business is closely monitored.

The operating segments have been further broken down by asset to assist with external analysis of the financial statements.

2 Segment information (continued)

Segment information - Proportional Income Statement

The CEO and Executive Committee assess the performance of the operating segments based on a measure of proportional EBITDA. EBITDA excludes the impact of interest income and expense which have been presented by segment where applicable. Interest income and expense are allocated across segments where the charges are related specifically to the assets. Otherwise they have been allocated to the Corporate function.

The concession to toll the M4 ended on 15 February 2010 and has been disclosed as an expired concession for segment reporting purposes in the prior year.

The segment information provided to the Executive Committee is presented on a proportional basis. The information for the reportable segments for the year ended 30 June 2011 and 30 June 2010 is as follows:

	Victoria	**New South Wales**							**USA**				**Corporate**	**Total**
30 June 2011	**CityLink 100.0%**	Hills M2 100.0%	Lane Cove Tunnel 100.0%	M1 Eastern Distributor 75.1%	M5 50.0%	M7 50.0%	Roam & Tollaust 100.0%	**Total NSW**	Pocahontas 895 75.0%	Capital Beltway 67.5%	Other Transurban DRIVe 75.0%	**Total Transurban DRIVe**	**100.0%**	
$'000														
Toll revenue	**434,581**	145,728	51,718	69,170	83,730	95,291	-	**445,637**	10,818	-	-	**10,818**	**-**	**891,036**
Fee and other revenue	**42,026**	2,019	1,310	200	5,405	1,252	22,348	**32,534**	19	-	-	**19**	**(2)**	**74,577**
Total revenue	**476,607**	**147,747**	**53,028**	**69,370**	**89,135**	**96,543**	**22,348**	**478,171**	**10,837**	**-**	**-**	**10,837**	**(2)**	**965,613**
Underlying proportional EBITDA	**382,069**	119,739	29,807	52,382	75,171	74,658	8,522	**360,279**	6,321	-	(4,114)	**2,207**	**(25,871)**	**718,684**
One off items	-	-	-	-	-	-	-	-	-	-	-	-	**18,625**	**18,625**
Proportional EBITDA	**382,069**	**119,739**	**29,807**	**52,382**	**75,171**	**74,658**	**8,522**	**360,279**	**6,321**	**-**	**(4,114)**	**2,207**	**(7,246)**	**737,309**
Interest revenue	**6,573**	2,096	680	128,133	840	1,987	629	**134,365**	59	1,595	-	**1,654**	**89,980**	**232,572**
Interest expense	**(83,255)**	(41,012)	(17,815)	(124,189)	(20,508)	(130,214)	(2)	**(333,740)**	(18,775)	-	-	**(18,775)**	**(148,254)**	**(584,024)**
Depreciation and amortisation	**(145,329)**	(63,847)	(21,867)	(38,980)	(44,086)	(34,201)	(1,518)	**(204,499)**	(7,750)	-	-	**(7,750)**	**(4,807)**	**(362,385)**
Proportional profit (loss) before tax	**160,058**	**16,976**	**(9,195)**	**17,346**	**11,417**	**(87,770)**	**7,631**	**(43,595)**	**(20,145)**	**1,595**	**(4,114)**	**(22,664)**	**(70,327)**	**23,472**
Income tax benefit (expense)	**(11,076)**	14,537	(757)	(19,085)	(15,274)	17,534	(2,279)	**(5,324)**	10,097	-	(3,774)	**6,323**	**34,430**	**24,353**
Proportional net profit (loss)	**148,982**	**31,513**	**(9,952)**	**(1,739)**	**(3,857)**	**(70,236)**	**5,352**	**(48,919)**	**(10,048)**	**1,595**	**(7,888)**	**(16,341)**	**(35,897)**	**47,825**

2 Segment information (continued)

	Victoria	New South Wales Continuing Portfolio						USA				Corporate		Expired concession	Total
30 June 2010	**CityLink**	Hills M2	M1 Eastern Distributor	M5	M7	Roam & Tollaust	**Total New South Wales Continuing Portfolio**	Pocahontas 895	Capital Beltway	Other Transurban DRIVe	**Total Transurban DRIVe**		**Total Continuing Portfolio**	**M4**	
	100.0%	100.0%	75.1%	50.0%	50.0%	100.0%		75.0%	67.5%	75.0%		**100.0%**		**50.61%**	
$'000															
Toll revenue	**389,874**	141,466	61,763	81,272	87,733	-	**372,234**	11,756	-	-	**11,756**	-	**773,864**	**35,836**	**809,700**
Fee and other revenue	**38,563**	496	156	6,135	1,105	23,499	**31,391**	51	-	-	51	**(1,445)**	**68,560**	**2,046**	**70,606**
Total revenue	**428,437**	141,962	61,919	87,407	88,838	23,499	**403,625**	11,807	**-**	**-**	**11,807**	**(1,445)**	**842,424**	**37,882**	**880,306**
Underlying proportional EBITDA	**328,333**	112,743	43,837	74,743	69,503	3,783	**304,609**	4,853	-	(4,373)	**480**	**(26,499)**	**606,923**	**28,428**	**635,351**
Once off items	-	-	-	-	-	-	-	-	-	-	-	(5,409)	(5,409)	-	(5,409)
Proportional EBITDA	**328,333**	112,743	43,837	74,743	69,503	3,783	**304,609**	4,853	**-**	(4,373)	**480**	**(31,908)**	**601,514**	**28,428**	**629,942**
Interest revenue	**2,753**	38,973	116,451	-	-	749	**156,173**	87	3,513	-	**3,600**	**82,245**	**244,771**	**368**	**245,139**
Interest expense	**(75,689)**	(67,608)	(122,696)	(17,091)	(117,159)	-	**(324,554)**	(20,492)	-	-	**(20,492)**	**(146,517)**	**(567,252)**	**(1,842)**	**(569,094)**
Depreciation and amortisation	**(130,080)**	(64,420)	(38,980)	(44,423)	(34,035)	(2,257)	**(184,115)**	(8,478)	-	-	**(8,478)**	**(16,651)**	**(339,324)**	**(20,112)**	**(359,436)**
Proportional profit (loss) before tax	**125,317**	19,688	(1,388)	13,229	(81,691)	2,275	**(47,887)**	(24,030)	**3,513**	(4,373)	**(24,890)**	**(112,831)**	**(60,291)**	**6,842**	**(53,449)**
Income tax benefit (expense)	**1,152**	5,296	(16,756)	(15,938)	74,625	(685)	**46,542**	8,330	-	(1,280)	**7,050**	**56,625**	**111,369**	**(3,133)**	**108,236**
Proportional net profit (loss)	**126,469**	24,984	(18,144)	(2,709)	(7,066)	1,590	**(1,345)**	(15,700)	**3,513**	(5,653)	**(17,840)**	**(56,206)**	**51,078**	**3,709**	**54,787**

2 Segment information (continued)

Other segment information - Proportional income statement

Proportional basis of presenting results
The CEO and Executive Committee receive information for assessing the business on an underlying proportional basis reflecting the contribution of individual assets in the proportion of Transurban's equity ownership.

The Group's proportional EBITDA result reflects business performance and permits a more appropriate and meaningful analysis of the Group's underlying performance on a comparative basis. This method of presentation differs from the statutory accounting format and has been reconciled below.

EBITDA is earnings before interest, taxation, depreciation and amortisation.

Segment revenue
Revenue from external customers is through toll and fee revenues earned on toll roads. There are no inter-segment revenues.

Segment revenue reconciles to total statutory revenue as follows:

	30 June 2011 $'000	30 June 2010 $'000
Total segment revenue (proportional)	**965,613**	880,306
Add: Revenue attributable to non-controlling interests	**25,682**	57,499
Less: Revenue of non-controlled assets	**(196,515)**	(188,052)
Construction revenue	**220,015**	46,822
Business development revenue	**16,255**	18,447
Other	**5,466**	2,147
Total revenue (note 3)	**1,036,516**	817,169

Interest revenue
Interest revenue is earned through Infrastructure Bonds, bank interest revenue and term loan note interest received.

Interest revenue reconciles to statutory finance income as follows:

	30 June 2011 $'000	30 June 2010 $'000
Total segment interest revenue (proportional)	**232,572**	245,139
Add: Interest revenue attributable to non-controlling interests	**42,672**	38,969
Add: Foreign exchange gains	**-**	137
Less: Interest revenue of non-controlled assets	**(4,487)**	(3,601)
Total finance income (note 5)	**270,757**	280,644

2 Segment information (continued)

Reconciliation of proportional EBITDA to statutory profit (loss) for the year
Proportional EBITDA reconciles to statutory net profit (loss) for the year as follows:

	30 June 2011 $'000	30 June 2010 $'000
Proportional EBITDA	**737,309**	629,942
Add: Proportional EBITDA attributable to non-controlling interests	**18,645**	42,247
Less: Proportional EBITDA of M5	**(75,171)**	(74,743)
Less: Proportional EBITDA of M7	**(74,658)**	(69,503)
Less: Proportional EBITDA of Pocahontas	**(6,321)**	(4,853)
Less: Proportional EBITDA of DRIVe	**4,114**	4,373
Statutory profit before depreciation and amortisation, net finance costs, equity accounted investments and tax	**603,918**	527,463
Statutory net finance costs	**(185,513)**	(176,320)
Statutory depreciation and amortisation	**(289,435)**	(305,051)
Share of associates profit/(loss)	**(20,198)**	(20,549)
Income tax benefit/(expense)	**9,386**	34,062
Profit for the year	**118,158**	59,605

One off items
The exclusion of certain items in the Group's results permits a more appropriate and meaningful analysis of the Group's underlying performance on a comparative basis.

One off items are:

	30 June 2011 $'000	30 June 2010 $'000
M4 handback provision and reversal of contingent liability recognised on acquisition	**18,625**	-
Corporate advisory costs (relating to the change of control proposal)	**-**	(5,409)
	18,625	(5,409)

2 Segment information (continued)

Segment information - Segment assets

The segment information provided to the CEO and Executive Committee in respect of assets is presented on a statutory consolidated basis. The assets are allocated based on the physical location of the asset. The information for the reportable segments for the year ended 30 June 2011 and 30 June 2010 is as follows:

	Victoria	New South Wales							USA		Total
30 June 2011	**CityLink $'000**	**Hills M2 $'000**	**M1 Eastern Distributor $'000**	**Lane Cove Tunnel $'000**	**M5 $'000**	**M7 $'000**	**Roam & Tollaust $'000**	**Total New South Wales $'000**	**Transurban DRIVe $'000**	**Corporate $'000**	**$'000**
Total segment assets	**3,536,074**	2,222,608	2,110,444	645,192	383,890	724,225	46,908	**6,133,267**	**140,944**	**593,245**	**10,403,530**
Total segment assets includes:											
Investments in associates and joint venture partnerships	-	-	-	-	383,890	-	-	**383,890**	**140,944**	-	**524,834**
Additions to non-current assets (other than financial assets and deferred tax)	**94,966**	138,777	-	648,199	-	-	1,546	**788,522**	-	**38,357**	**921,845**

	Victoria	New South Wales							USA		Total
30 June 2010	**CityLink $'000**	**Hills M2 $'000**	**M1 Eastern Distributor $'000**	**M4 $'000**	**M5 $'000**	**M7 $'000**	**Roam & Tollaust $'000**	**Total New South Wales $'000**	**Transurban DRIVe $'000**	**Corporate $'000**	**$'000**
Total segment assets	**3,466,189**	2,142,367	2,142,640	16,235	428,747	678,044	45,157	**5,453,190**	**170,712**	**991,231**	**10,081,322**
Total segment assets includes:											
Investments in associates and joint venture partnerships	-	-	-	-	428,747	-	-	**428,747**	**170,712**	-	**599,459**
Additions to non-current assets (other than financial assets and deferred tax)	**91,651**	19,189	-	-	-	-	1,174	**20,363**	-	**38,993**	**151,007**

3 Revenue

	Notes	**30 June 2011 $'000**	30 June 2010 $'000
Toll revenue	(a)	**724,130**	684,390
Fee revenue	(a)	**56,693**	49,967
Other road revenue	(b)	**18,394**	16,750
Total toll, fee and other road revenue		**799,217**	751,107
Construction revenue	(c)	**220,015**	46,822
Business development revenue	(d)	**16,255**	18,447
Other revenue		**1,029**	793
Total business development and other revenue		**17,284**	19,240
Total revenue		**1,036,516**	817,169

Description of revenue

(a) Toll and fee revenue

Toll revenue and associated fees are recognised when the charge is incurred by the user.

(b) Other road revenue

Other road revenue includes advertising, rental and other associated revenue.

(c) Construction revenue

Construction revenue is recognised during the construction phase of an intangible asset, and the development of assets for sale to third parties. It should be noted that construction revenue is offset by an equal expense. This presentation is a requirement of AASB-I 12 Service Concession Arrangements, and does not have a net effect on the income statement for the Transurban Group.

(d) Business development revenue

Business development revenue relates to the provision of development services to third parties.

4 Expenses

	30 June 2011 $'000	30 June 2010 $'000
Profit before income tax includes the following specific expenses:		
Provision for impairment of trade receivables recognised during the year	**1,537**	1,216
Rental expenses relating to operating leases	**4,828**	6,119
Employee benefit expense	**88,262**	83,397
Defined contribution superannuation expense	**4,889**	4,887
Share based payment expense	**4,581**	5,159
Provision for maintenance recognised during the year	**14,748**	17,758
M4 handback provision and reversal of contingent liability recognised on acquisition	**(18,625)**	-
Concession fees (road operating cost) are attributable to:		
Hills M2 Motorway	**1,280**	919
M1 Eastern Distributor	**1,689**	1,457
M4 Motorway	**-**	1,668
	2,969	4,044

4 Expenses (continued)

	30 June 2011 $'000	30 June 2010 $'000
Depreciation and amortisation expense		
Road operating cost	**285,008**	299,532
Corporate cost	**4,427**	5,519
	289,435	305,051

5 Net finance costs

	30 June 2011 $'000	30 June 2010 $'000
Finance income		
Interest income on infrastructure bonds	**168,403**	190,605
Interest income on term loan notes (held to maturity investment)	**84,565**	78,879
Interest income on bank deposits	**17,789**	11,023
Net foreign exchange gains	**-**	137
Total finance income	**270,757**	280,644
Finance costs		
Interest and finance charges paid/payable	**(324,899)**	(314,583)
Interest charges paid/payable on infrastructure bonds	**(113,546)**	(129,378)
Unwind of discount on liabilities	**(17,156)**	(13,003)
Foreign exchange losses	**(669)**	-
Total finance costs	**(456,270)**	(456,964)
Net finance costs	**(185,513)**	(176,320)

6 Income tax benefit

	30 June 2011 $'000	30 June 2010 $'000
Income tax benefit		
Current tax	**31,084**	24,934
Deferred tax	**(47,973)**	(54,398)
Under (over) provided in prior years	**7,503**	(4,598)
	(9,386)	(34,062)
Deferred income tax (benefit) expense included in income tax benefit comprises:		
(Increase) in deferred tax assets (note 13)	**(81,669)**	(28,672)
Increase (decrease) in deferred tax liabilities (note 13)	**33,696**	(25,726)
	(47,973)	(54,398)
Numerical reconciliation of income tax benefit to prima facie tax payable		
Profit (loss) before income tax benefit	**108,772**	25,543
Tax at the Australian tax rate of 30% (2010 - 30%)	**32,632**	7,663
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Trust income not subject to tax	**(93,123)**	(85,922)
Accounting depreciation on non tax depreciable assets	**5,094**	653
Infrastructure bond non-deductible interest	**34,064**	38,814
Equity accounted results	**6,059**	6,132
Sundry items	**(1,615)**	3,196
	(16,889)	(29,464)
Under (over) provision in prior years	**7,503**	(4,598)
Income tax benefit	**(9,386)**	(34,062)
Tax expense (income) relating to items of other comprehensive income		
Cash flow hedges (note 20)	**(12,560)**	13,635
Foreign currency translation (note 20)	**(432)**	-
	(12,992)	13,635

Tax consolidation legislation

The Transurban Group elected to implement tax consolidation legislation for Transurban Holdings Limited and its wholly owned Australian entities with effect from 1 July 2005. The accounting policy in relation to this legislation is set out in note 1(f).

The entities in the Transurban Holdings Limited tax consolidated group entered into a tax sharing agreement (TSA) effective from 29 April 2009. The TSA, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Transurban Holdings Limited (THL).

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

The amount receivable/payable under the TFA are calculated as soon as practicable after the end of the financial year for each wholly-owned entity. THL communicates the funding amount to each wholly-owned entity along with the method of calculation and any other information deemed necessary.

7 Current assets - Cash and cash equivalents

	30 June 2011 $'000	30 June 2010 $'000
Cash at bank and in hand	**411,880**	681,259
	411,880	681,259

All cash balances are interest bearing.

Funds not for general use

The amount shown in Cash at Bank includes $77.8 million not available for general use at 30 June 2011 (2010: $84.8 million). This comprises amounts required to be held under maintenance and funding reserves, and prepaid tolls, which are restricted from general use.

8 Current assets - Trade and other receivables

	30 June 2011 $'000	30 June 2010 $'000
Trade receivables	**36,094**	32,353
Provision for impairment of receivables	**(5,462)**	(4,408)
	30,632	27,945
Infrastructure bond interest receivable	**149,370**	139,483
Prepayments	**5,354**	6,235
Other receivables	**32,204**	31,944
	217,560	205,607

Provision for impaired trade and other receivables

As at 30 June 2011 current trade receivables of the Group with a nominal value of $5,462,000 (2010: $4,408,000) were considered impaired and accordingly the Group held a provision for impairment of $5,462,000 (2010: $4,408,000). As at 30 June 2011, trade receivables of $1,910,000 (2010: $3,271,000) were past due but not impaired.

The ageing of these receivables is as follows:

For the year ended 30 June 2011	**Not impaired $'000**	**Impaired $'000**	**Allowance for Doubtful Debts $'000**
Trade and other receivables			
Current (not past due)	28,535	1,739	1,739
less than 30 days overdue	1,617	1,666	1,666
more than 30 but less than 60 days overdue	327	1,599	1,599
more than 60 but less than 90 days overdue	52	86	86
more than 90 days overdue	101	372	372
	30,632	5,462	5,462

8 Current assets - Trade and other receivables (continued)

For the year ended 30 June 2010	Not impaired $'000	Impaired $'000	Allowance for Doubtful Debts $'000
Trade and other receivables			
Current (not past due)	24,674	1,311	1,311
less than 30 days overdue	2,601	1,099	1,099
more than 30 but less than 60 days overdue	403	1,400	1,400
more than 60 but less than 90 days overdue	77	215	215
more than 90 days overdue	190	383	383
	27,945	4,408	4,408

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

Movements in the provision for impairment of receivables was as follows:

	30 June 2011 $'000	30 June 2010 $'000
At 1 July	**4,408**	3,972
Provision for impairment recognised during the year	**1,537**	1,216
Receivables written off during the year as uncollectable	**(483)**	(780)
At 30 June	**5,462**	4,408

Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

When customers travel on a road without a prior arrangement in place, they are issued with an invoice. If this invoice is outstanding for a period of time it is sent to a government enforcement authority and the customers are issued an external fine. These authorities use the full extent of the law to recover the amounts and then pass on an amount collected back to the Group. This is recognised in ‘other revenue’.

9 Equity accounted investments

Name of company	**Ownership interest**		**Carrying amount**	
	30 June 2011 %	30 June 2010 %	**30 June 2011 $'000**	30 June 2010 $'000
Westlink M7:				
WSO Company Pty Limited	**50**	50	**-**	-
Westlink Motorway Limited	**50**	50	**-**	-
WSO Finance Pty Limited	**50**	50	**-**	-
Westlink Motorway Partnership	**50**	50	**-**	-
Interlink Roads Pty Ltd (M5 Motorway)	**50**	50	**383,890**	428,747
Transurban DRIVe Holdings LLC (Transurban DRIVe)	**75**	75	**140,944**	170,712
			524,834	599,459

Summarised financial information of associates

		Group's share of:			
	Ownership Interest %	**Assets $'000**	**Liabilities $'000**	**Revenues $'000**	**Profit (loss) $'000**
2011					
Westlink M7	50	997,769	(1,404,116)	96,544	(70,236)
M5 Motorway	50	682,555	(298,665)	89,135	(3,857)
Transurban DRIVe	75	1,376,446	(1,235,502)	10,837	(16,341)
		3,056,770	(2,938,283)	196,516	(90,434)
2010					
Westlink M7	50	1,015,260	(1,359,438)	88,838	(7,066)
M5 Motorway	50	722,789	(294,042)	87,407	(2,709)
Transurban DRIVe	75	2,110,104	(1,939,392)	11,807	(17,840)
		3,848,153	(3,592,872)	188,052	(27,615)

9 Equity accounted investments (continued)

	Westlink M7		M5 Motorway		Transurban DRIVe		Total	
	30 June 2011 $'000	30 June 2010 $'000	**30 June 2011 $'000**	30 June 2010 $'000	**30 June 2011 $'000**	30 June 2010 $'000	**30 June 2011 $'000**	30 June 2010 $'000
Movements in carrying amounts								
Carrying amount 1 July	**-**	-	**428,747**	467,956	**170,712**	196,203	**599,459**	664,159
Investments in associate	**-**	-	**-**	-	**28,103**	24,452	**28,103**	24,452
Share of losses after tax	**-**	-	**(3,857)**	(2,709)	**(16,341)**	(17,840)	**(20,198)**	(20,549)
Distributions received	**-**	-	**(41,000)**	(36,500)	**-**	-	**(41,000)**	(36,500)
Movement in exchange rate	**-**	-	**-**	-	**(52,957)**	(11,940)	**(52,957)**	(11,940)
Movement in reserves	**-**	-	**-**	-	**11,427**	(20,163)	**11,427**	(20,163)
Carrying amount at 30 June	**-**	-	**383,890**	428,747	**140,944**	170,712	**524,834**	599,459
Share of profits or losses								
Profit/(loss) before tax	**-**	-	**11,417**	13,229	**(22,664)**	(24,890)	**(11,247)**	(11,661)
Income tax (expense)/benefit	**-**	-	**(15,274)**	(15,938)	**6,323**	7,050	**(8,951)**	(8,888)
	-	-	**(3,857)**	(2,709)	**(16,341)**	(17,840)	**(20,198)**	(20,549)
Share of losses not recognised								
Balance at 1 July	**271,260**	264,194	**-**	-	**-**	-	**271,260**	264,194
Unrecognised losses for the year	**70,236**	7,066	**-**	-	**-**	-	**70,236**	7,066
Balance at 30 June	**341,496**	271,260	**-**	-	**-**	-	**341,496**	271,260
Share of expenditure commitments								
Capital commitments	**-**	-	**604**	-	**323,835**	780,440	**324,439**	780,440
Operating commitments	**191,045**	196,322	**-**	152	**143,657**	134,782	**334,702**	331,256
Lease commitments	**-**	-	**-**	-	**-**	-	**-**	-
	191,045	196,322	**604**	152	**467,492**	915,222	**659,141**	1,111,696
Contingent liabilities								
Share of contingent liabilities incurred jointly with other investors	**-**	-	**-**	-	**-**	-	**-**	-
	-	-	**-**	-	**-**	-	**-**	-

Westlink M7

Transurban owns a 50 per cent interest in the Westlink Group which holds the concession to design, construct, finance and operate the Westlink M7 Toll Road in Sydney for a period of 34 years until February 2037. All were incorporated in Australia.

WSO Company Pty Limited is the operator of the M7.

Westlink Motorway Limited is the nominee manager of the Westlink Motorway Partnership.

WSO Finance Pty Limited is the financier of the M7.

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

The M7 is a fully electronically tolled motorway with distance-based tolling charges. Tolls are escalated or deescalated quarterly by quarterly CPI.

Transurban also holds the right to provide tolling and customer management services to the M7.

9 Equity accounted investments (continued)

M5 Motorway

Transurban holds a 50 per cent ownership interest in the M5 Motorway in Sydney. Tolls are collected on the M5 in both directions, with four toll collection points. The concession for the M5 Motorway extends to August 2023 when all concession assets will be returned to the NSW State Government.

The M5 has two tolling categories, cars and similar vehicles and all other vehicles (for example, trucks and buses). Toll increases for the M5 are based on CPI in $0.50 increments. The M5 is a participant in the NSW State Government Cashback Scheme. Motorists with ETC (Electronic Toll Collection) accounts and driving privately registered vehicles on the M5 are able to claim the full amount of tolls paid (excluding GST) from the NSW State Government.

Transurban DRIVe

Transurban owns 75 per cent of Transurban DRIVe Holdings LLC (DRIVe). Whilst Transurban ownership represents greater than half of the voting rights of DRIVe, it does not have power to govern its financial, investing and operating policies and accordingly accounts for DRIVe as an associate.

A Meeting of Members of DRIVe is required to make decisions in relation to such areas as the legal and financial structure of DRIVe, including distribution policies. 80 per cent or more of the membership interests of those voting is required to pass a decision of the Meeting of Members. Key decisions relating to the operations and financing of DRIVe, such as approval to bid for or dispose of an investment and approval of budgets, are made by the Investment and Management Review Committee (IMRC). IMRC decisions also require an affirmative vote by all current members.

DRIVe owns 100 per cent of Pocahontas 895 and 90 per cent of Capital Beltway Express, both in Virginia, USA. Pocahontas 895 is a 99 year concession ending in June 2105. Tolls are escalated according to a prescribed schedule until 2016, and the greater of CPI, real GDP or 2.8 per cent thereafter. Capital Beltway Express is currently in construction phase and is scheduled to open in late 2012, and will have a 75 year concession period.

10 Non-current assets - Term loan notes

	30 June 2011 $'000	30 June 2010 $'000
Term loan notes	**724,225**	678,044
	724,225	678,044

Term Loan Notes (TLN's) represent Transurban's debt funding contribution to the Westlink Motorway. 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 2011 the Group capitalised interest of $46.2 million (2010: $44.8 million). The TLN's are accounted for as held-to-maturity investments.

Impairment and risk exposure
None of the TLN's 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.

11 Derivative financial instruments

	30 June 2011 $'000	30 June 2010 $'000
Current assets		
Interest rate swap contracts - cash flow hedges	**1,065**	271
	1,065	271
Non-current assets		
Interest rate swap contracts - cash flow hedges	**15,361**	17,484
Cross-currency interest rate swap contracts - cash flow hedges	**39,877**	62,475
	55,238	79,959
Total derivative financial instrument assets	**56,303**	80,230
Current liabilities		
Forward exchange contracts - cash flow hedges	**135,677**	-
Interest rate swap contracts - cash flow hedges	**754**	2,822
	136,431	2,822
Non-current liabilities		
Interest rate swap contracts - cash flow hedges	**69,404**	96,223
Cross currency interest rate swap contracts - cash flow hedges	**186,307**	4,416
Forward exchange contracts - cash flow hedges	**-**	40,391
	255,711	141,030
Total derivative financial instrument liabilities	**392,142**	143,852

Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (refer to note 38).

The instruments used by the Group are as follows:

- *Interest rate swap contracts - cash flow hedges*
  The Group uses interest rate swap contracts for hedging purposes to convert variable rate borrowings to fixed. Variable rate borrowings of the Group currently bear an average interest rate of 6.23 per cent (2010: 6.1 per cent). It is policy to protect part or all of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it receives interest at variable rates and pays interest at fixed rates.

  Interest rate swap contracts currently in place cover 99 per cent (2010: 100 per cent) of long term variable debt excluding working capital facilities. The average all-in rate after hedging on the hedged portion of the Group's variable rate borrowings is 7.0 per cent (2010: 7.2 per cent).

- *Forward exchange contracts - cash flow hedges*
  The Transurban Group raised fixed U.S. Dollar debt through a U.S. Private Placement in November 2006. This placement was structured to be capital accretive for five years. In order to protect against exchange rate movements, the Group has entered into forward exchange contracts.

  The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income.

11 Derivative financial instruments (continued)

- *Cross-currency interest rate swap contracts - cash flow hedges*
  The Group has made several U.S. Private Placements raising fixed rate debt. It is the policy of the Group to protect foreign currency facilities from exposure to unfavourable exchange rate movements. Accordingly, the Group has entered into cross-currency interest rate swap contracts under which it is obliged to receive foreign currency interest at fixed rates and pay AUD interest at floating rates.

12 Non-current assets - Property, plant and equipment

	Equipment, fittings and operating systems $'000
At 1 July 2009	
Cost	254,675
Accumulated depreciation	(138,219)
Net book amount	116,456
Year ended 30 June 2010	
Opening net book amount	116,456
Additions	44,961
Depreciation charge	(15,364)
Closing net book amount	146,053
At 30 June 2010	
Cost	284,285
Accumulated depreciation	(138,232)
Net book amount	146,053
Year ended 30 June 2011	
Opening net book amount	146,053
Additions	44,308
Disposals	(1,121)
Depreciation charge	(11,560)
Movement in foreign exchange rates	(132)
Closing net book amount	177,548
At 30 June 2011	
Cost	319,675
Accumulated depreciation	(142,127)
Net book amount	177,548

Included in property, plant and equipment is operating systems, equipment and fittings.

13 Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	30 June 2011 $'000	30 June 2010 $'000	**30 June 2011 $'000**	30 June 2010 $'000	**30 June 2011 $'000**	30 June 2010 $'000
The balance comprises temporary differences attributable to:						
Accrued expenses	**2,218**	2,200	**-**	-	**2,218**	2,200
Provisions	**74,619**	75,819	**-**	-	**74,619**	75,819
Current and prior year losses	**459,883**	400,440	**-**	-	**459,883**	400,440
Investments	**-**	-	**-**	-	**-**	-
Unearned income	**19,494**	15,236	**-**	-	**19,494**	15,236
Fixed Assets/Intangibles	**6,813**	3,464	**(1,013,821)**	(1,004,716)	**(1,007,008)**	(1,001,252)
Interest receivable	**-**	-	**(46,119)**	(44,506)	**(46,119)**	(44,506)
Unrealised gain	**27,488**	14,299	**(13,862)**	(11,501)	**13,626**	2,798
Prepayments	**-**	-	**(9,986)**	-	**(9,986)**	-
Concession fees and promissory notes	**-**	-	**(327,826)**	(318,335)	**(327,826)**	(318,335)
Cash flow hedges	**112,979**	39,278	**(125,088)**	(63,947)	**(12,109)**	(24,669)
Other	**2,261**	2,895	**-**	(37)	**2,261**	2,858
Tax assets/(liabilities)	**705,755**	553,631	**(1,536,702)**	(1,443,042)	**(830,947)**	(889,411)
Set off of tax	**(692,856)**	(541,580)	**692,856**	541,580	**-**	-
Net tax assets/(liabilities)	**12,899**	12,051	**(843,846)**	(901,462)	**(830,947)**	(889,411)
Movements:						
Opening balance at 1 July	**553,631**	514,671	**(1,443,042)**	(1,445,014)	**(889,411)**	(930,343)
Credited/(charged) to the income statement	**81,669**	28,672	**(33,696)**	25,726	**47,973**	54,398
Credited/(charged) to equity	**73,701**	11,064	**(60,709)**	(23,801)	**12,992**	(12,737)
Tax losses utilised	**-**	(611)	**-**	-	**-**	(611)
Foreign exchange movements	**(3,246)**	(189)	**745**	71	**(2,501)**	(118)
Transfer from deferred tax assets/liabilities	**-**	24	**-**	(24)	**-**	-
Closing balance at 30 June	**705,755**	553,631	**(1,536,702)**	(1,443,042)	**(830,947)**	(889,411)
Deferred tax assets/(liabilities) to be recovered after more than 12 months	**705,755**	553,631	**(1,536,702)**	(1,443,042)	**(830,947)**	(889,411)
	705,755	553,631	**(1,536,702)**	(1,443,042)	**(830,947)**	(889,411)

The set off of deferred tax assets and liabilities relates to deferred tax balances for Australian domiciled entities that are levied tax by the Australian Taxation Office, and separately, the deferred tax balances for United States domiciled entities that are levied tax by the Internal Revenue Service.

14 Non-current assets - Intangible assets

	Goodwill $'000	CityLink $'000	Hills M2 Motorway $'000	M1 Eastern Distributor $'000	M4 Motorway $'000	Lane Cove Tunnel $'000	Assets under construction $'000	Total $'000
At 1 July 2009								
Cost	260,288	4,439,019	2,517,866	2,153,780	178,788	-	125,592	9,675,333
Accumulated amortisation	-	(1,167,515)	(388,135)	(119,552)	(137,866)	-	-	(1,813,068)
Net book amount	260,288	3,271,504	2,129,731	2,034,228	40,922	-	125,592	7,862,265
Year ended 30 June 2010								
Opening net book amount	260,288	3,271,504	2,129,731	2,034,228	40,922	-	125,592	7,862,265
Additions	-	49,982	-	-	-	-	56,059	106,041
Amortisation charge	-	(134,488)	(64,701)	(52,050)	(38,448)	-	-	(289,687)
Closing net book amount	260,288	3,186,998	2,065,030	1,982,178	2,474	-	181,651	7,678,619
At 30 June 2010								
Cost	260,288	4,489,001	2,517,866	2,153,780	178,788	-	181,651	9,781,374
Accumulated amortisation	-	(1,302,003)	(452,836)	(171,602)	(176,314)	-	-	(2,102,755)
Net book amount	260,288	3,186,998	2,065,030	1,982,178	2,474	-	181,651	7,678,619
Year ended 30 June 2011								
Opening net book amount	260,288	3,186,998	2,065,030	1,982,178	2,474	-	181,651	7,678,619
Additions	-	51,611	-	-	-	648,068	177,858	877,537
Transfer	-	139,368	-	-	-	-	(139,368)	-
Amortisation charge	-	(139,140)	(64,340)	(52,050)	(501)	(21,844)	-	(277,875)
Closing net book amount	260,288	3,238,837	2,000,690	1,930,128	1,973	626,224	220,141	8,278,281
At 30 June 2011								
Cost	260,288	4,679,980	2,517,866	2,153,780	178,788	648,068	220,141	10,658,911
Accumulated amortisation	-	(1,441,143)	(517,176)	(223,652)	(176,815)	(21,844)	-	(2,380,630)
Net book amount	260,288	3,238,837	2,000,690	1,930,128	1,973	626,224	220,141	8,278,281

Description of intangible assets

Goodwill

Goodwill relates to the Group's Sydney Network and has arisen from the acquisition of Hills Motorway Group, Tollaust Pty Limited and the Sydney Roads Group.

Concession assets

The CityLink, Hills M2, Eastern Distributor, M4 Motorway and Lane Cove Tunnel Service Concession Arrangements have been accounted for in accordance with AASB-I 12 and therefore the concession assets have been classified as Intangible Assets.

CityLink concession asset
Transurban holds the Concession for Melbourne's CityLink tollway which grants the Group the right to design, build, operate and maintain CityLink for the concession period ending on 14 January 2034 (being 34 years following completion of construction). Transurban has the right to collect tolls from CityLink for the duration of the Concession Arrangement and maintains the tollway to ensure continuous availability for public use. Tolls are escalated in accordance with the maximum allowable increases in the Concession Deed, being a quarterly escalation at the greater of quarterly CPI or 1.1065 per cent (equivalent to an annual escalation rate of 4.5 per cent) for the first 15 years then quarterly by CPI, but no greater than annual CPI plus 2.5 per cent. At the end of the concession period, all concession assets are to be returned to the Victorian State Government.

During the year $139.4 million of assets under construction was transferred to the CityLink concession asset, representing the completed components of the CityLink Upgrade.

14 Non-current assets - Intangible assets (continued)

Hills M2 concession asset
Transurban has the right to toll the Hills M2 Motorway until 2046. The Concession Deed also requires Transurban to maintain the Motorway.

Toll increases for the Motorway are based on a maximum toll increase as defined in the Concession Deed, being a quarterly escalation at the greater of quarterly CPI or 1 per cent, subject to integer rounding. At the end of the concession period, all concession assets will be returned to the NSW State Government.

M1 Eastern Distributor concession asset
Transurban has the right to toll the M1 Eastern Distributor (ED) until 24 July 2048.

Toll increases for the ED are based on a maximum toll increase as defined in the Concession Deed, being a quarterly escalation at the greater of a weighted sum of quarterly AWE and quarterly CPI or 1 per cent subject to integer rounding. At the end of the concession period, all concession assets will be returned to the NSW State Government.

M4 Concession asset
Transurban held an investment of 50.61 per cent in the M4 Motorway in Sydney via the concessionaire Statewide Roads Limited. The M4 Motorway opened in 1992 and was handed back to the NSW State Government on 15 February 2010.

The Group continues to operate and maintain the service centres located on the M4 Motorway.

Lane Cove Tunnel
Transurban has the right to toll the Lane Cove Tunnel until January 2037.

Toll increases for the Lane Cove Tunnel are based on a theoretical toll increase as defined in the Concession Deed, being a quarterly escalation of CPI, subject to the nearest whole cent rounding. At the end of the concession period, all concession assets will be returned to the NSW State Government.

Assets under construction
The Group is currently undertaking upgrade works on CityLink and the Hills M2 Motorway. The CityLink upgrade is substantially complete, and is expected to be fully complete in calendar year 2011. Construction on the M2 Upgrade commenced in January 2011. These will be transferred to the respective intangible assets upon completion. During the year completed works of $139.4 million were transferred to the CityLink concession asset.

Impairment testing of goodwill and other intangible assets
Impairment testing
The Group tests whether goodwill and other intangible assets have suffered any impairments, in accordance with the accounting policy stated in note1(i). The recoverable amount of assets and cash-generating units have been determined based on the greater of value-in-use and fair value less cost to sell calculations. These calculations require the use of assumptions regarding traffic flows, discount rates, growth rates and other factors affecting operating activities of cash-generating units.

Key assumptions used for calculating the recoverable amount
The Group makes assumptions in calculating the recoverable amount of its cash generating units. These include assumptions around expected traffic flows and forecast operational costs. In performing the calculations the Group has applied a discount rate ranging from 8.8 to 11.0 per cent (2010: 8.8 per cent), representing the implied discount rate applicable to the risk profile of the Group's assets, to discount the forecast future attributable cash flows. In determining future cash flows, the Group has also applied rates of growth to underlying operating assumptions to reflect the expected performance of the assets beyond the budget period in accordance with the respective concessions. The operating costs have been escalated in line with a combination of Consumer Price Index (CPI) and Average Weekly Earnings (AWE) forecasts. A long term CPI rate of 2.5 per cent (2010: 2.5 per cent) and AWE of 4.0 per cent (2010: 4.0 per cent) have been used.

15 Current liabilities - Trade and other payables

	30 June 2011 $'000	30 June 2010 $'000
Trade payables and accruals	**109,821**	99,834
Infrastructure bond interest payable	**111,542**	102,520
	221,363	202,354

16 Borrowings

	Notes	30 June 2011 $'000	30 June 2010 $'000
Current			
Infrastructure facilities	(a)	**1,292,301**	-
Less: Infrastructure facility cash reserve	(a)	**(1,292,301)**	-
Working capital facilities	(b)	**-**	35,604
Capital Markets Debt	(c)	**202,870**	-
		202,870	35,604
Non-current			
Infrastructure Facilities	(a)	**-**	1,187,777
Less: Infrastructure facility cash reserve	(a)	**-**	(1,187,777)
Working capital facilities	(b)	**37,383**	-
Capital Markets Debt	(c)	**1,037,377**	1,136,627
Term debt	(d)	**1,286,769**	964,507
U.S. Private Placement	(e)	**1,074,951**	1,306,161
Syndicated facility	(f)	**599,337**	597,715
		4,035,817	4,005,010
Total borrowings		**4,238,687**	4,040,614

Description of borrowings - Financing arrangements and credit facilities

Credit facilities are provided as part of the overall debt funding structure of the Transurban Group. Each facility is described below.

(a) Infrastructure facilities

M1 Airport Motorway
$1,292.3 million (2010: $1,187.8 million) facility certified by the Development Allowance Authority to qualify for concessional tax treatment under the Income Tax Legislation. The bonds are secured by an infrastructure facility cash reserve equal to the amount of the loan which is set off against the loan facility, the principal of the refinancing bonds will be repaid from the infrastructure facility cash reserve in August 2011. The facility was fully drawn down at 30 June 2011.

(b) Working capital facilities

The Group has the following facilities in place:

- $220.0 million facility which is for a term of 3 years, maturing December 2013. At 30 June 2011, $39.2 million of the facility was drawn-down in cash.
- $130.0 million facility which is for a term of 3 years, maturing June 2013. At 30 June 2011, the facility was un-drawn.
- $100.0 million facility which is for a term of 3 years, maturing April 2013. At 30 June 2011, the facility was un-drawn.

These facilities are secured by a first ranking charge over the cash flows of the Transurban Group. The facilities has deferred borrowing costs of $1.8 million.

16 Borrowings (continued)

(c) Capital markets debt

These facilities comprise the following:

- $600.0 million credit wrapped floating rate bonds raised in November 2005 with terms of 10 years ($300.0 million) and 12 years ($300.0 million) with interest currently payable at 5.4 per cent at 30 June 2011. These facilities are fully hedged with all-in rates of 7.4 and 5.1 per cent respectively.
- $137.5 million non-credit wrapped fixed rate bonds raised in September 2006 with a term of 5 years. Interest is payable at 6.5 per cent.
- $65.4 million non-credit wrapped floating rate bonds raised in September 2006 with a term of 5 years. Interest is currently payable at 5.5 per cent at 30 June 2011. This facility is fully hedged with an all-in rate after hedging of 4.4 per cent.
- $250.0 million non-credit wrapped fixed rate bonds raised in March 2010 with a term of 4 years. Interest is payable at 7.3 per cent.
- $200.0 million non-credit wrapped fixed bond raised in June 2011 with a term of 5 years. Interest is payable at 6.8 per cent.

The facilities have deferred borrowing costs of $12.6 million. These facilities are secured by first ranking charge over the cash flows of the Group.

(d) Term debt

The term debt facilities are comprised of:

- $515.0 million facility entered into by AMT Management Limited (as trustee for Airport Motorway Trust). The facility has deferred borrowing costs of $6.4 million.
- $740.0 million facility entered into by Hills Motorway Management Limited (as trustee for Hills Motorway Trust). The facility has deferred borrowing costs of $9.1 million.
- $260.0 million facility entered into by LCT-MRE Nominees Pty Limited (as trustee for LCT-MRE Trust). The facility has deferred borrowing costs of $1.7 million.

The Airport Motorway facility was refinanced in July 2009 and is fully secured against the respective rights of Airport Motorway Limited and Airport Motorway Trust and their assets. The facility is a non-recourse syndicated facility with terms of three years ($195.0 million), five years ($260.0 million) and seven years ($60.0 million). The current floating interest rate applicable to the facility is 4.89 per cent (2010: 7.6 per cent). These facilities are fully hedged to an all-in rate after hedging of 8.4 per cent.

On 7 July 2011, the above facilities were refinanced and replaced with $520.0 million of non-recourse project debt maturing in July 2014 ($295.0 million) and July 2018 ($225.0 million).

The Hills M2 facility was refinanced in November 2010 and is fully secured against the respective rights of Hills Motorway Limited and Hills Motorway Trust and their assets. The facility is a non-recourse syndicated facility totalling $740.0 million. The financing is comprised of: the refinancing of $465.0 million of existing debt with terms of four years ($400.0 million), and six years ($65.0 million); and a new construction capex facility of $275.0 million with a term of 6 years. As at 30 June 2011, $64.1 million was drawn under the construction capex facility. The total facility is currently 95.8 per cent hedged with an all-in rate after hedging of 6.8 per cent.

The Lane Cove Tunnel facility was established in August 2010 to partially finance the acquisition of the Lane Cove Tunnel and is fully secured against the respective rights of LCT-MRE Pty Limited and LCT-MRE Trust and their assets. This facility is a non-recourse syndicated facility with a term of 3 years. The current floating rate applicable to the facility is 4.9 per cent. The facility is fully hedged to an all-in rate after hedging of 7.0 per cent.

16 Borrowings (continued)

(e) U.S. private placement

The composition of the three US Private Placements is outlined below:

	Rate	USD $'000	AUD $'000	Maturity
Fixed Interest Rate				
Dec 04 - Tranche A	5.02%	100,000	93,119	Dec 2014
Dec 04 - Tranche B	5.17%	38,900	36,223	Dec 2016
Dec 04 - Tranche C	5.47%	108,600	101,127	Dec 2019
Aug 05 - Tranche A	5.04%	98,000	91,256	Aug 2015
Aug 05 - Tranche B	5.19%	125,500	116,864	Aug 2017
Aug 05 - Tranche C	5.35%	156,500	145,730	Aug 2020
Nov 06 - Tranche A	5.71%	55,398	51,586	Nov 2016
Nov 06 - Tranche B	5.86%	176,367	164,230	Nov 2018
Nov 06 - Tranche C	5.95%	157,533	146,692	Nov 2021
Nov 06 - Tranche D	6.06%	65,410	60,909	Nov 2026
		1,082,208	1,007,736	
Floating Interest Rate				
Dec 04 - Tranche D	5.92%		72,000	Dec 2019
			72,000	
Total US Private Placement			1,079,736	
Deferred borrowing costs			(4,785)	
Total			1,074,951	

Note that the Dec 04 - Tranche D facility is fully hedged with an all in rate after hedging of 6.7 per cent.
These facilities are secured by a first ranking charge over the cash flows of the Group.

Hedge of net investment in foreign entity
Transurban's investment in Transurban DRIVe Holdings LLC acts as a natural hedge against exposure to foreign currency movements in a portion of the US Private Placement (Nov 06 - Tranche C). Exchange differences arising on the revaluation of the USD debt are recognised in profit or loss in the separate financial report of Transurban Finance Company Pty Limited. In the consolidated financial report, such exchange differences are recognised initially in a separate component of equity and will be recognised in the profit or loss on disposal of the net foreign investment.

As at 30 June 2011, the Group has deferred $53.2 million in gains (2010: $16.8 million).

(f) Syndicated facility

This facility, established in August 2007, comprises syndicated bank debt issued by Transurban Finance Company Pty Limited, with terms of five years ($375.0 million), seven years ($100.0 million) and ten years ($125.0 million) with applicable interest rates ranging between 5.5 and 5.7 per cent. This facility is fully hedged with an all-in rate after hedging of 7.3 per cent.

The facility has deferred borrowing costs of $0.7 million. This facility is secured by a first ranking charge over the cash flows of the Group.

Letters of credit and corporate credit facilities

The Group has a $50 million letter of credit facility which is for a term of 3 years, maturing December 2013. As at 30 June 2011, letters of credit to the value of $42.8 million have been issued which are currently undrawn and therefore no liability has been recorded.

A $6.6 million general credit facility is in place covering corporate requirements including letters of credit, credit card facilities, online banking and an overdraft facility. As at 30 June 2011, a $5.6 million bank guarantee had been issued which is currently undrawn and therefore no liability has been recorded. The 364 day facility matures on 2 June 2012.

Set-off of assets and liabilities

A legal right of set-off exists in respect of the specific cash deposit of $1,292.3 million (2010: $1,187.8 million) representing collateralisation of the M1 Airport Motorway Infrastructure Facility.

16 Borrowings (continued)

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 based clause where gearing must not exceed 60 per cent. Based on the balance sheet as at 30 June 2011, the Group's security price would need to close below $2.17 per Security for 20 consecutive business days to trigger this clause.

In addition, the non-recourse debt at M1 Eastern Distributor and Hills M2 Motorway has the following covenants:

- M1 Eastern Distributor - ICR greater than 1.2 times
- Hills M2 Motorway - ICR greater than 1.2 times
- Lane Cove Tunnel - ICR greater than 1.15 times

17 Provisions

	Notes	**30 June 2011 $'000**	30 June 2010 $'000
Current			
Employee benefits	(a)	**20,118**	25,185
Onerous lease provision	(b)	**2,101**	2,876
Distribution to security holders	(c)	**202,146**	169,818
Distributions to non-controlling interests in subsidiaries	(c)	**29,347**	27,662
Maintenance provision	(d)	**42,874**	68,028
		296,586	293,569
Non-current			
Employee benefits	(a)	**2,226**	1,645
Maintenance provision	(d)	**158,749**	129,980
Provision for contingent consideration	(e)	**101,598**	49,987
		262,573	181,612
Total provisions		**559,159**	475,181

17 Provisions (continued)

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Current				Non-current	
	Onerous lease provision $'000	**Distribution to security holders $'000**	**Distributions to non-controlling interests in subsidiaries $'000**	**Current maintenance provision $'000**	**Non-current maintenance provision $'000**	**Provision for contingent consideration $'000**
Consolidated - 2011						
Balance at 1 July	2,876	169,818	27,662	68,028	129,980	49,987
Additional provision recognised	-	389,463	12,416	21,714	-	51,611
Unutilised amounts	-	-	-	(6,966)	-	-
M4 handback provision	-	-	-	(13,625)	-	-
Provision recognised - on acquisition	-	-	-	1,594	12,400	-
Amounts paid/utilised	(283)	(357,135)	(10,731)	(24,175)	-	-
Movements in foreign exchange rates	(492)	-	-	-	-	-
Unwinding of discount	-	-	-	-	12,673	-
Transfer	-	-	-	(3,696)	3,696	-
Balance at 30 June	2,101	202,146	29,347	42,874	158,749	101,598

Description of provisions

(a) Employee benefits

Employee benefits relate to the provision for annual leave, bonuses and long service leave.

(b) Onerous lease provision

An onerous lease is recognised when the Group has lease commitments on property no longer used.

(c) Distribution to security holders and non-controlling interests

These distributions are provided for once approved by the board and are announced to equity holders.

(d) Maintenance provision

A maintenance provision is recognised for the present value of the Group's obligations to maintain the tolling assets as required under the Service Concession Arrangements.

(e) Provision for contingent consideration

As part of the M1 CityLink Upgrade project agreement with the Victorian State Government, Transurban agreed to share any increased toll revenue resulting from the upgrade once the agreed investment and future operating costs for the new Southern Link Upgrade section are recovered.

The payment will represent 50 per cent of the present value of this increased revenue. Actual toll revenue for the third full financial year post construction completion is extrapolated to the end of the CityLink concession to determine the payment amount.

A provision and corresponding intangible asset have been recognised for the potential obligation to pay the State.

18 Other liabilities

	Notes	**30 June 2011 $'000**	30 June 2010 $'000
Current			
Prepaid tolls	(a)	**59,046**	56,393
Unearned income	(b)	**29,995**	21,063
Other		**581**	579
		89,622	78,035
Non-current			
Concession and promissory notes	(c)	**49,510**	41,846
Lease incentive		**2,565**	3,146
Other		**579**	544
		52,654	45,536
Total other liabilities		**142,276**	123,571

Description of other liabilities

(a) Prepaid tolls

Prepaid tolls represent amounts received from customers and held on deposit until the charge is incurred by the user.

(b) Unearned income

Unearned income represents amounts received in advance and will be recognised when the income is earned.

(c) Concession and promissory notes

M1 Eastern Distributor
The Eastern Distributor Project Deed between Airport Motorway Limited, Airport Motorway Trust and the Roads and Traffic Authority (RTA) provides for annual concession fees of $15.0 million during the construction phase and for the first 24 years after construction completion of the Eastern Distributor (ED). Until a certain threshold return is achieved, payments of concession fees due under the ED Project Deed will be satisfied by means of the issue of non-interest bearing Concession Notes.

Concession Notes are recognised 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 M1 Motorway, the present value of the expected future repayments is determined using a discount rate of 12 per cent which recognises their subordinate nature.

The face value of Concession Notes on issue at 30 June 2011 is $210.0 million (2010: $195.0 million). The net present value at 30 June 2011 of the redemption payments relating to these Concession Notes is $29.8 million (2010: $25.2 million).

M2 Motorway
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 are recognised 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 which recognises their subordinated nature.

The face value of Promissory Notes on issue at 30 June 2011 is $126.5 million (2010: $116.2 million). The net present value at 30 June 2011 of the redemption payments relating to these Promissory Notes is $19.7 million (2010: $16.6 million).

19 Contributed equity

	30 June 2011 $'000	30 June 2010 $'000
Share capital		
Fully paid stapled securities	**7,772,117**	7,656,383
	7,772,117	7,656,383

	Number '000	Number '000
Fully paid stapled securities	**1,443,193**	1,414,295
	1,443,193	1,414,295

Stapled securities

The number of stapled securities on issue is 1,443,543,731 (2010: 1,414,667,986). The difference of 351,075 (2010: 373,804) relates to treasury securities.

Stapled securities entitle the holder to participate in distributions and the winding up of the Transurban Group in proportion to the number of and amounts paid on the securities held. On a show of hands every holder of stapled securities present at a meeting in person or by proxy, is entitled to one vote.

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 16.

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it 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.

Movements in ordinary share capital:

	Notes	Number of securities '000	Consolidated $'000
Opening balance at 1 July 2009		**1,281,363**	**7,106,243**
Distribution reinvestment plan	(a)	14,069	65,381
Purchase, disposal and vesting of treasury securities	(b)	946	8,437
Rights issue, net of transaction costs	(c)	117,917	530,313
Less: Amounts attributable to Transurban International Limited	(d)	-	(53,991)
Closing balance at 30 June 2010		**1,414,295**	**7,656,383**
Opening balance at 1 July 2010		**1,414,295**	**7,656,383**
Distribution reinvestment plan	(a)	28,876	124,550
Purchase, disposal and vesting of treasury securities	(b)	22	103
Transfer vesting portion of LTI from share-based payment reserve	(b)	-	440
Purchase of Performance Rights Plan units	(b)	-	(675)
Less: Amounts attributable to Transurban International Limited	(d)	-	(8,684)
Closing balance at 30 June 2011		**1,443,193**	**7,772,117**

19 Contributed equity (continued)

(a) 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.

(b) Treasury securities

Stapled securities were issued to executives under share based payment plans. The securities are held by the executive but will only vest in the executive in accordance with the terms of the plans. The acquired securities cannot be transferred or sold prior to vesting date. On forfeit, the securities are sold on market.

(c) Rights issue

On 10 June 2010, Transurban raised $542.4 million, less costs, via an equity raising, issuing 117.9 million stapled securities.

(d) Non-controlling interest - Transurban International Limited

THL has been identified as the parent entity of the post-date of transition stapling arrangement of THL, THT and TIL. AASB Interpretation 1002 requires the equity of TIL to be classified as a non-controlling interest.

20 Reserves and accumulated losses

	30 June 2011 $'000	30 June 2010 $'000
Reserves		
Cash flow hedges	**34,560**	63,602
Share-based payments	**10,188**	6,128
Foreign currency translation	**(13,160)**	(12,009)
Transactions with non-controlling interests	**(5,127)**	(5,127)
	26,461	52,594

	30 June 2011 $'000	30 June 2010 $'000
Movements:		
Cash flow hedges		
Balance 1 July	**63,602**	20,744
Revaluation - gross	**(45,578)**	38,704
Deferred tax (note 13)	**12,560**	(13,635)
Transfer to net profit	**4,375**	17,120
Amount attributable to non-controlling interest	**(399)**	669
Movement in associate's reserve	**11,427**	(20,163)
Movement in associate's reserve attributable to non-controlling interest	**(11,427)**	20,163
Balance 30 June	**34,560**	63,602
Share-based payments		
Balance 1 July	**6,128**	5,505
Employee share plan expense	**4,581**	3,949
Transfer vesting portion of LTI to contributed equity	**(440)**	(3,326)
Transfer non-vesting portion of LTI to retained earnings	**(81)**	-
Balance 30 June	**10,188**	6,128

20 Reserves and accumulated losses (continued)

	30 June 2011 $'000	30 June 2010 $'000
Foreign currency translation		
Balance 1 July	**(12,009)**	(8,892)
Currency translation differences arising during the year	**(8,045)**	(1,780)
Deferred tax	**432**	-
Currency translation differences arising during the year attributable to non-controlling interest	**6,462**	(1,337)
Balance 30 June	**(13,160)**	(12,009)
Transactions with non-controlling interests		
Balance 1 July	**(5,127)**	(5,127)
Balance 30 June	**(5,127)**	(5,127)

Accumulated losses

Movements in (accumulated losses) were as follows:

	30 June 2011 $'000	30 June 2010 $'000
Balance at 1 July	**(3,836,959)**	(3,605,921)
Profit (loss) attributable to ordinary equity holders of the stapled group	**112,467**	59,418
Distributions to ordinary equity holders	**(389,463)**	(324,566)
Transfer of loss attributable to non-controlling interest - Transurban International Limited	**28,448**	34,110
Transfer non-vesting portion of LTI from share-based payment reserve	**81**	-
Balance 30 June	**(4,085,426)**	(3,836,959)

Nature and purpose of reserves

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

Share-based payments
The share-based payments reserve is used to recognise the fair value of long-term incentives issued but not exercised.

Foreign currency translation
Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note 1(d) and accumulated in this reserve within equity.

Transactions with non-controlling interests
The transactions with non-controlling interests reserve was created as a result of the acquisition of an additional 3.75 per cent of the Airport Motorway Group during a prior year as the Group uses the economic entity approach to transactions with non-controlling interests.

21 Distributions

	30 June 2011 $'000	30 June 2010 $'000
Distributions payable		
Final distribution payable and recognised as a liability:		
14 cents (2010: 12.0 cents) per fully paid stapled security payable 11 August 2011	**202,096**	169,760
	202,096	169,760
Distributions paid during the year		
Final distribution for 2010 financial year of 12.0 cents (2009: 11.0 cents) per fully paid Stapled Security paid 27 August 2010	**169,760**	141,095
Interim distribution for 2011 financial year of 13.0 cents (2010: 12.0 cents) per fully paid Stapled Security paid 15 February 2011	**187,367**	154,806
	357,127	295,901
Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the years ended 30 June 2011 and 30 June 2010		
Paid in cash	**232,577**	230,451
Executive loans - repayments	**-**	65
Satisfied by issue of Stapled Securities	**124,557**	65,381
Funds available (from)/for future distribution reinvestment plans	**(7)**	4
	357,127	295,901

21 Distributions (continued)

Distribution policy and free cash calculation

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

	30 June 2011 $'000	30 June 2010 $'000
Cash flows from operating activities	**374,691**	333,386
Less Westlink M7 Term Loan Note interest received	**(36,991)**	(32,759)
Add back payments for maintenance of intangibles	**18,429**	22,396
	356,129	323,023
Less cash flows from operating activities - M1 Eastern Distributor and M4	**(53,069)**	(72,653)
Controlled cash	**303,060**	250,370
Add dividends and distributions received		
M1 Eastern Distributor	**32,368**	43,649
M4 Statewide Roads	**4,877**	12,994
M5 Interlink	**41,000**	36,500
Westlink M7 Term Loan Note interest	**36,991**	32,759
Less allowance for maintenance capital expenditure for CityLink, Hills M2 and Lane Cove Tunnel, and e-Tag expenditure	**(23,035)**	(20,136)
Free cash	**395,261**	356,136
One-off items		
Contribution from M4	**(4,877)**	(12,994)
Corporate advisory costs	**-**	4,400
Underlying free cash	**390,384**	347,542
Weighted average securities on issue (millions)	**1,438**	1,302
Underlying free cash per security (cents) - weighted average securities	**27.1**	26.7
Free cash per security (cents) - weighted average securities	**27.5**	27.4
Securities on issue (millions)	**1,444**	1,415
Underlying free cash per security (cents) - securities on issue	**27.0**	24.6
Free cash per security (cents) - securities on issue	**27.4**	25.2

Franking credits

	30 June 2011 $'000	30 June 2010 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2010 - 30%)	**282,254**	216,076

22 Remuneration of auditors

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

	30 June 2011 $	30 June 2010 $
Amounts received or due and receivable by PricewaterhouseCoopers		
Audit and Other Assurance Services		
- Audit and review of financial reports		
PricewaterhouseCoopers Australia	**1,091,000**	1,022,000
- Other assurance services		
PricewaterhouseCoopers Australia	**69,887**	474,802
Total audit and other assurance services	**1,160,887**	1,496,802
Total remuneration for PricewaterhouseCoopers	**1,160,887**	1,496,802
Amounts received or due and receivable by other audit firms for:		
Audit services		
Audit and review of financial report	**-**	88,400
Other services		
- Other assurance services	**-**	296,550
- Taxation services	**-**	95,847
Total remuneration for other audit firms	**-**	480,797
Total auditors remuneration	**1,160,887**	1,977,599

The prior year audit fee relates to the amount due to Ernst & Young who were the auditors of Statewide Roads Limited. Other assurance and tax fees are for other services Ernst and Young were engaged for throughout the Group.

23 Contingencies

Contingent liabilities

The Group and parent entity had contingent liabilities at 30 June 2011 in respect of:

Equity guarantee
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 construction phase. Construction is expected to be complete in late 2012 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 per cent 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$159,690,077 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 acquire the interest in DRIVe at a discounted value.

Contingent assets

DRIVe capital sum
As a part of the establishment of Transurban DRIVe, DRIVe Holdings LLC agreed to make a "capital sum" compensation payment to Transurban for contributing to DRIVe the right to negotiate the Capital Beltway and I-95.

The fee is payable to Transurban if the pre-financing/pre-tax net present value of Capital Beltway or I-95 is positive as at financial close, when calculated three years after the completion of construction. Receipt of the capital sum is contingent on the projects achieving positive net present value at the strike date, and as such this amount has not been recognised on the balance sheet. Due to uncertainty associated with the amount and timing of the potential receipt, it is not practical to quantify the potential amount.

24 Intra-group Guarantees

As at 30 June 2011, 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 entity and its controlled entities within the Group on a continual basis.

25 Commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	30 June 2011 $'000	30 June 2010 $'000
Property, plant and equipment payable:		
Payable:		
Within one year	**14,214**	5,490
Later than one year but not later than five years	**2,414**	-
Later than five years	**-**	-
	16,628	5,490
Operating commitments payable:		
Within one year	**60,631**	41,977
Later than one year but not later than five years	**95,326**	70,093
Later than five years	**347,776**	307,011
	503,733	419,081
Intangible assets payable:		
Within one year	**283,597**	35,000
Later than one year but not later than five years	**109,442**	13,600
	393,039	48,600

Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**3,973**	4,506
Later than one year but not later than five years	**15,247**	15,869
Later than five years	**1,874**	5,232
	21,094	25,607
Sub-lease payments		
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**812**	1,592
	812	1,592

Promissory Notes

The Responsible Entity, on behalf of the Hills Motorway Trust, has entered into an agreement with the Roads and Traffic Authority of New South Wales (RTA). Annual liabilities under this agreement 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 this agreement can be made at the discretion of the Responsible Entity, by means of the issue of non-interest bearing promissory notes to the RTA. For further information refer to note 18.

Concession Notes

The Eastern Distributor Project Deed between Airport Motorway Limited, Airport Motorway Trust and the RTA provides for annual concession fees of $15.0 million during the construction phase and for the first 24 years after the construction completion date of the Eastern Distributor.

Other operating leases

The Group leases various offices under non-cancellable operating leases expiring within one to eleven years. The leases have varying terms, escalating clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

26 Related party transactions

Transactions with associates

The following transactions occurred with related parties:

	30 June 2011 $	30 June 2010 $
Revenue from services		
Operating electronic tolling system for Westlink M7	**11,768,736**	6,477,365
Business development fees	**16,254,993**	18,446,959
Consulting fees on refinancing	**-**	750,000
	28,023,729	25,674,324
Interest earned		
Term Loan Notes	**84,565,108**	78,879,621

Loans to/from associates

	30 June 2011 $	30 June 2010 $
Term loan notes		
Beginning of the year	**678,044,167**	633,272,067
Net interest capitalised	**46,181,129**	44,772,100
	724,225,296	678,044,167
Loans to Transurban DRIVe Holdings LLC		
Beginning of the year	**-**	10,968,696
Foreign exchange movements	**-**	(221,202)
Loans repaid	**-**	(10,747,494)
	-	-
Loans from Transurban DRIVe Holdings LLC		
Beginning of the year	**-**	(12,799,885)
Foreign exchange movements	**-**	221,202
Loans repaid	**-**	12,578,683
	-	-

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

Transactions with director related parties

Refer to note 36 for director related party transactions.

Term loan notes

The Term Loan Notes (TLN) 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 RTA 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 are classified as a held-to-maturity receivable. It is not classified as an investment for equity accounting purposes, and therefore has not been affected by equity accounting losses from the associate.

27 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 2011 %	Equity holding 2010 %
CityLink Trust	Australia	Ordinary	**100**	100
CityLink Melbourne Limited	Australia	Ordinary	**100**	100
City Link Extension Pty Limited	Australia	Ordinary	**100**	100
Transurban Infrastructure Management Limited	Australia	Ordinary	**100**	100
Transurban Limited	Australia	Ordinary	**100**	100
Transurban Collateral Security Pty Limited	Australia	Ordinary	**100**	100
Transurban Finance Trust	Australia	Ordinary	**100**	100
Transurban Finance Company Pty Limited	Australia	Ordinary	**100**	100
Transurban Nominees Pty Limited	Australia	Ordinary	**100**	100
Transurban Nominees 2 Pty Limited	Australia	Ordinary	**100**	100
Transurban WSO Pty Limited	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
Roam Tolling Pty Limited	Australia	Ordinary	**100**	100
Transurban Retail Pty Limited	Australia	Ordinary	**100**	100
Transurban (USA) Holdings No.1 Pty Limited	Australia	Ordinary	**100**	100
Transurban (USA) Holdings No.2 Pty Limited	Australia	Ordinary	**100**	100
Transurban (USA) Holdings No.3 Pty Limited	Australia	Ordinary	**100**	100
Transurban Asset Management Pty Limited	Australia	Ordinary	**100**	100
Transurban Operations Pty Limited	Australia	Ordinary	**100**	100
Transurban Investments Pty Limited	Australia	Ordinary	**100**	100
The Hills Motorway Limited	Australia	Ordinary	**100**	100
Hills Motorway Management Limited	Australia	Ordinary	**100**	100
Hills Motorway Construction Company Pty Limited	Australia	Ordinary	**100**	100
Hills Motorway Underwriting No.1 Pty Limited	Australia	Ordinary	**100**	100
Hills Motorway Trust	Australia	Ordinary	**100**	100
LMI WSO Holding No.2 Pty Limited	Australia	Ordinary	**100**	100
Abigroup WSO Holding No.2 Pty Limited	Australia	Ordinary	**100**	100
Abigroup Westlink Partner Holding No.4 Pty Limited	Australia	Ordinary	**100**	100
Abigroup Westlink Partner No.4 Pty Limited	Australia	Ordinary	**100**	100
Abigroup WSO Holding No.4 Pty Limited	Australia	Ordinary	**100**	100
Abigroup Westlink Partner Holding No.2 Pty Limited	Australia	Ordinary	**100**	100
Abigroup Westlink Partner No.2 Pty Limited	Australia	Ordinary	**100**	100
LMI Westlink Partner Holding No.4 Pty Limited	Australia	Ordinary	**100**	100
LMI Westlink Partner No.4 Pty Limited	Australia	Ordinary	**100**	100
LMI WSO Holding No.4 Pty Limited	Australia	Ordinary	**100**	100
LMI Westlink Partner Holding No. 2 Pty Limited	Australia	Ordinary	**100**	100
LMI Westlink Partner No.2 Pty Limited	Australia	Ordinary	**100**	100
Tollaust Pty Limited	Australia	Ordinary	**100**	100
Transurban (USA) Inc.	USA	Ordinary	**100**	100
Transurban (USA) Holdings Inc.	USA	Ordinary	**100**	100
Transurban (USA) Operations Inc.	USA	Ordinary	**100**	100
Transurban (895) General Partnership	USA	Ordinary	**100**	100
T (895) Finance Trust	Australia	Ordinary	**100**	100
Transurban International Holdings Limited	Bermuda	Ordinary	**100**	100
Transurban DRIVe Management LLC	USA	Ordinary	**100**	100
Sydney Roads Limited	Australia	Ordinary	**100**	100
Sydney Roads Trust	Australia	Ordinary	**100**	100
Sydney Roads Management Limited	Australia	Ordinary	**100**	100
Airport Motorway Trust	Australia	Ordinary	**75.10**	75.10
Airport Motorway Holdings Pty Limited	Australia	Ordinary	**75.10**	75.10
Airport Motorway Limited	Australia	Ordinary	**75.10**	75.10

27 Subsidiaries (continued)

Name of entity	Country of incorporation	Class of shares	Equity holding 2011 %	2010 %
Airport Motorway Construction Company Pty Limited	Australia	Ordinary	**75.10**	75.10
AMT Management Limited	Australia	Ordinary	**100**	100
M5 Holdings Funding Trust	Australia	Ordinary	**100**	100
M5 Holdings Pty Limited	Australia	Ordinary	**100**	100
M4 Holdings No. 1 Pty Limited	Australia	Ordinary	**100**	100
Devome Pty Limited	Australia	Ordinary	**75**	75
Statewide Roads Limited	Australia	Ordinary	**50.61**	50.61
SWR Services Pty Limited	Australia	Ordinary	**50.61**	50.61
SWR Engineers Pty Limited	Australia	Ordinary	**50.61**	50.61
Statewide Roads (M4) Pty Limited	Australia	Ordinary	**50.61**	50.61
SWR Operations Pty Limited	Australia	Ordinary	**50.61**	50.61
SWR Properties Pty Limited	Australia	Ordinary	**50.61**	50.61
Statewide Roads (M2) Pty Limited	Australia	Ordinary	**50.61**	50.61
SWR Constructors Pty Limited	Australia	Ordinary	**50.61**	50.61
LCT-MRE Pty Limited	Australia	Ordinary	**100**	100
LCT-MRE Nominees Pty Limited	Australia	Ordinary	**100**	100
LCT-MRE Trust	Australia	Ordinary	**100**	100
LCT-MRE Holdings Trust	Australia	Ordinary	**100**	100
LCT-MRE Holdings Pty Limited	Australia	Ordinary	**100**	-
LCT-MRE No.1 Pty Limited	Australia	Ordinary	**100**	-

28 Parent entity financial information

Summary financial information

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

	30 June 2011 $'000	30 June 2010 $'000
Balance sheet		
Current assets	**187,020**	700,802
Non-current assets	**2,374,953**	1,971,408
Total assets	**2,561,973**	2,672,210
Current liabilities	**149,308**	469,836
Non-current liabilities	**1,754,621**	1,511,820
Total liabilities	**1,903,929**	1,981,656
Shareholders' equity		
Contributed equity	**583,896**	552,883
Reserves	**5,026**	2,775
Retained earnings	**69,122**	134,896
	658,044	690,554
(Loss) for the year	**(65,774)**	(37,438)
Total comprehensive (loss)	**(65,774)**	(37,438)

Guarantees entered into by the parent entity

There are cross guarantees given by Transurban Holdings Limited, Transurban Limited, Tollaust Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited, and M5 Holdings Pty Limited as described in note 29.

Contingent liabilities of the parent entity

For details of contingent liabilities of the parent entity, refer to note 23.

29 Deed of cross guarantee

Transurban Holdings Limited, Transurban Limited, Tollaust Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited and M5 Holdings Pty Limited are party to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Transurban Holdings Limited, they also represent the 'extended closed group'.

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the years ended 30 June 2011 and 30 June 2010 for the parties to the deed of cross guarantee.

	30 June 2011 $'000	30 June 2010 $'000
Income statement		
Revenue	**98,352**	141,081
Operating costs	**(110,842)**	(102,462)
Depreciation and amortisation expense	**(5,808)**	(7,482)
Net finance costs	**(79,182)**	(68,845)
Loss before income tax	**(97,480)**	(37,708)
Income tax benefit	**37,955**	34,506
Profit for the year	**(59,525)**	(3,202)
Statement of comprehensive income		
Profit (loss) for the year	**(59,525)**	(3,202)
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive income for the year	**(59,525)**	(3,202)
Summary of movements in consolidated retained earnings		
(Accumulated losses) at the beginning of the financial year	**(78,743)**	(75,541)
Profit (loss) for the year	**(59,525)**	(3,202)
Transfer of non-vesting portion of LTI from share-based payment reserve	**4**	-
Retained earnings at the end of the financial year	**(138,264)**	(78,743)

29 Deed of cross guarantee (continued)

Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2011 and 30 June 2010 for the parties to the deed of cross guarantee.

	30 June 2011 $'000	30 June 2010 $'000
Current assets		
Cash and cash equivalents	**94,770**	516,255
Trade and other receivables	**339,137**	359,317
Total current assets	**433,907**	875,572
Non-current assets		
Other financial assets	**1,541,621**	1,286,015
Property, plant and equipment	**173,778**	129,178
Deferred tax assets	**468,981**	410,187
Total non-current assets	**2,184,380**	1,825,380
Total assets	**2,618,287**	2,700,952
Current liabilities		
Trade and other payables	**1,519,914**	1,600,650
Provisions	**16,111**	15,578
Total current liabilities	**1,536,025**	1,616,228
Non-current liabilities		
Payables	**593,115**	597,620
Deferred tax liabilities	**36,263**	7,961
Provisions	**2,226**	2,228
Total non-current liabilities	**631,604**	607,809
Total liabilities	**2,167,629**	2,224,037
Net assets	**450,658**	476,915
Equity		
Contributed equity	**583,896**	552,883
Reserves	**5,026**	2,775
Retained profits	**(138,264)**	(78,743)
Total equity	**450,658**	476,915

Under the stapling arrangement, each entity directly and/or indirectly supports each entity and its controlled entities within the Transurban Group on a continual basis.

Where necessary, prior year comparatives have been reclassified for comparative purposes.

30 Events occurring after the balance sheet date

Apart from the refinancing of the debt as disclosed in note 16(d), there are no unusual matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

31 Reconciliation of profit after income tax to net cash inflow from operating activities

	30 June 2011 $'000	30 June 2010 $'000
Profit for the year	**118,158**	59,605
Depreciation and amortisation	**289,435**	305,051
Non-cash share-based payments expense	**4,581**	5,159
Non-cash finance costs	**44,966**	56,827
Share of net losses of equity accounted investments	**20,198**	20,549
Change in operating assets and liabilities		
Increase in concession and promissory note liability	**7,664**	16,656
Increase in operating creditors and accruals	**15,308**	7,130
(Increase) decrease in debtors	**(13,815)**	8,232
(Increase) in term loan notes	**(46,181)**	(44,772)
(Decrease) increase in operating provisions	**(5,261)**	2,817
(Decrease) in maintenance provision	**(10,385)**	(5,484)
Movement in current tax liabilities and deferred taxes	**(49,977)**	(98,384)
Net cash inflow (outflow) from operating activities	**374,691**	333,386

32 Non-cash investing and financing activities

	30 June 2011 $'000	30 June 2010 $'000
Distributions satisfied by the issue of stapled securities under the distribution reinvestment plan	**124,557**	65,381
	124,557	65,381

33 Earnings per stapled security

	30 June 2011 Cents	30 June 2010 Cents
Basic earnings per share		
Earnings per security attributable to the ordinary equity holders of the stapled group	**7.8**	4.6
	7.8	4.6
Diluted earnings per share		
Earnings per security attributable to the ordinary equity holders of the stapled group	**7.8**	4.6
	7.8	4.6

33 Earnings per stapled security (continued)

Reconciliations of earnings used in calculating earnings per security

	30 June 2011 $'000	30 June 2010 $'000
Basic and diluted earnings per security		
Profit for the year	**118,158**	59,605
Profit attributable to non-controlling interests	**(5,691)**	(187)
Profit attributable to ordinary equity holders of the stapled group used in calculating earnings per security	**112,467**	59,418

Weighted average number of securities used as the denominator

	30 June 2011 Number	30 June 2010 Number
Weighted average number of securities used as the denominator in calculating basic and diluted earnings per security	**1,437,820,619**	1,301,035,941

Basic earnings per stapled security
Basic earnings per stapled security is calculated by dividing the profit (loss) attributable to members of the stapled security excluding any non-controlling interest and costs of servicing equity other than distributions, by the weighted average number of securities outstanding during the financial year.

Diluted earnings per stapled security
Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential stapled securities and the weighted average number of additional stapled securities that would have been outstanding assuming the conversion of all dilutive potential stapled securities.

34 Net tangible asset backing

	30 June 2011 $'000	30 June 2010 $'000
Net tangible asset backing per stapled security *	**2.59**	2.77

(*) - Net tangible assets used as the basis for this calculation include the relative concessions and permits relating to the operational assets of the Group. Assets of this type are characterised as intangibles under AASB 138.

35 Share-based payments

Performance Awards Plan

Under the Performance Awards Plan (PAP), eligible executives receive a grant of Performance Awards which entitles participants to receive securities at no cost subject to the achievement of performance conditions. The Board has discretion as to the form of the award at the end of the performance period and may grant cash payments of equivalent value at vesting. No dividends or distributions on securities are payable to participants prior to vesting.

Dual performance measures (earnings before interest, tax, depreciation and amortisation (EBITDA) measure and relative total security holder return (TSR)) apply to Performance Awards, each representing 50 per cent of the award. The use of dual measures balances the need to both improve the underlying performance of the business over the long term as well as appropriate returns relative to the market.

Performance Awards were granted with a three year vesting period. For the 1 November 2008 grant, the awards are tested at the end of each year. If the performance measures are satisfied for the year, one third of the awards are preserved until the end of the three year period. At the end of the three years a cumulative test of the performance measures is applied to any unvested awards. For the 11 December 2009 and future grants, the awards are tested at the end of the three year vesting period only.

Grant Date	Vesting / Expiry date	Fair value at grant date ($) TSR	Fair value at grant date ($) EBIDTA	Balance at start of the year Number	Granted during the year Number	Vested during the year Number	Forfeited during the year Number	Balance at end of the year Number
2011								
1 Nov 2008	1 Nov 2011	3.30	4.27	1,277,630	-	-	(17,517)	1,260,113
11 Dec 2009	11 Dec 2012	3.33	4.97	1,990,913	-	-	(214,330)	1,776,583
1 Nov 2010	1 Nov 2013	3.23	4.62	-	1,658,614	-	(257,039)	1,401,575
23 Dec 2010	1 Nov 2013	3.33	4.97	-	684,683	-	-	684,683
Total				3,268,543	2,343,297	-	(488,886)	5,122,954
Weighted average exercise price				$4.01	$3.99	$-	$4.02	$4.00

Grant Date	Vesting / Expiry date	Fair value at grant date ($) TSR	Fair value at grant date ($) EBIDTA	Balance at start of the year Number	Granted during the year Number	Vested during the year Number	Forfeited during the year Number	Balance at end of the year Number
2010								
1 Nov 2008	1 Nov 2011	3.30	4.27	1,314,288	-	-	(36,658)	1,277,630
11 Dec 2009	11 Dec 2012	3.33	4.97	-	1,990,913	-	-	1,990,913
Total				1,314,288	1,990,913	-	(36,658)	3,268,543
Weighted average exercise price				$3.79	$4.15	$-	$3.79	$4.01

35 Share-based payments (continued)

Executive Equity Plan

Equity awards were granted under the Executive Equity Plan (EEP) based on executives' performance and were designed to encourage retention of executives while focusing on business excellence.

Individuals who are high performers and in business critical roles were nominated for awards for their past contribution and expected future performance. Board approval was required to grant EEP awards to nominated executives.

Under the EEP, eligible executives received a grant of stapled securities in the Transurban Group ("securities") at no cost that are subject to disposal restrictions for three years from the grant date. Participants are entitled to distributions paid on their Securities during the restriction period. If the executive ceases employment with Transurban during the restriction period, their Securities will be forfeited unless the Board decides otherwise.

Awards were last made under the EEP on 1 November 2008. The table below provides details of the awards granted.

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Vested during the year Number	Forfeited during the year Number	Balance at end of the year Number
2011							
1 Nov 2008	1 Nov 2011	$4.27	548,650	-	(72,334)	(42,594)	433,722
Total			548,650	-	(72,334)	(42,594)	433,722
Weighted average exercise price			$4.27	$-	$4.27	$4.27	$4.27

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Vested during the year Number	Forfeited during the year Number	Balance at end of the year Number
2010							
1 Nov 2008	1 Nov 2011	$4.27	611,692	-	(2,953)	(60,089)	548,650
Total			611,692	-	(2,953)	(60,089)	548,650
Weighted average exercise price			$4.27	$-	$4.27	$4.27	$4.27

35 Share-based payments (continued)

Performance rights plan

The Performance Rights Plan (PRP) enabled eligible executives to receive a grant of Performance Rights that entitled participants to receive stapled securities in the Transurban Group (Securities) at no cost at the end of a three year performance period, subject to the achievement of performance conditions. No dividends or distributions on Securities were payable to participants prior to vesting. The Plan has two performance measures, EBITDA and relative TSR against the S&P/ASX 100 Industrials, each applied to 50 per cent of the PRP award. For US participants of the plan, they will be awarded a cash amount instead of stapled securities at the end of the three year performance period, subject to performance conditions. There is only one testing date at the end of the performance hurdles at the vesting date.

Awards were last made under the PRP in November 2007. This award matured on 1 November 2010. 84.44% of awards subject to the TSR performance condition vested based on Transurban's ranking against the constituents of the S&P/ASX 100. None of the awards subject to the statutory EBITDA growth or DRIVe management fee growth conditions vested as the prescribed performance conditions were not met.

Australian based plan

Grant Date	Vesting / Expiry date	Fair value at grant date ($) TSR	Fair value at grant date ($) EBIDTA	Balance at start of the year Number	Granted during the year Number	Vested during the year Number	Lapsed during the year Number	Balance at end of the year Number
2011								
1 Nov 2007	1 Nov 2010	3.50	5.96	331,594	-	(143,060)	(188,534)	-
Total				331,594	-	(143,060)	(188,534)	-
Weighted average exercise price				$4.73	$-	$4.73	$4.73	$-

Grant Date	Vesting / Expiry date	Fair value at grant date ($) TSR	Fair value at grant date ($) EBIDTA	Balance at start of the year Number	Granted during the year Number	Vested during the year Number	Forfeited during the year Number	Balance at end of the year Number
2010								
1 Nov 2007	1 Nov 2010	3.50	5.96	345,854	-	-	(14,260)	331,594
Total				345,854	-	-	(14,260)	331,594
Weighted average exercise price				$4.73	$-	$-	$4.73	$4.73

Overseas based plan

Grant Date	Vesting / Expiry date	Fair value at grant date ($) TSR	Fair value at grant date ($) DRIVe mgt fee	Balance at start of the year Number	Vested during the year Number	Lapsed during the year Number	Balance at end of the year Number
2011							
1 Nov 2007	1 Nov 2010	3.50	5.96	247,561	(107,007)	(140,554)	-
Total				247,561	(107,007)	(140,554)	-
Weighted average exercise price				$4.26	$4.26	$4.26	$-

35 Share-based payments (continued)

Grant Date	Vesting / Expiry date	Fair value at grant date ($)		Balance at start of the year	Granted during the year	Forfeited during the year	Balance at end of the year
		TSR	DRIVe mgt fee	Number	Number	Number	Number
2010							
1 Nov 2007	1 Nov 2010	3.50	5.96	247,561	-	-	247,561
Total				247,561	-	-	247,561
Weighted average exercise price				$4.26	$-	$-	$4.26

Assessed fair value

The assessed fair value at grant date of the plans above has been independently determined in accordance with AASB 2. The TSR component of the Performance Awards has been valued applying a Monte-Carlo simulation (of a geometric Brownian motion process, as used in the Black-Scholes framework) to model Transurban's future security price and TSR performance against the comparator group performance at vesting date. The valuation model takes into account the term of the award, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield and the risk free interest rate for the term of the award.

Employee security scheme

The Transurban Employee Security Ownership Plan (the Plan) provides employees with an opportunity to be a part owner of Transurban and partner in its continued success.

All Australian based permanent employees are eligible to participate in either the Investment Tax Exempt Plan or the Investment Tax Deferred Plan. Under the plans, Transurban provides participants with a matching component toward the acquisition of the stapled securities. For the period 1 July 2010 to 30 June 2011, the cost of company matches was $304,375 (2010: $125,517) for the Investment Tax Exempt Plan and $89,885 (2010: $nil) for the Investment Tax Deferred Plan. These plans were suspended in May 2009 following changes to taxation announced in the Federal budget. The Group reactivated the Tax Exempt Plan in the year ended 30 June 2010 and has reactivated the Investment Tax Deferred Plan for the 2011 financial year.

The third element under the Plan is the Incentive Plan. Subject to Board approval and the performance of the Group, eligible employees may receive a certain number of Transurban securities at no cost to them. In February 2011, each participant was allocated 100 stapled securities at a value of $5.26 per security. Stapled securities provided under the Plan were acquired on the open market.

	2011	2010
	Number	Number
Shares purchased on the market under the plan and provided to participating employees	**42,200**	44,800

Expenses arising from share-based payments

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense was $4.6 million (2010: $5.2million).

36 Key management personnel disclosures

Directors

The following persons were directors of THL, TIML and/or TIL, as noted below, during the financial year and/or up until the date of this report:

(i) Executive directors
Christopher J Lynch (THL, TIML and TIL)

(ii) Non-executive directors
Lindsay Maxsted (Chairman of THL and TIML from 12 August 2010, Director and Chairman of TIL from 12 August 2010)
David J Ryan (resigned 12 August 2010) (Chairman of THL, TIML and TIL until 12 August 2010)
Neil G Chatfield (THL and TIML)
Geoffrey O Cosgriff (THL and TIML)
Jeremy GA Davis (THL and TIML)
Robert J Edgar (THL and TIML)
Samantha J Mostyn (appointed 8 December 2010) (THL and TIML)
Robert R Officer (appointed 20 August 2010) (THL and TIML)
Rodney Slater (THL and TIML)
Jennifer S Eve (TIL)
James M Keyes (TIL)

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:

B Bourke (resigned 28 February 2011)	Chief Operating Officer
K Daley	President, International Development
M Fletcher (resigned 28 February 2011)	Group General Manager, Public Affairs
A Head	Group General Manager, New South Wales
S Hogg	Group General Manager, Corporate Services
T Honan	Chief Financial Officer
M Kulper	President, Transurban North America
E Mildwater	Group General Manager, Victoria

Key management personnel compensation

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

	30 June 2011 $	30 June 2010 $
Short-term employee benefits	**14,169,807**	15,074,681
Post-employment benefits	**471,700**	448,936
Long-term benefits	**87,049**	110,982
Termination benefits	**1,360,993**	268,637
Share-based payments	**4,135,431**	3,374,587
	20,224,980	19,277,823

Detailed remuneration disclosures are made in the directors' report. The relevant information can be found in the remuneration report in the directors' report.

Equity instrument disclosures relating to key management personnel

Share-based payments
Details of long-term incentives provided as remuneration and securities issued, together with terms and conditions of the long term incentives, can be found in the remuneration report in the directors' report.

36 Key management personnel disclosures (continued)

Performance Awards Plan

2011

	Balance at start of the year	Granted during the year as remuneration	Matured and paid during the year	Other changes during the year	Balance at end of the year	Matured and payable at the end of the year
Directors of the Group						
C J Lynch	1,100,932	684,683	-	-	1,785,615	-
Other key management personnel of the Group						
B Bourke	194,515	13,233	(39,204)	(168,544)	-	-
K Daley	178,427	123,441	(33,173)	(45,398)	223,297	-
M Fletcher	82,362	5,761	(4,704)	(83,419)	-	-
A Head	105,859	90,523	(6,273)	(8,584)	181,525	-
S Hogg	70,734	65,835	-	-	136,569	-
T Honan	380,926	164,587	-	-	545,513	-
M Kulper	307,378	170,433	(32,416)	(44,362)	401,033	-
E Mildwater	95,836	90,523	-	-	186,359	-

2010

	Balance at start of the year	Granted during the year as remuneration	Matured and paid during the year	Other changes during the year	Balance at end of the year	Matured and payable at the end of the year
Directors of the Group						
C J Lynch	483,721	617,211	-	-	1,100,932	-
Other key management personnel of the Group						
B Bourke	85,465	109,050	-	-	194,515	-
D Cardiff	46,512	-	-	(46,512)	-	-
K Daley	67,151	111,276	-	-	178,427	-
M Fletcher	34,884	47,478	-	-	82,362	-
A Head	46,512	59,347	-	-	105,859	-
S Hogg	23,256	47,478	-	-	70,734	-
T Honan	232,558	148,368	-	-	380,926	-
M Kulper	145,422	161,956	-	-	307,378	-
E Mildwater	29,070	66,766	-	-	95,836	-

Stapled security holdings

The number of Transurban Group Stapled Securities held during the financial year by each director of Transurban Holdings Limited and other key management personnel of the Group, including their personally-related parties, are set out below.

36 Key management personnel disclosures (continued)

Stapled Securities

2011	Balance at start of the year	Received during the year via the Executive Equity Plan	Other changes during the year	Balance at end of the year
Directors of the Group				
L P Maxsted	12,000	-	18,000	30,000
D J Ryan *	66,486	-	(66,486)	-
N G Chatfield	20,910	-	-	20,910
G O Cosgriff	144,423	-	7,813	152,236
J G A Davis	158,188	-	-	158,188
R J Edgar	11,836	-	6,791	18,627
S J Mostyn	-	-	-	-
R R Officer	19,089	-	-	19,089
R E Slater	-	-	-	-
J S Eve	-	-	-	-
J M Keyes	-	-	-	-
C J Lynch	254,966	-	435	255,401
Other key management personnel of the Group				
B Bourke *	460,251	-	(460,251)	-
K Daley	384,678	-	-	384,678
M Fletcher *	34,491	-	(34,491)	-
A Head	23,842	-	(2,730)	21,112
S Hogg	15,516	-	100	15,616
T Honan	93,574	-	1,246	94,820
M Kulper	103,944	-	-	103,944
E Mildwater	25,196	-	1,902	27,098

* These individuals are not Key Management Personnel at 30 June 2011, therefore their opening balance has been reduced to zero through "other changes during the year" in the table above.

2010	Balance at start of the year	Received during the year via the Executive Equity Plan	Other changes during the year	Balance at end of the year
Directors of the Group				
L P Maxsted	-	-	12,000	12,000
D J Ryan	60,945	-	5,541	66,486
N G Chatfield	-	-	20,910	20,910
G O Cosgriff	126,012	-	18,411	144,423
J G A Davis	125,005	-	33,183	158,188
R J Edgar	7,709	-	4,127	11,836
R E Slater	-	-	-	-
J S Eve	-	-	-	-
J M Keyes	-	-	-	-
C J Lynch	233,041	-	21,925	254,966
Other key management personnel of the Group				
B Bourke	460,151	-	100	460,251
D Cardiff	158,477	-	(158,477)	-
K Daley	384,578	-	100	384,678
M Fletcher	33,491	-	1,000	34,491
A Head	23,742	-	100	23,842
S Hogg	22,781	-	(7,265)	15,516
T Honan	85,474	-	8,100	93,574
M Kulper	103,944	-	-	103,944
E Mildwater	24,640	-	556	25,196

36 Key management personnel disclosures (continued)

Executive Equity Plan (EEP)

2011	Balance at start of the year	Granted during the year as remuneration	Matured and paid during the year	Other changes during the year	Balance at end of the year	Matured and payable at the end of the year
Directors of the Group						
C J Lynch	79,647	-	-	-	79,647	-
Other key management personnel of the Group						
B Bourke	19,146	-	(19,146)	-	-	-
K Daley	19,146	-	-	-	19,146	-
M Fletcher	19,146	-	(19,146)	-	-	-
A Head	19,146	-	-	-	19,146	-
S Hogg	15,316	-	-	-	15,316	-
T Honan	85,474	-	-	-	85,474	-
M Kulper	23,944	-	-	-	23,944	-
E Mildwater	19,146	-	-	-	19,146	-

2010	Balance at start of the year	Granted during the year as remuneration	Matured and paid during the year	Other changes during the year	Balance at end of the year	Matured and payable at the end of the year
Directors of the Group						
C J Lynch	79,647	-	-	-	79,647	-
Other key management personnel of the Group						
B Bourke	19,146	-	-	-	19,146	-
D Cardiff	19,146	-	-	(19,146)	-	-
K Daley	19,146	-	-	-	19,146	-
M Fletcher	19,146	-	-	-	19,146	-
A Head	19,146	-	-	-	19,146	-
S Hogg	15,316	-	-	-	15,316	-
T Honan	85,474	-	-	-	85,474	-
M Kulper	23,944	-	-	-	23,944	-
E Mildwater	19,146	-	-	-	19,146	-

Performance Rights Plan

2011	Balance at start of the year	Granted during the year as remuneration	Matured and paid during the year	Other changes during the year	Balance at end of the year	Matured and payable at the end of the year
Other key management personnel of the Group						
B Bourke	92,857	-	(39,204)	(53,653)	-	-
K Daley	78,571	-	(33,173)	(45,398)	-	-
M Fletcher	11,142	-	(4,704)	(6,438)	-	-
A Head	14,857	-	(6,273)	(8,584)	-	-
M Kulper	76,778	-	(32,416)	(44,362)	-	-

2010	Balance at start of the year	Granted during the year as remuneration	Matured and paid during the year	Other changes during the year	Balance at end of the year	Matured and payable at the end of the year
Other key management personnel of the Group						
B Bourke	92,857	-	-	-	92,857	-
D Cardiff	27,428	-	-	(27,428)	-	-
K Daley	78,571	-	-	-	78,571	-
M Fletcher	11,142	-	-	-	11,142	-
A Head	14,857	-	-	-	14,857	-
M Kulper	76,778	-	-	-	76,778	-

36 Key management personnel disclosures (continued)

Other transactions with directors and key management personnel

Mr Rodney Slater is a Partner in the public policy practice group of Patton Boggs. Transurban used Patton Boggs during the year for various lobbying activities in the US. This relationship is based on normal commercial terms.

Mr Lindsay Maxsted is a non-executive director of Westpac Banking Corporation. Westpac provides transactional banking and loan facilities to Transurban. A company with which Mr Maxsted is associated has an alliance agreement with Lazard Pty Limited who provides corporate advisory services to Transurban. Both of these relationships are based on normal commercial terms.

Mr Neil Chatfield is a non-executive director of Seek who provides employment advising services to Transurban. This relationship is based on normal commercial terms.

Mr Chatfield is also Chairman of, and Ms Sam Mostyn is a non-executive director of, Virgin Blue Holdings Limited. Transurban uses air travel services provided by Virgin Blue. This relationship is based on normal commercial terms.

Ms Jennifer Eve is an associate with Appleby. During the year Transurban utilised Appleby for various legal services. These services are based on normal commercial terms.

37 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 Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below.

Income taxes
The Group is subject to income taxes in Australia and USA. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

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

Useful lives of plant and equipment
The Group determines the estimated useful lives and related depreciation for its plant and equipment. This estimate is based on expected useful lives of technology. It could change significantly as a result of technical innovations. The Group will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets.

The Group depreciates the assets associated with the various toll road infrastructure over the life of the respective concession arrangements.

Estimated impairment of intangible assets and cash generating units
The Group tests whether goodwill, other intangible assets and cash generating units have suffered any impairment, in accordance with the accounting policy stated in note1(i). The recoverable amount of each cash generating unit has been determined based on the greater of value-in-use and fair value less costs to sell calculations. These calculations require the use of assumptions regarding traffic flows, discount rates, growth rates and other factors affecting operating activities of the cash generating units.

Valuation of Promissory Notes and Concession Notes

37 Critical accounting estimates and judgements (continued)

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

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

Fair value of derivatives and other financial instruments
The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

Provision for future major maintenance expenditure
The Group records a provision for its present obligation to maintain the Motorways held under Concession Deeds. The provision is included in the financial statements at the present value of expected future payments. The calculations to discount these amounts to their present value are based on the estimated timing and profile of expenditure occurring on the roads.

A discount rate is used to value the maintenance expenditure provision at its present value, which is determined through reference to the nature of the provision and the risks associated with the expenditure.

38 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The financial risk management function is carried out centrally by the Transurban Group Treasury team (Treasury) under policies approved by the Board. Treasury work closely with the Group's operating units to actively identify and monitor all financial risks, and put hedging in place where appropriate. The Board are informed on a regular basis of any material exposures to financial risks.

The Group's hedging strategies are detailed below, and include the use of derivative financial instruments. The Group's policies allow derivative transactions to be undertaken only for the purpose of reducing risk, and do not permit speculative trading. Treasury continuously monitor risk exposures over time through review of cash flows, price movements, market analysis and ongoing communication within the Group. When measuring financial risk, Treasury consider positive and negative exposures, existing hedges and the ability to offset exposures where possible.

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

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

The Group's exposure to foreign currency risk at the reporting date, denominated in the currency in which the risk arises, was as follows:

	30 June 2011 USD $'000	30 June 2010 USD $'000
Cash and cash equivalents	**7,068**	11,611
Net Investment in foreign operation	**209,083**	184,744
Borrowings	**(1,124,261)**	(1,090,163)
Cross-currency interest rate swaps	**933,406**	933,406
Net exposure	**25,296**	39,598

Exposure to other foreign exchange movements is not material.

Sensitivity
Based on the financial instruments held at end of the period, had the Australian dollar strengthened/weakened by 10 cents against the U.S. dollar with all other variables held constant, the Group's post-tax profit for the year would have been $108,000 lower (2010: $825,000 lower) or $131,000 higher (2010: $1,044,000 higher), as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table.

The Group's post-tax profit is less sensitive to movements in the Australian dollar/US dollar exchange rate in the current year due to an decrease in US dollar cash holdings.

Had the Australian dollar strengthened by 10 cents against the U.S. dollar with all other variables held constant, the Group's equity would have been $24,286,000 lower (2010: $40,924,000 lower). Had the Australian dollar weakened by 10 cents against the U.S. dollar with all other variables held constant, the Group's equity would have been $29,009,000 higher (2010: $60,922,000 higher). The Group revalues its U.S. dollar borrowings each period using market spot rates and, where a qualifying hedge is in place, defers these movements in equity. The volatility in equity is caused mainly by fair value movements of the cross currency interest rate swaps, which are affected by changes in forward Australian dollar/U.S. dollar foreign exchange rates.

Price risk
The Group is not exposed to price risk.

38 Financial risk management (continued)

Cash flow interest rate risk
The Group's main exposure to interest rate risk arises from long-term borrowings. Treasury manages interest rate risk by entering into fixed rate debt facilities or using interest rate swaps to convert floating rate debt. 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. The Group's policy is to hedge interest rate exposure at a minimum in compliance with the covenant requirements of funding facilities and up to 100 per cent. Covenant requirements vary by debt facility, and require a minimum of between 50 per cent and 80 per cent of interest rate exposure to be hedged. At 30 June 2011 98 per cent (2010: 99 per cent) of the Group's interest rate exposure on variable rate borrowings was hedged.

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

	30 June 2011		30 June 2010	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Cash and cash equivalents	**5.3 %**	(411,880)	4.6 %	(681,259)
Floating Rate Borrowings	**6.2 %**	2,680,609	6.1 %	2,387,604
Interest rate swaps (notional principal amount)	**5.0 %**	(2,619,400)	4.4 %	(2,351,979)
Net exposure to cash flow interest rate risk		(350,671)		(645,634)

An analysis by maturities is provided in Liquidity risk below.

Sensitivity
At 30 June 2011, 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 $3,507,000 higher/lower (2010: $6,456,000 higher/lower). Profit is less sensitive to movements in interest rates in 2011 than 2010, due mainly to an decrease in cash holdings.

Credit risk

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

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

The Group's investment in the Westlink Motorway is through Term Loan Notes (see note 10 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.

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. Treasury assesses liquidity over the short term (up to 12 months) and medium term (1 – 5 years) by maintaining accurate forecasts of operating expenses, committed capital expenditure and payments to security holders. Long term liquidity requirements are reviewed as part of the annual strategic planning process.

Short term liquidity is managed by maintaining a strategic liquidity reserve. This reserve is based on the Group's forecast annual operating costs and certain risk exposure scenarios as maintained by the Group's strategic risk register, and is maintained as cash and undrawn facilities. The reserve is maintained on a rolling 12 month basis. Medium term liquidity forecasting is maintained on a rolling 5 year horizon.

38 Financial risk management (continued)

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

	2011 $'000	2010 $'000
Floating rate		
- Expiring within one year	**-**	270,971
- Expiring beyond one year	**418,002**	230,000
	418,002	500,971

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 financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities	**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**
At 30 June 2011	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives								
Non-interest bearing	414,832	-	-	-	-	338,957	753,789	464,921
Variable rate	232,994	736,382	431,833	877,284	367,368	733,374	3,379,235	2,680,609
Fixed rate	216,453	93,118	340,347	212,108	397,707	1,372,316	2,632,049	1,558,077
Total non-derivatives	864,279	829,500	772,180	1,089,392	765,075	2,444,647	6,765,073	4,703,607
Derivatives								
Net settled (interest rate swaps)	31,272	24,702	12,313	4,652	(2,500)	(8,675)	61,764	53,732
Net settled (cross-currency interest rate swaps/fx forwards)	19,935	27,172	28,275	57,068	44,475	198,418	375,343	282,107
Total derivatives	51,207	51,874	40,588	61,720	41,975	189,743	437,107	335,839

38 Financial risk management (continued)

At 30 June 2010

	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	355,102	-	-	-	-	313,676	668,778	397,492
Variable rate	183,132	537,122	692,867	264,654	440,126	916,389	3,034,290	2,387,604
Fixed rate	71,790	291,227	98,676	351,097	217,260	1,687,793	2,717,843	1,653,010
Total non-derivatives	610,024	828,349	791,543	615,751	657,386	2,917,858	6,420,911	4,438,106
Derivatives								
Net settled (interest rate swaps)	36,041	30,222	24,612	7,422	5,586	(4,976)	98,907	81,290
Net settled (cross-currency interest rate swaps/fx forwards)	5,426	17,916	9,857	13,234	7,568	(128,922)	(74,921)	(17,668)
Total derivatives	41,467	48,138	34,469	20,656	13,154	(133,898)	23,986	63,622

Fair value measurements

The carrying value of financial assets and financial liabilities brought to account at balance sheet date approximates fair value.

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

The Group has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

38 Financial risk management (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2011 and 30 June 2010.

As at 30 June 2011	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Derivatives used for hedging	-	56,303	-	56,303
Total assets	-	56,303	-	56,303
Liabilities				
Derivatives used for hedging	-	392,142	-	392,142
Total liabilities	-	392,142	-	392,142

As at 30 June 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivatives used for hedging	-	80,230	-	80,230
Total assets	-	80,230	-	80,230
Liabilities				
Derivatives used for hedging	-	143,852	-	143,852
Total liabilities	-	143,852	-	143,852

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 the end of each reporting period. The fair value of both cross-currency interest rate swaps and interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. All these instruments are included in level 2.

In the directors' opinion:

(a) the financial statements and notes set out on pages 36 to 109 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 Group's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 29.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

This declaration is made in accordance with separate resolution of the directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited and Transurban International Limited.

Lindsay P Maxsted
Director

Christopher J Lynch
Director

Melbourne
3 August 2011

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the members of Transurban Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Transurban Holdings Limited (the Company), which comprises the balance sheet as at 30 June 2011, and the income statement, the statement of comprehensive income, 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 the Transurban Holdings Limited Group (the Group). The Group comprises the aggregation of Transurban Holdings Limited (THL), Transurban Holding Trust (THT) and Transurban International Limited (TIL) and the entities they controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company 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 controls 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 the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

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

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Independent auditor's report to the members of Transurban Holdings Limited (continued)

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Transurban Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its 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 financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 32 of the directors' report for the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Transurban Holdings Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John Yeoman
Partner

Melbourne
3 August 2011