Official Notice to SIX Swiss Exchange

Title:	Transurban Queensland Finance Pty Ltd
Valor Symbol:	TQF16
Valor No:	32766686
ISIN:	CH0327226863

TRANSURBAN QUEENSLAND FINANCE PTY LTD

Please see the attached:

1. ASX Appendix 4E for the year ended 30 June 2016;
2. Transurban Holdings Limited and Controlled Entities (including Transurban International Limited and Transurban Holding Trust) Financial Statements for the year ended 30 June 2016;
3. ASX Release; and
4. Investor Presentation,

by Transurban (ASX: TCL), which contains information regarding Transurban Queensland.[1]

Transurban Queensland Finance Pty Ltd has Bonds listed on SIX Swiss Exchange.

Notices from Transurban Queensland Finance Pty Ltd to SIX Swiss Exchange are also available from the website: www.transurban.com/tqfinstatements

Amanda Street
Company Secretary

Investor enquiries
Jessica O'Brien
Investor Relations Manager
+61 3 8656 8364
investor.relations@transurban.com

[1] Transurban has a 62.5% interest in Transurban Queensland. Transurban Queensland Finance Pty Ltd is a wholly owned subsidiary of Transurban Queensland.

Transurban Group
Transurban International Limited
ABN 90 121 746 825
Transurban Holdings Limited
ABN 86 098 143 429
Transurban Holding Trust
ABN 30 169 362 255
ARSN 098 807 419
corporate@transurban.com
www.transurban.com

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008 Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

asx release

9 August 2016

Transurban Group 2015/16 Full-Year Results

Please find attached the following:

1. ASX Appendix 4E for the year ended 30 June 2016; and
2. Transurban Holdings Limited and Controlled Entities (including Transurban International Limited and Transurban Holding Trust) Financial Statements for the year ended 30 June 2016.

Amanda Street
Company Secretary

Investor enquiries
Jessica O'Brien
Investor Relations Manager
+61 3 8656 8364

Classification Public

Transurban Group
Transurban International Limited
ABN 90 121 746 825
Transurban Holdings Limited
ABN 86 098 143 429
Transurban Holding Trust
ABN 30 169 362 255
ARSN 098 807 419
corporate@transurban.com
www.transurban.com

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008 Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

Transurban Group
Appendix 4E
Year ended 30 June 2016

(Previous corresponding period:
Year ended 30 June 2015)

The Transurban Group (the **Group**) comprises the following entities:

Transurban Holdings Limited (ABN 86 098 143 429)
Transurban Holding Trust (ARSN 098 807 419)
Transurban International Limited (ABN 90 121 746 825)

Results for announcement to the market

Statutory results compared to the prior period

- Revenue from ordinary activities increased 18.8 per cent to $2,210 million;
- Profit from ordinary activities after tax increased from a loss of $373 million to a profit of $22 million;
- Profit from ordinary activities after tax excluding significant items increased 228.9 per cent to $148 million;
- Earnings before depreciation and amortisation, net finance costs, equity accounted investments and incomes taxes (EBITDA) increased 59.6 per cent to $1,248 million;
- EBITDA excluding significant items increased 13.9 per cent to $1,379 million;
- Statutory net profit attributable to security holders of the stapled group increased from a loss of $182 million to a profit of $99 million; and
- Statutory net profit attributable to security holders of the stapled group, excluding significant items increased 114.5 per cent to $178 million.

Proportional results compared to the prior period

- Toll revenue increased 17.5 per cent to $1,946 million;
- EBITDA increased 37.5 per cent to $1,398 million;
- EBITDA before significant items increased 14.8 per cent to $1,480 million; and
- Free cash increased 20.6 per cent to $926 million.

Distributions

	Amount per Security cents	**Franked amount per Security %**
Final distribution (declared prior to balance date)	19.5	-
Final dividend (declared prior to balance date)	3.5	100
	23.0	
Interim distribution for the current year	19.0	-
Interim dividend for the current year	3.5	100
	22.5	
Final distribution (prior year)	17.0	-
Final dividend (prior year)	3.5	100
	20.5	

Record date for determining entitlements to distribution and dividend	30 June 2016
Date of payment of final distribution	12 August 2016

Distribution Reinvestment Plan

Under the Distribution Reinvestment Plan (DRP), security holders may receive additional stapled securities in substitution for some or all cash distributions in respect of their stapled securities. The last date for the receipt of an election notice for participation in the DRP was 1 July 2016 and the participation rate is 16.46 per cent. No discount has been applied when determining the price at which stapled securities will be issued under the DRP for the current period distribution.

Explanation of results

For further explanation of the results please refer to the accompanying ASX Release and "Operating and Financial Review" within the Directors' Report of the Financial Report.

This document includes presentation of results on a statutory as well as non-statutory basis. The non-statutory basis includes proportional EBITDA, underlying proportional EBITDA and free cash.

Significant items are those items where their nature and amount is considered material to the financial statements and not in the ordinary course of business. These items have been disclosed in Note B6 to the Financial Report.

Proportional results

Proportional EBITDA excluding significant items 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 operating results and associated cash generation. It reflects the contribution from individual assets to Transurban's operating performance and permits a meaningful analysis of the performance of the Group's assets.

Proportional EBITDA is the aggregation of EBITDA from each asset multiplied by Transurban's percentage ownership as well as the contribution from central Group functions.

Proportional EBITDA is reconciled to the statutory income statement on Note B4 of the financial statements.

Free cash

Free cash is the primary measure used to assess the cash performance of the Group. It represents the cash available for distribution to security holders.

Free cash is calculated as statutory cash flow from operating activities from 100 per cent owned subsidiaries plus distributions and interest received from non 100 per cent owned subsidiaries and equity accounted investments, adjusted to include the allowance for maintenance of intangible assets and exclude cash payments for maintenance of intangible assets.

Net tangible asset backing

	30 June 2016	30 June 2015
	$	$
Net tangible asset backing per stapled security*	**2.94**	2.89

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

Investments in associates and joint venture entities

The Transurban Group has investments in the following associates and joint venture entities:

Name of company	Ownership Interest		Net profit/(loss) contribution to the Transurban Group	
	2016	2015	**2016**	2015
	%	%	**$M**	$M
North Western Roads Group Trust	**50.0**	50.0	**-**	-
North Western Roads Group Pty Ltd	**50.0**	50.0	**-**	-
NorthConnex State Works Contractor Pty Ltd	**50.0**	50.0	**-**	-
Interlink Roads Pty Limited	**50.0**	50.0	**17**	17
			17	17

1. *Transurban's share of net profits of the North Western Roads Group are not recognised due to the North Western Roads Group's historical accumulated loss position.*

Other information required by Listing Rule 4.3A

The remainder of information requiring disclosure to comply with Listing Rule 4.3A is contained in the Financial Report (which includes the Directors' Report) and an ASX Release.

Audit

This report has been based on accounts which have been audited by the Group's auditors. A copy of the unqualified audit report can be found in the attached Financial Statements.

Amanda Street
Company Secretary
9 August 2016

Transurban Holdings Limited and Controlled Entities

ABN 86 098 143 429

(Including Transurban International Limited and Transurban Holding Trust)

Annual report

for the year ended 30 June 2016

Contents

Directors' report

The Directors of Transurban Holdings Limited ('the Company', 'the Parent' or 'THL') and its controlled entities ('Transurban Group' or 'the Group'), Transurban International Limited and its controlled entities ('TIL'), and Transurban Infrastructure Management Limited ('TIML'), as responsible entity of Transurban Holding Trust and its controlled entities ('THT'), present their report on the Transurban Group for the financial year ended 30 June 2016 ('FY16'). The controlled entities of THL include the other members of the stapled group being TIL and THT.

Result

Statutory results

- → Revenue from ordinary activities increased 18.8 per cent to $2,210 million;
- → Profit from ordinary activities after tax increased from a loss of $373 million to a profit of $22 million;
- → Profit from ordinary activities after tax excluding significant items increased 228.9 per cent to $148 million;
- → Earnings before depreciation and amortisation, net finance costs, equity accounted investments and income taxes ('EBITDA') increased 59.6 per cent to $1,248 million;
- → EBITDA excluding significant items increased 13.9 per cent to $1,379 million;
- → Statutory net profit attributable to security holders of the stapled group increased from a loss of $182 million to a profit of $99 million; and
- → Statutory net profit attributable to security holders of the stapled group excluding significant items increased 114.5 per cent to $178 million.

Proportional results

- → Toll revenue increased 17.5 per cent to $1,946 million;
- → EBITDA increased by 37.5 per cent to $1,398 million;
- → EBITDA excluding significant items increased by 14.8 per cent to $1,480 million; and
- → Free cash increased 20.6 per cent to $926 million.

Distributions

	Amount per security Cents	**Franked amount per security %**
Final distribution (declared prior to reporting date)	19.5	–
Final dividend (declared prior to reporting date)	3.5	100
	23.0	
Interim distribution for the current year	19.0	–
Interim dividend for the current year	3.5	100
	22.5	
Final distribution (prior year)	17.0	–
Final dividend (prior year)	3.5	100
	20.5	
Record date for determining entitlements to distribution and dividend		30 June 2016
Date of payment of final distribution and dividend		12 August 2016

Principal activities

The principal activities of the Group during the financial year were the development, financing, operation and maintenance of toll road networks as well as management of the associated customer and client relationships.

Operating and financial review

Our business

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

The Group owns concession assets across four key market segments: Victoria (‘VIC’), New South Wales (‘NSW’), Queensland (‘QLD’) and the Greater Washington Area (‘GWA’).

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

Strategy

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

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

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

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

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

Value proposition

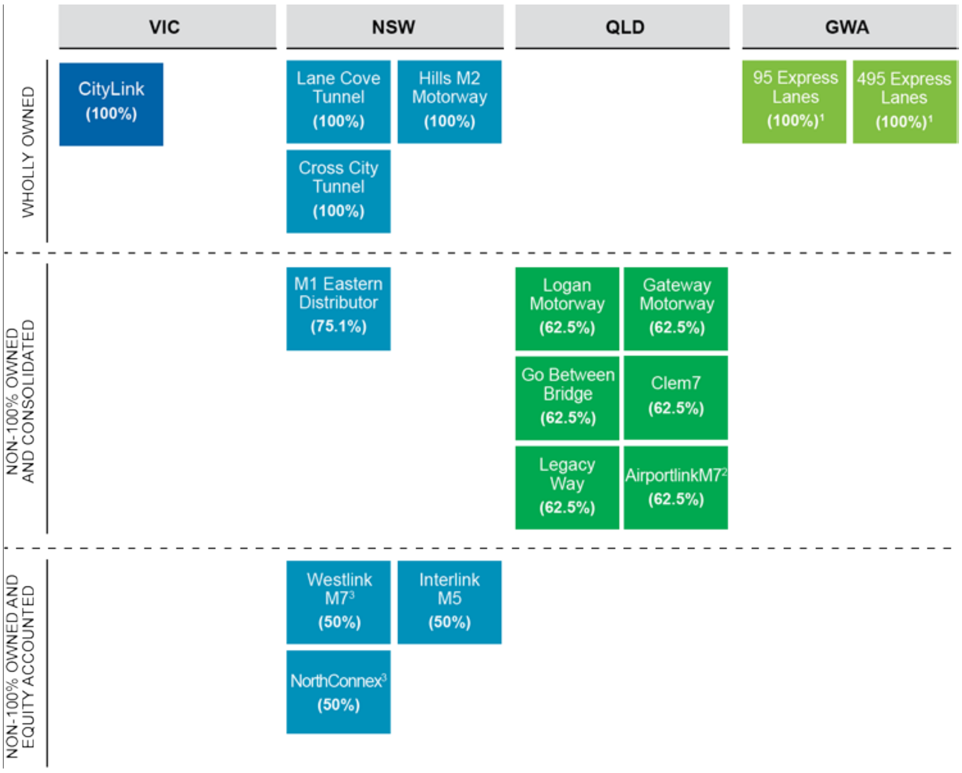
Transurban has a market leading position with an interest in 15 operating assets across four markets. The investment proposition for high quality toll road assets lies in providing investors with access to long dated, predictable, growing cash flows generated over the life of the concession.

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

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

Operating and financial review

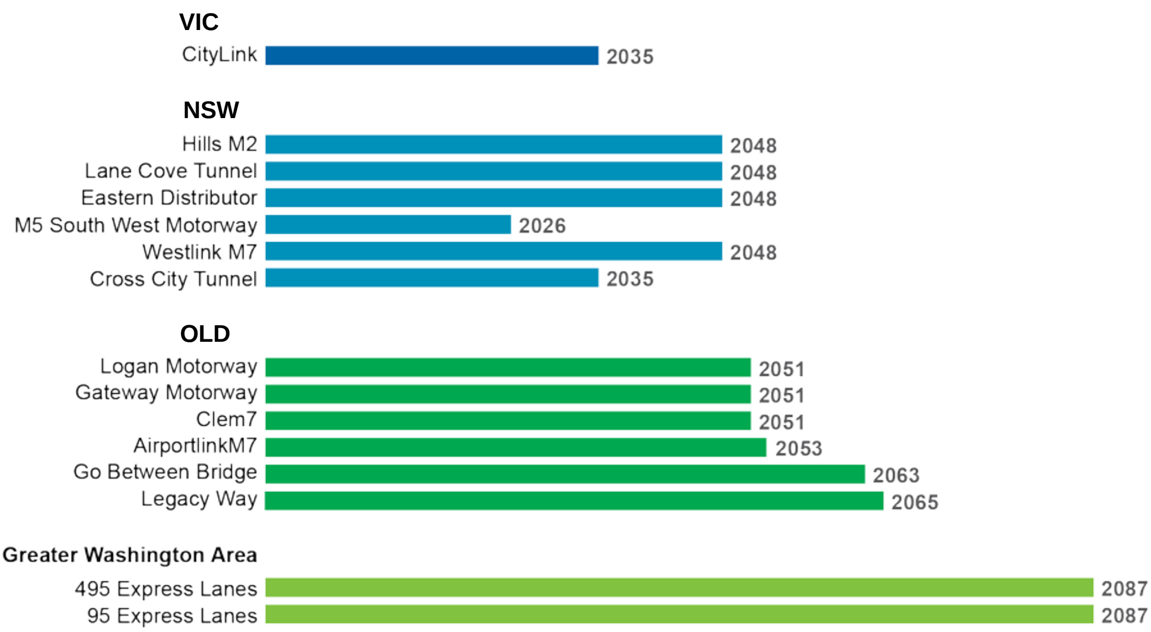
Segments



1. *Following the acquisition of the non-controlling interest in the GWA assets on 29 June 2015, the proportional ownership of the GWA assets is reported at 100% from 1 July 2015. Prior to this, the proportional ownership interest in the 95 Express Lanes and 495 Express Lanes were 77.5% and 94.0% respectively.*
2. *Airportlink M7 was acquired on 1 April 2016.*
3. *Westlink M7 and NorthConnex form the NorthWestern Roads Group.*

Concession assets timeline

Below lists the concession asset end dates.



Operating and financial review (continued)

Accounting for assets – changes during the year

During the year ended 30 June 2016, the following changes in accounting for our assets have taken place:

Transurban Queensland ('TQ') acquisition of AirportlinkM7	On 1 April 2016 Transurban Queensland, in which Transurban has a 62.5 per cent interest, acquired AirportlinkM7 for $1,870 million, plus stamp duty of $108 million and transaction costs of $23 million.

Group financial performance

Financial performance indicators

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

Significant items are those items where their nature and amount is considered material to the financial statements and not in the ordinary course of business.

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

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

Year ended 30 June 2016 highlights

Statutory results

	FY16 $M	FY15 $M
Toll revenue[1]	**1,870**	1,611
EBITDA	**1,248**	782
Net profit/(loss)	**22**	(373)
EBITDA excluding significant items	**1,379**	1,211
Net profit after tax excluding significant items	**148**	45

1. Toll revenue now includes toll revenue and service and fee revenue. Refer to note B5 for further details.

Proportional EBITDA

Segment information in note B4 to the financial statements presents the proportional result for Transurban Group, including reconciliations to the statutory result. Management considers proportional EBITDA to be the best indicator of asset performance. The table below also provides FY16 results adjusted to exclude certain acquisitions and new assets so as to compare the performance of the existing business to the prior year result.

	FY16 $M	FY16 Adjusted[2] $M	FY15 $M	% Change[3]
Toll revenue[1]	**1,946**	**1,912**	1,656	15.5%
Other revenue	**60**	**60**	70	(14.3%)
Total costs	**(526)**	**(501)**	(437)	14.6%
EBITDA excluding significant items	**1,480**	**1,471**	1,289	14.1%
Significant items	**(82)**	**(7)**	(272)	(97.4%)
EBITDA	**1,398**	**1,464**	1,017	44.0%

1. Toll revenue now includes toll revenue and service and fee revenue. Refer to note B5 for further details.

2. Excludes contributions associated with AirportlinkM7 and Legacy Way.

3. Percentage change between adjusted FY16 and FY15.

Operating and financial review (continued)

Financial position

	FY16 M	FY15 M
Market capitalisation – 30 June	**$24,406**	$17,800
Shares on issue – 30 June	**2,036**	1,914
Cash and cash equivalents	**$834**	$1,249

Transurban's operating assets are primarily long-life intangible assets (concession assets), representing the provision by Government entities for the right to toll customers for the use of the assets. Concession assets represent 78 per cent of the total assets of the Group. The total duration of the concessions typically range from approximately 30 to 80 years, and for accounting purposes the carrying values are amortised on a straight line basis over the duration of the concession.

Free cash and cash flows from operations

	FY16	FY15	% Change
Free cash	**$926M**	$768M	20.6%
Weighted average securities eligible for distribution[1]	**1,978M**	1,910M	3.6%
Free cash per security (cents)	**46.8**	40.2	16.4%

1. New securities issued during the year are included only to the extent they were eligible for the interim and/or final distribution.

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

- → $81 million growth in EBITDA from 100 per cent owned Australian assets
- → $58 million contribution from Greater Washington Area assets (100% owned from 29 June 2015)
- → $26 million decrease in net finance costs paid (from 100% owned Australian assets) due to timing of cash flows on new and refinanced debt
- → ($29 million) increase in maintenance provision on 100% owned Australian assets
- → ($18 million) decrease in non-100% owned assets distributions received due to lower distributions from M5 ($28 million) associated with the timing of payment of FY16 distributions and Transurban Queensland ($10 million) due to the timing of interest payments in FY16, partially offset by an increase in Eastern Distributor distributions ($13 million) and the NorthWestern Roads Group distributions ($7 million), noting that the FY15 NorthWestern Roads Group distribution included a $23 million debt service reserve release that did not recur in FY16
- → $40 million favourable year on year movement in working capital

The weighted average securities eligible for distribution have increased due to the half year impact of the equity issued in December 2015 to support the acquisition of AirportlinkM7. These securities issued in December 2015 were eligible for the FY16 2nd half distributions only.

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

Operating and financial review (continued)

Network performance

Network	Highlights	Prop. Toll revenue contribution	Traffic growth (ADT)	Toll revenue growth	EBITDA growth[2]	EBITDA margin[2]
NSW	→ Continued traffic growth across the network → Truck toll multipliers increasing to 3 times car tolls on Lane Cove Tunnel, M5 South West Motorway and Westlink M7. Weighted average truck toll multiplier across Sydney network 2.35 times car toll at 30 June 2016.	41.1%	7.4%	13.9%	14.1%	79.7%
VIC	→ Average weekend/public holiday traffic growth increased by 3.2% → Major construction works on the CityLink Tulla Widening project commenced mid-March 2016	33.9%	1.0%	7.3%	7.9%	85.5%
QLD[1]	→ AirportlinkM7 traffic and revenue results at upper end of expectations → Excluding Legacy Way and AirportlinkM7 EBITDA increased 13.0%	16.1%	26.5%	18.1%	18.1%	69.6%
GWA[3]	→ Continued growth observed across both 495 Express Lanes and 95 Express Lanes → Average dynamic toll price increased 25.6% for 495 Express Lanes and 20.8% for 95 Express Lanes compared to the prior period.	8.9%	13.5%	107.8%	140.3%	49.5%

1. *Excluding Legacy Way and AirportlinkM7 from FY16, ADT increased by 2.7%, toll revenue grew by 5.4%, EBITDA grew by 13% and EBITDA margin is 74.7%.*
2. *EBITDA Growth and EBITDA margin are calculated before significant items.*
3. *Toll revenue and EBITDA growth are calculated in USD, EBITDA margin is calculated in AUD.*

New South Wales

Operations

GLIDe tolling system

→ Increase in recoveries following implementation of GLIDe on Lane Cove Tunnel, Westlink M7 and Roam Tolling in July 2015 and Roam Express in June 2016

Development

NorthConnex

→ Construction proceeding on time and on budget

→ Road headers commenced tunnelling in April 2016

→ Project cost is approximately $3.0 billion, including Government contribution

→ Westlink M7 truck toll currently 2.33 times car toll and will reach 3 times car toll by 1 January 2017

→ Expected project completion late 2019

Operating and financial review (continued)

Victoria

Operations

CityLink Operations

- Introduction of a Freeway Management System ('FMS') that enables Transurban to move from an attendance to an immediate clearance incident response model

Development

CityLink Tulla Widening

- Major works commenced in mid-March 2016
- Construction proceeding on time and on budget
- Project cost is approximately $1.3 billion
- Expected project completion early 2018

Western Distributor

- The Western Distributor is a proposed tunnel and elevated motorway that connects the West Gate Freeway with the Port of Melbourne, CityLink and the central business district, providing an alternative river crossing and easing pressure on West Gate Bridge.
- The Reference Design and Request for Tender has been issued to market
- Works to commence on Monash Freeway Upgrade in September 2016
- Financial close expected by late 2017
- Total project cost expected to be approximately $5.5 billion

Queensland

Operations

AirportlinkM7

- Financial close reached 1 April 2016
- Integration of AirportlinkM7 into Transurban Queensland is largely complete
- Customer accounts transitioned to Transurban Queensland in June 2016

Development

Inner City Bypass ('ICB')

- Brisbane City Council has entered into discussions with Transurban Queensland for the potential delivery of the ICB upgrade
- Project cost expected to be $80 million
- Completion expected in 2018

Gateway Upgrade North

- Transurban Queensland is managing the project on behalf of the Queensland and Federal Governments
- Completion is expected in 2018

Logan Enhancement Project

- Entered exclusive negotiations and design and construction procurement underway
- Final business case to be submitted shortly
- Project cost expected to be $450 million
- Construction expected to commence early 2017 and be completed early 2019

Operating and financial review (continued)

Greater Washington Area

Operations

95 Express Lanes

- → Full year of operation
- → Continued ramp up increasing toll pricing and traffic volumes

Development

I-66	I-395	Southern Extensions to 95 Express Lanes
→ Competitive process underway to design, build, finance, operate and maintain Express Lanes system on I-66 → Transurban shortlisted to participate in Request for Proposal ('RFP') process → Proposals due October 2016	→ Agreed development framework with Virginia Department of Transportation ('VDOT') to progress 395 Express Lanes project → Estimated project cost approximately US$250 to $300 million → Financial close expected in mid-2017	→ In-principle agreement with VDOT to extend 95 Express Lanes by 3 kilometres → Capital contribution of US$25 million → Construction to commence September 2016 and is expected to be completed by late 2018 → Additional 14 kilometre extension to Fredericksburg under negotiation with VDOT as part of the Atlantic Gateway Project

Operating and financial review (continued)

Equity issue

During December 2015, the Group successfully completed the fully underwritten institutional and retail components of its renounceable 1 for 18 pro rata entitlement offer. The institutional component raised $726 million and the retail component raised $280 million at an issue price of $9.60 per security. The total proceeds from the entitlement offer were approximately $1,006 million and were used to fund the Group's equity contribution to the Transurban Queensland acquisition of AirportlinkM7 which occurred in April 2016.

Financing activities

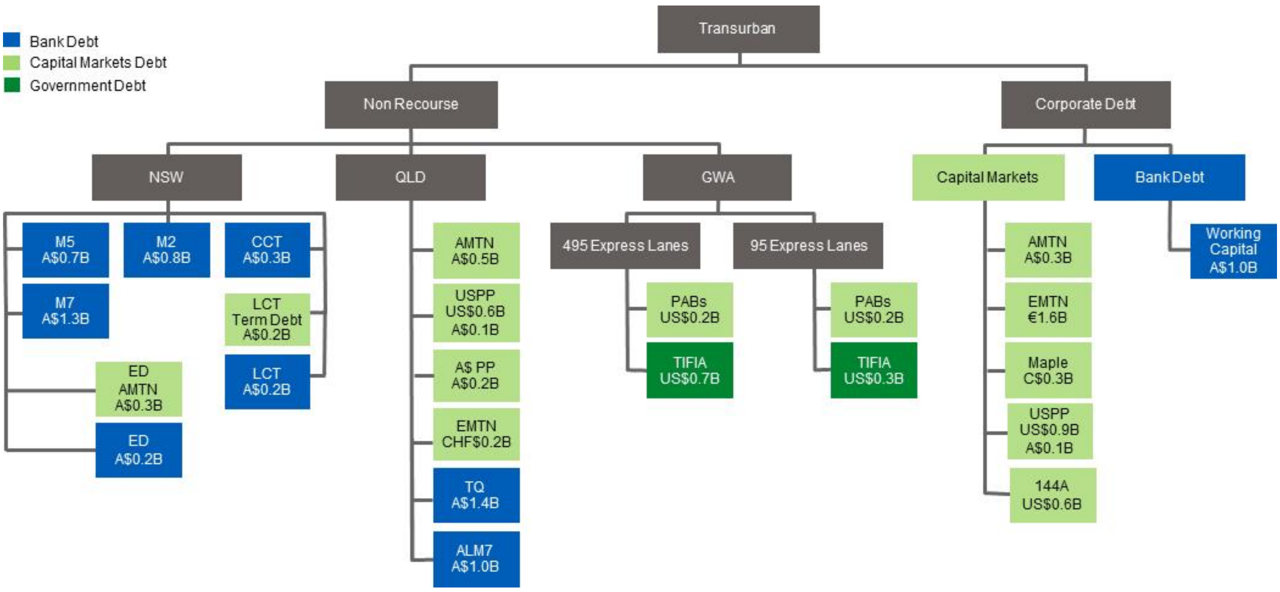
During the reporting period Transurban completed a number of financing activities including:

July 2015	Interlink Roads (operator of the M5) refinanced $742 million of senior secured debt.
September 2015	Transurban Queensland issued USD$641 million of 10, 12 and 15 year US private placement notes and AUD$70 million of 15 year US private placement notes.
November 2015	USD$550 million of corporate senior secured 10 year notes were issued in the US 144A bond market.
March 2016	Transurban Queensland raised AUD$950 million of term bank debt to fund the acquisition of AirportlinkM7.
May 2016	Capital Beltway Express (operator of 495 Express Lanes) refinanced USD$225 million Letters of Credit which support the 495 Express Lane's senior secured Private Activity Bonds.
May 2016	Lane Cove Tunnel refinanced AUD$260 million of debt facilities and raised an additional AUD$200 million of non-recourse debt facilities.
June 2016	Transurban Queensland issued AUD$280 million of senior secured 7 year notes in the Swiss market.

There were no changes to the Transurban Group ratings provided by Standard and Poor's Financial Services LLC rating service, Moody's Investors Services Inc. or Fitch Ratings Inc. during the period.

Funding structure

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



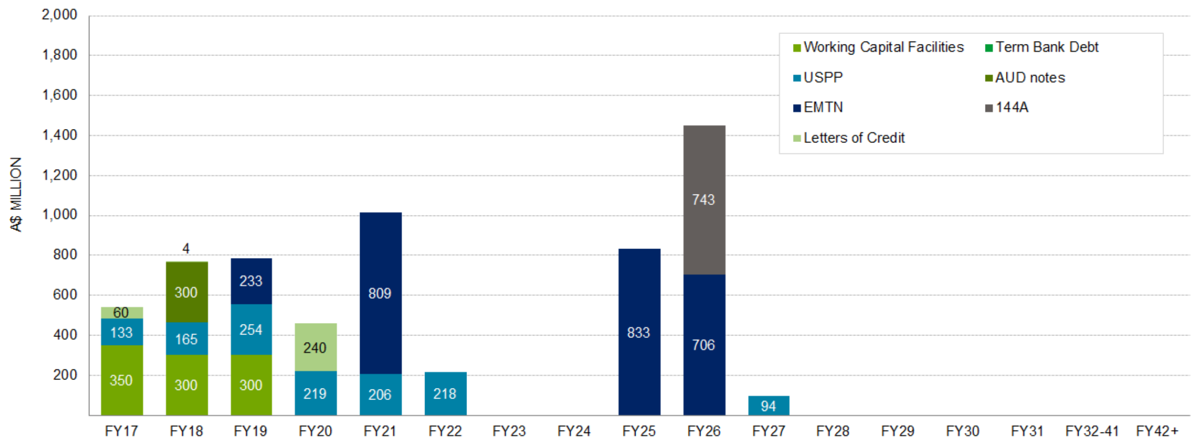
Operating and financial review (continued)

Debt maturity profiles

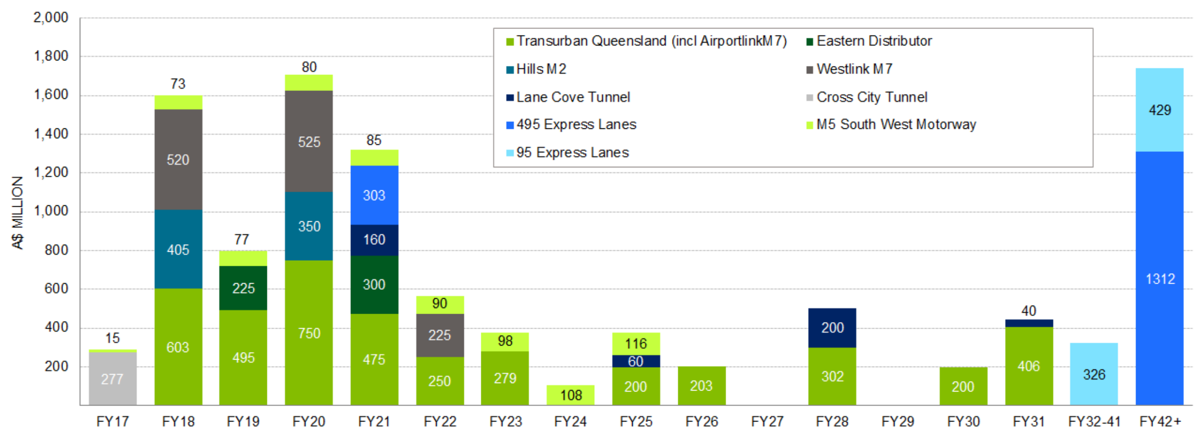
The following charts show the Group's current debt maturity profile based on the total facilities available. The charts show the debt in the financial year it matures and in the case of the non-recourse debt, the full value of the debt facilities has been shown as this is the value of debt for refinancing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

The debt values are shown at 30 June 2016, with US, Euro, Canadian and Swiss denominated debt converted at the hedged rate where cross currency swaps are in place. Unhedged US dollar debt has been converted to Australian dollars at spot exchange rate ($0.74 at 30 June 2016).

Corporate debt maturity profile



Non-recourse debt maturity profile



Financial risk management

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

Operating and financial review (continued)

Corporate activities

People

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

We have over 1200 employees located in our four regions, Melbourne, Sydney, Brisbane and Washington, DC. This year, our internal employee opinion survey showed that 77% of employees are proud to work for Transurban. The way we work together and engage with our customers is guided by our values of Integrity, Collaboration, Accountability, Ingenuity and Respect and our survey told us that 90% of our employees believe in the values of the Group.

Leadership

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

We are dedicated to the ongoing development of our existing and future leaders. This year, 35 senior leaders attended the annual Senior Leadership Program. The key theme of the program continues to be striving for sustained high performance. There has also been a focus on building greater leadership capability through the middle management group. Activities to support this include the cascading of activities from the Senior Leadership Program; the People Leader Fundamentals program and the continuation of the Realise your Potential program for female managers.

Transurban conducts a bi-annual talent review with the Executive and Senior Leadership teams. This review helps identify high potential individuals who have the ability to move into Senior Leadership or Executive roles, or those who may be able to move laterally outside of their area of technical expertise. In addition, we recognise those individuals with exceptional technical skills that are highly valued by the organisation.

Capability

We continue to identify ways to build capability at all layers within the organisation. A key activity throughout FY16 has been to develop a Professional/Technical Career Framework to help support employees in these roles articulate their career pathways and identify development opportunities aligned with this. The inaugural Transurban Graduate Program commenced in February 2016 with Graduates working across Engineering, Technology, Business (Finance), Marketing and HR disciplines. The aim of the program is to attract the next generation of Transurban leaders and professional/technical experts.

We have developed relationships with key universities enabling the establishment of summer internships for engineering and business graduates.

Performance

At Transurban we focus on developing a high performance culture through differentiating performance. The Short Term Incentive ('STI') program includes formal performance comparisons against peers, which strengthens the link between individual employee performance and Group performance. We offer a range of employee benefits including an employee share scheme and group insurance including salary continuance, death and permanent disablement insurance cover.

Operating and financial review (continued)

Wellbeing

At Transurban, we believe that healthy employees contribute to a high performing company. We are committed to keeping our employees safe, and promoting their health and wellbeing so they can enjoy fit and healthy lives, both at work and at home. Our Wellbeing program has five essential elements: health; work; financial; values and staying connected. Creating awareness and education on Mental Health issues has been a focus throughout 2016 and we have trained over sixty employees to be Mental Health First Aiders in every office location in Australia.

The employee volunteer program has continued, which includes the ability for all employees to take one day of paid volunteer leave each year. The Transurban Annual Awards function held in October 2015, recognises achievements of employees in the categories of customer service, diversity, ingenuity, safety, sustainability and overall business excellence.

Sustainability

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

Transurban’s sustainability strategy has three key pillars:

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

During the period Transurban continued with a range of sustainability initiatives including:

- → Community partnerships and grants programs;
- → Two major innovation projects (a more effective road safety barrier design and a noise cancellation and transformation project);
- → An energy efficiency roadmap to deliver on our ‘10-in-10’ commitment to reduce our energy consumption by 10% by 2023;
- → Two major road corridor regeneration projects (one each in Melbourne and Sydney); and
- → Continued public reporting of our sustainability performance.

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

The 2016 Sustainability Report will be published in October 2016 and will be available via the Transurban website.

Safety

Safety continues to be a key focus of our business and during this financial year, we worked to integrate and strengthen the links between health, safety and environment (‘HSE’) in order to consider all elements through a holistic risk management approach.

An integrated HSE Policy replaced the previous safety and environment policies. A new event reporting system, Enablon was introduced and implemented during the financial year, to capture and report on HSE events that can be used for trend analysis and to support development of improvement strategies in HSE performance.

There were no employee lost time injuries recorded, and the contractor recordable injury frequency rate finished below target. The employee recordable injury frequency rate finished at 1.1, above our target of 0 and the Road Incident Crash Index finished at 4.6, also slightly above the 4.3 target.

Operating and financial review (continued)

Business risks and opportunities

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

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

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

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

Risk management

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

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

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

Company secretaries

Amanda Street *LLB (Hons), BComm*

Amanda joined Transurban in September 2008 and was appointed as Company Secretary in February 2011. Before joining Transurban, Amanda was Assistant Company Secretary at AusNet Services, and Senior Corporate Counsel at National Australia Bank. She has over 16 years of legal, company secretariat and other relevant experience. Prior to her in-house work, Amanda was a solicitor specialising in M&A work with Australian law firm King & Wood Mallesons.

Julie Galligan *LLB, BA*

Julie joined Transurban in November 2008 and was appointed as General Counsel in February 2012. Julie has over 16 years' legal experience in private practice and in-house roles in both Australia and the United Kingdom. Prior to joining Transurban, Julie worked in-house at Associated British Ports and at law firms, SJ Berwin LLP and MinterEllison.

Meetings of directors

The number of meetings of the Boards of Directors of THL, TIML and TIL and each Board Committee held during the year ended 30 June 2016, and the number of meetings attended by each Director are set out in the following tables.

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

	Board of Directors		**Audit & Risk Committee**[1]		**Remuneration & HR Committee**[2]		**Nomination Committee**[3]	
	Attended	*Held*	*Attended*	*Held*	*Attended*	*Held*	*Attended*	*Held*
Lindsay Maxsted	9	9	6	6	5	*	3	3
Scott Charlton	9	9	6	*	5	*	3	*
Neil Chatfield	9	9	6	6	5	5	3	3
Robert Edgar	9	9	6	6	5	5	3	3
Samantha Mostyn	8	9	1	*	5	5	3	3
Christine O'Reilly	9	9	6	6	3	*	3	3
Rodney Slater	9	9	*	*	*	*	3	3
Peter Scott[4]	3	3	1	*	*	*	1	*
Ian Smith[5]	1	1	*	*	*	*	*	*

** = Not a member of the relevant Committee*

1. Scott Charlton, Samantha Mostyn and Peter Scott were not members of the Audit and Risk Committee but attended meetings during the year.

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

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

4. Peter Scott was appointed to the Board of Directors on 1 March 2016. Only those meetings held since his appointment have been included above.

5. Ian Smith resigned as Non-executive Director effective 10 August 2015. Only those meetings held during his appointment have been included above.

Directors

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

Lindsay Maxsted
Dip Bus, FCA, FAICD

Chair and independent Non-executive Director

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

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

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

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

As at the date of this report, Lindsay holds interests in 70,258 stapled securities.

Scott Charlton
BSci, MBA

Chief Executive Officer and Executive Director

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

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

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

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

As at the date of this report, Scott holds interests in 1,047,562 stapled securities, 1,019,868 performance awards (unlisted) and 117,926 STI deferred awards (unlisted).

Directors (continued)

Neil Chatfield
M.Bus, FCPA, FAICD

Independent Non-executive Director

Director since 18 February 2009.

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

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

Neil is currently the Chair and a Non-executive Director of Seek Limited and Costa Group Holdings Limited. Neil is also a Non-executive Director of Iron Mountain Inc. and Chair of Launch Housing, a not-for-profit organisation. He was previously a Non-executive Director of Recall Holdings Limited (to May 2016), Chair and a Non-executive Director of Virgin Australia Holdings Limited (to May 2015) and a Non-executive Director of Grange Resources Limited (to April 2014).

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

As at the date of this report, Neil holds interests in 59,728 stapled securities.

Robert Edgar
BEc (Hons), PhD, FAICD

Independent Non-executive Director

Director since 21 July 2009.

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

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

Bob is currently a Non-executive Director of Asciano Group, Linfox Armaguard Pty Ltd and Djerriwarhh Investments. He is Chair of the Hudson Institute of Medical Research. Bob was previously Chair and a Non-executive Director of Federation Centres (to June 2015).

As at the date of this report, Bob holds interests in 32,009 stapled securities.

Directors (continued)

Samantha Mostyn
BA, LLB

Independent Non-executive Director

Director since 8 December 2010.

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

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

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

Sam is currently Deputy Chair of the Diversity Council of Australia, and is a member of the NSW Climate Change Council, the advisory boards of ClimateWorks Australia, the Crawford School of Government and Economics, Australian National University and Commissioner of the Business and Sustainable Development Commission.

As at the date of this report, Sam holds interests in 18,215 stapled securities.

Christine O'Reilly
BBus

Independent Non-executive Director

Director since 12 April 2012.

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

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

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

As at the date of this report, Christine holds interests in 20,406 stapled securities.

Directors (continued)

Rodney Slater
J.D., BS
Independent Non-executive Director

Director since 22 June 2009.

Member of the Nomination Committee.

Rodney is a partner in the Government Relations and Lobbying, Transportation, Infrastructure and Local Government, and Construction project groups of Washington, DC firm Squire Patton Boggs (US) LLP where he has been a leader of 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 the Administrator of the Federal Highway Administration between 1993 and 1996.

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

As at the date of this report, Rodney holds interests in 3,000 stapled securities.

Peter Scott
BE (Hons), M.Eng.Sc, Hon FIEAust, MICE
Independent Non-executive Director

Director since 1 March 2016.

Member of the Nomination Committee from 8 August 2016.

Peter has over 20 years' of senior business experience in publicly listed companies and considerable breadth and expertise in the engineering and finance sectors. He was formerly the CEO of MLC and head of National Australia Bank's Wealth Management Division and has held a number of senior positions with Lend Lease.

Peter is currently Chair and a Non-executive Director of Perpetual Limited and of Perpetual Equity Investment Company Limited, Chair of Igniting Change Limited, a not-for-profit organisation and a member of the Prime Minister's Community Business Partnership. He was previously a Non-executive Director of Stockland Corporation Limited (to August 2016).

As at the date of this report, Peter holds interests in 20,000 stapled securities.

Directors (continued)

Ian Smith
BE Mining (Hons), BFin Admin
Independent Non-executive Director

Director from 1 January 2012 to 10 August 2015

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

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

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

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

2016 Remuneration report (audited)

Introduction

The Board is pleased to present the Remuneration Report for the Transurban Group (the Group) for the year ended 30 June 2016 ('FY16'), prepared in accordance with the Corporations Act 2001 and its regulations. This report contains detailed information regarding the remuneration arrangements for the Directors and senior executives who were key management personnel ('KMP') of the Group during FY16.

Key Management Personnel

The following table details the Group's KMP during FY16.

Non-executive Directors
Lindsay Maxsted, Chair
Neil Chatfield
Robert Edgar
Samantha Mostyn
Christine O'Reilly
Peter Scott (from 1 March 2016)
Rodney Slater
Former Non-executive Directors
Ian Smith[1]
Current senior executives
Scott Charlton, Executive Director and Chief Executive Officer ('CEO')
Tony Adams, Group General Manager, Project Delivery and Operational Excellence
Jennifer Aument, Group General Manager, North America
Wesley Ballantine, Group General Manager, Queensland
Andrew Head, Group General Manager, New South Wales
Michele Huey, Group General Manager, Strategy
Sue Johnson, Group General Manager, Customer Operations and Human Resources
Lisa Tobin, Group General Manager, Technology
Vin Vassallo, Group General Manager, Victoria
Adam Watson, Chief Financial Officer

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

Contents

1. Remuneration snapshot

The Transurban Board is committed to an executive remuneration framework that is focused on driving a performance culture and linking pay to the achievement of the Group's strategy and business objectives that in turn drive long term security holder value.

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

At the 2015 annual general meeting ('AGM'), the remuneration framework received strong support from security holders, with a 99.52% vote in favour of the resolution to adopt the 2015 Remuneration Report.

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

The core strategy of the Group is to partner with governments to provide effective and innovative urban road infrastructure. Consistent with this strategy, the Group has significantly expanded its portfolio with acquisitions and development projects in Australia and the USA, leveraging its urban networks and partnering with Governments to develop transport solutions in our core markets of the east coast of Australia and North America. These activities have helped deliver against the Group's stated objective of growing distributions for security holders.

The remuneration outcomes this year reflect Transurban's strong financial results and achievements across the Group's operational and development activities. These results are outlined in more detail in the Operating and Financial Review within the Directors' Report.

In comparison with the previous financial year, the following results were achieved in FY16:

- 14.8% increase in underlying proportional EBITDA;
- 16.4% increase in free cash flow per security;
- 13.8% increase in distributions paid to security holders;
- 28.9% increase in security price; and
- 26.7% increase in proportional net costs (excluding significant items) to support growth in traffic and business activity and the continued focus on technology and customer initiatives.

The Board and the Board's Remuneration and Human Resources Committee believe that the remuneration outcomes reflect alignment between rewarding senior executive efforts in meeting key targets and recognising security holder outcomes.

2. Remuneration governance

A. Board and Remuneration and Human Resources Committee responsibilities

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

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

The members of the Committee are Robert Edgar (Chair), Samantha Mostyn and Neil Chatfield. Further details regarding the Committee are set out in the Directors' Report.

B. Use of remuneration consultants

The Remuneration and Human Resources Committee may seek and consider advice from independent remuneration consultants where appropriate. Any advice from consultants is used to guide the Remuneration and Human Resources Committee and the Board, but does not serve as a substitute for thorough consideration by Non-executive Directors.

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

During FY16, consultants did not provide the Remuneration and Human Resources Committee with remuneration recommendations relating to KMP. Benchmark data only was provided to the Committee.

C. Dealing in securities

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

Remuneration report (continued)

3. Senior executive remuneration policy and structure

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

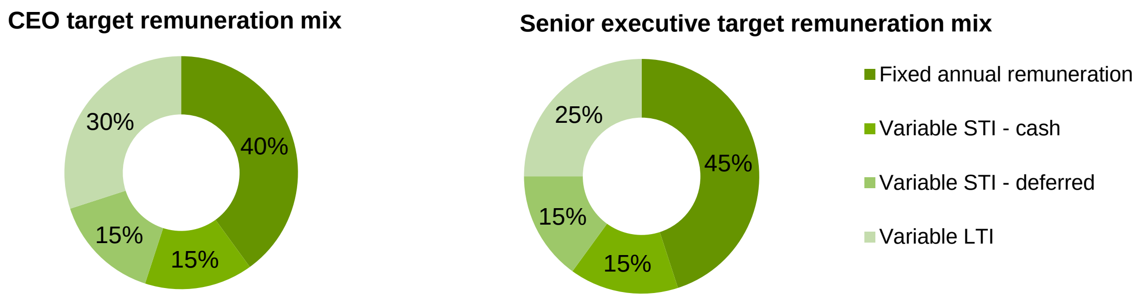
A. Remuneration framework

The Group's remuneration framework provides a combination of incentives intended to drive performance against the Group's short and longer term objectives. The framework for each senior executive comprises three components:

- **Total Employment Cost ('TEC'):** fixed remuneration component comprising salary, superannuation and other prescribed benefits;
- **Short Term Incentive ('STI'):** an 'at risk' component, awarded on performance over a 12 month period against pre-determined individual and Group performance measures that comprises both a cash component and a component deferred into equity; and
- **Long Term Incentive ('LTI'):** an 'at risk' equity component, awarded on the achievement of pre-determined internal and external performance measures over a three year period.

B. Remuneration mix

A significant proportion of senior executive remuneration is 'at risk' to provide alignment with the interests of security holders and to drive performance. The remuneration mix is designed to achieve a balanced reward for achievement of immediate objectives and the creation of long term sustainable value. The remuneration mix at target performance for senior executives is outlined in the diagram below.



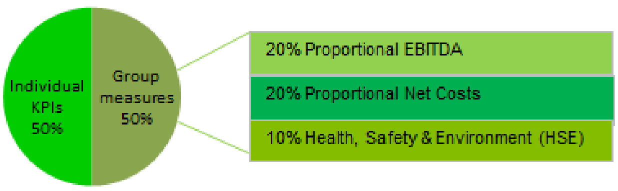
C. Fixed total employment cost ('TEC')

Fixed TEC is set with reference to the market median, using the ASX 10-30 as the primary reference. Remuneration packages (including TEC levels) are reviewed annually by the Remuneration and Human Resources Committee taking into consideration an individual's role, experience and performance, as well as relevant comparative market data provided by remuneration consultants. TEC levels are also reviewed on a change in role.

Changes to CEO remuneration package effective FY2017

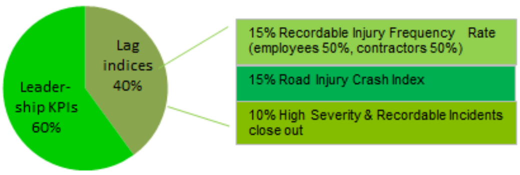
Following a review of the CEO's FY2016 remuneration package with the relevant comparator group, the Board has approved a revised remuneration package for the CEO, effective 1 July 2016. The revised package includes an increase in the CEO's fixed remuneration of 3.69% to $2.2 million as well as a revised remuneration mix resulting in an increase to his total remuneration package. The revised package better aligns the CEO's total remuneration to the market through an appropriate weighting for each remuneration component, strongly aligning the achievement of the Group's strategy and security holder value. The revised remuneration mix is weighted 33% for fixed annual remuneration; 33% for variable STI (50% continues to be deferred); and 34% for variable LTI.

D. Short term incentive ('STI')

Description	Eligible permanent Group employees, including the CEO and other senior executives, participate in the annual STI plan, which puts a proportion of remuneration 'at risk' subject to meeting specific pre-determined Group and individual performance measures linked to Group objectives.
Performance Period	The performance period is the financial year preceding the payment date (i.e. 1 July 2015 – 30 June 2016).
Opportunity	For 'at-target' performance, the CEO has the opportunity to receive 75% of TEC and all other senior executives have the opportunity to receive 67% of TEC. The minimum STI an individual can receive is 0% (if targets are not met) and the maximum is 150% of the STI opportunity, which is only awarded for exceptional performance.
Payment and deferral	The awarded STI for the CEO and other senior executives is settled 50% in cash and 50% is deferred. For Australian employees, the deferral component is into fully paid Transurban securities, which are held on trust for two years following the performance year and are restricted from trading until vesting. USA employees are awarded deferred cash awards (due to legal restrictions on the issue of securities to USA residents). The deferred securities and deferred cash awards participate in dividends and/or distributions paid. The number of securities or awards is determined by dividing the amount to be deferred by a 20 day Volume Weighted Average Price (VWAP) of securities up to and including the last business day of the performance period.
Performance measures	Performance measures are a mix of Group and individual measures. The diagram below illustrates the weighting of the two performance measures.  Individual KPIs are unique to the individual's area of accountability. Individuals have a clear line of sight to KPIs and are able to directly affect outcomes through their own actions. The total STI performance outcome is calculated: (Individual STI Outcome % + (Individual STI Outcome % x Group Outcome %)) ÷ 2.
How is the annual pool determined	The Board approves a total pool to be distributed which is the sum of all eligible employees' possible STI outcomes at target (TEC x STI opportunity). One half of this sum represents the individual component of the STI (capped at 100%) and the second half is multiplied by the Group's performance outcome to represent the Group's performance component (capped at 150%). The overall pool is capped at 125%. The Board has discretion as to the proportion of the pool that will be distributed each year.
Vesting	Performance against Group measures is assessed by the Board and the results of key elements are independently validated. The Board confirms final outcomes for individual and Group performance and has discretion to make adjustments to the performance conditions and outcomes.
Payment of STI	The payment of the cash component and the allocation of deferred securities and cash awards (USA residents) will occur in August 2016 following finalisation and approval of the audited Group results and the Board's approval of individual outcomes.
Cessation of employment	If employment ceases before performance is assessed, generally there is no entitlement to receive any STI award. Any unvested deferred securities will lapse, unless the plan rules provide otherwise or the Board otherwise resolves.
Clawback	Fraudulent or dishonest behaviour will result in the forfeiture or clawback of any unvested awards. Further, at the discretion of the Board awards are subject to forfeiture or clawback where there is a financial misstatement circumstance or the allocation of awards was made in error, on the basis of the misrepresentation or an omission, or on the basis of facts or circumstances that were later proven to be untrue or inaccurate.

Remuneration report (continued)

STI Group performance measures in detail

Group Measure	Weighting	Description of Measure
Proportional EBITDA (EBITDA: earnings before interest, taxes, depreciation and amortisation)	20%	**Targets**: the target for 100% vesting for FY16 was $1,351 million with straight line vesting between the minimum target of 50% vesting of $1,326 million and 150% vesting of $1,378 million. Targets were set by the Board at the beginning of FY16 against the Group's FY16 budget. The targets excluded Legacy Way and Transurban Queensland integration costs due to Legacy Way being in ramp-up phase and the integration of Queensland being a one-off cost. The Group has consistently applied an approach of excluding assets in ramp-up phase when setting the targets. Legacy Way will be included in the FY17 targets. The recently acquired AirportLinkM7 was also excluded from both the FY16 proportional EBITDA target and outcome. Proportional EBITDA is one of the primary measures the Board uses to assess the operating performance of the Group. 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. The Board believes proportional EBITDA provides a better reflection of the underlying performance of the Group's assets than statutory EBITDA. **Definition**: 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 figures used to assess performance are included in note B4 of the audited financial statements.
Proportional Net Costs	20%	**Targets**: the target for 100% vesting for FY16 was $320 million with straight line vesting between the minimum target of 50% vesting of $333 million and 150% vesting of $307 million. Targets were set by the Board at the beginning of FY16 against the Group's FY16 budget. The targets excluded Legacy Way and Transurban Queensland integration costs due to Legacy Way being in ramp-up phase and the integration of Queensland being a one-off cost. The recently acquired AirportLinkM7 was also excluded from both the FY16 proportional net costs target and outcome. **Definition**: Proportional Net Costs are calculated as total costs less fee and other revenues. This measure encourages and allows management to incur additional costs where these are justified by increased revenue results. It also reflects management's ability to influence the expenditure of the business. Strong cost management throughout the business drives an increase in proportional EBITDA and free cash flow and ultimately security holder value.
Health, Safety and Environment ('HSE')	10%	The HSE target was a combination of a lead indicator (an employee leadership component through KPIs) and three lag indicators. The diagram below illustrates the performance measures within the lag indicators. Targets were set with straight line vesting between 0% and 150%.  **Targets**: the targets for the lag indicators for 100% vesting for FY16 were as follows: • Recordable Injury Frequency Rate – zero for employees and 7.65 for contractors; • Road Injury Crash Index – 4.29 (6% reduction on FY14 outcome); and • High Severity and Recordable Incidents close out – all high severity (actual or potential) and recordable incidents, where Transurban has control, are reported, investigated with lessons learned and shared across the Group. The FY16 target was zero overdue actions within agreed timeframes and quarterly reviews completed and analysis presented to the CEO and other senior executives. The HSE measures focus on improving the Group's HSE culture and reducing workplace injuries for employees and contractors as well as customer safety.
Individual KPIs	50%	Individual KPIs related to critical business measures and are not disclosed due to the commercially sensitive nature of these targets.

E. Long term incentive ('LTI')

Description	Participation in the LTI plan is offered to the CEO and other senior executives, and a very limited number of other employees nominated by the CEO and approved by the Board. Grants are made in the form of performance awards at no cost to the recipient. Each performance award is an entitlement to receive a fully paid Transurban security, or an equivalent cash payment, on terms and conditions determined by the Board, subject to the achievement of vesting conditions.
Performance Period	The three financial years commencing on 1 July in the year the grant is issued.
Opportunity	The CEO's opportunity is 75% of TEC and the opportunity for all other senior executives is 56% of TEC.
Performance measures	Two performance measures are used to determine the number of awards that will vest at the end of the performance period; relative Total Shareholder Return ('TSR') against a bespoke comparator group, and Free Cash Flow ('FCF') (each with a 50% weighting).
Allocation	**TSR component**: An independently determined fair value allocation valuation is applied to this component of the LTI. **FCF component**: An independently determined face value allocation valuation (discounted for distributions and/or dividends foregone throughout the performance period) is applied to this component of the LTI. The Board regularly considers the most appropriate measures for the Group and believe that fair value is the correct measure for the TSR component of the LTI awards as it's a market based measure and the inclusion of market forces within the discounting calculation is appropriate. Whereas the non-market based performance measure of FCF is more suited to a face value valuation when allocating LTI awards.
Vesting	**TSR component** The Group uses an independent report that sets out the Group's TSR growth and that of each company in the bespoke comparator group. A VWAP of securities for the 20 trading days up to and including the testing date is used to calculate TSR. The level of TSR growth achieved by the Group is given a percentile ranking having regard to the Group's performance compared to the performance of other companies in the comparator group (the highest ranking company is ranked at the 100th percentile). This ranking determines the extent to which performance awards subject to this target vest. **FCF component** The Group's FCF per security percentage growth rate is calculated based on the FCF per security over the three year performance period. The Board determines in its absolute discretion whether the performance awards are settled in Transurban securities or a cash payment of equivalent value. Due to legal restrictions on the issue of securities to USA residents, the USA senior executive receives a cash payment upon vesting. The maximum vesting following these tests is capped at 100% of awards issued. Following testing, any awards that do not vest, lapse and any awards that vest are automatically exercised.
Cessation of employment	If employment ceases before the performance measures are tested, generally there is no entitlement to unvested performance awards. Any unvested awards will lapse, unless the plan rules provide otherwise or the Board otherwise resolves.
Clawback	Fraudulent or dishonest behaviour will result in the forfeiture or clawback of any unvested awards. Further, at the discretion of the Board awards are subject to forfeiture or clawback where there is a financial misstatement circumstance or the allocation of awards was made in error, on the basis of the misrepresentation or an omission, or on the basis of facts or circumstances that were later proven to be untrue or inaccurate.

Remuneration report (continued)

LTI performance measures in detail

Group Measure	Weighting	Description of measure
Relative TSR	50%	TSR is a relative, external, market-based performance measure against those companies with which the Group competes for capital. It provides a direct link between executive reward and security holder return. 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 is measured against a bespoke comparator group comprising companies in the transport, utilities, real estate, construction and infrastructure Global industry classification standards ('GICS') sectors of the ASX 150. The 36 companies in this group for grants made during FY16 were: *Abacus Property Group, AGL Energy Limited, Asciano Limited, APA Group, Aurizon Holdings Limited, Aveo Group, BWP Trust, CIMIC Group Limited, Cromwell Property Group, Charter Hall Group, Charter Hall Retail REIT, DUET Group, Dexus Property Group, Federation Centres, Goodman Group, GPT Group, Growthpoint Properties Australia Limited, iiNet Limited, Investa Office Fund, Lend Lease Group, M2 Group Limited, Macquarie Atlas Roads Group, Mirvac Group, Qantas Airways Limited, Qube Holdings Limited, Scentre Group Limited, Shopping Centres Australasia Property Group, Stockland, Spark Infrastructure Group, Spark New Zealand Limited, AusNet Services, Sydney Airport, Transurban Group, Telstra Corporation Limited, TPG Telecom Limited, Westfield Corporation.* The TSR component of performance awards granted during FY16, will vest on a straight line basis in accordance with the following table:

The Group's relative TSR ranking in the comparator group	% of performance awards that vest
At or below the 50th percentile	Zero
Above the 50th percentile but below the 75th percentile	Straight line vesting between 50 and 100
At or above the 75th percentile	100

Group Measure	Weighting	Description of measure
Growth in FCF per security	50%	Growth in FCF per security reflects the Group's continued focus on the maximisation of free cash. The FCF calculation is included in note B10 of the audited financial statements. The FCF per security component of performance awards granted during FY16 will vest based on the Group's compound annual growth targets translated into annual FCF per security over the three year performance period, as set out below:

% annual growth in FCF per security (FCF base of 40.2 cents per security)	% of performance awards that vest
Less than 8%	Zero
Between 8% and 11%	Straight line vesting between 50 and 100
11% or more	100

For performance awards granted during FY17, the performance target range for growth in FCF per security is between 9% and 12% per annum. This is calculated using the FY16 distribution of 45.5 cents per security as the base.

The target reflects the Group's focus on the maximisation of free cash to drive security holder return. Transurban's distribution policy has been to align distributions with FCF per security; however, free cash coverage may vary from year to year. Owing to a range of factors, the distribution is considered the best point of alignment with security holders' expectation for growth in free cash.[1]

1. Using FY16 reported FCF of 46.8 cents per security as the base, the performance target range for growth in FCF per security is between 7.5% and 10.5% per annum. The Group's compound annual growth targets over the three year performance period remain the same regardless of which base is used.

4. Group performance, security holder wealth and remuneration

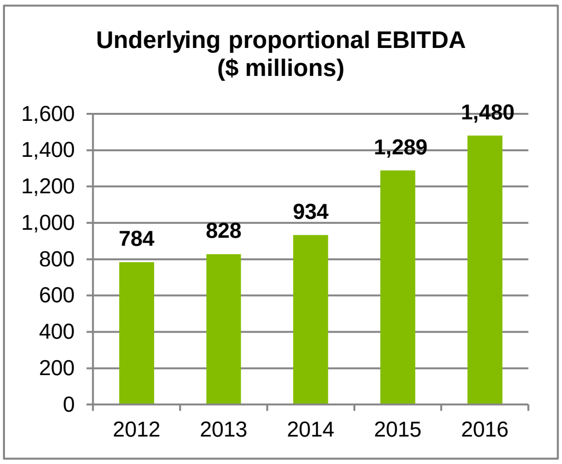
A. Financial highlights for FY16

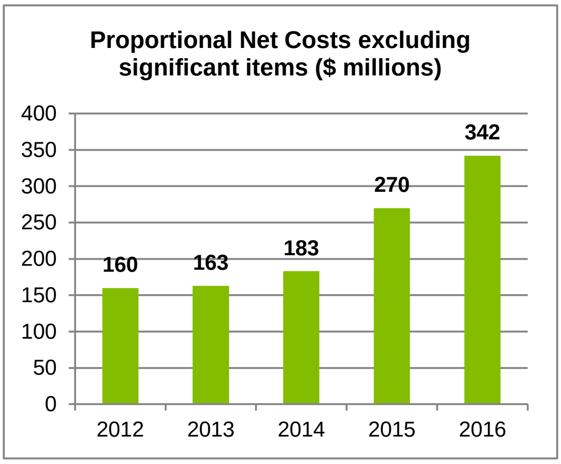
The Group's network portfolio delivered strong EBITDA growth which was mainly caused by increased traffic across our networks and disciplined cost control. The Group recorded proportional EBITDA excluding significant items of $1,480 million for the financial year ended 30 June 2016, an underlying increase of 14.8% on the prior corresponding period.

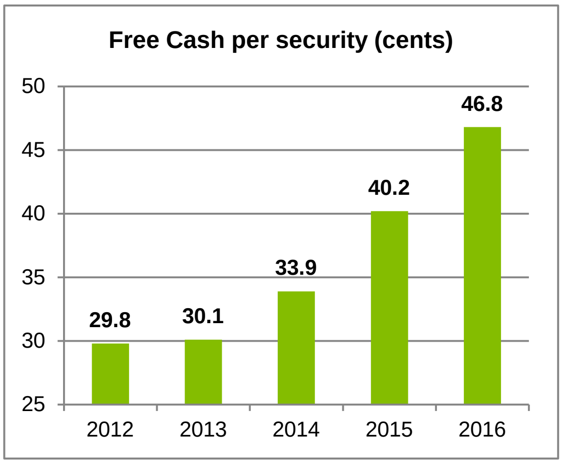
B. Overview of Group performance

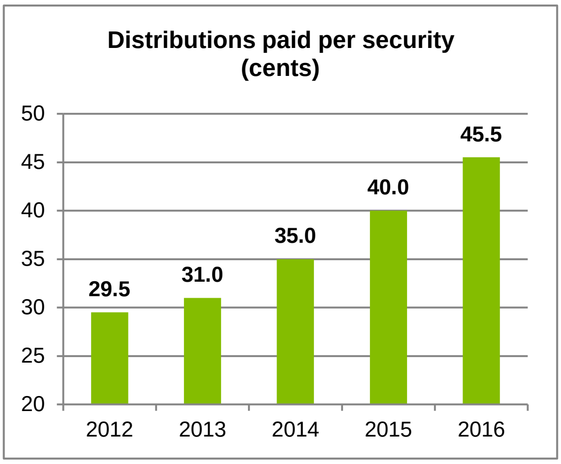
The variable (or 'at risk') remuneration of the CEO and other senior executives is linked to the Group's performance through the use of measures based on the operating performance of the business. The graphs below show the Group's performance over the past five years including metrics used to determine components of STI and LTI awards.

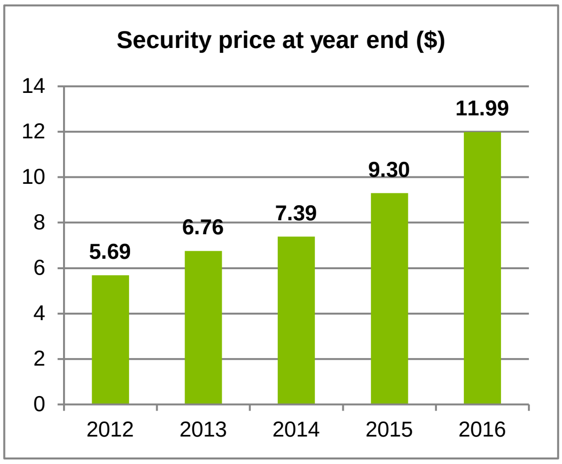
Financial measures

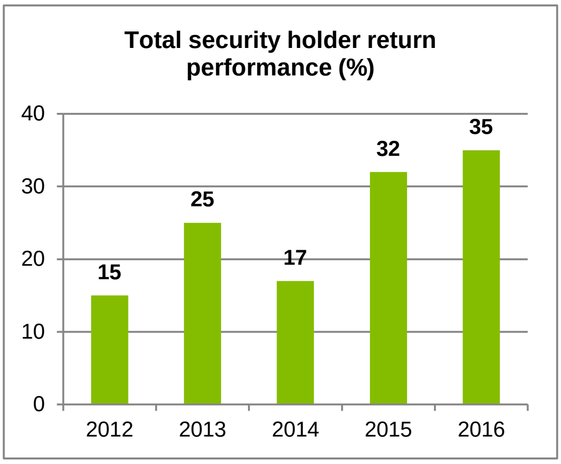












5. Senior executive remuneration outcomes for FY16

A. STI Outcomes for FY16

Group performance in respect of the proportional EBITDA, proportional Net Costs and HSE STI performance measures for FY16 was assessed by the Board as 116.5% of the possible STI opportunity.

Measure	Performance	Outcome
Proportional EBITDA[1]	$1,471 million	150.0%
Proportional net costs[1]	$319 million	104.6%
HSE	–	73.4%
Overall Group Performance	**–**	**116.5%**

1. *For FY16 Legacy Way and the Transurban Queensland transaction and integration costs were excluded from the Proportional EBITDA and Proportional net costs targets and actual outcomes. Also excluded from the performance outcomes is the AirportlinkM7 which was acquired by Transurban Queensland in April 2016.*

The Group achieved the following HSE outcomes which are linked to the Group's STI awards.

Measure	Score	Outcome %	STI Outcome %
Leadership	3.1	79.0	47.4
Recordable Injury Frequency Rate ('RIFR')[1] – employees	1.1	85.3	6.4
Recordable Injury Frequency Rate ('RIFR')[1] – contractors	7.1	111.0	8.3
Road Injury Crash Index ('RICI')[2]	4.6	0.0	0.0
High Severity and Recordable Incidents	30 incidents	113.3	11.3
Overall HSE Outcome			**73.4**

1. *RIFR: recordable injuries (fatalities, lost time and medical treatment injuries) per million work hours.*
2. *RICI: serious road injury (requiring medical treatment or where emergency medical care is required, other than first aid) crashes per 100 million vehicle kilometres travelled.*

The individual STI performance outcomes and awards for the CEO and senior executives for FY16 are detailed in the following table:

	STI outcome (%)		STI awarded[4] ($)	STI forfeited (%)
Current senior executives	**Individual KPIs**	**Total[3]**		
S Charlton[2]	140.0	150.0	2,386,950	–
T Adams	110.0	119.1	426,550	–
J Aument[1]	120.0	129.9	572,313	–
W Ballantine[2]	140.0	150.0	552,750	–
A Head	93.0	100.7	444,750	–
M Huey	120.0	129.9	429,500	–
S Johnson	110.0	119.1	422,900	–
L Tobin	93.0	100.7	375,400	–
V Vassallo[2]	150.0	150.0	603,000	–
A Watson	93.0	100.7	450,700	–

1. *Jennifer Aument is remunerated in USA Dollars. Her awarded STI has been translated to Australian Dollars using the exchange rate at 30 June 2016.*
2. *The maximum possible total value of the FY16 STI award is the combined value of the cash and deferred STI award and is capped at 150% of the STI opportunity. In accordance with this cap, the STI opportunities for Scott Charlton, Wes Ballantine and Vin Vassallo have been capped at 150% and the STI awarded as shown in the table above is in accordance with this cap. The minimum possible total value of the grant is zero.*
3. *The total STI performance outcome is calculated: (Individual STI Outcome % + (Individual STI Outcome % x Group Outcome %)) ÷ 2. The Group's percentage outcome is 116.5%.*
4. *50% is paid in cash and 50% is deferred for two years following the performance year.*

STI deferred securities and cash awards granted in FY16

	Balance at start of year	Granted during year as remuneration	Matured and paid during year	Forfeited during the year	Balance at the end of year
Current senior executives					
S Charlton	245,695	117,926	108,486	–	255,135
T Adams	40,979	20,574	18,754	–	42,799
J Aument	35,722	27,073	14,282	–	48,513
W Ballantine	44,687	24,322	17,328	–	51,681
A Head	54,018	30,513	15,202	–	69,329
M Huey[1]	–	7,398	–	–	7,398
S Johnson	39,349	20,932	21,288	–	38,993
L Tobin	29,674	23,693	6,612	–	46,755
V Vassallo	36,751	26,643	6,612	–	56,782
A Watson[1]	–	12,847	–	–	12,847

1. Michele Huey and Adam Watson had a zero opening balance at the beginning of FY16, as they joined the Group during FY15. Their STI outcome for FY15 was pro-rated in accordance with their commencement dates.

B. LTI Outcomes for FY16

Eligible senior executives (excluding the CEO) received performance awards with a grant date of 17 August 2015. Following the receipt of security holder approval at the 2015 AGM, the CEO received performance awards with a grant date of 2 November 2015. All performance awards granted in FY16 may vest subject to a performance period from 1 July 2015 through to 30 June 2018.

The relevant values of the grants are as follows:

Recipient	Grant date	Value of awards at grant date		Closing security price at grant date
		Relative TSR[1]	FCF per security	
Eligible senior executives	17 August 2015	$4.52	$8.65	$9.77
CEO	2 November 2015	$5.12	$9.33	$10.44

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

Performance awards granted in FY16

	Number of performance awards granted	Potential value of grant yet to vest[1] ($)
Current senior executives		
S Charlton	292,441	1,933,027
T Adams	55,019	328,836
J Aument	65,155	389,417
W Ballantine	56,603	338,304
A Head	67,857	405,566
M Huey	50,784	303,524
S Johnson	54,545	326,005
L Tobin	57,273	342,309
V Vassallo	61,749	369,060
A Watson	68,768	411,011

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

Remuneration report (continued)

Value of performance awards vested and lapsed in FY16

The FY13 LTI plan vested on 13 August 2015 (performance period 1 July 2012 to 30 June 2015).

The outcome of the performance tests were as follows:

Test type	Result of test	% units vest
TSR	Transurban ranked 8 out of 31 companies (76.66%)	100%
Cash Flow	104.2 cents adjusted to 108.3 cents (100% vesting target was 106.5 cents)	100%
Overall vesting		**100%**

Senior Executive	Awards Vested	Value ($)[1]
S Charlton	448,400	1,848,114
A Head	112,754	427,605

1. Based on the fair value at date of grant.

Financial close of the Transurban Queensland (‘TQ’) (formerly, Queensland Motorways) acquisition occurred in July 2015. The associated capital raising (the issue of 404.5 million new securities) occurred in May 2015. The timing of these events (two different financial years) impacted the calculation of the FCF for FY14 and the FCF performance calculation against the FCF targets for the three LTI plans on foot at that time (the FY12, FY13 and FY14 plans).

Consistent with the treatment of the FY12 LTI plan, as disclosed in the FY14 Remuneration Report, the Board exercised its discretion to ensure that participants in the FY13 LTI plan were neither advantaged nor disadvantaged as a result of the TQ acquisition and associated capital raising. The Board exercised its discretion to, in effect, exclude the new securities issued from the number of securities used to calculate the FY14 FCF per security for the purposes of calculating the FCF outcome for the FY13 LTI plan. Interest income on the equity raised prior to financial close was similarly excluded from the calculation. The targets set at the beginning of the performance period (1 July 2012) were not adjusted.

Value of performance awards vested and lapsed in FY17

Initial vesting calculations indicate that 100% of awards on issue for the FY14 plan will vest for all remaining participants.

6. Service agreements

The remuneration and other terms of employment for the CEO and other senior executives are formalised in service agreements that have no specified term. Under these agreements, the CEO and other senior executives are eligible to participate in STI and LTI plans. Some other key aspects of the agreements in place for FY16 are outlined below:

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

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

7. Non-executive Director remuneration

A. Remuneration policy

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

Securing and retaining talented, qualified Directors	Preserving independence and impartiality	Aligning Director and security holder interests
Director fee levels are set with regards to: the responsibilities and risks attached to the role, the time commitment and workload expected, the Director's experience and expertise, and market benchmark data.	Director remuneration consists of base (Director) fees and Committee fees. No element of Director remuneration is 'at risk' (i.e. fees are not based on the performance of the Group or individual Directors from year to year).	Directors are encouraged to hold Transurban securities and the Board has recently endorsed guidelines in respect of Director security holdings.

B. Remuneration arrangements

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

The amount of aggregate remuneration that may be paid to Non-executive Directors in any year is capped at a level approved by security holders. The current aggregate fee pool of $2,400,000 per year (inclusive of superannuation contributions) was approved by security holders at the 2010 AGM.

A review of Non-executive Director fees (base Director and Committee fees) was undertaken during FY16 having regard to both the remuneration policy described above and market benchmark data. Following the review, certain fees were increased (effective 1 January 2016) in line with market benchmarks. A review of the aggregate fee pool was subsequently undertaken and as a result, the Board has approved that security holder approval be sought at the 2016 AGM to increase the aggregate fee pool to $3,000,000. The increase is required to ensure adequate headroom allowing the Board flexibility to make additional Non-executive Director appointments, and to facilitate appropriate and coordinated Board succession planning.

Base Director and Committee fees per year are set out below:

		1 July 2015	**1 January 2016**
Board Fees	Chair	505,000	550,000
	Member	170,000	185,000
Committee Fees	**Audit and Risk Committee**		
	Chair	48,000	50,000
	Member	25,000	25,000
	Remuneration and Human Resources Committee		
	Chair	35,000	40,000
	Member	20,000	20,000
	Nomination Committee	10,000	10,000

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

The Chair of each Committee only receives the Chair fee (and not a member fee).

Non-executive Directors are permitted to be paid additional fees for special duties or exertions. No such fees were paid during FY16. 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.

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

C. Non-executive Director related party information

All Non-executive Director related party relationships are based on normal commercial terms. None of the Non-executive Directors were, or are, involved in any procurement or other Board decision-making regarding the companies or firms with which they have an association.

The Group is not required to make the following disclosures but for transparency reasons notes the following relationships and transactions:

Director	Related Party	Services provided
R Slater	Mr Slater is a partner in the public policy practice group of Squire Patton Boggs (US) LLP.	Transurban used Squire Patton Boggs (US) LLP during FY16 for various lobbying activities in the USA, and incurred US$180,000 for services during FY16.
L Maxsted	Mr Maxsted is Chairman and a Non-executive Director of Westpac Banking Corporation.	Westpac provides a number of banking products and services to Transurban.
N Chatfield	Mr Chatfield is Chairman and a Non-executive Director of Seek Limited. Mr Chatfield is a Non-executive Director of Iron Mountain Inc.	Seek provides employment advisory services to Transurban. Iron Mountain Inc. provides document management services to Transurban.
S Mostyn	Ms Mostyn is a Non-executive Director of Citigroup Pty Ltd. Ms Mostyn is a Non-executive Director of Virgin Australia Holdings Limited.	Citigroup provides banking products and services to Transurban. Transurban uses air travel services provided by Virgin Australia.
C O'Reilly	Ms O'Reilly is a Non-executive Director of EnergyAustralia.	EnergyAustralia is one of Transurban's electricity providers in New South Wales and Queensland.

8. Statutory tables

A. Senior executive remuneration

	Short-term employee benefits			Deferred STI[5]	Post-employment benefits	Long-term benefits	Share based benefits[6]		Total
	Cash salary and fees	Cash STI[3]	Non-monetary benefits[4]		Superannuation	Long service leave	Equity awards	Cash awards	
Current CEO									
S Charlton									
2016	**2,102,392**	**1,193,475**	**13,024**	**1,120,400**	**19,308**	**8,463**	**1,821,975**	**–**	**6,279,037**
2015	2,045,112	1,160,975	5,814	592,517	18,783	–	1,939,196	–	5,762,397
Current other senior executives									
T Adams[1]									
2016	**515,292**	**213,275**	**1,983**	**191,142**	**19,308**	**10,052**	**214,874**	**–**	**1,165,926**
2015	552,978	200,500	136,789	129,188	18,783	8,929	100,314	–	1,147,481
J Aument[2]									
2016	**668,904**	**286,157**	**1,459**	**361,400**	**14,521**	**–**	**–**	**992,155**	**2,324,596**
2015	656,643	266,525	1,608	134,454	12,548	–	–	458,905	1,530,683
W Ballantine									
2016	**530,692**	**276,375**	**2,034**	**228,708**	**19,308**	**10,353**	**313,368**	**–**	**1,380,838**
2015	491,711	239,450	123,974	108,383	18,783	9,033	195,951	–	1,187,285
A Head									
2016	**640,042**	**222,375**	**4,306**	**298,267**	**19,308**	**12,486**	**413,050**	**–**	**1,609,834**
2015	622,524	300,400	2,444	132,485	18,783	11,437	419,998	–	1,508,071
M Huey									
2016	**474,142**	**214,750**	**1,784**	**48,550**	**19,308**	**–**	**291,326**	**–**	**1,049,860**
2015	208,293	72,825	770	–	9,392	–	159,956	–	451,236
S Johnson									
2016	**510,692**	**211,450**	**2,869**	**182,983**	**19,308**	**9,963**	**304,768**	**–**	**1,242,033**
2015	458,525	191,375	1,685	93,892	18,783	8,620	191,708	–	964,588
L Tobin									
2016	**537,192**	**187,700**	**2,012**	**213,725**	**19,308**	**2,168**	**348,614**	**–**	**1,310,719**
2015	522,517	233,250	1,724	73,225	18,783	–	229,019	–	1,078,518
V Vassallo									
2016	**529,323**	**301,500**	**2,065**	**250,958**	**19,308**	**2,344**	**360,869**	**–**	**1,466,367**
2015	541,217	262,300	1,724	91,092	18,783	–	232,625	–	1,147,741
A Watson									
2016	**648,892**	**225,350**	**1,829**	**84,317**	**19,308**	**–**	**310,998**	**–**	**1,290,694**
2015	368,210	126,475	1,001	–	10,957	–	154,762	–	661,405
TOTAL									
2016	**7,157,563**	**3,332,407**	**33,365**	**2,980,450**	**188,293**	**55,829**	**4,379,842**	**992,155**	**19,119,904**
2015	6,467,730	3,054,075	277,533	1,355,236	164,378	38,019	3,623,529	458,905	15,439,405

1. *Amounts shown as 'cash salary and fees' in 2015 for Tony Adams includes $58,824 in relocation costs from the USA to Australia.*
2. *Jennifer Aument is remunerated in USA Dollars. The amounts shown in the table above have been converted to Australian Dollars using the average exchange rate over the reporting period. Amounts disclosed as 'cash salary and fees' for FY15 includes $67,506 of annual leave cashed out.*
3. *The amount represents the cash STI payment to the senior executive for FY16, which will be paid in August 2016.*
4. *Non-monetary benefits include Group insurance and relocation allowances (where relevant).*
5. *A component of STI award is deferred into securities. In accordance with accounting standards, the deferred component will be recognised over the three year service period. The amount recognised in this table is the FY16 accounting charge for unvested grants.*
6. *In accordance with the requirements of the accounting standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year (i.e. performance awards under the LTI plan). The fair value of equity instruments is determined as at the grant date and is progressively allocated over the performance period. The amount included as remuneration may be different to the benefit (if any) that senior executives may ultimately realise should the equity instruments vest. The fair value of performance awards at the date of their grant has been independently determined in accordance with accounting standards. The fair value of the performance awards has been valued applying a Monte Carlo simulation (using a Black-Scholes framework) to model Transurban's security price and where applicable, the TSR performance against the comparator group performance.*

Remuneration report (continued)

B. Number of performance awards on issue as at 30 June 2016

		Balance at start of year	Granted during year as remuneration	Matured and paid during year	Lapsed or forfeited during year	Balance at the end of year
Current senior executives						
S Charlton[1]	**2016**	**1,254,579**	**292,441**	**(527,152)**	**–**	**1,019,868**
	2015	988,196	345,135	(78,752)	–	1,254,579
T Adams	**2016**	**64,928**	**55,019**	**–**	**–**	**119,947**
	2015	–	64,928	–	–	64,928
J Aument	**2016**	**137,229**	**65,155**	**–**	**–**	**202,384**
	2015	74,494	62,735	–	–	137,229
W Ballantine	**2016**	**126,309**	**56,603**	**–**	**–**	**182,912**
	2015	62,630	63,679	–	–	126,309
A Head	**2016**	**287,601**	**67,857**	**(112,754)**	**–**	**242,704**
	2015	207,521	80,080	-	–	287,601
M Huey[2]	**2016**	**48,888**	**50,784**	**(12,894)**	**–**	**86,778**
	2015	–	48,888	–	–	48,888
S Johnson	**2016**	**123,563**	**54,545**	**–**	**–**	**178,108**
	2015	62,630	60,933	–	–	123,563
L Tobin	**2016**	**147,568**	**57,273**	**–**	**–**	**204,841**
	2015	79,980	67,588	–	–	147,568
V Vassallo	**2016**	**149,902**	**61,749**	**–**	**–**	**211,651**
	2015	79,980	69,922	–	–	149,902
A Watson[3]	**2016**	**69,830**	**68,768**	**(7,594)**	**–**	**131,004**
	2015	–	69,830	–	–	69,830

1. *Scott Charlton's number of performance awards granted during FY13 included 236,256 performance awards granted in September 2012 as a sign-on award, to vest, subject to his continued employment, in three equal tranches on the first, second and third anniversaries of his commencement with the Group. The first tranche (78,752) awards vested on 16 July 2013, the second tranche (78,752) awards vested on 16 July 2014 and the third and final tranche (78,752) awards vested on 16 July 2015.*
2. *Michele Huey received a pro-rated grant of performance awards in FY15 due to her commencement date of 19 January 2015. She also received a one-off equity grant of 25,788 awards recognising the equity awards forfeited when she ceased employment with her former employer. The one-off equity grant will vest, subject to continued employment, in two equal tranches on the first and second anniversaries of her commencement with the Group. The first tranche (12,894) awards vested 19 January 2016.*
3. *Adam Watson received a pro-rated grant of performance awards in FY15 due to his commencement date of 1 December 2014. He also received a one-off equity grant of 15,188 awards recognising the equity awards forfeited when he ceased employment with his former employer. The one-off equity grant will vest, subject to continued employment, in two equal tranches on the first and second anniversaries of his commencement with the Group. The first tranche (7,594) awards vested 1 December 2015.*

C. Securities held by senior executives as at 30 June 2016

		Balance at start of year	Changes during year	Balance at end of year
Current senior executives				
S Charlton	**2016**	**213,374**	**696,979**	**910,353**
	2015	134,622	78,752	213,374
T Adams	**2016**	**5,090**	**4,278**	**9,368**
	2015	5,090[1]	–	5,090
J Aument	**2016**	**–**	**–**	**–**
	2015	–	–	–
W Ballantine	**2016**	**5,794**	**(2,110)**	**3,684**
	2015	4,685	1,109	5,794
A Head	**2016**	**75,661**	**923**	**76,584**
	2015	87,760	(12,099)	75,661
M Huey	**2016**	**–**	**12,894**	**12,894**
	2015	–	–	–
S Johnson	**2016**	**30,099**	**17,745**	**47,844**
	2015	43,763	(13,664)	30,099
L Tobin	**2016**	**–**	**9,576**	**9,576**
	2015	–	–	–
V Vassallo	**2016**	**11,557**	**7,114**	**18,671**
	2015	11,048	509	11,557
A Watson	**2016**	**–**	**8,307**	**8,307**
	2015	–	–	–

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

Remuneration report (continued)

D. Remuneration paid to Non-executive Directors

		Short-term benefits	Post-employment benefits	Total
		Fees	Superannuation[1]	
Current Non-executive Directors				
L Maxsted	**2016**	**508,192**	**19,308**	**527,500**
	2015	462,071	18,783	480,854
N Chatfield	**2016**	**237,492**	**19,308**	**256,800**
	2015	226,321	18,783	245,104
R Edgar	**2016**	**230,992**	**19,308**	**250,300**
	2015	217,321	18,783	236,104
S Mostyn	**2016**	**190,028**	**18,053**	**208,081**
	2015	183,570	17,439	201,009
C O'Reilly	**2016**	**194,365**	**18,465**	**212,830**
	2015	185,643	17,636	203,279
P Scott	**2016**	**56,317**	**5,144**	**61,461**
R Slater[2]	**2016**	**246,575**	**–**	**246,575**
	2015	217,181	–	217,181
Former Non-executive Directors				
I Smith[3]	**2016**	**17,191**	**1,270**	**18,461**
	2015	155,973	14,817	170,790
Total	**2016**	**1,681,152**	**100,856**	**1,782,008**
	2015	1,648,080	106,241	1,754,321

1. *Superannuation contributions made on behalf of Non-executive Directors to satisfy the Group's obligations under applicable superannuation guarantee legislation.*
2. *Rodney Slater is remunerated in USA Dollars. The amounts shown in the table above have been converted to Australian Dollars using the average exchange rate over the reporting period.*
3. *Ian Smith resigned as a Non-executive Director effective 10 August 2015.*

E. Securities held by Non-executive Directors as at 30 June 2016

		Balance at start of year	Changes during year	Balance at end of year
Current Non-executive Directors				
L Maxsted	**2016**	**66,559**	**3,699**	**70,258**
	2015	66,559	–	66,559
N Chatfield	**2016**	**55,424**	**4,304**	**59,728**
	2015	50,424	5,000	55,424
R Edgar	**2016**	**30,324**	**1,685**	**32,009**
	2015	30,324	–	30,324
S Mostyn	**2016**	**17,256**	**959**	**18,215**
	2015	17,256	–	17,256
C O'Reilly	**2016**	**19,332**	**1,074**	**20,406**
	2015	13,972	5,360	19,332
P Scott[1]	**2016**	**–**	**20,000**	**20,000**
R Slater	**2016**	**–**	**3,000**	**3,000**
	2015	–	–	–
Former Non-executive Directors				
I Smith[2]	**2016**	**94,785**	**(94,785)**	**–**
	2015	92,742	2,043	94,785

1. *Peter Scott acquired his securities prior to his appointment as a Non-executive Director.*
2. *Ian Smith resigned as a Non-executive Director effective 10 August 2015. Balance removed due to departure from the Group.*

Auditor

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

Non-audit services

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

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

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

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

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

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

	2016 **$**	2015 $
Amounts received or due and receivable by PricewaterhouseCoopers		
Audit and other assurance services:		
Audit and review of financial reports	**2,190,000**	2,293,000
Other assurance services	**444,300**	173,600
	2,634,300	2,466,600
Other consulting services	**–**	243,915
Total remuneration for PricewaterhouseCoopers	**2,634,300**	2,710,515
Total auditors remuneration	**2,634,300**	2,710,515

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 Director's and officer's 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 42.

Rounding of amounts

The Group is of a kind referred to in Instrument 2016/191, 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 Instrument to the nearest million, or in certain cases, to the nearest dollar.

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

Lindsay Maxsted
Director

Scott Charlton
Director

Melbourne
9 August 2016

Auditor's Independence Declaration

As lead auditor for the audit of the Transurban Group, THT and TIL for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of the Transurban Group and the entities it controlled during the period, THT and the entities it controlled during the period and TIL and the entities it controlled during the period.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
9 August 2016

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

Transurban Holdings Limited ABN 86 098 143 429

Contents

Section A: Group financial statements

Transurban Holdings Limited
Consolidated statement of comprehensive income
for the year ended 30 June 2016

	Note	2016 $M	2015 $M
Revenue	B5	**2,210**	1,860
Expenses			
Employee benefits expense		**(149)**	(130)
Road operating costs		**(309)**	(243)
Construction costs		**(282)**	(185)
Transaction and integration costs		**(131)**	(429)
Corporate and other expenses		**(91)**	(91)
Total expenses		**(962)**	(1,078)
Earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes		**1,248**	782
Amortisation	B16	**(527)**	(513)
Depreciation		**(57)**	(38)
Total depreciation and amortisation		**(584)**	(551)
Net finance costs	B13	**(728)**	(611)
Share of net profits of equity accounted investments	B22	**17**	17
Loss before income tax		**(47)**	(363)
Income tax benefit/(expense)	B7	**69**	(10)
Profit/(loss) for the year		**22**	(373)
Profit/(loss) attributable to:			
Ordinary security holders of the stapled group			
- Attributable to THL		**44**	(57)
- Attributable to THT/TIL		**55**	(125)
		99	(182)
Non-controlling interests - other	B23	**(77)**	(191)
		22	(373)
Other comprehensive income			
Items that may be reclassified to profit or loss in the future			
Changes in the fair value of cash flow hedges, net of tax		**(79)**	(50)
Share of other comprehensive income of equity accounted investments, net of tax		**(11)**	–
Exchange differences on translation of US operations, net of tax		**(12)**	(10)
Other comprehensive income for the year, net of tax		**(102)**	(60)
Total comprehensive income for the year		**(80)**	(433)
Total comprehensive income for the year is attributable to:			
Ordinary security holders of the stapled group			
- Attributable to THL		**48**	(81)
- Attributable to THT/TIL		**(26)**	(176)
Non-controlling interests – other		**(102)**	(176)
		(80)	(433)
		Cents	**Cents**
Earnings per security attributable to ordinary security holders of the stapled group:			
Basic and diluted earnings/(loss) per stapled security	B9	**5.0**	(9.5)

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

Transurban Holdings Limited
Consolidated balance sheet
for the year ended 30 June 2016

	Note	2016 $M	2015 $M
ASSETS			
Current assets			
Cash and cash equivalents	B8	**834**	1,249
Trade and other receivables	B8	**122**	117
Derivative financial instruments	B15	**–**	4
Total current assets		**956**	1,370
Non-current assets			
Equity accounted investments	B22	**971**	1,092
Held-to-maturity investments		**369**	165
Derivative financial instruments	B15	**121**	82
Property, plant and equipment		**268**	249
Deferred tax assets	B7	**1,097**	961
Intangible assets	B16	**19,248**	17,320
Total non-current assets		**22,074**	19,869
Total assets		**23,030**	21,239
LIABILITIES			
Current liabilities			
Trade and other payables	B8	**410**	340
Borrowings	B14	**405**	628
Derivative financial instruments	B15	**17**	4
Maintenance provision	B17	**94**	82
Distribution provision	B10	**516**	438
Other provisions		**31**	27
Other liabilities		**132**	116
Total current liabilities		**1,605**	1,635
Non-current liabilities			
Borrowings	B14	**12,468**	11,471
Deferred tax liabilities	B7	**981**	969
Maintenance provision	B17	**826**	733
Other provisions		**47**	61
Derivative financial instruments	B15	**393**	325
Other liabilities		**252**	49
Total non-current liabilities		**14,967**	13,608
Total liabilities		**16,572**	15,243
Net assets		**6,458**	5,996
EQUITY			
Contributed equity	B11	**1,422**	1,237
Reserves	B12	**(66)**	(70)
Accumulated losses		**(3,129)**	(3,034)
Non-controlling interests held by security holders of the stapled group (THT/TIL)		**6,808**	6,636
Equity attributable to security holders of the stapled group		**5,035**	4,769
Non-controlling interests – other	B23	**1,423**	1,227
Total equity		**6,458**	5,996

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

	No. of securities M	Contributed equity $M	Reserves $M	Accumulated losses $M	Non-controlling interests–THT & TIL $M	Total $M	Non-controlling interests–other $M	Total equity $M
		Attributable to security holders of the stapled group						
Balance at 1 July 2015	**1,914**	**1,237**	**(70)**	**(3,034)**	**6,636**	**4,769**	**1,227**	**5,996**
Comprehensive income								
Profit/(loss) for the year	**–**	**–**	**–**	**44**	**55**	**99**	**(77)**	**22**
Other comprehensive income/(loss)	**–**	**–**	**4**	**–**	**(81)**	**(77)**	**(25)**	**(102)**
Total comprehensive income/(loss)	**–**	**–**	**4**	**44**	**(26)**	**22**	**(102)**	**(80)**
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs[1]	**107**	**163**	**–**	**–**	**843**	**1,006**	**356**	**1,362**
Employee performance awards issued[2]	**1**	**–**	**–**	**–**	**2**	**2**	**–**	**2**
Distributions provided for or paid[3]	**–**	**–**	**–**	**(139)**	**(762)**	**(901)**	**–**	**(901)**
Distribution reinvestment plan[4]	**14**	**22**	**–**	**–**	**115**	**137**	**–**	**137**
Distributions to non-controlling interests[5]	**–**	**–**	**–**	**–**	**–**	**–**	**(58)**	**(58)**
	122	**185**	**–**	**(139)**	**198**	**244**	**298**	**542**
Balance at 30 June 2016	**2,036**	**1,422**	**(66)**	**(3,129)**	**6,808**	**5,035**	**1,423**	**6,458**

2. *During December 2015, the Group successfully completed the fully underwritten institutional and retail components of its renounceable 1 for 18 pro rata entitlement offer. The institutional component raised $726 million and the retail component raised $280 million at an issue price of $9.60 per security. The total proceeds from the entitlement offer (net of equity issue costs) were approximately $1,006 million and were used to fund the Group's equity contribution for the AirportlinkM7 acquisition which reached financial close in April 2016, with the remainder used for general corporate purposes.*

   In March 2016, the non-controlling partners in Transurban Queensland (Australian Super and Tawreed) contributed $356 million as their equity contribution for the acquisition of AirportlinkM7. The Group's equity contribution into Transurban Queensland is eliminated upon consolidation.

3. *From 2012 it is the Group's policy that a portion of all Short Term Incentives issued to the CEO and other senior executives are deferred for a period of 2 years. In addition to the Short Term Incentives, Stapled Securities (including units in the Trust) were issued to executives under the Group's Long Term Incentive share-based payment plans. These securities are held by the executive but will only vest in accordance with the terms of the plans.*
4. *Refer to note B10 for further details of dividends and distributions provided for or paid.*
5. *Under the distribution reinvestment plan, holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash.*
6. *Distributions were paid during the period to the non-controlling interest partners in Airport Motorway Trust (Eastern Distributor) and Transurban Queensland Invest Trust (Transurban Queensland).*

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

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

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

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

	Note	2016 $M	2015 $M
Cash flows from operating activities			
Receipts from customers		**2,055**	1,782
Payments to suppliers and employees		**(624)**	(574)
Payments for maintenance of intangible assets		**(52)**	(91)
Transaction and integration costs related to acquisitions		**(23)**	(429)
Other revenue		**66**	46
Interest received		**31**	79
Interest paid		**(543)**	(506)
Income taxes paid		**–**	(3)
Net cash inflow from operating activities	(a)	**910**	304
Cash flows from investing activities			
Payments for held-to-maturity investments		**(187)**	(108)
Payments for equity accounted investments		**–**	(2)
Payments for intangible assets		**(437)**	(203)
Payments for property, plant and equipment		**(78)**	(77)
Distributions received from equity accounted investments		**127**	95
Payments for acquisition of subsidiaries, net of cash acquired	B21	**(1,869)**	(6,397)
Net cash outflow from investing activities		**(2,444)**	(6,692)
Cash flows from financing activities			
Proceeds from equity issued to non-controlling interests		**356**	1,342
Proceeds from issues of stapled securities		**1,006**	–
Proceeds from borrowings (net of costs)		**3,896**	6,562
Payment for acquisition of non-controlling interest		**–**	(189)
Repayment of borrowings		**(3,401)**	(2,361)
Dividends and distributions paid to the Group's security holders	B10	**(689)**	(570)
Distributions paid to non-controlling interests	B10	**(55)**	(57)
Net cash (outflow)/inflow from financing activities		**1,113**	4,727
Net decrease in cash and cash equivalents		**(421)**	(1,661)
Cash and cash equivalents at the beginning of the year		**1,249**	2,879
Effects of exchange rate changes on cash and cash equivalents		**6**	31
Cash and cash equivalents at end of the year	B8	**834**	1,249

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

		2016 $M	2015 $M
Profit/(loss) for the year		**22**	(373)
Depreciation and amortisation		**584**	551
Non-cash share-based payments expense		**3**	7
Net construction revenue		**–**	(5)
Non-cash net finance costs		**87**	52
Share of profits of equity accounted investments	B22	**(17)**	(17)
Change in operating assets and liabilities:			
Decrease in trade and other receivables		**5**	1
Increase in concession and promissory note liability		**21**	(10)
Increase in operating creditors and accruals		**158**	52
Decrease in other operating provisions		**25**	(1)
Decrease in provision for income taxes payable		**(2)**	3
Movement in deferred taxes		**(67)**	16
Increase in maintenance provision		**91**	28
Net cash inflow from operating activities		**910**	304

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

Section B: Notes to the Group financial statements

Basis of preparation and significant changes

B1 Corporate information

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

The consolidated financial statements of Transurban Group for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Directors on 9 August 2016. Directors have the power to amend and reissue the financial report.

B2 Summary of significant changes in the current reporting period

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

Equity issuance

During December 2015, the Group successfully completed the fully underwritten institutional and retail components of its renounceable 1 for 18 pro rata entitlement offer. The institutional component raised $726 million and the retail component raised $280 million at an issue price of $9.60 per security. The total proceeds from the entitlement offer were $1,006 million and were used to fund the Group's equity contribution to the Transurban Queensland acquisition of AirportlinkM7 which reached financial close in April 2016, with the remainder used for general corporate purposes.

Transurban Queensland acquisition of AirportlinkM7

On 1 April 2016, Transurban Queensland, in which Transurban has a 62.5 per cent interest, acquired AirportlinkM7 for $1,870 million, plus stamp duty of $108 million and transaction costs of $10 million. The details of the assets and liabilities acquired on 1 April 2016 have been detailed in note B21 and are reflected in the operating results and financial position of the Group from 1 April 2016.

B3 Basis of preparation

The Group financial statements are general purpose financial statements which:

- Have been prepared in accordance with the Corporations Act 2001, Australian accounting standards, and other authoritative pronouncements of the Australian Accounting Standards Board;
- Have adopted all accounting policies in accordance with Australian accounting standards, and where a standard permits a choice in accounting policy, the policy adopted by the Group has been disclosed in these financial statements;
- Have applied the option under ASIC Corporations (Stapled Group Reports) Instrument 2015/838 to present the consolidated financial statements in one section (Section A), and all other reporting group members in a separate section (Section C).
- Do not early adopt any accounting standards or interpretations that have been issued or amended but are not yet effective;
- Comply with International financial reporting standards ('IFRS') as issued by the International Accounting Standards Board ('IASB');
- Have been prepared under the historical cost convention, as modified by the revaluation of other financial assets and liabilities (including derivative financial instruments);
- Are presented in Australian dollars, which is THL's functional and presentation currency.
- Have been rounded to the nearest million dollars, unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191; and
- The presentation of comparative amounts have been restated, where applicable, to conform to the current period presentation.

B3 Basis of preparation (continued)

Going concern

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

- → The Group has generated positive cash inflows from operating activities of $910 million (2015: $304 million), after payment of $23 million (2015: $429 million) in transaction and integration costs relating to acquisitions;
- → The Group has available a total of $527 million of undrawn borrowing facilities with maturities beyond 12 months across a number of finance providers. The Group has a further $349 million of undrawn borrowing facilities, the majority of which are expected to be refinanced within the next 12 months.

Foreign currency translation

Transactions and balances

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

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

Foreign operations

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

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

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

New and amended standards

The Group has not changed or amended any accounting policies as a result of new or revised accounting standards during the annual reporting period commencing 1 July 2015. There were no new or amended accounting standards issued during the annual reporting period that are effective for the report period commencing 1 July 2015.

B3 Basis of preparation (continued)

Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published but are not mandatory for 30 June 2016 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

Reference	Description	Impact on the Group	Application of the standard	Application by the Group
AASB 9 Financial instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also includes an expected loss impairment model and a reformed approach to hedge accounting.	Management has undertaken an assessment of the impact of this standard on the Group’s financial statements and does not believe that the impact will be significant to the accounting for the Group’s financial assets and liabilities.	1 January 2018	1 July 2018
AASB 15 Revenue from contracts with customers	AASB 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. AASB 15 supersedes a number of current revenue standards.	Management has undertaken an assessment of the impact of this standard and does not believe that the impact will be material.	1 January 2018	1 July 2018
AASB 16 Leases	AASB 16 modifies accounting for leases by removing the current distinction between operating and financing leases. The standard requires recognition of an asset and a financial liability for all leases, with exemptions for short term and low value leases.	Management has undertaken an assessment of the impact of this standard on the Group’s financial statements and does not believe that the impact will be significant to the accounting of leases in the Group financial statements.	1 January 2019	1 July 2019
AASB 2015-1	These amendments clarify various Australian accounting standards.	The impact of the application of this standard will not be material to the Group.	1 January 2016	1 July 2016
AASB 2015-2	These amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements.	The impact of the application of this standard will not be material to the Group.	1 January 2016	1 July 2016

B3 Basis of preparation (continued)

Accounting standards and interpretations issued but not yet effective (continued)

Reference	Description	Impact on the Group	Application of the standard	Application by the Group
AASB 2016-1	Amendment to AASB 112 clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They do not change the underlying principles for the recognition of deferred tax assets.	The Group for tax purposes records all assets at cost and does not revalue assets to fair value. Therefore the impact of the application of the new standard is not expected to be material.	1 January 2017	1 July 2017
AASB 2016-2	Amendment to AASB 107 introduces additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.	Although a formal assessment has not been completed the impact of the application of the new standard will be additional disclosure in the Group financial statements about the financial liabilities held by the Group.	1 January 2017	1 July 2017

Critical accounting estimates and judgements

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

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

Operating performance

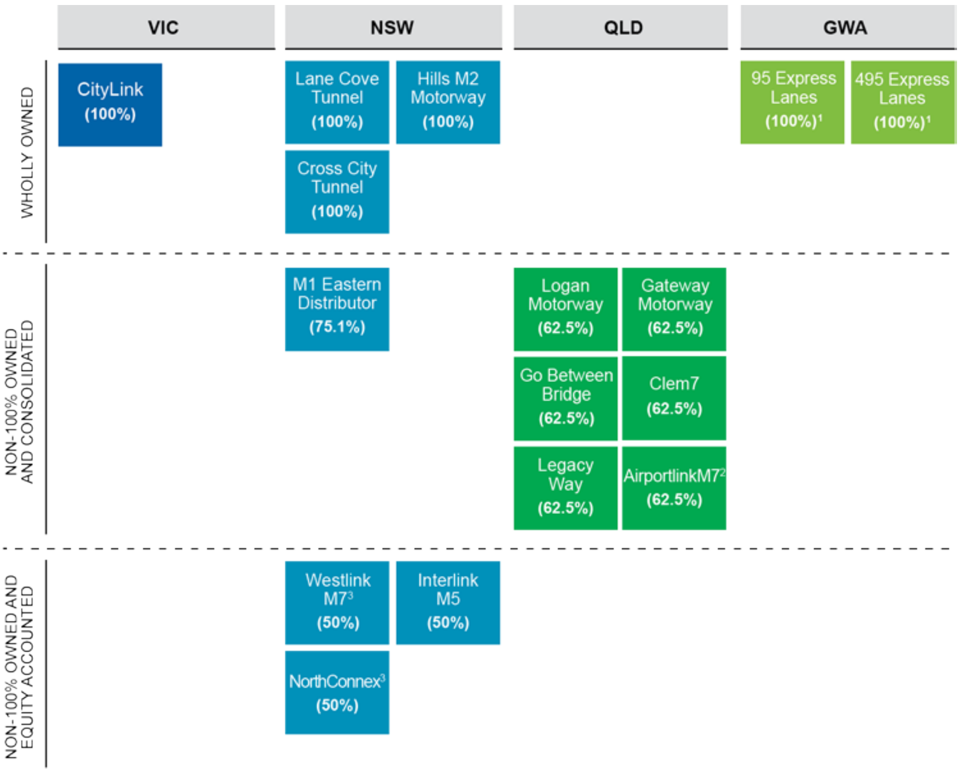
B4 Segment information

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

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

Significant items are those items where their nature and amount is considered material to the financial statements and not in the ordinary course of business. Refer to note B6 for further details.

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



1. *Following the acquisition of the non-controlling interest in the GWA assets on 29 June 2015, the proportional ownership of the GWA assets is reported at 100% from July 2015. Prior to this, the proportional ownership interest in the 95 Express Lanes and 495 Express Lanes were 77.5% and 94.0% respectively.*
2. *AirportlinkM7 was acquired on 1 April 2016 (refer note B21).*
3. *Westlink M7 and NorthConnex form the NorthWestern Roads Group.*

B4 Segment information (continued)

Segment information – proportional income statement

2016

$M	VIC	NSW	QLD	GWA	Corporate and other	Total
Toll revenue	**660**	**799**	**313**	**174**	**–**	**1,946**
Other revenue	**21**	**28**	**7**	**–**	**4**	**60**
Total proportional revenue	**681**	**827**	**320**	**174**	**4**	**2,006**
Underlying proportional EBITDA	**564**	**637**	**218**	**86**	**(25)**	**1,480**
Significant items	**–**	**–**	**(82)**	**–**	**–**	**(82)**
Proportional EBITDA	**564**	**637**	**136**	**86**	**(25)**	**1,398**

2015

$M	VIC	NSW	QLD	GWA	Corporate and other	Total
Toll revenue[1]	615	701	265	75	–	1,656
Other revenue	20	32	3	6	9	70
Total proportional revenue	635	733	268	81	9	1,726
Underlying proportional EBITDA[2]	523	558	185	33	(10)	1,289
Significant items	–	–	(262)	–	(10)	(272)
Proportional EBITDA	523	558	(77)	33	(20)	1,017

1. *The presentation of comparative amounts has been restated to reflect the change of toll revenue to now include toll revenue and service and fee revenue.*
2. *The presentation of comparative amounts has been restated to conform with the current period presentation of technology license fees, which were previously presented in Corporate.*

Reconciliation of segment information to statutory financial information

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

Segment revenue

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

	Note	2016 $M	2015 $M
Total segment revenue (proportional)		**2,006**	1,726
Add:			
Revenue attributable to non-100% owned consolidated assets		**224**	200
Construction revenue from road development activities		**282**	185
Less:			
Revenue of non-100% owned equity accounted assets		**(302)**	(251)
Total statutory revenue	B5	**2,210**	1,860

Proportional EBITDA

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

	2016 $M	2015 $M
Proportional EBITDA	**1,398**	1,017
Add: EBITDA attributable to non-100% owned consolidated assets	**106**	(21)
Less: Proportional EBITDA of non-100% owned equity accounted assets	**(256)**	(214)
Statutory profit before depreciation, amortisation, net finance costs, equity accounted investments and income taxes	**1,248**	782
Statutory net finance costs	**(728)**	(611)
Statutory depreciation and amortisation	**(584)**	(551)
Share of net profit from equity accounted investments	**17**	17
(Loss)/profit before income tax	**(47)**	(363)

B5 Revenue

	2016 $M	2015 $M
Toll revenue[1]	**1,870**	1,611
Construction revenue	**282**	190
Other revenue	**58**	59
Total revenue	**2,210**	1,860

1. *The presentation of comparative amounts has been restated to reflect the change of toll revenue to now include toll revenue and service and fee revenue.*

Accounting policy

The Group generates the following types of revenue:

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

B6 Significant items

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

		2016		2015	
		Statutory $M	Proportional $M	Statutory $M	Proportional $M
Stamp duty on acquisitions	(a)	**108**	**67**	384	240
Other transaction fees on acquisitions	(a)	**10**	**6**	23	18
Integration costs relating to acquisitions	(b)	**13**	**9**	22	14
Significant items included within EBITDA		**131**	**82**	**429**	**272**
Significant items included within net finance costs	(a)	**5**	**3**	–	–
Total significant items		**136**	**85**	**429**	**272**
Income tax benefit associated with transaction and integration costs of acquisitions		**(10)**	**(6)**	(11)	(7)
Net significant items		**126**	**79**	418	265

(a) Stamp duty and other transaction fees

The Transurban Queensland consortium acquisition of AirportlinkM7 was completed on 1 April 2016. The consortium incurred stamp duty and other transaction costs during the year ended 30 June 2016 as a result of the acquisition. The stamp duty is payable in the year ended 30 June 2017. Significant items included within finance costs relate to premiums paid on interest rate swap option contracts entered into as part of the Airportlink M7 acquisition that were not exercised.

The acquisition of Queensland Motorways Group (Transurban Queensland) by a Transurban-led consortium was completed on 2 July 2014. The consortium incurred stamp duty and other transaction costs during the year ended 30 June 2015 as a result of the acquisition.

(b) Integration costs relating to Transurban Queensland and AirportlinkM7

Since acquisition, the Group has incurred costs to integrate Transurban Queensland and AirportlinkM7 into Transurban. These costs include employee costs, consulting and legal fees.

B7 Income tax

Income tax expense/(benefit)

	2016 $M	2015 $M
Current tax	**(70)**	(24)
Deferred tax	**(24)**	23
Under provision in prior years	**25**	11
	(69)	10
Deferred income tax expense/(benefit) included in *income tax expense/(benefit)* comprises:		
(Increase) in deferred tax assets	**(68)**	(62)
Decrease in deferred tax liabilities	**44**	85
	(24)	23

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

	2016 $M	2015 $M
(Loss)/profit before income tax expense/(benefit)	**(47)**	(363)
Tax at the Australian tax rate of 30.0% (2015: 30.0%)	**(14)**	(109)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Trust income not subject to tax	**(52)**	–
Trust losses not claimable	**–**	35
Equity accounted results	**13**	13
Tax rate differential	**(9)**	13
Non-deductible interest	**21**	13
Non-deductible stamp duty	**–**	25
Prior year tax losses recognised	**(56)**	–
Deferred tax balance derecognised on disposal	**–**	8
Sundry items	**3**	1
Under/(over) provision in prior years	**25**	11
Income tax expense/(benefit)	**(69)**	10
Tax expense/(income) relating to items of other comprehensive income		
Cash flow hedges	**(56)**	(6)
	(56)	(6)

Deferred tax assets and liabilities

	Assets		Liabilities	
	2016 $M	2015 $M	2016 $M	2015 $M
The balance comprises temporary differences attributable to:				
Provisions	**310**	258	**–**	–
Current and prior year losses	**845**	729	**–**	–
Fixed assets/intangibles	**693**	773	**(1,423)**	(1,434)
Concession fees and promissory notes	**–**	–	**(369)**	(368)
Cash flow hedges	**152**	108	**(96)**	(87)
Other	**4**	13	**–**	–
Tax assets/(liabilities)	**2,004**	1,881	**(1,888)**	(1,889)
Set-off of tax	**(907)**	(920)	**907**	920
Net tax assets/(liabilities)	**1,097**	961	**(981)**	(969)
Movements:				
Opening balance at 1 July	**1,881**	900	**(1,889)**	(1,500)
Credited to the statement of comprehensive income	**68**	62	**(44)**	(85)
Credited/(charged) to equity	**67**	(36)	**(15)**	48
Acquired	**4**	873	**–**	(264)
Foreign exchange movements	**8**	15	**(6)**	(12)
Transfer from deferred tax assets/liabilities	**(65)**	72	**65**	(72)
Other	**41**	(5)	**1**	(4)
Closing balance at 30 June	**2,004**	1,881	**(1,888)**	(1,889)
Deferred tax assets/(liabilities) to be recovered after more than 12 months	**2,004**	1,881	**(1,888)**	(1,889)

B7 Income tax (continued)

Accounting policy

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

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

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

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

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

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

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

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

Investment allowances

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

Tax consolidation legislation

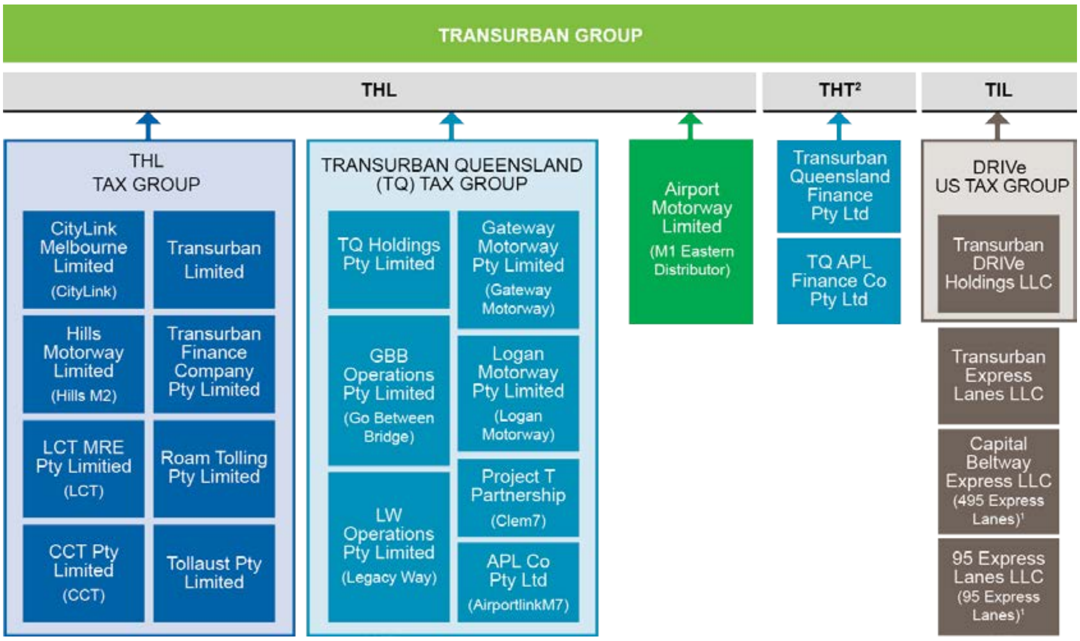
The Transurban Group has adopted the Australian tax consolidation legislation for THL and its wholly-owned Australian entities from 1 July 2005.

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

B7 Income tax (continued)

Tax consolidation legislation (continued)

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



1. Entity is classified as a partnership for tax purposes.

2. There are no tax groups under THT.

THL tax consolidated group

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

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

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

Transurban Queensland tax consolidated group

The entities in the Transurban Queensland Holdings 1 Pty Ltd ('TQH1') tax consolidated group entered into a TSA effective from 2 July 2014. The entities in the TQH1 tax consolidated group have also entered into a TFA effective from 2 July 2014. APL Hold Co Pty Ltd ('AirportlinkM7') and its controlled entities entered the Transurban Queensland tax consolidated group effective from 23 November 2015.

Under the TFA the wholly-owned entities fully compensate TQH1 for any current tax payable assumed and are compensated by TQH1 for any current tax receivable and deferred tax assets relating to tax losses. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities financial statements.

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

B7 Income tax (continued)

Transurban DRIVe tax consolidated group

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

The acquisition of the non-controlling interest on 29 June 2015 had no impact on the composition of the Transurban DRIVe tax consolidated group.

Goods and Services Tax ('GST')

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

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

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

Key estimate

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

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

B8 Working capital

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

	2016 $M	2015 $M
Current assets		
Cash and cash equivalents	**834**	1,249
Trade receivables	**76**	61
Other receivables	**35**	45
Prepayments	**11**	11
	122	117
	956	1,366
Current liabilities		
Trade payables and accruals	**(302)**	(222)
Legacy Way consideration payable	**–**	(118)
Stamp duty payable on AirportlinkM7 acquisition	**(108)**	–
	(410)	(340)
Net working capital	**546**	1,026

Cash and cash equivalents

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

The amount shown in cash and cash equivalents includes $376 million not available for general use at 30 June 2016 (2015: $202 million) of which $209 million (2015: $140 million) belongs to TIL. This comprises amounts required to be held under maintenance and funding reserves and prepaid tolls, which are not available for general use.

Trade and other receivables

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

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

As at 30 June 2016, the Group held an allowance for doubtful debtors of $2 million (2015: $7 million), recognised for current trade receivables that were considered potentially unrecoverable. As at 30 June 2016, trade receivables of $20 million (2015: $19 million) were overdue but the Group still believe that these overdue amounts will be received in full. The other classes within trade and other receivables do not contain amounts that are considered to be potentially unrecoverable.

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

Security holder outcomes

B9 Earnings per stapled security

Reconciliation of earnings used in calculating earnings per security

	2016	2015
Profit/(loss) attributable to ordinary security holders of the stapled group ($M)	**99**	(182)
Weighted average number of securities (M)	**1,982**	1,908
Basic and diluted earnings per security attributable to the ordinary security holders of the stapled group (Cents)	**5.0**	(9.5)

B10 Dividends/distributions and free cash

Dividends/distributions paid by the Group	Total $M	Paid in cash $M	Settled in securities $M	Cents	Date paid/ payable
2015					
Declared 23 May 2014					
Franked THL	19	3	16	1.0	
Franked THT	47	39	8	2.5	
Unfranked THT	274	227	47	14.5	
	340	269	71	18.0	14 August 2014
Declared 3 December 2014[1]					
Franked THL	68	42	26	3.5	
Unfranked THT	305	259	46	16.0	
	373	301	72	19.5	13 February 2015
Total paid FY15	713	570	143	37.5	
2016					
Declared 15 May 2015[1]					
Franked THL	**66**	**55**	**11**	**3.5**	
Unfranked THT	**326**	**269**	**57**	**17.0**	
	392	**324**	**68**	**20.5**	14 August 2015
Declared 24 November 2015[2]					
Franked THL	**68**	**57**	**11**	**3.5**	
Unfranked THT	**366**	**308**	**58**	**19.0**	
	434	**365**	**69**	**22.5**	12 February 2016
Total paid FY16	**826**	**689**	**137**	**43.0**	

Dividends/distributions payable by the Group

Declared 24 May 2016[2]					
Franked THL	**71**	**–**	**–**	**3.5**	
Unfranked THT	**396**	**–**	**–**	**19.5**	
	467	**–**	**–**	**23.0**	12 August 2016

1. *Total declared FY15 is $764 million.*
2. *Total declared FY16 is $901 million.*

B10 Dividends/distributions and free cash (continued)

Distribution policy and free cash calculation

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

	2016 $M	2015 $M
Cash flows from operating activities	**910**	304
Add back transaction and integration costs related to acquisitions (non 100% owned entities)	**23**	419
Add back payments for maintenance of intangible assets	**52**	91
Less cash flow from operating activities from consolidated non 100% owned entities	**(284)**	(338)
Less allowance for maintenance of intangible assets for 100% owned assets	**(60)**	(11)
Adjust for distributions and interest received from non 100% owned entities		
M1 Eastern Distributor distribution	**44**	31
M5 distribution and term loan note interest	**39**	67
Transurban Queensland distribution and shareholder loan note interest	**108**	118
NWRG distribution and M7 term loan note interest	**94**	87
Free cash	**926**	768
Weighted average securities on issue (millions)[1]	**1,978**	1,910
Free cash per security (cents) – weighted average securities	**46.8**	40.2

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

Franking credits

	2016 $M	2015 $M
Franking credits available for subsequent periods based on a tax rate of 30.0% (2015: 30.0%)	**193**	246

Distribution provision

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

Movements in distribution provision

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

	Distribution to security holders $M	Distributions to non-controlling interest – other $M	Total $M
Balance at 1 July 2014	340	40	380
Additional provision recognised	764	64	828
Amounts paid	(570)	(57)	(627)
Amounts reinvested	(143)	–	(143)
Balance at 30 June 2015	**391**	**47**	**438**
Additional provision recognised	**901**	**58**	**959**
Amounts paid	**(689)**	**(55)**	**(744)**
Amounts reinvested	**(137)**	**–**	**(137)**
Balance at 30 June 2016	**466**	**50**	**516**

Capital and borrowings

B11 Contributed equity

	2016 $M	2015 $M
Fully paid stapled securities	**1,422**	1,237
	1,422	1,237

Stapled securities

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

Other contributed equity attributable to security holders of the Group relating to THT and TIL of $10,822 million is included within non-controlling interests – THT / TIL.

B12 Reserves

	Cash flow hedges $M	Share-based payments $M	Foreign currency translation $M	Transactions with non-controlling interests $M	Total $M
Balance 1 July 2014	(55)	2	8	1	(44)
Revaluation – gross	(43)	(2)	–	–	(45)
Deferred tax	6	–	–	–	6
Currency translation differences	–	–	15	–	15
Transfers to profit or loss	(2)	–	–	–	(2)
Balance 30 June 2015	**(94)**	**–**	**23**	**1**	**(70)**
Revaluation – gross	**18**	**–**	**(1)**	**–**	**17**
Deferred tax	**(2)**	**–**	**–**	**–**	**(2)**
Share of other comprehensive income of equity accounted investments, net of tax	**(11)**	**–**	**–**	**–**	**(11)**
Balance 30 June 2016	**(89)**	**–**	**22**	**1**	**(66)**

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

B13 Net finance costs

	2016 $M	2015 $M
Finance income		
Interest income on held-to-maturity investments	**23**	41
Interest income on bank deposits	**23**	14
Unwind of discount on liabilities – promissory and concession notes	**–**	13
Total finance income	**46**	68
Finance costs		
Interest and finance charges paid/payable	**(698)**	(625)
Unwind of discount on liabilities – promissory and concession notes	**(19)**	–
Unwind of discount on liabilities – other liabilities	**(11)**	–
Unwind of discount on liabilities – maintenance provision	**(41)**	(43)
Net foreign exchange losses	**(5)**	(11)
Total finance costs	**(774)**	(679)
Net finance costs	**(728)**	(611)

An additional $2 million (2015: $10 million) of financing costs have been capitalised and included in the carrying value of assets under construction.

B14 Borrowings

	2016 $M	2015 $M
Current		
Capital markets debt	**–**	500
U.S. private placement	**129**	128
Term debt	**276**	–
Total current borrowings	**405**	628
Non-current		
Working capital facilities	**60**	530
Capital markets debt	**5,308**	4,226
U.S. private placement	**2,078**	1,239
Term debt	**3,535**	3,883
Syndicated facilities	**–**	245
TIFIA	**1,167**	1,067
Shareholder loan notes	**320**	281
Total non-current borrowings	**12,468**	11,471
Total borrowings	**12,873**	12,099

Accounting policy

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

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

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

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

B14 Borrowings (continued)

Financing arrangements and credit facilities

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

	Maturity	Carrying value	
		2016 $M	**2015 $M**
Corporate debt			
Working capital facilities drawn			
AUD 125m facility	Aug 2016	**–**	124
AUD 125m facility	Aug 2016	**–**	88
AUD 100m facility	Dec 2016	**–**	94
AUD 100m facility	Apr 2017	**–**	91
AUD 125m facility	Jun 2017	**–**	118
AUD 100m facility	Jun 2018	**62**	–
Net capitalised borrowing costs		**(2)**	(2)
Capital markets debt			
Domestic wrapped bond AUD 300m	Nov 2015	**–**	300
Domestic unwrapped bond AUD 200m	Jun 2016	**–**	200
Domestic wrapped bond AUD 300m	Nov 2017	**300**	300
EMTN CAD 250m	Mar 2019	**260**	262
EMTN EUR 500m	Oct 2020	**746**	728
EMTN EUR 600m	Sep 2024	**896**	874
EMTN EUR 500m	Aug 2025	**746**	728
US 144A USD 550m	Feb 2026	**741**	–
Net capitalised borrowing costs		**(27)**	(23)
Syndicated facilities			
Syndicated debt USD 93m[1]	May 2017	**–**	120
Syndicated debt AUD 125m[1]	Aug 2017	**–**	125
U.S. private placement			
Aug 2005 – Tranche A USD 98m	Aug 2015	**–**	128
Nov 2006 – Tranche A USD 43m (plus accreted interest)	Nov 2016	**77**	74
Dec 2004 – Tranche B USD 39m	Dec 2016	**52**	51
Aug 2005 – Tranche B USD 126m	Aug 2017	**169**	164
Nov 2006 – Tranche B USD 136m (plus accreted interest)	Nov 2018	**244**	236
Dec 2004 – Tranche C USD 109m	Dec 2019	**146**	141
Dec 2004 – Tranche D AUD 72m	Dec 2019	**72**	72
Aug 2005 – Tranche C USD 157m	Aug 2020	**211**	204
Nov 2006 – Tranche C USD 121m (plus accreted interest)	Nov 2021	**218**	211
Nov 2006 – Tranche D USD 50m (plus accreted interest)	Nov 2026	**91**	88
Net capitalised borrowing costs		**(1)**	(2)
Total corporate debt, net of capitalised borrowing costs		**5,001**	5,494

1. These facilities were repaid during FY16.

B14 Borrowings (continued)

Financing arrangements and credit facilities (continued)

	Maturity	Carrying value 2016 $M	Carrying value 2015 $M
Non-recourse debt			
Working capital facilities drawn			
Transurban Queensland Finance – facility AUD 25m	Jul 2017	**–**	17
Capital markets debt			
Airport Motorway Trust – Domestic bond AUD 300m	Dec 2020	**300**	300
Transurban Queensland Finance – Domestic bond AUD 250m	Dec 2021	**250**	250
Transurban Queensland Finance – EMTN CHF 200m	Jun 2023	**275**	–
Transurban Queensland Finance – Domestic bond AUD 200m	Dec 2024	**200**	200
95 Express Lanes – Private activity bonds USD 72m	Jul 2034[5]	**97**	93
95 Express Lanes – Private activity bonds USD 170m	Jan 2040[5]	**229**	222
495 Express Lanes – Private activity bonds USD 225m	Dec 2047	**303**	293
Net capitalised borrowing costs		**(8)**	(1)
U.S. private placement			
Transurban Queensland Finance – Sep 2015 – Tranche A USD 155m	Sep 2025	**209**	–
Transurban Queensland Finance – Sep 2015 – Tranche B USD 230m	Sep 2027	**310**	–
Transurban Queensland Finance – Sep 2015 – Tranche C USD 256m	Sep 2030	**345**	–
Transurban Queensland Finance – Sep 2015 – Tranche D AUD 70m	Sep 2030	**70**	–
Net capitalised borrowing costs		**(5)**	–
Term debt			
Transurban Queensland Finance – Bridge facility AUD 350m[3]	Sep 2015	**–**	350
Clem7 – Term debt AUD 270m[3]	Sep 2015	**–**	270
Lane Cove Tunnel Trust – Term debt AUD 260m[2]	Aug 2016	**–**	260
Cross City Tunnel Trust – Term debt AUD 277m	Jun 2017	**277**	277
Transurban Queensland Finance – Capex facility AUD 158m	Jul 2017	**–**	74
Transurban Queensland Finance – Term debt AUD 420m[4]	Jul 2017	**420**	750
Hills Motorway Trust – Term debt AUD 405m	Mar 2018	**405**	405
Airport Motorway Trust – Term debt AUD 225m	Jul 2018	**225**	225
TQ APL Finance – Term debt AUD 475m	Apr 2019	**475**	–
Transurban Queensland Finance – Term debt AUD 750m	Jul 2019	**750**	750
Hills Motorway Trust – Term debt AUD 350m	Mar 2020	**350**	350
Lane Cove Tunnel Trust – Term debt AUD 160m	May 2021	**120**	–
TQ APL Finance – Term debt AUD 475m	Apr 2021	**475**	–
Lane Cove Tunnel Trust – Term debt AUD 60m	May 2025	**60**	–
Lane Cove Tunnel Trust – Term debt AUD 40m	May 2028	**40**	–
Transurban Queensland Finance – Term debt AUD 200m	Apr 2030	**200**	200
Lane Cove Tunnel Trust – Term debt AUD 40m	May 2031	**40**	–
Net capitalised borrowing costs		**(26)**	(28)
TIFIA loans			
495 Express Lanes – Facility limit USD 589m (plus accreted interest)	Oct 2047[5]	**843**	768
95 Express Lanes – Facility limit USD 300m (plus accreted interest)	Jan 2048[5]	**324**	299
Shareholder loan notes			
Loan from Transurban Queensland consortium partners – AUD 281m	Jun 2048	**281**	281
Loan from Transurban Queensland consortium partners – AUD 38m	Jul 2053	**38**	–
Total non-recourse debt, net of capitalised borrowing costs		**7,872**	6,605
Total debt		**12,873**	12,099

2. This facility was refinanced during FY16.

3. These facilities were repaid during FY16.

4. This facility was reduced from $750m during FY16.

5. This represents the final maturity.

B14 Borrowings (continued)

Working capital facilities

- The corporate facilities are secured by first ranking charges over the cash flows of the Group;
- The Transurban Queensland Finance facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets; and
- The AirportlinkM7 facility is fully secured against the respective rights of APL Hold Co Pty Limited, APL Co Pty Limited, TQ APL Hold Trust, TQ APL Asset Trust and their assets. At 30 June 2016 the facility was undrawn.

Capital markets debt

- The corporate domestic bonds are secured by first ranking charges over the cash flows of the Group;
- A corporate secured EMTN program was established in October 2011 with a program limit of USD $2 billion, which increased to USD $5 billion in May 2015. Under the program the Group may from time to time issue notes denominated in any currency. These facilities are secured by first ranking charges over the cash flows of the Group;
- The Airport Motorway Trust domestic bond is secured against the respective rights of Airport Motorway Limited and Airport Motorway Trust and their assets;
- The Transurban Queensland Finance domestic bonds are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets;
- A Transurban Queensland EMTN program was established in March 2016 with a program limit of USD$2 billion. Under the program, Transurban Queensland may from time to time issue notes denominated in any currency. These facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets;
- The 95 Express Lanes Private Activity Bonds (‘PABs’) are secured against the rights of 95 Express Lanes LLC and its assets;
- The 495 Express Lanes PABs are secured against the rights of Capital Beltway Express LLC and its assets; and
- The US 144A notes are secured by first ranking charges over the cashflows of the Group.

Syndicated facilities

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

U.S. private placement

- Corporate U.S. private placement facilities are secured by a first ranking charge over the cash flows of the Group; and
- The Transurban Queensland U.S private placement facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

B14 Borrowings (continued)

Term debt

- The Airport Motorway facility is fully secured against the respective rights of Airport Motorway Limited and the Airport Motorway Trust and their assets;
- The Hills Motorway Trust facilities are fully secured against the respective rights of Hills Motorway Limited and Hills Motorway Trust and their assets;
- The Lane Cove Tunnel facility is fully secured against the respective rights of LCT-MRE Pty Limited and LCT-MRE Trust and their assets;
- The Cross City Tunnel facility is fully secured against the respective rights of Transurban CCT Pty Limited and Transurban CCT Trust and their assets;
- The Clem7 facility was fully secured against the respective rights of the Project T Partnership and their assets;
- The AirportlinkM7 facility is fully secured against the respective rights of APL Hold Co Pty Limited, APL Co Pty Limited, TQ APL Hold Trust, TQ APL Asset Trust and their assets; and
- The Transurban Queensland Finance facilities are secured against the respective rights of Transurban Queensland Holdings 1 Pty Limited, Transurban Queensland Holdings 2 Pty Limited, Transurban Queensland Invest Trust and their assets.

Transportation Infrastructure Finance and Innovation Act ('TIFIA')

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

Shareholder loan notes

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

Letters of credit and corporate credit facilities

		2016 $M		2015 $M	
	Maturity	**Facility amount**	**Amount issued**	**Facility amount**	**Amount issued**
Letter of credit facility	Nov 2016	**60**	**39**	60	37
Letter of credit facility	Dec 2019	**240**	**240**	240	240
General credit facility[1]	Aug 2017	**4**	**3**	4	3
Total		**304**	**282**	304	280

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

Letters of credit and bank guarantees to the value of $56 million (2015: $17 million) have also been issued under multi-option facilities and working capital facilities. A separate cash-backed letter of credit to the value of $108 million has been issued in relation to stamp duty payable on the AirportlinkM7 acquisition. All letters of credit are currently undrawn and therefore no liability is recorded.

B14 Borrowings (continued)

Covenants

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

Corporate Debt

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

Non-Recourse Debt

Covenant	Threshold
Airport Motorway Trust Interest Coverage Ratio	Greater than 1.15 times
Hills Motorway Trust Interest Coverage Ratio	Greater than 1.15 times
Lane Cove Tunnel Trust Interest Coverage Ratio	Greater than 1.15 times
Cross City Tunnel Trust Senior Debt Service Coverage Ratio	Greater than 1.15 times
Transurban Queensland Finance Interest Coverage Ratio	Greater than 1.20 times
AirportlinkM7 Finance Interest Coverage Ratio[2]	Greater than 1.20 times
495 Express Lanes Senior Debt Service Coverage Ratio	Greater than 1.15 times
95 Express Lanes Senior Debt Service Coverage Ratio[3]	Greater than 1.30 times

1. *Based on the balance sheet as at 30 June 2016, the Group's security price would need to close below $4.26 (2015: $5.23) per security for 20 consecutive days to trigger this clause.*
2. *The first relevant calculation date for this ratio was 30 June 2016.*
3. *The first relevant calculation date is in December 2017, three years from project substantial completion.*

B15 Derivatives and financial risk management

Derivatives

	2016 $M		2015 $M	
	Current	Non-current	Current	Non-current
Assets				
Interest rate swap contracts – cash flow hedges	**–**	**–**	–	16
Forward exchange contracts – cash flow hedges	**–**	**–**	4	–
Cross-currency interest rate swap contracts – cash flow hedges	**–**	**121**	–	66
Total derivative financial instrument assets	**–**	**121**	4	82
Liabilities				
Interest rate swap contracts – cash flow hedges	**12**	**279**	3	227
Forward exchange contracts – cash flow hedges	**2**	**–**	–	–
Cross-currency interest rate swap contracts – cash flow hedges	**3**	**46**	1	41
Cross-currency interest rate swap contracts – net investment hedge	**–**	**68**	–	57
Total derivative financial instrument liabilities	**17**	**393**	4	325

B15 Derivatives and financial risk management (continued)

Accounting policy

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

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

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

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

Fair value hedges

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

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

Cash flow hedges

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

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

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

Net investment hedges

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

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

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

Derivatives that do not qualify for hedge accounting

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

B15 Derivatives and financial risk management (continued)

Hedging strategy and instruments used by the Group

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

Interest rate swap contracts – cash flow hedges

The Group uses interest rate swap contracts to manage the Group's exposure to variable interest rates related to borrowings. Interest rate swap contracts currently in place cover 100% (2015: 83%) of the variable debt held by the Group (excluding working capital facilities).

Forward exchange contracts – cash flow hedges

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

Cross-currency interest rate contracts – cash flow hedges

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

Offsetting financial assets and financial liabilities

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

Hedge of net investment in foreign entity

Transurban's investment in its US based assets (495 Express Lanes and 95 Express Lanes) acts as a natural hedge against the exposure to foreign currency movements for a portion of the Group's USD denominated borrowings. Exchange differences arising on the revaluation of these USD denominated borrowings are recognised in profit or loss in the separate financial statements of Transurban Finance Company Pty Limited. In the Group financial statements these exchange differences are recognised in the foreign currency translation reserve in equity and will be transferred to profit or loss when the Group disposes its interest in the US based assets. As at 30 June 2016, the Group has deferred $94 million in losses (2015: $87 million losses).

Financial risk management

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

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

B15 Derivatives and financial risk management (continued)

Market risk

Foreign exchange risk

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

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

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

	2016 $M				2015 $M			
	USD	EUR	CAD	CHF	USD	EUR	CAD	CHF
Net investment in foreign operation	**1,192**	**–**	**–**	**–**	1,093	–	–	–
Borrowings	**(2,094)**	**(1,600)**	**(250)**	**(200)**	(1,484)	(1,600)	(250)	–
Cross-currency interest rate swaps	**1,122**	**1,600**	**250**	**200**	529	1,600	250	–
Net exposure	**220**	**–**	**–**	**–**	138	–	–	–

Sensitivity

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

	2016 $M		2015 $M	
	Movement in post-tax profit	Increase / (decrease) in equity	Movement in post-tax profit	Increase / (decrease) in equity
AUD/USD				
+ 10 cents	**–**	**(68)**	–	(36)
- 10 cents	**–**	**93**	–	50
AUD/EUR				
+ 5 cents	**–**	**(45)**	–	(42)
- 5 cents	**–**	**58**	–	56
AUD/CAD				
+ 10 cents	**–**	**(2)**	–	(2)
- 10 cents	**–**	**3**	–	3
AUD/CHF				
+ 10 cents	**–**	**(10)**	–	–
- 10 cents	**–**	**17**	–	–

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

B15 Derivatives and financial risk management (continued)

Interest rate risk

The Group's main exposure to interest rate risk arises from cash and cash equivalents, and long-term borrowings. The Group manages interest rate risk by entering into fixed rate debt facilities or by using interest rate swaps to convert floating rate debt to fixed interest rates. Generally, the Group raises long term borrowings at floating interest rates and swaps them into fixed interest rates that are lower than those available if the Group borrowed at fixed rates directly. The Group's policy is to hedge interest rate exposure at a minimum in compliance with the covenant requirements of funding facilities and up to 100%. Covenant requirements vary by debt facility, and require a minimum of between 50% and 80% of the interest rate exposure to be hedged. At 30 June 2016, 99% (2015: 75%) of the Group's interest rate exposure on variable rate borrowings was hedged.

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

	2016 $M	2015 $M
Cash and cash equivalents	**834**	1,249
Floating rate borrowings	**(4,693)**	(5,852)
Interest rate swaps (notional principal amount)	**4,631**	4,409
Net exposure to interest rate risk	**772**	(194)

Sensitivity

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

	Movement in post-tax profit	
	2016 $M	2015 $M
Interest rates +100bps	**8**	(2)
Interest rates –100bps	**(8)**	2

Credit risk

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

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

Liquidity risk

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

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

B15 Derivatives and financial risk management (continued)

Financing arrangements

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

	2016 $M	**2015 $M**
Floating rate		
Expiring within one year	**349**	–
Expiring beyond one year	**527**	356
	876	356

As at 30 June 2016, the Group has letter of credit facilities and general credit facilities in place with undrawn capacity of $22 million (2015: $24 million). The facilities are committed for the term of the facility and cannot be withdrawn by the lenders without notice.

Contractual maturities of financial liabilities

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

2016 $M	**1 year or less**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 4 years**	**Over 4 to 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount**
Trade payables	**410**	**–**	**–**	**–**	**–**	**–**	**410**	**410**
Borrowings	**652**	**1,738**	**1,615**	**1,677**	**2,293**	**11,249**	**19,224**	**12,873**
Interest rate swaps	**81**	**69**	**55**	**33**	**18**	**78**	**334**	**291**
Cross-currency swaps	**93**	**80**	**54**	**74**	**51**	**(419)**	**(67)**	**(2)**
Concession and promissory notes	**–**	**–**	**–**	**–**	**–**	**466**	**466**	**67**
Other liabilities	**–**	**45**	**155**	**–**	**–**	**–**	**200**	**177**
Total	**1,236**	**1,932**	**1,879**	**1,784**	**2,362**	**11,374**	**20,567**	**13,816**

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

Capital risk management

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

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

B15 Derivatives and financial risk management (continued)

Fair value measurements

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

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

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

All of the Group's financial instruments measured, recognised and disclosed at fair value were valued using market observable inputs (Level 2). There were no transfers between levels during the period and there has been no change in the valuation techniques applied.

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

Network summary

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

2016 **$M**	**Equity accounted investment carrying amount**	**Concession assets**	**Assets under construction**	**Goodwill**	**Maintenance provision**	**Non-recourse borrowings**
VIC	**–**	**2,498**	**340**	**1**	**(128)**	**–**
NSW	**971**	**5,176**	**34**	**260**	**(158)**	**(1,810)**
QLD	**–**	**8,101**	**13**	**205**	**(589)**	**(4,269)**
GWA	**–**	**2,613**	**7**	**–**	**(45)**	**(1,793)**
Total	**971**	**18,388**	**394**	**466**	**(920)**	**(7,872)**

2015 **$M**	**Equity accounted investment carrying amount**	**Concession assets**	**Assets under construction**	**Goodwill**	**Maintenance provision**	**Non-recourse borrowings**
VIC	–	2,632	45	1	(118)	–
NSW	1,092	5,111	83	260	(142)	(1,810)
QLD	–	6,411	10	205	(531)	(3,120)
GWA	–	2,562	–	–	(24)	(1,675)
Total	1,092	16,716	138	466	(815)	(6,605)

B16 Intangible assets

2016 **$M**	**Concession assets**	**Assets under construction**	**Goodwill**	**Total**
Cost	**22,673**	**394**	**466**	**23,533**
Accumulated amortisation	**(4,285)**	**–**	**–**	**(4,285)**
Net book amount	**18,388**	**394**	**466**	**19,248**

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

B16 Intangible assets (continued)

Movement in intangible assets

	Concession assets $M	Assets under construction $M	Goodwill $M	Total $M
Opening balance 1 July 2014	9,315	810	261	10,386
Additions	140	212	–	352
Acquisition of subsidiary	6,431	–	205	6,636
Currency and other adjustments	297	162	–	459
Transfers	1,046	(1,046)	–	–
Amortisation charge	(513)	–	–	(513)
Net book amount 30 June 2015	**16,716**	**138**	**466**	**17,320**
Additions	**165**	**332**	**–**	**497**
Acquisition of subsidiary	**1,880**	**–**	**–**	**1,880**
Currency and other adjustments	**78**	**–**	**–**	**78**
Transfers	**76**	**(76)**	**–**	**–**
Amortisation charge	**(527)**	**–**	**–**	**(527)**
Net book amount 30 June 2016	**18,388**	**394**	**466**	**19,248**

Concession assets

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

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

	2016 Years	2015 Years
VIC – Victorian State Government	19	20
NSW – New South Wales State Government	20 – 32	21 – 33
QLD – Queensland State Government and Brisbane City Council	35 – 49	36 – 50
GWA – Virginia State Government	71	72

Assets under construction

Assets under construction include upgrade works as part of the CityLink-Tulla Widening project and Hills M2 – NorthConnex Integration works in New South Wales, Australia. Construction costs relating to completed works are transferred to the concession asset upon final completion of the projects.

Goodwill

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

B16 Intangible assets (continued)

Impairment testing of goodwill and other intangible assets

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

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

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

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

The following table sets out the key assumptions on which management has based its cash flow projections. The calculations use 3 year cash flow projections based on financial budgets reviewed by the Board. Cash flows beyond this period are modelled using the same set of assumptions up to the end of the applicable concession period:

	VIC		NSW		QLD		GWA	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Long term CPI (% annual growth)	**2.5%**	2.5%	**2.5%**	2.5%	**2.7%**	2.7%	**2.5%**	2.5%
Long term average weekly earnings (% annual growth)	**4.0%**	4.0%	**4.0%**	4.0%	**N/A**	N/A	**3.0%**	3.0%
Pre-tax discount rate (%)	**8.2%**	8.2%	**8.2%**	8.2%	**8.2%**	8.2%	**8.2%**	8.2%

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

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

Key estimate

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

B17 Maintenance provision

Movement in maintenance provision

	Current $M	Non-current $M
Carrying value at 1 July 2014	77	211
Additional provision recognised	80	–
Acquisition of subsidiary	28	468
Amounts paid/utilised	(91)	–
Unwinding of discount	–	43
Transfer	(10)	10
Movement in foreign exchange	(2)	1
Carrying value at 30 June 2015	**82**	**733**
Additional provision recognised	**97**	**–**
Acquisition of subsidiary	**4**	**10**
Amounts paid/utilised	**(50)**	–
Unwinding of discount	**–**	**41**
Transfer	**(42)**	**42**
Movement in foreign exchange	**3**	**–**
Carrying value at 30 June 2016	**94**	**826**

Key estimate

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

B18 Other liabilities – concession and promissory notes

	2016 $M	2015 $M
M1 Eastern Distributor concession note	**33**	26
M2 Motorway promissory note	**34**	20
Total	**67**	**46**

Key estimate

The Group has non-interest bearing long term debt, represented by promissory notes and concession notes payable to the Government, measured at the present value of expected future payments. The calculations to discount these notes to their present value are based on the estimated timing and profile of the repayments. Assumptions are made in determining the timing and profile, based on expected available equity cash flows of the Group's cash generating units. A discount rate is used to value the promissory notes and concession notes to their present value, which is determined through reference to other facilities in the market with similar characteristics. A discount rate of 12% (2015: 12%) has been used, which recognises the subordinated nature of these notes.

B18 Other liabilities – concession and promissory notes (continued)

M1 Eastern Distributor

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

The face value of concession notes on issue at 30 June 2016 is $285 million (2015: $270 million).

M2 Motorway

The Hills Motorway Trust has entered into leases with the RMS. Annual lease liabilities under these leases total $7 million (2015: $7 million), indexed annually to the consumer price index over the estimated period that the M2 Motorway will be used. Until such time as a threshold return is achieved, payments under these leases can be made at any time at the discretion of the trustee of the Hills Motorway, by means of the issue of non-interest bearing promissory notes to the RMS.

The face value of promissory notes on issue at 30 June 2016 is $181 million (2015: $170 million).

Group structure

B19 Principles of consolidation

Subsidiaries

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

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

Non-controlling interests consist of two components:

- → Non-controlling interest – other: external non-controlling interests relating to Transurban Queensland and Eastern Distributor in the results and equity of subsidiaries are shown separately in the Group financial statements. The external non-controlling interests related to the 495 Express Lanes and 95 Express Lanes were acquired on 29 June 2015 and accordingly the external non-controlling interest balances have been de-recognised from this date.
- → Non-controlling interests that relate to THT and TIL are presented separately, but relate to equity holders of the stapled group.

Associates and joint ventures

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

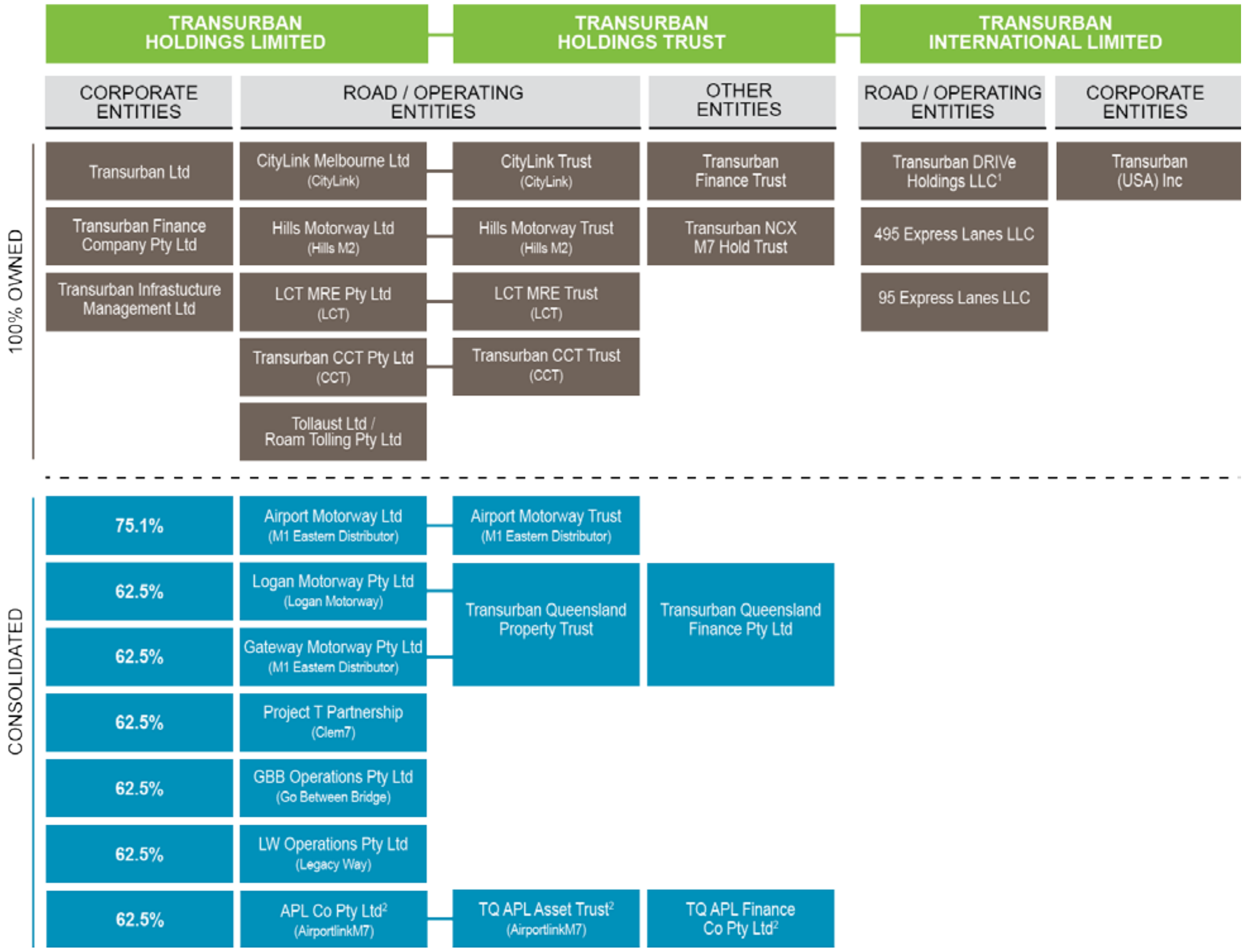
The Group's share of the post-acquisition profits or losses in associates is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investment. When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

Changes in ownership interest

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

B20 Material subsidiaries

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



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

2. Acquisition of AirportlinkM7 occurred on 1 April 2016.

B21 Business combinations

Accounting policy

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

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

B21 Business combinations (continued)

Accounting policy (continued)

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

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

AirportlinkM7

On 24 November 2015 the Group announced that Transurban Queensland (in which the Group holds a 62.5% equity interest) had reached agreement to acquire the AirportlinkM7 concession. The acquisition was completed on 1 April 2016.

AirportlinkM7 is an urban tunnel in Brisbane, Australia and is adjacent to three assets owned and operated by Transurban Queensland. The tunnel is complementary to the Transurban Queensland network and contributes additional scale, a long dated concession ending June 2053, investment potential and strategic value to the Group’s current portfolio.

Purchase consideration

	$M
Cash paid	1,870
Total purchase consideration	1,870

The consideration of $1,870 million was paid on 1 April 2016. This has been reflected in the Group’s current year financial statements.

Reconciliation of purchase consideration to cash acquired

	$M
Cash paid	1,870
Less: cash acquired	(1)
Payment for business combination, net of cash	1,869

Acquisition-related costs

Total acquisition and integration costs incurred to date are $120 million, inclusive of $108 million of stamp duty, $10 million of transaction costs and $2 million of integration costs. The total costs have been incurred in the current financial year. These acquisition costs are not included in the purchase consideration disclosed above.

B21 Business combinations (continued)

AirportlinkM7 (continued)

Identifiable assets acquired and liabilities assumed

The final fair values of the assets and liabilities of AirportlinkM7 as at acquisition date are as follows:

	Fair value $M
Cash and cash equivalents	1
Trade and other receivables	2
Deferred tax assets	4
Intangible assets	1,880
Trade and other payables	(3)
Provisions	(14)
Total identified assets acquired	**1,870**

Revenue and profit contribution

From the date of acquisition to 30 June 2016, revenue of $27 million and a statutory loss after taxation of $125 million was included in the profit or loss with regard to AirportlinkM7. Excluding significant items related to the acquisition, AirportlinkM7 contributed a net loss after taxation of $5 million.

If the acquisition had occurred on 1 July 2015, annualised revenue of $109 million and a statutory loss after taxation of $140 million would have been recognised for the year ended 30 June 2016. Excluding significant items related to the acquisition, the net loss after taxation would have been $20 million. These amounts have been calculated using the subsidiaries' results and adjusting for one-off costs not related to the ongoing operations of the business.

B22 Equity accounted investments

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

	NorthWestern Roads Group		M5 Motorway		Total	
	2016 $M	**2015 $M**	**2016 $M**	**2015 $M**	**2016 $M**	**2015 $M**
Opening carrying value 1 July	**872**	–	**220**	268	**1,092**	268
Transfer of Westlink M7 Term loan note balance into equity accounted investment	**–**	892	**–**	–	**–**	892
Costs capitalised on creation of NWRG	**–**	10	**–**	–	**–**	10
Group's share of net profits	**–**	–	**17**	17	**17**	17
Group's recognised share of other comprehensive income	**–**	–	**(11)**	–	**(11)**	–
Dividends received	**(94)**	(30)	**(33)**	(65)	**(127)**	(95)
Closing carrying value	**778**	872	**193**	220	**971**	1,092
Cumulative losses not recognised	**534**	624	**–**	–	**534**	624

Joint ventures

NorthWestern Roads Group (50% ownership interest)

The Group has a 50% ownership interest in the NorthWestern Roads Group, which holds 100% of the Westlink M7 Group and the NorthConnex Group. Westlink M7 holds the concession to design, construct, finance and operate the Westlink M7 Motorway in Sydney for a period of 43 years from the date of operation (16 December 2005) until June 2048, and NorthConnex holds the concession to design, construct, finance and operate the NorthConnex Tunnel in Sydney until 2048.

B22 Equity accounted investments (continued)

Joint ventures (continued)

The following entities are a part of the Westlink Group:

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

The following entities are part of the NorthConnex Group:

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

M5 Motorway (50% ownership interest)

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

Summarised financial information of equity accounted investments

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

	NorthWestern Roads Group		M5 Motorway		Total	
	2016 $M	2015 $M	2016 $M	2015 $M	2016 $M	2015 $M
Summarised balance sheet – 100%						
Cash and cash equivalents	**84**	53	**111**	5	**195**	58
Other current assets	**23**	11	**19**	11	**42**	22
Non-current assets	**3,196**	3,118	**419**	459	**3,615**	3,577
Current liabilities	**(109)**	(4)	**(84)**	(48)	**(193)**	(52)
Non-current liabilities	**(2,966)**	(2,782)	**(946)**	(904)	**(3,912)**	(3,686)
Net assets	**228**	396	**(481)**	(477)	**(253)**	(81)
Summarised statement of comprehensive income – 100%						
Revenue	**343**	272	**261**	230	**604**	502
Depreciation and amortisation	**(84)**	(76)	**(43)**	(28)	**(127)**	(104)
Other expenses	**(54)**	(40)	**(39)**	(32)	**(93)**	(72)
Interest expense	**(118)**	(104)	**(48)**	(36)	**(166)**	(140)
Income tax benefit / (expense)	**3**	3	**(43)**	(46)	**(40)**	(43)
Profit/(loss)	**90**	55	**88**	88	**178**	143
Other comprehensive income	**11**	(2)	**(23)**	1	**(12)**	(1)
Total comprehensive income	**101**	53	**65**	89	**166**	142

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

Ownership interest	50%	50%	50%	50%	50%	50%
Proportional total comprehensive income	**50**	27	**33**	44	**83**	71
Amortisation of fair value uplift	**–**	–	**(27)**	(27)	**(27)**	(27)
Group's share of comprehensive income	**50**	27	**6**	17	**56**	44
Profits not recognised	**(50)**	(27)	**–**	–	**(50)**	(27)
Group's recognised share of total comprehensive income	**–**	–	**6**	17	**6**	17
Group's share of dividends / distributions received	**94**	30	**33**	65	**127**	95

B23 Non-controlling interests – other

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

	Transurban Queensland 37.5%		Airport Motorway 24.9%		Total non-controlling interests	
	2016 $M	2015 $M	2016 $M	2015 $M	2016 $M	2015 $M
Summarised balance sheet						
Current assets	**244**	92	**10**	10	**254**	102
Non-current assets	**9,069**	7,267	**1,740**	1,794	**10,809**	9,061
Current liabilities	**(283)**	(243)	**(211)**	(205)	**(494)**	(448)
Non-current liabilities	**(5,549)**	(4,187)	**(1,099)**	(1,109)	**(6,648)**	(5,296)
Net assets	**3,481**	2,929	**440**	490	**3,921**	3,419
Carrying amount of NCI	**1,305**	1,099	**110**	122	**1,423**	1,227
Summarised statement of comprehensive income						
Revenue	**512**	429	**127**	116	**639**	630
Expenses	**(731)**	(929)	**(107)**	(99)	**(838)**	(1,171)
(Loss) / profit for the year	**(219)**	(500)	**20**	17	**(199)**	(541)
Other comprehensive income	**(70)**	(24)	**4**	–	**(66)**	(42)
Total comprehensive income	**(289)**	(524)	**24**	17	**(265)**	(583)
(Loss)/profit allocated to NCI	**(82)**	(187)	**5**	4	**(77)**	(191)
OCI allocated to NCI	**(26)**	(9)	**1**	–	**(25)**	15
Summarised cash flows						
Cash flows from operating activities	**118**	(290)	**60**	39	**178**	(248)
Cash flows from investing activities	**(2,006)**	(6,429)	**–**	–	**(2,006)**	(6,595)
Cash flows from financing activities	**2,027**	6,745	**(59)**	(41)	**1,968**	7,062
Net increases in cash and cash equivalents	**139**	26	**1**	(2)	**140**	219

B24 Deed of cross and intra-group guarantees

Deed of cross guarantee

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

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

	2016 $M	2015 $M
Summarised statement of comprehensive income		
Revenue	**578**	321
Operating costs	**(208)**	(186)
Depreciation and amortisation expense	**(47)**	(25)
Net finance costs	**(22)**	22
Profit/(loss) before income tax	**301**	132
Income tax benefit/(expense)	**59**	(23)
Profit/(loss) for the year	**360**	109
Total comprehensive income/(loss) for the year	**360**	109
Summarised movements in retained earnings		
Accumulated losses at the beginning of the year	**(624)**	(600)
Profit/(loss) for the year	**360**	109
Dividends provided for or paid	**(139)**	(134)
Retained earnings at the end of the year	**(403)**	(625)
Summarised balance sheet		
Current assets		
Cash and cash equivalents	**63**	542
Trade and other receivables	**2,225**	1,903
Total current assets	**2,288**	2,445
Non-current assets		
Other financial assets	**2,384**	2,090
Property, plant and equipment	**248**	227
Deferred tax assets	**496**	540
Total non-current assets	**3,128**	2,857
Total assets	**5,416**	5,302
Current liabilities		
Trade and other payables	**4,249**	4,165
Provisions	**95**	87
Total current liabilities	**4,344**	4,252
Non-current liabilities		
Payables	**17**	351
Deferred tax liabilities	**22**	78
Provisions	**13**	7
Total non-current liabilities	**52**	436
Total liabilities	**4,396**	4,688
Net assets	**1,020**	614
Equity		
Contributed equity	**1,422**	1,237
Other reserves	**1**	1
Retained earnings	**(403)**	(624)
Total equity	**1,020**	614

Intra–group guarantees

As at 30 June 2016, the Transurban Group comprises Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited, traded and quoted on the ASX as one triple stapled security. Under the stapling arrangement, each entity is able to provide direct and/or indirect support to each other entity and its controlled entities within the Group on a continual basis.

Items not recognised

B25 Contingencies

Contingent liabilities

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

Concession asset	Carrying value $M	Maximum consideration payable $M	Assessment / payment date
Cross City Tunnel	–	28	Dec 2017
Legacy Way Tunnel	–	200	Jun 2017
Legacy Way Tunnel	26	Unlimited[1]	Jun 2020
Go-Between Bridge	15	Unlimited[1]	Jun 2018

The parent entity does not have any contingent liabilities at reporting date (2015: nil).

The equity accounted investments of the Group do not have any contingent liabilities at reporting date (2015: nil).

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

B26 Commitments

	Operating commitments		Capital commitments		Operating lease commitments	
	2016 $M	**2015 $M**	**2016 $M**	**2015 $M**	**2016 $M**	**2015 $M**
Within one year	**121**	100	**499**	139	**5**	–
Later than one year but not later than five years	**312**	247	**200**	763	**22**	13
Later than five years	**207**	248	**–**	–	**20**	17
	640	595	**699**	902	**47**	30

Share of commitments for equity accounted investments

	NorthWestern Roads Group 50%		M5 Motorway 50%		Total	
	2016 $M	**2015 $M**	**2016 $M**	**2015 $M**	**2016 $M**	**2015 $M**
Capital commitments	**1,078**	1,247	**–**	–	**1,078**	1,247
Operating commitments	**419**	186	**2**	2	**421**	188
	1,497	1,433	**2**	2	**1,499**	1,435

B27 Subsequent events

The following events have occurred subsequent to year end:

- → On 7 July 2016, Westlink M7 priced $500 million of secured notes ('Notes') under its Australian Medium Term Note Programme. The Notes will be issued in two tranches, consisting of $400 million secured fixed rate 7-year notes and $100 million of secured floating rate 10-year medium term notes. The floating rate notes will be fully hedged.

  Approximately $150 million of the proceeds raised will be used to repay existing Westlink M7 debt that begins to reach maturity from August 2017. Approximately $350 million of proceeds will be utilised for general corporate purposes by the NorthWestern Roads Group ('NWRG'). Settlement of the Notes occurred on 14 July 2016. Transurban holds a 50% interest in NWRG with the investment recorded within the equity accounted investments balance.

- → On 12 July 2016, Transurban Finance Company priced a private placement of NOK$750 million (AUD$117 million) of senior secured 11 year notes under its Euro Medium Term Note Programme. The proceeds will be used to repay existing debt. Settlement [occurred on 26 July 2016 and is subject to certain closing conditions].

- → On 20 July 2016, Lane Cove Tunnel drew down $200 million of funds that were raised as part of the Lane Cove Tunnel debt refinancing that was announced in May 2016. The funds will be used to repay existing debt at the Transurban Group level.

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

Other

B28 Related party transactions

	Joint ventures	
	2016 $'000	**2015 $'000**
Transactions with related parties		
Revenue from services	**14,657**	13,346
Interest income	**23,283**	41,113
Repayment of M5 debt notes	**–**	11,683
Outstanding balances with related parties		
M5 debt notes	**70,000**	70,000
NorthConnex shareholder loan notes	**298,964**	95,253

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

M5 debt notes

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

NorthConnex shareholder loan notes

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

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

B29 Key management personnel compensation

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

	2016 $	**2015 $**
Short-term employee benefits	**12,204,487**	11,573,323
Post-employment benefits	**289,149**	280,011
Long-term benefits	**55,829**	(83,978)[1]
Share-based payments	**5,371,997**	3,631,691
Deferred short term incentives	**2,980,450**	1,279,396
Termination benefits	**–**	347,272
	20,901,912	17,027,715

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

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

B30 Remuneration of auditors

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

Amounts received or due and receivable by PricewaterhouseCoopers

	2016 $	2015 $
Audit and other assurance services		
Audit and review of financial reports	**2,190,000**	2,293,000
Other assurance services	**444,300**	173,600
	2,634,300	2,466,600
Other consulting services	**–**	243,915
Total remuneration for PricewaterhouseCoopers	**2,634,300**	2,710,515
Total auditors remuneration	**2,634,300**	2,710,515

B31 Parent entity disclosures

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

Investments in subsidiaries, associates and joint ventures

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

Tax consolidation legislation

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

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

Summary financial information

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

	2016 $M	2015 $M
Balance sheet		
Current assets	**2,259**	1,933
Total assets	**5,868**	5,826
Current liabilities	**(124)**	(117)
Total liabilities	**(4,149)**	(4,531)
Net assets	**1,719**	1,295
Shareholders' equity		
Contributed equity	**1,422**	1,237
Reserves	**1**	1
Retained earnings	**296**	57
Total equity	**1,719**	1,295
Profit for the year	**376**	104
Total comprehensive income	**376**	104

Guarantees entered into by the parent entity

There are cross guarantees given by Transurban Holdings Limited, Transurban Limited, Tollaust Pty Limited, Roam Tolling Pty Limited, Sydney Roads Limited, Sydney Roads Management Limited, Statewide Roads Limited, M4 Holdings No 1 Pty Limited, Devome Pty Limited and M5 Holdings Pty Limited as described in note B24.

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

Section D: Notes to the THT and TIL financial statements

Transurban Holding Trust and Transurban International Limited
Consolidated statement of comprehensive income
for the year ended 30 June 2016

	Note	Transurban Holding Trust 2016 $M	Transurban Holding Trust 2015 $M	Transurban International Limited 2016 $M	Transurban International Limited 2015 $M
Revenue	D4	**641**	593	**174**	235
Employee benefits expense		**–**	–	**(16)**	(10)
Road operating costs		**(4)**	(4)	**(60)**	(39)
Construction costs		**(35)**	(18)	**–**	(142)
Transaction and integration costs		**(98)**	(311)	**–**	–
Corporate and other expenses		**(1)**	(2)	**(12)**	(9)
Total expenses		**(138)**	(335)	**(88)**	(200)
Earnings before depreciation and amortisation, net finance costs, equity accounted investments and income tax		**503**	258	**86**	35
Depreciation and amortisation expense		**(276)**	(276)	**(37)**	(29)
Net finance costs	D9	**(53)**	(71)	**(234)**	(165)
(Loss)/profit before income tax		**174**	(89)	**(185)**	(159)
Income tax benefit/(expense)		**(1)**	(8)	**31**	17
(Loss)/profit for the year		**173**	(97)	**(154)**	(142)
(Loss)/profit is attributable to:					
Ordinary security holders of TIL		**–**	–	**(154)**	(134)
Ordinary unit holders of THT		**209**	9	**–**	–
Non–controlling interests	D15	**(36)**	(106)	**–**	(8)
		173	(97)	**(154)**	(142)
Other comprehensive income					
Items that may be reclassified to profit or loss					
Changes in the fair value of cash flow hedges, net of tax		**(75)**	(17)	**(20)**	4
Exchange differences on translation of foreign operations, net of tax		**–**	–	**(11)**	(22)
Other comprehensive income for the year, net of tax		**(75)**	(17)	**(31)**	(18)
Total comprehensive income for the year		**98**	(114)	**(185)**	(160)
Total comprehensive income for the year is attributable to:					
Ordinary security holders of TIL		**–**	–	**(185)**	(177)
Ordinary unit holders of THT		**159**	1	**–**	–
Non-controlling interests		**(61)**	(115)	**–**	17
		98	(114)	**(185)**	(160)
		Cents	Cents	**Cents**	Cents
Earnings per security attributable to ordinary security holders of the group:					
Basic and diluted earnings/(loss) per security	D7	**10.5**	0.5	**(7.8)**	(7.0)

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

Transurban Holding Trust and Transurban International Limited
Consolidated balance sheet
for the year ended 30 June 2016

	Note	Transurban Holding Trust		Transurban International Limited	
		2016 $M	**2015 $M**	**2016 $M**	**2015 $M**
ASSETS					
Current assets					
Cash and cash equivalents		**229**	156	**245**	179
Loans to related parties		**2,377**	2,468	**8**	17
Trade and other receivables		**2**	1	**16**	12
Total current assets		**2,608**	2,625	**269**	208
Non-current assets					
Equity accounted investments	D14	**768**	862	**–**	–
Derivative financial instruments		**–**	16	**–**	–
Related party receivables		**5,966**	5,701	**–**	–
Concession notes		**961**	866	**–**	–
Property, plant and equipment		**–**	–	**4**	3
Deferred tax assets	D5	**41**	–	**352**	163
Intangible assets	D12	**9,920**	8,414	**2,620**	2,562
Total non-current assets		**17,656**	15,859	**2,976**	2,728
Total assets		**20,264**	18,484	**3,245**	2,936
LIABILITIES					
Current liabilities					
Related party payables		**–**	629	**1,560**	1,398
Trade and other payables		**142**	30	**29**	39
Borrowings	D10	**276**	–	**–**	–
Maintenance provision		**–**	–	**3**	2
Distribution payable	D6	**446**	372	**–**	–
Derivative financial instruments	D11	**11**	2	**–**	–
Other liabilities		**44**	38	**5**	6
Total current liabilities		**919**	1,071	**1,597**	1,445
Non–current liabilities					
Maintenance provision		**–**	–	**42**	22
Deferred tax liabilities	D5	**–**	–	**282**	134
Related party payables		**5,101**	4,944	**–**	–
Borrowings	D10	**5,483**	4,394	**1,793**	1,675
Derivative financial instruments	D11	**148**	76	**87**	54
Other liabilities		**89**	20	**–**	–
Total non–current liabilities		**10,821**	9,434	**2,204**	1,885
Total liabilities		**11,740**	10,505	**3,801**	3,330
Net assets/(liabilities)		**8,524**	7,979	**(556)**	(394)
EQUITY					
Contributed equity		**–**	–	**302**	279
Issued units		**10,520**	9,584	**–**	–
Reserves	D8	**(92)**	(43)	**(176)**	(145)
Accumulated losses		**(3,132)**	(2,579)	**(682)**	(528)
Non-controlling interests	D15	**1,228**	1,017	**–**	–
Total equity		**8,524**	7,979	**(556)**	(394)

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

THT

		Attributable to security holders of Transurban Holding Trust				
	No. of units M	Issued units $M	Reserves $M	Accumulated losses $M	Non-controlling interests $M	Total equity $M
Balance at 1 July 2014	**1,896**	**9,472**	**(35)**	**(1,958)**	**49**	**7,528**
Comprehensive income						
Profit for the year	–	–	–	9	(106)	(97)
Other comprehensive income	–	–	(8)	–	(9)	(17)
Total comprehensive income	**–**	**–**	**(8)**	**9**	**(115)**	**(114)**
Contributions of equity, net of transaction costs	–	–	–	–	1,147	1,147
Employee share awards issued	1	1	–	–	–	1
Distributions	–	–	–	(630)	–	(630)
Distribution reinvestment plan	17	111	–	–	–	111
Distributions to NCI	–	–	–	–	(64)	(64)
	18	**112**	**–**	**(630)**	**1,083**	**565**
Balance at 30 June 2015	**1,914**	**9,584**	**(43)**	**(2,579)**	**1,017**	**7,979**
Comprehensive income						
Profit for the year	**–**	**–**	**–**	**209**	**(36)**	**173**
Other comprehensive income	**–**	**–**	**(50)**	**–**	**(25)**	**(75)**
Total comprehensive income	**–**	**–**	**(50)**	**209**	**(61)**	**98**
Contributions of equity, net of transaction costs	**107**	**823**	**–**	**–**	**330**	**1,153**
Employee share awards issued	**1**	**1**	**1**	**–**	**–**	**2**
Distributions	**–**	**–**	**–**	**(762)**	**–**	**(762)**
Distribution reinvestment plan	**14**	**112**	**–**	**–**	**–**	**112**
Distributions to NCI	**–**	**–**	**–**	**–**	**(58)**	**(58)**
	122	**936**	**–**	**(762)**	**272**	**446**
Balance at 30 June 2016	**2,036**	**10,520**	**(92)**	**(3,132)**	**1,228**	**8,524**

TIL

		Attributable to security holders of Transurban International Limited				
	No. of securities M	Contributed equity $M	Reserves $M	Accumulated losses $M	Non-controlling interests $M	Total equity $M
Balance at 30 June 2014	**1,896**	**276**	**(46)**	**(394)**	**107**	**(57)**
Comprehensive income						
Profit for the year	–	–	–	(134)	(8)	(142)
Other comprehensive income	–	–	(43)	–	25	(18)
Total comprehensive income	**–**	**–**	**(43)**	**(134)**	**17**	**(160)**
Contributions of equity, net of transaction costs	–	–	–	–	9	9
Employee share awards issued	1	–	–	–	–	–
Distribution reinvestment plan	17	3	–	–	–	3
Transactions with NCI	–	–	(56)	–	(133)	(189)
	18	**3**	**(56)**	**–**	**(124)**	**(177)**
Balance at 30 June 2015	**1,914**	**279**	**(145)**	**(528)**	**–**	**(394)**
Comprehensive income						
Profit for the year	**–**	**–**	**–**	**(154)**	**–**	**(154)**
Other comprehensive income	**–**	**–**	**(31)**	**–**	**–**	**(31)**
Total comprehensive income	**–**	**–**	**(31)**	**(154)**	**–**	**(185)**
Contributions of equity, net of transaction costs	**107**	**20**	**–**	**–**	**–**	**20**
Employee share awards issued	**1**	**–**	**–**	**–**	**–**	**–**
Distribution reinvestment plan	**14**	**3**	**–**	**–**	**–**	**3**
	122	**23**	**–**	**–**	**–**	**23**
Balance at 30 June 2016	**2,036**	**302**	**(176)**	**(682)**	**–**	**(556)**

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

		Transurban Holding Trust		Transurban International Limited	
	Note	**2016 $M**	**2015 $M**	**2016 $M**	**2015 $M**
Cash flows from operating activities					
Receipts from customers		**574**	551	**167**	105
Payments to suppliers		**(2)**	(42)	**(70)**	(83)
Payments for maintenance of intangibles		**–**	–	**(1)**	(1)
Transaction costs related to acquisitions		**–**	(311)	**–**	–
Interest received		**220**	127	**–**	–
Interest paid		**(495)**	(413)	**(28)**	(24)
Income taxes (paid)/refunds received		**–**	(3)	**–**	–
Net cash outflow from operating activities	(a)	**297**	(91)	**68**	(3)
Cash flows from investing activities					
Payments for acquisition of subsidiary		**(1,710)**	(5,240)	**–**	–
Payments for property, plant and equipment		**–**	–	**(1)**	–
Payments for intangible assets		**(23)**	(21)	**(19)**	(166)
Distributions received from equity accounted investments		**94**	–	**–**	–
Net cash outflow from investing activities		**(1,639)**	(5,261)	**(20)**	(166)
Cash flows from financing activities					
Loans (to)/from related parties		**(278)**	(1,590)	**18**	236
Repayment of loans from/(to) related parties		**(160)**	3,892	**(26)**	(4)
Proceeds from issue of shares		**821**	–	**20**	9
Proceeds from borrowings(net of cost)		**2,541**	3,612	**–**	117
Repayment of borrowings		**(1,205)**	(1,056)	**–**	–
Payment for acquisition of non-controlling interest		**–**	–	**–**	(189)
Distributions paid to Transurban Group's security holders		**(579)**	(515)	**–**	–
Distributions paid to non-controlling interests in Subsidiaries		**(55)**	(57)	**–**	–
Proceeds from equity issued to non-controlling interests		**330**	1,147	**–**	–
Net cash inflow from financing activities		**1,415**	5,433	**12**	169
Net increase/(decrease) in cash and cash equivalents		**73**	81	**60**	–
Cash and cash equivalents at the beginning of the year		**156**	75	**179**	147
Effects of exchange rate changes on cash and cash equivalents		**–**	–	**6**	32
Cash and cash equivalents at end of year		**229**	156	**245**	179

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

	THT		TIL	
	2016 $M	**2015 $M**	**2016 $M**	**2015 $M**
Profit/(loss) for the year	**173**	(97)	**(154)**	(142)
Depreciation and amortisation	**276**	276	**37**	29
Non-cash net finance costs	**36**	(3)	**82**	65
Capitalised interest income	**(95)**	(76)	**–**	–
Net construction revenue	**–**	–	**–**	(5)
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	**(1)**	43	**(4)**	(10)
(Decrease)/increase in related party operating loans	**(208)**	(260)	**115**	80
Increase/(decrease) in unearned income	**–**	1	**–**	(10)
Increase/(decrease) in trade creditors and accruals	**112**	20	**2**	(1)
Increase/(decrease) in other operating provisions	**–**	–	**–**	10
Increase/(decrease) in provision for income taxes payable	**1**	5	**(31)**	(19)
Increase/(decrease) in maintenance provision	**–**	–	**21**	–
Increase/(decrease) in other liabilities	**3**	–	**–**	–
Net cash outflow from operating activities	**297**	(91)	**68**	(3)

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

Basis of preparation and significant changes

D1 Introduction

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

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

THT is a Trust registered and domiciled in Australia.

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

Going concern

TIL's current liabilities exceed its current assets by $1,328 million as at 30 June 2016. This is primarily attributable to a $1,560 million loan payable to another entity within the Transurban Group. Excluding this loan, the TIL Group has net current assets of $232 million.

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

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

D2 Trust formation and termination

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

Operating performance

D3 Segment information

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

THT operating segments

Management has determined that THT has one operating segment.

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

TIL operating segments

Management has determined that TIL has one operating segment.

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

Reconciliation of segment information to statutory financial information

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

Segment revenue

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

	TIL[1]	
	2016 $M	**2015 $M**
Total segment revenue (proportional)	**174**	81
Add:		
Revenue attributable to non-100% owned consolidated assets	**–**	10
Construction revenue from road development activities	**–**	144
Total revenue	**174**	235

Reconciliation of proportional EBITDA to statutory profit for the year

Proportional EBITDA reconciles to statutory net profit as follows:

	TIL[1]	
	2016 $M	**2015 $M**
Proportional EBITDA	**86**	33
Add:		
EBITDA attributable to non-100% owned and consolidated assets	**–**	2
Statutory earnings before depreciation and amortisation, net finance costs, equity accounted investments and tax	**86**	35
Statutory net finance costs	**(234)**	(165)
Statutory depreciation and amortisation	**(37)**	(29)
Loss before tax for the year from continuing operations	**(185)**	(159)

1. *Following the acquisition of the non-controlling interest in the GWA assets on 29 June 2015, the proportional ownership of the GWA assets is reported at 100% from 1 July 2015. Prior to this, the proportional ownership interest in the 95 Express Lanes and 495 Express Lanes were 77.5% and 94.0% respectively.*

D4 Revenue

	THT		TIL	
	2016 $M	**2015 $M**	**2016 $M**	**2015 $M**
Toll revenue[1]	**–**	–	**174**	86
Rental income	**575**	546	**–**	–
Construction revenue	**35**	18	**–**	147
Other revenue	**1**	1	**–**	2
Concession fees	**30**	28	**–**	–
Total revenue	**641**	593	**174**	235

1. The presentation of comparative amounts has been restated to reflect the change of toll revenue to now include toll revenue and service and fee revenue.

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

D5 Income tax

TIL deferred tax assets and liabilities

	Asset		Liability	
	2016 $M	**2015 $M**	**2016 $M**	**2015 $M**
The balance comprises temporary difference attributable to:				
Accrued expenses	**7**	8	**–**	–
Provisions	**21**	–	**–**	–
Current and prior year losses	**260**	167	**–**	–
Fixed assets/intangibles	**42**	43	**(294)**	(210)
Cash flow hedges	**34**	21	**–**	–
Tax assets/(liabilities)	**364**	239	**(294)**	(210)
Set off of tax	**(12)**	(76)	**12**	76
Net tax assets/(liabilities)	**352**	163	**(282)**	(134)
Movements:				
Opening balance at 1 July	**239**	109	**(210)**	(108)
Credited/(charged) to the statement of comprehensive income	**78**	104	**(117)**	(82)
Credited /(charged) to equity	**13**	7	**–**	–
Foreign exchange movements	**8**	15	**(6)**	(12)
Transfer from deferred tax assets/liabilities	**(44)**	–	**44**	–
Other	**70**	4	**(5)**	(8)
Closing balance 30 June	**364**	239	**(294)**	(210)
Deferred tax assets/(liabilities) to be recovered after more than 12 months	**364**	239	**(294)**	(210)

Security holder outcomes

D6 Distributions

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

Movements in distribution provision – THT

	Distribution to security holders $M	Distributions to non-controlling interest in subsidiaries $M	Total $M
Balance at 1 July 2014	**322**	**39**	**361**
Additional provision recognised	630	64	694
Amounts paid	(515)	(57)	(572)
Amounts reinvested	(111)	–	(111)
Balance at 30 June 2015	**326**	**46**	**372**
Additional provision recognised	**762**	**58**	**820**
Amounts paid	**(579)**	**(55)**	**(634)**
Amounts reinvested	**(112)**	**–**	**(112)**
Balance at 30 June 2016	**397**	**49**	**446**

D7 Earnings per stapled security

	THT		TIL	
	2016	**2015**	**2016**	**2015**
Profit/(loss) attributable to ordinary security holders ($M)	**209**	9	**(154)**	(134)
Weighted average number of securities (M)	**1,982**	1,908	**1,982**	1,908
Basic and diluted earnings per security attributable to the ordinary security holders (Cents)	**10.5**	0.5	**(7.8)**	(7.0)

Capital and borrowings

D8 Reserves

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

THT	Cash flow hedges $M	Share-based payments $M	Total $M
Balance 1 July 2014	**(40)**	**5**	**(35)**
Revaluation	(8)	–	(8)
Balance 30 June 2015	**(48)**	**5**	**(43)**
Revaluation	**(50)**	**1**	**(49)**
Balance 30 June 2016	**(98)**	**6**	**(92)**

TIL	Cash flow hedges $M	Share-based payments $M	Foreign currency translation $M	Transactions with non-controlling interests $M	Total $M
Balance 1 July 2014	**–**	**–**	**(44)**	**(2)**	**(46)**
Revaluation, net of tax	4	–	–	–	4
Currency translation differences	–	–	(47)	–	(47)
Transactions with NCI	–	–	–	(56)	(56)
Balance 30 June 2015	**4**	**–**	**(91)**	**(58)**	**(145)**
Revaluation, net of tax	**(20)**	**–**	**–**	**–**	**(20)**
Currency translation differences	**–**	**–**	**(11)**	**–**	**(11)**
Balance 30 June 2016	**(16)**	**–**	**(102)**	**(58)**	**(176)**

D9 Net finance income and costs

	THT		TIL	
	2016 $M	**2015 $M**	**2016 $M**	**2015 $M**
Finance income				
Interest income from related parties	**477**	371	**–**	–
Other interest income	**8**	1	**–**	–
Net foreign exchange gains	**2**	9	**–**	–
Re-measurement of promissory note payable	**–**	6	**–**	–
Re-measurement of concession notes receivable	**63**	44	**–**	–
Total finance income	**550**	431	**–**	–
Finance costs				
Interest and finance charges paid/payable	**(587)**	(502)	**(230)**	(154)
Unwind of discount on liabilities – other liabilities	**(3)**	–	**–**	–
Unwind of discount on liabilities - promissory note	**(13)**	–	**–**	–
Net foreign exchange losses	**–**	–	**(4)**	(11)
Total finance costs	**(603)**	(502)	**(234)**	(165)
Net finance costs	**(53)**	(71)	**(234)**	(165)

Re-measurement of concession notes

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

D10 Borrowings

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

	THT 2016 $M	THT 2015 $M	TIL 2016 $M	TIL 2015 $M
Current				
Term debt	**276**	–	**–**	–
	276	–	**–**	–
Non-current				
Working capital facilities	**–**	16	**–**	–
Capital markets debt	**1,018**	745	**626**	608
U.S. private placement	**929**	–	**–**	–
Term debt	**3,536**	3,633	**–**	–
TIFIA	**–**	–	**1,167**	1,067
	5,483	4,394	**1,793**	1,675
Total borrowings	**5,759**	4,394	**1,793**	1,675

D11 Derivative and financial risk management

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

	2016 $M Current THT	2016 $M Current TIL	2016 $M Non-current THT	2016 $M Non-current TIL	2015 $M Current THT	2015 $M Current TIL	2015 $M Non-current THT	2015 $M Non-current TIL
Assets								
Interest rate swap contracts – cash flow hedges	**–**	**–**	**–**	**–**	–	–	16	–
Liabilities								
Interest rate swap contracts – cash flow hedges	**11**	**–**	**118**	**87**	2	–	76	54
Cross currency interest rate swap contracts – cash flow hedges	**–**	**–**	**30**	**–**				
	11	**–**	**148**	**87**	2	–	76	54

Market risk

Foreign exchange risk

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

	THT 2016 USD $M	THT 2015 USD $M	THT 2016 CHF $M	THT 2015 CHF $M	TIL 2016 AUD $M	TIL 2015 AUD $M
Receivables	**1,121**	1,110	**–**	–	**1**	1
Payables	**(1,084)**	(1,072)	**–**	–	**(9)**	(8)
Borrowings	**(641)**	–	**(200)**	–	**–**	–
Cross-currency interest rate swaps	**641**	–	**200**	–	**–**	–
Net exposure	**37**	**38**	**–**	–	**(8)**	(7)

Sensitivity

THT

	Movement in post-tax profit 2016 $M	Movement in post-tax profit 2015 $M	Increase / (decrease) in equity 2016 $M	Increase / (decrease) in equity 2015 $M
AUD/USD				
+ 10 cents	**(6)**	(6)	**(30)**	–
- 10 cents	**8**	7	**42**	–
AUD/CHF				
+ 10 cents	**–**	–	**(10)**	–
- 10 cents	**–**	–	**17**	–

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

D11 Derivative and financial risk management (continued)

Interest rate risk

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

	2016 $M		2015 $M	
	THT	TIL	THT	TIL
Cash and cash equivalents	229	245	156	179
Floating rate borrowings	(3,957)	(303)	(3,857)	(293)
Interest rate swaps (notional principal amount)	3,957	303	3,417	293
Net exposure to interest rate risk	229	245	(284)	179

Liquidity risk

Contractual maturities of financial liabilities

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

THT

2016 $M	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade payables	142	–	–	–	–	–	142	142
Borrowings	443	1,003	858	1,222	996	2,615	7,137	5,759
Related party loans	634	763	655	409	1,172	3,123	6,756	5,101
Interest rate swaps	44	37	26	10	7	18	142	129
Cross-currency swaps	22	21	21	21	20	(106)	(1)	30
Concession and promissory notes	–	–	–	–	–	181	181	34
Other liabilities	–	14	46	–	–	–	60	53
Total	1,285	1,838	1,606	1,662	2,195	5,831	14,417	11,248

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

D11 Derivative and financial risk management (continued)

TIL

2016 **$M**	**1 year or less**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 4 years**	**Over 4 to 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount**
Trade payables	**29**	**–**	**–**	**–**	**–**	**–**	**29**	**29**
Borrowings	**10**	**19**	**69**	**83**	**83**	**4,274**	**4,538**	**1,793**
Related party loans	**1,651**	**–**	**–**	**–**	**–**	**–**	**1,651**	**1,559**
Interest rate swaps	**11**	**11**	**10**	**10**	**9**	**60**	**111**	**87**
Total	**1,701**	**30**	**79**	**93**	**92**	**4,334**	**6,329**	**3,468**

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

Network summary

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

D12 Intangible assets

2016 **$M**	**Concession assets**		**Assets under construction**		**Total**	
	THT	**TIL**	**THT**	**TIL**	**THT**	**TIL**
Cost	**11,505**	**2,681**	**31**	**7**	**11,536**	**2,688**
Accumulated amortisation	**(1,616)**	**(68)**	**–**	**–**	**(1,616)**	**(68)**
Net book amount	**9,889**	**2,613**	**31**	**7**	**9,920**	**2,620**

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

Movement in intangible assets

	Concession assets $M		**Assets under construction $M**		**Total $M**	
	THT	**TIL**	**THT**	**TIL**	**THT**	**TIL**
Opening balance 1 July 2014	**3,586**	**1,289**	**55**	**676**	**3,641**	**1,965**
Additions	–	–	19	142	19	142
Acquisition of subsidiary	5,240	–	–	–	5,240	–
Currency and other adjustments	–	323	–	161	–	484
Transfer	(219)	979	9	(979)	(210)	–
Amortisation charge	(276)	(29)	–	–	(276)	(29)
Net book amount 30 June 2015	**8,331**	**2,562**	**83**	**–**	**8,414**	**2,562**
Additions	**50**	**–**	**22**	**7**	**72**	**7**
Acquisition of subsidiary	**1,710**	**–**	**–**	**–**	**1,710**	–
Currency and other adjustments	**–**	**88**	**–**	**–**	**–**	**88**
Transfer	**74**	**–**	**(74)**	**–**	**–**	–
Amortisation charge	**(276)**	**(37)**	**–**	**–**	**(276)**	**(37)**
Net book amount 30 June 2016	**9,889**	**2,613**	**31**	**7**	**9,920**	**2,620**

D13 Other liabilities – concession and promissory notes

M2 Motorway

The face value of promissory notes on issue at 30 June 2016 is $181 million (2015: $170 million). The net present value at 30 June 2016 of the redemption payments relating to these promissory notes is $34 million (2015: $20 million).

Group structure

D14 Equity accounted investments

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

THT	**NorthWestern Roads Group**	
	2016 $M	**2015 $M**
Summarised balance sheet – 100%		
Current assets	**–**	35
Non-current assets	**2,503**	2,534
Current liabilities	**(63)**	(64)
Non-current liabilities	**(1,346)**	(1,340)
Net assets	**1,094**	1,165
Summarised statement of comprehensive income – 100%		
Revenue	**130**	128
Depreciation and amortisation	**(34)**	(47)
Other expenses	**(2)**	(5)
Interest income	**50**	58
Income tax expense	**(3)**	1
Profit for the year	**141**	135
Other comprehensive income	**–**	–
Total comprehensive income	**141**	135

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

Ownership interest	**50%**	50%
Proportional total comprehensive income	**70**	68
Profits not recognised	**70**	68
Group's share of comprehensive income	**–**	–

Reconciliation of summarised financial information

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

THT	**NorthWestern Roads Group 50%**	
	2016 $M	**2015 $M**
Opening carrying value 1 July	**862**	–
Transfer of Westlink M7 term loan note balance into equity accounted investment	**–**	892
Group's recognised share of total comprehensive income	**–**	–
Distributions received	**(94)**	(30)
Closing carrying value	**768**	862
Cumulative losses not recognised	**178**	248

D15 Non-controlling interests

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

THT

	Transurban Queensland 37.5%		Airport Motorway Trust 24.9%		Total	
	2016 $M	**2015 $M**	**2016 $M**	**2015 $M**	**2016 $M**	**2015 $M**
Summarised balance sheet						
Current assets	**265**	117	**21**	21	**286**	138
Non-current assets	**7,106**	5,114	**881**	867	**7,987**	5,981
Current liabilities	**(145)**	(21)	**(198)**	(186)	**(343)**	(207)
Non-current liabilities	**(4,064)**	(2,606)	**(536)**	(539)	**(4,600)**	(3,145)
Net assets	**3,162**	2,604	**168**	163	**3,330**	2,767
Carrying amount of NCI	**1,186**	976	**42**	41	**1,228**	1,017
Summarised statement of comprehensive income						
Revenue	**259**	240	**106**	103	**365**	343
Profit/(loss) for the year	**(144)**	(327)	**72**	69	**(72)**	(258)
Other comprehensive income/(loss)	**(70)**	(24)	**4**	–	**(66)**	(24)
Total comprehensive income/(loss)	**(214)**	(351)	**76**	69	**(138)**	(282)
Profit/(loss) allocated to NCI	**(54)**	(123)	**18**	17	**(36)**	(106)
OCI allocated to NCI	**(26)**	(9)	**1**	–	**(25)**	(9)
Summarised cash flows						
Cash flows from operating activities	**104**	(152)	**59**	41	**163**	(111)
Cash flows from investing activities	**(1,710)**	(5,240)	**–**	–	**(1,710)**	(5,240)
Cash flows from financing activities	**1,630**	5,417	**(59)**	(41)	**1,571**	5,376
Net increases in cash and cash equivalents	**24**	25	**–**	–	**24**	25

Other

D16 Related party transactions

THT

	THL[1]		Joint ventures	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Transactions with related parties				
Rental income	**574,993**	545,914	**–**	–
Interest income	**477,387**	335,706	**–**	35,569
Interest expense	**311,519**	241,630	**–**	–
Other expenses	**4,263**	4,408	**–**	–
Outstanding balances with related parties				
Current receivables	**2,376,501**	2,468,660	**–**	–
Non-current receivables	**5,966,590**	5,701,214	**–**	–
Concession notes	**959,850**	866,153	**–**	–
Current liabilities	**–**	628,947	**–**	–
Non-current liabilities	**5,101,395**	4,943,438	**–**	–

TIL

	THL[1]	
	2016 $'000	**2015 $'000**
Transactions with related parties		
Interest expense	**127,373**	75,000
Other expenses	**7,470**	10,374
Outstanding balances with related parties		
Loan to related parties	**7,786**	17,469
Loan from related parties	**1,559,664**	1,398,138

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

D17 Parent entity financial information

Summary financial information

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

	THT		TIL	
	2016 $M	**2015 $M**	**2016 $M**	**2015 $M**
Balance sheet				
Current assets	**2,828**	2,943	**351**	338
Total assets	**14,238**	13,943	**372**	338
Current liabilities	**687**	496	**–**	3
Total liabilities	**4,897**	5,361	**–**	3
Net assets	**9,341**	8,582	**372**	335
Contributed equity	**10,520**	9,584	**302**	279
Reserves	**6**	4	**69**	58
Retained earnings	**(1,185)**	(1,006)	**1**	(2)
Shareholders' equity	**9,341**	8,582	**372**	335
Profit/loss for the year	**393**	787	**3**	(3)
Exchange differences on translation of US operations, net of tax	**–**	–	**11**	58
Total comprehensive income/(loss)	**393**	787	**14**	55

Section E: Signed reports

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

(a) the financial statements and notes of Transurban Holdings Limited and its controlled entities, including Transurban Holding Trust and its controlled entities and Transurban International Limited and its controlled entities set out on pages 43 to 110 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the Transurban Holdings Limited Group's, Transurban Holding Trust Group's and Transurban International Limited Group's financial position as at 30 June 2016 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Transurban Holdings Group, Transurban Holding Trust Group and Transurban International Group will be able to pay their debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note B24 will be able to meet any obligations or liabilities to which they are, or may become liable, subject by virtue of the deed of cross guarantee described in note B24.

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

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

Lindsay Maxsted
Director

Scott Charlton
Director

Melbourne
9 August 2016

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

Report on the financial report

We have audited the accompanying financial report which comprises;

- Transurban Holdings Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Transurban Holdings Limited and its controlled entities (the Transurban Group). The Transurban Group comprises the Company and the entities it controlled at year's end or from time to time during the financial year including the other members of the stapled group being Transurban International Limited and Transurban Holding Trust and their controlled entities.

- Transurban Holding Trust (the Trust), which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Transurban Holding Trust and its controlled entities (THT). THT comprises the Trust and the entities it controlled at year's end or from time to time during the financial year.

- Transurban International Limited (the International Company), which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Transurban International Limited and its controlled entities (TIL). TIL comprises the International Company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial reports of the Transurban Group, THT and TIL are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Transurban Group, THT and TIL financial position as at 30 June 2016 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note B3.

Report on the Remuneration Report

We have audited the remuneration report included in pages 22 to 39 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of the Transurban Group for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chris Dodd
Partner

Melbourne
9 August 2016

asx release

9 August 2016

Transurban FY16 proportional EBITDA up 14.8% and guides to 11% FY17 DPS growth

FY16 financial highlights:

- Statutory profit from ordinary activities of $22 million
- Proportional toll revenue increased by 17.5 per cent to $1,946 million[1]
- Average daily traffic (ADT) grew by 8.0 per cent
- Proportional earnings before interest, tax, depreciation and amortisation (EBITDA) and before significant items increased by 14.8 per cent to $1,480 million
- Free cash increased by 20.6 per cent to $926 million
- $9 billion of development projects to improve customers' trips in Melbourne, Sydney, Brisbane and Greater Washington Area
- FY16 distribution of 45.5 cents per security (cps); FY17 distribution guidance of 50.5 cps, which is a 11.0 per cent increase on the FY16 distribution

Transurban Chief Executive Officer Scott Charlton noted the continued investment in and development of our networks delivered value for customers and security holders. Technology initiatives will increasingly be a part of this investment as we prepare our networks for future environments.

"Beyond our current pipeline, we are working on the next generation of potential projects. We continue to see opportunities across our markets to bring our expertise in network planning, forecasting, community engagement, development, technology, operations and customer management," Mr Charlton said.

Key network activities

Sydney:

- ADT increased 7.4 per cent with strong traffic growth observed across the network. The M5 South West Motorway and Hills M2 continued to benefit from upgrade works which were completed in December 2014 and August 2013 respectively
- Toll revenue[1] grew 13.9 per cent with truck toll multipliers continuing to increase on the Lane Cove Tunnel (LCT), M5 and Westlink M7 (M7). Weighted average truck toll multipliers across the Sydney network are 2.35 times cars
- EBITDA grew by 14.1 per cent
- Construction of the NorthConnex project remains on time and on budget with works underway at all tunnelling sites
- Implementation of GLIDe tolling system increasing revenue capture

"Our Sydney network traffic numbers were up 7.4 per cent as we continue to see all assets in this market performing well," Mr Charlton said.

[1] Toll revenue includes service and fee revenue. Service and fee revenue includes customer administration charges and enforcement recoveries.

Transurban Group
Transurban International Limited
ABN 90 121 746 825
Transurban Holdings Limited
ABN 86 098 143 429
Transurban Holding Trust
ABN 30 169 362 255
ARSN 098 807 419
corporate@transurban.com
www.transurban.com

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008 Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

asx release

Melbourne:

- ADT increased by 1.0 per cent, with average weekend/public holiday traffic growth of 3.2 per cent
- Toll revenue[1] increased by 7.3 per cent
- EBITDA was up 7.9 per cent
- Major Construction commenced on the CityLink Tulla Widening project in mid-March 2016 and is expected to be completed by early 2018
- Transurban is continuing to work with the Victoria Government on the $5.5 billion Western Distributor proposal. Financial close is expected on the project by late 2017
- Works to commence on the Monash Freeway Upgrade in September 2016 and are scheduled for completion in 2018

“Our CityLink Tulla Widening project is progressing on time and on budget with traffic disruption being managed to minimise the impact to drivers,” Mr Charlton said.

Brisbane:

- ADT increased 26.5 per cent
- Toll revenue[1] grew by 18.1 per cent
- EBITDA was up 18.1 per cent
- Financial close was reached on AirportlinkM7 on 1 April 2016
- Brisbane City Council has entered discussions with Transurban Queensland for the potential delivery of the Inner City Bypass upgrade

“We are pleased to see the performance of our two newest assets, Legacy Way and AirportLinkM7 at the upper end of expectations. These assets strengthen our network position in Brisbane by providing an attractive path to the north of the city. We have also announced our first potential development project with the Brisbane City Council via the Inner City Bypass upgrade. This project will relieve congestion and improve safety for drivers,” Mr Charlton said.

Greater Washington Area:

- ADT increased 13.5 per cent
- Toll revenue[1] grew 107.8 per cent influenced by the continued ramp up and a full year of operations on the 95 Express Lanes
- EBITDA was up 140.3 per cent
- An agreement has been reached with VDOT to extend the 95 Express Lanes by three kilometres. Transurban’s capital contribution is US$25 million
- In addition Transurban is negotiating a further 14 kilometre extension to the 95 Express Lanes as part of the Atlantic Gateway Extension Project
- Transurban has been shortlisted in the competitive process to design, build, finance, operate and maintain the Express Lanes system on the I-66. Proposals are due in October 2016

“Our two North American assets continue to deliver strong traffic growth, giving us confidence to expand the 95 Express Lanes inside the beltway and to the south,” Mr Charlton said.

[1] Toll revenue includes service and fee revenue. Service and fee revenue includes customer administration charges and enforcement recoveries.

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255

ARSN 098 807 419

corporate@transurban.com
www.transurban.com

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008 Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

Distribution and DRP

A distribution totalling 23.0 cps will be paid on 12 August 2016 for the six months ended 30 June 2016. This will consist of a 19.5 cps distribution from Transurban Holding Trust and a 3.5 cps fully franked dividend from Transurban Holdings Limited.

The Distribution Reinvestment Plan (DRP) will operate again for this distribution payment. For further information on distributions and the DRP, visit the Investor Centre at www.transurban.com.

Outlook

FY17 distribution guidance of 50.5 cps has been provided.

"Transurban expects to deliver double digit year on year growth in distributions again this year," Mr Charlton said.

Market briefing

Transurban will be providing a market briefing at 9.30am (AEDT) today, 9 August 2016. The market briefing will be webcast via the Transurban website at www.transurban.com.

ENDS

Amanda Street
Company Secretary

Investor enquiries
Jessica O'Brien
Investor Relations Manager
+613 8656 8364

Note: Further details are provided in the Appendices and the Investor Presentation attached to this release.

Transurban Group
Transurban International Limited
ABN 90 121 746 825
Transurban Holdings Limited
ABN 86 098 143 429
Transurban Holding Trust
ABN 30 169 362 255
ARSN 098 807 419
corporate@transurban.com
www.transurban.com

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008 Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

Appendix 1:

Statutory results

	FY16 $m	FY15 $m	% change
Toll revenue	1,870	1,611	16.1%
Construction revenue	282	190	48.4%
Other revenue	58	59	(1.7%)
Total revenue	**2,210**	**1,860**	**18.8%**
Employee benefits expenses	(149)	(130)	14.6%
Road operating costs	(309)	(243)	27.2%
Construction costs	(282)	(185)	52.4%
Transaction and integration costs	(131)	(429)	(69.5%)
Corporate / other expenses	(91)	(91)	0.0%
Total costs	**(962)**	**(1,078)**	**(10.8%)**
Profit before depreciation and amortisation, net finance costs, equity accounted investments and income taxes	**1,248**	**782**	**59.6%**
Depreciation and amortisation	(584)	(551)	6.0%
Net finance costs	(728)	(611)	19.1%
Share of net profits of equity accounted investments	17	17	0.0%
Profit/(loss) before income tax	**(47)**	**(363)**	**(87.1%)**
Income tax benefit (expense)	69	(10)	N.M.[1]
Profit/(loss) from continuing operations	**22**	**(373)**	**N.M.[1]**

[1]Not meaningful.

Transurban Group
Transurban International Limited
ABN 90 121 746 825
Transurban Holdings Limited
ABN 86 098 143 429
Transurban Holding Trust
ABN 30 169 362 255
ARSN 098 807 419
corporate@transurban.com
www.transurban.com

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008 Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

Appendix 2:

Proportional results

	FY16 $m	FY15 $m	% change
Toll revenue	1,946	1,656	17.5%
Other revenue	60	70	(14.3%)
Total revenue	**2,006**	**1,726**	**16.2%**
Total costs	**(526)**	**(437)**	**20.4%**
EBITDA (excluding significant items)	**1,480**	**1,289**	**14.8%**
Significant items	(82)	(272)	(69.9%)
EBITDA	**1,398**	**1,017**	**37.5%**

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255

ARSN 098 807 419

corporate@transurban.com
www.transurban.com

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008 Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

asx release

Appendix 3:

Proportional results by segment (excluding significant items)

FY16	Melbourne, Victoria	Sydney, New South Wales	Brisbane, Queensland[1]	Greater Washington Area[2]	Corporate and other	TOTAL
Toll revenue ($m)	660	799	313	174	0	1,946
Other revenue ($m)	21	28	7	0	4	60
Total revenue ($m)	**681**	**827**	**320**	**174**	**4**	**2,006**
Total costs ($m)	(117)	(190)	(102)	(88)	(29)	(526)
EBITDA (excluding significant items) ($m)	**564**	**637**	**218**	**86**	**(25)**	**1,480**
Toll revenue growth	7.3%	13.9%	18.1%	107.8%	N/A	17.5%
Traffic growth[3]	1.0%	7.4%	26.5%	13.5%	N/A	8.0%
EBITDA growth (excluding significant items)	7.9%	14.1%	18.1%	140.3%	150.0%	14.8%

1. Excluding Legacy Way and AirportlinkM7 from FY16, ADT increased by 2.7%, toll revenue grew by 5.4%, EBITDA grew by 13% and EBITDA margin is 74.7%.
2. Toll revenue growth and EBITDA growth are calculated in USD.
3. Traffic growth is based on movement in ADT.

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255

ARSN 098 807 419

corporate@transurban.com
www.transurban.com

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008 Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

Appendix 4:

Reconciliation of Statutory EBITDA to Proportional EBITDA

	FY16 $m	FY15 $m
Statutory EBITDA	**1,248**	**782**
Less: EBITDA attributable to non-controlling interest – ED	(24)	(20)
Less: EBITDA attributable to non-controlling interest – Drive USA	-	(3)
Less: EBITDA attributable to non-controlling interest - TQ	(82)	44
Add: M5 proportional EBITDA	111	98
Add: M7 proportional EBITDA	145	116
Proportional EBITDA	**1,398**	**1,017**
Significant items	82	272
Proportional EBITDA (excluding significant items)	**1,480**	**1,289**

Transurban Group
Transurban International Limited
ABN 90 121 746 825
Transurban Holdings Limited
ABN 86 098 143 429
Transurban Holding Trust
ABN 30 169 362 255
ARSN 098 807 419
corporate@transurban.com
www.transurban.com

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008 Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

Appendix 5:

Reconciliation of Statutory Cash Flow from operating activities to Free Cash

	FY16 $m	FY15 $m
Cash flows from operating activities	910	304
Add back transaction and integration costs related to acquisitions (non-100% owned entities)	23	419
Add back payments for maintenance of intangible assets	52	91
Less cash flow from operating activities from consolidated non-100% owned entities	(284)	(338)
Less allowance for maintenance of intangible assets for 100% owned assets	(60)	(11)
Adjust for distributions and interest received from non-100% owned entities		
ED distribution	44	31
M5 distribution and term loan note interest	39	67
TQ distribution and shareholder loan note interest	108	118
NorthWestern Roads Group distribution and M7 term loan note interest	94	87
Free cash	**926**	**768**

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255

ARSN 098 807 419

corporate@transurban.com
www.transurban.com

Level 23
Tower One, Collins Square
727 Collins Street
Docklands
Victoria 3008 Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

transurban

asx release

9 August 2016

Transurban Investor Presentation

Please find attached the Investor Presentation that will be given to analysts this morning.

The presentation will form the basis of a market briefing at 9.30am (AEDT) today, 9 August 2016. The market briefing will also be webcast via the Transurban website at www.transurban.com.

Amanda Street
Company Secretary

Investor enquiries
Jessica O'Brien
Investor Relations Manager
+61 3 8656 8364

Classification Public

Transurban Group

Transurban International Limited
ACN 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255

ARSN 098 807 419

corporate@transurban.com.au
www.transurban.com.au

Level 23
Tower One, Collins Square
727 Collins Street
Docklands Victoria 3008
Australia
Telephone +613 9612 6999
Facsimile +613 9649 7380

TRANSURBAN FY16 RESULTS

9 AUGUST 2016

DISCLAIMER AND BASIS OF PREPARATION

This publication is prepared by the Transurban Group comprising Transurban Holdings Limited (ACN 098 143 429), Transurban Holding Trust (ARSN 098 807 419) and Transurban International Limited (ACN 121 746 825). The responsible entity of Transurban Holding Trust is Transurban Infrastructure Management Limited (ACN 098 147 678) (AFSL 246 585). No representation or warranty is made as to the accuracy, completeness or correctness of the information contained in this publication. To the maximum extent permitted by law, none of the Transurban Group, its Directors, employees or agents or any other person, accept any liability for any loss arising from or in connection with this publication including, without limitation, any liability arising from fault or negligence, or make any representations or warranties regarding, and take no responsibility for, any part of this publication and make no representation or warranty, express or implied, as to the currency, accuracy, reliability, or completeness of information in this publication. The information in this publication does not take into account individual investment and financial circumstances and is not intended in any way to influence a person dealing with a financial product, nor provide financial advice. It does not constitute an offer to subscribe for securities in the Transurban Group. Any person intending to deal in Transurban Group securities is recommended to obtain professional advice.

UNITED STATES OF AMERICA

These materials do not constitute an offer of securities for sale in the United States of America, and the securities referred to in these materials have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration.

BASIS OF PREPARATION

This document includes the presentation of results on a statutory as well as non-statutory basis. The non-statutory basis includes Proportional Results and Free Cash. Numbers in this presentation are prepared on a proportional basis unless specifically referred to as statutory or total. All financial results are presented in AUD unless otherwise stated. Data used for calculating percentage movements has been rounded to thousands. Refer to the Supplementary Information for an explanation of terms used throughout the presentation.

YEAR IN REVIEW

HIGHLIGHTS

- Earnings driven by network traffic growth and portfolio development
- FY17 distribution guidance of 50.5 cps; growth of 11.0%
- Continued focus on network enhancements to improve portfolio performance and customer experience
  - Technology and O&M
  - Capacity upgrades and acquisitions
  - Strategic developments in each market
- $9 billion[4] development pipeline remains on track
- Debt maturity lengthened across a more diversified investor base
- Policy reform contribution continues including Road Usage Study nearing completion

TOLL REVENUE GROWTH[1,3]	EBITDA GROWTH[2,3]
17.5%	14.8%

ADT GROWTH[3]	FY17 DISTRIBUTION GUIDANCE
8.0%	50.5¢

1. *Toll revenue includes service and fee revenue, which is defined in the glossary.*
2. *Excludes significant items.*
3. *Toll revenue growth, EBITDA growth and ADT growth excluding Legacy Way, AirportlinkM7 and full year of 95 Express Lanes were 12.6%,12.3% and 4.0% respectively.*
4. *Estimated spend reflects 100% of the total project cost not Transurban's share.*

FY16 ACTIVITY

OPERATIONS

- AirportlinkM7 integration complete and TQ integration progressing ahead of investment case
- Implementation of GLIDe tolling system in Sydney increasing revenue capture
- Roll-out of intelligent transport systems on CityLink and ED to improve network management and incident response
- Insourcing of Greater Washington Area's (GWA) tolling back office system, resulting in increased operational capability
- Transition to new CityLink maintenance model to improve efficiency and performance

DEVELOPMENT

- Construction on time and on budget for CityLink Tulla Widening, NorthConnex and Gateway Upgrade North
- Monash Freeway Upgrade procurement finalised, and delivery commenced in partnership with the Victorian Government
- Progressing Western Distributor, Logan Enhancement Project, 395 Express Lanes and two 95 Express Lane Southern Extension proposals
- Entered negotiations with Brisbane City Council on Inner City Bypass
- One of two in RFP process to develop Express Lanes on I-66

FY16 NETWORK PERFORMANCE

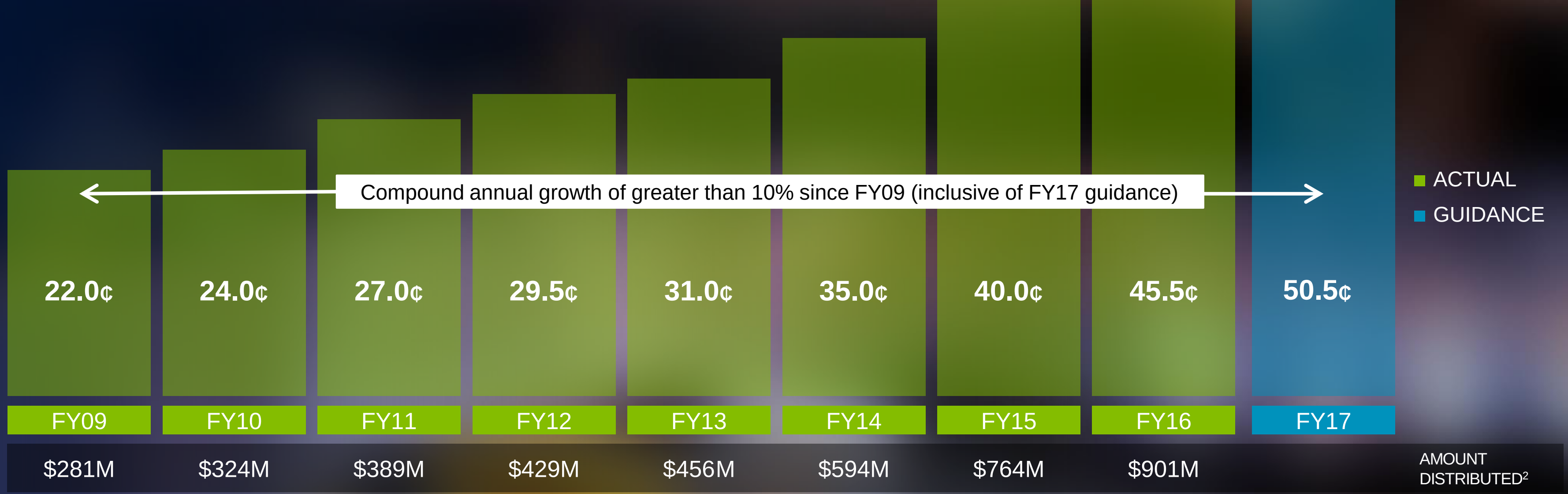
transurban

NETWORK	HIGHLIGHTS	TOLL REVENUE CONTRIBUTION	ADT GROWTH	TOLL REVENUE GROWTH[1]	EBITDA GROWTH[2]
Sydney	• Continued traffic growth across the network • Truck toll multipliers moving to 3 times car tolls on LCT, M5 and M7. Weighted average truck toll multiplier across Sydney network 2.35 times car toll at 30 June 2016	41.1%	+ 7.4%	+ 13.9%	+ 14.1%
Melbourne	• Average weekend/public holiday traffic increased 3.2% • Major construction works on the CityLink Tulla Widening project commenced mid-March 2016	33.9%	+ 1.0%	+ 7.3%	+ 7.9%
Brisbane[3]	• AirportlinkM7 traffic and revenue results at upper end of expectations • Excluding Legacy Way and AirportlinkM7, EBITDA increased 13.0% compared to pcp	16.1%	+ 26.5%	+ 18.1%	+ 18.1%
Greater Washington Area[4]	• Continued growth across both assets • Average dynamic toll price increased 26% for 495 Express Lanes and 21% for 95 Express Lanes compared to the pcp	8.9%	+ 13.5%	+ 107.8%	+ 140.3%

1. *Toll revenue includes service and fee revenue, which is defined in the glossary.*
2. *Excluding significant items.*
3. *Excluding Legacy Way and AirportlinkM7, ADT increased 2.7% and toll revenue increased 5.4%.*
4. *Toll revenue growth and EBITDA growth are calculated in USD.*

DISTRIBUTION GROWTH

- Total FY16 distribution 103% free cash covered
- 2H16 distribution of 23.0 cps to be paid on 12 August 2016
- FY17 distribution guidance of 50.5 cps, growth of 11.0% on FY16[1]



1. *Transurban targets free cash coverage of approximately 90% to 110%.*
2. *Total amount distributed inclusive of DRP.*

STRATEGY

To be the partner of choice with governments providing effective and innovative urban road infrastructure utilising core capabilities

- Network planning / forecasting
- Community engagement
- Development / delivery
- Technology
- Operations
- Customer management

MULTI-LAYERED BUSINESS

transurban

CORE BUSINESS

- 4 urban networks
- Inflation linked earnings
- Traffic growth through economic cycles
- Focus on organisational culture and people

OPERATIONAL EXCELLENCE

- Technology application on assets
- Organisational capability
- Data analytics
- Continuous investment

DEVELOPMENT

- 9 projects with multiple government partners
- $9 billion[1,2] development pipeline
- Additional 448 lane kilometres

FUTURE POSITIONING

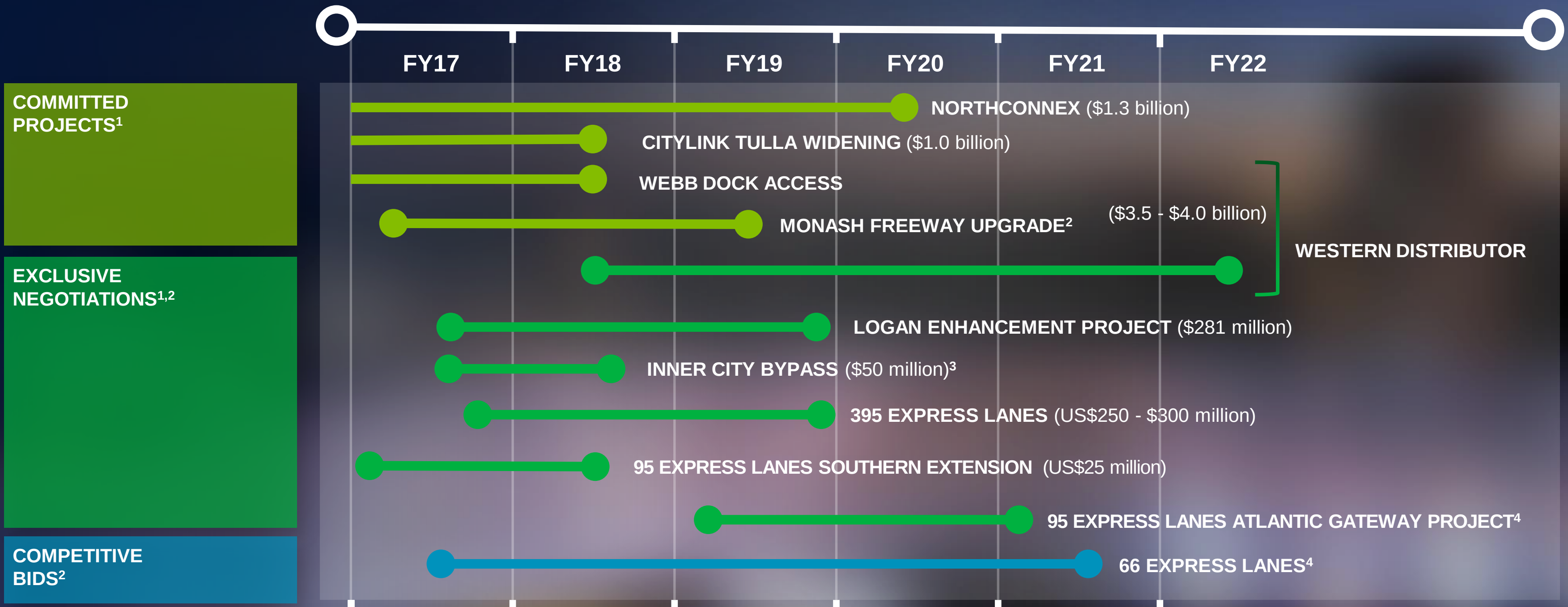
- CAV application
- Policy reform
- Integrated data
- Technology partnerships

1. *Estimated spend reflects 100% of the total project cost not Transurban's share.*
2. *As the 66 Express Lanes is a competitive process, and the 95 Express Lanes Atlantic Gateway Project is in early negotiations, these projects have not been included in Transurban's $9 billion development pipeline.*

TRANSURBAN OPERATES IN A REGULATED ENVIRONMENT

	CONCESSION DEEDS	INDEPENDENT REGULATION	LIGHT HANDED MONITORING
Example industries	Toll roads	Utilities including electricity, water, gas	Airports, railway and some ports
Pricing freedoms	Australian tolls fixed from date of concession with defined escalation. Other charges are set out in concession deeds, legislation or agreed with client (cost recovery)	Prices reset periodically (around every five years) to allow agreed return hurdles to be met based upon a regulated asset base	Price monitoring by the ACCC. Commercial arrangements with users renegotiated periodically
Customer choice	Road users have alternatives including non-tolled roads and other modes of transport	Choice at retailer level but monopolies around distribution infrastructure	Limited alternatives for consumers and users (airlines, shipping lines)
Volume risk	Demand risk borne by toll road owner, including shortfalls in revenue or higher than anticipated costs	Prices can be adjusted annually to allow costs to be covered and margin earned even if volumes fall	Price reset is a commercial negotiation which covers cost recovery, volumes and returns

PROJECT PIPELINE



	FY17	FY18	FY19	FY20	FY21	FY22
TRANSURBAN ESTIMATED ANNUAL CAPITAL CONTRIBUTION[1,4]	$0.9B	$1.6B	$1.5B	$1.2B	$0.8B	$0.2B

1. *Estimated spend reflects Transurban's proportion of the total project cost.*
2. *Final funding requirement subject to confirmation of project scope and/or competitive procurement process and extent of government funding.*
3. *ICB project cost of $80 million as per media release from Brisbane City Council on 17 June 2016.*
4. *As the 66 Express Lanes is a competitive process, and the 95 Express Lanes Atlantic Gateway Project is in early negotiations, these projects have not been included in Transurban's estimated annual capital contribution.*

SAFETY HIGHLIGHTS

transurban

Transurban continues to focus on the safety of workers under live traffic situations:

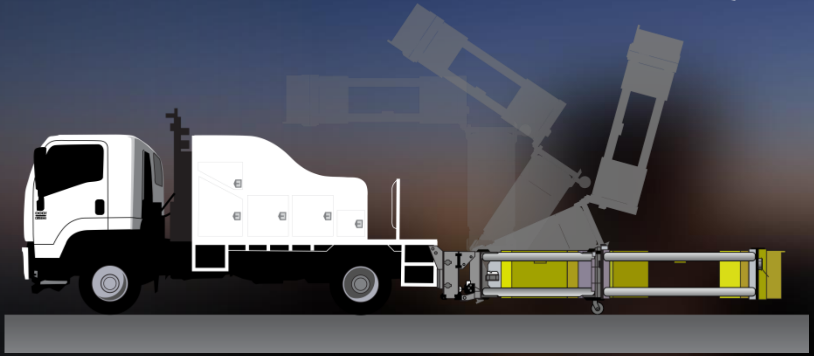
- In conjunction with road agencies and key contractors, Transurban is developing a truck mounted attenuators (TMA) standard to ensure they are used in a consistent manner across all regions
- Maintaining separation of workers from live traffic, to assist in minimising disruption and maximising safety, through the use of barriers and screens

In the USA

- Reviewing emerging technology to investigate a CAV TMA to further reduce the risk to workers and occupants
- Developing a mobile application to improve coordination of and communication with workers on Transurban's assets

FY16 Highlight

- Continued focus on RICI[1] with a 17% reduction on pcp



1. RICI measures the number of serious road injuries (an individual transported from, or receives medical treatment at, the scene) crashes per 100 million vehicle kilometres travelled on Transurban's networks.

COMMITMENT TO SUSTAINABILITY

transurban

RECOGNITION

- Dow Jones Sustainability Index (DJSI): Asia Pacific Leadership Index recognition for sixth consecutive year
- Australian Council of Superannuation Investors (ACSI) reporting rated as "leading" for ninth consecutive year
- FTSE4Good Index member for twelfth consecutive year
- UN Global Compact signatory member
- Awarded WGEA "Employer of Choice for Gender Equality" for second consecutive year
- Awarded "Most Ambitious Company in Gender Diversity" by Engineers Australia
- 82% employee engagement score in FY16[1]

PROGRESS

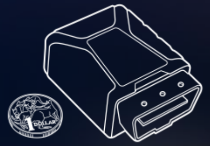
- Continued commitment to reduce energy usage by 10% by 2023
  - Solar panels on CCT and ED control centres generating 134 MWh renewable energy per annum, investigating roll out across portfolio
  - Purchasing over 3,000 MWh of GreenPower
- Total community spend in FY16 of over $1 million
- Road corridor regeneration projects underway
  - Power Street Loop (CityLink) art installation and landscaping completion late 2016
  - M2 Macquarie Park art installation and bush regeneration completion in late 2017

1. *March 2016 Transurban proprietary engagement survey.*

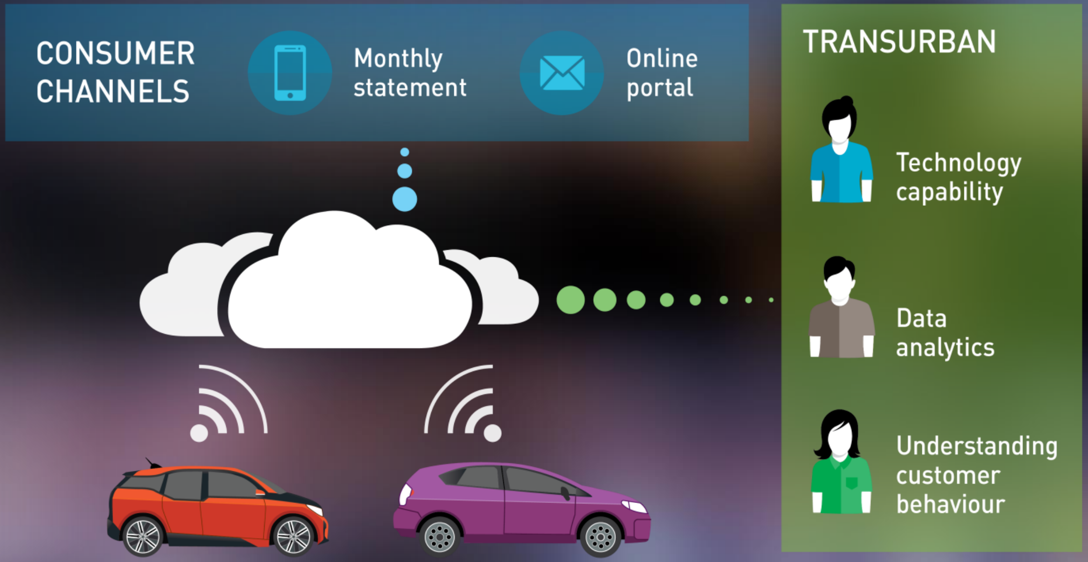
TRANSURBAN TECHNOLOGY LEADERSHIP — CASE STUDY

GPS on-board diagnostics technology used in first Australian pilot

- Adapted GPS devices to interface with vehicles



- Developed and deployed prototype road usage measurement, rating and analysis systems
  - Pricing system
  - Back end processing
  - Security and privacy considerations
- Unique insights into technology and skills required for broader business applications including GPS tolling
- Road Usage Study results to be launched in September 2016



FINANCIAL RESULTS

STATUTORY RESULTS

transurban

	FY16 ($M)	FY15 ($M)
Toll revenue[1]	1,870	1,611
EBITDA	1,248	782
Net profit/(loss)	22	(373)
EBITDA excluding significant items[2]	1,379	1,211
Net profit excluding significant items[2]	148	45

FY16 distribution

Final distribution of 23.0 cps, including 3.5 cps fully franked component. FY16 distribution of 45.5 cps including 7.0 cps fully franked component.

KEY DRIVERS

Toll revenue

- $158 million increase from existing assets driven by traffic growth, toll price escalation and fee revenue
- $101 million increase from Legacy Way, AirportlinkM7 and full year of 95 Express Lanes

EBITDA

- $129 million increase from existing assets
- $39 million contribution from Legacy Way, AirportlinkM7 and full year of 95 Express Lanes
- Significant items include:
  - $131 million owing to AirportlinkM7 acquisition and transaction costs in current year
  - $429 million of TQ transaction and integration costs in pcp

Net profit

- Increase in EBITDA offset by higher net finance costs to fund development projects and lower interest income with the contribution from M7 no longer being recorded as TLNs and now recognised as a distribution

1. *Toll revenue includes service and fee revenue, which is defined in the glossary.*
2. *FY16 significant items include stamp duty, transaction and integration costs associated with the acquisition of AirportlinkM7 and integration costs associated with TQ. FY15 significant items include stamp duty, transaction and integration costs associated with the acquisition of TQ.*

PROPORTIONAL RESULTS

	FY16 ($M)	FY15 ($M)	% CHANGE
Toll revenue[1]	1,946	1,656	17.5%
Other revenue[2]	60	70	(14.3%)
Total revenue	2,006	1,726	16.2%
Total costs	(526)	(437)	20.4%
EBITDA	1,398	1,017	37.5%
EBITDA[3] excluding significant items	1,480	1,289	14.8%
EBITDA margin[4]	73.8%	74.7%	

KEY DRIVERS

Toll revenue

- $209 million increase from existing assets
- $81 million contribution from Legacy Way, AirportlinkM7 and full year of 95 Express Lanes

Total costs

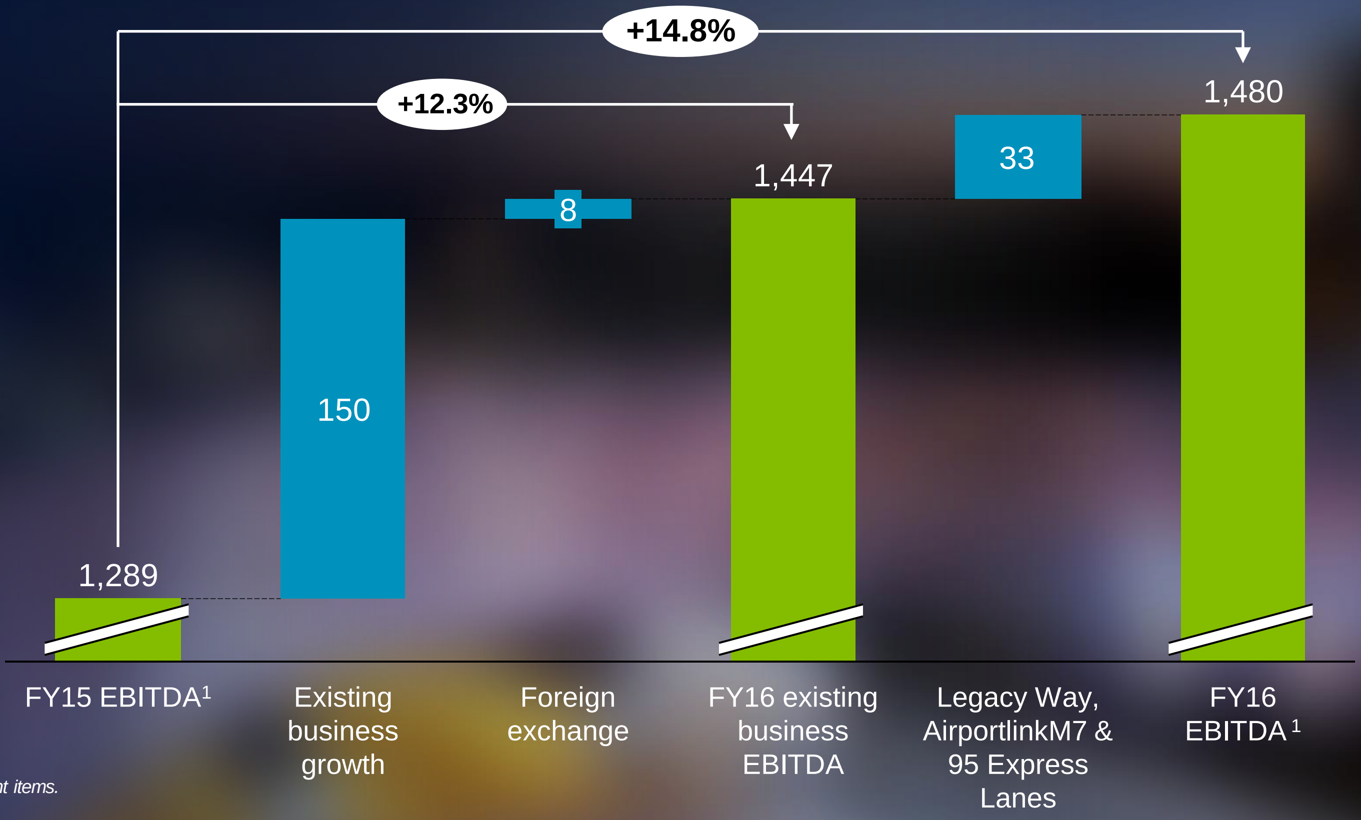
- $41 million increase from existing assets
- $48 million from Legacy Way, AirportlinkM7 and full year of 95 Express Lanes

EBITDA margin

- Group margin impacted by:
  - Proportionally higher contribution from lower margin networks (GWA and Brisbane)
  - Opening of 95 Express Lanes (December 2014) and Legacy Way (June 2015), which are in ramp-up

1. *Toll revenue includes service and fee revenue, which is defined in the glossary.*
2. *See glossary for definition.*
3. *FY16 significant items include stamp duty, transaction and integration costs associated with the acquisition of AirportlinkM7 and integration costs associated with TQ. FY15 significant items include stamp duty, transaction and integration costs associated with the acquisition of TQ.*
4. *EBITDA margin excludes significant items.*

EBITDA MOVEMENT

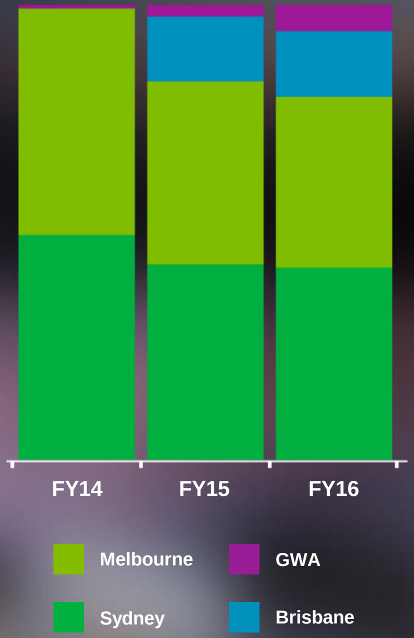


1. Excludes significant items.

NETWORK EBITDA MARGINS

- FY16 EBITDA margin growth across Melbourne, Sydney and GWA
- FY16 Group EBITDA margin impacted by higher proportion of lower margin businesses (GWA and Brisbane) contributing to overall business
- EBITDA margin in FY16 for Brisbane of 74.7% before the inclusion of Legacy Way and AirportlinkM7 consistent with acquisition expectations
- Group EBITDA margin in FY16 increased to 75.2% after excluding Legacy Way, AirportlinkM7 and full year of 95 Express Lanes

PROPORTION OF TOTAL REVENUE



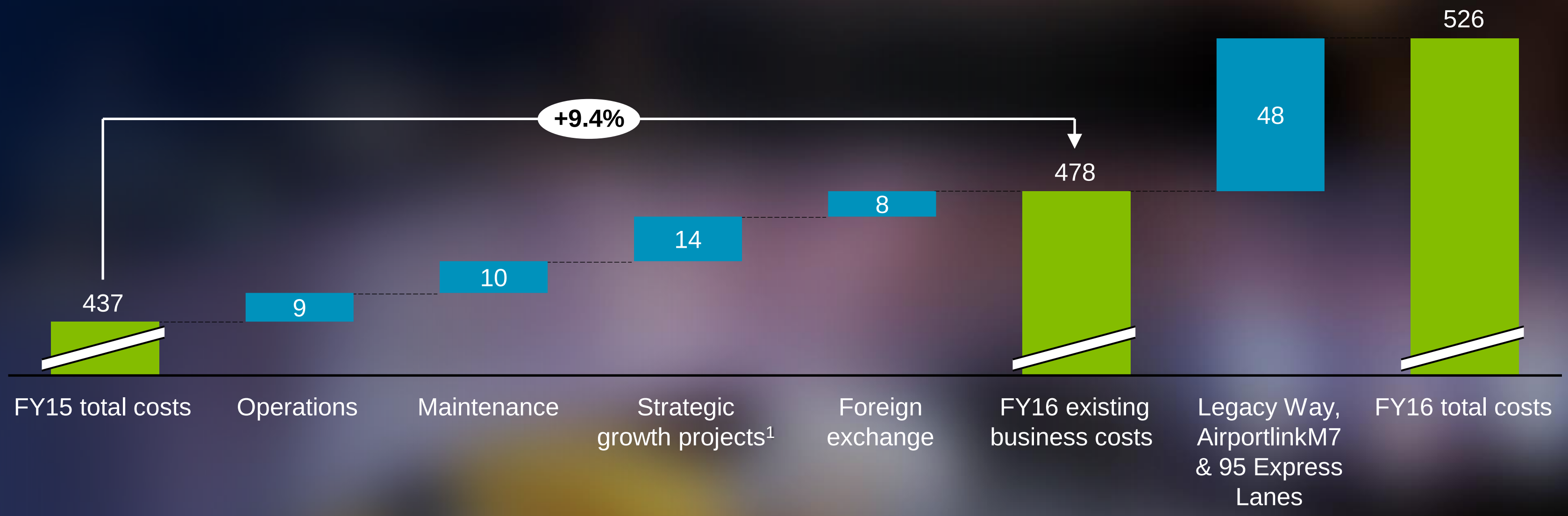
EBITDA MARGINS[1]

	FY14	FY15	FY16
GWA	19.5%	43.4%	49.5%
Brisbane	N/A	69.6%	69.6%
Melbourne	82.3%	85.0%	85.5%
Sydney	80.3%	79.6%	79.7%
Group	75.8%	74.7%	73.8%

1. *Group EBITDA margins are calculated using total revenue and network EBITDA margins are calculated using toll revenue.*

COST MOVEMENT

- Cost increase to support growth in trips and business activity and the continued focus on technology and customer initiatives



1. *Includes changes in ownership interest in the 495 Express Lanes and DRIVe.*

FREE CASH FLOW

- Movement in free cash influenced by:
  - $81 million increase from 100% owned Australian assets
  - $26 million increase to free cash due to lower net finance costs paid (100% owned Australian assets) due to timing of cashflows on new and refinanced debt
  - $29 million decrease to free cash due to a higher maintenance provision expense on 100% owed Australian assets
  - $58 million contribution from GWA assets (100% owned)
  - $18 million decrease in non-100% assets[1]
  - $40 million increase in working capital

FREE CASH FLOW	FY16	FY15	% CHANGE
Free cash	$926M	$768M	20.6%
Weighted average securities eligible for distribution[2]	1,978M	1,910M	3.6%
Free cash per security	46.8cps	40.2cps	16.4%

1. *Lower distributions from M5 ($28 million) associated with the timing of payment of FY16 distributions and TQ ($10 million) due to the timing of interest payments in FY16, partially offset by an increases in ED distributions ($13 million) and the NWRG distributions ($7 million), noting that the FY15 NWRG distribution included a $23 million debt service reserve release that did not recur in FY16.*
2. *Weighted average calculation based on entitlement to distribution. Securities issued as part of the AirportlinkM7 equity raising were not entitled to 1H16 distribution.*

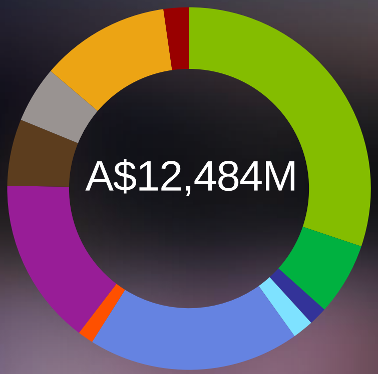
DIVERSIFICATION OF FUNDING SOURCES

transurban

FUNDING ACTIVITIES

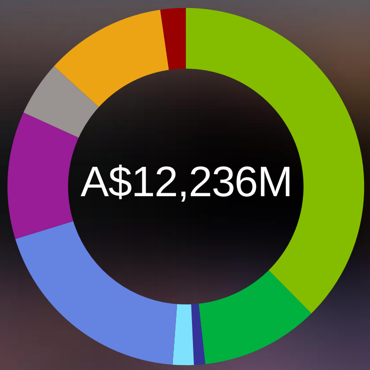
- Diversified into new markets (USD 144A and CHF)
- Bank debt reduced to less than one third of drawn debt[1]
- Major issuances during FY16:
  - A$743 million of corporate USD 144A notes
  - A$911 million of TQ USPP notes
  - A$742 million of M5 term bank debt
  - A$970 million AirportlinkM7 bank facilities
- Successfully raised A$1.025 billion of equity through pro rata accelerated renounceable entitlement offer

JUN 16 GROUP DEBT[1]



Weighted average maturity	**8.7 years**
Weighted average cost of AUD debt	**5.2%**
Weighted average cost of USD debt	**4.3%**
Gearing[2]	**33.3%**
FFO/Debt[3]	**8.6%**

JUN 15 GROUP DEBT[1]



Weighted average maturity	**7.8 years**
Weighted average cost of AUD debt	**5.3%**
Weighted average cost of USD debt	**3.8%**
Gearing[2]	**40.2%**
FFO/Debt[3]	**7.9%**

BANK DEBT
AUD NOTES
AUD PRIVATE PLACEMENT
CAD NOTES
EUR NOTES
CHF NOTES
US PRIVATE PLACEMENT
USD NOTES (144A)
USD NOTES (PABs)
LETTERS OF CREDIT
USD GOVT DEBT

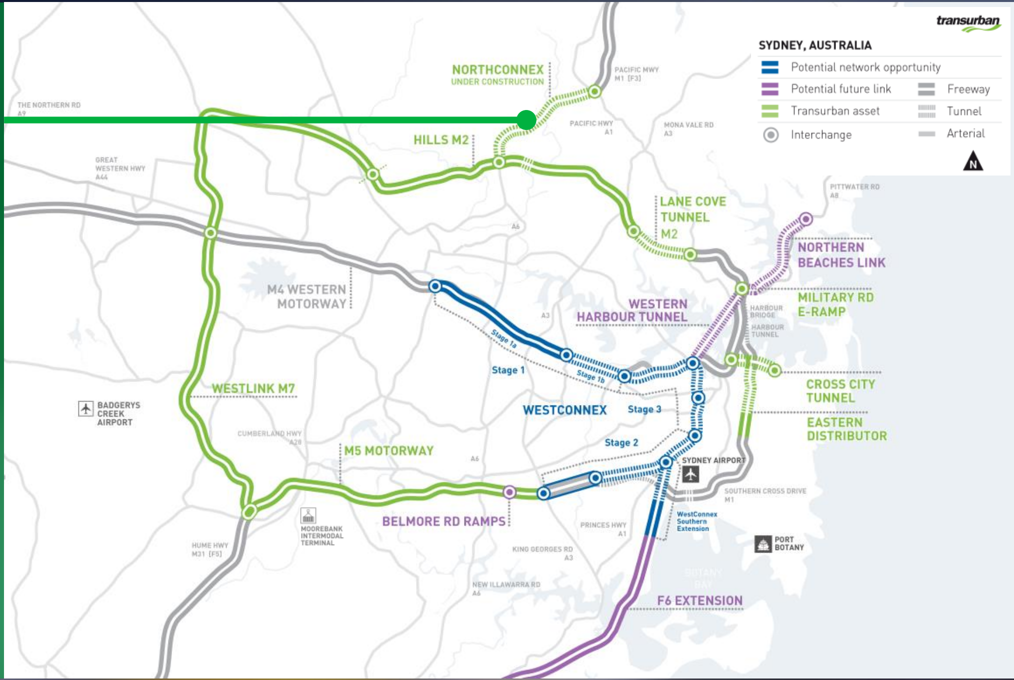
1. *Proportional drawn debt including letters of credit issued. Non AUD debt is converted at the hedged rate where cross currency swaps are in place. Unhedged USD debt is converted at the spot exchange rate ($0.7426 at 30 June 2016 and $0.768 at 30 June 2015).*
2. *Proportional drawn debt in AUD, CAD, CHF, Euro and USD debt converted at the hedged rate where cross currency swaps are in place. Unhedged USD debt converted at the spot exchange rate ($0.7426 at 30 June 2016 and $0.768 at 30 June 2015). The security price was $11.99 at 30 June 2016 and $9.30 at 30 June 2015 with 2,036 million securities on issue at 30 June 2016 and 1,914 million securities on issue at 30 June 2015.*
3. *Based on S&P methodology. The impact of AirportlinkM7 has been annualised. Unadjusted FFO/Debt is 8.3% and on a cash tax basis FFO/Debt is 8.0% (AirportlinkM7 annualised).*

MARKET UPDATE

SYDNEY NETWORK

NORTHCONNEX

- Construction proceeding on time and on budget
- Four road headers currently in operation
- Project cost is approximately $3.0 billion, including Government's contribution
- M7 truck toll currently 2.56 times car toll and will reach 3 times car toll by 1 January 2017
- Expected project completion late 2019



OPERATIONAL ENHANCEMENT

- Increase in recoveries following implementation of GLIDe

POTENTIAL FUTURE DEVELOPMENT

- Preparing for WestConnex sell down
- Funding allocated in NSW Government Budget for project planning:
  - Western Harbour Tunnel and Beaches Link
  - M5 Motorway Belmore ramps
  - F6 extension

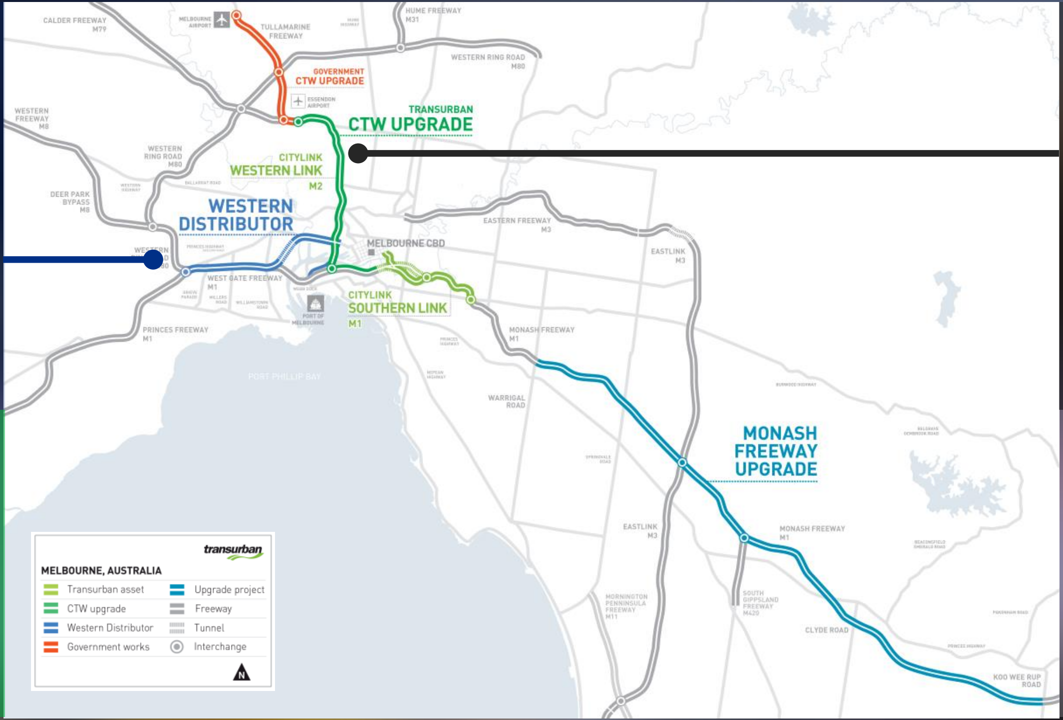
MELBOURNE NETWORK

WESTERN DISTRIBUTOR

- WD Reference Design and RFT issued to market
- Works to commence on MFU in September 2016
- Total project cost approximately $5.5 billion
- Financial close expected by late 2017

CITYLINK CONCESSION

- Concession deed extended to 2035 as part of CTW
- Deed provisions regarding revisions to concession period have not been met, nor are they forecast by Transurban to occur



CITYLINK TULLA WIDENING

- Major works commenced in mid-March 2016
- Construction proceeding on time and on budget
- Total project cost is approximately $1.3 billion
- CityLink upgrade complete early 2018

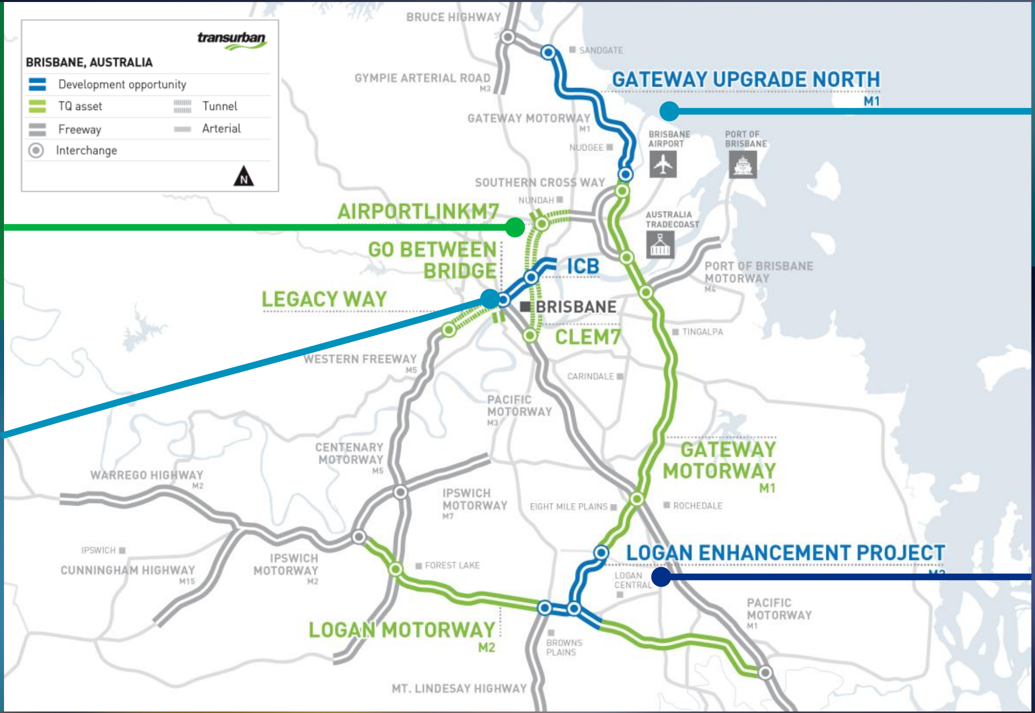
CITYLINK OPERATIONS

- Transition from attendance to safe clearance incident response model
- New maintenance model to improve efficiency and performance

BRISBANE NETWORK

AIRPORTLINKM7
- Financial close reached 1 April 2016
- Customers migrated in June 2016
- Integration of AirportlinkM7 into TQ has been completed

INNER CITY BYPASS
- Brisbane City Council has entered discussions with TQ to partner on the delivery of the ICB upgrade
- Project cost expected to be $80 million[1]
- Completion expected in 2018



GATEWAY UPGRADE NORTH
- TQ managing project in partnership with the Queensland Government
- Completion is expected in 2018

LOGAN ENHANCEMENT PROJECT
- Entered exclusive negotiations and D&C procurement underway
- Final business case to be submitted shortly
- Project cost expected to be approximately $450 million
- Construction expected to commence early 2017 and be completed mid-2019

1. *ICB project cost of $80 million as per media release from Brisbane City Council on 17 June 2016.*

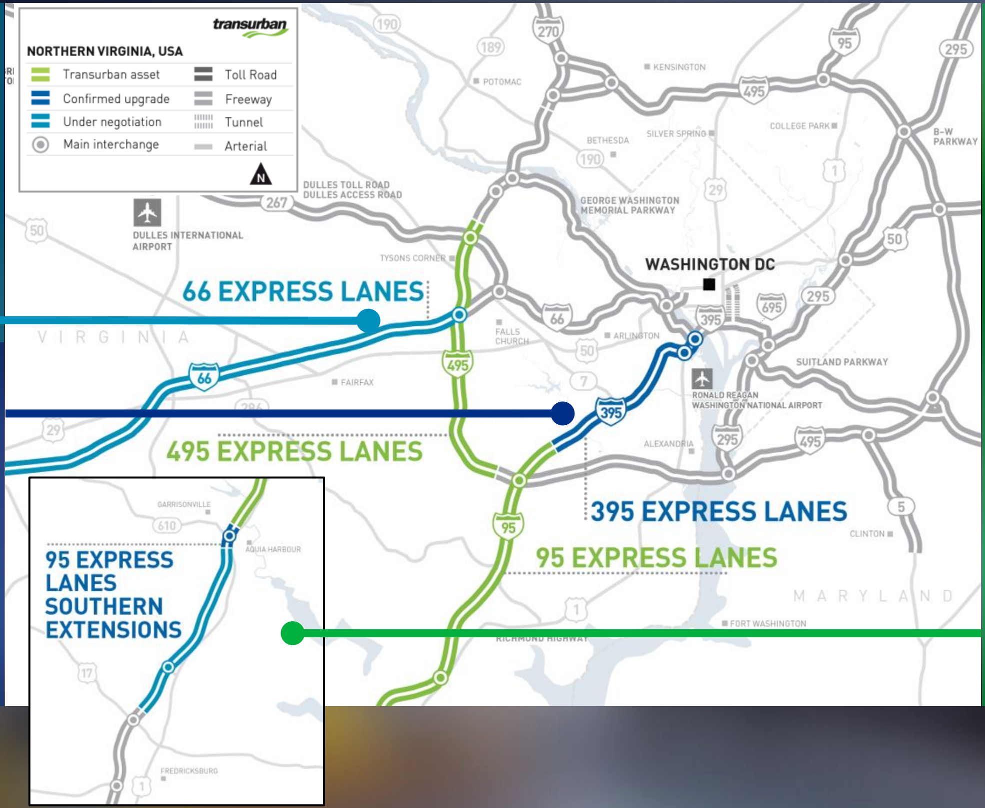
GREATER WASHINGTON AREA NETWORK

66 EXPRESS LANES

- Competitive process underway to design, build, finance, operate and maintain Express Lanes system on I-66
- Transurban shortlisted to one of two in RFP process
- Proposals due October 2016

395 EXPRESS LANES

- Agreed development framework with VDOT to progress 395 Express Lanes project
- Estimated project cost of US$250 - $300 million
- Financial close expected in mid-2017



SOUTHERN EXTENSIONS TO 95 EXPRESS LANES

- An agreement has been reached with VDOT to extend the 95 Express Lanes by three kilometres.
- Capital contribution of US$25 million
- Construction commenced in July 2016 and is expected to be open to traffic late 2017
- Additional 14 kilometre extension to Fredericksburg under negotiation with VDOT as part of the Atlantic Gateway Project

OUTLOOK

transurban

Distribution guidance of 50.5 cps, 11.0% growth year-on-year

Customer focused initiatives and investment to improve experience

Multi-layered approach to core business, operations, development and future positioning

Next generation of development opportunities emerging in each market

Network management technology being deployed across markets to drive greater efficiencies

Road Usage Study results to be released in September 2016

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

CONTENTS

DETAILED FINANCIALS

SUPPLEMENTARY INFORMATION

STATUTORY RESULTS

	FY16 ($M)	FY15 ($M)	% CHANGE
Toll revenue	1,870	1,611	16.1%
Construction revenue	282	190	48.4%
Other revenue	58	59	(1.7%)
Total revenue	**2,210**	**1,860**	**18.8%**
Employee benefit expense	(149)	(130)	14.6%
Road operating costs	(309)	(243)	27.2%
Construction costs	(282)	(185)	52.4%
Transaction and integration costs	(131)	(429)	(69.5%)
Corporate/other expenses	(91)	(91)	0.0%
Total costs	**(962)**	**(1,078)**	**(10.8%)**

EBITDA	**1,248**	**782**	**59.6%**
Depreciation and amortisation	(584)	(551)	6.0%
Finance income	46	68	(32.4%)
Finance costs	(774)	(679)	14.0%
Net finance costs	**(728)**	**(611)**	**19.1%**
Share of equity accounted profits	17	17	0.0%
Profit/(loss) before tax	**(47)**	**(363)**	**(87.1%)**
Tax benefit / (expense)	69	(10)	N.M.
Net profit/(loss)	**22**	**(373)**	**N.M.**

PROPORTIONAL RESULTS

transurban

PROPORTIONAL EARNINGS

	FY16 ($M)	FY15 ($M)	% CHANGE
Toll revenue	1,946	1,656	17.5%
Other revenue	60	70	(14.3%)
Total revenue	**2,006**	**1,726**	**16.2%**
Total costs	**(526)**	**(437)**	**20.4%**
EBITDA (excluding significant items)	**1,480**	**1,289**	**14.8%**
Significant items	(82)	(272)	(69.9%)
EBITDA	**1,398**	**1,017**	**37.5%**

RECONCILIATION OF STATUTORY EBITDA TO PROPORTIONAL EBITDA

	FY16 ($M)	FY15 ($M)	% CHANGE
Statutory EBITDA	**1,248**	**782**	59.6%
Less: EBITDA attributable to non-controlling interest – ED	(24)	(20)	20.0%
Less: EBITDA attributable to non-controlling interest – DRIVe	–	(3)	N.M.
Less: EBITDA attributable to non-controlling interest – TQ	(82)	44	N.M.
Add: M5 proportional EBITDA	111	98	13.3%
Add: M7 proportional EBITDA	145	116	25.0%
Proportional EBITDA	**1,398**	**1,017**	**37.5%**
Significant items	82	272	(69.9%)
Proportional EBITDA (excluding significant items)	**1,480**	**1,289**	**14.8%**

FY16 PROPORTIONAL RESULT BY ASSET

transurban

OWNERSHIP %	ASSET	TOLL REVENUE $M	OTHER REVENUE $M	EBITDA $M	D&A $M	NET FINANCE COST EXPENSE $M	NPBT $M	INCOME TAX (EXP) / BENEFIT $M	NPAT $M
100.0%	M2	255	3	213	(74)	(49)	90	17	107
100.0%	LCT	89	–	55	(23)	(24)	8	3	11
100.0%	CCT	60	–	39	(24)	(14)	1	(1)	–
75.1%	ED	95	–	69	(39)	(31)	(1)	8	7
100.0%	Roam Tolling and Tollaust	5	18	5	(4)	–	1	1	2
50.0%	M5	125	5	111	(48)	(24)	39	(22)	17
50.0%	M7[1]	170	2	145	(42)	(59)	44	–	44
	Sydney	**799**	**28**	**637**	**(254)**	**(201)**	**182**	**6**	**188**
100.0%	CityLink	660	21	564	(138)	(26)	400	(82)	318
	Melbourne	**660**	**21**	**564**	**(138)**	**(26)**	**400**	**(82)**	**318**
62.5%	Gateway Motorway	131	1	98	(46)	(5)	47	(9)	38
62.5%	Logan Motorway	108	1	80	(46)	(10)	24	(10)	14
62.5%	Clem7	32	–	17	(10)	(12)	(5)	(4)	(9)
62.5%	Go Between Bridge	8	–	6	(2)	(1)	3	(5)	(2)
62.5%	Legacy Way	17	–	(3)	(6)	(1)	(10)	(18)	(28)
62.5%	AirportlinkM7[2]	17	–	12	(8)	(8)	(4)	–	(4)
62.5%	TQ Corp	-	5	(74)	-	(132)	(206)	59	(148)
	Brisbane	**313**	**7**	**136**	**(118)**	**(169)**	**(151)**	**13**	**(139)**
100.0%	495 Express Lanes	76	–	37	(23)	(64)	(50)	–	(50)
100.0%	95 Express Lanes	98	–	53	(14)	(28)	11	–	11
100.0%	DRIVe	–	–	4	–	–	4	45	49
100.0%	GWA Corp	–	–	(8)	–	(142)	(150)	(14)	(164)
	Greater Washington Area (USA)	**174**	**-**	**86**	**(37)**	**(234)**	**(185)**	**31**	**(154)**
	Corporate and other	–	4	(25)	(40)	(70)	(135)	69	(65)
	Transurban Group	**1,946**	**60**	**1,398**	**(587)**	**(700)**	**111**	**37**	**148**

1. *Includes NWRG's corporate entities results.*
2. *Financial close on AirportlinkM7 was reached on 1 April 2016.*

FY15 PROPORTIONAL RESULT BY ASSET

OWNERSHIP %	ASSET	TOLL REVENUE $M	OTHER REVENUE $M	EBITDA $M	D&A $M	NET FINANCE COST EXPENSE $M	NPBT $M	INCOME TAX (EXP) / BENEFIT $M	NPAT $M
100.0%	M2	227	4	191	(84)	(41)	66	14	80
100.0%	LCT	78	–	47	(19)	(12)	16	(4)	12
100.0%	CCT	57	–	31	(25)	(12)	(6)	1	(5)
75.1%	ED	87	–	61	(39)	(23)	(1)	5	4
100.0%	Roam Tolling and Tollaust	8	20	13	(1)	–	12	(4)	8
50.0%	M5	109	7	99	(41)	(18)	40	(23)	17
50.0%	M7[1]	136	–	116	(38)	(84)	(6)	1	(5)
	Sydney	**702**	**31**	**558**	**(247)**	**(190)**	**121**	**(10)**	**111**
100.0%	CityLink	615	20	523	(148)	(27)	348	(68)	280
	Melbourne	**615**	**20**	**523**	**(148)**	**(27)**	**348**	**(68)**	**280**
62.5%	Gateway Motorway	125	3	98	(46)	(5)	47	3	50
62.5%	Logan Motorway	100	–	66	(46)	(11)	9	(5)	4
62.5%	Clem7	31	–	15	(10)	(15)	(10)	(1)	(11)
62.5%	Go Between Bridge	9	–	6	(2)	(2)	2	(1)	1
62.5%	Legacy Way	–	–	–	–	–	–	–	–
62.5%	TQ Corp	–	–	(262)	–	(114)	(376)	20	(356)
	Brisbane	**265**	**3**	**(77)**	**(104)**	**(147)**	**(328)**	**16**	**(312)**
94.0%[2]	495 Express Lanes	49	–	20	(22)	(51)	(53)	–	(53)
77.5%[2]	95 Express Lanes	26	–	11	(5)	(10)	(4)	–	(4)
75.0%[2]	DRIVe	–	–	(5)	–	–	–	9	4
100.0%	GWA Corp	–	6	7	1	(98)	(90)	5	(85)
	Greater Washington Area (USA)	**75**	**6**	**33**	**(26)**	**(159)**	**(152)**	**14**	**(138)**
	Corporate and other	–	9	(20)	(25)	(88)	(133)	2	(131)
	Transurban Group	**1,657**	**69**	**1,017**	**(550)**	**(611)**	**(144)**	**(46)**	**(190)**

1. *Includes NWRG's corporate entities results.*
2. *On 29 June 2015 Transurban acquired remaining interest in DRIVe. This acquisition increases Transurban's ownership interest in both the 495 and 95 Express Lanes to 100%.*

NET FINANCE COSTS

CONTROLLED ASSETS	STATUTORY NET FINANCE COST EXPENSE FY16 ($M)	FY15 ($M)	PROPORTIONAL NET FINANCE COST PAID FY16 ($M)	FY15 ($M)
CityLink	(26)	(27)	(18)	(22)
M2[1]	(50)	(41)	(33)	(44)
LCT[2]	(24)	(12)	(10)	(12)
CCT	(13)	(12)	(11)	(12)
ED[1]	(42)	(30)	(24)	(24)
DRIVe	–	(1)	–	–
95 Express Lanes	(28)	(13)	(8)	(6)
495 Express Lanes	(64)	(54)	(17)	(13)
TQ	(270)	(235)	(141)	(105)
Corporate – M7 TLN	–	38	–	57
Corporate – M5 TLN	6	3	6	2
Corporate – NorthConnex SLN Receipts	16	2	–	––
Corporate – Other	(233)	(228)	(163)	(175)
Corporate – CCT	–	(1)	–	-
Total controlled assets	**(728)**	**(611)**	**(419)**	**(354)**
EQUITY ACCOUNTED INVESTMENTS				
M5	(37)	(29)	(22)	(14)
M5 – TLN	(11)	(7)	(6)	(2)
M7 – TLN[3]	–	(77)	–	(57)
M7 – Other	(97)	(91)	(40)	(43)
NWRG – NorthConnex SLN Receipts	(16)	(2)	–	–
Total equity accounted investments	**(161)**	**(206)**	**(68)**	**(116)**

1. *Includes increase in unwind of concession and promissory note expense in M2 ($20 million) and ED ($12 million).*
2. *Includes the unwind of LCT concession enhancement payment payable to the Roads and Maritime Services ($11 million).*
3. *M7 TLN interest is eliminated against the NWRG corporate entities.*

MAINTENANCE PROVISION[1]

	MAINTENANCE EXPENSE RECOGNISED		MAINTENANCE CASH SPEND	
	FY16 ($M)	FY15 ($M)	FY16 ($M)	FY15 ($M)
CityLink	(17)	(12)	(15)	(7)
M2	(6)	(5)	(4)	(4)
LCT	(9)	(9)	(8)	(8)
CCT	(6)	(6)	(3)	(1)
ED	(8)	(11)	(8)	(22)
M5	(4)	(2)	–	(3)
M7	(8)	1	(3)	(4)
Gateway Motorway	(11)	(9)	(3)	(1)
Logan Motorway	(7)	(13)	(10)	(47)
Go Between Bridge	(1)	(1)	–	–
Clem7	(5)	(5)	–	–
Legacy Way	(8)	N/A	–	N/A
AirportlinkM7	(1)	N/A	–	N/A
495 Express Lanes	(8)	(7)	(1)	(1)
95 Express Lanes	(12)	(4)	–	–

1. *Assets at 100%.*

FREE CASH CALCULATION

FREE CASH CALCULATION	SOURCE OF INFORMATION/EXPLANATION
Cash flows from operating activities (refer Group Statutory accounts)	Statutory Transurban Holdings Limited operating cash flow (includes cash inflow from M5 TNLs).
Add back transaction and integration costs related to acquisitions (non-100% owned entities)	Transaction and integration related cash payments incurred on the acquisition of AirportlinkM7 and QM in pcp.
Add back payments for maintenance of intangible assets	For statutory purposes payments for maintenance are classified as operating activities. For the calculation of free cash Transurban removes these payments and replaces them with increases or decreases to the maintenance provision recognised in the Statement of Comprehensive Income (refer below). This provides a smoother representation of maintenance spend and reflects the incurrence of the damage through the facilities use.
Less cash flow from operating activities from consolidated non-100% owned entities	100% of the operating cash flows of ED and TQ are included in the statutory results however the distribution received by Transurban from these entities better reflects the cash available for distribution to Transurban security holders. The cash flows from operating activities are therefore eliminated and, where applicable, replaced with distributions received.
Less allowance for maintenance of intangible assets for 100% owned assets	Expenditure for maintenance of intangible assets is provided for over the period of the facilities use. The annual charge to recognise this provision reflects the yearly damage to the facility requiring maintenance. Also includes allowance for expenditure on electronic tags within 100% owned tolling businesses.

Adjust for distributions and interest received from non-100% owned entities	
ED distribution	Cash distribution received from ED by Transurban.
M5 distribution and TLN interest	Cash distribution received from M5 by Transurban and interest received on Transurban's long term loan to M5 (represents a portion of Transurban's ownership interest).
TQ distribution and shareholder loan note interest	Cash distribution received from TQ by Transurban and interest received on Transurban’s long term loan to TQ (represents a portion of Transurban’s ownership interest).
NWRG distribution	Distributions received from the NWRG equity accounted investment.
Free cash	

FREE CASH FLOW

transurban

Reconciliation of statutory cash flow from operating activities to free cash

	FY16 ($M)	FY15 ($M)
Cash flows from operating activities	910	304
Add back transaction and integration costs related to acquisitions (non-100% owned entities)	23[2]	419
Add back payments for maintenance of intangible assets	52	91
Less cash flow from operating activities from consolidated non-100% owned entities[1]	(284)	(338)
Less allowance for maintenance of intangible assets for 100% owned assets	(60)	(11)
Adjust for distributions and interest received from non-100% owned entities		
ED distribution	44	31
M5 distribution and TLN interest	39	67
TQ distribution and SLN interest	108	118
NWRG distribution and M7 TLN interest	94	87
Free cash	**926**	**768**

1. *Consolidated cash flows from non-100% owned entities includes ED and TQ.*
2. *Stamp duty associated with AirportlinkM7 acquisition payable in FY17.*

RECONCILIATION OF FREE CASH

Reconciliation of proportional EBITDA to free cash

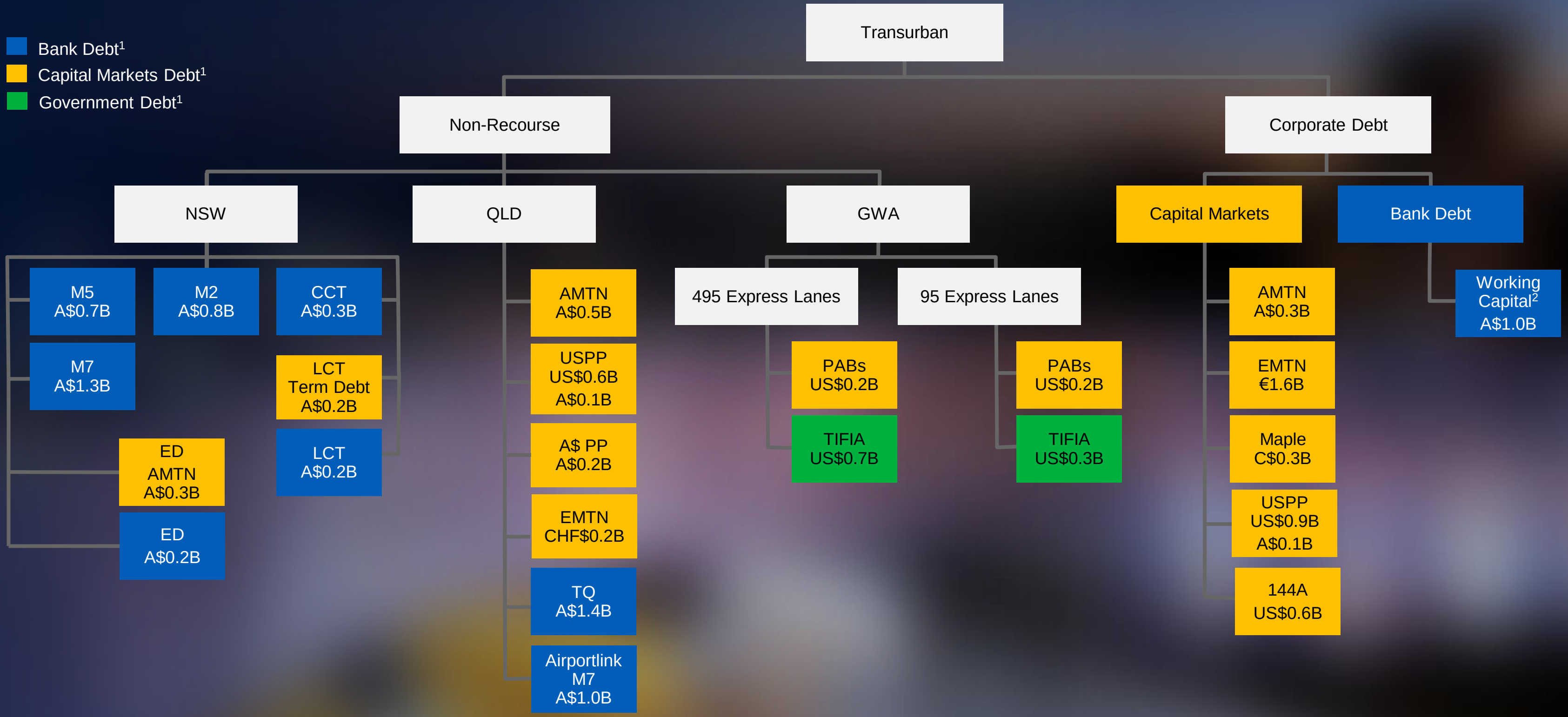
	FY16	Comments
Proportional EBITDA excluding significant items	1,480	Refer to slide 33 for further detail
Proportional net finance costs paid (cash)	(487)	Refer to slide 36 for further detail
Add back proportional maintenance expense (non-100% owned assets)	33	Refer to slide 37 for further detail
Less proportional maintenance cash spend (non-100% owned assets)	(15)	Refer to slide 37 for further detail
Non-100% owned assets distribution timing	(64)	Timing of M5 and NWRG distributions
Working capital	(12)	Working capital movement
Other	(9)	Cash tax paid by M5 and NWRG
Free Cash	**926**	

TREASURY

SUPPLEMENTARY INFORMATION

FUNDING STRUCTURE AT 30 JUNE 2016

transurban



1. *Debt facilities including undrawn available facilities, in the base currency of debt before hedging.*
2. *Corporate working capital facilities are bilateral facilities and can be drawn in AUD and/or USD.*

GROUP DEBT AT 30 JUNE 2016

	FACILITY (US$M)[1]	FACILITY (A$M)[1]	TOTAL FACILITY (A$M)	PROPORTIONAL DRAWN (A$M)	STATUTORY DRAWN (A$M)
CORPORATE DEBT[2]					
Working capital facilities[3]	-	950	950	62	62
Term bank debt	-	-	-	-	-
USPP	162	1,072	1,290	1,290	1,280
AMTN	-	300	300	300	300
EMTN (CAD and Euro Notes)	305	2,171	2,582	2,582	2,648
144A	500	70	743	743	741
TOTAL CORPORATE DEBT	**967**	**4,563**	**5,865**	**4,977**	**5,031**
Separate letters of credit[4]	-	304	304	281	-
NON-RECOURSE DEBT					
TQ	-	3,192	3,192	1,881	3,029
AirportlinkM7	-	970	970	594	950
LCT	-	460	460	260	260
CCT	-	277	277	277	277
ED	-	525	525	394	525
M2	-	755	755	755	755
M5	-	742	742	364	-
M7	-	1,270	1,270	635	-
495 Express Lanes[5]	974	-	1,312	1,312	1,146
95 Express Lanes[5]	560	-	754	754	650
TOTAL NON-RECOURSE DEBT	**1,534**	**8,191**	**10,257**	**7,226**	**7,592**
Other[6]	-	-	-	-	250
TOTAL GROUP DEBT	**2,501**	**13,058**	**16,426**	**12,484**	**12,873**

1. *Shown in effective currency after hedging.*
2. *Unhedged USD debt is converted at the spot exchange rate ($0.7426 at 30 June 2016).*
3. *Working capital facilities are bilateral facilities and can be drawn in AUD and/or USD. Drawn amount does not include $56 million letters of credit issued.*
4. *Issued in relation to corporate, CityLink, ED, M2, CCT, 95 Express Lanes and NorthConnex. Does not include a cash-backed $108 million letter of credit issued in relation to stamp duty payable on the AirportlinkM7 acquisition.*
5. *Statutory drawn debt lower than proportional drawn debt due to this debt being carried at fair value following the consolidation of the US assets in June 2014.*
6. *Consists of shareholder loans and net capitalised borrowing costs.*

DRAWN DEBT

PROPORTIONAL BASIS

AUD[1]	FY16 ($M)	FY15 ($M)	MOVEMENT ($M)	EXPLANATION[3]
Corporate	3,668	4,297	(629)	During the year A$129 million USPP, A$500 million AUD bonds and A$125 million term bank debt were repaid. A portion of the US 144A debt raised in November 2015 was swapped to AUD (A$70 million) and A$55 million working capital drawings was drawn.
Non-recourse	5,159	4,469	690	A$594 million new AirportlinkM7 debt was raised and M5 debt increased by A$4 million as a result of the July 2015 refinance. At TQ, A$569 million USPP and A$174 million CHF bonds were raised and A$481 million bank debt was repaid (including term debt, capex debt, working capital and a bridge facility). Clem7 bank debt was also repaid (A$169 million).
Total	**8,827**	**8,766**	**61**	

USD[2]	FY16 ($M)	FY15 ($M)	MOVEMENT ($M)	EXPLANATION[3]
Corporate	972	956	16	US$500 million 144A raised in November 2015 and used to repay US$396 million of drawn working capital and US$93 million of term bank debt. Offset by a further US$5 million working capital drawn.
Non-recourse	1,534	1,493	41	Increase in TIFIA funding due to capitalised interest of US$9 million for 95 Express Lanes and US$32 million for 495 Express Lanes.
Total	**2,506**	**2,449**	**57**	

1. *AUD represents debt issued in AUD plus debt that has been issued in CAD, Euro, CHF and USD and has been swapped back into AUD.*
2. *USD represents debt issued in USD (including 144A bonds, 95 Express Lanes, 495 Express Lanes and tranche C of the 2006 USPP which was not swapped back to AUD) and debt issued in Euro that has been swapped back in to USD.*
3. *Amounts will differ to consolidated accounts due to the spot translation used in financial accounts as opposed to the hedged FX rate. The consolidated accounts include external shareholder loans and a fair value measurement on 95 and 495 Express Lanes. M5 and M7 are not included in the consolidated accounts.*

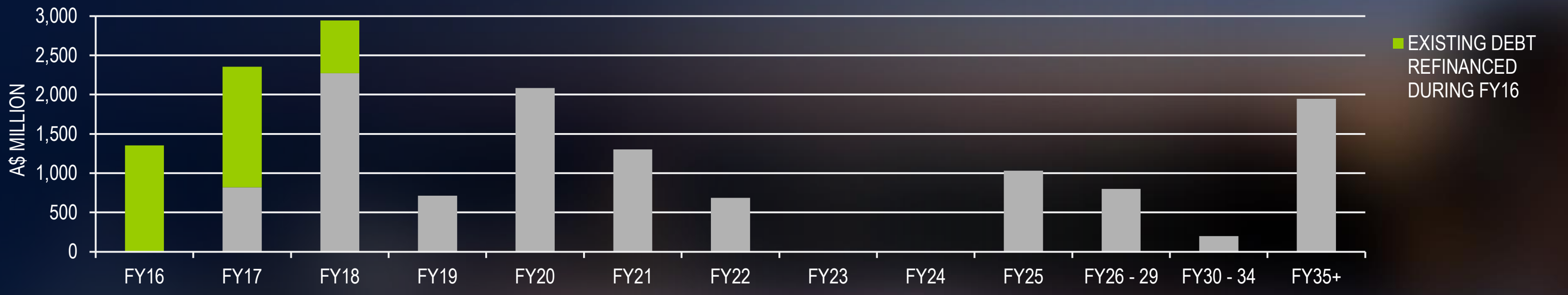
KEY DEBT METRICS

	FY16			FY15		
	TRANSURBAN GROUP	CORPORATE	NON RECOURSE	TRANSURBAN GROUP	CORPORATE	NON-RECOURSE
Weighted average maturity (years)[1]	8.7 yrs	5.8 yrs	10.2 yrs[2]	7.8 yrs	5.0 yrs	9.7 yrs[3]
Weighted average cost of AUD debt[4]	5.2%	5.7%	4.9%	5.3%	5.6%	5.1%
Weighted average cost of USD debt[4]	4.3%	4.2%	4.3%	3.8%	2.9%	4.4%
Hedged[5]	99.5%	98.8%	100.0%	89.1%	83.1%	94.2%
Gearing (proportional debt to enterprise value)[6]	33.3%			40.2%		
FFO/Debt[7]	8.6%			7.9%		
Corporate senior interest cover ratio (historical ratio for 12 months)	4.3x			3.5x		
Corporate debt rating (S&P / Moody's / Fitch)	BBB+ / Baa1/ A-			BBB+ / Baa1/ A-		

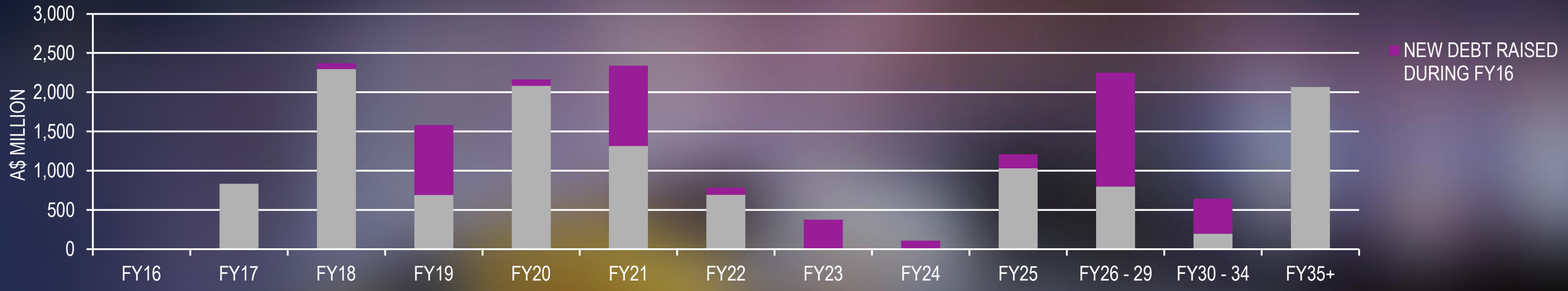
1. *Weighted average maturity calculated on full value of drawn funds at AUD value of debt. CAD, CHF, Euro and USD debt converted at the hedged rate where cross currency swaps are in place. Unhedged USD debt is converted at the spot exchange rate ($0.7426 at 30 June 2016 and $0.768 at 30 June 2015).*
2. *The average weighted maturity of Australian non-recourse debt is 5.0 years at 30 June 2016.*
3. *The average weighted maturity of Australian non-recourse debt was 3.5 years at 30 June 2015.*
4. *Weighted on a proportional drawn debt basis.*
5. *Hedged percentage comprises fixed rate debt and floating debt that has been hedged and is a weighted average of total proportional drawn debt in AUD.*
6. *Proportional drawn debt in AUD, CAD, CHF, Euro and USD debt converted at the hedged rate where cross currency swaps are in place. Unhedged USD debt converted at the spot exchange rate ($0.7426 at 30 June 2016 and $0.768 at 30 June 2015). The security price was $11.99 at 30 June 2016 and $9.30 at 30 June 2015 with 2,036 million securities on issue at 30 June 2016 and 1,914 million securities on issue at 30 June 2015.*
7. *Based on S&P methodology. The impact of AirportlinkM7 has been annualised. Unadjusted FFO/Debt is 8.3% and on a cash tax basis FFO/Debt is 8.0% (AirportlinkM7 annualised).*

EXTENSION OF DEBT MATURITY PROFILE

JUNE 2015 MATURITY PROFILE



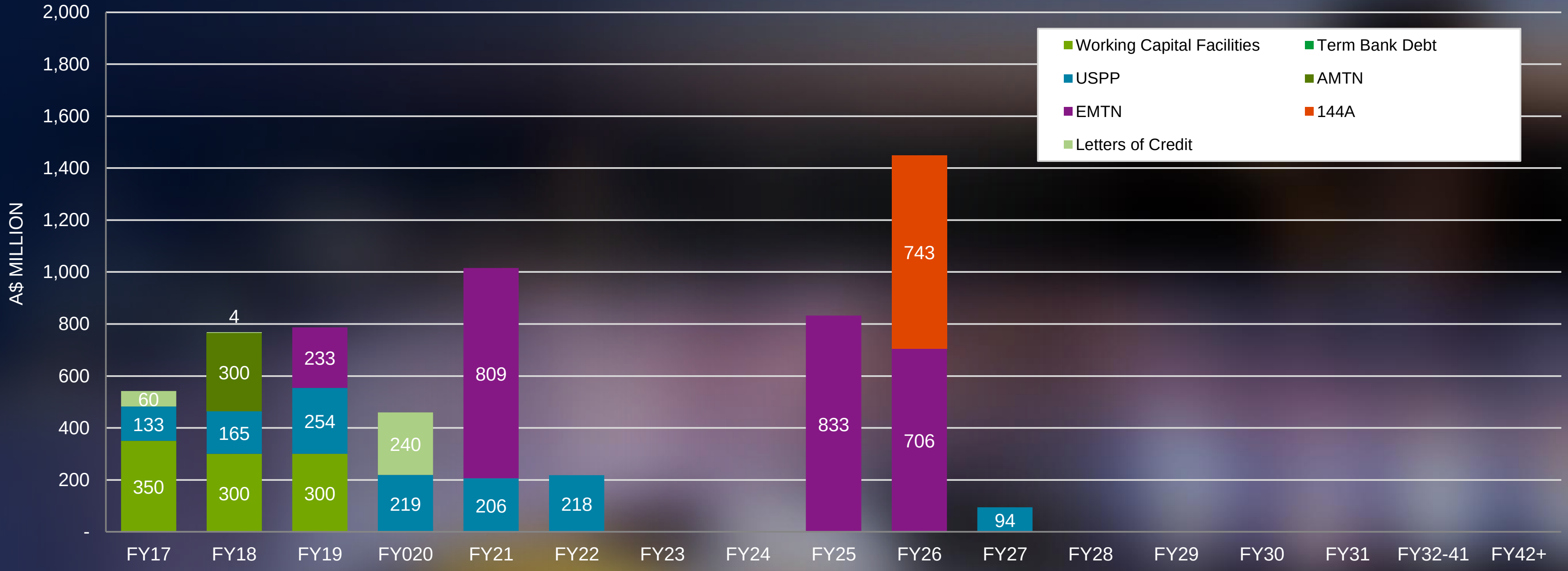
JUNE 2016 MATURITY PROFILE



1. *The full value of debt facilities is shown as this is the value of debt for refinancing purposes. This overstates Transurban's ownership share of the debt.*
2. *Debt is shown in the financial year in which it matures.*
3. *Debt is converted to AUD at the hedged rate. Unhedged USD debt is converted to AUD at the spot exchange rate ($0.768 at 30 June 2015 and $0.7426 at 30 June 2016).*

CORPORATE DEBT MATURITIES

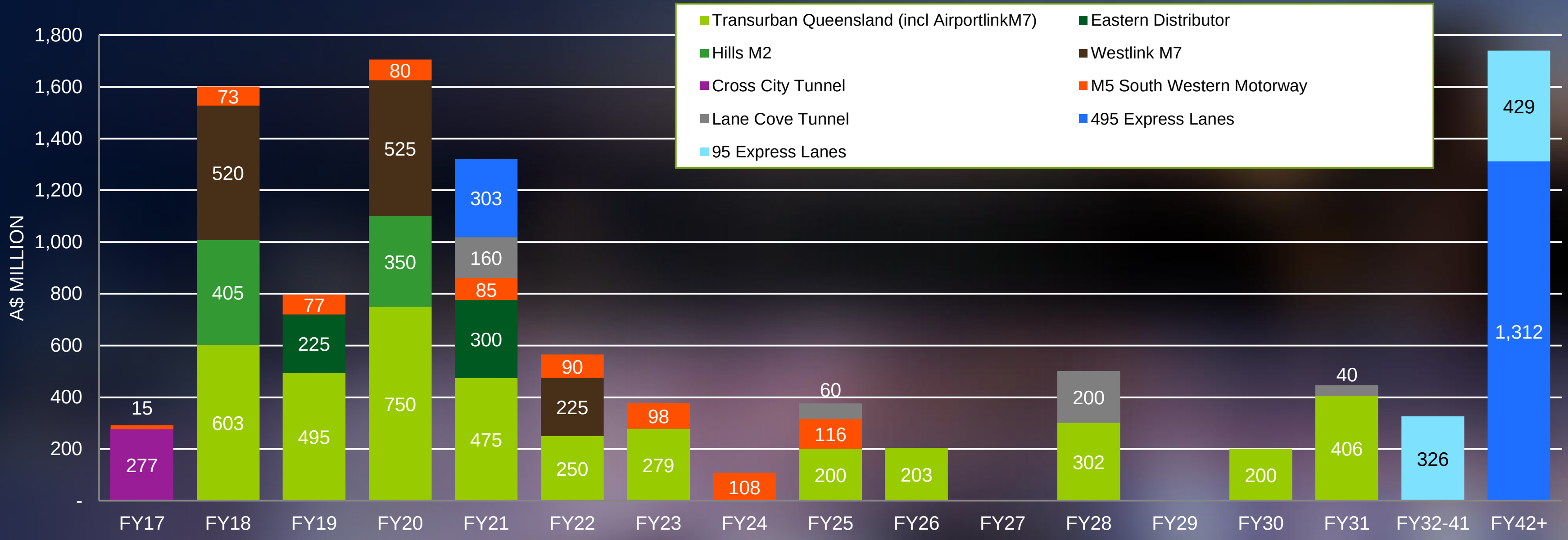
BY FINANCIAL YEAR – AS AT 30 JUNE 2016



1. *Debt is shown in the financial year in which it matures.*
2. *Debt values are in AUD as at 30 June 2016. CAD, Euro and USD debt are converted at the hedged rate where cross currency swaps are in place.*
3. *Unhedged USD debt is converted to AUD at the spot exchange rate ($0.7426 at 30 June 2016).*

NON-RECOURSE DEBT MATURITIES

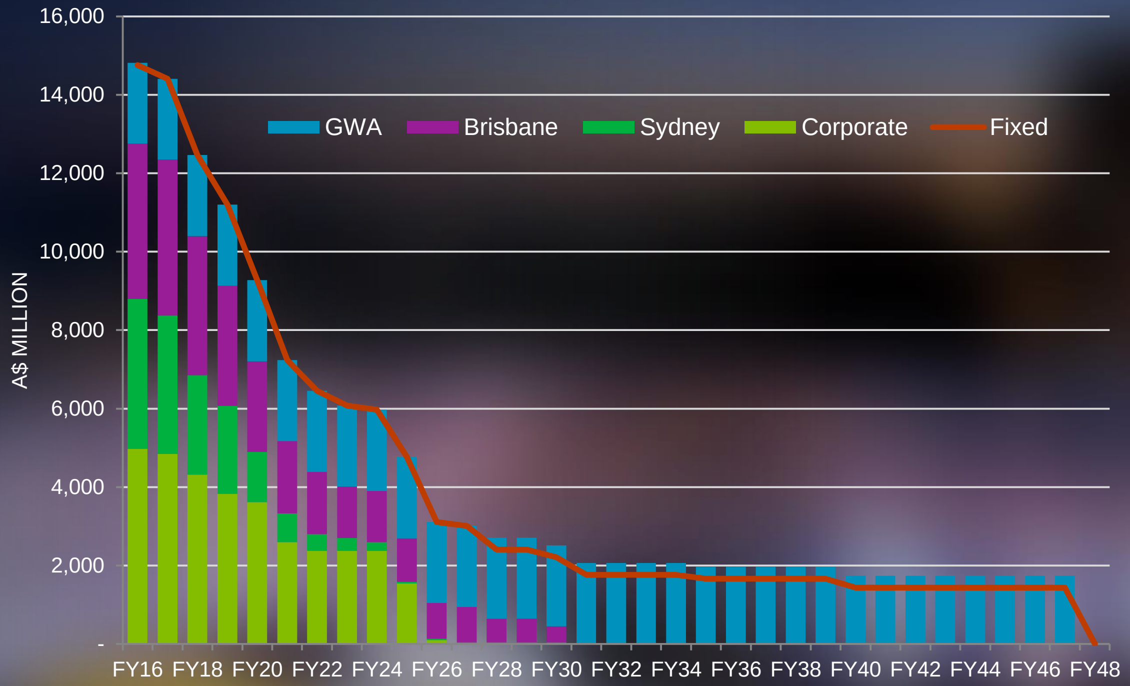
BY FINANCIAL YEAR – AS AT 30 JUNE 2016



1. *The full value of debt facilities is shown as this is the value of debt for refinancing purposes. This overstates Transurban's ownership share of the debt.*
2. *Debt is shown in the financial year in which it matures.*
3. *Debt values are in AUD as at 30 June 2016. CHF and USD debt are converted at the hedged rate where cross currency swaps are in place.*
4. *The A$303 million maturing in FY21 are part of the 495 Express Lanes senior bonds maturing in FY48. This tranche will be refinanced as per the financing structure agreed with the sole holder, J.P. Morgan.*
5. *95 Express Lanes and 495 Express Lanes maturities show final maturity dates.*

HEDGING PROFILE[1]

- 99% hedged as at 30 June 2016
- Hedge tenor is matched to the tenor of debt on 98%[2] of drawn debt
- Refinances are managed early



1. *Calculated on the full value of drawn debt including 100% of non-recourse drawn debt. Non AUD debt is converted at the hedged rate where cross currency swaps are in place. Unhedged USD debt is converted at the spot exchange rate ($0.7426 at 30 June 2016).*
2. *A$62 million drawn working capital maturing in FY18 is unhedged. A$303 million PAB for 495 Express Lanes maturing in FY48 and are hedged to FY28.*

CORPORATE OVERVIEW

SUPPLEMENTARY INFORMATION

SUMMARISED GROUP STRUCTURE

	TRANSURBAN HOLDINGS LIMITED		TRANSURBAN HOLDING TRUST		TRANSURBAN INTERNATIONAL LIMITED	
	CORPORATE ENTITIES	ROAD/OPERATING ENTITIES	ROAD/OPERATING ENTITIES	OTHER ENTITIES	ROAD/OPERATING ENTITIES	CORPORATE ENTITIES
100% owned	Including: Employing entity Financing entity Trustee entities	Companies operating and maintaining roads	Trusts holding asset and financing	Transurban Finance Trust		Holding entity employing US-based staff
100% owned		CityLink Melbourne Limited	CityLink Trust	Transurban NCX M7 Hold Trust		
100% owned		Hills Motorway Limited (M2)	Hills Motorway Trust (M2)		Transurban DRIVe Holdings LLC	
100% owned		LCT MRE Pty Limited (LCT)	LCT MRE Trust (LCT)		Capital Beltway Express LLC	
100% owned		Transurban CCT P/L (CCT)	Transurban CCT Trust (CCT)		95 Express Lanes LLC	
Consolidated	75.1%	Airport Motorway Limited (ED)	Airport Motorway Trust (ED)			
Consolidated	62.5%	Transurban Queensland Holdings Pty Ltd	Transurban Queensland Invest Trust			
Not consolidated equity accounting	50.0%	NorthWestern Roads Group Pty Limited[1]	NorthWestern Roads Group Trust[1]			
Not consolidated equity accounting	50.0%	Interlink Roads Pty Limited (M5)				
Not consolidated equity accounting		Builds, operates and maintains road, and has own borrowings. Funding from non-recourse borrowings.				

1. *Includes M7 and NorthConnex.*

ASSET PORTFOLIO

SUMMARY STATISTICS AS AT 30 JUNE 2016

	MELBOURNE	SYDNEY						
OVERVIEW	**CITYLINK**	**M5**	**M2**	**ED**	**M7**	**NORTHCONNEX**	**LCT**	**CCT**
Opening date	Dec 2000	Aug 1992	May 1997	Dec 1999	Dec 2005	Under Construction	Mar 2007	Aug 2005
Remaining concession period	19 years	10 years	32 years	32 years	32 years	28 years[1]	32 years	19 years
Concession end date	Jan 2035	Dec 2026	Jun 2048	Jul 2048	Jun 2048	Jun 2048	Jun 2048	Dec 2035
PHYSICAL DETAILS								
Length – total	22km in 2 sections	22km	21km	6km	40km	9km	3.8km	2.1km
Length – surface	16.8km	22km	20.4km	4.3km	40km	–	0.3km	0 km
Length – tunnel	5.2km	–	0.6km	1.7km	–	9km	3.5km	2.1km
Lanes	2x4 in most sections	2x3	2x3	2x3 2x2 some sections	2x2	2x2	2x2 2x3 some sections	2x2 2x3 some ramp sections
OWNERSHIP								
Transurban ownership	100%	50%	100%	75.1%	50%	50%	100%	100%
TOLLING								
Truck multiplier	LCV: 1.6x HCV: 1.9x (3x)[2]	2.79x (3x)[3]	3x	2x	2.33x (3x)[3]	3x	2.67x (3x)[2]	2x

1. *Concession period from expected opening date late 2019.*
2. *HCV multiplier to increase to 3 times cars on 1 April 2017.*
3. *Truck toll multiplier at 30 June 2016. Multiplier gradually increasing to 3 times cars. Multiplier to reach 3 times cars on M5 on 1 October 2016 and the M7 and LCT on 1 January 2017.*

ASSET PORTFOLIO

SUMMARY STATISTICS AS AT 30 JUNE 2016

	BRISBANE						GREATER WASHINGTON AREA	
OVERVIEW	GATEWAY MOTORWAY	LOGAN MOTORWAY	CLEM7	GO BETWEEN BRIDGE	LEGACY WAY	AIRPORTLINKM7	495 EXPRESS LANES[2]	95 EXPRESS LANES[2]
Opening date	Dec 1986	Dec 1988	Mar 2010	Jul 2010	Jun 2015	Jul 2012	Nov 2012	Dec 2014
Remaining concession period	35 years	35 years	35 years	47 years	49 years	37 years	71 years	71 years
Concession end date	Dec 2051	Dec 2051	Aug 2051	Dec 2063	Jun 2065	Jun 2053	Dec 2087	Dec 2087
PHYSICAL DETAILS								
Length – total	23.1km	38.7[1] km	6.8km	0.3km	5.7km	6.7km	22km	46.6km
Length – surface	23.1km	38.7[1] km	2.0km	0.3km	1.1km	1.0km	22km	46.6km
Length – tunnel	–	–	4.8km	–	4.6km	5.7km	–	–
Lanes	6,8 and 10 (various) 12 Gateway Bridge	2x2	2x2	2x2	2x2	2x3	2x2 HOT lanes	2 and 3 reversible HOT lanes
OWNERSHIP								
Transurban ownership	62.5%	62.5%	62.5%	62.5%	62.5%	62.5%	100%	100%
TOLLING								
Truck multiplier	LCV – 1.5x HCV – 2.65x	LCV – 1.5x HCV – 2.65x	LCV – 1.5x HCV – 2.65x	LCV – 1.5x HCV – 2.65x	LCV[3] – 1.5x HCV[3] – 2.65x	LCV – 1.5x HCV – 2.65x	No multiplier trucks >2 axle not permitted	No multiplier trucks >2 axle not permitted

1. *Length includes 9.8km of Gateway Extension Motorway.*
2. *On 29 June 2015, Transurban acquired the remaining equity interest in both the 495 and 95 Express Lanes.*
3. *Calculated based on the non-discount car and truck toll, which applied from 2 May 2016.*

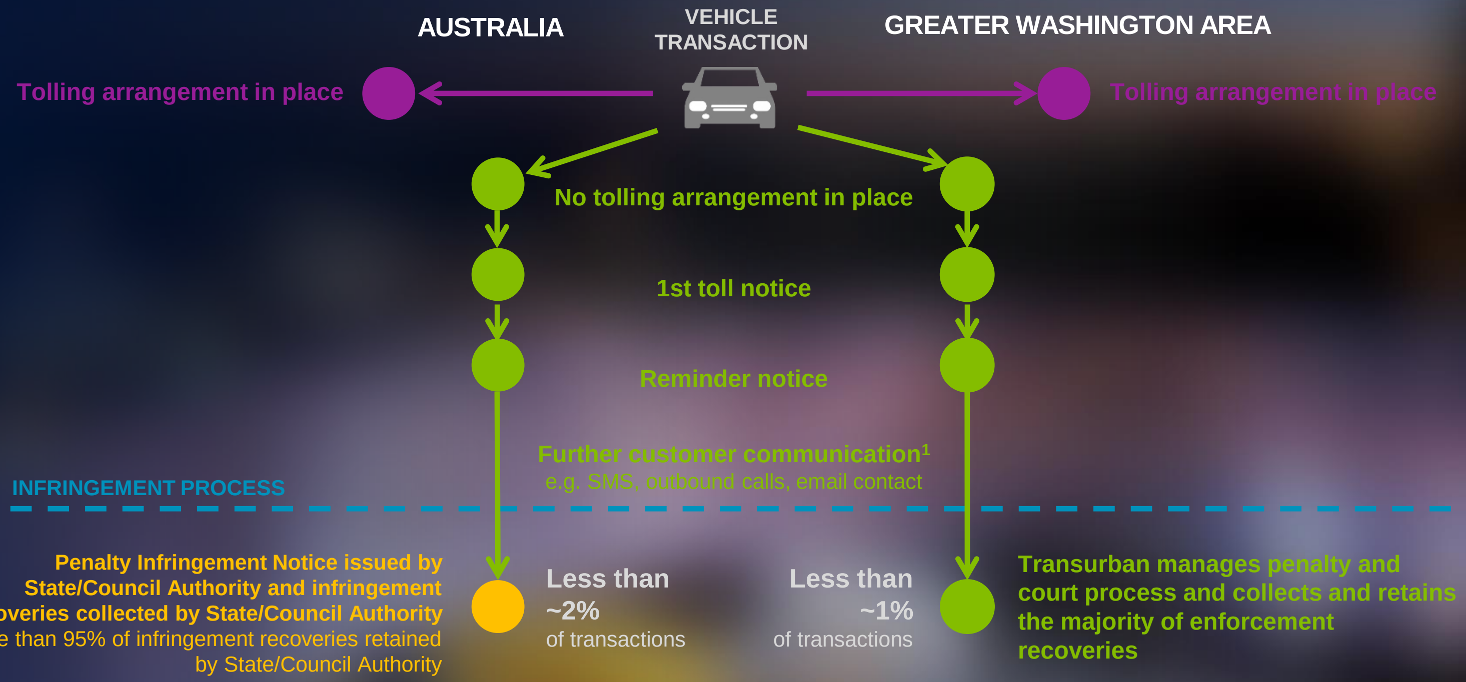
TOLLING ESCALATION

EMBEDDED INFLATION PROTECTION

MOTORWAY	ESCALATION
CityLink	Escalated quarterly by the greater of quarterly CPI or 1.1065 per for the first 16 years, then quarterly by CPI. This is subject to a cap of annual CPI plus 2.5%, which cannot be exceeded.
M2	Escalated quarterly by the greater of quarterly CPI or 1%.
LCT	Escalated quarterly by quarterly CPI. The toll cannot be lowered as a result of deflation, however, until inflation counteracts the deflation the toll cannot be increased.
ED	Escalated quarterly by the greater of a weighted sum of quarterly AWE and quarterly CPI or 1%.
M7	Escalated or deescalated quarterly by quarterly CPI.
M5	Escalated quarterly by quarterly CPI. The toll cannot be lowered as a result of deflation, however, until inflation counteracts the deflation the toll cannot be increased.
CCT	Escalated 4% annually to December 2011; 3% annually to December 2017; CPI to concession end.
Logan Motorway	Tolls escalate annually at Brisbane CPI.
Gateway Motorway	Tolls escalate annually at Brisbane CPI.
Clem7	Tolls escalate annually at Brisbane CPI.
Go Between Bridge	Tolls escalate annually at Brisbane CPI.
Legacy Way	Tolls escalate annually at Brisbane CPI.
AirportlinkM7	Tolls escalate annually at Brisbane CPI.
495 Express Lanes	Dynamic, uncapped.
95 Express Lanes	Dynamic, uncapped.

ENFORCEMENT PROCESS

TYPICAL ARRANGEMENT



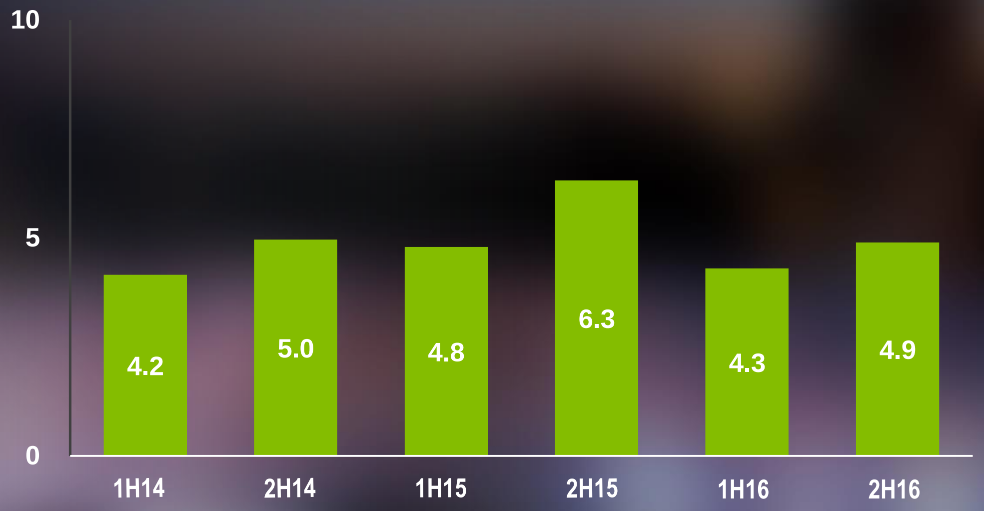
1. *Where legislation allows and information is available.*

SAFETY HIGHLIGHTS

HIGHLIGHTS

- Continued focus on RICI[1] with a 17% reduction on pcp
- Zero Lost Time Injuries for employees
- Two recordable incidents for employees
- More than 1.5 million construction hours on NorthConnex and more than 850,000 hours on CTW and one Lost Time Injury

TRANSURBAN RICI[1]

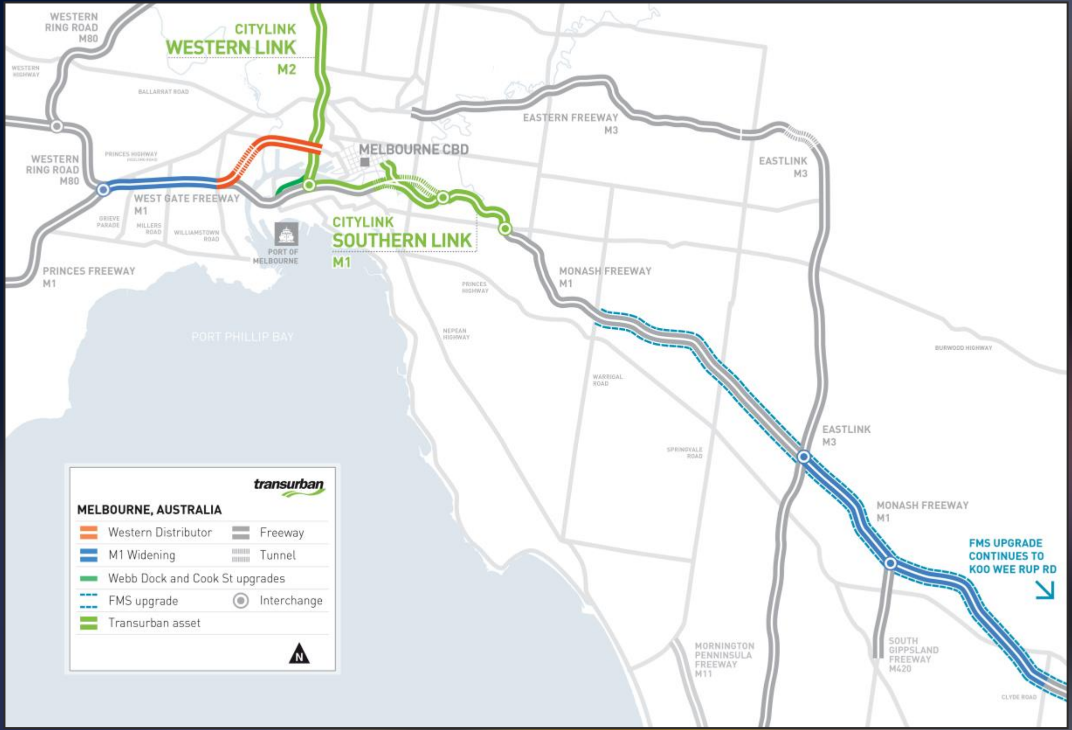


1. *RICI measures the number of serious road injuries (an individual transported from, or receives medical treatment at, the scene) crashes per 100 million vehicle kilometres travelled on Transurban's networks.*

DEVELOPMENT OPPORTUNITIES

SUPPLEMENTARY INFORMATION

WESTERN DISTRIBUTOR



OVERVIEW

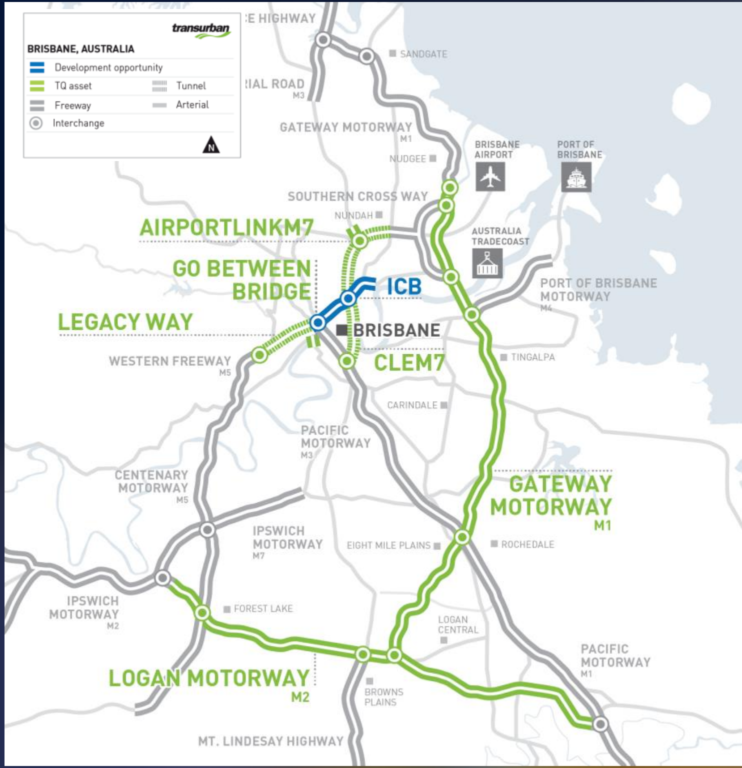
- The Reference Design for the Western Distributor and the West Gate Freeway widening and RFT have been provided to three shortlisted construction consortiums
- Project scope includes:
  - Western Distributor and West Gate Freeway widening
  - Webb Dock Access improvements
  - Monash Freeway Upgrade
- Works to commence on MFU in September 2016
- Financial close expected by late 2017
- Total project cost approximately $5.5 billion

WD and Monash Upgrade videos:

http://westerndistributorproject.vic.gov.au/wd/

http://westerndistributorproject.vic.gov.au/monash/

INNER CITY BYPASS

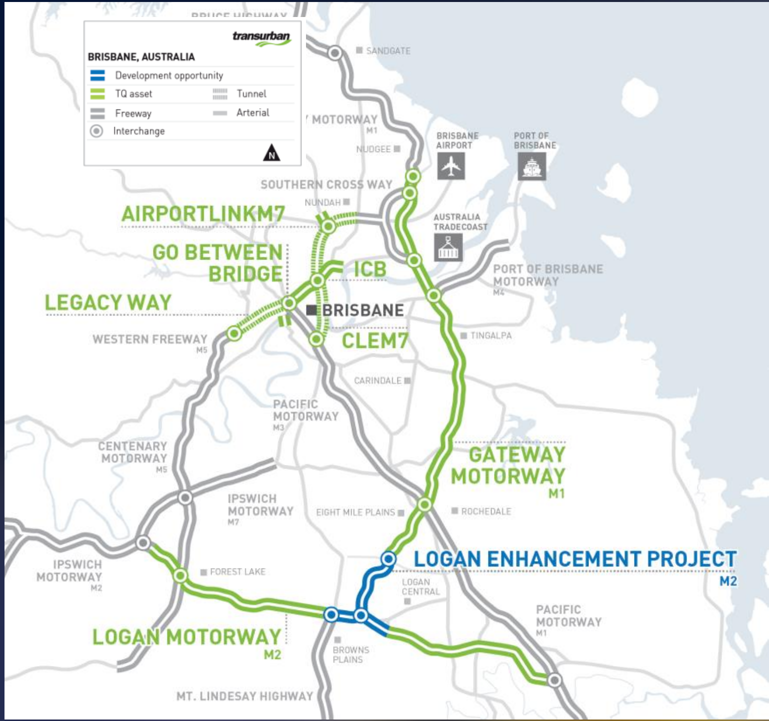


OVERVIEW

- Brisbane City Council has entered discussions with TQ to partner on the delivery of the ICB upgrade
- Project cost expected to be $80 million[1]
- The upgrade will widen the ICB to four lanes in each direction between Legacy Way and the RNA tunnel
- Completion expected in 2018

1. *ICB project cost of $80 million as per media release from Brisbane City Council on 17 June 2016.*

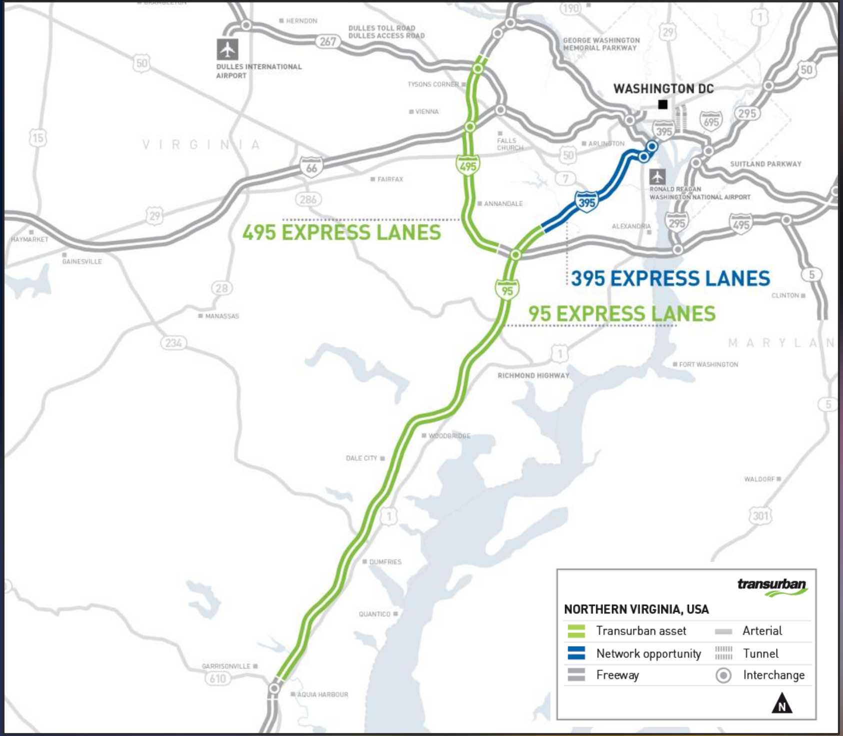
LOGAN ENHANCEMENT PROJECT



OVERVIEW

- TQ is currently developing the final business case and undertaking community and stakeholder engagement.
- The project includes:
  - Interchange upgrades
  - Widening parts of the Gateway Extension Motorway
  - Construction of new south-facing ramps at Compton Road
- Final proposal expected to be submitted second half 2016
- Construction to commence in early 2017 and be completed mid-2019
- Procurement process underway with two contractors shortlisted for the design and construction
- Project cost expected to be approximately $450 million

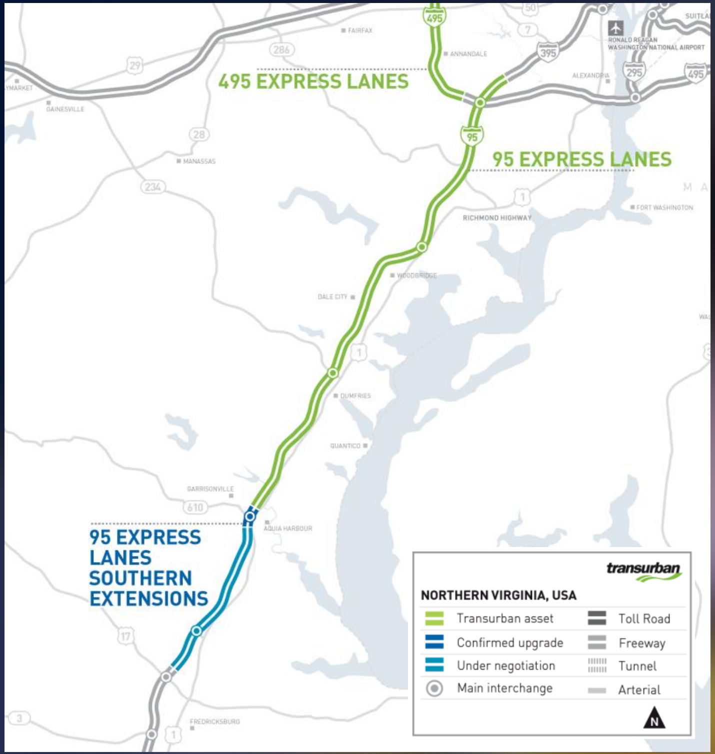
395 EXPRESS LANES



OVERVIEW

- Transurban and VDOT are in exclusive negotiations on a development framework to progress the 395 Express Lanes, a 13 kilometre extension to the 95 Express Lanes
- The project will increase capacity by converting 2 HOV lanes to 3 Express Lanes
- Procurement process underway with three shortlisted contractors
- Final proposal expected to be submitted early 2017
- Total project cost expected to be US$250 - $300 million
- Financial close expected in mid-2017
- Approximate two-year construction period

95 EXPRESS LANES SOUTHERN EXTENSIONS



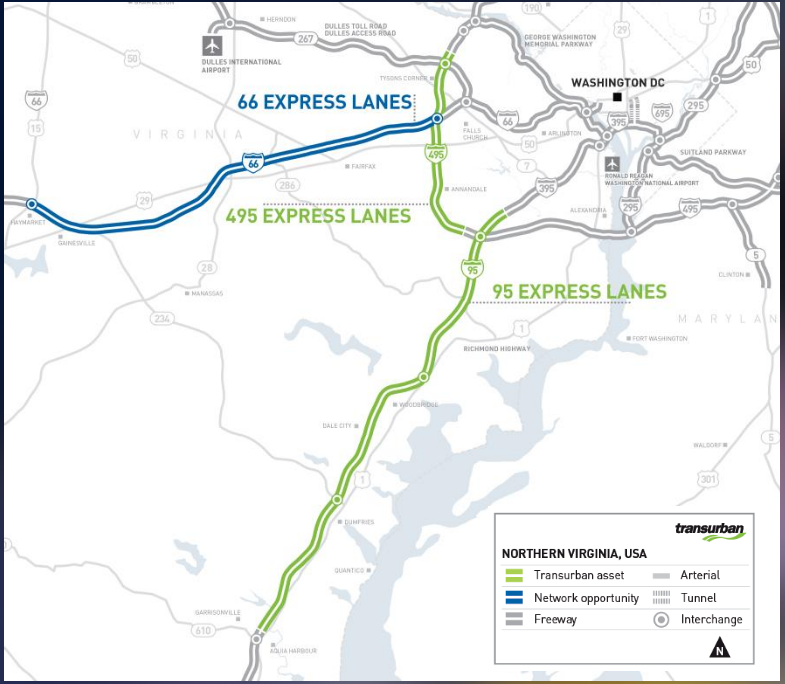
95 EXPRESS LANES SOUTHERN EXTENSION

- An agreement has been reached with VDOT to extend the 95 Express Lanes by three kilometres.
- VDOT to assume all delivery and cost risk
- Construction commenced in July 2016 and is expected to be open to traffic late 2017
- Total project cost to Transurban of US$25 million

ATLANTIC GATEWAY EXTENSION PROJECT

- Transurban and VDOT are in exclusive negotiations to progress the 95 Express Lanes south by an additional 14 kilometres to Fredericksburg
- The federal government has awarded Virginia $156M to support the project as part of a new federal grant program

66 EXPRESS LANES



OVERVIEW

- A competitive process is underway to design, build, finance, maintain and operate Express Lanes on I-66
- Transurban shortlisted to participate, alongside another consortia, in the competitive process with its partner Skanska
- Proposals due October 2016
- Preferred bidder to be selected late 2016
- Financial close is expected to be reached mid-2017

GLOSSARY

SUPPLEMENTARY INFORMATION

GLOSSARY

TERM	DEFINITION
ACCC	Australian Competition and Consumer Commission
ADT	Average Daily Traffic. ADT is calculated by dividing the total number of trips on each asset (transactions on CityLink) by the number of days in the period.
AMTN	Australian Medium Term Note
ATTENDANCE MODEL	Incident response focused on the rapid arrival to incidents to quickly make safe incident scenes.
AUD	Australian Dollars
AWE	Average Weekly Earnings
CAD	Canadian Dollars
CAV	Connected and Autonomous Vehicles
CCT	Cross City Tunnel
CHF	Swiss Franc
CPI	Consumer Price Index. Refers to Australian CPI unless otherwise stated.
CPS	Cents per Security
CTW	CityLink Tulla Widening
D&A	Depreciation and Amortisation
D&C	Design and Construct
DRIVe	Direct Road Investment Vehicle. Transurban entity that holds an interest in the 495 and 95 Express Lanes.
DRP	Distribution Reinvestment Plan
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ED	Eastern Distributor
EMTN	Euro Medium Term Note
EUR	Euros

GLOSSARY

TERM	DEFINITION
FFO	Funds From Operations
FTSE	Financial Times Stock Exchange
FMS	Freeway Management System
FREE CASH	Free cash is calculated as statutory cash flows from operating activities from 100% owned subsidiaries plus distributions and interest received from non-100% owned subsidiaries, adjusted to include the allowance for maintenance of intangible assets and excludes cash payments for maintenance of intangible assets.
FY	Financial year 1 July to 30 June.
FX	Foreign Exchange
GLIDe	Tolling back office system.
GPS	Global Positioning System
GreenPower	GreenPower is part of a government managed scheme that enables Australians to displace their electricity usage with certified renewable energy.
GWA	Greater Washington Area
HCV	Heavy Commercial Vehicle
HOT	High Occupancy Toll
HOV	High Occupancy Vehicle
ICB	Inner City Bypass
INTEROPERABILITY CHARGES	Toll road operators agree on charges for when one operator’s tag uses another operator's asset. These charges are not passed on to the customer.
LCT	Lane Cove Tunnel
LCV	Light Commercial Vehicle
M2	Hills M2
M5	M5 South West Motorway
M7	Westlink M7
MFU	Monash Freeway Upgrade

GLOSSARY

TERM	DEFINITION
MWH	Megawatt Hour
NCX	NorthConnex
N.M.	Not Meaningful
NOK	Norwegian Krone
NPAT and NPBT	Net Profit After Tax and Net Profit Before Tax
NWRG	NorthWestern Roads Group
O&M	Operations and Maintenance
OTHER REVENUE	Other revenue includes interoperability charges, development and construction performance fees.
PAB	Private Activity Bond
PCP	Prior Corresponding Period
PROP/PROPORTIONAL RESULTS	The proportional results are the aggregation of the results from each asset multiplied by Transurban's percentage ownership as well as the contribution from central group functions. Proportional EBITDA is one of the primary measures used to assess the operating performance of Transurban, with an aim to maintain a focus on operating results and associated cash generation. The EBITDA calculation from the statutory accounts does not include the EBITDA contribution of the M5 or M7 and includes the non-controlling interests in TQ and ED. Proportional EBITDA is reconciled to the statutory income statement on slide 32.
QM	Queensland Motorways. Post acquisition, Queensland Motorways was renamed Transurban Queensland.
RFP	Request for Proposal
RFT	Request for Tender
RICI	Road Injury Crash Index. Serious road injury (an individual transported from, or receives medical treatment, at scene) crashes per 100 million vehicle kilometres travelled.
ROAM	M7 tolling brand.
S&P	Standard and Poor's

GLOSSARY

TERM	DEFINITION
SAFE CLEARANCE MODEL	Incident response focused on the rapid arrival and clearance of incidents to quickly and safely reopen all lanes of the road.
SIGNIFICANT ITEMS	Significant items include stamp duty, integration costs and transaction costs.
SERVICE AND FEE REVENUE	Service and fee revenue includes customer administration charges and enforcement recoveries.
SLN	Shareholder Loan Note. An interest bearing shareholder loan. Currently Transurban has SLNs on TQ.
TIFIA	Transportation Infrastructure Finance and Innovation Act
TOLL REVENUE	Toll revenue includes revenue from customers, specifically tolls, service and fee revenue.
TLN	Term Loan Note. An interest bearing shareholder loan. Currently Transurban has TLNs in place on NWRG and M5.
TQ	Transurban Queensland. Name change post acquisition of Queensland Motorways (QM). Transurban has a 62.5% interest in TQ.
U.S. – CHANGES IN OWNERSHIP IN THE US BUSINESS	On June 29 2015, Transurban acquired the remaining equity interest in DRIVe. This acquisition increases Transurban's equity interest to 100% on both the 95 Express Lanes and 495 Express Lanes from 77.5% and 94% respectively. Changes to the US business refers to this change, unless stated.
USD	US Dollars
USPP	US Private Placement
VDOT	Virginia Department of Transportation
WD	Western Distributor Project
WGEA	Workplace Gender Equality Agency
WEIGHTED AVERAGE COST OF DEBT	Calculated using proportional debt.
WEIGHTED AVERAGE MATURITY	Calculated based on weighted average maturity of total group debt facility.