Transurban Group
Appendix 4E
Year ended 30 June 2008

(Previous corresponding period:
Year ended 30 June 2007)

The Transurban Group comprises the following entities:

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

Results for announcement to the market

- Revenues from continuing operations increased 29.9 per cent to $1,024,888,000.
- Loss from continuing operations after tax increased 28.6 per cent to $159,110,000.
- Net loss decreased 7.7 per cent to $140,448,000.
- Net loss attributable to members decreased by 6.3 per cent to $142,765,000.

Distributions

	Amount per Security	Franked amount per Security
Final distribution (declared prior to balance date)	29.0 cents	Unfranked
Interim distribution for the current year	28.0 cents	Unfranked
Final distribution (prior year)	27.5 cents	Unfranked
Record date for determining entitlements to distribution	30 June 2008	
Date of payment of final distribution	29 August 2008	

Distribution Reinvestment Plan (“DRP”)

The Distribution Reinvestment Plan (“DRP”) entitles security holders to receive additional Stapled Securities in substitution for some or all cash distributions in respect of their Stapled Securities. Stapled securities issued under the DRP for the final distribution are subject to a discount to market price of 2.5 per cent (the discount was removed for both the interim and prior year final distribution). The last date for the receipt of an election notice for participation in the reinvestment plan was 30 June 2008.

Explanation of results

For further explanation of the results please refer to the accompanying ASX release and “Review of Operations” in the Directors’ Report within the Financial Report.

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 attached Additional Information, Financial Report (which includes the Directors’ Report) and the ASX Release.

Additional Information

Changes in controlled entities

Current year

On 10 September 2007, the Transurban Group transferred T895 US Holdings and its controlled entities, the owners of the Pocahontas Parkway to Transurban DRIVe Holdings LLC, a vehicle in which Transurban has an equity interest of 75.0 per cent for consideration of $205,754,000. The disposed business contributed a loss of $1,895,000 to the Transurban Group's net loss until the loss of control (the disposed businesses contribution to the previous corresponding period was a loss of $28,438,000).

The Transurban Group did not gain control of any entities during the year.

Prior year

Transurban achieved effective control of the Sydney Roads Group ("SRG") on 11 April 2007. The acquisition included investments in the Eastern Distributor (M1), Interlink Roads Limited (M5) and Statewide Roads Limited (M4 Motorway) in New South Wales.

The acquired entities contributed revenues of $69.0 million and a net loss before tax of $15.2 million for the period 11 April 2007 until 30 June 2007. If the acquisition had occurred on 31 July 2006 (the date of formation of SRG), consolidated revenue and loss after tax for the year ended 30 June 2007 would have been $1,085.4 million and $128.8 million respectively.

These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 July 2006 together with the consequential tax effects.

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 Report

E. Mildwater

Elizabeth Mildwater
Company Secretary
26 August 2008

Transurban Holdings Limited and Controlled Entities ABN 86 098 143 429

(including Transurban International Limited and Transurban Holding Trust)

Financial statements for the year ended 30 June 2008

Transurban Holdings Limited ABN 86 098 143 429
Financial statements - 30 June 2008

Contents

Directors' report

Directors' Report

The directors of Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited, as Responsible Entity for Transurban Holding Trust, present their report on the Transurban Group for the year ended 30 June 2008.

Group Accounts

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

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

Prior to 3 January 2007, Stapled Securities comprised one share in THL, one unit in THT and one share in Transurban Limited ("TL"). On 3 January 2007 the composition of the Stapled Security was restructured, as approved by security holders at the Group's AGM on 23 October 2006. The restructure involved the removal of shares in TL from the triple stapled security, and such shares being replaced by shares in TIL.

Directors

With the exception of the changes noted below, the following persons were directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited and Transurban International Limited during the whole of the financial year and up to the date of this report.

	Transurban Holdings Limited	Transurban Infrastructure Management Limited	Transurban International Limited
Non-executive Directors			
David J Ryan AO	✓	✓	✓
Geoffrey O Cosgriff	✓	✓	
Jeremy G A Davis AM	✓	✓	
Lindsay P Maxsted (Appointed 1 March 2008)	✓	✓	
Susan M Oliver	✓	✓	
Christopher J S Renwick AM	✓	✓	
Jennifer Eve			✓
James Keyes			✓
Executive Directors			
Kimberley Edwards (Resigned 4 April 2008)	✓	✓	✓
Christopher J Lynch (Appointed 18 February 2008)	✓	✓	✓

Results

The consolidated net loss for the year for the Group was $140,448,000 (2007: $152,202,000), an improvement of 7.7 per cent. The net loss attributable to ordinary equity holders of the Transurban Group for the year was $142,765,000 (2007: 152,439,000), an improvement of 6.3 per cent.

Principal activities

The principal activities of the Group during the financial year was the ownership, development and operation of toll roads, and the investigation of possible investment opportunities in toll roads.

Distributions

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

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

Review of operations

Total revenue increased by 29.9 per cent to $1,024.9 million. This reflects strong revenue growth in the Group assets, together with the full year contribution from the assets acquired as part of the Sydney Roads Group acquisition in April 2007.

Key operational achievements for the year were as follows:

CityLink (Melbourne)
Traffic volume for the year ended 30 June 2008 was 247.9 million transactions, representing a 2.6 per cent increase on the prior year. The growth in transaction volume combined with the toll escalations, resulted in toll and fee revenue of $362.8 million, an increase of 9.2 per cent over last year. Customer account numbers also grew by 7 per cent to 864,000 at 30 June 2008.

The year also saw the commencement of construction on the Monash-CityLink-Westgate upgrade in November 2007. This upgrade will play an integral role in expanding the network capacity and will enhance traffic growth for CityLink. It is scheduled for completion in 2010.

Full interoperability of CityLink and EastLink customer bases was achieved during the year. Interoperability will enable our customers to experience seamless use of both toll roads within Victoria.

Safety related enhancements continue to be a priority for CityLink. During the year variable speed signs leading into both tunnels were installed, as well as upgrades to the visual safety features of the tunnels. Currently, a project is being undertaken to install a tunnel safety barrier system. In addition, CityLink, ConnectEast and the Victorian Government jointly launched the “Sharing the Road” media campaign to promote safer driving.

Review of operations (continued)

Hills M2 (Sydney)
Traffic volume for the year ended 30 June 2008 was 33.8 million trips, representing a 4.5 per cent increase on the prior year. The growth in trip volume combined with a toll price increase for trucks in October 2007, resulted in toll and fee revenue of $120.6 million, an increase of 9.2 per cent over last year.

The increase in traffic reflects growth in areas around the M2 as well as benefits from the completed Sydney orbital network which has provided the M2 with connections to the Lane Cove Tunnel and the Westlink M7 Motorway.

M1 Eastern Distributor (Sydney) – Airport Motorway Group
Traffic volume for the year ended 30 June 2008 was 17.4 million trips, representing a 4.5 per cent increase on the prior year. The growth in trip volume combined with a toll price increase for cars and trucks in April 2008 and October 2007 respectively, resulted in toll and fee revenue of $73.7 million, an increase of 7.5 per cent over last year.

On 14 September 2007, Transurban acquired an additional 3.75 per cent of the Airport Motorway Group ("AMG") for a consideration of $46.5 million. The acquisition increased Transurban's investment in the AMG to 75.1 per cent.

M4 (Sydney) – Statewide Roads Group
Traffic volume for the year ended 30 June 2008 reached 40.6 million trips, representing a 3.9 per cent increase on the prior year. The growth in trip volume combined with a toll escalation for trucks on 24 May 2008, resulted in toll and fee revenue of $88.5 million, an increase of 4.3 per cent over last year.

Pocahontas Parkway (Virginia USA)
Traffic volumes for the year ended 30 June 2008 grew strongly during the first half of the year but declined during the second half of the year. The decline in traffic in the second half of the year was due to the combination of a toll price increase on 1 January 2008, record high fuel prices and weaker economic conditions in the USA. Overall the volume remained consistent with the prior year at 6.0 million trips. Despite the static traffic volume, toll and fee revenue increased 7.7 per cent to US$13.7 million.

Transurban equity accounts for its 75.0 per cent interest in Transurban DRIVe, the entity which owns the Pocahontas Parkway.

M5 (Sydney) – Interlink Roads Pty Limited
Traffic volume for the year ended 30 June 2008 was 42.3 million trips, representing a 3.2 per cent increase on the prior year. The growth in trip volume combined with a toll escalation for trucks on 23 February 2008, resulted in toll and fee revenue of $163.6 million, an increase of 6.0 per cent over last year.

Transurban equity accounts for its 50.0 per cent interest in Interlink Roads Pty Limited.

Westlink M7 (Sydney)
Traffic volume for the year ended 30 June 2008 reached 41.8 million trips, representing a 12.5 per cent increase on the prior year. The growth in trip volume combined with a toll escalation for trucks on 23 February 2008, resulted in toll and fee revenue of $153.2 million, an increase of 14.9 per cent over last year.

In December 2007, Westlink M7 obtained the consent of lenders for the early release of the ramp-up reserve and other cash reserves accumulated following the strong performance of the motorway since its opening. Transurban's entitlement to the reserve of $41.5 million was received on 21 December 2007 and represented $15.7 million of interest accrued on Term Loan Notes from 1 October 2007 to 20 December 2007 and the repayment of Term Loan Notes of $25.8 million.

On 14 August 2008, Transurban exercised its pre-emptive rights under the Westlink Equity Participants Deed to acquire an additional 2.5 per cent of the Westlink M7 for consideration of $38.0 million. This takes Transurban's stake in the Westlink M7 to 50.0 per cent.

Transurban equity accounts for its 50.0 per cent interest in Westlink M7.

Roam Tolling Pty Ltd
Roam Tolling operates the "Roam" brand and is responsible for the provision of tolling and customer service functions for Westlink M7. Roam's customer base continues to grow and as at 30 June 2008 there were 215,000 e-TAG and e-PASS accounts, representing an increase of 18.8 per cent over last year.

Tollaust Pty Ltd
Tollaust is the Operator of the Hills M2 Motorway in Sydney and manages Roam Express tolling which has 120,200 tags in circulation. The volume of tag transactions for the 12 months to 30 June 2008 was 20.9 million, representing an increase of 24.5 per cent on the previous year.

Review of operations (continued)

Business Development

The Transurban Group continued to pursue new business development opportunities in both the Australian and International markets during the year. Achievements and developments include:

Transurban DRIVe First Stage Closure

On 11 September 2007, Transurban completed its first capital raising for its North American co-investment vehicle Transurban DRIVe. CP2 (formerly Capital Partners Global Infrastructure Fund, LLC) committed US$715.0 million to take a 25 per cent stake in Transurban DRIVe with Transurban currently holding the remaining 75 per cent.

Immediately following the establishment of Transurban DRIVe, Pocahontas Parkway was sold to the new co-investment vehicle. Total proceeds received by Transurban on the sale amounted to $286.1 million (US$236.0 million), of which $205.8 million (US$169.7 million) was consideration for Pocahontas Parkway and $80.3 million (US$66.3 million) was for the repayment of the book value of Affiliated Subordinate Notes.

DRIVe - I-495 / Capital Beltway Project (Virginia, USA)

On 21 December 2007, Transurban DRIVe achieved financial close of an agreement with The Commonwealth of Virginia, being granted a concession to construct and operate High Occupancy Toll ("HOT") Lanes on the Capital Beltway - a ring road that runs around Washington DC.

Transurban DRIVe will invest US$315.0 million progressively over five years and holds 90 per cent of the equity in the project.

Funding of the project was finalised on 12 June 2008 with the issuance of US$589.0 million in tax-exempt Private Activity Bonds ("PABs"). The issue of PABs is in addition to US$589.0 million subordinated debt committed to the project under the US Department of Transportation's Transportation Infrastructure Finance and Innovation Act ("TIFIA") financing program.

The project is currently in the pre-construction phase with full construction expected to commence in the coming months. Construction is expected to take five years and on completion Transurban will operate the HOT Lanes for 75 years.

DRIVe - Richmond Airport Connector (Virginia USA)

Transurban DRIVe will undertake the construction of the Richmond Airport Connector Road ("ACR") connecting the Pocahontas Parkway to the Richmond International Airport in Virginia, USA. Transurban DRIVe's financial commitment to construct the ACR is capped at US$45.2 million. Costs in excess of Transurban DRIVe's commitment will be the responsibility of Virginian Department of Transport ('VDOT").

The ACR will be operated as a toll road and upon completion Transurban DRIVe will be the sole manager/operator of the road. Construction is expected to commence late 2008 with completion scheduled for early 2011.

I-95 / 395 Virginia Project (Virginia USA)

In October 2006, the Transurban-Fluor Enterprises consortium signed a development agreement with VDOT to progress with the development of the 94 kilometre HOV/Bus/HOT lane project in Northern Virginia. A final agreement will be signed with VDOT once federal environmental approvals have been obtained and financial feasibility has been established. This is not expected before the end of 2009.

Highway 1 and Port Mann Bridge (Vancouver, Canada)

Transurban was partnering with Bilfinger Berger Inc. and Canadian Pension Plan Investment Board to bid for the Port Mann/Highway 1 project in Vancouver, Canada. During August 2008, Transurban was notified that the bid was unsuccessful.

Investment in the ConnectEast Group

On 7 August 2007, Transurban announced that it held 6.28 per cent in Connect East. Since that date Transurban has reduced its stake to below 5.0 per cent.

Significant changes in the state of affairs

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

There were no other significant changes to the state of affairs of the consolidated entity during the financial year not otherwise disclosed in this report or in the financial statements.

Matters subsequent to the end of the financial year

Other than matters noted above, at the date of this report the directors are not aware of any circumstances that have arisen since 30 June 2008 that have significantly affected, or may significantly affect the Group's operations in future financial years, the results of those operations in future financial years, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

The Group is subject to environmental regulations in respect to its tolling activities. Key matters are as follows:

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

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

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

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

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

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

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

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

Environmental regulation (continued)

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

M1 Eastern Distributor
The Eastern Distributor was constructed under a licence issued by the Department of Urban Affairs and Planning ("DUAP"). This licence was issued following an environmental impact study of the project, and as part of the terms of the licence, the Minister for Planning and the Environmental Protection Agency ("EPA") stipulated 152 environmental conditions to which Leighton Contractors Pty Limited ("the contractors") must adhere. These conditions range from engineering, public access and amenity to environmental concerns. Breaches of the environmental conditions could result in the cessation of the project.

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

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

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

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

There have been no significant breaches of these Acts.

M4 Motorway
The operations of the M4 Motorway and twin services centres are required to comply with various Acts including the Protection of the Environment Operations Act, NSW Heritage Act, Waste Minimisation and Management Act, and Environmentally Hazardous Chemicals Act. There have been no significant breaches of these Acts.

National Greenhouse and Energy Reporting Act
The National Greenhouse and Energy Reporting Act 2007 (the Act) was passed in September 2007 establishing a mandatory corporate reporting system for greenhouse gas emissions, energy consumption and production.

Under the Act, either Transurban or its operations contractors for Transurban assets will have "operational control" of the asset, and therefore the obligation to report emissions under the Act.

Transurban will be required to report on its partially owned assets if:

- Transurban or the relevant joint venture/partnership has operational control of the particular asset; and
- the relevant joint venture or partnership has nominated Transurban to be responsible for reporting.

Information on directors

David J Ryan AO BBus, FCPA, FAICD. *Chairman & Independent non-executive director.*
David was appointed to the board on 29 April 2003 and has a background in commercial banking, investment banking and operational business management. He has held senior executive management positions in investment banking and industry, as well as being the Chairman or non-executive director of a number of listed public companies.

He is a non-executive director of Lend Lease Corporation Limited and non-executive Chairman of Tooth & Co Limited and ABC Learning Centres Limited.

David was a non-executive director of Sydney Roads Limited (April – June 2007) and a non-executive director of Sydney Roads Management Limited (April - July 2007).

At Transurban he is Chairman of the Board, Chairman of the Nomination Committee and a Member of the Audit Committee and Remuneration Committee.

David holds interests in 57,300 stapled securities.

Christopher J Lynch B Comm, MBA, FCPA, FAICD. *Chief Executive Officer.*
Chris joined Transurban Group as CEO Elect in February 2008 and was appointed to the board on 18 February 2008. He became CEO in April 2008. Chris came to the Group from one of the world's largest resources and mining companies, BHP Billiton. He held a series of senior appointments there, including five years as Chief Financial Officer. His last position at BHP Billiton was Executive Director and Group President - Carbon Steel Materials. Prior to his time at BHP Billiton the bulk of Chris' career was with Alcoa Inc where he was Vice President and Chief Information Officer (1999-2000), CFO Europe (1997-1999), Managing Director KAAL Australia Limited (1996-1997), and before that a series of financial leadership roles. Chris has experience in senior leadership roles in global corporations operating across multiple markets and the development and operation of major projects with large up-front capital requirements.

Chris is also a Commissioner of the Australian Football League, and a former director of BHP Billiton Limited (January 2006 to June 2007), BHP Billiton Plc (January 2006 to June 2007), Samancor Limited (January 2006 to June 2007), and Samarco Limited (January 2006 to June 2007).

Chris holds interests in 152,800 stapled securities.

Geoffrey O Cosgriff BAppSc, Company Director Diploma, FIE(Aust), FAICD. *Independent non-executive director.*
Geoff was appointed to the board on 19 December 2000 and has extensive experience in the information technology industry and was the Managing Director of MITS Limited for 10 years. He has also held executive management roles with Melbourne and Metropolitan Board of Works, Melbourne Water Corporation and Logica Australia Pty Ltd. He is a Council Member for Leadership Victoria and is actively engaged in a number of executive coaching and mentoring assignments.

He is a non-executive director of UXC Limited, director of Logica Australia Pty Limited (until 30 June 2008), and director of Infocos Pty Limited.

Geoff is the Chairman of the Remuneration Committee and a member of the Risk Committee and Nomination Committee.

Geoff holds interests in 116,036 stapled securities.

Information on directors (continued)

Jeremy G A Davis AM BEc, MBA, MA, FAICD. *Independent non-executive director.*
Jeremy was appointed to the board on 16 December 1997 and is a Professor Emeritus of the University of New South Wales after retiring from the Australian Graduate School of Management in 2006. He was a management consultant with the Boston Consulting Group for 10 years and is a former Director of the Australian Stock Exchange Limited. He is currently a director of SP AusNet.

Jeremy is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee.

He holds interests in 125,005 stapled securities.

Lindsay P Maxsted Dip Bus, FCA. *Independent non-executive director.*
Lindsay joined the board on 1 March 2008 following his retirement as CEO of KPMG Australia. He became a partner at KPMG in 1984 and was appointed CEO of KPMG Australia in 2001. He is currently a non-executive Chairman of VicRacing Pty Ltd, Managing Director of Align Capital Pty Ltd and Honorary Treasurer of Baker IDI Heart and Diabetes Institute. He is also a non-executive director of Westpac Banking Corporation.

Lindsay is a member of the Audit Committee and Sustainability Committee.

Susan M Oliver B.Prop. & Const, FAICD. *Independent non-executive director.*
Susan was appointed to the board on 25 June 1996 and her experience covers private and public sector senior management roles, strategic and technology consulting and business development. She is a former Senior Manager of Anderson Consulting and a former Managing Director of the Australian Commission for the Future Limited. She is currently an executive director and owner of wwite Pty Limited and non-executive director of Programmed Maintenance Services Limited and a non-executive director of Just Group Limited. She was formally a non-executive director and Chairperson of the remuneration committee of MBF Australia Limited.

Susan is the Chairperson of the Risk Committee, and a member of the Sustainability Committee and the Nomination Committee.

Susan holds interests in 50,518 stapled securities.

Christopher J S Renwick AM BA, LLB, FAIM, FAIE, FTSE.. *Independent non-executive director.*
Christopher joined the board on 26 July 2005 and has over 35 year's experience covering mining, operational business management and law. He is also non-executive Chairman of Coal and Allied Industries Limited, and a non-executive director of Downer-EDI and Sims Group Limited.

Christopher is the Chairman of Sustainability Committee and a member of the Risk Committee and Nomination Committee.

He holds interests in 21,552 stapled securities.

James Keyes M.A. (Hons). *Independent non-executive director.*
James joined the board of TIL on 18 September 2006 and is a Partner and the Local Team Leader of the Funds and Investment Services Team at Appleby (Legal firm within Bermuda). He has practiced as a lawyer for over 15 years in the area of mutual funds, corporate finance and securities.

James holds no stapled securities or other directorships.

Jennifer Eve BA, LLB (Hons), LLM. *Independent non-executive director.*
Jennifer joined the board of TIL on 18 September 2006 and is an Associate and member of the Funds and Investment Services Team at Appleby (Legal firm within Bermuda). She practices in the area of company and commercial law, specialising in the formation and administration of corporate vehicles.

Jennifer holds no stapled securities or other directorships.

Company secretary

Elizabeth Mildwater BEc, LLB (Hons), MA, GAICD
Elizabeth was appointed Company Secretary on 20 May 2008. Before joining Transurban she was Company Secretary of SP AusNet for three years. She has over 15 years of legal, company secretarial and other relevant experience, including significant in-house legal and company secretarial experience in the electricity transmission and project development areas. Prior to her in-house work, she was a solicitor with Australian law firms Blake Dawson Waldron and Freehills.

Brett Burns BCom, LLB
Brett is General Counsel, Australia for the Transurban Group. Brett is responsible for all Australian legal matters and also provides support to the North American business and Company Secretariat. Brett has worked with the Transurban Group for the past seven years, initially as an external legal adviser and then joining the Transurban Group in 2003.

Paul O'Shea BEc, LLB, FCIS
Until his resignation in July 2008, Paul was Company Secretary and Group General Counsel. He was originally appointed General Counsel in March 1996. He had responsibility for legal advice, the Group's risk management strategy and direction and insurance. Before joining Transurban he held a senior legal role at Transfield for 18 months during the bid for CityLink.

Juliet Evans

Juliet Evans is a Corporate Administrator on the Funds and Investment Services team at Appleby Corporate Services. She holds the ICSA Certificate in Offshore Business Administration and has six years of experience in the corporate administration field. Juliet is Company Secretary of Transurban International Limited.

Meetings of directors

The number of meetings of the board of directors of Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited held during the year ended 30 June 2008, and the number of meetings attended by each director are listed below.

	Board of Directors Transurban Holdings Limited		Board of Directors Transurban Infrastructure Management Limited		Board of Directors Transurban International Limited	
	A	**B**	**A**	**B**	**A**	**B**
David J Ryan	13	13	13	13	7	7
Christopher J Lynch (Appointed 18 February 2008)	5	5	5	5	1	1
Geoffrey O Cosgriff	13	13	13	13	*	*
Jeremy G A Davis	13	13	13	13	*	*
Susan M Oliver	13	13	13	13	*	*
Christopher J S Renwick	12	13	12	13	*	*
James Keyes	*	*	*	*	5	7
Jennifer Eve	*	*	*	*	5	7
Kimberley Edwards (Resigned 4 April 2008)	10	10	10	10	6	7
Lindsay P Maxsted (Appointed 1 March 2008)	4	4	4	4	*	*

A = Number of meetings attended
B = Number of meetings held during the time the director held office
* = Not a member of the relevant board of directors

Meetings of directors (continued)

The number of meetings of each board committee of Transurban Holdings Limited, Transurban Infrastructure Management Limited and Transurban International Limited held during the year ended 30 June 2008, and the number of meetings attended by each director are set out in the following table. All meetings were held jointly.

	Audit Committee		Remuneration Committee		Nomination Committee (1)		Risk Committee		Sustainability Committee	
	A	B	A	B	A	B	A	B	A	B
David J Ryan (3) (6)	4	4	5	1	*	*	3	*	*	*
Christopher J Lynch (4)	3	3	*	*	*	*	2	*	*	*
Geoffrey O Cosgriff	2	*	11	11	*	*	5	5	*	*
Jeremy G A Davis (6)	4	4	11	11	*	*	1	*	*	*
Susan M Oliver (2) (5)	2	*	2	*	*	*	5	5	4	4
Christopher J S Renwick (2) (5)	2	*	1	*	*	*	4	5	4	4
James Keyes	*	*	*	*	*	*	*	*	*	*
Jennifer Eve	*	*	*	*	*	*	*	*	*	*
Kimberley Edwards (4)	3	3	4	*	*	*	*	*	*	*
Lindsay P Maxsted (6)	1	1	*	*	*	*	1	*	1	1

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

* = Not a member of the relevant committee

(1) - All decisions of the Nomination Committee, including the appointment of a new Chief Executive Officer and the new non-executive Director, during the reporting period were made by the full Board.

(2) - Ms Oliver and Mr Renwick are not members of the Remuneration Committee but attended meetings during the year.

(3) - Mr Ryan was appointed to the Remuneration Committee with effect from 20 May 2008. Prior to his appointment, Mr Ryan attended meetings during the year.

(4) - Each of Mr Edwards and Mr Lynch were excluded from discussions involving their remuneration during meetings of the Remuneration Committee which they attended.

(5) - Ms Oliver and Mr Renwick are not members of the Audit Committee but attended meetings during the year.

(6) - Mr Ryan, Mr Davis and Mr Maxsted are not members of the Risk Committee but attended meetings during the year.

Effective from 1 July 2007, the Nomination and Remuneration Committee divided into two separate committees, being the Nomination Committee and the Remuneration Committee

Remuneration report

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

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

D Share-based compensation

E Additional information.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*

A Principles used to determine the nature and amount of remuneration

Non-Executive Directors

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

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

Remuneration report (continued)

A Principles used to determine the nature and amount of remuneration (continued)

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

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

Extension of Employee Security Ownership Plan to Non-Executive Directors

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

Executive Directors and Executives

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

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

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

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

The incentive component of executive remuneration is determined by:

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

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

Remuneration report (continued)

A Principles used to determine the nature and amount of remuneration (continued)

The components of executive remuneration are described below:

Base pay

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

Benefits

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

Short-term incentives

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

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

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

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

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

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

Long-term incentives

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

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

Employee Security Ownership Plan

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

Business Generation Incentive Plan

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

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

Remuneration report (continued)

A Principles used to determine the nature and amount of remuneration (continued)

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

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

B Details of remuneration

Details of the remuneration of the directors, key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of the Group are set out in the following tables.

The key management personnel of Transurban Holdings Limited and the Group are the directors as per pages 7 to 8 and those executives who have the authority and responsibility for planning, directing and controlling the activities of the Group, being:

- C Brant - Chief Finance Officer
- B Bourke - Chief Operating Officer
- D Cardiff - Group General Manager Human Resources
- K Daley - Executive Vice President International Development
- G Mann - Group General Manager Development
- M Kulper - President Transurban North America
- P O'Shea - Group General Manager Legal and Risk Management

Remuneration report (continued)

B Details of remuneration (continued)

Amounts of remuneration (continued)

Key management personnel of the Group

2008	Short-term employee benefits				Post-employment benefits		Long-term benefits		Share-based payments		
Name	Cash salary and fees $	Value of equities acquired in lieu of cash salary/fees $	Cash Bonus $	Non-Monetary benefits $	Super-annuation $	Retirement benefits [2] $	Long service leave $	Termination Benefits $	Executive Loan Plan (a) $	Performance Rights Plan (b) $	Total $
Non-executive directors											
D J Ryan	385,484	-	-	-	34,694	-	-	-	-	-	420,178
G O Cosgriff	165,208	-	-	-	14,869	14,192	-	-	-	-	194,269
J G A Davis	166,070	-	-	-	20,000	23,642	-	-	-	-	209,712
S M Oliver	165,208	-	-	-	14,869	27,160	-	-	-	-	207,237
C JS Renwick	110,047	-	-	-	70,000	-	-	-	-	-	180,047
L Maxsted	49,715	-	-	-	4,474	-	-	-	-	-	54,189
J M Keyes	10,000	-	-	-	-	-	-	-	-	-	10,000
J Eve	10,000	-	-	-	-	-	-	-	-	-	10,000
Executive directors											
C Lynch[1][3]	821,020	1,000,000	2,000,000	3,763	15,000	-	-	-	-	-	3,839,783
K Edwards[4]	1,289,868	-	9,218,000	-	100,000	-	86,233	5,249,395	529,631	191,405	16,664,532
Other key management personnel											
C Brant[7]	689,552	-	702,000	9,020	61,953	-	17,231	571,891	133,138	104,776	2,289,561
B Bourke[1]	633,182	750,000	557,300	8,480	51,627	-	28,478	-	119,075	97,292	2,245,434
D Cardiff	270,889	-	250,000	-	50,433	-	15,977	-	28,835	28,737	644,871
K Daley	454,420	-	1,416,200	-	100,000	-	29,482	-	(124,921)	42,641	1,917,822
G Mann[5]	236,090	-	-	-	6,470	-	-	643,191	49,386	8,217	943,354
M Kulper	478,842	-	2,616,927	-	38,700	-	22,401	-	(142,201)	41,668	3,056,337
P O'Shea[6]	409,910	-	586,000	9,020	96,190	-	(8,124)	495,580	93,202	82,323	1,764,101
Total	**6,345,505**	**1,750,000**	**17,346,427**	**30,283**	**679,279**	**64,994**	**191,678**	**6,960,057**	**686,145**	**597,059**	**34,651,427**

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

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

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

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

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

(4)Mr K Edwards was the Managing Director from the beginning of the reporting period until his retirement on 4 April 2008. Mr Edwards' cash bonus comprises a short term incentive payment of $1,000,000, a Strategic Milestone Incentive Plan bonus of $5,000,000 and a Business Generation Plan Incentive of $3,218,000. Mr Edwards' termination payment includes the following contractual and statutory payments: $2,470,000 being 1.3 times of fixed remuneration, $2,139,194 being all statutory leave entitlements and notice in lieu of unexpired portion of his employment contract (from 5 April 2008 to 21 February 2009), and $640,200 being cash payment in lieu of the expiration of long term incentives.

(5)Mr G Mann was the Group General Manager Development from the beginning of the reporting period until his resignation on 23 November 2007. Mr Mann's termination payment includes a statutory payment of $43,191 and a termination payment of $600,000.

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

(7)Mr C Brant was the Chief Finance Officer and will depart the Group on 29 August 2008. Mr C Brant's termination payment totalled $571,891.

Remuneration report (continued)

B Details of remuneration (continued)

Amounts of remuneration (continued)

Key management personnel of the Group

2007	Short-term employee benefits				Post-employment benefits		Share-based payments			
Name	Cash salary and fees $	Cash bonus $	Non monetary benefits $	Other $	Super-annuation $	Retirement benefits (3) $	Options (4) $	Executive Loan Plan (5) $	Long term Incentive Plan(6) $	Total $
Non-executive directors										
D J Ryan	235,191	-	-	-	21,167	-	-	-	-	256,358
L G Cox(1)	204,511	-	-	-	70,075	40,969	-	-	-	315,555
P C Byers (2)	45,891	-	-	-	4,130	9,838	-	-	-	59,859
G O Cosgriff	144,557	-	-	-	13,010	12,355	-	-	-	169,922
J G A Davis	83,535	-	-	-	84,000	20,582	-	-	-	188,117
S M Oliver	160,618	-	-	-	14,455	23,646	-	-	-	198,719
C JS Renwick	52,409	-	-	-	105,113	-	-	-	-	157,522
J M Keyes	9,249	-	-	-	-	-	-	-	-	9,249
J Eve	9,249	-	-	-	-	-	-	-	-	9,249
Executive directors										
K Edwards	1,495,520	1,600,000	8,330	-	105,113	-	-	264,409	376,710	3,850,082
Other key management personnel										
C Brant	561,683	550,000	8,330	-	49,641	-	-	105,941	80,051	1,355,646
B Bourke	515,792	500,000	8,330	-	45,510	-	-	94,214	75,342	1,239,188
P O'Shea	325,454	450,000	8,330	-	105,124	-	-	73,008	56,506	1,018,422
G Mann	465,415	250,000	8,330	-	85,000	-	-	98,935	-	907,680
K Daley	343,343	350,000	-	-	105,113	-	-	102,046	56,506	957,008
M Kulper	425,000	350,000	-	-	55,519	-	-	114,379	-	944,898
Total	**5,077,417**	**4,050,000**	**41,650**	**-**	**862,970**	**107,390**	**-**	**852,932**	**645,115**	**11,637,474**

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

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

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

(4) No options were granted during the year over Transurban Group Stapled Securities. Option remuneration in year 2006 relates to options granted to Executive Directors and Executives in prior financial years. The amounts disclosed as remuneration is that part of the value of the options which is attributable to the current year portion of the vesting period.

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

(6) The amounts disclosed as remuneration is that part of the value of the Long Term Incentive Plan benefit which is attributable to the current year portion of the vesting period.

Remuneration report (continued)

B Details of remuneration (continued)

Amounts of remuneration (continued)

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

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

C Service agreements

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

Mr C Lynch, CEO

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

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

Remuneration report (continued)

C Service agreements (continued)

Mr K Edwards, Managing Director

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

- fixed remuneration including base salary and superannuation, for the year ending 30 June 2008 of $1,900,000 to be reviewed annually by the Remuneration Committee and the Board;
- a Short Term Incentive Payment of $1,600,000 being 100 per cent of his total employment cost for the year ended 30 June 2007.
- a Long Term Incentive allocation for financial year 2008 under the terms and conditions of the new Performance Rights Plan (described in Section D) equal to $1,000,000 (or approximately 50 per cent of TEC) was offered 1 November 2007 with Stapled Securities to be acquired on market.
- the Managing Director's allocation will be derived by using an option valuation methodology such as the Black Scholes with Monte Carlo simulations or other similar method of calculation. By dividing the Managing Director's remuneration value by this adjusted valuation, the number of Stapled Securities will be derived.
- term of Agreement – permanent, subject to six months' notice of termination;
- the payment of 1.3 times of fixed remuneration upon termination

Other Key Management Personnel

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

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

Mr K Daley

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

Mr M Kulper

- A bonus equalling 2.0 per cent of any success fees paid to Transurban at Financial Close on Project I-95, and 0.5 per cent of the amount of equity and/or other securities subscribed to the I-95 project by Transurban and/or funds managed by Transurban. This bonus agreement will stay in force until 30 June 2009 unless otherwise extended by the Board.

D Share-based compensation

Performance Rights Plan ("PRP")

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

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

Remuneration report (continued)

D Share-based compensation (continued)

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

Stapled securities vest in the executive if:

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

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

Performance Hurdle - TSR

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

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

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

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

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

Performance Hurdle - Operational Performance

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

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

Allocation of PRP Units

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

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

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

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

Remuneration report (continued)

D Share-based compensation (continued)

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

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

Performance Rights Plan for overseas based Executives

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

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

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

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

	Number of performance rights granted 2008
Other key management personnel of the Group	
K Daley	78,571
M Kulper	76,778

Executive Loan Plan ("ELP")

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

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

Stapled securities vest in the executive if:

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

Remuneration report (continued)

D Share-based compensation (continued)

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

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

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

  P = 50 + 2 x (RTransurban – 50)

  Where: RTransurban = The percentile rank of Transurban's TSR.
- If Transurban's TSR is ranked at or below the 50th percentile, none of the stapled securities will vest.

If the Stapled Securities vest in the executive:

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

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

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

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

The allocation of ELP units was determined by the following:

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

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

Remuneration report (continued)

D Share-based compensation (continued)

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

	Number of securities granted 2008	2007
Directors of the Group		
C Lynch	-	-
K Edwards	-	410,000
Other key management personnel of the Group		
C Brant	-	175,000
B Bourke	-	160,000
P O'Shea	-	130,000
G Mann	-	160,000
D Cardiff	-	35,000

The terms and conditions of each grant of units affecting remuneration in this or future reporting periods are as follows:

Grant date	Expiry date	Grant price	Value per unit at grant date
1 Nov 2005	1 Nov 2008	$6.47	$1.35
1 Nov 2006	1 Nov 2009	$7.28	$1.37

Executive Loan Plan for Executives Located Overseas

An Executive Long Term Incentive Cash Plan mirroring that of the Executive Loan Plan is used for participants outside Australia. Details of ELTI units provided to each director of Transurban Holdings Limited and other key management personnel of the Group are set out below. No ELTIs have been granted under this Plan since 1 November 2006.

Name	Number of securities granted 2008	2007
K Daley	-	100,000
M Kulper	-	100,000

The terms and conditions of each grant of units affecting remuneration in this or future reporting periods are as follows:

Grant date	Expiry date	Grant price	Value per unit at grant date	Value per unit at reporting date	Date Payable
1 Nov 2005	1 Nov 2008	$6.47	$1.35	-	1 Nov 2008
1 Nov 2006	1 Nov 2009	$7.28	$1.37	-	1 Nov 2009

Remuneration report (continued)

D Share-based compensation (continued)

Employee Security Ownership Plan ("ESOP")

Two broad employee based security plans, the Investment Tax Exempt Plan and the Investment Tax Deferred Plan were introduced following the Federal Governments announcement regarding taxation changes concerning stapled securities.

The Investment Tax Exempt Plan provides employees the opportunity to invest, on a tax exempt basis, up to one thousand dollars per annum, of which half is contributed by the company.

The Investment Tax Deferred Plan provides employees the opportunity to purchase securities, on a tax deferred basis using pre-tax salary. There is no cap on the amount of salary an employee may elect to contribute and the company provides a matching contribution on a dollar for dollar basis to a maximum of three thousand dollars per annum.

Subject to Board approval and the performance of the company, an allocation of Incentive securities at no cost to eligible permanent employees is made. In 2008 an allocation of 100 securities each was made to 505 employees.

E Additional information

Performance of Transurban Group

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

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

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

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

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

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

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

Cash Bonuses and Long Term Incentives

Cash bonuses

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

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

Remuneration report (continued)

E Additional information (continued)

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

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

Long Term Incentive Units

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

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

A = The percentage of the value of remuneration, based on the value at grant date set out in column B.
B = The value at grant date calculated in accordance with AASB 2 Share-based Payment.
C= The value at exercise date that were granted as part of remuneration and were exercised/matured during the year.
D = The value at lapse date that were granted as part of remuneration and that lapsed during the year.
Mr Lynch did not participate in any of the plans due to his employment with the Group commencing after the plans were in operation.

Indemnification and insurance

The officers of the Group are indemnified against liability incurred by the person in their capacity as an officer unless the liability arises out of conduct on the part of the officer which involves a lack of good faith. The Group also indemnifies each person who is or has been an officer against liability for costs or expenses incurred by the person in his or her capacity as an officer in defending civil or criminal proceedings in which judgment is given in favour of the person or the person is acquitted or in connection with an application in which the Court grants relief to the person under the *Corporations Act 2001.*

Pursuant to this indemnification, the individual entities of the Group have paid premiums for an insurance policy for the benefit of directors, secretaries and executive officers and related bodies corporate of the Group, in the case of the Trusts within the Group the officers are indemnified out of the assets of the Trusts. In accordance with common practice, the insurance policies prohibit disclosure of the nature of the liability covered and the amount of the premium.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

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

- the audit committee reviews the non-audit services to ensure they do not impact the impartiality and objectivity of the auditor
- 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 combined entity, acting as advocate for the combined entity or jointly sharing economic risk and rewards.

Non-audit services (continued)

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

	Consolidated	
	30 June 2008 $	30 June 2007 $
1. Amounts received or due and receivable by PricewaterhouseCoopers		
Audit and Other Assurance Services		
Audit and review of financial reports	**1,239,354**	1,157,000
Other assurance services		
Due diligence services	**-**	30,000
Other assurance services	**159,827**	293,200
Total audit and other assurance services	**1,399,181**	1,480,200
Taxation services		
Tax compliance services	**236,430**	158,900
Tax consulting services	**1,371,817**	3,077,200
Indirect taxation services	**1,518,667**	602,837
Total taxation services	**3,126,914**	3,838,937
Total remuneration for PricewaterhouseCoopers	**4,526,095**	5,319,137
2. Amounts received or due and receivable by non-PricewaterhouseCoopers audit firms:		
Audit services		
Audit and review of financial report	**82,505**	75,000
Other services		
Other assurance services	**718,614**	713,685
Taxation services	**631,806**	186,355
Total remuneration for non-PricewaterhouseCoopers audit firms	**1,432,924**	975,040
Total auditors remuneration	**5,959,019**	6,294,177

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 27.

Rounding of amounts

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

Auditor

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

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

David J Ryan AO
Director

Christopher J Lynch
Director

Melbourne
26 August 2008

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Transurban Holdings Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Transurban Holdings Limited and the entities it controlled during the year.

John Yeoman
Partner
PricewaterhouseCoopers

Melbourne
26 August 2008

Transurban Holdings Limited ABN 86 098 143 429
Financial statements - 30 June 2008

Contents

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

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

Level 43 Rialto South Tower
525 Collins Street
Melbourne Victoria 3000

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

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

	Notes	Consolidated		Parent	
		30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Revenue from continuing operations	3	**1,024,888**	789,063	**27,318**	34
Other income	4	**3,621**	38,050	**73,024**	45,100
Operational costs		**(166,094)**	(122,195)	**-**	-
Corporate costs		**(111,661)**	(40,367)	**(48,469)**	(1,618)
Business Development		**(58,030)**	(11,927)	**(73)**	-
Concession Fees		**(6,868)**	(5,003)	**-**	-
Depreciation and amortisation expense	5	**(401,497)**	(299,010)	**-**	-
Finance costs	5	**(473,828)**	(424,330)	**(112,102)**	(6,849)
Share of net profits of associates and joint venture partnership accounted for using the equity method		**(22,008)**	(25,482)	**-**	-
(Loss) profit from continuing operations before income tax		**(211,477)**	(101,201)	**(60,302)**	36,667
Income tax benefit (expense)	6	**52,367**	(22,563)	**34,776**	(5,440)
(Loss) profit from continuing operations		**(159,110)**	(123,764)	**(25,526)**	31,227
Profit (loss) from discontinued operations	7	**18,662**	(28,438)	**-**	-
(Loss) profit for the year		**(140,448)**	(152,202)	**(25,526)**	31,227
(Loss) profit is attributable to:					
Ordinary equity holders of the stapled group		**(142,765)**	(152,439)	**(25,526)**	31,227
Minority interest		**2,317**	237	**-**	-
		(140,448)	(152,202)	**(25,526)**	31,227

	Notes	**Cents**	Cents
Earnings per security for loss from continuing operations attributable to the ordinary equity holders of the stapled group:			
Basic earnings per stapled security	43	**(14.8)**	(14.1)
Diluted earnings per stapled security	43	**(14.8)**	(14.1)

	Notes	**Cents**	Cents
Earnings per security for loss attributable to the ordinary equity holders of the stapled group:			
Basic earnings per security	43	**(13.1)**	(17.3)
Diluted earnings per security	43	**(13.1)**	(17.3)

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

	Notes	Consolidated 30 June 2008 $'000	Consolidated 30 June 2007 $'000	Parent 30 June 2008 $'000	Parent 30 June 2007 $'000
ASSETS					
Current assets					
Cash and cash equivalents	8	**336,545**	449,255	**8,647**	88
Trade and other receivables	9	**216,833**	166,448	**390,474**	7,647
Derivative financial instruments	15	**-**	26,711	**-**	26,711
Assets of disposal group classified as held for sale	7	**-**	622,972	**-**	-
Total current assets		**553,378**	1,265,386	**399,121**	34,446
Non-current assets					
Receivables	10	**1,688**	4,411	**13,429**	34,492
Investments accounted for using the equity method	11	**697,925**	567,682	**-**	-
Available-for-sale financial assets	12	**-**	7,910	**-**	7,910
Held-to-maturity investments	13	**558,224**	557,731	**-**	-
Derivative financial instruments	15	**167,829**	86,699	**-**	-
Other financial assets	14	**-**	-	**1,383,142**	1,372,694
Property, plant and equipment	16	**5,393,589**	5,539,153	**-**	-
Deferred tax assets	17	**449,307**	327,293	**313,133**	222,937
Intangible assets	18	**2,768,168**	2,923,344	**-**	-
Total non-current assets		**10,036,730**	10,014,223	**1,709,704**	1,638,033
Total assets		**10,590,108**	11,279,609	**2,108,825**	1,672,479
LIABILITIES					
Current liabilities					
Trade and other payables	19	**195,028**	179,264	**82,840**	910
Borrowings	20	**480,600**	383,300	**-**	-
Derivative financial instruments	15	**9,855**	-	**9,855**	-
Current tax liabilities		**35,073**	4,485	**-**	-
Provisions	21	**381,269**	344,201	**453**	423
Non-interest bearing liabilities	22	**250,307**	438,854	**34,304**	1,670
Liabilities directly associated with assets of a disposal group classified as held for sale	7	**-**	480,457	**-**	-
Total current liabilities		**1,352,132**	1,830,561	**127,452**	3,003
Non-current liabilities					
Borrowings	23	**3,263,212**	3,564,514	**1,405,107**	1,232,762
Deferred tax liabilities	25	**1,559,304**	1,524,639	**14**	7,723
Provisions	26	**1,462**	1,752	**-**	-
Non-interest bearing liabilities	24	**91,689**	223,798	**-**	-
Derivative financial instruments	15	**247,718**	203,373	**-**	-
Total non-current liabilities		**5,163,385**	5,518,076	**1,405,121**	1,240,485
Total liabilities		**6,515,517**	7,348,637	**1,532,573**	1,243,488
Net assets		**4,074,591**	3,930,972	**576,252**	428,991
EQUITY					
Contributed equity	27	**6,846,992**	6,078,487	**339,812**	167,094
Reserves	28	**95,247**	(18,830)	**138**	69
Retained profits (accumulated losses)	28	**(3,201,149)**	(2,436,011)	**236,302**	261,828
Minority interest-Transurban International Limited	29	**86,087**	-	**-**	-
Minority interest-other	30	**247,414**	307,326	**-**	-
Total equity		**4,074,591**	3,930,972	**576,252**	428,991

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

Consolidated	Notes	Contributed equity $'000 (Attributable to members of Transurban Holdings Limited)	Reserves $'000 (Attributable to members of Transurban Holdings Limited)	Retained earnings $'000 (Attributable to members of Transurban Holdings Limited)	Minority interest $'000	Total $'000
Balance at 1 July 2006		4,277,736	(53,087)	(1,767,839)	-	2,456,810
Changes in the fair value of cash flow hedges, net of tax	28	-	42,528	-	-	42,528
Exchange differences on translation of foreign operation	28	-	(11,181)	-	-	(11,181)
Net income/(expense) recognised directly in equity		-	31,347	-	-	31,347
(Loss) profit for year		-	-	(152,439)	237	(152,202)
Total recognised income and expense for the year		**-**	**31,347**	**(152,439)**	**237**	**(120,855)**
Change in value of share-based payments	28	-	2,910	-	-	2,910
Exercise of employee security options	27	325	-	-	-	325
Treasury securities	27	(13,362)	-	-	-	(13,362)
CARS conversion, net of transaction costs	27	362,073	-	-	-	362,073
Issue on acquisition of Sydney Roads Group, net of transaction costs	27	1,221,959	-	-	-	1,221,959
Distribution reinvestment plan	27	229,756	-	-	-	229,756
Distributions provided for or paid	28	-	-	(515,733)	-	(515,733)
Minority interest on acquisition of subsidiary	30	-	-	-	328,375	328,375
Distributions provided for or paid to minority interests in subsidiaries	30	-	-	-	(21,286)	(21,286)
		1,800,751	2,910	(515,733)	307,089	1,595,017
Balance at 30 June 2007		**6,078,487**	**(18,830)**	**(2,436,011)**	**307,326**	**3,930,972**
Balance at 1 July 2007		6,078,487	(18,830)	(2,436,011)	307,326	3,930,972
Changes in the fair value of cash flow hedges, net of tax	28	-	113,606	-	(13,164)	100,442
Exchange differences on translation of foreign operation	28	-	2,684	-	3,694	6,378
Net income/(expense) recognised directly in equity		-	116,290	-	(9,470)	106,820
(Loss) profit for year		-	-	(142,765)	2,317	(140,448)
Total recognised income and expense for the year		**-**	**116,290**	**(142,765)**	**(7,153)**	**(33,628)**
Contributions of equity, net of transaction costs	27	561,292	-	-	95,189	656,481
Treasury securities	27	7,598	-	-	368	7,966
Distribution reinvestment plan	27	199,615	-	-	-	199,615
Distributions provided for or paid	27	-	-	(622,373)	-	(622,373)
Acquisition of additional interest in Airport Motorway Group	28, 30	-	(5,127)	-	(37,551)	(42,678)
Distributions provided for or paid to minority interests in subsidiaries	30	-	-	-	(24,678)	(24,678)
Changes in value of share-based payments	28	-	2,914	-	-	2,914
		768,505	(2,213)	(622,373)	33,328	177,247
Balance at 30 June 2008		6,846,992	95,247	(3,201,149)	333,501	4,074,591

Parent	Notes	**Ordinary shares $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**
Balance at 1 July 2006		83,068	20	230,601	313,689
Profit for year		-	-	31,227	31,227
Total recognised income and expense for the year		**-**	**-**	**31,227**	**31,227**
Changes in fair value of share-based payments	28	-	49	-	49
Exercise of employee security options	27	26	-	-	26
Treasury securities	27	(509)	-	-	(509)
CARS conversion, net of transaction costs	27	21,527	-	-	21,527
Issue on acquisition of Sydney Roads Group, net of transaction costs	27	52,793	-	-	52,793
Distribution reinvestment plan	27	10,189	-	-	10,189
		84,026	49	-	84,075
Balance at 30 June 2007		167,094	69	261,828	428,991
Balance at 1 July 2007		167,094	69	261,828	428,991
Loss for year		-	-	(25,526)	(25,526)
Total recognised income and expense for the year		**-**	**-**	**(25,526)**	**(25,526)**
Contributions of equity, net of transaction costs	27	162,147	-	-	162,147
Treasury securities	27	893	-	-	893
Distribution reinvestment plan	27	9,678	-	-	9,678
Changes in value of share-based payments	28	-	69	-	69
		172,718	69	-	172,787
Balance at 30 June 2008		339,812	138	236,302	576,252

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

	Notes	Consolidated 30 June 2008 $'000	Consolidated 30 June 2007 $'000	Parent 30 June 2008 $'000	Parent 30 June 2007 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		**824,130**	596,112	**302**	76
Payments to suppliers (inclusive of GST)		**(315,027)**	(262,200)	**(10,604)**	(1,993)
Interest received		**255,052**	195,238	**2,569**	48
Income taxes paid		**(19,819)**	(5,321)	**-**	-
Interest paid		**(391,223)**	(365,685)	**(16,328)**	(5,345)
Net cash inflow (outflow) from operating activities	41	**353,113**	158,144	**(24,061)**	(7,214)
Cash flows from investing activities					
Payment for purchase of subsidiaries, net of cash acquired	37	**(13,180)**	(11,698)	**-**	(64,408)
Payments for property, plant and equipment		**(136,697)**	(51,766)	**-**	-
Payments for intangibles		**(3,870)**	(20,883)	**-**	(3)
Payments for investment in associates		**(311,174)**	-	**-**	-
Payments for acquisition of minority interest in subsidiary		**(46,500)**	-	**-**	-
Payments for available-for-sale financial assets		**(39,259)**	(7,832)	**(39,259)**	(7,832)
Proceeds from disposal of available-for-sale financial asset		**52,004**	-	**52,004**	-
Proceeds from disposal of derivative financial instrument		**4,795**	-	**4,795**	-
Cash advances		**962**	(962)	**962**	(962)
Payment for Monash-CityLink-Westgate freeway upgrade		**(404,152)**	-	**-**	-
Proceeds from sale of subsidiaries (net of cash disposed)		**161,430**	-	**-**	-
Dividends received from associate		**41,483**	7,013	**-**	-
Net cash (outflow) inflows from investing activities		**(694,158)**	(86,128)	**18,502**	(73,205)
Cash flows from financing activities					
Proceeds from issues of stapled securities		**658,800**	327	**162,724**	26
Payments for costs of issuing stapled securities		**(1,814)**	-	**(448)**	-
Payments for (proceeds from sale of) treasury securities		**7,967**	(13,369)	**891**	(507)
Increase in infrastructure facility cash reserve		**127,752**	964,607	**-**	-
Proceeds from borrowings		**1,226,640**	1,209,021	**-**	-
Payments for establishing borrowing facilities		**(1,325)**	(2,610)	**-**	-
Repayment of borrowings		**(1,312,212)**	(886,559)	**-**	-
Repayment of infrastructure facilities		**-**	(1,249,000)	**-**	-
Loans from related parties		**-**	-	**639,411**	118,651
Repayment of loans to related parties		**-**	(500)	**(402,754)**	(39,695)
Loans to related parties		**(73,471)**	-	**(618,845)**	(36,310)
Repayment of loans by related parties		**110,777**	-	**233,139**	37,931
Preference distributions	36(e)	**-**	(1,181)	**-**	-
Distributions paid to Group's securityholders	31	**(396,858)**	(197,408)	**-**	-
Dividends and distributions paid to minority interests in subsidiaries		**(25,468)**	(8,336)	**-**	-
Net cash inflow (outflow) from financing activities		**320,788**	(185,008)	**14,118**	80,096
Net (decrease) increase in cash at bank and infrastructure facility cash reserve		**(20,257)**	(112,992)	**8,559**	(323)
Cash at bank and infrastructure facility cash reserve at the beginning of the financial year		**1,876,737**	1,995,692	**88**	411
Effects of exchange rate changes on cash and cash equivalents		**(3,993)**	(5,963)	**-**	-
Cash at bank and infrastructure facility cash reserve at the end of the financial year	8	**1,852,487**	1,876,737	**8,647**	88
Less infrastructure facility cash reserve	8	**(1,515,942)**	(1,388,189)	**-**	-
Cash and cash equivalents at end of year	8	**336,545**	488,548	**8,647**	88

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

Contents of the notes to the financial statements

1 Summary of significant accounting policies

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

The combined financial report includes separate financial statements for Transurban Holdings Limited (THL) as an individual entity and for the Stapled Group, consisting of Transurban Holdings Limited and its subsidiaries, Transurban Holding Trust and its subsidiaries and Transurban International Limited and its subsidiaries.

(a) Basis of preparation

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

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

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

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

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

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 47.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Transurban Holdings Limited ("company" or "parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. Transurban Holdings Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

The financial statements have been aggregated in recognition of the fact that the securities issued by the parent entities are stapled into parcels. A Stapled Security comprises one share in Transurban Holdings Limited, one share in Transurban International Limited and one unit in Transurban Holding Trust. None of the components of the Stapled Security are able to be traded separately.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

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

Investments in subsidiaries are accounted for at cost in the individual financial statements of Transurban Holdings Limited.

(ii) Associates and joint ventures
Associates are all entities over which the Group has significant influence but not control. Interests in joint ventures are where the Group jointly controls an entity with another party (refer to note 39).

Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after being initially recognised at cost.

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

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Application of UIG 1013 Pre-date of Transition Stapling Arrangements and AASB Interpretation 1002 Post-date of Transition Stapling Arrangements
For the purpose of UIG 1013 and AASB Interpretation 1002, Transurban Holdings Limited (THL) has been identified as the Parent Entity in relation to the pre-date of transition stapling with Transurban Holding Trust (THT) and the post-date of transition stapling with Transurban International Limited (TIL). In accordance with UIG 1013 the results and equity of THL and THT have been combined in the financial statements. AASB Interpretation 1002 however requires the results and equity, not directly owned by THL, of TIL to be treated and disclosed as minority interest, and is disclosed in note 29.

The comparative figures in the combined income statements, combined statements of changes in equity and combined cash flow statements comprises the results, changes in equity and cash flows of THL and its subsidiaries and THT and its subsidiaries for the full financial year ended 30 June 2007, and TIL and its subsidiaries from the date of stapling (3 January 2007) to 30 June 2007, and Transurban Limited (and its subsidiaries) up to the date of de-stapling (3 January 2007). The current period figures in the combined income statements, combined statements of changes in equity and combined cash flow statements reflect the combined results, changes in equity and cash flows of THL (and its subsidiaries), THT (and its subsidiaries) and TIL (and its subsidiaries) for the full financial year ended 30 June 2008.

The current and prior period balance sheets reflect the combined position of THL, THT and TIL (including the subsidiaries they controlled).

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Transurban Holdings Limited's functional and presentation currency.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

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

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial 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. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities as follows:

(i) Toll and fee revenue
Toll charges and related fees are recognised when the charge is incurred by the user.

(ii) Business development fees
Business development fees are recognised when receivable and to the extent of costs incurred, and that it is probable the costs will be recovered.

(iii) Interest income
Interest income is recognised on a time proportionate using the effective interest rate method.

(iv) Prepaid toll revenue
Prepaid toll receipts are recognised as an unearned income and held on deposit until the charge is incurred by the user.

(v) Dividends and distributions
Dividends are recognised as revenue when the right to receive payment is established.

1 Summary of significant accounting policies (continued)

(f) Income tax

The income tax expense or revenue for the period is the tax payable 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.

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

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity 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 balances attributable to amounts recognised directly in equity are also recognised directly in equity.

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

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

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.

The subsidiaries recognise tax expense/income and current and deferred tax balances in relation to their own taxable income, temporary differences and tax losses. The subsidiaries account for current liabilities or any tax losses being assumed by the head entity and amounts payable or receivable. Any difference between the two amounts is treated as an equity transaction that is a distribution to or a contribution from, the head entity.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 35). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

1 Summary of significant accounting policies (continued)

(h) Business combinations

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(q)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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.

(i) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset, including goodwill, may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the impairment occurs.

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

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

(j) Cash and cash equivalents

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

Refer note1(t) for details of infrastructure facility cash reserve assets.

(k) Trade receivables

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

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

1 Summary of significant accounting policies (continued)

(l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(m) Investments and other financial assets

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

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

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 9 and 10) in the balance sheet.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

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

1 Summary of significant accounting policies (continued)

(m) Investments and other financial assets (continued)

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

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

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

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

(n) Derivatives and hedging activities

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

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 15. Movements in the hedging reserve in shareholders' equity are shown in note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

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

1 Summary of significant accounting policies (continued)

(n) Derivatives and hedging activities (continued)

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

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

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

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

(iii) 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 equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expenses.

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

(iv) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or other expenses.

(o) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

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

(p) Property, plant and equipment

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

1 Summary of significant accounting policies (continued)

(p) Property, plant and equipment (continued)

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

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

Depreciation and amortisation

CityLink fixed assets

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

Hills M2 Motorway fixed assets

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

Other plant and equipment

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

Impairment

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

(q) Intangible assets

(i) Goodwill

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

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

(ii) Development costs

Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services and direct labour. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

Following the initial recognition of the development expenditure, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation is based on the useful life of the development costs. Useful lives are assessed on an annual basis and adjustments, where applicable, are made on a prospective basis.

The carrying value of development costs is reviewed for impairment when an indicator of impairment arises.

1 Summary of significant accounting policies (continued)

(q) Intangible assets (continued)

(iii) Pocahontas Permit
The Pocahontas permit has been assessed as having a finite useful life of 50 years and is carried at cost less accumulated amortisation and impairment losses. Amortisation was calculated using the straight-line method to allocate the cost of the asset over its estimated useful life, until such time as the asset was classified as a non-current asset held for sale and amortisation ceased - refer note 7.

(iv) M1 Eastern Distributor and M4 Motorway
The Group hold intangible assets which represent the right to levy tolls in respect of the M1 Eastern Distributor and the M4 Motorway. These intangible assets have finite useful lives which cease on 24 July 2048 and 15 February 2010 respectively. They are carried at cost which represents fair value on acquisition less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the intangible assets over their estimated useful lives.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

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 other income or other expenses.

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

(t) Infrastructure loan facilities

The consolidated entity has Infrastructure Loan facilities. Under the terms of these facilities, the consolidated entity must provide cash ("infrastructure facility cash reserve") equal to the utilised amounts of the facilities. The principal of this infrastructure facility cash reserve has been set-off against the outstanding principal amount of the infrastructure borrowing facilities so that no asset or liability in respect of those facilities has been recorded in the balance sheet of the consolidated entity.

(u) Concession fees

CityLink

The Group has non-interest bearing long term debt, represented by the Concession Notes, payable to the State of Victoria. The State has assigned the right to receive all current and future Concession Notes issued back to the Group. The Group has exercised its right to offset the Concession Notes payable and receivable. Refer note 24.

M1 Eastern Distributor

The Group has non-interest bearing long term debt, represented by the Concession Notes, payable to the Roads and Traffic Authority of NSW as required under the terms of the Eastern Distributor Project Deed.

1 Summary of significant accounting policies (continued)

(v) Promissory notes

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

(w) Borrowing costs

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

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

(x) Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(y) Employee benefits

(i) Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. An expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Liabilities for annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Equity-based compensation benefits
Equity-based compensation benefits have been provided to employees via the Transurban Group Executive Rights Plan and Executive Loan Plan. Information relating to these plans is set out in section D of the remuneration report.

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

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

1 Summary of significant accounting policies (continued)

(y) Employee benefits (continued)

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

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

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

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

(v) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(vi) Business Generation Incentive Plan
The Group recognises a liability for bonuses as part of a Business Generation Incentive Plan. The Plan provides for cash bonuses to be paid from a bonus pool determined by the risk adjusted net present value of a project or business venture. The Plan is intended to reward executives for successful business generation activities, based on the increase in security holder value derived from new business.

(z) Contributed equity

Stapled securities and ordinary shares and units are classified as equity.

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

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

(aa) Distributions

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

(ab) Earnings per stapled security

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

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

1 Summary of significant accounting policies (continued)

(ac) 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.

(ad) Trust formation

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

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

(ae) Rounding of amounts

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

(af) New accounting standards and interpretations

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

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

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

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

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

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

1 Summary of significant accounting policies (continued)

(af) New accounting standards and interpretations (continued)

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

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This is consistent with the current group accounting policy therefore no impact on the financial statements is expected.

(iv) Revised AASB 127 *Consolidated and separate Financial Statements*

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

(v) Revised AASB 3 *Business Combinations*

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

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

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

2 Segment information

Description of segments

Business segments
The Group's primary business segment for the year ending 30 June 2008 was the operation of toll roads and the investigation of possible investment opportunities in the segment.

Geographical segments
The secondary reporting segment of the Group is by geographical region. The regions are as follows:

Victoria	- CityLink
New South Wales	- Hills M2 Motorway
	- 75.1 per cent interest in the M1 Eastern Distributor
	- 50.61 per cent interest in the M4 Motorway
	- Equity investments in the M5 Motorway (50 per cent) and WestLink M7 (47.5 per cent)
USA	- 75 per cent interest in Transurban DRIVe

Geographical segment information is provided in the table below and reflects the Transurban Group's activities in relation to geographically unique locations.

Secondary reporting format - geographical segments

	Segment operating revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Victoria - Australia	**375,908**	348,329	**4,338,954**	4,394,365	**106,258**	373,370
New South Wales - Australia	**305,954**	158,556	**6,045,413**	6,233,362	**8,796**	2,365,914
USA	**43,348**	-	**205,742**	28,910	**5,151**	10,501
Discontinued operation	**2,822**	17,616	**-**	622,972	**-**	909
	728,032	524,501	**10,590,109**	11,279,609	**120,205**	2,750,694

3 Revenue

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
From continuing operations				
Toll revenue	**634,472**	467,324	**-**	-
Fee revenue	**28,512**	21,881	**-**	-
Business development fees	**42,642**	-	**-**	-
Other	**19,584**	17,680	**149**	-
	725,210	506,885	**149**	-
Other revenue				
Interest	**283,525**	272,610	**21,546**	34
Finance fee	**10,530**	9,568	**-**	-
Dividends	**5,623**	-	**5,623**	-
	299,678	282,178	**27,169**	34
	1,024,888	789,063	**27,318**	34
From discontinued operations (note 7)				
Toll revenue	**2,822**	16,351	**-**	-
Other	**-**	1,265	**-**	-
Interest revenue	**322**	2,203	**-**	-
	3,144	19,819	**-**	-

4 Other income

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Net gain on sale of available-for-sale financial assets (note 12)	**3,621**	-	**3,621**	-
Net foreign exchange gains (loss in 2008)	**-**	11,339	**-**	-
Investment income from tax consolidated entities	**-**	-	**69,403**	18,389
Fair value gains on derivatives	**-**	26,711	**-**	26,711
	3,621	38,050	**73,024**	45,100
From discontinued operations (note 7)				
Net foreign exchange gains (loss in 2008)	**-**	282	**-**	-
	-	282	**-**	-

5 Expenses

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Profit before income tax includes the following specific expenses:				
Net loss on disposal of property, plant and equipment	**-**	249	**-**	-
Impairment losses - trade receivables	**1,560**	415	**-**	-
Rental expenses relating to operating leases	**6,512**	3,120	**-**	-
Employee benefit expense	**106,197**	76,486	**562**	-
Share based payments	**1,440**	2,749	**-**	-
Net foreign exchange losses (net gain in 2007)	**1,507**	-	**8,479**	-
Fair value losses on derivatives (net gain in 2007)	**36,414**	-	**36,414**	-
Concession fees (operational cost) are attributable to:				
Hills M2 Motorway	**1,158**	1,263	**-**	-
M1 Eastern Distributor	**3,076**	3,740	**-**	-
M4 Motorway	**2,634**	-	**-**	-
	6,868	5,003	**-**	-
Finance costs				
Interest and finance charges paid/payable	**432,190**	359,473	**108,009**	3,037
Interest rate hedging charges paid/payable	**8,671**	16,160	**4,093**	3,812
Non-cash interest discount unwinding:				
Unwinding of Monash-CityLink-Westgate upgrade payable	**36,093**	48,811	**-**	-
Movement in concession/promissory notes	**(3,126)**	(114)	**-**	-
	473,828	424,330	**112,102**	6,849
Depreciation and amortisation expense				
Operational	**392,610**	302,008	**-**	-
Less amortisation from discontinued operations	**-**	(8,824)	**-**	-
Total operational	**392,610**	293,184	**-**	-
Corporate	**8,887**	5,826	**-**	-
	401,497	299,010	**-**	-

Movement in concession notes/promissory notes

Year ending 30 June 2007	**Hills M2 Motorway $'000**	**M1 Eastern Distributor $'000**	**Total $'000**
Recognised in finance costs:			
Unwinding of discount of notes on issue from prior periods	1,405	1,102	2,507
Remeasurement of notes due to change in payment profile	(2,621)	-	(2,621)
	(1,216)	1,102	(114)

Year ending 30 June 2008	**Hills M2 Motorway $'000**	**M1 Eastern Distributor $'000**	**Total $'000**
Recognised in finance costs:			
Unwinding of discount of notes on issue from prior periods	1,402	2,044	3,446
Remeasurement of notes due to change in payment profile	(1,299)	(5,273)	(6,572)
	103	(3,229)	(3,126)

6 Income tax expense

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
(a) Income tax expense				
Current tax	**98,855**	4,384	**-**	-
Deferred tax	**(149,722)**	25,384	**(38,950)**	5,440
Under (over) provided in prior years	**2,338**	(5,706)	**4,174**	-
	(48,529)	24,062	**(34,776)**	5,440
Income tax expense is attributable to:				
Profit from continuing operations	**(52,367)**	22,563	**(34,776)**	5,440
Profit from discontinued operations	**3,838**	1,499	**-**	-
Aggregate income tax expense	**(48,529)**	24,062	**(34,776)**	5,440
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 17)	**(117,743)**	(13,483)	**(31,241)**	(2,278)
(Decrease) increase in deferred tax liabilities (note 25)	**(31,979)**	38,867	**(7,709)**	7,718
	(149,722)	25,384	**(38,950)**	5,440
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
(Loss) profit from continuing operations before income tax expense	**(211,477)**	(101,201)	**(60,302)**	36,667
Profit (loss) from discontinuing operations before income tax expense	**22,500**	(26,939)	**-**	-
	(188,977)	(128,140)	**(60,302)**	36,667
Tax at the Australian tax rate of 30% (2007 - 30%)	**(56,693)**	(38,442)	**(18,091)**	11,000
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Trust income not subject to tax	**(57,665)**	22,673	**-**	-
Accounting depreciation on non tax depreciable assets	**1,828**	3,610	**-**	-
Infrastructure bond non-deductible interest	**41,286**	42,037	**-**	-
Tax benefit from foreign jurisdiction	**-**	(13,495)	**-**	-
Equity accounted results	**7,755**	(2,031)	**-**	-
Assessable dividend from subsidiaries	**3,490**	-	**-**	-
Benefits from subsidiaries in the tax consolidated group	**-**	-	**(20,821)**	(5,517)
Sundry items	**2,119**	2,385	**(38)**	(43)
	(57,880)	16,737	**(38,950)**	5,440
Under (over) provision in prior years	**2,338**	(5,706)	**4,174**	-
Prior year tax losses written off	**7,013**	13,031	**-**	-
Income tax expense	**(48,529)**	24,062	**(34,776)**	5,440

6 Income tax expense (continued)

(c) Amounts recognised directly in equity

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax - debited (credited) directly to equity (notes 17 and 25)	**40,086**	16,420	**-**	-

(d) Tax consolidation legislation

The Transurban Group elected to implement tax consolidation legislation for Transurban Limited and its wholly owned Australian entities with effect from 1 July 2003 and for Transurban Holdings Limited and its wholly owned Australian entities with effect from 1 July 2005. The accounting policy in relation to this legislation is set out in note 1(f).

Transurban Limited was de-stapled from the triple stapled security on 3 January 2007, and 100 per cent of the issued shares in Transurban Limited were acquired by Transurban Holdings Limited. Transurban Limited now forms part of the Transurban Holdings Limited tax consolidated group.

(e) Numerical reconciliation of income tax expense for discontinued operation

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Profit from discontinuing operations before income tax expense (note 7)	**22,500**	(26,939)	**-**	-
Tax at the Australian tax rate of 30% (2007 - 30%)	**6,750**	(8,082)	**-**	-
Tax effect of amounts which are not deductible (taxable):				
Non-assessable income	**(3,353)**	-	**-**	-
Write-off of losses	**-**	8,234	**-**	-
Other	**441**	1,347	**-**	-
	3,838	1,499	**-**	-

7 Discontinued operation

On 11 September 2007 T895 US Holdings Inc and its controlled entities, the owner of the Pocahontas Parkway ("Pocahontas"), was sold to Transurban DRIVe Holdings LLC (DRIVe). DRIVe is a vehicle in which Transurban has an equity interest and is accounted for by the Transurban Group using the equity method of accounting. The results and net assets of Pocahontas have therefore been disclosed as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(a) Financial performance and cash flow information for discontinued operation

The financial performance and cash flow information presented are for the period 1 July 2007 to 10 September 2007 (2008 column) and the year ended 30 June 2007 (2007 column).

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Revenue (note 3)	**3,144**	19,819	**-**	-
Other income (note 4)	**-**	282	**-**	-
Depreciation	**-**	(8,824)	**-**	-
Finance costs	**(5,422)**	(32,797)	**-**	-
Other expenses	**(828)**	(5,419)	**-**	-
Loss before income tax	**(3,106)**	(26,939)	**-**	-
Income tax benefit (expense)	**1,211**	(1,499)	**-**	-
Loss after income tax of discontinued operation	**(1,895)**	(28,438)	**-**	-
Gain on sale of the division before income tax	**25,606**	-	**-**	-
Income tax expense	**(5,049)**	-	**-**	-
Gain on sale of the division after income tax	**20,557**	-	**-**	-
Profit (loss) from discontinued operations	**18,662**	(28,438)	**-**	-
Net cash inflow (outflow) from operating activities	**1,150**	(23,567)	**-**	-
Net cash (outflow) from investing activities	**(178)**	(672)	**-**	-
Net cash inflow from financing activities	**2,705**	17,752	**-**	-
Net increase (decrease) in cash generated by the division	**3,677**	(6,487)	**-**	-

7 Discontinued operation (continued)

(b) Carrying amounts of assets and liabilities of discontinued operation

The carrying amounts of assets and liabilities as at the date of sale (10 September 2007) and 30 June 2007 are:

	Consolidated		Parent	
	10 September 2007 $'000	30 June 2007 $'000	**10 September 2007 $'000**	30 June 2007 $'000
Cash	**44,324**	39,293	**-**	-
Trade receivables	**36,991**	450	**-**	-
Property, plant and equipment	**1,392**	590	**-**	-
Intangible assets	**596,096**	573,089	**-**	-
Deferred tax assets	**1,391**	9,550	**-**	-
Total assets	**680,194**	622,972	**-**	-
Other creditors	**(9,706)**	(537)	**-**	-
Borrowings	**(564,945)**	(465,764)	**-**	-
Financial derivatives	**(4,595)**	(4,447)	**-**	-
Deferred tax liabilities	**(10,032)**	(9,709)	**-**	-
Total liabilities	**(589,278)**	(480,457)	**-**	-
Net assets	**90,916**	142,515	**-**	-

(c) Details of the sale of the discontinued operation

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Consideration received	**205,754**	-	**-**	-
Carrying amount of net assets sold	**(90,916)**	-	**-**	-
Cumulative translation differences	**(12,415)**	-	**-**	-
Gain on sale	**102,423**	-	**-**	-
Income tax expense	**(20,202)**	-	**-**	-
Profit after income tax	**82,221**	-	**-**	-
Unrealised profit after tax on equity accounted ownership	**(61,664)**	-	**-**	-
Realised profit on sale after income tax	**20,557**	-	**-**	-

8 Current assets - Cash and cash equivalents

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Cash at bank and in hand	**336,545**	449,255	**8,647**	88
	336,545	449,255	**8,647**	88

8 Current assets - Cash and cash equivalents (continued)

(a) Reconciliation to cash at the end of the year

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Balance as above	**336,545**	449,255	**8,647**	88
Infrastructure facility cash reserve (note 1(t)),	**1,515,942**	1,388,189	**-**	-
Cash held by discontinued operation (note 7)	**-**	39,293	**-**	-
Balance per statement of cash flows	**1,852,487**	1,876,737	**8,647**	88

All cash balances are interest bearing. The Group's and parent entity's exposure to interest rate risk is disclosed in note 48.

(b) Funds not for general use

The amount shown in Cash at Bank includes $84.0 million not available for general use at 30 June 2008 (2007: $81.3 million). This comprises amounts required to be held under maintenance and funding reserves.

9 Current assets - Trade and other receivables

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Trade receivables	**23,919**	30,290	**-**	-
Provision for impairment of receivables	**(3,018)**	(2,171)	**-**	-
	20,901	28,119	**-**	-
Related party receivable	**28,603**	-	**390,211**	6,658
Other receivables	**39,659**	15,829	**202**	989
Infrastructure bond interest receivable	**119,457**	109,795	**-**	-
Prepayments	**8,213**	12,705	**61**	-
	216,833	166,448	**390,474**	7,647

(a) Impaired trade receivables

As at 30 June 2008 current trade receivables of the Group with a nominal value of $3,018,000 (2007 - $2,171,000) were impaired. The amount of the provision was $3,018,000 (2007 - $2,171,000). As at 30 June 2008, trade receivables of $5,789,000 (2007 - $4,740,000) were past due but not impaired.

There were no impaired trade receivables for the parent in 2007 or 2008. The ageing of these receivables is as follows:

Consolidated For the year ended 30 June 2008	**Not impaired $'000**	**Impaired $'000**	**Allowance for Doubtful Debts $'000**
Trade and other receivables			
Current (not past due)	15,111	1,205	1,205
less than 30 days overdue	4,005	1,102	1,102
more than 30 but less than 60 days overdue	1,362	194	194
more than 60 but less than 90 days overdue	206	30	30
more than 90 days overdue	216	487	487
	20,900	3,018	3,018

9 Current assets - Trade and other receivables (continued)

Consolidated **For the year ended 30 June 2007**	**Not impaired** **$'000**	**Impaired** **$'000**	**Allowance for Doubtful Debts** **$'000**
Trade and other receivables			
Current (not past due)	23,379	-	-
less than 30 days overdue	4,232	1,574	1,574
more than 30 but less than 60 days overdue	214	20	20
more than 60 but less than 90 days overdue	52	40	40
more than 90 days overdue	242	537	537
	28,119	2,171	2,171

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

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

	Consolidated	
	30 June 2008 $'000	30 June 2007 $'000
At 1 July	**2,171**	2,769
Provision for impairment recognised during the year	**1,560**	415
Receivables written off during the year as uncollectible	**(713)**	(1,013)
	3,018	2,171

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

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

(b) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

(c) Foreign exchange and interest rate risk

Information about the Group’s and the parent entity’s exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 48.

(d) Infrastructure bond interest receivable

Infrastructure bond interest receivable represents accrued interest on a infrastructure facility cash reserve account held with debt infrastructure bond lenders.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. Note 48 details further information on the risk management policy of the Group and the credit quality of the Group’s trade receivables.

10 Non-current assets - Receivables

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Related party receivable	**-**	-	**13,429**	34,492
Prepayments	**1,688**	4,411	**-**	-
	1,688	4,411	**13,429**	34,492

(a) Impaired receivables and receivables past due

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

(b) Fair values

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

(c) Risk exposure

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in note 48.

11 Non-current assets - Investments accounted for using the equity method

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Interlink Roads Pty Limited (M5 Motorway) (note 39)	**521,895**	567,046	**-**	-
Transurban DRIVe Holdings LLC (note 39)	**176,030**	-	**-**	-
Transtoll Pty Limited (note 39)	**-**	636	**-**	-
	697,925	567,682	**-**	-

The investment in Transtoll Pty Limited has been written down to zero on recognition of operational losses. During the period the Group's investment in Transtoll was diluted to 0.7 per cent and as a result is no longer recognised as an associate.

12 Non-current assets - Available-for-sale financial assets

Available-for-sale financial assets include the following classes of financial assets:

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Listed securities	**-**	7,910	**-**	7,910
	-	7,910	**-**	7,910

During the year the Group disposed of its direct investment in a listed security, realising a gain of $3.6 million (net of transaction costs). This gain is included in other income on the income statement.

12 Non-current assets - Available-for-sale financial assets (continued)

(a) Risk exposure

None of the available-for-sale financial assets are either past due or impaired.

All available-for-sale financial assets are denominated in Australian currency. For an analysis of the sensitivity of available-for-sale financial assets to price and interest rate risk refer to note 48.

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

	Consolidated		**Parent**	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Term Loan Notes	**558,224**	557,731	**-**	-
	558,224	557,731	**-**	-

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

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

(a) Impairment and risk exposure

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

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

14 Non-current assets - Other financial assets

	Consolidated		**Parent**	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Shares in subsidiaries (note 38)	**-**	-	**1,383,142**	1,372,694
	-	-	**1,383,142**	1,372,694

The movement in the investment in subsidiaries in the current year relates to the transfer of current tax payable from subsidiaries to the parent entity in accordance with AASB UIG interpretation 1052 - Tax Consolidation Accounting. The financial assets are carried at cost.

15 Derivative financial instruments

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Current assets				
Equity swap ((a)(iii))	**-**	26,711	**-**	26,711
	-	26,711	**-**	26,711
Non-current assets				
Interest rate swap contracts - cash flow hedges ((a)(i))	**167,829**	86,699	**-**	-
	167,829	86,699	**-**	-
Total derivative financial instrument assets	**167,829**	113,410	**-**	26,711
Current liabilities				
Equity swap ((a)(iii))	**9,855**	-	**9,855**	-
	9,855	-	**9,855**	-
Non-current liabilities				
Cross currency interest rate swap contracts - cash flow hedges ((a)(iv))	**196,116**	169,158	**-**	-
Forward exchange contracts - cash flow hedges ((a)(ii))	**51,602**	34,215	**-**	-
	247,718	203,373	**-**	-
Total derivative financial instrument liabilities	**257,573**	203,373	**9,855**	-
	(89,744)	(89,963)	**(9,855)**	26,711

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (refer to note 48).

(i) Interest rate swap contracts - cash flow hedges

Bank loans of the Group currently bear an average variable interest rate of 8.4 per cent. It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it receives interest at variable rates and pays interest at fixed rates.

Swaps currently in place cover approximately 80 per cent (2007 - 75 per cent) of long term variable debt excluding working capital facilities. The fixed interest rates range between 5.6 per cent and 7.0 per cent (2007 - 5.6 per cent and 6.2 per cent) and the variable rates are the appropriate bank bill rates.

(ii) Forward exchange contracts - cash flow hedges

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

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

(iii) Equity swap arrangement

The Group has entered into an equity swap arrangement with a counterparty whereby the Group is exposed to movements in the fair value of the underlying securities without having any rights to those securities. Under the agreement, the return on the underlying security is exchanged for a return based on a reference interest rate.

15 Derivative financial instruments (continued)

As at 30 June 2008, the Group has equity swaps in place with a notional principal amount of $55.0 million maturing within one year (2007: $63.1 million).

(iv) *Cross-currency interest rate swap contracts - cash flow hedges*

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

(b) Risk exposures

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in note 48.

16 Non-current assets - Property, plant and equipment

Consolidated	Equipment and fittings $'000	CityLink $'000	Hills M2 Motorway $'000	Total $'000
At 1 July 2006				
Cost or fair value	179,506	3,947,972	2,456,833	6,584,311
Accumulated depreciation	(68,702)	(640,570)	(114,117)	(823,389)
	110,804	3,307,402	2,342,716	5,760,922
Year ended 30 June 2007				
Opening net book amount	110,804	3,307,402	2,342,716	5,760,922
Acquisition of subsidiary	8,027	-	-	8,027
Additions	41,868	-	-	41,868
Assets included in a disposal group classified as held for sale	(590)	-	-	(590)
Disposals	(250)	(101)	(1,079)	(1,430)
Depreciation charge	(34,812)	(140,074)	(94,758)	(269,644)
	125,047	3,167,227	2,246,879	5,539,153
At 30 June 2007				
Cost or fair value	228,561	3,947,871	2,455,754	6,632,186
Accumulated depreciation	(103,514)	(780,644)	(208,875)	(1,093,033)
	125,047	3,167,227	2,246,879	5,539,153
Year ended 30 June 2008				
Opening net book amount	125,047	3,167,227	2,246,879	5,539,153
Additions	99,071	12,324	4,829	116,224
Transfer from intangible assets	18,978	-	-	18,978
Depreciation charge	(40,770)	(147,499)	(92,497)	(280,766)
	202,326	3,032,052	2,159,211	5,393,589
At 30 June 2008				
Cost or fair value	347,900	3,947,867	2,460,547	6,756,314
Accumulated depreciation	(145,574)	(915,815)	(301,336)	(1,362,725)
	202,326	3,032,052	2,159,211	5,393,589

17 Non-current assets - Deferred tax assets

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Accrued expenses	**5,541**	2,665	**-**	196
Provisions	**12,473**	3,882	**136**	128
Borrowing costs	**-**	2,937	**-**	-
Current and prior year losses	**310,000**	254,199	**310,000**	222,613
Investments	**17,183**	-	**-**	-
Unearned income	**19,969**	-	**-**	-
Fixed assets	**3,926**	376	**-**	-
Other	**5,900**	7,640	**2,997**	-
Transfer to discontinued operations	**-**	(8,563)	**-**	-
	374,992	263,136	**313,133**	222,937
Amounts recognised directly in equity				
Cash flow hedges	**74,315**	61,012	**-**	-
Transfer to discontinued operations	**-**	(987)	**-**	-
Other				
Acquisition of subsidiary	**-**	4,132	**-**	-
	74,315	64,157	**-**	-
Total deferred tax assets	**449,307**	327,293	**313,133**	222,937
Movements:				
Opening balance at 1 July	**327,293**	260,570	**222,937**	221,978
Credited/(charged) to the income statement (note 6)	**117,743**	68,782	**31,241**	2,304
Credited/(charged) to equity	**25,670**	36,702	**-**	-
Acquisition of subsidiary (note 37)	**-**	14,878	**-**	-
Tax losses utilised	**(22,057)**	(31,058)	**(10,448)**	(19,734)
Tax losses written off	**-**	(13,031)	**-**	-
Foreign exchange movements	**(230)**	-	**-**	-
Transfer to discontinued operations	**-**	(9,550)	**-**	-
Transfer from tax group subsidiaries	**-**	-	**69,403**	18,389
Transfer from deferred tax liability	**888**	-	**-**	-
Closing balance at 30 June	**449,307**	327,293	**313,133**	222,937
Deferred tax assets to be recovered within 12 months	**53,024**	26,342	**136**	323
Deferred tax assets to be recovered after more than 12 months	**396,283**	300,951	**312,997**	222,614
	449,307	327,293	**313,133**	222,937

18 Non-current assets - Intangible assets

Consolidated	Development costs $'000	Goodwill $'000	Pocahontas Permit $'000	CityLink $'000	M1 Eastern Distributor $'000	M4 Motorway $'000	Total $'000
At 1 July 2006							
Cost	30,438	121,768	664,451	-	-	-	816,657
Accumulated amortisation and impairment	(11,754)	-	-	-	-	-	(11,754)
Net book amount	18,684	121,768	664,451	-	-	-	804,903
Year ended 30 June 2007							
Opening net book amount	18,684	121,768	664,451	-	-	-	804,903
Additions	23,945	-	-	330,621	-	-	354,566
Acquisition of subsidiary	-	138,520	-	-	2,148,504	178,788	2,465,812
Translation adjustment	-	-	(82,538)	-	-	-	(82,538)
Reclassification to held for sale	-	-	(573,089)	-	-	-	(573,089)
Impairment charge	(8,120)	-	-	-	-	-	(8,120)
Amortisation charge	-	-	(8,824)	-	(14,039)	(15,327)	(38,190)
Closing net book amount	34,509	260,288	-	330,621	2,134,465	163,461	2,923,344
At 30 June 2007							
Cost	54,383	260,288	-	330,621	2,148,504	178,788	2,972,584
Accumulated amortisation and impairment	(19,874)	-	-	-	(14,039)	(15,327)	(49,240)
Net book amount	34,509	260,288	-	330,621	2,134,465	163,461	2,923,344
Year ended 30 June 2008							
Opening net book amount	34,509	260,288	-	330,621	2,134,465	163,461	2,923,344
Additions	3,917	-	-	-	64	-	3,981
Transfer to property, plant and equipment	(18,978)	-	-	-	-	-	(18,978)
Disposals	(19,448)	-	-	-	-	-	(19,448)
Amortisation charge	-	-	-	(3,925)	(55,668)	(61,138)	(120,731)
Closing net book amount	-	260,288	-	326,696	2,078,861	102,323	2,768,168
At 30 June 2008							
Cost	-	260,288	-	330,621	2,148,568	178,788	2,918,265
Accumulated amortisation and impairment	-	-	-	(3,925)	(69,707)	(76,465)	(150,097)
Net book amount	-	260,288	-	326,696	2,078,861	102,323	2,768,168

Description of intangible assets

Development costs

Capitalised development costs are an internally generated intangible asset and represent costs incurred on development projects including materials, services and direct labour.

Goodwill

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

Pocahontas Permit

On 29 June 2006, the Transurban Group and the Commonwealth of Virginia reached financial close on a Comprehensive Agreement granting Transurban a 99 year concession for the Pocahontas Parkway in Virginia, USA . The cost of acquiring the 99 year concession was $664.5 million. On 10 September 2007 the Group sold its interests in the Pocahontas Parkway to Transurban DRIVe, an equity accounted investment in which Transurban holds a 75 per cent interest.

18 Non-current assets - Intangible assets (continued)

CityLink Upgrade

During the year ended 30 June 2007, Transurban signed an agreement with the State of Victoria and VicRoads to jointly fund upgrades and improvements to 75 kilometres of the Monash - CityLink - West Gate Freeway corridor. On initial recognition of the agreement an intangible asset was recognised and represents future economic benefits arising from increased toll revenue as a result of the increased traffic flow from the upgrades.

M1 Eastern Distributor

Resulting from the acquisition of Sydney Roads Group, Transurban holds an investment of 75.1 per cent in the M1 Eastern Distributor ("ED") tollway in Sydney via the concessionaire Airport Motorway Group. The ED opened in 1999 and the Airport Motorway Group holds the legal right to operate and toll the ED until 24 July 2048.

M4 Motorway

Resulting from the acquisition of Sydney Roads Group, Transurban holds an investment of 50.61 per cent in the M4 Motorway in Sydney via the concessionaire Statewide Roads. The M4 Motorway opened in 1992 and Statewide Roads holds the legal right to operate the M4 until 15 February 2010.

Impairment testing of goodwill and cash generating units

Impairment testing

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

Key assumptions used for value-in-use calculations

The Group makes assumptions in calculating the value-in-use of its cash generating units. These include assumptions around expected traffic flows and forecast operational costs. In performing the calculations the Group has applied a discount rate of 8.0 per cent (2007: 7.7 per cent), representing the implied pre-tax discount rate applicable to the risk profile of the Group's assets, to discount the forecast future attributable cash flows. In determining future cash flows, the group has also applied rates of growth to underlying operating assumptions to reflect the expected performance of the assets beyond the budget period in accordance with the respective concessions. The operating costs have been escalated in line with a combination of Consumer Price Index (CPI) and Average Weekly Earnings (AWE) forecasts. A long term CPI rate of 2.5 per cent and AWE of 4.0 per cent have been used.

19 Current liabilities - Trade and other payables

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Trade payables and accruals	**108,422**	99,663	**82,840**	910
Infrastructure bond interest payable	**86,606**	79,601	**-**	-
	195,028	179,264	**82,840**	910

(a) Risk exposure

Information about the Group's and the parent entity's exposure to foreign exchange risk is provided in note 48.

20 Current liabilities - Borrowings

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Working capital facilities	**19,000**	355,000	**-**	-
Secured loan - Statewide Roads	**21,600**	28,300	**-**	-
Term debt	**440,000**	-	**-**	-
Total current borrowings	**480,600**	383,300	**-**	-

(a) Security and fair value disclosures

Information about the terms and conditions of major borrowings, details of the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 23.

(b) Working capital facilities

The working capital facility is a banking facility of $30.0 million, maturing in June 2009. $19.0 million of this facility was utilised at 30 June 2008. This facility is fully secured against the respective rights of Hills Motorway Ltd and Hills Motorway Trust in the M2 Motorway and their assets.

(c) Term debt

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

(d) Secured loan – Statewide Roads

The secured loan is a bank facility maturing in February 2009. The facility is secured by registered mortgages over all the assets of Statewide Roads (M4) Pty Limited and SWR Properties Pty Limited. The interest rate applicable to the term debt is 8.4 per cent (2007: 7.0 per cent).

(e) Risk exposure

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 48.

21 Current liabilities - Provisions

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Employee entitlements	**22,916**	14,533	**453**	423
Restructuring provision	**9,110**	-	**-**	-
Distribution to security holders	**318,398**	293,862	**-**	-
Distribution to minority interests in subsidiaries	**30,845**	35,806	**-**	-
	381,269	344,201	**453**	423

(a) Employee entitlements

The provision for employee entitlements includes a provision for annual leave, bonuses and the current portion of long service leave.

(b) Restructuring provision

A restructuring provision is recognised when the main features of the restructuring are planned and there is a demonstrable commitment and valid expectation that the restructuring plan will be implemented.

(c) Distribution to security holders and minority interests

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

(d) Movements in provisions

The movement in the restructuring provision during the financial year is set out below:

	Restructuring provision $'000	**Total $'000**
Consolidated - 2008		
Current		
Carrying amount at start of year	-	-
Provision recognised	9,110	9,110
Carrying amount at end of year	9,110	9,110

22 Current liabilities - Non-interest bearing liabilities

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Prepaid tolls	**48,582**	43,721	**-**	-
Unearned income	**35,851**	6,382	**-**	-
Monash-CityLink-Westgate upgrade liability	**135,257**	384,526	**-**	-
Advances from related parties	**30,037**	3,644	**34,304**	1,670
Other	**580**	581	**-**	-
	250,307	438,854	**34,304**	1,670

Details of the information on the West-Gate-CityLink-Monash upgrade are set out in note 24.

23 Non-current liabilities - Borrowings

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Infrastructure Facilities	**1,515,942**	1,388,189	**-**	-
Less: Infrastructure facility cash reserve (note 8)	**(1,515,942)**	(1,388,189)	**-**	-
Term debt	**-**	440,000	**-**	-
U.S. Private Placement	**1,113,825**	1,228,447	**-**	-
Working Capital Facilities	**-**	50,843	**-**	-
Capital Markets Debt	**1,035,140**	1,032,622	**-**	-
Secured Loans - Statewide Roads	**502**	22,102	**-**	-
Airport Motorway Trust Term Debt	**515,500**	515,500	**-**	-
M4/M5 Securitisation Facility	**-**	125,000	**-**	-
ED Securitisation Facility	**-**	150,000	**-**	-
Syndicated facility	**598,245**	-	**-**	-
Loans from related parties	**-**	-	**1,405,107**	1,232,762
	3,263,212	3,564,514	**1,405,107**	1,232,762

Set-off of assets and liabilities

A legal right of set-off exists in respect of the specific cash deposits of $1,515.9 million (2007: $1,388.2 million) representing collateralisation of the Hills Motorway and M1 Airport Motorway Infrastructure Facilities.

Financing Arrangements and Credit Facilities

Credit facilities are provided as part of the overall debt funding structure of the Transurban Group.

Fair value

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

Risk exposures

Information about the Group's and parent entity's exposure to interest rate and foreign currency changes is provided in note 48.

(a) Infrastructure facilities

Hills Motorway

$512.5 million (2007: $466.0 million) facility certified by the Development Allowance Authority to qualify for concessional tax treatment under the Income Tax Legislation. The bonds are secured by an infrastructure facility cash reserve equal to the amount of the loan which is set off against the loan facility, the principal of the refinancing bonds will be repaid from the infrastructure facility cash reserve on December 2009. The facility was fully drawn down as at 30 June 2008.

M1 Airport Motorway

$1,003.4 million (2007: $922.2 million) facility certified by the Development Allowance Authority to qualify for concessional tax treatment under the Income Tax Legislation. The bonds are secured by an infrastructure facility cash reserve equal to the amount of the loan which is set off against the loan facility, the principal of the refinancing bonds will be repaid from the infrastructure facility cash reserve on August 2011. The facility was fully drawn down as at 30 June 2008.

23 Non-current liabilities - Borrowings (continued)

(b) U.S. Private Placement

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

	Rate	USD $'000	AUD $'000	Maturity
Fixed Interest Rate				
Dec 04 - Tranche A	5.02%	100,000	103,885	Dec 2014
Dec 04 - Tranche B	5.17%	38,900	40,411	Dec 2016
Dec 04 - Tranche C	5.47%	108,600	112,819	Dec 2019
Aug 05 - Tranche A	5.04%	98,000	101,808	Aug 2015
Aug 05 - Tranche B	5.19%	125,500	130,376	Aug 2017
Aug 05 - Tranche C	5.35%	156,500	162,581	Aug 2020
Nov 06 - Tranche A	5.71%	46,789	48,607	Nov 2016
Nov 06 - Tranche B	5.86%	148,308	154,070	Nov 2018
Nov 06 - Tranche C	5.95%	132,124	137,257	Nov 2021
Nov 06 - Tranche D	6.06%	54,684	56,809	Nov 2026
		1,009,405	1,048,623	
Floating Interest Rate				
Dec 04 - Tranche D	8.88%	-	72,000	Dec 2019
		-	72,000	
Total US Private Placement		1,009,405	1,120,623	
Deferred borrowing costs		-	(6,798)	
Total		1,009,405	1,113,825	

These facilities are secured by a first ranking charge over the cash flows of the Group.

Hedge of net investment in foreign entity

Transurban's investment in Transurban DRIVe LLC acts as a natural hedge against exposure to foreign currency movements in the USD debt (US$148 million) raised in the November 2006 US Private Placement. Exchange differences arising on the revaluation of the USD debt are recognised in profit or loss in the separate financial report of Transurban Finance Company. In the consolidated financial report, such exchange differences are recognised initially in a separate component of equity and will be recognised in the profit or loss on disposal of the net foreign investment.

As at 30 June 2008, the Group has deferred $40.6 million in gains (2007: $18.9 million).

(c) Working Capital Facilities

The Group has the following facilities in place:

- $195.0 million facility which is for a term of 5 years, maturing June 2010. At 30 June 2008, the facility was undrawn.
- $150.0 million facility which is for a term of 3 years, maturing February 2011. At 30 June 2008, the facility was undrawn.
- $170.0 million facility which is for a term of 3 years, maturing February 2011. At 30 June 2008, the facility was undrawn.
- $85.0 million facility which is for a term of 1 year, maturing June 2009. At 30 June 2008, the facility was undrawn.

These facilities are secured by a first ranking charge over the cash flows of the Transurban Group.

(d) ED Securitisation Facility

In September 2007 this facility was refinanced using funds raised via a Syndicated Bank facility.

23 Non-current liabilities - Borrowings (continued)

(e) Airport Motorway Trust Term Debt

The Group has a $515.5 million bank facility, maturing in November 2009. The facility was fully utilised at 30 June 2008. This facility is fully secured against the respective rights of Airport Motorway Ltd and Airport Motorway Trust in the M1 Motorway and their assets. The interest rate applicable to the term debt is 8.4 per cent (2007: 6.8 per cent).

(f) Secured loan - Statewide Roads

$0.5 million bank facility maturing November 2009. The loans are secured by registered mortgages over all the assets of Statewide Roads (M4) Pty Limited and SWR Properties Pty Limited. The interest rate applicable to the term debt is 8.4 per cent (2007: 7.0 per cent).

(g) M4/M5 Securitisation Facility

In September 2007 this facility was refinanced using funds raised via a Syndicated Bank facility.

(h) Capital Markets Debt

The Capital Markets Debt comprises credit wrapped floating bonds issued by Transurban Finance Company with terms of 10 years ($300 million) and 12 years ($300 million) from November 2005 and non-credit wrapped fixed rate Medium Term Notes of $150 million raised in December 2004. An additional $300 million was raised in September 2006 through the issuance of non-credit wrapped fixed ($200 million) and floating ($100 million) rate bonds with terms of 5 years.

These facilities are secured by a first ranking charge over the cash flows of the Group.

	Maturing 2010 $'000	Maturing 2012 $'000	Maturing 2016 $'000	Maturing 2018 $'000	Total $'000
Fixed Interest Rate					
Non-credit wrapped	150,000	200,000	-	-	350,000
	150,000	200,000	-	-	350,000
Floating interest rate					
Non-credit wrapped	-	100,000	-	-	100,000
Credit wrapped	-	-	300,000	300,000	600,000
	-	100,000	300,000	300,000	700,000
Total Capital Markets Debt	150,000	300,000	300,000	300,000	1,050,000
Deferred borrowing costs	-	-	-	-	(14,860)
Total	150,000	300,000	300,000	300,000	1,035,140

The interest rates applicable to the Capital Market Debt are detailed in the table below. Comparative numbers are indicated in parenthesis.

	Maturing 2010 per cent	Maturing 2012 per cent	Maturing 2016 per cent	Maturing 2018 per cent
Fixed Interest Rate				
Non-credit wrapped	6.0 (6.0)	6.5 (6.5)	-	-
Floating interest rate				
Non-credit wrapped	-	8.2 (6.9)	-	-
Credit wrapped	-	-	8.1 (6.7)	8.1 (6.7)

23 Non-current liabilities - Borrowings (continued)

(i) Syndicated facility

This facility comprises syndicated bank debt issued by Transurban Finance Company Pty Limited, with terms of five years ($375.0 million), seven years ($125.0 million) and ten years ($100.0 million) with applicable interest rates ranging between 8.4% and 8.6%. This facility refinanced existing working capital facilities, the ED Securitisation Facility and the M4/M5 Securitisation Facility.

This facility is secured by a first ranking charge over the cash flows of the Group.

(j) Covenants

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

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

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

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

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

24 Non current liabilities - Non-interest bearing liabilities

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Concession notes - M1 Eastern Distributor	**16,619**	18,628	**-**	-
Promissory notes - Hills M2 Motorway	**12,973**	11,645	**-**	-
Lease incentive	**4,308**	4,888	**-**	-
Unearned income	**5,912**	18,000	**-**	-
Land Transport Notes	**479**	449	**-**	-
Monash-CityLink-Westgate upgrade liability	**51,398**	170,188	**-**	-
	91,689	223,798	**-**	-

Concession Notes - M1 Eastern Distributor

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

Concession Notes have been included in the financial statements as non-interest bearing liabilities at the present value of expected future repayments. As the timing and profile of these repayments is largely determined by the available equity cash flows of the M1 Motorway, the present value of the expected future repayments is determined using a discount rate of 12 per cent which recognises their subordinated nature.

The face value of Concession Notes on issue at 30 June 2008 is $165.0 million (2007: $150.0 million). The Net Present Value at 30 June 2008 of the redemption payments relating to these Concession Notes is $16.6 million (2007: $18.6 million).

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

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

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Concession Note Redemption				
Estimated Concession Note payments later than 15 years	**165,000**	150,000	**-**	-
	165,000	150,000	**-**	-
Reconciliation of the movement in the M1 Concession Note liability				
Concession Note liability at the start of the year	**18,628**	-	**-**	-
Concession Notes acquired	**-**	17,526	**-**	-
Discount of Concession Notes on issue at the beginning of the period	**2,046**	1,102	**-**	-
Revaluation of notes due to change in payment profile	**(5,273)**	-	**-**	-
Notes issued during the year	**15,000**	-	**-**	-
Discount of notes issued during the year	**(13,782)**	-	**-**	-
Concession Note liability at the end of the year	**16,619**	18,628	**-**	-

Promissory Notes - M2 Motorway

The Hills Motorway Trust has entered into leases with the Roads and Traffic Authority of New South Wales ('RTA'). Annual lease liabilities under these leases total $7.0 million, indexed annually to the Consumer Price index over the estimated period that the M2 Motorway will be used. Until such time as a threshold return is achieved, payments under these leases can be made at any time at the discretion of the Responsible Entity of the Trust, by means of the issue of non-interest bearing Promissory notes to the RTA.

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

The face value of Promissory Notes on issue at 30 June 2008 is $96.6 million (2007:$87.1 million). The Net Present Value at 30 June 2008 of the redemption payments relating to these Promissory Notes is $13.0 million (2007: $11.6 million).

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

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

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Promissory Note Redemption				
Estimated Concession Note payments later than 15 years	**96,563**	87,125	**-**	-
	96,563	87,125	-	-
Reconciliation of the movement in the M2 Promissory Note Liability				
Promissory Notes liability at the start of the year	**11,645**	11,711	**-**	-
Discount of Promissory Notes on issue at the beginning of the year	**1,402**	1,405	**-**	-
Revaluation of notes due to change in payment profile	**(1,299)**	(2,621)	**-**	-
Promissory Notes issued during the year	**9,438**	9,054	**-**	-
Discount of Promissory Notes issued during the year	**(8,213)**	(7,904)	**-**	-
Promissory Note liability at the end of the year	**12,973**	11,645	-	-

Land Transport Notes

Land Transport Notes are carried at a present value of $0.4 million and will be repaid no later than 30 days prior to the last day of the CityLink concession period.

Monash-CityLink-Westgate upgrade liability

During the prior period Transurban signed an agreement with the State of Victoria and VicRoads to jointly fund upgrades and improvements to 75 kilometres of the West Gate – CityLink (Southern Link) – Monash Freeway corridor. To fund the upgrade Transurban will pay the State $614.3 million over three years in satisfaction of its current and future obligations to repay concession notes issued to the State.

The agreement effectively represents the termination of any future obligation to the State of Victoria by the Group by assigning the right to receive future concession payments made by CityLink Melbourne to Transurban Holding Trust. On a Group basis, the impact of concession notes on the balance sheet and income statement is nil, as the Group has a right of offset.

As such, the impact of time value of money on the obligation to pay the state the $614.3 million over 3 years is the only ongoing expense recognised in the Group consolidation within the income statements. On initial recognition of this obligation a payable of $505.9 million was recognised which represented the present value of Transurban's obligation. The discount on this obligation has partially unwound over the period and the present value of the obligation at 30 June 2008 is $186.7 million (2007: $554.7 million). The unwinding of the present value is presented as a 'Finance Cost' (refer note 5).

An intangible asset representing the future economic benefits arising from increased toll revenue as a result of increased traffic flows from the upgrades has been recognised (refer note 18).

25 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Interest receivable	**36,753**	33,056	**14**	-
Unrealised gain	**2,783**	14,117	**-**	7,672
Fixed assets/intangibles	**1,091,618**	1,136,022	**-**	51
Prepayments	**11,306**	11,690	**-**	-
Concession Fees and Promissory Notes	**301,503**	280,665	**-**	-
Other	**40**	-	**-**	-
Transfer to discontinued operations	**-**	(9,709)	**-**	-
	1,444,003	1,465,841	**14**	7,723
Amounts recognised directly in equity				
Cash flow hedges	**115,301**	58,798	**-**	-
	115,301	58,798	**-**	-
Total deferred tax liabilities	**1,559,304**	1,524,639	**14**	7,723
Movements:				
Opening balance at 1 July	**1,524,639**	784,601	**7,723**	5
Charged/(credited) to the income statement (note 6)	**(31,979)**	44,372	**(7,709)**	7,718
Charged/(credited) to equity (notes 27 and 28)	**65,756**	53,122	**-**	-
Acquisition of subsidiary (note 37)	**-**	652,253	**-**	-
Transfer from deferred tax asset	**888**	-	**-**	-
Transfer to discontinued operations	**-**	(9,709)	**-**	-
Closing balance at 30 June	**1,559,304**	1,524,639	**14**	7,723
Deferred tax liabilities to be settled within 12 months	**205,351**	116,858	**14**	7,672
Deferred tax liabilities to be settled after more than 12 months	**1,353,953**	1,407,781	**-**	51
	1,559,304	1,524,639	**14**	7,723

26 Non-current liabilities - Provisions

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Employee benefits	**1,462**	1,752	**-**	-
	1,462	1,752	**-**	-

(a) Employee benefits
Employee benefits relate to the provision for long service leave.

27 Contributed equity

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
(a) Share capital				
Fully paid ordinary shares	**-**	-	**339,812**	167,094
Fully paid stapled securities	**6,846,992**	6,078,487	**-**	-
	6,846,992	6,078,487	**339,812**	167,094

	Number '000	Number '000	**Number '000**	Number '000
Share capital				
Fully paid ordinary shares	**-**	-	**1,218,263**	1,068,375
Fully paid stapled securities	**1,218,263**	1,068,375	**-**	-
	1,218,263	1,068,375	**1,218,263**	1,068,375

27 Contributed equity (continued)

(b) Movements in ordinary share capital:

				Consolidated		Parent	
Date	**Details**	Notes	**Number of securities '000**	**Issue price**	**$'000**	**Issue price**	**$'000**
1 July 2006	**Opening balance**		**816,634**		**4,277,736**		**83,068**
26 Aug 2006	Distribution Reinvestment Plan	(d)	15,708	$6.63	104,168	$0.28	4,398
27 Sept 2006	Disposal of treasury securities	(g)	26	$7.10	185	$0.28	7
30 Oct 2006	Disposal of treasury securities	(g)	48	$7.34	352	$0.28	13
31 Dec 2006	Acquisition of Treasury Securities	(g)	(2,067)	$7.28	(15,052)	$0.28	(579)
31 Dec 2006	Conversion of CARS	(f)	321	$5.72	1,835	$0.28	90
3 Jan 2007	Conversion of CARS	(f)	32,523	$5.72	185,882	$0.34	11,059
17 Jan 2007	Disposal of treasury securities	(g)	16	$7.67	123	$0.34	5
19 Jan 2007	Options exercised	(e)	29	$4.22	122	$0.34	10
7 Feb 2007	Disposal of treasury securities	(g)	44	$7.77	341	$0.34	15
15 Feb 2007	Disposal of treasury securities	(g)	68	$7.68	521	$0.34	23
22 Feb 2007	Disposal of treasury securities	(g)	22	$7.36	168	$0.34	7
27 Feb 2007	Options exercised	(e)	48	$4.22	203	$0.34	16
28 Feb 2007	Distribution Reinvestment Plan	(d)	17,031	$7.37	125,588	$0.34	5,791
14 Apr 2007	Conversion of CARS	(f)	32,541	$5.72	185,985	$0.34	11,064
8 May 2007	Acquisition of Sydney Roads Group	(i)	148,431	$7.87	1,168,152	$0.34	50,468
29 June 2007	Acquisition of Sydney Roads Group	(i)	6,952	$7.87	54,712	$0.34	2,364
	Less:						
	Transaction costs arising on issue of securities				(905)		(39)
	CARS underwriting fees				(11,629)		(686)
30 June 2007	**Balance**		**1,068,375**		**6,078,487**		**167,094**
1 July 2007	**Opening balance**		**1,068,375**		**6,078,487**		**167,094**
27 Aug 2007	Distribution Reinvestment Plan	(d)	11,408	$7.70	87,885	$0.34	3,879
19 Sep 2007	Disposal of treasury securities	(g)	139	$7.05	980	$0.34	47
25 Sep 2007	Disposal of treasury securities	(g)	45	$7.28	328	$0.34	15
4 Oct 2007	Disposal of treasury securities	(g)	50	$7.32	362	$0.34	17
29 Nov 2007	Disposal of treasury securities	(g)	273	$6.90	1,879	$0.34	93
5 Dec 2007	Disposal of treasury securities	(g)	30	$6.91	207	$0.34	10
7 Jan 2008	Disposal of treasury securities	(g)	32	$6.68	214	$0.34	11
27 Feb 2008	Distribution Reinvestment Plan	(d)	17,058	$6.55	111,730	$0.34	5,800
11 Mar 2008	Disposal of treasury securities	(d)	27	$6.14	163	$0.34	9
9 Apr 2008	Disposal of treasury securities	(g)	95	$6.73	636	$0.34	32
16 Apr 2008	Disposal of treasury securities	(g)	44	$6.24	271	$0.34	15
1 May 2008	Disposal of treasury securities	(g)	62	$6.67	413	$0.34	21
25 Jun 2008	Disposal of treasury securities	(g)	628	$4.00	2,513	$0.99	621
26 Jun 2008	Equity placement	(j)	120,000	$5.49	658,800	$1.36	162,721
					6,944,868		340,385
	Less: Transaction costs arising on issue of securities				(2,319)		(573)
	Less: Amounts attributable to Transurban International Limited	(k)			(95,557)		-
30 June 2008	**Balance**		**1,218,266**		**6,846,992**		**339,812**

27 Contributed equity (continued)

(c) Stapled Securities

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

During the prior year, the triple stapled security was restructured. Transurban Limited was de-stapled from the triple staple, and became a subsidiary of Transurban Holdings Limited. Transurban International Limited became the third entity in the triple stapled security.

(d) Distribution Reinvestment Plan

The Transurban Group has established a distribution reinvestment plan under which holders of Stapled Securities may elect to have all or part of their distribution entitlements satisfied by the issue of new Stapled Securities rather than by cash. Securities are to be issued under the plan at a 2.5 per cent discount to market price.

(e) Options

Information relating to the Transurban Group Executive Option Plan, including details of options issued, exercised, and lapsed during the financial year and options outstanding at the end of the financial year are set out in note 44.

(f) Conversion of CARS

During the prior year all remaining CARS were converted into Transurban Group Stapled Securities. On conversion 65.4 million Stapled Securities were issued.

(g) Treasury securities

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

(h) Capital risk management

The Group is subject to a gearing ratio covenant imposed by Senior Secured lenders. The Group monitors capital on the basis of the gearing ratio to ensure compliance with the covenant. There have been no breaches of the covenant. For further information refer to note 23.

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

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

(i) Sydney Roads Group acquisition

The consideration given to the holders of SRG securities on acquisition by the Transurban Group in the prior year consisted of 155.4 million Transurban Group stapled securities issued at one Transurban Group Stapled Security for every 5.7 SRG Stapled Securities held, or a cash payment of $1.32 per SRG security totalling $63.6 million (refer note 37).

(j) Equity placement

Transurban raised $658.8 million via an equity placement of 120 million securities to the Canadian Pension Plan Investment Board.

27 Contributed equity (continued)

(k) Minority interest - Transurban International Limited

Transurban Holdings Limited (THL) has been identified as the parent entity of the post-date of transition stapling arrangement of THL, Transurban Holding Trust and Transurban International Limited (TIL). AASB Interpretation 1002 requires the equity of TIL to be classified as a minority interest.

28 Reserves and retained profits/(accumulated losses)

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
(a) Reserves				
Hedging reserve - cash flow hedges	**101,859**	(11,747)	**-**	-
Share-based payments reserve	**7,012**	4,098	**138**	69
Foreign currency translation reserve	**(8,497)**	(11,181)	**-**	-
Transactions with minority interests reserve	**(5,127)**	-	**-**	-
	95,247	(18,830)	**138**	69
Movements:				
Cash flow reserve				
Balance 1 July	**(11,747)**	(54,275)	**-**	-
Revaluation - gross	**152,349**	57,605	**-**	-
Deferred tax (notes 17 and 25)	**(40,086)**	(16,420)	**-**	-
Transfer to net profit	**1,343**	1,343	**-**	-
	101,859	(11,747)	**-**	-
Share-based payments reserve				
Balance 1 July	**4,098**	1,188	**69**	20
Amortisation of benefits	**1,612**	1,194	**69**	49
Employee distribution	**1,302**	1,716	**-**	-
	7,012	4,098	**138**	69
Foreign currency translation reserve				
Balance 1 July	**(11,181)**	-	**-**	-
Currency translation differences arising during the year	**2,684**	(11,181)		
	(8,497)	(11,181)	**-**	-
Transactions with minority interests reserve				
Balance 1 July	**-**	-	**-**	-
Acquisition of additional interest in Airport Motorway Group	**(5,127)**	-	**-**	-
	(5,127)	-	**-**	-

28 Reserves and retained profits/(accumulated losses) (continued)

(b) Retained profits/(accumulated losses)

Movements in retained profits were as follows:

Opening retained earnings	**(2,436,011)**	(1,767,839)	**261,828**	230,601
Profit (loss) attributable to ordinary equity holders	**(142,765)**	(152,439)	**(25,526)**	31,227
Distributions to ordinary equity holders	**(622,373)**	(515,733)	**-**	-
	(3,201,149)	(2,436,011)	**236,302**	261,828

(c) Nature and purpose of reserves

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

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

(iii) Foreign currency translation reserve
Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d).

(iv) Transactions with minority interests reserve
The transactions with minority interests reserve was created as a result of the acquisition of an additional 3.75 per cent of the Airport Motorway Group during the year as the Group uses the economic entity approach to transactions with minority interests.

29 Minority interest - Transurban International Limited

	Consolidated		**Parent**	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Minority interest - Transurban International Limited	**86,087**	-	**-**	-
	86,087	-	**-**	-

Transurban International Limited and application of AASB Interpretation 1002 Post-date of Transition Stapling Arrangements

Transurban Holdings Limited (THL) has been identified as the parent entity of the post-date of transition stapling arrangement of THL, Transurban Holding Trust and Transurban International Limited (TIL). AASB Interpretation 1002 requires the equity of TIL to be classified as a minority interest. At 30 June 2008, TIL's equity comprises contributed equity of $95.6 million and reserves of ($9.5 million), totalling $86.1 million.

30 Minority interest - other

	Consolidated		**Parent**	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Minority interest - other	**247,414**	307,326	**-**	-
	247,414	307,326	**-**	-

30 Minority interest - other (continued)

Minority interest in Airport Motorway Group

Opening balance	**278,534**	-	**-**	-
Acquisition of subsidiary	**-**	296,196	**-**	-
Acquisition of minority interest	**(37,551)**	-	**-**	-
Distributions	**(14,648)**	(17,196)	**-**	-
Profit / (loss)	**4,025**	(466)	**-**	-
	230,360	278,534	**-**	-

Minority interest in Statewide Roads Limited

Opening balance	**28,792**	-	**-**	-
Acquisition of subsidiary	**-**	32,179	**-**	-
Distributions	**(10,030)**	(4,090)	**-**	-
Profit / (loss)	**(1,720)**	703	**-**	-
	17,042	28,792	**-**	-

Devome Pty Limited

Opening balance	**-**	-	**-**	-
Profit / (loss)	**12**	-	**-**	-
	12	-	**-**	-

Acquisition of an additional interest in Airport Motorway Group

On 14 September 2007, Transurban acquired an additional 3.75 per cent interest in the Airport Motorway Group ("AMG"), the owner of the concession for the M1 Eastern Distributor in Sydney, for cash consideration of $46.5 million. The carrying value of the 3.75 per cent minority interest acquired was $37.6 million. In addition, the transaction included the receipt of debentures by Transurban to the value of $4.2 million, and costs of $0.4 million.

Transurban acquired a 71.35 per cent interest in AMG as part of its takeover of Sydney Roads Group in April 2007. At 30 June 2008 Transurban holds an interest of 75.1 per cent in AMG.

31 Distributions

The distributions set out below represent distributions to stapled securities holders. Group distributions are paid by a Group entity, Transurban Holding Trust.

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

Franking credits

	Consolidated		**Parent**	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Balance at 1 July	**71,707**	30,378	**30,378**	30,378
Acquisition of subsidiaries	**-**	41,329	**-**	-
Tax paid	**21,147**	-	**12,440**	-
Franked dividends received	**23,717**	-	**20,405**	-
Franked dividends paid	**(3,310)**	-	**-**	-
Balance at 30 June	**113,261**	71,707	**63,223**	30,378

32 Key management personnel disclosures

(a) Directors

The following persons were directors of Transurban Holdings Limited (THL), Transurban Infrastructure Management Limited (TIML) and/or Transurban International Limited (TIL), as noted below, during the financial year:

(i) Executive directors
Kimberley Edwards (resigned 4 April 2008) (THL, TIML and TIL)
Christopher J Lynch (appointed 18 February 2008) (THL, TIML and TIL)
(ii) Non-executive directors
David J Ryan AO (Chairman of THL, TIML and TIL)
Geoffrey O Cosgriff (THL and TIML)
Jeremy GA Davis AM (THL and TIML)
Susan M Oliver (THL and TIML)
Christopher JS Renwick AM (THL and TIML)
Lindsay Maxsted (Appointed 1 March 2008) (THL and TIML)
James Keyes (TIL)
Jennifer Eve (TIL)

(b) Other key management personnel

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

Name	*Position*
C Brant	Chief Finance Officer
B Bourke	Chief Operating Officer
D Cardiff	Group General Manager Human Resources
K Daley	Executive Vice President International Development
G Mann (until his departure on 23 November 2007)	Group General Manager Development
M Kulper	President Transurban North America
P O'Shea (until his departure on 14 July 2008)	Group General Manager Legal and Risk Management

(c) Key management personnel compensation

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

	Consolidated		**Parent**	
	30 June 2008 $	30 June 2007 $	**30 June 2008 $**	30 June 2007 $
Short-term employee benefits	**25,472,215**	7,700,724	**25,472,215**	354,185
Post-employment benefits	**744,273**	809,728	**744,273**	167,170
Long-term benefits	**191,678**	-	**191,678**	-
Termination benefits	**6,960,057**	-	**6,960,057**	-
Share-based payments	**1,283,204**	1,225,116	**1,283,204**	1,225,116
	34,651,427	9,735,568	**34,651,427**	1,746,471

The company has taken advantage of the relief provided by *Corporations Regulation* 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-C of the remuneration report on pages 10 to 17.

(d) Equity instrument disclosures relating to key management personnel

(i) Share-based payments
Details of long-term incentives provided as remuneration and securities issued, together with terms and conditions of the long term incentives, can be found in section D of the remuneration report on pages 17 - 22.

32 Key management personnel disclosures (continued)

(ii) ***Executive Loan Plan***

The number of securities held under the executive loan plan during the financial year by each director of Transurban Holdings Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2008	Balance at start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at end of the year	Vested and exercisable at the end of the year
Directors of the Group						
K Edwards	722,500	-	-	(722,500)	-	-
Other key management personnel of the Group						
C Brant	293,000	-	-	-	293,000	-
B Bourke	262,000	-	-	-	262,000	-
P O'Shea	205,000	-	-	-	205,000	-
G Mann	272,500	-	-	(272,500)	-	-
D Cardiff	63,500	-	-	-	63,500	-
K Daley	174,000	-	-	-	174,000	-
M Kulper	190,000	-	-	-	190,000	-

2007	Balance at start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at end of the year	Vested and exercisable at the end of the year
Directors of the Group						
K Edwards	312,500	410,000	-	-	722,500	-
Other key management personnel of the Group						
C Brant	118,000	175,000	-	-	293,000	-
B Bourke	102,000	160,000	-	-	262,000	-
P O'Shea	75,000	130,000	-	-	205,000	-
G Mann	112,500	160,000	-	-	272,500	-

32 Key management personnel disclosures (continued)

(iii) ***Stapled security holdings***
The number of Transurban Group Stapled Securities and Convertible Adjusting Rate Securities ('CARS') held during the financial year by each director of Transurban Holdings Limited and other key management personnel of the Group, including their personally-related parties, are set out below.

Stapled Securities

2008	Balance at start of the year	Received during the year via the Performance Rights Plan	Received during the year via the Executive Loan Plan	Other changes during the year	Balance at end of the year
Directors of the Group					
D J Ryan	24,091	-	-	33,209	57,300
G O Cosgriff	48,611	-	-	67,425	116,036
J G A Davis	55,592	-	-	69,413	125,005
L P Maxsted	-	-	-	-	-
S M Oliver	41,831	-	-	8,687	50,518
C J S Renwick	21,552	-	-	-	21,552
J Keyes	-	-	-	-	-
J Eve	-	-	-	-	-
K Edwards	2,033,500	285,714	-	(2,319,214)	-
C J Lynch	-	-	-	152,800	152,800
Other key management personnel of the Group					
C Brant	296,392	-	-	1,575	297,967
B Bourke	671,328	92,857	-	28,333	792,518
P O'Shea	442,489	78,571	-	81,799	602,859
G Mann	272,707	-	-	(272,707)	-
D Cardiff	167,443	27,428	-	190	195,061
K Daley	365,332	78,571	-	-	443,903
M Kulper	-	76,778	-	80,000	156,778

2007	Balance at start of the year	Received during the year via the Performance Rights Plan	Received during the year via the Executive Loan Plan	Other changes during the year	Balance at end of the year
Directors of the Group					
D J Ryan	22,394	-	-	1,697	24,091
L G Cox	1,142,500	-	-	(1,142,500)	-
P C Byers	70,580	-	-	(70,580)	-
G O Cosgriff	31,110	-	-	17,501	48,611
J G A Davis	51,817	-	-	3,775	55,592
S M Oliver	68,009	-	-	(26,178)	41,831
C J S Renwick	-	-	-	21,552	21,552
J Keyes	-	-	-	-	-
J Eve	-	-	-	-	-
K Edwards	1,873,500	-	410,000	(250,000)	2,033,500
Other key management personnel of the Group					
C Brant	119,448	-	175,000	1,944	296,392
B Bourke	474,749	-	160,000	36,579	671,328
P O'Shea	437,324	-	130,000	(124,835)	442,489
G Mann	112,600	-	160,000	107	272,707

32 Key management personnel disclosures (continued)

CARS

2007

	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of the Group				
D J Ryan	-	-	-	-
L G Cox	-	-	-	-
P C Byers	-	-	-	-
G O Cosgriff	121	-	(121)	-
J G A Davis	-	-	-	-
S M Oliver	-	-	-	-
C J S Renwick	-	-	-	-
K Edwards	-	-	-	-
Other key management personnel of the Group				
C Brant	-	-	-	-
B Bourke	400	-	(400)	-
P O'Shea	-	-	-	-
G Mann	-	-	-	-

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

(iv) Performance Rights Plan

2008 Name	Balance at start of the year	Granted during the year as remuneration	Matured and paid during the year	Other changes during the year	Balance at end of the year	Matured and payable at the end of the year
Directors of the Group						
D J Ryan	-	-	-	-	-	-
G O Cosgriff	-	-	-	-	-	-
J G A Davis	-	-	-	-	-	-
L P Maxsted	-	-	-	-	-	-
S M Oliver	-	-	-	-	-	-
C J S Renwick	-	-	-	-	-	-
J Keyes	-	-	-	-	-	-
J Eve	-	-	-	-	-	-
K Edwards	285,714	-	-	(285,714)	-	-
C J Lynch	-	-	-	-	-	-
Other key management personnel of the Group						
C Brant	100,000	-	-	-	100,000	-
B Bourke	92,857	-	-	-	92,857	-
P O'Shea	78,571	-	-	-	78,571	-
D Cardiff	27,428	-	-	-	27,428	-
K Daley	78,571	-	-	-	78,571	-
M Kulper	76,778	-	-	-	76,778	-

As the Performance Rights Plan was introduced in November 2007 there is no comparative data.

32 Key management personnel disclosures (continued)

(e) Other transactions with directors and key management personnel

Mr Geoffrey Cosgriff was a director of LogicaCMG Pty Limited until 30 June 2008, who provide Information Technology skills required to support Transurban's tolling systems. LogicaCMG is one of two companies capable of assisting in this area and Transurban has dealings with both. Transurban has also outsourced its Information Technology Infrastructure support to LogicaCMG. In accordance with our standard procurement agreements, Mr Cosgriff did not participate in any procurement decisions involving LogicaCMG.

Mr Lindsay Maxsted was the Chief Executive Officer of KPMG before his appointment as a director of the Group, and a company in which he is a principal has a consulting agreement with that firm until 28 February 2010. Mr Maxsted is also a non-executive director of Westpac Banking Corporation. Westpac provide transactional banking and loan facilities to Transurban. These facilities are on normal commercial terms.

Mr James Keyes is a Partner at Appleby (legal firm in Bermuda) and Ms Jennifer Eve an Associate. During the year Transurban utilised Appleby for various Legal Services.

Aggregate amounts of each of the above types of other transactions with key management personnel of the Group:

	Consolidated		Parent	
	30 June 2008 $	30 June 2007 $	**30 June 2008 $**	30 June 2007 $
Amount recognised as expenses				
LogicaCMG Pty Limited	**4,395,063**	114,127	**-**	-
KPMG	**639,447**	-	**-**	-
Appleby	**128,714**	-	**-**	-
	5,163,224	114,127	**-**	-

All of the above amounts represent payments on normal commercial terms made in relation to the provision of goods and services.

Aggregate amounts payable to or receivable from director related entities of the Transurban Group at balance date relating to the above types of transactions.

	Consolidated		Parent	
	30 June 2008 $	30 June 2007 $	**30 June 2008 $**	30 June 2007 $
Current assets - other related parties	**-**	-	**390,211,158**	6,658,245
Non-current assets - other related parties	**-**	-	**13,429,364**	34,492,109
Non-current liability	**-**	-	**1,405,107,187**	1,232,762,395
Current liabilities	**-**	-	**34,304,284**	1,670,478

33 Remuneration of auditors

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

	Consolidated		Parent	
	30 June 2008 $	30 June 2007 $	**30 June 2008 $**	30 June 2007 $
(a) Amounts received or due and receivable by PricewaterhouseCoopers				
Audit and Other Assurance Services				
Audit and review of financial reports	**1,239,354**	1,157,000	**152,000**	77,000
Other assurance services				
Due diligence services	**-**	30,000	**-**	-
Other assurance services	**159,827**	293,200	**-**	-
Total audit and other assurance services	**1,399,181**	1,480,200	**152,000**	77,000
Taxation services				
Tax compliance services	**236,430**	158,900	**-**	-
Tax consulting services	**1,371,817**	3,077,200	**-**	-
Indirect taxation services	**1,518,667**	602,837	**-**	-
Total taxation services	**3,126,914**	3,838,937	**-**	-
Total remuneration for audit services	**4,526,095**	5,319,137	**152,000**	77,000
(b) Amounts received or due and receivable by non-PricewaterhouseCoopers audit firms for:				
Audit services				
Audit and review of financial report	**82,505**	75,000	**-**	-
Other assurance services	**718,614**	713,685	**50,050**	-
Taxation services	**631,806**	186,355	**25,885**	-
Total remuneration of non-PricewaterhouseCoopers firms	**1,432,924**	975,040	**75,935**	-
			-	-
Total auditors remuneration	**5,959,019**	6,294,177	**227,935**	77,000

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

34 Contingencies

(a) Contingent liabilities

The parent entity and Group had contingent liabilities at 30 June 2008 in respect of:

Credit rating
Transurban Finance Company Pty Ltd ("TFC") maintains numerous debt facilities. Some of these facilities are subject to a pricing matrix based on the credit assigned to TFC by a rating agency. A reduction in rating would lead to an increase in the margin payable under the finance documents.

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

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

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

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

(b) Contingent assets

Wurundjeri Way

CityLink Melbourne Limited ("CML") is seeking compensation from the State of Victoria, claiming that Wurundjeri Way (Docklands) has had a Material Adverse Effect on the toll revenue earning capacity by CML. The matter is the subject of arbitration proceedings.

DRIVe capital sum

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

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

35 Commitments

(a) Capital commitments

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

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Property, plant and equipment				
Payable:				
Within one year	**108,304**	95,050	**-**	-
Later than one year but not later than five years	**8,977**	79,304	**-**	-
	117,281	174,354	**-**	-
Operating commitments				
Payable:				
Within one year	**32,529**	12,145	**-**	-
Later than one year but not later than five years	**47,699**	17,129	**-**	-
Later than five years	**8,401**	-	**-**	-
	88,629	29,274	**-**	-

(b) Lease commitments

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Commitments in relation to cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	**4,481**	4,156	**-**	-
Later than one year but not later than five years	**14,131**	14,401	**-**	-
Later than five years	**12,424**	14,952	**-**	-
	31,036	33,509	**-**	-

Promissory Notes

The Responsible Entity, on behalf of the Hills Motorway Trust, has entered into leases with the Roads and Traffic Authority of New South Wales ("RTA"). Annual lease liabilities under these leases total $7.0 million indexed annually to the Consumer Price Index over the estimated period that the M2 Motorway will be used. Until such time as a threshold return is achieved, payments under these leases can be made at the discretion of the Responsible Entity, by means of the issue of non-interest bearing promissory notes to the RTA. For further information refer to note 24.

Concession Notes

The Eastern Distributor Project Deed between Airport Motorway Limited, Airport Motorway Trust and the Roads and Traffic Authority of NSW ("RTA") provides for annual concession fees of $15 million during the construction phase and for the first 24 years after the construction completion date of the Eastern Distributor.

35 Commitments (continued)

Lease of 505 Little Collins Street

The Transurban Group has entered into a lease commitment with Perpetual Trustees Company Limited for 505 Little Collins Street. The lease is classified as an operating lease and is for a term of ten years and seven months, expiring on 30 September 2016. A component of the agreement was that the lessor would contribute to the lessee a specified amount to the fitting out of the premises. This is considered to be an integral component of the lease agreement and therefore has been included as an offset to the total lease commitment. The lease incentive component has been included as a non-interest bearing liability and will be amortised over the lease period.

Other operating leases

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

36 Related party transactions

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 38.

(c) Key management personnel

Disclosure relating to key management personnel are set out in note 32.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		**Parent**	
	30 June 2008 $	30 June 2007 $	**30 June 2008 $**	30 June 2007 $
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidation entities	**-**	-	**10,447,656**	19,734,950
Tax losses assumed from wholly-owned tax consolidated entities	**-**	-	**69,402,645**	18,389,120
Revenue from services				
Operating electronic tolling system for another related party	**4,732,207**	6,242,360	**-**	-
Management fees	**4,736,302**	-	**-**	-
Development fees	**34,354,687**	-	**-**	-
Operating fees	**4,222,151**	-	**129,870**	-
	48,045,347	6,242,360	**129,870**	-
Interest earned				
Term Loan Notes	**66,861,277**	61,098,035	**-**	-
Losses from associates and joint venture partnerships	**(22,008,154)**	(25,482,036)	**-**	-

36 Related party transactions (continued)

(e) Loans to/from related parties

	Consolidated		Parent	
	30 June 2008 $	30 June 2007 $	**30 June 2008 $**	30 June 2007 $
Term loan notes				
Beginning of the year	**557,731,127**	469,767,198	**-**	-
Loans advanced	**-**	26,865,894	**-**	-
Interest capitalised	**26,243,864**	61,098,035	**-**	-
Loans repaid	**(25,751,528)**	-	**-**	-
End of year	**558,223,463**	557,731,127	**-**	-

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

Loans to Transurban DRIVe Holdings LLC				
Beginning of the year	**-**	-	**-**	-
Loans advanced	**40,361,773**	-	**-**	-
Foreign exchange movements	**(2,736,122)**	-	**-**	-
Loans repaid	**(8,679,141)**	-	**-**	-
End of year	**28,946,510**	-	**-**	-
Loan from associates				
Beginning of the year	**(3,643,105)**	-	**-**	-
Acquisition of subsidiary	**-**	(3,643,105)	**-**	-
Loans advanced	**(34,673,963)**	-	**-**	-
Foreign exchange movements	**2,736,122**	-	**-**	-
Loans repaid	**5,543,584**	-	**-**	-
End of year	**(30,037,362)**	(3,643,105)	**-**	-

(f) Term loan notes

The Term Loan Notes ("TLN") earn interest at a fixed rate of 11.93 per cent until the earlier of 34 years and the termination of the “Agreement to Lease” between the Roads and Traffic Authority of New South Wales and Westlink Motorway Limited.

Any unpaid interest is capitalised and deemed to subscribe for further loan notes with an aggregate principal amount equal to that unpaid interest.

The TLN have not been affected by equity accounting losses from the associate.

37 Business combination

(i) Additional 2.5 per cent interest in WestLink M7

(a) Summary of acquisition

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

The acquired entities contributed $2.5 million of net profit to the Group for the period 29 September 2006 to 30 June 2007. If the acquisition had occurred on 1 July 2006, consolidated revenue and consolidated losses for the year ended 30 June 2007 would have been $789.9 million and $151.4 million respectively.

37 Business combination (continued)

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

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

(b) Assets and liabilities acquired

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

	Acquiree's carrying amount $'000	Fair value $'000
Term Loan Notes	26,866	26,866
Investment in associate entities	-	7,434
Net assets	26,866	34,300

(ii) Sydney Roads Group acquisition

(a) Summary of acquisition

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

The acquired entities contributed revenues of $69.0 million and a net loss before tax of $15.2 million for the period from the 11 April 2007 until 30 June 2007. If the acquisition had occurred on 31 July 2006 (the date of formation of the Sydney Roads Group), consolidated revenue and consolidated loss after tax for the year ended 30 June 2007 would have been $1,085.4 million and $128.8 million respectively.

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

Provisional accounting

The Financial Report of Transurban Holdings Limited for the year ended 30 June 2007 was prepared on the basis that accounting for the acquisition of the Sydney Roads Group was provisional at 30 June 2007. AASB 3 “Business Combinations” allows a period of twelve months from the date of acquisition to assess and if required amend and restate initial estimates of fair value used as the basis for the provisional accounting entries.

The accounting for the acquisition of SRG has been reviewed and the initial estimates of the fair value of liabilities for concession notes, intangibles, investments in associates, deferred tax liabilities and minority interests have been amended.

The overall effect of the adjustments is an increase in the goodwill on acquisition of $27.4 million. The final accounting is disclosed below

37 Business combination (continued)

Fair value of assets and liabilities acquired

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

	$'000
Purchase consideration (refer to (b) below):	
Cash paid	**63,596**
Equity consideration	**1,222,864**
Direct costs relating to the acquisition	**18,797**
Total purchase consideration	**1,305,257**
Fair value of net identifiable assets acquired (refer to (c) below)	**1,166,737**
Goodwill (refer to (c) below and note 18)	**138,520**

(b) Purchase consideration

	Consolidated 30 June 2007 $'000	Parent 30 June 2007 $'000
Outflow of cash to acquire Sydney Roads Group, net of cash acquired		
Cash consideration	**63,596**	63,596
Less: Balances acquired		
Plus: cash transaction costs	**6,164**	812
Less: cash acquired	**(92,362)**	-
Inflow (outflow) of cash	**(22,602)**	(64,408)

37 Business combination (continued)

(c) Assets and liabilities acquired

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

	Acquiree's carrying amount $'000	Fair value $'000
Cash	**92,362**	**92,362**
Interest receivable	**82,421**	**82,421**
Prepayments and other receivables	**19,518**	**19,518**
Derivative financial instruments	**9,650**	**9,650**
Intangible assets	**2,163,306**	**2,327,292**
Property, plant and equipment	**8,027**	**8,027**
Investments accounted for using the equity method	**879**	**577,011**
Deferred tax assets	**12,493**	**12,492**
Trade and other payables	**(50,342)**	**(55,342)**
Current tax payable	**(4,998)**	**(4,998)**
Interest payable	**(59,368)**	**(59,368)**
Deferred tax liability	**(572,036)**	**(647,854)**
Non-interest bearing liabilities	**(57,038)**	**(17,526)**
Borrowings	**(848,573)**	**(848,573)**
Net assets	**796,301**	**1,495,112**
Minority interests		**(328,375)**
Goodwill		**138,520**
Net identifiable assets acquired		**1,305,257**

The goodwill represents synergies achieved on the acquired operating business units.

(iii) Stapling of Transurban International Limited

(a) Summary of acquisition

On 3 January 2007, Transurban International Limited joined the Transurban Stapled Group. For statutory reporting purposes the purchase method of accounting was applied to the stapling arrangement.

In applying the purchase method of accounting in the combined financial statements of Transurban Holdings Limited, the carrying amounts of the assets and liabilities of Transurban Holdings Limited at the date of the stapling arrangement were combined with the fair values of the identifiable assets, liabilities and contingent liabilities of Transurban International Limited at the date of the stapling arrangement.

Assets and liabilities stapled

The fair value of Transurban International Limited at the date of stapling was considered to be $nil, with Transurban International Limited holding no assets or liabilities.

38 Subsidiaries

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

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding 2008 %**	Equity holding 2007 %
The CityLink Trust	Australia	Ordinary	**100**	100
CityLink Melbourne Limited	Australia	Ordinary	**100**	100
City Link Extension Pty Ltd	Australia	Ordinary	**100**	100
Transurban Infrastructure Management Ltd	Australia	Ordinary	**100**	100
Transurban Collateral Security Pty Ltd	Australia	Ordinary	**100**	100
Transurban Finance Trust	Australia	Ordinary	**100**	100
Transurban Finance Company Pty Ltd	Australia	Ordinary	**100**	100
Transurban Nominees Pty Ltd	Australia	Ordinary	**100**	100
Transurban Nominees 2 Pty Ltd	Australia	Ordinary	**100**	100
Transurban WSO Pty Ltd	Australia	Ordinary	**100**	100
Transurban AL Trust	Australia	Ordinary	**100**	100
Transurban CARS Trust	Australia	Ordinary	**100**	100
Transurban WSO Trust	Australia	Ordinary	**100**	100
Roam Tolling Pty Ltd (formerly Transurban Infrastructure Developments WSO Pty Ltd)	Australia	Ordinary	**100**	100
Transurban Retail Pty Ltd (formerly Transurban MF 1 Pty Ltd)	Australia	Ordinary	**100**	100
Transurban (USA) Holdings No.1 Pty Ltd (formerly Transurban MF 2 Pty Ltd)	Australia	Ordinary	**100**	100
Transurban Asset Management Pty Ltd	Australia	Ordinary	**100**	100
Transurban Operations Pty Ltd (formerly Roam Operations Pty Ltd)	Australia	Ordinary	**100**	100
Transurban (USA) Holdings No.2 Pty Ltd (formerly Transurban MF Holdings Pty Ltd)	Australia	Ordinary	**100**	100
Transurban Investments Pty Ltd	Australia	Ordinary	**100**	100
The Hills Motorway Ltd	Australia	Ordinary	**100**	100
Hills Motorway Management Ltd	Australia	Ordinary	**100**	100
Hills Motorway Construction Company Pty Ltd	Australia	Ordinary	**100**	100
Hills Motorway Underwriting No.1 Pty Ltd	Australia	Ordinary	**100**	100
Transurban (USA) Holdings No. 3 Pty Ltd (formally Hills Motorway Underwriting No.2 Pty Ltd)	Australia	Ordinary	**100**	100
Hills Motorway Trust	Australia	Ordinary	**100**	100
Abigroup Westlink Partner Holding No.4 Pty Ltd	Australia	Ordinary	**100**	100
Abigroup Westlink Partner No.4 Pty Ltd	Australia	Ordinary	**100**	100
Abigroup WSO Holding No.4 Pty Ltd	Australia	Ordinary	**100**	100
Abigroup Westlink Partner Holding No.2 Pty Limited	Australia	Ordinary	**100**	100
Abigroup Westlink Partner No.2 Pty Limited	Australia	Ordinary	**100**	100
LMI Westlink Partner Holding No.4 Pty Ltd	Australia	Ordinary	**100**	100
LMI Westlink Partner No.4 Pty Ltd	Australia	Ordinary	**100**	100
LMI WSO Holding No.4 Pty Ltd	Australia	Ordinary	**100**	100
Tollaust Pty Ltd	Australia	Ordinary	**100**	100
Transurban (USA) Inc	USA	Ordinary	**100**	100
Transurban (USA) Holdings Inc	USA	Ordinary	**100**	100
Transurban (USA) Development Inc.	USA	Ordinary	**100**	100
Transurban (895) LLC ^	USA	Ordinary	**-**	100

38 Subsidiaries (continued)

Name of entity	Country of incorporation	Class of shares	Equity holding 2008 %	2007 %
Transurban (895) Finance Inc. ^	USA	Ordinary	**-**	100
Transurban (895) Holdings Inc ^	USA	Ordinary	**-**	100
Transurban (895) US Holdings Inc ^	USA	Ordinary	**-**	100
Transurban (895) General Partnership	USA	Ordinary	**100**	100
T (895) Finance Trust	Australia	Ordinary	**100**	100
Transurban International Holdings Limited	Bermuda	Ordinary	**100**	100
Transurban DRIVe Holdings LLC ^	USA	Ordinary	**-**	100
Transurban DRIVe Management LLC *	USA	Ordinary	**100**	-
Sydney Roads Limited #	Australia	Ordinary	**100**	100
Sydney Roads Trust #	Australia	Ordinary	**100**	100
Sydney Roads Management Limited #	Australia	Ordinary	**100**	100
Eastern Distributor Funding Trust #	Australia	Ordinary	**100**	100
Airport Motorway Trust #	Australia	Ordinary	**75.10**	71.35
Airport Motorway Holdings Pty Ltd #	Australia	Ordinary	**75.10**	71.35
Airport Motorway Limited #	Australia	Ordinary	**75.10**	71.35
Airport Motorway Construction Company Pty Ltd #	Australia	Ordinary	**75.10**	71.35
M5 Holdings Funding Trust #	Australia	Ordinary	**100**	100
M5 Holdings Pty Ltd #	Australia	Ordinary	**100**	100
M4 Holdings No. 1 Pty Ltd #	Australia	Ordinary	**100**	100
Devome Pty Ltd #	Australia	Ordinary	**75**	75
Statewide Roads Limited #	Australia	Ordinary	**50.61**	50.61
SWR Services Pty Ltd #	Australia	Ordinary	**50.61**	50.61
SWR Engineers Pty Ltd #	Australia	Ordinary	**50.61**	50.61
Statewide Roads (M4) Pty Ltd #	Australia	Ordinary	**50.61**	50.61
SWR Operations Pty Ltd #	Australia	Ordinary	**50.61**	50.61
SWR Properties Pty Ltd #	Australia	Ordinary	**50.61**	50.61
Statewide Roads (M2) Pty Ltd #	Australia	Ordinary	**50.61**	50.61
SWR Constructors Pty Ltd #	Australia	Ordinary	**50.61**	50.61
Lodavas Pty Ltd #	Australia	Ordinary	**100**	100
Lodco Pty Ltd #	Australia	Ordinary	**100**	100
Davjan Pty Ltd #	Australia	Ordinary	**100**	100
ISI Nominees Pty Ltd #	Australia	Ordinary	**100**	100
Focufu Pty Ltd #	Australia	Ordinary	**100**	100
LH Nominees Pty Ltd #	Australia	Ordinary	**100**	100
Millba Pty Ltd #	Australia	Ordinary	**100**	100
AJL Nominees Pty Ltd #	Australia	Ordinary	**100**	100

^ These entities were disposed on 10 September 2007

* Incorporated on 15 August 2007

\# Acquired on 11 April 2007 as part of the Sydney Roads Group acquisition

39 Investments in associates and joint venture

Westlink M7 Motorway

(a) Carrying amounts

Name of company	Ownership interest **30 June 2008 %**	Ownership interest 30 June 2007 %	Consolidated **30 June 2008 $'000**	Consolidated 30 June 2007 $'000	Parent **30 June 2008 $'000**	Parent 30 June 2007 $'000
WSO Company Pty Limited	**47.5**	47.5	**-**	-	**-**	-
Westlink Motorway Limited	**47.5**	47.5	**-**	-	**-**	-
WSO Finance Pty Limited	**47.5**	47.5	**-**	-	**-**	-
Westlink Motorway Partnership	**47.5**	47.5	**-**	-	**-**	-

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

WSO Company Pty Limited is the financier and operator of the Westlink M7 toll road.

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

WSO Finance Pty Limited is the financier of the Westlink M7 toll road.

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

	Consolidated **30 June 2008 $'000**	Consolidated 30 June 2007 $'000
(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**-**	15,732
Share of profits after income tax	**-**	7,434
Additional investment acquired (note 37)	**-**	(23,166)
Carrying amount at the end of the financial year	**-**	-
(c) Share of losses		
Loss before income tax	**-**	(23,166)
Income tax expense	**-**	-
	-	(23,166)
(d) Losses not recognised		
Balance at 1 July	**76,543**	30,479
Unrecognised losses for the year	**63,164**	46,064
Balance at 30 June	**139,707**	76,543

39 Investments in associates and joint venture (continued)

(e) Summarised financial information

	Ownership Interest %	Group's share of: Assets $'000	Liabilities $'000	Revenues $'000	Profit $'000
2008					
Westlink Motorway Limited	47.5	-	-	-	-
WSO Finance Pty Limited	47.5	45,087	45,087	58,976	-
WSO Company Pty Limited	47.5	219,525	357,275	71,642	(47,502)
Westlink Motorway Partnership	47.5	777,253	813,183	64,519	(19,666)
		1,041,865	1,215,545	195,137	(67,168)
2007					
Westlink Motorway Limited	47.5	-	-	-	-
WSO Finance Pty Limited	47.5	28,500	28,500	63,430	-
WSO Company Pty Limited	47.5	147,625	209,266	62,067	(29,469)
Westlink Motorway Partnership	47.5	898,968	947,843	29,720	(39,761)
		1,075,093	1,185,609	155,217	(69,230)

	Consolidated **30 June 2008 $'000**	30 June 2007 $'000
(f) Share of expenditure commitments		
Capital commitments	-	177

(g) Contingent liabilities

As at the reporting date there are no contingent liabilities.

M5 Motorway

(a) Carrying amounts

Name of company	Ownership interest **30 June 2008 %**	30 June 2007 %	Consolidated **30 June 2008 $'000**	30 June 2007 $'000	Parent **30 June 2008 $'000**	30 June 2007 $'000
Interlink Roads Pty Ltd	**50**	50	**521,895**	567,046	**-**	-
			521,895	567,046	**-**	-

39 Investments in associates and joint venture (continued)

	Consolidated 30 June 2008 $'000	Consolidated 30 June 2007 $'000
(b) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**567,046**	-
Additional investment acquired (refer note 37)	**-**	576,132
Share of loss after income tax	**(3,668)**	(2,073)
Dividends received/receivable	**(41,483)**	(7,013)
Carrying amount at the end of the financial year	**521,895**	567,046
(c) Share of associates' profits or losses		
Profit before income tax	**10,884**	(2,073)
Income tax expense	**(14,552)**	-
Profit after income tax	**(3,668)**	(2,073)

(d) Summarised financial information of associates

The Group's share of the results of its principal associates and its aggregated assets and liabilities are as follows:

	Ownership Interest %	Group's share of: Assets $'000	Liabilities $'000	Revenues $'000	Profit $'000
2008					
Interlink Roads Pty Ltd	50	875,903	(308,857)	83,447	(3,668)
2007					
Interlink Roads Pty Ltd	50	829,297	307,402	19,025	7,013

	Consolidated 30 June 2008 $'000	Consolidated 30 June 2007 $'000
(e) Share of expenditure commitments		
Capital commitments	**-**	1,828

(f) Contingent liabilities

As at the reporting date there are no contingent liabilities.

39 Investments in associates and joint venture (continued)

Transtoll Pty Limited

(a) Carrying amounts

Name of company	Ownership interest		Consolidated		Parent	
	30 June 2008 %	30 June 2007 %	**30 June 2008 $'000**	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Transtoll Pty Limited	**0.7**	20.5	**-**	636	**-**	-

The investment in Transtoll Pty Limited has been written down to zero on recognition of operational losses. During the period the Group's investment in Transtoll was diluted to 0.7 per cent and as a result is no longer recognised as an associate.

(b) Movements in carrying amounts

	Consolidated	
	30 June 2008 $'000	30 June 2007 $'000
Carrying amount at the beginning of the financial year	**636**	-
Additional investment acquired	**810**	879
Share of loss after income tax	**(1,446)**	(243)
Carrying amount at the end of the financial year	**-**	636

(c) Summarised financial information of associates

		Group's share of:			
	Ownership Interest %	**Assets $'000**	**Liabilities $'000**	**Revenues $'000**	**Profit $'000**
2008					
Transtoll Pty Limited	0.7	-	-	-	(1,446)
2007					
Transtoll Pty Limited	20.5	3,226	2,589	6,604	(243)

(d) Share of expenditure commitments

There are no capital commitments as at the reporting date.

(e) Contingent liabilities

There are no contingent liabilities as at the reporting date.

39 Investments in associates and joint venture (continued)

Transurban DRIVe Holdings LLC

(a) Carrying amounts

Name of company	Ownership interest 30 June 2008 %	Ownership interest 30 June 2007 %	Consolidated 30 June 2008 $'000	Consolidated 30 June 2007 $'000	Parent 30 June 2008 $'000	Parent 30 June 2007 $'000
Transurban DRIVe Holdings LLC	**75**	-	**176,030**	-	**-**	-

(b) Movements in carrying amounts

	Consolidated 30 June 2008 $'000	Consolidated 30 June 2007 $'000
Carrying amount at the beginning of the financial year	**-**	-
Investment in associate	**229,321**	-
Share of profits (losses) after income tax	**(16,894)**	-
Movement in exchange rates	**(23,233)**	-
Movement in reserves	**(13,164)**	-
Carrying amount at the end of the financial year	**176,030**	-

(c) Share of associates' profits or losses

	Consolidated 30 June 2008 $'000	Consolidated 30 June 2007 $'000
(Loss) before income tax	**(27,627)**	-
Income tax (benefit)	**10,733**	-
(Loss) after income tax	**(16,894)**	-

(d) Summarised financial information of associates

The Group's share of the results of its principal associates and its aggregated assets (including goodwill) and liabilities are as follows:

	Ownership Interest %	Group's share of: Assets $'000	Liabilities $'000	Revenues $'000	Profit $'000
2008					
Transurban DRIVe Holdings LLC	75	1,214,087	1,038,057	10,606	(16,894)
2007					
Transurban DRIVe Holdings LLC	-	-	-	-	-

39 Investments in associates and joint venture (continued)

	Consolidated	
	30 June 2008 $'000	30 June 2007 $'000
(e) Share of expenditure commitments		
Capital commitments	**757,904**	-
Operating commitments	**118,000**	-

40 Events occurring after the balance sheet date

On 14 August 2008, Transurban exercised its pre-emptive rights under the Westlink Equity Participants Deed to acquire an additional 2.5 per cent of the Westlink M7 for consideration of $38.0 million. This takes Transurban's stake in the Westlink M7 to 50.0 per cent.

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

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Operating loss after income tax	**(140,448)**	(152,202)	**(25,526)**	31,227
Depreciation and amortisation	**401,497**	307,834	**-**	-
Net exchange differences	**1,509**	(5,124)	**-**	-
Tax benefits from subsidiaries	**-**	-	**(69,403)**	(18,389)
Non-cash share-based payments expense	**1,040**	2,746	**-**	-
Non-cash finance costs	**32,846**	19,647	**-**	-
Share of loss of associate and joint venture partnership	**22,008**	25,482	**-**	-
Write off of intangible assets	**14,584**	-	**-**	-
Unwinding of Monash-CityLink-Westgate upgrade payable	**36,093**	-	**-**	-
Fair value adjustment on derivatives	**36,414**	-	**-**	-
Change in operating assets and liabilities				
Increase (decrease) in concession note liability	**(2,009)**	16,997	**-**	-
(Decrease) increase in promissory note liability	**1,328**	(66)	**-**	-
Increase (decrease) in creditors	**17,460**	116,467	**75,969**	774
(Increase) decrease in debtors	**11,935**	(134,542)	**40,567**	(26,711)
(Decrease) increase in provisions	**17,493**	(6,124)	**30**	(223)
Increase (decrease) in provision for deferred income tax	**(155,077)**	25,384	**(46,891)**	5,441
(Increase) decrease in loan to joint venture	**-**	(61,098)	**-**	-
Loans to/from related parties	**56,440**	2,743	**1,193**	667
Net cash inflow (outflow) from operating activities	**353,113**	158,144	**(24,061)**	(7,214)

42 Non-cash investing and financing activities

	Consolidated		Parent	
	30 June 2008 $'000	30 June 2007 $'000	**30 June 2008 $'000**	30 June 2007 $'000
Net exchange differences	**-**	(6,215)	**-**	-
Distributions satisfied by the issue of stapled securities under the distribution reinvestment plan	**199,611**	229,756	**9,679**	10,189
Stapled securities issued as part of the acquisition of Sydney Roads Group *(i)*	**-**	1,222,864	**-**	52,832
Conversion of CARS to Transurban Stapled Securities	**-**	373,702	**-**	22,213
	199,611	1,820,107	**9,679**	85,234

(i) One Transurban Stapled Security was issued for every 5.7 Sydney Roads Group Stapled Securities.

43 Earnings per stapled security

	Consolidated	
	30 June 2008 Cents	30 June 2007 Cents
(a) Basic earnings per share		
(Loss) profit from continuing operations attributable to the ordinary equity holders	**(14.8)**	(14.1)
Profit (loss) from discontinued operation	**1.7**	(3.2)
(Loss) profit attributable to the ordinary equity holders	**(13.1)**	(17.3)
(b) Diluted earnings per share		
(Loss) profit from continuing operations attributable to the ordinary equity holders	**(14.8)**	(14.1)
Profit (loss) from discontinued operation	**1.7**	(3.2)
(Loss) profit attributable to the ordinary equity holders	**(13.1)**	(17.3)

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	30 June 2008 $'000	30 June 2007 $'000
Basic earnings per share		
(Loss) from continuing operations	**(159,110)**	(123,764)
Profit from continuing operations attributable to minority interests	**(2,317)**	(237)
(Loss) from continuing operations attributable to ordinary equity holders used in calculating basic earnings per security	**(161,427)**	(124,002)
Profit (loss) from discontinuing operations	**18,662**	(28,438)
(Loss) attributable to ordinary equity holders used in calculating basic earnings per security	**(142,765)**	(152,440)
Diluted earnings per share		
(Loss) profit attributable to ordinary equity holders used in calculating diluted earnings per security	**(142,765)**	(152,440)

43 Earnings per stapled security (continued)

(d) Weighted average number of securities used as the denominator

	Consolidated 30 June 2008 Number	Consolidated 30 June 2007 Number
Weighted average number of Stapled Securities used as the denominator in calculating basic earnings per Stapled Security	**1,088,861,291**	880,884,193
Adjustments for calculation of diluted earnings per share:		
Performance rights	**452,071**	-
Weighted average number of Stapled Securities and potential Stapled Securities used as the denominator in calculating diluted earnings per Stapled Security	**1,089,313,362**	880,884,193

Information concerning the classification of securities

(i) Stapled Securities

All Stapled Securities are fully paid. They carry the right to participate in distributions and have been included in the determination of basic and diluted earnings per stapled security.

44 Share-based payments

(a) Performance rights plan

Refer to Section D of the remuneration report on pages 17 to 22 for details.

Australian Based Plan	Grant date	Vesting date	Fair value of rights at grant date	Spot price at grant date
Performance criteria				
TSR	1 Nov 2007	1 Nov 2010	$ 3.50	$ 7.29
EBITDA	1 Nov 2007	1 Nov 2010	$ 5.96	$ 7.29

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

44 Share-based payments (continued)

(b) Employee Long Term Incentives ('ELTI') Plan

Refer to section D of the remuneration report on pages 17 to 22 for details.

Set out below are ELTI granted under the plan.

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Matured during the year Number	Forfeited during the year Number	Balance at end of the year Number	Matured and payable at end of the year Number
Consolidated and parent								
30 Sept 2004	30 Sept 2006	$5.45	2,965,000	-	(2,935,000)	(30,000)	-	-
Total			2,965,000	-	(2,935,000)	(30,000)	-	-
Weighted average exercise price					$5.45	$5.45		

The weighted average price of Transurban Securities at the date of maturity was $7.21.

The weighted average remaining contractual life of the ELTI at the end of the year was nil years (2007 – nil years)

44 Share-based payments (continued)

(c) Executive Loan Plan

Refer to section D of the remuneration report on pages 17 to 22 for details.

Set out below are securities granted under the plan.

Australian Based Plan

2007

Grant Date	Expiry date	Grant price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number
Consolidated and parent							
1 Nov 2005	1 Nov 2008	$6.47	1,579,800	-	-	(229,600)	1,350,200
1 Nov 2006	1 Nov 2009	$7.28	-	2,066,500	-	(133,000)	1,933,500
Total			1,579,800	2,066,500	-	(362,600)	3,283,700
Weighted average exercise price			$6.47	$7.28	$-	$6.77	$6.95

Overseas Based Plan

2007

Grant Date	Expiry date	Grant price	Balance at start of the year Number	Granted during the year Number	Matured during the year Number	Balance at end of the year Number	Matured and payable at end of the year Number
Consolidated and parent							
1 Nov 2005	1 Nov 2008	$6.47	189,700	-	-	189,700	-
1 Nov 2006	1 Nov 2009	$7.28	-	300,000	-	300,000	-
Total			189,700	300,000	-	489,700	-
Weighted average exercise price			$6.47	$7.28	$-	$6.97	$-

44 Share-based payments (continued)

(d) Employee security scheme

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

All Australian based permanent employees are eligible to participate in either the Investment Tax Exempt Plan or the Investment Tax Deferred Plan. Under the plans, Transurban provides participants with a matching component toward the acquisition of the stapled securities. For the period 1 July 2007 to 30 June 2008, the cost of company matches was $61,875 for the Investment Tax Exempt Plan and $452,250 for the Investment Tax Deferred Plan.

The third element under the Plan is the Incentive Plan. Subject to Board approval and the performance of the company, eligible employees may receive a certain number of Transurban securities at no cost to them.

In February 2008, each participant was allocated 100 stapled securities at a value of $6.35 per security. Stapled securities provided under the Plan were acquired on the open market.

	2008 Number	2007 Number
Shares purchased on the market under the plan and provided to participating employees	**50,500**	50,300

(e) Performance Rights Plan ('PRP')

Under the new PRP, Executives will be granted performance rights to acquire, at no cost to them, an allocated number of stapled securities, subject to the achievement of performance conditions at the end of a three year vesting period. Two performance measures will be utilised, one linked to Total Shareholder Return (TSR) over a three year vesting period and the second, an operational performance measure over the same period. The Plan has been structured so that rewards are only obtained if there are materially improved security holder returns and operational performance results over the three year vesting period. The performance hurdles attached to the performance rights have been set to ensure that both executives and stapled security holders generally benefit from the allocation of stapled securities to executives under the Plan.

There is only one testing date. The right to Stapled Securities cannot be transferred, exercised or otherwise dealt with during the vesting period.

No performance rights were issued under this plan in the current year as it was approved by the Board of Directors for implementation in November of 2007.

Refer to section D of the remuneration report on pages 17 to 22 for details.

(f) Expenses arising from shared-based payments

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense was $1.4 million (2007 - $2.7 million).

45 Intra- Group Guarantees

As at 30 June 2008, the Transurban Group comprises Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited, traded and quoted on the ASX as one triple stapled security.

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

46 Net tangible asset backing

	Consolidated	
	30 June 2008 $	30 June 2007 $
Net tangible asset backing per stapled security *	**3.13**	3.41
	3.13	3.41

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

47 Critical accounting estimates and judgements

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

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

(i) Income taxes
The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide 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 provisions 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. Management has internal models forecasting future taxable profits and has therefore recognised deferred tax assets in relation to tax losses.

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

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

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

(iv) *Valuation of Promissory Notes and Concession Notes*

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

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

47 Critical accounting estimates and judgements (continued)

(v) *Fair value of derivatives and other financial instruments*

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

48 Financial risk management

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

	30 June 2008 USD $'000	30 June 2007 USD $'000
Cash and cash equivalents	**96**	68
Net Investment in foreign operation	**197,836**	195,788
Trade and other payables	**(3,520)**	(2,102)
Borrowings	**(1,009,405)**	(987,827)
Cross-currency interest rate swaps	**877,281**	863,227
Net exposure	**62,288**	69,154

48 Financial risk management (continued)

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

	30 June 2008 USD $'000	30 June 2007 USD $'000
Trade and other receivables	**125**	-
Receivables	**197,836**	-
Payables	**(233,608)**	-
Net exposure	**(35,647)**	-

The Group's exposure to other foreign exchange movements is not material.

Group sensitivity
Based on the financial instruments held at 30 June 2008, had the Australian dollar strengthened by 10c or weakened by 15c against the U.S. dollar with all other variables held constant, the Group's post-tax profit for the year would have been $380,000 higher or $761,000 lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table.

Based on the financial instruments held at 30 June 2007, had the Australian dollar strengthened/weakened by 15c against the U.S. dollar with all other variables held constant, the Group's post-tax profit for the year would have been $411,000 higher or $603,000 lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table. Profit is more sensitive to movements in the Australian dollar/US dollar exchange rates in 2008 than 2007 because of an increase in USD payables.

Equity would have been $6,424,000 lower and $12,601,000 higher (2007 - $12,598,000 lower or $18,008,000 higher) had the Australian dollar strengthened by 10c or weakened by 15c against the U.S. dollar, arising mainly from foreign forward exchange contracts designated as cash flow hedges. Equity is more sensitive to movements in the Australian dollar/US dollar exchange rates in 2008 than 2007 because of movements in cash flow hedges.

Parent entity sensitivity
Based on the financial instruments held at 30 June 2008, had the Australian dollar strengthened by 10c or weakened by 15c against the U.S. dollar with all other variables held constant, the Group's post-tax profit for the year would have been $3,961,000 higher or $7,922,000 lower (2007 - no exposure), mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table.

Equity would have been unchanged had the Australian dollar moved against the U.S. dollar.

(ii) Price risk
The Group and the parent are exposed to securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale. Neither the Group nor the parent entity is exposed to commodity price risk.

Based on the financial instruments held at 30 June 2008, had the equity share price increased/decreased by 20% the Group's and the parent entity's post-tax profit for the year would have increased/decreased by $8,395,000 (2007 - $17,712,000). A similar increase/decrease would have increased/decreased equity by $1,582,000 in 2007. There is no impact on equity in 2008.

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

48 Financial risk management (continued)

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

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

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

	30 June 2008		30 June 2007	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Consolidated Group				
Cash and cash equivalents	**7.2 %**	(336,546)	6.1 %	(449,255)
Floating Rate Borrowings	**8.4 %**	2,368,600	6.9 %	2,458,900
Interest rate swaps (notional principal amount)	**8.0 %**	(1,862,804)	6.6 %	(1,537,804)
Net exposure to cash flow interest rate risk		169,250		471,843
Parent				
Cash and cash equivalents	**7.1 %**	(8,647)	5.9 %	(88)
Floating Rate Borrowings	**8.1 %**	12,099	6.9 %	68,350
Net exposure to cash flow interest rate risk		3,452		68,262

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

Group sensitivity

At 30 June 2008, if interest rates had changed by +/-100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been $1,693,000 lower/higher (2007 - $4,718,000 lower/higher), mainly as a result of higher/lower interest costs associated with unhedged borrowings offset by higher/lower interest income from cash and cash equivalents.

Parent entity sensitivity

The parent entity's main interest rate risk arises from cash and cash equivalents and loans and other receivables with variable interest rates. At 30 June 2008 if interest rates had changed by +/-100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been $35,000 lower/higher (2007 - $683,000 lower/higher) as a result of higher interest costs associated with unhedged borrowings offset by higher/lower interest income from cash and cash equivalents.

(b) Credit risk

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

The Group's investment in the Westlink Motorway (WM7) is through Term Loan Notes (refer to note 15). The return on these Notes is ultimately dependent on the performance of the Motorway. The Group continually monitors the performance and expected cashflows of the Motorway.

48 Financial risk management (continued)

(c) Liquidity risk

The Group maintains sufficient cash and undrawn facilities to maintain short-term flexibility and enable the Group to meet financial commitments in a timely manner. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

Financing arrangements

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

	Consolidated		**Parent entity**	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Floating rate				
- Expiring within one year	**96,000**	50,000	**85,000**	50,000
- Expiring beyond one year	**531,759**	194,000	**531,759**	183,000
	627,759	244,000	**616,759**	233,000

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

Maturities of financial liabilities

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

Group - At 30 June 2008	**1 year or less**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 4 years**	**Over 4 to 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount (assets)/ liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives								
Non-interest bearing	721,888	61,800	-	-	-	263,342	1,047,030	815,059
Variable rate	681,791	674,579	114,535	214,672	480,042	967,685	3,133,304	2,368,600
Fixed rate	57,863	209,354	51,014	268,712	74,363	1,913,113	2,574,419	1,391,825
Total non-derivatives	1,461,542	945,733	165,549	483,384	554,405	3,144,140	6,754,753	4,575,484
Derivatives								
Net settled (interest rate swaps)	(48,102)	(41,904)	(29,567)	(20,387)	(14,101)	(44,204)	(198,265)	(167,829)
Net settled (cross-currency interest rate swaps)	37,918	35,769	32,966	30,485	31,838	90,615	259,591	247,718
Total derivatives	(10,184)	(6,135)	3,399	10,098	17,737	46,411	61,326	79,889

Group - At 30 June 2007	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives								
Non-interest bearing	916,408	148,300	61,800	-	-	238,474	1,364,982	1,158,130
Variable rate	834,824	612,418	644,721	57,576	157,556	721,205	3,028,300	2,458,900
Fixed rate	61,128	61,793	212,460	53,632	271,646	1,979,729	2,640,388	1,506,447
Total non-derivatives	1,812,360	822,511	918,981	111,208	429,202	2,939,408	7,033,670	5,123,477
Derivatives								
Net settled (interest rate swaps)	(15,125)	(20,061)	(18,828)	(13,315)	(8,612)	(34,929)	(110,870)	(86,699)
Net settled (cross-currency interest rate swaps)	23,745	24,727	24,995	24,323	37,741	115,880	251,411	203,373
Total derivatives	8,620	4,666	6,167	11,008	29,129	80,951	140,541	116,674

48 Financial risk management (continued)

Parent - At 30 June 2008	**1 year or less**	**Over 1 to 2 years**	**Over 2 to 3 years**	**Over 3 to 4 years**	**Over 4 to 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying Amount (assets)/ liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives								
Non-interest bearing	136,713	-	-	-	-	-	136,713	136,713
Variable rate	1,025	1,020	1,010	1,011	999	13,080	18,145	12,099
Fixed rate	82,265	118,455	80,098	80,098	80,098	1,417,347	1,858,361	1,373,439
Total non-derivatives	220,003	119,475	81,108	81,109	81,097	1,430,427	2,013,219	1,522,251

Parent - At 30 June 2007	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives								
Non-interest bearing	16,705	-	-	-	-	-	16,705	16,705
Variable rate	64,907	609	615	623	623	8,967	76,344	68,350
Fixed rate	68,899	68,899	105,089	66,731	66,731	1,180,828	1,557,177	1,150,287
Total non-derivatives	150,511	69,508	105,704	67,354	67,354	1,189,795	1,650,226	1,235,342

(d) Fair value estimation

Refer to note 1 for the Group's policy on Fair Value estimation.

In the directors' opinion:

(a) the financial statements and notes set out on pages 28 to 113 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 company's and Group's financial position as at 30 June 2008 and of their performance for the financial year ended on that date; and

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

(c) the audited remuneration disclosures set out on pages 10 to 22 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

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

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

David J Ryan AO
Director

Christopher J Lynch
Director

Melbourne
26 August 2008

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

Report on the financial report

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

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

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

Independence

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

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

Auditor's opinion

In our opinion:

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

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

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

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 23 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Transurban Holdings Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

John Yeoman
Partner

Melbourne
26 August 2008

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