financial statements 2008

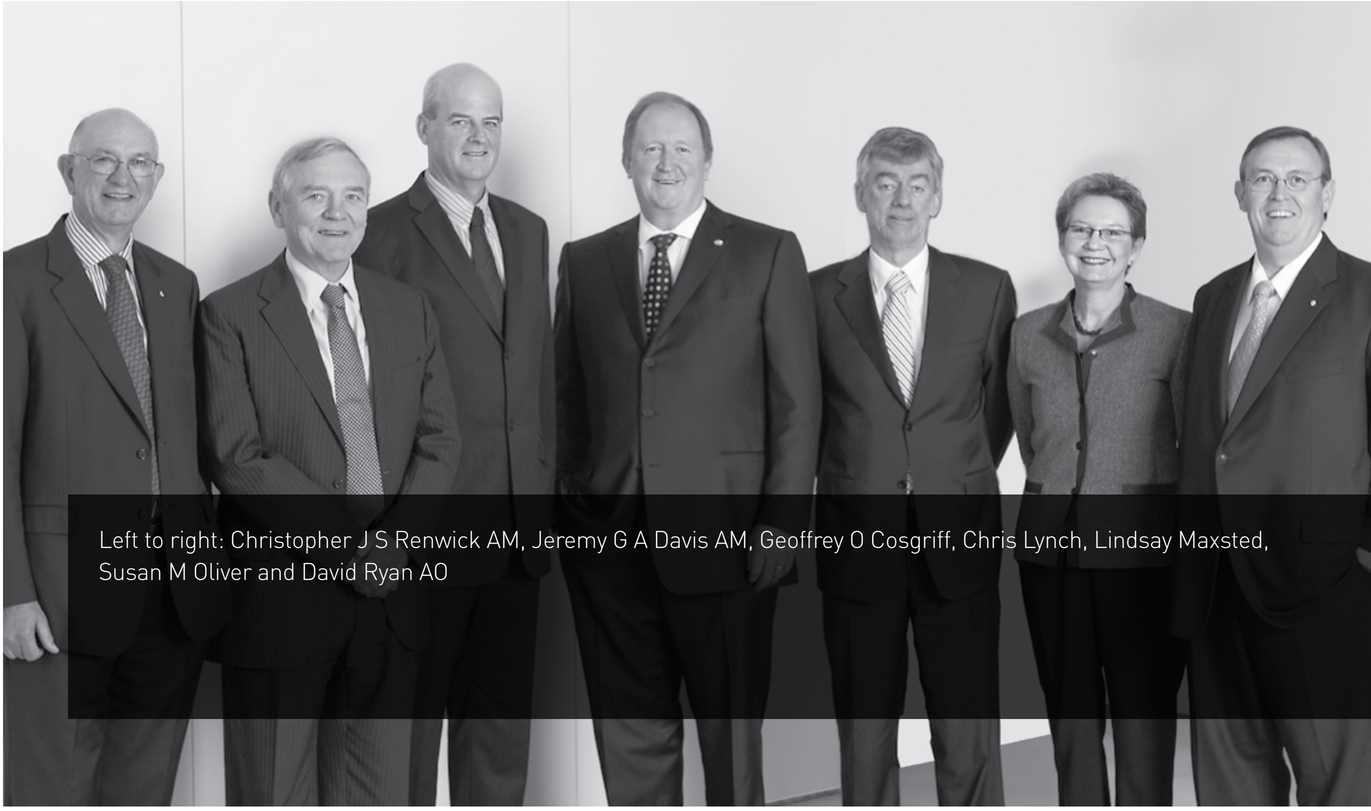
transurban

**The Concise Financial Report of
Transurban Holdings Limited and Controlled Entities (ABN 86 098 143 429) including
Transurban Holding Trust and Transurban International Limited**

For year ended 30 June 2008

Contents

Corporate Governance
Board of Directors



Left to right: Christopher J S Renwick AM, Jeremy G A Davis AM, Geoffrey O Cosgriff, Chris Lynch, Lindsay Maxsted, Susan M Oliver and David Ryan AO

Transurban Group's corporate governance framework substantially complies with the revised Corporate Governance Principles and Recommendations of the Australian Securities Exchange (ASX) Corporate Governance Council.

The ASX Corporate Governance Council implemented revised Corporate Governance Principles and Recommendations with effect from 1 January 2008. Consistent with the Council's recommendation, Transurban has made an early transition to the revised Principles and Recommendations. This corporate governance statement reports against the revised Principles and Recommendations.

The Transurban corporate governance framework is updated from time to time to ensure best practice standards are maintained.

This corporate governance statement applies to all entities comprising the Transurban Group as described in the Directors' Report. The term 'Board' refers to the Board of each relevant entity unless otherwise stated.

The Policies and Charters referred to in this Corporate Governance Statement are accessible on the Transurban website.

Principle 1: Lay solid foundations for management & oversight

Board Responsibilities (Principle 1, Recommendation 1.1)

The relationship between the Board and management is critical to the achievement of the Group's objectives. The directors are responsible to the security holders for the performance of the Group. Their key tasks are to enhance the interests of the security holders and other key stakeholders and to ensure the Group is properly managed.

The Board has adopted a charter which sets the broad principles by which it operates.

The Board's responsibilities include:

- reviewing and ratifying the entity's business strategies and monitoring their implementation
- appointment and removal of the CEO, the regular evaluation of his/her performance and the determination of his/her remuneration
- appointment and removal of the Company Secretary and the regular evaluation of his/her performance
- ratification of the appointment of executives reporting to the CEO, the review of the CEO's assessment of the performance of such executives, and the determination of their remuneration based on the CEO's recommendations
- developing and approving succession plans for the CEO and reviewing and approving succession plans for those executives reporting to him/her
- ensuring the financial integrity of the entity through:
  - reviewing the entity's financial reports and certifying that they comply with Australian Accounting Standards and present a true and fair view of the affairs of the entity
  - overseeing the entity's systems of internal control and financial reporting
  - the establishment and review of financial performance objectives
  - approval of operating and capital budgets and approval of treasury policies
  - overseeing the annual insurance program, and
  - approval of expenditures and other actions in excess of the authorities delegated to management.
- approval of distribution payments
- approval of capital management activities, including the issue and redemption of equity and the increase or reduction of borrowings
- approval of significant changes to the Group's organisational structure
- reviewing and ratifying systems of risk management and legal compliance
- ensuring that the entity complies with all disclosure requirements
- approving changes to the authorities delegated to management
- approving policies relating to:
  - corporate governance
  - occupational health and safety, and
  - environmental impacts and performance.
- assessing the performance of each individual director and of the Board collectively
- selection of nominees for election as directors
- provision of strong leadership of the entity on a continuing basis, and
- fostering a culture of compliance with the highest legal, ethical and environmental standards and business practices.

The Board has delegated responsibility for the day-to-day management of the Group to executive management.

New directors are provided with an induction program to familiarise them with all aspects of the business and each Group entity's operations. They are kept informed of other programs available to them. The Board has given the Nomination Committee responsibility for recommending training and further education it considers necessary to enable the Board to meet its responsibilities.

Performance of Senior Executives (Principle 1, Recommendation 1.2)

Senior executives are provided with an induction when joining Transurban to familiarise them with all aspects of the business and each Group entity's operations. Each year, Key Performance Indicators (KPIs) are set for senior executives, against which their personal performance is measured. Such a performance review was carried out during the period and further information regarding performance payments can be found in the Remuneration Report on page 16 of the Directors' Report.

Principle 2: Structure the Board to add value

The Board seeks to ensure that its membership provides the mix of qualifications, skills and experience to enable it to effectively fulfil its responsibilities, and that its size facilitates effective discussion and efficient decision making.

The composition of the Board has altered in the year ending 30 June 2008. The incumbent Managing Director resigned with effect from 4 April 2008. Upon his resignation, the CEO Elect assumed the responsibilities of the Managing Director after a handover period. An additional independent non-executive director (Lindsay Maxsted) was also appointed to the Board on 1 March 2008.

Board meetings of Transurban Holdings Limited and Transurban Infrastructure Management Limited as Responsible Entity of the Transurban Holdings Trust are held concurrently and, as at 30 June 2008, that Board had seven members, including the CEO. The Board meetings of Transurban International Limited are held quarterly and that Board has four members, including the CEO. The number of meetings held by the Boards of each individual entity and by Board committees is disclosed in the Directors' Report on page 15.

The number of meetings of the Boards and of Board committees attended by each director is also disclosed in the Directors' Report on page 15.

Board Members

Board member details—their experience, expertise, qualifications, term of office and independence—are set out in the Directors' Report under the Information on Directors section on page 13.

Board Committees

The Board has established the following committees of directors to assist it in carrying out its responsibilities and to allow detailed consideration of complex issues:

- Audit Committee
- Risk Committee
- Sustainability Committee
- Nomination Committee, and
- Remuneration Committee.

Special purpose committees are established where deemed necessary to deal with specific projects or potential conflicts of interest.

Each committee operates under a Committee Charter, approved by the Board, which sets out the authority, membership and responsibilities of the committee, together with any relevant administrative arrangements and any other matters considered appropriate by the Board. The Charters can be accessed under the Corporate Governance section of the Group's website.

At least once each year the Board reviews the appropriateness of the existing committee structure. If necessary, it also reviews the membership and the charter of individual committees.

Minutes of committee meetings are recorded by the Company Secretary and circulated with the papers for the next Board meeting. At the Board meeting, the Chairman of the committee highlights key issues under consideration by the committee.

Directors' Independence and Conflicts of Interest (Principle 2, Recommendation 2.1)

It is the Board's policy that a majority of directors should be independent directors and the Chairman should be an independent director. The Board regularly determines which directors are considered to be independent directors in light of their interests as disclosed to the Board. In making this determination, the Board considers whether a director's security holding in the entity, his/her relationship with security holders, suppliers and competitors, and his/her tenure as a director would materially affect their ability to exercise unfettered and independent judgement in the interests of the entity's security holders.

In considering potential conflicts of interest, the Board looks at a director's business and other relationships and assesses the materiality of those relationships for both the Group and the director. While the Board believes it is inappropriate to determine materiality solely on the basis of arbitrary dollar, profit or turnover percentage tests, when assessing materiality for the Group, thresholds suggested in accounting standards are used. Consequently, interests equal to more than 5 per cent of revenue, equity or profit are potentially material. However, the Board seeks to determine whether a director is generally free of any interest and any business or other relationship which could materially interfere with the director's ability to act in the best interests of the Group and, in that assessment, interests of a lesser value might also be relevant.

The Board considers that all non-executive directors are currently independent directors.

Entities within the Group follow protocols designed to ensure every director knows of any individual director's conflicts of interest or potential conflicts of interest in a particular matter to be considered by the Board. These protocols are consistent with obligations imposed by the Corporations Act and the ASX listing rules. They require each director to disclose any contracts, offices held, interests in transactions and other directorships held to signal any potential conflict.

If any Director considers a potential conflict of interest could exist or may arise involving any member of the Boards of Transurban Group entities, a sub-committee is established to assess the matter.

The sub-committee excludes the potentially conflicted director(s). It considers the matter and makes a determination on whether or not the director(s) has/have a conflict of interest.

The determination is then conveyed to the affected director(s).

If it decides there is no conflict, the sub-committee is required to report its actions and recommendations to the Board after each sub-committee meeting. If a conflict is deemed to exist the sub-committee will report its actions and recommendations to the Board excluding the conflicted director.

Independent external professional advice relating to their roles and responsibilities is available to directors at the relevant entity's expense. Before seeking such advice, directors are required to consult with, and obtain the approval of, the Chairman. The director must consult a suitably qualified adviser in the relevant field and inform the Chairman of the fee payable for the advice. A copy of the advice obtained must be provided to the relevant Board.

Further information is set out in the Board Charter.

Roles of the Chairman and Chief Executive Officer (Principle 2, Recommendation 2.2 and 2.3)

The Chairman is responsible for leading the Board, ensuring all directors are properly briefed in all matters relevant to their role and responsibilities, facilitating effective discussion of matters considered by the Board, and managing the Board's relationship with the entity's executive management.

The CEO is responsible to the Board for implementation of strategies and policies determined by the Board.

The roles of Chairman and CEO are undertaken by separate people and the Chairman is independent.

Nomination Committee (Principle 2, Recommendation 2.4)

The Nomination Committee consisted of the following non-executive directors for the year ended 30 June 2008:

- David J Ryan AO (Chairman)
- Jeremy G A Davis AM
- Susan M Oliver
- Geoffrey O Cosgriff, and
- Christopher J S Renwick AM.

The qualifications of these directors and their attendance records at meetings of the Committee are set out in the Directors' Report (see pages 13-15).

During the reporting period, while there was a Nomination Committee in place, all matters which would usually be considered by the Nomination Committee, including the selection and appointment of the new CEO and the new non-executive Director, were considered at full Board meetings.

The primary responsibility of the Committee is to provide advice to the Board on the appointment of new directors.

In discharging this responsibility, the Committee:

- makes recommendations on the size and composition of the Board and on procedures for identifying and screening candidates for appointment to the Board
- implements these identification and screening procedures when required
- reviews at least annually the time commitments of non-executive directors to provide a basis for assessing whether candidates for appointment as directors can meet them, having regard to their other commitments
- develops and oversees an orientation and education program for new directors
- makes recommendations regarding succession plans for the Board, and
- recommends processes for the review of the performance of individual directors and the Board as a whole.

The Nomination Committee reviews the commitments of non-executive directors before their appointment to the Board and annually thereafter. The aim is to ensure that non-executive directors are able to meet the Board's expectations concerning time commitment. Directors are required to consult with the Chairman before accepting appointment as a director of any entity outside the Group.

A copy of the Nomination Committee Charter can be accessed under the Corporate Governance section of the Group's website.

Performance Assessment (Principle 2, Recommendation 2.5)

It is the Board's intention to conduct the following reviews of performance each year:

- a review of the performance of the Board against the requirements of the Board Charter and any other objectives arising from previous reviews of performance
- a review of the performance of each committee against the requirements of its charter and a review of the continuing need for the committee
- a review by the Chairman with each director of the individual performance of the director, and
- a review of the performance of the Chairman by a non-executive director nominated by the Board.

The reviews were not completed during the reporting period but were commenced soon after the end of the period. The Group anticipates that all the reviews of Board, Committee and director performance will be completed by December 2008.

Principle 3: Promote ethical and responsible decision-making

Code of Conduct (Principle 3, Recommendation 3.1)

The purpose of the Group's Code of Conduct (Code) is to nurture the values underpinning the Group's corporate culture. This has played an important role in Transurban's success to date, and in the establishment of its reputation.

The Code is discussed with each new employee as part of his/ her induction training. Each new employee receives a copy of the Code with his/her contract of employment.

The Code requires that all employees act with integrity, fairness and respect for others and in compliance with the letter and spirit of all relevant laws and Group policies.

A copy of the Code can be accessed under the Corporate Governance section of the Group's website.

Dealing in Securities (Principle 3, Recommendation 3.2)

Transurban also has a Dealing in Securities Policy which specifies the procedures directors and employees should follow when dealing in securities issued by the Group, and in securities of entities with whom the Group has an existing or potential business relationship. This policy was amended at the end of the period to move from a 'windows' approach to an approach based on 'open' and 'closed' periods.

Employees who hold rights to securities under a long-term incentive plan may not enter into any transaction that operates to remove the 'at risk' element of those rights until they have vested.

Employees and directors are required to notify the Company Secretary in advance of any proposed transactions (including hedging) in Transurban stapled securities and in the securities of other entities specified from time to time under the policy.

The Code encourages employees who become aware of unethical behaviour or breaches of the securities trading policy to report these to senior management.

The Dealing in Securities Policy is available on the Group's website under the Corporate Governance section.

Principle 4: Safeguard integrity in financial reporting

Audit Committee (Principle 4, Recommendation 4.1, 4.2 and 4.3)

The Audit Committee consisted of the following independent non-executive directors for the year ended 30 June 2008:

- Jeremy G A Davis AM (Chairman)
- David J Ryan AO, and
- Lindsay Maxsted.

The qualifications of these directors and their attendance records at meetings of the Committee are set out in the Directors' Report on pages 13-15.

All members of the Audit Committee have appropriate financial expertise, have an appropriate understanding of the industry in which the Group operates, are non-executive directors and are independent.

The CEO, Chairman of the Risk Committee, other members of the management team and representatives of the external and internal auditor attend meetings of the Committee by invitation. The external auditor meets with the Committee without management present on a regular basis.

The duties and responsibilities of the Audit Committee are set out in its Charter. The Committee's primary responsibility is to oversee the entity's financial reporting process on behalf of the Board, and to recommend to the Board appropriate actions to ensure high quality financial reporting, sound practices to control risks and ethical behaviour.

In discharging this responsibility, the Committee:

- assesses the accounting, financial and internal control systems used by the entity and, if necessary, recommends changes to them
- reviews the statutory financial reports of the entity and management's representations in relation to them and advises the Board whether to adopt the reports
- makes recommendations to the Board for the appointment, remuneration and removal of the external auditor and agrees the terms of the auditor's engagement
- pre-approves all non-audit services provided by the external auditor
- reviews the objectives, competence and resourcing of the internal audit function, including determining whether the internal audit function should be an internal or external function, and
- reviews the internal audit program conducted each financial year.

A copy of the Audit Committee Charter can be accessed under the Corporate Governance section of the Group's website.

External Auditors

The policy of the Group is to appoint external auditors who are suitably qualified and who are independent.

The performance of the external auditors is reviewed annually by the Audit Committee. It is responsible for making recommendations to the Board in relation to the appointment, remuneration and removal of the external auditors.

PricewaterhouseCoopers was initially appointed as the Group's external auditor in 1996 and subsequently re-appointed in December 2001. The appointment of the external auditors has been approved by security holders as required by the Corporations Act. PricewaterhouseCoopers is required to rotate audit engagement partners on listed entities at least every 5 years. A new audit engagement partner was introduced for the financial year beginning 1 July 2007.

Details of the fees paid to the external auditors, including a breakdown of fees paid for non-audit services, are set out in the Directors' Report on page 27.

All non-audit services provided by the external auditors are reported to the Audit Committee. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee. The Board has considered the non-audit services provided by the external auditors and is satisfied they are compatible with the general standard of independence of auditors.

The external auditors attend the Annual General Meeting (AGM) and are available to answer questions raised by security holders in relation to the conduct of the audit and the preparation and content of the audit report.

Australian equivalents to International Financial Reporting Standards

The financial statements for the year ended 30 June 2008 have been prepared in accordance with AIFRS and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Principle 5: Make timely and balanced disclosure
Principle 6: Respect the rights of shareholders

Continuous Disclosure and Shareholder Communication (Principle 5, Recommendation 5.1; Principle 6, Recommendation 6.1)

The Board's policy on information disclosure covers:

- continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of Transurban stapled securities, and
- arrangements to promote communication with security holders.

The Continuous Disclosure Policy and Security Holder Communication Strategy are available on the Group's website under the Corporate Governance section.

Employees must notify the Company Secretary as soon as they become aware of information that should be considered for release to the market. The Company Secretary is the person with primary responsibility for operation of the Continuous Disclosure Policy and for all communication with the ASX related to the continuous disclosure obligations of Group entities.

The Group publishes information on its website as soon as it is disclosed to the ASX. All material used in briefing analysts on the Group's operations is released to the ASX and placed on the Group's website.

The Group strives to keep its security holders and other stakeholders informed of important news and events. It uses a wide range of communication tools, including the website, meetings, briefings and written materials. The Group's notices of security holder meetings provide all relevant information consistent with best practice. Security holders are encouraged to participate at these meetings.

Principle 7: Recognise and manage risk

Risk Assessment and Management (Principle 7, Recommendation 7.1)

The Board, assisted by the Risk Committee, is responsible for assuring the Group has an effective risk management framework in accordance with the Risk Management Policy.

A copy of the Risk Management Policy is available on the Group's website under the Corporate Governance section.

During the reporting period, the Risk Committee was supported by the Risk Management Group, which consists of senior executives.

Key responsibilities of the Risk Management Group are:

- ensuring a consistent and robust approach to risk management activities
- promoting a culture of risk awareness across the Group, and
- seeking confirmation, where necessary, from risk owners in the business that they have a current plan to manage their identified risks.

All major proposals submitted to the Board for decision include a risk assessment and a description of the strategies proposed to be implemented to treat the identified risks.

Information on the Group's compliance with the environmental regulation to which it is subject is set out in the Directors' Report on page 12.

Management of material business risks (Principle 7, Recommendation 7.2)

Risk Committee

The Risk Committee consisted of the following directors for the year ended 30 June 2008:

- Susan M Oliver (Chairman)
- Geoffrey O Cosgriff, and
- Christopher J S Renwick AM.

The qualifications of these directors and their attendance records at meetings of the Committee are set out in the Directors' Report on pages 13-15. The primary responsibility of the Committee is to assist the Board in ensuring the Group manages risk in accordance with its Risk Management Policy and Standards, by providing:

- governance
- oversight, and
- strategic direction.

After notifying the Board or the Chairman of the Board and the CEO, the Committee can:

- direct any special investigations
- seek advice from the entity's auditors and solicitors
- engage and consult independent experts where necessary to carry out its duties, and
- consult external reports and other documents.

During the period, Management reported to the Risk Committee as to the effectiveness of the company's management of material business risks. The internal audit function also reviewed the effectiveness of the risk management system. Further development of the reporting and assurance process is under way as part of the Group's commitment to continuous improvement and taking into account those reports.

Certification of Financial Reports and Risk Management Systems (Corporations Act, section 295A) (Principle 7, Recommendation 7.3)

The CEO and the Chief Finance Officer have provided certifications to the Board in connection with the financial statements for the Group and the individual entities comprising the Group for the year ended 30 June 2008. A summary of the certifications follows:

- the financial statements present a true and fair view, in all material respects, of the financial position and operating results of the entities and the Group and are in accordance with relevant accounting standards and the Corporations Act 2001
- the above statement is founded on sound systems of risk management and internal compliance and control which, in all material respects, implement the policies adopted by the Board of directors, and
- the risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating effectively and efficiently in all material respects, based on the risk management model adopted by the Group.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee (Principle 8, Recommendation 8.1 and 8.2)

The Remuneration Committee consisted of the following non-executive directors for the year ended 30 June 2008:

- Geoffrey O Cosgriff (Chairman),
- Jeremy G A Davis AM, and
- David Ryan AO.

The qualifications of these directors and their attendance records at meetings of the Committee are set out in the Directors' Report on pages 13-15.

The primary responsibilities of the Committee are to provide advice to the Board on the measurement of Board performance and the remuneration of directors and senior executives.

In discharging this responsibility, the Committee makes recommendations in relation to the Group's remuneration policies and practices for directors and employees. To assist in making these recommendations, the Committee consults external remuneration consultants as necessary.

The remuneration of non-executive directors consists entirely of directors' fees and committee fees. A copy of the Remuneration Committee Charter and a summary of the Group's remuneration policy is available on the Group's website under the Corporate Governance section. Further information on directors' and executives' remuneration is provided in the Remuneration Report, part of the Directors' Report on page 16.

More information

More information can be found in the Corporate Governance section of the Group's website.

The following material is available:

- Board Charter
- Nomination Committee Charter
- Remuneration Committee Charter
- Audit Committee Charter
- Remuneration Policy
- Code of Conduct
- Dealing in Securities Policy
- Continuous Disclosure Statement
- Security Holder Communication Strategy
- Risk Management Policy
- Risk Committee Charter, and
- Sustainability Committee Charter.

TRANSURBAN GROUP

**The Concise Financial Report of
Transurban Holdings Limited and Controlled Entities (ABN 86 098 143 429)
including Transurban Holding Trust (ARSN 098 807 419)
and Transurban International Limited (ARBN 121 746 825)**

For year ended 30 June 2008

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Financials
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Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Transurban Holdings Limited and its subsidiaries as the full financial report. Further financial information can be obtained from the full financial report.

The full financial report and auditor's report will be sent to members on request, free of charge. You can access both the full financial report and the concise report under the Investor section of the Transurban website.

Alternatively, call 1300 360 146 (free call) to have a copy sent to you.

Directors' report

The directors of Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited (TIML), 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.

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 Transurban Group for the year was $142,765,000 (2007: $152,439,000), an improvement of 6.3 per cent.

Principal activities

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

Directors

With the exception of the changes noted, the persons listed in the table below were directors of THL, TIML and TIL 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)	✓	✓	✓

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
Total	**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
Total	**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 as at 30 June 2008.
- The year also saw the commencement of construction on the Monash-CityLink-West Gate 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.

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 Hills M2 as well as benefits from the completed Sydney orbital network which has provided the M2 with connections to the Lane Cove Tunnel and Westlink M7.

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 895 (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 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 Pocahontas 895.

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 Westlink M7 for consideration of $38 million. This takes Transurban's stake in Westlink M7 to 50 per cent.
- Transurban equity accounts for its 50 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 Hills M2 and manages the Roam Express brand 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.

Business Development

- 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—Transurban currently holds the remaining 75 per cent.
- Immediately following the establishment of Transurban DRIVe, Pocahontas 895 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 895, 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 and was 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 5 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 million in tax-exempt Private Activity Bonds (PABs). The issue of PABs is in addition to US$589 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 5 years and on completion Transurban will operate the HOT Lanes for 75 years.

DRIVe—Airport Connector Road (Virginia, USA)

- Transurban DRIVe will undertake the construction of the Airport Connector Road (ACR) connecting the Pocahontas 895 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 the Virginia Department of Transportation (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.

Port Mann Bridge/Highway 1 Project (Vancouver, Canada)

- Transurban partnered with Bilfinger Berger Inc. and the 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 ConnectEast. 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 the Canadian Pension Plan Investment Board at a 7 per cent premium to the then market price. In addition it 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 the EPA Waste Discharge Licence EA41502. This specifies limits on the discharge of carbon monoxide, nitrogen dioxide and particulate mater 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, TLO. 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 reinject 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. The 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 TLO are responsible for the management of all hazardous spills, EPA Victoria also issued a PAN to TLO in relation to discharge of tunnel water to the Yarra River. The 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.

Hills M2 Motorway

- The operations of 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 Hills M2 and takes remedial steps where necessary. The consolidated entity on a regular basis reviews the operator's environmental management plan and there were no breaches reported during the financial year.

Eastern Distributor

- The Eastern Distributor 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 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 for 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 Traffic Authority of NSW. 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 the:
  - Clean Air Act
  - NSW Heritage Act
  - Waste Minimisation and Management Act
  - Environmental Offences and Penalties Act, and
  - 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. He 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 the 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, a member of the Audit Committee and a member of the Remuneration Committee.

David holds interests in 57,300 stapled securities.

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

Chris joined Transurban 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 5 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–June 2007), BHP Billiton Plc (January 2006–June 2007), Samancor Limited (January 2006–June 2007), and Samarco Limited (January 2006–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. He 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 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, a member of the Risk Committee and a member of the Nomination Committee.

Geoff holds interests in 116,036 stapled securities.

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, a member of the Nomination Committee and a member of the Remuneration Committee.

He holds interests in125,005 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 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 the Sustainability Committee.

Susan M Oliver B Prop & Const, FAICD
Independent non-executive director

Susan was appointed to the Board on 25 June 1996. 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, 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, a member of the Sustainability Committee and a member of 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 DownerEDI and Sims Group Limited.

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

He holds interests in 21,552 stapled securities.

James Keyes MA (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 secretaries

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 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 Transurban Group for the past seven years, initially as an external legal adviser before joining Transurban 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 numbers 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

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 the 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.

Note: 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, and

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.

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 NEDs. Under the approved arrangement, NEDs are able to sacrifice a portion of their director fees to acquire Transurban securities through a tax-deferred arrangement. This arrangement is in line with the Group's overall remuneration philosophy and market practice. The Board will be seeking security holder approval at its Annual General Meeting (AGM) to be held on 27 October 2008.

Executive directors and executives

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

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

In consultation with external remuneration consultants, the Group's executive reward framework is structured to reward both longer term growth and the achievement of short-term performance targets through a combination of base salary and benefits, Short-Term Incentives (STI) in the form of cash bonuses and Long-Lerm 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.

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 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
- 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.

Key characteristics of Transurban's 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 directors, key management personnel (as defined in AASB 124 Related Party Disclosures) and specified executives of the Group are set out on pages 18-20.

The key management personnel of Transurban Holdings Limited and the Group are the directors as per page 9 and those executives who have the authority and responsibility for planning, directing and controlling the activities of the Group. They are:

- 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

2008 remuneration

	Short-term employee benefits				Post-employment benefits		Long-term benefits		Share-based payments		
	Cash salary and fees	Value of equities acquired in lieu of cash salary/fees	Cash Bonus	Non-Monetary benefits	Super-annuation	Retire-ment benefits[2]	Long service leave	Termination Benefits	Executive Loan Plan[A]	Perfor-mance 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 J S 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 2008.

[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 the 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 O'Shea's termination payment totalled $495,580.

[7] Mr C Brant was the Chief Finance Officer and departed the Group on 29 August 2008. Mr Brant's termination payment totalled $571,891.

Key management personnel of the Group

2007	Short-term employee benefits				Post-employment benefits		Share-based payments			
	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 J S 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] PC 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.

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						
C Lynch	**34%**	–	**33%**	–	**33%**	–
K Edwards	**50%**	56%	**25%**	25%	**25%**	19%
Other key management personnel						
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 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 2008. 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 KPIs 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 per cent of TEC. These LTIs will be subject to performance conditions and will vest three years from grant date
- the CEO's LTI allocation will be derived by using an option valuation methodology such as the Black Scholes with Monte Carlo simulations. The number of LTIs will be derived by dividing the CEO's remuneration value by this valuation. For example, if the valuation at 1 November 2008 is $5.00, the CEO's allocation of $2,000,000 will be divided by this valuation to provide him with a total of 400,000 performance rights
- term of agreement—permanent, subject to six months notice of termination, and
- upon termination, the CEO is entitled to retain any unvested LTIs, which will vest in accordance with the performance conditions under the Performance Rights Plan (PRP) as at the time of the allocation.

Mr K Edwards, Managing Director

The details of Mr K Edwards' 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 STI payment of $1,600,000 being 100 per cent of his total employment cost for the year ending 30 June 2007
- a LTI 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) to be 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, and
- 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:

Mr K Daley

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

Mr M Kulper

- A bonus equalling 2.0 per cent of any success fees paid to Transurban at Financial Close on Project 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

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 Securities 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 (PRP) 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 3 year vesting period. Two performance measures are utilised, one linked to Total Shareholder Return over a 3 year vesting period and the second an operational performance measure over the same period. Each performance measure applies to 50 per cent 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 3 year vesting period.

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

Stapled securities vest in the executive if the:

- executive is employed by Transurban for at least 3 years from the date of commencement of the Plan, unless the rules of the Plan otherwise provide, and
- 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 3 years.

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

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

This ranking determines the extent to which 50 per cent of stapled securities will vest.

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

Performance Hurdle Operational Performance

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

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

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:

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

Details of rights provided to each director of Transurban Holdings Limited and other key management personnel of the Group are:

Number of performance rights granted 2008	
Executive directors	
C Lynch	–
K Edwards	285,714
Other key management personnel	
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:

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:

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

Executive Loan Plan

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 security holder 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 3 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 3 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 securities cannot be transferred or sold while the loan is outstanding.

Stapled securities vest in the executive if:

- the executive is employed by Transurban Group for at least 3 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.

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 3 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 re-paid 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 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 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.
- The amount of the loan provided to a participant was equal to the purchase price per stapled security multiplied by the participant's stapled securities entitlement.

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

	Number of securities granted	
	2008	**2007**
Executive directors		
C Lynch	–	–
K Edwards	–	410,000
Other key management personnel		
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.

	Number of securities granted	
Name	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

Employee Security Ownership Plan (ESOP)

Two broad employee-based security plans, the Investment Tax Exempt Plan (ITEP) and the Investment Tax Deferred Plan, were introduced following the Federal Government's announcement regarding taxation changes concerning stapled securities.

The ITEP provides employees the opportunity to invest, on a tax-exempt basis, up to $1,000 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 $3,000 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 was made to 505 employees.

E) Additional information

Performance of Transurban Group

As outlined in the Long-Term Incentive section of this report (refer to page 26), 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 (ie. where TSR is higher than 75% of the peer group).

The table below illustrates the Group's annual compound growth in EBITDA for rights granted under the Performance Rights Plan with a 10 per cent and 15 per cent 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 options

Cash bonuses

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

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

For each cash bonus paid to the key management personnel listed in the tables below, 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	–
	Executive Loan Plan 2007	35	560,000	308,244	32,947
	Performance Rights Plan 2008	50	1,000,000	–	191,405
C Brant:	Executive Loan Plan 2006	30	165,000	–	–
	Executive Loan Plan 2007	40	240,000	–	–
	Performance Rights Plan 2008	50	350,000	–	–
B Bourke:	Executive Loan Plan 2006	30	142,500	–	–
	Executive Loan Plan 2007	40	220,000	–	–
	Performance Rights Plan 2008	50	325,000	–	–
D Cardiff:	Executive Loan Plan 2006	20	40,000	–	–
	Executive Loan Plan 2007	20	44,000	–	–
	Performance Rights Plan 2008	30	96,000	–	–
K Daley:	Executive Loan Plan 2006	30	103,950	–	–
	Executive Loan Plan 2007	30	126,000	–	–
	Performance Rights Plan 2008	50	275,000	–	–
G Mann:	Executive Loan Plan 2006	20	67,000	–	20,213
	Executive Loan Plan 2007	30	108,000	–	29,173
	Performance Rights Plan 2008	40	160,000	–	8,217
M Kulper:	Executive Loan Plan 2006	20	36,080	–	–
	Executive Loan Plan 2007	30	135,000	–	–
	Performance Rights Plan 2008	50	268,725	–	–
P O'Shea:	Executive Loan Plan 2006	30	105,000	–	–
	Executive Loan Plan 2007	40	168,000	–	–
	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.

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

Directors' report

Insurance and indemnification

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

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

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

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

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, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants , including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the combined entity, acting as advocate for the combined entity or jointly sharing economic risk and rewards.

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 29.

Rounding of amounts

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

Auditor

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

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

David J Ryan AO
Director

Christopher J Lynch
Director

Melbourne
26 August 2008

Auditor's independence declaration

PRICEWATERHOUSECOOPERS

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Auditors' Independence Declaration

As lead auditor for the audit of the 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 the Transurban Holdings Limited and the entities it controlled during the year.

John Yeoman
Partner
PricewaterhouseCoopers

Melbourne
26 August 2008

Financials
Consolidated income statement for the year ended 30 June 2008

		Consolidated	
		30 June 2008	30 June 2007
	Notes	($'000)	($'000)
Revenue from continuing operations	3	**1,024,888**	789,063
Other income		**3,621**	38,050
Operational costs		**(166,094)**	(122,195)
Corporate costs		**(111,661)**	(40,367)
Business development		**(58,030)**	(11,927)
Concession fees		**(6,868)**	(5,003)
Depreciation and amortisation expense		**(401,497)**	(299,010)
Finance costs		**(473,828)**	(424,330)
Share of net profits of associates and joint venture partnership accounted for using the equity method		**(22,008)**	(25,482)
(Loss) from continuing operations before income tax		**(211,477)**	(101,201)
Income tax benefit (expense)		**52,367**	(22,563)
(Loss) from continuing operations		**(159,110)**	(123,764)
Profit (loss) from discontinued operations	4	**18,662**	(28,438)
(Loss) for the year		**(140,448)**	(152,202)
Profit (loss) is attributable to:			
Ordinary equity holders of the stapled group		**(142,765)**	(152,439)
Minority interest		**2,317**	237
		(140,448)	(152,202)
		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	9	**(14.8)**	(14.1)
Diluted earnings per stapled security	9	**(14.8)**	(14.1)
Earnings per security for loss attributable to the ordinary equity holders of the stapled group:			
Basic earnings per stapled security	9	**(13.1)**	(17.3)
Diluted earnings per stapled security	9	**(13.1)**	(17.3)

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

Financials
Consolidated balance sheet as at 30 June 2008

	Notes	Consolidated 30 June 2008 ($'000)	Consolidated 30 June 2007 ($'000)
Assets			
Current assets			
Cash and cash equivalents		**336,545**	449,255
Trade and other receivables		**216,833**	166,448
Derivative financial instruments		**-**	26,711
Assets of disposal group classified as held for sale	4	**-**	622,972
Total current assets		**553,378**	1,265,386
Non-current assets			
Receivables		**1,688**	4,411
Investments accounted for using the equity method		**697,925**	567,682
Available-for-sale financial assets		**-**	7,910
Held-to-maturity investments		**558,224**	557,731
Derivative financial instruments		**167,829**	86,699
Property, plant and equipment		**5,393,589**	5,539,153
Deferred tax assets		**449,307**	327,293
Intangible assets		**2,768,168**	2,923,344
Total non-current assets		**10,036,730**	10,014,223
Total assets		**10,590,108**	11,279,609
Liabilities			
Current Liabilities			
Trade and other payables		**195,028**	179,264
Borrowings		**480,600**	383,300
Derivative financial instruments		**9,855**	-
Current tax liabilities		**35,073**	4,485
Provisions		**381,269**	344,201
Non-interest bearing liabilities		**250,307**	438,854
Liabilities directly associated with assets of a disposal group classified as held for sale	4	**-**	480,457
Total current liabilities		**1,352,132**	1,830,561
Non-current liabilities			
Borrowings		**3,263,212**	3,564,514
Deferred tax liabilities		**1,559,304**	1,524,639
Provisions		**1,462**	1,752
Non-interest bearing liabilities		**91,689**	223,798
Derivative financial instruments		**247,718**	203,373
Total non-current liabilities		**5,163,385**	5,518,076
Total liabilities		**6,515,517**	7,348,637
Net assets		**4,074,591**	3,930,972
Equity			
Contributed equity		**6,846,992**	6,078,487
Reserves		**95,247**	(18,830)
(Accumulated losses)		**(3,201,149)**	(2,436,011)
Minority interest – Transurban International Limited	5	**86,087**	-
Minority interest – other	6	**247,414**	307,326
Total equity		**4,074,591**	3,930,972

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

Financials
Consolidated statement of changes in equity for the year ended 30 June 2008

	Attributable to members of Transurban Holdings Limited				
	Contributed equity ($'000)	Reserves ($'000)	Retained earnings ($'000)	Minority interest ($'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	-	42,528	-	-	42,528
Exchange differences on translation of foreign operation	-	(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	-	2,910	-	-	2,910
Exercise of employee security options	325	-	-	-	325
Treasury securities	(13,362)	-	-	-	(13,362)
CARS conversion, net of transaction costs	362,073	-	-	-	362,073
Issue on acquisition of Sydney Roads Group, net of transaction costs	1,221,959	-	-	-	1,221,959
Distribution Reinvestment Plan	229,756	-	-	-	229,756
Distributions provided for or paid	-	-	(515,733)	-	(515,733)
Minority interest on acquisition of subsidiary	-	-	-	328,375	328,375
Distributions provided for or paid to minority interests in subsidiaries	-	-	-	(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**
Changes in the fair value of cash flow hedges, net of tax	-	113,606	-	(13,164)	100,442
Exchange differences on translation of foreign operation	-	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	561,292	-	-	95,189	656,481
Treasury securities	7,598	-	-	368	7,966
Distribution reinvestment plan	199,615	-	-	-	199,615
Distributions provided for or paid	-	-	(622,373)	-	(622,373)
Acquisition of additional interest in Airport Motorway Group ,	-	(5,127)	-	(37,551)	(42,678)
Distributions provided for, or paid, to minority interests in subsidiaries	-	-	-	(24,678)	(24,678)
Changes in value of share-based payments	-	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**

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

Financials
Consolidated cash flow statement for the year ended 30 June 2008

	Notes	Consolidated 30 June 2008 ($'000)	Consolidated 30 June 2007 ($'000)
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**824,130**	596,112
Payments to suppliers (inclusive of GST)		**(315,027)**	(262,200)
Interest received		**255,052**	195,238
Income taxes paid		**(19,819)**	(5,321)
Interest paid		**(391,223)**	(365,685)
Net cash inflow from operating activities		**353,113**	158,144
Cash flows from investing activities			
Payment for purchase of subsidiaries, net of cash acquired		**(13,180)**	(11,698)
Payments for property, plant and equipment		**(136,697)**	(51,766)
Payments for intangibles		**(3,870)**	(20,883)
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)
Proceeds from disposal of available-for-sale financial asset		**52,004**	-
Proceeds from disposal of derivative financial instrument		**4,795**	-
Cash advances		**962**	(962)
Payment for Monash-CityLink-West Gate 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) from investing activities		**(694,158)**	(86,128)
Cash flows from financing activities			
Proceeds from issues of stapled securities		**658,800**	327
Payments for costs of issuing stapled securities		**(1,814)**	-
Payments for (proceeds from sale of) treasury securities		**7,967**	(13,369)
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)
Repayment of loans to related parties		**-**	(500)
Loans to related parties		**(73,471)**	-
Repayment of loans by related parties		**110,777**	-
Preference distributions		**-**	(1,181)
Distributions paid to Group's security holders	7	**(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)
Net (decrease) in cash at bank and infrastructure facility cash reserve		**(20,257)**	(112,992)
Cash at bank and infrastructure facility cash reserve at the beginning of the financial year		**1,876,737**	1,995,692
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		**1,852,487**	1,876,737
Less infrastructure facility cash reserve		**(1,515,942)**	(1,388,189)
Cash and cash equivalents at end of year		**336,545**	488,548

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

Financials
Notes to the financial statements

This concise financial report relates to the consolidated entity consisting of Transurban Holdings Limited and controlled entities, Transurban Holding Trust and controlled entities and Transurban International Limited and controlled entities at the end of, or during, the year ended 30 June 2008. The accounting policies adopted have been consistently applied to all the years presented, unless otherwise stated.

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

1) Principles of consolidation

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 5.

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).

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 Eastern Distributor
	50.61 per cent interest in M4 Motorway
	Equity investments in M5 Motorway (50 per cent) and Westlink M7 (47.5 per cent)
USA	75 per cent interest in Transurban DRIVe

Notes to the financial statements

Geographical segment information is provided in the table below and reflects 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**	
	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
	725,210	506,885
Other revenue		
Interest	**283,525**	272,610
Finance fee	**10,530**	9,568
Dividends	**5,623**	-
	299,678	282,178
	1,024,888	789,063
From discontinued operations (note 4)		
Toll revenue	**2,822**	16,351
Other	**-**	1,265
Interest revenue	**322**	2,203
	3,144	19,819

4) Discontinued operations

On 11 September 2007 T895 US Holdings Inc and its controlled entities, the owner of the Pocahontas 895 (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 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	
	30 June 2008	30 June 2007
	($'000)	($'000)
Revenue (note 3)	3,144	19,819
Other income	-	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)

(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	
	10 September 2007	30 June 2007
	($'000)	($'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

Notes to the financial statements

(c) Details of the sale of the discontinued operation

	Consolidated	
	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**	-

5) Minority interest—Transurban International Limited

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.

6) Minority interest—other

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 (ìAMGî), the owner of the concession for the 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.

7) Distributions

The distributions set out below represent distributions to security 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
Total proposed distributions	**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 loan 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

8) 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 Westlink M7 for consideration of $38 million. This takes Transurban's stake in Westlink M7 to 50 per cent.

9) Earnings per stapled security

	Consolidated	
	30 June 2008	30 June 2007
	Cents	Cents
(a) Basic earnings per security		
(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 security		
(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)
	($'000)	($'000)
(c) Reconciliations of earnings used in calculating earnings per security		
Basic earnings per security		
(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 security		
(Loss) attributable to ordinary equity holders used in calculating diluted earnings per security	**(142,765)**	(152,440)
	Number	Number
(d) Weighted average number of securities used as the denominator		
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 security:		
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.

Financials
Director's declaration

The directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2008 as set out on pages 30-38 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available upon request.

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

Financials
Independent Auditor's report

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

Report on the concise financial report

The accompanying concise financial report of Transurban Holdings Limited comprises the consolidated balance sheet as at 30 June 2008, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and related notes, derived from the audited financial report of Transurban Holdings Limited for the year ended 30 June 2008. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Transurban Holdings Limited for the year ended 30 June 2008. Our audit report on the financial report for the year was signed on 26 August 2008 and was not subject to any modification. The Australian 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 for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 Concise Financial Reports.

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

Independent Auditor's report

PRICEWATERHOUSECOOPERS

Independence

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

Auditor's opinion on the financial report

In our opinion, the concise financial report of Transurban Holdings Limited for the year ended 30 June 2008 complies with Australian Accounting Standard AASB 1039 Concise Financial Reports.

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion, the remuneration disclosures that are contained in pages 10 to 23 of the directors' report comply with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

John Yeoman
Partner

Melbourne
26 August 2008

Financials
Security holder information as at 26 August 2008

Security holder information

A) Distribution of stapled securities

1. The number of holders of stapled securities, which comprise one share in Transurban Holdings Limited, one share in Transurban International Limited and one unit in Transurban Holding Trust, was 80,185.
2. The voting rights are one vote per stapled security.
3. At 26 August 2008 the percentage of the total holdings held by or on behalf of the 20 largest holders of these securities was 72 per cent.
4. The distribution of holders was as follows:

Security grouping	Number of holders	Stapled securities held	%
1-1,000	29,012	12,152,760	1.00
1,001-5,000	38,787	96,469,507	7.91
5,001-10,000	8,106	57,709,861	4.73
10,001-100,000	4,038	82,769,253	6.78
100,001-and over	242	971,160,290	79.59
Total	**80,185**	**1,220,261,671**	**100**

5. Substantial security holders as at 26 August 2008 were as follows:

Name	Number of stapled securities held	%
Canadian Pension Plan Investment Board	171,991,345	14.09
Ontario Teachers' Pension Plan Board	156,771,153	14.25
Capital Partners Pty Ltd	117,974,147	10.72

There were 4,849 holders of less than a marketable parcel of stapled securities.

Total securities 1,220,261,671.

Financials
Security holder information as at 26 August 2008

B) Twenty largest holders of stapled securities

	Number of stapled securities held	% of issued stapled securities
HSBC Custody Nominees (Australia) Limited	438,233,957	35.91
National Nominees Limited	221,246,328	18.13
JP Morgan Nominees Australia Limited	55,301,148	4.53
Citicorp Nominees Pty Limited	29,450,207	2.41
Queensland Investment Corporation	23,567,418	1.93
ANZ Nominees Limited	21,556,814	1.77
RBC Dexia Investor Services Australia Nominees Pty Limited	18,961,061	1.55
UBS Wealth Management Australia Nominees Pty Limited	12,648,694	1.04
Australian Foundation Investment Company Limited	9,009,050	0.74
Cogent Nominees Pty Limited	8,132,063	0.67
Citicorp Nominees Pty Limited	6,692,006	0.55
Citicorp Nominees Pty Limited	6,078,840	0.5
RBC Dexia Investor Services Australia Nominees Pty Limited	4,668,645	0.38
Citicorp Nominees Pty Limited	4,050,089	0.33
RBC Dexia Investor Services Australia Nominees Pty Limited	3,955,310	0.32
Citicorp Nominees Pty Limited	3,469,045	0.28
AMP Life Limited	3,353,053	0.27
Djerriwarrh Investments Limited	2,842,450	0.23
Argo Investments Limited	2,819,767	0.23
Citicorp Nominees Pty Limited	2,783,705	0.23
Total	**878,819,650**	**72**

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TRANSURBAN HOLDING TRUST

Contents

Directors' report

Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Transurban Holding Trust and its subsidiaries as the full financial report. Further financial information can be obtained from the full financial report.

The full financial report and auditor's report will be sent to members on request, free of charge. You can access both the full financial report and the concise report under the Investor section of the Transurban website.

Alternatively, call 1300 360 146 (free call) to have a copy sent to you.

Directors' report

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

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

Responsible entity

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

Directors

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

Non-executive directors

David J Ryan AO

Geoffrey O Cosgriff

Jeremy G A Davis AM

Susan M Oliver

Christopher J S Renwick AM

Lindsay Maxsted (appointed 1 March 2008)

Executive directors

Kimberley Edwards (resigned 4 April 2008)

Christopher J Lynch (appointed 18 February 2008)

Results

The consolidated net profit for the Trust was $213,853,000 (2007: loss of $22,653,000).

Principal activities and operations

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

Distributions

	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 for the Group increased 46.5 per cent to $630.0 million. The profit for the year was $213.9 million.

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

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

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

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

Likely developments and expected results of operations

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

Environmental regulation

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

CityLink

- CityLink Melbourne Limited is subject to regulation by the Environment Protection Act (1970) administered by the Victorian 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 the EPA Waste Discharge Licence EA41502. This specifies limits on the discharge of carbon monoxide, nitrogen dioxide and particulate mater 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 Re-use 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. The 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 Re-use Facility.
- As TLO are responsible for the management of all hazardous spills, EPA Victoria also issued a PAN to TransLink Operations in relation to the 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 CityLink Melbourne to 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.

Hills M2

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

Eastern Distributor

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

- Compliance with these requirements is monitored by a monthly report that the contractor submits to DUAP. This report outlines the compliance with the aforementioned environmental conditions stipulated in the licence. The report is subject to audit by both the consulting engineer Sinclair Knight Merz (SKM) and the Roads and Traffic Authority of NSW to date no significant breaches have been reported.
- Licences have also been issued under the Clean Waters Act and the Noise Control Act, which relate to the discharging of water from the site and noise generating activities. There have been no significant breaches of these Acts.
- Other Acts with which the project is required to comply with are:
  - Clean Air Act
  - NSW Heritage Act
  - Waste Minimisation and Management Act
  - Environmental Offences & Penalties Act, and
  - Environmentally Hazardous Chemicals Act.

  There have been no significant breaches of these Acts.

Insurance and Indemnification

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

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

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

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

Fees paid to and interest held in the Trust by the responsible entity or its associates

Fees paid to the responsible entity out of Trust property during the year are disclosed in the full financial statements.

No fees were paid to the directors of the responsible entity during the year out of Trust property.

Interests in the Trust issued during the financial year

	Consolidated		Parent	
	2008	**2007**	**2008**	**2007**
	(Number '000)	**(Number '000)**	**(Number '000)**	**(Number '000)**
Balance at 1 July	1,068,374	816,633	1,068,374	816,633
Units issued during the year	149,889	251,741	149,889	251,741
Balance at 30 June	1,218,263	1,068,374	1,218,263	1,068,374
	($ '000)	**($ '000)**	**($ '000)**	**($ '000)**
Value of assets				
Value of Trust assets at 30 June	9,656,431	9,729,795	6,984,059	7,004,677

Units under option

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

Directors' interests

The directors of the responsible entity have disclosed relevant interests in stapled securities issued by Transurban Group as follows:

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 51.

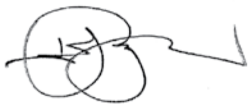
Rounding of amounts

The entity 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

Auditor's independence declaration

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
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Auditors' Independence Declaration

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

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

This declaration is in respect of the Transurban Holding Trust and the entities it controlled during the year.

John Yeoman
Partner
PricewaterhouseCoopers

Melbourne
26 August 2008

Liability limited by a scheme approved under Professional Standards Legislation

Financials
Consolidated income statement for the year ended 30 June 2008

	Notes	Consolidated 2008 ($'000)	Consolidated 2007 ($'000)
Revenue from continuing operations	2	**630,036**	430,069
Other income		**49,102**	44,555
Expenses from ordinary activities			
Depreciation and amortisation expense		**(108,933)**	(105,030)
Operational costs		**(3,199)**	(36,074)
Administration costs		**(11,701)**	(1,489)
Promissory Notes		**(1,158)**	(1,263)
Finance costs		**(338,105)**	(330,255)
Share of net losses of associates and joint venture partnership accounted for using the equity method		**-**	(23,166)
Profit (loss) before income tax		**216,042**	(22,653)
Income tax expense		**(2,189)**	-
Profit (loss) from continuing operations		**213,853**	(22,653)
Profit (loss) for the year		**213,853**	(22,653)
Profit (loss) is attributable to:			
Equity holders of Transurban Holding Trust		**198,383**	(27,724)
Minority interest		**15,470**	5,071
		213,853	(22,653)
		Cents	Cents
Earnings per unit for profit/(loss) attributable to the ordinary unit holders:			
Basic earnings per unit	7	**18.2**	(3.1)
Diluted earnings per unit	7	**18.2**	(3.1)

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

Financials
Consolidated balance sheet as at 30 June 2008

	Consolidated	
	2008 ($'000)	2007 ($'000)
Assets		
Current assets		
Cash and cash equivalents	**45,882**	268,995
Trade and other receivables	**195,994**	17,202
Derivative financial instruments	**2,917**	-
Total current assets	**244,793**	286,197
Non-current assets		
Receivables	**5,963,892**	5,887,457
Held to maturity investments	**558,223**	557,731
Derivative financial instruments	**20,669**	20,623
Property, plant and equipment	**2,487,652**	2,592,660
Intangible assets	**381,202**	385,127
Total non-current assets	**9,411,638**	9,443,598
Total assets	**9,656,431**	9,729,795
Liabilities		
Current liabilities		
Trade and other payables	**245,702**	83,561
Borrowings	**459,000**	-
Current tax liabilities	**1,350**	-
Provisions	**349,241**	329,667
Non interest bearing liabilities	**169,978**	423,952
Total current liabilities	**1,225,271**	837,180
Non-current liabilities		
Borrowings	**3,490,343**	3,990,522
Deferred tax liabilities	**795**	-
Non interest bearing liabilities	**64,371**	199,833
Total non-current liabilities	**3,555,509**	4,190,355
Total liabilities	**4,780,780**	5,027,535
Net assets	**4,875,651**	**4,702,260**
Unit holders' funds		
Issued units	**6,507,180**	5,911,399
Reserves	**17,392**	9,186
(Accumulated losses)	**(1,696,182)**	(1,272,192)
Capital and reserves attributable to equity holders of Transurban Holding Trust	**4,828,390**	4,648,393
Minority interest	**47,261**	53,867
Total unit holders' funds	**4,875,651**	**4,702,260**

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

Financials
Consolidated statement of changes in equity for the year ended 30 June 2008

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

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

Consolidated cash flow statement for the year ended 30 June 2008

	Notes	Consolidated 2008 ($'000)	Consolidated 2007 ($'000)
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**118,300**	115,517
Payments to suppliers and employees (inclusive of goods and services tax)		**(29,187)**	(59,305)
Interest received		**53,862**	25,546
Interest paid		**(233,256)**	(208,338)
Taxes paid		**(43)**	-
Net cash (outflow) from operating activities		**(90,324)**	(126,580)
Cash flows from investing activities			
Payment for purchase of subsidiaries, net of cash acquired		**-**	(14,047)
Loans to related parties		**(1,042,934)**	(577,750)
Monash-CityLink-West Gate freeway upgrade		**(404,152)**	-
Repayment of loans by related parties		**1,240,712**	741,081
Net cash (outflow) inflow from investing activities		**(206,374)**	149,284
Cash flows from financing activities			
Proceeds from issues of units		**400,550**	296
Payments for establishing borrowing facilities		**(1,325)**	-
Repayments of borrowings		**(150,000)**	-
Proceeds from borrowings		**-**	4,000
Payments for treasury securities		**-**	(14,474)
Unit issue transaction costs		**(1,968)**	-
Proceeds from forfeited treasury securities		**6,712**	1,612
Loans from related parties		**1,292,627**	1,251,770
Repayment of loans to related parties		**(1,050,685)**	(927,231)
Distributions paid	3	**(396,858)**	(197,408)
Distributions paid to minority interests in subsidiaries		**(25,468)**	(4,246)
Net cash inflow from financing activities		**73,585**	114,319
Net (decrease) increase in cash and cash equivalents		**(223,113)**	137,023
Cash and cash equivalents at the beginning of the financial year		**268,995**	131,972
Cash and cash equivalents at end of year		**45,882**	268,995

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

Financials
Notes to the financial statements

This concise financial report relates to the consolidated entity consisting of Transurban Holding Trust and the entities it controlled at the end of, or during, the year ended 30 June 2008. The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

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

1) Segment information

Business segments

The Trust's principle business segment for the period ending 30 June 2008 was the leasing of assets and the provision of funding to Transurban Group or associates of the Group. All revenues and expenses are directly attributable to this principle segment. The management structure and internal reporting of the Trust are based on the principle business segment.

Geographical segments

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

(a) Secondary reporting format geographical segments

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

2) Revenue

	Consolidated	
	2008	**2007**
	($'000)	**($'000)**
From continuing operations		
Rental income	211,272	182,383
Interest income and related fees	409,181	244,273
	620,453	**426,656**
Other revenue		
Distributions from subsidiaries	-	-
Interest	9,583	3,413
	9,583	**3,413**
	630,036	**430,069**

Notes to the financial statements

3) Distributions

	Parent	
	2008	2007
	($'000)	($'000)
Distributions proposed		
Final distributions payable and recognised as a liability:		
29.0 cents (2007 27.5 cents) per fully paid Stapled Security payable 29 August 2008	**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
Dividends paid in cash or satisfied by the issue of securities under the dividend reinvestment plan during the years ended 30 June 2008 and 2007 were as follows:		
Paid in cash	**396,858**	197,408
Executive loans—repayments	**1,535**	1,230
Satisfied by issue of stapled securities [A]	**199,615**	229,756
Distributions waiting to be applied to future DRP	**33**	17
	598,041	428,411

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

4) Acquisition of additional interest in Airport Motorway Group

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

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

5) Economic dependency

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

6) 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 Westlink M7 for a consideration of $38.0 million. This takes Transurban's stake in Westlink M7 to 50 per cent.

7) Earnings per unit

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

(a) Information concerning the classification of units

(i) Stapled securities

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

8) Intra-group guarantees

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

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

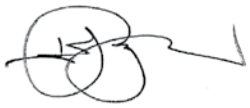
Financials
Director's declaration

The directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2008 as set out on pages 52-57 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available upon request.

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



David J Ryan AO
Director

Christopher J Lynch
Director

Melbourne
26 August 2008

Independent auditor's report

PRICEWATERHOUSECOOPERS

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

Report on the concise financial report

The accompanying concise financial report of Transurban Holding Trust comprises the consolidated balance sheet as at 30 June 2008, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and related notes, derived from the audited financial report of Transurban Holding Trust for the year ended 30 June 2008. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors of Transurban Infrastructure Management Limited, the Responsible Entity of the Trust, are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Transurban Holding Trust for the year ended 30 June 2008. Our audit report on the financial report for the year was signed on 26 August 2008 and was not subject to any modification. The Australian 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 for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 Concise Financial Reports.

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

PRICEWATERHOUSECOOPERS

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.

Auditor's opinion on the financial report

In our opinion, the concise financial report of Transurban Holding Trust for the year ended 30 June 2008 complies with Australian Accounting Standard AASB 1039 Concise Financial Reports.

PricewaterhouseCoopers

PricewaterhouseCoopers

John Yeoman
Partner

Melbourne
26 August 2008

TRANSURBAN INTERNATIONAL LIMITED

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Financials
Directors' report

Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Transurban International Limited and its subsidiaries as the full financial report. Further financial information can be obtained from the full financial report.

The full financial report and auditor's report will be sent to members on request, free of charge. You can access both the full financial report and the concise report under the Investor section of the Transurban website (www.transurban.com).

Alternatively, call 1300 360 146 (free call) to have a copy sent to you.

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Transurban International Limited (TIL) and the entities it controlled at the end of, or during, the year ended 30 June 2008.

Accounts

TIL forms part of Transurban Group. Prior to 3 January 2007, Transurban stapled securities comprised one share in Transurban Holdings Limited, one unit in Transurban Holding Trust and one share in Transurban Limited. 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 Transurban Limited from the triple stapled security, and such shares being replaced by shares in TIL.

As TIL was incorporated on 6 September 2006, the comparative is for the 10 month period ended 30 June 2007.

Directors

With the exception of the changes noted below, the following persons were directors of TIL during the whole of the financial year and up to the date of this report.

Non-executive directors

David J Ryan AO

James Keyes

Jennifer Eve

Executive directors

Kimberley Edwards (resigned 4 April 2008)

Christopher J Lynch (appointed 18 February 2008)

Principal activities

During the year the company's principal activity was providing management services to, and acting as the holding entity of, Transurban Group's investment in Transurban DRIVe Holdings LLC (DRIVe), an unlisted co-investment vehicle which invests in existing and new toll roads and similar or related opportunities in North America.
TIL currently holds a 75 per cent interest in DRIVe.

Dividends

No dividends were declared or paid during the financial year.

Results

The result of operations for the financial year ended 30 June 2008 was an operating loss after tax of $35,261,992 (2007: $197,146).

Review of operations

The Group commenced its activities during the year. Key achievements were as follows:

Transurban DRIVe first stage closure

On 11 September 2007, TIL completed its first capital raising for 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 TIL currently holding the remaining 75 per cent.

Immediately following the establishment of Transurban DRIVe, Pocahontas 895 was sold to the new co-investment vehicle. Total proceeds received by Transurban on the sale were $286.1 million (US$236.0 million) of which $205.8 million (US$169.7 million) was consideration for Pocahontas 895 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 into the project progressively over 5 years and will have 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 $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 5 years and on completion Transurban will operate the HOT Lanes for 75 years.

DRIVe–Airport Connector Road (Virginia, USA)

Transurban DRIVe will undertake the construction of the Airport Connector Road (ACR) connecting the Pocahontas 895 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 in 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 developments 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.

Port Mann/Highway 1 Project (Vancouver, Canada)

Transurban Group partnered with Bilfinger Berger Inc. and the 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.

Significant changes in the state of affairs

On 19 June 2008, Transurban Group announced that it had made a $658.8 million (TIL value of $95.5 million) share placement to the Canadian Pension Plan Investment Board at a 7 per cent premium to the then market price. In addition it was announced that distributions beyond August 2008 would be reduced to more closely align to operating cash flow and that the Group would be targeting a reduction of $20 million out of its ongoing cost structure.

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

Information on likely developments in the operations of the company 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 company.

Information on directors

David J Ryan AO BBus, FCPA, FAICD
Chairman & Independent non-executive director

David was appointed to the Transurban 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 the 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 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 5 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.

James Keyes MA (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 secretaries

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 3 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 numbers of meetings of the company's Board of directors and of each Board committee held during the year ended 30 June 2008, and the numbers of meetings attended by each director were:

	A	B
David J Ryan	7	7
Kimberley Edwards (resigned 4 April 2008)	6	7
James Keyes	5	7
Jennifer Eve	5	7
Christopher J Lynch (appointed 18 February 2008)	1	1

A = Number of meetings attended

B = Number of meetings held during the time the director held office attended

The committee meetings are held in conjunction with the committee meetings of Transurban Holdings Limited and Transurban Infrastructure Management Limited as Responsible Entity of Transurban Holding Trust, the other two parties of the Transurban Stapled Security.

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) Sharebased 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 Transurban Group (the Group) provide that the total remuneration paid in a year to non-executive directors may not exceed $2.1 million in total for the Group.

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

Name	Audit Committee		Remuneration Committee		Nomination Committee [1]		Risk Committee		Sustainability Committee	
	A	B	A	B	A	B	A	B	A	B
David J Ryan[2][4]	4	4	5	1	*	*	3	*	*	*
Kimberley Edwards[3]	3	3	*	*	*	*	2	*	*	*
James Keyes	*	*	*	*	*	*	*	*	*	*
Jennifer Eve	*	*	*	*	*	*	*	*	*	*
Christopher J Lynch[3]	3	3	*	*	*	*	2	*	*	*

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, during the reporting period were made by the full Board.
[2] 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.
[3] Each of Mr Edwards and Mr Lynch were excluded from discussions involving their remuneration during meetings of the Remuneration Committee which they attended.
[4] Mr Ryan is not a member of the Risk Committee but attended meetings during the year.

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

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. NEDs 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 NEDs. Under the approved arrangement, NEDs are able to sacrifice a portion of their director fees to acquire Transurban securities through a tax deferred arrangement. This arrangement is in line with the Group's overall remuneration philosophy and market practice. The Board will be seeking security holder approval at its Annual General Meeting (AGM) to be held on 27 October 2008.

Executive directors and executives

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

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

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

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

The incentive component of executive remuneration is determined by:

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

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

The components of executive remuneration are as follows.

Base pay

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

Benefits

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

Short-Term Incentives

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

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

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

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

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

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

Long-Term Incentives

On an annual basis, the Group makes available LTI allocations to executives. Two forms of LTIs were in operation during the reporting period. The Executive Loan Plan (ELP) rewards the improvements in the price of stapled securities over a 3 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 3 year vesting period. An operational performance indicator and TSR are utilised as performance measures under the Plan.

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

Employee Security Ownership Plan

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

Business Generation Incentive Plan

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

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

Key characteristics of Transurban's 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 TIL includes the directors (refer to pages 68) and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the entity:

C Brant	Chief Finance Officer (until his departure on 29 August 2008)
B Bourke	Chief Operating Officer
P O'Shea	Group General Manager Legal and Risk Management (until his departure on 14 July 2008)
G Mann	Group General Manager Development (until his departure on 23 November 2007)
D Cardiff	Group General Manager Human Resources
K Daley	Executive Vice President International Development
M Kulper	President Transurban North America

Key management personnel of Transurban International Limited

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 the reflect TIL's portion.

12 months to 30 June 2008	Short-term employee benefits				Post-employment benefits			Share-based payments		
	Cash salary and fees	Value equities acquired in lieu of cash salary/fees	Cash bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Executive Loan Plan[a]	Performance Rights Plan[b]	Total
	$	$	$	$	$	$	$	$	$	$
Non-executive directors										
D Ryan	385,484	-	-	-	34,694	-	-	-	-	420,178
J Keyes	10,000	-	-	-	-	-	-	-	-	10,000
J Eve	10,000	-	-	-	-	-	-	-	-	10,000
Executive directors										
K Edwards[3][4][5]	1,289,868	-	9,218,000	-	100,000	86,233	5,249,395	529,631	191,405	16,664,532
C Lynch[1][2]	821,020	1,000,000	2,000,000	3,763	15,000	-	-	-	-	3,839,783
Other key management personnel										
C Brant[8]	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[6]	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[7]	409,910	-	586,000	9,020	96,190	(8,124)	495,580	93,202	82,323	1,764,101
Total	**5,689,257**	**1,750,000**	**17,346,427**	**30,283**	**555,067**	**191,678**	**6,960,057**	**686,145**	**597,059**	**33,805,973**

[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] Mr C Lynch joined the Group on 4 February 2008 as CEO elect and subsequently became CEO on April 5.

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

[4] Mr K 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.

[5] Mr K 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 of 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.

[6] Mr G Mann was the Group General Manager Development from the beginning of the reporting period until his resignation on 23 November 2007. His termination payment includes a statutory payment of $43,191 and termination payment of $600,000.

[7] 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.

[8] Mr C Brant was the Chief Finance Officer until his departure on 29 August 2008. Mr C Brant's termination payment totalled $571,891.

Key management personnel of Transurban International Limited

12 months to 30 June 2007	Short-term employee benefits			Post-employment benefits		Share-based payments		
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement benefits[2]	Executive Loan Plan[3]	Long-Term Incentive Plan[4]	Total
	$	$	$	$	$	$	$	$
Non-executive directors								
D Ryan	235,191	-	-	21,167	-	-	-	256,358
L Cox[1]	204,511	-	-	70,075	40,969	-	-	315,555
J 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	**4,590,407**	**4,050,000**	**41,650**	**642,262**	**40,969**	**852,932**	**645,115**	**10,863,335**

[1] Mr 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] 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.

[3] 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.

[4] 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.

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						
C Lynch	**34%**	–	**33%**	–	**33%**	–
K Edwards	**50%**	56%	**25%**	25%	**25%**	19%
Other key management personnel						
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 other 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 5 April 2008. 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 the business and personal KPI 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 per cent of TEC. These LTIs will be subject to performance conditions and will vest 3 years from grant date
- the CEO's LTI allocation will be derived by using an option valuation methodology such as the Black Scholes with Monte Carlo simulations. The number of LTIs will be derived by dividing the CEO's remuneration value by this valuation. For example, if the valuation at 1 November 2008 is $5.00, the CEO's allocation of $2,000,000 will be divided by this valuation to provide him with a total of 400,000 performance rights
- term of agreement—permanent, subject to 6 months notice of termination, and
- upon termination, the CEO is entitled to retain any unvested LTIs, which will vest in accordance with the performance conditions under the PRP as at the time of the allocation.

Mr K Edwards, Managing Director

The details of Mr K Edwards' 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 ending 30 June 2007
- a Long-Term Incentive allocation for financial year 2008 under the terms and conditions of the new Performance Rights Plan (described in Section D) equal to $1,000,000 (or approximately 50 per cent of TEC) was offered on 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 6 months' notice of termination, and
- 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 6 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:

Mr K Daley

- A Strategic Milestone Incentive Plan payment of $1,000,000 effective 30 June 2010, and
- Access to any unvested Long-Term Incentives (prorated 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-95/395, and 0.5 per cent of the amount of equity and/or other securities subscribed to the I-95/395 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

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 Securities 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 3 year vesting period. Two performance measures are utilised, one linked to total shareholder return over a 3 year vesting period and the second, an operational performance measure over the same period. Each performance measure applies to 50 per cent 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 3 year vesting period.

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

Stapled securities vest in the executive if:

- the executive is employed by the Transurban Group for at least 3 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.

TSR Performance Hurdle

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 3 years.

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

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

This ranking determines the extent to which 50 per cent of stapled securities will vest.

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

Performance Hurdle Operational Performance

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

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

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

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

Number of performance rights granted 2008	
Directors	
C Lynch	–
K Edwards	285,714
Other key management personnel	
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 International Limited and other key management personnel of the Group are:

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

Executive Loan Plan

The Executive Loan plan (ELP) was offered in the 2006 and 2007 financial years and was structured as a Performance Loan Plan rewarding material improvements in Transurban's security holder 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 3 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 3 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 Transurban Group for at least 3 years from the date of the commencement of the Plan, unless the rules of the Plan otherwise provide, and
- the performance hurdle relevant to the offer is met.

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 3 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 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.

Details of securities provided to each director of Transurban International Limited and other key management personnel of the Group are set out below. No securities have been granted under this plan since 1 November 2006.

Number of securities granted	2008	2007
Directors		
C Lynch	–	–
K Edwards	–	410,000
Other key management personnel		
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 International 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

No securities were granted in 2008. 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

Employee Security Ownership Plan

Two broad employee-based security plans, the Investment Tax Exempt Plan and the Investment Tax Deferred Plan were introduced following the Federal Government's 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 $1,000 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 $3,000 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 was made to 505 employees.

E) Additional information

Performance of Transurban Group

As outlined in the Long-Term Incentive section of this report (refer to page 75), 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 (ie. where TSR is higher than 75 per cent of the peer group).

The table below illustrates the Group's annual compound growth in EBITDA for Rights granted under the Performance Rights Plan with a 10 per cent and 15 per cent 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 per cent. No rights vest if it is below 10 per cent.

Cash bonuses and options

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/her target STI payment. The actual STI payment received by each executive is determined by the extent to which the executive's KPIs are met.

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

For each cash bonus paid to the key management personnel, 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/her performance criteria, are set out below. No part of the cash bonuses are payable in future years.

	Targeted cash bonus	
Directors	**Paid**	**Forfeited**
C Lynch	100%	–
K Edwards	100%	–
Other key management personnel		
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	B	C	D
		Remuneration	Value at grant date	Value at exercise date	Value at lapse date
		%	$	$	$
K Edwards:	Executive Loan Plan 2006	29	437,500	188,440	–
	Executive Loan Plan 2007	35	560,000	308,244	32,947
	Performance Rights Plan 2008	50	1,000,000	–	191,405
C Brant:	Executive Loan Plan 2006	30	165,000	–	–
	Executive Loan Plan 2007	40	240,000	–	–
	Performance Rights Plan 2008	50	350,000	–	–
B Bourke:	Executive Loan Plan 2006	30	142,500	–	–
	Executive Loan Plan 2007	40	220,000	–	–
	Performance Rights Plan 2008	50	325,000	–	–
D Cardiff:	Executive Loan Plan 2006	20	40,000	–	–
	Executive Loan Plan 2006	20	44,000	–	–
	Performance Rights Plan 2008	30	96,000	–	–
K Daley:	Executive Loan Plan 2006	30	103,950	–	–
	Executive Loan Plan 2007	30	126,000	–	–
	Performance Rights Plan 2008	50	275,000	–	–
G Mann:	Executive Loan Plan 2006	20	67,000	–	20,213
	Executive Loan Plan 2007	30	108,000	–	29,173
	Performance Rights Plan 2008	40	160,000	–	8,217
M Kulper:	Executive Loan Plan 2006	20	36,080	–	–
	Executive Loan Plan 2007	30	135,000	–	–
	Performance Rights Plan 2008	50	268,725	–	–
P O'Shea:	Executive Loan Plan 2006	30	105,000	–	–
	Executive Loan Plan 2007	40	168,000	–	–
	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.

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

Insurance and Indemnification

The company indemnifies all past and present directors and secretaries of the company, including at this time the directors named in this report and the secretary or secretaries, against every liability incurred by them in their respective capacities unless:

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

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

The auditors of the company are in no way indemnified out of the assets of the company.

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, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants , including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the combined entity, acting as advocate for the combined entity or jointly sharing economic risk and rewards.

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	
	12 months to 30 June 2008	10 months to 30 June 2007
	$	$
1. Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports	128,250	–
Total remuneration for audit services	128,250	–
2. Non-audit services		
Audit-related services		
PricewaterhouseCoopers Australian firm:		
Total remuneration for audit-related services	–	–
Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax consulting	–	8,700
Total remuneration for taxation services	–	8,700

Fees associated with audit services during the comparative year were recognised by the ultimate parent entity.

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 right.

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

Financials
Auditor's independence declaration

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Auditors' Independence Declaration

As lead auditor for the audit of the Transurban International 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 the Transurban International Limited and the entities it controlled during the year.

John Yeoman
Partner
PricewaterhouseCoopers

Melbourne
26 August 2008

Consolidated income statement for the year ended 30 June 2008

	Notes	Consolidated 12 months to 30 June 2008 ($'000)	Consolidated 10 months to 30 June 2007 ($'000)
Revenue from continuing operations	2	**42,947**	18
Expenses from ordinary activities			
Depreciation and amortisation expense		**(738)**	-
Operational costs		**(22)**	-
Corporate costs		**(8,097)**	(200)
Business development		**(42,388)**	-
Finance costs		**(15,788)**	(16)
Share of net losses of associates and joint venture partnership accounted for using the equity method		**(16,894)**	-
(Loss) before income tax		**(40,980)**	(198)
Income tax credit		**5,719**	-
(Loss) from continuing operations		**(35,261)**	(198)
(Loss) for the year		**(35,261)**	(198)
		Cents	Cents
Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	4	**(3.3)**	(0.04)
Diluted earnings per share	4	**(3.3)**	(0.04)

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

Financials
Consolidated balance sheet as at 30 June 2008

	Consolidated	
	2008 ($'000)	2007 ($'000)
Assets		
Current assets		
Cash and cash equivalent	1,000	19
Trade and other receivables	54,461	14
Total current assets	55,461	33
Non-current assets		
Investments accounted for using the equity method	252,274	-
Property, plant and equipment	3,117	-
Deferred tax assets	9,845	-
Total non-current assets	265,236	-
Total assets	320,697	33
Liabilities		
Current liabilities		
Trade and other payables	266,307	223
Current tax liabilities	1,614	-
Provisions	7,456	-
Non-interest bearing liabilities	1,666	-
Total current liabilities	277,043	223
Non-current liabilities		
Deferred tax liabilities	2,229	-
Provisions	24	-
Total non-current liabilities	2,253	-
Total liabilities	279,296	223
Net assets	41,401	(190)
Equity		
Contributed equity	95,554	-
Reserves	(18,694)	8
(Accumulated losses)	(35,459)	(198)
Total equity	41,401	(190)

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

Consolidated statement of changes in equity for the year ended 30 June 2008

Consolidated	Attributable to members of Transurban International Limited			Total
	Contributed equity ($'000)	Reserves ($'000)	(Accumulated losses) ($'000)	($'000)
Balance at 6 September 2006	-	-	-	-
Exchange differences on translation of foreign operation	-	8	-	8
(Loss) for period	-	-	(198)	(198)
Total recognised income and expense for the period	-	8	(198)	(190)
Balance at 30 June 2007	-	8	(198)	(190)
Changes in the fair value of cash flow hedges, net of tax	-	(13,164)	-	(13,164)
Exchange differences on translation of foreign operation	-	3,687	-	3,687
(Loss) for year	-	-	(35,261)	(35,261)
Total recognised income and expense for the year	-	(9,477)	(35,261)	(44,738)
Contributions of equity, net of transaction costs	95,189	-	-	95,189
Disposal of treasury securities	365	-	-	365
Acquisition of minority interest reserve	-	(9,225)	-	(9,225)
	95,554	(9,225)	-	83,329
Balance at 30 June 2008	95,554	(18,694)	(35,459)	41,401

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

Financials
Consolidated cash flow statement for the year ended 30 June 2008

	Consolidated	
	12 months to 30 June 2008 ($'000)	10 months to 30 June 2007 ($'000)
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	44,867	-
Payments to suppliers and employees (inclusive of goods and services tax)	(28,054)	(153)
Interest received	155	17
Interest paid	(313)	-
Income taxes paid	(297)	-
Net cash inflow (outflow) from operating activities	16,358	(136)
Cash flows from investing activities		
Cash acquired on acquisition of subsidiaries	1,731	-
Payment for investments in associates	(310,953)	-
Payments for property, plant and equipment	(3,130)	-
Net cash outflow from investing activities	(312,352)	-
Cash flows from financing activities		
Loans from related parties	265,702	1,165
Proceeds from issue of shares	95,526	-
Loans to related parties	(34,032)	-
Repayment of loans to related parties	(30,337)	(1,000)
Proceeds from sale of treasury shares	365	-
Share issue transactions costs	(264)	-
Net cash inflow from financing activities	296,960	165
Net increase in cash and cash equivalents	966	29
Cash and cash equivalents at the beginning of the financial year	19	-
Effects of exchange rate changes on cash and cash equivalents	15	(10)
Cash and cash equivalents at end of year	1,000	19

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

Financials
Notes to the financial statements

Transurban International Limited forms part of Transurban Group. Prior to 3 January 2007, Transurban stapled securities comprised one share in Transurban Holdings Limited, one unit in Transurban Holding Trust and one share in Transurban Limited. 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 Transurban Limited from the triple stapled security, and such shares being replaced by shares in Transurban International Limited.

This concise financial report relates to the consolidated entity consisting of Transurban International Limited and the entities it controlled at the end of, or during, the year ended 30 June 2008. The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

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

Functional and presentation currency

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

1) Segment information

Description of segments

The primary business segment for the year ending 30 June 2008 was an investment in, and providing management services to, Transurban DRIVe, and the investigation of possible investment opportunities in the toll road sector in North America.

2) Revenue

	Consolidated	
	12 months to 30 June 2008 ($'000)	10 months to 30 June 2007 ($'000)
From continuing operations		
Interest	152	18
Business development fees	34,355	-
Management fees	8,440	-
	42,947	18

3) Dividends

No dividends were paid or declared during the year.

4) Earnings per share

	Consolidated	
	12 months to 30 June 2008	10 months to 30 June 2007
	Cents	Cents
(a) Basic earnings per share		
(Loss) from continuing operations attributable to the ordinary equity holders of the company	**(3.3)**	(0.04)
(b) Diluted earnings per share		
(Loss) from continuing operations attributable to the ordinary equity holders of the company	**(3.3)**	(0.04)
	($'000)	($'000)
(Loss) from continuing operations	**(35,261)**	(198)
(c) Weighted average number of shares used as the denominator		
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**1,088,861,291**	456,052,370
Adjustments for calculation of diluted earnings per share:		
Performance rights	**452,071**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,089,313,362**	456,052,370

Financials
Director's declaration

The directors declare that in their opinion , the concise financial report of the consolidated entity for the year ended 30 June 2008 as set out on pages 79 to 84 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available upon request.

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

David J Ryan AO
Director

Christopher J Lynch
Director

Melbourne
26 August 2008

Financials
Independent auditor's report

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

Report on the concise financial report

The accompanying concise financial report of Transurban International Limited comprises the consolidated balance sheet as at 30 June 2008, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and related notes, derived from the audited financial report of Transurban International Limited for the year ended 30 June 2008. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Transurban International Limited for the year ended 30 June 2008. Our audit report on the financial report for the year was signed on 26 August 2008 and was not subject to any modification. The Australian 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 for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 Concise Financial Reports.

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

Independent auditor's report

PRICEWATERHOUSECOOPERS

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.

Auditor's opinion on the financial report

In our opinion, the concise financial report of Transurban International Limited for the year ended 30 June 2008 complies with Australian Accounting Standard AASB 1039 Concise Financial Reports.

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion, the remuneration disclosures that are contained in pages 5 to 17 of the directors' report comply with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John Yeoman
Partner

Melbourne
26 August 2008

Enquiries and information

Enquiries about your Transurban stapled securities

The Stapled Securities Register is maintained by Computershare Investor Services Pty Limited. If you have a question about your Transurban securities or distributions please contact:

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TUIR1238 | SEPTEMBER 2008

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