Transurban Group
Appendix 4D
Half-year ended 31 December 2014

(Previous corresponding period:
Half-year ended 31 December 2013)

The Transurban Group comprises the following entities:

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

Results for announcement to the market

Statutory results

- Revenue from ordinary activities increased 68.6 per cent to $964 million
- Profit before depreciation and amortisation, net finance costs, equity accounted investments and income taxes (EBITDA) decreased 52.5 per cent to $181 million
- EBITDA excluding significant items increased 56.7 per cent to $597 million
- Profit from ordinary activities after tax decreased 536.7 per cent to a loss of $354 million
- Profit from ordinary activities after tax and excluding significant items decreased 35.8 per cent to $52 million
- Net profit attributable to members decreased 328.4 per cent to a loss of $185 million
- Net profit attributable to members excluding significant items decreased 11.1 per cent to $72 million

Proportional results

- Toll revenue increased 36.7 per cent to $761 million
- EBITDA decreased 19.8 per cent to $372 million
- EBITDA excluding significant items increased 37.4 per cent to $636 million
- Free cash increased 57.5 per cent to $378 million

Distributions

	Amount per Security cents	Franked amount per Security %
Interim distribution (declared prior to balance date)	16.0	-
Interim dividend (declared prior to balance date)	3.5	100
	19.5	
Interim distribution from the previous corresponding period	13.5	-
Interim dividend from the previous corresponding period	3.5	100
	17.0	
Final distribution (prior year)	17.0	14.7
Final dividend (prior year)	1.0	100
	18.0	

Record date for determining entitlements to interim distribution	31 December 2014
Date of payment of interim distribution	13 February 2015

Distribution Reinvestment Plan (DRP)

Under the DRP, security holders may receive additional stapled securities in substitution for some or all cash distributions in respect of their stapled securities. The last date for the receipt of an election notice for participation in the DRP was 2 January 2015. No discount has been applied when determining the price at which stapled securities will be issued under the DRP for the current period distribution.

Explanation of results

For further explanation of the results please refer to the accompanying ASX Release and "Review of Operations" within the Directors' Report of the half-year report.

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

Proportional results

Proportional EBITDA excluding significant items is one of the primary measures that the Board uses to assess the operating performance of the Group, with an aim to maintain a focus on operating results and associated cash generation. It reflects the contribution from individual assets to Transurban's operating performance and permits a meaningful analysis of the performance of the Group's assets.

Significant items are those items where their nature and amount is considered material to the financial statements and not in the ordinary course of business. These items have been disclosed in Note 3 to the Interim Financial Report.

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

Proportional EBITDA is reconciled to the statutory income statement on page 19 of the financial statements.

Free cash

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

Free cash is calculated as statutory cash flow from operating activities from 100 per cent owned subsidiaries plus dividends received from less than 100 per cent owned subsidiaries and equity accounted investments less the estimated annualised maintenance capital expenditure for 100 per cent owned subsidiaries for their remaining concession life.

Net tangible asset backing

	31 December 2014 $	30 June 2014 $
Net tangible asset backing per stapled security*	**3.23**	3.00

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

Entities over which control has been gained or lost

Acquisition of Queensland Motorways

The Group gained control over the following entities (the Queensland Motorways Group) on 2 July 2014:

- QM Assets Pty Ltd
- Queensland Motorways Holdings Pty Ltd
- Project T Partner Hold Co 2 Pty Ltd
- Project T Partner Co 2 Pty Ltd
- Project T Partner Hold Co 1 Pty Ltd
- QML Hold Co Pty Ltd
- Queensland Motorways Services Pty Ltd
- GBB Holding Co Pty Ltd
- LW Holding Co Pty Ltd
- QMH Finance Pty Ltd
- Project T Partner Co 1 Pty Ltd
- Queensland Motorways Pty Ltd
- GBB Operations Pty Ltd
- LW Operations Pty Ltd
- Project T Partnership
- Gateway Motorway Pty Ltd
- Logan Motorways Pty Ltd
- Queensland Motorways Management Pty Ltd
- Port Motorway Pty Ltd
- Project T Finance Co Pty Ltd
- Bridge Security Pty Ltd

From the date of acquisition to 31 December 2014, revenue of $214 million and a loss after taxation of $446 million was included in the Consolidated Income Statement with regard to Queensland Motorways. The loss after tax includes significant items relating to stamp duty, transaction fees and integration costs totalling $399 million after tax.

M7/NorthConnex restructure

On 31 October 2014, Transurban and its fellow investors in Westlink M7 restructured the M7 investment. A new stapled group has been inserted below the consortium partners so that the investments in M7 and NorthConnex are undertaken through one economic group. Transurban now holds a 50 per cent direct equity interest in the combined M7/NorthConnex group, whereas previously it held an equity interest, and a separate debt investment, in the M7 group. As a result of this restructure the Group gained control over the following entities:

- Transurban NCX M7 Hold Trust
- Transurban NCX M7 Hold Co Pty Ltd
- Transurban NCX M7 Nominees Pty Ltd (Trustee)

The Group relinquished control over the following entities as a result of the restructure on 31 October 2014:

- Transurban CARS Trust
- Transurban WSO Trust
- Transurban AL Trust
- LMI Westlink Partner Holding No.4 Pty Ltd
- LMI Westlink Partner No.4 Pty Ltd
- Abigroup Westlink Partner Holding No.4 Pty Ltd
- Abigroup Westlink Partner No.4 Pty Ltd
- Abigroup Westlink Partner Holding No.2 Pty Ltd
- Abigroup Westlink Partner No.2 Pty Ltd
- LMI Westlink Partner Holding No.2 Pty Ltd
- LMI Westlink Partner No.2 Pty Ltd
- Transurban WSO Pty Ltd
- LMI WSO Holding No.2 Pty Ltd
- Abigroup WSO Holding No.2 Pty Ltd
- LMI WSO Holding No.4 Pty Ltd
- Abigroup WSO Holding No.4 Pty Ltd

Investments in associates and joint venture entities

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

Name of company	Ownership Interest		Net profit/(loss) contribution to the Transurban Group	
	2014	2013	**2014**	2013
	%	%	**$M**	$M
WSO Company Pty Limited[1]	**-**	50.0	**-**	-
Westlink Motorway Limited[1]	**-**	50.0	**-**	-
WSO Finance Company[1]	**-**	50.0	**-**	-
Westlink Motorway Partnership[1]	**-**	50.0	**-**	-
North Western Roads Group Trust[1]	**50.0**	-	**-**	-
North Western Roads Group Pty Ltd[1]	**50.0**	-	**-**	-
NorthConnex State Works Contractor Pty Ltd[1]	**50.0**	-	**-**	-
Interlink Roads Pty Limited	**50.0**	50.0	**9**	9
Transurban DRIVe Holdings LLC[2]	**75.0**	75.0	**-**	(24)
			9	(15)

[1] Upon restructure of the CARS Group of entities, the Westlink and WSO entities have been transferred to the North Western Roads Group Trust and Company.

[2] Control was established over Transurban DRIVe LLC as a result of a change in the ownership of a DRIVe subsidiary entity, Capital Beltway Express LLC. There has been no change in the direct ownership of DRIVe during the period. DRIVe was consolidated from 4 June 2014.

Other information required by Listing Rule 4.2A

The remainder of information requiring disclosure to comply with Listing Rule 4.2A is contained in the half-year report (which includes the Directors' Report) and the ASX Release.

Auditor review

This report has been based on accounts which have been reviewed by the Group's auditors. A copy of the unqualified review report can be found in the half-year report.

Amanda Street
Company Secretary
12 February 2015

Transurban Holdings Limited and Controlled Entities

ABN 86 098 143 429
(including Transurban International Limited and Transurban Holding Trust)

Interim report for the half-year ended 31 December 2014

Transurban Holdings Limited ABN 86 098 143 429
Interim report - 31 December 2014

Contents

Directors' report

The directors of Transurban Holdings Limited (THL), Transurban International Limited (TIL) and Transurban Infrastructure Management Limited (TIML) as Responsible Entity for Transurban Holding Trust (THT), present their report on the Transurban Group for the half-year ended 31 December 2014.

Group Accounts

The Transurban Group financial statements have been prepared as a consolidation of the financial statements of Transurban Holdings Limited and controlled entities, Transurban International Limited and controlled entities and Transurban Holding Trust and controlled entities, as if all entities operate together in accordance with AASB 10 *Consolidated Financial Statements.* THL has been identified as the parent of the consolidated group.

This presentation is consistent with the fact that the securities issued by THL, TIL and THT are stapled together and comprise one share in THL, one share in TIL and one unit in THT (Stapled Security). None of the components of the Stapled Security can be traded separately.

Directors

The following persons were directors of THL, TIML and TIL during the whole of the half-year and up to the date of this report:

Non-executive Directors
Lindsay Maxsted
Neil Chatfield
Robert Edgar
Samantha Mostyn
Christine O'Reilly
Rodney Slater
Ian Smith
Executive Director
Scott Charlton

Result

The consolidated net results for the period are as follows:

	H1 2014 $M	H1 2013 $M
Statutory net profit (loss)	(354)	81
Significant items	406	-
Statutory net profit excluding significant items	52	81
Statutory profit (loss) attributable to equity holders	(185)	81

Review of operations

Transurban's net loss for the half-year ended 31 December 2014 was $354 million. The following significant changes to the Group's operations since the prior corresponding period are reflected in the statutory result:

- The acquisition of Queensland Motorways reached financial close on 2 July 2014 and Queensland Motorways' results were consolidated from that date. Transurban Group recognised stamp duty, transaction costs and financial advisor fees totalling $416 million ($406 million net of tax) related to the transaction in the income statement in the half-year to 31 December 2014;
- Transurban gained control of Cross City Tunnel on 30 December 2013 with subsequent acquisition of the underlying concession asset on 26 June 2014;
- Transurban increased ownership in 495 Express Lanes from 67.5 per cent to 94 per cent and in 95 Express Lanes from 67.5 per cent to 77.5 per cent during the half-year ended 30 June 2014 and consequently, control was achieved for Transurban DRIVe, 495 Express Lanes and 95 Express Lanes. These entities are now consolidated into the statutory result; and
- Transurban transferred ownership of Pocahontas 895 to lenders on 14 May 2014 and now has no financial or operational interests in the asset.

Review of operations (continued)

Performance of Transurban's portfolio of assets

The following table shows traffic and toll revenue performance of all operating assets for the half-year ended 31 December 2014. The performance is shown for 100 per cent of each asset. The review of costs and revenue in the commentary below also refers to 100 per cent of the asset.

Asset (and ownership %)	Traffic growth (%)	Toll revenue H1 2014 $M	Toll revenue H1 2013 $M	Variance $M	Variance %	% of prop toll revenue
CityLink (100%)	2.4%	289	269	20	7.2%	38.0%
Hills M2 (100%)	12.5%	110	94	16	17.1%	14.5%
Lane Cove Tunnel (100%)	6.6%	38	34	4	10.1%	5.0%
Cross City Tunnel (100%)	(0.4%)	28	N/A	N/A	N/A	3.6%
M1 Eastern Distributor (75.1%)	1.4%	56	53	3	6.2%	5.5%
Westlink M7 (50%)	6.8%	127	115	12	10.5%	8.3%
M5 Interlink (50%)	3.1%	98	94	4	4.4%	6.4%
Gateway Motorway (62.5%)	3.3%	95	N/A	N/A	N/A	7.8%
Logan Motorway (62.5%)	(0.7%)	73	N/A	N/A	N/A	6.0%
Go between bridge (62.5%)	1.0%	6	N/A	N/A	N/A	0.5%
CLEM7 (62.5%)	(1.0%)	24	N/A	N/A	N/A	1.9%
495 Express Lanes (94.0%) (USD)	15.4%	17	11	6	61.8%	2.5%

Pocahontas 895 contributed $8 million of revenue in the prior period before being returned to lenders.

CityLink (Melbourne)

Toll revenue on CityLink increased 7.2 per cent for the six months to December 2014 with traffic growth of 2.4 per cent and price increase of 5.0 per cent. CityLink's EBITDA margin was 93.4 per cent.

Direct costs were lower compared to the prior corresponding period, with road operations being brought in-house following Transurban's acquisition of Translink Operations in May 2014. Savings have also continued in customer operations, with greater use of electronic channels and reductions in call centre costs.

On 6 October 2014 Transurban announced that it had signed an agreement with the Victorian Government to deliver the CityLink Tulla Widening project. The project will add additional lanes to the Tullamarine Freeway from Melrose Drive in the north, along CityLink to the Bolte Bridge. Additional lanes will also be added to the West Gate Freeway eastbound between the Bolte Bridge and Power Street.

Hills M2 (Sydney)

Hills M2 has continued to benefit from widening activities completed in July 2013. Toll revenue grew 17.1 per cent from the prior corresponding period with 12.5 per cent traffic growth. A favourable mix of traffic through the Main Toll Plaza contributed to the uplift. Hills M2's EBITDA margin was 85.2 per cent.

Operating costs on Hills M2 increased as a result of the traffic increase with higher toll processing fees paid to other tag retailers. Operating costs were impacted by an increase in the maintenance provision, required following completion of the upgrade works.

Lane Cove Tunnel/Military Road e-Ramps (Sydney)

Lane Cove Tunnel traffic continued to show strong growth of 6.6 per cent following the completion of the adjacent Hills M2 Upgrade.

Lane Cove Tunnel EBITDA margin increased to 65.1 per cent from 64.7 per cent in the prior corresponding period.

Review of operations (continued)

Performance of Transurban's portfolio of assets (continued)

Cross City Tunnel (Sydney)

Financial close on the Cross City Tunnel acquisition was achieved on 26 June 2014 however control was obtained in December 2013 when Transurban acquired the secured senior debt of the Cross City Tunnel group. The half-year ended 31 December 2014 is the first reported half-year result under Transurban ownership. Cross City Tunnel was included for the six months ended 30 June 2014.

Traffic decreased 0.4 per cent from the prior corresponding period, with toll revenue of $28 million. Cross City Tunnel's EBITDA margin was 58.2 per cent.

M1 Eastern Distributor (Sydney) – Airport Motorway Group

Major capital works projects have continued on the M1 Eastern Distributor in the current period. The works had previously resulted in an increase to the maintenance provision expense. In the current period this has reduced as the works are completed, resulting in a decrease in total costs for the Eastern Distributor. EBITDA margin has increased from 64.8 per cent to 70.9 per cent.

The major capital works, including a two year resurfacing program and upgrade of the Operations Management and Control System ("OMCS") are ongoing.

The M1 Eastern Distributor moved to quarterly integer tolling increases in the prior corresponding period which has contributed to a 4.8 per cent toll price increase.

M5 South West Motorway (Sydney) - Interlink Roads Pty Limited

The M5 West widening project has been completed on time and on budget with traffic returning to 100km/hour across all lanes on 15 December 2014. The project added an additional lane in each direction of the M5 South West Motorway from Camden Valley highway at the western end through to King George's Road in the east.

Toll revenue increased by 4.4 per cent from the prior corresponding period, including traffic growth of 3.1 per cent. The prior period was impacted by construction of the M5 widening project.

The EBITDA margin of the M5 Motorway continues to improve, to 95.1 per cent for the period.

Westlink M7 (Sydney) - Westlink Motorway Group

Westlink M7 had traffic growth of 6.8 per cent, with the asset benefiting from the completion of the adjacent Hills M2 Upgrade. Traffic growth has contributed to toll revenue increasing 10.5 per cent compared to the prior corresponding period.

Westlink M7 costs have decreased for the period, leading to an increase in EBITDA margin by 4.9 percentage points to 88.1 per cent.

Statewide Roads Group (Sydney)

Statewide Roads Group (former operator of the M4 Motorway) contributed $1 million to the overall Transurban Group result in the period, generated from the operation and maintenance of the service centres adjacent to the M4 Motorway.

Queensland

The results of Queensland Motorways are consolidated into Transurban's Group results this period for the first time, following completion of the Queensland Motorways acquisition on 2 July 2014. Operating activities in the period have been focused on integrating the Queensland Motorways' assets into the Transurban portfolio.

Gateway Motorway (Brisbane)

Traffic has grown 3.3 per cent from the prior corresponding period. There has been no significant works undertaken on the Gateway Motorway during the period.

Review of operations (continued)

Performance of Transurban's portfolio of assets (continued)

Logan Motorway (Brisbane)

Traffic decreased 0.7 per cent from the prior corresponding period. Significant pavement rectification works were completed during the period, leading to traffic disruption. These works are now complete however it is expected that a rehabilitation and resheeting program will continue.

Go Between Bridge (Brisbane)

Traffic increased 1.0 per cent from the prior corresponding period. Total consolidated EBITDA contribution of Go Between Bridge to the Transurban portfolio for the period was $5 million. There has been no significant works undertaken on the Go Between Bridge in the period.

Clem7 (Brisbane)

Traffic on Clem7 decreased 1.0 per cent from the prior corresponding period, with both heavy commercial vehicles and cars volumes reducing.

495 Express Lanes (Virginia USA)

During the year ended 30 June 2014 a capital structure change was implemented on the 495 Express Lanes which saw the Transurban Group increase its ownership in the asset from 67.5 per cent to a controlling interest of 94.0 per cent.

The 495 Express Lanes’ performance has improved from the corresponding period with traffic growing by 15.4 per cent and toll revenue by 63.5 per cent.

The average dynamic toll price for the half-year ended 31 December 2014 was US$2.98, with a maximum dynamic toll of US$14.55.

95 Express Lanes (Virginia USA)

The early completion of the 95 Express Lanes allowed the project to be opened to motorists on 14 December 2014. Tolling commenced on 29 December 2014.

As there were only three days of tolling operations, no financial results have been included for the half-year ended 31 December 2014.

Pocahontas 895 (Virginia, USA)

Transurban transferred ownership of Pocahontas 895 to lenders on 14 May 2014 and now has no financial or operational interests in the asset.

Business development activities

95 Express Lanes (Virginia USA)

Works were completed on the 95 Express Lanes with the project opening to motorists on 14 December 2014 and tolling commencing 29 December 2014.

The project was completed on time and on budget with more than 3.8 million hours of work undertaken without a lost time injury.

M5 South West Motorway Widening

Construction work on the M5 widening was completed in the period with all lanes returning to 100km/hour speed limit on 15 December 2014.

Acquisition of Queensland Motorways

In April 2014, a Transurban-led consortium (62.5 per cent Transurban, 25 per cent AustralianSuper and 12.5 per cent Tawreed, a wholly-owned subsidiary of the Abu Dhabi Investment Authority) reached agreement to acquire Queensland Motorways for $6,673 million (inclusive of acquired debt), plus stamp duty, transaction costs and debt fees totalling $447 million. Financial close was achieved on the acquisition on 2 July 2014.

During the half-year ended 31 December 2014 work has commenced to integrate the operations of the Queensland Motorways' assets into the Transurban Group which will operate the network on behalf of the consortium.

Review of operations (continued)

Business development activities (continued)

Citylink - Tullamarine Widening

On 6 October 2014 Transurban reached contractual close with the Victorian State Government to deliver the CityLink Tulla widening.

The project will add additional lanes to the Tullamarine Freeway from Melrose Drive in the north, along CityLink to the Bolte Bridge. Additional lanes will also be added to the West Gate Freeway eastbound between the Bolte Bridge and Power Street.

Major construction on the CityLink Tulla widening project is expected to start in October 2015 and be finished in early 2018.

Thiess was announced as the preferred design and construction contractor for the sections of the project to be delivered by Transurban.

NorthConnex

On 31 October 2014, Transurban and its fellow investors in Westlink M7 restructured the M7 investment. A new stapled group has been inserted below the consortium partners so that the investments in M7 and NorthConnex are undertaken through one economic group. Transurban now holds a 50 per cent direct equity interest in the combined M7/NorthConnex group, whereas previously it held an equity interest, and a separate debt investment, in the M7 group.

The NorthConnex project reached financial close on 31 January 2015. Construction will commence in early calendar year 2015 and is expected to be completed by the end of calendar year 2019.

Refinancing activities

Queensland

Capital Markets Debt

On 2 July 2014, $2,500 million was drawn down from the $2,900 million non-recourse debt facility for the acquisition of Queensland Motorways which was in place at 30 June 2014. The facility comprises:

- $1,500 million of term debt with a maturity of 3 to 5 years;
- $1,000 million in bridge financing with a maturity of 2 years;
- $375 million in capital expenditure facility with a maturity of 3 years; and
- $25 million in working capital facility with a maturity of 3 years.

The term debt facility of $1,500 million is fully hedged at an all-in rate of 4.6 per cent, and the remaining facilities are unhedged and remain at floating rates.

In December 2014, $450 million of the bridge financing facility was refinanced with the issuance of a $250 million secured 7-year note with a fixed coupon rate of 4.75 per cent, and a $200 million secured floating rate 10-year note fully hedged with an all-in rate of 5.3 per cent (after hedging).

Shareholder Loan Notes

On 2 July 2014 $281 million in shareholder loan notes were issued to Transurban's consortium partners in the acquisition of Queensland Motorways. These shareholder loan notes have a fixed interest rate of 8.7 per cent and have a maturity period of 34.5 years.

Corporate

EMTN

On 16 September 2014, Transurban under its Euro Medium Term Note Programme completed a EUR 600 million (approximately AUD 833 million equivalent) Eurobond issue of secured fixed rate 10-year notes at a coupon rate of 1.875 per cent. The proceeds were swapped into Australian Dollars at an all-in fixed rate of approximately 5.4 per cent, and were used to repay the $351 million of corporate debt maturing in FY2015 and an additional $160 million of corporate debt maturing in FY2017, with the balance used to repay drawn working capital facilities.

Review of operations (continued)

Other corporate activities

Changes to the Senior Executive

On 30 September 2014 Adam Watson was appointed Chief Financial Officer, replacing Samantha Hogg who left Transurban in July 2014.

On 30 September 2014, Michelle Huey was appointed Group General Manager Strategy, replacing Wes Ballantine who had been appointed to the role of Group General Manager, Queensland, in June 2014.

Tim Steinhilber, Group General Manager, Project Delivery and Operational Excellence, transferred back to the USA in July 2014. Tony Adams, previously Vice President, Infrastructure, Major Projects (USA) replaced Tim as the Group General Manager, Project Delivery and Operational Excellence in July 2014.

Matters subsequent to the end of the half-year

Other than as disclosed elsewhere in this report, at the date of this report the directors are not aware of any circumstances that have arisen since 31 December 2014 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.

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 7.

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 million.

Auditor

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

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

Lindsay Maxsted
Director

Scott Charlton
Director

Melbourne
12 February 2015

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Auditor's Independence Declaration

As lead auditor for the review of Transurban Holdings Limited Group for the half-year ended 31 December 2014, 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 review; and

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

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

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
12 February 2015

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Liability limited by a scheme approved under Professional Standards Legislation.

Transurban Holdings Limited ABN 86 098 143 429
Interim financial report - 31 December 2014

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Transurban Group during the interim reporting period in accordance with the continuous disclosure requirements of the *ASX Listing Rules*.

Transurban Holdings Limited
Consolidated income statement
For the half-year ended 31 December 2014

	Notes	Half-year 2014 $M	2013 $M
Toll, fee and other road revenue		**809**	498
Construction revenue		**152**	54
Management, business development and other revenue		**3**	20
Total statutory revenue	4	**964**	572
Road operating costs		**(176)**	(113)
Corporate costs		**(34)**	(18)
Business development costs		**(6)**	(9)
Construction costs		**(151)**	(51)
Transaction and integration costs	3	**(416)**	-
		(783)	(191)
Profit before depreciation and amortisation, net finance costs, equity accounted investments and income taxes		**181**	381
Depreciation and amortisation expense		**(275)**	(160)
Finance income		**48**	58
Finance costs		**(337)**	(187)
Net finance costs	5	**(289)**	(129)
Share of net profits (losses) of equity accounted investments		**9**	(15)
Profit (loss) before income tax		**(374)**	77
Income tax benefit		**20**	4
Profit (loss) for the half-year		**(354)**	81
Profit (loss) is attributable to:			
Ordinary equity holders of the Stapled Group		**(185)**	81
Non-controlling interests		**(169)**	-
		(354)	81

	Cents	Cents
Earnings per share attributable to ordinary equity holders:		
Basic earnings per stapled security	**(9.7)**	5.5
Diluted earnings per stapled security	**(9.7)**	5.5

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

	Half-year	
	2014	2013
	$M	$M
Profit (loss) for the half-year	**(354)**	81
Other comprehensive income (loss)		
Items that may be reclassified to profit or loss		
Changes in the fair value of cash flow hedges, net of tax	**(66)**	32
Exchange differences on translation of foreign operations, net of tax	**(1)**	(5)
Other comprehensive income (loss) for the half-year, net of tax	**(67)**	27
Total comprehensive income (loss) for the half-year	**(421)**	108
Total comprehensive income for the half-year is attributable to:		
THL shareholders	**(74)**	(52)
THT unitholders and TIL shareholders as non-controlling interests	**(177)**	157
Stapled Security Holders	**(251)**	105
Other non-controlling interests	**(170)**	3
Total comprehensive income (loss) for the half-year	**(421)**	108

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

Transurban Holdings Limited
Consolidated balance sheet
As at 31 December 2014

	Notes	As at 31 December 2014 $M	As at 30 June 2014 $M
ASSETS			
Current assets			
Cash and cash equivalents		**710**	2,879
Trade and other receivables		**79**	84
Derivative financial instruments	6	**1**	-
Total current assets		**790**	2,963
Non-current assets			
Equity accounted investments		**1,144**	268
Held to maturity investments		**76**	945
Derivative financial instruments	6	**56**	16
Property, plant and equipment		**277**	226
Deferred tax assets		**785**	64
Intangible assets		**17,387**	10,386
Total non-current assets		**19,725**	11,905
Total assets		**20,515**	14,868
LIABILITIES			
Current liabilities			
Trade and other payables		**187**	181
Borrowings		**819**	721
Derivative financial instruments	6	**20**	35
Provisions		**562**	480
Other liabilities		**114**	76
Total current liabilities		**1,702**	1,493
Non-current liabilities			
Borrowings		**10,223**	6,077
Deferred tax liabilities		**686**	664
Provisions		**946**	217
Derivative financial instruments	6	**348**	398
Other liabilities		**52**	57
Total non-current liabilities		**12,255**	7,413
Total liabilities		**13,957**	8,906
Net assets		**6,558**	5,962
EQUITY			
Contributed equity		**1,222**	1,208
Reserves		**(56)**	(44)
Accumulated losses		**(2,973)**	(2,843)
Non-controlling interest - THT and TIL		**6,955**	7,383
Non-controlling interests - other		**1,410**	258
Total equity		**6,558**	5,962

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

	Attributable to members of the Stapled Group						
	Contributed equity $M	**Reserves $M**	**Accumulated losses $M**	**Non-controlling interests - THT/TIL $M**	**Total $M**	**Non-controlling interests - Other $M**	**Total equity $M**
Balance at 1 July 2013	**640**	**(52)**	**(2,690)**	**5,322**	**3,220**	**146**	**3,366**
Comprehensive income							
Profit (loss) for the half-year	-	-	(60)	141	81	-	81
Other comprehensive income (loss)	-	8	-	16	24	3	27
Total comprehensive income for the half-year	**-**	**8**	**(60)**	**157**	**105**	**3**	**108**
Transactions with owners in their capacity as owners:							
Distribution reinvestment plan	9	-	-	16	25	-	25
Distributions provided for or paid	-	-	(52)	(201)	(253)	-	(253)
Distributions to non-controlling interest	-	-	-	-	-	(6)	(6)
Changes in value of share-based payment reserve	1	-	-	(1)	-	-	-
Deferred short term incentives issued	-	-	-	1	1	-	1
	10	-	(52)	(185)	(227)	(6)	(233)
Balance at 31 December 2013	**650**	**(44)**	**(2,802)**	**5,294**	**3,098**	**143**	**3,241**
Balance at 1 July 2014	**1,208**	**(44)**	**(2,843)**	**7,383**	**5,704**	**258**	**5,962**
Comprehensive income							
Profit (loss) for the half-year	-	-	(62)	(123)	(185)	(169)	(354)
Other comprehensive income (loss)	-	(12)	-	(54)	(66)	(1)	(67)
Total comprehensive income for the half-year	**-**	**(12)**	**(62)**	**(177)**	**(251)**	**(170)**	**(421)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	-	-	-	-	-	1,341	1,341
Distribution reinvestment plan	15	-	-	57	72	-	72
Distributions provided for or paid	-	-	(67)	(305)	(372)	-	(372)
Distributions to non-controlling interest	-	-	-	-	-	(19)	(19)
Changes in value of share-based payment reserve	(2)	-	(1)	(5)	(8)	-	(8)
Deferred short term incentives issued	1	-	-	2	3	-	3
	14	-	(68)	(251)	(305)	1,322	1,017
Balance at 31 December 2014	**1,222**	**(56)**	**(2,973)**	**6,955**	**5,148**	**1,410**	**6,558**

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

	Half-year	
	2014	2013
	$M	$M
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**890**	533
Payments to suppliers and employees (inclusive of GST)	**(289)**	(183)
Payments for maintenance of intangible assets	**(53)**	(7)
Transaction costs related to acquisitions	**(406)**	-
Interest received	**70**	27
Other revenue	**16**	39
Interest paid	**(252)**	(180)
Income taxes paid	**(3)**	(2)
Net cash (outflow) inflow from operating activities	**(27)**	227
Cash flows from investing activities		
Payments for held-to-maturity investments, net of fees	**(17)**	(12)
Payments for equity accounted investments	**-**	(28)
Payments for intangible assets	**(176)**	(60)
Payments for property, plant and equipment	**(40)**	(11)
Distributions received from equity accounted investments	**25**	27
Payments for acquisition of subsidiaries, net of cash of acquired	**(6,397)**	(475)
Net cash (outflow) from investing activities	**(6,605)**	(559)
Cash flows from financing activities		
Proceeds from equity issued to non-controlling interests	**1,341**	-
Proceeds from borrowings (net of costs)	**4,803**	1,560
Repayment of borrowings	**(1,407)**	(802)
Dividends and distributions paid to the Group's security holders	**(269)**	(205)
Distributions paid to non-controlling interests	**(23)**	(4)
Net cash inflow from financing activities	**4,445**	549
Net (decrease) increase in cash and cash equivalents	**(2,187)**	217
Cash and cash equivalents at the beginning of the year	**2,879**	259
Effects of exchange rate changes on cash and cash equivalents	**18**	(2)
Cash and cash equivalents at end of the half-year	**710**	474
Cash and cash equivalents from continuing operations	**710**	458
Cash and cash equivalents from assets held for sale	**-**	16
Cash and cash equivalents at end of the half-year	**710**	474

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

1 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The Transurban Group financial statements have been prepared as a consolidation of the financial statements of Transurban Holdings Limited (THL) and controlled entities, Transurban International Limited (TIL) and controlled entities and Transurban Holding Trust (THT) and controlled entities, as if all entities operate together. THL has been identified as the parent of the consolidated group.

This presentation is consistent with the fact that the securities issued by THL, TIL and THT are stapled together and comprise one share in THL, one share in TIL and one unit in THT (Stapled Security). None of the components of the Stapled Security can be traded separately.

The Group's current liabilities exceed its current assets by $912 million as at 31 December 2014 as a number of tranches of debt require refinancing in the next 12 months. The financial report has been prepared on a going concern basis, which contemplates the continuity of normal operations, as excluding significant items related to acquisitions, the Group is trading profitably and has continually been able to refinance maturing debt. In addition, as at 31 December 2014, the Group has available a total of $411 million of unused working capital facilities across a number of banks.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Transurban Group during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

During the current financial year the Group has undertaken a reassessment of its accounting policy relating to the preparation of consolidated / combined financial statements for the THL Group. This reassessment has resulted in the Group no longer applying UIG 1013 *Pre-date of Transition Stapling Arrangements* and AASB 1002 *Post date of Transition Stapling Arrangements* to enable the preparation of consolidated / combined financial statements for the THL Group. The Group will now apply AASB 10 *Consolidated Financial Statements* as the basis for preparing the THL Group financial statements. Under this revised accounting policy THL has been identified as the parent entity of the stapled Group and THL will prepare consolidated financial statements. This treatment complies with Australian Accounting Standards and International Financial Reporting Standards and as such the Group is no longer required to rely on the Australian Securities and Investment Commission Class Order 13/1050 in order to be able to prepare consolidated / aggregated financial statements for the stapled Group.

The impact of this change on the Group’s consolidated financial statements is the reclassification of THT’s equity components to a ‘non-controlling interests’ line in the financial statements, consistent with the presentation of TIL, in both the current and prior year.

The Group has not changed or amended any accounting policies as a result of new or revised accounting standards during the annual reporting period commencing 1 July 2014.

2 Segment information

Description of segments

The segment information provided to the CEO and Executive Committee is presented on an underlying proportional basis.

The CEO and Executive Committee assess the performance of the operating segments based on a measure of underlying proportional EBITDA. Underlying EBITDA excludes the impact of interest income, interest expense, tax, depreciation and amortisation expenses and significant items which have been allocated to individual segments where applicable.

Interest income and expense are allocated across segments where the charges are related specifically to the assets of that segment. Otherwise they have been allocated to the Corporate function.

The Group operates in one business sector only, being the development, operation and maintenance of toll roads, therefore it has been determined that the segment information provided to the CEO and Executive Committee shall be defined by geographical regions, being Victoria, New South Wales and Queensland in Australia, and the USA.

The table below lists the assets included in each operating segment, together with the proportional ownership interests held by the Group for both the current and previous financial half-year:

		Proportional ownership %	
Segment	**Assets**	**31 December 2014**	**31 December 2013**
Victoria, Australia	CityLink	100%	100%
New South Wales,	Hills M2 Motorway	100%	100%
Australia	Lane Cove Tunnel	100%	100%
	Cross City Tunnel	100%	-
	M1 Eastern Distributor	75.1%	75.1%
	Equity investments in:		
	M5 South West Motorway	50%	50%
	Westlink M7	50%	50%
Queensland, Australia	Gateway Motorway	62.5%	-
	Logan Motorway	62.5%	-
	Clem7	62.5%	-
	Go Between Bridge	62.5%	-
	Legacy Way	62.5%	-
USA	Transurban DRIVe *	75%	75%
	Pocahontas 895 *	-	75%
	495 Express Lanes *	94%	67.5%
	95 Express Lanes *	77.5%	67.5%

* The ownership of Pocahontas 895 was transferred back to lenders on 14 May 2014. As of 4 June 2014 Transurban DRIVe, 495 Express Lanes and 95 Express Lanes were consolidated into the Group's results, having previously been equity accounted.

The Group's investment in 495 Express Lanes and 95 Express Lanes is through its investment in Transurban DRIVe and additional direct investments.

2 Segment information (continued)

Description of segments (continued)

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

The Group's corporate function is not an operating segment under the requirements of AASB 8 as its revenue generating activities are only incidental to the business. Management have disclosed the corporate business units in the segment note to reflect the Group's management reporting structure.

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

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

Segment information - Proportional Income Statement

The information for the operating segments for the half-year ended 31 December 2014 and 31 December 2013 is detailed in the following tables.

31 December 2014 **$M**	Victoria	New South Wales	Queensland	USA	Corporate and Other	**Total**
Toll revenue	289	330	124	18	-	**761**
Fee and other revenue	28	28	10	3	2	**71**
Total proportional revenue	317	358	134	21	2	**832**
Underlying proportional EBITDA	270	275	91	6	(6)	**636**
Significant items	-	-	(254)	-	(10)	**(264)**
Proportional EBITDA	270	275	(163)	6	(16)	**372**
Interest revenue	3	2	2	-	30	**37**
Interest expense	(17)	(115)	(77)	(24)	(109)	**(342)**
Depreciation and amortisation	(76)	(122)	(53)	(10)	(13)	**(274)**
Proportional profit (loss) before tax	180	40	(291)	(28)	(108)	**(207)**
Income tax benefit (expense)	(31)	(4)	12	3	21	**1**
Proportional net profit (loss)	149	36	(279)	(25)	(87)	**(206)**

2 Segment information (continued)

Segment information - Proportional Income Statement (continued)

31 December 2013 **$M**	Victoria	New South Wales	Queensland	USA	Corporate and Other	**Total**
Toll revenue	269	272	-	15	-	**556**
Fee and other revenue	26	24	-	2	6	**58**
Total proportional revenue	295	296	-	17	6	**614**
Underlying proportional EBITDA	243	226	-	(1)	(5)	**463**
Interest revenue	3	2	-	-	54	**59**
Interest expense	(20)	(132)	-	(33)	(113)	**(298)**
Depreciation and amortisation	(73)	(104)	-	(8)	(11)	**(196)**
Proportional profit (loss) before tax	153	(8)	-	(42)	(75)	**28**
Income tax benefit (expense)	(22)	2	-	18	16	**14**
Proportional net profit (loss)	131	(6)	-	(24)	(59)	**42**

Other segment information - Proportional income statement

Reconciliation of proportional revenue to statutory revenue for the half-year
Revenue from external customers is through toll and fee revenues earned on toll roads. There are no inter-segment revenues.

Proportional revenue reconciles to total statutory revenue as follows:

	Half-year	
	2014 $M	2013 $M
Total proportional revenue	**832**	614
Add: Revenue attributable to non-controlling interest	**96**	14
Less: Proportional revenue of equity accounted assets	**(119)**	(126)
Construction revenue recognised in accordance with AASB-I 12 Service Concession Arrangements	**152**	51
Business development revenue (offset against business development costs for proportional result)	**3**	18
Other	**-**	1
Total statutory revenue	**964**	572

2 Segment information (continued)

Other segment information - Proportional income statement (continued)

Reconciliation of proportional EBITDA to statutory profit for the half-year

Proportional EBITDA reconciles to statutory net profit as follows:

	Half-year 2014 $M	Half-year 2013 $M
Proportional EBITDA	**372**	463
Add: EBITDA attributable to non-controlling interest	**(88)**	9
Less: Proportional EBITDA of M5	**(47)**	(44)
Less: Proportional EBITDA of M7	**(56)**	(48)
Less: Proportional EBITDA of Pocahontas	**-**	(4)
Less: Proportional EBITDA of 495 Express Lanes	**-**	2
Less: Proportional EBITDA of Other Transurban DRIVe	**-**	3
Statutory profit before depreciation and amortisation, net finance costs, equity accounted investments and income taxes	**181**	381
Statutory depreciation and amortisation expense	**(275)**	(160)
Statutory net finance costs	**(289)**	(129)
Share of net profits (losses) of equity accounted investments	**9**	(15)
Income tax benefit	**20**	4
Profit (loss) for the half-year	**(354)**	81

3 Significant items

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

		Half-year 2014	
Description		**Statutory $M**	**Proportional $M**
Stamp duty on acquisition of Queensland Motorways	3(a)	384	240
Other transaction fees on acquisition of Queensland Motorways	3(a)	22	18
Integration costs relating to the acquisition of Queensland Motorways	3(b)	10	6
Total significant items		**416**	**264**
Income tax benefit associated with the acquisition of Queensland Motorways		(10)	(7)
Net significant items		**406**	**257**

(a) Stamp duty and other transaction fees

The acquisition of Queensland Motorways by a Transurban-led consortium was completed on 2 July 2014. The consortium incurred stamp duty and other transaction costs as a result of the acquisition. These costs are in addition to the $10 million in acquisition costs that were already incurred, and disclosed, during the year ended 30 June 2014.

(b) Integration costs relating to the acquisition of Queensland Motorways

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

4 Revenue

		Half-year	
	Notes	**2014 $M**	2013 $M
Toll revenue	4(a)	**738**	451
Fee revenue	4(a)	**62**	38
Other road revenue	4(b)	**9**	9
Total toll, fee and other road revenue		**809**	498
Construction revenue	4(c)	**152**	54
Management and business development revenue	4(d)	**3**	19
Other revenue		**-**	1
Total management, business development and other revenue		**3**	20
Total statutory revenue		**964**	572

(a) Toll and fee revenue

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

(b) Other road revenue

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

4 Revenue (continued)

(c) Construction revenue

Construction revenue is recognised during the construction phase of an intangible asset, and the development of assets for sale to third parties.

(d) Management and business development revenue

Management and business development revenue relates to the provision of management and development services to related and third parties.

5 Net finance costs

	Half-year	
	2014	2013
	$M	$M
Finance income		
Interest income on held to maturity investments	**37**	52
Interest income on bank deposits	**11**	6
Total finance income	**48**	58
Finance costs		
Interest and finance charges paid/payable	**(320)**	(186)
Unwind of discount on liabilities	**(9)**	(1)
Net foreign exchange losses	**(8)**	-
Total finance costs	**(337)**	(187)
Net finance costs	**(289)**	(129)

6 Financial instruments

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

Fair value measurements

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

AASB 7 *Financial Instruments Disclosure* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2014 and 30 June 2014:

6 Financial instruments (continued)

Fair value measurements (continued)

As at 31 December 2014	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**	**Total $M**
Assets				
Derivatives used for hedging	**-**	**57**	**-**	**57**
Total assets	**-**	**57**	**-**	**57**
Liabilities				
Derivatives used for hedging	**-**	**368**	**-**	**368**
Total liabilities	**-**	**368**	**-**	**368**

As at 30 June 2014	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Assets				
Derivatives used for hedging	-	16	-	16
Total assets	-	16	-	16
Liabilities				
Derivatives used for hedging	-	433	-	433
Total liabilities	-	433	-	433

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of both cross-currency interest rate swaps and interest rate swaps is calculated as the present value of the estimated future cash flows using a market interest rate for a similar instrument at the measurement date. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. All these instruments are included in level 2.

Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group entity and counterparty where appropriate.

7 Borrowings

(a) Queensland

Capital Markets Debt
On 2 July 2014, $2,500 million was drawn down from the $2,900 million non-recourse debt facility for the acquisition of Queensland Motorways which was in place at 30 June 2014. The facility comprises:

- $1,500 million of term debt with a maturity of 3 to 5 years;
- $1,000 million in bridge financing with a maturity of 2 years;
- $375 million in capital expenditure facility with a maturity of 3 years; and
- $25 million in working capital facility with a maturity of 3 years.

The term debt facility of $1,500 million is fully hedged at an all-in rate of 4.6 per cent, and the remaining facilities are unhedged and remain at floating rates.

Subsequent to 2 July 2014, $49 million and $16 million were drawn from the capital expenditure facility and working capital facility respectively to fund major maintenance activities and integration costs within Transurban Queensland.

In December 2014, $450 million of the bridge financing facility was refinanced with the issuance of a $250 million secured 7-year note with a fixed coupon rate of 4.75 per cent, and a $200 million secured floating rate 10-year note fully hedged with an all-in rate of 5.3 per cent (after hedging).

Shareholder Loan Notes
On 2 July 2014 $281 million in shareholder loan notes were issued to Transurban's consortium partners in the acquisition of Queensland Motorways. These shareholder loan notes have a fixed interest rate of 8.7 per cent and have a maturity period of 34.5 years.

(b) Corporate

EMTN
On 16 September 2014, Transurban under its Euro Medium Term Note Programme completed a EUR 600 million (approximately AUD 833 million equivalent) Eurobond issue of secured fixed rate 10-year notes at a coupon rate of 1.875 per cent. The proceeds were swapped into Australian Dollars at an all-in fixed rate of approximately 5.4 per cent, and were used to repay the $351 million of corporate debt maturing in FY2015 and an additional $160 million of corporate debt maturing in FY2017, with the balance used to repay drawn working capital facilities.

8 Distributions

	Half-year 2014 $M	Half-year 2013 $M
Distribution payable		
Interim distribution for the 2015 financial year payable and recognised as a liability: 19.5 cents (2014: 17.0 cents) per fully paid Stapled Security payable 13 February 2015		
Fully franked dividend based on tax paid at 30% - 3.5 cent (2014: 3.5 cents) per fully paid Stapled Security	**67**	52
Unfranked distribution - 16.0 cents (2014: 13.5 cents) per fully paid Stapled Security	**305**	201
	372	253
Distributions paid during the half-year		
Final distribution for the 2014 financial year of 18.0 cents (2013: 15.5 cents) per fully paid Stapled Security paid 14 August 2014		
Fully franked final dividend based on tax paid at 30% - 1.0 cent (2013: 3.5 cents) per fully paid Stapled Security	**19**	52
Unfranked final distribution - 14.5 cents (2013: 12.0 cents) per fully paid Stapled Security	**275**	178
Fully franked (2013: nil) final distribution based on tax paid at 30% - 2.5 cents (2013: nil) per fully paid Stapled Security	**47**	-
	341	230
Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the half-period ended 31 December 2014 and 2013		
Paid in cash	**269**	205
Satisfied by issue of Stapled Securities	**72**	25
	341	230

8 Distributions (continued)

Distribution policy and free cash calculation

The Group's distribution is determined taking into account the amount of free cash from operations. The Group calculates free cash as follows:

	Half-year 2014 $M	Half-year 2013 $M
Cash flows from operating activities excluding transaction and integration cash payments	**379**	227
Less transaction and integration cash payments from non 100 per cent owned entities	**(406)**	-
Cash flows from operating activities	**(27)**	227
Add back cash payments for maintenance and intangibles	**53**	7
Add back transaction and integration cash payments from non 100 per cent owned entities	**406**	-
Less consolidated cash flows from non 100 per cent owned entities*	**(187)**	(42)
	245	192
Adjust: dividends and distributions received and maintenance expenditure		
M1 Eastern Distributor - distribution	**14**	13
M5 Interlink - distribution and Term Loan Note interest	**27**	28
Transurban Queensland - distribution and Shareholder Loan Note interest	**52**	-
M7 Term Loan Note interest	**57**	21
Allowance for maintenance of capital expenditure for CityLink, Hills M2 and Lane Cove Tunnel, Cross City Tunnel and e-Tag expenditure	**(17)**	(14)
Free cash	**378**	240
Weighted average securities on issue (millions) ** - 31 December	**1,906**	1,486
Free cash per security (cents) - weighted average securities	**19.8**	16.2

** Consolidated cash flows from non 100 per cent owned entities*
Consolidated cash flows from non 100 per cent owned entities includes Eastern Distributor, Transurban Queensland, DRIVe and 495 Express Lanes. In the prior corresponding period this included Eastern Distributor only.

*** Weighted average securities on issue*
In calculating the weighted average securities on issue, securities issued on or before 31 December have been given 100 per cent weighting for the full financial year, based on their eligibility for the first half distribution.

9 Equity securities issued

	Half-year		Half-year	
	2014 Stapled securities	2013 Stapled securities	**2014 $M**	2013 $M
Issues of stapled securities during the half-period				
Distribution reinvestment plan issues	**9,388,554**	3,691,841	**15**	9
2010 Performance Award Plan	**-**	513,272	**-**	1
2011 Performance Award Plan	**187,274**	-	**(2)**	-
Deferred STI share issue	**430,981**	213,717	**1**	-
	10,006,809	4,418,830	**14**	10

The movements above relate to the equity movements in Transurban Holdings Limited as the parent entity of the consolidated Group and do not include the equity movements attributable to Transurban Holding Trust and Transurban International Limited.

10 Earnings per stapled security

Basic earnings per security

	Half-year	
	2014 Cents	2013 Cents
Earnings per security attributable to the ordinary equity holders of the stapled group	**(9.7)**	5.5
	(9.7)	5.5

Diluted earnings per security

	Half-year	
	2014 Cents	2013 Cents
Earnings per security attributable to the ordinary equity holders of the stapled group	**(9.7)**	5.5
	(9.7)	5.5

10 Earnings per stapled security (continued)

Reconciliation of earnings used in calculating earnings per security

	Half-year	
	2014 $M	2013 $M
Basic and diluted earnings per security		
Profit / (loss) for the half- year	**(354)**	81
(Profit) / loss attributable to non-controlling interests	**169**	-
Profit / (loss) attributable to ordinary equity holders of the stapled group used in calculating earnings per security	**(185)**	81

Weighted average number of securities used as the denominator

	Half-year	
	2014 Number	2013 Number
Weighted average number of ordinary securities and potential ordinary securities used as the denominator in calculating basic and diluted earnings per security	**1,903,702,700**	1,484,647,501

11 Net tangible asset backing

	31 December 2014 $	30 June 2014 $
Net tangible asset backing per stapled security*	**3.23**	3.00

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

12 Contingencies

There have been no material changes in contingent liabilities or contingent assets since 30 June 2014.

13 Business combination

Business combinations completed during the half-year ended 31 December 2014:

Queensland Motorways

On 24 April 2014 the Group announced that a consortium (in which the Group holds a 62.5 per cent equity interest) had reached agreement to acquire Queensland Motorways through an all cash offer to the existing shareholder. The acquisition was completed on 2 July 2014.

The Queensland Motorways portfolio is a motorway network in Brisbane comprising four concessions covering (i) the Logan and Gateway motorways, (ii) Clem7, (iii) Go Between Bridge and (iv) Legacy Way, which is expected to begin operating during 2015. This urban motorway network is complementary to the Group's existing networks in Sydney and Melbourne, and contributes additional scale, long dated concessions, investment potential and strategic value to the Group's current portfolio.

(i) Purchase consideration

	$M
Cash paid	**6,419**
Contingent consideration	**-**
Total purchase consideration	**6,419**

(ii) Purchase consideration - cash flow
The consideration of $6,403 million was paid on 2 July 2014 with an additional $16 million payment made in September 2014 as a working capital adjustment. This has been reflected in the Group's current year financial statements.

	$M
Reconciliation of purchase consideration to cash acquired	
Cash paid	**6,419**
Less: cash acquired	**(22)**
Payment for business combination, net of cash	**6,397**

(iii) Acquisition-related costs
Total acquisition costs incurred to date are $416 million (excluding integration costs), inclusive of $384 million of stamp duty. Of these acquisition costs, $406 million have been incurred in the current financial year. These acquisition costs are not included in the purchase consideration disclosed above.

13 Business combination (continued)

Business combinations completed during the half-year ended 31 December 2014: (continued)

(iv) Identifiable assets acquired and liabilities assumed
The provisionally determined fair values of the assets and liabilities of Queensland Motorways as at acquisition date are as follows:

	Fair Value
	$M
Cash and cash equivalents	**22**
Trade and other receivables	**14**
Other assets	**5**
Property, plant and equipment	**16**
Deferred tax assets	**665**
Intangible assets	**6,641**
Trade and other payables	**(52)**
Provisions	**(764)**
Interest bearing liabilities	**(270)**
Other liabilities	**(6)**
Total identified assets acquired	**6,271**
Goodwill	**148**
Total	**6,419**

(v) Fair values measured on a provisional basis
The initial accounting for the acquisition of Queensland Motorways has been provisionally determined at 31 December 2014. At the date of finalisation of the half-year financial statements the fair value assessments of all acquired assets and liabilities has not been completed and therefore the fair value of the assets and liabilities noted above have been provisionally determined based on the directors' best estimate of the likely fair value of the assets and liabilities. The Group has until 2 July 2015 to finalise the estimates.

If new information is obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date that require adjustments to the above amounts, or any additional provisions to be recognised, then the accounting for the acquisition will be revised.

(vi) Goodwill
The goodwill of $148 million is attributable to the expected synergies to be realised through managing the portfolio of both the acquired assets and the Group's existing assets, and to the measurement of deferred income taxes based on nominal amounts rather than fair value. None of the goodwill recognised is expected to be deductible for tax purposes.

(vii) Revenue and profit contribution
From the date of acquisition to 31 December 2014, revenue of $214 million and a statutory loss after taxation of $446 million was included in the Consolidated Income Statement with regard to Queensland Motorways. Excluding significant items related to the acquisition of Queensland Motorways (refer Note 3), Queensland Motorways contributed a net loss after taxation of $40 million.

13 Business combination (continued)

Business combinations completed during the year ended 30 June 2014:

DRIVe, 495 Express Lanes and 95 Express Lanes

On 4 June 2014 it was determined that the Group had gained control of Transurban DRIVe, 495 Express Lanes and 95 Express Lanes due to the additional equity interest in 495 Express Lanes acquired by the Group on 11 April 2014 and 4 June 2014 as well as the additional equity in 95 Express Lanes acquired by the Group on 11 April 2014. Therefore the Group accounted for the acquisition of DRIVe, 95 Express Lanes and 495 Express Lanes, as a business combination on 4 June 2014.

There have not been any adjustments to the fair value of the assets and liabilities acquired as presented at 30 June 2014. If new information is obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date that require adjustments to the above amounts, or any additional provisions to be recognised, then the accounting for the acquisition will be revised.

14 Events occurring after the balance sheet date

The NorthConnex project reached financial close on 31 January 2015. Construction will commence in early calendar year 2015 and is expected to be completed by the end of calendar year 2019.

There are no other unusual matters or circumstances that have arisen since the end of the half-year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 8 to 29 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that Transurban Holdings Limited will be able to pay its debts as and when they become due and payable.

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

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

Lindsay Maxsted
Director

Scott Charlton
Director

Melbourne
12 February 2015

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Transurban Holdings Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2014, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Transurban Holdings Group (the Group). The Group, as described in Note 1 to the financial report, comprises Transurban Holdings Limited, Transurban Holdings Trust, Transurban International Limited and the entities controlled during the half- year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Transurban Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Liability limited by a scheme approved under Professional Standards Legislation.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Transurban Holdings Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Chris Dodd
Partner

Melbourne
12 February 2015