

*transurban*

**TRANSFORMED**



**the financial report of transurban infrastructure developments limited  
and controlled entity (ABN 96 098 143 410)**

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from the date of incorporation, 12 september 2001 to 30 june 2002

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## directors' report

The directors of Transurban Infrastructure Developments Limited and Controlled Entity present their report from the date of incorporation, 12 September 2001 to 30 June 2002.

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

### Directors

The following persons were appointed executive directors of Transurban Infrastructure Developments Limited on 12 September 2001.

Kimberley Edwards  
Paul G B O'Shea

Geoffrey R Phillips was appointed an executive director on 20 September 2001 and remains a director at the date of this report.

The following persons were appointed non executive directors of Transurban Infrastructure Developments Limited on 23 November 2001 and continue in office at the date of this report:

Laurence G Cox  
Peter C Byers  
Geoffrey O Cosgriff  
Jeremy G A Davis  
Susan M Oliver

Paul G B O'Shea resigned as an executive director of Transurban Infrastructure Developments Limited on 23 November 2001.

### Principal Activities

The principal activities of the consolidated entity consisted of:

(a) Providing management services to Transurban Holdings Limited ("Holding Company") and CityLink Melbourne Limited ("CityLink Company");

(b) Providing services to Transurban Infrastructure Management Limited ("TIML") in TIML's capacity as responsible entity of Transurban Holding Trust ("Holding Trust");

(c) Identification and development of infrastructure projects in accordance with the investment strategies of Holding Company and Holding Trust; and,

(d) The continued development and enhancement of the existing Melbourne CityLink electronic tolling system and processes.

### Results

The results of the consolidated operations from the date of incorporation, 12 September 2001 to 30 June 2002 was an operating profit of \$7,000.

### Review of Operations

#### (a) Business Development

Since the date of incorporation, the activities of Transurban Infrastructure Developments Limited have focussed on development opportunities for the group in the domestic and international markets. Such activities included, participating in bids for the development of three major electronic toll road projects in Sydney (see below) and undertaking an international roadshow aimed at marketing the success of CityLink and raising the profile of the Transurban Group.

#### (b) Cross City Tunnel

During the period, Transurban Infrastructure Developments Limited, participated in a bid by a consortium led by Leighton Contractors, with Macquarie Bank for the development of the Cross City Tunnel Project in Sydney.

The consortium's bid was not successful. A consortium led by Baulderstone Hornibrook has been nominated as the preferred bidder subject to final negotiations.

#### (c) Western Sydney Orbital

Transurban is a 40 per cent participant in the Westlink Motorway consortium, one of the two consortia shortlisted by the NSW RTA for the development of the Western Sydney Orbital project. The other participants in the consortium are Macquarie Infrastructure Group (40 per cent), Leightons Contractors (10 per cent) and Abigroup (10 per cent).

A decision on the preferred bidder is expected shortly.

directors' report

**(d) Lane Cove Tunnel**

Transurban will have a minimum of 33.3 per cent participation in the Lane Cove Expressway consortium, which is one of four consortia nominated by the NSW RTA to submit bids to develop the Lane Cove Tunnel project. The other participants in the consortium are Bilfinger & Berger, Boulderstone Hornibrook and Commonwealth Bank of Australia.

Bids are required to be submitted by November 2002 and a decision on the preferred bidder is expected by early 2003.

**(e) ITS Development**

During the year Transurban's ITS Development team was involved in providing technical support and guidance to Business Development. Central to the operations of ITS Development is the development of optimal tolling solutions including video tolling and interoperability functionality with other toll roads.

**Significant Changes in the State of Affairs**

**a) Release from "Single Purpose" Restriction**

During the period, agreement was reached with the State of Victoria on a corporate restructure to allow the Transurban Group to undertake activities other than the operation of the Melbourne CityLink. Details of the corporate restructure are provided below.

**b) Corporate Restructure**

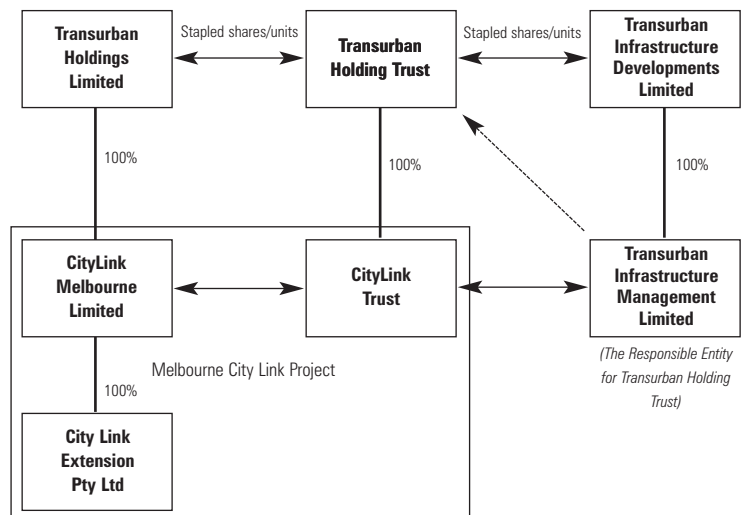
Following the agreement reached with the State of Victoria on 19 September 2001 in relation to release from the provisions of the CityLink Concession Deed precluding Transurban from undertaking activities other than operation of CityLink ("the single purpose restriction"), Transurban City Link Limited proposed a Scheme of Arrangement ("the Scheme") to restructure the group. The Scheme was approved by security holders on 27 November 2001 and these approvals were ratified by the Victorian Supreme Court of Victoria on 18 December 2001.

The key features of the restructure are:

- The quarantining of the entities holding the CityLink concession ("CityLink entities") from other activities undertaken by the group through the creation of "Holdings entities" which acquired 100 per cent of the issued capital of the CityLink entities. The CityLink entities remain subject to the "single purpose" restrictions of the Concession Deed while the Holdings entities are free to pursue other activities.

- The incorporation of a company, Transurban Infrastructure Developments Limited ("TIDL") to undertake the development and operational activities of the group. While the securities of TIDL are presently stapled to those of the Holdings entities, the flexibility has been provided to destaple TIDL's securities from the securities of the Holdings entities if it is considered that:
  - Shareholder value would be enhanced by separating mature assets (which would be held in the Holdings entities) from activities involving development and operational risk (which would be undertaken by TIDL), thus allowing the market to separately value the entities by reference to their different asset and risk classes; and, or,
  - TIDL is of sufficient size to warrant a separate listing.
- The amendment of the CityLink Concession Deed to replicate the shareholding restrictions previously applicable to the CityLink entities at the level of the Holdings entities and to require that dealings between the CityLink entities and other entities in the group are on an "arms length" basis.

A diagrammatic representation of the new structure is presented below:



(These 3 entities remained 'Quarantined' from the business activities of the other entities)

## directors' report

### Matters Subsequent to the End of the Financial Year

At the date of this report, the directors are not aware of any circumstances that have arisen since 30 June 2002 that have significantly affected or may significantly affect the operations, and results of those operations or the state of affairs, of the consolidated entity in financial years subsequent to 30 June 2002.

### Likely Developments and Expected Results of Operations

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

### Information on Directors

#### Laurence G Cox AO, B Com, FCPA, FSIA – Non Executive Chairman

Mr Laurie Cox has had many years' experience in Australian and international financial markets. He was the Chairman of the Australian Stock Exchange Limited from 1989 to 1994. Prior to joining Transurban, Mr Cox was Executive Chairman of the Potter Warburg Group of Companies and a Director of S G Warburg Securities of London. He is a Director of Macquarie Bank Limited and Smorgon Steel Group Ltd and Chairman of The Murdoch Childrens Research Institute and SMS Management and Technology Ltd. Age 63.

#### Kimberley Edwards BE, MAdmin (Bus), FIE (Aust), MAICD – Managing Director

Mr Kim Edwards has extensive experience managing major commercial and infrastructure projects in Australia, UK and the Middle East. Prior to joining Transurban, he was General Manager - Projects for Transfield, and was responsible for assembling the successful bid for the Melbourne City Link Project. He was Project Director for Jennings Group's \$650 million Southgate development in Melbourne and has worked overseas on large port infrastructure projects. Age 51.

#### Peter C Byers B Com (Hons) – Non Executive Director

Mr Peter Byers is a Director of Airport Motorway Management Ltd, Hills Motorway Management Limited, Hills Motorway Ltd, Foundation Capital Ltd and a Director of the responsible entity for Hills Motorway Trust. He is an Alternate Director for Hancock Victorian Plantations Holdings Ltd. He was formerly business manager and deputy principal of the University of Tasmania, former Director of Adelaide Airport Ltd, the Blair Athol Group and a founding

Director and Chairman of the Investment Committee of the Superannuation Scheme for Australian Universities. Age 61.

#### Geoffrey O Cosgriff BAppSc, Company Director Diploma, FIE(Aust), FAICD – Non Executive Director

Geoff Cosgriff is the Managing Director of Energy and Utilities, Logica Pty Ltd (Australian Subsidiary) following the sale of the MITS business to Logica Pty Ltd. Geoff was the Managing Director of MITS Limited since the company commenced operation in 1990. Over this period, MITS grew to 600 staff and nearly \$100m in sales of information technology solutions. He is also Director of Utility Services Corporation and Skilltech Consulting Services. Previously Geoff held executive management roles with Melbourne & Metropolitan Board of Works and has had extensive experience in the information technology industry. Age 49.

#### Jeremy G A Davis BEc, MBA, MA, FAICD – Non Executive Director

Professor Jeremy Davis holds the AMP Chair of Management in the Australian Graduate School of Management at the University of NSW. His academic interests are in the fields of business policy and corporate performance. He is a Fellow of the Australian Institute of Company Directors. Professor Davis is a former Chairman of Capral Aluminium Ltd, former vice-president and Director of the Boston Consulting Group, and a former Director of the Australian Stock Exchange, AIDC Ltd and Nucleus Ltd. Age 59.

#### Susan M Oliver BP&C – Non Executive Director

Ms Susan Oliver is chair of Screen Sound Australia – The National Screen and Sound Archive and a Director of Medical Benefits Fund and Programmed Maintenance Services Ltd. Ms Oliver was formerly a Senior Manager of Andersen Consulting. She has held board positions with the Victorian Institute of Marine Sciences, Interact Events Limited, FHA Design Pty Ltd and The Swish Group Ltd. Ms Oliver was also Managing Director of the Australian Commission for the Future Ltd. Age 51.

#### Geoffrey R Phillips BE (Chem), MBA, MAICD – Executive Director

Mr Geoffrey Phillips was appointed Finance Director on 28 August 1998 and has been with Transurban for 6 years. Prior to joining Transurban, he worked for the Potter Warburg Group for 6 years as Director in both the Corporate Finance and Fixed Interest Divisions. He is currently a Director of Yarra Valley Water Limited. Age 58.

## directors' report

### Meetings of Directors

The numbers of meetings of the company's board of directors and each board committee held during the period ended 30 June 2002, and the numbers of meetings attended by each director were:

Name	Directors' Meeting		Audit Committee <sup>2</sup>		Nomination & Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
L G Cox	10	10	2	2	2	2
K Edwards <sup>1</sup>	10	10	-	-	-	-
P C Byers	10	8	2	2	-	-
G O Cosgriff	10	8	-	-	-	-
J G A Davis	10	10	2	2	2	2
S M Oliver	10	8	-	-	-	-
G R Phillips <sup>1</sup>	10	10	-	-	-	-

<sup>1</sup> K Edwards and G R Phillips are not members of the Audit and Nomination & Remuneration Committee, but have been in attendance at all of these meetings.

<sup>2</sup> The Transurban Group has a single Audit Committee which is responsible for all group entities.

### Directors' Interests

The following are particulars of directors' interests in Stapled Securities and options as at the date of this Directors' Report in which directors of the Company have disclosed a relevant interest.

Name	Number of Stapled Securities	Options Over Stapled Securities
L G Cox	775,000	-
K Edwards	61,000	1,500,000
P C Byers	50,000	-
J G A Davis	25,000	-
S M Oliver	59,375	-
G R Phillips	-	500,000
G O Cosgriff	12,260	-



## directors' report

### Directors' and Executives' Emoluments

The Nomination and Remuneration Committee has a membership of two non-executive directors who recommend and review remuneration and benefit packages for directors and senior executives.

Directors are paid an annual fee, the total of which does not exceed the amount specified in the Constitution of the Company. No additional payments are made for attendance at committee meetings. All directors receive a superannuation guarantee contribution at the statutory minimum. They are permitted to make additional superannuation contributions through sacrifice of a corresponding amount of their annual fee.

On retirement, non-executive directors with more than 3 years service are entitled to receive a lump sum payment equivalent to the total emoluments received during a third of the director's total period of service or 3 years, whichever is the lesser.

All directors remuneration for entities in the Transurban Group is paid by Transurban Infrastructure Developments Limited.

Details of the nature and amount of each element of the emoluments of each director and each of the 5 officers of the company and the consolidated entities receiving the highest emoluments are set out in the following tables.

### Non executive directors of Transurban Infrastructure Developments Limited

Remuneration is for the 12 months ended 30 June 2002.

Name	Director's fee \$	Superannuation \$	Retirement benefits \$	Total \$
L G Cox	165,509	13,241	-	178,750
P C Byers	62,500	5,000	-	67,500
J G A Davis	62,500	5,000	-	67,500
S M Oliver	62,500	5,000	-	67,500
G O Cosgriff	62,500	5,000	-	67,500

### Executive directors of Transurban Infrastructure Developments Limited

Remuneration is for the 12 months ended 30 June 2002.

Name and Position	Base Salary \$	Bonus \$	Superannuation \$	Options \$	Total \$
K Edwards – Managing Director	718,300	300,000	81,700	736,500	1,836,500
G R Phillips – Finance Director	390,017	100,000	9,983	245,500	745,500



## directors' report

### Other executives of Transurban Infrastructure Developments Limited

Remuneration is for the 12 months ended 30 June 2002.

Name and Position	Base Salary \$	Bonus \$	Superannuation \$	Options \$	Total \$
F Browne – General Manager, Global Business Development	320,135	70,000	25,433	190,800	606,368
K Daley – Executive General Manager	197,457	45,000	78,325	-	320,782
P O'Shea – General Counsel	187,729	60,000	33,054	-	280,783
M Roberts – General Manager, Corporate Relations	90,305	50,000	7,067	117,500	264,872
C Tizi – Chief Information Officer	204,531	40,000	16,252	-	260,783

### Options granted to Executive Officers

Options over Transurban Group Stapled Securities which include options over shares of the company granted during or since the end of the financial period to any of the directors or the 5 most highly remunerated officers of the company and consolidated entity as part of their remuneration were as follows:

Name & Position	Options granted
<b>Executive directors</b>	
K Edwards – Managing Director	1,500,000
G R Phillips – Finance Director	500,000
<b>Other executives of the Consolidated Entity</b>	
F Browne – General Manager, Global & Business Development	400,000
M Roberts – General Manager, Corporate Relations	250,000

The options were granted under the Executive Option Plan on 23 October 2001, 1 February 2002 and 20 May 2002. The issues to the executive directors were approved at the Annual General Meeting on 27 November 2001.

The amounts disclosed for remuneration relating to options are the assessed fair values at the date they were granted to executive directors and other executives during the year ended 30 June 2002. A methodology to precisely value an option which is both subject to an exercise condition and capable of exercise on multiple dates is not available. A value for options has been inferred from the values of similar options for which explicit valuation methodologies are available. Factors taken into account include the exercise price, term of the option, the current price and expected price volatility of the underlying Stapled Security and the expected dividend yield.

## directors' report

### Shares under option

Unissued Stapled Securities of the Transurban Group which include options over shares of the company, under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of stapled securities	Number under option
26 April 2001	March/April 2006	\$3.817	2,350,000
23 October 2001	October 2006	\$4.404	2,000,000
1 February 2002	March/April 2007	\$4.280	400,000
9 April 2002	March/April 2007	\$4.030	300,000
20 May 2002	March/April 2007	\$4.220	1,650,000

No Stapled Securities were issued during the period on the exercise of options.

### Indemnification and Insurance

Article 12.1 of the Articles of Association of the Company and consolidated entity provides that to the extent permitted by law, each person who is or has been an officer of the Company and consolidated entity shall be indemnified against liability incurred by the person in his capacity as an officer of the Company and consolidated entity unless the liability arises out of conduct on the part of the officer which involves a lack of good faith. The Company and consolidated entity also indemnifies each person who is or has been an officer of the Company and consolidated entity against liability for costs or expenses incurred by the person in his or her capacity as an officer of the Company and consolidated entity 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.

In accordance with common practice, the insurance policy prohibits disclosure of the nature of the liability covered and the amount of the premium.

### Rounding off

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investment 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.

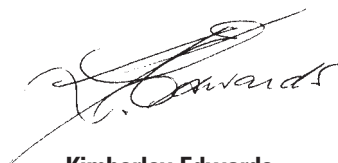
### Auditor

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

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



**Laurence G Cox AO**  
Chairman



**Kimberley Edwards**  
Managing Director

Melbourne, 27 August 2002.

## statement of financial performance

from the date of incorporation, 12 september 2001 to 30 june 2002

	Notes	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>Revenue from ordinary activities</b>	2	<b>18,387</b>	<b>18,207</b>
Expenses from ordinary activities:			
Operational costs		<b>(9,160)</b>	<b>(9,160)</b>
Administration costs		<b>(8,023)</b>	<b>(7,850)</b>
Depreciation and amortisation expenses	3	<b>(1,066)</b>	<b>(1,066)</b>
Borrowing costs expense	3	<b>(131)</b>	<b>(131)</b>
<b>Profit from ordinary activities before income tax</b>		<b>7</b>	<b>-</b>
Income tax on operating profit	4	<b>-</b>	<b>-</b>
<b>Profit from ordinary activities after income tax</b>		<b>7</b>	<b>-</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	27	<b>0.0</b>	<b>0.0</b>
Diluted earnings per share	27	<b>0.0</b>	<b>0.0</b>

The above statements of financial performance should be read in conjunction with the accompanying notes.

## statement of financial position

as at 30 june 2002

	Notes	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>Current Assets</b>			
Cash assets	5	2,401	2,126
Receivables	6	75	75
Other	7	20,342	20,419
<b>Total Current Assets</b>		<b>22,818</b>	<b>22,620</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	13,691	13,691
Intangible assets	9	9,752	9,752
<b>Total Non-Current Assets</b>		<b>23,443</b>	<b>23,443</b>
<b>Total Assets</b>		<b>46,261</b>	<b>46,063</b>
<b>Current Liabilities</b>			
Payables	10	6,041	5,904
Interest bearing liabilities	11	8,000	8,000
Non-interest bearing liabilities	12	23,069	23,015
Provisions	13	1,698	1,698
<b>Total Current Liabilities</b>		<b>38,808</b>	<b>38,617</b>
<b>Non-Current Liabilities</b>			
Non-interest bearing liabilities	14	6,850	6,850
Provisions	15	596	596
<b>Total Non-Current Liabilities</b>		<b>7,446</b>	<b>7,446</b>
<b>Total Liabilities</b>		<b>46,254</b>	<b>46,063</b>
<b>Net Assets</b>		<b>7</b>	<b>-</b>
<b>Equity</b>			
Contributed equity	16	-	-
Retained profits	17	7	-
<b>Total Equity</b>		<b>7</b>	<b>-</b>

The above statements of financial position should be read in conjunction with the accompanying notes.

## statement of cash flows

from the date of incorporation, 12 september 2001 to 30 june 2002

	Notes	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>Cash flows from operating activities</b>			
Receipt from customers (inclusive of GST)		275	-
Payments to suppliers (inclusive of GST)		(11,848)	(11,795)
Borrowing costs		(131)	(131)
<b>Net cash outflows from operating activities</b>	26	<b>(11,704)</b>	<b>(11,926)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(4,172)	(4,172)
<b>Net cash outflow from investing activities</b>		<b>(4,172)</b>	<b>(4,172)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		24,151	24,098
Repayment of borrowings		(5,874)	(5,874)
<b>Net cash inflow from financing activities</b>		<b>18,277</b>	<b>18,224</b>
Net increase in cash at bank		2,401	2,126
Cash at bank at the beginning of the financial period		-	-
<b>Cash at bank at the end of the financial period</b>	5	<b>2,401</b>	<b>2,126</b>
Financing arrangements and credit facilities	11		

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

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

### 1. Summary of significant accounting policies

#### a) Basis of Accounting

The financial statements are a general purpose financial report prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The consolidated financial statements incorporate the assets and liabilities of the entity controlled by Transurban Infrastructure Developments Limited ("company" or "parent entity") as at 30 June 2002 and the results of the controlled entity for the period then ended. Transurban Infrastructure Developments Limited and its controlled entity together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during the financial period, its results are included in the consolidated statement of financial performance from the date on which control commences.

#### b) Historical Cost Convention

The financial statements are prepared on the basis of the historical cost convention and, except where stated, do not take into account current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The fair value of cash consideration with deferred settlement terms is determined by discounting any amounts payable in the future to their present value as at the date of acquisition. Present values are calculated using rates applicable to similar borrowing arrangements of the consolidated entity.

The consolidated entity has not adopted a policy of revaluing its non-current assets on a regular basis.

#### c) Revenue recognition

Revenue is recognised when services have been provided in accordance with relevant service agreements.

#### d) Recoverable Amount of Non-Current Assets

The carrying amounts of non-current assets valued on the cost basis, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write down is expensed in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

#### e) Amortisation and Depreciation of Fixed Assets

Depreciation is calculated on a straight line basis so as to write off the net cost of plant and equipment over their expected useful lives. Estimates of remaining useful lives will be made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Plant and Equipment	3 – 15 years
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#### f) Income Tax

The liability method of tax effect accounting has been adopted. Income tax expense is calculated on the operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences which arise from items being brought to account in different periods for income tax and accounting purposes is carried forward in the balance sheet as a future income tax benefit or a deferred tax liability. However, the future tax benefit relating to timing differences and tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation.

#### g) Trade and other creditors

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

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

### (h) Employee Entitlements

The statutory minimum to superannuation is contributed to plans as nominated by the employee. The superannuation plans are all accumulation funds.

Liabilities for current and deferred employee compensation and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

The cost of current and deferred employee compensation and contributions to employee superannuation plans were charged to the statements of financial performance.

### (i) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred and include:

- Interest on short term and long term borrowings; and,
- Costs incurred in connection with the arrangement of borrowings.

### (j) Cash Flows

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held at call with banks, investments in money market instruments.

### (k) Earnings per Share

#### *Basic Earnings per Share*

Basic earnings per share is determined by dividing the profit after income tax attributable to shareholders by the weighted average number of shares outstanding during the financial period.

#### *Diluted Earnings per Share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares.

### (l) Intangible Assets

The excess of the cost over the identifiable net assets acquired is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise.

### (m) Rounding of amounts

The consolidated entity is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report are rounded off to the nearest thousand dollars in accordance with that Class Order, or in certain cases, to the nearest dollar.



## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>

### 2. Revenue from ordinary activities

#### Revenue from operating activities

Management fees	<b>12,225</b>	<b>12,045</b>
IT development charges	<b>6,139</b>	<b>6,139</b>
	<b>18,364</b>	<b>18,184</b>

#### Revenue from outside the operating activities

Interest	<b>22</b>	<b>22</b>
Other	<b>1</b>	<b>1</b>
	<b>23</b>	<b>23</b>
Total revenue from ordinary activities	<b>18,387</b>	<b>18,207</b>

### 3. Operating Profit

#### Expenses

Profit from ordinary activities before income tax expense includes the following specific expenses:

Depreciation and amortisation

Plant and equipment	<b>818</b>	<b>818</b>
Amortisation		
Goodwill	<b>248</b>	<b>248</b>
Total depreciation and amortisation	<b>1,066</b>	<b>1,066</b>
Borrowing costs		
Interest and finance charges paid/payable	<b>131</b>	<b>131</b>
Provision for employee entitlements	<b>2,295</b>	<b>2,295</b>
Rental expenses relating to operating leases	<b>159</b>	<b>159</b>

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

	Consolidated	Parent Entity
	2002	2002
	\$'000	\$'000

### 4. Income Tax

a) The income tax loss for the financial period differs from the amount calculated on the loss. The differences are reconciled as follows:

Profit from ordinary activities before income tax	7	-
Income tax calculated at 30%	2	-
Tax effect of permanent differences:		
Amortisation of goodwill	74	74
Other	31	31
Benefit of tax losses not recognised	(107)	(105)
Income tax expense	-	-
b) Tax losses at beginning of period	-	-
Tax losses for the period	1,625	1,625
Tax losses at end of period	1,625	1,625

Potential future income tax benefits at 30 June 2002 for tax losses have not been brought to account.

The benefits of tax losses will only be realised by each individual entity if:

- (i) the entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the entity continues to comply with the conditions for deductibility imposed by tax legislation; and,
- (iii) no changes in tax legislation adversely affect the ability of the entity to realise the benefit from the deductions for the losses.

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>5. Cash Assets– Current Assets</b>		
Cash at bank	2,401	2,126
	<b>2,401</b>	<b>2,126</b>
<b>6. Receivables – Current Assets</b>		
Trade debtors	10	10
Other debtors	65	65
	<b>75</b>	<b>75</b>
<b>7. Other – Current Assets</b>		
Prepayments	53	53
Advances to related parties	20,289	20,366
	<b>20,342</b>	<b>20,419</b>
<b>8. Property, plant, and equipment – Non Current Assets</b>		
<b>a) Equipment and Fittings</b>		
Equipment and fittings at cost	14,509	14,509
Less: accumulated depreciation	(818)	(818)
Total plant and equipment	<b>13,691</b>	<b>13,691</b>
<b>b) Reconciliations</b>		
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period is set out below.		
	<b>Equipment and Fittings - at cost \$'000</b>	
<b>Consolidated - 2002</b>		
Carrying amount at the start of the period		-
Additions		14,518
Disposals		(9)
Depreciation/amortisation expense charged to statement of financial performance		(818)
Carrying amount at period end		<b>13,691</b>

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

### Equipment and Fittings - at cost \$'000

#### Parent Entity - 2002

Carrying amount at the start of the period	-
Additions	14,518
Disposals	(9)
Depreciation/amortisation expense charged to statement of financial performance	(818)
Carrying amount at period end	13,691

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>

#### 9. Intangible Assets – Non Current Assets

Goodwill	<b>10,000</b>	<b>10,000</b>
Less: accumulated amortisation	<b>(248)</b>	<b>(248)</b>
	<b>9,752</b>	<b>9,752</b>

#### 10. Payables – Current Liabilities

Trade creditors	<b>1,913</b>	<b>1,835</b>
Other creditors	<b>4,128</b>	<b>4,069</b>
	<b>6,041</b>	<b>5,904</b>

#### 11. Interest Bearing Liabilities – Current Liabilities

##### Secured

Working capital facility	<b>8,000</b>	<b>8,000</b>
	<b>8,000</b>	<b>8,000</b>

The loan facility is fully drawn down at 30 June 2002.

#### 12. Non-Interest Bearing Liabilities – Current Liabilities

Loans from related parties	<b>19,919</b>	<b>19,865</b>
Release from single purpose	<b>3,150</b>	<b>3,150</b>
	<b>23,069</b>	<b>23,015</b>

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
--	--------------------------------	---------------------------------

### 13. Provisions – Current Liabilities

Employee entitlements	1,698	1,698
	<b>1,698</b>	<b>1,698</b>

### 14. Non-Interest Bearing Liabilities – Non Current Liabilities

Release from single purpose	6,850	6,850
	<b>6,850</b>	<b>6,850</b>

### 15. Provisions – Non Current Liabilities

Directors' retirement	596	596
	<b>596</b>	<b>596</b>

	Parent Entity 2002 Shares '000	Parent Entity 2002 \$'000
--	---	---------------------------------

### 16. Equity

#### Paid up capital

Shares on issue at the beginning of the period	-	-
Shares issued pursuant to Transurban Group restructure	510,000	-
Employee share plan issue	28	-
Shares on issue at the end of the period	<b>510,028</b>	-

The 510 million shares issued by Transurban Infrastructure Developments Limited were issued pursuant to the restructure of the Transurban Group in December 2001 and have been assigned a nil value.

	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
--	--------------------------------	---------------------------------

### 17. Retained profits

Retained profits at the date of incorporation	-	-
Net profits from the current period	7	-
Retained profits at the end of the financial period	<b>7</b>	-

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

Consolidated  
**2002**                      Parent Entity  
**2002**

### 18. Remuneration of Directors

Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entity	<b>2,048,750</b>	<b>2,048,750</b>
---	------------------	------------------

The number of directors whose income was within the specified bands are as follows:

			<b>2002</b>	
			<b>Number</b>	
	\$60,000	-	\$69,999	<b>4</b>
	\$170,000	-	\$179,999	<b>1</b>
	\$500,000	-	\$509,999	<b>1</b>
	\$1,100,000	-	\$1,109,999	<b>1</b>

Total director remuneration and the remuneration banding does not include amounts in relation to the grant of options under the Transurban Executive Option Plan. The options are not included as they were issued at no cost to the entity. The value of options is included in executive remuneration in the period the options are exercised.

Consolidated  
**2002**                      Parent Entity  
**2002**

### 19. Remuneration of Executives

Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by executive officers (including directors) whose remuneration was at least \$100,000.	<b>3,576,418</b>	<b>3,576,418</b>
---	------------------	------------------

The number of executive officers whose remuneration was within the specified bands are as follows:

			<b>2002</b>	
			<b>Number</b>	
	\$147,000		\$147,999	<b>1</b>
	\$210,000		\$219,999	<b>1</b>
	\$250,000		\$259,999	<b>1</b>
	\$260,000		\$269,999	<b>1</b>
	\$280,000		\$289,999	<b>1</b>
	\$320,000		\$329,999	<b>1</b>
	\$410,000		\$419,999	<b>1</b>
	\$500,000		\$509,999	<b>1</b>
	\$1,100,000		\$1,109,999	<b>1</b>

Total executive remuneration and the remuneration banding does not include amounts in relation to the grant of options under the Transurban Executive Option Plan. The options are not included as they were issued at no cost to the entity. The value of options exercised is included in executive remuneration in the period the options are exercised.

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>

### 20. Remuneration of Auditors

During the period the auditor of the parent entity and its related parties earned the following remuneration:

Audit or review of the financial reports of the parent or any entity in the consolidated entity	<b>30</b>	<b>20</b>
Remuneration for other services	<b>281</b>	<b>281</b>
Total remuneration	<b>311</b>	<b>301</b>

### 21. Employee Entitlements

#### Provision for employee entitlements:

Current (note 13)	<b>1,698</b>	<b>1,698</b>
Non current (note 15)	<b>596</b>	<b>596</b>
	<b>2,294</b>	<b>2,294</b>

#### Employee numbers

Average number of employees during the financial period	<b>58</b>	<b>58</b>
	<b>58</b>	<b>58</b>



## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

### a) Options

During the period 4,350,000 options were granted under the Transurban Executive Options Plan to executive directors and executives of Transurban Infrastructure Developments Limited.

Unissued Stapled Securities of the Transurban Group which include options over shares of the company, under option at the date of this report are as follows:

<b>Date options granted</b>	<b>Expiry date</b>	<b>Issue price of Stapled Securities</b>	<b>Number under option</b>
26 April 2001	March/April 2006	\$3.817	2,350,000
23 October 2001	October 2006	\$4.404	2,000,000
1 February 2002	March/April 2007	\$4.280	400,000
9 April 2002	March/April 2007	\$4.030	300,000
20 May 2002	March/April 2007	\$4.220	1,650,000

Options are granted at no cost to the Option holder. Options vest in three equal tranches on the second, third and fourth anniversaries of their issue. The Exercise is subject to an Exercise Condition. The Exercise Condition involves a comparison between Total Shareholder Return (TSR) of The Transurban Group's Stapled Securities over the two years prior to a vesting date of options and the TSR of each of the other companies in the S&P/ASX 200 Industrials as at the end of the relevant Exercise Condition Test Period which have been in the S&P/ASX 200 Industrials for the full term of the Exercise Condition Test Period (Test Companies) measured over the same period.

TSR measures the total return on investment of a security. It takes into account both capital appreciation and distribution income. The Transurban Group and each of the Test Companies will be ranked according to their respective TSRs over the Exercise Condition Test Period. The ranking determines the extent to which vested options may be exercised. If the Group's TSR exceeds the 65th percentile of the ranking, 100% of the vested options may be exercised. If The Transurban Group's TSR is below the 25th percentile of the ranking, none of the vested options may be exercised. If the TSR falls between these percentiles, the percentage of vested options that may be exercised will be calculated according to a formula.

No Stapled Securities were issued during the period ended 30 June 2002 pursuant to the exercise of options.

### b) Employee share scheme

A scheme under which Transurban Group Stapled Securities, including shares in the company, may be issued by the company to employees for no cash consideration was approved by the Board on 29 January 2002. All current full-time and permanent part-time (excluding directors) and fixed term staff on contracts greater than 12 months are eligible to participate. Offers under the scheme are at the discretion of the Transurban Group which is determined by the Transurban Group's success and market performance.

Stapled Securities issued under the scheme may only be sold once the employee has ceased employment. In all other aspects the Stapled Securities rank equally with other fully-paid securities on issue.

The first issue of Stapled Securities was made on 5 April 2002 to 283 employees, each receiving 100 Stapled Securities at a value of \$4.03 per Stapled Security.

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

### 22. Related Party Information

#### Directors

The name of each person who was a director of the Company at any time during the financial period is as follows:

Laurence G Cox, Kimberley Edwards, Peter C Byers, Geoffrey O Cosgriff, Jeremy G A Davis, Susan M Oliver, Geoffrey R Phillips. In addition Paul G B O'Shea held office as a director until his resignation on 23 November 2001.

#### Remuneration and Service Agreements

Remuneration received or receivable by the directors of the Company is disclosed in the Directors' Report and note 18 to the financial statements.

#### Transactions of Directors and their Director-Related Entities Concerning Stapled Securities

The aggregate numbers of Stapled Securities acquired or disposed of and held at 30 June 2002 by directors or their director-related entities were as follows:

	Beneficial	Non Beneficial	Total
Balance at 12 September 2001	935,745	13,831,721	14,767,466
Acquired	46,890	-	46,890
Disposed	-	(13,831,721)	(13,831,721)
Balance at 30 June 2002	982,635	-	982,635

Directors and their director-related entities receive normal distributions on these Stapled Securities. All transactions relating to Stapled Securities were on the same basis as similar transactions with other Stapled Security holders.

Mr. Peter Byers resigned as a director of the Superannuation Scheme for Australian Universities (SSAU) during the period. As a result, the interest held by SSAU is no longer a non beneficial interest of a director of the Transurban Group.

#### Other Transactions with Company Directors and Director Related Entities

Mr. Cox is a director of Macquarie Corporate Finance Limited (a wholly owned subsidiary of Macquarie Bank Ltd), which is contracted to provide general advice on debt and equity finance.

Susan Oliver has a beneficial interest in wwlTe Pty Ltd, which is contracted to conduct information technology workshops.

All directors of the consolidated entity are also directors of Transurban Holdings Limited, Transurban Holding Trust and CityLink Melbourne Limited. The consolidated entity has earned revenue from these entities for the provision of Management Services, IT Development Services and Responsible Entity Services.

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

The aggregate amounts that were brought to account in relation to transactions with directors and their director-related entities for each of the above type of transactions were as follows:

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
Consulting fees	<b>326</b>	<b>326</b>
Reimbursement of out of pocket expenses	<b>6</b>	<b>6</b>
Management fees	<b>12,225</b>	<b>11,725</b>
IT development	<b>6,139</b>	<b>6,139</b>
	<b>18,696</b>	<b>18,196</b>

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

Aggregate amounts payable to directors and their director related entities at balance date:

Current liabilities	<b>23</b>	<b>23</b>
---------------------	-----------	-----------

Aggregate amounts receivable from directors and their director related entities at balance date:

Current assets	<b>18,114</b>	<b>17,864</b>
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### Wholly-Owned Group

The wholly-owned group consists of Transurban Infrastructure Developments Limited and its wholly-owned controlled entity, Transurban Infrastructure Management Limited. Ownership interest in this controlled entity is set out in note 23.

### 23. Investment in Controlled Entity

Transurban Infrastructure Developments Limited owns 100 per cent of Transurban Infrastructure Management Limited, (a company incorporated in Australia). The book value of this investment is \$12.

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

### 24. Financial Instruments Disclosure

#### Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective rates on financial assets and liabilities at 30 June 2002 were:

	Note	Fixed Interest Rate Maturity				Non interest bearing \$'000	Total \$'000
		Floating interest rate \$'000	1 year or less \$'000	between 1 and 5 years \$'000	more than 5 years \$'000		
<b>Financial Assets</b>							
Cash	5	2,401	-	-	-	-	2,401
Sundry debtors	6	-	-	-	-	75	75
Advances to related parties	7	-	-	-	-	20,289	20,289
<b>Total Financial Assets</b>		2,401	-	-	-	20,364	22,765
Weighted average interest rate		4.49%	-	-	-	-	-
<b>Financial Liabilities</b>							
Trade creditors	10,12,14	-	-	-	-	16,041	16,041
Loans from related parties	12	-	-	-	-	19,919	19,919
Working capital facility	11	-	8,000	-	-	-	8,000
<b>Total Financial Liabilities</b>		-	8,000	-	-	35,960	43,960
Weighted average interest rate		-	7.19%	-	-	-	-
<b>Net Financial Assets/(Liabilities)</b>		2,401	(8,000)	-	-	(15,596)	(21,195)

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

	Notes	2002 \$'000
<b>Reconciliation of Net Financial Assets/(Liabilities) to Net Assets/(Liabilities)</b>		
Net financial liabilities as above		(21,195)
Non-financial assets and liabilities		
Property, plant and equipment	8	13,691
Other assets	7,9	9,805
Other liabilities	13,15	(2,294)
Net assets per balance sheet		7

### Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets is the carrying amount net of any provisions for doubtful debts.

### Net Fair Values of Financial Assets and Liabilities

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

## 25. Segment Information

The sole business segment for the period ending 30 June 2002 was the Management of the entities operating the Melbourne CityLink Toll road and investigating possible investing opportunities. All revenues and expenses are directly attributable to this sole purpose and geographical location. The management structure and internal financial reporting are based on this single business segment.

	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>26. Reconciliation of profit from ordinary activities after Income Tax to net cash outflow from operating activities</b>		
Profit from ordinary activities after income tax	7	-
Depreciation and amortisation	1,066	1,066
(Increase) in prepayments	(53)	(53)
Increase in creditors	7,519	7,366
(Increase) in debtors	(3,084)	(3,324)
Increase in provisions	1,275	1,275
Advances to related parties	(18,434)	(18,256)
Net cash outflow from operating activities	(11,704)	(11,926)

## notes to the financial statements

from the period of incorporation, 12 september 2001 to 30 june 2002

### 27. Earnings per share

	Consolidated <b>2002</b>
Basic earnings per share	<b>0.0 cents</b>
Diluted earnings per share	<b>0.0 cents</b>
Weighted average number of shares used as the denominator in calculating basic earnings per share	<b>510,028,300</b>
Weighted average number of shares and potential shares used as the denominator in calculating diluted earnings per share	<b>516,728,300</b>

### Information concerning the classification of shares

#### (a) Shares

All shares are fully paid. They carry the right to participate in distributions and have been included in the determination of basic and diluted earnings per share.

#### (b) Options

Options granted to executives under the Transurban Executive Option Plan are considered to be potential shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share.

### 28. Economic Dependency

Transurban Infrastructure Developments Limited is dependent on Management and IT fees charged to CityLink Melbourne Limited and Transurban Holdings Limited for revenue.

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## directors' declaration

The directors declare that the financial statements and notes set out on pages 9 to 26

- a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and,
- b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial period ended on that date.

In the directors' opinion

- a) the financial statements and notes are in accordance with the Corporations Act 2001; and,
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

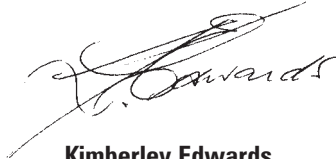
This declaration is made in accordance with a resolution of the directors.



**Laurence G Cox AO**

Chairman

Melbourne, 27 August 2002.

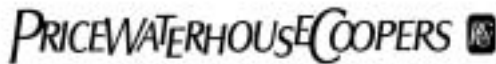


**Kimberley Edwards**

Managing Director



## independent audit report



## Independent audit report to the members of Transurban Infrastructure Developments Limited

### Audit opinion

In our opinion, the financial report, set out on pages 9 to 26:

- presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Transurban Infrastructure Developments Limited as at 30 June 2002 and of its performance for the period ended on that date
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

### Scope and summary of our role

#### The financial report – responsibility and content

The preparation of the financial report for the period ended 30 June 2002 is the responsibility of the directors of Transurban Infrastructure Developments Limited (the Company). It includes the financial statements for the Company.

#### The auditor's role and work

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations and cash flows.

The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

### Independence

As auditor, we are required to be independent of the Company and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

PricewaterhouseCoopers

PJ Felke  
Partner

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (PSAS)

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Melbourne  
27 August 2002

**the financial report of transurban holdings limited  
and controlled entities (ABN 86 098 143 429)**

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from the date of incorporation, 20 september 2001 to 30 june 2002

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## directors' report

### Directors Report

Your directors present their report on the consolidated entity consisting of Transurban Holdings Limited and the entities it controlled at the end of, and during, the period from the date of incorporation, 20 September 2001 to 30 June 2002.

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

### Directors

The following persons were appointed executive directors of Transurban Holdings Limited on 20 September 2001 and continue in office at the date of this report:

Kimberley Edwards  
Geoffrey R Phillips

The following persons were appointed non executive directors of Transurban Holdings Limited on 23 November 2001 and continue in office at the date of this report:

Laurence G Cox  
Peter C Byers  
Geoffrey O Cosgriff  
Jeremy G A Davis  
Susan M Oliver

Paul G B O'Shea was appointed an executive director on 20 September 2001 and acted as such until his resignation on 23 November 2001.

### Principal Activities

The principal activities of the consolidated entity during the period was the operation of the Melbourne CityLink (CityLink).

### Results

The result of operations for the financial period ended 30 June 2002 was an operating loss of \$48.1 million.

### Distributions

A distribution was made by a controlled entity consisting of the final interest payment on the Entity Infrastructure Bonds ("EIBs") issued by Transurban City Link Limited ("TCL") which was deferred from December 1999.

**2002**

**\$'000**

Interest payment of \$9.0411 per "old"	
Stapled Security paid on 26 February 2002	8,277
Total distributions in respect of the period	8,277

### Review of Operations

#### (a) CityLink Traffic

Traffic volume on the CityLink for the 12 month period ended 30 June 2002 was 194.37 million transactions, a 28 per cent increase on the prior year. The major contributor to this increase was the operation of the Burnley tunnel throughout the current period. In the prior period, the Burnley Tunnel commenced operations on 28 December 2000 and therefore only contributed to transaction volumes for half that period. Although transaction volumes for the six months ended 30 June 2002 were 7.1 per cent above the six months ended 30 June 2001, usage during the latter period was adversely impacted by the closure of the Burnley Tunnel in February 2001 and the subsequent repair works over the period from March to June. After adjusting for these effects growth is estimated to be 5.2 per cent.

Toll and fee revenue from traffic for the full year ended 30 June 2002 was 41.8 per cent higher than the previous year. Approximately 62 per cent of this increase is attributable to the opening of the Burnley Tunnel, which resulted in increased transaction volumes and higher unit toll prices due to the removal of the concessional pricing which operated prior to the opening of the Burnley Tunnel. The balance of the increase is due to ongoing growth in transaction volumes (23 per cent) and toll escalation as provided for in the Concession Deed (15 per cent). The consolidated entity has only recognised revenue from the Melbourne CityLink from 18 December 2001, being the date Transurban Holdings gained control of CityLink Melbourne Limited. Refer to Significant Changes in the State of Affairs for further details.

#### (b) CityLink Customer Service

CityLink's focus on providing consistently high quality service delivery and customer satisfaction contributed to a 16 per cent increase in the number of account holders for the year to 554,262 with associated e-TAG's increasing by the same percentage to 789,924.

Reductions in call centre handling times and the successful realisation of key initiatives such as the introduction of natural language speech recognition technology and the automation of manual tasks following modifications to the Central Toll Computer System, contributed to a 21 per cent reduction in customer service expenditure for the year while maintaining

## directors' report

or improving service levels. The initiatives identified in the Customer Operations Review commissioned during year ended 30 June 2001 have now largely been implemented, generating annualised savings of \$9.4 million. This review encompassed process redesign, system improvements, renegotiated contracts and channel optimisation.

Further reductions in customer service costs are expected for 2002-03 as a result of reductions in the unit costs applicable to the volume dependent component of these costs. The most significant reductions in this area relate to reduced unit costs achieved through renegotiation of the Call Centre contract and reduced unit labour costs in Customer Service and Enforcement.

Continued development of the Transurban internet site and the introduction of systems enabling customers to pay bills, update accounts and purchase CityLink Passes electronically will aim to minimise volume related costs.

### (c) CityLink Construction

The works undertaken by the Transfield Obayashi Joint Venture to provide additional assurance that wall movements of the type which caused the failure in the Burnley Tunnel on 19 February 2001 cannot occur were completed in March 2002.

### (d) Income Tax

Transurban has advice from Senior Counsel that the concession fees are immediately deductible expenditure. These Accounts have been prepared on this basis (see note 4). Deductions in respect of concession fees account for \$604.9 million of the Company's carried forward taxable loss of \$835.4 million at 30 June 2002.

The Australian Taxation Office (ATO) and Transurban have been unable to agree on the treatment to be applied to concession fees and as a consequence the ATO issued an assessment in respect of the CityLink Melbourne Limited's income tax return for the year ended 30 June 1998.

Transurban's appeal against the ATO's decision to disallow its objection to the assessment. The appeal was scheduled to be heard on 24 April 2002. However, due to the ATO requiring more time to prepare for this case, the hearing has been deferred to 2 October 2002 (unless an earlier trial is advised by the Federal Court). Transurban believes further extensions to the hearing date are now unlikely.

If the ATO's position on deductibility of the Concession Notes is confirmed, the after tax internal rate of return for an investor subject to the corporate tax rate will be reduced to approximately 85 per cent of the return which would have been achieved if the Concession Fees were immediately deductible.

## Significant Changes in the State of Affairs

### a) Release from "Single Purpose" Restriction

During the period, agreement was reached with the State of Victoria on a corporate restructure to allow the Transurban group to undertake activities other than the operation of the Melbourne City Link. Details of the corporate restructure are provided below.

### b) Corporate Restructure

Following the agreement reached with the State of Victoria on 19 September 2001 in relation to release from the "single purpose" restriction (see above), Transurban City Link Limited proposed a Scheme of Arrangement ("the Scheme") to restructure the group. The Scheme was approved by security holders on 27 November 2001 and these approvals were ratified by the Victorian Supreme Court of Victoria on 18 December 2001.

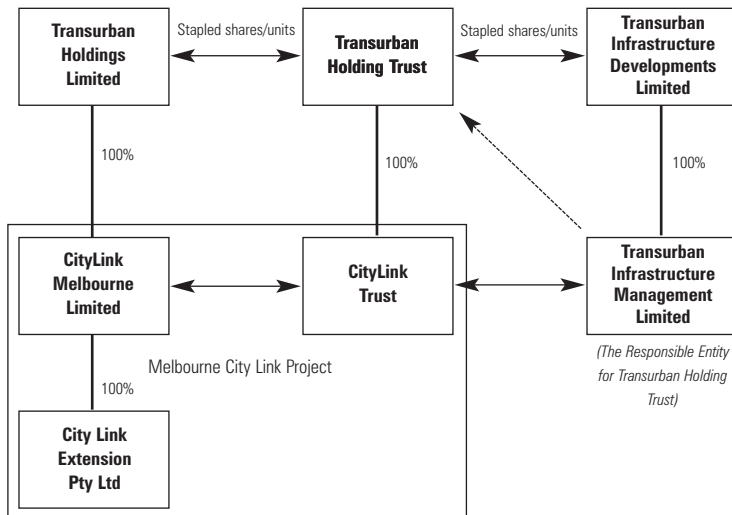
The key features of the restructure are:

- The quarantining of the entities holding the CityLink concession ("CityLink entities") from other activities undertaken by the group through the creation of "Holdings entities" which acquired 100 per cent of the issued capital of the CityLink entities. The CityLink entities remain subject to the "single purpose" restrictions of the Concession Deed while the Holdings entities are free to pursue other activities.
- The incorporation of a company, Transurban Infrastructure Developments Limited ("TIDL") to undertake the development and operational activities of the group. While the securities of TIDL are presently stapled to those of the Holdings entities, the flexibility has been provided to destaple TIDL's securities from the securities of the Holdings entities if it is considered that:
  - Shareholder value would be enhanced by separating mature assets (which would be held in the Holdings entities) from activities involving development and operational risk (which would be undertaken by TIDL), thus allowing the market to separately value the entities by reference to their different asset and risk classes; and, or
  - TIDL is of sufficient size to warrant a separate listing.

## directors' report

- The amendment of the CityLink Concession Deed to replicate the shareholding restrictions previously applicable to the CityLink entities at the level of the Holdings entities and to require that dealings between the CityLink entities and other entities in the group are on an "arms length" basis.

A diagrammatic representation of the new structure is presented below.



(These 3 entities remained "Quarantined" from the business activities of the other entities)

### c) Infrastructure Borrowings

The interest rate on Transurban's \$1.249 billion infrastructure borrowing facilities has been reduced from 7.5 per cent per annum to 7.1 per cent per annum with effect from 1 July 2001. The result of the change is a saving in interest costs of \$5.6 million per annum, resulting in aggregate savings of \$12.6 million over the balance of the term of the infrastructure facilities.

The base interest rate for subsequent years will also be 7.1 per cent per annum adjusted for changes in the top marginal personal tax rate.

### Matters Subsequent to the End of the Financial Year

At the date of this report the directors are not aware of any circumstances that have arisen since 30 June 2002 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 consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

### Environmental Regulation

As operator, Translink Operations Pty Ltd (TLO) must ensure it complies with EPA regulations. To meet this obligation, TLO monitors the emission of carbon monoxide, oxides of nitrogen and particulate matter from the Domain and Burnley Tunnel ventilation stacks. In addition, the operator monitors ambient air quality around the tunnels. Current monitoring indicates emission levels from the stacks are well below the EPA licence limits, and that there has been an improvement in air quality since the tunnels opened.

TLO is also required to regularly test the quality of the groundwater being discharged into the Yarra River. Tests show the water meets the standards under State Environment Protection Policy for water.

## directors' report

### Information on Directors

#### **Laurence G Cox AO, B Com, FCPA, FSIA – Non Executive Chairman**

Mr Laurie Cox has had many years' experience in Australian and international financial markets. He was the Chairman of the Australian Stock Exchange Limited from 1989 to 1994. Prior to joining Transurban, Mr Cox was Executive Chairman of the Potter Warburg Group of Companies and a Director of S G Warburg Securities of London. He is a Director of Macquarie Bank Limited and Smorgon Steel Group Ltd and Chairman of The Murdoch Childrens Research Institute and SMS Management and Technology Ltd. Age 63.

#### **Kimberley Edwards BE, MAdmin (Bus), FIE (Aust), MAICD – Managing Director**

Mr Kim Edwards has extensive experience managing major commercial and infrastructure projects in Australia, UK and the Middle East. Prior to joining Transurban, he was General Manager - Projects for Transfield, and was responsible for assembling the successful bid for the Melbourne City Link Project. He was Project Director for Jennings Group's \$650 million Southgate development in Melbourne and has worked overseas on large port infrastructure projects. Age 51.

#### **Peter C Byers B Com (Hons) – Non Executive Director**

Mr Peter Byers is a Director of Airport Motorway Management Ltd, Hills Motorway Management Limited, Hills Motorway Ltd, Foundation Capital Ltd and a Director of the responsible entity for Hills Motorway Trust. He is an Alternate Director for Hancock Victorian Plantations Holdings Ltd. He was formerly business manager and deputy principal of the University of Tasmania, former Director of Adelaide Airport Ltd, the Blair Athol Group and a founding Director and Chairman of the Investment Committee of the Superannuation Scheme for Australian Universities. Age 61.

#### **Geoffrey O Cosgriff BAppSc, Company Director Diploma, FIE(Aust), FAICD – Non Executive Director**

Geoff Cosgriff is the Managing Director of Energy and Utilities, Logica Pty Ltd (Australian Subsidiary) following the sale of the MITS business to Logica Pty Ltd. Geoff was the Managing Director of MITS Limited since the company commenced operation in 1990. Over this period, MITS grew to 600 staff and nearly \$100m in sales of information technology solutions. He is also Director of Utility Services Corporation and Skilltech Consulting Services. Previously Geoff held executive management roles with Melbourne & Metropolitan Board of Works and has had extensive experience in the information technology industry. Age 49.

#### **Jeremy G A Davis BEc, MBA, MA, FAICD – Non Executive Director**

Professor Jeremy Davis holds the AMP Chair of Management in the Australian Graduate School of Management at the University of NSW. His academic interests are in the fields of business policy and corporate performance. He is a Fellow of the Australian Institute of Company Directors. Professor Davis is a former Chairman of Capral Aluminium Ltd, former vice-president and Director of the Boston Consulting Group, and a former Director of the Australian Stock Exchange, AIDC Ltd and Nucleus Ltd. Age 59.

#### **Susan M Oliver BP&C – Non Executive Director**

Ms Susan Oliver is chair of Screen Sound Australia – The National Screen and Sound Archive and a Director of Medical Benefits Fund and Programmed Maintenance Services Ltd. Ms Oliver was formerly a Senior Manager of Andersen Consulting. She has held board positions with the Victorian Institute of Marine Sciences, Interact Events Limited, FHA Design Pty Ltd and The Swish Group Ltd. Ms Oliver was also Managing Director of the Australian Commission for the Future Ltd. Age 51.

#### **Geoffrey R Phillips BE (Chem), MBA, MAICD – Executive Director**

Mr Geoffrey Phillips was appointed Finance Director on 28 August 1998 and has been with Transurban for 6 years. Prior to joining Transurban, he worked for the Potter Warburg Group for 6 years as Director in both the Corporate Finance and Fixed Interest Divisions. He is currently a Director of Yarra Valley Water Limited. Age 58.



## directors' report

### Meetings of Directors

The numbers of meetings of the company's board of directors and each board committee held during the period ended 30 June 2002, and the numbers of meetings attended by each director were:

Name	Directors' Meeting		Audit Committee <sup>2</sup>		Nomination & Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
L G Cox	6	6	2	2	2	2
K Edwards <sup>1</sup>	6	6	-	-	-	-
P C Byers	6	4	2	2	-	-
G O Cosgriff	6	6	-	-	-	-
J G A Davis	6	6	2	2	2	2
S M Oliver	6	5	-	-	-	-
G R Phillips <sup>1</sup>	6	6	-	-	-	-

<sup>1</sup> K Edwards and G R Phillips are not members of the Audit and Nomination & Remuneration Committee, but have been in attendance at all of these meetings.

<sup>2</sup> The Transurban Group has a single Audit Committee which is responsible for all group entities.

### Directors' Interests

The following are particulars of directors' interests in Stapled Securities and options as at the date of this Directors' Report in which directors of the Company have disclosed a relevant interest.

Name	Number of Stapled Securities	Options Over Stapled Securities
L G Cox	775,000	-
K Edwards	61,000	1,500,000
P C Byers	50,000	-
J G A Davis	25,000	-
S M Oliver	59,375	-
G R Phillips	-	500,000
G O Cosgriff	12,260	-

### Directors' and Executives' Emoluments

The Nomination and Remuneration Committee has two members who recommend and review remuneration and benefit packages for Directors and senior executives.

Directors are paid an annual fee, the total of which does not exceed the amount specified in the Constitution of the Company. No additional payments are made for attendance at committee meetings. All directors receive a superannuation guarantee contribution at the statutory minimum rate. They are permitted to make additional superannuation contributions through sacrifice of a corresponding amount of their annual fee.

On retirement, non-executive directors with more than 3 years service are entitled to receive a lump sum payment equivalent to the total emoluments received during a third of the director's total period of service or 3 years, whichever is the lesser.

### Director Remuneration

All directors of Transurban Holdings Limited are paid by Transurban Infrastructure Developments Limited following the group restructure. Full details of directors' remuneration is disclosed in the Directors' Report of Transurban Infrastructure Developments Limited and the Directors' Report of the Transurban Group.



## directors' report

### Other executives of the consolidated entity

The nature and amount of each element of the emolument of the sole executive officer of the company and the consolidated entities is set out in the following tables.

Name and Position	Base Salary \$	Bonus \$	Superannuation \$	Options \$	Total \$
B Bourke – General Manager, CityLink	223,110	60,000	27,673	-	310,783

### Shares under option

Unissued shares of Transurban Holdings Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of Stapled Securities	Number under option
26 April 2001	March/April 2006	\$3.817	2,350,000
23 October 2001	October 2006	\$4.404	2,000,000
1 February 2002	March/April 2007	\$4.280	400,000
9 April 2002	March/April 2007	\$4.030	300,000
20 May 2002	March/April 2007	\$4.220	1,650,000

No stapled securities were issued during the period on the exercise of options.

### Indemnification and Insurance

Article 12.1 of the Articles of Association of the Company provides that to the extent permitted by law, each person who is or has been an officer of the Company and its consolidated entities shall be indemnified against liability incurred by the person in his capacity as an officer of the Company and its consolidated entities unless the liability arises out of conduct on the part of the officer which involves a lack of good faith. The Company also indemnifies each person who is or has been an officer of the Company and its consolidated entities against liability for costs or expenses incurred by the person in his or 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.

### Rounding off

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investment 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.

### 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 the Directors.



**Laurence G Cox AO**  
Chairman

Melbourne, 27 August 2002.



**Kimberley Edwards**  
Managing Director

## statement of financial performance

from the date of incorporation, 20 september 2001 to 30 june 2002

	Notes	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>Revenue from ordinary activities</b>	2	<b>186,622</b>	<b>-</b>
Expenses from ordinary activities:			
Operational costs		<b>(27,555)</b>	<b>-</b>
Administration		<b>(9,254)</b>	<b>(68)</b>
Concession Fees		<b>(51,195)</b>	<b>-</b>
Valuation adjustment on Concession Notes		<b>87,323</b>	<b>-</b>
Rental of land from CityLink Trust		<b>(49,246)</b>	<b>-</b>
Depreciation and amortisation expenses	3	<b>(64,182)</b>	<b>-</b>
Borrowing costs expense	3	<b>(120,575)</b>	<b>-</b>
<b>Loss from ordinary activities before income tax</b>		<b>(48,062)</b>	<b>(68)</b>
Income tax on operating loss	4	<b>-</b>	<b>-</b>
<b>Loss from ordinary activities after income tax</b>		<b>(48,062)</b>	<b>(68)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per Share	27	<b>(9.4)</b>	<b>0.0</b>
Diluted earnings per Share	27	<b>(9.3)</b>	<b>0.0</b>

*Transurban Holdings acquired 100% of the issued capital of CityLink Melbourne Limited on 18 December 2001. Amounts in the consolidated statement of financial performance for 2002 include the results of CityLink Melbourne Limited for the period 18 December 2001 to 30 June 2002.*

The above statements of financial performance should be read in conjunction with the accompanying notes.

## statement of financial position

as at 30 june 2002

	Notes	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>Current Assets</b>			
Cash assets	5	54,686	6
Receivables	6	27,284	-
Other	7	19,670	-
<b>Total Current Assets</b>		<b>101,640</b>	<b>6</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	3,062,775	-
Other financial assets	9	-	5,100
<b>Total Non-Current Assets</b>		<b>3,062,775</b>	<b>5,100</b>
<b>Total Assets</b>		<b>3,164,415</b>	<b>5,106</b>
<b>Current Liabilities</b>			
Payables	10	22,040	13
Non-interest bearing liabilities	11	26,818	61
Provisions	12	1,059	-
<b>Total Current Liabilities</b>		<b>49,917</b>	<b>74</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	13	1,442,868	-
Non-interest bearing liabilities	14	1,714,592	-
<b>Total Non-Current Liabilities</b>		<b>3,157,460</b>	<b>-</b>
<b>Total Liabilities</b>		<b>3,207,377</b>	<b>74</b>
<b>Net (Liabilities)/Assets</b>		<b>(42,962)</b>	<b>5,032</b>
<b>EQUITY</b>			
Contributed equity	15	5,100	5,100
Accumulated losses	16	(48,062)	(68)
<b>Total Equity</b>		<b>(42,962)</b>	<b>5,032</b>

The above statements of financial position should be read in conjunction with the accompanying notes.

## statement of cash flows

from the date of incorporation, 20 september 2001 to 30 june 2002

	Notes	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		109,451	-
Payments to suppliers (inclusive of GST)		(27,287)	6
Interest received		71,072	-
Liquidated damages		25,044	-
Deposits refunded		2,667	-
Borrowing costs		(47,035)	-
<b>Net cash inflows from operating activities</b>	26	<b>133,912</b>	<b>6</b>
<b>Cash flows from investing activities</b>			
Net cash acquired on purchase of controlled entity		1,291,498	-
Payments for property, plant and equipment		(4,491)	-
Loans to related parties		(16,213)	-
Repayment of loans by related parties		5,874	-
<b>Net cash inflows from investing activities</b>		<b>1,276,668</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(98,417)	-
Distribution paid		(8,477)	-
<b>Net cash (outflows) from financing activities</b>		<b>(106,894)</b>	<b>-</b>
<b>Net increase in cash at bank and cash collateral</b>		<b>1,303,686</b>	<b>6</b>
Cash at bank and cash collateral at the beginning of the financial period		-	-
Cash at bank and cash collateral at the end of the financial period		1,303,686	6
Less cash collateral	5	1,249,000	-
<b>Cash at bank at the end of the financial period</b>		<b>54,686</b>	<b>6</b>
Financing arrangements and credit facilities	13		

*Transurban Holdings acquired 100% of the issued capital of CityLink Melbourne Limited on 18 December 2001. Amounts in the consolidated statement of cash flows for 2002 include the cash flow of CityLink Melbourne Limited for the period 18 December 2001 to 30 June 2002.*

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

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

### 1. Summary of significant accounting policies

#### a) Basis of Accounting

The financial statements are a general purpose financial report prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by Transurban Holdings Limited ("company" or "parent entity") as at 30 June 2002 and the results of all controlled entities for the period then ended. Transurban Holdings Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during the financial period, its results are included in the consolidated statement of financial performance from the date on which control commences.

#### b) Historical Cost Convention

The financial statements are prepared on the basis of the historical cost convention and, except where stated, do not take into account current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The fair value of cash consideration with deferred settlement terms is determined by discounting any amounts payable in the future to their present value as at the date of acquisition. Present values are calculated using rates applicable to similar borrowing arrangements of the consolidated entity.

The consolidated entity has not adopted a policy of revaluing its non-current assets on a regular basis.

#### c) Revenue recognition

Toll charges and related fees are recognised when the charge is incurred.

#### d) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present value using a market-referenced, risk-adjusted discount rate.

Where net cash inflows are derived from a group of assets working together, the recoverable amount is applied to the relevant group of assets. Where the carrying amount of a non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount.

#### (e) Fair value of CityLink Asset

The CityLink asset has been assessed at fair value on the basis of the aggregate amount of the deemed consideration paid by Transurban Holdings Limited and Transurban Holding Trust to acquire the net assets of CityLink Melbourne Limited and CityLink Trust respectively. The deemed consideration is \$2,147 million, based on the market price of the Transurban Stapled Securities on the date of acquisition (\$4.21 on 18 December 2001). Of this amount, \$5.1 million, equivalent to \$0.01 per share, has been attributed to Transurban Holdings Limited. The balance of \$2,142 million, equivalent to \$4.20 per unit has been attributed to Transurban Holding Trust. The fair value calculated on this basis results in a fair value for the entire CityLink asset, including the portion owned by the CityLink Trust, on the date of acquisition of \$3,908 million.

A valuation performed during the period by Capital Partners Pty Limited assessed the recoverable amount of the CityLink asset to be \$4,061 million. The recoverable amount exceeds the carrying amount.

#### (f) Amortisation and Depreciation of Fixed Assets CityLink Fixed Assets

Amounts classified as CityLink fixed assets are amortised over the estimated term of the right granted to operate CityLink (currently 33 years and 6 months), or the assets estimated useful lives, whichever is less. Amortisation commenced with operations on 3 January 2000 and is calculated on a straight line basis. The period of amortisation will be assessed annually.

#### Other Plant and Equipment

Depreciation is calculated on a straight line basis so as to write off the net cost of plant and equipment over their expected useful lives. Estimates of remaining useful lives will be made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Plant and Equipment	3 – 15 years
---------------------	--------------

#### (g) Leased Non-Current Assets

Leases of plant and equipment where the consolidated entity assumes all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments.

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

Capitalised lease assets are amortised on a straight line basis over the term of the lease or, where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Leased assets are being amortised over 5 years.

Other operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

### (h) Income Tax

The liability method of tax effect accounting has been adopted. Income tax expense is calculated on the operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences which arise from items being brought to account in different periods for income tax and accounting purposes is carried forward in the balance sheet as a future income tax benefit or a deferred tax liability. However, the future tax benefit relating to timing differences and tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation.

### (i) Receivables

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

### (j) Trade and other creditors

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

### (k) Infrastructure Loan Facilities

The consolidated entity has two Infrastructure Loan facilities. Under the terms of these facilities, the consolidated entity must provide cash collateral equal to the utilised amounts of the facilities. This cash collateral has been set-off against the outstanding infrastructure borrowing facilities so that no asset or liability in respect of those facilities has been recorded in the balance sheet of the consolidated entity. (refer note 13)

### l) Non Interest Bearing Long Term Debt

Non interest bearing long term debt represented by the Concession Notes has been included in the financial statements at the present value of expected future repayments. The present value of expected future repayments is determined using a discount rate applicable to the consolidated entity's other borrowing arrangements. The present value of expected future repayments will be reassessed periodically.

### m) Employee Entitlements

The statutory minimum to superannuation is contributed to plans as nominated by the employee. The superannuation plans are all accumulation funds.

Liabilities for current and deferred employee compensation and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

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

### n) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred and include:

- Interest on short term and long term borrowings;
- Costs incurred in connection with the arrangement of borrowings, and,
- Finance lease charges.

### o) Cash Flows

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held at call with banks, investments in money market instruments and amounts held on deposit as collateral for the Infrastructure Loan facilities.

### p) Earnings per Share

#### (i) Basic Earnings per Share

Earnings per share is determined by dividing the profit after income tax attributable to shareholders by the weighted average number of shares outstanding during the financial period.

#### (ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares.

### q) Rounding of amounts

The consolidated entity is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report are rounded off to the nearest thousand dollars in accordance with that Class Order.

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2. Revenue from ordinary activities</b>		
<b>Revenue from operating activities</b>		
Toll revenue	<b>109,259</b>	-
Fee revenue	<b>3,914</b>	-
Advertising revenue	<b>1,742</b>	-
	<b>114,915</b>	-
<b>Revenue from outside the operating activities</b>		
Interest	<b>70,747</b>	-
Other	<b>960</b>	-
	<b>71,707</b>	-
<b>Total revenue from ordinary activities</b>	<b>186,622</b>	-

### 3. Operating Loss

#### Expenses

Losses from ordinary activities before income tax expense includes the following specific expenses:

Depreciation and amortisation		
CityLink and Exhibition Street Extension	<b>57,829</b>	-
Other fixed assets	<b>6,353</b>	-
	<b>64,182</b>	-
Bad and doubtful debts - trade debtors	<b>737</b>	-
Borrowing costs		
Interest and finance charges paid/payable	<b>120,575</b>	-
Rental expenses relating to operating leases	<b>466</b>	-

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

	Consolidated	Parent Entity
	2002	2002
	\$'000	\$'000

### 4. Income Tax

- a) The income tax loss for the financial period differs from the amount calculated on the loss. The differences are reconciled as follows:

Loss from ordinary activities before income tax	<b>(135,453)</b>	<b>(68)</b>
Income tax calculated at 30%	<b>(40,636)</b>	<b>(20)</b>
Tax effect of permanent differences		
Infrastructure borrowing facility interest not deductible	<b>14,988</b>	-
Income tax adjusted for permanent differences	<b>(25,648)</b>	<b>(20)</b>
Benefit of tax losses not recognised	<b>25,648</b>	<b>20</b>
Income tax expense	-	-

b) Tax losses at beginning of period	-	-
Tax Losses acquired during the period	<b>745,929</b>	-
Tax Losses for the period	<b>89,494</b>	<b>68</b>
Tax Losses at end of period	<b>835,423</b>	<b>68</b>

Potential future income tax benefits at 30 June 2002 for tax losses not brought to account for the consolidated entities are \$250.6 million (gross \$835.4 million). These future income tax benefits are not being brought to account as an asset as they do not meet the requirements of note 1h. Legislation has been introduced to reduce the tax rate to 30% from the 2001-2002 income tax year and probable that tax losses not brought to account for the Company will be realised at 30%.

These benefits of tax losses will only be realised if:

- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and,
- (iii) no changes in tax legislation adversely affect the ability of the consolidated entity to realise the benefit from the deductions for the losses.

The above tax position is based on tax ruling requests relating to borrowing costs and interentity transactions. However, the ATO has not given its opinion in relation to all of these requests.

Transurban has advice from Senior Counsel that the concession fees should be immediately deductible expenditure.

The Accounts have been prepared on this basis. Deductions in respect of concession fees account for \$604.9 million of the consolidated entity's carried-forward loss of \$835.4 million at 30 June 2002.

Transurban and the ATO have been unable to agree on the treatment to be applied to concession fees and as a consequence the ATO issued an assessment in respect of CityLink Melbourne Limited's income tax return for the year ended 30 June 1998.

Transurban lodged an objection to this assessment on 16 August 2000 and on 17 November 2000 the ATO disallowed the objection. On 21 December 2000, Transurban lodged an appeal in the Federal Court against the ATO decision to disallow the objection. The appeal was scheduled to be heard on 24 April 2002, however, due to the ATO requiring more time to prepare for this case, the hearing has been deferred to 2 October 2002 (unless an earlier trial is advised by the Federal Court). Transurban believes further extensions to the hearing date are now unlikely.

If the ATO's position on deductibility of the Concession Notes is confirmed, the after tax internal rate of return for an investor subject to the corporate tax rate will be reduced to approximately 85 per cent of the return which would have been achieved if the Concession Fees were immediately deductible.



## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>5. Cash Assets– Current Assets</b>		
Cash at bank	54,686	6
	<b>54,686</b>	<b>6</b>

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Cash at bank - as above	54,686	6
Cash collateral (see note 1k)	1,249,000	-
	<b>1,303,686</b>	<b>6</b>

The amount shown in Cash at Bank includes \$40.5 million which is held in Reserve Accounts related to borrowing facilities and was not available for general use at 30 June 2002.

## 6. Receivables – Current Assets

Trade debtors	8,672	-
Less: provision for doubtful debts	(521)	-
	<b>8,151</b>	-
Other debtors	19,133	-
	<b>27,284</b>	-

## 7. Other – Current Assets

Prepayments	103	-
Advances to related parties	19,567	-
	<b>19,670</b>	-

## 8. Property, plant, and equipment – Non Current Assets

### a) CityLink Fixed Assets

CityLink and Exhibition Street Extension	3,114,804	-
Less: accumulated depreciation	(62,768)	-
	<b>3,052,036</b>	-

### Equipment and Fittings

Equipment and fittings at cost	17,986	-
Less: accumulated depreciation	(7,247)	-
	<b>10,739</b>	-
Total Property, plant and equipment	<b>3,062,775</b>	-

### Non-current assets pledged as security

Refer to note 13 for information on non-current assets pledged as security by the parent entity or its controlled entities.

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

### b) Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period is set out below.

	CityLink \$'000	Equipment and Fittings at cost \$'000	Total \$'000
<b>Consolidated - 2002</b>			
Carrying amount at the start of the period	-	-	-
Additions through acquisition of entity	3,117,969	14,291	3,132,260
Additions	141	4,379	4,520
Disposals	(6,795)	(3,028)	(9,823)
Depreciation/amortisation expense charged to statement of financial performance	(57,829)	(6,353)	(64,182)
Carrying amount at period end	3,053,486	9,289	3,062,775
<b>Parent Entity - 2002</b>			
Carrying amount at the start of the period	-	-	-
Additions	-	-	-
Disposals	-	-	-
Depreciation/amortisation expense charged to statement of financial performance	-	-	-
Carrying amount at period end	-	-	-

Consolidated	Parent Entity
<b>2002</b>	<b>2002</b>
<b>\$'000</b>	<b>\$'000</b>

### 9. Financial Assets – Non Current Assets

#### Non traded investments

Shares in controlled entities	-	5,100
	-	5,100

The investment in controlled entities represents 100% of the issued capital of CityLink Melbourne Limited (incorporated in Australia).

### 10. Payables – Current Liabilities

Trade creditors	7,059	-
Other creditors	14,981	13
	22,040	13

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>11. Non-Interest Bearing Liabilities – Current Liabilities</b>		
Prepaid tolls	16,595	-
Advances from related parties	10,223	61
	<b>26,818</b>	<b>61</b>
<b>12. Provisions – Current Liabilities</b>		
Employee entitlements	1,059	-
	<b>1,059</b>	<b>-</b>
<b>13. Interest Bearing Liabilities – Non Current Liabilities</b>		
<b>Secured</b>		
Land Transport Notes	94,549	-
Infrastructure Loan facility	795,000	-
Less: cash collateral (note 1k)	(795,000)	-
Infrastructure Note facility	454,000	-
Less: cash collateral (1k)	(454,000)	-
Advance from CityLink Trust	1,348,319	-
	<b>1,442,868</b>	<b>-</b>

### Set-off of Assets and Liabilities

A legal right of set-off exists in respect of the specific cash deposits of \$795 million, representing collateralisation of liabilities under the Infrastructure Loan facility and \$454 million, representing collateralisation of liabilities under the Infrastructure Note facility.

### Financing Arrangements and Credit Facilities

Credit facilities are provided as part of the overall debt funding structure and comprise an Infrastructure Loan facility, an Infrastructure Note facility and Land Transport Notes facility.

Details of each facility are as follows:-

#### a) Infrastructure Loan Facility

\$795 million facility certified by the Development Allowance Authority to qualify for concessional tax treatment under Division 16L of the Income Tax Legislation. The loan is secured by cash collateral equal to the amount of the loan

which is set off against the loan liability.

The principal of the Infrastructure Loan facility will be repaid from the cash collateral during the nine years from 4 March 1996. The facility was fully drawn as at 30 June 2002.

#### b) Infrastructure Note Facility

\$454 million facility certified by the Development Allowance Authority to qualify for concessional tax treatment under the Income Tax Legislation. The loan is to be secured by cash collateral equal to the amount of the loan. The facility was fully drawn as at 30 June 2002.

#### c) Land Transport Notes

\$94.5 million facility is subject to an Infrastructure Borrowing Taxation Offset Agreement with the Federal Department of Transport and Regional Services. The Noteholders qualify for an income tax rebate on interest received. The facility was fully drawn as at 30 June 2002.

Details of the utilisation of borrowing facilities are as follows: -

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

	<b>Infrastructure Facilities \$'000</b>	
<b>2002</b>		
Available facilities		<b>1,343,549</b>
Amount utilised		<b>(1,343,549)</b>
Amount unutilised		<b>-</b>
	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>14. Non-Interest Bearing Liabilities – Non Current Liabilities</b>		
Advance from CityLink Trust	<b>1,576,600</b>	<b>-</b>
Concession Notes	<b>137,992</b>	<b>-</b>
	<b>1,714,592</b>	<b>-</b>
	Parent Entity	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>Shares</b>	
	<b>'000</b>	<b>\$'000</b>
<b>15. Equity</b>		
<b>a) Paid up capital</b>		
fully paid	<b>510,028</b>	<b>5,100</b>
	<b>510,028</b>	<b>5,100</b>
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>b) Shares on issue at the beginning of the period</b>	<b>-</b>	<b>-</b>
Shares issued to acquire controlled entity	<b>510,000</b>	<b>510,000</b>
Employee share plan issue	<b>28</b>	<b>-</b>
Shares on issue at the end of the period	<b>510,028</b>	<b>510,000</b>

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

	Consolidated	Parent Entity
	2002	2002
	\$'000	\$'000

### 16. Accumulated Losses

Accumulated losses at the beginning of the financial period	-	-
Net losses incurred during the financial period	(48,062)	(68)
Accumulated losses at the end of the financial period	(48,062)	(68)

### 17. Remuneration of Executives

Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by executive officers (including directors) whose remuneration was at least \$100,000

	311	-
--	-----	---

The number of executive officers whose remuneration was within the specified bands are as follows:

			2002	
			Number	
	\$310,000	-	\$319,999	1

Total executive remuneration and the remuneration banding does not include amounts in relation to the grant of options under the Transurban Executive Option Plan. The options are not included as they were issued at no cost to the entity. The value of options exercised is included in executive remuneration in the year the options are exercised.

### Remuneration of Directors

All directors of Transurban Holdings Limited are remunerated by Transurban Infrastructure Developments Limited as part of the group restructure.

	Consolidated	Parent Entity
	2002	2002
	\$'000	\$'000

### 18. Remuneration of Auditors

During the period the auditor of the parent entity and its related parties earned the following remuneration:

Audit or review of the financial reports of the parent or any entity in the consolidated entity	115	12
Remuneration for other services	82	-
Total remuneration	197	12

### 19. Contingent Liabilities

There are no contingent liabilities as at 30 June 2002.

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>

### 20. Commitments

#### Lease commitments

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	<b>1,037</b>	-
Later than one year but not later than 5 years	<b>928</b>	-
	<b>1,965</b>	-

#### Concession Fees

The Concession Deed between the consolidated entity and the Melbourne City Link Authority provides for annual concession fees of \$95.6 million for the first 25 years after the completion date of CityLink, \$45.2 million for years 26 to 34 and \$1 million thereafter if the concession continues beyond year 34. Until a certain threshold return is achieved, payments of concession fees due under the Concession Deed will be satisfied by means of the issue of non-interest bearing Concession Notes to the State. The Concession Notes have been accounted for in accordance with note 11.

Based upon the current assessment of the repayment of the concession notes, there will be no payments in the next five years.

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>

### 21. Employee Entitlements

#### Provision for employee entitlements:

Current (note 12)	<b>1,059</b>	-
	<b>1,059</b>	-

	Number	Number
<b>Employee numbers</b>		
Average number of employees during the financial period	<b>240</b>	-
	<b>240</b>	-

#### Executive Option Plan

A total of 6,700,000 options have been granted under the Transurban Executive Options Plan to executives of CityLink Melbourne Limited.

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

### Shares under option

Unissued shares of Transurban Holdings Limited under option at the date of this report are as follows:

<b>Date options granted</b>	<b>Expiry date</b>	<b>Issue price of Stapled Securities</b>	<b>Number under option</b>
26 April 2001	March/April 2006	\$3.817	2,350,000
23 October 2001	October 2006	\$4.404	2,000,000
1 February 2002	March/April 2007	\$4.280	400,000
9 April 2002	March/April 2007	\$4.030	300,000
20 May 2002	March/April 2007	\$4.220	1,650,000

Options are issued at no cost to the Option holder. Options vest in three equal tranches on the second, third and fourth anniversaries of their issue. The Exercise is subject to an Exercise Condition. The Exercise Condition involves a comparison between Total Shareholder Return (TSR) of The Transurban Group's Stapled Securities over the two years prior to a vesting date of options and the TSR of each of the other companies in the S&P/ASX 200 Industrials as at the end of the relevant Exercise Condition Test Period which have been in the S&P/ASX 200 Industrials for the full term of the Exercise Condition Test Period (Test Companies) measured over the same period.

TSR measures the total return on investment of a security. It takes into account both capital appreciation and distribution income. The Transurban Group and each of the Test Companies will be ranked according to their respective TSRs over the Exercise Condition Test Period. The ranking determines the extent to which vested options may be exercised. If the Group's TSR exceeds the 65th percentile of the ranking, 100% of the vested options may be exercised. If The Transurban Group's TSR is below the 25th percentile of the ranking, none of the vested options may be exercised. If the TSR falls between these percentiles, the percentage of vested options that may be exercised will be calculated according to a formula.

No Stapled Securities were issued during the period ended 30 June 2002 pursuant to the exercise of options.

### Employee share scheme

A scheme under which stapled securities, including a share in the company, may be issued to employees of the Transurban Group for no cash consideration was approved by the Board on 29 January 2002. All current full-time and permanent part-time (excluding directors) and fixed term staff on contracts greater than 12 months are eligible to participate. Offers under the scheme are at the discretion of the Transurban Group, which is determined by the Transurban Group's success and market performance.

Securities issued under the scheme may only be sold once the employee has ceased employment. In all other aspects the securities rank equally with other fully-paid securities on issue.

The first issue of Stapled Securities was made on 5 April 2002 to 283 employees, each receiving 100 Stapled Securities at a value of \$4.03 per Security.

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

### 22. Related Party Information

#### Directors

The name of each person who was a director of the Company at any time during the financial period is as follows:

Laurence G Cox, Kimberley Edwards, Peter C Byers, Geoffrey O Cosgriff, Jeremy G A Davis, Susan M Oliver and Geoffrey R Phillips. In addition Paul G B O'Shea was a director until his resignation on 23 November 2001.

#### Transactions of Directors and their Director-Related Entities Concerning Stapled Securities

The aggregate numbers of Stapled Securities acquired or disposed of and held at 30 June 2002 by directors or their director-related entities were as follows:

	Beneficial	Non Beneficial	Total
Balance at 20 September 2001	950,745	13,831,721	14,782,466
Acquired	46,890	-	46,890
Disposed	(15,000)	(13,831,721)	(13,846,721)
Balance at 30 June 2002	982,635	-	982,635

Company directors and their director-related entities will receive normal distributions on these Stapled Securities. All transactions relating to Stapled Securities were on the same basis as similar transactions with other Stapled Security holders.

Mr. Peter Byers resigned as a Director of the Superannuation Scheme for Australian Universities (SSAU) during the period. As a result, the interest held by SSAU is no longer a non beneficial interest of a Director of the Transurban Group.

#### Other Transactions with Company Directors and Director Related Entities

Mr. Cox is a director of Macquarie Corporate Finance Limited (a wholly owned subsidiary of Macquarie Bank Ltd), which is contracted to provide general advice on debt and equity finance.

Macquarie Bank Ltd was involved in the financial arrangements concerning the Land Transport Notes. Mr. Cox holds 2 million Land Transport Notes, issued at \$1.00.

All directors of the consolidated entity are also directors of Transurban Infrastructure Developments Limited. The consolidated entity has incurred Management Fees and IT Development Services fees from Transurban Infrastructure Developments Limited.



## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

The aggregate amounts that were brought to account in relation to transactions with Company directors and their director-related entities for each of the above type of transactions were as follows:

	Consolidated <b>2002</b> <b>\$'000</b>	Parent Entity <b>2002</b> <b>\$'000</b>
Consulting fees	<b>118</b>	-
Reimbursement of out of pocket expenses	<b>26</b>	-
Management Fees	<b>11,725</b>	<b>8,900</b>
IT Development	<b>6,139</b>	-
	<b>18,008</b>	<b>8,900</b>

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

Aggregate amounts payable to directors and their director related entities at balance date:

Current liabilities	<b>17,864</b>	<b>8,900</b>
---------------------	---------------	--------------

### Wholly-Owned Group

The wholly-owned group consists of Transurban Holdings Limited and its wholly-owned controlled entities, CityLink Melbourne Limited and City Link Extension Pty Ltd. Ownership interest in these controlled entities is set out in note 23.

Transactions between Transurban Holdings Limited and other entities in the wholly-owned group during the period ended 30 June 2002 consisted of:

(a) loans from CityLink Melbourne Limited.

Parent Entity  
**2002**  
**\$'000**

Aggregate amounts payable to entities in the wholly-owned group at balance date:

Current payables (loans)	<b>61</b>
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## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

### 23. Investment in Controlled Entities

Name of Entity	Country of Incorporation	Class of security	Equity Holding 2002
CityLink Melbourne Limited	Australia	Ordinary	100%
City Link Extension Pty Ltd	Australia	Ordinary	100%

On 18 December 2001, all the ordinary shares of CityLink Melbourne Limited were acquired by Transurban Holdings Limited. The acquisition was made pursuant to a Scheme of Arrangement between the company and its ordinary shareholders ("the Scheme"). The Scheme was approved at a meeting of shareholders on 27 November 2001 and subsequently ratified by the Supreme Court of Victoria on 18 December 2001. The consideration for the acquisition was fulfilled by the issue of 510,000,000 fully paid ordinary shares.

Details of the acquisition are as follows:

	<b>2002</b>
	<b>\$'000</b>
Fair value of identifiable net assets of controlled entity acquired	
Property, plant and equipment	<b>3,199,982</b>
Cash	<b>42,498</b>
Debtors	<b>46,424</b>
Prepayments	<b>3,368</b>
Creditors	<b>(31,238)</b>
Provisions	<b>(17,426)</b>
Land Transport Notes	<b>(94,549)</b>
Concession Notes	<b>(174,120)</b>
Other liabilities	<b>(2,902,117)</b>
	<b>72,822</b>
Discount on acquisition	<b>(67,722)</b>
Deemed consideration paid (refer note 1e)	<b>5,100</b>

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

### 24. Financial Instruments Disclosure

#### Interest Rate Risk

The consolidated group's exposure to interest rate risk and the effective rates on financial assets and liabilities at 30 June 2002 were:

	Note	Fixed Interest Rate Maturity				Non interest bearing \$'000	Total \$'000
		Floating interest rate \$'000	1 year or less \$'000	between 1 and 5 years \$'000	more than 5 years \$'000		
<b>Financial Assets</b>							
Cash	5	54,686	-	-	-	-	54,686
Sundry debtors	6,7	-	-	-	-	46,851	46,851
Cash collateral	5	-	-	-	1,249,000	-	1,249,000
<b>Total Financial Assets</b>		54,686	-	-	1,249,000	46,851	1,350,537
Weighted average interest rate		4.53%	-	-	11.20%	-	-
<b>Financial Liabilities</b>							
Trade creditors	10	-	-	-	-	22,040	22,040
Prepaid tolls	11	-	-	-	-	16,595	16,595
Advance from CityLink Trust	13,14	1,348,319	-	-	-	1,576,600	2,924,919
Advances from related parties	11	-	-	-	-	10,223	10,223
Land Transport Notes	13	94,549	-	-	-	-	94,549
Concession Notes	14	-	-	-	-	137,992	137,992
Infrastructure loan facility	5	-	-	-	1,249,000	-	1,249,000
<b>Total Financial Liabilities</b>		1,442,868	-	-	1,249,000	1,763,450	4,455,318
Weighted average interest rate		10.18%	-	-	11.20%	-	-
<b>Net Financial (Liabilities)</b>		(1,388,182)	-	-	-	(1,716,599)	(3,104,781)

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

	Notes	2002 \$'000
<b>Reconciliation of Net Financial Liabilities to Net Liabilities</b>		
Net financial liabilities as above		<b>(3,104,781)</b>
Non-financial assets and liabilities		
Property, plant and equipment	8	<b>3,062,775</b>
Other assets	7	<b>103</b>
Other liabilities	12	<b>(1,059)</b>
Net liabilities per balance sheet		<b>(42,962)</b>

### Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets is the carrying amount net of any provisions for doubtful debts.

### Net Fair Values of Financial Assets and Liabilities

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

## 25. Segment Information

The sole business segment for the period ending 30 June 2002 was the operation of the Melbourne City Link toll road. All revenues and expenses are directly attributable to this sole purpose and geographical location. The management structure and internal financial reporting are based on this single business segment.

	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>26. Reconciliation of loss from ordinary activities after Income Tax to net cash inflow from operating activities</b>		
Operating loss after income tax	<b>(48,062)</b>	<b>(68)</b>
Depreciation and amortisation	<b>64,182</b>	-
Expense capitalised into loans	<b>131,443</b>	<b>61</b>
Revaluation of Concession Notes	<b>(36,128)</b>	-
Change in operating assets and liabilities net of effects from acquisition of controlled entity		
Increase in unearned income	<b>1,969</b>	-
Decrease in prepayments	<b>3,265</b>	-
(Decrease) in creditors	<b>(9,198)</b>	<b>13</b>
Decrease in debtors	<b>27,435</b>	-
(Decrease) in provisions	<b>(994)</b>	-
Net cash inflow from operating activities	<b>133,912</b>	<b>6</b>

## notes to the financial statements

from the date of incorporation, 20 september 2001 to 30 june 2002

### 27. Earnings per share

	Consolidated <b>2002</b>
Basic earnings per share	<b>(9.4) cents</b>
Diluted earnings per share	<b>(9.3) cents</b>
Weighted average number of shares used as the denominator in calculating basic earnings per share	<b>510,028,300</b>
Weighted average number of shares and potential Stapled Securities used as the denominator in calculating diluted earnings per share	<b>516,728,300</b>

### Information concerning the classification of shares

#### (a) Shares

All shares are fully paid. They carry the right to participate in distributions and have been included in the determination of basic and diluted earnings per share.

#### (b) Options

Options granted to executives under the Transurban Executive Option Plan are considered to be potential shares and have been included in the determination of diluted earnings per share. The options have not been included in the determination of basic earnings per share.

### 28. Economic Dependency

The consolidated entity is reliant on the CityLink Trust for the ongoing funding of operations.

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## directors' declaration

The directors declare that the financial statements and notes set out on pages 36 to 55

- a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and,
- b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial period ended on that date.

In the directors' opinion

- a) the financial statements and notes are in accordance with the Corporations Act 2001; and,
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

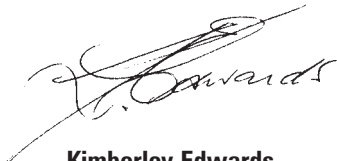
This declaration is made in accordance with a resolution of the Directors.



**Laurence G Cox AO**

Chairman

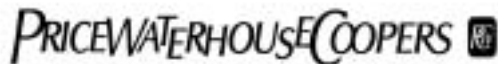
Melbourne, 27 August 2002.



**Kimberley Edwards**

Managing Director

## independent audit report



## Independent audit report to the members of Transurban Holdings Limited

### Audit opinion

In our opinion, the financial report, set out on pages 36 to 55:

- presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Transurban Holdings Limited as at 30 June 2002 and of its performance for the period ended on that date
- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

### Scope and summary of our role

#### The financial report – responsibility and content

The preparation of the financial report for the period ended 30 June 2002 is the responsibility of the directors of Transurban Holdings Limited (the Company). It includes the financial statements for the Company.

#### The auditor's role and work

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations and cash flows.

The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

### Independence

As auditor, we are required to be independent of the Company and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

PricewaterhouseCoopers

PJ Fekete  
Partner

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Melbourne  
27 August 2002





**the financial report of transurban holding trust  
and controlled entity (ABN 30 169 362 255)**

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from the date of establishment, 15 november 2001 to 30 june 2002

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## directors' report

### 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 entity it controlled at the end of, and during, the period ended 30 June 2002.

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

### Principal Activities and Operations

The principal activities of the consolidated entity consisted of Holding 100% of the units in CityLink Trust.

### Directors

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.

Geoffrey R Phillips was appointed an executive director of Transurban Infrastructure Management Limited on 20 September 2001 and continues in office at the date of this report.

The following persons were appointed non executive directors of Transurban Infrastructure Management Limited on 27 September 2001 and continue in office at the date of this report:

Laurence G Cox  
Geoffrey O Cosgriff  
Jeremy G A Davis

Paul G B O'Shea and Kimberley Edwards were appointed executive directors on 20 September 2001 until their resignation on 27 September 2001.

### Results

The performance of the consolidated entity, as represented by the results of its operations, was as follows:

	<b>2002</b>
	<b>\$'000</b>
Revenue from ordinary activities	126,497
Net loss from ordinary activities	(19,430)

### Distributions

A distribution was made during the period representing the maiden distribution from the operations phase of the project.

	<b>2002</b>
	<b>\$'000</b>
Distribution of \$0.0225 per "new" stapled security paid on 26 February 2002	11,475
Total distributions in respect of the period	11,475

### Significant Changes in the State of Affairs

#### (a) Release from "Single Purpose" Restriction

During the period, agreement was reached with the State of Victoria on a corporate restructure to allow the Transurban Group to undertake activities other than the operation of the Melbourne CityLink. Details of the corporate restructure are below.

#### (b) Corporate Restructure

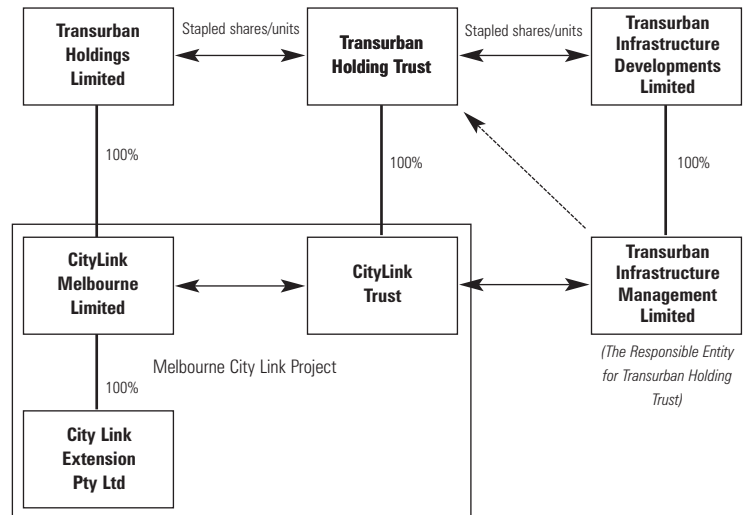
Following the agreement reached with the State of Victoria on 19 September 2001 in relation to release from the "single purpose" restriction (see above), Transurban City Link Limited proposed a Scheme of Arrangement ("the Scheme") to restructure the group. The Scheme was approved by security holders on 27 November 2001 and these approvals were ratified by the Victorian Supreme Court of Victoria on 18 December 2001.

directors' report

The key features of the restructure are:

- The destapling of the CityLink Trust's units from the CityLink Melbourne Company's shares and the transfer of ownership of units in the Trust to the new holding entity, Transurban Holding Trust. As a result of the restructure, the Holding Trust's units are quoted on the Australian Stock Exchange Limited as part of a Stapled Security comprising the Trust, Transurban Infrastructure Developments Limited, and Transurban Holdings Limited.
- The quarantining of the entities holding the CityLink concession ("CityLink entities") from other activities undertaken by the group through the creation of "Holdings entities" which acquired 100 per cent of the issued capital of the CityLink entities. The CityLink entities remain subject to the "single purpose" restrictions of the Concession Deed while the Holdings entities are free to pursue other activities.
- The incorporation of a company, Transurban Infrastructure Developments Limited ("TIDL") to undertake the development and operational activities of the group. While the securities of TIDL are presently stapled to those of the Holdings entities, the flexibility has been provided to destaple TIDL's securities from the securities of the Holdings entities if it is considered that:
  - Shareholder value would be enhanced by separating mature assets (which would be held in the Holdings entities) from activities involving development and operational risk (which would be undertaken by TIDL), thus allowing the market to separately value the entities by reference to their different asset and risk classes; and, or
  - TIDL is of sufficient size to warrant a separate listing.
- The amendment of the CityLink Concession Deed to replicate the shareholding restrictions previously applicable to the CityLink entities at the level of the Holdings entities and to require that dealings between the CityLink entities and other entities in the group are on an "arms length" basis.

A diagrammatic representation of the new structure is presented below.



(These 3 entities remained 'Quarantined' from the business activities of the other entities)

(c) Debt Refinancing

Completion of the documentation for the refinancing of Transurban's debt occurred on 28 June 2002. The new facilities were drawn down subsequent to 30 June 2002. The refinancing involved the repayment of the group's existing borrowings (consisting of a \$927 million syndicated bank facility, a \$350 million CPI Bond facility and a \$200 million Mezzanine Note facility) with a \$510 million syndicated bank facility and \$1,190 million of bonds issued in the debt capital markets. The new facilities involve components with maturities of 3, 5 and 7 years and unlike the facilities which they replace, require no principal repayments prior to maturity.

The immediate benefits from the refinancing will come from reduced interest costs and the elimination of the amortisation payments and transfers to debt service reserves required under the previous financing facilities. The aggregate amount of these benefits will be around \$75 million in the 2002 – 03 year.

## directors' report

As CityLink usage patterns have largely settled into a phase of stable growth, Transurban expects to be able to continue to defer amortisation of debt beyond the term of the new facilities. The further deferral of amortisation will bring forward distributable cash, but will also increase total debt above the levels which would have prevailed under the previous financing. The higher levels of debt will result in increased interest payments. The estimated net present value of these effects over the remaining life of the CityLink concession, based on current interest rates and a discount rate of 9 per cent per annum, is estimated to be approximately \$112 million, equivalent to 22.0 cents per stapled security.

As a result of the debt refinancing, non-recurrent costs of \$235.5 million were incurred. These costs, were funded from the proceeds of the refinancing, comprise costs arising from the early termination of existing facilities (\$215.6 million) and fees and expenses (\$19.9 million).

### Matters Subsequent to the End of the Financial Period

At the date of this report, other than the refinancing completed subsequent to year end (as mentioned above in paragraph c), the directors are not aware of any circumstances that have arisen since 30 June 2002 that have significantly affected or may significantly affect the operations, and results of those operations or the state of affairs, of the consolidated entity in financial years subsequent to 30 June 2002.

### Likely Developments and Expected Results of Operations

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

### Insurance and Indemnification

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the Responsible Entity or any of its agents. So long as the officers of the Responsible Entity act in accordance with the Trust Constitution and the Act, they remain fully indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust. The auditor of the Trust is 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 are disclosed in note 21 to the financial statements.

No fees were paid to the directors of the Responsible Entity during the period out of Trust property.

The number of Stapled Securities held by the Responsible Entity or its associates as at the end of the financial period are disclosed in note 21 to the financial statements.

### Trust Capital and Assets

	<b>2002</b>	<b>2002</b>
	<b>units</b>	<b>\$'000</b>
	<b>1000</b>	
Units on issue at the beginning of the period	-	-
Unit issue to acquire controlled entity	<b>510,000</b>	<b>2,142,000</b>
Units issued during the period	<b>28</b>	-
Units on issue at the end of the period	<b>510,028</b>	<b>2,142,000</b>

### Value of Assets

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
Value of Trust assets at 30 June 2002	<b>3,877,597</b>	<b>2,144,100</b>

The value of the Trust's assets is derived using the basis of accounting set out in Note 1 to the financial statements.

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## directors' report

### Options

The Transurban Group has issued options over Stapled Securities, which include a unit in the Trust, to executives and non executive directors.

4,350,000 options were issued during the period ended 30 June 2002. At 30 June 2002, a total of 6,700,000 options have been issued. No stapled securities were issued during the year on the exercise of options.

### Environmental Regulation

The operations of the Trust are subject to environmental regulations under both Commonwealth and State legislation. CityLink Melbourne Limited has the obligation to operate The Melbourne CityLink which includes the Trust road. It has appointed Translink Operations Pty Limited (TLO) to operate and maintain the Melbourne CityLink. TLO must ensure it complies with EPA regulations. To meet this obligation, TLO monitors the emission of carbon monoxide, oxides of nitrogen and particulate matter from the Domain and Burnley Tunnel ventilation stacks. In addition, TLO monitors ambient air quality around the tunnels. Current monitoring indicates emission levels from the stacks are well below the EPA licence limits.

TLO is also required to regularly test the quality of the groundwater being discharged into the Yarra River. Tests show the water meets the standards under State Environment Protection Policy for water.

The Responsible Entity is not aware of any non compliance with any environmental regulations relating to the Trust Assets.

### Rounding off

Pursuant to Class Order 98/0100, issued by the Australian Securities and Investments Commission, amounts in the Directors' Report and financial statements are rounded off to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of the Directors of Transurban Infrastructure Management Limited.



**Laurence G Cox**  
Chairman

27 August 2002.



**Geoffrey O Cosgriff**  
Director

## statement of financial performance

from the date of establishment, 15 november 2001 to 30 june 2002

	Notes	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>Revenue from ordinary activities</b>	4	<b>126,497</b>	<b>11,477</b>
Expenses from ordinary activities:			
Borrowing costs	5	<b>(121,819)</b>	<b>(4)</b>
Depreciation	5	<b>(14,039)</b>	-
Other expenses		<b>(10,069)</b>	<b>(9,462)</b>
<b>Net (loss)/profit from ordinary activities</b>		<b>(19,430)</b>	<b>2,011</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per unit	25	<b>(3.8)</b>	<b>0.4</b>
Diluted earnings per unit	25	<b>(3.8)</b>	<b>0.4</b>

*Transurban Holding Trust acquired 100% of the issued capital of The CityLink Trust on 18 December 2001. Amounts in the consolidated statement of financial performance for 2002 include results of The CityLink Trust for the period 18 December 2001 to 30 June 2002.*

The above statements of financial performance should be read in conjunction with the accompanying notes.

## statement of financial position

as at 30 june 2002

	Notes	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>Current Assets</b>			
Cash assets	7	75,251	536
Receivables	8	1,764	1,564
Other	9	2,127	-
<b>Total Current Assets</b>		<b>79,142</b>	<b>2,100</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	779,623	-
Financial assets	11	3,018,172	2,142,000
Other	12	660	-
<b>Total Non-Current Assets</b>		<b>3,798,455</b>	<b>2,142,000</b>
<b>Total Assets</b>		<b>3,877,597</b>	<b>2,144,100</b>
<b>Current Liabilities</b>			
Payables	13	32,080	11,564
Non interest bearing liabilities	14	113,619	-
<b>Total Current Liabilities</b>		<b>145,699</b>	<b>11,564</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	15	1,618,872	-
Non interest bearing liabilities	16	1,931	-
<b>Total Non-Current Liabilities</b>		<b>1,620,803</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,766,502</b>	<b>11,564</b>
<b>Net Assets</b>		<b>2,111,095</b>	<b>2,132,536</b>
<b>Unitholders Funds</b>			
Issued units	17	2,142,000	2,142,000
Undistributed income	17	(30,905)	(9,464)
<b>Total Unitholders Funds</b>		<b>2,111,095</b>	<b>2,132,536</b>

The above statements of financial position should be read in conjunction with the accompanying notes.

## statement of cash flows

from the date of establishment, 15 november 2001 to 30 june 2002

	Notes	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>Cash flows from operating activities</b>			
Payments to suppliers (inclusive of GST)		(292)	418
Interest received		1,462	-
Borrowing costs		(69,308)	-
<b>Net cash (outflow)/inflow from operating activities</b>	24	<b>(68,138)</b>	<b>418</b>
<b>Cash flows from investing activities</b>			
Net cash acquired on purchase of controlled entity	22	69,717	-
Repayment of loans to related parties		98,417	-
Advance from related parties		61	118
Distribution received		-	11,475
<b>Net cash inflow from investing activities</b>		<b>168,195</b>	<b>11,593</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(13,331)	-
Distribution paid		(11,475)	(11,475)
<b>Net cash outflow from financing activities</b>		<b>(24,806)</b>	<b>(11,475)</b>
<b>Net increase in cash held</b>	7	<b>75,251</b>	<b>536</b>
Cash at the beginning of the financial period		-	-
<b>Cash at the end of the financial period</b>	7	<b>75,251</b>	<b>536</b>
Financing arrangements and credit facilities	15		

*Transurban Holding Trust acquired 100% of the issued capital of The CityLink Trust on 18 December 2001. Amounts in the consolidated statement of cash flows for 2002 include the cash flow of The CityLink Trust for the period 18 December 2001 to 30 June 2002.*

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



## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

### 1. Summary of significant accounting policies

#### a) Basis of Accounting

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001 and the Constitution dated October 1995 (as amended).

#### b) Historical Cost Convention

The financial statements are prepared on the basis of the historical cost convention and, except where stated, do not take into account current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The fair value of cash consideration with deferred settlement terms is determined by discounting any amounts payable in the future to their present value as at the date of acquisition. Present values are calculated using rates applicable to similar borrowing arrangements of the economic entity.

The entity has not adopted a policy of revaluing its non-current assets on a regular basis.

#### c) Revenue Recognition

Revenue for rental of land is recognised as earned in accordance with the lease contract.

#### e) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal. The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present value using a market-referenced, risk-adjusted discount rate.

Where net cash inflows are derived from a group of assets working together, the recoverable amount is applied to the relevant group of assets. Where the carrying amount of a non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount.

#### f) Fair value of CityLink Asset

The CityLink asset has been assessed at fair value on the basis of the aggregate amount of the deemed consideration paid by Transurban Holdings Limited and Transurban Holding Trust to acquire the net assets of CityLink Melbourne Limited and CityLink Trust respectively. The deemed consideration is \$2,147 million, based on the market price

of the Transurban Stapled Securities on the date of acquisition (\$4.21 on 18 December 2001). Of this amount, \$5.1 million, equivalent to \$0.01 per share, has been attributed to Transurban Holdings Limited. The balance of \$2,142 million, equivalent to \$4.20 per unit has been attributed to Transurban Holding Trust. The fair value calculated on this basis, results in a fair value of the entire CityLink asset, including the portion owned by CityLink Melbourne, on the date of acquisition of \$3,908 million.

A valuation performed during the period by Capital Partners Pty Limited assessed the recoverable amount of the CityLink asset to be \$4,061 million. The recoverable amount exceeds the carrying amount.

#### g) Amortisation and Depreciation of Fixed Assets CityLink Fixed Assets

Amounts classified as CityLink fixed assets are amortised over the estimated term of the Crown Lease granted to the Trust (currently 33 years and 6 months), or the assets estimated useful lives, whichever is less. Amortisation commenced with operations on 3 January 2000 and is calculated on a straight line basis. The period of amortisation is assessed annually.

#### Other Plant and Equipment

Leasehold Improvements included in CityLink fixed assets are depreciated on a straight line basis so as to write off the net cost of plant and equipment over their expected useful lives. Estimates of remaining useful lives will be made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Leasehold improvements	3 – 15 years
------------------------	--------------

#### h) Income Tax

Income tax has not been brought to account in the financial statements of the Trust as under the terms of the Constitution and pursuant to the provisions of the Income Tax Legislation, the Trust is not liable to income tax provided that its taxable income (including assessable realised capital gains) is fully distributed to unit holders.

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

### i) CPI Bonds

CPI Bonds have been revalued to the redemption amount at 30 June 2002. In prior years the Trust recognised the issue of CPI Bonds maturing on 15 March 2023. The CPI Bond principal outstanding is adjusted for inflation, consistent with the provisions of the Income Tax Legislation.

### j) Financial Instruments

Financial instruments, in the form of interest rate swap contracts, are used to manage financial risks.

Gains and losses on interest rate swaps used as hedges are accounted for on the same basis as the interest payments they are hedging. Realised hedge gains and losses are brought to account in the statement of financial performance when the gains and losses arising on the related physical exposures are recognised.

Unrealised gains and losses on interest rate swaps not effectively hedging an underlying exposure are recognised in the statement of financial performance.

### k) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred and include:

- Interest on short term and long term borrowings, and,
- Costs incurred in connection with the arrangement of borrowings.

### l) Cash Flows

For the purpose of the Statement of Cash Flows, cash includes cash on hand, deposits held at call with banks and investments in money market instruments.

### m) Conditional Receipts

Where the Trust has received payments that are provisional or subject to legal dispute, the total value of the receipts will be accounted for as a liability and will not be reclassified as revenue until the nature of the receipt is virtually certain and supports the classification as revenue.

### n) Earnings per Unit

#### (i) Basic Earnings per Unit

Basic earnings per unit is determined by dividing the net result from ordinary activities by weighted average number of units outstanding during the period.

#### (ii) Diluted Earnings per Unit

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit by taking into account the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential units.

### o) Goods and Services Tax (GST)

The amount of GST incurred by the Trust that is not recoverable from the Australian Taxation Office (ATO) is recognised as an expense or as part of the cost of acquisition of an asset. The Trust qualifies for Reduced Input Tax Credits at the rate of 75% on various services such as Responsible Entity fees. These expenses have been recognised in the statement of financial performance net of the amount of GST recoverable from the ATO. Receivables and payables are stated at amounts inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cashflows relating to GST are included in the statement of cash flows on a gross basis.

### p) Rounding of amounts

Amounts in the financial report are rounded off to the nearest thousand dollars in accordance with Class Order 98/0100 issued by the Australian Securities and Investments Commission.

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

### 2. Trust Formation and Termination

The Transurban Holding Trust was established on 15 November 2001 and will continue in operation for 80 years from this date pursuant to the provisions of the Constitution unless terminated earlier.

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

### 3. Segment Information

The Trust's sole business segment for the period ending 30 June 2002 was the provision of financing and other assets to the group. All revenues and expenses are directly attributable to this sole purpose and geographical location. The management structure and internal reporting of the Trust are based on this single business segment.

	Consolidated	Parent Entity
	2002	2002
	\$'000	\$'000

### 4. Revenue from ordinary activities

#### Revenue from operating activities

Rental income	49,246	-
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#### Revenue from outside the operating activities

Interest	77,251	2
Trust distribution	-	11,475
	77,251	11,477
Total Revenue	126,497	11,477

### 5. Operating Loss

Operating result includes the following specific expenses:

Depreciation and amortisation - CityLink	14,039	-
Borrowing costs		
Interest and finance charges paid/payable	110,882	4
Interest rate hedging charges paid/payable	10,937	-
	121,819	4

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

	Consolidated	Parent Entity
	2002	2002
	\$'000	\$'000

### 6. Income Tax

Tax losses at beginning of period	-	-
Tax losses acquired during the period	159,722	-
Tax (income)/losses for the period	14,139	2,011
Tax losses at end of period	173,861	2,011

Potential future income tax benefits at 30 June 2002 for tax losses not brought to account for the Trust are \$173.9 million. These losses cannot be used directly by the Trust for the reason outlined in note 1h, but may be available for the benefit of unit holders in the future.

These benefits of tax losses will only be realised for the benefit of unit holders in the Trust if:

- the entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the entity continues to comply with the conditions for deductibility imposed by tax legislation; and,
- no changes in tax legislation adversely affect the ability of the entity to realise the benefit from the deductions for the losses.

The above tax position is based on tax ruling requests relating to borrowing costs and interentity transactions. However, the ATO has not given its opinion in relation to all of these requests.

	Consolidated	Parent Entity
	2002	2002
	\$'000	\$'000

### 7. Cash Assets– Current Assets

Cash at bank	75,251	536
	75,251	536

Included in the above amount is \$74.4 million which is held in a Debt Service Reserve account and was not available for general use at 30 June 2002.

### 8. Receivables – Current Assets

Sundry debtors	1,764	1,564
	1,764	1,564

### 9. Other – Current Assets

Prepayments	2,127	-
	2,127	-

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>

### 10. Property, plant, and equipment – Non Current Assets

#### a) CityLink Fixed Assets

CityLink	793,662	-
Less: accumulated depreciation	(14,039)	-
	<b>779,623</b>	<b>-</b>

#### b) Reconciliations

Reconciliations of the carrying amount of each class of property, plant and equipment are set out below.

	2002
	\$'000
<b>Consolidated - 2002</b>	
Carrying amount at the start of the period	-
Additions through acquisition of entity	793,662
Depreciation/amortisation expense	(14,039)
Carrying amount at period end	<b>779,623</b>

#### Parent Entity - 2002

Carrying amount at the start of the period	-
Additions	-
Depreciation/amortisation expense	-
Carrying amount at period end	-

Refer to note 15 for information on non-current assets pledged as security by the Trust.

### 11. Financial Assets – Non Current Assets

#### Non traded investments

Units in controlled entity	-	2,142,000
	-	<b>2,142,000</b>

#### Other financial assets

Advances to CityLink Melbourne	2,924,920	-
Other loans	93,252	-
	<b>3,018,172</b>	<b>2,142,000</b>

The investment in controlled entity represents 100% of the ordinary units of The CityLink Trust (registered in Australia).

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>12. Other - Non-Current Assets</b>		
Prepayments	660	-
	<b>660</b>	<b>-</b>
<b>13. Payables – Current Liabilities</b>		
Sundry creditors	21,740	1,167
Related party creditors	10,340	10,397
	<b>32,080</b>	<b>11,564</b>
<b>14. Non Interest Bearing Liabilities – Current Liabilities</b>		
Unearned income	2,296	-
Mezzanine debt termination	20,750	-
Interest rate swap termination	90,573	-
	<b>113,619</b>	<b>-</b>
<b>15. Interest Bearing Liabilities – Non Current Liabilities</b>		
<b>Secured</b>		
CPI Bonds	466,490	-
Project Debt - Tranche A	738,268	-
Project Debt - Tranche B	98,241	-
Project Debt - Tranche C	90,873	-
Mezzanine debt termination	200,000	-
Subordinated debt	25,000	-
	<b>1,618,872</b>	<b>-</b>

### Financing Arrangements and Credit Facilities

Credit facilities are provided as part of the overall debt funding structure and comprise Tranche A, B and C project debt facilities, a CPI Bond facility, a Mezzanine Debt facility, and a subordinated note issue facility.

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

Details of each facility are as follows:

### a) Project Debt Facility – Tranche A

\$778 million multi option facility which can be drawn as cash advances or letters of credit. The facility is for a term of 17 years from 4 March 1996. As at 30 June 2002, \$738 million had been utilised in the form of cash advances and \$20 million had been used as a letter of credit.

### b) Project Debt Facility – Tranche B

\$98 million multi option facility which was fully utilised as at 30 June 2002. The facility is for a term of 19 years from 4 March 1996.

### c) Project Debt Facility – Tranche C

\$91 million multi option facility which was fully utilised at 30 June 2002. The facility is for a term of 16 years from 31 March 1999.

### d) CPI Bond Facility

\$350 million CPI Bond facility with a term of 27 years from March 1996 which was fully drawn as at 30 June 2002. The facility is being amortised by equal quarterly payments which cover principal and interest. These payments are indexed according to movements in the CPI.

### e) Mezzanine Note Facility

\$200 million multi option facility which was fully utilised at 30 June 2002. The facility is for a term of 24 years from 31 March 1999.

### f) Subordinated Note Issue Facility

\$25 million facility which was fully utilised at 30 June 2002. The facility is for a term of twelve months from 14 December 2001.

	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
Available facilities	1,522,381	-
Amount utilised	(1,522,381)	-
Amount unutilised	-	-

The utilisation excludes adjustments to the CPI Bond principal for inflation. The facilities are available subject to the requirements of the relevant contracts and deed being met.

All assets are pledged as security for Transurban Group liabilities.

These facilities have been repaid subsequent to year end (refer to note 26).

## 16. Non-Interest Bearing Liabilities – Non-Current Liabilities

Unearned income	1,931	-
	1,931	-

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

### 17. Unitholders' Funds

The issued units of the Trust are a component of a parcel of Stapled Securities, each parcel comprising one share in Transurban Holdings Limited, one unit in Transurban Holding Trust and one share in Transurban Infrastructure Developments Limited.

The individual securities comprising a parcel of Stapled Securities cannot be traded separately.

	Parent Entity 2002 Units '000	Parent Entity 2002 \$'000
<b>a) Movement in issued units</b>		
Units on issue at the beginning of the period	-	-
Unit issue to acquire controlled entity	510,000	2,142,000
Units issued during the period - employee share plan	28	-
Units on issue at the end of the period	510,028	2,142,000

	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>b) Undistributed Income</b>		
Undistributed income bought forward	-	-
Net (loss)/profit from ordinary activities	(19,430)	2,011
Available for distribution	(19,430)	2,011
Distributions to unitholders during the period	(11,475)	(11,475)
<b>Undistributed loss carried forward</b>	<b>(30,905)</b>	<b>(9,464)</b>

A total of 6,700,000 options have been granted under the Transurban Executive Options Plan to executives of the Transurban Group.

Options are issued at no cost to the Option holder. Options vest in three equal tranches on the second, third and fourth anniversaries of their issue. The Exercise is subject to an Exercise Condition. The Exercise Condition involves a comparison between Total Shareholder Return (TSR) of The Transurban Group's Stapled Securities over the two years prior to a vesting date of options and the TSR of each of the other companies in the S&P/ASX 200 Industrials as at the end of the relevant Exercise Condition Test Period which have been in the S&P/ASX 200 Industrials for the full term of the Exercise Condition Test Period (Test Companies) measured over the same period.

TSR measures the total return on investment of a security. It takes into account both capital appreciation and distribution income. The Transurban Group and each of the Test Companies will be ranked according to their respective TSRs over the Exercise Condition Test Period. The ranking determines the extent to which vested options may be exercised. If the Group's TSR exceeds the 65th percentile of the ranking, 100% of the vested options may be exercised. If The Transurban Group's TSR is below the 25th percentile of the ranking, none of the vested options may be exercised. If the TSR falls between these percentiles, the percentage of vested options that may be exercised will be calculated according to a formula.

No Stapled Securities were issued during the period ended 30 June 2002 pursuant to the exercise of options.



## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

### 18. Trust Distribution

A distribution was made during the period representing the maiden distribution from the operations phase of the project.

	<b>2002</b>
	<b>\$'000</b>
Distribution of \$0.0225 per "new" stapled security paid on 26 February 2002	<b>11,475</b>
Total distributions in respect of the period	<b>11,475</b>

### 19. Remuneration of Auditors

During the period the auditor of the parent entity and its related parties earned the following remuneration:

	Consolidated	Parent Entity
	<b>2002</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit or review of the financial reports of the trust	<b>65</b>	<b>12</b>
Remuneration for other services	<b>5</b>	<b>-</b>
Total remuneration	<b>70</b>	<b>12</b>

### 20. Contingent Liabilities

As at the reporting date there are no contingent liabilities.

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

### 21. Related Party Information

#### Directors

The name of persons who were directors of the Responsible Entity at any time during the financial period are as follows:

Geoffrey R Phillips, Laurence G Cox, Geoffrey O Cosgriff, Jeremy G A Davis. In addition Paul G B O'Shea and Kimberley Edwards were directors from 20 September 2001, until their resignation on 27 September 2001.

#### Transactions of Directors and Director-Related Entities Concerning Stapled Securities

The aggregate numbers of Stapled Securities acquired or disposed of and held at 30 June 2002 by directors were as follows:

	Beneficial	Non Beneficial	Total
Balance at 20 September 2001	789,745	-	789,745
Acquired	22,515	-	22,515
Disposed	-	-	-
Balance at 30 June 2002	812,260	-	812,260

Company directors and their director-related entities received normal distributions on these Stapled Securities. All transactions relating to Stapled Securities were on the same basis as similar transactions with other Stapled Security holders.

Mr. G R Phillips was issued 500,000 options over Transurban Group Stapled Securities during the period in accordance with the executive option plan.

#### Other Transaction with Directors and Director Related Entities

Mr. Cox is a director of Macquarie Corporate Finance Limited (a wholly owned subsidiary of Macquarie Bank Ltd), which is contracted to provide general advice on debt and equity finance.

Macquarie Bank was also involved in the financial arrangements concerning the Land Transport Notes. Mr. Cox holds 2 million Land Transport Notes, issued at \$1.00.

The aggregate amounts that were brought to account in relation to transactions with directors and their director related entities for each of the above type of transactions were as follows:

	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
Consulting fee - debt refinancing	7,950	-
	<b>7,950</b>	<b>-</b>
Aggregate amounts payable to directors and their director related entities at balance date:		
Current liabilities	<b>7,950</b>	<b>-</b>

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

Consolidated	Parent Entity
<b>2002</b>	<b>2002</b>
<b>\$'000</b>	<b>\$'000</b>

### Other Related Parties

Related entities of the Responsible Entity held no stapled securities as at 30 June 2002.

Aggregate amounts that were charged to the statement of financial performance that resulted from transactions with other related parties were as follows:

Fees to Trust Manager/Investment Manager	<b>94</b>	-
Fees to Responsible Entity	<b>1,385</b>	-
	<b>1,479</b>	-

Aggregate amounts payable to and receivable from other related parties at balance date:

Current liabilities	<b>944</b>	-
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### Wholly-Owned Group

The wholly-owned group consists of The Transurban Holding Trust and its wholly-owned controlled entity, The CityLink Trust. Ownership interest in this controlled entity is set out in note 11.

Transactions between Transurban Holding Trust and the other entity in the wholly-owned group during the period ended 30 June 2002 consisted of:

#### (a) loans advanced to Transurban Holding Trust

#### (b) distribution paid to Transurban Holding Trust

Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with entities in the wholly owned group:

	Parent Entity
	<b>2002</b>
	<b>\$'000</b>
Trust Distribution	<b>11,475</b>
Aggregate amounts payable to entities in the wholly owned group at balance date:	
current payables (loan)	<b>57</b>

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

### 22. Investment in Controlled Entity

On 18 December 2001, all the units of CityLink Trust were acquired by Transurban Holding Trust. The acquisition was made pursuant to an arrangement concerning the unitholders of the CityLink Trust ("the arrangement"). The arrangement was approved at a meeting of unitholders on 27 November 2001 and subsequently ratified by the Supreme Court of Victoria on 18 December 2001. The consideration was fulfilled by the issue of 510,000,000 units of the Trust.

Details of the acquisition are as follows:

	<b>2002</b>
	<b>\$'000</b>
Fair value of identifiable net assets of controlled entity acquired	
Property, plant and equipment	<b>879,360</b>
Cash	<b>69,717</b>
Land Transport Notes	<b>93,252</b>
Debtors	<b>2,905,877</b>
Creditors	<b>(88,180)</b>
Project debt	<b>(940,712)</b>
Mezzanine debt	<b>(200,000)</b>
Capital market debt	<b>(458,652)</b>
Other liabilities	<b>(32,964)</b>
	<b>2,227,698</b>
Discount on acquisition	<b>(85,698)</b>
Deemed consideration paid	<b>2,142,000</b>

### 23. Financial Instruments Disclosure

The consolidated entity is party to financial instruments with off-balance sheet risks in the normal course of business in order to hedge exposure to interest rate fluctuations. These instruments are not included in the assets or liabilities (as the case may be) of the Trust, except to the extent detailed hereunder.

#### Interest Rate Swap Contracts

As part of the groups refinancing arrangements swaps previously in place to hedge against variations in interest rate fluctuations were terminated on 5 July 2002. In recognition of the payment, the amount has been represented in the accounts of the trust as a payable at 30 June 2002. (refer note 14).

#### Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

	Notes	2002 Financial Institutions \$'000	2002 Corporates \$'000	2002 Total \$'000
<b>On-balance sheet financial assets</b>				
Cash	7	75,251	-	75,251
Sundry debtors	8	1,764	-	1,764
Advance to CityLink Melbourne	11	-	2,924,920	2,924,920
Advances to other parties	11	-	93,252	93,252
<b>Total Credit Risk</b>		<b>77,015</b>	<b>3,018,172</b>	<b>3,095,187</b>

### Interest Rate Risk

The exposure to interest rate risk and the effective rates on financial assets and liabilities at 30 June 2002 were:

	Note	Fixed Interest Rate Maturity				Non interest bearing \$'000	Total \$'000
		Floating interest rate \$'000	1 year or less \$'000	between 1 and 5 years \$'000	more than 5 years \$'000		
<b>Financial Assets</b>							
Cash	7	75,251	-	-	-	-	75,251
Sundry debtors	8	-	-	-	-	1,764	1,764
Advance to CityLink Melbourne	11	1,348,320	-	-	-	1,576,600	2,924,920
Advance to other parties	11	-	-	93,252	-	-	93,252
<b>Total Financial Assets</b>		<b>1,423,571</b>	<b>-</b>	<b>93,252</b>	<b>-</b>	<b>1,578,364</b>	<b>3,095,187</b>
Weighted average interest rate		8.67%	-	8.50%	-	-	-
<b>Financial Liabilities</b>							
Sundry creditors	13	-	-	-	-	32,080	32,080
Interest rate swap termination	14	-	-	-	-	90,573	90,573
Mezzanine debt termination	14	-	-	-	-	20,750	20,750
CPI Bonds	15	-	-	-	466,490	-	466,490
Project debt borrowings	15	1,152,382	-	-	-	-	1,152,382
<b>Total Financial Liabilities</b>		<b>1,152,382</b>	<b>-</b>	<b>-</b>	<b>466,490</b>	<b>143,403</b>	<b>1,762,275</b>
Weighted average interest rate		6.85%	-	-	10.26%	-	-
<b>Net Financial Assets/(Liabilities)</b>		<b>271,189</b>	<b>-</b>	<b>93,252</b>	<b>(466,490)</b>	<b>1,434,961</b>	<b>1,332,912</b>

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

	Notes	2002 \$'000
<b>Reconciliation of Net Financial Assets to Net Assets</b>		
Net financial assets as above		1,332,912
Non-financial assets and liabilities		
Property, plant and equipment	10	779,623
Other assets	9,12	2,787
Other liabilities	14,16	(4,227)
Net assets per balance sheet		2,111,095

### Net Fair Values of Financial Assets and Liabilities

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

	Consolidated 2002 \$'000	Parent Entity 2002 \$'000
<b>24. Reconciliation of net (loss)/profit from ordinary activities to net cash (outflow)/inflow from operating activities</b>		
Net (loss)/profit from ordinary activities	<b>(19,430)</b>	<b>2,011</b>
Depreciation and amortisation	<b>14,039</b>	-
Trust distribution	-	<b>(11,475)</b>
Income capitalised into loans to CityLink Melbourne	<b>(121,218)</b>	-
Change in operating assets and liabilities, net of effects from acquisition of controlled entity		
Decrease/(Increase) in prepayments	<b>(2,787)</b>	-
Increase in creditors	<b>29,687</b>	<b>11,446</b>
Increase in interest rate swap termination	<b>4,723</b>	-
Increase in Mezzanine debt termination	<b>20,750</b>	-
(Decrease) in unearned income	<b>(3,735)</b>	-
Decrease/(Increase) in debtors	<b>1,995</b>	<b>(1,564)</b>
Increase in CPI Bonds	<b>7,838</b>	-
Net cash (outflow)/inflow from operating activities	<b>(68,138)</b>	<b>418</b>

## notes to the financial statements

from the date of establishment, 15 november 2001 to 30 june 2002

### 25. Earnings per unit

	Consolidated <b>2002</b>
Net tangible asset backing per unit	<b>\$3.79</b>
Basic earnings per unit	<b>(3.8 cents)</b>
Diluted earnings per unit	<b>(3.8 cents)</b>
Weighted average number of units used in calculating basic earnings per unit	<b>510,028,300</b>
Weighted average number of units and potential units used (as denominator) in calculating diluted earnings per unit	<b>516,728,300</b>

#### Information concerning the classification of units

##### (a) Stapled Securities

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

##### (b) Options

Options granted to executives of the Transurban Group under the Transurban Executive Option Plan are considered to be potential Stapled Securities and have been included in the calculation of diluted earnings per Unit.

### 26. Event occurring after reporting date

Transurban's debt facilities have been completely refinanced utilising the existing security structure. Documentation with new lenders was finalised on 28 June 2002 and the draw down of the new facilities was implemented in two stages, subsequent to the reporting date.

The first stage involved the repayment of \$927 million of existing bank facilities, \$225 million of mezzanine and subordinated debt and reset of interest rate swaps. The repayments were funded by a \$680 million bank facility and \$1,020 million bridging loan to cover the period until the capital markets debt issue was completed. The CPI bonds were also redeemed in six weekly installments subsequent to this funding.

The second stage of the refinance was completed on 8 August 2002 with a \$1,190 million capital markets bond issue that was applied to the repayment of the \$1,020 million bridging loan and a \$170 million reduction of the \$680 million bank facility to \$510 million.

The financing facilities outstanding as at the date of this financial report are:

Facility	Term	Amount
Bank Facility	5 year Bullet Floating rate	\$510 million
Unwrapped Bonds	3 Year Floating rate	\$90 million
Unwrapped Bonds	3 Year Fixed rate	\$260 million
Wrapped Bonds	3 Year Floating Rate	\$65 million
Wrapped Bonds	3 Year Fixed Rate	\$175 million
Wrapped Bonds	5 Year Non Call 3 Year Floating rate	\$240 million
Wrapped Bonds	7 Year Non Call 3 Year Floating rate	\$360 million

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## directors' declaration

In the opinion of the Directors of Transurban Infrastructure Management Limited the Responsible Entity for Transurban Holding Trust

- 1 the financial statements and notes set out on pages 64 to 81 are in accordance with the Corporations Act 2001, including:
  - a) giving a true and fair view of the financial position of the Trust as at 30 June 2002 and of its performance, as represented by the results of its operations and its cash flows, for the financial period ended on that date; and,
  - b) complying with the Accounting Standards and Corporations Regulations 2001.
- 2 there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable, and,
- 3 the financial statements and notes set out on pages 64 to 81 are in accordance with the provisions of the Constitution.

Signed in accordance with a resolution of the Directors of Transurban Infrastructure Management Limited.



**Laurence G Cox**  
Chairman


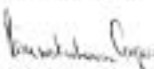
27 August 2002.



**Geoffrey O Cosgriff**  
Director



## independent audit report

	<p><b>PricewaterhouseCoopers</b>  333 Collins Street  MELBOURNE VIC 3000  GPO Box 13311  MELBOURNE VIC 3001  DX 77 Melbourne  Australia  www.pwcglobal.com/au  Telephone 61 3 8603 1000  Facsimile 61 3 8603 1999</p>
<p><b>Independent audit report to the members of  Transurban Holding Trust</b></p>	
<p><b>Audit opinion</b></p>	
<p>In our opinion, the financial report, set out on pages 64 to 81:</p>	
<ul style="list-style-type: none"> <li>• presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Transurban Holding Trust as at 30 June 2002 and of its performance for the period ended on that date</li> <li>• is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.</li> </ul>	
<p>This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.</p>	
<p><b>Scope and summary of our role</b></p>	
<p><b>The financial report – responsibility and content</b></p>	
<p>The preparation of the financial report for the period ended 30 June 2002 is the responsibility of the directors of Transurban Infrastructure Management Limited as responsible entity of Transurban Holding Trust (the Trust). It includes the financial statements for the Trust.</p>	
<p><b>The auditor's role and work</b></p>	
<p>We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Trust. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.</p>	
<p>In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Trust's financial position, and its performance as represented by the results of its operations and cash flows.</p>	
<p>The procedures included:</p>	
<ul style="list-style-type: none"> <li>• selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence</li> <li>• evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report</li> <li>• obtaining written confirmation regarding material representations made to us in connection with the audit</li> <li>• reviewing the overall presentation of information in the financial report.</li> </ul>	
<p>Our audit opinion was formed on the basis of these procedures.</p>	
<p><b>Independence</b></p>	
<p>As auditor, we are required to be independent of the Trust and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.</p>	
 PricewaterhouseCoopers	Melbourne 27 August 2002
PJ Fekete Partner <small>Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)</small>	





