BREAKING NEW GROUND

financial statements 2003

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

for the year ended 30 june 2003

Transurban Infrastructure Developments Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Transurban Infrastructure Developments Limited
Level 43 Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally. All press releases, financial reports and other information are available on our website: www.transurban.com.au
Transurban Infrastructure Developments Limited was incorporated on 12 September 2001, and as a result, the comparative information is for the period 12 September 2001 to 30 June 2002.

directors' report

Your directors present their report on the consolidated entity consisting of Transurban Infrastructure Developments Limited and the entities it controlled at the end of, or during, the year ended 30 June 2003.

Transurban Infrastructure Developments Limited ("TIDL") forms part of the Transurban Group ("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 of the Stapled Security can be traded separately.

Directors

The following persons were directors of Transurban Infrastructure Developments Limited during the whole of the financial year and up to the date of this report:

Executive Directors
Kimberley Edwards
Geoffrey R Phillips

Non-executive Directors
Laurence G Cox
Peter C Byers
Geoffrey O Cosgriff
Jeremy G A Davis
Susan M Oliver

David J Ryan was appointed a non-executive director on 29 April 2003 and continues in office at the date of this report.

Principal activities

During the year the principal continuing 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"), Transurban CARS Trust and CityLink 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 ("CityLink") electronic tolling system and processes.

As a result of the group's participation in the WestLink M7 Motorway project (see Review of Operations below), from 14 February 2003, the principal activities of TIDL included the following additional activities related to the WestLink M7 Motorway :

(e) participation in the direction of the entities directly responsible for development of the project;

(f) provision of the tolling system; and

(g) preparation for the provision of the tolling and customer management system.

Review of operations

(a) Business development

During the year, Transurban Infrastructure Developments Limited ("TIDL") has focused its activities on opportunities for the Transurban Group, in both the domestic and international markets, based on leveraging its knowledge and experience gained through the delivery of CityLink. Opportunities pursued during the period included:

(i) Westlink M7
Financial Close of the Westlink M7 motorway project, in which the Group is a 40 per cent participant, was achieved on 14 February 2002. In addition to being an equity participant in the project, the Group (through Transurban Infrastructure Developments Limited) will provide the electronic tolling system under a sub-contract to the project's main contractors and will operate the tolling and customer management systems during the operating phase. These outcomes represent major achievements for the Group and provide early vindication of the strategy to restructure the Group to leverage the knowledge and experience gained through the delivery of CityLink for the benefit of security holders.

(ii) Mitcham – Frankston Freeway Project
Following the decision by the State of Victoria to develop the proposed Mitcham – Frankston Freeway ("MFF") as a privately-financed toll road, Transurban Infrastructure Developments Limited joined with Leighton Contractors, Abigroup and Deutsche Bank to form the Mitcham – Frankston Motorway consortium ("MFM"). In June 2003, the consortium responded to the State's invitation to submit Expressions of Interest. One other Expression of Interest was submitted. The formal Request for Proposals is expected to be issued shortly, requiring proposals to be submitted around the end of 2003.

directors' report

(iii) Lane Cove Tunnel
The proposal of the Lane Cove Expressway Consotium, in which the Group is a participant, was not short-listed by the RTA.

(iv) Overseas Opportunities
In Europe, the Group is in discussion with major road concession and construction companies regarding potential global relationships. In the United States, TIDL is working with a number of State road authorities interested in electronic billing and customer service systems. Longer term opportunities may also exist in relation to public/private sector partnerships.

The nature of the overseas opportunities presently being pursued is such that any capital commitment made by the Group is likely to take the form of seed capital which can be funded from the Group's existing credit facilities. Should Transurban identify investment opportunities that require the provision of longer-term equity it will investigate raising the capital in a fund in the region of the asset. It is intended that Transurban would manage this fund.

Business Development costs of $11.1 million were expensed during FY03. A further $5.8 million, principally relating to the Westlink M7 and MFF projects, was capitalised in accordance with the Group's accounting policy relating to costs incurred in relation to successful proposals and those for which an outcome has not been determined.

Significant changes in the state of affairs

(a) Westlink M7
As described above (see Review of Operations), on 14 February 2003, the Group became a 40 per cent equity participant in the WestLink M7 Motorway project and the company entered into contracts to supply the electronic tolling system and to operate the tolling and customer management systems.

(b) Responsible entity
During the year a controlled entity of the company was appointed as Responsible Entity for Transurban CARS Trust and CityLink Trust.

(c) Other changes
In the opinion of the Directors there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review.

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 2003 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 2003.

Likely developments and expected results of operations

Information on likely developments in the operations of TIDL 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 TIDL.

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 64.

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 52.

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 62.

directors' report

Geoffrey O Cosgriff BAppSc, Company Director Diploma, FIE(Aust), FAICD – Non-Executive Director
Mr Geoff Cosgriff is an Executive Director for Logica CMG Pty Ltd (Australian Subsidiary of UK listed company Logica CMG) following the sale of the MITS business to Logica Pty Ltd. Mr Cosgriff was the founding Managing Director of MITS Limited when the company commenced operation in 1990. Over the intervening period, MITS grew to 600 staff and nearly $100 million in sales of information technology solutions. He is also a non-executive director of UXC Limited, Skilltech Consulting Services and a Council Member for Leadership Victoria. Previously Geoff held executive management roles with Melbourne & Metropolitan Board of Works and has extensive experience in the information technology industry. Age 50.

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 and is the Chairman of Gradipore Limited. 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 60.

Susan M Oliver BP&C – Non-Executive Director
Ms Susan Oliver is a director of Medical Benefits Fund, Programmed Maintenance Services Ltd, Methodist Ladies College Ltd and the Smith Family Ltd. She retired as chair of Screen Sound Australia—The National Screen and Sound Archive on 30 June 2003. 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 52.

Geoffrey R Phillips BE (Chem), MBA, MAICD – Executive Director
Mr Geoffrey Phillips joined Transurban in 1996 and was appointed Finance Director on 28 August 1998. 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 59.

David J Ryan B.Bus, FCPA, FAICD, AO – Non-Executive Director
Mr David Ryan was appointed director on 29 April 2003. He is Chairman of Residual Assco Limited, DJL Limited, Tooth & Co Limited and Industrial Equity Limited. He is also a director of ABC Learning Centres Limited and a member of the Advisory Board of the Caliburn Partnership. Mr Ryan's experience covers commercial banking, investment banking and operational business management in the transportation services sector. From 1992 to 2002, Mr Ryan held various senior positions in the Adelaide Steamship Group and from 1997 to 2002 he was the foundation Managing Director of Adsteam Marine Limited. In this latter role, he built Adsteam Marine into the largest towage operation in Australia and the largest independent harbour towage operator in the world. Age 51.

directors' report

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2003, and the numbers of meetings attended by each director were:

Name	Directors' Meeting		Audit Committee		Nomination & Remuneration Committee		Risk Management & Compliance	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
L G Cox	15	15	3	3	4	4	-	-
K Edwards[1]	15	15	-	-	-	-	-	-
P C Byers	15	14	3	3	-	-	-	-
G O Cosgriff	15	14	-	-	-	-	3	3
J G A Davis	15	14	3	3	4	4	-	-
S M Oliver	15	15	-	-	-	-	3	3
G R Phillips[1]	15	14	-	-	-	-	-	-
D J Ryan	4	3	-	-	-	-	-	-

[1] K Edwards and G R Phillips are not members of the Audit and Nomination & Remuneration compliance Committees but have been in attendance at all of these meetings. G R Phillips is not a member of the Risk Management & Compliance Committee but has been in attendance at all meetings.

Directors' interests

The following are particulars of directors' interests in Stapled Securities and Convertible Adjusting Rate Securities ("CARS") issued by the Transurban Group 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	Number of CARS
L G Cox	775,000	-	4,000
K Edwards	61,000	1,500,000	348
P C Byers	50,000	-	-
J G A Davis	40,000	-	150
S M Oliver	59,375	-	-
G R Phillips	-	500,000	-
G O Cosgriff	17,360	-	121
D J Ryan	20,000	-	300

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. In addition to the annual fee, directors receive fees for attendance at committee meetings. Liability for Superannuation Guarantee cotributions is met out of the annual fee. The Directors 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

Name	Directors' Fee $	Superannuation $	Total $
L G Cox	231,102	20,799	251,901
P C Byers	98,638	8,877	107,515
J G A Davis	83,500	7,515	91,015
S M Oliver	81,665	7,350	89,015
G O Cosgriff	79,830	7,185	87,015
D J Ryan	25,234	2,271	27,505

Executive directors of Transurban Infrastructure Developments Limited

Name and Position	Base Salary $	Bonus $	Superannuation $	Options $	Other Benefits $	Total $
K Edwards – Managing Director	912,857	725,000	87,000	183,999	7,300	1,916,156
G R Phillips – Deputy Managing Director	419,253	240,000	10,519	61,333	7,300	738,405

directors' report

Other executives of Transurban Infrastructure Developments Limited

Name and Position	Base Salary $	Bonus $	Superannuation $	Options[1] $	Other Benefits $	Total $
K Reynolds – General Manager, Major Projects	229,436	305,000	19,829	31,853	7,300	593,418
P O'Shea – General Counsel	227,754	305,000	20,820	31,853	7,300	592,727
K Daley – Executive General Manager	281,738	147,500	24,536	37,162	7,300	498,236
F Browne – General Manager, Global Business Development	335,417	71,000	29,367	47,667	7,300	490,751
L Hunt – General Manager, NSW	239,835	143,000	21,161	11,742	15,000	430,738

(1) No options were granted during the year over Transurban Group Stapled Securities. Option remuneration relates to options granted to Directors and Executives in prior financial years. In accordance with Transurban Group policy, the total value of the options issued through the Transurban Group Executive Option Plan have been previously disclosed as remuneration in the 30 June 2001 and 30 June 2002 Directors' Report.

Pursuant to ASIC guidelines released in 2003 and ED 2 "Share Based Payments", the amounts disclosed as remuneration in the current year is that part of the total value of the options which is attributable to the current year portion of the vesting period.

The options were valued as at grant date using a Black-Scholes derived option valuation model taking into consideration the exercise price, the term of the option, the market price of Transurban Group Stapled Securities on the date of granting the option, the expected price volatility of Transurban Group Stapled Securities, expected future distributions, the risk free rate of interest over the term of the options and exercise conditions in relation to total shareholder return.

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. No options were issued during the year.

Date options granted	Expiry date	Issue price of stapled securities	Number under option
26 April 2001	April 2006	$3.817	2,100,000
23 October 2001	October 2006	$4.404	2,000,000
1 February 2002	April 2007	$4.280	400,000
9 April 2002	April 2007	$4.030	300,000
20 May 2002	April 2007	$4.220	1,550,000

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

directors' report

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 and 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 2003.

statement of financial performance

for the year ended 30 june 2003

		Consolidated		Parent Entity	
	Notes	**2003**	2002[1]	**2003**	2002[2]
		$'000	$'000	**$'000**	$'000
Revenue from ordinary activities	2	**27,852**	18,387	**26,702**	18,207
Expenses from ordinary activities:					
Operational costs		**(11,212)**	(9,160)	**(11,212)**	(9,160)
Administration costs		**(13,604)**	(8,023)	**(13,393)**	(7,850)
Depreciation and amortisation expenses	3	**(1,775)**	(1,066)	**(1,775)**	(1,066)
Borrowing costs expense	3	**(358)**	(131)	**(322)**	(131)
Profit from ordinary activities before income tax		**903**	7	**-**	-
Income tax on operating profit	4	**-**	-	**-**	-
Profit from ordinary activities after income tax		**903**	7	**-**	-

		Cents	Cents
Basic earnings per share	29	**0.2**	0.0
Diluted earnings per share	29	**0.2**	0.0

[1] Transurban Infrastructure Developments Limited acquired 100% of the issued capital of Transurban Infrastructure Management Limited on 20 September 2001. Amounts in the consolidated statement of financial performance for 2002 include results for the period 20 September 2001 to 30 June 2002.

[2] The comparative period is from the date of incorporation of 12 September 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 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Current Assets					
Cash assets	5	**972**	2,401	**125**	2,126
Receivables	6	**2,576**	75	**1,194**	75
Other	7	**7,599**	20,342	**7,599**	20,419
Total Current Assets		**11,147**	22,818	**8,918**	22,620
Non-Current Assets					
Property, plant and equipment	8	**19,591**	13,691	**19,591**	13,691
Intangible assets	9	**9,252**	9,752	**9,252**	9,752
Other	10	**1,626**	-	**1,626**	-
Total Non-Current Assets		**30,469**	23,443	**30,469**	23,443
Total Assets		**41,616**	46,261	**39,387**	46,063
Current Liabilities					
Payables	11	**4,301**	6,041	**4,277**	5,904
Interest bearing liabilities	12	**8,000**	8,000	**8,000**	8,000
Non-interest bearing liabilities	13	**20,660**	23,069	**19,365**	23,015
Provisions	14	**3,621**	1,698	**3,621**	1,698
Total Current Liabilities		**36,582**	38,808	**35,263**	38,617
Non-Current Liabilities					
Non-interest bearing liabilities	15	**3,150**	6,850	**3,150**	6,850
Provisions	16	**974**	596	**974**	596
Total Non-Current Liabilities		**4,124**	7,446	**4,124**	7,446
Total Liabilities		**40,706**	46,254	**39,387**	46,063
Net Assets		**910**	7	**-**	-
Equity					
Contributed equity	17	**-**	-	**-**	-
Retained profits	18	**910**	7	**-**	-
Total Equity		**910**	7	**-**	-

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

statement of cash flows

for the year ended 30 june 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002[1] $'000	Parent Entity 2003 $'000	Parent Entity 2002[2] $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		**30,835**	275	**25,088**	-
Payments to suppliers (inclusive of GST)		**(34,590)**	(11,848)	**(33,165)**	(11,795)
Interest received		**118**	-	**78**	-
Borrowing costs		**(316)**	(131)	**(286)**	(131)
Net cash outflows from operating activities	28	**(3,953)**	(11,704)	**(8,285)**	(11,926)
Cash flows from investing activities					
Payment for property, plant and equipment		**(7,374)**	(4,172)	**(7,374)**	(4,172)
Payments for single purpose		**(3,700)**	-	**(3,700)**	-
Loans to related parties		**(35,234)**	-	**(34,192)**	-
Repayment of loans by related parties		**55,899**	-	**54,934**	-
Net cash inflow/(outflow) from investing activities		**9,591**	(4,172)	**9,668**	(4,172)
Cash flows from financing activities					
Loans from related parties		**47,973**	24,151	**51,229**	24,098
Repayment of loans to related parties		**(55,040)**	(5,874)	**(54,613)**	(5,874)
Net cash (outflow)/inflow from financing activities		**(7,067)**	18,277	**(3,384)**	18,224
Net (decrease)/increase in cash at bank		**(1,429)**	2,401	**(2,001)**	2,126
Cash at bank at the beginning of the financial year		**2,401**	-	**2,126**	-
Cash at bank at the end of the financial year	5	**972**	2,401	**125**	2,126
Financing arrangements and credit facilities	12				

[1] Transurban Infrastructure Developments Limited acquired 100% of the issued capital of Transurban Infrastructure Management Limited on 20 September 2001. Amounts in the consolidated statement of cash flows for 2002 include results for Transurban Infrastructure Management Limited for the period 20 September 2001 to 30 June 2002.

[2] The comparative period is from the date of incorporation of 12 September 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

for the year ended 30 june 2003

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.

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by Transurban Infrastructure Developments Limited ("company" or "parent entity") as at 30 June 2003 and the results of all controlled entities for the year then ended. Transurban Infrastructure Developments 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 year, its results are included in the consolidated statement of financial performance from the date on which control commences.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

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.

The expected useful lives are as follows:

Plant and Equipment	3 – 15 years

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

Trade and other creditors 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.

(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 expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The above policy was adopted with effect from 1 July 2002 to comply with AASB 1028 Employee Benefits. In previous years, these liabilities were measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This change in accounting policy did not result in a material effect in the current year compared with what would have been reported had the previous accounting policy continued to be applied.

notes to the financial statements

for the year ended 30 june 2003

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, except to the extent to which they relate to the construction of a qualifying asset, and include:

- Interest on short term, long term borrowings and amortisation of deferred borrowing costs.

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

(j) Interest bearing liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(k) Cash flows

For the purpose of the statement of cash flows, cash includes cash on hand and deposits held at call with banks.

(l) Earnings per share

Basic Earnings per Share

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

Diluted Earnings per Share

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

(m) 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.

(n) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(o) Project development costs

Costs incurred in developing proposals for specific projects are charged to the Statement of Financial Performance in the period in which they are incurred except where:

(i) the outcome of the proposal has been determined and the outcome will result in the creation of an asset; or

(ii) the outcome of the proposal has been not been determined but it is considered reasonably probable that the outcome, when determined, will result in the creation of an asset.

Costs meeting these criteria are capitalised.

(p) 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

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
2. Revenue				
Revenue from operating activities				
Management fees	**22,847**	12,225	**22,846**	12,045
IT development charges	**3,716**	6,139	**3,716**	6,139
Responsible Entity fees	**1,032**	-	**-**	-
	27,595	18,364	**26,562**	18,184
Revenue from outside the operating activities				
Interest	**101**	22	**59**	22
Other	**156**	1	**81**	1
	257	23	**140**	23
Total revenue from ordinary activities	**27,852**	18,387	**26,702**	18,207
3. Profit from ordinary activities				
Expenses Profit from ordinary activities before income tax expense includes the following specific expenses:				
Depreciation and amortisation				
Plant and equipment	**1,275**	818	**1,275**	818
Amortisation				
Goodwill	**500**	248	**500**	248
Total depreciation and amortisation	**1,775**	1,066	**1,775**	1,066
Borrowing costs				
Interest and finance charges paid/payable	**358**	131	**322**	131
Provision for employee entitlements	**2,300**	2,295	**2,300**	2,295
Rental expenses relating to operating leases – minimum lease payments	**1,203**	159	**1,203**	159

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for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
4. Income tax				
a) The income tax expense for the financial year differs from the amount calculated on the loss. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	**903**	7	**-**	-
Income tax calculated at 30% (2002 – 30%)	**271**	2	**-**	-
Tax effect of permanent differences:				
Amortisation of goodwill	**150**	74	**150**	74
Other	**92**	31	**92**	31
Benefit of tax losses not recognised	**(513)**	(107)	**(242)**	(105)
Income tax expense	**-**	-	**-**	-
b) Tax losses at beginning of the year	**1,625**	-	**1,625**	-
Tax (profit)/losses for the year	**(430)**	1,625	**(473)**	1,625
Tax losses at end of the year	**1,195**	1,625	**1,152**	1,625

Potential future income tax benefits at 30 June 2003 for tax losses have not been brought to account for the consolidated entities are $74,700 (gross $249,000). These future income tax benefits are not being brought to account as an asset as they do not meet the requirements described in note 1f.

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

Tax consolidation legislation

The company is currently considering the implementation of tax consolidation legislation. The introduction of the tax consolidation legislation may impact on the company's carried forward tax losses. The financial effect of the proposed legislation, if any, will be determined during the 30 June 2004 financial year. No impact has been recognised in the financial statements for the period ended 30 June 2003.

notes to the financial statements
for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
5. Cash assets – current assets				
Cash at bank	**972**	2,401	**125**	2,126
	972	2,401	**125**	2,126
6. Receivables – current assets				
Trade debtors	**1,811**	10	**111**	10
Other debtors	**765**	65	**1,083**	65
	2,576	75	**1,194**	75
7. Other – current assets				
Prepayments	**143**	53	**143**	53
Advances to related parties	**7,456**	20,289	**7,456**	20,366
	7,599	20,342	**7,599**	20,419
8. Property, plant and equipment – non-current assets				
a) Equipment and fittings				
Equipment and fittings at cost	**21,684**	14,509	**21,684**	14,509
Less: accumulated depreciation	**(2,093)**	(818)	**(2,093)**	(818)
	19,591	13,691	**19,591**	13,691

b) Reconciliations

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

	Equipment and Fittings – at cost
	$'000
Consolidated - 2003	
Carrying amount at 1 July 2002	**13,691**
Additions	**7,175**
Disposals	**-**
Depreciation/amortisation expense charged to statement of financial performance	**(1,275)**
Carrying amount at 30 June 2003	**19,591**

notes to the financial statements

for the year ended 30 june 2003

	Equipment and Fittings – at cost $'000
Parent entity – 2003	
Carrying amount at 1 July 2002	**13,691**
Additions	**7,175**
Disposals	**-**
Depreciation/amortisation expense charged to statement of financial performance	**(1,275)**
Carrying amount at 30 June 2003	**19,591**

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
9. Intangible assets – non-current assets				
Goodwill	**10,000**	10,000	**10,000**	10,000
Less: accumulated amortisation	**(748)**	(248)	**(748)**	(248)
	9,252	9,752	**9,252**	9,752
10. Other – non-current assets				
Project development	**1,626**	-	**1,626**	-
	1,626	-	**1,626**	-
11. Payables – current liabilities				
Trade creditors	**2,704**	1,913	**2,700**	1,835
Other creditors	**1,597**	4,128	**1,577**	4,069
	4,301	6,041	**4,277**	5,904
12. Interest bearing liabilities – current liabilities				
Secured				
Bank Loan	**8,000**	8,000	**8,000**	8,000
	8,000	8,000	**8,000**	8,000

The loan facility is fully drawn down at 30 June 2003.

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
13. Non-interest bearing liabilities – current liabilities				
Loans from related parties	**12,585**	19,919	**16,215**	19,865
Unearned income	**4,925**	-	**-**	-
Release from single purpose	**3,150**	3,150	**3,150**	3,150
	20,660	23,069	**19,365**	23,015
14. Provisions – current liabilities				
Employee entitlements	**3,621**	1,698	**3,621**	1,698
	3,621	1,698	**3,621**	1,698
15. Non-interest bearing liabilities – non-current liabilities				
Release from single purpose	**3,150**	6,850	**3,150**	6,850
	3,150	6,850	**3,150**	6,850
16. Provisions – non-current liabilities				
Directors' retirement	**974**	596	**974**	596
	974	596	**974**	596

	Parent Entity		Parent Entity	
	2003 Shares	2002 Shares	**2003**	2002
	'000	'000	**$'000**	$'000
17. Equity				
a) Paid up capital				
fully paid	**518,473**	510,028	**-**	-

notes to the financial statements
for the year ended 30 june 2003

	Date	Details	Notes	Number of shares '000	Issue Price	$'000
b)	1 July 2002	Opening Balance		510,028	-	-
	8 October 2002	Distribution reinvestment plan issues	d	1,564	-	-
	26 February 2003	Employee share scheme issues	e	35	-	-
	28 March 2003	Distribution reinvestment plan issues	d	6,846	-	-
	30 June 2003	Closing Balance		518,473	-	-

c) Shares
Shares entitle the holder to participate in distributions and the winding up of Transurban Infrastructure Developments Limited in proportion to the number of and amounts paid on the shares held. In the event that Transurban Infrastructure Developments Limited and Transurban CARS Trust are wound up simultaneously, holders of Transurban CARS securities would rank ahead of Transurban Infrastructure Developments Limited shares.

On a show of hands every holder of shares present at a meeting in person or by proxy, is entitled to one vote.

d) Distribution reinvestment plan
The Transurban Group has established a distribution reinvestment plan under which holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash. Securities are issued under the plan at a 2.5 per cent discount to the market price and include a share in Transurban Infrastructure Developments Limited.

e) Employee share scheme
Information relating to the employee share scheme, including details of shares issued under the plan, are set out in note 23(b).

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
18. Retained profits				
Retained profits at the beginning of the financial year	**7**	-	**-**	-
Net profits from the current year	**903**	7	**-**	-
Retained profits at the end of the financial period	**910**	7	**-**	-

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$	$	**$**	$
19. 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 entities	**3,063,197**	2,048,750	**3,063,197**	2,048,750

Options are granted to executive directors under the Transurban Executive Option Plan, details of which are set out in note 23(a). A summary of the number of options granted to, exercised and held by executive directors during the year ended 30 June 2003 is set out below.

Outstanding 30 June 2002	Granted	Exercised	Lapsed	Outstanding 30 June 2003
2,000,000	-	-	-	2,000,000

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

			2003	2002
			Number	Number
$20,000	-	$29,999	**1**	-
$60,000	-	$69,999	**-**	4
$80,000	-	$89,999	**2**	-
$90,000	-	$99,999	**1**	-
$100,000	-	$109,999	**1**	-
$170,000	-	$179,999	**-**	1
$250,000	-	$259,999	**1**	-
$500,000	-	$509,999	**-**	1
$670,000	-	$679,999	**1**	-
$1,100,000	-	$1,109,999	**-**	1
$1,730,000	-	$1,739,999	**1**	-

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.

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$	$	**$**	$
20. 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.	**6,131,666**	3,576,418	**6,131,666**	3,576,418

Options are granted to executive officers under the Transurban Executive Option Plan, details of which are set out in note 23(a). A summary of the number of options granted to, exercised and held by executive officers (with income of at least $100,000) during the year ended 30 June is set out below.

Outstanding 30 June 2002	Granted	Exercised	Lapsed	Outstanding 30 June 2003
4,100,000	-	-	-	4,100,000

The number of executive officers whose remuneration from entities in the consolidated entity was within the specified bands are as follows:

			Consolidated		Parent Entity	
			2003 Number	2002 Number	**2003 Number**	2002 Number
$140,000	-	$149,999	**-**	1	**-**	1
$210,000	-	$219,999	**-**	1	**-**	1
$250,000	-	$259,999	**-**	1	**-**	1
$260,000	-	$269,999	**-**	1	**-**	1
$270,000	-	$279,999	**1**	-	**1**	-
$280,000	-	$289,999	**-**	1	**-**	1
$290,000	-	$299,999	**1**	-	**1**	-
$310,000	-	$319,999	**1**	-	**1**	-
$320,000	-	$329,999	**-**	1	**-**	1
$390,000	-	$399,999	**1**	-	**1**	-
$410,000	-	$419,999	**1**	1	**1**	1
$440,000	-	$449,999	**1**	-	**1**	-
$460,000	-	$469,999	**1**	-	**1**	-
$500,000	-	$509,999	**-**	1	**-**	1
$560,000	-	$569,999	**2**	-	**2**	-
$670,000	-	$679,999	**1**	-	**1**	-
$1,100,000	-	$1,109,999	**-**	1	**-**	1
$1,730,000	-	$1,739,999	**1**	-	**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.

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$	$	**$**	$
21. Remuneration of auditors				
During the year 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	**51,750**	30,145	**39,000**	20,055
Other assurance services	**127,040**	270,126	**51,100**	270,126
Total audit and other assurance services	**178,790**	300,271	**90,100**	290,181
Financial due diligence	**242,100**	-	**242,100**	-
Taxation	**49,950**	11,278	**49,950**	11,278
Total remuneration	**470,840**	311,549	**382,150**	301,459

It is the consolidated entity's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the consolidated entity are important. These assignments are principally tax advice and financial due diligence. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
22. Lease commitments				
Commitments for minimum payments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities payable:				
Within one year	**475**	-	**475**	-
Later than one year but not later than 5 years	**2,176**	-	**2,176**	-
Later than 5 years	**-**	-	**-**	-
	2,651	-	**2,651**	-
23. Employee entitlements				
Provision for employee entitlements:				
Current (note 14)	**3,621**	1,698	**3,621**	1,698
Non-current (note 16)	**974**	596	**974**	596
	4,595	2,294	**4,595**	2,294

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	Number	Number	**Number**	Number
Employee numbers	**2003**	2002	**2003**	2002
Average number of employees during the financial year	**91**	58	**91**	58
	91	58	**91**	58

a) Options

Set out below are summaries of options granted under the Transurban Group Executive Option Plan.

Grant date	Expiry date	Exercise price	Balance at start of year	Issued during the year	Exercised during the year	Lapsed during the year	Balance at end of the year
Consolidated and parent – 2003							
26 April 2001	April 2006	$3.817	2,350,000	-	-	250,000	2,100,000
23 October 2001	October 2006	$4.404	2,000,000	-	-	-	2,000,000
1 February 2002	April 2007	$4.280	400,000	-	-	-	400,000
9 April 2002	April 2007	$4.030	300,000	-	-	-	300,000
20 May 2002	April 2007	$4.220	1,650,000	-	-	100,000	1,550,000
Consolidated and parent – 2002							
26 April 2001	April 2006	$3.817	2,350,000	-	-	-	2,350,000
23 October 2001	October 2006	$4.404	-	2,000,000	-	-	2,000,000
1 February 2002	April 2007	$4.280	-	400,000	-	-	400,000
9 April 2002	April 2007	$4.030	-	300,000	-	-	300,000
20 May 2002	April 2007	$4.220	-	1,650,000	-	-	1,650,000

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	Number	Number	**Number**	Number
Options vested at the reporting date	**1,307,900**	-	**1,307,900**	-

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 year ended 30 June 2003 pursuant to the exercise of options.

notes to the financial statements

for the year ended 30 june 2003

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 with the company. In all other aspects the Stapled Securities rank equally with other fully-paid securities on issue.

Each participant was issued with 120 Stapled Securities (2002 – 100 Stapled Securities) at a value of $4.25 per Stapled Security (2002 – $4.03).

	Consolidated		Parent Entity	
	2003 Number	2002 Number	**2003 Number**	2002 Number
Shares issued under the plan to participating employees on 26 February 2003	**34,560**	28,300	**34,560**	28,300

24. Related party information

Directors

The name of persons who were directors of Transurban Infrastructure Developments Limited at any time during the financial year are as follows:

Laurence G Cox, Kimberley Edwards, Peter C Byers, Geoffrey O Cosgriff, Jeremy G A Davis, Susan M Oliver, Geoffrey R Phillips were all directors during the entire year ended 30 June 2003. David J Ryan was appointed on 29 April 2003.

Remuneration and service agreements

Remuneration received or receivable by the directors of the Company is disclosed in the Directors' Report and note 19 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 by directors or their director-related entities were as follows:

	2003 Number	2002 Number
Acquisitions		
Transurban Stapled Securities[1]	**40,100**	46,890
Convertible Adjusting Rate Securities ("CARS") from the initial public offering	**6,019**	-
Disposals		
CARS	**1,100**	-
Securities held		
CARS	**4,919**	-
Transurban Group Stapled Securities	**1,022,735**	982,635
Transurban Group Options	**2,000,000**	2,000,000

[1] Includes 20,000 Stapled Securities held by Mr David J Ryan, which were acquired prior to his appointment as a director.

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

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Other transactions 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 during the year provided financial advice pursuant to specific mandates.

With the exception of K Edwards, all of the directors of the consolidated entity are also directors of Transurban Infrastructure Management Limited ("TIML"). TIML is the Responsible Entity for Transurban Holding Trust, CityLink Trust and Transurban CARS Trust. All directors are also directors of CityLink Melbourne. The consolidated entity has earned revenue from these entities for the provision of Management Services, IT Development Services and Responsible Entity Services.

Aggregate amounts of each of the above types of other transactions with directors of entities in the consolidated entity and their director-related entities.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Consulting fees expense	**372**	326	**372**	326
Reimbursement of out of pocket expenses	**21**	6	**21**	6
Management Fees revenue	**23,878**	12,225	**4,483**	11,725
Responsible entity fees revenue	**1,032**	-	**-**	-
IT Development fees revenue	**3,716**	6,139	**3,716**	6,139

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	**12,585**	19,919	**12,585**	19,919

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

Current assets	**7,456**	20,289	**7,456**	20,289

Wholly-owned group

The wholly-owned group consists of Transurban Infrastructure Developments Limited and its wholly-owned controlled entities. Details of controlled entities is set out in note 25.

Transactions between Transurban Infrastructure Developments Limited and other entities in the wholly-owned group during the years ended 30 June 2003 and 2002 consisted of:

(a) management services provided by Transurban Infrastructure Developments Limited

(b) loans advanced to Transurban Infrastructure Developments Limited

(c) loans repaid by Transurban Infrastructure Developments Limited

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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	
	2003	2002
	$'000	$'000
Management Revenue	**18,363**	-
Aggregate amounts receivable from entities in the wholly-owned group at balance date:		
Current receivables	**1,257**	-
Aggregate amounts payable to entities in the wholly-owned group at balance date:		
Non-current liabilities (loans)	**3,630**	-

Controlling entities

The ultimate parent entity is Transurban Infrastructure Developments Limited.

25. Investment in controlled entities

Name of entity	**Country of incorporation**	**Class of security**	**Equity holding 2003 %**	**Equity holding 2002 %**
Transurban Infrastructure Management Limited	Australia	Ordinary	100	100
Transurban Infrastructure Developments WSO Pty Limited	Australia	Ordinary	100	-

Acquisition of controlled entity

On 17 December 2002 the parent entity acquired 100% of the issued shared capital of Transurban Infrastructure Developments WSO Pty Limited for a book value of $12. The operating results of this newly controlled entity have been included in the consolidated statement of financial performance since the date of acquisition.

notes to the financial statements

for the year ended 30 june 2003

26. Financial instruments disclosure

Interest rate risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables.

2003

			Fixed interest rate maturity				
		Floating interest rate	1 year or less	between 1 and 5 years	more than 5 years	Non interest bearing	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Cash	5	972	-	-	-	-	972
Sundry debtors	6	-	-	-	-	2,576	2,576
Advances to related parties	7	-	-	-	-	7,456	7,456
Total financial assets		972	-	-	-	10,032	11,004
Weighted average interest rate		3.69%	-	-	-	-	-
Financial liabilities							
Trade creditors	11	-	-	-	-	4,301	4,301
Loans from related parties	13	-	-	-	-	12,585	12,585
Release from single purpose	13,15	-	-	-	-	6,300	6,300
Bank loan	12	-	8,000	-	-	-	8,000
Total financial liabilities		-	8,000	-	-	23,186	31,186
Weighted average interest rate		-	6.56%	-	-	-	-
Net financial assets/(liabilities)		972	(8,000)	-	-	(13,154)	(20,182)

notes to the financial statements

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2002

			Fixed interest rate maturity				
		Floating interest rate	1 year or less	between 1 and 5 years	more than 5 years	Non interest bearing	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash	5	2,401	-	-	-	-	2,401
Sundry debtors	6	-	-	-	-	75	75
Advances to related parties	7	-	-	-	-	20,289	20,289
Total Financial Assets		2,401	-	-	-	20,364	22,765
Weighted average interest rate		4.49%	-	-	-	-	-
Financial Liabilities							
Trade creditors	11	-	-	-	-	6,041	6,041
Release from single purpose	13,15	-	-	-	-	10,000	10,000
Loans from related parties	13	-	-	-	-	19,919	19,919
Bank loan	12	-	8,000	-	-	-	8,000
Total Financial Liabilities		-	8,000	-	-	35,960	43,960
Weighted average interest rate		-	7.19%	-	-	-	-
Net Financial Assets/(Liabilities)		2,401	(8,000)	-	-	(15,596)	(21,195)

	Notes	2003	2002
		$'000	$'000
Reconciliation of net financial assets/(liabilities) to net assets/(liabilities)			
Net financial liabilities as above		**(20,182)**	(21,195)
Non-financial assets and liabilities			
Property, plant and equipment	8	**19,591**	13,691
Other assets	7,9,10	**11,021**	9,805
Other liabilities	13,14,16	**(9,520)**	(2,294)
Net assets per balance sheet		**910**	7

notes to the financial statements

for the year ended 30 june 2003

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.

27. Segment information

The primary business segment for the year ending 30 June 2003 was the Management of the entities operating the Melbourne City Link Toll road and investigating possible investing opportunities. All revenues and expenses are directly attributable to this sole purpose. The management structure and internal financial reporting are based on this single business segment.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
28. Reconciliation of profit from ordinary activities after income tax to net cash outflow from operating activities				
Profit from ordinary activities after related income tax	**903**	327	**-**	-
Depreciation and amortisation	**1,775**	1,066	**1,775**	1,066
(Increase) in prepayments	**(90)**	(53)	**(90)**	(53)
(Decrease)/Increase in creditors	**(1,443)**	7,519	**(1,627)**	7,366
(Increase) in debtors	**(2,799)**	(3,084)	**(1,119)**	(3,324)
Increase in provisions	**2,301**	1,275	**2,301**	1,275
Increase in unearned income	**4,925**	-	**-**	-
Fees capitalised into loans	**(9,525)**	(18,754)	**(9,525)**	(18,256)
Net cash outflow from operating activities	**(3,953)**	(11,704)	**(8,285)**	(11,926)

29. Earnings per share

	Consolidated	
	2003	2002
Basic earnings per share	**0.2 cents**	0.0 cents
Diluted earnings per share	**0.2 cents**	0.0 cents
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**512,976,259**	510,028,300
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**519,326,259**	516,728,300

notes to the financial statements
for the year ended 30 june 2003

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 shares. The options have not been included in the determination of basic earnings per share.

30. Economic dependency

The consolidated entity is dependent on Management fees, IT fees and Responsible Entity fees charged to CityLink Melbourne Limited, Transurban Holdings Limited, Transurban Holding Trust, Transurban CARS Trust and CityLink Trust for revenue and short term funding.

31. Contingent liability

The company has established a bank guarantee of $5 million in favour of a controlled entity in a form prescribed by ASIC to accommodate the net tangible asset conditions of the controlled entity's dealers licence. The controlled entity is unable to act as a Responsible Entity if the bank conditions are not satisfied.

directors' declaration

The directors declare that the financial statements and notes set out on pages 9 to 30

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 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial year 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

Kimberley Edwards
Managing Director

Melbourne, 27 August 2003.

independent audit report

PRICEWATERHOUSECOOPERS

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Independent audit report to the members of Transurban Infrastructure Development Limited

Audit opinion

In our opinion, the financial report of Transurban Infrastructure Development Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Transurban Infrastructure Development Limited and the Transurban Infrastructure Development Limited Group (defined below) as at 30 June 2003, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Transurban Infrastructure Development Limited (the company) and the Transurban Infrastructure Development Limited Group (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith
Partner

Melbourne
27 August 2003

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

for the year ended 30 june 2003

Transurban Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Transurban Holdings Limited
Level 43 Rialto South Tower
525 Collins Street
Melbourne VIC 3000

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

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 year ended 30 June 2003.

Transurban Holdings Limited 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 of the Stapled Security can be traded separately.

Directors

The following persons were directors of Transurban Holdings Limited during the whole of the financial year and up to the date of this report:

Executive Directors
Kimberley Edwards
Geoffrey R Phillips

Non-Executive Directors
Laurence G Cox
Peter C Byers
Geoffrey O Cosgriff
Jeremy G A Davis
Susan M Oliver

David J Ryan was appointed a non-executive director on 29 April 2003 and continues in office at the date of this report.

Principal activities

During the year the principal continuing activity of the consolidated entity was the operation of the Melbourne CityLink ("CityLink").

Review of operations

(a) CityLink traffic

Transaction volume for the twelve month period ended 30 June 2003 was 205.3 million transactions (excluding motorcycle images), representing a 6.6 per cent increase on the prior year. Excluding the effect of Melbourne Cup Day, for which tolls were charged in 2001 but was free in 2002, transaction growth was 6.8 per cent. Growth was strong in the first half of the year at 7.7 per cent moderating over the second half of the year to 5.8 per cent.

The light commercial vehicle class experienced the strongest transaction growth at 9.4 per cent with heavy commercial vehicle transactions growing at 7.7 per cent and car transactions at 6.2 per cent.

The growth in transaction volumes combined with the toll escalation as provided for in the Concession Deed resulted in toll and fee revenue (net of GST) of $231.1 million, an increase of 10.7 per cent over the previous year.

(b) CityLink customer service

Continuing the favourable trend of previous years, further reductions of $4.3 million were achieved in customer service costs. The reductions were achieved in an environment of increased transaction volume and continued growth in customer accounts and e-TAG's on issue. At year end, there were 609,471 accounts and 879,596 e-TAGs with customers, representing rises of 10 per cent and 11 per cent respectively, on the previous year.

Cost reductions have resulted from planned initiatives that included:

- Contract renegotiations on unit pricing for call handling and agency arrangements for account payments and CityLink pass sales.
- Shift in customer contact to lower cost channels, such as the internet.
- Improved systems integration, coupled with work process improvements to provide productivity gains.

The cost reductions were achieved while maintaining customer service standards. Additional costs were incurred as a result of the replacement of warning notices for first time offences with a $40 fine. This resulted in additional customer contacts and associated costs, although it was offset by an increase in administration fees on paid fines.

Customer service costs are now at a stable level with all of the major cost reduction initiatives implemented. Future operational improvements will be aimed at mitigating transaction volume and CPI impacts.

(c) Infrastructure group operations

A number of construction defects remain outstanding with the Transfield Obayashi Joint Venture ("TOJV"). CityLink is managing the rectification of these defects while negotiating with the TOJV a financial settlement of this issue. CityLink has been joined in legal action by VicRoads against the TOJV in relation to alleged construction-related damage to the Swan Street Bridge.

directors' report

CityLink has established comprehensive systems for the management of groundwater following the hand over of responsibilities for this activity from the TOJV. Other responsibilities assumed by CityLink during the year included the management and support of traffic and tunnel management systems.

As a result of these additional responsibilities, Infrastructure Group costs were $3.2 million higher than in the prior corresponding period. It is expected that the level of Infrastructure Group costs in real terms in future years will be similar to the level incurred in FY03.

(d) Westlink M7

Financial Close of the Westlink M7 Motorway project, in which the Group is a 40 per cent participant, was achieved on 14 February 2002. In addition to being an equity participant in the project, the Group (through Transurban Infrastructure Developments Limited) will provide the electronic tolling system under a sub-contract to the project's main contractors and will operate the tolling and customer management systems during the operating phase. These outcomes represent major achievements for the Group and provide early vindication of the strategy to restructure the Group to leverage the knowledge and experience gained through the delivery of CityLink for the benefit of security holders.

The Company's participation in the project will be via a 40 per cent interest in the equity of WSO Company Pty Limited ("WSO Co"), which is the operating company of the WestLink consortium. The equity interests in WSO Co are stapled to the partnership interests in the WestLink Motorway Partnership, which is the financing vehicle of the Westlink consortium, and cannot be dealt with separately. Transurban Holding Trust holds a 40 per cent interest in the WestLink Motorway Partnership.

The Company has granted to and has been granted by each of Leighton and Abigroup put and call options over 25 per cent of the interest in WSO Co held by each of those parties. These put and call options are each exercisable by either party at completion of the project at a price of $24.255 million. Macquarie Infrastructure Group has granted and has been granted put and call options on substantially the same terms.

(e) Income tax

Transurban has advice from Senior Counsel that the concession fees are immediately deductible expenditure. The Financial Report has been prepared on this basis. Deductions in respect of concession fees account for $700.5 million of the company's carried forward taxable loss of $974.3 million at 30 June 2003.

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 appealed against the ATO's decision to disallow its objection to the assessment. The appeal was heard in the Federal Court on 3 October 2002. Justice Merkel has deferred judgement.

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

Refinancing

Documentation of refinancing of Transurban's debt was completed on 28 June 2002. Draw down of the new facilities was completed in August of 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 have maturities of 3, 5 and 7 years and require no principal repayments prior to maturity.

The average margin payable on the $1,700 million of refinanced debt is 53 basis points. The corresponding base rate is 5.93 per cent per annum, of which 93.8 per cent is presently fixed for three years, resulting in an overall interest cost on the refinanced debt of 6.56 per cent per annum.

Immediate benefits realised from the refinancing have been a reduction in aggregate debt service costs for the year of $75 million. These benefits relate to reduced interest costs and the elimination of amortisation payments and transfers to reserves.

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 2003 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 2003.

directors' report

Likely developments and expected results of operations

At the date of this report the directors are not aware of any circumstances that have arisen since 30 June 2003 that has significantly affected, or may significantly affect:

(a) the entity's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the entity's state of affairs in future financial years.

Information on the expected results of operations has not been included in this report because the directors believe such information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

Transurban Group must ensure it complies with EPA regulations. To meet this obligation, Transurban Group has contracted several specialist organisations to monitor emissions of carbon monoxide, oxides of nitrogen and particulate matter from the Domain and Burnley Tunnel ventilation stacks. Ambient air quality in the vicinity of the ventilation stacks is also monitored. The monitoring organisations are certified by the National Association of Testing Authorities.

The monitoring contracts are administered by the CityLink operator, Translink Operations Pty Ltd ("TLO"). The detailed monitoring requirements are contained in the Waste Discharge Licence for the tunnels (EPA Licence EA41502) which has been issued to TLO. Current monitoring indicates emission levels from the stacks are well below the EPA licence limits, and that there has been an improvement in ambient air quality since the tunnels opened.

CityLink also operates a Groundwater Recharge system to maintain the water table around the CityLink tunnels. Groundwater quality is tested weekly to ensure that compliance with EPA requirements is achieved. Current monitoring indicates that quality of groundwater around the tunnels is within the requirements set by the EPA.

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 64.

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 52.

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 62.

Geoffrey O Cosgriff BAppSc, Company Director Diploma, FIE(Aust), FAICD – Non-Executive Director
Mr Geoff Cosgriff is an Executive Director for Logica CMG Pty Ltd (Australian Subsidiary of UK listed company Logica CMG) following the sale of the MITS business to Logica Pty Ltd. Mr Cosgriff was the founding Managing Director of MITS Limited when the company commenced operation in 1990. Over the intervening period, MITS grew to 600 staff and nearly $100 million in sales of information technology solutions. He is also a non-executive director of UXC Limited, Skilltech Consulting Services and a Council Member for Leadership Victoria. Previously Geoff held executive management roles with Melbourne & Metropolitan Board of Works and has had extensive experience in the information technology industry. Age 50.

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 and is the Chairman of Gradipore Limited. 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 60.

Susan M Oliver BP&C – Non-Executive Director
Ms Susan Oliver is a director of Medical Benefits Fund, Programmed Maintenance Services Ltd, Methodist Ladies College Ltd and the Smith Family Ltd. She retired as chair of Screen Sound Australia – The National Screen and Sound Archive on 30 June 2003. 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 52.

Geoffrey R Phillips BE (Chem), MBA, MAICD – Executive Director
Mr Geoffrey Phillips joined Transurban in 1996 and was appointed Finance Director on 28 August 1998. 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 59.

David J Ryan B.Bus, FCPA, FAILD, AO – Non-Executive Director
Mr David Ryan was appointed director on 29 April 2003. He is Chairman of Residual Assco Limited, DJL Limited, Tooth & Co Limited and Industrial Equity Limited. He is also a director of ABC Learning Centres Limited and a member of the Advisory Board of the Caliburn Partnership. Mr Ryan's experience covers commercial banking, investment banking and operational business management in the transportation services sector. From 1992 to 2002, Mr Ryan held various senior positions in the Adelaide Steamship Group and from 1997 to 2002 he was the foundation Managing Director of Adsteam Marine Limited. In this latter role, he built Adsteam Marine into the largest towage operation in Australia and the largest independent harbour towage operator in the world. Age 51.

directors' report

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2003, and the numbers of meetings attended by each director were:

Name	Directors' Meeting		Audit Committee		Nomination & Remuneration Committee		Risk Management & Compliance	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
L G Cox	10	10	3	3	4	4	-	-
K Edwards[1]	10	10	-	-	-	-	-	-
P C Byers	10	10	3	3	-	-	-	-
G O Cosgriff	10	10	-	-	-	-	3	3
J G A Davis	10	9	3	3	4	4	-	-
S M Oliver	10	10	-	-	-	-	3	3
G R Phillips[1]	10	10	-	-	-	-	-	-
D J Ryan	2	2	-	-	-	-	-	-

1 K Edwards and G R Phillips are not members of the Audit and Nomination & Remuneration Committees but have been in attendance at all of these meetings. G R Phillips is not a member of the Risk Management & Compliance Committee but has been in attendance at all meetings.

Directors' interests

The following are particulars of directors' interests in Stapled Securities and Convertible Adjusting Rate Securities ("CARS") of the Transurban Group 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	Number of CARS
L G Cox	775,000	-	4,000
K Edwards	61,000	1,500,000	348
P C Byers	50,000	-	-
J G A Davis	40,000	-	150
S M Oliver	59,375	-	-
G R Phillips	-	500,000	-
G O Cosgriff	17,360	-	121
D J Ryan	20,000	-	300

directors' report

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. In addition to the annual fee, directors receive fees for attendance at committee meetings. Liability for Superannuation Guarantee Contributions is met out of the annual fee. Directors 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. Full details of directors' remuneration is disclosed in the Directors' Report of Transurban Infrastructure Developments Limited and the Directors' Report of the Transurban Group.

Other executives of the consolidated entity

Details of 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 table.

Name and Position	Base Salary $	Bonus $	Superannuation $	Options[1] $	Other Benefits $	Total $
B Bourke – CEO CityLink Melbourne Limited	283,071	160,000	24,239	43,545	7,300	518,155

[1] No options were granted during the year over Transurban Group Stapled Securities. Option remuneration relates to options granted to Directors and Executives in prior financial years. In accordance with Transurban Group policy, the total value of the options issued through the Transurban Group Executive Option Plan have been previously disclosed as remuneration in the 30 June 2001 and 30 June 2002 Directors' Report.

Pursuant to ASIC guidelines released in 2003 and ED 2 "Share Based Payments", the amounts disclosed as remuneration in the current year is that part of the total value of the options which is attributable to the current year portion of the vesting period.

The options were valued as at grant date using a Black-Scholes derived option valuation model taking into consideration the exercise price, the term of the option, the market price of Transurban Group Stapled Securities on the date of granting the option, the expected price volatility of Transurban Group Stapled Securities, expected future distributions, the risk free rate of interest over the term of the options and exercise conditions in relation to total shareholder return.

Shares under option

Unissued ordinary shares of Transurban Holdings Limited under option at the date of this report are as follows. No options were granted during the year and no Stapled Securities were issued during the year on the exercise of options.

Date options granted	Expiry date	Issue price of Stapled Securities	Number under option
26 April 2001	April 2006	$3.817	2,100,000
23 October 2001	October 2006	$4.404	2,000,000
1 February 2002	April 2007	$4.280	400,000
9 April 2002	April 2007	$4.030	300,000
20 May 2002	April 2007	$4.220	1,550,000

directors' report

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 and 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 2003.

statement of financial performance

for the year ended 30 june 2003

		Consolidated		Parent Entity	
	Notes	**2003**	2002[1]	**2003**	2002
		$'000	$'000	**$'000**	$'000
Revenue from ordinary activities	2	**488,669**	186,622	**-**	-
Expenses from ordinary activities:					
Operational costs		**(62,027)**	(27,555)	**-**	-
Administration		**(7,743)**	(9,254)	**(58)**	(68)
Concession Fees		**(95,600)**	(51,195)	**-**	-
Net Valuation adjustment on Concession Notes	14	**62,896**	87,323	**-**	-
Rental of land from CityLink Trust		**(101,157)**	(49,246)	**-**	-
Depreciation and amortisation expenses	3	**(120,099)**	(64,182)	**-**	-
Borrowing costs	3	**(293,179)**	(120,575)	**-**	-
Loss from ordinary activities before income tax		**(128,240)**	(48,062)	**(58)**	(68)
Income tax on operating loss	4	**-**	-	**-**	-
Loss from ordinary activities after income tax		**(128,240)**	(48,062)	**(58)**	(68)

		Cents	**Cents**
Basic earnings per share	28	**(25.0)**	(9.4)
Diluted earnings per share	28	**(24.7)**	(9.3)

(1) Transurban Holdings Limited 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 2003

	Notes	Consolidated		Parent Entity	
		2003	2002	**2003**	2002
		$'000	$'000	**$'000**	$'000
Current Assets					
Cash assets	5	**130,066**	54,686	**4**	6
Receivables	6	**43,997**	27,284	**-**	-
Other	7	**9,674**	19,670	**-**	-
Total Current Assets		**183,737**	101,640	**4**	6
Non-Current Assets					
Property, plant and equipment	8	**2,955,394**	3,062,775	**-**	-
Other financial assets	9	**1,700,000**	-	**5,100**	5,100
Total Non-Current Assets		**4,655,394**	3,062,775	**5,100**	5,100
Total Assets		**4,839,131**	3,164,415	**5,104**	5,106
Current Liabilities					
Payables	10	**42,328**	22,040	**15**	13
Non-interest bearing liabilities	11	**18,385**	26,818	**31**	61
Provisions	12	**1,451**	1,059	**-**	-
Total Current Liabilities		**62,164**	49,917	**46**	74
Non-Current Liabilities					
Interest bearing liabilities	13	**3,200,789**	1,442,868	**-**	-
Non-interest bearing liabilities	14	**1,747,296**	1,714,592	**-**	-
Total Non-Current Liabilities		**4,948,085**	3,157,460	**-**	-
Total Liabilities		**5,010,249**	3,207,377	**46**	74
Net (Liabilities)/Assets		**(171,118)**	(42,962)	**5,058**	5,032
Equity					
Contributed equity	15	**5,184**	5,100	**5,184**	5,100
Accumulated losses	16	**(176,302)**	(48,062)	**(126)**	(68)
Total Equity		**(171,118)**	(42,962)	**5,058**	5,032

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

statement of cash flows

for the year ended 30 june 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002[1] $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		**256,177**	109,451	**-**	-
Payments to suppliers (inclusive of GST)		**(92,257)**	(27,287)	**(56)**	6
Interest received		**224,673**	71,072	**-**	-
Other revenue		**6,270**	-	**-**	-
Liquidated damages		**4,000**	25,044	**-**	-
Deposits refunded		**-**	2,667	**-**	-
Borrowing costs		**(170,037)**	(47,035)	**-**	-
Net cash inflows/(outflows) from operating activities	27	**228,826**	133,912	**(56)**	6
Cash flows from investing activities					
Net cash acquired on purchase of controlled entity		**-**	1,291,498	**-**	-
Payments for property, plant and equipment		**(11,887)**	(4,491)	**-**	-
Loans to related parties		**(44,626)**	(16,213)	**-**	-
Repayment of loans by related parties		**55,040**	5,874	**-**	-
Net cash (outflows)/inflows from investing activities		**(1,473)**	1,276,668	**-**	-
Cash flows from financing activities					
Proceeds from borrowings		**3,040,000**	-	**-**	-
Proceeds from issue of shares		**84**	-	**84**	-
Repayment of borrowings		**(1,340,000)**	(98,417)	**-**	-
Repayment of loans to related parties		**(3,204,794)**	-	**(13,573)**	-
Loans from related parties		**1,352,737**	-	**13,543**	-
Distribution paid		**-**	(8,477)	**-**	-
Net cash (outflows)/inflows from financing activities		**(151,973)**	(106,894)	**54**	-
Net increase/(decrease) in cash at bank and cash collateral		**75,380**	1,303,686	**(2)**	6
Cash at bank and cash collateral at the beginning of the financial year		**1,303,686**	-	**6**	-
Cash at bank and cash collateral at the end of the financial year		**1,379,066**	1,303,686	**4**	6
Less cash collateral	5	**1,249,000**	1,249,000	**-**	-
Cash at bank at the end of the financial year	5	**130,066**	54,686	**4**	6
Financing arrangements and credit facilities	13				

[1] Transurban Holdings Limited 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

for the year ended 30 june 2003

1. Summary of significant accounting policies

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.

a) Principals of consolidation

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 2003 and the results of all controlled entities for the year 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.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the share of the profits or losses of the associate is recognised in the statement of financial performance, and the share of movements in reserves is recognised in reserves in the statement of financial position. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

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 in December 2001. The recoverable amount has been assessed in accordance with 1d.

(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 32 years), or the assets estimated useful lives, whichever is less. Amortisation commenced on 18 December 2001 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.

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.

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.

notes to the financial statements

for the year ended 30 june 2003

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

Trade and other creditors 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) Interest bearing liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(m) Concession notes

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. As the timing and profile of these repayments is largely determined by the available equity cashflows of CityLink, the present value of the expected future repayments is determined using a discount rate which recognises their subordinated nature.

(n) Employee entitlements

The statutory minimum 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 expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The above policy was adopted with effect from 1 July 2002 to comply with AASB 1028 *Employee Benefits*. In previous years, these liabilities were measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This change in accounting policy did not result in a material effect in the current year compared with what would have been reported had the previous accounting policy continued to be applied.

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

(o) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except to the extent to which the borrowing costs relate to qualifying assets, and include:

- Interest on short term, long term borrowings and amortisation of deferred borrowing costs.

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

(p) 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.

notes to the financial statements

for the year ended 30 june 2003

(q) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(r) Maintenance and repairs

The cost of maintenance is charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1f. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

(s) 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.

(t) Earnings per share

(i) 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 year.

(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.

(u) 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

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
2. Revenue				
Revenue from operating activities				
Toll revenue	**223,162**	109,259	**-**	-
Fee revenue	**7,923**	3,914	**-**	-
Advertising revenue	**3,378**	1,742	**-**	-
	234,463	114,915	**-**	-
Revenue from outside operating activities				
Interest	**251,039**	70,747	**-**	-
Other	**3,167**	960	**-**	-
	254,206	71,707	**-**	-
Revenue from ordinary activities	**488,669**	186,622	**-**	-

3. Loss from ordinary activities				
Expenses Losses from ordinary activities before income tax expense includes the following specific expenses:				
Depreciation and amortisation				
CityLink	**116,244**	57,829	**-**	-
Other fixed assets	**3,855**	6,353	**-**	-
	120,099	64,182	**-**	-
Bad and doubtful debts – trade debtors	**1,057**	737	**-**	-
Borrowing costs				
Interest and finance charges paid/payable	**280,160**	120,575	**-**	-
Interest rate hedging charges paid/payable	**13,019**	-	**-**	-
	293,179	120,575	**-**	-
Rental expenses relating to operating leases	**497**	466	**-**	-

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
4. Income tax				
a) The income tax expense for the financial year differs from the amount calculated on the loss. The differences are reconciled as follows:				
Loss from ordinary activities before income tax expense	**(128,240)**	(135,453)	**(48,062)**	(68)
Income tax calculated at 30% (2002 – 30%)	**(38,472)**	(40,636)	**(14,419)**	(20)
Tax effect of permanent differences:				
Infrastructure borrowing facility interest not deductible	**26,288**	14,988	**-**	-
Income tax adjusted for permanent differences	**(12,184)**	(25,648)	**(14,419)**	(20)
Benefit of tax losses not recognised	**12,184**	25,648	**14,419**	20
Income tax expense	**-**	-	**-**	-
b) Tax losses at beginning of the year	**835,423**	-	**68**	-
Tax losses acquired during the year	**-**	745,929	**-**	-
Tax Losses for the year	**138,833**	89,494	**48,062**	68
Tax Losses at end of the year	**974,256**	835,423	**48,130**	68

Potential future income tax benefits at 30 June 2003 for tax losses not brought to account for the consolidated entities are $292.2 million (gross $974.3 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.

The benefit 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 treatment proposed in tax ruling requests relating to borrowing costs and interentity transactions. However the Australian taxation Office ("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 Financial Report has been prepared on this basis. Deductions in respect of concession fees account for $700.5 million of the consolidated entity's carried-forward loss of $974.3 million at 30 June 2003.

The Company 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 the CityLink Melbourne Limited's income tax return for the year ended 30 June 1998.

Transurban appealed against the ATO's decision to disallow its objection to the assessment. The appeal was heard in the Federal Court on 3 October 2002. Justice Merkel has deferred judgement.

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.

Tax consolidation legislation

The company is currently consideration of tax consolidation legislation.The introduction of the tax consolidation legislation may impact on the company's carried forward tax losses. The financial effect of the proposed legislation, if any, will be determined during the 30 June 2004 financial year. No impact has not been recognised in the financial statements for the year ended 30 June 2003.

notes to the financial statements
for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
5. Cash assets – current assets				
Cash at bank	**130,066**	54,686	**4**	6
	130,066	54,686	**4**	6
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	**130,066**	54,686	**4**	6
Cash collateral (see note 1k)	**1,249,000**	1,249,000	**-**	-
	1,379,066	1,303,686	**4**	6

The amount shown in Cash at Bank includes $8.0 million required under the CityLink Concession Deed to be held in the maintenance reserve account and was not available for general use at 30 June 2003, (2002: $17.0 million).

6. Receivables – current assets				
Trade debtors	**8,755**	8,672	**-**	-
Less: Provision for Doubtful Debts	**(706)**	(521)	**-**	-
	8,049	8,151	**-**	-
Other Debtors	**35,948**	19,133	**-**	-
	43,997	27,284	**-**	-
7. Other – current assets				
Prepayments	**436**	103	**-**	-
Advances to related entities	**9,238**	19,567	**-**	-
	9,674	19,670	**-**	-
8. Property, plant and equipment – non-current assets				
a) **CityLink fixed assets**				
CityLink at cost	**3,116,945**	3,114,804	**-**	-
Less: Accumulated depreciation	**(177,562)**	(62,768)	**-**	-
	2,939,383	3,052,036	**-**	-
Equipment and fittings				
Equipment and fittings at cost	**28,557**	17,986	**-**	-
Less: Accumulated depreciation	**(12,546)**	(7,247)	**-**	-
	16,011	10,739	**-**	-
Total Property, plant and equipment	**2,955,394**	3,062,775	**-**	-

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

for the year ended 30 june 2003

b) Reconciliations

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

	CityLink	Equipment and Fittings at cost	Total
	$'000	$'000	$'000
Consolidated – 2003			
Carrying amount at 1 July 2002	3,053,486	9,289	3,062,775
Additions	2,141	10,586	12,727
Disposals	-	(9)	(9)
Depreciation/amortisation expense charged to statement of financial performance	(116,244)	(3,855)	(120,099)
Carrying amount at 30 June 2003	2,939,383	16,011	2,955,394
Parent entity – 2003			
Carrying amount at 1 July 2002	-	-	-
Additions	-	-	-
Disposals	-	-	-
Depreciation/amortisation expense charged to statement of financial performance	-	-	-
Carrying amount at 30 June 2003	-	-	-

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
9. Financial assets – non-current assets				
Non-traded investments				
Shares in controlled entities	-	-	5,100	5,100
	-	-	5,100	5,100
Other financial assets				
Loan to Transurban Finance Trust	1,700,000	-	-	-
	1,700,000	-	5,100	5,100

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

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
10. Payables – current liabilities				
Trade creditors	**5,373**	7,059	**2**	-
Other creditors	**36,955**	14,981	**13**	13
	42,328	22,040	**15**	13
11. Non-interest bearing liabilities – current liabilities				
Prepaid tolls	**18,044**	16,595	**-**	-
Advances from related parties	**341**	10,223	**31**	61
	18,385	26,818	**31**	61
12. Provisions – current liabilities				
Employee entitlements	**1,451**	1,059	**-**	-
	1,451	1,059	**-**	-
13. Interest bearing liabilities – non-current liabilities				
Secured				
Land Transport Notes	**94,549**	94,549	**-**	-
Infrastructure Loan facility	**795,000**	795,000	**-**	-
Less: Cash collateral (note 1k)	**(795,000)**	(795,000)	**-**	-
Infrastructure Note facility	**454,000**	454,000	**-**	-
Less: Cash collateral (1k)	**(454,000)**	(454,000)	**-**	-
Tranche B Debt	**510,000**	-	**-**	-
Capital Markets Debt	**1,190,000**	-	**-**	-
Advance from CityLink Trust	**1,406,240**	1,348,319	**-**	-
	3,200,789	1,442,868	**-**	-

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 of the consolidated entity.

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 on 15 December 2004. The facility was fully drawn as at 30 June 2003.

notes to the financial statements

for the year ended 30 june 2003

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 secured by cash collateral equal to the amount of the loan which is set-off against the loan liability. The principal of the infrastructure note facility will be repaid from the cash collateral on 15 December 2004. The facility was fully drawn as at 30 June 2003.

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 2003. The Land Transport Notes are to be repaid 30 June 2004 and will be replaced with long term debt.

d) Tranche B bank debt
$510 million facility which is for a term of 5 years from 28 June 2002. The facility was fully utilised at 30 June 2003. The facility is secured as a first ranking charge over the cash flows of the Melbourne CityLink Project.

e) Subordinated debt facility
$80 million facility which is for a term of 1 year from 28 June 2003. The facility has not been utilised at 30 June 2003.

f) Cash advance facility
$50 million facility which is for a term of 3 years from 28 June 2002. The facility has not been utilised at 30 June 2003.

g) Advance from CityLink Trust
The advance is subordinated to the bank and capital markets facilities and is set at terms agreed between the company and the responsible entity of the CityLink Trust. A portion of the advance is presently non-interest bearing at the discretion of the CityLink Trust. The consolidated entity has recorded the non-interest bearing portion at face value as it is unable to reliably determine its present value.

h) Capital markets debt
Comprise of the following facilities with terms of 3, 5, and 7 years from 8 August 2002. These facilities are secured as a first ranking charge over the cash flows of the Melbourne CityLink Project.

Bonds	**Maturing 3 years $'000**	**Maturing 5 years $'000**	**Maturing 7 years $'000**	**Total $'000**
Fixed interest rate				
Credit wrapped	175,000	-	-	175,000
Non-credit wrapped	260,000	-	-	260,000
	435,000	-	-	435,000
Floating interest rate				
Credit wrapped[1]	65,000	240,000	360,000	665,000
Non-credit wrapped	90,000	-	-	90,000
	155,000	240,000	360,000	755,000
Total Capital Markets Debt	590,000	240,000	360,000	1,190,000

[1] The company has the option to cancel the 5 year and 7 year maturity after 3 years

notes to the financial statements
for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Loans				
Total facilities	**3,173,549**	1,343,549	**-**	-
Used at balance date	**3,043,549**	1,343,549	**-**	-
Unused at balance date	**130,000**	-	**-**	-

14. Non-interest bearing liabilities – non-current assets

Advance from CityLink Trust (refer note 13g)	**1,576,600**	1,576,600	**-**	-
Concession Notes	**170,696**	137,992	**-**	-
	1,747,296	1,714,592	**-**	-

CityLink Melbourne Limited issues Concession Notes annually in satisfaction of its obligations to pay Concession Fees to the State of Victoria ("the State") equal to $95.6 million. The notes are due for redemption at the end of the Concession Period, but may be presented earlier where a Notional Initial Equity Investor has achieved a real after tax internal rate of return on its equity investment in the Project equal to 10 per cent per annum. Once the threshold rate of return is achieved, subsequent Concession Note payments are limited to not more than 30 per cent of the distributable cash flow for the previous year. Based on forecast cash flows, the first Concession Note payment is presently expected to occur in the 2012 financial year.

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

The face value of Concession Notes on issue at 30 June 2003 is $700.5 million. The Net Present Value at 30 June 2003 of the redemption payments relating to these Concession Notes is $170.7 million. The indicative timing of these redemption payments is set out in the following table.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Concession note redemption				
Estimated Concession Note payments				
Within five years	**-**	-	**-**	-
Later than 5 years but not later than 10 years	**104,212**	55,969	**-**	-
Later than 10 years but not later than 15 years	**463,717**	404,558	**-**	-
Later than 15 years but not later than 20 years	**132,524**	144,326	**-**	-
	700,453	604,853	**-**	-

notes to the financial statements

for the year ended 30 june 2003

Reconciliation

Reconciliation of movement in Concession Note liability during the period.

	2003	2002
	$'000	$'000
Consolidated		
Concession Note Liability at beginning of period	**137,992**	174,120
Concession Notes issued during the period	**95,600**	51,195
Valuation adjustment for the period:		
Charge/(Credit) for Concession Notes on issue at beginning of period	**16,559**	(44,283)
Credit for Concession Notes issued during the period	**(79,455)**	(43,040)
Concession Note Liability at end of period	**170,696**	137,992
Parent		
Concession Note Liability at beginning of period	**-**	-
Concession Notes issued during the period	**-**	-
Valuation adjustment for the period:		
Charge/(Credit) for Concession Notes on issue at beginning of period	**-**	-
Credit for Concession Notes issued during the period	**-**	-
Concession Note Liability at end of period	**-**	-

	Parent Entity		Parent Entity	
	2003 Shares	2002 Shares	**2003**	2002
	'000	'000	**$'000**	$'000
15. Equity				
a) Paid up capital				
fully paid	**518,473**	510,028	**5,184**	5,100
	518,473	510,028	**5,184**	5,100

notes to the financial statements
for the year ended 30 june 2003

	Date	Details	Notes	Number of shares '000	Issue Price	$'000
b)	1 July 2002	Opening Balance		510,028	-	5,100
	8 October 2002	Distribution reinvestment plan issues	d	1,564	$0.0100	16
	26 February 2003	Employee share scheme issues	e	35	-	-
	28 March 2003	Distribution reinvestment plan issues	d	6,846	$0.0100	68
	30 June 2003	Closing Balance		518,473	-	5,184

c) Shares

Shares entitle the holder to participate in distributions and the winding up of Transurban Holdings Limited in proportion to the number of and amounts paid on the shares held. In the event that Transurban Holdings Limited and Transurban CARS Trust are wound up simultaneously, then holders of Transurban CARS securities would rank ahead of Transurban Holdings Limited shares.

On a show of hands every holder of shares present at a meeting in person or by proxy, is entitled to one vote.

d) Distribution reinvestment plan

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

e) Employee share scheme

Information relating to the employee share scheme, including details of share issued under the plan, are set out in note 21.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
16. Accumulated losses				
Accumulated losses at the beginning of the financial year	**(48,062)**	-	**(68)**	-
Net losses from the current year	**(128,240)**	(48,062)	**(58)**	(68)
Accumulated losses at the end of the financial year	**(176,302)**	(48,062)	**(126)**	(68)

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$	$	**$**	$
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	**474,610**	311,020	**-**	-

Options are granted to executive officers under the Transurban Executive Option Plan, details of which are set out in note 21. A summary of the number of options granted to, exercised and held by executive officers (with income of at least $100,000) during the year ended 30 June is set out below.

Outstanding 30 June 2002	**Granted**	**Exercised**	**Lapsed**	**Outstanding 30 June 2003**
350,000	-	-	-	350,000

The number of executive officers whose remuneration from entities in the consolidated entity was within the specified bands are as follows:

			Consolidated		Parent Entity	
			2003 Number	2002 Number	**2003 Number**	2002 Number
$310,000	-	$319,999	**-**	1	**-**	-
$470,000	-	$479,999	**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.

Remuneration of directors

All Directors remuneration is paid by Transurban Infrastructure Developments Limited (TIDL). Full details of the remuneration paid to directors by the Transurban Group for the year ended 30 June 2003 is disclosed in the financial report of TIDL.

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'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	**99**	115	**22**	12
Other assurance services	**-**	68	**-**	-
Total audit and other assurance services	**99**	183	**22**	12
Taxation	**174**	14	**-**	-
Total remuneration	**273**	197	**22**	12

It is the consolidated entity's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the consolidated entity are important. These assignments are principally tax advice. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

19. Contingent liabilities

In May 2003, VicRoads submitted an invoice to CityLink Melbourne Limited for costs of approximately $5 million for rectification works associated with the Swan Street Bridge. CityLink Melbourne Limited does not believe that it has any liability to VicRoads to pay those costs. In June, VicRoads and the Minister for Transport ("the plaintiffs") filed a writ in the Supreme Court of Victoria, claiming certain damage was sustained by the Swan Street Bridge. The plaintiffs claim that this damage was due to tunnelling, roadworks and associated infrastructure works on and in the vicinity of the Swan Street Bridge, arising from the Melbourne CityLink Project. The entities forming the Transfield-Obayashi Joint Venture are also defendants. The writ has not been served and therefore no litigation has been instituted. CityLink Melbourne Limited is facilitating discussions between the parties.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
20. Commitments				
Lease commitments				
Commitments for minimum payments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities payable:				
Within one year	**1,102**	1,037	**-**	-
Later than one year but not later than 5 years	**257**	928	**-**	-
Later than 5 years	**-**	-	**-**	-
	1,359	1,965	**-**	-

notes to the financial statements
for the year ended 30 june 2003

Concession fees

The Melbourne CityLink Concession Deed between the Transurban Group and the State of Victoria provides for annual concession fees of $95.6 million during the construction phase and for the first 25 years of the operations phase, $45.2 million for years 26 to 34 of the operations phase 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. Refer to note 14 for details.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
21. Employee entitlements				
Provision for employee entitlements:				
Current (note 12)	**1,451**	1,059	**-**	-
	1,451	1,059	**-**	-

	Number	Number	**Number**	Number
	2003	2002	**2003**	2002
Employee numbers				
Average number of employees during the financial year	**258**	240	**-**	-
	258	240	**-**	-

a) Executive Option Plan

Set out below are summaries of options granted under the Plan.

Grant date	Expiry date	Exercise price	Balance at start of year	Issued during the year	Exercised during the year	Lapsed during the year	Balance at end of the year
Consolidated and parent – 2003							
26 April 2001	April 2006	$3.817	2,350,000	-	-	250,000	2,100,000
23 October 2001	October 2006	$4.404	2,000,000	-	-	-	2,000,000
1 February 2002	April 2007	$4.280	400,000	-	-	-	400,000
9 April 2002	April 2007	$4.030	300,000	-	-	-	300,000
20 May 2002	April 2007	$4.220	1,650,000	-	-	100,000	1,550,000
Consolidated and parent – 2002							
26 April 2001	April 2006	$3.817	2,350,000	-	-	-	2,350,000
23 October 2001	October 2006	$4.404	-	2,000,000	-	-	2,000,000
1 February 2002	April 2007	$4.280	-	400,000	-	-	400,000
9 April 2002	April 2007	$4.030	-	300,000	-	-	300,000
20 May 2002	April 2007	$4.220	-	1,650,000	-	-	1,650,000

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003 Number	2002 Number	**2003 Number**	2002 Number
Options vested at the reporting date	**1,307,900**	-	**1,307,900**	-

Shares under option

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 of the options 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 2003 pursuant to the exercise of options.

b) 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 with the company. In all other aspects the securities rank equally with other fully-paid securities on issue.

Each participant was issued with 120 shares (2002-100 shares) at a value of $4.25 per share (2002 – $4.03).

	Consolidated		Parent Entity	
	2003 Number	2002 Number	**2003 Number**	2002 Number
Shares issued under the plan to participating employees on 26 February 2003	**34,560**	28,300	**34,560**	28,300

notes to the financial statements

for the year ended 30 june 2003

22. Related party information

Directors

The name of persons who were directors of Transurban Holdings Limited at any time during the financial year are as follows:

Laurence G Cox, Kimberley Edwards, Peter C Byers, Geoffrey O Cosgriff, Jeremy G A Davis, Susan M Oliver, Geoffrey R Phillips and David J Ryan. All of these persons were directors for the entire year ended 30 June 2003, except for David J Ryan who was appointed on 29 April 2003.

Transactions of directors and their director-related entities concerning securities issued by the Transurban Group

Aggregate numbers of securities of the Transurban Group acquired or disposed of by directors of the company and consolidated entity or their director-related entities:

	2003 Number	2002 Number
Acquisitions		
Transurban Group Stapled Securities[1]	**40,100**	46,890
Convertible Adjusting Rate Securities ("CARS") from the initial public offering	**6,019**	-
Disposals		
Convertable Adjusting Rate Securities	**1,100**	-
Securities held		
CARS	**4,919**	-
Transurban Group Stapled Securities	**1,022,735**	982,635
Transurban Group Options	**2,000,000**	2,000,000

[1] Includes 20,000 stapled securities held by Mr David Ryan, which were acquired prior to his appointment as a director.

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

Other transactions 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 during the year provided financial advice pursuant to specific mandates.

Macquarie Bank Ltd was involved in the financial arrangements concerning the Land Transport Notes. Mr Cox holds 1.97 million Land Transport Notes.

Mr Ryan holds $0.5 million of Infrastructure Bonds issued by CityLink Melbourne Limited.

All directors of the consolidated entity are also directors of Transurban Infrastructure Developments Limited and Transurban Infrastructure Management Limited, (except K Edwards).

The consolidated entity has incurred Management Fees and IT Development Services Fees from Transurban Infrastructure Developments Limited. It provides loans to Transurban Finance Trust and pays rent for land and interest on loans to the CityLink Trust.

notes to the financial statements

for the year ended 30 june 2003

The aggregate amounts of each of the above types of other transactions with directors of entities in the consolidated entity and their director-related entities:

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Consulting fees	**-**	118	**-**	-
Reimbursement of out of pocket expenses	**-**	26	**-**	-
Interest	**104,710**	-	**-**	-
Other finance charges	**3,455**	-	**-**	-
Loan to Transurban Finance Trust	**1,724,168**	-	**-**	-
Management Fees	**4,483**	11,725	**-**	8,900
IT Development	**3,716**	6,139	**-**	-
	1,840,532	18,008	**-**	8,900

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 and receivable from director-related entities at balance date:

Current liabilities	**341**	17,864	**-**	8,900
Current receivables	**33,406**	19,567	**-**	-
Non-current receivables	**1,700,000**	-	**-**	-

Wholly-owned group

The wholly-owned group consists of Transurban Holdings Limited and its wholly-owned entities. Details of wholly-owned entities is set out in note 23.

Transactions between Transurban Holdings Limited and other entities in the wholly-owned group during the years ended 30 June 2003 and 2002 consisted of:

(a) loans from CityLink Melbourne Limited.

(b) loans advanced by Transurban Holdings Limited.

	Parent Entity	
	2003	2002
	$'000	$'000
Aggregate amounts payable to entities in the wholly- owned group at balance date:		
Current payables (loans)	**-**	61

notes to the financial statements

for the year ended 30 june 2003

Controlling entities

The ultimate parent entity is Transurban Holdings Limited.

23. Investments in controlled entities

Name of Entity	Country of Incorporation	Class of Security	Equity Holding 2003 %	Equity Holding 2002 %	Date Acquired
CityLink Melbourne Limited	Australia	Ordinary	100	100	-
City Link Extension Pty Ltd	Australia	Ordinary	100	100	-
Transurban Finance Company Pty Limited	Australia	Ordinary	100	100	-
Transurban Nominees Pty Limited	Australia	Ordinary	100	-	03/12/2002
Transurban Collateral Security Pty Limited	Australia	Ordinary	100	-	23/07/2002
Transurban Nominees 2 Pty Limited	Australia	Ordinary	100	-	22/01/2003
Transurban WSO Pty Limited	Australia	Ordinary	100	-	03/12/2002
Transurban AL Trust	Australia	Ordinary	100	-	23/01/2003

Acquisition of controlled entities

The parent entity acquired 100% of the issued share capital of all new controlled entities for a book value of $12 each.

notes to the financial statements

for the year ended 30 june 2003

24. Investments in associates

Investment in the associate is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity. Information relating to the associate is set out below.

Name of Company	Ownership interest		Consolidated carrying amount		Parent Entity carrying amount	
	2003	2002	**2003**	2002	**2003**	2002
	%	%	**$'000**	$'000	**$'000**	$'000
WSO Company Pty Limited	**40**	-	**-**	-	**-**	-
WSO Finance Company	**40**	-	**-**	-	**-**	-

WSO Company and WSO Finance Company are presently non-operational and are carried at cost of $80 each. WSO Company will be the operator of Westlink M7 Motorway which is presently under construction and is due for completion in 2007. WSO Finance Company will arrange debt facilities for the Westlink Motorway Project. The associates will not have any impact on the combined entity's equity accounted profits until the road operations commence following completion.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Summary of performance and financial position of associates				
Aggregate net profits of associates after tax	**-**	-	**-**	-
Assets	**147,339**	-	**-**	-
Liabilities	**147,339**	-	**-**	-

25. 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 entity, except to the extent detailed hereunder.

Interest rate swap contracts

It is policy to protect bank loans from exposure to increasing interest rates. Accordingly, the consolidated entity has entered into interest rate swap contracts. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other debtors or other creditors.

Swaps currently in place cover approximately 92 per cent of the non-related party floating rate loan principal outstanding.

At 30 June 2003, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
4 – 5 years	**1,160,000**	-	**-**	-
	1,160,000	-	**-**	-

notes to the financial statements
for the year ended 30 june 2003

Interest rate risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

2003

			Fixed Interest Rate Maturity				
		Floating interest rate	1 year or less	between 1 and 5 years	more than 5 years	Non interest bearing	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Cash	5	130,066	-	-	-	-	130,066
Sundry debtors	6	-	-	-	-	43,997	43,997
Advances to related parties	7	-	-	-	-	9,238	9,238
Loan to Transurban Finace Trust	9	1,265,000	-	435,000	-	-	1,700,000
Cash collateral	5	-	-	1,249,000	-	-	1,249,000
Total financial assets		1,395,066	-	1,684,000	-	53,235	3,132,301
Weighted average interest rate		5.22%	-	9.92%	-	-	-
Financial liabilities							
Trade and other creditors	10	-	-	-	-	42,328	42,328
Prepaid tolls	11	-	-	-	-	18,044	18,044
Advance from CityLink Trust	13,14	1,406,240	-	-	-	1,576,600	2,982,840
Advances from related parties	11	-	-	-	-	341	341
Land Transport Notes	13	-	-	94,549	-	-	94,549
Tranche B Debt	13	510,000	-	-	-	-	510,000
Capital Markets Debt	13	755,000	-	435,000	-	-	1,190,000
Concession Notes	14	-	-	-	-	170,696	170,696
Infrastructure loan facility	13	-	-	1,249,000	-	-	1,249,000
Interest rate swaps	25	(1,160,000)	-	1,160,000	-	-	-
Total financial liabilities		1,511,240	-	2,938,549	-	1,808,009	6,257,798
Weighted average interest rate		5.58%	-	6.53%	-	-	-
Net financial liabilities		(116,174)	-	(1,254,549)	-	(1,754,774)	(3,125,497)

notes to the financial statements

for the year ended 30 june 2003

2002

			Fixed Interest Rate Maturity				
		Floating interest rate	1 year or less	between 1 and 5 years	more than 5 years	Non interest bearing	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
Cash	5	54,686	-	-	-	-	54,686
Sundry debtors	6	-	-	-	-	27,284	27,284
Advances to related parties	7	-	-	-	-	19,567	19,567
Cash collateral	5	-	-	-	1,249,000	-	1,249,000
Total financial assets		54,686	-	-	1,249,000	46,851	1,350,537
Weighted average interest rate		4.53%	-	-	11.20%	-	-
Financial liabilities							
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	13	-	-	-	1,249,000	-	1,249,000
Total financial liabilities		1,442,868	-	-	1,249,000	1,763,450	4,455,318
Weighted average interest rate		10.18%	-	-	11.20%	-	-
Net financial liabilities		(1,388,182)	-	-	-	(1,716,599)	(3,104,781)

	Notes	**2003**	2002
		$'000	$'000
Reconciliation of net financial liabilities to net liabilities			
Net financial liabilities as above		**(3,125,497)**	(3,104,781)
Non-financial assets and liabilities			
Property, plant and equipment	8	**2,955,394**	3,062,775
Other assets	7	**436**	103
Other liabilities	12	**(1,451)**	(1,059)
Net liabilities per balance sheet		**(171,118)**	(42,962)

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.

notes to the financial statements
for the year ended 30 june 2003

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.

The aggregate net fair value of interest rate swaps not recognised in the balance sheet (refer note 1s) held at 30 June 2003 is a liability of $61.6 million.

As these contracts are hedging anticipated future interest payments, any unrealised gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognised in the measurement of the underlying transaction.

The valuation of interest rate swaps reflects the estimated amounts which the entity expects to pay or receive to terminate the contracts or replace the contracts at their current market rates as at 30 June 2003.

26. Segment information

The primary business segment for the period ending 30 June 2003 was the operation of the Melbourne City Link toll road. All operating 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		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
27. Reconciliation of loss from ordinary activities after income tax to net cash inflow from operating activities				
Operating loss after income tax	**(128,240)**	(48,062)	**(58)**	(68)
Depreciation and amortisation	**120,099**	64,182	**-**	-
Expense capitalised into loans	**199,057**	131,443	**-**	61
Increase in loans from other parties	**(23,503)**	-	**-**	-
Change in operating assets and liabilities Increase/(Decrease) in Concession Note Liability	**32,704**	(36,128)	**-**	-
Increase in unearned income	**-**	1,969	**-**	-
(Increase)/Decrease in prepayments	**(333)**	3,265	**-**	-
Increase/(Decrease) in creditors	**22,427**	(9,198)	**2**	13
Decrease in debtors	**6,223**	27,435	**-**	-
Increase/(Decrease) in provisions	**392**	(994)	**-**	-
Net cash inflow from operating activities	**228,826**	133,912	**(56)**	6

notes to the financial statements
for the year ended 30 june 2003

28. Earnings per share

	Consolidated	
	2003	2002
Basic earnings per share	**(25.0) cents**	(9.4) cents
Diluted earnings per share	**(24.7) cents**	(9.3) cents
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**512,976,259**	510,028,300
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**519,326,259**	516,728,300

Information concerning the classification of securities

(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.

29. Economic dependency

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

directors' declaration

The directors declare that the financial statements and notes set out on pages 41 to 67

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 2003 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

Kimberley Edwards
Managing Director

Melbourne, 27 August 2003.

independent audit report

PRICEWATERHOUSECOOPERS

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Independent audit report to the members of Transurban Holdings Limited

Audit opinion

In our opinion, the financial report of Transurban Holdings Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Transurban Holdings Limited (the Company) and the Transurban Holdings Limited Group (defined below) as at 30 June 2003, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both the Company and the Transurban Holdings Limited Group (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
27 August 2003

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

for the year ended 30 june 2003

Transurban Holding Trust is a Trust incorporated and domiciled in Australia. Its registered office and principal place of business is:

Transurban Holding Trust
Level 43 Rialto South Tower
525 Collins Street
Melbourne VIC 3000

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

directors' report

The directors of Transurban Infrastructure Management Limited, the Responsible Entity of Transurban Holding Trust, present their report on the consolidated entity consisting of Transurban Holding Trust ('the Trust"), and the entities it controlled at the end of, and during, the year ended 30 June 2003.

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 of the Stapled Security can be traded separately.

Responsible entity

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

The following persons were directors of Transurban Infrastructure Management Limited during the whole of the financial year and up to the date of this report:

Executive Directors
Geoffrey R Phillips

Non-Executive Directors
Laurence G Cox
Geoffrey O Cosgriff
Jeremy G A Davis

David J Ryan, Susan M Oliver and Peter C Byers were appointed non-executive directors on 29 April 2003 and continue in office at the date of this report.

Principal activities and operations

During the year the principal activities of the consolidated entity consisted of holding 100% of the units in CityLink Trust, Transurban Finance Trust and Transurban CARS Trust.

Results

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

	2003	2002
	$'000	$'000
Revenue from ordinary activities	**222,818**	126,497
Net profit/(loss) from ordinary activities	**44,080**	(19,430)

Distributions

During the year Transurban introduced a Distribution Reinvestment Plan ("DRP") which entitled security holders to receive additional Stapled Securities in substitution for some or all cash distributions in respect of their Stapled Securities. Stapled Securities issued under this were subject to a discount to market price of 2.5 per cent and were free of all brokerage, commission or other transaction costs, stamp duty or other duties.

Distributions made during the period consisted of:

	2003	2002
	$'000	$'000
Stapled Securities		
Final distribution for 2002 financial year of 3.0 cents per fully paid Stapled Security paid 8 October 2002.	**15,300**	11,475
Interim distribution for 2003 financial year of 10.0 cents (2002 – 2.25 cents) per fully paid Stapled Security paid 26 March 2003.	**51,163**	-
Total distributions paid	**66,463**	11,475

Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the year ended 30 June 2003 and the period ended 30 June 2002 were as follows:

Paid in cash	**32,409**	11,475
Satisfied by issue of Stapled Securities	**34,054**	-
	66,463	11,475

In addition to the above distributions, since the end of the financial year the directors have resolved to pay a final distribution of $51.8 million (10 cents per Stapled Security) to be paid on 8 October 2003. The record date for eligibility to receive the distribution is 24 September 2003.

directors' report

Review of operations

(a) Westlink M7

Financial Close of the Westlink M7 Motorway project, in which the Group is a 40 per cent participant, was achieved on 14 February 2002. In addition to being an equity participant in the project, the Group (through Transurban Infrastructure Developments Limited) will provide the electronic tolling system under a sub-contract to the project's main contractors and will operate the tolling and customer management systems during the operating phase. These outcomes represent major achievements for the Group and provide early vindication of the strategy to restructure the Group to leverage the knowledge and experience gained through the delivery of CityLink for the benefit of security holders.

The Trust's participation in the project will be via a 40 per cent interest in the WestLink Motorway Partnership ("WLMP"), which is the financing vehicle of the WestLink consortium. The partnership interests in WLMP are stapled to the equity interests in WSO Company Limited ("WSO Co"), which is the operating company of the WestLink consortium, and cannot be dealt with separately. Transurban Holdings Limited holds a 40 per cent equity interest in WSO Co.

The Trust has granted to and has been granted by each of Leighton and Abigroup put and call options over 25 per cent of the interest in WLMP held by each of those parties. These put and call options are each exercisable by either party at completion of the project at a price of $24.255 million. Macquarie Infrastructure Group has granted and has been granted put and call options on substantially the same terms.

The Trust holds 100 per cent of the units of the Transurban CARS Trust ("TCT"), which holds the Trust's interest in WLMP.

(b) Construction Phase Loan Notes ("CPLN")

During the period a wholly-owned entity of Transurban CARS Trust ("TCT"), Transurban WSO Trust ("TWT") funded Transurban's contribution to the Westlink Motorway Partnership by investing in CPLN's. The CPLN's are subordinated loan notes which pay interest to TWT at 6.27 per cent per annum. All income received from CPLN's is distributed to TCT.

The income received by way of distribution from TWT is the principal source of cash to fund distributions associated with the Convertible Adjusting Rate Securities issued by TCT. The income received by way of distribution from TWT is the principal source of cash to fund distributions associated with the Convertible Adjusting Rate Securities issued by TCT.

(c) Convertible Adjusting Rate Securities ("CARS")

During the year Transurban CARS Trust, a wholly owned entity of Transurban Holding Trust, raised $430 million through the issue of new securities called Convertible Adjusting Rate Securities ("CARS") to fund its investment in the Westlink M7 Project.

The securities were issued on 14 April 2003 at an issue price of $100 per security and offer holders a cumulative preferred distribution fixed at the rate of 7.0 per cent per annum, paid semi-annually for the period to the first reset date 14 April 2007. The distributions have a substantial tax deferred component (expected to be 90 per cent) and will generally convert into Transurban securities at a 2.5 per cent discount. The Trust has guaranteed the CARS distributions up to the first reset date.

The CARS issue was fully underwritten by the Joint Lead Managers and Underwriters Macquarie Equity Capital Markets Limited and Salomon Smith Barney Australia Securities Pty Limited.

Significant changes in the state of affairs

Refinancing

Refinancing of Transurban's debt was completed on 28 June 2002 with the subsequent draw down finalised during July and August 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 have maturities of 3, 5 and 7 years and require no principal repayments prior to maturity.

Matters subsequent to the end of the financial period

At the date of this report the directors are not aware of any circumstances that have arisen since 30 June 2003 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 2003.

Likely developments and expected results of operations

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

directors' report

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 22 to the financial statements.

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

Interests in the Trust issued during the financial year

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Units on issue at beginning of the year	**510,028**	510,000	**510,028**	510,000
Units issued during the year	**8,445**	28	**8,445**	28
Units on issue at the end of the year	**518,473**	510,028	**518,473**	510,028

Value of assets

Value of Trust assets at 30 June	**4,293,753**	3,877,597	**2,173,801**	2,144,100

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

Directors' interests

The following are particulars of directors' interests in Stapled Securities and Convertible Adjusting Rate Securities ("CARS") of the Transurban Group as at the date of this Directors' Report in which directors of the Responsible Entity have disclosed a relevant interest.

Name	Number of Stapled Securities	Options Over Stapled Securities	Number of CARS
L G Cox	775,000	-	4,000
P C Byers	50,000	-	-
J G A Davis	40,000	-	150
S M Oliver	59,375	-	-
G R Phillips	-	500,000	-
G O Cosgriff	17,360	-	121
D J Ryan	20,000	-	300

directors' report

Units under option

Unissued units of Transurban Holding Trust under option at the date of this report are as follows. No options were granted in the current year and no Stapled Securities were issued during the year on the exercise of options.

Date options granted	Expiry date	Issue price of stapled securities	Number under option
26 April 2001	April 2006	$3.817	2,100,000
23 October 2001	October 2006	$4.404	2,000,000
1 February 2002	April 2007	$4.280	400,000
9 April 2002	April 2007	$4.030	300,000
20 May 2002	April 2007	$4.220	1,550,000

Environmental regulation

Transurban Group must ensure it complies with EPA regulations. To meet this obligation, Transurban Group has contracted several specialist organisations to monitor emissions of carbon monoxide, oxides of nitrogen and particulate matter from the Domain and Burnley Tunnel ventilation stacks. Ambient air quality in the vicinity of the ventilation stacks is also monitored. The monitoring organisations are certified by the National Association of Testing Authorities.

The monitoring contracts are administered by the CityLink operator, Translink Operations Pty Ltd ("TLO"). The detailed monitoring requirements are contained in the Waste Discharge Licence for the tunnels (EPA Licence EA41502) which has been issued to TLO. Current monitoring indicates emission levels from the stacks are well below the EPA licence limits, and that there has been an improvement in ambient air quality since the tunnels opened.

CityLink also operates a Groundwater Recharge system to maintain the water table around the CityLink tunnels. Groundwater quality is tested weekly to ensure that compliance with EPA requirements is achieved. Current monitoring indicates that quality of groundwater around the tunnels is within the requirements set by the EPA.

Rounding off

The Trust 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 Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

Auditor

PricewaterhouseCoopers continues in office in accordance with the Corporations Act 2001.

This report is made in accordance with a resolution of the directors of Transurban Infrastructure Management Limited.

Laurence G Cox
Chairman

Geoffrey O Cosgriff
Director

27 August 2003.

statement of financial performance

for the year ended 30 june 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002[1] $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Revenue from ordinary activities	4	**222,818**	126,497	**88,348**	11,477
Expenses from ordinary activities					
Borrowing costs	5	**(131,153)**	(121,819)	**(3,069)**	(4)
Depreciation	5	**(26,359)**	(14,039)	**-**	-
Administration		**(1,831)**	(669)	**(64)**	(62)
Operational		**(19,395)**	(9,400)	**(19,395)**	(9,400)
Net profit/(loss) from ordinary activities		**44,080**	(19,430)	**65,820**	2,011

		Cents	Cents
Basic earnings per unit	29	**8.6**	(3.8)
Diluted earnings per unit	29	**8.5**	(3.8)

[1] 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 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Current Assets					
Cash assets	7	**41,239**	75,251	**2,113**	536
Receivables	8	**2,521**	1,764	**1,470**	1,564
Other	9	**2,025**	2,127	**-**	-
Total Current Assets		**45,785**	79,142	**3,583**	2,100
Non-Current Assets					
Property, plant and equipment	10	**753,264**	779,623	**-**	-
Financial assets	11	**3,470,870**	3,018,172	**2,164,330**	2,142,000
Investments accounted for using the equity method	12	**5,888**	-	**5,888**	-
Other	13	**17,946**	660	**-**	-
Total Non-Current Assets		**4,247,968**	3,798,455	**2,170,218**	2,142,000
Total Assets		**4,293,753**	3,877,597	**2,173,801**	2,144,100
Current Liabilities					
Payables	14	**39,150**	32,080	**7,948**	11,564
Non-interest bearing liabilities	15	**1,931**	113,619	**-**	-
Total Current Liabilities		**41,081**	145,699	**7,948**	11,564
Non-Current Liabilities					
Interest bearing liabilities	16	**2,130,000**	1,618,872	**-**	-
Non-interest bearing liabilities	17	**-**	1,931	**-**	-
Total Non-Current Liabilities		**2,130,000**	1,620,803	**-**	-
Total Liabilities		**2,171,081**	1,766,502	**7,948**	11,564
Net Assets		**2,122,672**	2,111,095	**2,165,853**	2,132,536
Unitholders' Funds					
Issued units	18	**2,175,960**	2,142,000	**2,175,960**	2,142,000
Undistributed income	18	**(53,288)**	(30,905)	**(10,107)**	(9,464)
Total Unitholders' Funds		**2,122,672**	2,111,095	**2,165,853**	2,132,536

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

statement of cash flows

for the year ended 30 june 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002[1] $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		**910**	-	**2,013**	-
Payments to suppliers (inclusive of GST)		**(21,162)**	(292)	**(19,291)**	418
Interest received		**93,794**	1,462	**928**	-
Other revenue		**10,518**	-	**10,500**	-
Borrowing costs		**(221,153)**	(69,308)	**(3,059)**	-
Net cash (outflow)/inflow from operating activities	27	**(137,093)**	(68,138)	**(8,909)**	418
Cash flows from investing activities					
Net cash acquired on purchase of controlled entity		**-**	69,717	**-**	-
Investment in CPLN's		**(392,000)**	-	**-**	-
Repayment of loans to related parties		**(1,328,330)**	98,417	**(21,659)**	-
Advance from related parties		**3,018,257**	61	**11,529**	118
Loans to related parties		**(19,705)**	-	**(176,291)**	-
Repayment of loans by related parties		**157,463**	-	**163,016**	-
Distributions received		**-**	-	**66,300**	11,475
Net cash inflow from investing activities		**1,435,685**	168,195	**42,895**	11,593
Cash flows from financing activities					
Repayment of borrowings		**(1,618,872)**	(13,331)	**-**	-
Proceeds from CARS issue		**430,000**	-	**-**	-
Payment of interest rate swap termination		**(90,573)**	-	**-**	-
Payment of premium on mezzanine debt termination		**(20,750)**	-	**-**	-
Distributions paid		**(32,409)**	(11,475)	**(32,409)**	(11,475)
Net cash outflow from financing activities		**(1,332,604)**	(24,806)	**(32,409)**	(11,475)
Net (decrease)/increase in cash held		**(34,012)**	75,251	**1,577**	536
Cash at the beginning of the financial period	7	**75,251**	-	**536**	-
Cash at the end of the financial period	7	**41,239**	75,251	**2,113**	536
Financing arrangements and credit facilities	16				

[1] 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

for the year ended 30 june 2003

1. Summary of significant accounting policies

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).

a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Transurban Holding Trust ("trust" or "parent entity") as at 30 June 2003 and the results of all controlled entities for the year then ended. Transurban Holding Trust 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 a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences.

Investments in associates are accounted for in the combined financial statements using the equity method. Under this method, the consolidated entity's share of post acquisition profits or losses of associates is recognised in the combined statement of financial performance, and its share of post acquisition movements in reserves is recognised in consolidated reserves. The cumulative post acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

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.

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 Holdings Trust to acquire the net assets of CityLink Melbourne Limited and CityLink Trust respectively in December 2001.

f) 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 32 years), or the assets estimated useful lives, whichever is less. Amortisation by the Trust commenced on 18 December 2001 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.

The expected useful lives are as follows:

Leasehold improvements	3 – 15 years

g) 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 for income tax provided that its taxable income (including assessable realised capital gains) is fully distributed to unit holders.

notes to the financial statements

for the year ended 30 june 2003

h) 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 was adjusted for inflation, consistent with the provisions of the Income Tax Legislation.

i) 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.

j) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except to the extent the costs relate to the construction of a qualifying asset, and include:

- Interest on short term, long term borrowings and amortisation of deferred borrowing costs.

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

k) 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.

l) 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.

m) Trade and other creditors

Trade and other creditors 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.

n) Interest bearing liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

o) Distributions

Provision is made for the amount of any distribution declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date. This policy was adopted with effect from 1 July 2002 to comply with AASB 1044: Provisions, Contingent Liabilities and Contingent Assets, released in October 2001. The change in policy has no impact on the prior year financial statements.

p) Earnings per unit

(i) Basic Earnings per Unit

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

(ii) Diluted Earnings per Unit

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

q) 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.

r) Joint Venture entity

The interest in the joint venture partnership is accounted for using the equity method. Under this method, the share of the profits or losses of the partnership is recognised in the statement of financial performance, and the share of movements in reserves is recognised in reserves in the statement of financial position. Details relating to the partnership are set out in note 25.

notes to the financial statements

for the year ended 30 june 2003

s) Maintenance and repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1g. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

t) Project development

Costs incurred in developing proposals for specfic projects are charged to the Statement of Financial Performance in the period in which they are incurred except where:

(i) the outcome of the proposal has been determined and the outcome will result in the creation of an asset; or

(ii) the outcome of the proposal has not been determined but it is considered reasonably probable that the outcome, when determined, will result in the creation of an asset.

Costs meeting these criteria are capitalised.

u) Rounding of amounts

The Trust 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 have been rounded off in accordance with that Class Order to the nearest thousand dollars.

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 principle business segment for the period ending 30 June 2003 was the provision of funding to the Transurban Group or associates of the Transurban Group. All revenues and expenses are directly attributable to this principle segment. The management structure and internal reporting of the Trust are based on the principle business segment.

Assets of the Transurban Group which the Trust has funded are located in two separate states of Australia.

	Segment Revenues		Segment Assets		Segment Liabilities	
	2003	2002	**2003**	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Victoria	**202,556**	126,497	**3,846,549**	3,877,597	**1,734,568**	1,766,502
New South Wales	**20,262**	-	**447,204**	-	**436,513**	-
	222,818	126,497	**4,293,753**	3,877,597	**2,171,081**	1,766,502

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
4. Revenue				
Revenue from operating activities				
Rental income	**101,157**	49,246	**-**	-
Equity commitment fee	**10,500**	-	**10,500**	-
Trust distribution	**-**	-	**66,300**	11,475
Interest and related fees	**110,823**	77,251	**11,228**	2
	222,480	126,497	**88,028**	11,477
Revenue from outside operating activities				
Other	**338**	-	**320**	-
	338	-	**320**	-
Revenue from ordinary activities	**222,818**	126,497	**88,348**	11,477
5. Operating profit				
Operating result includes the following specific expenses:				
Depreciation and amortisation – CityLink	**26,359**	14,039	**-**	-
Borrowing costs				
Interest and finance charges paid/payable	**115,895**	110,882	**3,069**	4
Interest rate hedging charges paid/payable	**15,258**	10,937	**-**	-
	131,153	121,819	**3,069**	4
6. Income tax				
Tax Losses at beginning of year	**173,861**	-	**2,011**	-
Tax Losses acquired during the year	**-**	159,722	**-**	-
Tax Losses/(Income) for the year	**(35,524)**	14,139	**(65,820)**	2,011
Tax Losses at end of year	**138,337**	173,861	**(63,809)**	2,011

Potential future income tax benefits at 30 June 2003 for tax losses not brought to account for the Trust are $138.3 million (2002: $173.9 million). These losses cannot be used directly by the Trust for the reason outlined in note 1g, 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:

(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 entity to realise the benefit from the deductions for the losses.

The above tax position is based on the tax treatment proposed in 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.

notes to the financial statements

for the year ended 30 june 2003

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
7. Cash assets – current assets				
Cash at bank	**41,239**	75,251	**2,113**	536
	41,239	75,251	**2,113**	536

Included in the above amount, is $28.1 million which is held in reserve accounts to fund future CARS distributions.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
8. Receivables – current assets				
Sundry debtors	**2,521**	1,764	**1,470**	1,564
	2,521	1,764	**1,470**	1,564
9. Other – current assets				
Prepayments	**2,025**	2,127	**-**	-
	2,025	2,127	**-**	-
10. Property, plant and equipment – non-current assets				
a) CityLink fixed assets				
CityLink at cost	**793,662**	793,662	**-**	-
Less: Accumulated depreciation	**(40,398)**	(14,039)	**-**	-
Total Property, plant and equipment	**753,264**	779,623	**-**	-

b) Reconciliations

Reconciliations of the carrying amount of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	CityLink
	$'000
Consolidated – 2003	
Carrying amount at 1 July 2002	**779,623**
Additions	**-**
Disposals	**-**
Depreciation/amortisation expense charged to statement of financial performance	**(26,359)**
Carrying amount at 30 June 2003	**753,264**

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	CityLink $'000
Parent entity – 2003	
Carrying amount at 1 July 2002	-
Additions	-
Disposals	-
Depreciation/amortisation expense charged to statement of financial performance	-
Carrying amount at 30 June 2003	-

Refer to note 16 for information on non-current assets pledged as security by the Trust .

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
11. Financial assets – non-current assets				
Non traded investments				
Units in controlled entity	**-**	-	**2,142,000**	2,142,000
	-	-	**2,142,000**	2,142,000
Other financial assets				
Advances to CityLink Melbourne Limited	**2,982,839**	2,924,920	**-**	-
Investment in CPLN's	**392,000**	-	**-**	-
Other loans	**96,031**	93,252	**22,330**	-
	3,470,870	3,018,172	**2,164,330**	2,142,000

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

	Consolidated		Parent Entity	
12. Investment accounted for using the Equity Method – non-current assets				
Interest in joint venture partnership (note 25)	**5,888**	-	**5,888**	-
Shares in associates (note 24)	**-**	-	**-**	-
	5,888	-	**5,888**	-
13. Other – non-current assets				
Prepayments	**4,812**	660	**-**	-
Deferred borrowing costs	**13,134**	-	**-**	-
	17,946	660	**-**	-

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	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
14. Payables – current liabilities				
Sundry creditors	**1,486**	21,740	**793**	1,167
CARS coupon payment	**6,350**	-	**-**	-
Related party creditors	**31,314**	10,340	**7,155**	10,397
	39,150	32,080	**7,948**	11,564

CARS coupon payment represents the first interest payment due to holders of Convertible Adjusting Rate Securities ("CARS"). The distribution on these securities of 7 per cent for the period 14 April 2003 to 30 June 2003 totalling $6.4 million has been charged to the statement of financial performance as a borrowing cost because the CARS are classified as a liability. This coupon was paid to CARS holders on 31 July 2003.

	Consolidated		Parent Entity	
15. Non-interest bearing liabilities – current liabilities				
Unearned income	**1,931**	2,296	**-**	-
Mezzanine debt termination	**-**	20,750	**-**	-
Interest rate swap termination	**-**	90,573	**-**	-
	1,931	113,619	**-**	-

	Consolidated		Parent Entity	
16. Interest bearing liabilities – non-current liabilities				
Secured				
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	**-**	-
Convertible Adjusting Rate Securities	**430,000**	-	**-**	-
Loans from related parties	**1,700,000**	-	**-**	-
	2,130,000	1,618,872	**-**	-

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Financing arrangements and credit facilities

a) Convertible Adjusting Rate Securities

$430 million raised via the issue of 4.3 million securities. Semi-annual interest is paid at a fixed rate of 7 per cent per annum until the first re-set date on 14 April 2007. These securities are generally convertible into Transurban Securities at a discount of 2.5 per cent and rank ahead of Transurban Stapled Securities on a winding up of Transurban in conjunction with a winding up of Transurban CARS Trust. The Trust acts as guarantor for the interest payments until the first re-set date at which time the guarantee may or may not be extended.

b) Debt refinancing

Refinancing of Transurban's debt was completed on 28 June 2002 with the subsequent draw down finalised during July and August 2002. The refinancing involved the repayment of the group's existing borrowings (consisting of Project Debt, CPI Bonds, Mezzanine Debt and Subordinated Debt) with a $510 million Syndicated Bank Facility and $1,190 million of bonds issued in the Debt Capital Markets. These new facilities have been borrowed by Transurban Finance Company and on-loaned to the consolidated entity.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Loan facilities				
Total facilities	**1,700,000**	1,522,381	**-**	-
Used at balance date	**(1,700,000)**	(1,522,381)	**-**	-
Unused at balance date	**-**	-	**-**	-

17. Non-interest bearing liabilities – non-current liabilities

Unearned income	**-**	1,931	**-**	-
	-	1,931	**-**	-

18. 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		Parent Entity	
	2003	2002	**2003**	2002
	Units	Units		
	'000	'000	**$'000**	$'000
a) Paid up capital				
fully paid	**518,473**	510,028	**2,175,960**	2,142,000
	518,473	510,028	**2,175,960**	2,142,000

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	Date	Details	Notes	Number of shares '000	Issue Price	$'000
b)	1 July 2002	Opening Balance		510,028	-	2,142,000
	8 October 2002	Distribution reinvestment plan issues	d	1,564	$3.7825	5,916
	26 February 2003	Employee share scheme issues	e	35	-	-
	28 March 2003	Distribution reinvestment plan issues	d	6,846	$4.0965	28,044
	30 June 2003	Closing Balance		518,473		2,175,960

c) Trust units
Units entitle the holder to participate in distributions and the winding up of Transurban Holding Trust in proportion to the number of and amounts paid on the units held. In the event that Transurban Holding Trust and Transurban CARS Trust are wound up simultaneously, holders of Transurban CARS securities would rank ahead of Transurban Holding Trust units.

On a show of hands every holder of units present at a meeting in person or by proxy, is entitled to one vote.

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

e) Employee share scheme
A scheme under which Transurban Group Stapled Securities, including units in the Trust, may be issued by the Transurban group 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 with the Transurban Group. In all other aspects the Stapled Securities rank equally with other fully-paid Stapled Securities on issue.

Each participant was issued with 120 Stapled Securities (2002 – 100 Stapled Securities) at a value of $4.25 per Stapled Security (2002 – $4.03).

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	Number	Number	**Number**	Number
Stapled Securities issued under the plan to participating employees on 26 February 2003	**34,560**	28,300	**34,560**	28,300

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f) Options over Trust units

Options over Trust units are granted pursuant to the Transurban Group Executive Option Plan as the Trust units form part of the Transurban Group Stapled Security. Details of options on issue are set out below.

No units in the Trust were issued during the year ended 30 June 2003 pursuant to the exercise of options.

Outstanding 30 June 2002	Granted	Exercised	Lapsed	Outstanding 30 June 2003
6,700,000	-	-	350,000	6,350,000

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
g) Undistributed losses				
Undistributed losses bought forward	**(30,905)**	-	**(9,464)**	-
Net profit/(loss) from ordinary activities	**44,080**	(19,430)	**65,820**	2,011
Available for distribution	**13,175**	(19,430)	**56,356**	2,011
Distributions to unitholders during the period	**(66,463)**	(11,475)	**(66,463)**	(11,475)
Undistributed loss carried forward	**(53,288)**	(30,905)	**(10,107)**	(9,464)

19. Distributions

	2003	2002
	$'000	$'000
Stapled securities		
Final distribution for 2002 financial year of 3.0 cents per fully paid Stapled Security paid 8 October 2002.	**15,300**	-
Interim distribution for 2003 financial year of 10.0 cents (2002 – 2.25 cents) per fully paid Stapled Security paid 26 March 2003.	**51,163**	11,475
Total distributions paid	**66,463**	11,475

Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the year ended 30 June 2003 and the period ended 30 June 2002 were as follows:

Paid in cash	**32,409**	11,475
Satisfied by issue of Stapled Securities	**34,054**	-
	66,463	11,475

In addition to the above distributions, since the end of the financial year the directors have resolved to pay a final distribution of $51.8 million (10 cents per Stapled Security) to be paid on 8 October 2003. The record date for eligibility to receive the distribution is 24 September 2003

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20. Renumeration of auditors

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

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Audit or review of the financial reports of the parent or any entity in the consolidated entity	**99**	65	**22**	12
Other assurance services	**-**	5	**-**	-
Total audit and other assurance services	**99**	70	**22**	12
Taxation	**18**	-	**-**	-
Total remuneration	**117**	70	**22**	12

It is the consolidated entity's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the consolidated entity are important. These assignments are principally tax advice. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

21. Contingent liabilities

Transurban Holding Trust acts as guarantor for Transurban CARS Trust in relation to the interest payments to holders of Convertible Adjusting Rate Securities ("CARS"). This guarantee is in place until the first reset date, 14 April 2007, at which time the guarantee may or may not be extended. The distributions are semi-annual distributions fixed until the first reset date at 7% per annum on an amount of $430 million.

22. 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, David J Ryan, Susan M Oliver and Peter C Byers. All of these persons were directors for the entire year ended 30 June 2003, except for David J Ryan, Susan M Oliver and Peter C Byers who were appointed on 29 April 2003.

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Transactions of directors and their director-related entities concerning securities issued by the Transurban Group

Aggregate numbers of securities of the Transurban Group acquired or disposed of by directors of the company and consolidated entity or their director-related entities:

	2003 Number	2002 Number
Acquisitions		
Convertible Adjusting Rate Securities ("CARS") from the initial public offering	**5,671**	-
Transurban Group Stapled Securities[1]	**40,100**	46,890
Disposals		
Convertible Adjusting Rate Securities	**1,100**	-
Securities held		
CARS held	**4,571**	-
Transurban Group Stapled Securities	**961,735**	921,635
Transurban Group Options	**500,000**	500,000

[1] Includes 20,000 Stapled Securities held by Mr David J Ryan, which were acquired prior to his appointment as a director.

Directors and their director-related entities received normal distributions on these securities. All transactions relating to securities were on the same basis as similar transactions with other security holders.

Other transactions with directors and director-related entities

All of the directors of Transurban Infrastructure Management Limited are also directors of Transurban Holdings Limited, Transurban Infrastructure Developments Limited, CityLink Melbourne Limited and Transurban Finance Company Pty Limited.

The CityLink Trust rents land and provides financial support in the form of an interest bearing loan to CityLink Melbourne.

Transurban Holding Trust provides financial support in the form of non-interest bearing loans to Transurban Holdings Limited and Transurban Infrastructure Developments Limited.

Transurban Finance Company provides financial support in the form of an interest bearing loan to Transurban Finance Trust.

Transurban Infrastructure Management Limited is the Responsible Entity of Transurban Holding Trust and for this service Transurban Holding Trust pays Responsible Entity and Management Fees.

Mr Cox is a director of Macquarie Corporate Finance Limited (a wholly owned subsidiary of Macquarie Bank Ltd), which during the year provided financial advice pursuant to specific mandates.

Macquarie Bank was also involved in the financial arrangements concerning the Land Transport Notes. Mr Cox holds 1.97 million Land Transport Notes.

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for the year ended 30 june 2003

Aggregate amounts of each of the above types of other transactions with directors of entities in the consolidated entity and their director related entities:

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Bridge loan interest expense	**2,859**	-	**-**	-
Underwriting fees expense	**7,208**	-	**-**	-
Facility set up expense	**990**	-	**-**	-
Loans provided and repaid	**250,000**	-	**-**	-
Rental income	**101,157**	-	**-**	-
Interest income	**91,234**	-	**-**	-
Loan to CityLink Melbourne Limited	**2,982,840**	-	**-**	-
Borrowings received	**1,700,000**	-	**-**	-
Interest and other related charges paid	**108,165**	-	**-**	-
Loans to related parties	**3,378**	-	**3,378**	-
Loans from related parties	**5,888**	-	**5,888**	-
Responsible Entity fees expense	**1,032**	406	**1,032**	-
Management fees expense	**18,363**	-	**24,053**	-
Consulting fee – debt refinancing	**-**	7,950	**-**	-

Aggregate amounts payable to director related entities at balance date:

Current liabilities	**31,314**	10,340	**7,155**	10,397
Non-current liabilities – loans	**1,700,000**	-	**-**	-

Aggregate amounts receivable by director related entities at balance date:

Non-current receivables	**3,078,871**	93,252	**22,330**	-

Other related parties

Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with each class of other related parties:

Fees to Trust Manager/Investment Manager	**-**	94	**-**	-
Fees to Responsible Entity	**902**	1,385	**-**	-
CPLN's interest revenue	**9,158**	-	**-**	-
	10,060	1,479	**-**	-

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Aggregate amounts payable to and receivable from, each class of other related parties at balance date:

Current liabilities	**440**	944	**-**	-
Non-current receivable	**392,000**	-	**-**	-

Wholly-owned group

The wholly-owned group consists of Transurban Holding Trust and its wholly-owned controlled entities (refer to note 23).

Transactions between Transurban Holding Trust and the other entities in the wholly-owned group during the years ended 30 June 2003 and 2002 consisted of:

(a) distributions paid to Transurban Holding Trust

(b) loans advanced by Transurban Holding Trust

(c) the payment of interest on the above loans

(d) financial services provided by Transurban Holding Trust

(e) financial services provided 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	
	2003	2002
	$'000	$'000
Distribution income	**66,300**	11,475
Interest income	**2,268**	-
Financial services income	**8,000**	-
Financial services expense	**3,062**	-

Aggregate amounts receivable from, and payable to entities in the wholly-owned group at balance date:

Current payables	**10**	57
Non-current receivables	**27,207**	-

Controlling entities

The ultimate parent entity in the wholly-owned group is Transurban Holding Trust.

23. Investments in controlled entity

Name of Entity	**Country of Incorporation**	**Class of Security**	**Equity Holding 2003 %**	**Equity Holding 2002 %**	**Date Acquired**
CityLink Trust	Australia	Ordinary	100	100	-
Transurban Finance Trust	Australia	Ordinary	100	100	-
Transurban CARS Trust	Australia	Ordinary	100	-	20/12/2002
Transurban WSO Trust	Australia	Ordinary	100	-	20/12/2002

Acquisition of controlled entities

The parent entity acquired 100% of the issued share capital of Transurban CARS Trust for a book value of $12 and Transurban CARS Trust subscribed for 100% of the issued unit capital in Transurban WSO Trust for $392 million in cash.

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24. Investment in associate

Name of Company	Ownership interest		Consolidated carrying amount		Parent Entity carrying amount	
	2003	2002	**2003**	2002	**2003**	2002
	%	%	**$'000**	$'000	**$'000**	$'000
Westlink Motorway Limited	**40**	-	**-**	-	**-**	-

Westlink Motorway Limited is the nominee manager of the Westlink Motorway partnership and is carried at cost of $80. The company has no impact on the consolidated entity's equity accounted profits.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Summary of performance and financial position of associates				
Aggregate net profits of associates after tax	**-**	-	**-**	-
Assets	**147,339**	-	**-**	-
Liabilities	**147,339**	-	**-**	-

25. Interest in joint venture

Name of partnership	Ownership interest		Consolidated carrying amount		Parent Entity carrying amount	
	2003	2002	**2003**	2002	**2003**	2002
	%	%	**$'000**	$'000	**$'000**	$'000
Westlink Motorway Partnership	**40**	-	**5,888**	-	**5,888**	-

The consolidated entity has a 40% interest in the Westlink Motorway Partnership. The principal activity of the partnership is the construction of the Westlink M7 Motorway in Sydney. The M7 is presently in the construction phase and is due for completion in 2007. The partnership will have no impact on the consolidated entity's equity accounted profits until the road operations commence following completion.

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	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Share of partnership assets and liabilities				
Current assets	**1,741**	-	**-**	-
Non-current assets	**235,059**	-	**-**	-
Total assets	**236,800**	-	**-**	-
Current liabilities	**-**	-	**-**	-
Non-current liabilities	**236,800**	-	**-**	-
Total liabilities	**236,800**	-	**-**	-
Net assets	**-**	-	**-**	-
Share of profits	**-**	-	**-**	-
Share of partnership commitments				
Capital commitments	**564,266**	-	**-**	-

26. 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

It is the Trust's policy to protect floating rate facilities from exposure to increasing interest rates. Accordingly, the consolidated entity has entered into interest rate swap contracts. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other debtors or other creditors.

Swaps currently in place cover approximately 92 per cent of the non-related party floating rate loan principal outstanding.

At 30 June 2003, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
4 – 5 years	**1,160,000**	-	**-**	-
	1,160,000	-	**-**	-

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Credit risk

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

		2003			2002		
		Financial Institutions	**Corporates**	**Total**	Financial Institutions	Corporates	Total
	Notes	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000
On-balance sheet financial assets							
Cash	7	**41,239**	**-**	**41,239**	75,251	-	75,251
Sundry debtors	8	**2,521**	**-**	**2,521**	1,764	-	1,764
Advance to CLM	11	**-**	**2,982,839**	**2,982,839**	-	2,924,920	2,924,920
Investment in CPLN's	11	**-**	**392,000**	**392,000**	-	-	-
Advances to other parties	11	**-**	**96,031**	**96,031**	-	93,252	93,252
Total Credit Risk		**43,760**	**3,470,870**	**3,514,630**	77,015	3,018,172	3,095,187

Interest rate risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables.

2003

			Fixed Interest Rate Maturity				
		Floating interest rate	**1 year or less**	**between 1 and 5 years**	**more than 5 years**	**Non interest bearing**	**Total**
	Note	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets							
Cash	7	41,239	-	-	-	-	41,239
Sundry debtors	8	-	-	-	-	2,521	2,521
Advance to CityLink Melbourne	11	1,406,239	-	-	-	1,576,600	2,982,839
Investment in CPLN's	11	-	-	392,000	-	-	392,000
Advance to other parties	11	-	92,652	-	-	3,379	96,031
Total Financial Assets		1,447,478	92,652	392,000	-	1,582,500	3,514,630
Weighted average interest rate		6.56%	8.50%	6.27%	-	-	-
Financial liabilities							
Sundry creditors	14	-	-	-	-	7,836	7,836
Loans from related parties	14,16	1,265,000	-	435,000	-	31,314	1,731,314
Interest rate swaps	26	(1,160,000)	-	1,160,000	-	-	-
CARS	16	-	-	430,000	-	-	430,000
Total financial liabilities		105,000	-	2,025,000	-	39,150	2,169,150
Weighted average interest rate		4.98%	-	6.32%	-	-	-
Net financial assets/(liabilities)		1,342,478	92,652	(1,633,000)	-	1,543,350	1,345,480

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2002

			Fixed Interest Rate Maturity				
		Floating interest rate	1 year or less	between 1 and 5 years	more than 5 years	Non interest bearing	Total
	Note	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets							
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
Total Financial Assets		1,423,571	-	93,252	-	1,578,364	3,095,187
Weighted average interest rate		8.67%	-	8.50%	-	-	-
Financial liabilities							
Sundry creditors	14	-	-	-	-	32,080	32,080
Interest rate swap termination	15	-	-	-	-	90,573	90,573
Mezzanine debt termination	15	-	-	-	-	20,750	20,750
CPI Bonds	16	-	-	-	466,490	-	466,490
Project debt borrowings	16	1,152,382	-	-	-	-	1,152,382
Total financial liabilities		1,152,382	-	-	466,490	143,403	1,762,275
Weighted average interest rate		6.85%	-	-	10.26%	-	-
Net financial assets/(liabilities)		271,189	-	93,252	(466,490)	1,434,961	1,332,912

	Notes	**2003**	2002
		$'000	$'000
Reconciliation of net financial assets/(liabilities) to net assets			
Net financial assets as above		**1,345,480**	1,332,912
Non-financial assets and liabilities			
Property, plant and equipment	10	**753,264**	779,623
Other assets	9, 12, 13	**25,859**	2,787
Other liabilities	15, 17	**(1,931)**	(4,227)
Net assets per balance sheet		**2,122,672**	2,111,095

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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.

The aggregate net fair value of interest rate swaps not recognised in the balance sheet (refer note 1i) held at 30 June 2003 is a liability of $61.6 million.

As these contracts are hedging anticipated future interest payments, any unrealised gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognised in the measurement of the underlying transaction.

The valuation of interest rate swaps reflects the estimate amounts which the entity expects to pay or receive to terminate the contracts or replace the contracts at their current market rates as at 30 June 2003.

	Consolidated		Parent Entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
27. Reconcilliation of net profit from ordinary activities to net cash outflow from operating activities				
Net (loss)/profit from ordinary activities	**44,080**	(19,430)	**65,820**	2,011
Depreciation and amortisation	**26,359**	14,039	**-**	-
Trust distribution	**-**	-	**-**	(11,475)
Mezzanine Debt termination	**-**	20,750	**-**	-
Interest rate swap termination	**-**	4,723	**-**	-
CPI Bonds valuation adjustment	**-**	7,838	**-**	-
Trust distributions received	**-**	-	**(66,300)**	-
Deferred borrowing costs	**(13,134)**	-	**-**	-
Change in operating assets and liabilities				
Decrease in loans from related parties	**24,158**	-	**-**	-
(Increase) in prepayments	**(4,050)**	(2,787)	**-**	-
Increase in creditors	**(14,716)**	29,687	**(257)**	11,446
(Decrease) in unearned income	**(2,298)**	(3,735)	**-**	-
Decrease/(Increase) in debtors	**49**	1,995	**(32)**	(1,564)
Income capitalised into loans to CityLink Melbourne	**(199,057)**	(121,218)	**-**	-
Increase/(Decrease) in loans from related parties	**1,516**	-	**(8,140)**	-
Net cash (outflow)/inflow from operating activities	**(137,093)**	(68,138)	**(8,909)**	418

28. Economic dependency

The consolidated entity is reliant on distributions from CityLink Trust and interest on Construction Phase Loan Notes for its ongoing viability.

notes to the financial statements

for the year ended 30 june 2003

29. Earnings per unit

	Consolidated	
	2003	2002
Net tangible asset backing per unit	**$4.14**	$4.14
Basic earnings per unit	**8.6 cents**	(3.8 cents)
Diluted earnings per unit	**8.5 cents**	(3.8 cents)
Weighted average number of units used in calculating basic earnings per unit	**512,976,259**	510,028,300
Weighted average number of units and potential units used (as denominator) in calculating diluted earnings per unit	**519,326,259**	516,728,300

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.

30. Commitments for expenditure

Option over further interest in Westlink M7 Motorway Project

A wholly owned entity of the Trust has granted to and has been granted by each of Leighton and Abigroup put and call options over 25 per cent of the interest in the Westlink M7 Project held by each of those parties. These put and call options are each exercisable by either party at completion of the project at a price of $24.255 million.

directors' declaration

The directors of Transurban Infrastructure Management Limited, the Responsible Entity for Transurban Holding Trust, declare that the financial statements and notes set out on pages 76 to 98:

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 Trust and consolidated entity's financial position as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial year 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 Trust 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 of Transurban Infrastructure Management Limited.

Laurence G Cox
Chairman

Geoffrey O Cosgriff
Director

27 August 2003.

independent audit report

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Independent audit report to the members of Transurban Holding Trust

Audit opinion

In our opinion, the financial report of Transurban Holding Trust:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Transurban Holding Trust and the Transurban Holding Trust Group (defined below) as at 30 June 2003, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Transurban Holding Trust (the Trust) and the Transurban Holding Trust Group (the consolidated entity), for the year ended 30 June 2003. The consolidated entity comprises both the Trust and the entities it controlled during that year.

The directors of Transurban Infrastructure Management Limited, the Responsible Entity of the Trust, are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Trust. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Trust's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
27 August 2003

transurban

www.transurban.com.au