The Financial Report of

Transurban Limited
and
Controlled Entities

(ABN 96 098 143 410)

For the Year Ended

30 June 2006

CONTENTS

This financial report covers both Transurban Limited as an individual entity and the consolidated entity consisting of Transurban Limited and its controlled entities. The financial report is presented in the Australian currency.

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

Transurban 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 releases to the ASX and the media, financial reports and other information are available on our website: www.transurban.com.au

Directors' Report on the Financial Report of Transurban Limited and Controlled Entities.

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Transurban Limited and the entities it controlled at the end of, or during, the year ended 30 June 2006.

Transurban 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 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

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

Non-executive directors	Executive directors
Laurence G Cox	Kimberley Edwards
Peter C Byers	Geoffrey R Phillips (2)
Geoffrey O Cosgriff	
Jeremy G A Davis	
Susan M Oliver	
David J Ryan	
Christopher J S Renwick (1)	

(1) Christopher J S Renwick was appointed a non-executive director on 26 July 2005 and continues in office at the date of this report

(2) Geoffrey R Phillips was an executive director from the beginning of the financial year until his resignation on 26 July 2005.

Principal Activities

During the year the principal continuing activities of the Group consisted of:

(a) Providing management services to entities within the Transurban Stapled Group;

(b) Participation in the direction of the entities responsible for the development of Westlink M7 Motorway Project;

(c) Provision of the tolling and customer management system for the Westlink M7 Motorway Project;

(d) Providing services to Transurban Infrastructure Management Limited in its capacity as the responsible entity of Transurban Holding Trust, Transurban CARS Trust and CityLink Trust;

(e) Identification and development of infrastructure projects in accordance with the investment strategies; and

(f) The continued development and enhancement of the existing electronic tolling systems and processes within the Transurban Stapled Group.

Review of Operations

(a) Roam Tolling

The tolling and customer management system for Westlink M7 was successfully delivered with the road opening on 16 December 2005 (refer above). Tolling operations commenced on 16 January 2006 following a one month toll free period.

As a direct result of Transurban's marketing campaign to educate the market about the Groups Roam brand, 106,000 customer accounts were opened during the period (including

19,600 "e-PASS" or video accounts), with 125,000 e-TAGs issued and 208,000 vehicles registered.

(b) Business Development

During the year Transurban Limited has continued to pursue new business development opportunities in both the domestic and international markets. Achievements during the period include:

(i) Transurban Acquisition of Pocahontas Parkway

On 29 June 2006, Transurban and the Commonwealth of Virginia reached financial close on a Comprehensive Agreement granting Transurban a 99 year concession for the Pocahontas Parkway in Virginia, USA.

The Pocahontas Parkway (route 895) is a 14 kilometre, four lane toll road located southeast of the city of Richmond in Virginia which provides a crossing of the James River and facilitates access to the Richmond International Airport.

The cost of acquiring the 99 year concession was USD $604.0 million.

(ii) Lane Cove Tunnel Letter of Intent

The Lane Cove Tunnel Company ("LCTC") and Transurban have signed a Letter of Intent for Transurban to utilise its Roam EXPRESS brand as the preferred tag and electronic pass provider for the Lane Cove Tunnel. Transurban will earn a fee per transaction for its service.

(iii) Participation in Capital Beltway project – Virginia USA

Transurban, through its wholly owned subsidiary Transurban USA Inc, is partnering with Fluor Corporation to investigate the feasibility of developing High Occupancy Toll ("HOT") lanes along a 22.4 kilometre segment of the Capital Beltway (I495) in Northern Virginia, USA.

The Transurban-Fluor team has signed a development agreement with the Virginia Department of Transportation ("VDOT") and is currently undertaking detailed evaluation of project feasibility.

In the event that a Financial Close is achieved in early 2007 Transurban will act as both an investor and tolling operator of the HOT lanes.

(iv) I95 Virginia USA Proposal

In January 2006, Transurban and its development partner, Fluor Enterprises, were confirmed by the Commonwealth of Virginia's Public Private Transportation Act ("PPTA") Advisory Panel as the preferred proponent to develop Bus Rapid Transit ("BRT") / High Occupancy Toll ("HOT") Lane Systems for the I95 / 395 Motorway in Virginia, USA.

Work is progressing on the feasibility of the project with Financial Close anticipated to occur in the second half of 2007.

Significant Changes in the State of Affairs

(a) Acquisition of Pocahontas Parkway

Refer to item (b)(i) of Review of Operations

(b) Lane Cove Tunnel Letter of Intent

Refer to item (b)(ii) of Review of Operations

(c) Participation in Capital Beltway project – Virginia USA

Refer to item (b)(iii) of Review of Operations

(d) I95 Virginia USA Proposal

Refer to item (b)(iv) of Review of Operations

Matters Subsequent to the End of the Financial Year

At the exception of this event, at the date of this report the directors are not aware of any circumstances that have arisen since 30 June 2006 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 2006.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of Transurban Limited 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 entity.

Environmental Regulation

No significant environmental regulations apply.

Information on Directors

Laurence G Cox AO, B. Com, FCPA, FSIA. *Chairman – non-executive*

Experience and expertise

Over 40 years' experience in Australian and International financial markets, including Chairman of the Australian Stock Exchange Limited from 1989 to 1994 and executive Chairman of the Potter Warburg Group from 1989 to 1995.

Other current directorships

Non-executive Chairman of SMS Management and Technology Limited, executive director of Macquarie Bank Limited and non-executive director of Smorgon Steel Group.

Former directorships in last 3 years

Non-Executive Director of Hills Motorway Limited (April 2005 – August 2005).

Date of initial appointment

13 February 1996

Special responsibilities

Chairman of Board, Chairman of Nomination and Remuneration Committee and Member of Audit Committee.

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

Experience and expertise

Held senior management positions on major commercial and infrastructure projects in Australia, the United Kingdom and the Middle East. Joined Transurban when it was originally bidding for the CityLink project and recently led the development of the Transurban Group into other toll road opportunities and the deployment of its electronic tolling technology in Australia and overseas.

Other current directorships

None

Former directorships in last 3 years

Executive Director of Hills Motorway Limited (April 2005 – August 2005)

Date of initial appointment

29 October 1996

Special responsibilities

Managing Director

Peter C Byers B Com (Hons). *Independent non-executive director*

Experience and expertise

A former business manager and deputy principal of the University of Tasmania.

Other current directorships

None

Former directorships in last 3 years

Non-executive director of Hills Motorway Limited (1995 – 2005).

Date of initial appointment

2 January 1996

Special responsibilities

Member of Audit Committee

Geoffrey O Cosgriff BAppSc, Company Director Diploma. FIE(Aust), FAICD. *Independent non-executive director*

Experience and expertise

Formerly held executive management roles with Melbourne and Metropolitan Board of Works and has had extensive experience in the information technology industry, including the founding Managing Director of MITS Limited. MITS grew to 600 staff and nearly $100 million in sales of information technology solutions from its formation until December 2000 when it was acquired by Logica Pty Limited. He is currently a Director of LogicaCMG Pty Limited and UXC Limited which have significant international and local activities in information technology solutions and services as well as a Council Member for Leadership Victoria.

Other current directorships

Non-executive director of UXC Limited

Former directorships in last 3 years

None.

Date of initial appointment

19 December 2000

Special responsibilities

Member of Risk Committee, Member of Nomination and Remuneration Committee.

Jeremy G A Davis BEc, MBA, MA, FAICD. *Independent non-executive director*

Experience and expertise

Professor Davis is a Professor Emeritus of the University of New South Wales after retiring from the Australian Graduate School of Management in January 2006. He spent 10 years as a management consultant with the Boston Consulting Group and is a former Director of the Australian Stock Exchange Limited. He is currently a director of Singapore Power Limited.

Other current directorships

Non-executive director of SP AusNet

Former directorships in last 3 years

Non-executive director of Gradipore Limited (2002 – 2003).

Date of initial appointment

16 December 1997

Special responsibilities

Member of Audit Committee, Member of Nomination and Remuneration Committee.

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

Experience and expertise

Former Senior Manager of Andersen Consulting and former Managing Director of the Australian Commission for the Future Limited. Experience covers private and public sector senior management roles, strategic and technology consulting and business development. She is currently a non-executive director and Chairperson of the remuneration committee of MBF Australia Limited; and executive director and owner of wwITe Pty. Limited.

Other current directorships

Non-executive director of Programmed Maintenance Services Limited

Former directorships in last 3 years

None

Date of initial appointment

25 June 1996

Special responsibilities

Chairperson of Risk Committee, Chairperson of Corporate Social Responsibility Committee.

Christopher J S Renwick AM, BA, LLB, FAIM, FAIE, FTSE. *Independent non-executive director*

Experience and expertise

Over 35 year's experience covering mining, operational business management and law.

Other current directorships

Non-executive Chairman of Coal & Allied Industries Limited and the Rio Tinto Aboriginal Foundation, Governor of the ATSE Ian Clunes Ross Foundation and non-executive director of Downer - EDI Limited.

Former directorships in last 3 years

Multiple executive directorships with Rio Tinto Group (1986-2004)

Date of initial appointment

26 July 2005

Special responsibilities

Member of the Risk Committee and Corporate and Social Responsibility Committee.

David J Ryan AO, BBus, FCPA, FAICD. *Independent non-executive director*

Experience and expertise

Experience covers commercial banking, investment banking and operational business management in a range of sectors.

Other current directorships

Non- executive director of Lend Lease Corporation Limited, ABC Learning Centres Limited and Non-executive Chairman of Tooth & Co Limited.

Former directorships in last 3 years

Non-executive director of Virgin Blue Holdings Limited (2003 – 2005).

Date of initial appointment

29 April 2003.

Special responsibilities

Chairman of the Audit Committee and member of the Risk Committee.

Company Secretary

Mark Licciardo BBus (Acc), GradDip CSP, ASA, FCIS

Mr Licciardo was appointed to the position of Company Secretary in January 2005. Before joining Transurban he held the position of company secretary with a group of listed investment companies, the major one being Australian Foundation Investment Company Limited. Prior to that he held various finance roles with investment companies and major banks.

Paul O'Shea B.Ec, LLB, FCIS,

Mr O'Shea is a Company Secretary and Group General Manager, Legal and Risk Management (previously General Counsel, Transurban Legal). He was originally appointed General Counsel in March 1996 and appointed Company Secretary in March 1998. Before joining Transurban he held a senior legal role at Transfield for 18 months and prior to that worked as a solicitor with two major legal firms.

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 2006, and the numbers of meetings attended by each director were:

Name	Board of Directors Meetings		Audit Committee		Nomination & Remuneration Committee		Risk Committee		Corporate & Social Responsibility Committee	
	A	B	A	B	A	B	A	B	A	B
L G Cox	14	14	4	4	7	7	X	X	x	x
P C Byers [(1)]	10	14	3	4	X	X	X	X	X	X
G O Cosgriff	14	14	X	X	7	7	4	4	X	X
J G A Davis	14	14	4	4	7	7	X	X	X	X
S M Oliver [(2)]	14	14	X	X	X	X	4	4	4	4
C J S Renwick	11	13	x	X	X	X	3	4	4	4
D J Ryan	14	14	4	4	X	X	4	4	X	X
K Edwards [(3)]	14	14	X	X	X	X	X	x	X	X
G R Phillips [(4)]	2	2	X	X	X	X	0	0	X	X

A= Number of meetings attended

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

X= Not a member of the relevant committee

(1) Mr Byers did not participate in 4 Board meetings and 1 Audit Committee meeting due to illness. The Board granted leave for an indefinite period on 20 April 2006.

(2) Ms Oliver is not a member of the Audit Committee but attended 3 of these meetings in her capacity as Chair of the Risk Committee.

(3) Mr Edwards is not a member of the Audit Committee and Nomination and Remuneration Committee but attends these meetings. Mr Edwards was excluded from discussions on his own remuneration.

(4) Mr Phillips was an executive director from the beginning of the financial year until his resignation on 26 July 2005.

Directors' Interests

The directors of the company have disclosed relevant interests in Stapled Securities, options over Stapled Securities and Convertible Adjusting Rate Securities ("CARS") issued by the Transurban Group as follows:

Name	Number of Stapled Securities	Options over Stapled Securities	Number of CARS
L G Cox	1,142,500	-	-
P C Byers	70,580	-	-
G O Cosgriff	31,110	-	121
J G A Davis	51,817	-	-
S M Oliver	68,009	-	-
C J S Renwick	-	-	-
D J Ryan	22,394	-	-
K Edwards	1,873,500	-	-

Remuneration Report

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

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Additional information

The information provided under the headings A-D includes remuneration disclosures that are required under Accounting Standards AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited. The disclosures in Section E are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not been audited.

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

Non-Executive Directors

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

The constitutions of the entities comprising the Transurban Group ("the Group") provide that the total remuneration paid in a year to non-executive directors may not exceed $950,000 per entity. Subject to this limit, remuneration structure and amounts for non-executive directors are recommended by the Nomination and Remuneration Committee of the Board with assistance from external remuneration consultants. Liability for the Superannuation Guarantee Contribution is met from gross remuneration. The current fee arrangements were last reviewed with effect from 1 October 2005.

In 1997, the Board implemented a policy to provide retirement allowances to non-executive directors. The policy provided for an entitlement to a lump sum payment (not exceeding the maximum allowable under the Corporations Act 2001) if the non-executive director completed a minimum of three years service. The lump sum was equivalent to the total emoluments received during the Relevant Period. The Relevant Period was one-third of the director's total period of service or three years (both calculated to the day of retirement), whichever was the lesser. This policy was reviewed in September 2005 when it was resolved to discontinue retirement benefits for all participating non-executive directors with effect from 30 September 2005 such that future directors are not entitled to this benefit. The value of benefits accrued up to this date will attract interest from 1 October 2005 at the statutory FBT rate (currently 7.05%). The accrued `frozen' retirement benefits plus interest will be paid to directors upon their retirement.

Executive Directors and Executives

The key objectives of the Group's policy for executive remuneration are:

- To secure employees with the skills and experience necessary to meet business objectives;
- To motivate employees to the highest levels of performance; and
- To align employee incentives with increased shareholder value.

The policy seeks to support the Group's objective to be perceived as "an employer of choice" by:

- Offering remuneration levels which are attractive relative to those offered by comparable employers; and
- Providing strong, transparent linkages between individual and group performance and rewards.

In consultation with external remuneration consultants, the Group has structured its executive remuneration to reward both longer term growth and the achievement of short term performance targets.

Executives are remunerated through a combination of base salary and benefits, short-term incentives ("STI") in the form of cash bonuses and long-term incentives ("LTI").

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

The incentive component of executive remuneration is determined by:

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

The remuneration of the Managing Director is established by the Board, based on the recommendation of the Nomination and Remuneration Committee. The remuneration of senior executives reporting to the Managing Director is established by the Nomination and Remuneration Committee, based on the recommendation of the Managing Director.

The components of executive remuneration are described below:

Base Pay

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

Benefits

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

Short-term Incentives

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

- The extent to which the Group has met its key result areas ("KRAs");
- The extent to which a profit-related financial performance target is achieved; and
- The extent to which the executive has achieved his/her individual KPIs.

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

The intent of the adjustment is to ensure that STI payments are only made when value has been created for security holders and profit and business growth is consistent with the business plan.

Each year, key result areas, including a financial performance target are established by the Board, based on recommendations made by the Managing Director. The KPIs for the Managing Director are established by the Board based on recommendations made by the Nomination and Remuneration Committee. KPIs for executives reporting to the Managing Director are established by the Managing Director.

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

Long Term Incentives

Three forms of long-term incentives ("LTI") are currently in operation. The executive Option Plan ("EOP") provides equity rewards, the Executive Long term Incentive Plan ("ELTIP") provides cash rewards linked to equity performance and the Executive Loan Plan ("ELP") performance based plan which is linked to improvements is the price of stapled securities over a three year period. All plans utilise Total Shareholder Return as the basis for determining payment. The EOP was introduced with a five year term in 2001. Following a review in 2003, it was decided to make no further issues of options under the EOP and to introduce the ELTIP to provide long-term incentives beyond the period when all options issued under the EOP has vested. No options were granted under the EOP during this financial year. Details of the EOP and ELTIP are set out in note 24.

A further review of LTIs was undertaken in 2005 and as a result a revised Executive Loan Plan was introduced. The objective of this plan is to implement a more cost effective plan to the Group for a given amount of incentive. In addition, the revised plan takes into consideration those plans which had been introduced by a number of other companies whose equity securities are stapled. Details of the ELP are set out in note 24.

Employee Security Ownership Plan

Executives may elect to participate in the Employee Security Ownership Plan on the same basis as that offered to all permanent employees. Executive Directors do not currently participate in the Plan.

Business Generation Incentive Plan

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

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

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

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

B. Details of remuneration (audited)

Non-executive remuneration reported as "Transurban Limited" represents the parent's share of remuneration with the remainder divided between Transurban Holdings Limited and Transurban Holding Trust.

Share-based disclosures relate to the Transurban Stapled Group. The full amounts have been disclosed as a reasonable basis of apportionment is not available.

Details of the remuneration of the directors, key management personnel and each of the 5 highest paid executives of Transurban Limited and the Group are set out in the following tables.

The 5 highest paid executives who are not directors of the Group are:

- M Kulper – Vice President North America
- K Daley – Vice President International Development
- C Brant – Chief Finance Officer
- B Bourke – Group General Manager Operations
- P O'Shea – Group General Manager Legal and Risk Management

The key management personnel of the Group are the directors of Transurban Limited (see pages 3 to 7 above) and those executives that report directly to the managing director. The executives are:

- C Brant – Chief Finance Officer
- B Bourke – Group General Manager Operations
- P O'Shea – Group General Manager Legal and Risk Management
- G Mann – Group General Manager Development (from 3/10/2005 – 30/6/2006)

All of the above persons were also key management personnel during the year ended 30 June 2005, except for G Mann who commenced employment with the Group on 3 October 2005. C Brant was a key management person for only part of the year ended 30 June 2005 as he commenced employment on 22 November 2004.

Directors' Report on the Financial Report of Transurban Limited and Controlled Entities.

Transurban Limited

2006	Short-term benefits			Post-employment benefits		Share-based payments			
Name	**Cash salary and fees**	**Cash Bonus**	**Non-monetary benefits**	**Super-annuation**	**Retirement benefits (4)**	**Options(1)**	**Executive Loan Plan (2)**	**Long term incentive plan (3)**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive directors									
L G Cox *Chairman*	177,681	-	-	5,948	32,598	-	-	-	216,227
P C Byers	70,762	-	-	6,369	12,526	-	-	-	89,657
G O Cosgriff	59,589	-	-	8,794	9,488	-	-	-	77,871
J G A Davis	41,647	-	-	29,155	12,770	-	-	-	83,572
S M Oliver	67,010	-	-	6,031	12,602	-	-	-	85,643
CJS Renwick (i)	20,379	-	-	49,288	-	-	-	-	69,667
D J Ryan	71,106	-	-	6,400	-	-	-	-	77,506
Executive directors									
K Edwards *Managing Director*	1,400,006	1,100,000	7,900	100,587	-	57,972	93,151	512,111	3,271,727
G R Phillips (ii) *Deputy Managing Director*	174,592	-	658	861,261	-	19,324	-	-	1,055,835
Other key management personnel									
C Brant	515,872	465,000	7,900	45,460	-	-	35,174	36,030	1,105,436
B Bourke	445,682	442,500	7,900	41,303	-	-	30,405	98,389	1,066,179
P O'Shea	351,333	464,000	7,900	31,399	-	-	22,356	77,822	954,810
G Mann	386,148	120,000	13,400	12,139	-	-	33,534	-	565,221
5 executives receiving the highest remuneration – not already mentioned above									
M Kulper	222,095	1,599,134	-	31,964	-	-	-	27,821	1,881,014
K Daley	340,992	904,100	-	28,748	-	-	-	116,816	1,390,656
Total	4,344,894	5,094,734	45,658	1,264,846	79,984	77,296	214,620	868,989	11,991,021

Transurban Limited Group

2006	Short-term benefits			Post-employment benefits		Share-based payments			
Name	**Cash salary and fees**	**Cash Bonus**	**Non-monetary benefits**	**Super-annuation**	**Retirement benefits(4)**	**Options(1)**	**Executive Loan Plan (2)**	**Long term incentive plan (3)**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive directors									
L G Cox *Chairman*	250,204	-	-	8,376	45,903	-	-	-	304,483
P C Byers	99,644	-	-	8,968	17,638	-	-	-	126,250
G O Cosgriff	83,912	-	-	12,384	13,361	-	-	-	109,657
J G A Davis	58,646	-	-	41,055	17,982	-	-	-	117,683
S M Oliver	94,361	-	-	8,492	17,745	-	-	-	120,598
CJS Renwick (i)	28,698	-	-	69,405	-	-	-	-	98,103
D J Ryan	100,129	-	-	9,012	-	-	-	-	109,141
Executive directors									
K Edwards *Managing Director*	1,400,006	1,100,000	7,900	100,587	-	57,972	93,151	512,111	3,271,727
G R Phillips (ii) *Deputy Managing Director*	174,592	-	658	861,261	-	19,324	-	-	1,055,835
Other key management personnel									
C Brant	515,872	465,000	7,900	45,460	-	-	35,174	36,030	1,105,436
B Bourke	445,682	442,500	7,900	41,303	-	-	30,405	98,389	1,066,179
P O'Shea	351,333	464,000	7,900	31,399	-	-	22,356	77,822	954,810
G Mann	386,148	120,000	13,400	12,139	-	-	33,534	-	565,221
5 executives receiving the highest remuneration – not already mentioned above									
M Kulper	222,095	1,599,134	-	31,964	-	-	-	27,821	1,881,014
K Daley	340,992	904,100	-	28,748	-	-	-	116,816	1,390,656
Total	4,552,314	5,094,734	45,658	1,310,553	112,629	77,296	214,620	868,989	12,276,793

(i) C J S Renwick was appointed a non-executive director on 26 July 2006.

(ii) G R Phillips was an executive director from the beginning of the financial year until his resignation on 26 July 2006. His remuneration includes a termination benefit of $990,000 in recognition of his long term service to the Group

Transurban Limited Group

2005	Short-term benefits			Post-employment benefits		Share-based payments			
Name	Cash salary and fees	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement benefits(4)	Options(1)	Executive Loan Plan (2)	Long term incentive plan (3)	Total
	$	$	$	$	$	$	$	$	$
Non-executive directors									
L G Cox *Chairman*	182,675	-	-	13,977	116,443	-	-	-	313,095
P C Byers	71,971	-	-	6,477	54,312	-	-	-	132,760
G O Cosgriff	68,845	-	-	6,196	32,439	-	-	-	107,480
J G A Davis	54,322	-	-	56,429	54,649	-	-	-	165,400
S M Oliver	70,062	-	-	6,306	56,736	-	-	-	133,104
D J Ryan	74,229	-	-	6,681	-	-	-	-	80,910
Executive directors									
K Edwards *Managing Director*	1,154,259	1,000,000	7,300	95,940	-	183,999	-	2,545,620	4,987,118
G R Phillips *Deputy Managing Director*	538,509	262,500	7,300	11,585	-	61,333	-	-	881,227
Other key management personnel									
C Brant	265,936	220,000	4,867	23,934	-	-	-	114,060	628,797
B Bourke	385,342	230,000	7,300	46,660	-	35,791	-	485,490	1,190,583
P O'Shea	304,319	225,000	7,300	27,312	-	26,181	-	387,751	977,863
5 executives receiving the highest remuneration – not already mentioned above									
K Daley	321,352	230,000	6,083	27,337	-	30,544	-	482,286	1,097,602
V Howard	254,315	432,500	7,300	15,000	-	21,817	-	350,699	1,081,631
L Hunt	305,473	137,000	13,400	26,511	-	11,742	-	375,935	870,061
Total	4,051,609	2,737,000	60,850	370,345	314,579	371,407	-	4,741,841	12,647,631

Emoluments of non-executive directors represent the portion of emoluments which relate to the consolidated entity. For full disclosure, see the Transurban Group Report.

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

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

(3) The amount shown as Long Term Incentive is that part of the units issued under the cash based ELTIP which is attributable to the current year portion of the vesting period for each current allocation.

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

C. Service agreements (audited)

Remuneration for the Managing Director and the key management personnel are formalised in service agreements. Each of these agreements provides for access to performance-related cash bonuses and other benefits including death and disability insurance, salary continuance insurance and car parking. Although not specified in agreements, executives are eligible to participate in the Executive Loan Plan (or equivalent Cash plan) and the Business Generation Incentive Plan. Other major provisions of the agreements, relating to remuneration, are set out below:

Current Target Remuneration Mix

	% of Total Remuneration		
	TEC	STI	LTI
Executive Director			
Managing Director	56%	22%	22%
Key Management Personnel			
Average	59%	18%	24%

Executive Directors

K Edwards, *Managing Director*

- Term of Agreement – permanent, subject to 6 months' notice of termination;
- The payment of one year's fixed remuneration upon termination as disclosed in the 2005 Annual Report;
- Fixed remuneration including base salary and superannuation, for the year ended 30 June 2006 of $1,500,000 to be reviewed annually by the remuneration committee and the Board;
- Long Term Incentive allocation for FY07 based on 35 per cent of current TEC allocation; and
- The Managing Director is ineligible to participate in the Employee Share Ownership Plan

Key Management Personnel and other executives

The major provisions contained in the service agreements of key management personnel are the same for all persons except for the base salary component and the following provisions:

- Term of agreement – permanent, subject to termination on 6 months' notice; and
- Total Employment Cost ("TEC") reviewed annually by the Nomination and Remuneration Committee and approved by the Board.

D. Share-based compensation (audited)

Options

Options were issued at no cost to the Option holder and vested in three equal tranches on the second, third and fourth anniversaries of their issue. The Exercise of the options was subject to an Exercise Condition. The Exercise Condition involved 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 had 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 were ranked according to their respective TSRs over the Exercise Condition Test Period. The ranking determines the extent to which vested options could be exercised. If the Group's TSR exceeded the 65th percentile of the ranking, 100 per cent of the vested options were exercisable. If Transurban Group's TSR was below the 25th percentile of the ranking, none of the vested options were exercisable. If the TSR fell between these percentiles, the percentage of vested options that were exercisable were calculated according to a formula.

The exercise price of options was the volume weighted average price at which the Group's stapled securities were traded on the Australian Stock Exchange during the 5 business days immediately prior to granting the options. When exercised, each option was converted into one stapled security, comprising one ordinary share in Transurban Limited, one ordinary share in Transurban Holdings Limited and one unit in Transurban Holding Trust. Options were exercisable at any time after vesting.

Fair values at grant date were independently determined, 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 grant date, the expected price volatility of Transurban Group stapled securities, expected future distributions and the risk free rate of interest over the term of the options.

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

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
26 April 2001	30 April 2006	$3.817	$0.425	One-third after 28/04/03, 26/04/04, 26/04/05
23 October 2001	31 October 2006	$4.404	$0.491	One-third after 28/04/03, 26/04/04, 26/04/05
1 February 2002	30 April 2007	$4.280	$0.477	One-third after 01/02/04, 01/02/05, 01/02/06
9 April 2002	30 April 2007	$4.030	$0.449	One-third after 20/05/04, 20/05/05, 20/05/06
20 May 2002	30 April 2007	$4.220	$0.470	One-third after 20/05/04, 20/05/05, 20/05/06

Details of options over ordinary shares in the company provided as remuneration to each director of Transurban Limited and each of the key management personnel of the Group are set out below. Further information on options is set out in note 24 to the financial statements.

Name	Number of options granted during the year		Number of options vested during the year	
	2006	2005	**2006**	2005
Directors of Transurban Limited				
K Edwards	-	-	-	500,000
G R Phillips	-	-	-	166,667
Other key management personnel of the Group				
C Brant	-	-	-	-
B Bourke	-	-	-	116,667
P O'Shea	-	-	-	100,000
G Mann	-	-	-	-

Shares provided on exercise of remuneration options

Details of ordinary shares in the company provided as a result of the exercise of remuneration options to each director of Transurban Limited and other key management personnel of the Group are set out below.

Name	Number of ordinary shares issued on exercise of options during the year	
	2006	2005
Directors of Transurban Limited		
K Edwards	**1,500,000**	-
G R Phillips	-	500,000
Other key management personnel of the Group		
C Brant	-	-
B Bourke	-	350,000
P O'Shea	-	204,300
G Mann	-	-

The amounts paid per stapled security which includes one share in Transurban Limited, by each director and other key management personnel on the exercise of options at the date of exercise were as follows:

Exercise date	Amount paid per stapled security
21 September 2005	$4.404
13 December 2005	$4.404
20 June 2006	$4.404

No amounts are unpaid on any securities issued on the exercise of options.

Executive long term incentive plan

The executive long term incentive plan ("ELTIP") was introduced in 2003 to provide long term incentives to executive directors and executives in the period after issued options had fully vested.

Under the ELTIP, participants were allocated "ELTI units". Each ELTI unit entitled the holder to a cash payment on the maturity date, approximately two years after the date of allocation. The cash payment per unit is equal to the increase in the stapled security price over the period between the date of allocation and the maturity date. The proportion of ELTI units which vest with the executive at maturity is dependent on the Transurban Group's ranking in the Total Shareholder Returns ("TSRs") of the companies within the ASX 200 Industrials over the two years prior to maturity. If Transurban's TSR ranking is below the 40th percentile, no payment will be made. For TSR rankings between the 40th and 70th percentiles, the proportion increases linearly from 25 per cent to 100 per cent. If Transurban's TSR ranking is above the 70th percentile, the proportion is 100 per cent.

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

Grant date	Expiry date	Grant price	Value per unit at grant date	Value per unit at reporting date	Date Payable
30 Sept 2003	30 Sept 2005	$4.23	$0.46	fully paid	30 Nov 2005
30 Sept 2004	30 Sept 2006	$5.45	$0.54	$1.79	30 Nov 2006

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

Name	Number of ELTIs granted during the year		Number of ELTIs matured during the year		$ Value of ELTIs paid during the year	
	2006	2005	**2006**	2005	**2006**	2005
Directors Transurban Limited						
K Edwards	-	800,000	850,000	-	**2,558,500**	-
G Phillips	-	-	-	-	-	-
Other key management personnel of the Group						
C Brant	-	170,000	-	-	-	-
B Bourke	-	160,000	160,000	-	**481,600**	-
P O'Shea	-	120,000	130,000	-	**391,300**	-
G Mann	-	-	-	-	-	-

Executive Loan Plan ("ELP")

The Executive Loan plan ("ELP") was introduced in 2005 as it offered payoff characteristics similar to those of an option-based plan and thus rewarded TSR out performance. The ELP, similar to those which had been introduced by a number of other companies whose equity securities were stapled, was also more cost effective than an option-based plan in terms of cost to the Group for a given amount of incentive. (The cost referred to above was in the form of fringe benefits tax that was payable by the Group on the allocation of Options.)

The ELP is structured as a performance loan plan which is linked to improvements in the price of stapled securities over a three year period. The Plan has been structured so that rewards are only obtained if there are materially improved security holder returns.

Executives participating in the ELP are provided with an interest free loan to assist them to acquire stapled securities at market price. The term of the loan is three years and there is only one testing date. The stapled securities are held by the executive but will only vest to the executive in accordance with the terms of the Plan. Expiry occurs 3 years plus 60 days from the date of commencement of the Plan, unless the rules of the Plan otherwise provide. Holding locks are applied to the stapled securities to ensure that the stapled securities can only be dealt with in accordance with the terms of the Plan. The acquired shares cannot be transferred or sold while the loan is outstanding.

Stapled securities will vest in the executive if:

(a) the executive is employed by the Transurban Group for at least 3 years from the date of commencement of the Plan, unless the rules of the Plan otherwise provide; and

(b) the performance hurdle relevant to the offer is met.

If the stapled securities vest in the executive:

(a) then the executive can either pay the amount of the loan which needs to be repaid and which is attributable to those vested stapled securities in which case they will be free to deal with those stapled securities as they see fit; or

(b) The Group will otherwise sell the vested securities and apply for the proceeds of sale in discharge of the amount of the loan which is repayable attributable to those stapled securities, with any surplus to be provided to the executive.

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

The Plan has been designed so that the executive does not need to provide any money to purchase securities in the Transurban Group and is not himself or herself directly responsible for repayment of any loan provided. The proceeds of sale of stapled securities are, unless the rules of the Plan provide otherwise, applied to discharge the repayable portion of any loan.

If the executive does not meet the hurdle identified, and remains employed by the Transurban Group for a period of 3 years from the date of commencement of the Plan, unless the rules of the Plan otherwise provide, no stapled securities will vest in the executive and all stapled securities will be sold with the proceeds being applied in repayment of the repayable portion of the loan, with no surplus being provided to the executive.

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

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

The performance hurdle attached to stapled securities has been set to ensure that both executives and stapled security holders generally benefit from the allocation of stapled securities to executives under the Plan.

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

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

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

This ranking determines the extent to which stapled securities will vest.

- If Transurban's TSR is ranked at or above the 75th percentile, 100 per cent of the stapled securities will vest.

- If Transurban's TSR is ranked above the 50th percentile but below the 75th percentile, the percentage of stapled securities ("P") that will vest will be that calculated according to the following formula:
- P = 50 + 2 x (RTransurban – 50)
- Where: RTransurban = The percentile rank of Transurban's TSR.
- If Transurban's TSR is ranked at or below the 50th percentile, none of the stapled securities will vest.

The allocation of ELP units is determined by the following:

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

(i) The number of stapled securities an executive is entitled to is derived by using an option valuation methodology such as the Black Scholes with Monte Carlo simulations or other similar method of calculation. These valuation methods take into account the fact that the loan will need to be repaid along with performance and other conditions. By dividing the remuneration value or number by this adjusted valuation, the number of stapled securities is derived;

(ii) the stapled securities are acquired and transferred to each participant;

(iii) the purchase price per stapled security is the average market price of stapled securities weighted by reference to volume over the week leading up to and including the date of commencement of the Plan; and

(iv) the amount of the loan provided to a participant is equal to the purchase price per stapled security multiplied by the participant's stapled securities entitlement.

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

Name	**Number of securities granted**		**Number of securities vested**		**Number of securities exercised**	
	2006	2005	**2006**	2005	**2006**	2005
Directors Transurban Limited						
K Edwards	**312,500**	-	**-**	-	**-**	-
Other key management personnel of the Group						
C Brant	**118,000**	-	**-**	-	**-**	-
B Bourke	**102,000**	-	**-**	-	**-**	-
P O'Shea	**75,000**	-	**-**	-	**-**	-
G Mann	**112,500**	-	**-**	-	**-**	-

Executive Loan Plan for Executives Located Overseas

An Executive Long Term Incentive Cash Plan mirroring that of the Executive Loan Plan is used for participants outside Australia. The terms and conditions of each grant of units under this cash plan affecting remuneration in this or future reporting periods are as follows:

Grant date	Expiry date	Grant price	Value per unit at grant date	Value per unit at reporting date	Date Payable
1 Nov 2005	1 Nov 2008	$6.47	$1.35	$1.40	1 November 2008

Announced Taxation Changes Impacting Stapled Securities

In the May 2006 Budget, the Federal Government announced its intention to extend the employee share scheme and related capital gains tax provisions to stapled securities that include an ordinary share and are listed on the Australian Stock Exchange, with effect from 1 July 2006. Draft legislation is expected to be introduced around September/October of 2006.

The government's announcement is welcome and will offer some relief to companies with other than ordinary shares and to their employees. Given this announcement, a review of Transurban's Equity Plans will be carried out once legislation is passed to ensure that the long term incentive programs and Employee Share Plans remain relevant and aligned to the interests of stapled security holders. However, Transurban's ability to offer a full range of alternative incentive plans is impacted by the constitution of Transurban Holding Trust.

E. Additional information (unaudited)

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group. In particular the following items are considered in determining executive remuneration:

- financial performance relative to short-term profitability targets;
- the extent to which the Group has met its key result areas
- total shareholder return relative to other companies in the ASX Industrials index; and
- individual performance as measured by the achievement of key performance indicators and the upholding of Group values.

Short term profitability targets for the Group were achieved for the year evidenced by the decreased loss reported for the period of $60.9 million compared to $90.4 million for the prior corresponding period. In addition, key result areas were achieved with the business delivering synergies of $9.0 million following the acquisition of the Hills Motorway Group which was further enhanced by the acquisition of the Tolling and Operations manager of Hills, Tollaust Pty Limited.

Transurban's ability to grow distributions represents a combination of strong cash generation and its increased debt capacity. Since commencement of operations, Transurban's annual cash contribution from operations has increased from a surplus in 2001 of $0.02 million to $172.2 million for the current period.

Transurban is currently ranked in the top 50 public companies listed on the ASX.

Cash Bonuses and options

Cash bonuses

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

Cash bonuses aggregating $6.34 million were incurred under the Business Generation Incentive Plan in relation to the purchase of the Pocahontas Parkway (Virginia, USA) and the agreement with the Victorian Government to upgrade the 75 kilometre, west to east corridor.

For each cash bonus paid to the directors and the 5 executives receiving the highest remuneration listed in the above tables, the percentage of the available bonus that was paid in the financial year and the percentage that was forfeited because the person did not meet his or her performance criteria is set out below. No part of the cash bonuses are payable in future years.

	Cash Bonus	
Name	**Paid %**	**Forfeited %**
K Edwards	100	-
M Kulper	100	-
K Daley	100	-
C Brant	100	-
B Bourke	100	-
P O'Shea	100	-

Mr G R Phillips resigned on 26 July 2005 and was ineligible for a bonus in the current financial year.

Options

No options on issue to the directors and the 5 executives receiving the highest remuneration listed in the above tables vesting in the current year and there are no remaining options on issue.

Long Term Incentive Units

Long term incentive units issued in September 2003 vested in September 2005 and were paid in November 2005. No amounts were forfeited.

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

Name	A Remuneration %	B Value at grant date $	C Value at exercise date $	D Value at lapse date $	E Total of columns B-D $
K Edwards – options	-	-	3,963,002	-	3,963,002
K Edwards – ELTI	-	-	2,558,500	-	2,558,500
K Edwards – share plan	30	437,500	-	-	437,500
G R Phillips – options	-	-	-	-	-
G R Phillips – ELTI	-	-	-	-	-
G R Phillips – share plan	-	-	-	-	-
M Kulper – options	-	-	-	-	-
M Kulper – ELTI	30	126,000	-	-	126,000
M Kulper – share plan	-	-	-	-	-
K Daley – options	-	-	723,247	-	723,247
K Daley – ELTI	30	103,950	511,700	-	615,650
K Daley – share plan	-	-	-	-	-
C Brant – options	-	-	-	-	-
C Brant – ELTI	-	-	-	-	-
C Brant – share plan	30	165,000	-	-	165,000
B Bourke – options	-	-	-	-	-
B Bourke – ELTI	-	-	481,600	-	481,600
B Bourke – share plan	30	142,500	-	-	142,500
P O'Shea – options	-	-	-	-	-
P O'Shea – ELTI	-	-	391,300	-	391,300
P O'Shea – share plan	30	105,000	-	-	105,000

A = The percentage of the value of remuneration, based on the value at grant date set out in column B

B = The value at grant date calculated in accordance with AASB 2 Share-based Payment.

C = The value at exercise date that were granted as part of remuneration and were exercised/matured during the year.

D = The value at lapse date that were granted as part of remuneration and that lapsed during the year.

Shares under option

Unissued stapled securities of the Transurban Group which include options over shares of Transurban Limited, under option at the date of this report are as follows. No options were issued during the year.

Grant date	Expiry date	Issue price of stapled securities	Number under option
20 May 2002	30 April 2007	$4.220	76,283

Shares issued on the exercise of options

The following Transurban Stapled Securities, which include a share in Transurban Limited, were issued during the year ended 30 June 2006 on the exercise of options granted under the Transurban Group's Employee Option Plan. No further securities have been issued since that date. No amounts are unpaid on any of the securities.

Date options granted	Issue price of securities	Number of securities issued
26 April 2001	$3.817	390,000
23 October 2001	$4.404	1,500,000
1 February 2002	$4.280	-
9 April 2002	$4.030	223,200
20 May 2002	$4.220	586,102

Insurance of officers

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 Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investment Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Non-audit services

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

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

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in professional statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

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

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$	$	**$**	$
1. Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and other audit work under the Corporations Act 2001.	**50,000**	48,800	**50,000**	29,000
Fees paid to non-PricewaterhouseCoopers audit firms for the audit or review of financial reports	**-**	-	**-**	-
Total remuneration for audit services	**50,000**	48,800	**50,000**	29,000
Other assurance services				
PricewaterhouseCoopers Australian firm:				
Due diligence	**-**	432,500	**-**	432,500
Compliance plan audit	**12,350**	24,700		24,700
Other assurance services	**121,834**	-	**24,529**	-
IFRS accounting services	**-**	115,000	**-**	115,000
Total assurance services	**134,184**	572,200	**24,529**	572,200

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$	$	**$**	$
2. Taxation services				
PricewaterhouseCoopers Australian firm:				
Tax compliance services, including review of income tax returns	**-**	66,765	**-**	66,765
Indirect taxation services	**434,714**	258,430	**597,714**	258,430
Fees paid to non-PricewaterhouseCoopers audit firms	**38,103**	-	**38,103**	-
Total remuneration for taxation services	**472,817**	325,195	**635,817**	325,195

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporation Act 2001 is set out on page 30.

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.

Directors' Report on the Financial Report of Transurban Limited and Controlled Entities.

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

Laurence G Cox	**Kimberley Edwards**
Chairman	Managing Director

Melbourne
22 August 2006

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Auditors' Independence Declaration

As lead auditor for the audit of Transurban Group for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit, other than a contravention covered by ASIC Class Order 05/910; and

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

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

Tim Goldsmith

Tim Goldsmith | Melbourne
Partner | 22 August 2006

Transurban Limited and Controlled Entities
Income statements for the year ended 30 June 2006

	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Revenue from continuing operations	4	**89,394**	62,034	**53,316**	42,393
Other income	5	**2,407**	714	**2,875**	237
Operational costs		**(32,497)**	(11,405)	**(1,149)**	(2,846)
Corporate costs		**(21,524)**	(21,281)	**(20,506)**	(19,160)
Business Development		**(8,727)**	(18,158)	**(8,553)**	(18,158)
Corporate and Community Relations		**(4,244)**	(3,386)	**(4,244)**	(3,386)
Depreciation and amortisation expenses		**(12,358)**	(6,305)	**(7,434)**	(4,823)
Finance costs	6	**(511)**	(808)	**(416)**	(589)
Profit/(loss) before income tax		**11,940**	1,405	**13,889**	(6,332)
Income tax (expense)/benefit	7	**(4,174)**	(972)	**(5,219)**	1,798
Profit/(loss) for the year attributable to members of Transurban Limited		**7,766**	433	**8,670**	(4,534)
Earnings per share for profit attributable to the ordinary equity holders:		**Cents**	Cents		
Basic earnings per share	33	**1.0**	0.1		
Diluted earnings per share	33	**1.0**	0.1		

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

Transurban Limited and Controlled Entities
Balance sheets as at 30 June 2006

	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
CURRENT ASSETS					
Cash and cash equivalents	8	**34,179**	17,029	**6,373**	11,072
Trade and other receivables	9	**62,337**	25,204	**72,024**	21,419
Total Current Assets		**96,516**	42,233	**78,397**	32,491
NON-CURRENT ASSETS					
Receivables	10	**186**	2,114	**186**	2,114
Financial assets	11	**-**	-	**3,568**	2,398
Property, plant and equipment	12	**48,801**	40,556	**29,432**	29,329
Deferred tax assets	13	**8,526**	5,534	**8,397**	5,464
Intangible assets	14	**19,260**	4,738	**19,184**	4,738
Total Non-Current Assets		**76,773**	52,942	**60,767**	44,043
TOTAL ASSETS		**173,289**	95,175	**139,164**	76,534
CURRENT LIABILITIES					
Trade and other payables	15	**15,508**	25,895	**6,624**	22,374
Borrowings	16	**-**	8,000	**-**	8,000
Non-interest bearing liabilities	17	**25,084**	13,056	**15,783**	14,027
Provisions	18	**20,480**	14,238	**20,054**	14,116
Total Current Liabilities		**61,072**	61,189	**42,461**	58,517
NON-CURRENT LIABILITIES					
Non-interest bearing liabilities	19	**96,581**	30,250	**96,581**	30,250
Deferred tax liabilities	20	**11,730**	4,564	**10,186**	3,861
Provisions	21	**365**	3,397	**365**	3,005
Total Non-Current Liabilities		**108,676**	38,211	**107,132**	37,116
TOTAL LIABILITIES		**169,748**	99,400	**149,593**	95,633
NET ASSETS		**3,541**	(4,225)	**(10,429)**	(19,099)
EQUITY					
Retained profits	23	**3,541**	(4,225)	**(10,429)**	(19,099)
TOTAL EQUITY		**3,541**	(4,225)	**(10,429)**	(19,099)

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

Transurban Limited and Controlled Entities
Statements of changes in equity for the year ended 30 June 2006

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Total equity at the beginning of the financial year	**(4,225)**	(4,658)	**(19,099)**	(14,565)
Profit for the year	**7,766**	433	**8,670**	(4,534)
Total equity at the end of the financial year	**3,541**	(4,225)	**(10,429)**	(19,099)

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

Transurban Limited and Controlled Entities
Cash flow statements for the year ended 30 June 2006

	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		**88,984**	51,843	**50,687**	27,541
Payments to suppliers (inclusive of GST)		**(68,889)**	(43,964)	**(41,064)**	(32,925)
Interest received		**611**	351	**142**	91
Interest paid		**(444)**	(837)	**(444)**	(591)
Net cash inflow/(outflow) from operating activities	32	**20,262**	7,393	**9,321**	(5,884)
Cash flows from investing activities					
Payments for property, plant and equipment and intangible assets		**(56,582)**	(22,870)	**(32,986)**	(13,767)
Payment to secure release from single purpose restrictions		**-**	(3,150)	**-**	(3,150)
Proceeds from sales of property, plant and equipment		**4,263**	-	**-**	-
Loans to related parties		**(67,153)**	(29,037)	**(97,025)**	(48,133)
Repayment of loans by related parties		**71,801**	28,272	**76,660**	48,131
Net cash (outflow) from investing activities		**(47,671)**	(26,785)	**(53,351)**	(16,919)
Cash flows from financing activities					
Repayment of borrowings		**(8,000)**	-	**(8,000)**	-
Loans from related parties		**242,834**	157,100	**237,546**	168,287
Repayment of loans to related parties		**(191,723)**	(127,179)	**(191,660)**	(138,534)
Net cash inflow from financing activities		**43,111**	29,921	**37,886**	29,753
Net increase/(decrease) in cash at bank		**15,702**	10,529	**(6,144)**	6,950
Cash at bank at the beginning of the financial year		**17,029**	6,470	**11,072**	4,092
Effects of exchange rate changes on cash		**1,448**	30	**1,445**	30
Cash at bank at the end of the financial year	8	**34,179**	17,029	**6,373**	11,072

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for year ended 30 June 2006 has been prepared in accordance with Australian equivalents to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. Where necessary, comparatives have been reclassified for consistency with current year disclosures.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first Group financial statements to be prepared in accordance with AIFRS. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of the Group until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles ("AGAAP"). AGAAP differs in certain respects from AIFRS. When preparing the Group 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Group's equity and its net income are given in note 34.

Early adoption of standards

The Group has not elected to adopt any new accounting standards early.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by Transurban Limited as at 30 June 2006 and the results of all controlled entities for the year then ended. Transurban Limited and its controlled entities together are referred to in this financial report as the consolidated entity or group. The effects of all transactions between entities in the group are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(b) Segment reporting

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised in the major business activities as follows:

(i) IT development fees (contract)

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense incurred, and where it is probable that costs will be recovered, revenue is recognised to the extent of costs incurred.

For fixed term contracts, the stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. The percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

(ii) Management fees, responsible entity fees and business development fees

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

(iii) Interest income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Tax consolidation legislation

Transurban Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Transurban Limited, and the controlled entities in the tax consolidation group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Transurban Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and tax credits assumed from controlled entities in the tax consolidation group.

(f) Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(g) Business combinations

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

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(h) Impairment of Assets

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

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

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

(i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, cash deposits held at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 31 days from the date of revenue recognition.

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 established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset’s carrying value and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(k) Property, Plant and Equipment

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

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

Amortisation and Depreciation

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

Impairment

The fixed assets are assessed for impairment in line with the policy stated in note (h) Impairment of Assets.

(l) Intangible Assets

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

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

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

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

(m) Trade and other payables

Trade and other payables 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) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount are recognised in the income statement over the period of the borrowings using the effective interest method.

(o) Borrowing Costs

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

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

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(q) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. An expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

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

(iii) Equity-based compensation benefits

Equity-based compensation benefits have been provided to employees via the Transurban Group Executive Option Plan. The Group has applied the exemptions included in AASB1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards whereby no accounting entries are made in relation to the Executive Option Plan until the options are exercised, at which time the amounts receivable from employees are recognised in the balance sheet as share capital. This exemption is only available to option plans granted prior to 7 November 2002.

(iv) Share-based compensation benefits

i. Cash rewards

Share based compensation benefits are provided to employees via the Transurban Group Long-term Incentive Plan. Units are allocated to reporting periods on a prorata basis from the grant date to the maturity date. Units allocated to a particular reporting period are valued on the reporting date and an employee benefit expense and an employee benefit liability are recognised at the amount of the valuation for each unit allocated.

On each reporting date, the units allocated to prior periods are revalued and the liability is adjusted. The movement in the liability is recognised as an employee benefits expense. This revaluation occurs until all the units are exercised or lapse.

On the exercise date where a cash bonus is paid, any difference between the cash payment and the liability in relation to those units is recognised as an adjustment to employee benefits expense in that period.

ii. Executive Loan Plan

Share based payment benefits are provided to employees in the form of Option Awards via the Transurban Executive Loan Plan. Transurban Group stapled securities are assigned to employees and locked, restricting their existence to that of the plan. An option-pricing model is used to fair value the awards at grant date and at each subsequent reporting date until vesting, a charge to the income statement is calculated. This charge is calculated using the fair value at the grant date, an estimate of the awards likely to vest and the expired portion of the vesting period (3 years).

The charge to the income statement for each reporting period is the cumulative amount calculated at the reporting date, less the amounts already charged in previous periods with a corresponding credit to equity reserves. Once the awards have vested no further accounting adjustments are made to the cost of the award.

(v) Superannuation

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

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

(vi) Business Generation Incentive Plan

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

(r) Contributed equity

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

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

(s) 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 period.

(ii) Diluted Earnings per Share

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

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(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 in accordance with that Class Order to the nearest thousand dollars or in certain cases the nearest dollar.

(v) New Accounting Standards and UIG Interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) UIG 4 *Determining whether an Asset Contains a Lease*

UIG 4 is applicable to annual periods beginning on or after 1 January 2006. The Group has not elected to adopt UIG 4 early. It will apply UIG 4 in its 2007 financial statements and the UIG 4 transition provisions. The Group will therefore apply UIG 4 on the basis of facts and circumstances that existed as of 1 July 2006. Implementation of UIG 4 is not expected to change the accounting for any of the Group's current arrangements.

(ii) AASB 7 *Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038]*

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's financial instruments.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(i) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current and deferred tax provisions in the period in which such determination is made.

(ii) Useful lives of plant and equipment

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

(iii) Estimated impairment of intangibles

The Group tests whether intangibles assets have suffered any impairment when indicators of impairment exists, in accordance with the accounting policy stated in note 1(l). The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 1(h) for details of these assumptions.

3. SEGMENT INFORMATION

Primary reporting – business segment

The primary business segment for the year ending 30 June 2006 was the management of , and investigation into new investment opportuntities in relation to toll roads and toll road technology. 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.

Secondary reporting – geographical segments

	Segment Revenues		Segment Assets		Segment Liabilities	
	2006	2005	**2006**	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Vic - Australia	**51,666**	43,036	**110,932**	82,841	**151,495**	82,951
NSW - Australia	**29,656**	18,998	**54,775**	10,406	**17,455**	16,449
United States of America	**8,072**	-	**5,019**	1,928	**798**	-
Other	**-**	-	**2,563**	-	**-**	-
	89,394	62,034	**173,289**	95,175	**169,748**	99,400

4. REVENUE

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Revenue from continuing operations				
Toll fee revenue	**2,499**	-	**628**	-
Management fees	**21,485**	30,073	**29,557**	30,073
IT development charges	**40,200**	15,853	**22,705**	2,688
Responsible Entity fees	**4,400**	5,509	**-**	-
Equipment lease	**-**	696	**-**	-
Sale of goods	**7,466**	-	**-**	-
Customer management	**3,137**	-	**-**	-
Other	**1,239**	713	**-**	713
	80,426	52,844	**52,890**	33,474
Other revenue				
Interest	**616**	372	**146**	101
Business Development Fees	**8,072**	8,000	**-**	8,000
Other	**280**	818	**280**	818
	89,394	62,034	**53,316**	42,393

5. OTHER INCOME

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Net foreign exchange gains	**1,467**	714	**13**	-
Tax benefits from subsidiaries	**-**	-	**2,862**	237
Net gain on disposal of property, plant and equipment	**940**	-	**-**	-
	2,407	714	**2,875**	237

6. EXPENSES

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Profit before income tax includes the following specific expenses:				
Finance costs				
Interest and finance charges paid/ payable	**511**	808	**416**	589
Foreign exchange gains and losses				
Foreign exchange gains incuded in revenue for the year (note 5)	**1,467**	714	**13**	-
Exchange losses on foreign currency contract	**(5)**	-	**-**	-
	1,462	714	**13**	-
Mitcham-Frankston Freeway project development impairment	**-**	9,423	**-**	9,423
Project development impairment	**1,949**	382	**-**	382
Rental expenses relating to operating leases	**2,664**	1,715	**2,664**	1,715
Employee benefit expense	**24,979**	15,031	**22,567**	14,654

7. INCOME TAX

Tax consolidation legislation

The Transurban Group has elected to implement tax consolidation legislation for Transurban Limited and its wholly owned entities with effect from 1 July 2003. The accounting policy on implementation of the legislation is set out in note 1(e).

		Consolidated		Parent Entity	
		2006	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000
a)	**Income tax expense**				
	Current tax	**-**	-	**5,453**	(2,534)
	Deferred tax	**3,836**	972	**(1,805)**	736
	Under (over) provided in prior years	**338**	-	**1,571**	-
		4,174	972	**5,219**	(1,798)
	Income tax expense is attributable to:				
	profit from continuing operations	**4,174**	972	**5,219**	(1,798)
	Deferred income tax (revenue) expense included in income tax expense comprises:				
	Decrease (increase) in deferred tax assets (note 13)	**3,169**	1,450	**(1,031)**	1,749
	Decrease (increase) in deferred tax liabilities (note 20)	**667**	(478)	**(774)**	(1,012)
		3,836	972	**(1,805)**	737
b)	**Numerical reconciliation of income tax expense to prima facie tax payable**				
	Profit from continuing operations before income tax expense	**11,940**	1,405	**13,889**	(6,332)
	Tax at the Australian tax rate of 30% (2005 - 30%)	**3,582**	422	**4,167**	(1,900)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
	Entertainment	**137**	74	**135**	-
	Legal fees	**193**	-	**193**	-
	Tax benefits from subsidiaries	**-**	-	**(859)**	-
	Other	**(76)**	476	**12**	102
		254	550	**(519)**	102
	Under (over) provision in prior years	**338**		**1,571**	-
	Prior year tax losses not recognised now recouped		-	**-**	-
	Income tax expense	**4,174**	972	**5,219**	(1,798)

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000

c) Impact on tax consolidations

Current tax	**-**	-	**5,453**	(2,534)
Transferred from tax subsidiaries	**-**	-	**1,170**	2,398
Tax losses utilised	**-**	-	**(6,623)**	-
Current tax after tax consolidation	**-**	-	**-**	(136)

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank	**34,179**	17,029	**6,373**	11,072
Balance per statement of cash flows	**34,179**	17,029	**6,373**	11,072

9. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Trade receivables	**2,006**	3,840	**-**	3,840
Receivable from related parties	**2,330**	-	**2,330**	-
Prepayments	**1,153**	369	**1,132**	348
Advances to related parties	**54,693**	20,484	**68,322**	16,789
Current tax asset	**-**	-	**-**	136
Other receivables	**2,155**	511	**240**	306
	62,337	25,204	**72,024**	21,419

(a) Other receivables

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

(b) Fair values

The fair values and carrying values of receivables of the Group are the same.

(c) Interest rate risk

The Group’s exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables:

2006				**Fixed Interest Rate Maturing in:**					
	Floating Interest Rate $'000	**1 year or less $'000**	**Over 1 to 2 yrs $'000**	**Over 2 to 3 yrs $'000**	**Over 3 to 4 yrs $'000**	**Over 4 to 5 yrs $'000**	**Over 5 yrs $'000**	**Non interest bearing $'000**	**TOTAL $'000**
Cash	34,179	-	-	-	-	-	-	-	34,179
Sundry debtors	-	-	-	-	-	-	-	4,161	4,161
Receivable form related party	-	-	-	-	-	-	-	2,330	2,330
Advances to related parties	-	-	-	-	-	-	-	54,693	54,693
	34,179	-	-	-	-	-	-	61,184	95,363
Weighted average interest rate	3.32%	-	-	-	-	-	-		

2005				**Fixed Interest Rate Maturing in:**					
	Floating Interest Rate $'000	**1 year or less $'000**	**Over 1 to 2 yrs $'000**	**Over 2 to 3 yrs $'000**	**Over 3 to 4 yrs $'000**	**Over 4 to 5 yrs $'000**	**Over 5 yrs $'000**	**Non interest bearing $'000**	**TOTAL $'000**
Cash	17,029	-	-	-	-	-	-	-	17,029
Sundry debtors	-	-	-	-	-	-	-	4,351	4,351
Non-current receivables	-	-	-	-	-	-	-	2,114	2,114
Advances to related parties	-	-	-	-	-	-	-	20,484	20,484
	17,029	-	-	-	-	-	-	26,949	43,978
Weighted average interest rate	3.58%	-	-	-	-	-	-		

(d) Credit risk

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

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000

10. NON-CURRENT ASSETS – RECEIVABLES

Receivable from related parties	**-**	2,114	**-**	2,114
Prepayments	**186**	-	**186**	-
	186	2,114	**186**	2,114

11. FINANCIAL ASSETS

Investment in subsidiaries	**-**	-	**3,568**	2,398

As there is no tax funding arrangement, current tax payable is assumed by the tax head entity and recognised as an increase in subsidiary investments.

12. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

a) Equipment and Fittings				
Equipment and fittings at cost	**72,688**	53,107	**48,608**	40,399
Less: Accumulated depreciation	**(23,887)**	(12,551)	**(19,176)**	(11,070)
	48,801	40,556	**29,432**	29,329

	Consolidated **$'000**	Parent **$'000**
b) Equipment and Fittings		
Year ended 30 June 2005		
Opening net book amount	24,652	24,652
Additions	22,209	9,500
Depreciation charge	(6,305)	(4,823)
Closing net book amount	40,556	29,329
Year ended 30 June 2006		
Opening net book amount	**40,556**	**29,329**
Additions	**31,735**	**7,974**
Transfers - related parties	**(12,411)**	**(1,716)**
Depreciation charge	**(11,079)**	**(6,155)**
Closing net book amount	**48,801**	**29,432**

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000

13. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Accrued expenses	**2**	46	**1**	27
Provisions	**6,254**	133	**6,126**	16
Fixed assets	**-**	5,136	**-**	5,136
Other	**60**	171	**60**	-
Prior year losses	**2,210**	48	**2,210**	285
	8,526	5,534	**8,397**	5,464
Movements:				
Opening balance at 1 July	**5,534**	6,984	**5,464**	6,975
Over/under adjustment	**6,161**	-	**5,900**	-
Credited/(charge) to the income statement (note 7)	**(3,169)**	(1,450)	**1,031**	(1,748)
Transferred from tax subsidiaries	**-**	-	**2,625**	237
Tax losses utilised	**-**	-	**(6,623)**	-
Closing balance at 30 June	**8,526**	5,534	**8,397**	5,464
Deferred tax assets to be recovered after more than 12 months	**2,270**	5,307	**5,449**	5,373
Deferred tax assets to be recovered within 12 months	**6,256**	227	**2,948**	91
	8,526	5,534	**8,397**	5,464

14. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Consolidated $'000	Parent $'000
Year ended 30 June 2006		
Opening net book amount	4,738	4,738
Additions	26,410	26,334
Transfers - related parties	(8,660)	(8,660)
Impairment	(1,949)	(1,949)
Amortisation charge	(1,279)	(1,279)
Closing net book amount	19,260	19,184
At 30 June 2006		
Cost	32,293	32,217
Accumulated amortisation	(1,279)	(1,279)
Accumulated Impairment	(11,754)	(11,754)
Net book amount	19,260	19,184
Year ended 30 June 2005		
Opening net book amount	9,139	7,760
Additions	5,404	6,783
Impairment	(9,805)	(9,805)
Amortisation charge	-	
Closing net book amount	4,738	4,738
At 30 June 2005		
Cost	14,543	14,543
Accumulated amortisation	-	-
Accumulated Impairment	(9,805)	(9,805)
Net book amount	4,738	4,738

Intangible assets represents capitalised development costs.

Impairment charge

The impairment charge represents business development projects which were either unsuccessful bids or projects which are no longer considered probable that the asset will generate economic benefits. The costs associated with these business opportunities were expensed in the income statement during the period.

Impairment testing

Business development costs are capitalised when:

- the outcome of the project has been determined and the outcome will result in the generation of future economic benefits; or

- the outcome of the project has not been determined but it is considered reasonably probable that the outcome, when determined, will result in future economic benefits.

The carrying value of development costs is reviewed for impairment when an indicator of impairment arises. For example, Transurban decides to withdraw from a project tender or is not selected as the preferred applicant.

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000

15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade payables	**10,609**	22,388	**5,505**	20,008
Other payables	**4,899**	3,507	**1,119**	2,366
	15,508	25,895	**6,624**	22,374

16. CURRENT LIABILITIES – BORROWINGS

Secured				
Bank loan	**-**	8,000	**-**	8,000
	-	8,000	**-**	8,000

The loan facility was repaid on 6 March 2006.

17. CURRENT LIABILITIES – NON-INTEREST BEARING LIABILITIES

Loans from related parties	**15,249**	6,187	**15,783**	14,027
Prepaid tolls and deposits	**9,835**	4	**-**	-
Unearned income	**-**	6,865	**-**	-
	25,084	13,056	**15,783**	14,027

18. CURRENT LIABILITIES – PROVISIONS

Directors' retirement	**1,342**	-	**916**	-
Other employee entitlements	**19,138**	14,238	**19,138**	14,116
	20,480	14,238	**20,054**	14,116

Retirement benefits accrued for non-executive directors with more than 3 years service, prior to 30 September 2005 have been frozen with interest of 7.05 per cent per annum accruing.

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000

19. NON-CURRENT LIABILITIES – NON-INTEREST BEARING LIABILITIES

Unsecured				
Loans from related parties	**96,581**	30,250	**96,581**	30,250
	96,581	30,250	**96,581**	30,250

20. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Interest receivable	**11**	10	**5**	4
Fixed assets	**9,900**	2,386	**8,822**	2,384
Other	**1,819**	2,168	**1,359**	1,473
	11,730	4,564	**10,186**	3,861
Movements:				
Opening balance at 1 July	**4,564**	5,042	**3,861**	4,873
Under/over adjustment	**6,499**	-	**7,099**	-
Credited/(charge) to the income statement (note 7)	**667**	(478)	**(774)**	(1,012)
Credited/(charge) to equity	**-**	-	**-**	-
Closing balance at 30 June	**11,730**	4,564	**10,186**	3,861
Deferred tax liabilities to be settled after more than 12 months	**9,900**	1,665	**8,822**	969
Deferred tax liabilities to be settled within 12 months	**1,830**	2,899	**1,364**	2,892
	11,730	4,564	**10,186**	3,861

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000

21. NON-CURRENT LIABILITIES – PROVISIONS

Employee entitlements	**365**	3,397	**365**	3,005
	365	3,397	**365**	3,005

22. CONTRIBUTED EQUITY

	Parent Entity		Parent Entity	
	2006	2005	**2005**	2005
	Shares	Shares		
a)	**'000**	'000	**$'000**	$'000
Share capital - ordinary shares				
fully paid	**816,634**	791,416	**-**	-

b) Movement in ordinary share capital

Date	Details	Notes	Number of Shares '000	Issue Price	$'000
1 Jul 2005	Opening Balance		791,416	-	-
7 Sep 2005	Exercise of May 2002 Options	e	46	-	-
21 Sep 2005	Exercise of October 2001 Options	e	250	-	-
21 Sep 2005	Exercise of April 2001 Options	e	140	-	-
1 Dec 2005	Exercise of May 2002 Options	e	33	-	-
13 Dec 2005	Exercise of May 2002 Options	e	67	-	-
13 Dec 2005	Exercise of May 2002 Options	e	15	-	-
13 Dec 2005	Exercise of April 2001 Options	e	250	-	-
13 Dec 2005	Exercise of October 2001 Options	e	250	-	-
16 Dec 2005	Exercise of April 2002 Options	e	137	-	-
31 Dec 2005	Acquisition of Treasury Securities	g	(1,580)	-	-
3 Jan 2006	Conversion of CARS	f	4,928	-	-
28 Feb 2006	Dividend Reinvestment Plan	d	14,377	-	-
20 Mar 2006	Exercise of May 2002 Options	e	67	-	-
20 Jun 2006	Exercise of May 2002 Options	e	359	-	-
20 Jun 2006	Exercise of April 2002 Options	e	86	-	-
20 Jun 2006	Exercise of October 2001 Options	e	1,000	-	-
30 Jun 2006	Conversion of CARS	f	4,793	-	-
30 Jun 2006	Closing Balance		816,634		-

All shares issued are a component of stapled securities issued by the Transurban Group. A nil value is assigned to Transurban Limited, with the value being apportioned between Transurban Holdings Limited and Transurban Holding Trust.

c) Ordinary Shares

Shares entitle the holder to participate in distributions and the winding up of Transurban Limited in proportion to the number of and amounts paid on the shares held. In the event that Transurban Limited and Transurban CARS Trust are wound up simultaneously, holders of Transurban CARS securities would rank ahead of Transurban 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 had established a distribution reinvestment plan under which holders of stapled securities could elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash. Securities were issued under the plan at a 2.5 per cent discount to the market price and include a share in Transurban Limited.

e) Options

Information relating to the Transurban Group Executive Option Plan, including details of options issued, exercised, and lapsed during the financial year and options outstanding at the end of the financial year are set out in note 24.

f) Conversion of CARS

During the year exchange notices electing to convert 563 thousand units into Transurban Group Stapled Securities were received. On conversion 9.8 million Trust units were issued.

g) Treasury securities

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

23. RETAINED PROFITS

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Balance 1 July	**(4,225)**	(4,658)	**(19,099)**	(14,565)
Net profits/(loss) for the year	**7,766**	433	**8,670**	(4,534)
Balance 30 June	**3,541**	(4,225)	**(10,429)**	(19,099)

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

With the exception of the changes noted below, the following persons were directors of Transurban Limited during the financial year:

Chairman – non-executive
Laurence G Cox

Non-executive directors
Peter C Byers
Geoffrey O Cosgriff
Jeremy GA Davis
Susan M Oliver
David J Ryan
Christopher J S Renwick (1)

Executive directors
Kimberley Edwards
Geoffrey R Phillips (2)

(1) Christopher J S Renwick was appointed a non-executive director on 26 July 2005 and continues in office at the date of this report.

(2) Geoffrey R Phillips resigned from the position of executive director on 26 July 2005.

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year. All executives are employees of Transurban Limited.

Name	Position
Chris Brant	Chief Finance Officer
Brendan Bourke	Group General Manager Operations
Paul O'Shea	Group General Manager Legal and Risk Management
Gareth Mann	Group Manager Development (from 3/10/2005 – 30/6/2006)

All of the above persons were also key management persons during the year ended 30 June 2005, except for G Mann who commenced employment with the Group on 3 October 2005. C Brant was a key management person for only part of the year ended 30 June 2005 as he commenced employment on 22 November 2004.

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2006 **$**	2005 $	**2006** **$**	2005 $
Short-term employee benefits	**6,626,385**	5,142,036	**6,418,965**	4,990,368
Post-employment benefits	**1,362,470**	616,076	**1,284,118**	498,030
Share-based payments	**1,016,268**	3,840,225	**1,016,268**	3,840,225
	9,005,123	9,598,337	**8,719,351**	9,328,623

The company has taken advantage of the relief provided by the Corporations Regulations allowing the transfer of the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-C of the remuneration report on pages 9 to 26.

(d) Equity instrument disclosures relating to key management personnel

(i) Share-based payments

Details of options and other executive long term incentives, together with terms and conditions, can be found in section D of the remuneration report on pages 17 to 23.

(ii) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of Transurban Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2006 **Name**	**Balance at the start of the year**	**Granted during the year as remuneration**	**Exercised during the year**	**Other changes during the year**	**Balance at the end of the year**	**Vested and exercisable at the end of the year**
Directors of Transurban Limited						
K Edwards	1,500,000	-	1,500,000	-	-	-
Other key management personnel of the Group						
C Brant	-	-	-	-	-	-
B Bourke	-	-	-	-	-	-
P O'Shea	-	-	-	-	-	-
G Mann	-	-	-	-	-	-

2005 Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Transurban Limited						
K Edwards	1,500,000	-	-		1,500,000	1,500,000
G R Phillips	500,000	-	500,000		-	-
Other key management personnel of the Group						
C Brant	-	-	-	-	-	-
B Bourke	350,000	-	350,000	-	-	-
P O'Shea	204,300	-	204,300	-	-	-

(iii) Executive long term incentive holdings

The number of ELTI units held during the financial year by each director of Transurban Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2006 Name	Balance at the start of the year	Granted during the year as remuneration	Matured and paid during the year	Other changes during the year	Balance at the end of the year	Matured and payable at the end of the year
Directors of Transurban Limited						
K Edwards	1,650,000	-	850,000	-	800,000	-
Other key management personnel of the Group						
C Brant	170,000	-	-	-	170,000	-
B Bourke	320,000	-	160,000	-	160,000	-
P O'Shea	250,000	-	130,000	-	120,000	-
G Mann	-	-	-	-	-	-

2005 Name	Balance at the start of the year	Granted during the year as remuneration	Matured and paid during the year	Other changes during the year	Balance at the end of the year	Matured and payable at the end of the year
Directors of Transurban Limited						
K Edwards	850,000	800,000	-	-	1,650,000	-
G R Phillips	-	-	-	-	-	-
Other key management personnel of the Group						
C Brant	-	170,000	-	-	170,000	-
B Bourke	160,000	160,000	-	-	320,000	-
P O'Shea	130,000	120,000	-	-	250,000	-

(iv) Executive Loan Plan

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

2006 Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of Transurban Limited						
K Edwards	-	312,500	-	-	312,500	-
Other key management personnel of the Group						
C Brant	-	118,000	-	-	118,000	-
B Bourke	-	102,000	-	-	102,000	-
P O'Shea	-	75,000	-	-	75,000	-
G Mann	-	112,500	-	-	112,500	-

2005

No comparative data for the prior period as the plan was introduced on 1 November 2005.

(v) Share holdings

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

Stapled Securities

2006 Name	Balance at the start of the year	Received during the year on the exercise of options	Received during the year via the Executive Loan Plan	Other changes during the year	Balance at the end of the year
Directors of Transurban Limited					
L G Cox	1,142,500	-	-	-	1,142,500
P C Byers	70,580	-	-	-	70,580
G O Cosgriff	24,910	-	-	6,200	31,110
J G A Davis	50,000	-	-	1,817	51,817
S M Oliver	62,540	-	-	5,469	68,009
D J Ryan	21,577	-	-	817	22,394
C J S Renwick	-	-	-	-	-
K Edwards	61,000	1,500,000	312,500	-	1,873,500

Other key management personnel of the Group					
C Brant	-	-	118,000	1,448	119,448
B Bourke	357,710	-	102,000	15,039	474,749
P O'Shea	380,739	-	75,000	(18,415)	437,324
G Mann	-	-	112,500	100	112,600

2005 **Name**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Received during the year via the Executive Loan Plan**	**Other changes during the year**	**Balance at the end of the year**
Directors of Transurban Limited					
L G Cox	775,000	-	-	367,500	1,142,500
P C Byers	50,000	-	-	20,580	70,580
G O Cosgriff	24,910	-	-	-	24,910
J G A Davis	50,000	-	-	-	50,000
S M Oliver	60,993	-	-	1,547	62,540
D J Ryan	21,043	-	-	534	21,577
K Edwards	61,000	-	-	-	61,000
G R Phillips	-	500,000	-	8,820	508,820
Other key management personnel of the Group					
C Brant	-	-	-	-	-
B Bourke	5,493	350,000	-	2,217	357,710
P O'Shea	179,055	204,300	-	(2,616)	380,739

CARS

2006 **Name**	**Balance at the start of the year**	**Received during the year on the exercise of options**	**Other changes during the year**	**Balance at the end of the year**
Directors of Transurban Limited				
L G Cox	-	-	-	-
P C Byers	-	-	-	-
G O Cosgriff	121	-	-	121
J G A Davis	-	-	-	-
S M Oliver	-	-	-	-
D J Ryan	-	-	-	-
K Edwards	-	-	-	-
G R Phillips	-	-	-	-
Other key management personnel of the Group				
C Brant	-	-	-	-
B Bourke	400	-	-	400
P O'Shea	-	-	-	-
G Mann	-	-	-	-

2005 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Transurban Limited				
L G Cox	1,000	-	(1,000)	-
P C Byers	-	-	-	-
G O Cosgriff	121	-	-	121
J G A Davis	-	-	-	-
S M Oliver	-	-	-	-
D J Ryan	-	-	-	-
K Edwards	-	-	-	-
G R Phillips	-	-	-	-
Other key management personnel of the Group				
C Brant	-	-	-	-
B Bourke	400	-	-	400
P O'Shea	400	-	(400)	-

(f) Other transactions with directors and key management personnel of the Group

Directors of Transurban Limited

Mr Cox is a director of Macquarie Corporate Finance Limited (a wholly owned subsidiary of Macquarie Bank Limited). Transurban Limited is entitled to receive management fees of $6.5 million from Macquarie Bank in relation to the extension of the term of the Infrastructure Borrowing Facilities provided by Macquarie Bank. This fee was recognised during the year ended 30 June 2004 and is receivable quarterly until April 2007. During this year $2.8 million was received with the remaining balance of $2.3 million is due to be received over the next year. Transurban Limited also shares the cost of Mr Cox's personal assistant with Macquarie.

All directors of the consolidated group are also directors of Transurban Infrastructure Management Limited ("TIML"). TIML is the Responsible Entity for Transurban Holding Trust, CityLink Trust and Transurban CARS Trust. The consolidated entity has earned Responsible Entity Fees and Management Fees from these Trusts. Transurban Holding Trust also provides financial support to the group in the form of a non-interest bearing loan.

The directors of the group are also directors of Transurban Holdings Limited ("THL"). Transurban employs all of the staff who work within the Transurban Group and provides their services to all Transurban Group entities. THL entities reimbursed the group for the employee costs incurred in operating their businesses. Transurban Limited also provides Management and IT services and sells equipment to THL entities

25. REMUNERATION OF AUDITORS

During the year the following services were paid to the auditor of the parent entity, PricewaterhouseCoopers, Australian Firm.

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$	$	**$**	$
1. Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and other audit work under the Corporations Act 2001.	**50,000**	48,800	**50,000**	29,000
Fees paid to non-PricewaterhouseCoopers audit firms for the audit or review of financial reports	**-**	-	**-**	-
Total remuneration for audit services	**50,000**	48,800	**50,000**	29,000
Other assurance services				
PricewaterhouseCoopers Australian firm:				
Due diligence	**-**	432,500	**-**	432,500
Compliance plan audit	**12,350**	24,700		24,700
Other assurance services	**121,834**	-	**24,529**	-
IFRS accounting services	**-**	115,000	**-**	115,000
Total assurance services	**134,184**	572,200	**24,529**	572,200
2. Taxation services				
PricewaterhouseCoopers Australian firm:				
Tax compliance services, including review of income tax returns	**-**	66,765	**-**	66,765
Indirect taxation services	**434,714**	258,430	**597,714**	258,430
Fees paid to non-PricewaterhouseCoopers audit firms	**38,103**	-	**38,103**	-
Total remuneration for taxation services	**472,817**	325,195	**635,817**	325,195

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the consolidated entity are important.

26. CONTINGENT LIABILITY

Guarantees

The company has established a bank guarantee of $5.0 million in favour of Transurban Infrastructure Management Limited, a controlled entity in a form prescribed by ASIC to accommodate the net tangible asset conditions of the controlled entity's Australian Financial Services Licence. The controlled entity is unable to act as a Responsible Entity if the bank guarantee conditions are not satisfied.

27. COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Lease commitments Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**4,004**	2,694	**3,821**	-
Later than one year but not later than 5 years	**13,826**	9,354	**12,681**	-
Later than 5 years	**15,332**	-	**14,960**	-
	33,162	12,048	**31,462**	-

28. RELATED PARTIES

(a) Parent entities

The parent entity within the Consolidated Group is Transurban Limited. The parent entity of the Transurban Group is Transurban Holdings Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 29.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 24.

(d) Other related parties

Related party transactions have occurred with the following entities who are related parties of Transurban Limited and controlled entities:

- CityLink Melbourne Ltd;
- Transurban Holdings Ltd;
- Transurban Holding Trust;
- The Citylink Trust;
- Transurban Finance Company;
- Transurban CARS Trust;
- Transurban (895) LLC;
- Hills Motorway Management Ltd;
- Hills Motorway Ltd; and
- The Transurban Finance Trust

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Services provided to subsidiaries				
Management Fees	**-**	-	**12,814**	25,949
Employment services	**-**	-	**5,462**	-
Tax consolidated legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	**-**	-	**1,170**	2,398
Tax losses assumed from wholly-owned tax consolidated entities	**-**	-	**2,862**	237
Revenue from services				
Electronic tolling system provided to other related party	**17,063**	12,206	**8,258**	12,206
Operating electronic tolling system for an other related party	**3,137**	-	**-**	-

THL paid a business development fee to the group for the successful completion of the Pocahontas Parkway permit acquisition.

Aggregate amounts of each of the above types of other transactions with directors of Transurban Limited:

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Amounts recognised as expense				
Assistant fees	**23**	31	**23**	31
	23	31	**23**	31
Amounts recognised as revenue				
Management fees	**21,485**	30,073	**29,557**	30,073
Responsible entity fees	**4,400**	5,509	**-**	-
Equipment lease	**-**	696	**-**	-
Sale of equipment	**7,466**	-	**-**	-
Business Development fees	**8,072**	8,000	**-**	8,000
IT Development fees	**40,200**	15,853	**22,705**	2,688
	81,623	60,131	**52,262**	40,761
Amounts reimbursed				
Employment services	**17,016**	15,733	**17,016**	15,733
Hills Motorway Group acquisition costs				
Financial advisor fees	**-**	12,649	**-**	12,649
Aggregate amounts of assets at balance date relating to the above types of other transactions with directors of Transurban Limited:				
Current receivables	**2,330**	-	**2,330**	-
Non-current receivables	**-**	2,114	**-**	2,114
	2,330	2,114	**2,330**	2,114

(f) Loans to/from related parties

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Loans to subsidiaries				
Beginning of the year	**-**	-	**16,719**	5,769
Loans advanced	**-**	-	**81,776**	55,484
Loan repayments received	**-**	-	**(46,251)**	(44,534)
End of year	**-**	-	**52,244**	16,719
Loans from subsidiaries				
Beginning of the year	**-**	-	**14,000**	14,359
Loans advanced	**-**	-	**29,509**	23,502
Loan repayments received	**-**	-	**(37,059)**	(23,861)
End of year	**-**	-	**6,450**	14,000
Loans to other related parties				
Beginning of the year	**20,484**	(1,013)	**70**	(1,013)
Loans advanced	**153,892**	23,641	**78,523**	1,083
Loan repayments received	**(119,683)**	(2,144)	**(70,588)**	-
End of year	**54,693**	20,484	**8,005**	70
Loans from other related parties				
Beginning of the year	**36,437**	30,328	**30,276**	30,328
Loans advanced	**280,702**	6,109	**252,654**	
Loan repayments received	**(205,309)**	-	**(177,016)**	(52)
End of year	**111,830**	36,437	**105,914**	30,276

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

(g) Terms and conditions

All other transactions were made on normal commercial terms and conditions and at market rates.

29. SUBSIDIARIES

The consolidated financial statements incorporated the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy in note 1(a).

Name of Entity	Country of Incorporation	Class of Security	Equity Holding 2006 %	Equity Holding 2005 %	Date Acquired
Transurban Infrastructure Management Limited	Australia	Ordinary	100	100	
Roam Tolling Pty Ltd (formerly Transurban Infrastructure Developments WSO Pty Ltd)	Australia	Ordinary	100	100	
Transurban Retail Pty Ltd (formerly Transurban MF 1 Pty Ltd)	Australia	Ordinary	100	100	
Transurban Asset Management Pty Ltd	Australia	Ordinary	100	100	
Roam Operations Pty Ltd (formerly Transurban Operations Pty Ltd)	Australia	Ordinary	100	100	
Transurban (USA) Inc	USA	Ordinary	100	100	
Transurban (USA) Holdings Inc	USA	Ordinary	100	-	11/07/2005
Transurban (USA) Development Inc.	USA	Ordinary	100	-	11/07/2005

Acquisition of controlled entity

Transurban (USA) Holdings Inc and Transurban (USA) Developments Inc were acquired for US $1,000 each.

30. SHARE-BASED PAYMENTS

(a) Employee Option Plan

Refer to section D of the remuneration report on pages 17 to 23 for details.

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

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
Consolidated and parent- 2006							
26 April 2001	30 April 2006	$3.817	390,000	-	390,000	-	-
23 October 2001	31 October 2006	$4.404	1,500,000	-	1,500,000	-	-
1 February 2002	30 April 2007	$4.280	-	-	-	-	-
9 April 2002	30 April 2007	$4.030	237,300	-	223,200	14,100	-
20 May 2002	30 April 2007	$4.220	744,852	-	586,102	82,467	76,283
Total			2,872,152	-	2,699,302	96,567	76,283
Weighted average exercise price			$4.25	-	$4.25	$4.19	$4.22
Consolidated and parent - 2005							
26 April 2001	30 April 2006	$3.817	2,004,300	-	1,493,231	121,069	390,000
23 October 2001	31 October 2006	$4.404	2,000,000	-	500,000	-	1,500,000
1 February 2002	30 April 2007	$4.280	400,000	-	89,867	310,133	-
9 April 2002	30 April 2007	$4.030	300,000	-	62,700	-	237,300
20 May 2002	30 April 2007	$4.220	1,500,000	-	715,598	39,550	744,852
Total			6,204,300	-	2,861,396	470,752	2,872,152
Weighted average exercise price			$4.14	-	$4.04	$4.16	$4.25

The weighted average price of Transurban Securities at the date of exercise of options exercised regularly during the year ended 30 June 2006 was $7.00 (2005 - $6.94)

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.83 years (2005 – 1.31 years)

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

Refer to section D of the remuneration report on pages 17 to 23 for details.

Set out below are ELTI granted under the plan.

Consolidated and parent - 2006

Grant date	Expiry date	Grant price	Balance at the start of the year Number	Granted during the year Number	Matured and paid during the year Number	Balance at the end of the year Number	Matured and payable at the end of the year Number
30 Sep 2003	30 Sep 2005	$4.23	1,912,000	-	1,912,000	-	-
30 Sep 2004	30 Sep 2006	$5.45	2,965,000	-	-	2,965,000	-
Total			4,877,000	-	1,912,000	2,965,000	-
Weighted average exercise price			$4.97	-	$4.23	$5.45	-

Consolidated and parent - 2005

Grant date	Expiry date	Grant price	Balance at the start of the year Number	Granted during the year Number	Matured and paid during the year Number	Balance at the end of the year Number	Matured and payable at the end of the year Number
30 Sep 2003	30 Sep 2005	$4.23	1,912,000	-	-	1,912,000	-
30 Sep 2004	30 Sep 2006	$5.45	-	2,965,000	-	2,965,000	-
Total			1,912,000	2,965,000	-	4,877,000	-
Weighted average exercise price			$4.23	$5.45	-	$4.97	-

No ELTI were forfeited during the periods covered by the above tables.

The weighted average price of Transurban Securities at the date of maturity was $7.24.

The weighted average remaining contractual life of ELTI at the end of the year was 0.18 years (2005 – 0.75 years)

(c) Executive Loan Plan

Refer to section D of the remuneration report on pages 17 to 23 for details.

Set out below are securities granted under the plan.

Australian based plan

Consolidated and parent - 2006

Grant date	Expiry date	Grant price	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
1 Nov 2005	1 Nov 2008	$6.47	-	1,579,800	-	-	1,579,800
Weighted average exercise price			-	$6.47	-	-	$6.47

Overseas based plan

Consolidated and parent - 2006

Grant date	Expiry date	Grant price	Balance at the start of the year Number	Granted during the year Number	Matured and paid during the year Number	Balance at the end of the year Number	Matured and payable at the end of the year Number
01 Nov 2005	01 Nov 2008	$6.47	-	189,700	-	189,700	-
Weighted average exercise price			-	$6.47	-	$6.47	-

2005

No prior period comparative data as the plan was introduced on 1 November 2005.

(d) Employee share scheme

The Transurban Employee Security Ownership Plan ("the Plan") was introduced in March 2002. The scheme offers employees the opportunity to participate in the success of the Group by investing in securities of the Transurban Group.

All Australian based 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, taking into account the Group's success and market performance.

Stapled Securities allocated 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 securities on issue.

In February 2006, each participant was allocated 100 stapled securities (2005 - 100 stapled securities) at a value of $6.90 per stapled security (2005 - $7.65). Stapled Securities provided under the plan were purchased on the open market.

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	Number	Number	**Number**	Number
Shares purchased on market under the the plan and provided for participating employees	**44,000**	37,000	**44,000**	37,000

(e) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense was $0.1 million (2005 - $0.08 million).

31. ECONOMIC DEPENDENCY

Transurban Limited is dependent on Management and IT fees charged to CityLink Melbourne Limited, Hills Motorway Limited, Transurban Infrastructure Management Limited and Transurban Holding Trust for short term funding. A controlled entity, Transurban Infrastructure Management Limited is dependent on Management Fees and Responsible Entity Fees from Transurban Holding Trust, Transurban CARS Trust and CityLink Trust.

32. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Consolidated		Parent Entity	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Profit/(loss) from ordinary activities after related income tax	**7,766**	433	**8,670**	(4,534)
Depreciation and amortisation	**12,358**	6,805	**7,434**	5,323
Net exchange differences	**(1,448)**	(855)	**(1,445)**	(53)
Project expenses written off	**1,949**	9,423	**334**	-
Change in operating assets and liabilities				
(Decrease)/increase in creditors	**4,913**	(39,581)	**2,214**	(16,637)
Decrease/(increase) in debtors	**1,334**	915	**2,720**	1,130
Increase in provisions	**3,210**	29,781	**(711)**	11,422
Increase/(decrease) in provision for deferred income tax	**4,174**	-	**3,138**	-
(Increase)/Decrease in related parties	**(13,994)**	-	**(13,033)**	-
Net cash inflow/(outflow) from operating activities	**20,262**	7,393	**9,321**	(5,884)

33. EARNINGS PER SHARE

	Consolidated	
	2006	2005
Basic earnings per share	**1.0 cents**	0.1 cents
Diluted earnings per share	**1.0 cents**	0.1 cents
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**799,431,057**	591,871,852
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**800,300,233**	592,764,422

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 ordinary 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.

34. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles ("AGAAP") to equity under Australian equivalents to IFRSs ("AIFRS")

(a) At the date of transition to AIFRS: 1 July 2004

	Notes	Consolidated			Parent Entity		
		Previous AGAAP $'000	Effect of AIFRS $'000	AIFRS $'000	Previous AGAAP $'000	Effect of AIFRS $'000	AIFRS $'000
CURRENT ASSETS							
Cash assets		6,470	-	6,470	4,092	-	4,092
Receivables		2,258	-	2,258	2,247	-	2,247
Other		4,930	-	4,930	2,861	-	2,861
Total Current Assets		13,658	-	13,658	9,200	-	9,200
NON-CURRENT ASSETS							
Receivables		5,128	-	5,128	5,128	-	5,128
Property, plant and equipment		24,652	-	24,652	24,652	-	24,652
Intangible assets	a,c	8,752	387	9,139	8,752	(992)	7,760
Deferred tax assets	b	-	6,984	6,984	-	6,975	6,975
Other	c	9,139	(9,139)	-	7,760	(7,760)	-
Total Non-Current Assets		47,671	(1,768)	45,903	46,292	(1,777)	44,515
TOTAL ASSETS		61,329	(1,768)	59,561	55,492	(1,777)	53,715
CURRENT LIABILITIES							
Payables		4,429	-	4,429	4,130	-	4,130
Interest bearing liabilities		8,000	-	8,000	8,000	-	8,000
Non-interest bearing liabilities		10,636	-	10,636	15,250	-	15,250
Provisions		3,946	-	3,946	3,946	-	3,946
Total Current Liabilities		27,011	-	27,011	31,326	-	31,326
NON-CURRENT LIABILITIES							
Non-interest bearing liabilities		30,328	-	30,328	30,328	-	30,328
Deferred tax liabilities	b	-	5,042	5,042	-	4,873	4,873
Provisions		1,838	-	1,838	1,753	-	1,753
Total Non-Current Liabilities		32,166	5,042	37,208	32,081	4,873	36,954
TOTAL LIABILITIES		59,177	5,042	64,219	63,407	4,873	68,280
NET ASSETS		2,152	(6,810)	(4,658)	(7,915)	(6,650)	(14,565)
EQUITY							
Retained profits	d	2,152	(6,810)	(4,658)	(7,915)	(6,650)	(14,565)
TOTAL EQUITY		2,152	(6,810)	(4,658)	(7,915)	(6,650)	(14,565)

(a) At the end of the last reporting period under previous AGAAP: 30 June 2005

	Notes	Consolidated Previous AGAAP $'000	Consolidated Effect of AIFRS $'000	Consolidated AIFRS $'000	Parent Entity Previous AGAAP $'000	Parent Entity Effect of AIFRS $'000	Parent Entity AIFRS $'000
CURRENT ASSETS							
Cash assets		17,029	-	17,029	11,072	-	11,072
Receivables	c	25,204	-	25,204	21,283	136	21,419
Total Current Assets		42,233	-	42,233	32,355	136	32,491
NON-CURRENT ASSETS							
Receivables		2,114	-	2,114	2,114	-	2,114
Financial assets	c	-	-	-	-	2,398	2,398
Property, plant and equipment	c	37,131	3,425	40,556	29,329	-	29,329
Intangible assets	a,d	8,252	(3,514)	4,738	8,252	(3,514)	4,738
Other	c	8,163	(8,163)	-	4,738	(4,738)	-
Deferred tax assets	b	-	5,534	5,534	-	5,464	5,464
Total Non-Current Assets		55,660	(2,718)	52,942	44,433	(390)	44,043
TOTAL ASSETS		97,893	(2,718)	95,175	76,788	(254)	76,534
CURRENT LIABILITIES							
Payables		25,895	-	25,895	22,374	-	22,374
Interest bearing liabilities		8,000	-	8,000	8,000	-	8,000
Non-interest bearing liabilities		13,056	-	13,056	14,027	-	14,027
Provisions		14,238	-	14,238	14,116	-	14,116
Total Current Liabilities		61,189	-	61,189	58,517	-	58,517
NON-CURRENT LIABILITIES							
Non-interest bearing liabilities		30,250	-	30,250	30,250	-	30,250
Deferred tax liabilities	b	-	4,564	4,564	-	3,861	3,861
Provisions		3,397	-	3,397	3,005	-	3,005
Total Non-Current Liabilities		33,647	4,564	38,211	33,255	3,861	37,116
TOTAL LIABILITIES		94,836	4,564	99,400	91,772	3,861	95,633
NET ASSETS		3,057	(7,282)	(4,225)	(14,984)	(4,115)	(19,099)
EQUITY							
Retained profits	e	3,057	(7,282)	(4,225)	(14,984)	(4,115)	(19,099)
TOTAL EQUITY		3,057	(7,282)	(4,225)	(14,984)	(4,115)	(19,099)

(2) Reconciliation of profit for the year ended 30 June 2005

	Notes	Consolidated Previous AGAAP $'000	Consolidated Effect of AIFRS $'000	Consolidated AIFRS $'000	Parent Entity Previous AGAAP $'000	Parent Entity Effect of AIFRS $'000	Parent Entity AIFRS $'000
Revenue from ordinary activities		62,748	-	62,748	42,393	-	42,393
Other income		-	-	-	-	237	237
Operational costs		(11,405)	-	(11,405)	(2,846)	-	(2,846)
Corporate costs		(21,281)	-	(21,281)	(19,160)	-	(19,160)
Business Development		(18,158)	-	(18,158)	(18,158)	-	(18,158)
Corporate and Community Relations		(3,386)	-	(3,386)	(3,386)	-	(3,386)
Depreciation and amortisation expenses	a	(6,805)	500	(6,305)	(5,323)	500	(4,823)
Borrowing costs expense		(808)	-	(808)	(589)	-	(589)
Profit from ordinary activities before income tax		905	500	1,405	(7,069)	737	(6,332)
Income tax expense	b	-	(972)	(972)	-	1,798	1,798
Profit from ordinary activities after income tax		905	(472)	433	(7,069)	2,535	(4,534)

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations

(a) Intangible Assets

The goodwill recognised upon the payment of an amount to the Victorian State Government to be released from the Single Purpose Entity restrictions has been derecognised on adoption of AIFRS, due to the failure to meet the criteria of an intangible asset under AASB 138. The effect on the consolidated entity and the parent is:

(i) At 1 July 2004

The intangible asset of $8,752,000 is reduced to zero. Retained earnings has reduced by this amount.

(ii) At 30 June 2005

The intangible asset of $8,252,000 is reduced to zero. Retained earnings has reduced by this amount.

(iii) For the year ended 30 June 2005

Depreciation and amortisation expense has reduced by $500,000.

(b) Deferred Tax Assets and Liabilities

Under previous AGAAP income tax expense was calculated by reference to the accounting profit after allowing for permanent differences.

Through the application of AASB 112 *Income Taxes*, income tax expense or revenue is the tax payable on taxable income based on the national income tax rate, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, in addition to unused tax losses.

Deferred income tax liabilities are provided on most temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for most deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

Entries to recognise the tax effect of timing differences as a future income tax benefit or a deferred tax liability were not recorded under AGAAP because the Group's deferred tax liabilities calculated under AGAAP were offset by tax losses. The application of AASB 112 has resulted in the recognition of significant deferred tax assets and liabilities with related adjustments to the income statement.

Where subsidiary current tax payable and deferred tax assets can be assumed by the parent entity, the parent recognises these either as an increase in subsidiary investments or adopts the deferred tax asset via income within the income statement.

The effect of these adjustments is:

(i) At 1 July 2004

The recognition of deferred tax assets for the Group of $6,984,000 and $6,975,000 for the parent entity. Retained earnings have increased by these amounts.

Recognition of deferred tax liabilities of the Group of $5,042,000 and $4,873,000 for the parent entity. Retained earnings have decreased by these amounts.

(ii) At 30 June 2005

Recognition of deferred tax assets of $5,534,000 for the Group and $5,464,000 for the parent entity. Retained earnings have increased by $10,761,000 and deferred tax assets has increased by $237,000.

An increase in financial assets (investments in subsidiaries) of $2,398,000 in the parent. Current tax assets have decreased by this amount.

The recognition of deferred tax liabilities of the Group of $4,564,000 and the parent entity of $3,861,000. Retained earnings have decreased by these amounts.

(iii) For the year ended 30 June 2005

Movements in tax deferred assets and liabilities for the period 1 July 2004 to 30 June 2005 has created an income tax expense of $972,000 for the Group and $736,000 for the parent entity.

The recognition of other income for the parent from subsidiaries' deferred tax assets of $237,000 and current tax payable from the parent's operations of $2,534,000.

(c) Non-current Assets – other

Under previous AGAAP cost associated with Project Development were classified as other non-current assets. This asset has been re-classified as either an intangible asset or property, plant and equipment depending on the nature of the project development work undertaken. The effect is:

(i) At 1 July 2004

An increase in intangible assets of $9,139,000 for the Group and $7,760,000 for the parent. Other non-current assets have decreased by these amounts.

(ii) At 30 June 2005

An increase in intangible assets of $4,738,000 for the Group and the parent and an increase in property, plant and equipment of $3,425,000 for the Group. Other non-current assets have decreased by these amounts.

(d) Retained Earnings

The effect on retained earnings of the changes set out above are as follows:

		1 July 2004		30 June 2005	
	Notes	Consolidated $'000	Parent entity $'000	Consolidated $'000	Parent entity $'000
Current receivables	b	-	-	-	136
Intangible asset	a	(8,752)	(8,752)	(8,252)	(8,252)
Financial assets	b				2,398
Deferred tax asset	b	6,984	6,975	5,534	5,464
Deferred tax liability	b	(5,042)	(4,873)	(4,564)	(3,861)
Total adjustment attributable to equity holders of the parent		(6,810)	(6,650)	(7,282)	(4,115)

In the directors' opinion:

a) The financial statements and notes set out on pages 31 to 79 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; 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; and

c) The audited remuneration disclosures set out on pages 9 to 23 of the directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

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

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

Lawrence G Cox.

Laurence G Cox
Chairman

K. Edwards

Kimberley Edwards
Managing Director

Melbourne
22 August 2006

PRICEWATERHOUSECOOPERS

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Independent audit report to the members of Transurban Limited

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the concise financial report of Transurban Limited (the Company) for the financial year ended 30 June 2006 included on Transurban Limited's web site. The Company's directors are responsible for the integrity of the Transurban Limited website. We have not been engaged to report on the integrity of this web site. The audit report refers only to the concise financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the concise financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited concise financial report to confirm the information included in the audited concise financial report presented on this web site.

Audit opinion

In our opinion, the concise financial report of Transurban Limited for the year ended 30 June 2006 complies with Australian Accounting Standard AASB 1039: *Concise Financial Reports*.

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

Scope

The concise financial report and directors' responsibility

The concise financial report comprises the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity, notes to the financial statements, and the directors' declaration for Transurban Limited (the Company) for the year ended 30 June 2006.

The directors of the Company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: *Concise Financial Reports*.

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Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it 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 concise 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. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

We also performed an independent audit of the full financial report of the Company for the financial year ended 30 June 2006. Our audit report on the full financial report was signed on 22 August 2006, and was not subject to any qualification.

In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: *Concise Financial Reports.*

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

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, and other disclosures in the concise financial report which were not directly derived from the full financial report.

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

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
22 August 2006