CREATING VALUE

Financial Statements 2007

FINANCIALS

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CORPORATE GOVERNANCE

> Transurban's Board of Directors

David Ryan AO

Chairman

Kimberley Edwards

Managing Director

Geoffrey O Cosgriff

Jeremy G A Davis

Susan M Oliver

Christopher J S Renwick AM

Transurban Group's corporate governance framework substantially complies with the Principles and Best Practice Recommendations of the Corporate Governance Council of the Australian Stock Exchange. See page 7 for a list of the 10 core principles.

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

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

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

Day-to-day management of the Group's affairs and the implementation of strategic and policy decisions made by the Board have been formally delegated to the Managing Director and senior executives. These delegations are reviewed regularly.

Board of Directors

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

Board Responsibilities
(Principal 1, Recommendation 1.1)

The Board has delegated some of its responsibilities to executive management, particularly day-to-day operations of the Group.

The following responsibilities have been retained by the Board:

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

Board Composition

The entity's constitution allows a maximum of 12 directors. Currently, the Board has set a minimum number of three directors and a maximum of eight.

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

Board Members

Board member details—their experience, expertise, qualifications, term of office and independence—are set out in the Directors' Report under the Information on Directors section (see page 16).

Directors' Independence
Principal 2, Recommendation 2.1)

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

In considering potential conflicts of interest, the Board looks at a director's business or other relationships. The Board believes it is inappropriate to decide if a conflict exists solely on the basis of arbitrary dollar, profit or turnover percentage tests. Instead, the Board seeks to determine whether the director is generally free of any interest and any business or other relationship which could materially interfere with the director's ability to act in the best interests of the Group.

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

Conflicts of Interest
(Principle 2, Recommendation 2.1)

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

CORPORATE GOVERNANCE

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

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

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

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

Further information is set out in the Board Charter.

Roles of the Chairman and Managing Director
(Principle 2, Recommendation 2.2 and 2.3)

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

The Managing Director is the Chief Executive Officer of the entity and is responsible to the Board for implementation of strategies and policies determined by the Board.

The roles of Chairman and Managing Director are undertaken by separate people.

Commitment
(Principle 2, Recommendation 2.5)

Board meetings of Transurban Holdings Limited and Transurban Infarstructure Management Limited as Responsible entity of the Transurban Holdings Trust are held concurrently. The Board meetings of Transurban International Limited are held quarterly. The number of meetings held by the Boards of each individual entity and by Board committees is disclosed in the Directors' Report (see page 18).

The number of meetings of the Boards and of Board committees attended by each director is also disclosed in the Directors' Report (see page 19).

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

Independent External Advice
(Principle 2, Recommendation 2.5)

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

A copy of the advice obtained must be provided to the relevant Board.

Performance Assessment
(Principle 8, Recommendation 8.1)

Each year, the following reviews of performance are undertaken:

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

Induction and Training
(Principle 1, Recommendation 1.1)

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

Certification of Financial Reports and Risk Management Systems
(Principle 4, Recommendation 4.1)
(Principle 7, Recommendation 7.2)

The Managing Director and the Chief Finance Officer have provided certifications to the Board in connection with the financial statements for the Group and the individual entities comprising the Group for the year ended 30 June 2007. A summary of the certifications follows:

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

Board Committees
(Principle 4, Recommendation 4.4)

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

- Audit Committee
- Risk Committee
- Corporate Social Responsibility (CSR) Committee, and
- Nomination and Remuneration Committee.

Each of these committees has a charter which can be accessed under the Corporate Governance section of the Group's website.

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

Each Committee operates under a Committee Charter, approved by the Board, which sets out the authority, membership and responsibilities of the committee, together with any relevant administrative arrangements and any other matters considered appropriate by the Board.

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

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

Audit Committee
(Principle 4, Recommendation 4.2, 4.3 and 4.5)

The Audit Committee consisted of the following non-executive directors for the year ended 30 June 2007:

- David J Ryan (Chairman)
- Peter C Byers (resigned 23 October 2006)
- Laurence G Cox (resigned 28 February 2007), and
- Jeremy G A Davis.

The qualifications of these directors and their attendance records at meetings of the Committee are set out in the Directors' Report (see page 19).

All members of the Audit Committee have appropriate financial expertise and an appropriate understanding of the industry in which the Group operates.

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

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

In discharging this responsibility, the committee:

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

Risk Committee

The Risk Committee consisted of the following directors for the year ended 30 June 2007:

- Susan M Oliver (Chairman)
- Geoff O Cosgriff
- Christopher J S Renwick, and
- David J Ryan.

The qualifications of these directors and their attendance records at meetings of the Committee are set out in the Directors' Report (see page 19). The primary responsibility of the Committee is to assist the Board in assuring the Group manages risk in accordance with its Risk Management Policy and Standards, by providing:

- governance
- oversight, and
- strategic direction.

After notifying the Board or the Chairman of the Board and the Managing Director, the committee can:

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

CSR Committee

The CSR Committee consisted of the following directors for the year ended 30 June 2007:

- Susan M Oliver (Chairman), and
- Christopher J S Renwick.

The qualifications of these directors and their attendance records at meetings of the CSR Committee are set out in the Directors' Report (see page 19).

Independent stakeholder members are appointed to the Committee to provide specialist external advice and input into the Group's CSR program.

Senior employees in roles of responsibility in relation to the Group's CSR program have also been appointed to the Committee.

The CSR Committee's responsibility is to assist the Board to develop initiatives and a forward program for continuous improvement in the Group's CSR commitments.

Nomination and Remuneration Committee
(Principle 2, Recommendation 2.4)
(Principle 9, Recommendation 9.1, 9.2, 9.3, 9.4 and 9.5)

The Nomination and Remuneration Committee consisted of the following non-executive directors for the year ended 30 June 2007:

- Laurence G Cox (Chairman until resignation on 28 February 2007)
- Geoff O Cosgriff (Chairman from 28 February 2007), and
- Jeremy G A Davis.

The qualifications of these directors and their attendance records at meetings of the Committee are set out in the Directors' Report (see page 19). The primary responsibilities of the Committee are to provide advice to the Board on the appointment of new directors, the measurement of Board performance and the remuneration of directors and senior executives.

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In discharging this responsibility, the Committee:

- makes recommendations on the size and composition of the Board and on procedures for identifying and screening candidates for appointment to the Board
- implements these identification and screening procedures when required
- reviews at least annually the time commitments of non-executive directors to provide a basis for assessing whether candidates for appointment as directors can meet them, having regard to their other commitments
- develops and oversees an orientation and education program for new directors
- makes recommendations regarding succession plans for the Board,
- recommends processes for the review of the performance of individual directors and the Board as a whole, and
- makes recommendations in relation to the Group's remuneration policies and practices for directors and employees. To assist in making these recommendations, the Committee consults external remuneration consultants as necessary.

The remuneration of non-executive directors consists entirely of directors' fees and committee fees. A summary of the Group's remuneration policy is available on the Group's website. Further information on directors' and executives' remuneration is provided in the Remuneration Report, part of the Directors' Report (see page 20).

External Auditors
(Principle 4, Recommendation 4.5)

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

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

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

Details of the fees paid to the external auditors, including a breakdown of fees paid for non-audit services, are set out in the Directors' Report (see pages 31-32).

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

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

Risk Assessment and Management
(Principle 7, Recommendation 7.1 and 7.3)

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

A copy of the Risk Management Policy is available on the Group's website.

The Risk Committee is supported by the Risk Management Group, which consists of senior executives and is chaired by the Group General Manager Risk Management. Key responsibilities of the Risk Management Group are:

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

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

Information on the Group's compliance with the environmental regulation to which it is subject is set out in the Directors' Report (see page 15).

Code of Conduct
(Principle 3, Recommendation 3.1, 3.2 and 3.3)
(Principle 10, Recommendation 10.1)

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

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

In summary, the Code requires that all employees act with integrity, fairness and respect for others and in compliance with the letter and spirit of all relevant laws and Group policies. The Code is available on the Group's website.

The Code specifies the procedures for dealing by directors and employees in securities issued by the Group, and securities of entities with whom the Group has an existing or potential business relationship. Dealing in Transurban stapled securities is only permitted during the 20 business day periods following the release of the annual and half year results to the ASX and following the AGM.

Employees and directors are required to notify the Company Secretary in advance of any proposed transactions in Transurban stapled securities and in the securities of other entities specified from time to time under the policy. A summary of the Dealing in Securities Policy is available on the Group's website.

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

The directors are satisfied that during the year ended 30 June 2007 the Group has complied with the requirements of the Code, including the securities dealing policy.

Continuous Disclosure and Shareholder Communication
(Principle 5, Recommendation 5.1 and 5.2)
(Principle 6, Recommendation 6.1)

The Board's policy on information disclosure covers:

– continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of Transurban stapled securities or CARS, and

– arrangements to promote communication with security holders.

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

The Company Secretary is the person with primary responsibility for operation of the Continuous Disclosure Policy and for all communication with the ASX related to the continuous disclosure obligations of Group entities.

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

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

Australian equivalents to International Financial Reporting Standards

The financial statements for the year ended 30 June 2007 have been prepared in accordance with AIFRS and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

ASX Corporate Governance Council Principles of Good Corporate Governance
Principle 1 Lay solid foundations for management and oversight
Principle 2 Structure the board to add value
Principle 3 Promote ethical and responsible decision making
Principle 4 Safeguard integrity in financial reporting
Principle 5 Make timely and balanced disclosure
Principle 6 Respect the rights of shareholders
Principle 7 Recognise and manage risk
Principle 8 Encourage enhanced performance
Principle 9 Remunerate fairly and responsibly
Principle 10 Recognise the legitimate interests of stakeholders

More information

More information can be found in the Corporate Governance section of the Group's website (www.transurban.com). The following material is available:

– Board Charter
– Nomination and Remuneration Committee Charter
– Audit Committee Charter
– Remuneration Policy
– Code of Conduct
– Dealing in Securities Policy
– Continuous Disclosure Policy
– Security Holder Communication Strategy
– Risk Management Policy
– Risk Committee Charter, and
– Corporate Social Responsibility (CSR) Committee Charter.

FINANCIALS

Transurban Group

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

For the year ended 30 June 2007

Contents

Directors' report

Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2007. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

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

The full financial report and auditor's report will be sent to members on request, free of charge. You can access both the full financial report and the concise report under the Investors Section of the Transurban website (www.transurban.com). Alternatively you can call 1300 360 146 (free call) and a copy will be forwarded to you.

Directors' report

The directors of Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited as Responsible Entity for Transurban Holding Trust present their report on the Transurban Group for the year ended 30 June 2007.

Group accounts

These group accounts have been prepared as an aggregation of the financial statements of Transurban Holdings Limited and controlled entities (THL), Transurban Holding Trust and controlled entities (THT), and Transurban International Limited and controlled entities (TIL) as if all entities operate together. They are therefore treated as a combined entity ('the combined entity' or 'Group'), notwithstanding that none of the entities control any of the others.

The financial statements have been aggregated in recognition of the fact that the securities issued by THL, THT and TIL are stapled into parcels ('Stapled Securities'), comprising one share in THL, one share in TIL and one unit in THT. None of the components of the stapled security can be traded separately

Prior to 3 January 2007, stapled securities comprised one share in THL, one unit in THT and one share in Transurban Limited (TL). On 3 January 2007 the composition of the stapled security was restructured, as approved by security holders at the Group's Annual General Meeting (AGM) on 23 October 2006. The restructure involved the removal of shares in TL from the triple stapled security, and such shares being replaced by shares in TIL. As such, comparative information for the 2006 financial year relates to the aggregation of THL, THT and TL.

Directors

With the exception of the changes noted below, the following persons were directors of THL and Transurban Infrastructure Management Limited (TIML) during the whole of the financial year and up to the date of this report. In addition, with the exception of the changes noted below, the following persons were directors of TIL from 18 September 2006 and up to the date of this report. Further, with the exception of the changes noted below, the following persons were directors of Transurban Limited from 1 July 2006 until Transurban Limited ceased to be part of the triple stapled security on 3 January 2007.

	Transurban Holdings Limited	Transurban Infrastructure Management Limited	Transurban International Limited	Transurban Limited
Non-executive directors				
David J Ryan AO [1]	✓	✓	✓	✓
Laurence G Cox AO [2]	✓	✓	✓	✓
Peter C Byers [3]	✓	✓		✓
Geoffrey O Cosgriff	✓	✓		✓
Jeremy G A Davis	✓	✓		✓
Susan M Oliver	✓	✓		✓
Christopher J S Renwick AM	✓	✓		✓
James Keyes [4]			✓	
Jennifer Eve [4]			✓	
Executive directors				
Kimberley Edwards	✓	✓	✓	✓

(1) David J Ryan was appointed as a non-executive director of TIL on 28 February 2007, and elected as Chairman of THL, TIL and TIML on 28 February 2007 following Mr Cox's resignation as Chairman.

(2) Laurence G Cox was Chairman and a non-executive director of THL and TIML from the beginning of the financial period until his resignation on 28 February 2007, and Chairman and non-executive director of TL from the beginning of the period until 3 January 2007. Mr Cox was also Chairman and a non-executive director of TIL from 18 September 2006 until his resignation on 28 February 2007.

(3) Peter C Byers was a non-executive director of THL, TIML and TL from the beginning of the financial period until his retirement on 23 October 2006.

(4) James Keyes and Jennifer Eve were appointed non-executive directors on 18 September 2006 and continue in office at the date of this report.

Principal activities

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

Operation of CityLink, Hills M2 and the Pocahontas Parkway

(a) Provision of the tolling and customer management system for Westlink M7

(b) Tendering for participation in and/or acquisition of other toll roads

(c) Development of electronic tolling and other intelligent transport systems for implementation in both domestic and international markets, and

(d) Identification and development of infrastructure projects in accordance with the investment strategies of Transurban Group entities.

The following significant changes in the nature of the activities of the Group occurred during the year:

(a) New activity resulting from the acquisition of Sydney Roads Group.

Results

The result of operations for the financial year ended 30 June 2007 was an operating loss of $152.2 million (2006: $60.9 million).

Distributions

Distributions paid to members during the financial year are outlined in the table below:

Review of operations

(a) CityLink (Melbourne)

Traffic volume for the year ended 30 June 2007 exceeded 241.0 million transactions, representing a 3.1 per cent increase on the prior corresponding period. The growth in transaction volume combined with the toll escalation as provided for in the Concession Deed, resulted in toll and fee revenue of (net of GST) $331.5 million, an increase of 8.8 per cent over the prior year.

Key outcomes for the year ended 30 June 2007 include:

- A new daily record of 843,067 transactions was achieved on 8 December 2006.
- Increased traffic volumes on Western Link associated with the opening of the inbound and outbound section of the Tullamarine/Calder Freeway Interchange upgrade project. The inbound section was opened on 8 October 2006 with the outbound section subsequently opening on 25 February 2007.
- An increase in toll prices for taxi travel on 1 January 2007. This is the first stage of agreed pricing for calendar years 2007 and 2008.
- Customer account numbers continue to grow. As at 30 June 2007 there were 808,000 accounts (including 98,000 Access accounts) an increase of 5.8 per cent over the previous year. There are 1,097,000 e-TAGs linked to e-TAG accounts.
- CityLink achieved all of its customer service performance requirements with respect to the CityLink Customer Charter.
- A multi-vehicle crash and consequent fire in the Burnley Tunnel on 23 March 2007 forced the closure of both the Burnley and Domain tunnels to allow for the safe evacuation of more than 400 people. The Domain Tunnel reopened later that day and after four days of repairs and testing the Burnley Tunnel was reopened. A coronial investigation has begun and the State Government has foreshadowed a road rule change banning lane changing in any Victorian tunnels.

	2007 $'000	2006 $'000
Distributions proposed		
Final distribution payable and recognised as a liability: 27.5 cents (2006: 25.5 cents) per fully paid stapled security payable 27 August 2007	**294,744**	207,422
Distributions paid during the year		
Final distribution for 2006 financial year of 25.5 cents (2005: 18.0 cents) per fully paid stapled security paid 25 August 2006	**207,422**	142,443
Interim distribution for 2007 financial year of 26.5 cents (2006: 24.5 cents) per fully paid stapled security paid 28 February 2007	**220,989**	194,188
Total distributions paid	**428,411**	336,631
Distributions paid in cash or satisfied by the issue of stapled securities under the distribution reinvestment plan during the years ended 30 June 2007 and 30 June 2006		
Paid in cash	**197,408**	243,240
Executive loans - repayments	**1,230**	352
Satisfied by issue of stapled securities	**229,756**	93,007
Funds available for future distribution reinvestment plans	**17**	32
Total distributions paid	**428,411**	336,631

(b) Hills M2 (Sydney)

During the year, the Hills M2 celebrated its tenth anniversary after opening to traffic in May 1997.

Traffic volume for the year ended 30 June 2007 was 32.2 million transactions representing a growth of 7.5 per cent over the prior year. A new daily record of 114,880 trips occurred on 5 April 2007 with annual average daily traffic (AADT) for the year ended 30 June 2007 increasing to 88,389 vehicles from 82,186 in the previous year.

The introduction of Electronic Toll Collection (ETC) express lanes in February 2006 and the opening of the Lane Cove Tunnel (LCT) in March 2007 have contributed to an increase in electronic tolling transactions from 80.0 per cent in 2006 to 89.0 per cent for the current period.

Toll revenue for the year was $112.0 million, an increase of 16.9 per cent over the previous year. Toll revenue was assisted by:

- An increase in toll price for heavy vehicles at North Ryde toll point on 1 July 2006, the first price increase since April 2005
- An increase in toll price for cars at North Ryde toll point on 1 October 2006, the first price increase since July 2003
- An increase in toll price for heavy vehicles at the Pennant Hills toll point on 1 January 2007, the first price increase since July 2004
- Increased traffic due to continued growth on Westlink M7 toll road, and
- Opening of the Lane Cove Tunnel on 25 March 2007.

During the year Transurban alleviated a key congestion point on the Hills M2 when the New South Wales Roads and Traffic Authority (RTA) approved the opening of an interim third lane. The third lane, which is located on the westbound carriageway between Lane Cove Road and Beecroft Road has reduced the congestion during the afternoon peak period and improved traffic flow from the LCT. Construction was completed in late March 2007.

(c) Westlink M7 (Sydney)

Westlink M7 has continued to steadily build patronage throughout the year following its opening in December 2005. The average daily trips for the quarter ended 30 June 2007 increased by 16.8 per cent over the corresponding period last year. Revenue on Westlink M7 was $146.5 million (including GST) for the year ended 30 June 2007.

Transurban increased its equity interest from 45.0 per cent to 47.5 per cent in Westlink M7 during the period by exercising a portion of its share in pre-emptive rights over Abigroup Limited's 5.0 per cent holding in the motorway. Transurban and Macquarie Infrastructure Group have equal pre-emptive rights over the remaining 5.0 per cent held by Leighton Holdings Limited.

(d) Roam Tolling Pty Ltd

This financial year was the first full year of operations for Roam Tolling which operates the Roam brand and is responsible for the provision of tolling and customer service responsibilities for Westlink M7.

Customer account numbers have continued to grow. At 30 June 2007 there are 146,000 e-TAG accounts and 34,000 e-PASS accounts, representing annual increases of 38.0 per cent and 77.0 per cent, respectively. Nearly 52,000 e-TAGs were issued to customers during the year and the number of vehicles registered with Roam has increased by 46.0 per cent to 303,000. In the last 12 months there have been 305,000 visitors' e-PASS accounts opened for temporary use of the motorway.

Roam achieved all of its customer service performance requirements with respect to the Roam Customer Charter.

(e) Tollaust Pty Ltd

Tollaust is the operator of Hills M2 and performs operations and maintenance activities. In addition Tollaust operates the Roam Express tolling brand. Its customer base has continued to grow with 63,000 accounts and 99,000 Roam Express tags in circulation at 30 June 2007.

Roam Express tag transaction volume for the year ended 30 June 2007 exceeded 16.5 million, representing a 24.0 per cent increase on the previous year.

In conjunction with the March opening of Lane Cove Tunnel, Roam Express successfully launched their visitor e-PASS product for motorists without an e-TAG and established themselves as the preferred tag supplier for the tunnel. The visitor e-Pass is also operating on Hills M2 with other Sydney roads due to follow shortly.

(f) Pocahontas Parkway (Virginia US)

The Pocahontas Parkway celebrated its first anniversary of operations as a Transurban Group asset on 29 June 2007.

Traffic increased during the year by 3.1 per cent to 6.0 million transactions. Toll revenue increased by 8.7 per cent to USD$12.8 million and a new daily record of 22,192 transactions was achieved on 6 June 2007.

Despite lower than expected traffic performance during the first half of the year due primarily to record high fuel prices in the US, traffic has steadily grown throughout the year. Recent performance has been strong with the June 2007 quarter recording year on year traffic growth of 7.1 per cent.

(g) Sydney Roads Group (SRG)

Transurban achieved effective control of the SRG on 11 April 2007. As a result of the acquisition Transurban holds investments in the Airport Motorway Limited (M1), Interlink Roads Limited (M5) and Statewide Roads Limited (M4 Motorway) in Sydney.

(i) M1 (Eastern Distributor) – Airport Motorway Limited

The Eastern Distributor (ED) is a 6-kilometre motorway linking the Sydney Central Business District with the Airport and connects directly with the Cross City Tunnel, Sydney Harbour Tunnel and the Sydney Harbour Bridge. It features a 1.7 kilometre tunnel running from Woolloomooloo to Surrey Hills. The ED tolls all northbound traffic, with toll plazas at Woolloomooloo and the William Street exit.

Transaction volume for the year ended 30 June 2007 was 16.6 million, representing a 2.8 per cent increase on the prior year. AADT for the quarter ended 30 June 2007 was 46,076 transactions (51,824 for weekdays).

Toll revenue (net of GST) for the year ended 30 June 2007 was $69.9 million, a 5.7 per cent increase over the previous year.

(ii) M4 – Statewide Roads Limited

The M4 is a 50 kilometre motorway which extends from Concord/North Strathfield to Lapstone in the west of Sydney. Statewide Roads Ltd (SWR) operates and maintains two sections of the motorway being a 2.5 kilometre section between Silverwater Road and James Ruse Drive at Auburn, and a 10 kilometre section between May's Hill and Prospect. SWR operates and maintains these sections in accordance with a concession arrangement with the NSW Roads and Traffic Authority (RTA) which expires in February 2010. The remainder of the M4 is operated by the RTA.

SWR also has a separate concession for a service centre which is located between the Westlink M7/M4 Light Horse interchange and Reservoir Road. This concession is in place until 2017.

Transaction volume for the year ended 30 June 2007 was 39.1 million, representing a 2.3 per cent increase on the prior year. AAD for the quarter ended 30 June 2007 was 106,938 (117,925 for weekdays).

Toll revenue (net of GST) for the year ended 30 June 2007 was $85.5 million, an increase of 2.3 per cent over the previous year.

(iii) M5 – Interlink Roads Limited

The M5 is a transit corridor spanning 22 kilometres of Sydney's south west from Casula to Beverly Hills near King Georges Road. The M5 links the M5 East Motorway which is owned and managed by the RTA from King Georges Road to Sydney Airport.

Transaction volume for the year ended 30 June 2007 was 41.0 million, representing a 2.7 per cent increase over the prior year with transactions associated with trucks increasing by 14.0 per cent. AADT for the quarter ended 30 June 2007 was 111,684 (121,359 for weekdays).

Toll revenue (net of GST) for the year ended 30 June 2007 was $148.8 million, an increase of 15.0 per cent over the previous year.

E-way

E-way is Interlink's customer management business that issues tags for M5, M1 and M4.

E-way continues to grow strongly with approximately 4,000 new tags issued and 1,500 new accounts opened per month during 2007. It now has more than 441,000 tags associated with 267,000 accounts.

(h) Business development

During the period the Transurban Group continued to pursue new business development opportunities in both the Australian and International markets. Achievements and developments during the year include:

i) I-495/Capital Beltway Project (Virginia, US)

Transurban 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 (I-495) in Northern Virginia, US.

The Transurban-Fluor team signed a development agreement with the Virginia Department of Transportation (VDOT) in 2005 The project has achieved environmental approvals and is currently in the process of negotiating a concession agreement. In the event that financial close is achieved, Transurban will act as both an investor and tolling operator of the HOT lanes.

Once operational, Transurban will be responsible for managing the tolling, and long-term operations and maintenance.

ii) I-95/395 Virginia Project (Virginia, US)

In October 2006, the Transurban-Fluor Enterprises consortium signed a development agreement with VDOT to progress with the development of the 94 kilometre HOV/Bus/HOT lane project in Northern Virginia. The development includes preliminary engineering work and detailed design and feasibility studies. A final agreement will be signed with VDOT once federal environmental approvals have been obtained and financial feasibility has been established.

Once operational, Transurban will be responsible for managing the tolling, and long-term operations and maintenance.

iii) Richmond Airport Connector (Virginia, US)

The Richmond Airport Connector Road (RAC) is 2.5 kilometres in length, connecting the Pocahontas Parkway (Route 895) to Charles City Road and Airport Drive at the Richmond International Airport in Virginia. The RAC will provide a more direct route to the airport for residents and business to the east and south-east of Richmond.

Transurban agreed to undertake the construction of the ACR, as part of the Amended and Restated Comprehensive Agreement (ARCA) with VDOT, subject to successfully gaining Federal Transportation Infrastructure Finance Innovation Act funding which was approved on 12 June 2007. Transurban's financial commitment to construct the ACR is capped at US$45.2 million. Costs in excess of the cap are the responsibility of VDOT.

The ACR will be operated as a toll road and upon completion Transurban will be the sole Manager/Operator of the road. Construction is expected to commence in early 2008 with completion scheduled for early 2010.

iv) Highway 1 and Port Mann Bridge – Vancouver, Canada

Transurban is partnering with Bilfinger Berger BOT Inc. to prepare a bid for the Port Mann/Highway 1 Project in Vancouver, Canada.The Port Mann/ Highway 1 Project will be a fully electronic toll road that comprises the replacement of the Port Mann Bridge, the widening of Highway 1 from two to four lanes over 37 kilometres and the upgrading of major interchanges. It will be undertaken as a public-private partnership by the British Columbia Ministry of Transportation with assistance from Partnerships British Columbia.

Transurban was advised in August 2007 that it has been short - listed with other two parties. In the event that Transurban is successful in securing the project, Transurban will act as both an investor and operator of the project.

v) Monash–CityLink–West Gate improvement project

Transurban reached agreement with the State of Victoria ("the State") and VicRoads to jointly fund upgrades and improvements to 75 kilometres of the Monash-CityLink-West Gate Freeway corridor. The CityLink component of the upgrade, estimated to cost $166.0 million over a three year construction period, will be funded by Transurban with the State funding the non-CityLink works.

The agreement includes the assignment of all remaining and future concession note liabilities incurred under the provisions of the CityLink Concession Deed to Transurban from the State for a deferred consideration of $614.0 million. Revenue associated with the development will be shared between Transurban and the State once Transurban has fully recovered its capital cost and any lost revenue from the construction phase of the CityLink upgrades.

Transurban has entered into an Alliance contract with Abigroup Contractors and Maunsell Australia to design and construct the upgrade of the CityLink Southern Link section. Detailed investigation and design has been undertaken to enable construction to commence in September 2007 with completion expected in mid 2009.

The State has entered into Alliance contracts for the West Gate and Monash Freeway upgrades and is currently undertaking design to enable the commencement of construction in September 2007.

Transurban and the State are working together to coordinate the works across the project in an attempt to manage the time and cost of construction whilst minimising traffic disruption and the impact on stakeholders.

vi) Additional Investment in Westlink M7

On 29 September 2006, Transurban completed its acquisition of an additional 2.5 per cent equity interest in Westlink M7. The acquisition involved Transurban exercising its pre-emptive rights following Abigroup Limited's decision to sell its interest.

Transurban now has a 47.5 per cent interest in Westlink M7 with itself and Macquarie Infrastructure Group having equal pre-emptive rights over the remaining 5.0 per cent held by Leighton Holdings Limited.

vii) Sydney Roads Group Merger

Transurban achieved effective control of the Sydney Roads Group ("SRG") on 11 April 2007. As a result of the acquisition Transurban holds investments in the Eastern Distributor (M1), Interlink Roads Limited (M5) and Statewide Roads Limited (M4 Motorway) in New South Wales.

The net contribution of SRG to the Transurban result was a loss of $18.9 million. The result represents SRG operational contribution from the date of control 11 April 2007 to 30 June 2007. Included in this result is additional depreciation of $18.1 million on the increase of the fair value of assets and liabilities acquired. Excluding the effect of the additional depreciation, the SRG contribution for the period was a loss of $0.8 million.

Significant changes in the state of affairs

(a) Additional Investment in Westlink M7

Refer to item (h) (vi) of Review of Operations

(b) Sydney Roads Group Merger

Refer to item (h) (vii) of Review of Operations

(c) Income tax

On 20 July 2006, the High Court of Australia ruled in favour of Transurban in relation to the tax deductibility of the concession fees Transurban pays to the State of Victoria under the Melbourne CityLink Concession Deed. The case was heard by the High Court of Australia after the Australian Taxation Office appealed the unanimous judgement of the Full Court of the Federal Court in October 2004.

The High Court awarded the costs of the legal action to Transurban.

(d) Transurban Group restructure

At the Annual General Meeting on 23 October 2006, Transurban's directors received approval from security holders to implement a change to the Transurban Group's stapled security Structure (one share in Transurban Holdings Limited, one unit in Transurban Holding Trust and one share in Transurban Limited). The restructure which occurred on 3 January 2007 involved the destapling of shares in Transurban Limited from the structure of the triple stapled security and replaced such shares with shares in Transurban International Limited.

At the completion of the restructure, Transurban Limited became a wholly-owned subsidiary of Transurban Holdings Limited and Transurban International Limited, a new Bermuda exempted mutual fund company, replaced Transurban Limited as a part of the triple stapled security.

The introduction of the new structure creates a more efficient vehicle for which investments in international assets can be made and allows for security holder distributions from these investments to be executed in a timely and efficient manner.

(e) Refinancing

During the year Transurban refinanced short term debt facilities through the following debt issues:

- A US private placement of US$350.0 million on 14 November 2006. Proceeds of the placement have been applied to the USD Bridge Facility and Working Capital Facilities. The placement consisted of four tranches with tenures of 10, 12, 15 and 20 years respectively and is capital accretive for 5 years.
- A$300 million non-credit wrapped bond issue in September 2006 to refinance existing Working Capital Facilities. The issue consisted of two tranches of fixed and floating rate bonds with terms of 5 years.

(f) Maturity of infrastructure loan and note facilities

In April 2007, Infrastructure Loan and Note Facilities totalling $1.2 billion were repaid using the cash collateral amounts held on deposit with Macquarie Bank.

These facilities were drawn during the construction of CityLink and were certified by the Development Allowance Authority to qualify for concessional tax treatment under Division 16L of the Income Tax Legislation. The maturity of these facilities and the loss of the cash collateral have resulted in a loss of future interest revenue (2007: $110.8 million) and a saving in interest expense (2007: $77.5 million).

(g) Conversion of Convertible Adjusting Rate Securities

Under the terms of the CARS prospectus, unit holders were eligible to convert their CARS units into Transurban triple stapled securities ("Transurban securities") at any time after the second anniversary of the issue date (14 April 2005). Transurban was also entitled to exchange up to 50 per cent of each Holder's CARS units for Transurban securities at any time on or after the third anniversary of the issue date (14 April 2006). Transurban could also demand Holders to exchange their CARS for Transurban securities on a Reset Date, the first of which was 14 April 2007.

During the year, in accordance with the rights of both CARS holders and Transurban, all remaining CARS units were converted into 65.4 million Transurban securities.

(h) The Transportation Infrastructure Finance and Innovation Act funding

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) established a federal credit program under which the US Department of Transportation (USDOT) may provide Federal credit assistance to major transportation investments of critical or national significance.

On 12 June 2007 USDOT Credit Council approved Transurban's TIFIA application for US$150.0 million. The funds are to be used to repay US$95.2 million of Senior Debt, to finance the Richmond Airport Connector (refer item (h) (iii) of Review of Operations) and an upgrade of the electronic tolling system on the Pocahontas Parkway asset.

The TIFIA debt facility is long term funding (35 years) which offers a five year period of capitalised interest and a fixed interest rate representing one basis point above Government Bonds with similar maturity as published by the United States Treasury Bureau of Public Debt's.

Matters subsequent to the end of the financial year

(a) Refinance

Transurban raised AUD$600 million in the bank debt market in August 2007. Funds raised were used to refinance short term bank facilities including the Securitisation Facilities associated with toll roads M1 and M5.

(b) Strategic investment in the ConnectEast Group

On 7 August 2007, Transurban announced that it has an economic interest in 6.28 per cent of the ConnectEast Group. The economic interest is held via cash-settled equity swaps (4.36 per cent) and a direct holding (1.92 per cent).

Transurban's total economic interest exceeded 5.0 per cent on 3 August 2007 after an acquisition of ConnectEast securities on market.

The investment is a strategic stake and Transurban has no current intention of making a takeover offer for the ConnectEast Group.

(c) First stage closure of DRIVe

Transurban DRIVe Holdings LLC is an unlisted co-investment vehicle which will invest in existing and new toll road and similar or related opportunities in North America. On 21 August 2007, Transurban completed the first contractual closure of DRIVe. Transurban's initial interest will be 75 per cent with Capital Partners taking 25 per cent. As a result of this transaction the Pocahontas Parkway will be sold into Transurban DRIVe Holdings LLC for US$236.0 million.

(d) TIFIA Loan for Pocahontas Parkway, US

On 20 August 2007, Transurban received US$97.8 million to allow for the refinance of existing debt. Refer to Significant Changes in the State of Affairs in (h).

Likely developments and expected results of operations

Likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

CityLink

CityLink Melbourne Limited is subject to regulation by the Environment Protection Act (1970) administered by the Victorian Environmental Protection Authority (EPA). The EPA currently regulates:

- discharges from the tunnel ventilation system and management of in-tunnel air quality
- management of discharges of treated groundwater to the Yarra River, and
- management of the groundwater recharge system.

TransLink Operations (TLO) holds EPA Waste Discharge Licence EA41502. This specifies limits on the discharge of carbon monoxide, nitrogen dioxide and particulate matter as PM10 and PM2.5 from the tunnel ventilation system and imposes requirements to monitor these emissions. The licence also includes limits on the concentration of carbon monoxide within the tunnel and requires this to be monitored continuously.

This monitoring is undertaken by several specialist organisations under the supervision of the CityLink operator, Translink Operations Pty Ltd. The monitoring organisations are certified by the National Association of Testing Authorities. Monitoring verifies that emission levels are well below the maximum levels specified in the Waste Discharge Licence.

Following discussions with the Environmental Management Committee which includes representatives from CityLink, Translink Operations, EPA Victoria, local councils and community representatives, Translink Operations sought an amendment to the Waste Discharge Licence. Accordingly, on 7 June 2005, EPA Victoria issued an amended Waste Discharge Licence (Licence EA41502) which materially altered the licence conditions. Under the amended licence, CityLink is no longer required to monitor ambient air quality in vicinity of the tunnel ventilation stacks. Monitoring of emissions within the tunnels and from the ventilation stacks continue unchanged.

In November 2002, Transurban commissioned a Groundwater Reuse Facility that is designed to treat groundwater that flows into the Burnley and Domain Tunnels and re-inject it into the aquifers along the alignment of the tunnels. As part of the management regime for this facility, EPA Victoria issued a Pollution Abatement Notice (PAN) to CityLink Melbourne Limited. This PAN requires groundwater quality to be monitored and reported. To date there have been no groundwater quality issues detected.

CityLink Melbourne Limited also holds a trade waste agreement with City West Water Limited. This agreement regulates the discharge to sewer of backwash water from the filtration system of the Groundwater Reuse Facility.

As TransLink Operations are responsible for the management of all hazardous spills, EPA Victoria also issued a PAN to TransLink Operations in relation to discharge of tunnel water to the Yarra River. This PAN ensures that TLO only discharge treated groundwater from the tunnels to the Yarra River.

In addition to the above environmental regulations, the PS&TR imposes a range of additional environmental requirements on CityLink. These include additional air quality requirements to be met within the tunnels, including oxides of nitrogen and visibility, and noise requirements on the open road system.

Hill M2

Hills Motorway Limited is subject to environmental regulation in respect to:

- discharge of stormwater runoff from the M2 Motorway into the Lane Cove River, and
- Carbon-Monoxide levels within the M2 tunnels.

Monitoring of these parameters indicates that environmental requirements have been satisfied.

Westlink M7

Westlink M7 operations are not subject to any special environmental regulation apart from that which would apply to any other road or development of a similar nature except where protection for sensitive areas and specified trees that are endangered sites used by bats for roosting.

Pocahontas Parkway

Pocahontas environmental responsibilities with respect to general Operations and Maintenance fall into the following categories:

- Protection of natural resources
- Noise control
- Water quality
- Air quality
- Dust control, and
- Threatened and endangered species.

There are no special environmental issues existing on Pocahontas Parkway except for the existence of several buried pipelines associated with the Dupont Spruance Chemical facility located at the western end of the parkway near the James River. Pocahontas's obligations in relation to these pipelines are:

- to ensure due care is taken when undertaking works and excavations in the vicinity of the pipelines, and
- monitor groundwater in the vicinity of the pipeline to identify any leakage that may arise from the pipeline.

M1 Motorway

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

Compliance with these requirements is monitored by a monthly report that the contractor submits to DUAP. This report outlines the compliance with the aforementioned environmental conditions stipulated in the licence. The report is subject to audit by both the consulting engineer Sinclair Knight Merz (SKM) and the Roads and Traffic Authority of NSW and no significant breaches have been reported.

Directors' report

The licence also requires compliance with the Pollution Control Act with respect to the level of noise and water pollution generated by the construction. This is administered by the NSW EPA. There have been no significant breaches of this Act.

Licences have also been issued under the Clean Waters Act and the Noise Control Act, which relate to the discharging of water from the site and noise generating activities. There have been no significant breaches of these Acts.

Other Acts with which the project is required to comply with are:

- Clean Air Act
- NSW Heritage Act
- Waste Minimisation and Management Act
- The Environmental Offences & Penalties Act, and
- Environmentally Hazardous Chemicals Act.

There has been no significant breaches of these Acts.

M4 Motorway

The operations of the M4 Motorway and twin Service Centres are required to comply with various Acts including the Protection of the Environment Operations Act, NSW Heritage Act, Waste Minimisation and Management Act, and Environmentally Hazardous Chemicals Act. There have been no significant breaches of these Acts.

M5 Motorway

The company's operations are subject to significant environmental regulation under New South Wales laws. The company has a designated officer who monitors compliance with environmental legislation and with its environmental incident response procedures. A regular compliance report is provided to the Board of Directors. The Directors are not aware of any breach of significant environmental regulations by the company during the period covered by this report.

Information on directors

David J Ryan AO

BBus, FCPA, FAICD
Chairman & Independent non-executive director

Experience and expertise
David has a background in the finance industry and in business.

Other current directorships
He is a non-executive director of Lend Lease Corporation Limited and ABC Learning Centres and Chairman of Tooth & Co Limited.

Former directorships in last 3 years
Non-executive director of Virgin Blue Holdings Limited (2003–2005)
Non-executive director of Sydney Roads Limited (April–June 2007)
Non-executive director of Sydney Roads Management Limited (April–July 2007)

Date of initial appointment
29 April 2003

Special responsibilities
Chairman of the Board
Chair of Audit Committee and Member of Risk Committee

Kimberley Edwards

BE, MAdmin (Bus), FIE (Aust), MAICD
Managing Director

Experience and expertise
Kim has held senior management positions on major commercial and infrastructure projects in Australia, the UK and the Middle East. He joined Transurban to lead the successful bid for the CityLink project in Melbourne, and spearheaded the development of the Group into new toll road opportunities in Australia and the US.

Other current directorships
None

Former directorships in last 3 years
Executive Director of Hills Motorway Ltd (April–August 2005)
Executive Director of Sydney Roads Limited (April–June 2007)
Executive Director of Sydney Roads Management Limited (April–July 2007)

Date of initial appointment
29 October 1996

Special responsibilities
Managing Director

Geoffrey O Cosgriff

BAppSc, Company Director Diploma, FIE(Aust), FAICD

Independent non-executive director

Experience and expertise

Geoff held executive management roles with Melbourne and Metropolitan Board of Works and has extensive experience in the information technology industry, including as the founding Managing Director of MITS Limited. He is a Council Member for Leadership Victoria.

Other current directorships

Non-executive director of UXC Limited
Non-executive director LogicalCMG Pty Limited

Former directorships in last 3 years

None.

Date of initial appointment

19 December 2000

Special responsibilities

Chairman of Nomination and Remuneration Committee and Member of Risk Committee

Jeremy G A Davis

BEc, MBA, MA, FAICD

Independent non-executive director

Experience and expertise

Jeremy is a Professor Emeritus of the University of NSW after retiring from the Australian Graduate School of Management in January 2006. He was a management consultant with the Boston Consulting Group for 10 years and is a former Director of the Australian Stock Exchange Limited. He is currently a director of Singapore Power Limited.

Other current directorships

Non-executive director of SP AusNet

Former directorships in last 3 years

None

Date of initial appointment

16 December 1997

Special responsibilities

Member of Audit Committee and Member of Nomination and Remuneration Committee

Susan M Oliver

B.Prop.& Const, FAICD

Independent non-executive director

Experience and expertise

Susan's experience covers private and public sector senior management roles, strategic and technology consulting and business development. She is a former Senior Manager of Andersen Consulting and former Managing Director of the Australian Commission for the Future Limited. Susan is currently Chair 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
Non-executive director of Just Group Limited
Non-executive director MBF Australia Limited

Former directorships in last 3 years

None

Date of initial appointment

25 June 1996

Special responsibilities

Chair of Corporate Social Responsibility Committee and Chair of Risk Committee

Christopher J S Renwick AM

BA, LLB, FAIM, FAIE, FTSE

Independent non-executive director

Experience and expertise

Christopher has over 35 years of experience in mining, operational business management and law.

Other current directorships

Non-executive Chairman of Coal & Allied Industries Limited
Non-executive director of Downer-EDI Limited and Sims Group Limited

Former directorships in last 3 years

None

Date of initial appointment

26 July 2005

Special responsibilities

Member of Corporate Social Responsibility and Member of Risk Committee

James Keyes

M.A (Hons)

Independent non-executive director.

Experience and expertise

James is Partner and the Local Team Leader of the Funds and Investment Services Team at Appleby Hunter Bailhache (legal firm within Bermuda). He practised as a lawyer for more than 15 years and specialises in the area of mutual funds, corporate finance and securities.

Other current directorships

None

Former directorships in last 3 years

None

Date of initial appointment

18 September 2006

Special responsibilities

None

Jennifer Eve

BA, LLB (Hons), LLM

Independent non-executive director

Experience and expertise

Jennifer is an associate and member of the Funds and Investment Services Team at Appleby Hunter Bailhache (legal firm within Bermuda). She practices in the area of company and commercial law, specialising in the formation and administration of corporate vehicles.

Other current directorships

None

Former directorships in last 3 years

None

Date of initial appointment

18 September 2006

Special responsibilities

None

Company Secretary

Mark Licciardo

BBus (Acc), GradDip CSP, ASA, FCIS

Mark held the position of Company Secretary from January 2005 until his resignation on 17 August 2007. 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

Paul is General Counsel and Group General Manager Risk Management. He was originally appointed General Counsel in March 1996. He has responsibility for legal advice, the Group's risk management strategy and direction, insurance and Independent Customer Resolutions. Before joining Transurban he held a senior legal role at Transfield for 18 months during the bid for CityLink.

Meetings of directors

The number of meetings of the board of directors of Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited held during the year ended 30 June 2007, and the numbers of meetings attended by each director is listed below. The number of meetings of the board of directors of Transurban Limited held during the period Transurban Limited was part of the triple staple and the number of meetings attended by each director is listed below.

Name	Board of Directors Transurban Holdings Limited		Board of Directors Transurban Infrastructure Management Limited		Board of Directors Transurban International Limited		Board of Directors Transurban Limited	
	A	B	A	B	A	B	A	B
D J Ryan AO	18	18	18	18	2	2	8	8
L G Cox AO [1]	5	5	5	5	-	-	5	5
P C Byers [2]	-	4	-	4	x	x	-	4
G O Cosgriff	18	18	18	18	x	x	8	8
J G A Davis	18	18	18	18	x	x	8	8
S M Oliver	16	18	16	18	x	x	6	8
C J S Renwick AM	15	18	15	18	x	x	8	8
K Edwards	18	18	18	18	2	2	8	8
J Keyes	x	x	x	x	2	2	x	x
J Eve	x	x	x	x	2	2	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 board of directors
(1) Mr Cox resigned effective from 28 February 2007
(2) The Board granted Mr Byers leave for an indefinite period on 20 April 2006 until his retirement on 23 October 2006

The number of meetings of each board committee of Transurban Holdings Limited, Transurban Infrastructure Management Limited, Transurban International Limited (from 3 January 2007, the day TIL joined the triple stapled) and Transurban Limited (until 3 January 2007, the day TL left the triple stapled) held during the year ended 30 June 2007, and the numbers of meetings attended by each director are set out in the following table. All meetings were held jointly.

Name	**Audit Committee**		**Nomination & Remuneration Committee**		**Risk Committee**		**Corporate & Social Responsibility Committee**		**Sub Committe (Acquisition)**	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
D J Ryan AO [1]	4	4	2	x	4	4	x	x	8	8
L G Cox AO [2]	3	3	5	5	x	x	2	x	x	x
P C Byers [3]	-	1	x	x	x	x	x	x	-	4
G O Cosgriff [6]	1	x	8	8	4	4	x	x	7	7
J G A Davis	3	4	8	8	x	x	x	x	7	7
S M Oliver [1] [5]	4	x	1	x	4	4	3	3	5	7
C J S Renwick AM [1] [6]	2	x	1	x	4	4	3	3	7	7
K Edwards [4]	3	x	8	x	x	x	x	x	8	8
J Keyes	x	x	x	x	x	x	x	x	x	x
J Eve	x	x	x	x	x	x	x	x	x	x

On 1 July 2007, the Nomination and Remuneration Committee divided into two separate committees, being the Nomination Committee and the Remuneration Committee

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 Ryan, Ms Oliver and Mr Renwick are not members of the Nomination and Remuneration Committee but attended meetings during the year.

(2) Mr Cox was not a member of the CSR Committee but attended meetings during the year. Mr Cox resigned effective from 28 February 2007

(3) The Board granted leave to Mr Byers for an indefinite period on 20 April 2006 until his retirement on 23 October 2006

(4) Mr Edwards was excluded from discussions involving his remuneration during meetings of the Nomination and Remuneration Committee he attended.

(5) Ms Oliver is not a member of the Audit Committee but attended 4 of these meetings in her capacity as chair of the Risk Committee.

(6) Mr Cosgriff and Mr Renwick are not members of the Audit Committee but each attended meetings during the year.

Directors' interests

The directors of the Group have disclosed relevant interests in Stapled Securities and options over Stapled Securities as follows:

Name	**Number of Stapled Securities**	**Stapled Securities issued via Executive Loan Plan**
D J Ryan AO	24,091	-
G O Cosgriff	48,611	-
J G A Davis	55,592	-
S M Oliver	41,831	-
C J S Renwick AM	21,552	-
K Edwards	1,311,000	722,500
J Keyes	-	-
J Eve	-	-

Directors' report

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 $1.9 million in total for the Group.

Subject to this limit, remuneration structure and amounts for non-executive directors are recommended by the Remuneration Committee of the Board with assistance from external remuneration consultants. Liability for the Superannuation Guarantee Contribution is met from gross remuneration. The current fee arrangements were last reviewed with effect from 1 October 2006.

In September 2005, the Board resolved to discontinue previously provided retirement benefits for all participating non-executive directors with effect from 30 September 2005 such that future directors were not entitled to this benefit. The value of benefits accrued up to this date attracts interest at the statutory Fringe Benefits rate (currently 7.05 per cent). 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 security holder 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 security holder return relative to other companies in the ASX Industrials index and
- individual performance as measured by the achievement of key performance indicators (KPIs) and the upholding of Group values

The remuneration of the Managing Director is established by the Board, based on the recommendation of the Remuneration Committee. The remuneration of senior executives reporting to the Managing Director is established by the 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 profit-related financial and non-financial performance targets are 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 August following annual performance reviews.

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 Remuneration Committee. KPIs for executives reporting to the Managing Director are established by the Managing Director.

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

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

Directors' report

Long-term incentives

On an annual basis, the Group makes available Long Term Incentive (LTI) allocations to executives. Two forms of long-term incentives (LTI) were in operation during the reporting period. The Executive Long Term Incentive Plan (ELTIP) provided cash rewards linked to equity performance over a two year vesting period and the Executive Loan Plan (ELP) which is linked to improvements in the price of stapled securities over a three year period. Both plans utilise Total Security holder Return as the basis for determining payment.

Following announcement of changes in the May 2006 Federal Budget 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, a review of the company's share plans was undertaken. As a result, a new Performance Rights Plan (PRP) was adopted by the Board for implementation in November 2007.

The new PRP will utilise two performance measures, one linked to Total Security holder Return over a three year vesting period and the second, an operational performance measure of the business over the same period. The Plan has been structured so that rewards are only obtained if there are materially improved security holder returns and operational performance results over the three year period.

Executives participating in the PRP are provided with a right to acquire, at no cost to them, an allocated number of stapled securities, subject to the achievement of performance conditions at the time of vesting. Executives based outside Australia are eligible to participate in a cash based plan similarly structured to the PRP.

Employee security ownership plan

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

Business generation incentive plan

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

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

(b) Details of remuneration (audited)

Transurban Holdings Limited does not employ any executive key management personnel or executive directors. All related remuneration disclosures refer to other Group entities and have not been apportioned between the Group entities as a relevant basis of apportionment is not available.

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

Share-based disclosures relate to the Transurban Stapled Group. The full amounts have been disclosed within the parent disclosures 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 Holdings Limited and the Transurban Holdings Group are set out in the following tables.

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

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

The key management personnel of the Group are the directors of the Transurban Group (see page 10) 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—General Counsel and Group General Manager Risk Management
- G Mann—Group General Manager Development

All of the above persons were also key management persons during the year ended 30 June 2007.

Directors' report

Key management personnel of Transurban Holdings Limited

2007	Short-term benefits			Post-employment benefits		Share-based payments			
Name	Cash salary and fees	Cash Bonus	Non-monetary	Super-annuation	Retirement benefits(a)	Options(b)	Executive Loan Plan (c)	Long term Incentive Plan (d)	Total
	$	$	$	$	$	$	$	$	$
Non-executive directors									
D J Ryan AO	78,397	-	-	7,056	-	-	-	-	85,453
L G Cox AO[1]	76,692	-	-	26,278	15,363	-	-	-	118,333
P C Byers [2]	15,297	-	-	1,377	3,279	-	-	-	19,953
G O Cosgriff	60,232	-	-	5,421	5,148	-	-	-	70,801
J G A Davis	34,806	-	-	35,000	8,576	-	-	-	78,382
S M Oliver	66,924	-	-	6,023	9,852	-	-	-	82,799
C J S Renwick AM	21,837	-	-	43,797	-	-	-	-	65,634
Executive directors									
K Edwards Managing Director	-	-	-	-	-	-	264,409	376,710	641,119
Other key management personnel									
C Brant	-	-	-	-	-	-	105,941	80,051	185,992
B Bourke	-	-	-	-	-	-	94,214	75,342	169,556
P O'Shea	-	-	-	-	-	-	73,008	56,506	129,514
G Mann	-	-	-	-	-	-	98,935	-	98,935
Five executives receiving the highest remuneration – not already mentioned above									
K Daley	-	-	-	-	-	-	102,046	56,506	158,552
M Kulper	-	-	-	-	-	-	114,379	-	114,379
Total	**354,185**	**-**	**-**	**124,952**	**42,218**	**-**	**852,932**	**645,115**	**2,019,402**

Directors' report

Key management personnel of the Group

2007	Short-term benefits			Post-employment benefits		Share-based payments			
Name	Cash salary and fees $	Cash Bonus $	Non-monetary $	Super-annuation benefits $	Retirement benefits(a) $	Options(b) $	Executive Loan Plan (c) $	Long term Incentive Plan (d) $	Total $
Non-executive directors									
D J Ryan AO	235,191	-	-	21,167	-	-	-	-	256,358
L G Cox AO [1]	204,511	-	-	70,075	40,969	-	-	-	315,555
P C Byers [2]	45,891	-	-	4,130	9,838	-	-	-	59,859
G O Cosgriff	144,557	-	-	13,010	12,355	-	-	-	169,922
J G A Davis	83,535	-	-	84,000	20,582	-	-	-	188,117
S M Oliver	160,618	-	-	14,455	23,646	-	-	-	198,719
C J S Renwick AM	52,409	-	-	105,113	-	-	-	-	157,522
J M Keyes	9,249	-	-	-	-	-	-	-	9,249
J Eve	9,249	-	-	-	-	-	-	-	9,249
Executive directors									
K Edwards Managing Director	1,495,520	1,600,000	8,330	105,113	-	-	264,409	376,710	3,850,082
Other key management personnel									
C Brant	561,683	550,000	8,330	49,641	-	-	105,941	80,051	1,355,646
B Bourke	515,792	500,000	8,330	45,510	-	-	94,214	75,342	1,239,188
P O'Shea	325,454	450,000	8,330	105,124	-	-	73,008	56,506	1,018,422
G Mann	465,415	250,000	8,330	85,000	-	-	98,935	-	907,680
Five executives receiving the highest remuneration – not already mentioned above									
K Daley	343,343	350,000	-	105,113	-	-	102,046	56,506	957,008
M Kulper	425,000	350,000	-	55,519	-	-	114,379	-	944,898
Total	**5,077,417**	**4,050,000**	**41,650**	**862,970**	**107,390**	**-**	**852,932**	**645,115**	**11,637,474**

(1) L G Cox was chairman and a non-executive director from the beginning of the period until his resignation on 28 February 2007. Mr Cox was paid a retirement benefit of $0.9 million.

(2) P C Byers was a non-executive director from the beginning of the period until his retirement on 23 October 2006. Mr Byers was paid a retirement benefit of $0.3 million.

Directors' report

Key management personnel of the Group

2006	Short-term benefits			Post-employment benefits		Share-based payments			
Name	Cash salary and fees $	Cash Bonus $	Non-monetary $	Super-annuation $	Retirement benefits(a) $	Options(b) $	Executive Loan Plan (c) $	Long term Incentive Plan (d) $	Total $
Non-executive directors									
D J Ryan AO	145,114	-	-	13,060	-	-	-	-	158,174
L G Cox AO	362,614	-	-	12,139	66,526	-	-	-	441,279
P C Byers	144,412	-	-	12,997	25,562	-	-	-	182,971
G O Cosgriff	121,611	-	-	17,948	19,364	-	-	-	158,923
J G A Davis	84,994	-	-	59,500	26,061	-	-	-	170,555
S M Oliver	136,755	-	-	12,308	25,717	-	-	-	174,780
C J S Renwick AM	41,591	-	-	100,587	-	-	-	-	142,178
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 [e] 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
Five 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	**4,873,811**	**5,094,734**	**45,658**	**1,381,400**	**163,230**	**77,296**	**214,620**	**868,989**	**12,719,738**

(a) 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.

(b) No options were granted during the year over Transurban Group Stapled Securities. Option remuneration in year 2006 relates to options granted to Executive Directors and Executives in prior financial years. The amounts disclosed as remuneration is that part of the value of the options which is attributable to the current year portion of the vesting period.

(c) 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.

(d) 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.

(e) G R Phillips was an executive director from the beginning of the prior year until his resignation on 26 July 2005.

Directors' report

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2007	2006	**2007**	2006	**2007**	2006
Directors of the Group						
K Edwards	**43%**	52%	**43%**	38%	**14%**	10%
Other key management personnel of the Group						
C Brant	**43%**	49%	**40%**	41%	**17%**	10%
B Bourke	**43%**	47%	**39%**	43%	**18%**	10%
P O'Shea	**40%**	41%	**43%**	50%	**17%**	9%
G Mann	**54%**	69%	**25%**	16%	**21%**	15%

(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 executive long term incentive plans (or equivalent cash plans for those executives located outside Australia) and the Business Generation Incentive Plan. Other major provisions of the agreements, relating to remuneration, are set out below:

Executive director

K Edwards, Managing Director

- Fixed remuneration including base salary and superannuation, for the year ending 30 June 2008 of $1,900,000 to be reviewed annually by the Remuneration Committee and the Board;
- A Short Term Incentive Payment of $1,600,000 being 100 per cent of his total employment cost for the year ending 30 June 2007.
- A Long Term Incentive allocation for financial year 2008 under the terms and conditions of the new Performance Rights Plan (described in Section D) equal to $1,000,000 (or approximately 50 per cent of TEC) to be offered 1 November 2007 with Stapled Securities to be acquired on market.
- The Managing Director's allocation will be derived by using an option valuation methodology such as the Black Scholes with Monte Carlo simulations or other similar method of calculation. By dividing the Managing Director's remuneration value by this adjusted valuation, the number of Stapled Securities will be derived. For example, if the valuation at 1 November 2007 is $3.50, the Managing Director's allocation of $1,000,000 will be divided by this valuation to provide him with a total of 285,715 performance rights.
- Term of Agreement—permanent, subject to 6 months notice of termination;
- The payment of 1.3 times of fixed remuneration upon termination

Key management personnel and other executives

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

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

(d) Share-based compensation (audited)

Options

The Executive Option Plan was offered in years 2001 and 2002. 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 Security holder 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 determined 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. 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:

Directors' report

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

No options were granted or vested during the years ended 30 June 2007 and 30 June 2006.

Stapled securities provided on exercise of remuneration options

Details of stapled securities provided as a result of the exercise of remuneration options to each director of the Transurban Group and other key management personnel of the Group are set out below.

Name	Number of stapled securities issued on exercise of options during the year	
	2007	2006
Directors of the Group		
K Edwards	-	1,500,000
Other key management personnel of the Group		
C Brant	-	-
B Bourke	-	-
P O'Shea	-	-
G Mann	-	-

No stapled securities were issued during the year. All options under this plan have now expired.

Executive long term incentive plan

The executive long term incentive plan (ELTIP) was offered in years 2004 and 2005.

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 was 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 S&P/ASX 200 Industrials over the two years prior to maturity. If Transurban's TSR ranking is below the 40th percentile, no payment is 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 reporting period are as follows on page 27.

Directors' report

Grant date	Expiry date	Grant price	Value per unit at grant date	Value per unit at reporting date	Date Paid
30 Sept 2004	30 Sept 2006	$5.45	$0.54	$1.79	30 Nov 2006

Details of ELTIs paid to each director of the Transurban Group and other key management personnel of the Group are set out below.
No ELTIs were issued in the years ended 30 June 2007 and 30 June 2006.

Name	Number of ELTIs paid during the year		$ Value of ELTIs paid during the year	
	2007	2006	**2007**	2006
Directors of the Group				
K Edwards	**800,000**	850,000	**1,083,019**	2,558,500
Other key management personnel of the Group				
C Brant	**170,000**	-	**230,142**	-
B Bourke	**160,000**	160,000	**216,604**	481,600
P O'Shea	**120,000**	130,000	**162,453**	391,300
G Mann	**-**	-	**-**	-

Executive Loan Plan (ELP)

The Executive Loan plan (ELP) offered in years 2006 and 2007, was introduced as it offered payoff characteristics similar to those of an option-based plan and thus rewarded TSR out performance. 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 in the executive in accordance with the terms of the Plan. Expiry occurs 3 years plus 60 days from the date of commencement of the Plan, unless the rules of the Plan otherwise provide. Holding locks are applied to the Stapled Securities to ensure that they can only be dealt with in accordance with the terms of the Plan. The acquired securities cannot be transferred or sold while the loan is outstanding.

Stapled securities vest in the executive if:

(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 was 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 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 applied in reduction of the outstanding loan balance.

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 offer date of the Plan.

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.

Directors' report

The allocation of ELP units was determined by the following:

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

(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 the Transurban Group and other key management personnel of the Group are set out below.

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. Given this announcement, Transurban undertook a review of its Employee Equity Plans to ensure that they remained relevant and aligned to the interests of stapled security holders and remained operable under the constitution of the Transurban Holding Trust. As a result, the Transurban Board endorsed a new Performance Rights Plan to be introduced in November 2007.

Performance Rights Plan (PRP)

Under the new PRP, Executives will be granted performance rights to acquire, at no cost to them, an allocated number of stapled securities, subject to the achievement of performance conditions at the end of a three year vesting period. Two performance measures will be utilised, one linked to Total Shareholder Return (TSR) over a three year vesting period and the second, an operational performance measure over the same period. The Plan has been structured so that rewards are only obtained if there are materially improved security holder returns and operational performance results over the three year vesting period. The performance hurdles attached to the performance rights have been set to ensure that both executives and stapled security holders generally benefit from the allocation of stapled securities to executives under the Plan.

There is only one testing date. The right to Stapled Securities cannot be transferred, exercised or otherwise dealt with during the vesting period.

Stapled securities 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 hurdles relevant to the offer are met.

Unless the Plan rules provide otherwise, no stapled securities will vest in the executive if the identified performance measures are not met. If an executive leaves the employ of the Transurban Group unvested securities will lapse.

No dividends or distributions are payable in respect of the stapled securities subject of the Plan during the vesting period.

Name	**Number of securities granted**		**Number of securities vested**		**Number of securities exercised**	
	2007	2006	**2007**	2006	**2007**	2006
Directors of the Group						
K Edwards	**410,000**	312,500	**-**	-	**-**	-
Other key management personnel of the Group						
C Brant	**175,000**	118,000	**-**	-	**-**	-
B Bourke	**160,000**	102,000	**-**	-	**-**	-
P O'Shea	**130,000**	75,000	**-**	-	**-**	-
G Mann	**160,000**	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 affecting remuneration in this or future reporting periods are as follows:

Grant date	**Expiry date**	**Grant price**	**Value per unit at date grant**	**Value per unit at reporting date**	**Date Payable**
1 November 2005	1 November 2008	$6.47	$1.35	$1.40	1 November 2008
1 November 2006	1 November 2009	$7.28	$1.37	$2.04	1 November 2009

Directors' report

Performance hurdles

(1) 50 per cent of rights vest subject to Total Shareholder Return (TSR)—
The TSR performance hurdle involves a comparison of Transurban's listed stapled securities 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) will be three years.

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 50 per cent of Stapled Securities will vest.

- If Transurban's TSR is ranked at or below the 50th percentile, none of the stapled securities will vest.
- If Transurban's TSR is ranked at or above the 75th percentile, 100 per cent of the stapled securities under this measurement will vest.
- Linear vesting if Transurban's TSR is ranked between the 50th and 75th percentiles.

(2) 50 per cent of rights vest subject to an operational performance measure based on EBITDA growth.

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

Allocation of PRP Units

The allocation of PRP units will be determined by the following: a remuneration value will be determined for each participant relative to their total employment cost. These values are referenced to external market benchmarks.

The number of stapled security rights 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 performance and other conditions. By dividing the remuneration value by this adjusted valuation, the number of stapled securities is derived.

Overseas based executives

Executives based outside Australia will be eligible to participate in a cash based plan similarly structured to the PRP.

Employee Security Ownership Plan (ESOP)

Following the Federal Governments announced taxation changes concerning stapled securities as previously noted, a review of the company's Employee Security Ownership Plan was undertaken, resulting in the implementation of two new Plans—the Investment Tax Exempt Plan and the Investment Tax Deferred Plan.

The Investment Tax Exempt Plan provides employees the opportunity to invest, on a tax exempt basis, up to one thousand dollars per annum, of which half is contributed by the Group.

The Investment Tax Deferred Plan provides employees the opportunity to purchase securities, on a tax deferred basis using pre-tax salary. There is no cap on the amount of salary an employee may elect to contribute and the Group provides a matching contribution on a dollar for dollar basis to a maximum of three thousand dollars per annum. The previous Incentive Plan has been retained. Subject to Board approval and the performance of the Group, an allocation of securities at no cost to eligible permanent employees is made. In 2007 an allocation of 100 securities was made to 503 employees.

(e) Additional information (not audited)

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

The incentive component of executive remuneration is primarily 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 Groups performance over the past financial year is best measured by the success achieved through its business development activities and associated growth in market capitalisation.

Transurban achieved effective control of the Sydney Roads Group ("SRG") on 11 April 2007. As a result of the acquisition Transurban holds investments in the Eastern Distributor (M1), Interlink Roads Limited (M5) and Statewide Roads Limited (M4 Motorway) in New South Wales. This acquisition provides Transurban with a significant presence in the Sydney market and the opportunity to maximise security holder value through forecast synergies which will be achieved across the network totalling $8.0 million. Synergies realised to date total $5.4 million.

In preparation for future international development Transurban International Limited (TIL) was formed on 3 January 2007 to create a more efficient vehicle for which investments in international assets can be made and allows for security holder distributions from these investments to be executed in a timely and efficient manner. TIL will own Transurban's investment in the Transurban DRIVe co investment vehicle which reached contractual close in August 2007.

These developments along with sustained growth in corner stone assets such as the Melbourne CityLink and the Hills M2 which achieved annual growth in revenue of 8.8 per cent and 16.9 per cent respectively have contributed to significant gains in market capitalisation increasing from $5.7 billion on 1 July 2006 to $8.6 billion at 30 June 2007.

Supporting the increased market capitalisation is the Group capacity to continue to grow its distributions through sustained cash generation and increased debt capacity. A distribution of 54.0 cents per security will be paid to security holders for the year ended 30 June 2007, representing an increase on the prior corresponding period of 8.0 per cent.

Transurban is currently ranked in the top 40 public companies listed on the ASX.

Directors' report

Cash bonuses and options

Cash bonuses

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

Cash bonuses aggregating $3.8 million were incurred under the Business Generation Incentive Plan in relation to the acquisition of the Sydney Roads Group.

For each cash bonus paid to the directors and the 5 executives receiving the highest remuneration, 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.

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

Options

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

Long Term Incentive Units

Long term incentive units which were issued in September 2004 vested in September 2006 and were paid in November 2006.

Further details relating to 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 – ELTI	-	-	1,083,019	327,621	1,410,640
K Edwards – share plan	35	560,000	-	-	560,000
C Brant – ELTI	-	-	230,142	69,619	299,761
C Brant – share plan	40	240,000	-	-	240,000
B Bourke – ELTI	-	-	216,604	65,524	282,128
B Bourke – share plan	40	220,000	-	-	220,000
P O'Shea – ELTI	-	-	162,453	49,143	211,596
P O'Shea – share plan	40	168,000	-	-	168,000
G Mann – share plan	40	220,000	-	-	220,000
K Daley – ELTI	-	-	162,453	49,143	211,596
K Daley – share plan	30	126,000	-	-	126,000
M Kulper – share plan	30	135,000	-	-	135,000

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.

Directors' report

Securities under option

There are no unissued securities of the Transurban Group under option at the date of this report.

Securities issued on the exercise of options

The following Transurban Stapled Securities were issued during the year ended 30 June 2007 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	-
23 October 2001	$4.404	-
1 February 2002	$4.280	-
9 April 2002	$4.030	-
20 May 2002	$4.220	76,283

Indemnification and insurance

The officers of the Group are indemnified against liability incurred by the person in their capacity as an officer unless the liability arises out of conduct on the part of the officer which involves a lack of good faith. The Group also indemnifies each person who is or has been an officer against liability for costs or expenses incurred by the person in his or her capacity as an officer 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.

Pursuant to this indemnification, the individual entities of the Group have paid premiums for an insurance policy for the benefit of directors, secretaries and executive officers and related bodies corporate of the Group, in the case of the Trusts within the Group the officers are indemnified out of the assets of the Trusts. In accordance with common practice, the insurance policies prohibit 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 Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the combined entity 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 APES 110 Code of Ethics for Professional Accountants , including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the combined entity, acting as advocate for the combined entity or jointly sharing economic risk and rewards.

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

Directors' report

	Consolidated		Parent Entity	
	2007	2006	**2007**	2006
	$	$	**$**	$
1. Assurance services				
Audit services				
PricewaterhouseCoopers Australian firm:				
Audit and review of financial reports and				
other audit work under the Corporations Act 2001.	**1,013,000**	689,850	**77,000**	37,500
Fees paid to non-PricewaterhouseCoopers audit firms for the audit or review of financial reports	**75,000**	-	**-**	-
Total remuneration for audit services	**1,088,000**	689,850	**77,000**	37,500
Other assurance services PricewaterhouseCoopers Australian firm:				
Due diligence	**30,000**	158,621	**-**	158,621
Compliance plan audit	**-**	24,700	**-**	-
Other assurance services including IFRS	**293,200**	329,335	**-**	111,691
Controls assistance	**-**	163,000	**-**	-
Fees paid to non-PricewaterhouseCoopers audit firms	**713,685**	-	**-**	-
Total remuneration for other assurance services	**1,036,885**	675,656	**-**	270,312
2. Taxation services				
PricewaterhouseCoopers Australian firm:				
Tax compliance services, including				
review of income tax returns	**158,900**	104,735	**2,958,592**	104,735
Tax consulting services	**3,221,200**	1,128,028	**382,273**	-
Indirect taxation services	**602,837**	434,714	**591,837**	-
Fees paid to non-PricewaterhouseCoopers audit firms	**186,355**	-	**-**	-
Total remuneration for taxation services	**4,169,292**	1,667,477	**3,932,702**	104,735

Directors' report

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 34.

Auditor

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

David J Ryan AO
Chairman

Kimberley Edwards
Managing Director

Melbourne
21 August 2007

Directors' report

PRICEWATERHOUSECOOPERS

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Auditors' independence declaration

As lead auditor for the audit of the Transurban Group for the year ended 30 June 2007,
I declare that to the best of my knowledge and belief, the only contravention of:

a) the auditors independence requirements of Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit is set out below.

On 13 July 2007, a non-audit service provider reported that he held an immaterial investment in Transurban Group that he received through compulsory acquisition of Sydney Roads Group. This staff member was immediately removed from providing services to Transurban Group and the investment was sold.

The matter was identified as part of our on going quality control system. All reasonable steps were undertaken to ensure that this matter was resolved as soon as possible. I report that all matters have been resolved, and in doing so do not believe this matter has impacted my objectivity and impartiality for the purpose of this audit.

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

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
21 August 2007

Consolidated income statement for the year ended 30 June 2007

	Consolidated	
	2007	2006
	$'000	$'000
Revenue from continuing operations	**789,063**	690,408
Other income	**38,050**	4,410
Expenses from ordinary activities:		
Operational costs	**(121,457)**	(105,291)
Corporate costs	**(31,204)**	(28,979)
Corporate and Community Relations	**(5,502)**	(6,278)
Business Development	**(16,327)**	(9,033)
Concession Fees	**(5,003)**	(24,078)
Depreciation and amortisation expense	**(302,751)**	(258,065)
Finance costs	**(424,330)**	(372,092)
Share of net losses of associates and joint venture partnership accounted for using the equity method	**(25,482)**	(8,634)
Loss before income tax	**(104,943)**	(117,632)
Income tax (expense)/benefit	**(18,803)**	56,732
Loss for the year from continuing operations	**(123,746)**	(60,900)
Loss for the year from discontinued operations after tax	**(28,438)**	-
Loss for the year	**(152,184)**	(60,900)
Profit(/loss) is attributable to:		
Equity holders of THL, THT & TL	**(151,236)**	(60,900)
Equity holders of TIL (minority interest)	**(197)**	-
Equity holders of M1 (minority interest)	**(888)**	-
Equity holders of M4 (minority interest)	**137**	-
	(152,184)	(60,900)
Earnings per security for loss from continuing operations attributable to the ordinary equity holders:	**Cents**	Cents
Basic earnings per Stapled Security	**(14.0)**	(7.6)
Diluted earnings per Stapled Security	**(14.0)**	(7.6)
Earnings per security for loss attributable to the ordinary equity holders of the staped group:		
	Cents	Cents
Basic earnings per Stapled Security	**(17.2)**	(7.6)
Diluted earnings per Stapled Security	**(17.2)**	(7.6)

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

Consolidated balance sheet as at 30 June 2007

	Consolidated	
	2007	2006
	$'000	$'000
Current assets		
Cash and cash equivalents	**449,255**	323,110
Trade and other receivables	**171,877**	41,560
	621,132	364,670
Assets of disposal group classified as held for sale	**622,972**	-
Total current assets	**1,244,104**	364,670
Non-current assets		
Receivables	**4,411**	186
Investments accounted for using the equity method	**567,682**	15,732
Held-to-maturity investments	**557,731**	469,767
Derivative financial instruments	**113,410**	21,926
Available for sale financial assets	**7,910**	-
Property, plant and equipment	**5,539,153**	5,760,346
Deferred tax assets	**327,293**	260,570
Intangible assets	**3,258,454**	805,511
Total non-current assets	**10,376,044**	7,334,038
Total assets	**11,620,148**	7,698,708
Current liabilities		
Trade and other payables	**184,725**	78,625
Borrowings	**383,300**	265,142
Non-Interest bearing liabilities	**437,954**	39,205
Provisions	**344,201**	229,115
Current tax liabilities	**4,485**	-
	1,354,665	612,087
Liabilities directly associated with assets of a disposal group classified as held for sale	**480,457**	-
Total current liabilities	**1,835,122**	612,087
Non-current liabilities		
Borrowings	**3,565,414**	3,550,294
Deferred tax liabilities	**1,775,468**	784,601
Non-Interest bearing liabilities	**222,167**	213,477
Provisions	**1,752**	364
Derivative financial instruments	**203,373**	81,075
Total Non-Current Liabilities	**5,768,174**	4,629,811
Total liabilities	**7,603,296**	5,241,898
Net assets	**4,016,852**	2,456,810

	Consolidated	
	2007	2006
	$'000	$'000
Equity		
Equity holders of THL, THT & TL		
Contributed equity	**6,078,487**	4,277,736
Reserves	**(18,830)**	(53,087)
Accumulated losses	**(2,434,808)**	(1,767,839)
	3,624,849	2,456,810
Equity holders of TIL (minority interest)	**(197)**	-
Stapled security holders interest in the		
Transurban Group	**3,624,652**	2,456,810
Equity holders of M1 (minority interest)	**343,940**	-
Equity holders of M4 (minority interest)	**48,260**	-
Total equity	**4,016,852**	2,456,810

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

Consolidated statement of changes in equity for the year ended 30 June 2007

	Consolidated	
	2007	2006
	$'000	$'000
Total equity at the beginning of the financial year	**2,456,810**	2,805,047
Adjustment on adoption of AASB 132 and AASB 139, net of tax:		
Retained Profits	**-**	16,840
Reserves	**-**	(40,074)
Restated total equity at the beginning of the financial year	**2,456,810**	2,781,813
Exchange differences on translation of foreign operations	**(11,181)**	-
Changes in fair value of cash flow hedges, net of tax	**42,528**	(14,201)
Net income recognised directly in equity	**31,347**	(14,201)
Loss for the year	**(152,184)**	(60,900)
Total recognised income and expense for the year	**(120,837)**	(75,101)
Transactions with equity holders in their capacity as equity holders:		
Exercise of employee security options	**325**	11,465
Changes in fair value of share-based payments	**2,910**	1,188
Treasury securities	**(13,360)**	(10,227)
CARS conversion, net of transaction costs	**362,071**	56,267
Issue on acquisition of Sydney Roads Group net of transaction costs	**1,221,959**	-
Distribution reinvestment plan	**229,756**	93,003
Distributions provided for or paid	**(515,733)**	(401,598)
Minority interest on acquisition of subsidiaries	**414,237**	-
Distributions provided for or paid to minority interests in subsidiaries	**(21,286)**	-
	1,680,879	(249,902)
Total equity at the end of the financial year	**4,016,852**	2,456,810
Total recognised income and expense for the year is attributable to:		
Equity holders of the Transurban Group	**(119,889)**	75,101
Minority interest	**(948)**	-
	(120,837)	(75,101)

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

Consolidated cash flow statement for the year ended 30 June 2007

	Consolidated	
	2007	2006
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**577,851**	485,874
Payments to suppliers (inclusive of GST)	**(262,200)**	(207,766)
Interest received	**195,238**	186,189
Other revenue	**18,261**	6,256
Income taxes paid	**(5,321)**	(9,688)
Interest paid	**(365,685)**	(288,643)
Net cash inflow from operating activities	**158,144**	172,222
Cash flows from investing activities		
Payment for purchase of subsidiaries, net of cash acquired	**(11,698)**	(98,412)
Payments for property, plant and equipment	**(51,766)**	(67,953)
Payments for intangibles	**(20,883)**	(673,217)
Payments for Tullamarine/Calder Freeway Upgrade	-	(161,985)
Payments for available for sale financial assets	**(7,832)**	-
Cash advances	**(962)**	-
Dividends received from associate	**7,013**	-
Repayment of loans by related parties	**-**	691
Net cash outflow from investing activities	**(86,128)**	(1,000,876)
Cash flows from financing activities		
Proceeds from issue of stapled securities	**327**	11,468
Proceeds from sale of treasury securities	**1,684**	-
Increase in cash collateral	**42,358**	38,507
Proceeds from borrowings	**1,209,021**	2,810,451
Payments for establishing borrowing facilities	**(2,610)**	(22,708)
Payments for treasury securities	**(15,053)**	(10,228)
Repayment of borrowings	**(886,559)**	(1,788,000)
Repayment of infrastructure facilities	**(1,249,000)**	-
Repayment of loans to related parties	**(500)**	-
Preference distributions	**(1,181)**	-
Distributions paid to Groups security holders	**(197,408)**	(243,240)
Distributions paid to minority interests in subsidiaries	**(8,336)**	-
Net cash (outflow)/inflow from financing activities	**(1,107,257)**	796,250
Net decrease in cash at bank and cash collateral	**(1,035,241)**	(32,404)
Cash at bank and cash collateral at the beginning of the financial year	**1,995,692**	2,029,636
Effects of exchange rate changes on cash and cash equivalents	**(5,963)**	(1,540)
Cash at bank and cash collateral at the end of the financial year	**954,488**	1,995,692
Less cash collateral	**(465,940)**	(1,672,582)
Cash at bank at the end of the financial year	**488,548**	323,110

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

Notes to the financial statements for the year ended 30 June 2007

Principles of Consolidation

Application of UIG 1013 Pre date of transition stapling arrangements and AASB Interpretation 1002 Post date of transition stapling arrangements

For the purpose of UIG 1013 and AASB Interpretation 1002, Transurban Holdings Limited (THL) has been identified as the Parent Entity in relation to the pre date of transition stapling with Transurban Holding Trust (THT) and the post date of transition stapling with Transurban International Limited (TIL). In accordance with UIG 1013 the results and equity of THL and THT have been combined in the financial statements. In accordance with AASB Interpretation 1002 however the results and equity, not directly owned by THL, of TIL have been treated and disclosed as minority interest. Whilst the results and equity of TIL are disclosed as minority interest, the stapled security holders of THL and THT are the same as the stapled security holders of TIL.

The comparative figures in the concise income statement, concise statement of changes in equity and concise cash flow statement comprises the results, changes in equity and cash flows of THL and its subsidiaries, THT and its subsidiaries and Transurban Limited (TL) and its subsidiaries. The current period figures in the concise income statement, concise statement of changes in equity and concise cash flow statement reflect the combined results, changes in equity and cash flows of THL and THT for the full financial year ended 30 June 2007 and TIL from the date of stapling (3 January 2007) to 30 June 2007 and Transurban Limited (and its subsidiaries) up to the date of de-stapling (3 January 2007).

The prior period balance sheets reflect the combined position of THL, THT and TL (including the subsidiaries they controlled). The current period balance sheets reflect the combined position of THL, THT and TIL (including the subsidiaries they controlled).

The financial statements have been aggregated in recognition of the fact that the securities issued by the parent entities are stapled into parcels during the year ended 30 June 2007. A stapled security comprises one share in Transurban Holdings Limited, one share in Transurban International Limited and one unit in Transurban Holding Trust. None of the components of the stapled security are able to be traded separately.

The accounting policies adopted have been consistently applied to all years presented unless otherwise stated.

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in financial reports. Amounts in the concise financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

1. Presentation currency

The presentation currency used in this concise financial report is Australian dollars.

2. Segment information

The Group's primary business segment for the year ending 30 June 2007 was the operation of the toll roads as noted below, and the investigation of possible investment opportunities in the segment. The secondary reporting segment of the Group is by geographical region. The regions are as follows:

Victoria

- CityLink

New South Wales

- Hills M2 Motorway
- 47.5 per cent interest in the Westlink M7 Motorway
- 71.35 per cent interest in the M1 Motorway Eastern Distributor
- 50.61 per cent interest in the M4 Motorway
- 50 per cent interest in the M5 South-West Motorway

US

- Pocahontas Parkway

Geographical segment information is provided in the table below and reflects the Transurban Group's activities in relation to geographically unique locations.

	Segment Revenues		Segment Assets		Acquisitions of PP&E, intangibles, and other non-current segment assets	
	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000
Vic - Australia	345,519	310,126	4,387,609	3,868,952	373,370	52,179
NSW - Australia	158,556	125,669	6,580,657	3,109,967	2,713,209	41,042
US	17,617	-	651,882	717,226	10,501	667,764
Other	-	-	-	2,563	909	3,339
	521,692	435,795	11,620,148	7,698,708	3,097,989	764,324

3. Revenue

	Consolidated	
	2007	2006
	$'000	$'000
Services revenue from continuing operations	789,063	690,408
Services revenue from discontinued operations	19,819	-
	808,882	690,408

4. Discontinued Operations

Description

On 28 February 2007 the Transurban Group began an active program to sell the Pocahontas Parkway ("Pocahontas") in Richmond, Virginia to a privately owned investment vehicle in which Transurban will be a stakeholder. On 27 June 2007 Transurban DRIVe Holdings LLC ("DRIVe") was incorporated as a wholly owned subsidiary of the Transurban Group with the view of immediate partial resale as the investment vehicle and owner of Pocahontas.

As at 30 June 2007 both Pocahontas and DRIVe are subsidiaries of the Transurban Group and are reported in this financial report as disposal groups held for sale and discontinued operations.

Pocahontas

Financial performance and cash flow information

	Consolidated	
	2007	2006
	$'000	$'000
Revenue (note 3)	19,819	-
Other income	282	-
Depreciation	(8,824)	-
Finance costs	(32,797)	-
Other expenses	(5,419)	
Loss before income tax	(26,939)	-
Income tax expense	(1,499)	-
Loss from discontinued operations	(28,438)	-
Net cash (outflow) from operating activities	(23,567)	-
Net cash (outflow) from investing activities	(672)	-
Net cash inflow from financing activities	17,752	-
Net (decrease) in cash generated by the discontinued operation	(6,487)	-

Notes to the financial statements for the year ended 30 June 2007

	Consolidated 2007 $'000	2006 $'000
The carrying amounts of assets and liabilities of Pocahontas are:		
Cash	39,293	-
Trade receivables	450	-
Property, plant and equipment	590	-
Intangible assets	573,089	-
Deferred tax assets	9,550	-
Total assets	**622,972**	-
Other creditors	(537)	-
Borrowings	(465,764)	-
Financial derivatives	(4,447)	-
Deferred tax liabilities	(9,709)	-
Total liabilities	**(480,457)**	-
Net assets	**142,515**	-

5. Distributions

The distributions set out below represent distributions to stapled securities holders.

	2007 $'000	2006 $'000
Distributions proposed		
Final distribution payable and recognised as a liability: 27.5 cents (2006 - 25.5 cents) per fully paid stapled security payable 27 August 2007	294,744	207,422
Distributions paid during the year		
Final distribution for 2006 financial year of 25.5 cents (2005 - 18.0 cents) per fully paid stapled security paid 25 August 2006	207,422	142,443
Interim distribution for 2007 financial year of 26.5 cents (2006 - 24.5 cents) per fully paid stapled security paid 28 February 2007	220,989	194,188
Total distributions paid	**428,411**	336,631

	2007	2006
Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the years ended 30 June 2007 and 30 June 2006		
Paid in cash	197,408	243,240
Executive loans - repayments	1,230	352
Satisfied by issue of Stapled Securities	229,756	93,007
Funds available for future distribution reinvestment plans	17	32
Total distributions paid	**428,411**	336,631

6. Earnings per stapled security

	Consolidated 2007 Cents	Consolidated 2006 Cents
(a) Basic earnings per security		
– Profit from continuing operations attributable to the ordinary equity holders of the Group	**(14.0)**	(7.6)
– Profit from discontinued operations	**(3.2)**	-
– Profit attributable to ordinary equity holders	**(17.2)**	(7.6)
(b) Diluted earnings per security		
– Profit from continuing operations attributable to the ordinary equity holders of the Group	**(14.0)**	(7.6)
– Profit from discontinued operations	**(3.2)**	-
– Profit attributable to ordinary equity holders	**(17.2)**	(7.6)

	Consolidated 2007 $'000	Consolidated 2006 $'000
(c) Reconciliations of earnings used in calculating earnings per security		
Basic earnings per security		
– Profit from continuing operations	**(123,746)**	(60,900)
– Profit from continuing operations attributable to minority interests	**(948)**	-
– Profit from continuing operations attributable to ordinary equity holders used in calculating basic earnings per security	**(122,798)**	-
– Profit from discontinuing operations	**(28,438)**	-
– Profit attributable to ordinary equity holders used in calculating basic earnings per security	**(151,236)**	(60,900)
Diluted earnings per security		
– Profit attributable to ordinary equity holders used in calculating diluted earnings per security	**(151,236)**	(60,900)

Notes to the financial statements for the year ended 30 June 2007

	Consolidated 2007 Number	Consolidated 2006 Number
(d) Weighted average number of securities used as the denominator		
Weighted average number of Stapled Securities used as the denominator in calculating basic earnings per stapled security	**880,884,193**	799,431,057
Adjustments for calculation of diluted earnings per security:		
Options	**-**	869,176
Weighted average number of Stapled Securities and potential Stapled Securities used as the denominator in calculating diluted earnings per stapled security	**880,884,193**	800,300,233

(e) Earnings per stapled security

As the stapling is a business combination by contract alone, the total ownership interest in Transurban International Limited is presented as a minority interest in the combined financial statements of Transurban Holdings Limited.

By virtue of the stapling arrangement, Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited have common equity holders with the effect that total equity belongs to the common equity holders. Therefore an alternative measure of earnings per stapled security has been calculated as follows which includes minority interest of Transurban International Limited.

	Consolidated 2007 Cents	Consolidated 2006 Cents
(i) Basic earnings per security		
– Profit from continuing operations attributable to the ordinary common equity holders of the Group	**(14.0)**	(7.6)
– Profit from discontinued operations attributable to the ordinary common equity holders of the Group	**(3.2)**	-
Profit attributable to ordinary common equity holders	**(17.2)**	(7.6)
(ii) Diluted earnings per security		
– Profit from continuing operations attributable to the ordinary common equity holders of the Group	**(14.0)**	(7.6)
– Profit from discontinued operations attributable to the ordinary common equity holders of the Group	**(3.2)**	-
Profit attributable to ordinary equity holders	**(17.2)**	(7.6)

The earnings used in the diluted earnings per unit calculation are exclusive of any CARS related adjustments as they are antidilutive.

Information concerning the classification of securities

(i) Stapled Securities

All Stapled Securities are fully paid. They carry the right to participate in distributions and have been included in the determination of basic and diluted earnings per stapled security.

(ii) Options

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

7. Events occurring after the balance date

(a) Sale of Pocahontas Parkway group of assets and liabilities to Transurban DRIVe Holdings LLC

On 28 February 2007 a controlled entity announced its intention to sell the Pocahontas Parkway (Pocahontas) group of assets and liabilities, in Richmond, Virginia, US, to Transurban DRIVe Holdings LLC (DRIVe Holdings). On 27 June 2007, DRIVe Holdings was incorporated as a wholly owned subsidiary of the Group with a view to immediate resale to parties external to the Transurban Group, after acquisition of Pocahontas by DRIVe Holdings. At balance date, the sale of Pocahontas and the sale of DRIVe Holdings had not occurred.

Pocahontas and DRIVe Holdings have been classified as disposal groups held for sale and reported as discontinued operations.

On 21 August 2007, Transurban and Capital Partners reached agreement to co-invest in the US privately financed toll road market through DRIVe. Transurban's initial interest will be 75 per cent with Capital Partners taking 25 per cent. As a result of this transaction the Pocahontas Parkway will be sold into Transurban DRIVe Holdings LLC for US$236.0 million

(b) Transportation Infrastructure Finance and Innovations ACT loan for Richmond Airport Connector (Virginia, US)

On 19 July 2007, Transurban signed an agreement with the United States Federal Highway Administration (FHWA) for a United States federal government loan to support the funding for the construction of a direct link between the Richmond International Airport and the Pocahontas Parkway.

Under the agreement, FHWA will provide Transurban with a USD$150 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. The loan will assist Transurban with construction of the Richmond Airport Connector and refinance a portion of existing project debt.

On 20 August 2007, Transurban received US$97.8million to allow for refinance of existing debt.

(c) Strategic investment in the ConnectEast Group

On 7 August 2007, Transurban announced that it has an economic interest in 6.28 per cent of the ConnectEast Group. The economic interest is held via cash-settled equity swaps (4.36 per cent) and a direct holding (1.92 per cent).

Transurban's total economic interest exceeded 5.0 per cent on 3 August 2007 after an acquisition of ConnectEast securities on market.

The investment is a strategic stake and Transurban has no current intention of making a takeover offer for the ConnectEast Group.

(d) Refinancing of working capital facilities

Transurban raised $600 million in the bank debt market in August 2007. Funds raised were used to refinance short term Working Capital Facilities including the Securitisation Facilities associated with the M1 and M5.

Directors' declaration

The directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2007 as set out on pages 35 to 45 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 30 June 2007. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

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

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

David J Ryan AO
Chairman

Kimberley Edwards
Managing Director

Melbourne
21 August 2007

Independent audit report to the members

PRICEWATERHOUSECOOPERS

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Independent audit report to the members of Transurban Holdings Limited

Audit opinion

In our opinion, the concise financial report of Transurban Holdings Limited for the year ended 30 June 2007 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 Holdings Limited (the Company) for the year ended 30 June 2007.

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.*

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 2007. Our audit report on the full financial report was signed on 21 August 2007, 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.*

Independent audit report to the members

PRICEWATERHOUSECOOPERS

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
21 August 2007

Security holder information as at 31 August 2007

Shareholder information

The security holder information set out below was applicable as at 31 August 2007.

A. Distribution of stapled securities

1. The number of holders of stapled securities, which comprise one share in Transurban Holdings Limited, one share in Transurban International Limited and one unit in Transurban Holding Trust, was 89,428.
2. The voting rights are one vote per stapled security.
3. At 31 August 2007 the percentage of the total holdings held by or on behalf of the twenty largest holders of these securities was 64.73 per cent.
4. The distribution of holders was as follows:

Security Grouping	Number of Holders	Stapled securities held	%
1 - 1,000	32,555	13,617,471	1.26
1,001 - 5,000	42,944	106,498,331	9.84
5,001 - 10,000	9,098	64,799,197	5.98
10,001 - 100,000	4,567	95,263,835	8.79
100,001 - and over	264	803,025,169	74.13
Total	**89,428**	**1,083,204,003**	**100**

There were 3,951 holders of less than a marketable parcel of stapled securities.

5. Substantial security holder's as at 31 August 2007 are as follows:

Name	Number of Stapled Securities	% of Total
Ontario Teachers' Pension Plan Board	101,776,782	9.40
Capital Partners Pty Ltd	63,714,753	5.88
Victorian Funds Management Corporation	57,101,640	5.27

Security holder information as at 31 August 2007

B. Twenty largest holders of stapled securities

	Number of Stapled Securities Held	% of Issued Stapled Securities
HSBC Custody Nominees (Australia) Limited	217,623,320	20.09
National Nominees Limited	185,501,570	17.13
JP Morgan Nominees Australia Limited	60,347,948	5.57
ANZ Nominees Limited	54,318,755	5.01
Citicorp Nominees Pty Limited	42,821,178	3.95
Queensland Investment Corporation	25,634,381	2.37
RBC Dexia Investor Services Australia Nominees	24,089,232	2.22
Citicorp Nominees Pty Limited	18,084,227	1.67
UBS Wealth Management Australia Nominees Pty Ltd	16,752,320	1.55
Australian Foundation Investment Company Limited	8,792,402	0.81
ANZ Nominees Limited	8,191,211	0.76
Cogent Nominees Pty Limited	7,964,424	0.74
Citicorp Nominees Pty Limited	6,587,602	0.61
AMP Life Limited	4,598,370	0.42
Citicorp Nominees Pty Limited	4,266,983	0.39
RBC Dexia Investor Services Australia Nominees	3,859,428	0.36
UBS Nominees Pty Ltd	3,000,000	0.28
UBS Nominees Pty Ltd	2,945,756	0.27
Citicorp Nominees Pty Limited	2,911,717	0.27
Questor Financial Services Limited	2,856,334	0.26
Total	**701,147,158**	**64.73**

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FINANCIALS

Transurban Holding Trust

The Concise Financial Report of
Transurban Holding Trust and Controlled Entities (ABN 30 169 362 255)
For the year ended 30 June 2007

Contents

Directors' report

Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2007. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

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

The full financial report and auditor's report will be sent to members on request, free of charge. You can access both the full financial report and the concise report via the internet at our Investor Information on our website: www.transurban.com. Alternatively, you can call 1300 360 146 (free call) and a copy will be forwarded to you.

Directors' report

The directors of Transurban Infrastructure Management Limited, the responsible entity of Transurban Holding Trust, present their report on the consolidated entity consisting of Transurban Holding Trust ("the Trust"), and the entities it controlled (collectively "the Group") at the end of, and during, the year ended 30 June 2007.

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

Responsible entity

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

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

Non-executive directors

David J Ryan AO[1]
Laurence G Cox AO[2]
Peter C Byers [3]
Jeremy G A Davis
Geoffrey O Cosgriff
Susan M Oliver
Christopher J S Renwick AM

Executive directors

Kimberley Edwards

(1) David J Ryan was elected Chairman on 28 February 2007, following Mr. Cox's resignation.

(2) Laurence G Cox was a non-executive director from the beginning of the financial year until his resignation on 28 February 2007.

(3) Peter C Byers was a non-executive director from the beginning of the financial year until his retirement on 23 October 2006.

Principal activities and operations

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

The only significant change in the nature of the activities of the Group was the acquisition of Sydney Roads Group.

Directors' report

Results

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

	2007 $'000	2006 $'000
Revenue from continuing operations	**430,069**	359,202
(Loss)/profit for the year	**(22,652)**	60,428

Distributions

	Parent Entity	
	2007 **$'000**	2006 $'000
Distributions proposed		
Final distribution payable and recognised as a liability: 27.5 cents (2006 - 25.5 cents) per fully paid stapled security payable 27 August 2007	**294,744**	207,422
Distributions paid during the year		
Final distribution for 2006 financial year of 25.5 cents (2005 - 18.0 cents) per fully paid Stapled Security paid 25 August 2006	**207,422**	142,443
Interim distribution for 2007 financial year of 26.5 cents (2006 - 24.5 cents) per fully paid Stapled Security paid 28 February 2007	**220,989**	194,188
Total distributions paid	**428,411**	336,631
Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the years ended 30 June 2007 and 30 June 2006		
Paid in cash	**197,408**	243,240
Executive loans - repayments	**1,228**	352
Satisfied by issue of Stapled Securities [1]	**229,758**	93,007
Distributions waiting to be applied to future DRP	**17**	32
Total distributions paid	**428,411**	336,631

(1) The value of stapled securities represents the total value of securities issued, however, this value is apportioned between Transurban Holding Trust ($219.6 million) and Transurban Holdings Limited ($10.2 million).

Directors' report

Review of operations

(a) Term Loan Notes (TLN)

During the period, the consolidated Trust earned interest of $61.1 million on TLN acquired to fund Transurban's contribution to the Westlink Motorway Partnership (previously known as Construction Phase Loan Notes). The TLN accrue interest at 11.93 per cent, paid quarterly, with any unpaid interest capitalising into additional TLN.

Due to Westlink's funding arrangements, interest was not expected to be paid within the first 12 months of operations. As a result, the entire interest earned was capitalised into additional notes with a principal amount equal to the unpaid interest.

(b) Convertible Adjusting Rate Securities (CARS)

During the period, all remaining CARS converted to Transurban triple stapled securities (Transurban Securities). The conversion dates were 2 January 2007 and 14 April 2007, with a pro-rated distribution for the period 1 January 2007 to 16 April 2007 paid on 16 May 2007. Additionally, a distribution for the period 1 July 2006 to 31 December 2006 was paid on 31 January 2007. Both distributions were paid at the fixed rate of 7.0 per cent per annum and were 100.0 per cent tax deferred.

(c) Westlink M7

The Trust increased its equity interest from 45 per cent to 47.5 per cent in the Westlink M7 project on 29 September 2006.

Transurban and Macquarie Infrastructure Group have pre-emptive rights over the remaining 5 per cent held by Leighton Holdings Limited.

Transurban's role in the Westlink project involves:

- A 47.5 per cent equity stake in the road's owner, Westlink Motorway
- Supply of the tolling system, and
- Provision of tolling and customer management services.

Westlink M7 is a 40km motorway in Western Sydney which links the M2 at Baulkham Hills, the M4 at Eastern Creek and the M5 at Prestons, and bypasses 48 sets of traffic lights.

(d) Sydney Roads Group

Transurban achieved effective control of the Sydney Roads Group (SRG) on 11 April 2007. As a result of the acquisition Transurban holds investments in the Eastern Distributor (M1), Interlink Roads Limited (M5) and Statewide Roads Limited (M4 Motorway) in New South Wales.

i) M1 Eastern Distributor – Airport Motorway Limited

The Eastern Distribution (ED) is a 6 kilometre motorway linking the Sydney Central Business District with the Airport and connects directly with the Cross City Tunnel, Sydney Harbour Tunnel and the Sydney Harbour Bridge. It features a 1.7 kilometre tunnel running from Woolloomooloo to Surrey Hills. The ED tolls all northbound traffic, with toll plazas at Woolloomooloo and the William Street exit.

Transaction volume for the year ended 30 June 2007 was 16.6 million, representing a 2.8 per cent increase on the prior year. Annual average daily traffic (AADT) for the quarter ended 30 June 2007 was 46,076 transactions (51,824 for weekdays).

Toll revenue (net of GST) for the year ended 30 June 2007 was $69.9 million, a 5.7 per cent increase over the previous year.

ii) M4 – Statewide Roads Limited

The M4 motorway is a 50 kilometre road which extends from Concord / North Strathfield to Lapstone in the west of Sydney. Statewide Roads Ltd ("SWR") operates and maintains 2 sections of the Motorway being a 2.5 kilometre section between Silverwater Road and James Ruse Drive at Auburn and a 10.0 kilometre section between May's Hill and Prospect. SWR operates and maintains these sections in accordance with a concession arrangement with the NSW Roads and Traffic Authority which expires in February 2010. The remainder of the M4 is operated by the RTA.

The table below sets out the conversions of CARS to Transurban Securities for the year ended 30 June 2007

	Units on issue	Conversion factor	Stapled Securities issued '000
30 June 2006	3,737,336		
31 December 2006, stapled securities were issued on 2 January 2007	(18,324)	17.4966	321
2 January 2007, stapled securities were issued on 2 January 2007	(1,859,007)	17.4966	32,523
14 April 2007, stapled securities were issued on 14 April 2007	(1,860,005)	17.4966	32,541
30 June 2007	-		65,385

Distributions paid to holders of Convertible Adjusting Rate Securities (CARS) made during the year consisted of:

	$ per security	$'000
Distribution for the period 1 January 2006 to 30 June 2006 at a fixed rate of 7.0 per cent per annum paid 31 July 2006.	3.4712	13,924
Distribution for the period 1 July 2006 to 31 December 2006 at a fixed rate of 7.0 per cent per annum paid 31 January 2007.	3.5288	13,188
Distribution for the period 1 January 2007 to 16 April 2007 at a fixed rate of 7.0 per cent per annum paid 16 May 2007.	2.0329	7,560

Of the payment of $7,560,382 made on 16 May 2007, $3,779,175 was paid to Transurban Holding Trust ("THT"), as THT acquired the CARS as part of the conversion of CARS to Transurban Securities. This payment has been fully eliminated on consolidation.

Directors' report

SWR also has a separate concession for a service centre which is located between the Westlink M7/M4 Light Horse interchange and Reservoir Road. This concession is in place until 2017.

Transaction volume for the year ended 30 June 2007 was 39.1 million, representing a 2.3 per cent increase on the prior year. AADT for the quarter ended 30 June 2007 was 106,938 (117,925 for weekdays).

Toll revenue (net of GST) for the year ended 30 June 2007 was $85.5 million, an increase of 2.3 per cent over the previous year.

E-way

E-way is Interlink's customer management business that issues tags for M5, M1 and M4.

E-way continues to grow strongly with approximately 4,000 new tags issued and 1,500 new accounts opened per month during 2007. It now has more than 441,000 tags associated with 267,000 accounts.

Significant changes in the state of affairs

With the exception of the events mentioned in the "Review of Operations" above, in the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review.

Matters subsequent to the end of the financial period

(a) Refinance

Transurban raised AUD 600 million in the bank debt market in August 2007. Funds raised were used to refinance short term bank facilities.

(b) Strategic Investment in the ConnectEast Group

On 7 August 2007, Transurban announced that it has an economic interest in 6.28 per cent of the ConnectEast Group. The economic interest is held via cash-settled equity swaps (4.36 per cent) and a direct holding (1.92 per cent).

Transurban's total economic interest exceeded 5.0 per cent on 3 August 2007 after an acquisition of ConnectEast securities on market.

The investment is a strategic stake and Transurban has no current intention of making a takeover offer for the ConnectEast Group.

Likely developments and expected results of operations

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

Insurance and indemnification

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the responsible entity or any of its agents. So long as the officers of the responsible entity act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust. The auditor of the Trust is in no way indemnified out of the assets of the Trust.

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

Fees paid to the Responsible Entity out of Trust property during the year are disclosed in the full financial report.

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

Interests in the Trust issued during the financial year

	Consolidated		Parent Entity	
	2007	2006	**2007**	2006
	'000	'000	**'000**	'000
Balance at 1 July	**816,633**	791,416	**816,633**	791,416
Units issued during the year	**251,740**	25,217	**251,740**	25,217
Balance at 30 June	**1,068,373**	816,633	**1,068,373**	816,633

Value of Assets

	Consolidated		Parent Entity	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Value of Trust assets at 30 June	**9,731,607**	7,149,605	**7,004,678**	4,756,864

Directors' report

Units under option

There are no unissued units of Transurban Holding Trust under option at the date of this report. No options were granted in the current year.

Units issued on the exercise of options

The following Transurban Stapled Securities, which include a unit in the Trust were issued during the year ended 30 June 2007 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	-
23 October 2001	$4.404	-
1 February 2002	$4.280	-
9 April 2002	$4.030	-
20 May 2002	$4.220	76,283

Directors' interests

The directors of the Responsible Entity have disclosed relevant interests in Stapled Securities, options over stapled securitues issued by the Transurban Group as follows:

Name	Number of Stapled Securities	Stapled Securities issued via Executive Loan Plan
D J Ryan AO	24,091	-
G O Cosgriff	48,611	-
J G A Davis	55,592	-
S M Oliver	41,831	-
C J S Renwick AM	21,552	-
K Edwards	1,311,000	722,500

Environmental regulation

CityLink

CityLink Melbourne Limited is subject to regulation by the Environment Protection Act (1970) administered by the Victorian Environmental Protection Authority (EPA). The EPA currently regulates:

- discharges from the tunnel ventilation system and management of in-tunnel air quality;
- management of discharges of treated groundwater to the Yarra River; and
- management of the groundwater recharge system.

TransLink Operations (TLO) holds EPA Waste Discharge Licence EA41502. This specifies limits on the discharge of carbon monoxide, nitrogen dioxide and particulate matter as PM10 and PM2.5 from the tunnel ventilation system and imposes requirements to monitor these emissions. The licence also includes limits on the concentration of carbon monoxide within the tunnel and requires this to be monitored continuously.

This monitoring is undertaken by several specialist organisations under the supervision of the CityLink operator, Translink Operations Pty Ltd. The monitoring organisations are certified by the National Association of Testing Authorities. Monitoring verifies that emission levels are well below the maximum levels specified in the Waste Discharge Licence.

Following discussions with the Environmental Management Committee which includes representatives from CityLink, Translink Operations, EPA Victoria, local councils and community representatives, Translink Operations sought an amendment to the Waste Discharge Licence.

Accordingly, on 7 June 2005, EPA Victoria issued an amended Waste Discharge Licence (Licence EA41502) which materially altered the licence conditions. Under the amended licence, CityLink is no longer required to monitor ambient air quality in vicinity of the tunnel ventilation stacks. Monitoring of emissions within the tunnels and from the ventilation stacks continue unchanged.

In November 2002, Transurban commissioned a Groundwater Reuse Facility that is designed to treat groundwater that flows into the Burnley and Domain Tunnels and re-inject it into the aquifers along the alignment of the tunnels. As part of the management regime for this facility, EPA Victoria issued a Pollution Abatement Notice (PAN) to CityLink Melbourne Limited. This PAN requires groundwater quality to be monitored and reported. To date there have been no groundwater quality issues detected.

CityLink Melbourne Limited also holds a trade waste agreement with City West Water Limited. This agreement regulates the discharge to sewer of backwash water from the filtration system of the Groundwater Reuse Facility.

As TransLink Operations are responsible for the management of all hazardous spills, EPA Victoria also issued a PAN to TransLink Operations in relation to discharge of tunnel water to the Yarra River. This PAN ensures that TLO only discharge treated groundwater from the tunnels to the Yarra River.

In addition to the above environmental regulations, the PS&TR imposes a range of additional environmental requirements on CityLink. These include additional air quality requirements to be met within the tunnels, including oxides of nitrogen and visibility, and noise requirements on the open road system.

Directors' report

Hills M2

Hills Motorway Limited is subject to environmental regulation in respect to:

- Discharge of stormwater runoff from the M2 Motorway into the Lane Cove River, and
- Carbon-Monoxide levels within the M2 tunnels.

Monitoring of these parameters indicates that environmental requirements have been satisfied.

Westlink M7 Motorway

Westlink M7 operations are not subject to any special environmental regulation apart from that which would apply to any other road or development of a similar nature except where protection for sensitive areas and specified trees that are endangered sites used by bats for roosting.

M1 (Eastern Distributor)

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

Compliance with these requirements is monitored by a monthly report that the contractor submits to DUAP. This report outlines the compliance with the aforementioned environmental conditions stipulated in the licence. The report is subject to audit by both the consulting engineer Sinclair Knight Merz (SKM) and the Roads and Traffic Authority of NSW and no significant breaches have been reported.

The licence also requires compliance with the Pollution Control Act with respect to the level of noise and water pollution generated by the construction. This is administered by the NSW EPA. There have been no significant breaches of this Act.

Licences have also been issued under the Clean Waters Act and the Noise Control Act, which relate to the discharging of water from the site and noise generating activities. There have been no significant breaches of these Acts.

Other Acts with which the project is required to comply with are:

- Clean Air Act
- NSW Heritage Act
- Waste Minimisation and Management Act
- The Environmental Offences & Penalties Act, and
- Environmentally Hazardous Chemicals Act.

The have been no significant breaches of these Acts.

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 60.

Rounding off

The Trust is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

Auditor

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

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

David J Ryan AO
Chairman

Kimberley Edwards
Managing Director

Melbourne
21 August 2007

Directors' report

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

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GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website:www.pwc.com/au
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Auditors' independence declaration

As lead auditor for the audit of the Transurban Group for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, the only contravention of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit is set out below.

On 13 July 2007, a non-audit service provider reported that he held an immaterial investment in Transurban Group that he received through compulsory acquisition of Sydney Roads Group. This staff member was immediately removed from providing services to the Transurban Group and the investment was sold.

The matter was identified as part of our ongoing quality control system. All reasonable steps were undertaken to ensure that this matter was resolved as soon as possible. I report that all matters have been resolved, and in doing so do not believe this matter has impacted my objectivity and impartiality for the purpose of this audit.

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

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
21 August 2007

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated income statement for the year ended 30 June 2007

	Consolidated	
	2007 $'000	2006 $'000
Revenue from continuing operations	**430,069**	359,202
Other income	**22,191**	2,940
Administration costs	**(1,489)**	(1,881)
Operational costs	**(36,074)**	(17,686)
Promissory Notes	**(1,263)**	(2,025)
Depreciation and amortisation expense	**(105,030)**	(104,548)
Finance costs	**(307,890)**	(166,940)
Share of net losses of associate and joint venture partnership accounted for using the equity method	**(23,166)**	(8,634)
(Loss)/profit for the year	**(22,652)**	60,428
Profit is attributable to:		
Equity holders of Transurban Holding Trust	**(27,723)**	60,428
Equity holders of M1 (minority interest)	**5,071**	-
	(22,652)	60,428
Earnings per unit for (loss)/profit attributable to the ordinary equity holders:		
	Cents	Cents
Basic earnings per unit	**(3.1)**	7.6
Diluted earnings per unit	**(3.1)**	7.6

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

Consolidated balance sheet as at 30 June 2007

	Consolidated	
	2007 $'000	2006 $'000
Current assets		
Cash and cash equivalents	**268,995**	131,972
Trade and other receivables	**17,205**	9,464
Total Current Assets	**286,200**	141,436
Non-current assets		
Receivables	**5,887,457**	3,820,189
Investments accounted for using the equity method	**-**	15,732
Held-to-maturity investments	**557,731**	469,767
Derivative financial instruments	**20,623**	2,937
Property, plant and equipment	**2,594,469**	2,699,499
Intangible assets	**385,127**	-
Total Non-Current Assets	**9,445,407**	7,008,124
Total assets	**9,731,607**	7,149,560
Current liabilities		
Trade and other payables	**85,369**	93,330
Non-interest bearing liabilities	**423,952**	23,835
Provisions	**329,668**	207,070
Total Current Liabilities	**838,989**	324,235
Non-current liabilities		
Borrowings	**3,990,523**	3,348,587
Non-interest bearing liabilities	**199,833**	11,711
Total Non-Current Liabilities	**4,190,356**	3,360,298
Total liabilities	**5,029,345**	3,684,533
Net assets	**4,702,262**	3,465,027
Unitholders' funds		
Issued units	**5,911,399**	4,194,672
Reserves	**9,187**	(910)
Accumulated losses	**(1,272,191)**	(728,735)
Parent entity interest	**4,648,395**	3,465,027
Minority interest	**53,867**	-
Total unitholders' funds	**4,702,262**	3,465,027

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

Consolidated statement of changes in equity for the year ended 30 June 2007

	Consolidated	
	2007	2006
	$'000	$'000
Total equity at the beginning of the year	**3,465,027**	3,646,815
Adjustment on adoption of AASB 132 and AASB 139		
Retained Profits	**-**	16,840
Reserves	**-**	(14,074)
Restated total equity at the beginning of the financial year	**3,465,027**	3,649,581
Changes in fair value of share-based payments	**2,862**	1,168
Changes in fair value of cash flow hedges	**7,235**	11,996
Net income recognised directly in equity	**10,097**	13,164
Profit for the year	**(22,652)**	60,428
Total recognised income and expense for the year	**(12,555)**	73,592
Transactions with equity holders in their capacity as equity holders:		
Exercise of employee unit options	**296**	10,711
Conversion of CARS, net of transaction costs	**340,549**	53,544
Treasury units acquired	**(14,474)**	(9,784)
Treasury units disposed	**1,617**	-
Sydney Roads Group acquisition, net of Transaction costs	**1,169,169**	-
Distribution reinvestment plan	**219,570**	88,981
Dividends provided for or paid	**(515,733)**	(401,598)
Minority interest on acquisition of subsidiary	**65,992**	-
Minority interest distribution provided or paid	**(17,196)**	-
	1,249,790	(258,146)
Total equity at the end of the year	**4,702,262**	3,465,027
Total equity is attributable to:		
Equity holders of THT	**4,648,395**	3,465,027
Equity holders of M1 (minority interest)	**53,867**	-
	4,702,262	3,465,027

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

Consolidated cash flow statement for the year ended 30 June 2007

	Consolidated	
	2007	2006
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**115,517**	76,531
Payments to suppliers (inclusive of GST)	**(59,305)**	(33,382)
Interest received	**25,546**	17,038
Interest paid	**(208,338)**	(200,039)
Net cash outflow from operating activities	**(126,580)**	(139,852)
Cash flows from investing activities		
Payment for purchase of subsidiaries, net of cash acquired	**(14,047)**	(69,534)
Payments for Tullamarine/Calder Freeway Upgrade	**-**	(150,985)
Loans to related parties	**(577,750)**	(385,541)
Repayment of loans by related parties	**741,081**	338,297
Net cash inflow/(outflow) from investing activities	**149,284**	(267,763)
Cash flows from financing activities		
Proceeds from issue of units	**296**	10,712
Proceeds from borrowings	**4,000**	8,000
Payments for treasury securities	**(14,474)**	(9,784)
Proceeds from forfeited treasury securities	**1,612**	-
Loans from related parties	**1,251,770**	2,360,912
Repayment of loans to related parties	**(927,231)**	(1,778,921)
Distributions paid	**(197,408)**	(243,240)
Distributions paid to minority interests in subsidiaries	**(4,246)**	-
Net cash inflow from financing activities	**114,319**	347,679
Net Increase/(decrease) in cash held	**137,023**	(59,936)
Cash at the beginning of the financial year	**131,972**	191,908
Cash at the end of the financial year	**268,995**	131,972

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

Notes to the consolidated financial statements for the year ended 30 June 2007

This concise financial report relates to the consolidated entity consisting of Transurban Holding Trust and the entities it controlled at the end of, or during, the year ended 30 June 2007. The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

The Trust is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in financial reports. Amounts in the concise financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

1. Presentation Currency

The presentation currency used in this concise financial report is Australian dollars.

2. Segment Information

The Trust's principle business segment for the year ending 30 June 2007 was the provision of funding to the Transurban Group or associates of the Transurban Group. All revenues and expenses are directly attributable to this principle segment. The management structure and internal reporting of the Trust are based on the principle business segment.

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

	Segment Revenues		**Segment Assets**		**Acquisitions of PP&E, intangibles, and other non-current segment assets**	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000	**2007 $'000**	2006 $'000
Victoria	**228,037**	200,617	**5,738,941**	3,908,383	**385,127**	-
New South Wales	**198,619**	154,549	**3,756,565**	2,903,183	**-**	-
United States of America	**-**	-	**236,101**	337,994	**-**	-
	426,656	355,166	**9,731,607**	7,149,560	**385,127**	-

3. Revenue

	Consolidated	
	2007 $'000	2006 $'000
Services revenue from continuing operations	**430,069**	359,202

Notes to the consolidated financial statements for the year ended 30 June 2007

4. Distributions

The distributions set out below represent distributions to stapled securities holders.

	Parent Entity	
	2007 $'000	2006 $'000
Distributions proposed		
Final distribution payable and recognised as a liability:27.5 cents (2006 - 25.5 cents) per fully paid stapled security payable 27 August 2007	**294,744**	207,422
Distributions paid during the year		
Final distribution for 2006 financial year of 25.5 cents (2005 - 18.0 cents) per fully paid Stapled Security paid 25 August 2006	**207,422**	142,443
Interim distribution for 2007 financial year of 26.5 cents (2006 - 24.5 cents) per fully paid Stapled Security paid 28 February 2007	**220,989**	194,188
Total distributions paid	**428,411**	336,631
Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the years ended 30 June 2007 and 30 June 2006		
Paid in cash	**197,408**	243,240
Executive loans - repayments	**1,228**	352
Satisfied by issue of Stapled Securities	**229,758**	93,007
Distributions waiting to be applied to future DRP	**17**	32
Total distributions paid	**428,411**	336,631

5. Earnings per unit

	Consolidated	
	2007	2006
Basic earnings per unit attributed to ordinary unit holders	**(3.1) cents**	7.6 cents
Diluted earnings per unit unit attributed to ordinary unit holders	**(3.1) cents**	7.6 cents
Weighted average number of units used as the denominator in calculating basic earnings per unit	**880,884,193**	799,431,057
Weighted average number of units and potential units used as the denominator in calculating diluted earnings per unit	**880,884,193**	800,300,233

Information concerning the classification of units

(a) Stapled Securities

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

(b) Options

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

6. Economic dependency

The consolidated entity is reliant on distributions from the CityLink Trust and the Hills Motorway Trust and interest on Term Loan Notes for its ongoing viability.

7. Events occurring after the balance date

On 7 August 2007, Transurban announced that it has an economic interest in 6.28 per cent of the ConnectEast Group. The economic interest is held via cash-settled equity swaps (4.36 per cent) and a direct holding (1.92 per cent).

Transurban's total economic interest exceeded 5.0 per cent on 3 August 2007 after an acquisition of ConnectEast securities on market.

The investment is a strategic stake and Transurban has no current intention of making a takeover offer for the ConnectEast Group.

8. Intra-group guarantees

As at 30 June 2007, the Transurban Group comprises Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited, traded and quoted on the ASX as one triple stapled security.

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

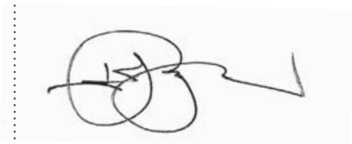
Directors' declaration

The directors declare that in their opinion, the concise financial report of the Trust for the year ended 30 June 2007 as set out on pages 61 to 66 complies with Accounting Standard AASB 1039: Concise Financial Reports.

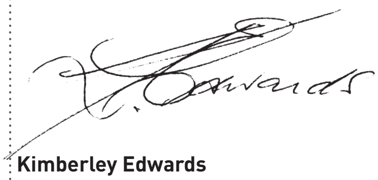
The concise financial report is an extract from the full financial report for the year ended 30 June 2007. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

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

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



David J Ryan AO
Chairman



Kimberley Edwards
Managing Director

Melbourne
21 August 2007

Independent audit report to the members

PRICEWATERHOUSECOOPERS

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Independent audit report to the members of Transurban Holding Trust

Audit opinion

In our opinion, the concise financial report of Transurban Holding Trust for the year ended 30 June 2007 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 Holding Trust (the trust) for the year ended 30 June 2007.

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

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 trust. 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 trust for the financial year ended 30 June 2007. Our audit report on the full financial report was signed on 21 August 2007 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*.

PRICEWATERHOUSECOOPERS

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
21 August 2007

FINANCIALS

Transurban International Limited

The Concise Financial Report of
Transurban International Limited and controlled entities (ABN 121 746 825)
For the period ended 30 June 2007

Contents

Directors' report

Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the period ended 30 June 2007. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

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

The full financial report and auditor's report will be sent to members on request, free of charge. You can access both the full financial report and the concise report via the internet at our Investor Information on our website: www.transurban.com. Alternatively, you can call 1300 360 146 (free call) and a copy will be forwarded to you.

Directors report

The directors present their report on the consolidated entity consisting of Transurban International Limited ("the Company"), and the entities it controlled (collectively "the Group") for the period 6 September 2006 to 30 June 2007.

Accounts

Transurban International Limited forms part of the Transurban Group. Prior to 3 January 2007, Transurban Stapled Securities comprised one share in Transurban Holdings Limited, one unit in Transurban Holding Trust and one share in Transurban Limited. On 3 January 2007 the composition of the Stapled Security was restructured, as approved by security holders at the Group's AGM on 23 October 2006. The restructure involved the removal of shares in Transurban Limited from the triple stapled, and such shares being replaced by shares in Transurban International Limited.

As Transurban International Limited was incorporated on 6 September 2006 there is no comparative period.

Directors

With the exception of the changes noted below, the following persons were directors of Transurban International Limited from the date of incorporation up to the date of this report.

Non-executive directors

- David J Ryan AO [1]
- Laurence G Cox AO [2]
- James Keyes
- Jennifer Eve

Executive directors

- Kim Edwards

[1] David J Ryan was appointed director on 28 February 2007.
[2] Laurence G Cox was a director from 6 September 2006 until his resignation on 28 February 2007.

Principal activities

During the year the company's principal activity was acting as the holding entity of Transurban DRIVe Holdings LLC and Transurban International Holdings LLC.

Results

The result of operations for the financial year ended 30 June 2007 was an operating loss of $197,146.

Review of operations

Since 3 January 2007, the company has acted as the holding entity of Transurban DRIVe Holdings LLC. The company's Memorandum of Association empowers it to carry on the business of a mutual fund company, and to acquire, possess, deal in and dispose of securities, currencies, derivative instruments and other financial instruments of any kind and infrastructure assets of any kind.

Significant changes in the state of affairs

Other than matters described elsewhere in the Directors' Report, there were no significant changes in the state of affairs during the financial year.

Matters subsequent to end of the financial year

(a) First stage closure of DRIVe

Transurban DRIVe Holdings LLC is an unlisted co-investment vehicle which will invest in existing and new toll road and similar or related opportunities in North America. On 21 August 2007, Transurban completed the first contractual closure of DRIVe. Transurban's initial interest will be 75 per cent with Capital Partners taking 25 per cent. As a result of this transaction the Pocahontas Parkway will be sold into Transurban DRIVe Holdings LLC for USD $236.0 million.

(b) The transportaton Infastructure Finance and Innovation act funding

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFA) established a federal credit program under which the US Department of Transportation (USDOT) may provide Federal credit assistance to major transportation investments of critical or national significance.

On 12 June 2007 USDOT Credit Council approved Transurban's TIFIA application for USD $150.0 million. The funds are to be used to repay USD $95.2 million of Senior Debt, to finance the Richmond Airport Connector and an upgrade of the electric tolling system on the Pocahontas Parkway asset.

The TIFIA debt facility is long term funding (35 years) which offers a five year period of capitalised interest and fixed interest rate representing one basis point above Government Bonds with similar maturity as published by the United States Treasury Bureau of Public Debt's.

On 20 August 2007, Transurban received USD $97.8 million to allow for the refinance of existing debt.

Likely developments and expected results of operations

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

Environmental regulation

No environmental regulations apply.

Directors' report

Information on directors

David J Ryan AO

BBus, FCPA, FAICD
Chairman & Independent non-executive director

Experience and expertise
David has a background in the finance industry and in business.

Other current directorships
He is a non-executive director of Lend Lease Corporation Limited and ABC Learning Centres and Chairman of Tooth & Co Limited.

Former directorships in last 3 years
Non-executive director of Virgin Blue Holdings Limited (2003–2005)
Non-executive director of Sydney Roads Limited (April–June 2007)
Non-executive director of Sydney Roads Management Limited (April–July 2007)

Date of initial appointment
29 April 2003.

Special responsibilities
Chair of Audit Committee and Member of Risk Committee

Kimberley Edwards

BE, MAdmin (Bus), FIE (Aust), MAICD
Managing Director

Experience and expertise
Kim has held senior management positions on major commercial and infrastructure projects in Australia, the UK and the Middle East. He joined Transurban to lead the successful bid for the CityLink project in Melbourne, and spearheaded the development of the Group into new toll road opportunities in Australia and the US.

Other current directorships
None

Former directorships in last 3 years
Executive Director of Hills Motorway Ltd (April–August 2005)
Executive Director of Sydney Roads Limited (April–June 2007)
Executive Director of Sydney Roads Management Limited (April–July 2007)

Date of initial appointment
29 October 1996

Special responsibilities
Managing Director

James Keyes

M.A (Hons)
Independent non-executive director.

Experience and expertise

James is Partner and the Local Team Leader of the Funds and Investment Services Team at Appleby Hunter Bailhache (legal firm within Bermuda). He practised as a lawyer for more than 15 years and specialises in the area of mutual funds, corporate finance and securities.

Other current directorships
None

Former directorships in last 3 years

None

Date of initial appointment
18 September 2006

Special responsibilities
None

Jennifer Eve

BA, LLB (Hons), LLM
Independent non-executive director

Experience and expertise
Jennifer is an associate and member of the Funds and Investment Services Team at Appleby Hunter Bailhache (legal firm within Bermuda). She practices in the area of company and commercial law, specialising in the formation and administration of corporate vehicles.

Other current directorships
None

Former directorships in last 3 years
None

Date of initial appointment
18 September 2006

Special responsibilities
None

Company Secretary

Mark Licciardo

BBus (Acc), GradDip CSP, ASA, FCIS

Mark held the position of Company Secretary from January 2005 until his resignation on 17 August 2007. 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

Paul is General Counsel and Group General Manager Risk Management. He was originally appointed General Counsel in March 1996. He has responsibility for legal advice, the Group's risk management strategy and direction, insurance and Independent Customer Resolutions. Before joining Transurban he held a senior legal role at Transfield for 18 months during the bid for CityLink.

Directors' report

Meetings of directors

The number of meetings of the company's board of directors and of each board committee held during the period ended 30 June 2007, and the numbers of meetings attended by each director were:

Name	Board of Directors		Audit Committee		Nomination & Remuneration Committee		Risk Committee	
	A	B	A	B	A	B	A	B
D J Ryan AO	2	2	2	2	3	x	2	2
L G Cox AO	0	0	1	1	1	1	x	x
K Edwards	2	2	1	x	4	4	x	x
J Keyes	2	2	x	x	x	x	x	x
J Eve	2	2	x	x	x	x	x	x

A = Number of meetings attended
B = Number of meetings held during the time the director held office attended
X = Not a member of the relevant board

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

Directors' Interests

The directors of the Group have disclosed relevant interests in Stapled Securities of the Transurban Group:

Name	Number of Stapled Securities	Stapled Securities issued via Executive Loan Plan
D J Ryan AO	24,091	-
K Edwards	1,311,000	722,500
J Keyes	-	-
J Eve	-	-

Directors' report

Remuneration report

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

(a) Principles used to determine the nature and amount of remuneration

(b) Details of remuneration

(c) Service agreements

(d) Share-based compensation, and

(e) Additional information.

All amounts relate to the 12 months ended 30 June 2007 paid as remuneration by the Transurban Group. The company and Group has not paid any remuneration in the period since its incorporation on 6 September 2006.

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 $1.9 million in total for the Group.

Subject to this limit, remuneration structure and amounts for non-executive directors are recommended by the Remuneration Committee of the Board with assistance from external remuneration consultants. Liability for the Superannuation Guarantee Contribution is met from gross remuneration. The current fee arrangements were last reviewed with effect from 1 October 2006.

In September 2005, the Board resolved to discontinue previously provided retirement benefits for all participating non-executive directors with effect from 30 September 2005 such that future directors were not entitled to this benefit. The value of benefits accrued up to this date attracts interest at the statutory Fringe Benefits rate (currently 7.05 per cent). 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 security holder 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 security holder return relative to other companies in the ASX Industrials index and
- individual performance as measured by the achievement of key performance indicators ("KPIs") and the upholding of Group values

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

Directors' report

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 profit-related financial and non-financial performance targets are 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 August following annual performance reviews.

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 Remuneration Committee. KPIs for executives reporting to the Managing Director are established by the Managing Director.

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

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

Long Term Incentives

On an annual basis, the Group makes available Long Term Incentive ("LTI") allocations to executives. Two forms of long-term incentives ("LTI") were in operation during the reporting period. The Executive Long Term Incentive Plan (ELTIP) provided cash rewards linked to equity performance over a two year vesting period and the Executive Loan Plan ("ELP") which is linked to improvements in the price of stapled securities over a three year period. Both plans utilise Total Security holder Return as the basis for determining payment.

Following announcement of changes in the May 2006 Federal Budget 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, a review of the company's share plans was undertaken. As a result, a new Performance Rights Plan (PRP) was adopted by the Board for implementation in November 2007.

The new PRP will utilise two performance measures, one linked to Total Security holder Return over a three year vesting period and the second, an operational performance measure of the business over the same period. The Plan has been structured so that rewards are only obtained if there are materially improved security holder returns and operational performance results over the three year period.

Executives participating in the PRP are provided with a right to acquire, at no cost to them an allocated number of stapled securities, subject to the achievement of performance conditions at the time of investing. Executives based outside Australia are eligible to participate in a cash plan similarly structured to the PRP.

Employee Security Ownership Plan

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

Business Generation Incentive Plan

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

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

(b) Details of remuneration (audited)

Transurban International Limited does not employ any executive key management personnel or executive directors. All related remuneration disclosures refer to other Transurban Group entities and have not been apportioned as a relevant basis of apportionment is not available.

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

Details of the remuneration of the directors and key management personnel are set out in the following tables.

The key management personnel of Transurban International Limited includes the directors (refer page 74) and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the entity:

- C Brant—Chief Finance Officer
- B Bourke—Group General Manager Operations
- P O'Shea—Group General Manager Legal and Risk Management
- G Mann—Group General Manager Development

Directors' report

Key management personnel of Transurban International Limited

2007		Short-term benefits		Post-employment benefits		Share-based payments		
Name	Cash salary and fees	Cash Bonus	Non-monetary benefits	Super-annuation	Retirement benefits[a]	Executive Loan Plan [b]	Long term Incentive Plan [c]	Total
	$	$	$	$	$	$	$	$
Non-executive directors								
D J Ryan AO	39,199	-	-	3,528	-	-	-	42,727
L G Cox AO [1]	17,043	-	-	5,840	3,414	-	-	26,297
J M Keyes	9,249	-	-	-	-	-	-	9,249
J Eve	9,249	-	-	-	-	-	-	9,249
Executive directors								
K Edwards Managing Director	1,495,520	1,600,000	8,330	105,113	-	264,409	376,710	3,850,082
Other key management personnel								
C Brant	561,683	550,000	8,330	49,641	-	105,941	80,051	1,355,646
B Bourke	515,792	500,000	8,330	45,510	-	94,214	75,342	1,239,188
P O'Shea	325,454	450,000	8,330	105,124	-	73,008	56,506	1,018,422
G Mann	465,415	250,000	8,330	85,000	-	98,935	-	907,680
Total	**3,438,604**	**3,350,000**	**41,650**	**399,756**	**3,414**	**636,507**	**588,609**	**8,458,540**

(1) L G Cox was chairman and a non-executive director from the beginning of the period until his resignation on 28 February 2007.
(a) 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.
(b) 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.
(c) 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.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2007	2006	**2007**	2006	**2007**	2006
Directors of the Group						
K Edwards	**43%**	52%	**43%**	38%	**14%**	10%
Other key management personnel						
C Brant	**43%**	49%	**40%**	41%	**17%**	10%
B Bourke	**43%**	47%	**39%**	43%	**18%**	10%
P O'Shea	**40%**	41%	**43%**	50%	**17%**	9%
G Mann	**54%**	69%	**25%**	16%	**21%**	15%

Directors' report

(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 executive long term incentive plans (or equivalent cash plans for those executives located outside Australia) and the Business Generation Incentive Plan. Other major provisions of the agreements, relating to remuneration, are set out below:

Executive directors

K Edwards, Managing Director

- Fixed remuneration including base salary and superannuation, for the year ending 30 June 2008 of $1,900,000 to be reviewed annually by the Remuneration Committee and the Board;
- A Short Term Incentive Payment of $1,600,000 being 100 per cent of his total employment cost for the year ending 30 June 2007.
- A Long Term Incentive allocation for financial year 2008 under the terms and conditions of the new Performance Rights Plan (described in Section D) equal to $1,000,000 (or approximately 50 per cent of TEC) to be offered 1 November 2007 with Stapled Securities to be acquired on market.
- The Managing Director's allocation will be derived by using an option valuation methodology such as the Black Scholes with Monte Carlo simulations or other similar method of calculation. By dividing the Managing Director's remuneration value by this adjusted valuation, the number of Stapled Securities will be derived. For example, if the valuation at 1 November 2007 is $3.50, the Managing Director's allocation of $1,000,000 will be divided by this valuation to provide him with a total of 285,715 performance rights.
- Term of Agreement – permanent, subject to 6 months notice of termination;
- The payment of 1.3 times of fixed remuneration upon termination

Key Management Personnel and other executives

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

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

(d) Share-based compensation (audited)

Executive long term incentive plan

The executive long term incentive plan (ELTIP) was offered in years 2004 and 2005.

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 was 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 S&P/ASX 200 Industrials over the two years prior to maturity. If Transurban's TSR ranking is below the 40th percentile, no payment is 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 reporting period are as follows:

Grant date	Expiry date	Grant price	Value per unit at grant date	Value per unit at reporting date	Date Paid
30 Sept 2004	30 Sept 2006	$5.45	$0.54	$1.79	30 Nov 2006

Details of ELTIs paid to each director and other key management personnel are set out below. No ELTIs were issued during the year.

Name	Number of ELTIs during the year	$ Value of ELTIs paid during the year
Directors Transurban International Limited		
K Edwards	800,000	1,083,019
Other key management personnel		
C Brant	170,000	230,142
B Bourke	160,000	216,604
P O'Shea	120,000	162,453
G Mann	-	-

Directors' report

Executive Loan Plan ("ELP")

The Executive Loan plan ("ELP") offered in years 2006 and 2007, was introduced as it offered payoff characteristics similar to those of an option-based plan and thus rewarded TSR out performance. 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 in the executive in accordance with the terms of the Plan. Expiry occurs 3 years plus 60 days from the date of commencement of the Plan, unless the rules of the Plan otherwise provide. Holding locks are applied to the Stapled Securities to ensure that they can only be dealt with in accordance with the terms of the Plan. The acquired shares cannot be transferred or sold while the loan is outstanding.

Stapled securities vest in the executive if:

(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 staples 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 was 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 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 applied in reduction of the outstanding loan balance.

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 offer date of the Plan.

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 was determined by the following:

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

(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 and other key management personnel are set out below.

Name	Number of securities granted	Number of securities vested	Number of securities exercised
Directors Transurban International Limited			
K Edwards	410,000	-	-
Other key management personnel			
C Brant	175,000	-	-
B Bourke	160,000	-	-
P O'Shea	130,000	-	-
G Mann	160,000	-	-

Directors' report

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. Given this announcement, Transurban undertook a review of its Employee Equity Plans to ensure that they remained relevant and aligned to the interests of stapled security holders and remained operable under the constitution of the Transurban Holding Trust. As a result, the Transurban Board endorsed a new Performance Rights Plan to be introduced in November 2007.

Performance Rights Plan ("PRP")

Under the new PRP, Executives will be granted performance rights to acquire, at no cost to them, an allocated number of stapled securities, subject to the achievement of performance conditions at the end of a three year vesting period. Two performance measures will be utilised, one linked to Total Shareholder Return (TSR) over a three year vesting period and the second, an operational performance measure over the same period. The Plan has been structured so that rewards are only obtained if there are materially improved security holder returns and operational performance results over the three year vesting period. The performance hurdles attached to the performance rights have been set to ensure that both executives and stapled security holders generally benefit from the allocation of stapled securities to executives under the Plan.

There is only one testing date. The right to Stapled Securities cannot be transferred, exercised or otherwise dealt with during the vesting period.

Stapled securities 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 hurdles relevant to the offer are met.

Unless the Plan rules provide otherwise, no stapled securities will vest in the executive if the identified performance measures are not met. If an executive leaves the employ of the Transurban Group unvested securities will lapse.

No dividends or distributions are payable in respect of the stapled securities subject of the Plan during the vesting period.

Performance Hurdles

(1) 50 per cent of rights vest subject to Total Shareholder Return (TSR)

The TSR performance hurdle involves a comparison of Transurban's listed stapled securities 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) will be three years.

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 50 per cent of Stapled Securities will vest.

- If Transurban's TSR is ranked at or below the 50th percentile, none of the stapled securities will vest.
- If Transurban's TSR is ranked at or above the 75th percentile, 100 per cent of the stapled securities under this measurement will vest.
- Linear vesting if Transurban's TSR is ranked between the 50th and 75th percentiles

(2) 50 per cent of rights vest subject to an operational performance measure based on EBITDA growth

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

Allocation of PRP Units

The allocation of PRP units will be determined by the following: a remuneration value will be determined for each participant relative to their total employment cost. These values are referenced to external market benchmarks.

The number of stapled security rights 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 performance and other conditions. By dividing the remuneration value by this adjusted valuation, the number of stapled securities is derived.

Employee Security Ownership Plan ("ESOP")

Following the Federal Governments announced taxation changes concerning stapled securities as previously noted, a review of the company's Employee Security Ownership Plan was undertaken, resulting in the implementation of two new Plans - the Investment Tax Exempt Plan and the Investment Tax Deferred Plan.

The Investment Tax Exempt Plan provides employees the opportunity to invest, on a tax exempt basis, up to one thousand dollars per annum, of which half is contributed by the company.

The Investment Tax Deferred Plan provides employees the opportunity to purchase securities, on a tax deferred basis using pre-tax salary. There is no cap on the amount of salary an employee may elect to contribute and the Company provides a matching contribution on a dollar for dollar basis to a maximum of three thousand dollars per annum.

The previous Incentive Plan has been retained. Subject to Board approval and the performance of the company, an allocation of securities at no cost to eligible permanent employees is made. In 2007 an allocation of 100 securities was made to 503 employees.

(e) Additional information (not audited)

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

The incentive component of executive remuneration is primarily 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 Group's performance over the past financial year is best measured by the success achieved through its business development activities and associated growth in market capitalisation.

Directors' report

Transurban achieved effective control of the Sydney Roads Group ("SRG") on 11 April 2007. As a result of the acquisition Transurban holds investments in the Eastern Distributor (M1), Interlink Roads Limited (M5) and Statewide Roads Limited (M4 Motorway) in New South Wales. This acquisition provides Transurban with a significant presence in the Sydney market and the opportunity to maximise security holder value through forecast synergies which will be achieved across the network totalling $8.0 million. Synergies realised to date total $5.4 million.

In preparation for future international development Transurban International Limited (TIL) was formed on 3 January 2007 to create a more efficient vehicle for which investments in international assets can be made and allows for security holder distributions from these investments to be executed in a timely and efficient manner. TIL will own Transurban's investment in the Transurban DRIVe co investment vehicle which reached contractual close in August 2007.

These developments along with sustained growth in corner stone assets such as the Melbourne CityLink and the Hills M2 which achieved annual growth in revenue of 8.8 per cent and 16.9 per cent respectively have contributed to significant gains in market capitalisation increasing from $5.7 billion on 1 July 2006 to $8.6 billion at 30 June 2007.

Supporting the increased market capitalisation is the Group's capacity to continue to grow its distributions through sustained cash generation and increased debt capacity. A distribution of 54.0 cents per security will be paid to security holders for the year ended 30 June 2007, representing an increase on the prior corresponding period of 8.0 per cent.

Transurban is currently ranked in the top 40 public companies listed on the ASX.

Cash bonuses

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

Cash bonuses aggregating $3.8 million were incurred under the Business Generation Incentive Plan in relation to the acquisition of the Sydney Roads Group.

Each cash bonus paid to Directors and 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.

Name	**Cash Bonus Paid %**	**Cash Bonus Forfeited %**
K Edwards	100	-
C Brant	100	-
B Bourke	100	-
P O'Shea	100	-
G Mann	100	-

Long Term Incentive Units

Long term incentive units which were issued in September 2004 vested in September 2006 and were paid in November 2006. Further details relating to long term incentives for each director are set out below.

Name	**A Remuneration %**	**B Value at date grant $**	**C Value at exercise date $**	**D Value at lapse date $**	**E Total of columns B-D $**
K Edwards – ELTI	-	-	1,083,019	327,621	1,410,640
K Edwards – share plan	35	560,000	-	-	560,000
C Brant – ELTI	-	-	230,142	69,619	299,761
C Brant – share plan	40	240,000	-	-	240,000
B Bourke – ELTI	-	-	216,604	65,524	282,128
B Bourke – share plan	40	220,000	-	-	220,000
P O'Shea – ELTI	-	-	162,453	49,143	211,596
P O'Shea – share plan	40	168,000	-	-	168,000
G Mann – share plan	40	220,000	-	-	220,000

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.

Directors' report

Indemnification and Insurance

The officers of the Transurban Group are indemnified against liability incurred by the person in their capacity as an officer unless the liability arises out of conduct on the part of the officer which involves a lack of good faith. The Group also indemnifies each person who is or has been an officer against liability for costs or expenses incurred by the person in his or her capacity as an officer 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.

Pursuant to this indemnification, the individual entities of the Group have paid premiums for an insurance policy for the benefit of directors, secretaries and executive officers and related bodies corporate of the Group, in the case of the Trusts within the Group the officers are indemnified out of the assets of the Trusts. In accordance with common practice, the insurance policies prohibit disclosure of the nature of the liability covered and the amount of the premium.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the combined entity 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 combined entity, acting as advocate for the combined entity or jointly sharing economic risk and rewards.

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 83.

Auditor

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

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

David J Ryan AO
Chairman

Kimberley Edwards
Managing Director

Melbourne
21 August 2007

During the year the following fees were paid or payable for services provided by the auditor of the entity and its related practices.

	Consolidated 2007 $
Taxation Services	
Tax consulting	8,700
	8,700

Fees associated with audit services have been recognised by the ultimate parent entity in 2007.

PRICEWATERHOUSECOOPERS

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Auditors' independence declaration

As lead auditor for the audit of the Transurban Group for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, the only contravention of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit is set out below.

On 13 July 2007, a non-audit service provider reported that he held an immaterial investment in Transurban Group that he received through compulsory acquisition of Sydney Roads Group. This staff member was immediately removed from providing services to the Transurban Group and the investment was sold.

The matter was identified as part of our ongoing quality control system. All reasonable steps were undertaken to ensure that this matter was resolved as soon as possible. I report that all matters have been resolved, and in doing so do not believe this matter has impacted my objectivity and impartiality for the purpose of this audit.

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

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
21 August 2007

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated income statement for the period ended 30 June 2007

	Consolidated 2007 $
Revenue from continuing operations	18,342
Expenses from ordinary activities	
Corporate costs	(199,579)
Finance costs	(15,909)
Loss before income tax	**(197,146)**
Income tax expense	**-**
Loss for the year	**(197,146)**
Earnings per share for loss attributable to the ordinary equity holders	
	Cents
Basic earnings per share	(0.04)
Diluted earnings per share	(0.04)

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

Consolidated balance sheet as at 30 June 2007

	Consolidated 2007 $
Current Assets	
Cash and cash equivalents	18,803
Trade and other receivables	15,507
Total Current Assets	**34,310**
Total Assets	**34,310**
Current Liabilities	
Trade and other payables	223,148
Total Current Liabilities	**223,148**
Total Liabilities	**223,148**
Net Liabilities	**(188,838)**
Equity	
Contributed equity	2
Reserves	8,306
Accumulated losses	(197,146)
Total Equity	**(188,838)**

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

Consolidated statement of changes in equity for the period ended 30 June 2007

	Consolidated 2007 $
Total equity at the beginning of the financial period	-
Exchange differences on translation of foreign operations	8,306
Loss for the period	(197,146)
Total recognised income and expense for the period	**(188,840)**
Equity issue at time of incorporation	2
Total equity at the end of the period	**(188,838)**

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

Consolidated cash flow statement for the period ended 30 June 2007

	Consolidated 2007 $
Cash flows from operating activities	
Payments to suppliers (inclusive of GST)	(152,271)
Interest received	16,645
Net cash (outflow) from operating activities	**(135,626)**
Cash flows from financing activities	
Loans from related parties	1,164,757
Repayment of loans to related parties	(1,000,000)
Net cash inflow from financing activities	**164,757**
Net increase in cash held	**29,131**
Cash at the beginning of the financial period	**-**
Effects of exchange rate changes on cash and cash equivalents	(10,328)
Cash at the end of the financial period	**18,803**

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

Notes to the consolidated financial statements for the period ended 30 June 2007

1. Summary of significant accounting policies

This concise financial report relates to the consolidated entity consisting of Transurban International Limited and the entities it controlled at the end of, or during, the year ended 30 June 2007. This financial report is the first for Transurban International Limited and as such there is no comparative information.

The presentation currency used in this concise financial report is Australian Dollars.

2. Segment information

The Company operates in Hamilton, Bermuda and one industry segment being the Holding entity of Transurban DRIVe Holdings LLC.

3. Revenue from continuing operations

	Consolidated 2007 $
Other revenue	
Interest	18,342
	18,342

4. Dividends

No dividends were paid or declared during the year.

5. Earnings per stapled security

Basic earnings per share	(0.04) cents
Diluted earnings per share	(0.04) cents
Weighted average number of shares used in calculating basic earnings per share	456,052,370
Weighted average number of shares and potential shares used (as denominator) in calculating diluted earnings per share	456,052,370

6. Events occuring after balance sheet date

(a) Sale of Pocahontas Parkway group of assets and liabilities to Transurban DRIVe Holdings LLC

On 28 February 2007 a controlled entity announced its intention to sell the Pocahontas Parkway (Pocahontas) group assets and liabilities, in Richmond Virginia, USA, to Transurban DRIVe Holdings LLC (DRIVe Holdings).
On 27 June 2007, DRIVe Holdings was incorporated as a wholly owned subsidiary of the Group with a view to immediate resale to parties external to the Transurban Group, after acquisition of Pocahontas by DRIVe Holdings. At balance date, the sale of Pocahontas and the sale of DRIVe Holdings had not occurred. On 21 August 2007, Transurban and Capital Partners reached agreement to co-invest in the USA privately financed toll road market through DRIVe. Transurban's initial interest will be 75 per cent with Capital Partners taking 25 per cent. As a result of this transaction the Pocahontas Parkway will be sold into Transurban DRIVe Holdings LLC for USD $236.0 million.

(b) TIFIA loan for Pocahontas Parkway, US

On 19 July 2007, Transurban signed an agreement with the United States Federal Highways Administration (FHWA) for a United States federal government loan to support the funding for the construction of a direct link between the Richmond International Airport and the Pocahontas Parkway.

Under the agreement FHWA will provide Transurban with a USD $150.0 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. The loan will assist Transurban with construction of the Richmond Airport Connector and refinance a portion of existing project debt.

On 20 august 2007, Transurban received USD $97.8 million to allow for the refinance of existing debt.

7. Intra-group guarantees

As at 30 June 2007, the Transurban Group comprises Transurban Holdings Limited, Transurban Holdings Trust and Transurban International Limited, traded and quoted on the ASX as one triple stapled security.

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

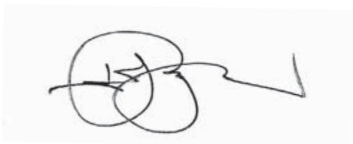
Directors' declaration

The directors declare that in their opinion, the concise financial report of the consolidated entity for the period ended 30 June 2007 as set out on pages 84 to 88 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The concise financial report is an extract from the full financial report for the period ended 30 June 2007. The financial statements and specific disclosures included in the financial report have been derived from the full financial report.

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

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



David J Ryan AO
Chairman

Kimberley Edwards
Managing Director

Melbourne
21 August 2007

Independent audit report to the members

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Independent audit report to the members of Transurban International Limited

Audit opinion

In our opinion, the concise financial report of Transurban International Limited for the period ended 30 June 2007 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 International Limited (the Company) for the period ended 30 June 2007.

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*

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 period ended 30 June 2007. Our audit report on the full financial report was signed on 21 August 2007 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*.

PRICEWATERHOUSECOOPERS

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
21 August 2007

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Enquiries and information

Enquires about your Transurban stapled securities

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

Computershare

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Removal from mailing list

Security holders can nominate not to receive a copy of the Financial Statements document by written notice to the Stapled Securities Register. All security holders will continue to receive this annual review and other shareholder information, including the Notice of Annual General Meeting and proxy form.

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