
Transurban Group

Appendix 4D

Half-year ended 31 December 2015

(Previous corresponding period:
Half-year ended 31 December 2014)

The Transurban Group (the **Group**) comprises the following entities:

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

Results for announcement to the market

Statutory results compared to the prior period

- Revenue from ordinary activities increased 9.5 per cent to \$1,056 million;
- Profit from ordinary activities after tax increased from a loss of \$354 million to a profit of \$62 million;
- Profit from ordinary activities after tax excluding significant items increased 19.2 per cent to \$62 million;
- Earnings before depreciation and amortisation, net finance costs, equity accounted investments and incomes taxes (EBITDA) increased 273.5 per cent to \$676 million;
- EBITDA excluding significant items increased 13.2 per cent to \$676 million;
- Statutory net profit attributable to security holders of the stapled group increased from a loss of \$185 million to a profit of \$81 million; and
- Statutory net profit before significant items attributable to security holders of the stapled group increased 12.5 per cent to \$81 million.

Proportional results compared to the prior period

- Toll revenue increased 19.3 per cent to \$960 million;
- EBITDA increased by 96.0 per cent to \$729 million;
- EBITDA before significant items increased by 14.6 per cent to \$729 million; and
- Free cash increased 22.0 per cent to \$461 million.

Distributions

	Amount per Security cents	Franked amount per Security %
Interim distribution (declared prior to balance date)	19.0	-
Interim dividend (declared prior to balance date)	3.5	100
	22.5	
Interim distribution from the previous corresponding period	16.0	-
Interim dividend from the previous corresponding period	3.5	100
	19.5	
Final distribution (prior year)	17.0	-
Final dividend (prior year)	3.5	100
	20.5	
Record date for determining entitlements to interim distribution		31 December 2015
Date of payment of interim distribution		12 February 2016

Distribution Reinvestment Plan

Under the Distribution Reinvestment Plan (DRP), security holders may receive additional stapled securities in substitution for some or all cash distributions in respect of their stapled securities. The last date for the receipt of an election notice for participation in the DRP was 4 January 2016 and the participation rate was 15.02 per cent. No discount has been applied when determining the price at which stapled securities will be issued under the DRP for the current period distribution.

Explanation of results

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

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

Proportional results

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

Significant items are those items where their nature and amount is considered material to the financial statements and not in the ordinary course of business. These items have been disclosed in Note B5 to the Interim Financial Report.

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

Proportional EBITDA is reconciled to the statutory income statement on Note B3 of the financial statements.

Free cash

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

Free cash is calculated as statutory cash flow from operating activities from 100 per cent owned subsidiaries plus distributions and interest received from non 100 per cent owned subsidiaries and equity accounted investments, adjusted to include the allowance for maintenance of intangible assets and exclude cash payments for maintenance of intangible assets.

Net tangible asset backing

	31 December 2015	30 June 2015
	\$	\$
Net tangible asset backing per stapled security*	3.04	2.89

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

Investments in associates and joint venture entities

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

Name of company	Ownership Interest		Net profit/(loss) contribution to the Transurban Group	
	2015 %	2014 %	2015 \$M	2014 \$M
North Western Roads Group Trust	50.0	50.0	-	-
North Western Roads Group Pty Ltd	50.0	50.0	-	-
NorthConnex State Works Contractor Pty Ltd	50.0	50.0	-	-
Interlink Roads Pty Limited	50.0	50.0	9	9
			<u>9</u>	<u>9</u>

Other information required by Listing Rule 4.2A

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

Audit review

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



Julie Galligan
Company Secretary
11 February 2016

Transurban Holdings Limited and Controlled Entities

ABN 86 098 143 429

(Including Transurban International Limited and Transurban Holding Trust)

Interim report for the half-year ended 31 December 2015

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Directors' report

Transurban Holdings Limited ('the company', 'the parent' or 'THL') is a company incorporated in Australia and limited by shares that are publicly traded on the Australian Securities Exchange. These financial statements have been prepared as a consolidation of the financial statements of Transurban Holdings Limited and its controlled entities ('Transurban Group' or 'the Group'). The controlled entities of THL include the other members of the stapled group being Transurban International Limited and its controlled entities ('TIL') and Transurban Holding Trust and its controlled entities ('THT').

Directors

The following persons were directors of THL, TIML and TIL during the whole period and up to the date of this report, unless otherwise stated:

Non-executive Directors

Lindsay Maxsted

Neil Chatfield

Robert Edgar

Samantha Mostyn

Christine O'Reilly

Rodney Slater

Ian Smith (resigned 10 August 2015)

On 15 December 2015, Transurban announced that Peter Scott will join the Transurban Board as a non-executive director, effective on or about 1 April 2016.

Executive Directors

Scott Charlton

Result

Statutory results compared to the prior period

- Revenue from ordinary activities increased 9.5 per cent to \$1,056 million;
- Profit from ordinary activities after tax increased from a loss of \$354 million to a profit of \$62 million;
- Profit from ordinary activities after tax excluding significant items increased 19.2 per cent to \$62 million;
- Earnings before interest, tax, depreciation and amortisation expenses ('EBITDA') increased 273.5 per cent to \$676 million;
- EBITDA excluding significant items increased 13.2 per cent to \$676 million;
- Statutory net profit attributable to security holders of the stapled group increased from a loss of \$185 million to a profit of \$81 million; and
- Statutory net profit before significant items attributable to security holders of the stapled group increased 12.5 per cent to \$81 million.

Proportional results compared to the prior period

- Toll revenue increased 19.3 per cent to \$960 million;
- EBITDA increased by 96.0 per cent to \$729 million;
- EBITDA before significant items increased by 14.6% to \$729 million; and
- Free cash increased 22.0 per cent to \$461 million.

Distributions

	Amount per security Cents	Franked amount per security %
Interim distribution for the current period (declared prior to reporting date)	19.0	–
Interim dividend for the current period (declared prior to reporting date)	3.5	100
	<hr/> 22.5	
Final distribution (prior year)	17.0	–
Final dividend (prior year)	3.5	100
	<hr/> 20.5	
Record date for determining entitlements to distribution and dividend		31 December 2015
Date of payment of interim distribution and dividend		12 February 2016

Principal activities

The principal activities of the Group during the financial year were the forecasting, development, financing, operation and maintenance of toll road networks as well as the management of the associated customer bases and client relationships.

Review of operations

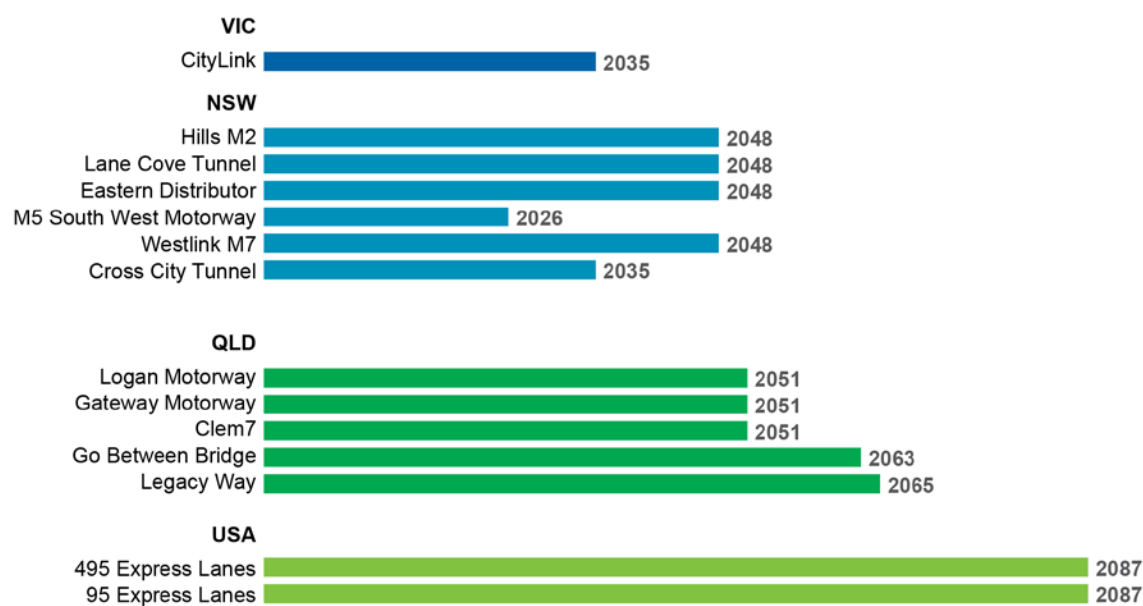
Segments

	VIC	NSW	QLD	USA
WHOLLY OWNED	CityLink (100%)	Lane Cove Tunnel (100%) Hills M2 Motorway (100%)		95 Express Lanes (100%) ¹ 495 Express Lanes (100%) ¹
		Roam / TollAust (100%) Cross City Tunnel (100%)		
NON-100% OWNED AND CONSOLIDATED		M1 Eastern Distributor (75.1%)	Logan Motorway (62.5%) Gateway Motorway (62.5%)	
			Go Between Bridge (62.5%) CLEM7 (62.5%)	
			Legacy Way (62.5%)	
NON-100% OWNED AND EQUITY ACCOUNTED		Westlink M7 (50%) Interlink M5 (50%)		
		North Connex (50%)		

1. Following the acquisition of the non-controlling interest in the USA assets on 29 June 2015, the proportional ownership of the USA assets is reported at 100% from 1 July 2015. Prior to this, the proportional ownership interest in the 95 Express Lanes and 495 Express Lanes were 77.5% and 94.0% respectively.

Concession assets timeline

Below lists the concession asset end dates (calendar year ends).



Review of operations (continued)

Group financial performance

Financial performance indicators

The Transurban Board and management assess the performance of the networks in which we operate based on a measure of proportional earnings before interest, tax, depreciation and amortisation expenses ('Proportional EBITDA') excluding the impact of significant items ('Underlying proportional EBITDA'). This reflects the contribution of each network in the Group in the proportion of Transurban's equity ownership.

To arrive at the proportional result, non-controlling interests in Transurban's controlled roads are backed out and Transurban interests in non-controlled assets are included, in proportion to Transurban's ownership.

Free cash is the primary measure used to assess Transurban's cash generation. Free cash is used as the guide to determine distributions to security holders.

Period ended 31 December 2015 highlights

Statutory results

	Half-year 2015 \$M	Half-year 2014 \$M	% Change
Toll revenue ¹	919	786	16.9%
EBITDA excluding significant items	676	597	13.2%
EBITDA	676	181	273.5%
Net profit/(loss) after tax	62	(354)	N.M ²
Net profit after tax excluding significant items	62	52	19.2%

Proportional EBITDA

Segment information in note B3 to the financial statements presents the proportional result for Transurban Group, including reconciliations to the statutory result. Management considers proportional EBITDA to be the best indicator of asset performance.

	Half-year 2015 \$M	Half-year 2014 \$M	% Change
Toll revenue ¹	960	805	19.3%
Other revenue	30	27	11.1%
Total costs	(261)	(196)	33.2%
EBITDA excluding significant items	729	636	14.6%
Significant items	-	(264)	N.M ²
EBITDA	729	372	96.0%

1. Toll revenue now includes toll revenue and service and fee revenue. Refer to note B4 for further details.

2. Not meaningful.

Review of operations (continued)

Financial position

	31 December 2015 \$M	30 June 2015 \$M	% Change
Market capitalisation	\$21,240	\$17,800	19.3%
Securities on issue	2,029	1,914	6.0%
Cash and cash equivalents	\$1,889	\$1,249	51.2%

Transurban's operating assets are primarily long-life intangible assets (concession assets), representing the provision by Government entities for the right to toll customers for the use of the assets. Concession assets represent 77 per cent of the total assets of the Group (FY15: 79 per cent). The duration of the concessions typically range from approximately 30 to 80 years, and for accounting purposes the carrying values are amortised on a straight line basis over the duration of the concession.

Free cash and cash flows from operations

Within Transurban, free cash flow ('FCF') per security is defined as:

- The Group's cash flow from operating activities;
- add back: transaction and integration costs related to acquisitions
- less: cash flows from operating activities from consolidated non 100% owned assets;
- less: allowance for maintenance of intangible assets for 100% owned assets;
- add back: payments for maintenance of intangible assets;
- add: dividends received from non 100% owned assets;
- divided by: weighted average number of securities issued.

The FCF calculation is included in note B7.

	Half-year 2015	Half-year 2014	% Change
Free cash	\$461M	\$378M	22.0%
Weighted average securities eligible for distribution	1,922M	1,906M	0.8%
Free cash per security (cents)	24.0	19.8	21.2%

Movements in free cash during the period have been influenced by:

- Growth in EBITDA from the 100 per cent owned assets;
- Favourable working capital movements;
- Increase in distributions from Eastern Distributor and M5, offset by a decrease in the NorthWestern Roads Group distribution;
- Inclusion of the US Assets in free cash (previously non 100% owned with nil distribution received).

Review of operations (continued)

Network performance

Network	Highlights	Proportional toll revenue contribution	Traffic growth (average daily trips)	Toll revenue growth	EBITDA growth
NSW	<ul style="list-style-type: none"> → Strong traffic growth observed across the network → Truck toll multipliers continue to increase on LCT, M5 and M7. Weighted average truck toll multiplier across the Sydney network is 2.28 times cars at 31 December 2015 	41.6%	9.0%	14.9%	15.6%
VIC	<ul style="list-style-type: none"> → Average weekend/public holiday traffic increased 4.1% → Construction commenced on the CityLink Tulla Widening project in October 2015 	34.5%	1.9%	7.4%	8.8%
QLD ¹	<ul style="list-style-type: none"> → Legacy Way completed its first half year of operations. Traffic and revenue results for the period exceeded expectations → Growth in cars has outpaced growth in trucks compared to the prior period 	15.2%	9.6%	11.4%	8.6%
USA ²	<ul style="list-style-type: none"> → Continued growth observed across both assets → Average dynamic toll price for 495 Express Lanes increased USD \$0.95 compared to the prior period 	8.7%	139.6%	216.8%	292.6%

1. Excluding Legacy Way, ADT increased 3.8%, toll revenue growth increased 5.8% and EBITDA growth increased 10.4%.

2. Excludes the impact of change in ownership percentage of 95 and 495 Express Lanes, which occurred on 29 June 2015. Toll revenue and EBITDA growth are calculated in USD.

Review of operations (continued)

New South Wales

Operations

Operational enhancement

- Increase in toll revenue recoveries following the implementation of GLiDe on Lane Cove Tunnel and Westlink M7 in July 2015 and ongoing process improvement across the network
- Roll-out of intelligent transport systems on the Eastern Distributor

Development

NorthConnex

- Construction proceeding on time and budget
- Land acquired and works underway at all tunnelling sites
- Expected project completion late 2019
- Westlink M7 truck toll currently 1.89 times car toll and will reach 3 times car toll by 1 January 2017
- Estimated total project cost is \$3.0 billion, including the Government's contribution

Victoria

Operations

CityLink operations

- Roll-out of intelligent transport systems on CityLink
- Continued insourcing of operations to include management of CityLink's life cycle maintenance planning

Development

CityLink Tulla Widening

- Construction commenced in October 2015
- Major works expected to begin in March 2016
- Estimated total project cost is \$1.0 billion
- Expected project completion by early 2018

Western Distributor

- Proposal progressed to exclusive negotiations with the Victorian Government
- Project scope includes Monash Freeway Upgrade
- Commenced works on Webb Dock Access
- Expectation that an in-principle agreement will be reached by mid-2016 and financial close anticipated to be achieved by late 2017
- Total project cost expected to be approximately \$5.5 billion

Review of operations (continued)

Queensland

Operations

Transurban Queensland Integration

- Transurban Queensland integration progressing ahead of investment case. Focus on integration remains on the consolidation of back office systems and refinement of the operations and maintenance model

Development

AirportLinkM7	Gateway Upgrade North	Logan Enhancement Project
<ul style="list-style-type: none">→ Agreement reached to acquire AirportlinkM7 in November 2015 for \$1.9 billion plus \$0.1 billion of stamp duty and transaction costs→ Financial close expected in the first quarter of 2016→ Transurban Queensland integration program expanded to include AirportlinkM7	<ul style="list-style-type: none">→ Transurban Queensland managing project on behalf of the Queensland and Federal Government→ Construction commenced January 2016	<ul style="list-style-type: none">→ Queensland Government and Transurban Queensland have entered into exclusive negotiations→ Transurban Queensland is developing a final business case and binding proposal→ Construction anticipated to commence in mid FY17 and to be completed in early 2019→ Capital cost expected to be \$400 million - \$450 million

Northern Virginia, United States of America

Operations

95 Express Lanes and 495 Express Lanes

- 95 Express Lane's first full year of operations at high end of expectations
- Continued ramp up with increasing average toll prices and traffic volumes across both assets
- Northern Virginia control room operations insourced for both assets

Development

Southern Extension to the 95 Express Lanes	I-66	I-395
<ul style="list-style-type: none">→ In-principle agreement reached with the Virginian Department Of Transportation to extend the 95 Express Lanes by approximately 3 kilometres→ The Group's capital contribution expected to be approximately USD \$25 million→ Financial close expected in early 2017→ Approximate 2 year construction period	<ul style="list-style-type: none">→ A competitive process is underway to design, build, finance, operate and maintain Express Lanes system on the I-66→ Transurban shortlisted and asked to participate in requests for proposals process→ Proposals are due in August 2016	<ul style="list-style-type: none">→ Transurban and the Virginian Department Of Transportation have reached agreement on a development framework to progress the 395 Express Lanes project→ Financial close expected in early 2017→ Estimated capital cost of USD \$225 million→ Approximate 2 year construction period

Review of operations (continued)

Financing activities

During the reporting period Transurban executed a number of financing activities including:

<i>July 2015</i>	Interlink Roads (operator of the M5) refinanced AUD\$742 million of senior secured debt.
<i>September 2015</i>	Transurban Queensland issued USD\$641 million of 10, 12 and 15 year US private placement notes and AUD\$70 million of 15 year US private placement notes.
<i>November 2015</i>	USD\$550 million of corporate senior secured 10 year notes were issued in the US 144A bond market.

There were no changes to the ratings provided by Standard and Poor's Financial Services LLC rating service, Moody's Investors Services Inc. or Fitch Ratings Inc. during the period.

Equity issuance

During December 2015, the Group successfully completed the fully underwritten institutional and retail components of its renounceable 1 for 18 pro rata entitlement offer. The institutional component raised \$726 million and the retail component raised \$282 million at an issue price of \$9.60 per security. The total proceeds from the entitlement offer were approximately \$1,008 million and will be used to fund the Group's equity contribution to the Transurban Queensland acquisition of AirportlinkM7 which is expected to be completed in March 2016, with the remainder used for general corporate purposes

Matters subsequent to the end of the half-year

Other than as disclosed elsewhere in this report, at the date of this report the directors are not aware of any circumstances that have arisen since 31 December 2015 that have significantly affected, or may significantly affect, the Group's operations in future financial years, the results of those operations in future financial years, or the Group's state of affairs in future financial years.

Auditor

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Rounding of amounts

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest million, or in certain cases, to the nearest dollar.

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



Lindsay Maxsted
Director



Scott Charlton
Director

Melbourne
11 February 2016



Auditor's Independence Declaration

As lead auditor for the review of the Transurban Group, THT and TIL for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of the Transurban Group and the entities it controlled during the period, THT and the entities it controlled during the period and TIL and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Chris Dodd', is written over a light grey circular stamp.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
11 February 2016

Transurban Holdings Limited ABN 86 098 143 429

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Section A: Group financial statements

Transurban Holdings Limited
Consolidated statement of comprehensive income
for the half-year ended 31 December 2015

	Note	Half-year 2015 \$M	Half-year 2014 \$M
Revenue	B4	1,056	964
Expenses			
Employee benefits expense		(59)	(56)
Road operating costs		(148)	(113)
Construction costs		(107)	(151)
Transaction and integration costs		(7)	(416)
Corporate and other expenses		(59)	(47)
Total expenses		(380)	(783)
Earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes		676	181
Amortisation		(253)	(259)
Depreciation		(26)	(16)
Total depreciation and amortisation		(279)	(275)
Net finance costs	B8	(353)	(289)
Share of net profits of equity accounted investments		9	9
Profit/(loss) before income tax		53	(374)
Income tax benefit		9	20
Profit/(loss) for the half-year		62	(354)
<i>Profit/(loss) attributable to:</i>			
Ordinary security holders of the stapled group			
- Attributable to THL		59	(62)
- Attributable to THT/TIL		22	(123)
		81	(185)
Non-controlling interests - other		(19)	(169)
		62	(354)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss in the future</i>			
Changes in the fair value of cash flow hedges, net of tax		(40)	(66)
Exchange differences on translation of US operations, net of tax		(14)	(1)
Other comprehensive income for the half-year, net of tax		(54)	(67)
Total comprehensive income/(loss) for the half-year		8	(421)
<i>Total comprehensive income for the half-year is attributable to:</i>			
Ordinary security holders of the stapled group			
- Attributable to THL		70	(74)
- Attributable to THT/TIL		(27)	(177)
		43	(251)
Non-controlling interests – other		(35)	(170)
		8	(421)
		Cents	Cents
Earnings per security attributable to ordinary security holders of the stapled group:			
Basic and diluted earnings/(loss) per stapled security	B6	4.2	(9.7)

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

Transurban Holdings Limited
Consolidated balance sheet
for the half-year ended 31 December 2015

	As at 31 December 2015 \$M	As at 30 June 2015 \$M
ASSETS		
Current assets		
Cash and cash equivalents	1,889	1,249
Trade and other receivables	131	117
Derivative financial instruments	7	4
Total current assets	2,027	1,370
Non-current assets		
Equity accounted investments	1,026	1,092
Held-to-maturity investments	242	165
Derivative financial instruments	131	82
Property, plant and equipment	252	249
Deferred tax assets	953	961
Intangible assets	17,327	17,320
Total non-current assets	19,931	19,869
Total assets	21,958	21,239
LIABILITIES		
Current liabilities		
Trade and other payables	269	340
Borrowings	616	628
Derivative financial instruments	15	4
Maintenance provision	110	82
Distribution provision	471	438
Other provisions	19	27
Other liabilities	116	116
Total current liabilities	1,616	1,635
Non-current liabilities		
Borrowings	11,593	11,471
Deferred tax liabilities	950	969
Maintenance provision	760	733
Other provisions	69	61
Derivative financial instruments	285	325
Other liabilities	55	49
Total non-current liabilities	13,712	13,608
Total liabilities	15,328	15,243
Net assets	6,630	5,996
EQUITY		
Contributed equity	1,411	1,237
Reserves	(59)	(70)
Accumulated losses	(3,042)	(3,034)
Non-controlling interests held by security holders of the stapled group (THT/TIL)	7,147	6,636
Equity attributable to security holders of the stapled group	5,457	4,769
Non-controlling interests – other	1,173	1,227
Total equity	6,630	5,996

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

Transurban Holdings Limited
Consolidated statement of changes in equity
for the half-year ended 31 December 2015

	Attributable to security holders of the stapled group							
	No. of securities M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Non-controlling interests— THT & TIL \$M	Total \$M	Non-controlling interests—other \$M	Total equity \$M
Balance at 1 July 2015	1,914	1,237	(70)	(3,034)	6,636	4,769	1,227	5,996
Comprehensive income								
Profit/(loss) for the half-year	–	–	–	59	22	81	(19)	62
Other comprehensive income/(loss)	–	–	11	–	(49)	(38)	(16)	(54)
Total comprehensive income/(loss)	–	–	11	59	(27)	43	(35)	8
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs ¹	107	163	–	–	845	1,008	–	1,008
Employee performance awards issued ²	1	–	–	–	1	1	–	1
Distributions provided for or paid ³	–	–	–	(67)	(365)	(432)	–	(432)
Distribution reinvestment plan ⁴	7	11	–	–	57	68	–	68
Distributions to non-controlling interests ⁵	–	–	–	–	–	–	(19)	(19)
	115	174	–	(67)	538	645	(19)	626
Balance at 31 December 2015	2,029	1,411	(59)	(3,042)	7,147	5,457	1,173	6,630

1. During December 2015, the Group successfully completed the fully underwritten institutional and retail components of its renounceable 1 for 18 pro rata entitlement offer. The institutional component raised \$726 million and the retail component raised \$282 million at an issue price of \$9.60 per security. The total proceeds from the entitlement offer (net of equity issue costs) were approximately \$1,008 million and will be used to fund the Group's equity contribution for the AirportlinkM7 acquisition which is expected to be completed in March 2016, with the remainder used for general corporate purposes.

2. From 2012 it is the Group's policy that a portion of all Short Term Incentives issued to the CEO and other senior executives are deferred for a period of 2 years. In addition to the Short Term Incentives, Stapled Securities (including units in the Trust) were issued to executives under the Group's Long Term Incentive share-based payment plans. These securities are held by the executive but will only vest in accordance with the terms of the plans.

3. Refer to note B7 for further details of dividends and distributions provided for or paid.

4. Under the distribution reinvestment plan, holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash.

5. Distributions were paid during the period to the non-controlling interest partners in Airport Motorway Trust (Eastern Distributor) and Transurban Queensland Invest Trust (Transurban Queensland).

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

Transurban Holdings Limited
Consolidated statement of changes in equity
for the half-year ended 31 December 2015

	Attributable to security holders of the stapled group							
	No. of securities M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Non-controlling interests– THT & TIL \$M	Total \$M	Non-controlling interests–other \$M	Total equity \$M
Balance at 1 July 2014	1,896	1,208	(44)	(2,843)	7,383	5,704	258	5,962
Comprehensive income								
Profit/(loss) for the half-year	–	–	–	(62)	(123)	(185)	(169)	(354)
Other comprehensive income/(loss)	–	–	(12)	–	(54)	(66)	(1)	(67)
Total comprehensive income/(loss)	–	–	(12)	(62)	(177)	(251)	(170)	(421)
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs ¹	–	–	–	–	–	–	1,341	1,341
Employee performance awards issued ²	1	(1)	–	–	(2)	(3)	–	(3)
Distributions provided for or paid ³	–	–	–	(68)	(305)	(373)	–	(373)
Distribution reinvestment plan ⁴	9	15	–	–	56	71	–	71
Distributions to non-controlling interests ⁵	–	–	–	–	–	–	(19)	(19)
	10	14	–	(68)	(251)	(305)	1,322	1,017
Balance at 31 December 2014	1,906	1,222	(56)	(2,973)	6,955	5,148	1,410	6,558

1. In July 2014, the non-controlling partners in Transurban Queensland (Australian Super and Tawreed) contributed \$1,331 million as their equity contribution for the acquisition of Transurban Queensland. The Group's equity contribution into Transurban Queensland is eliminated upon consolidation. The remaining \$10 million is due to an equity contribution into DRIVE from the non-controlling partner during the period.

2. From 2012 it is the Group's policy that a portion of all Short Term Incentives issued to the CEO and other senior executives are deferred for a period of 2 years. In addition to the short term incentives, stapled securities (including units in the Trust) were issued to executives under the Group's long term incentive share-based payment plans. These securities are held by the executive but will only vest in accordance with the terms of the plans.

3. Refer to note B7 for further details of dividends and distributions provided for or paid.

4. Under the distribution reinvestment plan, holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash.

5. Distributions were paid during the period to the non-controlling interest partners in Airport Motorway Trust (Eastern Distributor) and Transurban Queensland Invest Trust (Transurban Queensland).

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

Transurban Holdings Limited
Consolidated statement of cash flows
for the half-year ended 31 December 2015

	Half-year 2015 \$M	Half-year 2014 \$M
Cash flows from operating activities		
Receipts from customers	1,024	890
Payments to suppliers and employees	(287)	(289)
Payments for maintenance of intangible assets	(26)	(53)
Transaction and integration costs related to acquisitions	(7)	(406)
Other revenue	35	16
Interest received	13	70
Interest paid	(322)	(252)
Income taxes paid	-	(3)
Net cash inflow/(outflow) from operating activities	430	(27)
Cash flows from investing activities		
Payments for held-to-maturity investments, net of fees	(71)	(17)
Payments for intangible assets	(241)	(176)
Payments for property, plant and equipment	(31)	(40)
Distributions received from equity accounted investments	76	25
Payments for acquisition of subsidiaries, net of cash acquired	-	(6,397)
Net cash outflow from investing activities	(267)	(6,605)
Cash flows from financing activities		
Proceeds from equity issued to non-controlling interests	-	1,341
Proceeds from issues of stapled securities (net of costs)	1,008	-
Proceeds from borrowings (net of costs)	2,320	4,803
Repayment of borrowings	(2,509)	(1,407)
Dividends and distributions paid to the Group's security holders	(324)	(269)
Distributions paid to non-controlling interests	(27)	(23)
Net cash inflow from financing activities	468	4,445
Net increase/(decrease) in cash and cash equivalents	631	(2,187)
Cash and cash equivalents at the beginning of the year	1,249	2,879
Effects of exchange rate changes on cash and cash equivalents	9	18
Cash and cash equivalents at end of the half-year	1,889	710

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

Section B: Notes to the Group financial statements

Basis of preparation and significant changes

B1 Summary of significant changes in the current period

Acquisition of AirportlinkM7

In November 2015 the Group announced that Transurban Queensland had entered into an agreement to acquire the AirportlinkM7 concession for \$1,870 million, plus stamp duty of \$108 million and transaction costs of \$23 million. Financial close for the transaction is expected to occur in March 2016.

As financial close was not reached prior to 31 December 2015 no assets or liabilities relating to AirportlinkM7 have been recorded in the interim financial statements of the Group apart from the \$20 million deposit that was paid in November 2015.

Equity issuance

During December 2015, the Group successfully completed the fully underwritten institutional and retail components of its renounceable 1 for 18 pro rata entitlement offer. The institutional component raised \$726 million and the retail component raised \$282 million at an issue price of \$9.60 per security. The total proceeds from the entitlement offer were approximately \$1,008 million and will be used to fund the Group's equity contribution to the Transurban Queensland acquisition of AirportlinkM7 which is expected to be completed in March 2016, with the remainder used for general corporate purposes.

B2 Basis of preparation

Transurban Holdings Limited ('the company', 'the parent' or 'THL') is a company incorporated in Australia and limited by shares that are publicly traded on the Australian Securities Exchange. These financial statements have been prepared as a consolidation of the financial statements of Transurban Holdings Limited and its controlled entities ('Transurban Group' or 'the Group'). The controlled entities of THL include the other members of the stapled group being Transurban International Limited and its controlled entities ('TIL') and Transurban Holding Trust and its controlled entities ('THT'). The equity securities THL, THT and TIL are stapled and cannot be traded separately. Entities within the Group are domiciled and incorporated in Australia and the United States of America.

The Group interim financial statements for the half-year reporting period ended 31 December 2015:

- Have been prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*;
- Have adopted all accounting policies in accordance with Australian accounting standards, and where a standard permits a choice in accounting policy, the policy adopted by the Group has been disclosed in the half-year financial statements;
- Have applied the option under *ASIC Corporations (Stapled Group Reports) Instrument 2015/838* to present the consolidated financial statements in one section (Section A), and all other reporting group members in a separate section (Section C). In the previous half-year period, separate financial statements were prepared for THL, THT and TIL;
- Do not early adopt any accounting standards or interpretations that have been issued or amended but are not yet effective;
- Have been prepared under the historical cost convention, as modified by the revaluation of other financial assets and liabilities (including derivative financial instruments);
- Are presented in Australian dollars, which is THL's functional and presentation currency;
- Have been rounded to the nearest million dollars, unless otherwise stated, in accordance with ASIC Class Order 98/100; and
- The presentation of comparative amounts have been restated, where applicable, to conform to the current period presentation.

The interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the Transurban Group during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

B2 Basis of preparation (continued)

Going concern

The financial report has been prepared on a going concern basis, which assumes the continuity of normal operations. This is based on the following:

- The Group has generated positive cash inflows from operating activities of \$430 million (2014: \$27 million cash outflow including \$406 million in transaction and integration costs related to acquisitions),
- The Group has available a total of \$858 million of undrawn borrowing facilities across a number of finance providers; and
- The Group has a recorded cash balance of \$1,889 million including \$1,008 million in proceeds raised through the share subscription in December 2015 that will be used to fund the Group's contribution to the Transurban Queensland acquisition of AirportlinkM7.

New and amended standards

The Group has not changed or amended any accounting policies as a result of new or revised accounting standards during the annual reporting period commencing 1 July 2015.

Operating performance

B3 Segment information

In the segment information provided to the Executive Committee (chief operating decision maker), segments are defined by the geographical networks in which the Group operates being Victoria ('VIC'), New South Wales ('NSW'), Queensland ('QLD') and the United States of America ('USA'). The Group's corporate function is not an operating segment under the requirements of AASB 8 as its revenue generating activities are only incidental to the business.

The Executive Committee assess the performance of the networks based on a measure of proportional earnings before interest, tax, depreciation and amortisation expenses ('Proportional EBITDA') excluding the impact of significant items ('Underlying proportional EBITBA'). This reflects the contribution of each network in the Group in the proportion of Transurban's equity ownership.

The diagram below shows the assets included in each geographical network, together with the ownership interests held by the Group for the current financial year:

	VIC	NSW	QLD	USA
WHOLLY OWNED	CityLink (100%)	Lane Cove Tunnel (100%) Hills M2 Motorway (100%)		95 Express Lanes (100%) ¹ 495 Express Lanes (100%) ¹
		Roam / TollAust (100%) Cross City Tunnel (100%)		
NON-100% OWNED AND CONSOLIDATED		M1 Eastern Distributor (75.1%)	Logan Motorway (62.5%) Gateway Motorway (62.5%)	
			Go Between Bridge (62.5%) CLEM7 (62.5%)	
			Legacy Way (62.5%)	
NON-100% OWNED AND EQUITY ACCOUNTED		Westlink M7 (50%) Interlink M5 (50%)		
		North Connex (50%)		

1. Following the acquisition of the non-controlling interest in the USA assets on 29 June 2015, the proportional ownership of the USA assets is reported at 100% from 1 July 2015. Prior to this, the proportional ownership interest in the 95 Express Lanes and 495 Express Lanes were 77.5% and 94.0% respectively.

B3 Segment information (continued)

Segment information – proportional income statement

31 December 2015

\$M	VIC	NSW	QLD	USA ¹	Corporate and other	Total
Toll revenue	331	399	146	84	–	960
Other revenue	10	12	6	–	2	30
Total proportional revenue	341	411	152	84	2	990
Underlying proportional EBITDA	285	318	98	39	(11)	729
Significant items	–	–	–	–	–	–
Proportional EBITDA	285	318	98	39	(11)	729

31 December 2014

\$M	VIC ²	NSW	QLD	USA ¹	Corporate and other ²	Total
Toll revenue	307	345	132	21	–	805
Other revenue	10	13	2	–	2	27
Total proportional revenue	317	358	134	21	2	832
Underlying proportional EBITDA	262	275	91	6	2	636
Significant items	–	–	(254)	–	(10)	(264)
Proportional EBITDA	262	275	(163)	6	(8)	372

1. Following the acquisition of the non-controlling interest in the USA assets on 29 June 2015, the proportional ownership of the USA assets is reported at 100% from 1 July 2015. Prior to this, the proportional ownership interest in the 95 Express Lanes and 495 Express Lanes were 77.5% and 94.0% respectively.

2. The presentation of comparative amounts has been restated to conform with the current period presentation of technology license fees in VIC, which were previously presented in Corporate and toll revenue now includes toll revenue and service and fee revenue.

Reconciliation of segment information to statutory financial information

The proportional results presented above are different from the statutory financial results of the Group due to the proportional presentation of each asset's contribution to each geographical network.

Segment revenue

Revenue from external customers is through toll and service and fee revenues earned on toll roads. There are no inter-segment revenues. Segment revenue reconciles to total statutory revenue as follows:

	Half-year 2015 \$M	Half-year 2014 \$M
Total segment revenue (proportional)	990	832
<i>Add:</i>		
Revenue attributable to non-100% owned consolidated assets	107	96
Construction revenue from road development activities	107	152
Business development revenue	–	3
<i>Less:</i>		
Revenue of non-100% owned equity accounted assets	(148)	(119)
Total statutory revenue	1,056	964

B3 Segment information (continued)

Proportional EBITDA

Proportional EBITDA reconciles to profit/(loss) before income tax as follows:

	Half-year 2015 \$M	Half-year 2014 \$M
Proportional EBITDA	729	372
Add: EBITDA attributable to non-100% owned consolidated assets	73	(88)
Less: Proportional EBITDA of non-100% owned equity accounted assets	(126)	(103)
Statutory profit before depreciation, amortisation, net finance costs, equity accounted investments and income taxes	676	181
Statutory depreciation and amortisation	(279)	(275)
Statutory net finance costs	(353)	(289)
Share of net profit from equity accounted investments	9	9
Profit/(loss) before income tax	53	(374)

B4 Revenue

	Half-year 2015 \$M	Half-year 2014 \$M
Toll revenue ¹	919	786
Construction revenue	107	152
Other revenue	30	26
Total revenue	1,056	964

1. The presentation of comparative amounts has been restated to reflect the change of toll revenue to now include toll revenue and service and fee revenue.

B5 Significant items

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

		Half-year 2015		Half-year 2014	
		Statutory \$M	Proportional \$M	Statutory \$M	Proportional \$M
Stamp duty on acquisition of Queensland Motorways Group ¹	(a)	–	–	384	240
Other transaction fees on acquisition of Queensland Motorways Group ¹	(a)	–	–	22	18
Integration costs relating to the acquisition of Queensland Motorways Group ¹	(b)	–	–	10	6
Total significant items		–	–	416	264
Income tax benefit associated with the transaction and integration costs of Queensland Motorways Group ¹		–	–	(10)	(7)
Net significant items		–	–	406	257

1. Queensland Motorways changed its name to Transurban Queensland on 30 January 2015.

(a) Stamp duty and other transaction fees

The acquisition of Queensland Motorways Group (Transurban Queensland) by a Transurban-led consortium was completed on 2 July 2014. The consortium incurred stamp duty and other transaction costs as a result of the acquisition.

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

In the prior period post acquisition, the Group incurred costs to integrate the Queensland Motorways Group business into Transurban. These costs include employee costs, consulting and legal fees. Integration costs in the current period are not considered significant.

Security holder outcomes

B6 Earnings per stapled security

Reconciliation of earnings used in calculating earnings per security

	Half-year 2015	Half-year 2014
Profit/(loss) attributable to ordinary security holders of the stapled group (\$M)	81	(185)
Weighted average number of securities (M)	1,931	1,904
Basic and diluted earnings per security attributable to the ordinary security holders of the stapled group (Cents)	4.2	(9.7)

B7 Dividends/distributions and free cash

	Total \$M	Paid in cash \$M	Settled in securities \$M	Cents	Date paid/ payable
<i>Dividends/distributions paid during the half-year</i>					
31 December 2014					
Declared 23 May 2014					
Franked THL	18	3	15	1.0	
Franked THT	47	39	8	2.5	
Unfranked THT	275	227	48	14.5	
	<u>340</u>	<u>269</u>	<u>71</u>	<u>18.0</u>	14 August 2014

31 December 2015

Declared 15 May 2015

Franked THL	66	55	11	3.5	
Unfranked THT	326	269	57	17.0	
	<u>392</u>	<u>324</u>	<u>68</u>	<u>20.5</u>	14 August 2015

Dividends/distributions payable by the Group

31 December 2014

Declared 3 December 2014

Franked THL	68	42	26	3.5	
Unfranked THT	305	259	46	16.0	
	<u>373</u>	<u>301</u>	<u>72</u>	<u>19.5</u>	13 February 2015

31 December 2015

Declared 24 November 2015

Franked THL	67	–	–	3.5	
Unfranked THT	365	–	–	19.0	
	<u>432</u>	<u>–</u>	<u>–</u>	<u>22.5</u>	12 February 2016

B7 Dividends/distributions and free cash (continued)

Distribution policy and free cash calculation

The Group's distribution policy is to align distributions with free cash from operations. The Group calculates free cash as follows:

	Half-year 2015 \$M	Half-year 2014 \$M
Cash flows from operating activities	430	(27)
Add back transaction and integration costs related to acquisitions (non 100% owned entities)	7	406
Add back payments for maintenance of intangible assets	26	53
Less cash flow from operating activities from consolidated non 100% owned entities	(130)	(187)
Less allowance for maintenance of intangible assets for 100% owned assets	(26)	(17)
<i>Adjust for distributions and interest received from non 100% owned entities</i>		
M1 Eastern Distributor distribution	24	14
M5 distribution and term loan note interest	35	27
Transurban Queensland distribution and shareholder loan note interest	52	52
NorthWestern Roads Group distribution and M7 term loan note interest	43	57
Free cash	461	378
Weighted average securities on issue (millions)¹	1,922	1,906
Free cash per security (cents) – weighted average securities	24.0	19.8

1. The weighting applied to securities is based on their eligibility for distributions during the year.

Capital and borrowings

B8 Net finance costs

	Half-year 2015 \$M	Half-year 2014 \$M
<i>Finance income</i>		
Interest income on held-to-maturity investments	8	37
Interest income on bank deposits	11	11
Unwind of discount on liabilities – promissory and concession notes	–	9
Total finance income	19	57
<i>Finance costs</i>		
Interest and finance charges paid/payable	(343)	(309)
Unwind of discount on liabilities – maintenance provision	(23)	(29)
Unwind of discount on liabilities – promissory and concession notes	(3)	–
Net foreign exchange losses	(3)	(8)
Total finance costs	(372)	(346)
Net finance costs	(353)	(289)

B9 Borrowings

	31 December 2015 \$M	30 June 2015 \$M
<i>Current</i>		
Working capital facilities	25	–
Capital markets debt	200	500
U.S. private placement	131	128
Term debt	260	–
Total current borrowings	616	628
<i>Non-current</i>		
Working capital facilities	–	530
Capital markets debt	5,037	4,226
U.S. private placement	2,115	1,239
Term debt	2,881	3,883
Syndicated facilities	125	245
TIFIA	1,154	1,067
Shareholder loan notes	281	281
Total non-current borrowings	11,593	11,471
Total borrowings	12,209	12,099

Financing activities

During the reporting period Transurban executed a number of financing activities including:

<i>July 2015</i>	Interlink Roads (operator of the M5) refinanced AUD\$742 million of senior secured debt.
<i>September 2015</i>	Transurban Queensland issued USD\$641 million of 10, 12 and 15 year US private placement notes and AUD\$70 million of 15 year US private placement notes.
<i>November 2015</i>	USD\$550 million of corporate senior secured 10 year notes were issued in the US 144A bond market.

B10 Derivatives and financial risk management

Derivatives

	31 December 2015 \$M		30 June 2015 \$M	
	Current	Non-current	Current	Non-current
Assets				
Interest rate swap contracts – cash flow hedges	–	7	–	16
Forward exchange contracts – cash flow hedges	1	–	4	–
Cross-currency interest rate swap contracts – cash flow hedges	3	124	–	66
Other financial derivatives	3	–	–	–
Total derivative financial instrument assets	7	131	4	82
Liabilities				
Interest rate swap contracts – cash flow hedges	13	201	3	227
Forward exchange contracts – cash flow hedges	1	–	–	–
Cross-currency interest rate swap contracts – cash flow hedges	1	17	1	41
Cross-currency interest rate swap contracts – net investment hedge	–	67	–	57
Total derivative financial instrument liabilities	15	285	4	325

Fair value measurements

The carrying value of the Group's financial assets and liabilities approximate fair value. This is also generally the case with borrowings since either the interest payable on those borrowings is close to current market rates or the borrowings are of a short-term nature. The fair values of non-current borrowings are determined based on discounted cash flows using a current borrowing rate.

Fair value is categorised within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement as a whole:

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

All of the Group's financial instruments measured, recognised and disclosed at fair value were valued using market observable inputs (Level 2).

There were no transfers between levels during the period and there has been no change in the valuation techniques applied.

Network summary

B11 Network summary

The table below summarises the key balance sheet items of the Group's concession assets by network:

31 December 2015	Equity accounted investment carrying amount	Concession assets	Assets under construction	Goodwill	Maintenance provision	Non- recourse borrowings
\$M						
VIC	–	2,565	149	1	(123)	–
NSW	1,026	5,029	92	260	(155)	(1,816)
QLD	–	6,340	12	205	(558)	(3,049)
USA	–	2,673	1	–	(34)	(1,793)
Total	1,026	16,607	254	466	(870)	(6,658)

30 June 2015	Equity accounted investment carrying amount	Concession assets	Assets under construction	Goodwill	Maintenance provision	Non- recourse borrowings
\$M						
VIC	–	2,632	45	1	(118)	–
NSW	1,092	5,111	83	260	(142)	(1,810)
QLD	–	6,411	10	205	(531)	(2,839)
USA	–	2,562	–	–	(24)	(1,675)
Total	1,092	16,716	138	466	(815)	(6,324)

Items not recognised

B12 Contingencies

There have been no material changes in contingent liabilities or contingent assets since 30 June 2015.

B13 Subsequent events

There has not arisen in the interval between the end of the half-year and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the operations of the Group, and results of those operations, or the state of affairs of the Group, in future financial years.

Section C: Transurban Holding Trust ('THT') and Transurban International Limited ('TIL') financial statements

Consolidated statement of comprehensive income
Consolidated balance sheet
Consolidated statement of changes in equity
Consolidated statement of cash flows

Section D: Notes to the THT and TIL financial statements

Basis of preparation and significant changes	D1 Introduction	D2 Trust formation and termination	
Operating performance	D3 Segment information	D4 Revenue	
Security holder outcomes	D5 Earnings per stapled security		
Capital and borrowings	D6 Net finance income and costs	D7 Borrowings	D8 Derivatives and financial risk management

Transurban Holding Trust and Transurban International Limited
Consolidated statement of comprehensive income
for the half-year ended 31 December 2015

	Note	Transurban Holding Trust		Transurban International Limited	
		Half-year 2015 \$M	Half-year 2014 \$M	Half-year 2015 \$M	Half-year 2014 \$M
Revenue	D4	310	300	84	163
Road operating costs		(2)	(2)	(30)	(12)
Construction costs		(17)	(13)	–	(136)
Transaction and integration costs		–	(311)	–	–
Corporate and other expenses		(1)	(2)	(17)	(8)
Total expenses		(20)	(328)	(47)	(156)
Earnings before depreciation and amortisation, net finance costs, equity accounted investments and income tax		290	(28)	37	7
Depreciation and amortisation expense		(130)	(142)	(19)	(11)
Net finance (costs)/income	D6	(44)	3	(117)	(74)
Profit/(loss) before income tax		116	(167)	(99)	(78)
Income tax benefit/(expense)		(1)	(8)	6	17
Profit/(loss) for the half-year		115	(175)	(93)	(61)
<i>Profit/(loss) is attributable to:</i>					
Ordinary security holders of TIL		–	–	(93)	(58)
Ordinary unit holders of THT		115	(65)	–	–
Non-controlling interests		–	(110)	–	(3)
		115	(175)	(93)	(61)
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Changes in the fair value of cash flow hedges, net of tax		(42)	(40)	(4)	(12)
Exchange differences on translation of foreign operations, net of tax		–	–	(19)	(2)
Other comprehensive income for the half-year, net of tax		(42)	(40)	(23)	(14)
Total comprehensive income for the half-year		73	(215)	(116)	(75)
<i>Total comprehensive income for the half-year is attributable to:</i>					
Ordinary security holders of TIL		–	–	(116)	(87)
Ordinary unit holders of THT		89	(90)	–	–
Non-controlling interests		(16)	(125)	–	12
		73	(215)	(116)	(75)
		Cents	Cents	Cents	Cents
Earnings per security attributable to ordinary security holders of the group:					
Basic and diluted earnings/(loss) per security	D5	6.0	(3.4)	(4.8)	(3.0)

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

Transurban Holding Trust and Transurban International Limited
Consolidated balance sheet
for the half-year ended 31 December 2015

	Transurban Holding Trust		Transurban International Limited		
	Note	As at 31 December 2015 \$M	As at 30 June 2015 \$M	As at 31 December 2015 \$M	As at 30 June 2015 \$M
ASSETS					
Current assets					
Cash and cash equivalents		962	156	205	179
Loans to related parties		2,518	2,468	5	14
Trade and other receivables		21	1	17	15
Derivative financial instruments	D8	3	–	–	–
Total current assets		3,504	2,625	227	208
Non-current assets					
Equity accounted investments		819	862	–	–
Derivative financial instruments	D8	12	16	–	–
Related party receivables		5,782	5,701	–	–
Concession notes		920	866	–	–
Property, plant and equipment		–	–	5	3
Deferred tax assets		–	–	329	163
Intangible assets		8,292	8,414	2,675	2,562
Total non-current assets		15,825	15,859	3,009	2,728
Total assets		19,329	18,484	3,236	2,936
LIABILITIES					
Current liabilities					
Related party payables		333	629	1,504	1,398
Trade and other payables		49	30	35	39
Borrowings	D7	285	–	–	–
Maintenance provision		–	–	3	2
Distribution payable		404	372	–	–
Derivative financial instruments	D8	11	2	–	–
Other liabilities		44	38	3	6
Total current liabilities		1,126	1,071	1,545	1,445
Non-current liabilities					
Maintenance provision		–	–	32	22
Deferred tax liabilities		1	–	293	134
Related party payables		4,994	4,944	–	–
Borrowings	D7	4,571	4,394	1,793	1,675
Derivative financial instruments	D8	65	76	62	54
Other liabilities		22	20	–	–
Total non-current liabilities		9,653	9,434	2,180	1,885
Total liabilities		10,779	10,505	3,725	3,330
Net assets/(liabilities)		8,550	7,979	(489)	(394)
EQUITY					
Contributed equity		–	–	300	279
Issued units		10,466	9,584	–	–
Reserves		(69)	(43)	(168)	(145)
Accumulated losses		(2,829)	(2,579)	(621)	(528)
Non-controlling interests		982	1,017	–	–
Total equity		8,550	7,979	(489)	(394)

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

Transurban Holding Trust and Transurban International Limited
Consolidated statement of changes in equity
for the half-year ended 31 December 2015

THT

	Attributable to security holders of Transurban Holding Trust					
	No. of units M	Issued units \$M	Reserves \$M	Accumulated losses \$M	Non- controlling interests \$M	Total equity \$M
Balance at 1 July 2014	1,896	9,472	(35)	(1,958)	49	7,528
Comprehensive income						
Profit/(loss) for the year	–	–	–	(65)	(110)	(175)
Other comprehensive income	–	–	(25)	–	(15)	(40)
Total comprehensive income	–	–	(25)	(65)	(125)	(215)
Contributions of equity, net of transaction costs	–	–	–	–	1,147	1,147
Employee performance awards issued	1	–	(5)	1	–	(4)
Distributions provided for or paid	–	–	–	(305)	(19)	(324)
Distribution reinvestment plan	9	56	–	–	–	56
	10	56	(5)	(304)	1,128	875
Balance at 31 December 2014	1,906	9,528	(65)	(2,327)	1,052	8,188
Balance at 1 July 2015	1,914	9,584	(43)	(2,579)	1,017	7,979
Comprehensive income						
Profit/(loss) for the year	–	–	–	115	–	115
Other comprehensive income	–	–	(26)	–	(16)	(42)
Total comprehensive income	–	–	(26)	115	(16)	73
Contributions of equity, net of transaction costs ¹	107	825	–	–	–	825
Employee performance awards issued	1	1	–	–	–	1
Distributions provided for or paid	–	–	–	(365)	–	(365)
Distribution reinvestment plan	7	56	–	–	–	56
Distributions to non-controlling interests	–	–	–	–	(19)	(19)
	115	882	–	(365)	(19)	498
Balance at 31 December 2015	2,029	10,466	(69)	(2,829)	982	8,550

TIL

	Attributable to security holders of Transurban International Limited					
	No. of securities M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Non- controlling interests \$M	Total equity \$M
Balance at 1 July 2014	1,896	276	(46)	(394)	107	(57)
Comprehensive income						
Profit/(loss) for the year	–	–	–	(58)	(3)	(61)
Other comprehensive income	–	–	(29)	–	15	(14)
Total comprehensive income	–	–	(29)	(58)	12	(75)
Contributions of equity, net of transaction costs	–	–	–	–	10	10
Employee performance awards issued	1	–	(1)	–	–	(1)
Distribution reinvestment plan	9	2	–	–	–	2
	10	2	(1)	–	10	11
Balance at 31 December 2014	1,906	278	(76)	(452)	129	(121)
Balance at 1 July 2015	1,914	279	(145)	(528)	–	(394)
Comprehensive income						
Profit/(loss) for the year	–	–	–	(93)	–	(93)
Other comprehensive income	–	–	(23)	–	–	(23)
Total comprehensive income	–	–	(23)	(93)	–	(116)
Contributions of equity, net of transaction costs ¹	107	20	–	–	–	20
Employee performance awards issued	1	–	–	–	–	–
Distribution reinvestment plan	7	1	–	–	–	1
	115	21	–	–	–	21
Balance at 31 December 2015	2,029	300	(168)	(621)	–	(489)

1. During December 2015, the Group successfully completed the fully underwritten institutional and retail entitlement offer. Refer to the Group Consolidated statement of changes in equity for further information.

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

Transurban Holding Trust and Transurban International Limited
Consolidated statement of cash flows
for the year ended 31 December 2015

	Transurban Holding Trust		Transurban International Limited	
	Half-year 2015 \$M	Half-year 2014 \$M	Half-year 2015 \$M	Half-year 2014 \$M
Cash flows from operating activities				
Receipts from customers	274	213	81	27
Payments to suppliers	(13)	(21)	(34)	(24)
Payments for maintenance of intangibles	–	–	(1)	(1)
Transaction costs related to acquisitions	–	(311)	–	–
Interest received	30	91	–	–
Interest paid	(285)	(219)	(20)	(7)
Income taxes paid	–	(3)	–	–
Net cash inflow/(outflow) from operating activities	6	(250)	26	(5)
Cash flows from investing activities				
Payments for acquisition of subsidiary	–	(5,240)	–	–
Distributions received from equity accounted investments	43	–	–	–
Payment for property, plant and equipment	–	–	(2)	–
Payments for intangible assets	(28)	(19)	(8)	(146)
Net cash inflow/(outflow) from investing activities	15	(5,259)	(10)	(146)
Cash flows from financing activities				
Loans (to)/from related parties	(1,297)	(279)	681	39
Repayment of loans from/(to) related parties	1,128	2,339	(700)	(3)
Proceeds from issue of stapled securities	825	–	20	–
Proceeds from borrowings (net of cost)	1,061	3,016	–	105
Repayment of borrowings	(636)	(456)	–	–
Distributions paid to Transurban Group's security holders	(269)	(254)	–	–
Distributions paid to non-controlling interests in subsidiaries	(27)	(23)	–	–
Proceeds from equity issued to non-controlling interests	–	1,147	–	10
Net cash inflow from financing activities	785	5,490	1	151
Net increase/(decrease) in cash and cash equivalents	806	(19)	17	–
Cash and cash equivalents at the beginning of the year	156	75	179	147
Effects of exchange rate changes on cash and cash equivalents	–	–	9	20
Cash and cash equivalents at end of year	962	56	205	167

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

Basis of preparation and significant changes

D1 Introduction

The Transurban Holding Trust Group consists of Transurban Holding Trust ('THT') and the entities it controls ('THT Group') and the Transurban International Limited Group consists of Transurban International Limited ('TIL') and the entities it controls ('TIL Group'). THT and TIL form part of the stapled Transurban Group.

THT is registered as a managed investment scheme under Chapter 5C of the Corporations Act 2001, and as a result requires a responsible entity. The responsible entity of the THT is Transurban Infrastructure Management Limited ('TIML'). TIML is the responsible entity of the Trust and is responsible for performing all functions that are required under the Corporations Act 2001 of a responsible entity.

THT is a Trust registered and domiciled in Australia.

TIL is a public company limited by shares and incorporated in Australia.

Going concern

TIL's current liabilities exceed its current assets by \$1,318 million as at 31 December 2015. This is primarily driven by a \$1,504 million loan payable to another entity within the Transurban Group. Excluding this loan, the TIL Group has net current assets of \$186 million.

Under the stapling arrangement, each entity is able to provide direct and / or indirect support to each other entity and its controlled entities within the Transurban Group.

The financial reports have been prepared on a going concern basis, which assumes the continuity of normal operations.

D2 Trust formation and termination

The Transurban Holding Trust was established on 15 November 2001 and has no termination date. The Trust was registered as a managed investment scheme by the Australian Securities and Investments Commission on 28 November 2001.

Operating performance

D3 Segment information

Refer to note B3 for further information around the structure of the segments for the Transurban Group.

THT operating segments

Management has determined that THT has one operating segment.

THT operations involve the leasing of assets and the provision of funding to the Transurban Group or associates of the Transurban Group. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of the Trust are based on this one operating segment.

TIL operating segments

Management has determined that TIL has one operating segment.

TIL operations involve the development, operation and maintenance of toll roads in the USA. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of TIL are based on this one operating segment.

Reconciliation of segment information to statutory financial information

Segment information for TIL as disclosed in the Transurban Group segment note at B3 is reconciled to the TIL statutory financial information below.

Segment revenue

Revenue from external customers is through toll and service and fee revenues earned on toll roads. There are no inter-segment revenues. Segment revenue reconciles to total statutory revenue as follows:

	TIL ¹	
	Half-year 2015 \$M	Half-year 2014 \$M
Total segment revenue (proportional) (per B3)	84	21
Add:		
Construction revenue from road development activities	–	137
Business development revenue	–	5
Revenue attributable to non-100% owned consolidated assets	–	–
Total revenue	84	163

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

Proportional EBITDA reconciles to statutory net profit as follows:

	TIL ¹	
	Half-year 2015 \$M	Half-year 2014 \$M
Proportional EBITDA	39	6
Add:		
EBITDA attributable to TIL corporate activities (disclosed in corporate and other)	(2)	1
Statutory earnings before depreciation and amortisation, net finance costs, equity accounted investments and tax	37	7
Statutory net finance costs	(117)	(74)
Statutory depreciation and amortisation	(19)	(11)
Loss before tax for the half-year from continuing operations	(99)	(78)

1. Following the acquisition of the non-controlling interest in the USA assets on 29 June 2015, the proportional ownership of the USA assets is reported at 100% from 1 July 2015. Prior to this, the proportional ownership interest in the 95 Express Lanes and 495 Express Lanes were 77.5% and 94.0% respectively.

Transurban Holding Trust and Transurban International Limited
Notes to the THT and TIL financial statements
31 December 2015

D4 Revenue

	THT		TIL	
	Half-year 2015 \$M	Half-year 2014 \$M	Half-year 2015 \$M	Half-year 2014 \$M
Toll revenue ¹	–	–	84	23
Rental income	278	273	–	–
Construction revenue	17	13	–	137
Other revenue	–	–	–	3
Concession fees	15	14	–	–
Total revenue	310	300	84	163

1. The presentation of comparative amounts has been restated to reflect the change of toll revenue to now include toll revenue and service and fee revenue.

Security holder outcomes

D5 Earnings per stapled security

	THT		TIL	
	Half-year 2015	Half-year 2014	Half-year 2015	Half-year 2014
Profit/(loss) attributable to ordinary security holders (\$M)	115	(65)	(93)	(58)
Weighted average number of securities (M)	1,931	1,904	1,931	1,904
Basic and diluted earnings per security attributable to the ordinary security holders (Cents)	6.0	(3.4)	(4.8)	(3.0)

Capital and borrowings

D6 Net finance income and costs

	THT		TIL	
	Half-year 2015 \$M	Half-year 2014 \$M	Half-year 2015 \$M	Half-year 2014 \$M
Finance income				
Interest income from related parties	207	228	–	–
Other interest income	3	1	–	–
Net foreign exchange gains	2	6	–	–
Re-measurement of promissory note payable	–	10	–	–
Re-measurement of concession notes receivable	39	39	–	–
Total finance income	251	284	–	–
Finance costs				
Interest and finance charges paid/payable	(293)	(281)	(114)	(66)
Net foreign exchange losses	–	–	(3)	(8)
Re-measurement of promissory note payable	(2)	–	–	–
Total finance costs	(295)	(281)	(117)	(74)
Net finance (costs)/income	(44)	3	(117)	(74)

D7 Borrowings

	THT		TIL	
	31 December 2015 \$M	30 June 2015 \$M	31 December 2015 \$M	30 June 2015 \$M
Current				
Working capital facilities	25	–	–	–
Term debt	260	–	–	–
	285	–	–	–
Non-current				
Working capital facilities	–	16	–	–
Capital markets debt	741	745	639	608
U.S. private placement	947	–	–	–
Term debt	2,883	3,633	–	–
TIFIA	–	–	1,154	1,067
	4,571	4,394	1,793	1,675
Total borrowings	4,856	4,394	1,793	1,675

D8 Derivative and financial risk management

	31 December 2015 \$M				30 June 2015 \$M			
	Current THT	TIL	Non-current THT	TIL	Current THT	TIL	Non-current THT	TIL
Assets								
Interest rate swap contracts – cash flow hedges	–	–	7	–	–	–	16	–
Cross-currency interest rate swap contracts – cash flow hedges	–	–	5	–	–	–	–	–
Other financial derivatives	3	–	–	–	–	–	–	–
Total derivative financial instrument assets	3	–	12	–	–	–	16	–
Liabilities								
Interest rate swap contracts – cash flow hedges	11	–	60	62	2	–	76	54
Cross-currency interest rate swap contracts – cash flow hedges	–	–	5	–	–	–	–	–
Total derivative financial instrument liabilities	11	–	65	62	2	–	76	54

Section E: Signed reports

In the opinion of the Directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited (as the responsible entity of Transurban Holding Trust) and Transurban International Limited (collectively referred to as 'the Directors'):

- (a) the financial statements and notes of Transurban Holdings Limited and its controlled entities, including Transurban Holding Trust and its controlled entities and Transurban International Limited and its controlled entities set out on pages 14 to 43 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Transurban Holdings Limited Group's, Transurban Holding Trust Group's and Transurban International Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Transurban Holdings Group, Transurban Holding Trust Group and Transurban International Group will be able to pay their debts as and when they become due and payable, and

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



Lindsay Maxsted
Director



Scott Charlton
Director

Melbourne
11 February 2016



Independent auditor's review report to the stapled security holders of the Transurban Group

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report which comprises:

- Transurban Holdings Limited (the company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Transurban Holdings Limited (the Transurban Group). The Transurban Group comprises the company and the entities it controlled at the half-year's end or from time to time during the financial half-year including the other members of the stapled group being Transurban International Limited and Transurban Holdings Trust and their controlled entities.
- Transurban Holding Trust (the Trust), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Transurban Holding Trust (THT). THT comprises the Trust and the entities it controlled at half-year's end or from time to time during the financial half-year.
- Transurban International Limited (the international company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Transurban International Limited (TIL). TIL comprises the international company and the entities it controlled at half-year's end or from time to time during the financial half-year.

Directors' responsibility for the financial report

The directors of the Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management the responsible entity of Transurban Holding Trust (collectively referred to as "the directors") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Transurban Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134

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Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Transurban Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

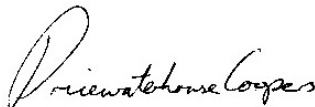
Independence

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

Conclusion

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

- a) giving a true and fair view of the Transurban Group, THT and TIL financial position as at 31 December 2015 and of their performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.



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Chris Dodd
Partner

Melbourne
11 February 2016